

FRESNO COUNTY EMPLOYEES' RETIREMENT
ASSOCIATION



RETIRED MEMBER RETIREMENT HANDBOOK

As amended by the Board of Retirement
February 18, 2015

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BOARD OF RETIREMENT

**FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
1111 H Street, FRESNO CA 93721**

"Our mission is to administer the retirement benefits for the members and beneficiaries in a prudent, accurate, timely and cost-effective manner, while administering fund assets in a manner that achieves investment and funding objectives within prudent levels of risk"

Dear Retiree or Beneficiary:

This Retiree Handbook has been prepared by the Retirement Office to give you an overview of some important aspects of your Retirement Association. The purpose of the Fresno County Employees' Retirement Association (FCERA) is to provide retirement and disability benefits to members and survivor benefits to members' beneficiaries.

The County Employees Retirement Law of 1937, the California Public Employees' Pension Reform Act of 2013, and court cases decided under those laws govern the operations of FCERA. The information provided here has been extracted from the law and is believed to be current as of the publication date of this Retiree Handbook. Since the law is subject to periodic change, you should consult the Retirement Office for more detailed and up-to-date information. **If any statement in this Retiree Handbook is in conflict with the law, the law prevails.**

You may contact the Retirement Office for general information, retirement counseling or specific retirement questions. The office is open 8 a.m. to 5 p.m. Monday through Friday, excluding County holidays. The office is closed for the lunch hour between 12-1 each day. The Retirement Office is located at 1111 H Street, Fresno CA. You may reach the Retirement Office by phone at 559.457.0681, by mail, or via email at FCERAWebmail@co.fresno.ca.us. FCERA has a website at www.fcera.org. FCERA's website is also accessible to Active County employees via e-Services under Department Sites, Retirement Association. Written requests for information should include your name, your home address, your signature and the last four digits of your Social Security Number.

On behalf of the Board of Retirement, we would like to take this opportunity to thank you for your service and congratulate you on your retirement.

Sincerely yours,



Marion Austin
Chair, Board of Retirement
Fresno County Employees' Retirement Association

FCERA VALUES

At FCERA our value lies in our commitment to deliver service in an accurate, courteous, prompt and professional manner. Our goal is to provide the highest level of service to our members, to the public, our co-workers and the Board of Retirement.



Excellence - We hold ourselves to high standards of performance demonstrating a value for learning and continuous improvement. We take pride in the work we do, continuously striving to exceed our goals. We encourage an open and diverse environment and a “CAN DO” attitude.



Professionalism – We encourage a professional environment, maintaining confidentiality and performing job functions in an ethical and objective manner. As professionals we understand the importance of listening to and respecting others’ ideas and perspectives open-mindedly. Professionalism is necessary to keep all employees motivated.



Teamwork – We are committed to a team-oriented approach to provide the highest level of service to our members. We value open communication, sharing knowledge, resources and ideas. Working together to reach common goals is the essence of success. Together we achieve more.



Integrity - We at FCERA act ethically and honestly, honoring our commitments, abiding by policies, and building trust with our members and co-workers. Integrity guides all of our work relationships.



Accountability - We take ownership of our work to provide accurate, complete and timely results. We accept the responsibility to communicate and interact openly with all FCERA staff to develop the tools and training necessary to complete our assignments. We will take the initiative to be a part of the success of the FCERA team.



Innovation - We promote a resourceful environment where new ideas and approaches are implemented to help our daily tasks flow smoothly and efficiently. Our focus is on proactively communicating and implementing activities to encourage and energize staff to create a positive environment and seek new ways to educate and inform members about the retirement process. It is our goal to plan strategically for the future.

IT IS NOT WHERE WE STAND BUT IN WHICH DIRECTION WE ARE GOING

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1.0 INTRODUCTION

This Retiree Handbook summarizes the terms and conditions of FCERA membership and the retirement, disability, and death benefits available to FCERA members. It is designed to provide this information as simply and accurately as possible. **Since the California Constitution, the County Employees Retirement Law of 1937 and Public Employees Pension Reform Act of 2013 (PEPRA) govern FCERA, the law prevails if any statement in this Handbook is in conflict with the law.** Decisions by FCERA's Board and staff will be made based on the applicable statutes and regulations governing the administration of FCERA. If you have specific questions relating to your personal retirement benefits, you should consult FCERA's staff or legal counsel of your choosing, and not rely on this Handbook exclusively.

The Fresno County Employees' Retirement Association (FCERA or Association) is an independent public agency governed by the California Constitution and the County Employees Retirement Law of 1937 and is subject to the laws generally governing fiduciaries. FCERA is a cost-sharing, multiple-employer, defined benefit plan that provides retirement benefits for eligible employees of the County of Fresno (County), Superior Court of California, County of Fresno (Courts) and participating agencies (Special Districts) including the Fresno-Madera Area Agency on Aging, Clovis Veterans Memorial District, and Fresno Mosquito and Vector Control District.

