

Public Agency & Schools Reference Guide

February 2018

California Public Employees' Retirement System



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The information provided in this publication is for your convenience and reference as a general guide only and cannot be relied upon as an authoritative source for the law, practices, or policies of CalPERS. While CalPERS tries to include only accurate, timely and complete information in its publications, summaries, guidelines and other advisory printed materials, sometimes information provided in printed materials may be or become inaccurate, untimely, incomplete, unclear or misleading. In all instances, the law then in effect, not this publication, controls the application of the Public Employees' Retirement Law. It is the reader's responsibility to independently verify the accuracy of the information contained in this publication before engaging in a course of action.

Introduction

This Guide is designed to help you in your preparation of information for CalPERS.

The Guide is divided into the following sections:

- Contract Coverage
- Membership
- Compensation Review
- Payroll Reporting
- Benefits
- Web Services and Publications
- Education and Other Resources
- Appendix

These eight sections cover the main areas of CalPERS operation. Subjects covered within each section are outlined in the table of contents. Forms unavailable in the **Appendix** are available in [Forms & Publications](#) on the CalPERS website for your reference.

We encourage you to share this information with your agency's representatives who are responsible for enrolling employees into CalPERS membership or conveying benefit information to staff.

Updates to This Guide

Since this Guide is being distributed via the CalPERS website only, updates will be provided in the same way. Each section will have a revision date to ensure you are using the most current information available. Please select the Policies & Procedures tab on the [CalPERS website](#) to view the Reference & Health Guides page for a list of revision dates. Expand each of the revision histories at the bottom of the page by selecting the desired guide name.

Guide Coordinator Responsibilities

Use the Guide on the CalPERS website as your resource to answer questions. Please call the CalPERS Customer Contact Center at **888 CalPERS** (or 888-225-7377) if you need additional assistance.

Confidentiality of Member Data

For the member's protection, each employee involved with CalPERS reporting should be aware of Government Code section 20230, which states: "Data filed by any member or

beneficiary with the Board is confidential, and no individual record shall be divulged by any official or employee having access to it to any person other than the member to whom the information relates or his authorized representative, the contracting agency or school district by which he is employed, any state department or agency, or the university. Such information shall be used by the Board for the sole purpose of carrying into effect the provisions of this part. Any information which is requested for retirement purposes by any public agency shall be treated as confidential by such agency".

my|CalPERS Member Self-Service

my|CalPERS provides members access to their real-time account information. This enhancement allows members to see the information submitted on their behalf by their employers, including appointment, payroll, and service credit information.

Therefore, it is critical to stay current with information reported to CalPERS on behalf of your employees. Employer accuracy and promptness will alleviate future concerns or questions members may have with their CalPERS account and the information provided by your agency.

Employers are expected to be knowledgeable of all areas covered in the Guide, as well as in Circular Letters and other standard CalPERS publications. If you encounter an unusual situation not addressed in any of these forums we would strongly urge you to contact us in advance for advice about such situations, so that we can review the facts and advise you appropriately.

Headquarters Office Location

California Public Employees' Retirement System
400 Q Street
Sacramento, CA 95811
(916) 795-3000

Mailing Address and Fax Number

California Public Employees' Retirement System
P.O. Box 942715
Sacramento, CA 94229-2715
Fax: 800-959-6545

TDD (Speech and Hearing Impaired)
(877) 249-7442
California Relay Service –
Telecommunications Device for the Deaf
(800) 735-2929

CalPERS Customer Contact Center
888 CalPERS (or 888-225-7377)

The CalPERS Customer Contact Center acts as a single point of contact for employers and members.

Employer Information

- Actuarial services
- CalPERS Education Center enrollment
- Communication services
- Compensation review
- Constituent services
- Emergency retirements
- Employer contracts
- Employer education
- Health enrollment transactions
- Health plan eligibility
- Initiate employer contract amendments
- Payroll discrepancies
- Payroll file transfer
- Payroll reporting information
- Process death reports
- Public agency health billing
- Reciprocity information
- Requests for forms & publications
- Retirement application status
- Retirement eligibility
- Social Security Number discrepancies
- Update employer contacts

Member Information

- Address changes
- Changing beneficiaries
- Community property information
- Cost-of-living adjustments (COLAs)
- Direct deposit of monthly benefit payment
- Monthly retirement warrants
- Post-retirement death notifications
- Replacement of lost or stolen checks
- Retirement eligibility and payment
- Survivor and beneficiary information
- Tax withholding changes

- Working after retirement
- Health plan eligibility and enrollment
- Annual Member Statements
- Contribution adjustments
- First-tier and second-tier benefits
- Pension compensation review
- Pre-retirement death benefits
- Reciprocity refund information
- Service credit information
- Service or disability retirement
- Emergency retirements

CalPERS Regional Offices**AREAS OF SERVICE**

- Public information counters
- Retirement counseling
- Order retirement estimates

CalPERS Regional Office locations and hours can be found online at [Headquarters & Regional Offices - CalPERS](#).

