

**Also, some Social Security benefits may be reduced by the Government Pension Offset or Windfall Elimination Provision.**

## LUMP SUM DISTRIBUTION

A lump sum distribution represents the full cash value of your benefit that is payable at the cash-out date. Under the plan, lump sum payments can only be made once a year. Eligible participants will receive payment no later than 60 days after the close of the plan year in which retirement or termination occurs, and a Request for Benefit Payment form has been received.

For Participants who made mandatory contributions to the Plan, the benefit payable shall be the greater of (a) the Participant's total amount of employee contributions plus interest; or (b) the Actuarial Equivalent of his or her Accrued Benefit. Participants who receive a lump sum benefit payment are not permitted to repay the Plan in order to restore his or her right to a retirement benefit. For Participants who made mandatory contributions to the Plan, a portion of the lump sum distribution will be nontaxable, as determined by relevant regulations or rulings.

If the lump sum value of your benefit is \$5,000 or less, the plan will cash-out your accumulated benefit after receipt of your signed SISC Request for Benefit Payment form.

If the lump sum value is greater than \$5,000, you will be offered a one-time choice of receiving a lump sum payment, or deferring any benefit payments until age 65.

Some lump sum distributions may qualify to be rolled over into an Individual Retirement Account (IRA) or other Qualified Retirement Plan. Lump sums that are not rolled over into an IRA are subject to ordinary income tax withholding. There is also an additional tax if the distribution occurs before you reach age 59½. **You should consult a qualified tax advisor for more complete information.**

## FUNDING

For all Participants hired prior to January 1, 2013, the plan is 100% funded by your employer. You do not make any contributions. These individuals are NOT subject to the mandatory employee contributions under the Public Employee's Pension Reform Act (PEPRA).

All Participants hired on or after January 1, 2013 **are** subject to the mandatory employee contributions as required under PEPRA. Employees shall pay the mandatory employee contributions by a reduction in pay on an **after-tax basis only**. Information regarding the annual employee contribution rate is available from your employer.

**NOTE: ANY** Participant who terminates from the Plan and receives a distribution of his or her entire Accrued Benefit (or a refund of the mandatory employee contributions plus interest), and then resumes employment covered under the Plan, such employee shall be considered a **NEW** employee and will be subject to the mandatory employee contributions under PEPRA.

All contributions are held and invested by a Trustee appointed by the Plan Administrator.

## DEATH BENEFITS

No death benefits are payable under this plan on behalf of Participants who did not make mandatory employee contributions. However, if the death of a Participant occurs **after** retirement or termination of employment, **and** the SISC Request for Benefit Payment form, signed by the Participant, has been received by SISC, the benefits shall be payable to the Participant's estate in a lump sum payment. Benefits accumulated for participants who pass away but did not submit a Request for Benefit Payment form will remain in the plan.

Death benefits are payable for Participants who made mandatory employee contributions to the Plan. The lump sum benefit amount shall be Participant's total amount of employee contributions plus interest. The benefit shall be paid to the Beneficiary designated by the Participant. If a Participant fails to designate a Beneficiary, or the Beneficiary predeceases the Participant, the benefit shall be payable to the Participant's estate.

The Plan Administrator may require verification of death.

## PARTICIPATING DISTRICTS

You can only receive benefits from the plan once employment has ceased with all participating employers or if you are over the age of 62. Each employer will notify you if you are participating in this plan.

## HOW TO APPLY FOR BENEFITS

When you terminate employment with all participating employers, **it is your responsibility to fill out and send a SISC Defined Benefit Plan Request for Benefit Payment form** to the SISC office in order to receive benefits. **Request for Benefit Payment forms must reach the SISC office by January 10**, following the year you retire or terminate. Benefits cannot be paid until the SISC office receives your signed Request for Benefit Payment form.

**REMEMBER:** ANY Participant who terminates from the Plan and receives a distribution of his or her entire Accrued Benefit (or a refund of the mandatory employee contributions plus interest), and then resumes employment covered under the Plan, such employee shall be considered a **NEW** employee and will be subject to the mandatory employee contributions under PEPRA.

## PLAN ADMINISTRATOR

Every effort has been made to be as accurate as possible in communicating the highlights of this plan. All information is subject to correction if an error is discovered. In all cases, the retirement plan document governs the operation of the plan. If you have any questions, please contact the Plan Administrator at:

## SISC DEFINED BENEFIT PLAN

Physical address: 2000 K St., 5th Floor  
Mailing address: P.O. Box 1808 • Bakersfield, CA 93303-1808  
661-636-4710 • 800-972-1727 • FAX: 661-636-4063  
Website: //sisc.kern.org/dbp/

# DEFINED **BENEFIT** PLAN



**Highlights for  
part-time, temporary  
& seasonal employees**



**SISC**  
SELF-INSURED SCHOOLS OF CALIFORNIA

Schools  
Helping  
Schools

## THE PLAN

The SISC Defined Benefit Plan is a qualified pension plan adopted by your employer as an alternative to Social Security. Benefits are designed to be paid out at age 65, however you can receive your benefits in cash as a full lump sum distribution after you leave employment with all participating employers or retire. There is no specified length of time you must work in order to receive benefits. You are 100% vested in any benefits you accumulate beginning on your date of participation. Because it is a qualified retirement plan, the tax deductibility of an Individual Retirement Account (IRA) may be affected in certain circumstances. **We recommend that you consult with a qualified tax advisor for more complete information.**

## ELIGIBILITY AND PARTICIPATION

In general, employees who are not participating in any other retirement plan of the employer, county, or state are eligible for the plan. In most cases employees who are members of, or retired from, PERS or STRS are not eligible for participation in the SISC Defined Benefit Plan. Your employer will notify you of your eligibility. Participation begins upon your date of enrollment in the plan (i.e. the first payroll reported by your employer).

