

# RETIREMENT PLAN INFORMATION BOOKLET



## **San Joaquin County Employees' Retirement Association**

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This is intended to provide you with general information about the San Joaquin County Employees' Retirement Association. The statements in this booklet are general and we have made them as simple as possible while still being accurate. The retirement law is sometimes very complex, but when a conflict arises, any decision will be based on the law and not on this booklet.

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## Introduction

The San Joaquin County Employees' Retirement Association (SJCERA) was established in 1946 pursuant to the County Employees' Retirement Act of 1937 (California Government Code Sections 31450 et seq.). The SJCERA provides retirement, disability, and death and survivor benefits to its members and qualified beneficiaries.

Although SJCERA was established for the benefit of County employees, employees in other local organizations such as Manteca-Lathrop Rural Fire Department, Tracy Public Cemetery District, San Joaquin County Mosquito Abatement District, and the Waterloo-Morada Rural Fire District are also members.

The retirement law makes your individual retirement records confidential. These records cannot be disclosed to anyone other than you, except as authorized in writing by you, upon court order, or for the administration of SJCERA. Therefore, no information involving a member's individual records will be given by phone. If you visit the office, please bring photo identification with you.

The management of SJCERA is "client-focused." SJCERA appreciates any and all comments regarding our services and/or suggestions regarding what services should be provided. SJCERA can be reached at any time for general information, retirement, retirement counseling, and specific retirement questions by mail at 6 South El Dorado Street, Suite 700, Stockton, CA 95202, by telephone at (209) 468-2163, by fax at (209) 468-0480 or by Internet at [www.sjcera.org](http://www.sjcera.org).

On behalf of the Board of Retirement, we would like to take this opportunity to welcome you as a member and assure you that we will continue to administer SJCERA to the best of our ability.

Sincerely,

San Joaquin County Employees' Retirement Association  
Board of Retirement

## Notice to Prospective Members After January 1, 1990

This Notice affects your employment rights. Please carefully read the entire notice.

If you become a member of SJCERA, you may have certain retirement rights or benefits under this retirement system. Notwithstanding any other provision of law, if you first become a member of SJCERA on or after January 1, 1990, or if any new benefits are added by the Board of Supervisors after that date, the following limitations will apply to you: (i) the retirement rights conferred upon you under SJCERA shall be subject to the limitations on benefits contained in Section 415 of the Internal Revenue Code (hereinafter "Code") of 1986, as in effect and amended from time to time (ii) you shall not have any retirement rights or benefits under SJCERA that exceed the limitations contained in Section 415 of the Code; and (iii) no retirement rights or benefits under SJCERA shall accrue to or vest in you that exceed the limitations contained in Section 415 of the Code.

Section 415 of the Code limits the amount of benefits that you may receive or accrue under a qualified retirement plan (such as SJCERA). Under Section 415, you generally may not receive annual pension benefits that exceed the lesser of \$135,000 in the year 2000 (adjusted for inflation and early retirement) or 100% of your average W-2 compensation for the three-year period during which you receive the greatest amount of compensation. If you begin receiving your benefits before you complete 10-years of participation, or service, in SJCERA, or before age 62, the dollar limitation applicable to your benefits will be reduced.

If you begin receiving your benefits before you attain Social Security retirement age, the dollar limitation applicable to your benefits will be actuarially reduced to reflect the early commencement of benefits. However, if you begin receiving your benefits after you attain Social Security retirement age, the dollar limitation applicable to your benefits will be actuarially increased to reflect the late commencement date.

Section 415 contains special rules for determining the limitations applicable to benefits that are adjusted to reflect changes in the cost-of-living and that are payable in forms other than lifetime pensions. Finally, Section 415 contains special rules for determining the limitations applicable to your benefits if you participate in more than one qualified retirement plan.

Since it is a qualified retirement plan, SJCERA is required to impose the limitations contained in Section 415 of the Code. These limitations may operate to reduce or restrict the rights and benefits otherwise payable to you under SJCERA. If you have any questions regarding

these limitations or the content of this notice, please contact SJCERA at (209) 468-2163 as soon as possible.

## The Board of Retirement

Your rights and benefits under SJCERA are managed by the Board of Retirement, which is composed of the following nine members:

1. County Treasurer
2. Two members elected by the general members
3. One member elected by the safety members
4. One retired member elected by the retired members
5. Four members appointed by the Board of Supervisors. These members shall be qualified electors of the County who are not connected with County government in any capacity, except one may be a County Supervisor.

All Board members, except the County Treasurer, serve for three-year terms that are staggered. The County Treasurer's term with the SJCERA runs concurrent with the term as County Treasurer-Tax Collector.

### Board Meetings

The Board of Retirement meets twice a month. The regular meeting of the Board is held on the second Friday of each month and the financial meeting is held on the fourth Friday of each month. These meetings begin at 9:00 a.m. and are held in the Retirement Boardroom at 6 S. El Dorado Street, Suite 700, Stockton, California. Other special meetings may be called for hearings or other purposes in accordance with SJCERA's bylaws.

The provisions of the Government Code govern the Board. In order to implement the provisions of State Law, the Board has adopted bylaws to guide them and members of SJCERA.

The Board of Retirement receives support from various resources including County Counsel, a consulting actuary, investment counsel, and expert medical consultants. The expense of the administration of SJCERA is charged against the earnings of the retirement fund.

## Annual Report

The annual report of SJCERA will be furnished to you after the close of each calendar year. This report provides general, statistical, and financial information concerning SJCERA.

## Investments and Interest

Professional money managers are under contract with the Board of Retirement to provide various investment services. The Board has five managers who specialize

in domestic common stocks; two who specialize in international stocks; one who specializes in domestic bonds; and a custodial bank, which handles cash management.

The earnings from the investments are reinvested and are used (along with member and County contributions) to pay for benefits and all administrative costs. A part of the earnings is also distributed as interest to all benefit reserve and member accounts at the end of June and December each year. The current interest credited to member accounts is 8.00% per annum but is subject to change as investment earnings assumption is increased or decreased.

## Membership Qualifications

You become a member of the SJCERA upon appointment to a full-time, permanent position of the County or participating special districts. Your membership begins on the first day of the biweekly payroll period after your appointment. With proper application, only elected officials may elect not to become members of SJCERA.

Membership is divided into two categories:

- Safety member - Employees occupying a classification of which the principal duties encompass active law enforcement or probation services or active fire suppression.
- General Member - All other eligible employees

In this booklet where the term "member" alone is used, it means both general and safety members. Your membership in SJCERA will terminate effective with the termination of your employment unless you are placed in a deferred retirement status. When you retire for service or disability, your category changes to retired member.

## Member's Enrollment Affidavit

You are required to complete a "Member's Enrollment Affidavit" form upon appointment to a permanent full-time position which qualifies you for membership. The form is usually completed in your department and forwarded to SJCERA.

This form includes personal data, as well as beneficiary designation. It is important that your beneficiary designation be kept up-to-date. Unless otherwise declared, the beneficiary for retirement is also the beneficiary for the County's life insurance policy. A request for a Change of Beneficiary form is available from SJCERA.

You will also be required to provide evidence of your birth at the time of your enrollment. (See Evidence of Birth.)

## Beneficiary Designation

Each member upon entry into SJCERA provides the name and relationship of a beneficiary. A married member's beneficiary is his/her spouse because of the community property laws of California and the survivorship benefits available only to a spouse in the event of the member's death. The member may change the person named as beneficiary at any time. Beneficiary change forms are available from SJCERA. At the time of retirement all members will again be asked to designate their beneficiary. In the event that someone other than a spouse is a designated beneficiary, the law may require that you obtain your spouse's consent for a change of beneficiary. Please talk to the retirement staff if this is needed.

In order to qualify for survivor benefits, a spouse designated as beneficiary must also be married to the member at the time of the member's death. Other criteria might also have to be met, depending on the provisions of the particular statute(s), which may apply in a given case.

A beneficiary can be a surviving spouse, minor child(ren) or any other person having an insurable interest in the life of the member. An insurable interest is defined in Insurance Code section 10110 as follows:

"Every person has an insurable interest in the life and health of: (a) Himself, (b) Any person on whom he depends wholly or in part for education or support, (c) Any person under a legal obligation to him for the payment of money or respecting property or services, of which death or illness might delay or prevent the performance, (d) Any person upon whose life any estate or interest vested in him depends."

