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**Retirement
Benefits
Administration**

5.1-1 General Information

Generally speaking, membership is mandatory for all permanent employees for all the CERL systems.

Not all systems include permanent part-time employees in retirement system membership, and the retirement board in its regulations may exclude temporary, seasonal and intermittent employees from its membership.

Systems established pursuant to the CERL (with the noted exception of LACERA's General Plan F and Safety Plan F), offer defined benefit plans.

Under a **defined benefit plan**, the sponsoring governmental entity undertakes to provide a stipulated set of benefits, as articulated in a benefit formula, to employees who meet certain age and service requirements.

5.1-2 General Information

Benefits provided include: service retirement, non service-connected disability retirement and service-connected disability retirement; active and retired member death and survivor's benefits; and funded and/or ad hoc cost-of-living adjustments.

Benefits provided are expressed as a percentage of the employee's final compensation during a one-year or three-year consecutive period in which earnings were at their highest. This is described as a final average salary formula. The period length is made part of the plan provisions and is set by resolution of the board of supervisors.

Some systems under the CERL are integrated with Social Security. The combination provides not only a retirement allowance from the county retirement system, but also Social Security benefits upon meeting certain criteria and minimum quarters of coverage. The combination of retirement incomes from both systems is designed to provide a replacement percentage of pre-retirement income.

Overall Benefit Level

Service retirement formulas are commonly referred to according to the section in CERL in which they are described. E.g. Sections 31676.1; 31676.11; 31676.12; 31676.13; 31676.14; 31676.15, or formulas pertaining to the sections such as “2% at 55”; for general members. Safety sections are 31664; 31664.1; 31664.2, or formulas pertaining to the sections such as “3% at 50”. Percentages are based on age at retirement and increase with each quarter of a year up to a maximum benefit level. It happens that for the general member formulas, the higher the decimal number of the code section, the higher the overall percentage of final compensation payable per quarter year of service retirement.

Maximum Benefit Level

Percentages of final compensation provided within each benefit formula are higher at increments of quarter-years of age requirement, until reaching an age at which the percentage is maximized (age 62 or 65 for general members; age 50 or 55 for safety members).

5.2-2 Service Retirement Benefits

Each county retirement system adopts the benefit formula(s) approved by the board of supervisors. That formula remains in effect for new members until another benefit formula is adopted. The terms of a retirement plan cannot be changed with respect to present members unless the change is necessary to protect the integrity of the system or is accompanied by comparable new advantages to the members.

The boards of supervisors of most counties have adopted at least two or three formulas for their existing general memberships.

Refer to your plan documents, such as the CAFR, or consult with your Executive Director for the benefit formulas adopted by your system.

5.3-1 Disability Retirement Benefits

One purpose of the CERL is to recognize a public obligation to employees who become incapacitated and are no longer able to work due to advanced age or longevity of service; and to provide a means by which public employees who become incapacitated may be replaced without prejudice and without inflicting a hardship upon the employees removed from service.

To promote this objective, the CERL provides for disability retirement when either general or safety employees are permanently incapacitated by injury or disease. There are two kinds of disability retirement:

1) nonservice-connected disability,

and

2) service-connected disability.

(Article 10. Disability Retirement, Sections 31720-31683)

5.3-2 Disability Retirement Benefits

Eligibility for disability benefits is usually first determined by your staff. However, plan participants typically have access to an appeal process that may ultimately put disability decisions before you and the other trustees. For trustees, reaching fair and equitable decisions in such cases can be difficult. The manner in which these cases is handled, who presents information about them, in what setting, and the privacy issues surrounding medical records, are just a few of the challenges that may confront you as a trustee.

Disability benefit issues often require more of your attention than you think. Familiarize yourself with your plan's disability standards and formal process.

Service-Connected Disability

There is no age or service requirement for service-connected disability retirement.

A member must prove, with a preponderance of the evidence, that he/she has a permanent disability that renders him/her incapable of performing the substantial portion of his/her duties as listed in the position class specification for which he/she was employed and that the disability is a result of injury or disease arising out of and in the course of the member's employment and that such employment contributed substantially to such incapacity.

Generally, the service-connected disability monthly allowance amount is equal to one-half of the member's average final compensation. However, if a member's allowance would have been higher had they retired for regular service, the benefit will be equal to the service retirement allowance.

The retirement systems may consider up to one-half of final compensation as non-taxable income as the benefit is based on the same nature as a workmen's compensation benefit.

5.3-4 Disability Retirement Benefits

Nonservice-Connected Disability

Pursuant to section 31727, the normal benefit for general members is the product of 1.5 percent of final compensation multiplied by the number of years of credit service, if the product is equal to or greater than one-third of final compensation. If the product is less than one-third of final compensation, the normal benefit is the product of 1.5 percent of final compensation multiplied by the number of years which would be creditable to the member were his/her service to continue until attainment of age 65, but in such case the allowance may not exceed one-third of final compensation. For safety members, the 1.5 percent referred to above is 1.8 percent, and the age is 55 instead is 65.

For section 31727.7, the normal benefit is in accordance with a graduated scale corresponding to the number of years of credited service.

5.4-1 Cost-of-Living Provisions

Various post-retirement adjustments are provided under the CERL. In general, these provide for an annual adjustment in retirement allowance for retired members and future retired members and beneficiaries, equal to the change in the Consumer Price Index (CPI). These changes may not exceed a fixed percentage established by the county board of supervisors for the area in which the county seat is situated. If the index is in excess of this fixed percentage, the excess is accumulated and applied to future adjustments. Under no circumstances may the allowance be reduced below that initially paid to the retiree on the effective day of retirement.

(Article 16.5 Cost-of Living Adjustment, sections 31870-31874.6; Article 16.6, section 31681.8 Cost-of-Living Payments; adoption of section; section 31739.5 Cost-of Living payments; applicability of provisions)

5.5-1 Survivor's Benefits

Upon the death of a member while an active employee or as a retiree, certain benefits may become payable to a surviving spouse or minor children or to whomever may be designated beneficiary. These benefits may be in the form of a lump sum payment or continuing periodic payment or both. Lifetime continuing payments are calculated as a percentage of the member's final compensation.

5.6-1 Reciprocity

Reciprocal retirement benefits are provided to members who are entitled to retirement rights and benefits from two or more retirement systems established pursuant to the CERL and the Public Employees' Retirement System. This is to encourage career public service.

Essentially, reciprocity allows members portability and enables them to preserve and enhance their total system benefits. Generally, the member's contribution rate will be based on the age of entry into the first system, thereby giving the member a rate advantage. The service credit earned in one system may be used to meet the minimum requirements for vesting and/or retirement eligibility in another system. And, the highest final compensation will be used by both systems to compute the benefit allowance.

Refer to your system's Member Handbook, web-site, and/or other appropriate documentation for more information on all areas of benefits.