PEPRA was adopted by the California Legislature and signed into law effective January 1, 2013. PEPRA mandates the retirement benefits that can be offered to new public employees and redefines the pay elements that can be included as pensionable base. This new law includes extensive changes to the way retirement benefits and member contributions are calculated for "new member" of FCERA (see the definition of "new member" in the Definitions section of this Handbook).

FCERA staff is responsible for collecting and accounting for contributions and investment income, as well as paying benefits to members and their beneficiaries, under the direction of the Board of Retirement. FCERA staff also offers individual counseling to help members better understand their personal retirement benefits.

2.0 DEFINITIONS

Actuarial Valuation: A study completed by an actuary that uses estimates/assumptions adopted by the Board of Retirement to determine the contribution rates to be charged to active members and employers. The report is also referred to a "valuation report".

Compensation (Tiers I-IV): The remuneration paid in cash out of County or district funds, plus any amount deducted from a member's wages for participation in a deferred compensation plan, but does not include the monetary value of board, lodging, fuel, laundry, or other "in kind" advantages furnished to a member

Compensation Earnable (Tiers I-IV): The average compensation as determined by the board, for the period under consideration upon the basis of the average number of days ordinarily worked by persons in the same grade or class of positions during the period, and at the same rate of pay (this excludes most kinds of "overtime" pay). *(Please refer to the Board's Earn Code Resolutions and related materials on FCERA's website for further information about what constitutes "compensation earnable")*

Deferred Retirement: The decision by a member who leaves county or district service to leave accumulated contributions in the retirement fund and retire at some future date

Experience Study: A study completed by an actuary every three years that looks at the actual mortality rates, termination rates, retirement rates, pay increases, etc. of the system's members and compares that data to previous assumptions, in order to determine if changes need to be made to those assumptions. Those assumptions impact the system's funding status, employer contributions and member contributions

Final Compensation: For Tiers I and II, this means the member's highest annual "compensation earnable." For Tiers III and IV, this means the average of the member's highest three (non-overlapping) one-year periods of "compensation earnable." Compensation information used to determine final compensation for Tiers I through IV (including reciprocal compensation) will be limited to the compensation received while actively enrolled in a pre-PEPRA retirement benefit plan. For Tier V, this means the highest consecutive three-year period of "pensionable compensation" while employed in a position with Tier V retirement benefits coverage.

Maximum Retirement Benefit: Limited to 100% of final compensation for Tiers I, II, III and IV and Limited to an annual maximum under the requirements of Government Code §7522.34(c) for Tier V. For all tiers, limited by Section 415 of the Internal Revenue Code.

New Member (under PEPRA): As defined in Government Code Section 7522.04 is an individual who (1) becomes a member for the first time on or after January 1, 2013 and was not a member of any other public retirement system prior to that date; (2) was a member of another public retirement system prior to January 1, 2013 but not subject to reciprocity; or (3) was a previously active member who returns to work for a *different employer participating in FCERA* after a break of more than six months.

Non-Service Connected Disability: Member is found by the Board of Retirement to be permanently physically or mentally incapacitated for the performance of his or her duties, but not as a result of injury or disease arising out of and in the course of his or her employment.

Pensionable Compensation (Tier V): The normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules, subject to certain limitations. - *(Please refer to the Board's Earn Code Resolutions and related materials on FCERA's website for further information about what constitutes "pensionable compensation").*

Permanently Disabled – an ill or injured member who will not improve to the point that he or she could resume performing the essential functions of the job held at the time of the illness or injury.

Reciprocity: The ability to use your service credit and pay earned while a member of "reciprocal" California public retirement systems for the purposes of determining your eligibility for some FCERA benefits and determining your FCERA "final compensation," when eligibility requirements are met.

Replacement Benefit Plan: Available to retired employees of the County of Fresno whose retirement benefits under Tiers I, II, III, or IV exceed the maximum amount payable by the retirement system as limited by Section 415 of the Internal Revenue Code (IRC §415). Amounts in excess of those limits are paid by the County and not FCERA.

Service Connected Disability: Member is found by the Board of Retirement to be permanently physically or mentally incapacitated for the performance of job duties as a result of injury or disease arising out of and in the course of his or her employment.

Social Security Adjustment: Actuarially determined reduction to final monthly compensation applied to those members whose benefit is integrated with Social Security.

Social Security Integration: When a member establishes retirement eligibility in both the retirement system and the Social Security system during working career by paying lower contributions on a portion of compensation as established by statute and receiving a slightly lower benefit at retirement on those earnings

Temporary Annuity Option (TAO): An increase in benefits from FCERA before a member begins receiving Social Security benefits at age 62, followed by a decrease in benefits in the month following the member's 62nd birthday. Total benefits are projected to be actuarially equivalent to what would have been received if the member had not elected the TAO.

