

mcera



# Terminating Employment

Your options if you leave MCERA-covered  
employment prior to retirement

## Other publications:

Classic Member Handbook

PEPRA Member Handbook

Preparing for Retirement Handbook

Disability Retirement Handbook

Understanding Retirement: Concepts and Calculations in Real World Scenarios

## Resources

### MCERA's Address, Hours

Marin County Employees' Retirement Association  
One McInnis Parkway, Suite 100  
San Rafael, CA 94903-2764

Hours: Monday through Friday, 8:00 AM to 5:00 PM

Website: [www.mcera.org](http://www.mcera.org)

### Contact Us

#### Active Member Benefits

(415) 473-4148  
[MCERABenefits@marincounty.org](mailto:MCERABenefits@marincounty.org)

#### Retired Member Benefits

(415) 473-4149  
[MCERARetirees@marincounty.org](mailto:MCERARetirees@marincounty.org)

#### Front Desk (general information, forms)

(415) 473-6147

### Retirement Workshops

Early Career, Late Career and Social Security workshops are held throughout the year. The complete schedule is on MCERA's website. Space is limited and workshop materials are customized. To attend, please reserve your seat by emailing [MCERAWorkshops@marincounty.org](mailto:MCERAWorkshops@marincounty.org) or calling (415) 473-4014.

### Legal Notice

This handbook is intended to provide members with general information about the benefits available through the Marin County Employees' Retirement Association (MCERA), but it does not describe every plan provision in detail. Every effort has been made to ensure the timeliness and accuracy of the information offered; however, you should not rely solely on the information contained herein.

MCERA is governed by the County Employees Retirement Law of 1937 (CERL, Government Code Section 31450 et. seq.) as adopted by the Marin County Board of Supervisors and implemented by the MCERA Retirement Board. The laws governing public retirement systems are complex. No statement in this handbook is a legally binding interpretation, enlargement, or amendment of the provisions in the CERL or MCERA's bylaws and policies. If conflict arises between this handbook and the CERL, the decision will be based on the CERL, Board policies, Board resolutions, and other governing law, and not on information contained in this handbook.

The information presented in this handbook should not be construed as legal advice or as a legal opinion on specific facts. For legal advice, consult an attorney knowledgeable in disability retirement law matters.

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## About This Handbook

This handbook will help you understand many of the basics about your options if you leave MCERA-covered employment prior to retirement. It can be used in conjunction with other MCERA resources that provide greater detail.

In support of our mission to provide superior service to our members, MCERA is committed to informing you about your benefits so that you have the resources you need to make decisions that are right for you.

Please read through this handbook carefully and contact us if there is something we can help you understand.

# Introduction

Leaving employment prior to retirement does not mean that your rights to earned retirement benefits are lost. After you terminate employment prior to retirement several options will be available to you.

This booklet has been prepared to assist you in this important decision. However, it is highly recommended that you obtain advice from a qualified financial planner or tax professional when making your election.

## What are my options?

The following options are available if you terminate employment but are not yet eligible or ready to retire. Each option is explained in greater detail in the following pages.

### **Defer Your Retirement**

You may choose to leave your contributions on deposit and defer your service retirement to a later date. See page 3 for more information.

### **Establish Reciprocity**

You are eligible to establish reciprocity if you leave your retirement contributions on deposit with MCERA and become a member in a reciprocal retirement system within 180 days (6 months) of leaving active MCERA membership. See page 4 for more information.

### **Withdraw Your Contributions**

You may withdraw your accumulated member contributions plus interest. See page 5 for more information.

## How do I select my option?

Once you have read through all available options, notify MCERA of your decision by completing the Account Distribution Election form and return it to MCERA. The form is available on our website or upon request. If you elect to withdraw your contributions, be sure to also complete and return the Form W-9 included with the Account Distribution Election form.

## What if I have questions?

Please contact us if you have questions as you read through this handbook and our staff will gladly assist you.

### **Active Member Benefits**

(415) 473-4148

[MCERABenefits@marincounty.org](mailto:MCERABenefits@marincounty.org)

### **General Information & Forms**

(415) 473-6147

[www.MCERA.org](http://www.MCERA.org)

# OPTION A: Defer Your Retirement

If you terminate employment and do not retire immediately, either because you are not yet eligible or not yet ready, your membership changes from “active” to “deferred.” Service credit is not earned while in deferred status but your funds will continue to earn interest while on deposit, and you may elect a withdrawal at any time.

