

RECIPROCITY INFORMATION BOOKLET



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This is intended to provide you with general information for members who have changes in employment covered by different public retirement systems. The statements in this booklet are general and we have made them as simple as possible while still being accurate. Because reciprocity is an agreement between retirement systems and retirement benefit provisions vary, you should make sure that you know the potential advantages and disadvantages of reciprocity before you change employers. Reciprocity benefits are governed by the plan documents of the various retirement systems. These plan documents are subject to change. If there are any discrepancies between those governing authorities and the information in this booklet, the governing authorities have precedence.

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RECIPROCITY

As a member of the San Joaquin County Employees' Retirement Association you are eligible for the benefits of reciprocity. Reciprocity is an agreement among public retirement systems to allow members to move from public employer to public employer within a specific time limit, without losing some valuable retirement and related benefit rights.

There is no transfer of funds or service credit between retirement systems when you establish reciprocity. You retain your membership in the former system (deferred member) and become a member of the system covered by your new employment. You are subject to the membership and benefit obligations and rights of each system (for example, minimum retirement age), except as modified by the reciprocity agreement. Upon retirement, you will receive separate retirement allowances from each system and you must apply to retire from each system separately. You must retire on the same date from all public retirement systems participating in a reciprocal agreement for all benefits of reciprocity to apply.

The benefits arising from movement to a reciprocal retirement system are explained in this booklet. A list of reciprocal agencies and their public retirement systems that have established reciprocity with CalPERS and, by extension, the San Joaquin County Employees' Retirement Association is also provided.

As you read this information, please note that San Joaquin County Employees' Retirement Association's authority extends only to applying and implementing the County Employees' Retirement Law of 1937. It does not extend to laws and regulations under which other public retirement systems are administered. Questions relating to rights, benefits and obligations under any other public retirement system should be addressed directly to that system.

PUBLIC RETIREMENT SYSTEMS WITH RECIPROCITY

California Public Employees' Retirement System (CalPERS)

All agencies whose employees are members of CalPERS including state agencies, county schools, various cities, counties and special districts.

County Systems

Counties that maintain retirement systems under the County Employees Retirement Law of 1937:

- Alameda
- Contra Costa
- Fresno
- Imperial
- Kern
- Los Angeles
- Marin
- Mendocino
- Merced
- Orange
- Sacramento
- San Bernardino
- San Diego
- San Joaquin
- San Mateo
- Santa Barbara
- Sonoma
- Stanislaus
- Tulare
- Ventura

Independent Public Agency Retirement Systems

Public agencies maintaining their own retirement systems which have contracted with CalPERS to provide the benefits of reciprocity and the dates that the reciprocal agreements were established:

- California Administrative Services Authority (7/1/00)
- City of Concord (11/27/70)
- City of Costa Mesa (safety employees only) (4/1/78)
- City of Fresno (Miscellaneous and Safety Retirement Systems) (2/18/02)
- City of Oakland (non-safety employees only) (4/1/71)
- City of Pasadena (Fire and Police Retirement System) (5/4/01)

- City of Sacramento (11/4/74)
- City of San Clemente (non-safety employees only) (1/1/85)
- City of San Diego (6/25/92)
- City and County of San Francisco (7/29/88)
- City of San Jose (Misc. 12/9/94; Safety 9/30/94)
- Contra Costa Water District (3/2/88)
- County of San Luis Obispo Pension Trust (4/19/84)
- East Bay Municipal Utility District (4/16/84)
- East Bay Regional Park District (safety employees only) (7/1/96)
- Long Beach Schools Business Management Authority (7/1/98)
- Los Angeles County Metropolitan Transportation Authority (Non-Contract Employees' Retirement Income Plan, formerly Southern California Rapid Transit District) (5/12/71)
- Los Angeles City Employees' Retirement System (7/14/97)

Note: New agencies may have contracted with CalPERS for reciprocity since this booklet was published. You can contact CalPERS at 1-888-CALPERS (225-7377) to find out if your system offers this benefit.

Reciprocity and Concurrent Retirement Through Legislation

Reciprocity and Concurrent Retirement has been established with CalPERS through state law with the following systems:

- California State Teachers Retirement System (CalSTRS)
- Legislators' Retirement System (LRS)
- Judges' Retirement System (JRS)
- Judges' Retirement System II (JRS II)
- University of California Retirement Plan (UCRP)

If you are moving to employment covered under one of the retirement systems listed on pages 1 and 2, you should check with your current and new retirement systems to determine if any of the reciprocal benefits or requirements will apply.

