

*Getting the Most from Changing
Public Employers and
Retirement Systems within California*

Understanding Reciprocity



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As a member of the Stanislaus County Employees' Retirement Association, if you take a position with another public entity in California, you may be eligible for the benefits of reciprocity.

*This booklet provides information about your potential rights and benefits as a **StanCERA member** when you move from one public retirement system to another.*

Reciprocity is an agreement among most California public retirement systems to allow members to move from public employer to public employer within a specific time limit, to retain certain retirement benefit rights.

Your StanCERA benefits are governed by law; therefore, any discrepancies between the law and the information in this booklet will be resolved in accordance with the law.

CONTENTS

Reciprocity.....	4
Why Choose Reciprocity.....	4
Public Retirement Systems with Reciprocity.....	5
Reciprocity Requirements.....	6
Important Restrictions.....	6
Reciprocity Benefits.....	7
Establishing Reciprocity.....	8
Retiring Under Reciprocity.....	9
Reciprocity Examples.....	9

RECIPROCITY

StanCERA has an agreement with most California public retirement systems that allows you to move from public employer to public employer and retain certain retirement benefit rights that can both reduce the cost to you for your benefits and increase the value of your benefits.

You cannot transfer your retirement funds or service credit from one employer to another, but you may *coordinate* your retirement plans.

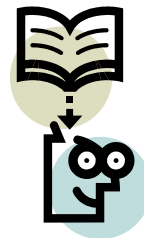
When you establish reciprocity, you become a member of both systems and gain the benefits from both of those systems. When you retire, you receive separate retirement allowances from both systems and you must apply to retire from each system separately. In order for you to receive all of the benefits of reciprocity, you must retire on the same date from all public retirement systems participating in the agreement. Among other important requirements, reciprocity is only available when your employment gap between eligible agencies is no more than 180 days.

Important: 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 requesting 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 plan documents and the information in this booklet, the plan documents have precedence.

As you read this information, please note that *StanCERA*'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 the appropriate system.

WHY CHOOSE RECIPROCITY?

- It allows you to use the contribution rate for your Age of Entry at the first reciprocal agency as you move from one job to another job, keeping your cost for retirement benefits lower than otherwise at the second employer.
- With reciprocity, your retirement at all reciprocal agencies is calculated using your highest average salary from any one of the participating systems (when you retire from all on the same day). This maximizes the value of your total benefit from all agencies.
- It enhances your retirement benefit for a career within participating California public agencies.
- It links your retirement funds and your service credit as you move from one public agency to another public agency.



Warning: While reciprocity is “additive” for service retirement, it is “integrated” for disability benefits. If you think you may be eligible for a disability benefit, reciprocity may not be to your advantage. Once established, reciprocity cannot be canceled.

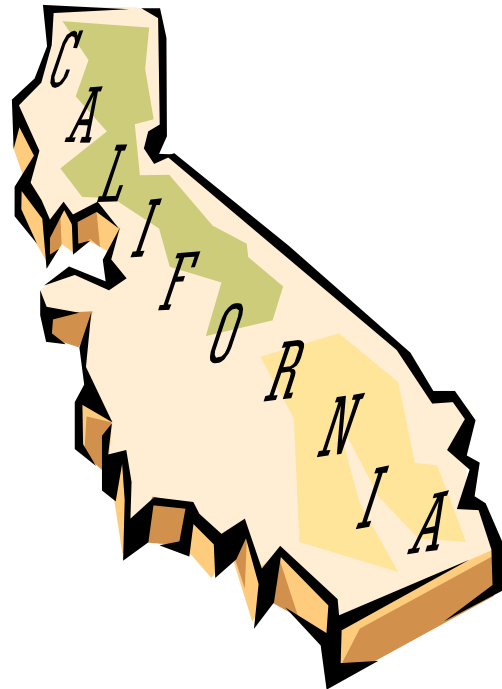
PUBLIC RETIREMENT SYSTEMS WITH RECIPROCIITY

- Statewide Systems
 - California Public Employees' Retirement System (CalPERS)
 - California State Teachers Retirement System (CalSTRS)
 - All agencies whose employees are members of CalPERS and CalSTRS including state agencies, county schools, various cities, counties and special districts
 - Judges' Retirement System (JRS)

- 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



- Other Systems

- City of Concord
- City of Costa Mesa (safety employees only)
- City of Oakland (miscellaneous employees only)
- City of Sacramento
- City of San Clemente (miscellaneous employees only)
- City of San Diego
- City and County of San Francisco
- City of San Jose
- Contra Costa Water District
- County of San Luis Obispo
- East Bay Municipal Utility District
- East Bay Regional Park District (safety employees only)
- Los Angeles County Metropolitan Transportation Authority (non-contract Employees' Retirement Plan, formerly Southern California Rapid Transit District)
- City of Los Angeles (Los Angeles City Employees Retirement Plan)
- Long Beach Schools Business Management Authority

StanCERA may not have reciprocity agreement with universities.

If you are moving to employment covered under one of the retirement systems listed above, you should check with your current and new retirement systems to determine if any of the following benefits or requirements will apply. If you do not see a system listed that you are moving to, please contact StanCERA.

