

VCERA is funded by investment earnings, employee/member contributions and employer contributions. Together, these funding sources enable VCERA to offer its members retirement benefits that last a lifetime.

This pamphlet is designed to summarize the plan provisions that relate to retirement contributions. For more information, contact a VCERA Benefits Specialist at (805) 339-4250.

### Employee Contributions

Because membership in VCERA is mandatory, you will make biweekly contributions to VCERA and you will earn service credit each pay period. Contributions are deducted from your biweekly pay on a pre-tax basis<sup>1</sup> and credited to your VCERA account. Deductions will continue throughout employment for most members.<sup>2</sup> Also, the retirement contributions of certain employee group members are “picked up” by their employer in lieu of wages, pursuant to negotiated agreements. If this applies to you, the employer-paid portion of employee contributions will be credited to your account biweekly.

<sup>1</sup> Court employees pay post-tax contributions.

<sup>2</sup> Safety Tier 1 members who reach 30 years of continuous service no longer contribute to VCERA.

VCERA is a defined benefit plan that provides lifetime retirement benefits. Your contribution account balance does not determine your future benefit payments. The benefit amount will be calculated based on the following three factors:

1. Years of retirement service credit
2. Final average compensation (FAC)
3. Age at retirement
4. Benefit tier

You are legally unable to contribute additional funds to VCERA, except as permitted under a service credit purchase or repayment agreement. If you want to increase your retirement savings, please contact your Deferred Compensation plan.

### Employer Contributions

Retirement contributions from the County and participating districts are made each pay period to help grow VCERA’s investment portfolio and ultimately to fund retirement benefits. VCERA’s actuary annually recommends employer rates, which apply to the employer’s total payroll and are higher than member rates. Employer contributions are not assigned to individual member accounts, nor are they refundable to members.

### Actuarially Determined Rates

VCERA’s contribution rates are determined annually by its actuary, who calculates and recommends rates sufficient

**EMPLOYEE CONTRIBUTION rates are recommended by an actuary but assigned based on your membership type and benefit tier.**

to cover the current-year costs of the pension plan (“Normal Cost”) and to pay off a portion of its unfunded actuarially accrued liability (“UAAL”). The Board of Retirement reviews VCERA’s actuarial valuation and approves the recommended contribution rate increases or decreases, which take effect the following July, when the new fiscal year begins.

Your contribution rate is assigned based on your membership type (Safety or General) and benefit tier, which is determined by your hire date.

### Interest Crediting

Interest is credited to individual member accounts semiannually on June 30 and December 31. Only member contributions on deposit as of the last interest-crediting date are eligible to receive the interest payment. The posted interest is half the 10-Year U.S. Treasury Note rate, as published in the *Wall Street Journal* at the close of business on June 30 or December 31. To learn more, see VCERA’s Interest Crediting Policy at [www.vcera.org](http://www.vcera.org) under “Board Governance.”

### Annual Statement

Every spring, VCERA will send you a personalized benefit statement that includes a summary of your calendar-year contributions, employer pickup amounts (if applicable), credited interest, total retirement service credit and retirement benefit projections. Please remember that your contribution balance does not determine your lifetime VCERA benefit.

### Withdrawing Contributions

While you are an active member of VCERA or a reciprocal retirement system, you may not withdraw your retirement contributions. Additionally, your contributions cannot be borrowed or withdrawn due to financial hardship.

If you terminate employment, VCERA will mail a retirement disposition form so you may elect how best to manage your account. You will have the following four options:

1. Apply for retirement, if eligible.
2. Leave your funds on deposit (deferred retirement); you will continue earning interest semiannually.
3. Leave your funds on deposit and elect to establish reciprocity with a qualifying public agency.
4. Withdrawal:

(continued on next page)

**YOU MAY** withdraw your contributions no earlier than 30 days after terminating employment.

### Withdrawing Contributions *(continued)*

**Refund:** a lump-sum return of contributions, less a 20% mandatory withholding of the taxable portion of your distribution (if \$200 or more) for federal taxes. You may withdraw your contributions no earlier than 30 days after terminating employment.

**Rollover:** a lump-sum transfer to a qualified retirement plan; no taxes are withheld.

*By withdrawing your contributions, you will sever membership and forfeit claims to VCERA benefits.*

For more information on contribution withdrawals and to review applicable IRS rules, see VCERA's Special Tax Notice at [www.vcera.org](http://www.vcera.org) under "Legal Publications & References."

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If you have additional questions about your contributions, contact a VCERA Benefits Specialist at (805) 339-4250 or visit [www.vcera.org](http://www.vcera.org).

*If there is any difference between this publication and the County Employees Retirement Law of 1937 (CERL), the law shall prevail.*



## Retirement Contributions



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