

The California Public Employees' Pension Reform Act of 2013 ("PEPRA")

Presented by:
Contra Costa County Employees' Retirement Association

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Disclaimer

The following presentation was developed as a discussion draft to communicate the implications of the California Public Employees' Pension Reform Act of 2013 (PEPRA). Every effort has been made to ensure the accuracy of the information provided; however, the information may be updated as we continue to analyze the legislation. If there is any discrepancy between what is contained in this presentation and the law, the law will govern.

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PEPRA

- In September 2012, the legislature passed and the Governor signed into law the "California Public Employees' Pension Reform Act of 2013" ("PEPRA") (Government Code Sections 7522, *et seq.*)
 - PEPRA applies to all state and local public retirement systems and to their participating employers, but does not apply to the University of California, to charter cities or to charter counties.
 - PEPRA Applies to all CERL (1937 Act) systems, including CCCERA, and their participating employers.

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PEPRA

- Most PEPRA provisions are applicable only to new members who are not subject to reciprocity and who join CCCERA on or after January 1, 2013 ("New Members"). (7522.04(f).) At CCCERA, the membership date is always the first day of the month following employment.

Examples:

- "New member": If a CCCERA participating employer hires a new employee on or after January 1, 2013, and that employee is not subject to reciprocity, that employee is a "New Member" under PEPRA and will be subject to the new PEPRA retirement formulas in place as of 1/1/2013. possible scenarios:
 - An individual who has never been a member of any public retirement system prior to 1/1/13 would be a "new member"
 - An individual who moved between retirement systems with more than a 6 month break in service and is not subject to reciprocity would be a "new member"
 - An individual who moved between public employers within CCCERA after more than 6 month break in service and is not subject to reciprocity would be a "new member"

Employees with a hire date on or after December 1, 2012 will have a CCCERA membership date of January 1, 2013 and be considered "New members" subject to the new PEPRA benefit plan.
- "Legacy member": If the "new" employee is subject to reciprocity, the employee is NOT a "New Member" and is subject to the retirement tier in place as of 12/31/2012.

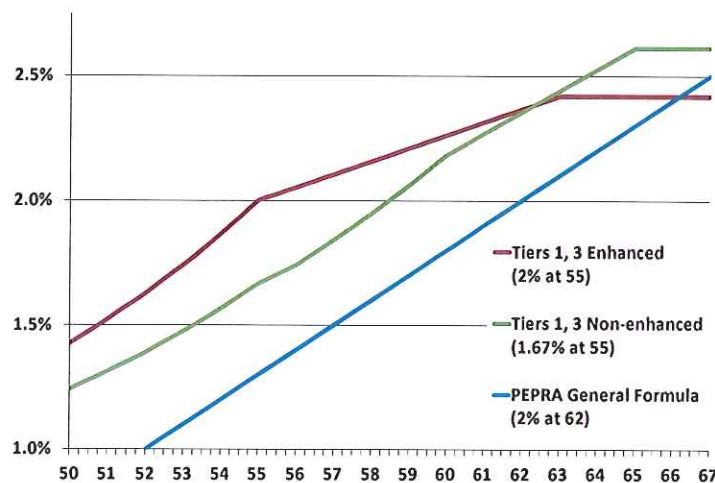
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New Required Retirement Formula For CCCERA General Members

- PEPPRA imposes new retirement formulas for new general members:
 - Retirement eligible after 5 years of service and upon reaching 52 years of age. No service retirement prior to age 52.
 - Minimum 1% at 52, 2.5% maximum at 67 formula required, unless a "less costly" plan with less "risk," as certified by the retirement system actuary, is already in place.
 - PEPPRA does not change previously adopted COLA provisions.
- (7522.20.)

