

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

Understanding Reciprocity



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 and 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.

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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 6 months.

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?

- When you move to subsequent reciprocal agencies *in many instances* you may use a lower contribution rate based on your Age of Entry into your first reciprocal agency since subsequent agencies could have higher contribution rates for your Age of Entry on the later date of employment with them.
- 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: Reciprocity cannot be canceled once established.

While reciprocity is advantageous for service retirement, reciprocity can be disadvantageous for disability retirement benefits.

PUBLIC RETIREMENT SYSTEMS WITH RECIPROcity

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 I & II (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

Any other public agency in the State of California that has a reciprocal agreement with the California Public Employees' Retirement System (CalPERS)

StanCERA does not have a 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. Please contact StanCERA if you do not see the system listed to which you are moving.

RECIPROCITY REQUIREMENTS

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 subsequent reciprocal retirement system within 6 months 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.

IMPORTANT NOTES

- **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** does not allow most members to purchase time for previous service in another system. Only Tier 1 or Tier 4 members are eligible to purchase this service.
- **Movement between systems:** In the past the laws specifying the maximum time period between separation from one system and employment at another system have changed. 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 of Entry:** If the system you are moving to bases your member contribution rate on your Age of Entry, as a reciprocal member your contributions in the new system will be based on your Age of Entry into the first retirement system (your lower age). Note: Many systems including CalPERS have a fixed contribution rate regardless of age.

StanCERA Members: If your initial reciprocal hiring entry is before January 1, 2013, StanCERA uses an entry age contribution rate. If your initial reciprocal hiring entry is January 1, 2013, or after, your contribution rates are not based on your entry age. StanCERA will contact your prior reciprocal agency to verify that you meet all reciprocity requirements including your employment history with that system to apply the appropriate entry age from your first system and the appropriate contribution rate.



- **Highest final compensation:** Upon your retirement all systems will calculate your retirement using your highest average salary under any system. Note: Some systems may utilize 1-year highest final compensation while others may utilize 3-year highest final compensation.

StanCERA Tier 1, 4 & 5 Members: StanCERA uses the highest 1-year compensation to calculate your final average pay for your monthly retirement benefit.

StanCERA Tier 2, 3 & 6 Members: StanCERA uses the highest 3-year 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 individual vesting and retirement eligibility requirements.
- **Disability Retirement:** If you are eligible for disability retirement from the last system of your employment you may also be entitled to a benefit from the first system of your employment (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 your total public service in both systems were credited as time worked at the last system. In any case, your total benefits combined together cannot exceed the total amount you would receive if your total public service in both systems were calculated as your total service under the last system.
- **Active Member Death Benefits:** Your beneficiary *may* be entitled to death benefits from each system.

Retired 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 with StanCERA.

ESTABLISHING RECIPROcity

If you become a member of a reciprocal retirement system within the 6-month 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 or by contacting the Retirement office of the system you are entering to obtain their form.
- On the Termination of Employment form for the system you recently departed or by contacting the Retirement office of the system you are leaving to obtain their form.
- Once reciprocity is established StanCERA will send a confirmation letter to the member.



MEMBER ENROLLMENT FORM
PLEASE PRINT OR TYPE
COPY OF CERTIFIED BIRTH CERTIFICATE IS REQUIRED WITH THIS DOCUMENT

Employee ID No. _____

Section 1: Personal Information - To be completed by Member

Name _____ Social Security Number _____

Mailing Address _____
Street, City, State, Zip

Date of Birth _____ Place of Birth _____ Male Female

Marital Status: Single (Never married) Married RDP Divorced Legally Separated Widowed

Work Phone# _____ Home Phone# _____ Cell Phone# _____

Section 2: Reciprocity - To be completed by Member

Have you ever been employed full time by a StanCERA participating employer? Yes No
(Participating Employers: Stanislaus County, City of Ceres, Superior Court, StateCOG, Nevada CDS, East Side Municipal Assn., Salinas Sanitary District and H&A Ferry Center)

If yes, under what name: _____ Dates of Employment: _____

Have you been employed full time by a California Governmental Entity (City, County, State or Special District) in the last six months? No (If no, proceed to Section 3) Yes (If Yes, complete the following)