There are two categories of deferred membership: Deferred Vested and Deferred Non-Vested.

## Deferred Vested Membership

### Five or More Years of Service

If you terminate employment after earning at least five years of retirement service credit, including reciprocal and purchased service, you are vested. You may leave your contributions and interest on deposit with MCERA and defer your retirement to a later date.

**Vested Classic members** are eligible to retire once they have met the minimum age requirement for their tier, and when their total service credit combined with elapsed time during membership equals at least ten years. **Vested PEPRA members** are eligible to retire once they have met the minimum age requirement for their tier. **All members** are eligible to retire at age 70 regardless of their years of service.

To begin receiving a monthly retirement benefit you must request a retirement application from MCERA.

If you defer and subsequently return to MCERA-covered employment you will maintain your original retirement tier. Your membership entry date may be adjusted depending on how long you have been out of active membership.

## Deferred Non-vested Membership

### Less Than Five Years of Service

If you terminate employment with less than five years of retirement service credit, including reciprocal and purchased service, you are not vested but you can still leave your contributions and interest on deposit with MCERA.

To be eligible to receive a retirement benefit, a deferred non-vested member could become eligible to retire and receive a lifetime monthly benefit in one of the following ways:

- Reach age 70;
- Re-enter active MCERA membership and earn enough service credit to become vested;
- Establish reciprocity and earn enough service credit to become vested;
- Purchase enough available service credit to become vested.

## What to Expect as a Deferred Member

### Survivor Benefits

If you die while in deferred status, your designated beneficiary is eligible to receive a minimum benefit equal to your contributions and accrued interest. In certain circumstances additional benefits may be available to your beneficiary.

### Stay in Touch

You will continue to receive communication from MCERA including the newsletter and your Annual Benefit Statement.

**Be sure to keep MCERA informed of any changes to your name, mailing address or beneficiary. Please submit your updates using the forms available at [MCERA.org](http://MCERA.org).**

## OPTION B: Establish Reciprocity

Reciprocity allows MCERA members to move from one public retirement system in California to another and maintain earned retirement benefits. It gives you portability by allowing you to link your service credit and highest average compensation between all of your reciprocal systems. By establishing reciprocity your total retirement benefits may actually increase.

### Reciprocal Retirement Systems

MCERA has reciprocal agreements with 19 other California county retirement systems also operating under the County Employees' Retirement Law of 1937 (1937 Act):

Alameda	Merced	San Mateo
Contra Costa	Orange	Santa Barbara
Fresno	Sacramento	Sonoma
Imperial	San Bernardino	Stanislaus
Kern	San Diego	Tulare
Los Angeles	San Joaquin	Ventura
Mendocino		

MCERA also has reciprocal agreements with a number of other public employers in California, including CalPERS, CalSTRS, the Judges Retirement System and any other public retirement system that has a reciprocal agreement with CalPERS.

Reciprocity is not available with the University of California retirement system, Federal retirement system, or any retirement systems outside of California.

### Requirements

To establish and maintain reciprocity you must meet the following requirements:

- You must terminate active membership in one system and establish active membership in the new system within six months (180 days).
- You must have a clean break in service from the previous system before entering the new one, with no overlapping service credit. Receiving payment for vacation time with the previous system while

making retirement contributions in the new system is one example of an overlap in service credit.

- Your retirement contributions must remain on deposit with all reciprocal systems.
- You must make the election to establish reciprocity with all retirement systems.
- You must retire from all reciprocal retirement systems on the same date.

Once reciprocity is established it may not be broken. Please contact our office if you would like more information on reciprocity, including which employers with whom MCERA has established a reciprocal agreement.

### Advantages

The advantages of establishing reciprocity include the following:

- The service credit earned in all reciprocal systems will combine to help you meet all vesting and retirement eligibility requirements. This means you don't "start over" when you move between systems.
- Your highest average compensation earned in any retirement system will be used by all systems to calculate your retirement benefit.
- If your new retirement system uses age-based retirement contribution rates, you will pay retirement contributions based on your age at entry into the prior system. Generally, the younger you are when you begin membership the lower your contribution rate.
- **Classic Members:** If your membership date with your first reciprocal system was prior to January 1, 2013, and your new reciprocal system is governed by PEPRA, you may be eligible for the tier and benefit levels in place with that system as of December 31, 2012.

## OPTION C: Withdraw Your Contributions

Following your termination from employment, you have the option to withdraw your member contributions and interest. A withdrawal terminates your MCERA membership and you will no longer be eligible to apply for any future retirement benefits, unless you return to membership.