Vesting: Establishes the right to receive certain retirement benefits. Vesting occurs with five years of service credit.

3.0 BOARD OF RETIREMENT

The management of FCERA is vested in the Board of Retirement, which is comprised of the following members:

1. County Treasurer (1st member)
2. Two members of FCERA elected by active General members (2nd and 3rd members)
3. One member of FCERA elected by active Safety members (7th member)
4. One Retired member of FCERA elected by the Retired members (8th member)
5. Four members appointed by the Board of Supervisors (4th, 5th, 6th and 9th members). These members shall be qualified electors of the County who are not connected with county government in any capacity, except one may be a County Supervisor.

In addition, there may be two alternate Board members -- one elected by the active Safety members of FCERA (the "Alternate") and one elected by the Retired members of FCERA (the "Retired Alternate").

The Alternate member is the candidate from the opposite safety service (law enforcement or fire suppression) as the Safety member who receives the most votes of any candidate from that service in the election of the Safety member. Where there is only one eligible Safety candidate for the open position, or where all candidates are from the same service, there cannot be an Alternate member. The Alternate member may sit as a voting member only when one of the General members or the Safety member is absent or when both the Retired member and the Alternate Retired member are absent.

The Alternate Retired member has the same rights and obligations as the Retired member but may sit as a voting member only when the Retired member is absent.

All board members, except the County Treasurer, serve three-year terms. The County Treasurer serves *ex officio* during his/her term of elected office.

The Board generally meets on the first and third Wednesday of each month, unless conflicting commitments necessitate a change, and at such other times as deemed necessary for special meetings. Meetings are typically held at the Board chambers located in the FCERA offices at 1111 H Street, Fresno, CA. Board meetings generally are open to the public, although some matters may be discussed in "closed session," as permitted by law, at which time only the Board, staff and appropriate consultants will be permitted in the meeting room. FCERA publishes each meeting agenda at least 72 hours before each regular meeting or 24 hours for a special meeting. FCERA broadcasts live audio webcasts of its meetings, audio records all meetings, and publishes written meeting minutes. Agendas, minutes and the recorded broadcast are available on FCERA's website. Meeting recordings are available upon request.

Members of the public are welcome to attend the Board meetings and may address the Board during the “public comment” session of each Board meeting.

3.1 CONTACTING FCERA

Mailing Address: FCERA 1111 H Street Fresno, CA 93721	County Stop Mail: Stop Number 40	Phone: 559.457.0681 (voice) 559.457.0318 (fax)
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E-mail: fcerawebmail@co.fresno.ca.us	Website: www.fcera.org
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County of Fresno Intranet:

From the County’s homepage, select Department Sites, Retirement Association

Written requests for information should include your name, your home address, your signature and the last four digits of your Social Security Number.

4.0 CONFIDENTIALITY OF RECORDS

FCERA is required to protect the confidentiality of certain member records. It is FCERA's policy to disclose your confidential information only with your written consent, pursuant to court order or as necessary for the administration of the Retirement System. For specifics on FCERA’s policy regarding responses to Public Records Act requests for member information, please refer to FCERA Policies and Procedures Regarding Public Records Requests, posted on FCERA’s website. Please note that by law, the amount of your public salary and the amount of your retirement benefit are not considered confidential information and therefore must be disclosed to any person who requests that information.

5.0 ANNUAL REPORTS

The annual report of FCERA, known as the Comprehensive Annual Financial Report, or “CAFR,” will be made available after the completion of the annual audit. This report provides general, statistical and financial information concerning FCERA, as of the close of business on the last day of the preceding fiscal year (June 30th). The Popular Annual Financial Report (PAFR) that summarizes the annual CAFR is released each January to all members of FCERA. FCERA also publishes an annual Actuarial Valuation and a triennial Experience Study. All of these documents are posted on FCERA’s website.

6.0 MAXIMUM BENEFIT FROM FCERA

The Internal Revenue Code (IRC) Section 415 imposes a ceiling on benefits that can be paid by a state or local government defined benefit plan such as FCERA. Benefits are limited to an absolute dollar amount that is indexed annually to account for inflation. For 2015, the dollar limit is \$210,000 at age 62. Under age 62, the limit is lower for General members and for some Safety members not meeting the IRC definition of "Safety." The annual limits are available on FCERA's website.

The County has created a Replacement Benefit Program for County employees who are subject to the limitations of IRC §415. Under the Replacement Benefit Program, your retirement benefit check will be issued by the County of Fresno once the annual maximum payable by FCERA is reached. Payment by FCERA resumes at the beginning of the next year. The County of Fresno is the only FCERA plan sponsor that has established a Replacement Benefit Program for its retired employees. The Replacement Benefit Plan is not available to any members enrolled in Tier V.