About Service Retirement

Service retirement is a lifetime benefit that is derived from key employment information you provide. Your employee may apply for a service retirement when they have five years of CalPERS service and meet the age requirement. If they were hired **prior to** January 1, 2013 they must be age 50. If they were hired **on or after** January 1, 2013, they must be at least age 52.

When an employee retires, their lifetime retirement benefit is calculated using a formula that includes years of service credit, age at retirement, and final compensation. Final compensation is their highest average full-time monthly pay rate for a 1-year or 3-year period based on the employer contract or collective bargaining unit agreement. It is critical that service credit and final compensation be reported correctly to ensure the employee retires without delay and receives the correct retirement allowance.

While there are many variables in figuring your service retirement benefits, the basic formula is:

$$\begin{array}{r}
 \textbf{Service Credit (years)} \\
 \times \\
 \textbf{Benefit Factor (percent per year)} \\
 \times \\
 \textbf{Final Compensation (monthly, dollars)} \\
 = \\
 \textbf{Unmodified Allowance (pension)}
 \end{array}$$

A member's retirement benefit formula is based on their membership category, which is determined by the employer, classification (miscellaneous, safety, industrial, or peace officer/firefighter) and specific provisions outlined in each agency's contract with CalPERS.

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Contract Coverage Procedures

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Public Agency Contract Information

In order to contract for retirement benefits with CalPERS, an employer must be an agency or instrumentality of a State or a political subdivision of a State, under Internal Revenue Code (IRC) section 414(d), and meet the definition of a Public Agency as defined by the California Public Employees' Retirement Law (PERL) which states:

Pursuant to Government Code (G.C.) section 20056, "Public agency" means any city, county, district, other local authority or public body of or within this state.

Retirement benefits can be provided for two general categories, miscellaneous and safety. Contracts vary depending upon the:

- member categories covered
- formula the agency elects to provide
- optional benefit provisions selected

These optional benefits may be provided at the time the original contract is established or they may be added later through the contract amendment process (see Amendments and Valuation Requests).

Public agencies may include various contract options in their retirement plan or plans. You may have a miscellaneous plan for employees, who are not in a hazardous occupation, and one or more safety plans for police, firefighters, peace officers, and other safety employees.

Statutes stipulate certain components be incorporated in the public agency plans; others are optional.

The following Government Code benefits are mandated for all public agencies:

- Section 21620 (\$500 Retired Death Benefit)
- Section 21329 (2% Cost of Living (COLA))
- Section 20037 (Three-Year Final Compensation)
- Section 21551 (Continuation of Pre-Retirement Death Benefits After Remarriage of Survivor)

Government Code Sections 20840, 20841, and 20842 authorize the CalPERS' Board to create risk pools for public agencies and mandate participation for all plans with less than 100 active members.

Beginning July 1, 2005, plans with less than 100 active members will be mandated into risk pools. Government Code Section 20840(e) requires that each pool contain certain benefits:

- Section 20965 (Credit for Unused Sick Leave)
- Section 21022 (Public Service Credit for Periods of Layoffs)
- Section 21023.5 (Public Service Credit for Peace Corps or AmeriCorps: VISTA Service)
- Section 21024 (Military Service Credit as Public Service)
- Section 21026 (Public Service Credit for Service Rendered to a Nonprofit Corporation)
- Section 21027 (Military Service Credit for Retired Persons)
- Section 21536 (Local System Service Credit Included in Basic Death Benefit) – only applicable when public agency transfers its Local Retirement System
- Section 21548 (Pre-Retirement Option 2W Death Benefit)

Prospective contracting agencies must determine the amount of the lump sum death benefit and Cost of Living Adjustment (COLA) for retired members; and the level of benefits to provide to survivors of employees not covered by Social Security.

In addition to the mandated benefits listed above, agencies have the choice of Optional Benefits which can be located in The [Optional Benefits Listing](#) (PERS-CON-40). The PERS-CON-40 contains all of the benefits a public agency can contract for and is available on the CalPERS website at www.calpers.ca.gov.

Through my|CalPERS (CalPERS' computer application), your agency has immediate access to all of its current contract information.

