

## **Termination Guide for LACERS Active Members**

If you are not eligible for a Service Retirement but are thinking of terminating City Service, you may still be eligible for certain LACERS benefits. Your eligibility for these benefits will depend on the amount of Continuous Service you have when you leave City Service. The following table explains your options:

YEARS OF CONTINUOUS SERVICE	OPTIONS
Less than 5 years of Continuous Service*	Leave your contributions on deposit with the Plan <b>or</b> Take a refund of your Member contributions and/or roll these funds over into another qualified retirement plan.
5 or more years of Continuous Service	Leave your contributions on deposit with the Plan until you are eligible for a Deferred Service Retirement <b>or</b> Take a refund of your Member contributions and/or roll these funds over into another qualified retirement plan.

*IMPORTANT! Be sure to contact LACERS before terminating your City employment because if you are physically or mentally incapable of working, you may be eligible for a Disability Retirement. If you don't think you have enough Continuous Service to qualify, you may be able to purchase Workers' Compensation time that may be used to increase your years of Continuous Service.*

### Leaving Your Contributions on Account

Even if you terminate with less than 5 years of Continuous Service, you can leave your contributions plus interest on deposit with LACERS. Your account will continue to receive interest. You must withdraw your contributions plus interest by the time you reach age 70½ or you will be taxed on your account.

**If you have not met the five-year Continuous Service requirement, the following may help you become eligible for retirement:**

- **Purchase of Workers' Compensation "state rate" time**
- **Re-deposits**
- **Back contributions**
- **Reciprocity**

\* Unless you were a part-time employee while a LACERS Member or are at least 70 years old. Please contact LACERS to confirm your options before terminating City employment.

## □ Taking a Refund and/Or Rolling Your Contributions into a Qualified Account

You may take a refund of the contributions plus interest in your account, subject to the taxation provisions below, and/or roll these funds over into another qualified retirement plan. You are not entitled to the City's contributions because they are not part of your individual account.

***If you take a refund of your contributions or roll the funds over, you give up your right to any other benefits from the Plan, such as a Disability Retirement or a Deferred Service Retirement.***

## TAXATION OF YOUR REFUND

LACERS is required to withhold taxes on any amount you receive as a refund for which you have not paid taxes, unless your money is rolled over into another qualified retirement plan. Based on your age at the time your contributions are withdrawn, you may be subject to additional taxes and/or penalties. Please consult the *Tax Information Guide* and your tax advisor for more information.

## □ Deferred Service Retirement

If you terminate with 5 or more years of City Service or were a part-time employee while a LACERS Member, you may leave your contributions on deposit and take a Deferred Service Retirement upon reaching eligibility.

***Financially, it is usually in your best interest to retire when you are first eligible UNLESS you plan to return to City employment or plan to work for an agency that has reciprocity with LACERS.***

## DEFERRED EARLY RETIREMENT ELIGIBILITY — REDUCED ALLOWANCE

You can start receiving your Deferred Service Retirement allowance when you are age 55 or older and:

- You have at least 10 years of Continuous Service or
- Your first date of Membership was at least 10 years prior to your effective retirement date and you have at least 5 years of Continuous Service\*

***IMPORTANT! Unlike Social Security, delaying your Deferred Retirement once you are eligible won't increase your benefits. While there is an Early Retirement reduction to your Retirement Allowance, it is usually more than offset by the additional monthly benefits and the annual cost of living adjustments that you receive when you retire early. For example, let's assume that your monthly allowance would be \$2,000 if you retired at age 60. If you retired at age 55, your allowance would start at \$1,850, but would grow to approximately \$2,145 by age 60 (assuming a maximum annual cost-of-living adjustment of 3%). Also, by retiring at age 55, you would have received five additional years of allowance (worth about \$120,000).***

\* At least 5 years of Continuous Service must come from City employment and/or service recognized under full reciprocity.

## **DEFERRED NORMAL RETIREMENT ELIGIBILITY — FULL ALLOWANCE**

You can start receiving your Deferred Normal Retirement allowance when:

- You are age 70 or older and have 5 or more years of Continuous Service\*, **or**
- You are age 60 or older, your first date of Membership was at least 10 years prior to your effective retirement date, and you have at least 5 years of Continuous Service\*, **or**
- You are age 55 or older and you have 30 or more years of Service

## **DEFERRED RETIREMENT ELIGIBILITY FOR PART-TIME EMPLOYEES**

Part-time Employees may also be eligible for retirement if you are:

- Age 70 (Full allowance)
- Age 60 or older and your first date of Membership was 10 years prior (Full allowance)
- Age 55 or older and your first date of Membership was 10 years prior (Reduced allowance)

## **WHEN TO APPLY FOR YOUR DEFERRED SERVICE RETIREMENT**

It is best to apply at least 4 to 6 weeks before the effective date of your retirement to avoid delays in receiving your benefits. Your retirement effective date will be:

- The date you first become eligible for retirement (if your application is received on or before this date), **or**
- The date your signed application is received by LACERS (if your application is received after you are eligible for retirement)

Benefits cannot be paid for any period of time prior to the date your application is received. Be sure to apply on or before the date you first become eligible to retire or you will lose benefits for which you were otherwise eligible.

\* At least 5 years of Continuous Service must come from City employment and/or service recognized under full reciprocity.