



**Public Employee Pension Reform Act of 2013 (AB 340 and
AB 197)
Frequently Asked Questions
(December, 2012)**

All questions on Pension Reform should be directed to StanCERA
(Stanislaus County Employees Retirement Association)
209-525-6393 or <http://www.stancera.org>

This summary is provided for information only and is based on an analysis that attempts to accurately interpret the Pension Reform Act according to the legislative intent. To the extent that amendments are passed by the legislature or a different interpretation is made by a court of law, this information will be updated accordingly. For detailed questions on your situation please call StanCERA at the number above.

1. Does the Pension Reform Act apply to Stanislaus County?

Yes. The law applies to all public retirement systems in California except for those established by a charter city or charter county. Stanislaus County is a general law County and thus subject to the provisions of the Pension Reform Act effective January 1, 2013.

2. Who is covered by the provisions of the Pension Reform Act?

All full time County employees are covered by the Pension Reform Act, however; the most significant impact is to New Members. Under pension reform New Members are defined as those who have never been employed by any public employer prior to January 1, 2013 or new employees hired on or after January 1, 2013 who had been employed by a previous public employer but who were not eligible for reciprocity.

Public employees who leave their current employer and leave their retirement contributions on deposit, and within 6 months become a retirement member of another Public agency with reciprocity will enter into the agency's pension plan in existence for new hires as of December 31, 2012 for that bargaining unit. Note: Reciprocity is only within the State of California.

Former County employees who are rehired/reinstated with the County after the implementation of Tier 6 benefits on January 1, 2013, and have met the necessary membership criteria to be placed in their former retirement tier, shall be eligible for placement in that former tier. In general, current legal standards allow rehired County employees the opportunity to reinstate into their former retirement tier as long as the individual member has either left their retirement contributions on deposit since their prior period of County service or the employee elects and completes the redeposit of withdrawn retirement contributions plus applicable interest upon reentrance.

3. Are current employees affected by the provisions of the Pension Reform?

Yes, there are some provisions that impact current employees. Those include 1) limits on post-retirement employment, 2) felony convictions, and 3) breaks in service and reciprocity.

4. Will the Pension Reform Act change the benefit formula?

Not for current employees. The benefit formulas that are in place prior to December 31, 2012 will remain in effect. The benefit formula will change for new employees hired on or after January 1, 2013.

The benefits formulas are as follows:

Members	Tier 5 (Hired Prior to 1/1/2011)	Tier 2 (Hired 1/1/2011- 12/31/2012)	New Tier 6 (Hired on or after 1/1/2013)
General Members	2% per year of service at approximately age 55.5	2% per year of service at approximately age 61.5	2% per year of service at age 62
Safety Members	3% per year of service at age 50 (remains at 3% per year of service)	2% per year of service at age 50, increasing to 2.62% per year of service at age 55	2% per year of service at age 50 increasing to 2.5% at age 55 and 2.7% at age 57

5. Does the Pension Reform Act change the way the Earliest Retirement Age is calculated?

Not for current employees. The benefit formulas that are in place prior to December 31, 2012 will remain in effect. For new employees, the calculation for Earliest Retirement Age has changed.

Member	Tier 5 (Hired Prior to 1/1/2011)	Tier 2 (Hired 1/1/2011- 12/31/2012)	New Tier 6 (Hired on or after 1/1/2013)
General Members	1.47% per year of service at age 50	1.03% per year of service at age 50	1% per year of service at age 52
Safety Members	1.88% per year of service at age 41	1.25% per year of service at age 41	2% per year of service at age 50

Additionally, Tier 5 and Tier 2 employees can retire at any age after 30 years of service (General) or 20 years of service (Safety), but this provision does not apply to Tier 6 employees.

6. What is the Cap on Pensionable Compensation for new employees effective January 1, 2013 under the Pension Reform Act?

The pension cap is the maximum allowable annual income that can be included in the calculation of Final Average Salary.

Tier 5 (Hired Prior to 1/1/2011)	Tier 2 (Hired 1/1/2011- 12/31/2012)	Tier 6 (Hired on or after 1/1/2013)
No Change	No Change	\$113,700 (Social Security Limit) for all groups and adjusted each year based on CPI

7. What is the number of years Final Average Salary is based on?

Tier 5 (Hired Prior to 1/1/2011)	Tier 2 (Hired 1/1/2011- 12/31/2012)	Tier 6 (Hired on or after 1/1/2013)
Based on highest Year	Based on average of highest three years	Based on average of highest three years

8. What is included in the Pensionable Compensation?

	Employees Hired prior to 12/31/2012	New Employees hired on or after 1/1/2013
Vacation Cashout	Maximum of 1 year accruals	Not Included
Special Pays (Shift differential, bilingual, etc.)	Included	Not Included
Allowance (Car, Uniform, etc.)	Included	Not Included
Employer Paid Deferred Compensation	Included	Not Included
Bonus	No longer included but appeal rights exist	Not included
Value of Medical Benefits	Not Included	Not Included

9. Will my retirement contributions increase under the Pension Reform Act?

Employees' contributions for current employees will not be impacted by the implementation of pension reform January 1, 2013. The StanCERA Board has established employee rates for the new Tier 6 employees. The County will continue to evaluate the impacts of pension reform on employee's retirement contributions.

10. Will the County's negotiated "pick-up" of employee share of the retirement contribution be allowed for new employees?

"Pick-ups" will continue for new employees hired on or after January 1, 2013 if there is a current MOU with a provision for employee pick-ups for the employee's bargaining unit. New employee pick-ups will be paid only through the expiration of the MOU (All Labor Agreements expire June 30, 2014). No "pick-up" will be provided after the expiration of the bargaining unit's current MOU (as mandated by the Pension Reform Act) for employees hired on or after January 1, 2013.

11. Will the County's negotiated "pick-up" of employee share of retirement contribution be continued for current employees?

"Pick-ups" for current employees will remain in place under the current bargaining agreements. The County can negotiate a change to pick-ups with the contract expiring June 30, 2014; the County cannot impose a change until 2018.

12. Does the Pension Reform Act require pension cost sharing of unfunded liability costs between the employee and the County?

Unfunded liability is currently 100% funded by the employer. The Pension Reform Act does not require a change in the current procedure, but provides authority for cost sharing of unfunded liability as part of the collective bargaining process.

13. Does the Pension Reform Act change the ability to convert unused sick time to service credit?

No, the ability to convert unused sick time to service credit remains the same. Both current and new employees will have this ability.

14. Does the Pension Reform Act change the “working after retirement” rules?

A retired County employee will not be eligible to be employed for a period of 180 days following the date of retirement. The only exceptions are if it is a Public Safety Officer returning to a Public Safety Officer position or the appointment is necessary to fill a critically needed position before the 180 days has passed and the appointment has been approved by the Board of Supervisors in a non-consent item.

15. Who do I contact if my questions were not answered?

Please contact Stanislaus County Retirement Association at <http://www.stancera.org> or 525-6393.