Initiate New Contract

To initiate the contract process, you are required to complete the initial [Applicant Questionnaire](#) to assist CalPERS in the first of two phases of the application process (see [Circular Letter 200-022-13](#)). The information received will aid CalPERS in determining your agency's eligibility under IRC section 414(d) and the Public

Employees' Retirement Law (PERL), to participate in the CalPERS retirement program.

Your agency must be a public agency as defined by California Public Employees' Retirement Law (PERL). Defined public agencies include: city, county, town or special district. Refer to [PERL Code](#) Sections 20056 and 20057 for a complete description.

If you're unsure whether your agency meets the criteria, you should contact our Customer Contact Center at **888 CalPERS** (or **888-225-7377**).

Agencies that meet contracting requirements must initiate the contract process by contacting their Retirement Contract Analyst to request a new agency packet. The packet includes an Agency Questionnaire, Optional Benefits Listing, Summary of Major Provisions, and copies of applicable benefit booklets and publications.

Depending upon the complexity of your contract, the entire process can take 12 months to complete. If your agency chooses to pursue contracting with CalPERS, you must complete and provide timely Applicant Questionnaire responses, including supporting documentation, along with the Employer Certification. CalPERS cannot continue processing the contract request until the Public Agency's first phase of the application documents is completed.

The retirement contract process includes (but is not limited to):

- Confirmation/validation of questionnaire information
- Determination of contract provisions and benefits
- An actuarial valuation
- Review of required documents
- Establishing contract effective date

As you near the end of the contracting process, a CalPERS Representative will contact you to schedule training.

If a unit of your agency has evolved into a separate entity independent from the CalPERS reporting employer, please contact our Customer Contact Center at **888 CalPERS** (or **888-225-7377**) for more information.

Amendments and Valuation Requests

You may request a contract amendment, actuarial valuation or to terminate a contract using my|CalPERS. The required documents and associated contracts will be uploaded to the system to automatically begin the process.

You may also research in my|CalPERS the:

- contract change status
- current phase of the contract amendment process
- contract elements under review
- request for additional information
- approval of the contract amendment
- contract amendment activation date

For additional information visit the CalPERS website at www.calpers.ca.gov or contact the CalPERS Customer Contact Center at **888 CalPERS** (or **888-225-7377**).

The [Optional Benefits Listing](#) (PERS-CON-40) contains all of the benefits your agency can contract for and is available on the CalPERS website at www.calpers.ca.gov.

Additionally, you may request multiple valuations and confirm your intent to pay for the valuation using my|CalPERS. A notification will be sent electronically when the valuation is ready to view online. Please note that CalPERS must receive payment before the valuation request can be processed.

Public Employees' Pension Reform Act of 2013 (PEPRA)

Public employers will be prohibited from granting retroactive pension benefit enhancements that apply to service performed prior to the effective date of the retirement contract amendment (G.C. section 7522.44).

PEPRA G.C. section 7522.02 reduces benefit formulas and increases retirement age provisions and G.C. section 7522.15 creates new defined benefit formulas for all new miscellaneous (non-safety) and safety members on and after January 1, 2013.

NOTE:

Please see the Membership chapter of this Guide for the definition of a new member under PEPRA.

For new safety members, G.C. section 7522.25 the law provides for three possible retirement formulas and requires that new safety members be provided with the new formula that is closest to the formula offered to classic members of the same classification, and provides a lower benefit at 55 years of age than the formula offered to classic members. The three new defined benefit formulas for new safety members include an early retirement age of 50 and a maximum benefit factor at age 57.

For all new miscellaneous members, G.C. section 7522.20 states that the new defined benefit formula is 2% at age 62; with an early retirement age of 52 and a maximum benefit formula of 2.5% at age 67.

The new formulas will be implemented in my|CalPERS and took effect on January 1, 2013. Effective December 31, 2012, legislatively mandated formulas and provisions were merged with your agency's existing optional provisions, with some exceptions, to create the new benefit groups.

Resolutions

In my|CalPERS, you can upload and submit resolutions online. Sample resolutions are available on the CalPERS website, such as Employer Paid Member Contributions or Tax Deferred Member Contributions. These on-line resolutions, located under [Forms & Publications](#), are available for your downloading, completing, and obtaining your governing body's retirement contracting approval. Once the signed resolutions are submitted electronically via my|CalPERS, my|CalPERS will confirm receipt by displaying the status.

Risk Pooling (G.C. Sections 20840, 20841 and 20842)

Risk pooling is the process of combining assets and liabilities across employers to produce large risk sharing pools. Most CalPERS employers are in a "risk pool". These risk pools help reduce or eliminate the large fluctuations in the employer's contribution rate caused by unexpected demographic events.

