

Salary or Retirement Benefit Changes



SJCERA Employer Notice

Analysis of Costs and Impact on SJCERA Funding Required

Before the governing board of a SJCERA employer approves changes to either employees' salaries or retirement benefits, the employer must obtain an actuarial statement documenting the costs of the proposed changes and the impact those changes will have on SJCERA's funding.

Requirements for Salary Increases

The actuarial analysis of proposed salary increases must report the increases' financial impact on SJCERA's funding status. This information must be included in the public notice of the governing board's meeting when the action will be considered.

Requirements for Retirement Benefit Changes

The actuarial analysis of proposed retirement benefit changes must report the actuarial impact on the future annual costs, including the normal cost or changes to the accrued liability.

The future annual costs associated with an increase in retirement benefits must be made public at a public meeting at least two weeks prior to the adoption of the increase in benefits. If those costs exceed one-half of one percent, an actuary must be present to provide information as needed at the public meeting at which the adoption of benefits will be considered.

Use of SJCERA's Actuary for the Analysis is Recommended

Upon the employer's request and at the employer's expense, SJCERA may ask its actuary to prepare the required analysis. Using SJCERA's actuary is recommended as a time- and cost-efficient option because they already have SJCERA's data and are familiar with SJCERA's benefit programs.

Actuarial firms will need time to perform the required analysis and prepare their report. Please keep this in mind when scheduling these matters on your Board's agenda.

This Employer Notice is intended to provide employers with information as simply and accurately as possible. The laws governing retirement systems are complex. If a conflict arises between the applicable law and any statements in this notice, the law will govern.

Process Checklist

- ✓ Define the increase or change and population affected.
- ✓ Contact SJCERA to request an actuarial impact statement.
- ✓ SJCERA coordinates with actuary.
- ✓ Actuary contacts employer with follow-up questions.
- ✓ Actuary provides impact statement.
- ✓ If the actuary determines the costs exceed 0.5%, schedule the actuary to attend the public meeting at which the changes will be considered.
- ✓ Publicly post actuary's impact statement of benefit increases two weeks before the public meeting at which changes will be discussed.
- ✓ Publicly post actuary's impact statement of salary increases with notice of the meeting.
- ✓ Employer's governing body (e.g., Board) votes on changes in a public meeting.
- ✓ Provide documentation of changes, costs, and approval to SJCERA.
- ✓ SJCERA CEO acknowledges in writing understanding of the current and future costs.
- ✓ Employer reimburses SJCERA for actuarial costs

Rev. 07/14/2020