RECIPROCITY REQUIREMENTS

You must meet certain legal requirements in order to receive the full benefits of reciprocity when changing employment:

- You must continue your membership in the first retirement system by leaving your service credit and contributions (if any) on deposit with that system; and
- You must enter employment covered by the new retirement system within 6 months of leaving employment covered by the first system; and
- You must retire on the same date under both systems by filing a retirement application with each system respectively.

Some exceptions exist:

Terminated members

The County Employees' Retirement Law of 1937 (1937 Act) that governs SJCERA allows certain current or former safety members who have terminated their membership and withdrawn their contributions but are now employed under a reciprocal retirement system to redeposit contributions and possibly re-establish reciprocity. If you think this might apply to you, contact the retirement system from which you have terminated your membership.

Some retirement systems allow members who have terminated membership and withdrawn their contributions who subsequently establish membership in a reciprocal retirement system to redeposit their contributions with that former system and possibly re-establish reciprocity. If you think this might apply to you, contact the retirement system from which you withdrew your contributions.

Movement between systems in the past

The law specifying the maximum time period between separation under one system and employment under another has changed over the years. In addition, certain restrictions may exist if you became employed under an independent retirement system before the effective date of that system's reciprocal

agreement with CalPERS. Further, certain restrictions also exist with CalSTRS, JRS, JRS II and UCRP. If you changed retirement systems in the past and are not sure if reciprocity applies to you, contact your current and former retirement system(s).

IMPORTANT RESTRICTIONS:

Concurrent employment

Reciprocity does not apply when your employment under the first system overlaps your employment under the new system. For the benefits of reciprocity to apply, you must be separated under the first system prior to joining the new system. This is true even if the overlapping time is due to running out leave credits. You should check with both retirement systems about their rules before you change employment. The overlap must be cured, if possible, in order to establish reciprocity.

Refund restriction

If you have established reciprocity, the 1937 Act will not allow you to withdraw your member contributions while you are in employment in a position covered by a reciprocal retirement system.

RECIPROCITY BENEFITS

The benefits you receive by establishing reciprocity are listed below.

Member contribution rate based on age at entry

SJCERA uses your age at the time you become a member of the retirement system (age at entry) to determine your member contribution rate. If you are eligible for reciprocity, SJCERA will instead use your age at the earliest date your service as a member of a reciprocal retirement system began to determine your member contribution rate under SJCERA. When SJCERA receives certification from your former retirement system of your age at membership in that system, your member contribution rate under SJCERA will be adjusted prospectively. Note that many systems, including CalPERS, have a fixed contribution rate regardless of age.

Highest final compensation

If you retire concurrently from all reciprocal systems, your highest rate of pay under any one reciprocal system will be used by each reciprocal system in calculating your final compensation. Some systems use one-year highest final compensation; others use three-year highest final compensation.

Qualification for Benefits

Service earned under both systems may be used to meet each system's vesting and retirement eligibility requirements.

Disability Retirement

If you are eligible for disability retirement from your current system, you may be entitled to a benefit from a reciprocal system, as long as you retire from all reciprocal systems on the same date. Generally, your benefit from the reciprocal system will be an amount that does not exceed the difference between what you are going to receive from your current system and what you would receive if all your service in all reciprocal systems were credited under your current system.

Under the 1937 Act, if a member is granted a disability retirement by another retirement system that is reciprocal with SJCERA, SJCERA is required to pay the member only an annuity based on the member's contributions and interest. If you apply for a disability retirement with another reciprocal system, you should contact SJCERA to discuss the impact of a disability from that other system on your benefit from SJCERA.

Death Benefits

Your beneficiary may be entitled to certain death benefits from each reciprocal retirement system.

ESTABLISHING RECIPROCITY

When you leave employment covered by one retirement system and begin employment covered by a reciprocal retirement system within the 6 month timeframe required to establish reciprocity, you should complete the **Retirement Coordination When Changing Retirement Systems** form at the back of this booklet. Mail the completed form to your former retirement

system and mail a copy to your new retirement system. By statute, if you meet the criteria for reciprocity, you are deemed to be a reciprocal member.

