



OFFICE OF RETIREMENT SERVICES

RETURN OF CONTRIBUTIONS

Frequently Asked Questions

The City of San José, Office of Retirement Services (ORS) manages the City’s pension plans and trust funds. After separating from the City, former employees must designate how they’d like their pension contributions handled. Below are frequently asked questions regarding the Return of Contribution (ROC) process.

NOTE: A completed Distribution Election Form is required for all former employees.

<p>What is a Return of Contributions?</p>	<p>A Return of Contributions (ROC) is a lump sum payment equal to the pension contributions you paid into the retirement plan, plus interest. Interest is determined by the San José Municipal Code.</p> <p>When employees separate from the City of San José, they must withdraw their retirement contributions if they are not vested or if they are not planning to claim reciprocity through employment with a reciprocal agency. When employees receive a ROC, they are no longer a member of the pension plan.</p>
<p>What is the process?</p>	<ul style="list-style-type: none"> ➤ After you separate, Human Resources sends your completed and signed Notice of Separation (NOS) to ORS. ➤ Within 4 weeks of receiving the NOS, ORS sends you a ROC packet that includes a blank Distribution Election Form as well as other important information. Please be sure to read the information carefully! ➤ You must complete and submit the Distribution Election Form to ORS. This for is required regardless of whether you are vested, eligible for reciprocity, or requesting a return of your contributions. ➤ If you choose to receive a refund, your ROC refund will be mailed/deposited within 6-8 weeks after ORS receives your Distribution Election Form. Please note that we cannot process the return of contributions until after the City’s final payout check is posted.
<p>When will I receive my ROC money?</p>	<p>Your final payout check from the City and any outstanding payroll issues must be cleared by Finance-Payroll before ORS can process your ROC distribution. In addition, it takes approximately 6-8 weeks from the date that the Office of Retirement Services receives your completed Distribution Election form for the refund to be mailed/deposited.</p>
<p>What are my options? <i>(continued on page 2)</i></p>	<p>The “Distribution Election Form” provides the following options:</p> <p>If you would like to Leave Your Contributions in the Fund:</p> <ol style="list-style-type: none"> 1. <u>Vested members only</u> may elect to leave their contributions in the fund and remain in the retirement system in “Deferred Vested” status until they retire. 2. <u>Any employee may elect Reciprocity</u>. This means that the employee elects to leave their contributions in the fund and synchronize their retirements with the City of San José and their reciprocal employer. See below for requirements to qualify for reciprocity. Also, this is a firm contractual commitment between the employee, the City of San José, and the reciprocal employer. <p>If you would like to Receive a Return of Your Contributions (ROC):</p> <ol style="list-style-type: none"> 1. Employees may elect a Direct Distribution to receive a check or direct deposit of their money. Taxes withheld are 20% Federal (mandatory) and 2% State (optional). If an employee is pre-retirement age per IRS guidelines at the time of their annual tax filing, an additional 10% federal tax penalty will be required for early withdrawal of a retirement benefit. 2. Employees may have additional Federal taxes withheld on top of the mandatory 20% withholding by submitting a W-4R form with their Distribution Election Form.

