

MARITAL DISSOLUTION POLICY

DRO INFORMATION SHEET



I. PURPOSE

To assist with questions regarding the division of Sacramento County Employees' Retirement System ("SCERS") benefits upon divorce, legal separation or termination of domestic partnership, pursuant to SCERS' Marital Dissolution Policy and the SCERS' model domestic relations order ("DRO") that applies to the Member's status.

II. ADVANCE SCERS REVIEW OF MODEL ORDERS IS ENCOURAGED

The language in DRO Model Order A and DRO Model Order B is strictly informational. The parties may use SCERS' model language or draft their own DRO. In either case, the parties should submit a draft DRO to SCERS for review and approval before seeking Court approval of any agreement affecting SCERS. SCERS cannot administer a DRO that does not comply with the County Employees' Retirement Law of 1937 or the California Family Code.

III. WHICH MODEL ORDER APPLIES?

A. Model Order A: Active or deferred member (not yet retired or receiving benefit payments from SCERS).

B. Model Order B: Retired member (currently receiving benefit payments from SCERS).

IV. IMPORTANT NOTE FOR RETIRED MEMBERS

Model Order B addresses the impact of dissolution on the joint and survivor annuity offered with the "Unmodified" form of payment, which is the most common benefit selected by retiring members. Most retirees elect the unmodified payment option, which provides the highest benefit to the retiree and a 60% continuance to an eligible surviving spouse. After divorce, a nonmember former spouse is no longer a surviving spouse and is no longer eligible for the 60% survivor benefit if the retiree dies. The survivor benefit is extinguished – it cannot apply to any other person. If the retiree elected an option other than the unmodified option, the divorce would not affect the benefit payable to the beneficiary when the retiree dies, unless the DRO specifies that a portion of that option continuance is to be paid to the nonmember former spouse of the member for the life of that beneficiary.

If a member does not divorce, and the Court instead enters a legal separation, the nonmember spouse may still be entitled to a survivor benefit depending upon the terms of the legal separation order.

V. IMPORTANT NOTE FOR ACTIVE/DEFERRED MEMBERS

For Members who are not retired, the following table describes the impact of various events upon individual accounts. For Members who are retired at the time of the final divorce judgment or decree, see Section IV – the Court will typically order a split of the Member's retirement allowance in accordance with Model Order B.

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SCENARIO	MEMBER'S ACCOUNT	NONMEMBER'S ACCOUNT
Member is vested (5 years of accumulated service credit)	<ul style="list-style-type: none"> • Service Credit, Contributions & Interest are divided in accordance with the DRO • Member may name beneficiary • Member remains vested 	<ul style="list-style-type: none"> • Separate account is established, with Service Credit, Contributions & Interest credited in accordance with the DRO • Nonmember may name beneficiary • Nonmember may maintain a separate account or request a refund
Member is not vested (less than 5 years of accumulated service credit)	<ul style="list-style-type: none"> • Service Credit, Contributions & Interest are divided in accordance with the DRO • Member may name beneficiary • Member will become vested based on combined service credit in both accounts 	<ul style="list-style-type: none"> • Separate account is established, with Service Credit, Contributions & Interest credited in accordance with the DRO • SCERS must refund the balance in the separate account to the Nonmember
Nonmember elects or is required to be paid a refund	<ul style="list-style-type: none"> • SCERS must notify the Member • Member has five years to optionally elect to repurchase the service credits which were transferred to Nonmember 	<ul style="list-style-type: none"> • Refund is irrevocable • All rights to future SCERS benefits cease • Redeposit is prohibited
Purchase of Service Credit for Extra Help & Public Service Credit	<ul style="list-style-type: none"> • Eligible to purchase community property share, if specified in the DRO • If DRO is silent, Member may purchase full service credit • If Nonmember receives refund or dies, Member may repurchase Nonmember's service credit 	<ul style="list-style-type: none"> • Eligible to purchase community property share if specified in the DRO • If DRO is silent, Nonmember may not purchase any service credit
Redeposit, if account refunded prior to the DRO	<ul style="list-style-type: none"> • If the Member is eligible to redeposit contributions, then Same as "Purchase of Service Credit for Extra Help & Public Service Credit," above 	<ul style="list-style-type: none"> • If the Member is eligible to redeposit contributions, then the Nonmember's options are the same as "Purchase of Service Credit for Extra Help & Public Service Credit," above