You must satisfy the following requirements to get the full benefits of reciprocity:

- ★ You must continue membership in the first retirement plan by leaving your service credit and contributions (if any) on deposit.
- ★ You must begin your employment with the reciprocal retirement system within 180 days of ending employment as a member of your prior system.
- ★ You must retire from both systems at the same time (the same day) by filing a retirement application in each system respectively.

- **Terminated members.** Some systems allow members who have terminated their membership but are now employed under a reciprocal retirement system to redeposit contributions in order to purchase time. If you think this might apply to you, contact your new retirement system for eligibility requirements.

StanCERA Members: StanCERA does not allow most members to purchase time for previous service in another system. Only Tier 1 or Tier 4 StanCERA members are eligible to purchase this service.

- **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 may also exist with CalSTRS. If you changed retirement systems in the past and are not sure if reciprocity applies to you, contact your current and past retirement systems.

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 may be true even if the overlapping time is due to running out vacation or sick time. You should check with both retirement systems about their rules before you leave employment.
- **Refund restriction.** *StanCERA* does not allow you to withdraw your member contributions while you are employed with a second reciprocal system. Upon termination, your current system must approve and complete its refund before *StanCERA* or any other previous systems will process a withdrawal request.

RECIPROCIITY BENEFITS

- **Member contribution rate based on age at entry.** If the system you are moving to bases your member contribution rate on your age at entry as a reciprocal member your contributions in the new system will be based on your age at entry (initial hiring) under the first retirement system. Note that many systems, including CalPERS, have a fixed contribution rate regardless of age.

StanCERA Membership: StanCERA uses an entry age contribution rate. If you come to StanCERA from a reciprocal system and meet all reciprocity requirements, we will contact and verify your employment with that system to apply the entry age started with your first system.



- **Highest final compensation.** Upon your retirement, all systems will calculate your retirement using your highest rate of pay under any system. Note that some systems utilize one-year highest final compensation others use three-year highest final compensation

StanCERA Membership: For Tiers 1, 4 & 5 members, StanCERA uses the highest one-year (2080 Hours) compensation to calculate your final average pay for your monthly retirement benefit. For Tiers 2 & 3 members, StanCERA uses the highest three years (2,080 Hours X 3 = 6,240 Hours) compensation to calculate your final average pay for your monthly retirement benefit. .


- **Qualification for Benefits.** Service earned under both systems may be combined to meet each system's vesting and retirement eligibility requirements.
- **Disability Retirement.** If you are eligible for disability retirement from the last system of your employment, you may be entitled to a benefit from the first (and all previous) systems, as long as you retire from all systems on the same date. Generally, your benefit from the first system will be an amount that does not exceed the difference between what you are going to receive from the last system and what you would receive if all your service in both systems were credited under the last system.
- **Death Benefits.** Your beneficiary may be entitled to death benefits from each retirement plan.

StanCERA Members:, StanCERA does NOT provide the \$5,000 death benefit for members whose final service is with a reciprocal system. StanCERA does provide a death benefit for employees whose last service is within StanCERA .

ESTABLISHING RECIPROCITY

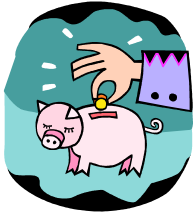
If you become a member of a reciprocal retirement system within the 180-day timeframe required to establish reciprocity, you should indicate your desire to establish reciprocity:

- On the Member Enrollment form for the current system you are entering.
(Contact the retirement office of the system you are entering to obtain this form.)
- On the Termination of Employment form for the system you recently departed.
(Contact the system you are leaving to obtain this form.)

