

Benefit Payment Options Explained

Your retirement benefit will always be a lifetime benefit to you but the benefit payment option you select will impact your benefit and the benefits payable to your beneficiary(ies) in different ways. It is important that you fully understand the benefit payment options available to you because you cannot change your benefit payment option once you receive your first benefit payment. Please make your decision carefully and if you require additional information, please don't hesitate to contact MCERA.

Unmodified Option

In general, the Unmodified Option provides for the highest possible monthly retirement benefit during your life. Upon your death, this option provides a lifetime benefit equal to 60% of the benefit you received during retirement to your eligible beneficiary, 60% benefit + 60% cost of living (if applicable). **This survivor benefit is restricted to your eligible spouse, California State registered domestic partner or eligible child only and may not be changed after you retire.**

Your spouse or registered domestic partner is considered eligible if you have been married or registered for at least one year at the time of your retirement and you continue to be married or registered to that spouse/registered domestic partner until the time of your death. If you do not have an eligible spouse or registered domestic partner, the 60% benefit may be paid to your eligible child upon your death. An eligible child is an unmarried child under the age of 18, or an unmarried full-time student under the age of 22.

If you do not have an eligible spouse, registered domestic partner or eligible child at the time of your death, your designated beneficiary will receive a lump-sum refund of any remaining balance left of your contributions and interest. Should your beneficiary pre-decease you, you will continue to receive the same amount and you will not be allowed to designate a new beneficiary for a continuance.

Option 1

Option 1 does not provide a continuance. Upon your death, a lump-sum payment of any remaining contributions becomes payable to your named beneficiary. Each month the annuity portion of your benefit is deducted from your contributions until the balance of your contributions is zero. You will continue to receive your benefit, but there would no longer be a lump-sum benefit payable to your beneficiary.

Under Option 1, you may change your named beneficiary at any time.

Option 2

At the time of your death, your designated beneficiary will receive the same monthly allowance you were receiving at the time of your death for the remainder of his or her lifetime, 100% benefit + 100% cost of living (if applicable). In order to provide this continuance, your benefit is reduced during your retirement

based on your life expectancy and the life expectancy of your beneficiary. Due to IRS regulations, an actuarial calculation may be required if the named beneficiary is not your spouse or registered domestic partner and they are more than 10 years younger than you.

Should your beneficiary pre-decease you, you will continue to receive the same reduced amount and you will not be allowed to designate a new beneficiary for a continuance.

Option 3

Under this option, at the time of your death your designated beneficiary will receive 50% of the monthly allowance you were receiving at the time of your death for the remainder of his or her lifetime, 50% benefit + 50% cost of living (if applicable). In order to provide this continuance, your benefit is reduced during your retirement based on your life expectancy and the life expectancy of your beneficiary.

Should your beneficiary pre-decease you, you will continue to receive the same reduced amount and you will not be allowed to designate a new beneficiary for a continuance.

Option 4

This option allows you to designate multiple beneficiaries to receive a lifetime benefit upon your death and to designate the percentage each will receive. This benefit is calculated by our actuary and while MCERA will cover the cost of the first calculation, you are responsible for paying for additional calculations. The amount that your benefit is reduced is based on the age of your youngest beneficiary at the time of your retirement.

Should your beneficiary(ies) pre-decease you, you will continue to receive the same reduced amount and you will not be allowed to designate a new beneficiary for a continuance.

Age 62 Modified Allowance (SSA Leveling)

This is an optional allowance that can be elected in addition to a retirement option. It provides for a larger benefit from the age you retire to age 62, based upon the estimated Social Security benefits receivable at age 62. Social Security Estimates will be calculated at the time of retirement and will not include future earnings. This estimate is used to calculate your benefit with MCERA and may differ from the actual benefit you receive from Social Security.

At age 62, your benefit will be reduced by the estimated Social Security amount. This reduction will happen regardless of whether or not you choose to actually apply for Social Security at age 62. This option can give you a more level payment for your life consisting of a combination of your Social Security benefit and MCERA retirement.