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Current CCCERA and New PEPPRA General Formulas



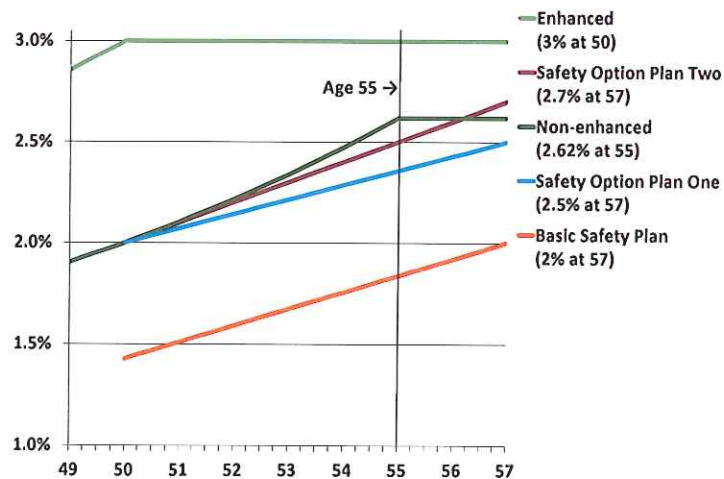
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New Required Retirement Formula For CCCERA Safety Members

- Retirement eligible after 5 years of service and upon reaching 50 years of age. No service retirement prior to age 50.
- Minimum 2% at age 50, maximum 2.7% at age 57 formula as prescribed by section 7522.25 as of January 1, 2013, unless a "less costly" plan, with less "risk," as certified by the retirement system actuary, is already in place.
 - Three formulas:
 - (1) The Basic Safety Plan (2% at age 57)
 - (2) The Safety Option Plan One (2.5% at age 57)
 - (3) The Safety Option Plan Two (2.7% at age 57)
- The formula offered "shall be the formula that is closest to, and provides a lower benefit at 55 years of age than, the formula provided to members in the same retirement classification offered by the employer on December 31, 2012." (7522.25(e).) (Emphasis added.) This is a mathematical computation.

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Current CCCERA and New PEPRA Safety Formulas



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New Required **Safety** PEPRA Tiers

- PEPRA does not address previously adopted COLA provisions.
- Lower safety tiers in PEPRA could be applied to new hires if agreed by collectively bargained MOU without impasse.
(7522.25(f).)
- Must be uniform as between represented and non-represented, managerial and supervisory employees of same employer in same membership classifications.
(7522.25(f)(4).)

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PEPRA Service-Connected Disability Benefit For **Safety** Members

- A current safety member of a public retirement system who retires for industrial disability shall receive an industrial disability retirement benefit equal to the greater of the following:
 - (1) Fifty percent of his or her final compensation attributable to the defined benefit plan, plus an annuity purchased with his or her accumulated contributions, if any.
 - (2) A service retirement allowance, if he or she is qualified for service retirement.
 - (3) An actuarially reduced factor, as determined by the actuary, for each quarter year that his or her service age is less than 50 years of age, multiplied by the number of years of safety service subject to the applicable formula, if he or she is not qualified for service retirement.

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This sunsets on January 1, 2018, unless later extended by statute.

(7522.66.)

Cap on “Pensionable Compensation” for All New Members

- “Pensionable compensation” and defined benefit are capped at 120% of the 1/1/2013 Social Security contribution and benefit base if the member’s service is not included in Social Security, and 100% if it is. The 2012 Social Security contribution and benefit base is \$110,100. It is unknown at this time what the 1/1/2013 Social Security contribution and benefit base will be.
- Note that, at CCCERA, Social Security benefits and CCCERA benefits are integrated, meaning that an offset is applied to decrease the CCCERA benefit amounts.
- “Pensionable compensation” cap will be indexed to inflation based on the CPI for All Urban Consumers, and that adjustment shall be effective annually on January 1 following the annual valuation.

(7522.10.)

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Limits on Total Benefits Provided for All New Members

- Public employers may not offer a defined benefit, or combination of defined benefits, on compensation in excess of the “pensionable compensation” cap.
- Public employers may provide a non-vested defined contribution plan for compensation in excess of the “pensionable compensation” cap provided that the plan and contribution meet the requirements and limits of federal law.

(7522.10.)

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Final Average Compensation Period

- Three-year final average compensation measuring period for all New Members.

(7522.32.)

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Contribution Rates for New Members

- "Equal sharing of normal costs between public employers and public employees shall be the standard. The standard shall be that employees pay at least 50% of normal costs and that employers not pay any of the required employee contributions." (7522.30(a).)
- If the terms of a contract between the employer and its public employees in effect on 1/1/13 would be impaired, then the equal sharing provision would not apply to that contract, until the expiration of the contract; If the contract is renewed, amended or otherwise extended, it must be subject to these new PEPRA equal sharing provisions. (7522.30(f).)