<p>STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION 1010 10th Street, Suite 5800, Modesto, CA 95354</p> <p>On _____, I terminated employment with _____ (Date) (Employer)</p> <p>TERMINATION OF EMPLOYMENT NOTICE TO RETIREMENT BOARD</p> <p>Following my termination of employment with Stanislaus County or a participating district, please treat any and all benefits that I hold in the Stanislaus County Employees' Retirement Association ("StanCERA") as indicated below.</p> <p><input type="checkbox"/> REFUND OF CONTRIBUTIONS I want a refund of my retirement contributions (and any interest thereon) from StanCERA. Please send all required forms to me at the address listed below.</p> <p><input type="checkbox"/> DEFER REFUND OF CONTRIBUTIONS (Non -Vested Member) I wish to leave my funds on deposit with StanCERA. I understand that I may a (and any interest thereon) by requesting and completing the required forms at a</p> <p><input type="checkbox"/> DEFER RETIREMENT I wish to leave my funds on deposit with StanCERA. I believe that I will benefits at a later date for the reason indicated below.</p> <p><input type="checkbox"/> I am a Tier 1, 2, 4 or 5 member with 5+ years of public service OR a</p> <p><input type="checkbox"/> I am transferring to the following reciprocal retirement system within 6 months of my termination of employment with Stanislaus County or a participating district.</p> <p>_____ (New Employer)</p> <p>NOTE REGARDING RECIPROCAL RETIREMENT SYSTEMS StanCERA is reciprocal with certain governmental defined benefit plans, California Public Employees' Retirement System, and the California State Employees' Retirement System. If you are currently working for another public employer (or plan on doing so within 6 months of your termination of employment with StanCERA, please contact our office at (209) 525-6300.</p> <p><input type="checkbox"/> RETIREMENT STATUS</p> <p><input type="checkbox"/> I would like to apply for a regular service retirement</p> <p><input type="checkbox"/> I need to apply for a disability retirement because I am permanently incapacitated</p> <p>_____ (Print/Type Name)</p> <p>_____ (Mailing Address)</p> <p>_____ (City, State and ZIP)</p>	<div style="text-align: center;">  <p>STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION MEMBER'S ENROLLMENT FORM Complete and return to StanCERA Office within 5 days of hire PLEASE PRINT OR TYPE</p> </div> <p>Employee ID Number _____ Social Security Number _____</p> <p>Name _____ Address _____ Number Street City State Zip</p> <p>Date of Birth* _____ * Place of Birth* _____ * Sex _____ Martial Status _____ Work Phone# _____ Home Phone# _____ Message Phone# _____ Name of Beneficiary _____ Relationship _____ Beneficiary Address _____ Beneficiary Date of Birth _____ Beneficiary Social Security Number _____ Beneficiary Sex _____</p> <hr/> <p>Have you been employed full time by a California Governmental Entity (City, County, State) in the last six months? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, give name & address of Employer _____</p> <p>Have you ever been employed full time by Stanislaus County, the City of Ceres or other StanCERA Districts? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, under what name: _____ Dates of Employment _____</p> <hr/> <p>Date of Hire _____ Position _____ Employer: <input type="checkbox"/> Stanislaus County <input type="checkbox"/> City of Ceres <input type="checkbox"/> _____ District _____ Hourly Average Compensation _____ Department Number _____ Age at Entrance _____ Department _____</p> <hr/> <p>To be completed by StanCERA staff: Classification: General _____ Safety _____ Rates at Entrance _____ First Excess Cost of Living 161.54 Biweekly</p> <hr/> <p>STATE OF CALIFORNIA } COUNTY OF STANISLAUS }SS</p> <p>Subscribed and sworn to before me _____ The under signed being duly sworn, deposes and says that the foregoing statements are true and correct to the best of his/her knowledge and belief.</p> <p>This _____ day of _____, 20_____ Signed _____ Signed _____ Title _____ This _____ day of _____, 20_____ _____</p> <p>NOTE: BIRTH CERTIFICATE MUST ACCOMPANY THIS DOCUMENT</p> <p>IMPORTANT Birth Certificate <input type="checkbox"/> 415 Form <input type="checkbox"/></p> <p>The By-Laws of the Stanislaus County Employees' Retirement Association require that you shall file proof of birth with the Retirement Association within 90 days of entry. Failure to do so will result in your rate of contribution being increased to the maximum until such time as proof of birth is filed.</p>
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RETIRING UNDER RECIPROCALITY

- **Applying to Retire.** When you are ready to retire and you have reciprocity, you must apply to retire at all reciprocal agencies and your date of retirement must be the same day for all reciprocal systems. Each system has its own retirement application procedures, so you must contact each system separately to find out its retirement procedures.



- **Deferring Retirement.** When you leave *StanCERA*-covered employment but are not ready to retire, under reciprocity you can defer your retirement. You must indicate upon your termination from a *StanCERA* employer that you wish to defer your retirement -- whether or not you are moving to another public agency with reciprocity. You must complete the *StanCERA* TERMINATION OF EMPLOYMENT form electing Deferred Retirement (see sample below). *StanCERA* will maintain your account (with interest) until you apply to retire.

DEFER RETIREMENT

I wish to leave my funds on deposit with *StanCERA*. I believe that I will be eligible to receive monthly retirement benefits at a later date for the reason indicated below.

- I am a Tier 1, 2, 4 or 5 member with 5+ years of public service OR a Tier 3 member with 10+ years of service.
- I am transferring to the following reciprocal retirement system within 6 months of my termination date.

_____ (New Employer)

_____ (Reciprocal System)

RECIPROCALITY 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 covered by Plan B (age 35). This results in him paying lower monthly contributions to the second retirement 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 five-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 covered by Plan B.
- He will also receive a benefit from Plan B based on his 22 years of service and highest salary earned with the county.

Example 2

Maria Perez works for a county under Retirement Plan X as a dispatcher for five 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 180-day limit on moving from one reciprocal agency to another. She is also aware that the Police Academy is 180 days 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 with an employment gap of exactly 180 days. 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 five 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.



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 6 weeks of accumulated vacation time and this overlaps his employment date with his new employer by three weeks. Reciprocity was not established. Tom works under Plan T for 15 years and then decides to retire.

Reciprocity is not established due to the overlapping service. Tom's benefits are calculated separately by each system:

- His benefit from Plan S is calculated based on his 10 years of service there and the salary he earned more than 15 years ago while working at that agency.
- His benefit from Plan T is calculated based on his 15 years with that second agency and the final salary in Plan T.

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