A further discussion of optional survivor benefits is contained in later sections of this booklet.

Unless otherwise declared, the beneficiary named by the member for retirement benefits is also the beneficiary for any life insurance held by the County.

**YOUR BENEFICIARY DESIGNATION SHOULD BE KEPT CURRENT.**

## Retirement Contributions

Funds for the operation of SJCERA are provided from three sources:

1. Contributions from members
2. Contributions from San Joaquin County or the special district by which you are employed, and
3. Earnings from investments

Members are required to make contributions through

their biweekly payroll deductions. Your contribution rate is based upon the age at entry into SJCERA and is a percentage of your earnings. Retirement deductions are taken from the member's base compensation. In addition, certain other payments made to employees may be included within the definition of compensation earnable for retirement purposes by the Board of Retirement and are subject to deductions for retirement.

If you are also covered by Social Security, your rate is reduced by one-third with respect to the first \$161.54 of your biweekly compensation.

Members having credit for 30-years service, including reciprocity and purchased service that is fully paid for, do not contribute, providing membership date with SJCERA was prior to March 7, 1973.

The member, before termination, may not withdraw contributions and the member may not borrow from his/her contribution account.

If you were paid for less than a full pay period because of absence without pay but received pay for at least 41-hours, a full retirement contribution will be taken as if you had received pay for the entire pay period and you will receive 14-days of retirement service credit. If you received pay for less than 41-hours, no retirement contribution will be taken and you will receive no retirement service credit for that pay period (See Medical Leave of Absence).

The employer's contribution rates are based upon the total County payroll and are determined by an actuarial study conducted at periodical intervals. Employer contributions are credited to the County Advance Reserves and are not refundable to either the employee or employer upon termination of the member.

Interest is credited to your account and the employer's account as of June 30th and December 31st on your contributions which have been on deposit six months or longer. The Board sets the interest rate. Annual statements are provided by SJCERA showing your contribution balances as of December 31<sup>st</sup> of the previous year.

## Evidence of Birth

Upon appointment to a permanent full-time position, you must submit a copy of your birth certificate for verification of your age. If you are unable to submit such a certificate, the following documents will be accepted:

- A. Any ONE of the following:
  1. Infant baptismal certificate
  2. School age record
  3. Hospital birth record
  4. Authenticated family record

5. Passport issued within the past 10-years
- B. Or any TWO of the following:
1. Marriage record if age is stated
  2. Military record
  3. Child's birth certificate-showing age of parent
  4. Affidavit by older member of family
  5. Naturalization certificate issued by Immigration and Naturalization Services

Your age at entry into SJCERA determines your contribution rates, and thus, the biweekly payroll deduction for your retirement contributions. If evidence of your age is not provided, your contribution rates can be changed to those of age 54. These are the highest contribution rates and could result in a substantial reduction in your net pay.

## **Vesting**

Vesting is the conveying to an employee the right to receive a retirement benefit especially in the event of termination of employment prior to the normal retirement age. Generally, you are vested after obtaining five (5) years of County retirement service credit. However, if you withdraw your accumulated retirement contributions when you terminate employment, you will have forfeited all future rights to retirement, survivor, and disability benefits. There is no partial vesting in the retirement system.

For information on how you may protect your vested retirement benefits if you terminate employment before you are eligible to retire, review the section titled "Termination of Membership/Withdrawal of Contributions".

## **Service Credit**

Member's retirement allowances are based, in part, on the amount of retirement service credit accumulated prior to retirement. Members receive retirement service credit for the period of time for which their compensation is subject to retirement deductions.

### **Previous County Service**

Members may be eligible to purchase and receive service credit for previous County service for which they had not been previously credited (e.g. temporary employment) or redeposit contributions previously withdrawn and regain service credit for prior County service. This service counts toward vesting and it is included in determining when a member meets the minimum criteria entitling them to retirement benefits.

In general, the cost to purchase service for which the member has not received service credit consists of the contributions the employee would have made had they been a member, utilizing the contribution rate in effect on the actual date of membership, plus interest which would

have accumulated on the contributions since the actual date of membership. The cost to repurchase service for which the member had previously been credited but withdrew the funds, consists of a redeposit of the previous withdrawn contributions plus interest which would have accrued on those contributions had they been left on deposit.

### **Public Service**

Members may be eligible to purchase and receive retirement service credit for employment with another public agency. Public agency service credit that can be purchased is limited to those agencies (See Reciprocal Benefits) which have reciprocity with SJCERA and the following:

- Service with the Federal Civil Service System
- Active Military Service
- Active Merchant Marine Service during World War II
- Government of the United States of America
- The State of California
- All cities and counties in the State of California
- Any public corporation, municipal corporation, or public district which is located in whole or part within the County of San Joaquin

A member is not allowed to purchase service credit for service with a public agency from which they are eligible to receive a pension. Public service purchased will not count towards vesting or be included in determining when a member becomes eligible for retirement benefits (service or disability retirement, deferred retirement, or the death benefit). That qualifying service must be established in SJCERA or through a reciprocity arrangement with another public agency.

The cost to purchase public service consists of doubling the contributions the member would have made to SJCERA for the length of time being purchased, utilizing the contribution rate and salary first applicable upon commencement of membership, plus interest which would have accrued on those contributions since the date of membership.

The purchase of additional service credit may be made by lump sum payment or through payroll deductions for a period not to exceed five (5) years, depending upon the type of service purchased. Biweekly payments, deducted from payroll, may be made on either a pre-tax or post-tax basis. It is the member's responsibility to provide the retirement office all supporting documentation relative to the purchase of additional service credit. Computation of the cost to purchase additional service credit is generally completed within four (4) to six (6) weeks of the request. The purchase of additional prior service must be paid in full prior to retirement in order to gain service credit.

## Medical Leave of Absence

You may buy back a period not to exceed twelve (12) consecutive months in any one absence for a medical leave of absence. You need to return to work from your medical leave into a position covered by SJCERA in order to be eligible to buy back this service credit.

## Military Leave of Absence

If you return to work into a position covered by SJCERA within one year of discharge from the armed forces, you may buy back military service.

## Integration with Social Security

General members in SJCERA were covered by Social Security, effective July 1, 1959 but retroactive to January 1, 1956. Employees who became members of SJCERA prior to that date were given the option of whether or not to be covered by Social Security.

Social Security contributions and benefits are in addition to those of SJCERA. Questions concerning eligibility for old age, survivor, and disability benefits provided by Social Security should be directed to that agency.

Integration with Social Security means that both your retirement contributions and benefits are slightly lowered (by 1/3 on the first \$161.54 of your biweekly earnings) to take into account Social Security coverage.

## Reciprocal Benefits

Reciprocity is the special relationship that exists between "reciprocal" retirement systems. Reciprocal systems are similarly administered public systems and certain earned benefits coordinate and build based upon this relationship. Reciprocity is intended to encourage a career in public service by maintaining certain retirement benefit rights for members who transfer between public employers within a specific timeframe, and to delineate the financial obligations of each system. Reciprocity applies to persons entering membership in SJCERA from a reciprocal retirement system or leaving SJCERA to enter service with a reciprocal system.

If you leave service covered by SJCERA and within 90 days (six months if your reemployment occurred on or after January 1, 1976), enter another system covered by The County Employees' Retirement Law of 1937 or the California Public Employees' Retirement System (PERS), or systems recognized by PERS for reciprocity, you may leave your contributions on deposit regardless of your length of service and take a deferred retirement. There are three principal advantages in obtaining these reciprocal benefits:

1. In the new system your age for contribution purposes will be the same as when you entered SJCERA.
2. Your time under this system will count toward establishing eligibility for nonservice-connected disability retirement or service retirement in the new system.
3. If you retire from all the systems on the same date, your retirement allowance will be based on your highest average compensation in any of the reciprocal systems. SJCERA computes final compensation for retirement purposes on the average of the highest 12 consecutive months' salary.

If you establish reciprocity, you may not withdraw your contributions from SJCERA until you separate and withdraw your contributions from the new reciprocal retirement system.

Since retiring concurrently from both retirement systems (i.e. same date of retirement) is a condition of establishing reciprocity, you must contact both retirement systems to file retirement applications. Failure to do so may result in the loss or reduction of your retirement benefits due to the voiding of the reciprocal agreement.