Effective January 1, 2013, the State of California established maximum pensionable compensation amounts upon which the benefit can be calculated for participants enrolled in the PEPRA tier (Tier V). The pensionable compensation upon which benefits are calculated for these members is limited to \$113,700 for 2014 for a member participating in Social Security and 120% of that amount (\$136,400) for members that do not participate in the "Federal System" (Social Security). These amounts are adjusted annually. Member contributions are not collected on amounts paid to a member in excess of the applicable limit on pensionable compensation. The annual limits are available on FCERA's website.

7.0 BENEFIT TIERS

Prior to the implementation of Tier V, the County of Fresno and some Special Districts had established multiple retirement "tiers", including four tiers for General members and three tiers for Safety members. Tier V, was established effective January 1, 2013 as a result of PEPRA. The tier applicable to you is generally determined by when you first become a member of FCERA and who your employer is.

Upon hiring, you may have been placed in Tier V by your employer although you were eligible for a different retirement tier. Once FCERA has reviewed your file, you will be placed in the appropriate tier and you will be required to pay any additional contributions due as a result of the benefit improvement.

A "tier" is generally defined by three variables:

(1) The applicable period of employment for calculating a member's "final compensation." For Tiers I and II, a member's "final compensation" is based on his/her highest one year (365 consecutive days) of "compensation earnable." For Tiers III and IV, a member's "final compensation" is based on the average of his/her highest three non-overlapping one-year periods (each one-year period being 365 consecutive days) of

“compensation earnable.” For Tier V, a member’s “final compensation” is based on his/her highest consecutive three-year period of “pensionable compensation.” Please see the “Definitions” section of this Handbook for a further description of “compensation earnable” and “pensionable compensation.”

(2) The applicable benefit formula table. A benefit formula table shows the percentage of a member’s “final compensation” that will be multiplied by the member’s years of credited service, in order to calculate his/her retirement allowance. The percentage generally increases as the age at retirement gets higher. Please refer to “Estimating your Retirement Allowance” and the “Tables” in the Active Member Handbook to learn more about the benefit formula tables for each tier. You may also wish to use the benefit calculator on FCERA's website.

(3) The applicable retirement contribution formula. Each retirement tier has a particular member contribution formula associated with it.

A member may have some service credit that is subject to one tier, but other service credit that is subject to a different tier. In that case, retirement benefit amounts are calculated under each tier and are then added together to compute a total retirement benefit.

7.1 TIER I BENEFIT LEVELS

For members who retired before January 1, 2001

For members who retired before January 1, 2001, retirement benefits were determined under different formulae than described in this handbook. Please contact FCERA if you have any questions on the formula used to calculate your benefit.

In addition, members with retirement dates prior to January 1, 2001 receive an additional monthly benefit of \$15 per full year of service completed with FCERA. This benefit will be provided to beneficiaries with continuances in the same proportion as the continuance election. For example, an eligible spouse of a retiree who took the unmodified option would receive 60% of the supplemental benefit; while an eligible beneficiary of a retiree who elected an option 2 or 3 modified allowance would receive 100% or 50%, respectively, depending on the election taken by the retiree. This supplemental benefit has a \$450 per month (i.e., 30 years of service) maximum.

For members who retired on or after January 1, 2001

For members who retired on or after January 1, 2001, Tier I offers a retirement benefit that is approximately 2.5% of final compensation per year of service credit at age 55 for General members and 2.5% of final compensation per year of service credit at age 50 for Safety members. Tier I provides a maximum benefit of 3.273% of final compensation per year of service credit at age 60 for General members and a maximum benefit of 3.275% of final compensation per year of service credit at age 55 for Safety members. The Tier I benefit cannot exceed a member’s final compensation.

Refer to the benefit tables in the Active Member Handbook if you have questions related to your benefit percentage.

7.2 TIER II BENEFIT LEVELS

Tier II provides a retirement benefit of 2.0% of final compensation (per year of service credit at age 55 for General members with a maximum benefit of 2.42% of final compensation per year of service credit at age 63. Tier II provides a retirement benefit of 2.29% of final compensation per year of service at age 50 and a maximum benefit of 3.0% of final compensation per year of service credit at age 55 for Safety members. The Tier II benefit cannot exceed a member's final compensation.

Refer to the benefit tables in the Active Member Handbook if you have questions related to your benefit percentage.

7.3 TIER III BENEFIT LEVELS

Tier III provides a retirement benefit of 2.0% of final compensation per year of service credit at age 55 and a maximum of 3.14% of final compensation per year of service credit at age 65 for General members. The Tier III benefit cannot exceed a member's final compensation.

Refer to the benefit tables in the Active Member Handbook if you have questions related to your benefit percentage.

