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## **DRAFT SERVICE RETIREMENT POLICY**

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### **I. PURPOSE AND BACKGROUND**

MCERA exists to provide Members, and their beneficiaries, sustainable benefits and exceptional service through professional plan administration and prudent investment practices. To accomplish this mission, the Association collects contributions from plan sponsors and the corresponding information regarding service performed by each Member during each pay period.

The Association is governed by the County Employees Retirement Law (“CERL” or “1937 Act”), Association By-Laws, and Resolutions and Policies adopted by the MCERA Board of Retirement and the governing bodies of plan sponsors. These governing documents are collectively known as the Plan Documents. The Plan Documents require that Members may not receive payment for regular employment by a covered plan sponsor and retirement benefits from the Association for the same period of time.

Historically, the Association allowed Members to choose retirement dates at their convenience. With the implementation of a Pension Administration System (PAS) in early 2016, this practice became problematic. The information submitted by plan sponsors for a retiring Member indicates a separation date at the end of the pay period only. The contributions to the Association by the plan sponsor and the retiring Member are calculated as if the Member worked the full pay period.

The contributions are determined in this manner to ensure alignment between contributions and the retirement service credit for the Member. The Association receives no information regarding what days in the period the Member worked or did not work.

### **II. POLICY OBJECTIVES**

This policy is adopted in order to ensure the Association complies with its Plan Documents and to provide clear guidance to Members as to the eligible dates of retirement with the Association. Further, this policy provides deadlines by which Members must submit their completed retirement application in order to become retired by the dates specified by this policy and clarifies when a Member shall receive their monthly retirement benefit from the Association.

### **III. POLICY GUIDELINES**

#### **A. RETIREMENT DATE**

The earliest date an Active Member in MCERA may become retired is the first day following the last pay period in which the Member receives compensation from the plan sponsor for regular employment. An Active Member of MCERA may elect a later date of retirement, at their option,

but should be aware of the impact this election may have upon the conversion of accrued sick leave into retirement service credit (see below).

If a Member submits a retirement application and receives compensation earnable or pensionable compensation from an MCERA plan sponsor after the retirement date elected, then the retirement application shall be cancelled. The Member must submit a new retirement application if a prior application is cancelled.

## **B. CONVERSION OF SICK LEAVE TO SERVICE CREDIT**

In accordance with Plan Documents, an Active Member in MCERA may have all accrued sick leave converted to retirement service credit for the calculation of their retirement benefit if the Member retires upon separation from a MCERA covered plan sponsor. To qualify for this conversion of sick leave to retirement service credit, a Member must elect a retirement date as specified above in subsection A. If an Active Member elects a retirement date after the date specified above in subsection A, then the Member is ineligible to convert accrued sick leave to retirement service credit.

## **C. MEMBERS WITH RECIPROCAL SERVICE**

A Member of MCERA with reciprocal service must retire from all reciprocal systems on the same day in accordance with Plan Documents. Nothing in this policy shall be construed to alter or modify this requirement.

## **D. RETIREMENT APPLICATION DEADLINES**

Plan documents require that a retirement application must be submitted no later than the retirement date. As outlined above in subsection A, for Active Members, the retirement date shall be the day after the end of the final pay period. Pay periods for MCERA plan sponsors currently end on Saturday.

The retirement date for Active Members as described above in Section A will be Sunday, unless the Active Member elects a later date. Since the Association is closed on weekends, the deadline to submit a retirement application is the Friday prior to the retirement date. Any retirement applications submitted with a requested retirement date prior to the date the application is received shall have the retirement date adjusted to the date the application is received by the Association.

Plan documents allow that a Member may submit a retirement application no more than 60 days in advance of the retirement date. An application submitted more than 60 days prior to the retirement date shall be rejected by the Association.

The Member must submit a complete retirement application to the Association. An incomplete retirement application shall be rejected by the Association.

#### **E. RETIREMENT APPROVAL**

Plan documents require the MCERA Board of Retirement to approve retirement applications. A report of retirement applications shall be presented to the MCERA Board of Retirement for approval at the regular Board meeting prior to the payment of the retirement benefit.

#### **F. RETIREMENT CANCELLATION**

A Member may cancel their retirement application by submitting a written cancellation request prior to the retirement date. For Active Members, the retirement dates specified in this policy occur on Sundays. Thus, a retirement cancellation request by an Active Member must be received by the Friday before the retirement date on Sunday in order for the Association to cancel the retirement.

#### **G. RETIREMENT BENEFIT PAYMENTS**

Upon the retirement of a Member, the Association commences to pay retirement benefits to the Member. The Member shall receive their first retirement benefits at the end of the first full month of retirement. If a Member retires on the first day of a month, then that Member shall receive their first retirement benefit check at the end of that month. If a Member retires on any day other than the first day of the month, then the Member shall receive their first retirement benefit check at the end of the following month.

#### **H. APPEAL OF ADMINISTRATIVE DECISION**

A member may appeal an administrative decision related to a service retirement in accordance with the Administrative Hearing Policy adopted by the MCERA Board.

### **IV. POLICY REVIEW**

This Policy is subject to change in the exercise of the judgment of MCERA management. The Retirement Chief Executive Officer may review and amend this policy at any time in accordance with the Retirement Chief Executive Officer Charter, Section III.C.7.

### **V. POLICY HISTORY**

This policy was implemented by the MCERA Retirement Administrator on July 12, 2017.

This policy was amended by the MCERA Retirement Chief Executive Officer on July 18, 2018.