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“Pensionable Compensation” Definition for New Members

- Brand new term never before used in the laws governing CCCERA: “Pensionable Compensation”.
- Brand new definition of “pensionable compensation”: defined as the “normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class or employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules.”

(7522.34.)

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New Exclusions From “Pensionable Compensation” For New Members in the PEPRA Tiers

The new definition of pensionable compensation lists additional specific exclusions for new members.

- “Any compensation determined by the [retirement] board to have been paid to increase a member’s retirement benefit under that system.” (7522.34(c)(1).)
- Compensation previously paid in kind or directly to third party by employer, even if converted to cash. (7522.34(c)(2).)

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New Exclusions From “Pensionable Compensation” For **New** Members in the PEPRA Tiers

- Any one-time or ad hoc payments made to a member. (7522.34(c)(3).)
- Severance, even if received by the member while employed. (7522.34(c)(4).)
- Payments of any unused leave, regardless of when reported or paid. (7522.34(c)(5).)
- Payments for additional services rendered outside of normal working hours. (7522.34(c)(6).)
- Employer-provided allowances for uniforms, vehicles, housing, etc. (7522.34(c)(7).)

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New Exclusions From “Pensionable Compensation” For **New** Members in the PEPRA Tiers

- Any “bonus” paid in addition to normal monthly rate of pay of a member paid in cash to similarly situated members of the same group or class of employees for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules. (7522.34(c)(10).)
- “Any other form of compensation a public retirement board determines should not be pensionable compensation.” (7522.34(c)(12).)

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PEPRA Tiers Replacement Benefit Plan

- Existing Internal Revenue Code Section 415 replacement benefit plans for employees first hired prior to January 1, 2013 can continue to exist.
- No new plans may be adopted nor may any existing plan be provided to New Members.

(7522.43.)

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PEPRA For **Current** Members: No Retroactive Enhancement To Past Service

- Any enhancement to a public employee's retirement formula or benefit adopted on or after January 1, 2013, shall apply only to service performed on or after the operative date of the enhancement (no retroactive upgrades to past service credit).

(7522.44.)

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PEPRA For **Current** Members: Service Credit Purchases

- No purchases of “nonqualified service credit, as defined by Section 415(n)(3)(C) of the Internal Revenue Code of 1986.”
- Prohibition “shall not apply to an official application to purchase nonqualified service credit that is received by the public retirement system prior to January 1, 2013, that is subsequently approved by the system.”

(7522.46.)

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PEPRA – Limits On Post-Retirement Employment

- As to “any person who is receiving a pension benefit from a public retirement system” as of January 1, 2013 (“retired person”)
- A retired person shall not serve, be employed by, or be employed through a contract directly by, an employer in the same public retirement system from which the retiree receives the benefit without reinstatement from retirement

(7522.56.)

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PEPRA – Limits On Post-Retirement Employment

- Prohibition on post-retirement employment does not apply:
 - “during an emergency to prevent stoppage of public business”.
 - “because the retired employee has skills needed to perform work of limited duration”.

“Work of a limited duration” may not exceed 960 hours in a fiscal or calendar year, depending on the administrator of the system.

(7522.56(d).)

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PEPRA – Limits On Post-Retirement Employment

- 180 day (6-month) waiting period until re-employment unless:
 - Employer certifies necessity and governing body approves in public meeting (not consent calendar).
 - OR
 - Retiree is a public safety officer or firefighter.

The exceptions do not apply if the retiree accepted a retirement incentive upon retirement.

(7522.56(f) and (g).)

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PEPRA – Limits On Post-Retirement Employment

- 12-month waiting period if retired person received unemployment insurance compensation arising out of his or her prior employment with the public employer during the 12 months prior to appointment.
- Retiree “shall certify in writing to the employer upon accepting an offer of employment that he or she is in compliance with [the above] requirement.”

(7522.56(e).)

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PEPRA Forfeiture

- Expands existing forfeiture provisions resulting from felony convictions for “conduct arising out of or in the performance of his or her official duties, in pursuit of the office or appointment, or in connection with obtaining salary, disability retirement, service retirement, or other benefits”.
- One felony forfeiture provision applies to all public employees first employed by a public employer, or first elected or appointed to an office, before January 1, 2013, not just to those “elected to public office . . . on or after January 1, 2006,” which is the scope of the current forfeiture law.
- Another provision applies to public employees first employed by a public employer, or first elected or appointed to an office, on or after January 1, 2013.