Is your membership date with your previous retirement system before January 1, 2013? Yes No

Provide name of previous Employer: _____

Provide name of previous Retirement System: _____

Do you have contributions on deposit with previous system(s)? Yes No

Have you retired from your previous system? Yes No

If Non-Retired, do you want StanCERA to establish reciprocity with your previous system? Yes No

Section 3: Employment Information - To be completed by Clerk

Date of Hire _____ Position _____

Employer: Stanislaus County City of Ceres Superior Court District _____

Department _____ Hourly Wage _____

Section 4: Signatures - To be completed by Clerk and Member

STATE OF CALIFORNIA)
 COUNTY OF STANISLAUS) SS

Subscribed and sworn to before me
 This _____ day of _____, 20____

Signed _____
(To be signed by Dept HR/Payroll Clerk)

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 may result in your rate of contribution being increased to the maximum until such time as proof of birth is filed.

The undersigned being duly sworn deposes and says that the foregoing statements are true and correct to the best of his/her knowledge and belief.

Signed _____
(To be signed by Member)



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TERMINATION OF EMPLOYMENT NOTICE TO RETIREMENT BOARD

Employee Name: _____

On _____ (Date) I terminated employment with _____ (Employer/Department)

MY CURRENT STATUS IS:

TERMINATED FULL TIME - SEVERED ALL EMPLOYMENT WITH EMPLOYER
I have terminated my full time employment status and completely severed all employment with Stanislaus County or a participating district. Please choose option below, sign and return form to StanCERA.

TERMINATED FULL TIME EMPLOYMENT CONVERTED TO PART TIME - NON-VESTED MEMBER (LESS THAN 5 YEARS OF TOTAL SERVICE CREDIT)
I have terminated my full time employment status and have been rehired as a part time employee. I understand that as a non-vested member I cannot withdraw my contributions until I completely sever all employment with Stanislaus County or a participating district. Do not choose any other option at this time. Please sign and return form to StanCERA.

TERMINATED FULL TIME EMPLOYMENT CONVERTED TO PART TIME - VESTED MEMBER (MINIMUM 5 YEARS OF TOTAL SERVICE CREDIT)
I terminated my full time employment status and was rehired as a part time employee. I understand that as a vested member I cannot withdraw my contributions until I completely sever all employment with Stanislaus County or a participating district, however, I do have the option of electing Deferred Retirement. Please complete Deferral Retirement section below, sign and return form to StanCERA.

TERMINATED PART TIME EMPLOYMENT WITH PRIOR FULL TIME CREDIT - SEVERED ALL EMPLOYMENT WITH EMPLOYER
I terminated my full time employment status and was rehired as a part time employee making me ineligible to withdraw my contributions. I have now terminated my part time employment status and have completely severed all employment with Stanislaus County or a participating district. Please choose option below, sign and return form to StanCERA.

MY CURRENT OPTIONS ARE:

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.

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. I understand that I may be foregoing any benefit that I may be entitled to in the future.

DEFER REFUND OF CONTRIBUTIONS (Non-Vested Member)
I wish to leave my funds on deposit with StanCERA. I understand that I may always request a refund of my retirement contributions (and any interest thereon) by requesting and completing the required forms at a later date.

OPTIONS CONTINUED ON REVERSE SIDE OF FORM

Example 2

Maria Perez works for a county under Retirement Plan X as a dispatcher for 5 years. She decides to attend the Police Academy and is subsequently hired by a city police department covered by reciprocal Plan Y at a higher salary. She leaves her contributions on deposit at Plan X. She is aware of the 6-month limit on moving from one reciprocal agency to another and is also aware that the Police Academy is 6 months long. As a result she separates from employment under Plan X the day before the Police Academy begins. She is then hired by a 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 6 months. 8 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 5 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 a county covered by 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 a county, his new employer, by 3 weeks. *Reciprocity was not established.* Tom works at a county 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 with the city and the salary he earned while working at the city more than 15 years ago.
- His benefit from Plan T is calculated based on his 15 years of service with the county and the salary he earned while working at the county.

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.

**Stanislaus County Employees' Retirement
Association (StanCERA)**

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