	<p>3. Employees may elect to do a rollover of their contributions to their VOYA Deferred Compensation plan. There will not be any federal or state taxes or penalties applied to the rollover.</p> <p>4. Employees may elect to do a rollover of their contributions to their own IRA. There will not be any federal or state taxes or penalties applied to the rollover.</p> <p>5. Employees may elect to do a rollover to a new employer's deferred compensation/retirement plan. There will not be any federal or state taxes or penalties applied to the rollover.</p> <p>See below for additional information on each option.</p>
<p><u>Option #1: DEFERRED VESTED</u></p>	<p>Members who are vested for a retirement/pension may elect to leave their contributions in the City of San José Retirement System.</p> <p>Members who select this option will receive a lifetime monthly retirement/pension when they become eligible to retire and submit their application to the Office of Retirement Services.</p> <p>To be vested for your retirement/pension:</p> <ul style="list-style-type: none"> • Federated employees need a minimum of five (5) years of service (YOS) to vest. • Police and Fire Tier 1 employees need a minimum of ten (10) YOS to vest. • Police and Fire Tier 2 employees need a minimum of five (5) YOS to vest.
<p><u>Option #2: RECIPROCITY</u></p> <p><u>Note: It is important to refer to the separate Reciprocity Fact Sheet for specific details and conditions.</u></p>	<p>Reciprocity is the synchronizing of your separate retirements with the City of San José and your reciprocal employer(s). The provision for the latest retirement age is used by all employers. The highest final average salary is used to calculate the monthly pension amount, based on all the applicable employment.</p> <p>To qualify for reciprocity, employees cannot have any overlapping dates of employment with the different employers. Employees may be eligible for reciprocity if they were employed by a California Public Employees Retirement System (CalPERS) reciprocal agency within six (6) months <u>prior</u> to their date of hire with the City of San José or within six (6) months <u>after</u> leaving City of San José service.</p> <p>Employees may use their reciprocal years of service to count toward qualifying for their City of San José retirement/pension. Therefore, employees may elect to leave their contributions in the City of San José Retirement System even if they are not vested when they separate from the City of San Jose. If you are not vested, and want to leave your contributions in the system, it is important you submit your completed Distribution Election form to the Office of Retirement Services.</p> <p>You are required to reach out to both City of San José and CalPERS to establish reciprocity as soon as possible.</p>
<p><u>Option #3: DIRECT DISTRIBUTION</u></p>	<p>Employees may request a direct distribution/payment of their retirement contributions. The Retirement Plan is required to withhold 20% in Federal taxes. The employee may elect to have additional Federal taxes withheld on top of the mandatory 20% by submitting a W-4R form with their Distribution Election Form. Employees have the option to have 2% California State Tax withheld from the check issued by the Office of Retirement Services or employees may elect to have no California State Tax withheld.</p> <p>At the beginning of the year following the date that the refund is paid to you, the Office of Retirement Services will send you a completed 1099 form for reporting the refund. Please note an additional penalty may be assessed by the IRS. It is important to know the IRS guidelines for Early Withdrawal of a Retirement Benefit. Please check with your own accounting and/or tax advisor for more information.</p>

<p><u>Options #4, #5, #6: ROLLOVERS TO A DIFFERENT TYPE OF INVESTMENT ACCOUNT</u></p>	<p>Employees may request a rollover of their retirement contributions into a different investment account, i.e., their City of San José Deferred Compensation Plan, their personal Individual Retirement Account, their new employer's Deferred Compensation Plan or a Qualified Retirement Plan. Under this option, the City of San José Retirement Services Department will send the money directly to the financial institution. There will not be any federal or state taxes or penalties applied to the rollover.</p>
<p>What does a Return of Contributions include and what does it not include?</p>	<p>Included:</p> <ul style="list-style-type: none"> ✓ Employee Pension Contributions ✓ Accumulated Interest ✓ Police & Fire Sworn Professionals – Health Insurance Contributions Are Included ✓ Federated Employees – Health Insurance Contributions Up to 12/21/13 Are Included <p>Not Included:</p> <ul style="list-style-type: none"> ▪ Employer Pension Contributions ▪ Federated Employees – Health Insurance Contributions After 12/21/13 Are Not Included (115 TRUST)
<p>Can I withdraw the contributions my employer makes on my behalf?</p>	<p>No, you can never withdraw employer contributions. The only way you can garner a benefit from them is by retiring from the system.</p>
<p>Why are the Health Insurance Contributions after 12/21/13 excluded from the Federated employees' refunds?</p>	<p>For Federated employees, your health insurance contributions prior to December 22, 2013, are refundable. However, your contributions made after December 21, 2013, have been put into a "115 Trust." Per IRS guidelines, contributions in a 115 Trust are not refundable. A letter was mailed to all Federated employees on or about 12/20/13 regarding this change. A copy of the letter is available from our website at www.sjretirement.com (go to Members > Federated > Active > Life Event > Leaving Employment).</p>
<p>How can I request that the process begin before I separate?</p>	<p>Our office sends out a packet to you within 4 weeks after we receive the Notice of Separation sent by HR after your last paycheck.</p> <p>We <u>cannot</u> proceed with any change in your account until we receive the Notice of Separation verifying your separation and the date of separation.</p>
<p>When will I get the money?</p>	<p>After your final payout check has been processed and ORS has received your completed Distribution Election form, it takes approximately 6-8 weeks for ORS to process your distribution. Depending on the option you select, your distribution will be mailed, electronically deposited into your bank account, or rolled over into a retirement account.</p> <p>Please be advised all outstanding payroll issues must be cleared with Finance-Payroll before any distributions can be processed. Finance-Payroll must clear/balance and close the employees' account before the Office of Retirement Office can process the distribution.</p>
<p>Can I pick up my check from your office?</p>	<p>Yes, you need to confirm your intention to pick up the check in person so we can hold the check in the office.</p>
<p>Can I get my money sooner?</p>	<p>Due to the processing steps and review process required to distribute money from the Plan, we cannot offer expedited distributions. Processing will take 6-8 weeks upon receipt of completed election forms. It is very important to inform Retirement Services immediately of any address or phone number changes so that the distribution is not delayed.</p> <p>For fastest direct distribution, ORS suggests you choose direct deposit rather than a mailed check.</p>
<p>Can I have payment as direct deposit?</p>	<p>Yes, you need to fill out Automatic Deposit Authorization form and submit together with the Distribution Election Form.</p>
<p>Can I split my contributions into different options?</p>	<p>No, we are not able to split your distribution into different options.</p>