7.4 TIER IV BENEFIT LEVELS

Tier IV provides a retirement benefit of 1.99% of final compensation per year of service credit at age 61 for General members with a maximum benefit of 2.43% of final compensation per year of service credit at age 65. Tier IV provides a retirement benefit of 2.0% of final compensation per year of service at age 50 and a maximum benefit of 2.61% of final compensation per year of service credit at age 55 for Safety members. The Tier IV benefit cannot exceed a member's final compensation.

Refer to the benefit tables in the Active Member Handbook if you have questions related to your benefit percentage.

7.5 TIER V BENEFIT LEVELS

Tier V provides a retirement benefit of 1.0% of final compensation per year of service credit at age 52 for General members with a maximum benefit of 2.5% of final compensation per year of service credit at age 67. Tier V provides a retirement benefit of 2.0% of final compensation per year of service at age 50 and a maximum benefit of 2.7% of final compensation per year of service credit at age 57 for Safety members. The Tier V benefit can

exceed final compensation but it cannot exceed the maximum benefit as determined by Government Code Section 7622.10.

Refer to the benefit tables in the Active Member Handbook if you have questions related to your benefit percentage.

8.0 BENEFICIARY DESIGNATION

A valid beneficiary designation on file with FCERA, with the beneficiary's current address and phone number, will eliminate the need for a lengthy search for potential beneficiaries and reduce the amount of time required to process and distribute funds payable upon the death of the member.

Your beneficiary designation should be reviewed anytime you have a life changing event (marriage, divorce, birth of a child, etc.). A married member normally names their spouse/domestic partner as beneficiary because of the community property laws of California and the survivorship benefits available to a spouse/domestic partner. A Beneficiary Change Form may be requested from the FCERA or obtained from FCERA's website. Please note the law will supersede any beneficiary designation that is in conflict with the law.

Your designation of a beneficiary for retirement benefits is separate from the designation for any employer-provided life insurance benefits, although the beneficiary may be the same person.

9.0 INTEGRATION WITH SOCIAL SECURITY

Membership in FCERA was integrated with Social Security effective January 1, 1956, subject to approval by the governing boards of the various plan sponsors. Currently, the Fresno-Madera Area Agency on Aging is the only FCERA employer that does not participate in Social Security. Members who work for agencies that participate in Social Security pay for and accrue Social Security benefits regardless of retirement tier, and if enrolled in Tiers I through IV, also pay a lower retirement contribution rate on a portion of their earnings. Questions concerning eligibility for Old Age, Survivor, and Disability benefits provided by Social Security should be directed to the Social Security Administration. Social Security benefits are separate from FCERA benefits. Members must contact Social Security when ready to apply for Social Security benefits.

10.0 CORRECTION OF ERRORS

From time to time, errors are made in the administration of FCERA with respect to member contributions, payment of benefits or other administrative actions. Consistent with its fiduciary obligations to lawfully administer FCERA (and in compliance with tax law) the Board and staff will make all reasonable efforts to correct errors to put all impacted parties in the position in which they would have been had the error never occurred. When that cannot be accomplished, the Board and staff will implement a reasonable correction process under the

circumstances, which is consistent with the Board's fiduciary duties and other applicable law. FCERA's Policies regarding the overpayment and underpayment of benefits and contributions are posted on FCERA's website. Also posted on FCERA's website is FCERA's Policy Regarding Administrative Proceedings and Appeals to the Board, which explains how a member or beneficiary can appeal a determination by FCERA staff to the Board of Retirement.

11.0 VERIFICATION OF AGE, MARRIAGE AND DOMESTIC PARTNERSHIP

FCERA is required to verify the birth date of any beneficiary that you select to receive a continuing benefit upon your death. If your beneficiary is your eligible spouse or registered domestic partner, a marriage certificate or notarized State of California "Declaration of Domestic Partnership" or valid "Certificate of Domestic Partnership," is also required. Copies of the documents are acceptable. If the name has been changed from the name on the record of birth, a copy of the marriage certificate or court order documenting the change is required.

A domestic partner is qualified to receive continuing benefits if you and your partner meet the requirements established in Family Code Section 297 et seq. The minimum requirements are:

- The partnership must be registered with the Office of the Secretary of State, State of California;
- Both partners must have a common residence;
- Neither partner is married or a member of another current domestic partnership;
- Both partners must be at least 18 years old;
- Partners are of the same gender, or if partners are of opposite genders, at least one of the partners is over the age of 62;
- Both partners must be capable of consenting to the domestic partnership

Final benefit calculations cannot be prepared until the appropriate documents are submitted. If you are unable to secure the required documents, contact FCERA to identify other acceptable documentation.

Note: Federal tax treatment of certain retirement benefits received by registered domestic partners or same-sex spouses may be different from opposite-sex spouses. Please consult with your tax advisor as FCERA does not provide any tax advice.