A refund may not be the best option for you if you are vested, are eligible for a retirement benefit or can establish reciprocity. Before making a decision, we recommend comparing the amount you would receive as a refund to the amount of the lifetime monthly retirement benefit for which you may be (or may become) eligible.

Please be aware that any employer-paid offset to your member contributions (sometimes called a “pick-up”) is generally not credited to your member account and may not be refunded to you.

### Distribution Options

If you elect to withdraw your accumulated contributions and interest, you can do so in one of the following ways.

#### Direct Payment to You

You can receive a check made payable to you. With this type of distribution, a 20% federal income tax withholding is mandatory and state tax withholding is optional. California state tax will be withheld (10% of the federal withholding tax amount) unless otherwise indicated on your Account Distribution Election form.

#### Direct Rollover

You can request a direct rollover to an IRA or to another qualified plan. There are no withholding or tax penalties with this type of distribution. A check will be made payable to your IRA or other qualified plan and mailed to you for delivery to that plan.

#### Part Direct Payment to You and Part Direct Rollover

You can receive part of your contributions by check made payable to you and part rolled to an IRA or other qualified plan. Please note that any part that is

paid directly to you will be subject to the income tax consequences described in the prior section, “Direct Payment to You.”

### Tax Considerations

Your retirement account may consist of both pre-tax and post-tax contributions. Post-tax contributions have already been taxed and therefore are exempt from federal and state taxation when withdrawn. MCERA can provide you with the breakdown of your pre-tax and post-tax contributions upon request.

You may be subject to a 10% early withdrawal federal tax penalty and a 2.5% early withdrawal state tax penalty for California residents (other states may impose a similar penalty) when you file your federal and state income tax returns. You should ask your tax advisor about this penalty. After you receive your withdrawal you will have 60 days to roll over the funds to a traditional IRA or other qualified tax-deferred account to avoid the early withdrawal penalty and to avoid current income tax.

If you elect a rollover, your pre-tax contributions are not taxable until you withdraw those funds out of the IRA or the qualified plan. The amount of the rollover will only include contributions made on a pre-tax basis and will exclude your post-tax contributions. Any contributions you made post-tax will be refunded directly to you.

**If you are considering withdrawal of your contributions please be sure to read the Special Tax Notice Regarding Plan Payments and Federal Income Tax starting on page 8 of this booklet.**

While MCERA can provide you with information on some tax laws you need to be aware of, you may wish to consult with the Internal Revenue Service, California State Franchise Tax Board, or your tax advisor regarding the tax consequences of your withdrawal. MCERA does not offer tax advice.

# Reemployment with an MCERA Employer

## If You Are a Deferred Member

If you leave your contributions on deposit with MCERA after termination and are subsequently rehired, you will maintain your original membership date and retirement tier.

### **Important note for Classic Members**

Classic members pay retirement contributions based on their age at entry into MCERA membership.

If your break in service between termination and reemployment is less than 180 days, when you return to active membership you will pay retirement contributions based on your original entry age. If your break in service is longer than 180 days, you will pay retirement contributions based on your age at re-entry into membership.

## If You Withdrew Your Contributions

If you choose to withdraw your contributions and are subsequently rehired with an MCERA employer, you may restore your membership and previously earned service credit in your original retirement tier by redepositing the full amount of contributions withdrawn, plus the interest your account would have earned had you left your contributions on deposit.

If you choose to not redeposit your previously withdrawn contributions you will be placed in your employer's currently available retirement tier and will begin a new period of membership with a new membership entry date.



# Special Tax Notice Regarding Plan Payments and Federal Income Tax

This notice contains important information you will need before you decide how to receive your Plan benefits. This notice summarizes only the federal (not state or local) tax rules that might apply to your payment. Other tax rules apply for California.

This notice applies to you if you receive a payment from the Plan because the funds are eligible to be rolled over to an IRA, Roth IRA, or an eligible employer plan. A rollover is a payment by you or MCERA (your “Plan Administrator”) of all or part of your benefit to another plan or IRA that allows you to continue to postpone taxation of that benefit until it is paid to you. This notice is intended to help you decide whether to do such a rollover.

Rules that apply to most payments from a plan are described in the “General Information about Rollovers” section. Special rules that only apply in certain circumstances are described in the “Special Rules and Options” section.

