

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

WHEREAS, Petitioner and Respondent were married to each other on _____ and separated on _____. The court entered a Judgment dissolving the marriage of Petitioner and Respondent on _____ and ordering the disposition of the community property interest of the Petitioner and Respondent accrued under the Sacramento County Employees' Retirement System.

IT IS HEREBY STIPULATED AND ORDERED:

1. As used in this Order, the following terms will have the meanings stated:

A. "Participant" means the Respondent, _____, social security number _____, whose last known mailing address is _____.

B. "Alternate Payee" means Petitioner _____, social security number _____, whose last known mailing address is _____.

1 C. "Plan" means the Sacramento County Employees' Retirement System
2 ("SCERS") pursuant to the provisions of the County Employees' Retirement Law of 1937
3 vested in the Board of Retirement.

4 D. "Plan Administrator" means the Board of Retirement, Sacramento County
5 Employees' Retirement System, 980 9th Street, Suite 1900, Sacramento, CA 95814.

6 2. This Order is issued under the California Family Code and relates to the
7 division of the community property interest of the Participant and Alternate Payee in benefits
8 under the plan and payment to the Alternate Payee of his share of that interest.

9 3. The total community share of the Participant and Alternative Payee portion of the
10 gross monthly retirement allowance shall be determined be a service fraction. The numerator of
11 the fraction shall be the number of years of credited service earned between date of the
12 marriage and the date of the separation. The denominator of the fraction shall be the total number
13 of years of credited service under the retirement plan as of the effective date of the distribution.
14 Alternate Payee shall be entitled to 50 percent of the community share which shall include
15 cost-of-living increases or other retirement adjustments. Any portion not designated as
16 community is confirmed as the sole and separate property of the Participant.

17 4. If Alternate Payee dies before Participant, Alternate Payee's share payable under
18 this Order shall continue to be paid to Alternate Payee's designated beneficiary(ies) (or, if none,
19 to Alternate Payee's estate), as permitted by Government Code section 31458.4, and subject to
20 paragraph 5.

21 5. Alternate Payee's share shall not terminate upon Alternate Payee's death and shall
22 not automatically revert to Participant by operation of this Order. Any change in the recipient of
23 Alternate Payee's share after Alternate Payee's death shall occur only through a beneficiary
24 designation consistent with Government Code section 31458.4.

25 6. Payments of Alternate Payee's share shall terminate upon the earlier of (a) the death
26 of Participant, or (b) if this Order awards Alternate Payee a portion of any continuing allowance
27 payable after Participant's death, the death of the person entitled to receive that continuing
28 allowance.

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Dated: _____

Sacramento County Employees'
Retirement System Representative

ORDER

The Court hereby incorporates the foregoing as its Order herein and orders the parties to
comply herewith.

Dated: _____

JUDGE OF THE SUPERIOR COURT