The CalPERS Board is authorized to create risk pools for public agencies and mandate participation for all plans with less than 100

active members. Your agency will be assigned to risk pools based on your service retirement formula and member category. An agency may have more than one risk pool in its plan. G.C. section 20840(e) requires that each pool contain certain benefits; however, agencies can amend their contracts for optional benefits.

For additional information visit the CalPERS website at www.calpers.ca.gov or contact the CalPERS Customer Contact Center at **888 CalPERS** (or 888-225-7377).

Contract Details

Your agency's retirement contract information may be accessed via my|CalPERS at any time. Access to my|CalPERS will be granted by your agency's System Access Administrator.

To review your agency's contract in my|CalPERS, select the Profile global navigation tab, then the Retirement Contract local navigation tab. The Business Partner Retirement Contract Report will include:

- member categories
- benefit formulas
- final compensation
- cost of living adjustments
- employer and employee contribution rates
- whether in a risk pool
- resolutions on file

NOTE:

Any questions regarding establishing a contract or requesting an amendment should be directed to the CalPERS Customer Contact Center at **888 CalPERS** (or 888-225-7377) or visit the CalPERS website at www.calpers.ca.gov

Employee Cost Sharing

G.C. section 20516 (Employees Sharing Additional Cost) permits employees to share a portion of their employer's pension cost. There are two methods: Amendment Method and Memorandum of Understanding (outside CalPERS).

Amendment Method:

The employer and employees have agreed in writing to share additional cost. The agreement must be reviewed and approved by CalPERS before any agency may proceed with the amendment.

The increased member contributions will be credited to each member's account as normal contributions and will be refundable to members who separate from CalPERS covered employment and elect to withdraw their contributions.

If an employer adopts an IRC section 414(h) (2) resolution, the members contributions (including the cost sharing portion) are tax deferred.

NOTE:

Please contact the Internal Revenue Service (IRS) regarding any questions involving tax consequences related to this method of cost sharing at **800-829-4059** or visit the IRS website at www.irs.gov

County School Coverage

The County Superintendents of Schools were mandated into the California Public Employees' Retirement System (CalPERS), effective July 1, 1949, by the State (G.C. section 20063) to provide for classified positions. Retirement coverage of CalPERS school members is uniform throughout the State with the exception of those County Superintendents of Schools who have contracted for Two Years Additional Service Credit (G.C. section 20904; see Optional Contract Provisions for County Schools).

The following provisions are mandated benefits provided to school members (classified) by legislation:

Military Service Credit (G.C. section 20997)

If a member was granted a military leave of absence under G.C. section 20990, entered the military within 90 days of leaving the agency and returned within 6 months of his/her discharge, the agency will pay all the contributions for the absence.

1959 Survivor Benefits (G.C. section 21574.7)

Members covered by the 1959 Survivor Benefit are not covered by Social Security. This benefit consists of a monthly allowance payable to eligible family members if the member's death occurs during employment.

Sick Leave Credit (G.C. section 20963)

Pursuant to G.C. section 20963.5, G.C. section 20963 shall apply to school members who retire on or after January 1, 1999, and will receive additional service credit at the rate of 0.004 years for each day of unused sick leave.

Sick Leave Credit – School Safety Members (G.C. section 20963.5)

Service credit for unused sick leave is not applicable to school safety members employed on July 1, 1980, and who retired prior to January 1, 1999. Credit for unused sick leave may apply to school safety members who retire after January 1, 1999. At retirement, each school safety member will receive 0.004 years of service credit for each day of unused sick leave.

Retired Death Benefit (G.C. section 21623)

This section provides that the death benefit paid to beneficiaries of retired members will be \$2,000.

Post-Retirement Survivor Allowance (G.C. sections 21629 and 21630)

The Post-Retirement Survivor Allowance benefit provides that upon the death of a member after retirement for service or disability, an allowance shall be continued to the surviving spouse/domestic partner.

For service retirement, the surviving spouse/domestic partner must be married/registered to the member for one year prior to the member's retirement and be married continuously to the date of the retired member's death.

For disability retirement, there is no marriage vesting requirement. The surviving spouse/domestic partner who was married/registered to the member on the date of their retirement and continuously to the date of the member's death is entitled to this benefit.

Natural or adopted unmarried children under age 18 are eligible if the member has no eligible spouse. The children will receive this monthly benefit until their marriage or age 18. An unmarried child who was disabled prior to age 18 and whose disability has continued, without interruption, will receive this benefit until the disability ends or until their marriage. Qualifying dependent parents are eligible if the member has no eligible spouse or eligible children.