## General Information about Rollovers

### How can a rollover affect my taxes?

You will be taxed on a payment from the Plan that is eligible for rollover (see “How much may I roll over?”) if you do not roll it over. If you are under age 59½ and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (unless an exception applies). However, if you do a rollover, you will not have to pay tax until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59½ (or if an exception applies).

### Where may I roll over the payment?

You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or an eligible employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the rollover. The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the IRA or employer plan (for example, no spousal consent rules apply to IRAs and IRAs

may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan. For example, if you were born before January 1, 1936, you might be entitled to ten-year averaging or capital gain treatment. If you roll over your benefit, however, to a section 403(b) tax-sheltered annuity, a governmental 457 plan, or an IRA in a direct rollover, your benefit will no longer be eligible for that special treatment. See the following sections entitled “If you were born on or before January 1, 1936” and “If I do a rollover to an IRA, will the 10% additional income tax apply to early distributions from the IRA?”

### How do I select a rollover?

There are two ways to do a rollover. You can do either a direct rollover or a 60-day rollover.

**If you do a direct rollover**, the Plan will make the payment directly to your IRA or an employer plan. You should contact the IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

**If you do not do a direct rollover**, you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. You will have 60 days after you receive the payment to make the deposit. If you do not do a direct rollover, the Plan is required to withhold 20% of the payment for federal income taxes. This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies).

## How much may I roll over?

If you wish to do a rollover, you may roll over all or part of the eligible amount. Any payment from the Plan is eligible for rollover, except required minimum distributions after age 70½ (or after death).

The Plan administrator or payor can tell you what portion of a payment is eligible for rollover.

## If I don't do a rollover, will I have to pay the 10% additional income tax on early distributions?

Yes. If you are under age 59½, you will have to pay the 10% additional income tax on early distributions for any payment from the Plan (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax is in addition to the regular income tax on the payment not rolled over.

The 10% additional income tax does not apply to the following payments from the Plan:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation;
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary);
- Payments made after you separate from service if you are a public safety employee and you are at least age 50 in the year of the separation;
- Payments made due to disability;
- Payments after your death;
- Payments made directly to the government to satisfy a federal tax levy;
- Payments made under a qualified domestic relations order (QDRO); or
- Payments up to the amount of your deductible medical expenses.

## If I do a rollover to an IRA, will the 10% additional income tax apply to early distributions from the IRA?

Yes. If you receive a payment from an IRA when you are under age 59½, you will have to pay the 10% additional income tax on early distributions from the IRA, unless an exception applies. In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from an IRA, including:

- There is no exception for payments after separation from service that are made after age 55.
- The exception for qualified domestic relations orders does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse).
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.
- There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to \$10,000 used in a qualified first-time home purchase, and (3) payments after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

## Will I owe state income taxes?

This notice does not describe any State or local income tax rules (including withholding rules). You should consult with tax counsel or the state or local tax authority.

## If my payment is not eligible for rollover will it be subject to mandatory withholding?

If any portion of your payment is taxable, but cannot be rolled over, the mandatory withholding rules described above do not apply. In this case, you may elect not to have withholding apply to that portion. If you do nothing, an amount will be taken out of this portion of your payment for federal income tax withholding. To elect out of withholding, ask MCERA for the election form and related information.

## What are the consequences for failing to defer receipt of an eligible rollover distribution?

If you choose to have an eligible rollover distribution (or a distribution that is not eligible for rollover) paid directly to you now rather than deferring receipt, for example, by leaving the money in the Plan, or by rolling over the eligible rollover distribution to a traditional IRA or an eligible employer plan:

- You could lose your ability to defer income taxes on the distribution until a later date.
- You may be subject to the additional 10% early distribution penalty if you receive payment before age 59½.
- Your benefit may be less now than it will be if you defer receipt until a later date.

## How much time do I have to decide?

Generally, neither a direct rollover nor a payment can be made from the plan until at least 30 days after your receipt of this notice. Thus, after receiving this notice, you have at least 30 days to consider whether or not to have your withdrawal directly rolled over. If you do not wish to wait until this 30-day notice period ends before your election is processed, you may waive the notice period by making an affirmative election indicating whether or not you wish to make a direct rollover. Your withdrawal will then be processed in accordance with your election as soon as practical after it is received by MCERA.

## Special Rules and Options

### If your payment includes after-tax contributions

After-tax contributions included in a payment are not taxed. If a payment is only part of your benefit, an allocable portion of your after-tax contributions is generally included in the payment.