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PEPRA For Employers: Prohibits Pension Holidays

- Requires continued payment of normal cost by employer, even when the system is overfunded, unless overfunding is 120% and other findings are made.

(7522.52.)

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Legislative Changes to the County Employees Retirement Law of 1937 (AB 340 and AB 197)

Presented by:

Contra Costa County Employees' Retirement Association

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The following presentation was developed as a discussion draft to communicate the statutory changes to the County Employees Retirement Law of 1937 enacted as AB 340 and AB 197. Every effort has been made to ensure the accuracy of the information provided; however, the information may be updated as we continue to analyze the legislation. If there is any discrepancy between what is contained in this presentation and the law, the law will govern.

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Legislative Changes to the County Employees Retirement Law of 1937 (AB 340 and AB 197)

In September 2012, the legislature passed and the Governor signed into law AB 340 and AB 197, legislation that amended the County Employees Retirement Law of 1937 ("CERL") or ("37 Act") (Government Code Sections 31450, *et seq.*)

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AB 340 addresses the following:

- The Retirement Board's determination of whether the compensation paid by the member's employer was paid to enhance retirement (Government Code Sec. 31542.)
- CERL employer reporting of compensation to CCCERA(31542.5)
- The Retirement Board's audit of employers and examination of employer records (31543.)
- Cost sharing for "legacy" employees (31631.; 31631.5.)

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AB 197 addresses the following:

Amended the CERL definition of “compensation earnable.” (31461.)

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AB 340 added Section 31542.5 to the Government Code:

- a) When a county or district reports compensation to the board, it shall identify the pay period in which the compensation was earned regardless of when it was reported or paid. Compensation shall be reported in accordance with Section 31461 and shall not exceed compensation earnable, as defined in Section 31461.
- b) The board may assess a county or district a reasonable amount to cover the cost of audit, adjustment, or correction, if it determines that a county or district knowingly failed to comply with subdivision (a). A county or district shall be found to have knowingly failed to comply with subdivision (a) if the board determines that either of the following applies:
 - 1) The county or district knew or should have known that the compensation reported was not compensation earnable, as defined in Section 31461.
 - 2) The county or district failed to identify the pay period in which compensation earnable was earned, as required by this section.
- c) A county or district shall not pass on to an employee any costs assessed pursuant to subdivision (b).

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AB 340 added Section 31543 to the Government Code:

The board may audit a county or district to determine the correctness of retirement benefits, reportable compensation, and enrollment in, and reinstatement to, the system. During an audit, the board may require a county or district to provide information, or make available for examination or copying at a specified time and place, books, papers, data, or records, including, but not limited to, personnel and payroll records, as deemed necessary by the board.

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AB 340 added Section 31631 to the Government Code:

- a) Notwithstanding any other law, a board of supervisors or the governing body of a district may, by resolution, ordinance, contract, or contract amendment under this chapter, without a change in benefits, require that members pay all or part of the contributions of a member or employer, or both, for any retirement benefits provided under this chapter. All of those payments are hereby designated as employee contributions. For members who are represented in a bargaining unit, the payment requirement shall be approved in a memorandum of understanding executed by the board of supervisors or the governing body of a district and the employee collective bargaining representative. The contributions shall be uniform either
 - 1) with respect to all members of a recognized bargaining unit or
 - 2) within each of the following classifications: local miscellaneous members, local police officers, local firefighters, county peace officers, and all local safety members other than local police officers, local firefighters, and county peace officers and classifications covered pursuant to Sections 7522.20 and 7522.25.
- b) Nothing in this section shall modify a board of supervisors' or the governing body of a district's authority under law as it existed on December 31, 2012, including any restrictions on that authority, to change the amount of member contributions.