11.1 DOMESTIC RELATIONS ORDER (DISSOLUTION OF MARRIAGE)

Retirement benefits earned during marriage are considered community property in the State of California. An order or judgment in dissolution or other family law proceeding is not enforceable against a pension plan unless the plan has been joined as a party to the proceeding. Therefore, FCERA requires that the Retirement Association be joined as a party to marital dissolution proceedings. Upon request, FCERA will provide sample language that will assist parties in obtaining a domestic relations order. FCERA strongly recommends that all domestic relations orders be submitted to FCERA for review before submission to court. Failure to do so may result in delays in obtaining your retirement benefits.

FCERA must receive a court-approved order specifying how the member's benefit is to be apportioned before FCERA will pay any benefits. If you are retired when FCERA becomes aware of your dissolution or pending dissolution, FCERA must withhold 50% of your retirement benefit pending receipt of an executed domestic relations order that includes a description of the allocation of the community property interest of your retirement benefit. If you are going through dissolution at the time of your retirement, payment of your benefits will be delayed until FCERA receives an executed domestic relations order that includes a description of the allocation of the community property interest of your retirement benefit.

FCERA does not establish separate accounts for members who go through marital dissolution. No community property benefits will be paid to the non-member spouse until the member applies for and begins receiving retirement benefits. We recommend that you contact FCERA at least 6 months prior to your date of retirement to ensure that all required paperwork is completed timely.

The above information is also applicable to anyone with a registered domestic partnership.

12.0 SURVIVOR BENEFITS

In addition to retirement and disability benefits for which you are eligible as a member of FCERA, survivor benefits are available to your beneficiary in the event of your death after you retire. Your surviving spouse, registered domestic partner, dependent children or other beneficiaries may have important and substantial benefits due them. These survivor benefits will depend upon specific circumstances and can only be accurately calculated based upon the facts of each case.

A dependent child eligible to receive a survivor benefit is an unmarried child (natural or adopted child of the deceased member, or a stepchild living or domiciled with the deceased member at the time of his or her death) under the age of 18. The benefit can be extended to the child through age 21 (until the child turns 22) provided the child remains unmarried and is regularly enrolled as a full-time student in an accredited school, as determined by the Board.

Effective January 1, 2004, persons meeting the requirements established under Family Code Section 297 et seq. (Registered Domestic Partners) of the California statutes are provided the same benefits as a spouse. Thus, anytime the word "spouse" is used it also means "registered domestic partner."

12.1 DEATH AFTER RETIREMENT

The amounts of your retirement and survivor benefits depend upon the option you choose during your retirement processing. The specific amounts for the options available to you are calculated to be actuarially equivalent. You will be required to choose one of the following options before final processing of your retirement is completed. The survivor benefits under each option are described below.

13.0 RETIREMENT BENEFIT OPTIONS

Retirement benefit options cannot be changed after receipt of the first benefit check. Under certain circumstances, as explained below, the beneficiary eligible for a continuing benefit can be changed after retirement.

13.1 UNMODIFIED OPTION

1. Full retirement allowance.
2. A 60% continuing monthly benefit to your spouse or registered domestic partner, if you were married for at least one year immediately preceding your retirement date or married for at least 2 years after retirement and your spouse or registered domestic partner is at least 55 years of age at the time of your death.
3. If you are granted a service connected disability retirement and you were married when you became disabled, a 100% continuing monthly benefit to your spouse or registered domestic partner.
4. If you do not have a surviving spouse or registered domestic partner, or if your surviving spouse or registered domestic partner dies, the continuing monthly benefit will be paid collectively to your eligible children until your last child marries, reaches age 18 (or age 22 if a full-time student in an accredited school) or dies, whichever comes first.
5. If your spouse or registered domestic partner dies before you or if you do not have a spouse, registered domestic partner or eligible children, a continuing monthly benefit is not available. This option then provides for a lump sum payment to your beneficiary or your estate of any balance remaining from your accumulated contributions less the total monthly retirement payments received by you before your death.
6. An opportunity to change your beneficiary after you retire.

13.2 OPTION 1

1. A reduced retirement allowance.
2. A lump sum payment to your beneficiary of any balance remaining from your accumulated contributions less the total monthly annuity payments received by you before your death.
3. An opportunity to change your beneficiary after you retire.

13.3 OPTION 2

1. A reduced retirement allowance based upon the difference in age between you and your beneficiary. The younger your beneficiary is in relation to you, the larger the reduction to your benefit will be.
2. A 100% continuing monthly benefit to your beneficiary. (As per Internal Revenue Service Rules, this option may not be available for some non-spouse beneficiaries who are significantly younger than the member).
3. No opportunity to change your named beneficiary after your retirement even if your beneficiary dies before you.

13.4 OPTION 3

1. A reduced retirement allowance based upon the difference in age between you and your beneficiary. The younger your beneficiary is in relation to you, the larger the reduction to your benefit will be.
2. A 50% continuing monthly benefit to your beneficiary.
3. No opportunity to change your named beneficiary after your retirement even if your beneficiary dies before you.