You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). The Plan Administrator can tell you the amount of any after-tax contributions included in your distribution request. If you do a rollover to an IRA of only a portion of the payment made to you, the after-tax contributions are treated as rolled over last. For example, assume you are receiving a complete distribution of your benefit which totals \$12,000, of which \$2,000 is after-tax contributions. In this case, if you roll over \$10,000 to an IRA, no amount is taxable because the \$2,000 amount not rolled over is treated as being after-tax contributions.

You may roll over to an employer plan all of a payment that includes after-tax contributions, but only through a direct rollover (and only if the receiving plan separately accounts for after-tax contributions and is not a governmental section 457(b) plan). You can do a 60-day rollover to an employer plan of part of a payment that includes after-tax contributions, but only up to the amount of the payment that would be taxable if not rolled over.

**Special note:** The Internal Revenue Service is currently taking the position that if there are two different recipients for a Plan distribution, then there are two distributions. If your payment includes after-tax contributions, you should consult with a personal financial and/or tax advisor regarding your rollover elections.

### If you miss the 60-day rollover deadline

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. To apply for a waiver, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590, Individual Retirement Arrangements (IRAs).

### If you were born on or before January 1, 1936

If you were born on or before January 1, 1936 and receive a lump sum distribution that you do not roll over, special rules for calculating the amount of the tax on the payment might apply to you. For more information, see IRS Publication 575, Pension and Annuity Income.

### If you are an eligible retired public safety officer and your pension payment is used to pay for health coverage or qualified long-term care insurance

If you retired as a public safety officer and your retirement was by reason of disability or was after normal retirement age, you can exclude from your taxable income. Plan payments paid directly as premiums to an accident or health plan (or a qualified long-term care insurance contract) that your employer maintains for you, your spouse, or your dependents, up to a maximum of \$3,000 annually. For this purpose, a public safety officer is a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew.

## If you roll over your payment to a Roth IRA

If you roll over the payment to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. However, the 10% additional income tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within 5 years, counting from January 1 of the year of the rollover).

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59½ (or after your death or disability, or as a qualified first-time homebuyer distribution of up to \$10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590, Individual Retirement Arrangements (IRAs).

You cannot roll over a payment from the Plan to a designated Roth account in an employer plan.

## If you are not a plan participant

### Payments after death of the participant

If you receive a distribution after the participant's death that you do not roll over, the distribution will generally be taxed in the same manner described elsewhere in this notice. However, the 10% additional income tax on early distributions and the special rules for public safety officers do not apply, and the special rule described under the section "*If you were born on or before January 1, 1936*" applies only if the participant was born on or before January 1, 1936.

- **If you are a surviving spouse**

If you receive a payment from the Plan as the surviving spouse of a deceased participant, you have the same rollover options that the participant would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA.

An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after you are age 70½.

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the participant had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the participant had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the participant would have been age 70½.

Note that a domestic partner beneficiary is treated as a non-spouse beneficiary for federal tax law purposes.

- **If you are a surviving beneficiary other than a spouse**

If you receive a payment from the Plan because of the participant's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited IRA. Payments from the inherited IRA will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.

### **Payments under a qualified domestic relations order**

If you are the spouse or former spouse of the participant who receives a payment from the Plan under a qualified domestic relations order (QDRO), you generally have the same options the participant would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). Payments under the QDRO will not be subject to the 10% additional income tax on early distributions.

### **If you are a nonresident alien**

If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20%, the Plan is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, U.S. Tax Guide for Aliens, and IRS Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities.

### **Other special rules**

- If your payments for the year are less than \$200, the Plan is not required to allow you to do a direct rollover and is not required to withhold for federal income taxes. However, you may do a 60-day rollover.
- You may not elect to have separate portions of an eligible rollover distribution directly rolled over to multiple trustees or custodians.
- You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information, see IRS Publication 3, Armed Forces' Tax Guide.

### **For more information**

You may wish to discuss your decision with MCERA or consult with a professional tax advisor before taking a payment from the Plan. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, Pension and Annuity Income; IRS Publication 590, Individual Retirement Arrangements (IRAs); and IRS Publication 571, Tax-Sheltered Annuity Plans (403(b) Plans). These publications are available from a local IRS office, on the web at [www.irs.gov](http://www.irs.gov), or by calling 1-800-TAX-FORM.

Please contact MCERA if you have additional questions after reading this notice.

# Notes

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## **Terminating Employment**

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