As of January 1999, SJCERA recognizes the following agencies for the purpose of reciprocity:

- All public agencies in the California Public Employees' Retirement System (PERS)
- 1937 Act County Systems (inclusive of districts affiliated with one of these county systems): Alameda, Contra Costa, Fresno, Imperial, Kern, Los Angeles, Marin, Mendocino, Merced, Orange, Sacramento, San Bernardino, San Diego, San Mateo, Santa Barbara, Sonoma, Stanislaus, Tulare, and Ventura
- The University of California
- California State Teachers' Retirement System (STRS)
- Other California Public Agencies: Cities of Concord, Costa Mesa, Los Angeles, Oakland, Sacramento, San Clemente, San Diego, San Jose; Southern California Rapid Transit District, East Bay Municipal Utility District, East Bay Regional Park District (safety only), Contra Costa Water District; County of San Luis Obispo; City and County of San Francisco

## Mandatory Retirement

There is not any mandatory retirement age for general members or safety members.

## Termination of Membership/Withdrawal of Contributions

If you are vested and terminate employment with the County, or a special district covered by SJCERA, other than taking retirement you can elect to withdraw your accumulated retirement contributions and interest. However, once you withdraw your contributions, your membership in SJCERA is cancelled and you are no longer eligible to apply for any of the benefits available (service retirement or deferred retirement). Therefore, you should seriously consider whether you are eligible and may want to apply at some point in the future for retirement before withdrawing your contributions and interest.

If you are terminated with less than five years service credit (that is, you are not vested), your contributions and interest must be withdrawn unless you transfer to a reciprocal system within 180-days of termination.

As a member you should never withdraw your contributions without carefully examining the information contained in the form entitled "Disposition of Retirement Contributions," which is available from SJCERA. Refunds of contributions are normally made one to two months after termination of employment. Members who do not complete the "Disposition of Retirement Contributions" or withdraw their contributions within 5-years after termination may lose all rights to their contributions and interest and those funds will revert to the SJCERA.

Effective January 1, 1993, a federal tax law (Unemployment Compensation Amendments Act of 1992) affects some types of distributions from tax-advantaged retirement plans, including withdrawals from SJCERA. If you are leaving the County or one of the Special Districts covered by the SJCERA, it is important that you understand how this law works.

This federal tax law will not affect the contributions you made prior to December 26, 1996, as they were taxed at the time they were deducted from your paycheck and, therefore, they do not qualify as rollover funds. However, contributions made after this date and all interest will be effected by the changed tax law.

SJCERA must withhold 20% of the pre-tax contributions and accumulated interest you receive from the plan for federal income tax, even if you personally plan to roll that distribution into an IRA or another qualified plan within the required 60-day rollover period. The only way to avoid this automatic withholding is to request a direct rollover of the taxable portion of your withdrawal to an IRA or another employer's qualified plan.

More information is available on this subject at SJCERA. You may also want to talk to your tax consultant before requesting a withdrawal.

## Deferred Vested Retirement Benefits

Deferred retirement status is available to any member who terminates employment with a minimum of five years of County retirement service credit or combined County and reciprocal retirement system service. The member must leave his/her accumulated contributions on deposit in the retirement fund and make the election to take a deferred retirement, in writing using form "Disposition of Retirement Contributions", within 180-days after leaving County service. Deferred members may receive a retirement allowance upon the option of the member at any time at which they could have retired had they remained in this County's service, but no earlier than the date of application received by SJCERA.

A member on deferred retirement is reinstated into membership in the retirement system when rehired into a full-time permanent position with the county or contracting special district. Upon resuming membership, the member is reinstated into the same retirement plan the member was in prior to termination. The member continues to earn the same retirement benefits and retain the original membership date and keep the same entry age if he/she returns within 180-days of separation for determining the member's contribution rate. Members may, in writing, cancel their deferred retirement election and withdraw their accumulated contributions at any time prior to receiving a retirement allowance unless they have established reciprocity with an eligible public agency.

Upon the death of any member before the effective date of the member's deferred retirement allowance, the member's accumulated contributions and interest shall be paid to the member's designated beneficiary or estate.

The actual retirement allowance payable does not automatically begin when the deferred member reaches the minimum criteria for receiving a retirement allowance. A member on deferred retirement status must apply to the Retirement Office sixty days prior to his/her desired retirement date in order to begin receiving timely payment of their benefits.

## Application for Benefits

Application for benefits must be made through SJCERA. Forms are available for application for service retirement, disability retirement, withdrawal of contributions, deferred retirement, and change of beneficiary, among others.

The following documents and information are required before the final processing of any retirement application:

1. Completed Application for Retirement
2. The selection of a retirement allowance option
3. Your birth certificate



4. Your marriage certificate, if your beneficiary is your spouse
5. Your beneficiary's social security number, birth certificate, and mailing address
6. Your bank and account number, if you want your benefit check deposited directly to your account utilizing the Electronic Fund Transfer (E.F.T.)
7. Your social security estimate, if you are choosing a temporary annuity (in advance of Social Security benefits)

## **Final Compensation - Defined**

All benefits are described in terms of final compensation. Final compensation for members is defined as the highest average annual compensation earnable by a member during any one year. Compensation earnable includes regular base pay plus specific differential allowances, incentive allowances, and special pay allowances. It does not include overtime.

## **Service Retirement Allowance**

Members who meet the eligibility requirements based on age and years of service credit may receive a retirement allowance for life. An application for service retirement should be made approximately 60-days prior to the effective date of retirement. Signing and returning your retirement application form to SJCERA constitutes your application to retire. An application to retire must be received prior to the effective date of retirement and must be approved by the Board of Retirement. You can call for confirmation from SJCERA following the Board's approval of your application.

Members meeting the following minimum service requirements may file an application for a service retirement allowance:

### General Members:

1. Member is 50 years of age or older and has five years County/reciprocal service and ten years have lapsed from date of membership in the retirement system.
2. Member has retirement credit for 30 years or more of County/reciprocal service, regardless of age.
3. At age 70, regardless of years of service credit.

### Safety Members:

1. Member is 50 years of age or older and has five years County/reciprocal service and ten years have lapsed from date of membership in the retirement system.
2. Member has retirement credit for 20 years or more of County/reciprocal service, regardless of age.

For purposes of meeting the minimum service requirements for retirement, public service that has been purchased by the member (see Public Service) is not included.

The amount of the monthly allowance at retirement will depend upon the member's retirement status, the number of years of retirement service credit, final compensation, age at retirement, and the retirement option selected. Final compensation for purposes of computing a retirement allowance is the average monthly salary for the highest twelve (12) consecutive months of employment. Your final compensation may include, in addition to your base salary, other items the Board of Retirement has defined as compensation earnable for retirement purposes.

## **Retirement Options**

At the time of filing an application for retirement benefits, the member must select one of five different retirement options. Once a member begins receiving a retirement allowance the selection of a retirement option may not be changed.

A description of the Unmodified and Options 1,2,3, and 4 follows. When reading these options, please keep in mind the definition of "surviving spouse" and the definition of "beneficiary having an insurable interest in the life of the member," which are explained in the "Beneficiary Designation" section of this booklet.

It is important to note that under the Unmodified and options 2, 3, and 4, the member nominates his/her beneficiary at the time of his/her retirement, and no change may be made in this election after retirement, even if the beneficiary dies or the relationship of the beneficiary to the retiree changes after retirement. SJCERA requires the member to certify that the beneficiary, named at the time of retirement, has an insurable interest in the life of the member.

## **Unmodified Retirement Allowance**

The Unmodified Retirement Allowance provides the retiree with the largest monthly allowance possible under the law. It is paid during the lifetime of the retiree and, at the time of death, provides a 60% continuance of the allowance to an eligible surviving spouse for life, if the spouse was married to the member at least one year prior to the date of retirement and is named as primary beneficiary. If the member does not have an eligible spouse, a continuance may be payable to the member's unmarried children until the age of 18, or through age 21 if they remain unmarried and are regularly enrolled as full time students in an accredited school. If at the time of the member's death there is no surviving spouse or minor child(ren), and the total retirement allowance received by the member does not exceed the member's accumulated

contributions on deposit at the time of retirement, the designated beneficiary shall be paid the balance of the accumulated contributions in a lump sum.