13.5 OPTION 4

1. An actuarial equivalent retirement benefit paid out in a method approved by the Board of Retirement.
2. "Basic Option 4" as defined by the Board of Retirement is one which provides equal continuing benefits to more than one beneficiary or is required in order to implement a court-approved Domestic Relations Order.
3. No reversion to the remaining beneficiaries should they predecease one another.

4. Election of the "Basic Option 4" benefit as defined above does not require additional approval by the Board of Retirement; however, any other retirement benefit option must be approved by the Board of Retirement.
5. No opportunity to change your named beneficiaries after your retirement even if your beneficiaries die before you.

Option 4 provides the most flexibility for receiving your retirement benefits and will take more time to calculate.

14.0 HEALTH BENEFITS

14.1 NON-VESTED HEALTH BENEFIT

Non-vested Health Benefits were paid by FCERA in the form of an additional taxable cash benefit, with the expectation (but not the requirement) that the funds be used to offset the cost of retiree health insurance.

This nonvested benefit is subject to adoption and funding by the Board of Retirement and may be modified or eliminated by the Board of Retirement at any time. Since this benefit is funded by excess earnings of the system, it is only available so long as funds are available. The benefit was suspended by the Board of Retirement effective November 1, 2014, due to the lack of available funds. No additional amounts will be paid out after October 31, 2014, absent further action by the Board.

14.2 SETTLEMENT HEALTH BENEFIT

Effective with the Settlement Agreement signed in December 2000, an additional health benefit was provided as to General and Safety Tiers I, II and III and Safety Tier IV. This is an additional taxable cash benefit with the expectation (but not the requirement) that the funds be used to offset the cost of retiree health insurance. As of the date of publication of this handbook, the benefit is set at \$3.00 per full year of service (excluding any public service credit purchased or golden handshakes granted by your employer). Future increases to the benefit amount, if any, are tied to the amount of the system's future undistributed earnings.

General Tiers IV and V and Safety Tier V do not have a Settlement Health Benefit.

15.0 COST OF LIVING (COL) ADJUSTMENTS

15.1 COST OF LIVING

Service in General Tiers I, II, and III or in Safety Tiers I and II, may receive a cost of living (COL) adjustment each April. The adjustment may be positive (an increase) or negative (a decrease) depending on the change in the Consumer Price Index (CPI) for the Western Region of the United States. Your cost of living benefit will never go below zero, but may be reduced to zero as a result of the change in the CPI. The COL is calculated by multiplying the COL rate to the sum of your Tier I, II, and III retirement benefits and associated COL (excluding any benefits for Tiers IV and V, or any supplemental COL, Vested health Benefit or Settlement Health Benefit) .

Retirement Tiers IV and V do not include a cost of living benefit.

The current maximum increase in any year is 3%. Any change in the CPI in excess of 3% is held in a “bank” and applied to your COL benefit in a future year when the annual CPI change is less than 3%.

15.2 SUPPLEMENTAL COST OF LIVING

Certain supplemental cost of living benefits can be granted by the Board of Supervisors, the Board of Retirement or both. **These supplemental increases are non-vested benefits, do not become part of your regular retirement allowance for purposes of future cost of living increases and are subject to re-adoption or discontinuance by the adopting Board.**

Supplemental Cost of Living benefits are funded through excess earnings of the retirement system. There have been no excess earnings available for the Board to provide additional funds to pay this benefit in several years. In an effort to extend the benefits over a greater length of time to the retirees most in need (i.e., those who have lost the most purchasing power to inflation), the Board of Retirement modified the Supplemental Cost of Living program in 2005. The modification caps the benefit levels at the amount that they were as of April 2005. The benefit will not be increased as a result of the normal application of the cost of living benefit or a result of the effects of the assumptions and the market results. No additional retirees will be added to the group eligible to receive the benefit under FCERA's current policy. This benefit is expected to end in 2016, absent further action by the Board.

16.0 DEDUCTIONS FROM BENEFIT CHECKS

You may authorize deductions from your retirement benefits for Federal and State Income tax, health insurance under a County plan, dues for membership in the Retired Employees of Fresno County and repayment of overpaid benefits. No other voluntary deductions are authorized from your retirement benefits at this time.

17.0 HEALTH INSURANCE

Access to Retiree Health Insurance for you and your beneficiaries may be available through the County of Fresno. Health Insurance coverage is currently not available for former Courts or Special District employees. Coverage and premiums are negotiated by the County and, thus, any questions on coverage, plans and premiums should be directed to the County of Fresno Employee Benefits office at 559.600.1810.

It takes one to two months to begin deducting the health insurance premium from your monthly retirement benefit. You will be responsible for paying the premium to Employee Benefits until such time as the benefit deduction is processed.