<p>Does my Spouse or Domestic Partner have to sign the Distribution Election Form?</p>	<p>Yes. --One (1) signature is required by your spouse if you are leaving your contributions in the fund. --Two (2) signatures are required by your spouse if you are receiving a return of your contributions. The second spouse signature will have to be notarized or witnessed by a member of our staff.</p>
<p>What if I'm divorced or my spouse and I are separated?</p>	<p>Your retirement contributions and pension are considered community property.</p> <ul style="list-style-type: none"> • If you are still technically married, and you are both in agreement, your spouse may sign the Distribution Election form and consent to the return of your contributions. • If you and your spouse do not agree, it will have to wait until the divorce is finalized. Your pension is legal community property, and there will have to be a clear stipulation for division of property and allocation of assets. If the divorced spouse retains any ownership of your pension, the Office of Retirement Services receives and implements the Qualified Domestic Relations Order (QDRO) for the spouse's benefit. • If you have had a divorce during your time of employment with the City of San José, ORS requires proof that the divorce was legally finalized and the final status of the pension benefit and the related contributions in to order to process your return of contributions.
<p>What other documents are required when I submit my completed Distribution Election Form?</p>	<ol style="list-style-type: none"> 1. If you have had a divorce during your time of employment with the City of San José, we need to receive proof that the divorce was legally finalized and the final status of the pension benefit and the related contributions. Therefore, we will need a copy of your final divorce settlement stamped by the court and the clear stipulation of division of property and allocation of assets. 2. If you are selecting a rollover, we require a letter or form from the financial institution on their letterhead that provides: <ul style="list-style-type: none"> • The type of investment account that it is • Your account number with them • Who should ORS make the check payable to? • What address should we use to mail the check by regular mail 3. If you and your spouse have different last names, we will require a copy of your marriage certificate for our file.
<p>Who do I contact for VOYA rollover?</p>	<ul style="list-style-type: none"> • If you were an employee in the Airport, Human Resources, Police, Library, Parks, Recreation & Neighborhood Services, and Transportation: <ul style="list-style-type: none"> ○ Peter Ng (408) 386-6061 or peter.ng@voya.com • For employees in all other departments, please contact: <ul style="list-style-type: none"> ○ Chad Galvan (408) 605-8866 chad.galvan@voya.com
<p>What about my VEBA Account?</p>	<p>The Office of Retirement Services does not handle the VEBA account. Please visit the City of San José HR Department website for more information (https://www.sanjoseca.gov/your-government/departments-offices/human-resources/benefits/veba).</p> <p>For investment and account questions, contact your local Voya representative. Contact your local Voya representative to make an appointment:</p> <ul style="list-style-type: none"> • If you were an employee in the Airport, Human Resources, Police, Library, Parks, Recreation & Neighborhood Services, and Transportation: Peter Ng (408) 386-6061 peter.ng@voya.com • For employees in all other departments, please contact: Chad Galvan (408) 605-8866 chad.galvan@voya.com <p>For questions about your online TASC account, refer to RESOURCES area from the website above.</p> <p>For more information about the VEBA Program and/or VEBA Advisory Committee: Contact Human Resources at (408) 535-1285 Email: veba@sanjoseca.gov</p>

How do I submit my packet?	<p>You can submit the documents in the following methods.</p> <ul style="list-style-type: none"> • Mail to 1737 North First Street, Ste. 600, San José, CA 95112 • Fax to: (408) 392-6732 • Drop it off at the main office during our business hours: Monday – Friday 9:00 AM – 3:30 PM • Member Direct • Secure folder: Access provided upon request.
Can I digitally sign/initial the documents?	<p>All documents must be hand-signed and initialed in ink. We DO NOT accept digital signatures or initials.</p>
Tax Advice	<ul style="list-style-type: none"> • ORS staff are not able to give tax advice. You may want to consult with a professional tax advisor before submitting your Distribution Election Form. • Federal tax information is available from your local IRS office, by calling 1-800-TAX-FORMS, or online at www.IRS.gov