

***Stanislaus County Employees'
Retirement Association***



COMPENSATION ASSESSMENT POLICY

Policy 3001

December 11, 2013

Purpose

To establish fair and impartial guidelines used in determining if an element of compensation was paid during a member's highest final average salary period to enhance a retirement benefit.

Authority

Government Code §31542 states the Board of Retirement (Board) shall establish a procedure for assessing and determining whether an element of compensation was paid to enhance a member's retirement benefit.

Procedure

Upon application for retirement, StanCERA staff shall perform a preliminary review of the member's final average salary period to determine if elements of pay were included that may be used to enhance a retirement benefit.

Upon initial review, if the final average salary period appears higher than other similar periods of time, StanCERA staff will analyze the cause of the increase. StanCERA staff shall rely on the following four principles to guide its decision:

- Inconsistent use of special pay elements at or near the end of one's career;
- Frequent use of the elements over time of which appear to be random;
- End of career pay increases that are routine and customary;
- Special pay elements that are accumulated through work completed, voluntarily or employer directed.

StanCERA acknowledges validity in increased pay at the end of a career. As a result, StanCERA will evaluate each situation on a case-by-case basis, considering all facts.

When analyzed, if it is found that specific elements of compensation were routinely paid during the review period at or near the same frequency as found during the final average salary period, the final average salary will be used to determine the member's retirement benefits. However, if the analysis indicates that an element of compensation was paid to enhance the retirement benefit, the member or the employer shall be given the opportunity to present evidence to StanCERA that the compensation was not paid for the purpose of enhancing the member's retirement benefit. The Executive Director will evaluate all evidence provided, and if in the opinion of the Executive Director, it appears an element of compensation was paid to enhance a member's benefit, the Executive Director will deny the use of the elements in calculating the final average salary. If the member disagrees with the Executive Director's decisions, the member may request the item be placed on the Board of Retirement agenda for review.

If the Board of Retirement (Board) determines the final average salary does not contain elements of compensation were paid to enhance the retirement benefit, the final average salary will be used to determine the member's retirement benefit.

If the Board finds the final average salary contains elements of compensation were paid to enhance a retirement benefit, the elements of compensation will not be used in the final average salary calculation or used to determine the member's retirement benefit.

Upon final determination by the Board notice shall be provided to the member and employer. The member or employer may obtain judicial review of the Board's action by filing a petition for writ of mandate within thirty (30) days of the mailing of the notice.

If any element(s) of pay, during the final average salary period, are still being evaluated during the time the member's application would normally be processed for retiree payroll, StanCERA will process the application, excluding the element(s) of pay in question, to avoid delay payment of benefits. If, upon completion of the evaluation, it is determined that the element(s) of pay will be included in the final average salary, StanCERA will recalculate the final average salary, including the additional element(s) of pay. The new benefit amount will begin with the next payroll process and a retro-active payment shall be made of the payment difference.

Policy Review

This Board shall review this policy at least every three years.

Policy History

Policy reviewed August 8, 2022.

Policy reviewed and revised October 15, 2019.

Adopted by the Retirement Board on December 11, 2013



Richard Santos, Executive Director

POLICY APPROVAL DATE: December 11, 2013