### **Option 1 Retirement Allowance**

This option provides for a retirement allowance at a slightly reduced level from that of the Unmodified Retirement Allowance. Under this option the member's accumulated contributions are reduced at a much slower rate than in the Unmodified option. During retirement the member's accumulated contributions are reduced only by the annuity portion of the retirement allowance (annuity is the portion paid for by the member's own contributions). If the member dies before receiving the total amount of the accumulated contributions on deposit at the time of retirement, the member's estate or beneficiary will receive the balance.

### **Option 2 Retirement Allowance**

This option provides for a retirement allowance which has the largest reduction from that of the Unmodified Retirement Allowance. This option provides for a 100% continuance to a beneficiary who has an insurable interest in the member's life. The amount of the member's retirement allowance under this option is directly affected by the age of the beneficiary. The younger the beneficiary the greater the reduction in the member's monthly allowance. All payments cease upon the death of the member and the beneficiary. Under this option there is no provision for refunding any of the member's remaining accumulated contributions should both the member and beneficiary die prior to the total of the member's accumulated contributions being paid out.

### **Option 3 Retirement Allowance**

This option is similar in principal to Option 2 but the beneficiary receives only a 50% continuance of the member's retirement allowance upon the member's death. The beneficiary must have an insurable interest in the member's life. The amount of the retirement allowance payable under this option is less than both the Unmodified Retirement Allowance and Option 1, but more than Option 2. Under this option the amount of retirement allowance is directly affected by the age of the beneficiary and all payments cease upon the death of both the member and the beneficiary. Under this option there is no provision for refunding any of the member's remaining accumulated contributions should both the member and the beneficiary die prior to the total of the member's accumulated contributions being paid out.

### **Option 4 Retirement Allowance**

This option provides for a fixed monthly income, in an amount or percentage the member selects, as approved

by the Board of Retirement, to be paid to a beneficiary after the member's death. The beneficiary must have an insurable interest in the member's life and all payments cease upon the death of both the member and the beneficiary. Under this option there is no provision for refunding any of the member's remaining accumulated contributions should both the member and the beneficiary die prior to the total of the member's accumulated contributions being paid out.

## **Annual Benefit Statements**

Each year the Board of Retirement produces a personalized Statement of Benefits for each active member of SJCERA. Not only does this document show you the years of credited service you have in retirement and the total amounts of your contributions and interest to date, but it also projects what your retirement benefits would be at future dates. These projections are based upon your current salary and the unmodified allowance. Your beneficiaries are also listed on this statement.

## **Individualized Projections of Service Retirement Allowance**

If you are interested in receiving a projection of your unmodified service retirement allowance for specific dates or ages, you may do so by sending the following information to SJCERA. We ask that you limit each request to no more than three projections:

- Date or Ages of request
- Member's Name
- Member's Social Security Number
- Birthdate
- Current Address
- A daytime phone number where you may be reached
- Your signature

Please allow 4 to 6 weeks for SJCERA to process your request. Unless you specify otherwise, we will estimate your benefits using your current monthly compensation for retirement.

## **Calculating Retirement Allowance**

### **Not Covered by Social Security**

Along with your employment status (general or safety), your retirement benefit is based upon three factors - your age at retirement, the number of years of creditable service and your "final compensation." The final compensation is equal to the average of your highest 12 consecutive months' pay. EXAMPLE:

Bi-weekly Salary		No. Pay Periods			
\$630	x	20	=	\$12,600	
604	x	6	=	<u>3,624</u>	
				\$16,224 ÷ 12 =	
				\$1,352 per month	

After computing your final compensation, find the percentage that applies to your age and years of service as shown on the following charts. Use Table #1 for general members and Table #2 for safety members.

For instance, a general member at age 58 with 30 years of service would find that his or her percentage is 68.04%. By multiplying that percentage by the final compensation, the retirement benefit can be calculated. For instance, if the final compensation was \$1,352.00 a month, the retirement benefit would be equal to \$1,352.00 x .6804 = \$919.90.

This would be the retirement allowance payable to a member under the unmodified plan for service retirement. This figure may not exceed 100% of the final compensation.

**Covered by Social Security**

If you are covered by Social Security, your contributions to SJCERA have been reduced and therefore you will receive a reduced service retirement from SJCERA. This reduction is dependent on your age at retirement and the number of years of Social Security you have in SJCERA. An estimate of your reduced allowance from SJCERA can be made by using Table #3.

First, estimate your unmodified service retirement using the preceding example.

Second, by using Table #3, determine the reduction amount for your age at retirement.

Third, determine the number of years of Social Security coverage as an employee of the San Joaquin County or special district.

Fourth, multiply the reduction amount found in Table #3 by the number of years and subtract that from your unmodified allowance to determine your reduced retirement allowance. EXAMPLE:

Unmodified monthly allowance as shown above:	\$919.90
Social Security Reduction = 30 years x 2.646 =	<u>- 79.38</u>
	\$840.52 per month

**Social Security Advancement**

If you are covered by Social Security and retire from the County or special district service before age 62, you may receive temporary additional income from SJCERA until you reach age 62 and become eligible for Social Security. This temporary annuity is an advance on the amount Social Security estimates you will be entitled to receive at age 62. At age 62 your SJCERA retirement benefit would be reduced for the rest of your life.

You should contact the Social Security Office to obtain an estimate of benefits available to you at age 62 (Be sure to put the age you are leaving full-time employment with SJCERA or retiring from SJCERA. Do not put age 62 on the social security estimate.). The request should be made at least six months prior to your anticipated retirement date. Contact your Social Security Office or pick up a "Request for Statement of Earnings" form from SJCERA.

Temporary annuity factors, based on your age at retirement, are applied to this Social Security estimate to arrive at the amount of your advance from SJCERA. This advance is in addition to the amount of your retirement allowance.

The effect of the temporary annuity is to provide you with a uniform retirement income for life. See "Social Security Advancement - Calculation Example" section of this booklet.

**Social Security Advancement - Calculation Example**

Unmodified monthly retirement allowance as shown above and payable at age 58	\$840.52
Estimated Social Security benefit at age 62:	
\$400 x .6593 (Age factor from Table #4) =	<u>+262.52</u>
Monthly allowance before age 62	\$1,103.04
Less estimate from Social Security	<u>- 400.00</u>
Monthly Retirement Allowance after age 62	\$703.04

This temporary annuity will provide you with additional income until age 62 at which time your retirement allowance will be reduced and you begin receiving a benefit from the Social Security system. **Apply with Social Security Office three months prior to your 62nd birthday.**

This option is entirely voluntary and SJCERA will assist you if you wish to take advantage of it.

## **Procedure for Processing Service Retirement**

Once you have made the decision to retire, you should contact SJCERA at (209) 468-2163, and complete the Request for Retirement Application form. If you plan to retire in March or on April 1 (See Cost of Living), complete the form early. The application should be filed approximately 60-days prior to your anticipated retirement date.

You will need to know who you will designate as a beneficiary, their date of birth, date of marriage if spouse is designated, and social security number of the beneficiary. See section titled "Application for Benefits" for additional information.

When your application is completed, the Board of Retirement will schedule it for action. After the Board acts on your application, your name will be added to the retired rolls and you will become a **retired member**.

A service retirement application may be withdrawn, or the date of retirement changed, after submitting a written request to the retirement office prior to the receipt of any retirement payments. A withdrawal of retirement application or change in retirement date will not serve to automatically reinstate your status as an employee. This is a separate issue between you and your County/District employer and the outcome will have no effect on your eligibility to receive retirement benefits.

## **Disability Retirement**

General and safety members who become permanently disabled and who are found to be unable to perform the duties of their specific job may, regardless of age, apply for disability retirement. If found to be disabled by the Board of Retirement, an eligible member will receive a disability retirement allowance for life. There are two types of disability retirements, which are described as follows:

### **Service-Connected Disability Retirement**

Members who are permanently incapacitated, physically or mentally, for the performance of their duties and whose incapacity is a result of injury or disease arising out of, and in the course of their employment, may be eligible for service-connected disability retirement benefits. The employment must contribute substantially to such incapacity. The member may be granted a service-connected disability retirement allowance regardless of age or length of service.

The retirement allowance payable is a minimum of fifty percent (50%) of the member's final compensation.

### **Nonservice-Connected Disability Retirement**

Members with five or more years of retirement service credit, regardless of age, may be eligible for a nonservice-connected disability retirement allowance provided that the employee is permanently incapacitated, physically or mentally, from the performance of his/her duties.

The retirement allowance payable will generally not exceed one-third (1/3) of the member's final compensation, but in no event will it be less than the amount the member would receive if he/she were eligible to receive a regular service retirement.