Final Compensation (G.C. section 20035.5)

Final Compensation is the highest annual compensation earned by the school member during a consecutive 12-month period of employment immediately preceding the effective date of their retirement or any other highest paid consecutive 12-month period of CalPERS covered employment.

NOTE:

The Public Employees' Pension Reform Act of 2013 (PEPRA) that took effect on January 1, 2013 implemented a 3-year final compensation period for school employees that meet the definition of a new member under PEPRA.

Reduced Workload Program – Certificated and Academic Employees (G.C. section 20900)

A member participating in the Reduced Workload Program will reduce his or her time base from full-time to part-time. While employed part-time the member shall receive the service credit that he or she would have earned if he or she was employed on a full-time basis, provided the member and his or her employer both elect to contribute to CalPERS the amount that would have been contributed if the member was employed on a full-time basis.

Employer personnel departments, in conjunction with CalPERS administrative staff, are responsible for the administration of the Reduced Workload Program and requirement to verify the eligibility of the applicant for the program. In order to be eligible to participate in the Reduced Workload Program, members must meet each of the following criteria:

1. A) Be a certificated employee of a school district; or
B) Be an academic employee of a community college district; *and*
2. Employee must be subject to the criteria provided in Education Code 44922, 87483, or 89516 of the Education Code;
3. Must not be older than 70 years of age;
4. Their appointment under the Reduced Workload Program is limited to a period of five years of part-time service.

The employer shall maintain the necessary records to separately identify each employee receiving credit pursuant to G.C. 20900.

CalPERS members and employers must complete the [Reduced Workload Program Eligibility and Election Certification form](#) and submit this form to CalPERS. This form can be downloaded from the CalPERS website under forms and publications.

Refer to the Payroll Reporting section for additional requirements and instructions on how to report payroll for employees in the Reduced Workload Program.

Reduced Workload Program – Classified Employees (G.C. section 20905)

A member participating in the Reduced Workload program will reduce his or her time base from full-time to part-time. While employed part-time the member shall receive the service credit that

he or she would have earned if he or she was employed on a full-time basis, provided the member and his or her employer both elect to contribute to CalPERS the amount that would have been contributed if the member was employed on a full-time basis.

Employer personnel departments, in conjunction with CalPERS administrative staff, are responsible for the administration of the Reduced Workload Program. In order to be eligible to participate in the Reduced Workload Program, members must meet each of the following criteria:

1. A) Be a classified employee of a school employer; or
B) Be a classified employee of a community college; and
2. Employee must be subject to the criteria provided in Sections 45139 and 88038 of the Education Code.

The employer shall maintain the necessary records to separately identify each employee receiving credit pursuant to G.C. 20900.

CalPERS members and employers must complete the [Reduced Workload Program Eligibility and Election Certification form](#) and submit this form to CalPERS. This form can be downloaded from the CalPERS website under forms and publications.

Refer to the Payroll Reporting section for additional requirements and instructions on how to report payroll for employees in the Reduced Workload Program.

Optional Contract Provisions for County Schools

The following provisions are optional benefits that county schools may contract for:

Optional Membership for Part-Time Employees (G.C. section 20325)

Regular part-time employees who are excluded from CalPERS membership because they work less than an average of 20 hours per week (pursuant to G.C. section 20305) may individually elect to become members if a County Superintendent of Schools, a school district, or a community college district adopts a resolution and transmits it through the County Superintendent of Schools to the CalPERS Board. The resolution will not be effective until received by CalPERS. A sample resolution may be obtained from CalPERS upon request.

Compulsory Social Security coverage will result for regular part-time employees regardless of whether they elect to join CalPERS.

Individuals who elect membership will have the same contribution rate as other employees in the same member classification. Individuals may exercise their membership election rights anytime while in employment. Individuals who become members may purchase previously excluded part-time service.

Employer Cost: School districts subject to this benefit must pay Social Security contributions for their part-time employees in addition to CalPERS contributions (if the member elects to join CalPERS).

Member Cost: See description above.

School Police as "School Safety Members" (G.C. Section 20444)

A school district or community college district which has a police department, pursuant to Education Code Section 39670 or 72330, may enter into a contract with CalPERS to reclassify those employees whose principal duties consist of active law enforcement as a "school safety member." G.C. section 7522.44(b) (Prohibition on Retroactive Benefits Increases) only allows a change to a member's retirement membership classification to be handled prospectively. Therefore, the reclassification of active school police to become safety members is prospective only.

Adoption of this provision will require the district to join a risk pool as a contracting agency with a higher safety benefit formula factor than the schedule for the miscellaneous formula. Districts may also provide any of the optional benefits listed which are available to "local safety members."

To initiate the process to enter into a contract, refer to the New Contracts section available on the [CalPERS website](#).

