

Options at Separation

This letter is to inform you that you have been permanently separated from all CalPERS-covered employment. If you feel this is an error, contact your employer immediately. The following information is being provided so you can make an informed decision about your CalPERS membership.

Below are your options to consider:

1. Retire with CalPERS

You meet retirement vesting requirements with both service and reciprocity with another California public retirement system. Please review the information below regarding retirement from CalPERS, and also see "What is reciprocity?" in the Frequently Asked Questions section of this letter for more information on reciprocal retirement.

- Service retirement provides a lifetime monthly benefit based on your total service credit, benefit factor, and final compensation.

Retirement considerations:

- You can retire as early as age 50 (classic member) or age 52 (PEPRA member) with five years of service credit (State Second Tier members must be at least age 55 with 10 years of second tier service credit).
- You can log in to your myCalPERS account to estimate your potential retirement benefit. Apply for retirement online, by mail, or in person:
 - Log in to your myCalPERS account on our website. From the **Retirement** tab, select **Apply for Retirement**, and follow the steps provided.

When requesting retirement:

- Submit your retirement application within nine months of separating from CalPERS employment or separating from another California public retirement system to be eligible for the earliest possible retirement date.
- By submitting your retirement application more than nine months after separation from employment, your retirement date can be no earlier than the first of the month in which CalPERS receives your application.
- If your employer contracts for retiree health benefits, your retirement date must be within 120 days of leaving employment to be eligible to receive retiree health benefits.
- To ensure any unused sick leave and/or educational leave credits (if applicable) are used in your retirement calculation, you need to submit your retirement application within 120 days of separating from employment.

2. Leave your contributions on deposit

- You can choose to take no action and leave your contributions on deposit.

Considerations:

- You will continue to receive an Annual Member Statement every fall.
- You will continue to earn interest at the current annual percentage rate.
- If you are entering employment covered by a reciprocal retirement system, you may be eligible to establish reciprocity.
- Federal and state law requires members to receive a Required Minimum Distribution (RMD) upon reaching age 73. Failure to act will result in a mandatory refund to a non-interest-bearing account.

3. Receive a refund of your member contributions

- A refund includes your member contributions and interest, including applicable interest through the date the refund is issued, by direct deposit or paper check.
- You may roll over your funds to an eligible individual retirement account (IRA) or another qualified employer retirement plan.

Refund Considerations:

- A refund is irrevocable and will terminate your CalPERS membership.
- Once CalPERS membership is terminated, you no longer are entitled to any CalPERS benefits, including retirement.
- You are eligible for a refund only if you are not entering employment with another CalPERS-covered employer.
- You may not be eligible for a refund if you have established reciprocity with CalPERS and another California public retirement system.
- Applicable state and federal taxes will be withheld from your refund. Request by mail or in person:
 - Access the **Refund Election Application** form in **Forms & Publications** on our website. Mail the completed form to the address provided on the form, or visit a CalPERS regional office to submit it in person.

When requesting a refund:

- Payroll must be reported through your last day on payroll.
- It can take up to 60 days to process your request and for the payment to be distributed by the State Controller's Office*.

*Any community property, child support, tax levy, or other holds attached to your account can cause additional delays.

Resources

We have many resources available to help you make an informed decision. You can:

- Visit the **Education Center** on our website at www.calpers.ca.gov.
- Log in to your myCalPERS account to:
 - Send us a secure message regarding any questions you may have.
 - Take advantage of our online courses or sign up for instructor-led classes.
- Visit the **Active Members** page and **Forms & Publications** on our website.
- Schedule one-on-one counseling.

You can also visit a regional office or contact us toll free at **888 CalPERS** (or **888-225-7377**). We are here to assist you.

Member Account Management Division

Frequently Asked Questions

1. Am I eligible to receive a refund of my member contributions?

You may be eligible for a refund of your member contributions and interest if:

- You have permanently separated from all CalPERS-covered employment.
- You are not entering employment with a CalPERS-covered employer.
- You are not accepting a job covered by another public retirement system located in California and seeking to establish reciprocity.

2. Can I receive a refund of my employer contributions?

No, employer contributions are not refundable. The amount contributed by your employer goes into a separate fund that is used only to pay the pension portion of retirement or survivor benefits.

3. Can I speed up my refund?

To ensure your refund is processed as quickly as possible, refer to these quick tips:

- Make sure all your active appointments have been separated.
- Allow your employer(s) time to report all your final payroll to us.
- Provide complete and accurate information during the refund application process, including any necessary forms (e.g., ***Justification for Absence of Spouse's or Registered Domestic Partner's Signature*** and/or ***Refund Direct Deposit Authorization***).
- Request direct deposit.
- Submit only one application.

We will notify you once your refund information has been processed.

4. Do I have to pay taxes on my refund?

Your refund will be taxed as income unless you request a rollover into a qualified tax-deferred retirement account. There is a federal mandate that requires CalPERS to withhold 20% federal income tax on all payments distributed directly to you. If you choose to have state income tax withheld, we'll withhold 2% state income tax.

You may be assessed additional federal and state taxes if you take your refund before age 59 ½ and do not roll over your funds to a qualified tax-deferred retirement plan.

For more information, you should seek advice from a professional tax consultant.

5. What is reciprocity?

Reciprocity allows you to move from one retirement system to another without losing your benefits. You will retire from both systems at the same time, and your highest final compensation from either system may be used to calculate your retirement benefit. For more information on reciprocity, including the retirement systems with reciprocal agreements with CalPERS, refer to the publication ***When You Change Retirement Systems*** (PUB 16), located in **Forms & Publications** on our website.

6. Can I get a refund of my contributions if I am moving to a position or employer covered under the California State Teachers' Retirement System, Legislators' Retirement System, University of California Retirement Plan, or Judges' I/II Retirement System?

You may not be able to get a refund of your member contributions and interest. Contact us for specific information or refer to the publication *When You Change Retirement Systems* (PUB 16), located on our website.

7. How many years of service credit do I need to retire?

You need five years of service credit to retire (ten years for State Second Tier service), unless you qualify under an exception. If you are employed on a part-time basis and have worked at least five years, or you are also a member of a reciprocal retirement system, contact us to determine if an exception applies to you.

8. How do I know if it is more beneficial for me to get a refund or retire?

Use our Retirement Estimate Calculator, available online through your myCalPERS account, to estimate your potential retirement benefit. You can estimate what your allowance would be at age 50 (minimum retirement age), and at different stages of your career. If you need specific advice, you should contact a financial advisor.

9. Do I need to meet the minimum qualifications to retire if I am disabled?

If you are disabled, you may be eligible for disability retirement regardless of your age. Similarly, if you have a job-related disability and are a safety member, you may qualify for industrial disability retirement even if you have less than five years of service credit. For more information, refer to the publication *Disability Retirement Election Application* (PUB 35) on our website.

10. If I get a refund of my contributions now and want to retire (or pass away) later, do I (or does my beneficiary) have the option to receive benefits from CalPERS?

No; refunding your contributions terminates your CalPERS membership. You will forfeit your right to a future retirement, disability, and/or survivor benefit.