### **Filing an Application for Disability Retirement**

The application for a disability retirement may be filed by the member, the head of the department in which the member is employed, the Board of Retirement or its agents, or any other person on the member's behalf. The application must be filed while the member is in service, within four months after the discontinuance of service, or while from the date of discontinuance of service to the time of the application the member is continuously physically or mentally incapacitated to perform his/her job duties.

If approved, the effective date of a disability retirement is either the day following the last day the member received compensation or the date the disability application is filed, whichever is later. When it has been demonstrated to the satisfaction of the Board that the filing of the member's application was delayed by administrative oversight or by the inability to ascertain the permanency of the member's incapacity until after the date following the day for which the member last received regular compensation, such date will be deemed to be the date the application was filed.

At any time after filing an application for disability retirement with the Board of Retirement, the member may, if eligible to retire under a regular service retirement, apply for and be granted a regular service retirement allowance pending the final determination on the disability application. If the member is found to be disabled, adjustments will be made in the retirement allowance retroactive to the effective date of the disability retirement. If the member is not found disabled, the member may not return to his job but will continue to receive a regular service retirement allowance.

Remember that upon separation from County Service, a person who withdraws his/her accumulated contributions is no longer a member of the retirement system and consequently is no longer eligible to apply for disability retirement.

Applications for disability retirement are available through SJCERA. At the time the member, or the member's representative, requests an application for

disability retirement, SJCERA will provide counseling on the procedure to be followed in completing the application.

## **Death and Survivor Benefits**

Death and survivor benefits are provided by SJCERA to eligible spouses or beneficiaries of deceased active and retired members. Benefits vary depending on whether the deceased was an active or retired member. The benefits provided will also be dependent upon whether or not the death was service or nonservice-connected in the case of an active member, or the type of retirement allowance being received in the case of a retired member. The following sections provide a basic explanation of the benefits payable to survivors of deceased members of SJCERA.

### **Active Member Nonservice-Connected Death**

1. The basic death benefit consists of the member's accumulated contributions and interest plus an amount equal to an average month's salary, based on the highest twelve consecutive months, for each completed year of retirement credit, but not to exceed six months salary.

2. If the deceased member had at least five years of retirement service, or combined retirement and reciprocal agency membership service, a surviving spouse (if none, member's minor children) may elect, in lieu of the basic death benefit, a monthly allowance equal to 60% of the monthly retirement allowance the deceased member would have been entitled to had the member been retired for nonservice-connected disability as of the date of death. This benefit is payable only to a surviving spouse or the member's minor children under the age of 18, or through age 21 if they remain unmarried and are regularly enrolled as full time students in an accredited school.

3. A surviving spouse may elect, in lieu of the basic death benefit, a combined benefit of a lump sum payment which consists of an amount equal to an average month's salary, based on the highest twelve consecutive months, for each year of retirement credit, but not to exceed six months' salary, plus the monthly allowance described in 2 above, reduced by an amount which is the actuarial equivalent of the lump sum payment.

### **Active Member Service-Connected Death**

1. The basic death benefit consists of the member's accumulated contributions and interest plus an amount equal to an average months salary, based on the highest twelve consecutive months, for each completed year of retirement credit, but not to exceed six month's salary.

2. Regardless of length of service, a surviving spouse (if none, member's minor children) may elect, in lieu of

the basic death benefit, a monthly allowance equal to one-half of the member's final compensation. The benefit is payable only to a surviving spouse or to the member's minor children under the age of 18, or through the age of 21 if they remain unmarried and are regularly enrolled as full time students in an accredited school.

3. A surviving spouse may elect, in lieu of the basic death benefit, a combined benefit of a lump sum payment which consists of an amount equal to an average month's salary, based on the highest twelve consecutive months, for each year of retirement credit, but not to exceed six months salary, plus the monthly allowance described in 2 above, reduced by an amount which is the actuarial equivalent of the lump sum payment.

4. The surviving spouse of a member who is killed in the performance of duty, and who dies as the result of an accident or injury caused by external violence or physical force incurred in the performance of duty, shall be paid an additional allowance based on the number of minor children under the age of 18, or through the age of 21 if they remain unmarried and are regularly enrolled as full time students in an accredited school, as follows:

- one child 25% of basic allowance
- two children 40% of basic allowance
- three or more children 50% of basic allowance

5. In addition to all other benefits provided, the surviving spouse of a safety member who is killed in the performance of duty and who dies as the result of an accident or injury caused by external violence or physical force incurred in the performance of duty, shall be paid a lump sum payment equal to 12 months salary based on the monthly compensation at the time of death.

### **Service Retirement/Nonservice-Connected Disability Retirement**

1. A surviving spouse may receive 60% of the Unmodified service retirement allowance or 60% of the nonservice-connected disability retirement allowance the member was receiving at the time of death. If there is no surviving spouse, these benefits may be payable to the member's minor children under the age of 18, or through age 21 if they remain unmarried and are regularly enrolled as full time students in an accredited school. To be eligible for this monthly allowance, the surviving spouse must have been:

- a. named as the beneficiary, and
- b. married to the member at least one year prior to the effective date of retirement.

If an optional retirement allowance was elected by the member at the time of retirement, the benefit payable

to a surviving spouse will be contingent on the option chosen.

2. If there is no surviving spouse, or minor children, the benefits payable at the time of the member's death will be contingent upon the retirement option elected by the member at the time of retirement.

3. Upon the death of any member after retirement, a death benefit of \$5,000 shall be paid to his/her beneficiary or estate, unless a reciprocal system pays this benefit.

### **Service-Connected Disability Retirement**

1. A surviving spouse may receive 100% of the service-connected disability allowance the member was receiving at the time of death. If there is no surviving spouse, these benefits may be payable to the member's minor children under the age of 18, or through age 21, if they remain unmarried and are regularly enrolled in an accredited school. To be eligible for this monthly allowance the surviving spouse must have been named as the beneficiary and must have been married to the member at the time of retirement.

2. If there is no surviving spouse, or minor children, the benefits payable at the time of the member's death will be contingent upon the retirement option elected by the member at the time of retirement.

3. Upon the death of any member after retirement, a death benefit of \$5,000 shall be paid to his/her beneficiary or estate, unless a reciprocal system pays this benefit.

### **Retiree Cost of Living Adjustments**

A cost-of-living benefit, almost entirely funded by contributions of the County, is added to your basic retirement allowance. Your allowance will be adjusted effective April 1 of each year in accordance with changes in the Consumer Price Index for the San Francisco Bay Area. The current maximum increase in any year is 3%. Any change in the CPI in excess of 3% is held in a "bank" and applied to your allowance in a future year when the annual C.P.I. change is less than 3%.

Certain supplemental cost-of-living benefits are also available on an ongoing basis and can be granted by the Board of Supervisors and/or the Board of Retirement. These supplemental increases usually do not become part of your regular retirement allowance for purposes of future cost-of-living increases and are subject to reoption or discontinuance by the adopting body.

### **Duration of Retirement Allowances**

Unless specified to the contrary, all retirement and survivor retirement allowances are payable for life. There

are no restrictions or conditions applied to a retired member's allowance such as receipt of other income, social security benefits, place of residence, etc.

### **Sick Leave Conversion**

Based upon the current employee organizations' Memoranda of Understanding with the County, you may have the option to use a portion of your sick leave accrual balance as a cash pay-out or to take the balance to pay for your monthly health and dental premiums until the balance is exhausted. Employees hired after August 27, 2001 are no longer eligible for this benefit.

Please review the Memorandum of Understanding that covers your job classification for details.

### **Income Tax on Retirement Benefits**

Retirement benefits may be taxable under federal and state income tax laws. The Retirement Office is not permitted to advise on tax questions. Therefore, questions regarding the tax status of your retirement benefits should be directed to your tax advisor or the appropriate taxing agency. The Retirement Office will annually mail a 1099R to each person receiving a monthly retirement allowance indicating the total allowance paid for the preceding calendar year.

### **Important Tax Letter**

You will receive an "Important Tax Letter" from our office when you retire. This letter will come about three months after retirement. It will tell you the amount of your retirement contributions that have been taxed at the time you retire. Keep this tax letter so you can calculate the amount of your retirement that is taxable. SJCERA does not calculate the taxable amount of your retirement each year. You and your income tax consultant must calculate this amount. If you want assistance in doing this calculation, you can get IRS Publication 575 free from any IRS office.