Employer Cost: Valuation required.

Member Cost: The employee contribution rate will be at least 50% of the normal cost. Members subject to a safety formula other than the 2% @ 57, 2.5% @ 57, or 2.7% @ 57 formula, will have the right to elect to remain subject to the miscellaneous formula should they determine that the reclassification will be to their disadvantage.

Two Years Additional Service Credit, a.k.a. Golden Handshake (G.C. section 20904)

The County Superintendent of Schools may amend its contract to grant up to two years additional service credit to school members if the following conditions exist:

- The member is employed in a job classification or other organizational unit designated by the County Superintendent of Schools and retires within the period designated by the County Superintendent of Schools. (This benefit cannot be provided on the basis of employee organization or non-represented groups.) The designated period must be subsequent to the amendment date and cannot be less than 90 days nor more than 180 days in length.
- The County Superintendent of Schools must transmit an amount to the Retirement Fund that is the actuarial equivalent of the difference between the allowance the member would receive under this section and the allowance the member would receive without this section.
- The County Superintendent of Schools must certify that the retirements under this section will either: (1) result in a net savings to the district or County Superintendent of schools, or (2) result in an overall reduction in the

work force of the organizational unit because of impending mandatory transfers, demotions, and layoffs that constitute at least one percent of the designated job classification, resulting from the curtailment of, or change in the manner of performing its services.

In order to be eligible to receive this service credit, the employees must already have at least five years of service credit. Because the member must be in employment status with the County Superintendent of Schools (office or their school district) during the designated period, the retirement date cannot be the first day of the designated period. A member cannot receive credit under this section if he/she receives any unemployment insurance payments during the designated period. If the retired member subsequently re-enters membership, the additional service credit is forfeited.

Employer Cost: This amendment does not affect the employer contribution rate since the cost of the benefit is payable in lump sum or by installments. The cost of the benefit will be calculated after the expiration of the designated period and after the additional service credit has been credited to all eligible members.

If paying by installments, payment in-full must be made within 30 days of the billing date to avoid interest charges. Otherwise, semi-annual installment payments including interest charges can be scheduled for up to five years from the billing date.

Member Cost: None.

Cost Estimate Factors Two Years Additional Service Credit, a.k.a. Golden Handshake

The following chart may be used to estimate the cost of providing the two years additional service credit benefit. Multiply the total annual pay rate for each person by the corresponding factor (always use the full-time pay rate). The result is the approximate cost of the benefit.

School Members (2% @ 55 Formula)	
Ages	
50-54	0.44
55-59	0.60
60-64	0.64
65-69	0.60

Amendment Procedures for G.C. 20904

The procedures for contracting for G.C. section 20904 are as follows:

1. The County Superintendent of Schools must request to amend its CalPERS contract to provide G.C. section 20904. Individual districts must work in conjunction with the County Superintendent's Office to ensure that correct information is provided to CalPERS.
2. G.C. section 7507 requires that cost implications incurred by an increase in retirement benefits must be made public at a public meeting at least two weeks prior to the adoption of the final resolution.
3. In addition to providing a Certification of Publication of Costs, the County Superintendent will be required to:
 - Certify that because of an impending curtailment of, or change in the manner of performing service, the best interests of the County Superintendent of Schools would be served by granting such additional service credit.
 - Certify that it is the intention at the time G.C. section 20904 becomes operative that the retirements under this section will either: (1) result in a net savings to the district or County Superintendent of Schools, or (2) result in an overall reduction in the work force of the organizational unit because of impending mandatory transfers, demotions, and layoffs that constitute at least one percent of the designated job classification, resulting from the curtailment of, or change in the manner of performing its services.
4. The Government Code provides that the final documents, which actually amend the agency's contract, cannot be adopted by the governing body earlier than 20 days following the adoption of the Resolution of Intention documents. Upon receipt of the properly adopted Resolution of Intention with the required certifications, CalPERS will upload or mail the final documents and instructions.

5. After the contract has been amended to include G.C. section 20904, the County Superintendent of Schools may contact CalPERS to request a Two Year Additional Service Credit packet to open a window period. You will be able to select the designated period and employee classifications within that school district. If the resolution does not identify a specific district and/or classifications, all employees who retire during the designated period will receive the additional service credit. Since CalPERS contracts with the County Superintendent of Schools and not the individual school districts, the resolutions must be adopted by the Office of the County Superintendent of Schools. Any number of designated periods may be established, but not overlap.
6. After the expiration of each designated period, the Office of the County Superintendent of Schools will be notified of the actual cost of the additional two years of service credit which was granted to the eligible members who retired during that period. Payment in full may be remitted within 30 days to avoid an interest charge or semi-annual installment payments including interest charges can be scheduled for up to five years from the billing date.