If you become eligible for Public Employees' Retirement System (PERS) or State Teachers' Retirement System (STRS), contributions to the SISC Defined Benefit Plan end and you enroll in PERS or STRS. The benefit accumulated under the SISC plan is not paid until you terminate employment with all participating employers with whom you earned benefits under the SISC plan and apply for benefits.

Benefits and service credit with respect to qualified military service will be provided in accordance with Code Section 414(u) of the Internal Revenue Code. If you believe you are entitled to benefits due to qualified military service, please contact the SISC office for more information.

## BENEFIT ACCUMULATION

You immediately begin to accumulate benefits for each hour you work upon your date of enrollment in the plan. Any benefits you accumulate are immediately vested. There is no waiting period or amount of time you must be employed by a participating employer in order to earn a "vested" right to your benefits. An annual statement of your accumulated benefits will be mailed to you each year in October.

## BENEFIT PAYOUT

Since this is a retirement plan, benefits are designed to be paid out as a monthly lifetime benefit after reaching age 65 or later. Monthly retirement payments will begin no later than 60 days after the close of the plan year in which retirement occurs.

You may choose to cash-out the full value of your benefits after retirement or termination of employment with all participating employers. Lump sum distributions from the plan occur once a year. The plan operates on a calendar year basis, from January 1 to December 31.

**Cashouts for employees who have retired or terminated effective December 31st, and have submitted a Request for Benefit Payment form to the SISC office by January 10, will receive payment no later than 60 days after the close of the plan year in which retirement or termination occurs.**

Effective January 1, 2009, a participant who has attained at least age 62 by the end of the plan year but has not incurred a termination of employment may be eligible to receive a distribution of the present value of the participant's vested accrued benefit in the form of a lump sum payment only. In order to receive this benefit, you must send a signed Request for Benefit Payment form to the SISC office by January 10th.

## EMPLOYMENT PAST AGE 65

You are not required to retire and receive benefits once you attain age 65. You may choose to work beyond age 65 and continue to accumulate benefits under the plan. However, please note that the value of your benefit may begin to decrease after age 65. Please call our office for more information about possible decreasing benefit amounts. If you are over age 70½ and still working for a participating employer under the SISC DBP, you may elect to defer your benefit distribution. If you are over 70½ and are no longer working, you must receive your benefit distribution.

If you decide to return to work after you retire and start receiving a monthly annuity benefit payment, please be aware of the following work restrictions under the new PEPRA (Public Employees' Pension Reform Act) legislation:

- You cannot work (or be reinstated in the SISC DBP) for the 180-day period after retirement.
- If/when you do return to work, you can only work 960 hours per calendar year for any/all participating employers.
- You cannot be covered under the DBP during the 960 hours.
- Your monthly annuity benefit under the DBP will not increase.
- If your work hours exceed 960 hours in any calendar year, you will be reinstated in the SISC DBP and your monthly annuity payment **will cease** until you quit/retire again and submit a new Request for Benefit form.
- Any new benefit earned after being reinstated in the DBP will be paid as a one-time lump sum payment at the next regularly scheduled disbursement date (usually in March).

Please call the SISC office for more information if you have any additional questions about working after retirement or your benefit payments.

## BENEFITS PAYABLE

Your annual benefit, payable as a monthly life annuity at age 65 or later, is calculated as:

**1.5% of Highest Average Pay times Credited Service**

Highest Average Pay is the annual average of your highest three consecutive calendar years of pay. A calendar year is a year during which you worked for a participating employer anytime from January 1 to December 31.

Credited service begins upon your date of enrollment in the plan. All employment with a participating employer is counted as credited service as long as you worked for the employer, received compensation during the calendar year, and were covered by the plan. Credited service continues until you retire, terminate or become covered under another plan. NOTE: The maximum service amount you can earn is 30 years.

If you leave all participating employers without earning three consecutive calendar years of service, your annual benefit payable is calculated as: **1.5% of Total Pay**

If the present value of your benefit is \$5,000 or less, a mandatory lump sum distribution is required. If the present value of your benefit is greater than \$5,000, you will be given a one-time option of receiving a single lump sum payment or monthly life annuity payments beginning at age 65.

## AN EXAMPLE

You are enrolled in the plan for 20 years as a part-time employee, and decide to retire at age 65. Your annual wages for the highest three consecutive calendar years are \$9,000, \$8,000, \$7,000 and your credited service is 20 years.

Your Highest Average Pay is calculated by totaling your annual pay for the highest three consecutive calendar years and dividing the sum by three years. In this example, the calculation would look like this:

$$\begin{array}{r} \$9,000 \\ 8,000 \\ \underline{7,000} \\ \$24,000 / 3 \text{ years} = \$8,000 \\ \text{Therefore Highest Average Pay is } \$8,000.00 \end{array}$$

The amount of your annual retirement income is calculated by multiplying your Highest Average Pay by 1.5% and your years of credited service.

$$\begin{array}{l} \text{1.5\% of Highest Average Pay times Credited Service} \\ \text{0.015 times } \$8,000 \text{ times } 20 = \$2,400 \end{array}$$

Your monthly benefit is \$200 (\$2,400 / 12 months). This monthly benefit would be payable as a lifetime benefit. Payments will begin the year following your retirement request. You will also be given an option for a one-time lump sum payment in lieu of monthly lifetime benefit payments.

For Participants who made mandatory contributions to the Plan, a portion of the monthly amount will be nontaxable upon distribution, as determined by relevant regulations or rulings.

**Please Note: These figures are only an example. Actual figures may vary, depending on individual circumstances.**