### **Retirement Warrants**

Retirement warrants are mailed on the last business day of the month. If your warrant has not been received after seven business days, please contact the retirement office to arrange for a replacement warrant.

If you wish to have your warrant electronically deposited into your bank account, complete the Electronic Fund Transfer form and provide a blank personalized deposit slip. This process normally takes 60-days to implement from the time the completed form is received by SJCERA.

You may authorize the following deductions from your retirement warrants:

**NOTES**

- Federal Income Tax
- California State Income Tax
- Health Insurance through the County
- Credit Union
- Dental Insurance
- Life insurance through DSA
- Association and P.O.R.A.C. Dues
- United Way

**Work After Retirement**

After retirement, a retired member may engage in any occupation or employment he/she may desire, except reemployment by the County or a special district covered by SJCERA. You may not be paid for services to the County, or a special district under SJCERA, except as follows:

- Service as juror or election officer
- Service as a field deputy for registration of voters
- Service under limited conditions in a capacity requiring special knowledge and skills (as determined by the County or special district) for a period not to exceed 720-hours in a fiscal year.
- Service as a member of the Board of Retirement or elected County official
- Under independent contract with the County or a special district

County employment beyond these areas may result in cessation, reduction, or recalculation of a member's retirement allowance.

**TABLE 1**  
**AMOUNT OF RETIREMENT ALLOWANCE PER MONTH**

**GENERAL MEMBERS**

Section 31676.14

Percentage of final compensation

\*No change of percentage after age 62

YRS SERV	AGE	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	
10		14.75	15.67	16.67	17.41	18.41	19.48	20.61	21.82	22.68	23.54	24.40	25.26	26.11	26.11	26.11	26.11	26.11	26.11	26.11	26.11	26.11
11		16.23	17.23	18.33	19.15	20.25	21.42	22.67	24.00	24.95	25.89	26.84	27.78	28.72	28.72	28.72	28.72	28.72	28.72	28.72	28.72	28.72
12		17.70	18.80	20.00	20.89	22.10	23.37	24.73	26.19	27.22	28.25	29.28	30.31	31.34	31.34	31.34	31.34	31.34	31.34	31.34	31.34	31.34
13		19.18	20.36	21.67	22.64	23.94	25.32	26.79	28.37	29.48	30.60	31.72	32.83	33.95	33.95	33.95	33.95	33.95	33.95	33.95	33.95	33.95
14		20.65	21.93	23.33	24.38	25.78	27.27	28.85	30.55	31.75	32.95	34.16	35.36	36.56	36.56	36.56	36.56	36.56	36.56	36.56	36.56	36.56
15		22.13	23.50	25.00	26.12	27.62	29.22	30.91	32.73	34.02	35.31	36.60	37.88	39.17	39.17	39.17	39.17	39.17	39.17	39.17	39.17	39.17
16		23.60	25.06	26.67	27.86	29.46	31.16	32.97	34.92	36.29	37.66	39.04	40.41	41.78	41.78	41.78	41.78	41.78	41.78	41.78	41.78	41.78
17		25.08	26.63	28.33	29.60	31.30	33.11	35.03	37.10	38.56	40.01	41.47	42.93	44.39	44.39	44.39	44.39	44.39	44.39	44.39	44.39	44.39
18		26.55	28.20	30.00	31.34	33.14	35.06	37.09	39.28	40.82	42.37	43.91	45.46	47.00	47.00	47.00	47.00	47.00	47.00	47.00	47.00	47.00
19		28.03	29.76	31.67	33.08	34.98	37.01	39.16	41.46	43.09	44.72	46.35	47.98	49.61	49.61	49.61	49.61	49.61	49.61	49.61	49.61	49.61
20		29.50	31.33	33.33	34.82	36.83	38.95	41.22	43.64	45.36	47.08	48.79	50.51	52.23	52.23	52.23	52.23	52.23	52.23	52.23	52.23	52.23
21		30.98	32.60	35.00	36.57	38.67	40.90	43.28	45.83	47.63	49.43	51.23	53.04	54.84	54.84	54.84	54.84	54.84	54.84	54.84	54.84	54.84
22		32.45	34.46	36.67	38.31	40.51	42.85	45.34	48.01	49.90	51.78	53.67	55.56	57.46	57.46	57.46	57.46	57.46	57.46	57.46	57.46	57.46
23		33.93	36.03	38.33	40.05	42.35	44.80	47.40	50.19	52.16	54.14	56.11	58.09	60.06	60.06	60.06	60.06	60.06	60.06	60.06	60.06	60.06
24		35.40	37.60	40.00	41.79	44.19	46.74	49.46	52.37	54.43	56.49	58.55	60.61	62.67	62.67	62.67	62.67	62.67	62.67	62.67	62.67	62.67
25		36.88	39.16	41.67	43.53	46.03	48.69	51.52	54.56	56.70	58.85	60.99	63.14	65.28	65.28	65.28	65.28	65.28	65.28	65.28	65.28	65.28
26		38.35	40.73	43.33	45.27	47.84	50.64	53.58	56.74	58.97	61.20	63.43	65.66	67.87	67.87	67.87	67.87	67.87	67.87	67.87	67.87	67.87
27		39.83	42.30	45.00	47.01	49.72	52.59	55.64	58.92	61.24	63.55	65.87	68.19	70.51	70.51	70.51	70.51	70.51	70.51	70.51	70.51	70.51
28		41.30	43.86	46.67	48.75	51.56	54.54	57.70	61.10	63.50	65.91	68.31	70.71	73.12	73.12	73.12	73.12	73.12	73.12	73.12	73.12	73.12
29		42.78	45.43	48.33	50.49	53.40	56.48	59.76	63.28	65.77	68.26	70.75	73.24	75.73	75.73	75.73	75.73	75.73	75.73	75.73	75.73	75.73
30		44.25	47.00	50.00	52.24	55.24	58.43	61.82	65.47	68.04	70.61	73.49	75.77	78.34	78.34	78.34	78.34	78.34	78.34	78.34	78.34	78.34
31	35.28	45.73	48.56	51.67	53.98	57.08	60.38	63.88	67.65	70.31	72.97	75.63	78.29	80.95	80.95	80.95	80.95	80.95	80.95	80.95	80.95	80.95
32		47.20	50.13	53.33	55.72	58.92	62.33	65.95	69.83	72.58	75.32	78.07	80.82	83.56	83.56	83.56	83.56	83.56	83.56	83.56	83.56	83.56
33		48.68	51.69	55.00	57.46	60.76	64.27	68.01	72.01	74.84	77.68	80.51	83.34	86.17	86.17	86.17	86.17	86.17	86.17	86.17	86.17	86.17
34		50.15	53.26	56.67	59.20	62.60	66.22	70.07	74.19	77.11	80.03	82.95	85.87	88.78	88.78	88.78	88.78	88.78	88.78	88.78	88.78	88.78
35		54.83	58.33	60.94	62.68	64.45	68.17	72.13	76.38	79.38	82.38	85.39	88.39	91.40	91.40	91.40	91.40	91.40	91.40	91.40	91.40	91.40
36		60.00	62.68	64.42	66.29	70.12	74.19	78.56	81.65	84.74	87.83	90.92	94.01	94.01	94.01	94.01	94.01	94.01	94.01	94.01	94.01	94.01
37					68.13	72.06	76.25	80.74	83.92	87.09	90.27	93.44	96.62	96.62	96.62	96.62	96.62	96.62	96.62	96.62	96.62	96.62
38					69.97	74.01	78.31	82.92	86.18	89.44	92.71	95.97	99.23	99.23	99.23	99.23	99.23	99.23	99.23	99.23	99.23	99.23
39						75.96	80.37	85.11	88.45	91.80	95.15	98.49	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
40																						
41						82.43	87.29	90.72	94.15	97.59	100.00											
42							89.47	92.99	96.51	100.00												
43								95.26	98.86	100.00												