\$3,000, \$4,000, or \$5,000 Retired Death Benefit (G.C. section 21623.6)

The lump sum death benefit paid to beneficiaries of retired members will be \$3,000, \$4,000, or \$5,000. This benefit would be applicable to deaths occurring after the effective date of the contract amendment. The actuarial valuation request must specify the selected benefit amount. The benefit must be applicable to all districts under the jurisdiction of the County Superintendent.

Employer Cost: Valuation required.

Member Cost: None.

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The information provided in this publication is for your convenience and reference as a general guide only and cannot be relied upon as an authoritative source for the law, practices, or policies of CalPERS. While CalPERS tries to include only accurate, timely and complete information in its publications, summaries, guidelines and other advisory printed materials, sometimes information provided in printed materials may be or become inaccurate, untimely, incomplete, unclear or misleading. In all instances, the law then in effect, not this publication, controls the application of the Public Employees' Retirement Law. It is the reader's responsibility to independently verify the accuracy of the information contained in this publication before engaging in a course of action.

CalPERS Membership Eligibility

If a person is currently a member of CalPERS (i.e., has contributions/service credit on account that have not been refunded), the person cannot be excluded from membership due to her/his time base (e.g., working less than 20 hours per week) or appointment length (e.g., 90 days). Therefore, persons who are currently members of CalPERS do not need to re-qualify for membership. This applies even if their membership was established through employment with another CalPERS agency, or if they are not currently working (i.e., are on inactive status) with a CalPERS-covered agency.

If a member has retirement contributions/service credit on deposit with CalPERS, or if they have met the criteria for membership (e.g., have completed 1,000 hours of service in a fiscal year) but have not been enrolled through myCalPERS, they are, by law, a member of CalPERS, even if the employer has not yet reported payroll to CalPERS on the employees behalf.

Once membership has been established an employee remains in membership until (1) they take a refund of their member contributions after permanently separating from all CalPERS-covered employment, or (2) they retire.

You can determine whether or not a person is currently a member of CalPERS by:

1. Asking the employee (be aware some employees may not know they are a CalPERS member),
2. Using the Participant Inquiry function of the myCalPERS system, and/or
3. Contacting the CalPERS Customer Contact Center at **888 CalPERS** (or 888-225-7377).

Immediate Membership Upon Hire

Employees who must be enrolled into CalPERS membership on the date of hire are: (G.C. sections 20281, 20305):

- Employees hired to work full-time for more than six months

- Employees working “regular, part-time service,” who work “at least an average of 20 hours a week” for one year or longer
- Already a CalPERS member, unless working in a position excluded by law or contract exclusion

Employees Who Must Be Monitored

Full-Time Employees

CalPERS considers full-time employment to be between 34 and 60 hours per week. Employers generally have the ability to determine what constitutes full-time for an employee provided that the employee works between 34 and 60 hours per week. However, G.C. section 20636.1 specifies that for all non-certificated school members full-time is considered 40 hours per week. This means that all hours up to 40 hours per week must be reported to CalPERS for non-certificated school members at the straight time pay rate.

Employees in full-time employment whose appointment/employment does not fix a term of employment longer than six months should be monitored; if full-time employment actually continues for more than six months, and the employment is compensated, and the effective date of membership cannot be later than the first day of the first pay period of the seventh month of employment.

Less Than Full-Time Employees

Employers must track the number of hours their irregular-basis employees work in a fiscal year (July 1 – June 30).

Irregular-basis employees, i.e., seasonal, limited-term, on-call, emergency and intermittent are excluded from membership unless the employment is compensated and meets one of the following conditions:

- Works 1,000 hours in a fiscal year
- Works 125 days in a fiscal year, if paid on a per diem basis

In such cases, membership becomes effective **no later than** the first day of the next pay period after the completion of 1,000 hours or 125 days in a fiscal year. Employment in which the

employee is compensated for time excused from work due to vacation, sick leave, etc., is included in the computation of the 1,000 hours and 125 days.

When monitoring an employee for the 1,000 hour threshold, **all hours** the employee is compensated for must be counted towards membership qualifications - even if the compensation would not be reportable to CalPERS, if the employee was a member (e.g. compensation for overtime hours). In addition, hours subject to mandatory furloughs must be monitored for membership (see the following page).

For example, if an employee were called in to work 4 hours on July 4, which is a paid 8-hour holiday for the employee, the employee would have 12 hours counted towards their membership qualification.