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Redeposit, if account refunded after DRO	<ul style="list-style-type: none"> • If eligible to redeposit contributions, then same as "Purchase of Service Credit for Extra Help & Public Service Credit," above • Member has five years after notice to elect to repurchase the service credits transferred to Nonmember 	<ul style="list-style-type: none"> • If the Nonmember has taken a refund, Nonmember may not redeposit the withdrawn contributions
Nonmember is not paid a refund	<ul style="list-style-type: none"> • After account is divided pursuant to the DRO, Member is no longer entitled to the contributions, interest and service credit which were transferred to Nonmember's Account 	<ul style="list-style-type: none"> • May name a beneficiary • Interest is credited semi-annually • Nonmember may receive a service retirement allowance when eligible
Eligibility for service retirement	<ul style="list-style-type: none"> • Age as defined in law • Service credit requirement is met by adding service credit earned before account division to service credit earned after account division 	<ul style="list-style-type: none"> • Nonmember is eligible to retire at earlier of Member's eligibility because of age & years of service, or Nonmember is age 50 and Member has 10 years of service (prior to split); final average compensation is based on Member's compensation at retirement
Member retires before Nonmember	<ul style="list-style-type: none"> • Member's benefit based on age factor, final average compensation and combined service credit balance of credit remaining after account division plus credit earned or purchased after account division • Member may select any optional allowance 	<ul style="list-style-type: none"> • Nonmember will be notified of the Member's retirement • The Nonmember may elect: (a) to defer retirement to a later age, with the member's final average compensation frozen; or (b) to begin receiving monthly benefit based on the Member's final average compensation, Nonmember's age factor, and the Nonmember's combined service credit balance of credit after account division plus credit purchased after account division • Nonmember may select any optional allowance

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SCENARIO	MEMBER'S ACCOUNT	NONMEMBER'S ACCOUNT
Member dies before Retirement	<ul style="list-style-type: none"> • Benefits paid in accordance with SCERS provisions for the payment of death benefits • Beneficiary as named by member 	<ul style="list-style-type: none"> • Nonmember is notified of Member's death • Same as "Member retires before Nonmember".
Nonmember dies before retirement	<ul style="list-style-type: none"> • Member is notified of Nonmember's death & Member's eligibility to repurchase or redeposit, if applicable • Member is eligible to repurchase Nonmember's service credit or redeposit contributions, including service credit which the DRO reserved for the Nonmember, but only if Nonmember did not do so 	<ul style="list-style-type: none"> • Beneficiary named by Nonmember receives Nonmember's account balance, if any
Member granted a disability retirement before Nonmember retires	<ul style="list-style-type: none"> • Combined Member & Nonmember benefit may not exceed the amount which would be paid to the Member if the dissolution of marriage had not occurred 	<ul style="list-style-type: none"> • Nonmember is not eligible for a disability retirement. However, when eligible for service retirement, the Court will be asked to divide the payments
Member granted a disability retirement after Nonmember retires	<ul style="list-style-type: none"> • Same as "Member granted a disability retirement before Nonmember retires," above 	<ul style="list-style-type: none"> • Same as "Member's Account" • Nonmember's benefit may be reduced by any new Court order
Vested Member terminates employment	<ul style="list-style-type: none"> • Member may elect a refund, retirement (if eligible), or deferred retirement • If inter-system reciprocity is established, final average compensation will not be frozen • If reciprocity is not established, final average compensation is frozen at Member's termination 	<ul style="list-style-type: none"> • Same as "Member's Account"
Non-Vested Member terminates	<ul style="list-style-type: none"> • Member may elect a refund or, if eligible, a deferred retirement 	<ul style="list-style-type: none"> • Nonmember must receive a refund of the balance of the Nonmember's account

VI. NO LEGAL ADVICE

The disposition of retirement benefits in domestic relations proceedings involves complex individual rights and tax issues. SCERS, its employees, agents, and consultants cannot provide legal advice and make no representation regarding this supplemental information or any model's sufficiency under applicable law or its consequences for particular facts and circumstances. Members and Nonmembers are encouraged to consult their own legal counsel.

VII. QUESTIONS

If you have questions regarding this DRO Information Sheet or the model orders, please contact SCERS.

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SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF _____

IN RE THE MARRIAGE OF

Petitioner: _____,

and

Respondent: _____.

Case No: _____

MODEL ORDER A
**STIPULATED DOMESTIC RELATIONS
ORDER RE: DIVISION OF
SACRAMENTO COUNTY
EMPLOYEES' RETIREMENT SYSTEM
BENEFITS**

Petitioner, _____, and Respondent, _____, and the Sacramento County Employees' Retirement System ("SCERS") hereby stipulate as follows:

RECITALS

1. Petitioner and Respondent were married to each other on _____. They separated on _____, and this Court entered a judgement of dissolution of marriage in the action on _____.
2. This Court has personal jurisdiction over both Petitioner and Respondent and jurisdiction over the subject matter of this Order and the dissolution of marriage action.
3. SCERS was properly joined as a party to the Petitioner and Respondent's dissolution of marriage action pursuant to sections 2060 through 2065 of the Family Code.

STIPULATION

This Order is acceptable under the County Employees Retirement Law of 1937 ("the 1937 Act"), which is set forth at section 31450, et seq., of the Government Code.