**TABLE 2**  
**AMOUNT OF RETIREMENT ALLOWANCE PER MONTH**

**SAFETY MEMBERS**

Section 31664.1

Percentage of final compensation

\*No change of percentage after age 50

YRS SERV	AGES														
	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55
10										30.00	30.00	30.00	30.00	30.00	30.00
11										33.00	33.00	33.00	33.00	33.00	33.00
12										36.00	36.00	36.00	36.00	36.00	36.00
13										39.00	39.00	39.00	39.00	39.00	39.00
14										42.00	42.00	42.00	42.00	42.00	42.00
15										45.00	45.00	45.00	45.00	45.00	45.00
16										48.00	48.00	48.00	48.00	48.00	48.00
17										51.00	51.00	51.00	51.00	51.00	51.00
18										54.00	54.00	54.00	54.00	54.00	54.00
19										57.00	57.00	57.00	57.00	57.00	57.00
20	37.55									60.00	60.00	60.00	60.00	60.00	60.00
21		39.75								63.00	63.00	63.00	63.00	63.00	63.00
22		41.74	42.02							66.00	66.00	66.00	66.00	66.00	66.00
23			44.13	44.38						69.00	69.00	69.00	69.00	69.00	69.00
24			46.23	46.60	46.83					72.00	72.00	72.00	72.00	72.00	72.00
25				48.82	49.17	49.36				75.00	75.00	75.00	75.00	75.00	75.00
26				51.04	51.51	51.82	51.82			78.00	78.00	78.00	78.00	78.00	78.00
27				53.85	54.29	54.67	54.67	54.54		81.00	81.00	81.00	81.00	81.00	81.00
28				56.20	56.76	57.27	57.27	57.24	57.13	84.00	84.00	84.00	84.00	84.00	84.00
29				59.23	59.88	60.42	60.42	60.42	60.42	87.00	87.00	87.00	87.00	87.00	87.00
30				61.70	62.48	63.26	63.26	63.26	63.26	90.00	90.00	90.00	90.00	90.00	90.00
31				65.09	65.96	66.82	66.82	66.82	66.82	93.00	93.00	93.00	93.00	93.00	93.00
32				67.69	68.64	69.58	69.58	69.58	69.58	96.00	96.00	96.00	96.00	96.00	96.00
33				70.86	71.89	72.91	72.91	72.91	72.91	99.00	99.00	99.00	99.00	99.00	99.00
34				73.59	74.70	75.80	75.80	75.80	75.80	100.00	100.00	100.00	100.00	100.00	100.00
35				79.98	81.17	82.35	82.35	82.35	82.35		100.00	100.00	100.00	100.00	100.00
36				87.00	88.27	89.54	89.54	89.54	89.54			100.00	100.00	100.00	100.00
37					90.00	91.36	92.71	92.71	92.71				100.00	100.00	100.00
38						93.00	94.44	95.87	95.87					100.00	100.00
39							96.00	97.50	97.50						100.00

**TABLE 3**

REDUCTION FACTORS FOR RETIREMENT  
ALLOWANCES OF MEMBERS COVERED  
UNDER SOCIAL SECURITY

<b>AGE</b>	<b>GENERAL SECTION 31676.14 (2% @ AGE 55 1/2)</b>	<b>SAFETY SECTION 31664.1 (3% @ AGE 50)</b>
46	\$1.372	\$2.879
47	\$1.449	\$3.037
48	\$1.533	\$3.180
49	\$1.623	\$3.333
50	\$1.721	\$3.500
51	\$1.828	\$3.500
52	\$1.944	\$3.500
53	\$2.031	\$3.500
54	\$2.148	\$3.500
55	\$2.272	\$3.500
56	\$2.404	\$3.500
57	\$2.546	\$3.500
58	\$2.646	\$3.500
59	\$2.746	\$3.500
60	\$2.846	\$3.500
61	\$2.946	\$3.500
62	\$3.046	\$3.500
63	\$3.046	\$3.056
64	\$3.046	\$3.056
65	\$3.046	\$3.056

Multiply the amount opposite your age times you years of service credit. Subtract this amount from your calculation on Table 1 or Table 2 to arrive at your monthly retirement allowance if you are integrated with Social Security.

**TABLE 4**

SOCIAL SECURITY ADVANCEMENT  
(Temporary Annuity)  
Social Security Adjustment Factors for Integration of Service Retirement

**General Members**  
Benefits At Age 62

<b>Age</b>	<b>Exact Age</b>	<b>+1/4 yr</b>	<b>+ 1/2 yr</b>	<b>+ 3/4 yr</b>
40	0.1241	0.1269	0.1297	0.1325
41	0.1353	0.1384	0.1415	0.1446
42	0.1477	0.1511	0.1545	0.1578
43	0.1612	0.1649	0.1686	0.1723
44	0.1760	0.1801	0.1842	0.1883
45	0.1924	0.1969	0.2014	0.2058
46	0.2103	0.2153	0.2202	0.2252
47	0.2301	0.2356	0.2410	0.2465
48	0.2519	0.2579	0.2640	0.2700
49	0.2760	0.2827	0.2894	0.2960
50	0.3027	0.3101	0.3174	0.3248
51	0.3321	0.3403	0.3485	0.3566
52	0.3648	0.3739	0.3830	0.3921
53	0.4012	0.4113	0.4214	0.4315
54	0.4416	0.4529	0.4641	0.4754
55	0.4866	0.4992	0.5118	0.5243
56	0.5369	0.5510	0.5651	0.5791
57	0.5932	0.6090	0.6248	0.6405
58	0.6563	0.6741	0.6918	0.7096
59	0.7273	0.7473	0.7673	0.7873
60	0.8073	0.8299	0.8525	0.8750
61	0.8976	0.9232	0.9488	0.9744
62	1.0000			

Multiply your estimated Social Security benefit at age 62 by the above factors. Add this amount to your calculation based on Table 1. At age 62, deduct the estimated Social Security (amount stated on Social Security letter) from the gross you would be receiving.

**TABLE 5**  
**SOCIAL SECURITY ADVANCEMENT**  
**(Temporary Annuity)**

**Safety Members**  
**Benefits at Age 62**

<b>Age</b>	<b>Exact Age</b>	<b>+1/4 yr</b>	<b>+ 1/2 yr</b>	<b>+ 3/4 yr</b>
<b>40</b>	0.1212	0.1240	0.1268	0.1295
<b>41</b>	0.1323	0.1353	0.1384	0.1414
<b>42</b>	0.1444	0.1477	0.1511	0.1544
<b>43</b>	0.1577	0.1614	0.1650	0.1687
<b>44</b>	0.1723	0.1763	0.1804	0.1844
<b>45</b>	0.1884	0.1928	0.1973	0.2017
<b>46</b>	0.2061	0.2110	0.2159	0.2208
<b>47</b>	0.2257	0.2311	0.2365	0.2419
<b>48</b>	0.2473	0.2533	0.2592	0.2652
<b>49</b>	0.2711	0.2777	0.2843	0.2909
<b>50</b>	0.2975	0.3048	0.3122	0.3195
<b>51</b>	0.3268	0.3350	0.3431	0.3513
<b>52</b>	0.3594	0.3685	0.3775	0.3866
<b>53</b>	0.3956	0.4057	0.4158	0.4258
<b>54</b>	0.4359	0.4472	0.4585	0.4697
<b>55</b>	0.4810	0.4936	0.5062	0.5188
<b>56</b>	0.5314	0.5456	0.5597	0.5739
<b>57</b>	0.5880	0.6039	0.6198	0.6356
<b>58</b>	0.6515	0.6694	0.6874	0.7053
<b>59</b>	0.7232	0.7434	0.7637	0.7829
<b>60</b>	0.8041	0.8270	0.8500	0.8729
<b>61</b>	0.8958	0.9219	0.9479	0.9740
<b>62</b>	1.0000			

Multiply your estimated Social Security Benefit at age 62 by the above factors. Add this amount to your calculation on Table 2. At age 62, deduct the estimated Social Security (amount stated on Social Security letter) from the gross amount you would be receiving.



# San Joaquin County Employees' Retirement Association

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## Public Employees' Pension Reform Act of 2013

On September 12, 2012, Governor Jerry Brown signed Assembly Bill 340 (Furutani), creating the Public Employees' Pension Reform Act of 2013 (PEPRA), and amending certain provisions of the County Employees' Retirement Law under which SJCERA operates. Assembly Bill 197 (Buchanan), a companion bill intended to clarify some of the language in AB 340, was also signed by the Governor on the same day.

The following information was developed to communicate the impact of PEPRA on current and future members of SJCERA. Every effort has been made to ensure the accuracy of the information provided; however, the information may be updated as we continue to analyze and implement this new law. If there is any discrepancy between what is contained in this presentation and the law, the law will govern.