RECIPROCITY EXAMPLES

Example 1

Mike Jones works for an employer under Retirement Plan A for 3 years as an office assistant and then separates employment at age 35, leaving his contributions on deposit with Plan A. Three months later, he is hired by a county covered by Retirement Plan B and establishes reciprocity. He works for this employer for 22 years and decides to retire at age 57 from his job as a public health nurse. He retires concurrently from Plan A and Plan B.

Benefits of Reciprocity:

- Mike's member contribution rate under Plan B will be based on his age at entry into Plan A (age 32), rather than his age at the time he was hired at the county (age 35). This results in him paying lower monthly contributions to the county system.
- Mike will be able to receive a lifetime retirement allowance from Plan A based on his 3 years of service even though he does not meet the 5 year vesting requirement under that system.
- Mike's retirement allowance from Plan A will be based on his higher salary as a public health nurse with the county.
- He will also receive a benefit from Plan B based on his 22 years of service and highest salary earned under either plan.

Example 2

Maria Perez works for a county under Retirement Plan X as a dispatcher for 5 years. She decides to attend the Police Academy and is subsequently hired by a city Police Department covered by reciprocal Plan Y. She leaves her contributions on deposit at Plan X. She is aware of the 6 month limit on moving from one reciprocal agency to another. She is also aware that the Police Academy is 6 months long. As a result she separates from employment under Plan X the day before the Police Academy begins. She is then hired by the City Police Department the day after the academy ends and her move from

one agency to another is completed in exactly 6 months. Eight years later, at age 40, Maria becomes disabled due to a non-work-related injury and retires concurrently from Plan X and Plan Y.

Benefits of Reciprocity:

- Maria will be immediately vested in Plan Y based upon her 5 years with the county under Plan X.
- Maria will be entitled to a total disability retirement benefit from both systems equal to what that benefit would be if all of her 13 years of public service had been under Plan Y. This coordinated benefit may be more than what she would have received if each system calculated the benefit separately.

Example 3

Tom Lee works for a city covered by Plan S for 10 years and then accepts a job with an employer under Plan T. When Tom leaves employment with the city he arranges to run out 3 months of accumulated vacation time and this overlaps his employment date with his new employer by 6 weeks. Tom works under Plan T for 15 years and then decides to retire. The 1937 Act does not permit a member to receive credit in two public retirement systems for the same period of service.

Reciprocity cannot be established due to the overlapping service. Tom's benefits will be calculated separately by each system:

- His benefit from Plan S will be calculated based on his 10 years of service with the city and the salary he earned more than 15 years ago.
- His benefit from Plan T will be calculated based on his salary and 15 years of service with that agency.

NOTE: This situation would have been avoided if Tom had contacted Plan S at the time he accepted his new job and arranged to take his vacation as a lump-sum cash-out so there would be no overlapping service time.

If possible, either Plan S or Plan T may take action to correct this overlap and establish reciprocity for this member.

RETIREMENT COORDINATION WHEN CHANGING RETIREMENT SYSTEMS

In order to establish Reciprocity between retirement systems, you must:

1. Continue your membership in the first retirement system by leaving your service credit and contributions (if any) on deposit with that system; DO NOT ELECT A REFUND OR ROLLOVER PAYMENT.
2. You must enter employment covered by the new retirement system within 6 months of leaving employment covered by the first system;
3. Your separation from employment covered by the first system MUST NOT OVERLAP your employment covered by the new retirement system; and
4. You must retire on the same date from both systems.

Please complete and return to the retirement system you are leaving and send a copy to your new retirement system:

Name: _____

Social Security Number: _____

Birth Date: _____

Home Phone: (____) _____

Work Phone: (____) _____

Mailing Address: _____

RETIREMENT SYSTEM YOU ARE:

Leaving:	Entering:
Date of Separation:	Date of Entry:

I understand that by accepting employment in a specific retirement system I am subject to the laws and regulations administered by that system. I understand that in order to retain the benefits of reciprocity, my contributions may not be withdrawn while I am in employment as a member of CalPERS, CalSTRS, JRS, JRS II, LRS, UCRP, a system covered under the County Employees Retirement Law of 1937 or an independant public agency retirement system that has contracted with CalPERS for reciprocity. Furthermore, this information may be shared with the other retirement system.

By signing and returning this document I am seeking to establish reciprocity.

Signature _____ Date _____

San Joaquin County Employees' Retirement Association