1 Nonmember shall be entitled to all applicable rights permitted under section 31685(c) of the
2 Government Code, including:

3 (a) The right to a retirement allowance; subject to the provisions of sections
4 31685(d), 31685.5, 31685.6, 31685.7, 31685.8, 31685.9, 31685.95 and 31685.96 of the
5 Government Code.

6 (b) The right to a refund of accumulated retirement contributions, subject to the
7 provisions of section 31685.2 of the Government Code.

8 (c) The right to redeposit accumulated contributions that are eligible for
9 redeposit by the Member, subject to the provisions of section 31685.3 of the Government Code.

10 (d) The right to purchase service credit that is eligible for purchase by the
11 Member, subject to the provisions of section 31685.4 of the Government Code.

12 (e) The right to designate a beneficiary to receive his or her accumulated
13 contributions and any interest that has been credited to such contributions where death occurs prior
14 to retirement.

15 (f) The right to designate a beneficiary for any portion of the Nonmember's
16 SCERS Interest which is payable at the time of his or her death.

17 7. If the Nonmember fails to designate a beneficiary pursuant to Paragraph 6(e) or 6(f)
18 of this Order or the designated beneficiary does not survive the Nonmember, any portion of the
19 Nonmember's SCERS Interest which is payable at the time of his or her death shall be paid in
20 accordance with section 31458.2 of the Government Code.

21 8. The Nonmember's SCERS Interest will be increased by all applicable interest, cost-
22 of living or other similar increases, but only to the extent permitted under the 1937 Act and the
23 Policies of SCERS.

24 9. The Member and the Nonmember shall be responsible for, and pay, any taxes due
25 in connection with his or her receipt of distributions from SCERS.

26 10. The Member and Nonmember shall be responsible for filing a Designation of
27 Beneficiary form with the Administrator.

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1 11. Member's Name. For the purpose of making any benefit payments provided by the
2 terms of this Order or providing any notice required by the terms of this Order, Member's name,
3 current mailing address, telephone number, Social Security number and date of birth are as
4 follows:

5 Name:_____

6 Address:_____

7 Telephone No._____

8 Date of Birth:_____

9 Social Security #: N/A – Will follow under separate cover.

10 12. Nonmember's Name. For the purpose of making any benefit payments provided
11 by the terms of this Order or providing any notice required by the terms of this Order,
12 Nonmember's name, current mailing address, telephone number, Social Security Number and date
13 of birth are as follows:

14 Name:_____

15 Address:_____

16 Telephone No._____

17 Date of Birth:_____

18 Social Security #: N/A – Will follow under separate cover.

19 13. Notice of change of address or telephone number shall be made in writing to
20 SCERS addressed as follows, or as the Administrator may specify in a written notice to Member
21 And Nonmember:

22 Sacramento County Employees' Retirement System
23 980 9th Street, Suite 1900
24 Sacramento, California 95814

25 14. The Member and the Nonmember shall sign all forms, letters and other documents
26 as required to effect the distribution(s) described herein and the intent of this Order.

27 15. The Nonmember, the Nonmember's agents and attorneys are authorized to receive
28 any and all information concerning the Member's benefits until such time as the

1 Nonmember has received the Nonmember's SCERS Interest.

2 16. Notwithstanding any other provision of this Order, the Order shall not be construed
3 as to require SCERS:

4 (a) To provide any form of benefit or any option not otherwise provided under
5 the 1937 Act and the Regulations of SCERS;

6 (b) To provide increased benefits (as determined based on actuarial value) not
7 available to the Member;

8 (c) To provide benefits to the Nonmember which are required to be paid to
9 another Nonmember under another Order previously entered by a Court of competent jurisdiction
10 and acceptable under the 1937 Act;

11 (d) To provide payment to the Nonmember of benefits forfeited by the Member;
12 or

13 (e) To change the benefit election of the Member once the Member has retired.

14 17. It is further ORDERED that the Member shall act as constructive trustee of any
15 benefits assigned to the Nonmember under this Order which may be paid to or received by the
16 Member. The Member, as trustee, shall promptly pay or transmit any such benefits to the
17 Nonmember at the Nonmember's last known address. It is also ORDERED that the Nonmember
18 shall act as constructive trustee of any benefits assigned to the Member under this Order which
19 may be paid to or received by the Nonmember. The Nonmember, as trustee, shall promptly pay
20 or transmit any such benefits to the Member at the Member's last known address.

21 18. This Order shall be administered and interpreted in conformity with the 1937 Act
22 and the Regulations and Policies of SCERS and other applicable law. If the 1937 Act and/or the
23 Regulations of SCERS are amended, then Member and the Nonmember shall immediately take
24 the steps necessary to amend this Order to comply with any such amendments, changes and/or
25 modifications; or, if permissible under any such change, amendment, or modification to the 1937
26 Act and the Regulations of SCERS, the Administrator may treat this Order as acceptable. The
27 Member and the Nonmember shall be responsible for any of the costs and/or expenses associated
28 with such amendment.