Health insurance is available to beneficiaries who are receiving continuing benefits. Changes to plans may be made during the annual open enrollment period or when a life-changing event occurs, such as death, divorce or marriage.

18.0 FEDERAL AND STATE INCOME TAX

Subject to some limited exceptions discussed below, your retirement benefit is taxable and subject to Federal and State Income Tax laws. You may choose to have no taxes withheld from your retirement benefit. However, you may then owe taxes to the Federal and State taxing authorities. FCERA staff is not qualified to provide tax assistance. The tax laws are extremely complex and vary among the states. States have various rules regarding withholding. For example, some states require state withholding when federal withholding is elected, others do not. There are additional tax requirements for retirees living in foreign countries.

FCERA can only accept one set of withholding instructions per person (one federal and one state instruction or form) even if you are receiving more than one benefit, for example as both a member and a beneficiary continuance. Where the tax election includes a flat amount, the withholding will be applied to each benefit based on a ratio of the taxable benefit in each benefit calculation.

Questions about the tax status of your retirement benefit should be addressed to your tax advisor and/or the appropriate taxing agency.

If you made contributions to the plan prior to July 1, 1985, your contributions were made on an after-tax basis. Also, you may have purchased additional service credit on an after-tax basis. Because those contributions were already taxed, you were given a letter at retirement explaining the portion of your monthly retirement benefit that was not subject to incomes taxes and the time period that this tax-free portion will continue. This "credit" will be reflected on the annual Form 1099R statement you receive for tax filing purposes each January. You should retain the documents that you received at retirement to assist you with your income tax filing.

19.0 DIRECT DEPOSIT

The Board of Retirement strongly recommends that you select direct deposit of your retirement benefits into your designated bank account because it is the fastest, safest and most convenient method of receiving your payment. With direct deposit, your money will be credited electronically to your bank account on the last FCERA business day of the month. A Direct Deposit Advice will be sent to your mailing address. Please note that federal law limits direct deposit to U.S. financial institutions. Funds may be deposited into a checking or savings account in any U.S. financial institution you choose, provided it agrees to immediately return any funds deposited in error or deposited after your death and it does not charge FCERA for the deposit. Agreement is indicated by the completion of the Direct Deposit form. A Direct Deposit form is provided in your retirement packet or can be requested from the Retirement Office, and is available on FCERA's website at any time.

Direct deposit is limited to one account. If you wish to have your benefit directed to multiple accounts, please contact your bank for assistance in setting up transfers between your accounts.

20.0 RETIREE PAYROLL DATE

Retirement Benefits are payable on the last FCERA business day in the month. Check advices (in lieu of paper check when direct deposit is requested) and paper checks are mailed five days before the payable date (last business day of the month). If you have not received your check advice or paper check by the tenth calendar day following the payable date, please contact FCERA immediately. FCERA will not be liable for any fees or penalties that may occur as a result of late or non-delivery of your check.

21.0 FCERA HOLIDAYS

FCERA will be closed on the following days in recognition of the holiday celebrated on that date. If the last day of the month falls on one of the holidays recognized by FCERA, the retiree payroll date will be moved up to the day preceding the holiday.

- January 1 (New Year's Day) (preceding Friday if holiday falls on Saturday, following Monday if holiday falls on Sunday)
- Third Monday in January (Martin Luther King Day)
- Third Monday in February (President's Day)
- March 31 (Cesar Chavez Day) (preceding Friday if holiday falls on Saturday, following Monday if holiday falls on Sunday)
- Fourth Monday In May (Memorial Day)
- July 4 (Independence Day) (preceding Friday if holiday falls on Saturday, following Monday if holiday falls on Sunday)
- First Monday in September (Labor Day)
- November 11 (Veteran's Day) (preceding Friday if holiday falls on Saturday, following Monday if holiday falls on Sunday)

- Fourth Thursday and Friday in November (Thanksgiving Day)
- December 25 (Christmas Day) (preceding Friday if holiday falls on Saturday, following Monday if holiday falls on Sunday)

22.0 WORKING AFTER RETIREMENT

If you are considering working for a FCERA participating employer after your retirement from FCERA, please be aware that there are limitations that apply to such employment. The rules are complex and include limitations on the number of hours that may be worked and when the employment may begin. For specifics on FCERA's policy regarding employment after retirement, please refer to FCERA's special announcement "Working After Retirement", posted on FCERA's website.

23.0 FORMS

Forms are available on-line (www.fcera.org) or by request (559.457.0681) to perform the following changes:

Address
Banking Institution
Name
Tax Withholding

Please note that changing your name or address with FCERA will not change your address with the Retired Employees of Fresno County, with any plan sponsor or with your County sponsored health insurance. Please contact each of these agencies separately to request the proper form or procedure to complete your name or address change, if applicable.