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AB 340 added Section 31631.5 to the Government Code:

- a) (1) Notwithstanding any other provision of this chapter, a board of supervisors or the governing body of a district may require that members pay 50 percent of the normal cost of benefits. However, that contribution shall be no more than 14 percent above the applicable normal rate of contribution of members established pursuant to this article for local general members, no more than 33 percent above the applicable normal rate of contribution of members established pursuant to Article 6.8 (commencing with Section 21639) for local police officers, local firefighters, county peace officers, and no more than 37 percent above the applicable normal rate of contribution of members established pursuant to Article 6.8 (commencing with Section 31639) for all local safety members other than police officers, firefighters, and county peace officers.
- (2) Before implementing any change pursuant to this subdivision for any represented employees, the public employer shall complete the good faith bargaining process as required by law, including any impasse procedures requiring mediation and factfinding. This subdivision shall become operative on January 1, 2018. This subdivision shall not apply to any bargaining unit when the members of that unit are paying at least 50 percent of the normal cost of their pension benefit or are subject to an agreement reached pursuant to paragraph (1). Applicable normal rate of contribution of members means the statutorily authorized rate applicable to the member group as the statutes read on December 31, 2012.
- b) Nothing in this section shall modify a board of supervisors' or the governing body of a district's authority under law as it existed on December 31, 2012, including any restrictions on that authority, to change the amount of member contributions.

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AB 197 amended Section 31461 of the Government Code:

- a) "Compensation earnable" by a member means the average compensation as determined by the board, for the period under consideration upon the basis of the average number of days ordinarily worked by persons in the same grade or class of positions during the period, and at the same rate of pay. The computation for any absence shall be based on the compensation of the position held by the member at the beginning of the absence. Compensation, as defined in Section 31460, that has been deferred shall be deemed "compensation earnable" when earned, rather than when paid.
- b) "Compensation earnable" does not include, in any case, the following:
 - 1) Any compensation determined by the board to have been paid to enhance a member's retirement benefit under that system. That compensation may include:
 - A. Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member, and which was converted to and received by the member in the form of a cash payment in the final average salary period.
 - B. Any one-time or ad hoc payment made to a member, but not to all similarly situated members in the member's grade or class.
 - C. Any payment that is made solely due to the termination of the member's employment, but is received by the member while employed, except those payments that do not exceed what is earned and payable in each 12-month period during the final average salary period regardless of when reported or paid.

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AB 197 amended Section 31461 of the Government Code:

- 2) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, in an amount that exceeds that which may be earned and payable in each 12-month period during the final average salary period, regardless of when reported or paid.
 - 3) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.
 - 4) Payments made at the termination of employment, except those payments that do not exceed what is earned and payable in each 12-month period during the final average salary period, regardless of when reported or paid.
- c) The terms of subdivision (b) are intended to be consistent with and not in conflict with the holdings in *Salus v. San Diego County Employees Retirement Association* (2004) 117 Cal.App.4th 734 and *In re Retirement Cases* (2003) 110 Cal.App.4th 426.

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Contra Costa County Employees' Retirement Association

Summary of Pension Reform Provisions

This Summary is based on the provisions of the Public Employees' Pension Reform Act of 2013 (PEPRA) and amendments to the County Employees' Retirement Law of 1937 (CERL) enacted during the 2012 Legislative Session and effective January 1, 2013. This Summary is not intended to address all issues that could arise under the recent enactments.

Brief Summary	GOVT. CODE PROVISION	IMPACTS CURRENT MEMBERS	IMPACTS FUTURE MEMBERS												
<p>Reduced Benefit Formulas & Increased Retirement Ages</p> <p>Creates a new defined benefit formula of 2% at age 62 for all new non-safety employees with an early retirement age of 52 and a maximum benefit factor of 2.5% at age 67, and three new defined benefit formulas for safety public employees with a normal retirement age at 50 and a maximum retirement age at 57 as follows:</p> <table><tr><td></td><td>Normal Ret Age</td><td>Maximum Benefit Factor</td></tr><tr><td>Basic Formula</td><td>1.426% at Age 50</td><td>2% at Age 57 and older</td></tr><tr><td>Option Plan</td><td>1 2% at Age 50</td><td>2.5% at Age 57 and older</td></tr><tr><td>Option Plan</td><td>2 2% at Age 50</td><td>2.7% at Age 57 and older</td></tr></table> <p>Also requires the formula offered be the closest to the formula presently offered to the same classification and that provides a lower benefit at 55 years of age.</p> <p>Provides for retirement after 5 years of service (change from 10 years currently)</p> <p>Employers may offer one or more of the safety formulas to their safety employees. Future changes to lower benefit safety options that may be offered must be bargained for and may not be imposed on impasse.</p>		Normal Ret Age	Maximum Benefit Factor	Basic Formula	1.426% at Age 50	2% at Age 57 and older	Option Plan	1 2% at Age 50	2.5% at Age 57 and older	Option Plan	2 2% at Age 50	2.7% at Age 57 and older	<p>7522.10 7522.15 7522.20 7522.25</p>		<p>X</p>
	Normal Ret Age	Maximum Benefit Factor													
Basic Formula	1.426% at Age 50	2% at Age 57 and older													
Option Plan	1 2% at Age 50	2.5% at Age 57 and older													
Option Plan	2 2% at Age 50	2.7% at Age 57 and older													
<p>Cap Compensation that Counts Toward Pension Benefits</p> <p>Caps the annual salary that counts towards final compensation for all new employees, excluding judges, at \$110,100 (2012 Social Security Contribution and Benefit Base) for employees that participate in Social Security or \$132,120 (120% of the Contribution and Benefit Base) for those employees that do not participate in Social Security. This compensation cap adjusts annually based on the CPI for All Urban Consumers.</p>	<p>7522.10</p>		<p>X</p>												

