

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

Retirement

DEPT: CHIEF EXECUTIVE OFFICE

BOARD AGENDA # *B-9

Urgent Routine

AGENDA DATE March 26, 2002

Concurs with Recommendation YES NO
(Information Attached)

4/5 Vote Required YES NO

SUBJECT: APPROVAL TO ADOPT A RESOLUTION TO IMPLEMENT GOVERNMENT
CODE SECTION 31641.56 WHICH WOULD ALLOW EMPLOYEES TO BUY-
BACK PART-TIME SERVICE RENDERED BETWEEN FULL-TIME SERVICE
PERIODS.

31641.56

STAFF
RECOMMEN-
DATIONS:

APPROVE AND ADOPT A RESOLUTION IMPLEMENTING GOVERNMENT
CODE SECTION 31641.56 (SEE ATTACHMENT 1).

FISCAL
IMPACT:

This additional benefit could potentially impact an estimated 60 to 100 current
members of the retirement system. The fiscal impact to the County of allowing
employees to buy-back part-time services rendered between full-time service
periods is estimated at a maximum cost of \$158,000 if all eligible members
should chose to participate. This cost will be absorbed into the overall retirement
rates and the estimated impact to these rates is approximately .001%.

BOARD ACTION AS FOLLOWS:

No. 2002-184

On motion of Supervisor Paul , Seconded by Supervisor Caruso
and approved by the following vote,

Ayes: Supervisors: Blom, Caruso, Paul, and Chairman Mayfield

Noes: Supervisors: None

Excused or Absent: Supervisors: Simon

Abstaining: Supervisor: None

1) X Approved as recommended

2) Denied

3) Approved as amended

MOTION:

R E C E I V E D

MAR 28 2002

STANISLAUS COUNTY EMPLOYEES
RETIREMENT ASSOCIATION

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

By: Deputy

File No.

APPROVAL TO ADOPT GOVERNMENT CODE SECTION 31641.56 WHICH WOULD ALLOW EMPLOYEES TO BUY-BACK PART-TIME SERVICE RENDERED BETWEEN FULL-TIME SERVICE PERIODS.

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DISCUSSION: In 2000, the County and the Stanislaus County Employees' Retirement Association (StanCERA) changed the way of handling employee retirement buy-backs due to two court decisions, the Marin decision and the San Diego decision. Before these court decisions, many retirement systems, including Stanislaus County, allowed members to purchase all withdrawn contributions from full-time service as well as part-time service which preceded the current employment period. These various employment periods were treated as separate blocks of service and not as continuous employment.

Subsequent to the Marin and San Diego decisions, StanCERA has been required to treat members who have a break in service as if they have continuous membership. The membership date is reinstated to the initial employment period date once the buyback of full time service has occurred. Employees who had worked part-time intermittently between the two full time periods were precluded from participating in this benefit.

In evaluating a cost for this benefit, an extensive survey conducted among current County employees identified at least 60 members, and possibly as many as 100 members, who fall into this category. It is not possible to determine how many of these current members would exercise this option if adopted. We are also unable to forecast how many future employees might chose to buy-back varied types of services. A key element in this process is that there is significant cost to employees who choose to exercise this option, so it is not something that is considered by all eligible employees. Based on the survey data using the 60 members who responded, an actuarial study estimated the County cost of implementing this benefit to be approximately \$158,000 if all 60 should chose to participate.

There are some existing StanCERA members who have previously bought back both full-time and intermittent service. Without the adoption of this Government Code, StanCERA will be required to refund all buy-back monies to these employees. Some refunds have already been issued. These are valued employees who, after having their careers with Stanislaus County interrupted for various family, personal, and educational reasons, have chosen to return to the County, bringing back with them their experience and expertise. It is recommended that the Board adopt this provision to allow these employees to maximize their retirement benefits.

APPROVAL TO ADOPT GOVERNMENT CODE SECTION 31641.56 WHICH WOULD ALLOW EMPLOYEES TO BUY-BACK PART-TIME SERVICE RENDERED BETWEEN FULL-TIME SERVICE PERIODS.

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**POLICY
ISSUE:**

The Board of Supervisors should consider the effect this benefit change has on the policy direction and priorities of the organization. Approval of this recommendation would support the Board's priorities of modeling community leadership and delivering excellent service by providing increased retirement benefits to employees who have served the County during varied periods of employment.

**STAFFING
IMPACT:**

There is no impact on staffing resulting from this recommendation.

GOVERNMENT CODE

31641.56. A member who returns to county service after having been on deferred status while rendering county service in a position excluded from membership, shall have the right to receive credit in the retirement association for all or any part of the county service he or she rendered during the time he or she was on deferred status if he or she elects to pay, and thereafter pays, in accordance with the election, and prior to retirement, into the retirement fund an amount equal to the contributions he or she would have made to the retirement fund if he or she had not been on deferred status during the time for which he or she has elected to receive credit, computed by applying the contribution rate first applicable to him or her upon returning to county service to the aggregate compensation he or she actually received during the time he or she was in county service and for which he or she has elected to receive credit, together with regular interest on that amount from the time he or she was on deferred status until completion of payment. The payment may be made by lump sum or by installment payments over a period not to exceed the length of time for which the member has elected to receive credit, in the manner and at the times as the board may by rule prescribe. No member shall receive credit under this section for any service for which he or she has not completed payment pursuant to this section before the effective date of his or her retirement. A member who has elected to make payment in installments may complete payment by lump sum at any time prior to the effective date of his or her retirement. Any sums paid by a member pursuant to this section shall be considered to be administered as normal contributions by the member. A member who elects to receive credit for only a part of that county service shall elect that county service latest in time and may not receive credit for any portion of that county service for which he or she does not elect to receive credit. This section shall not be operative in any county until the time that the board of supervisors shall, by resolution adopted by majority vote, make the provisions of this section applicable in the county.

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
STATE OF CALIFORNIA

Date: March 26, 2002

No. 2002-184

31641.56

Motion of Supervisor _____ Paul _____ Seconded by Supervisor _____ Caruso _____
and approved by the following vote,
Ayes: Supervisors: _____ Blom, Caruso, Paul, and Chairman Mayfield _____
Noes: Supervisors: _____ None _____
Excused or Absent: Supervisors: _____ Simon _____
Abstaining: Supervisor: _____ None _____
Item: B-9 _____

THE FOLLOWING RESOLUTION WAS ADOPTED:

IN RE: ADOPTING THE PROVISIONS OF GOVERNMENT CODE SECTION 31641.56

WHEREAS, pursuant to Government Code Section 31483, this Board may, by resolution, adopt the applicability of particular provisions of the Government Code as they pertain to the members of the Stanislaus County Retirement Association; and

WHEREAS, this Board desires to adopt and implement provisions of Government Code Section 31641.56;

NOW, THEREFORE, BE IT RESOLVED that the provisions of Government Code 31641.56 are hereby applied to the members of the Stanislaus County Employees Retirement Association.

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk
Stanislaus County Board of Supervisors,
State of California

By: Deputy

File No.