The complete text of AB 340 and AB 197 can be found on the California legislative information website at <http://www.leginfo.ca.gov>.

## Current Members of SJCERA – TIER I

**Retirement Benefits Tier I** - There are no changes to the retirement formula, retirement eligibility, or final compensation period for current members or persons who will enter SJCERA membership on or before December 31, 2012. Current members will remain under the existing benefit structure labeled "Tier I."

Tier I General Member Formula:	2% at age 55 ½
Tier I Safety Member Formula:	3% at age 50+
Minimum Retirement Age:	Age 50
Final Compensation Period:	Highest 12 consecutive months
Post-Retirement COLA:	Up to 3% per year, based on actual changes in CPI
Annual Federal Compensation Limit:*	\$255,000 in 2013

*\*No earnings of an employee who became a member of SJCERA Tier I after July 1, 1996, that exceeds this limit may be used in determining contributions payable to SJCERA, or the member's final compensation or benefits payable under SJCERA.*

**Compensation Earnable Tier I** - For current members of SJCERA, PEPRA amends the definition of a member's compensation that can be included in the determination of retirement benefits from SJCERA to exclude:

- Any compensation the Board of Retirement determines was paid to enhance a member's retirement benefit
- "In-kind" compensation or employer payments to third parties that was converted to cash to the member in the final compensation period
- Any one-time or ad hoc payment to a member but not to all similarly situated members in the member's grade or class
- Payments for overtime
- Any terminal pay and unused leave payoffs that exceed what may be earned and payable in the one-year final compensation period

SJCERA's current policies on "compensation earnable" are consistent with these provisions. Current Tier I members of SJCERA generally will not see a change in their compensation earnable.

**Contributions to Retirement Tier I** – PEPRA enacted new rules for member and employer contributions to retirement for current members:

- Establishes equal sharing of normal cost between members and employers as the standard
- Specifies that Memoranda of Understanding in effect on 1/1/2013 with provisions governing member contributions to retirement continue until expiration

*In 2011 and 2012, San Joaquin County reached agreements with several bargaining units representing 90% of the County's workforce to share equally the contributions required to fund the normal cost of post-retirement cost-of-living adjustments (COLA) as determined by SJCERA's actuary. Two participating fire districts have negotiated similar cost sharing arrangements for funding post-retirement COLA.*

- An employer may require that members pay one-half of the normal cost of benefits, as long as it is no more than 14% above the normal rate established for general members, 33% above the normal rate established for safety members who are local police officers, firefighters and county peace officers, and 37% above the normal rate established for safety members other than local police officers, firefighters and county peace officers

- Employers may collectively bargain for employees to pay all or part of member and employer contributions, as long as it is uniformly applied and agreed to in a memorandum of understanding

## **New Members of SJCERA – Tier II**

PEPRA mandates a new, lower benefit structure for new employees/members entering public agency employment and public retirement system membership for the first time on or after January 1, 2013. A person becomes a member of SJCERA on the first day of employment in a permanent, full-time position with a participating employer.

*During 2011 and 2012, San Joaquin County negotiated lower General and Safety retirement benefit formulas that would have been applicable to employees who become new members of SJCERA after the operative date of these provisions of the MOUs. These negotiated benefit changes did not become operative before enactment of PEPRA. The benefit formulas mandated by PEPRA will apply to all employees who become members of SJCERA on or after January 1, 2013.*

**Retirement Benefits Tier II** — Persons who become members of SJCERA on or after January 1, 2013, will be subject to the new benefit structure mandated by PEPRA, labeled “Tier II.”

Tier II General Member Formula:	2% at age 62
Minimum Retirement Age:	Age 52
Tier II Safety Member Formula:	2.7% at age 57+
Minimum Retirement Age:	Age 50
Final Compensation Period:	Highest 36 consecutive months
Post-Retirement COLA:	Up to 3% per year, based on actual changes in CPI

### PEPRA Annual Compensation Limits:\*

Members Integrated with Social Security:	\$113,700 in 2013
Members <u>not</u> Integrated with Social Security:	\$136,440 in 2013

*\* Once established in 2013, these limits are adjusted annually after each actuarial valuation based on changes in CPI. No earnings of a Tier II member in excess of the applicable limit may be used in determining contributions payable to SJCERA, or the member’s final compensation or benefits payable under SJCERA.*

**Compensation Earnable Tier II** – For new members of SJCERA, PEPRA defines the compensation that can be included in the determination of retirement benefits from SJCERA to exclude:

- Any compensation the Board of Retirement determines was paid to increase a member's retirement benefit
- "In-kind" compensation or employer payments to third parties that was converted to cash to the member
- Any one-time or ad hoc payment to a member
- Any severance or other payment made in connection with separation from employment but is received by the member while employed
- Payments for unused leave regardless of when reported or paid
- Payments for overtime
- Any employer-provided allowance, reimbursement, or payments including, but not limited to, housing, vehicle, uniforms
- Employer contributions to deferred compensation or defined contribution plans
- Any bonus
- Any other form of compensation the Board of Retirement finds inconsistent with the definition

**Contributions to Retirement Tier II** - Establishes new rules for member and employer contributions to retirement:

- Equal sharing of normal cost between members and employers is the standard; new members will pay one-half of the normal cost of their benefit under Tier II; . employees may pay more than one-half the normal cost if collectively bargained

*The normal cost contribution is the contribution required to fund the benefit attributable to the current year of service as determined by SJCERA's actuary as part of the annual actuarial valuation.*

- Prohibits employer pick-up of members' share of retirement contributions (*does not preclude pre-tax member contributions*)
- No greater employer contribution for unrepresented employees than for represented employees in related retirement membership classifications
- Prohibits contribution holidays (with limited exception); combined employer and employee contributions equal to normal cost must be paid each year



## **Retirees**

### **No changes in benefits**

PEPRA has no impact on the monthly allowance amount or annual cost-of-living adjustment for members and beneficiaries receiving monthly benefits from SJCERA.

### **Conditions on Post-Retirement Employment**

Beginning January 1, 2013, an SJCERA retiree may not be re-employed by an SJCERA participating employer until 180 days after the date of retirement. Exceptions to the 180-day rule: 1) The re-employment is necessary to fill a critically needed position as approved by the employer's governing body in a public meeting, or 2) the retiree is a public safety officer or firefighter. Retirees who accepted a retirement incentive are not eligible for exceptions to 180-day rule, regardless of membership class or position.

SJCERA retirees who meet the criteria may be re-employed for up to 720 hours in a calendar or fiscal year without reinstatement to active service or suspension of his or her retirement allowance.

A retiree who received any unemployment benefits during the previous 12 months may not be re-employed for one year and must certify compliance with this requirement upon re-employment.

### **SJCERA Review and Audit Responsibility**

For SJCERA members who retire effective January 1, 2013 or later, PEPRA reaffirms the Board of Retirement's authority and responsibility to review final compensation to determine what is to be included in compensation earnable and exclude compensation that the Board determines is paid to enhance a member's retirement benefit.

PEPRA requires the Board of Retirement to establish a procedure for assessing and determining whether an element of compensation was paid to enhance a member's retirement benefit. If the Board makes such a determination, the member and/or employer may provide evidence to refute the Board's findings.

PEPRA also establishes requirements for participating employers' reporting of member compensation to SJCERA, and authorizes the Board of Retirement to audit an employer to determine the correctness of retirement benefits, reportable compensation, enrollment in SJCERA, and reinstatement to active service.

# San Joaquin County Employees' Retirement Association

## Summary of Benefit Factors for Tier I and Tier II at certain ages at retirement

Age at Ret	Tier I General Current Members (GC 31676.14)	Tier II General PEPRA Formula New Members (GC 7522.20)	Age at Ret	Tier I Safety Current Members (GC 31664.1)	Tier II Safety PEPRA #2 Formula New Members (GC 7522.25 (d))
50	1.48%	Earliest retirement age is 52	50	3%*	2.00%
51	1.57%		51		2.10%
52	1.67%	1.00%	52		2.20%
53	1.74%	1.10%	53		2.30%
54	1.84%	1.20%	54		2.40%
55	1.95%	1.30%	55		2.50%
56	2.06%	1.40%	56		2.60%
57	2.18%	1.50%	57		2.70%*
60	2.44%	1.80%			
62	2.61%*	2.00%			
65		2.30%			
67		2.50%*			

\* Highest benefit factor at this age at retirement and older

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