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Brief Summary	GOVT. CODE PROVISION	IMPACTS CURRENT MEMBERS	IMPACTS FUTURE MEMBERS
Eliminate Replacement Benefit Plans Prohibits an employer from offering a plan of replacement benefits for new members whose retirement benefits are limited by IRC Section 415. Also prohibits an employer from offering a replacement benefit plan for any employee if the employer does not offer a plan of replacement benefits prior to January 1, 2013.	7522.43	¹	X
Federal Compensation Limit for Determining Retirement Benefits (1) Requires all public retirement systems in California to adhere to the federal compensation limit when calculating retirement benefits for new members; and (2) prohibits a public employer from making contributions to any qualified public retirement plan based on any portion of compensation that exceeds this limit.	7522.42		X
Enhanced Disability Benefits for Public Safety Allows a safety member, who qualifies for a disability retirement, to receive the greater of: 1) 50% of the member's final compensation plus an annuity purchased with his/her accumulated contributions, if any; 2) a service retirement, if the member qualifies for service retirement; or 3) an actuarially reduced retirement formula, as determined by the actuary, for each quarter year of service age less than age 50, if that amount would be higher than 50% of salary. Provision is in effect only until January 1, 2018, unless later amended.	7522.66	X	X

¹ Although this provision does not impact current members directly, it would prohibit public employers from first offering such a benefit or option to today's current members in the future.

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Brief Summary	GOVT. CODE PROVISION	IMPACTS CURRENT MEMBERS	IMPACTS FUTURE MEMBERS
Equal Sharing of Normal Cost² <ul style="list-style-type: none"> For new and current employees, "the standard shall be that employees pay at least 50% of the normal costs and that that employers not pay any of the required employee contribution." This general statement of intent is subject to specific provisions that follow. For new employees not entering into an existing MOU, the initial employee contribution rate may not be less than 50% of the total annual normal cost of pension benefits. Current MOUs providing for different cost sharing remain in place until expiration or amendment. Unrepresented employees shall contribute at the same rate as represented employees. Future increases in employee rates must be collectively bargained. 	7522.30	X	X
Limitation on Employee Normal Cost Contribution Rates <p>The 50% of normal cost contributions employers require of employees may not be greater than 14% over what general employees, and 33% over what safety employees, are currently paying under CERL.</p>	31631	X	X

² Most, but not all, CERL systems use "entry age normal" method for calculating "normal cost." New GASB regulations are likely to make this universal.

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Brief Summary	GOVT. CODE PROVISION	IMPACTS CURRENT MEMBERS	IMPACTS FUTURE MEMBERS
Employers May Bargain for Additional Contributions with Employees After January 1, 2018, Employers may negotiate with represented employees to increase employee contributions, which shall be uniform within bargaining units or classifications (e.g., general or safety.)	31631.5	X	X
Equal Health Benefits and Health Benefit Vesting Schedule for Non-Represented and Represented Employees Eliminates the ability of an employer to provide better health benefits or a better health benefit vesting schedule to non-represented employees than it does for represented employees.	7522.40	X	X
Prohibit Replacement Benefit Plans Prohibits employers from offering replacement benefit plans providing benefits in excess of IRC 415 limits.	7522.43		X
Require Three-Year Final Compensation Requires that final compensation for <i>new</i> employees of all California public agencies be defined as the highest average annual final compensation during a consecutive 36 month period, subject to the cap. Also would prohibit a public employer in the future from modifying a benefit plan to provide a final compensation period of less than a three year period for <i>current</i> employees.	7522.32	³	X

³ Although this provision does not impact current members directly, it would prohibit public employers from offering a more advantageous final average compensation period to today's current members in the future.

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Brief Summary	GOVT. CODE PROVISION	IMPACTS CURRENT MEMBERS	IMPACTS FUTURE MEMBERS
<p>Calculate Benefits Based on Regular or Base Pay: New Employees</p> <p>Requires that pensionable compensation for all new employees be defined as the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group for services rendered on a full-time basis during normal working hours, pursuant to a publicly available pay schedule. Would also exclude all bonuses, overtime, pay for additional services outside normal working hours, cash payouts for unused leave (vacation, annual, sick leave, CTO, etc.), severance pay and various other types of pay as specified (including cash payments for benefits previously provided in-kind, one-time or ad hoc payments.)</p> <p>Also excludes any compensation determined by the retirement board to have been paid to increase a member's retirement benefit and any other form of compensation determined to be inconsistent with the statutory definition.</p> <p>Unrepresented employees treated the same as represented employees.</p>	7522.34		X
<p>Calculate Benefits Based on Regular or Base Pay: Current Members</p> <p>Pensionable compensation shall not include any compensation determined by the retirement board to have been paid to enhance a member's retirement benefit, including any in-kind benefits converted to cash in the final average salary period, any one-time or ad hoc payments, payments made solely due to termination of employment (except to extent earned and payable in each twelve month period in the final average salary period), unused leave time (except to extent earned and payable in each twelve month period in the final average salary period), overtime, or termination pay (except to extent earned and payable in each twelve month period in the final average salary period.)</p>	31461	X	X

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Brief Summary		GOVT. CODE PROVISION	IMPACTS CURRENT MEMBERS	IMPACTS FUTURE MEMBERS
Prohibit Purchases of Airtime				
Eliminates the ability of any public employee to purchase nonqualified service or "airtime," unless an official application was received by the system prior to January 1, 2013.		7522.46	X	X
Prohibit Retroactive Pension Increases				
Prohibits public employers from granting retroactive pension benefit enhancements that would apply to service performed prior to the date of the enhancement.		7522.44	X	X
Prohibit Pension Holiday				
Requires the combined employer and employee contributions, in any fiscal year, to cover that year's normal cost (with limited future exceptions.)		7522.52	X	X
Felons Forfeit Pension Benefits				
Requires both current and future public officials and employees to forfeit certain specified pension and related benefits if they are convicted of a felony in carrying out their official duties, in seeking an elected office or appointment, or in connection with obtaining salary or pension benefits, subject to certain requirements.		7522.70 7522.72 7522.74	X	X

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This Summary is based on the provisions of the Public Employees' Pension Reform Act of 2013 (PEPRA) and amendments to the County Employees' Retirement Law of 1937 (CERL) enacted during the 2012 Legislative Session and effective January 1, 2013. This Summary is not intended to address all issues that could arise under the recent enactments.

Brief Summary	GOVT. CODE PROVISION	IMPACTS CURRENT MEMBERS	IMPACTS FUTURE MEMBERS
Retirement Board to Establish Procedures to Make Pay Determinations Retirement board shall establish procedures for assessing whether elements of compensation were paid to enhance a member's retirement benefit. If determine element was paid for that purpose, member may contest; board has final authority to decide, subject to judicial review initiated by either member or employer.	31542	X	X
Retirement Board to Audit Employer Pay Practices; Right to Assess Fee Retirement board may audit employers to determine correctness of benefits, reported compensation, enrollment and reinstatement of employees in the system. Employers must identify pay period for each employee in which elements of compensation are earned, regardless of when paid. Board may assess employers costs of audit and adjustments if inadequate employer reporting.	31543 31542.5	X	X
Limits Post-Retirement Public Employment – Non-Safety Employees Only <ul style="list-style-type: none"> Limits general employees who retire from public service from working more than 960 hours or 120 days per year for any public employer in the same public retirement system without reinstating from retirement. Requires a 180-day "sit-out" period before a retiree could return to work without reinstating from retirement except under certain circumstances. Requires a 180-day "sit-out" period for retirees who received either a golden handshake or some other employer incentive to retire. 	7522.56	X	X