However, if this example applied to an active CalPERS **member**, then the 4 hours would be considered overtime and not reportable to CalPERS.

Notice of Exclusion from CalPERS Membership

For employees who do not qualify for CalPERS membership, the [Notice of Exclusion from CalPERS Membership](#) form (PERS-EAMD-139) should be completed and given to the employee in order to inform the employee of the specific reason for their exclusion and to fulfill the employer's responsibility of notification. Do not send this form to CalPERS; however, a copy should be provided to the employee and the original should be kept in the employee's personnel file.

When Not to Report

A CalPERS member should not continue to be reported in membership when:

- The member enters a position that is excluded by law (other than due to time base/appointment length), or by an agency's contract.
- The member enters a position eligible for optional membership; the individual must file an Election of Optional Membership form in

order to be a member in such position. (See "Optional Members of CalPERS" section for more information.)

- The member enters a position that is also in membership with another public retirement system. (Please note exceptions apply. See the "Positions Excluded by Retirement Law (PERL) from CalPERS Coverage" section.)
- The member is subject to an Alternate Retirement Plan (ARP) under G.C. section 20306. (Refer to the Alternate Retirement Plan (ARP) information within this section.)
- The member is legally working after retirement. (The laws and reporting responsibilities for post-retirement employment are different from the laws for membership; refer to the "Employment of a Retiree" section for more information.)

Qualification When Working More Than One Position

Membership qualification can be met by employees who are working more than one position under the same employer; therefore, employment in all positions with an employer (including both safety and miscellaneous positions) must be combined in determining membership qualification. For example, an employee working a permanent 10-hour a week position, and a permanent 12-hour a week position with the same employer, would qualify for membership immediately, by virtue of combining the hours of both positions to meet the 20-hour a week minimum.

All employees of a school district - with the sole exception of School Safety Members - are considered to be employees of the County Superintendent of Schools, and thus of the same employer for CalPERS purposes; (G.C. section 20610); therefore, employment with different districts (including charter schools) within the same county superintendent of schools should be added together for purposes of meeting the membership qualifications.

Employment with different CalPERS-covered agencies, such as a state agency and a public agency are not combined for membership qualification purposes.

A school district/county office of education that contracts separately for school safety members, or that participates in a risk pool, is a separate public agency by law; therefore, such employment would be kept separately when determining membership qualifications.

Furlough Legislation - School Employers

Legislation passed in 2010 added G.C. section 20969.2 to the Public Employees' Retirement Law. This legislation ensures that certain persons subject to mandatory furloughs will not have their CalPERS retirement benefits negatively impacted due to the furlough.

Membership Eligibility and Furloughs

The work hours of employees who do not have a fixed term of appointment and who work on a seasonal, limited-term, on-call, emergency, intermittent, substitute, irregular or other part-time basis as outlined in G.C. section 20305(3), must be monitored to determine the point at which employment would have been credited, but for the mandatory furlough, would have qualified the employee for membership in CalPERS. The hours that an employee would have worked had the employee not been subject to mandatory furloughs should be counted toward qualification for CalPERS membership.

Summary of General Principles

The general principles to follow to determine when and if an employee is eligible for membership (if not excluded by agency's contract or by law) are as follows:

1. Employees who are already members of CalPERS are not excluded from membership because they are working less than full-time (G.C. section 20305(a) (1)).
2. Employees enter membership upon appointment to a position with one of the following conditions:
 - a. The appointment/employment fixes a term of **full-time, continuous** employment in excess of six months.
 - b. The position requires **regular, part-time** service for at least an average of 20 hours per week for one year or longer.

3. Employees must otherwise be **monitored** to determine when and if they qualify for membership. Qualification for membership is reached when:

- a. No term (length) of appointment is specified in the appointment/employment, but full-time employment continues longer than six months.
- b. The employee works more than 125 days in a fiscal year if paid on a "per diem" basis (i.e., "per day"). For this purpose, "day" means each 8 hours of compensated service (e.g. a firefighter working a 24-hour shift is working three "days" per shift).
- c. The person works 1,000 hours in a fiscal year if paid on other than a per diem basis. Any overtime hours worked are counted as qualifying time.

In such cases, membership becomes effective **no later than** the first day of the next pay period after (a) the sixth month of full-time employment or (b) completion of 1,000 hours or 125 days in a fiscal year.

When monitoring an employee for the 1,000 hour threshold, **all hours** the employee is compensated counts toward membership qualifications, even if the compensation would not be reportable to CalPERS if the person was a member (e.g. compensation for overtime hours).

For example, if an employee were called in to work 4 hours on July 4, which is a paid 8-hour holiday for the employee, the employee would have 12 hours counted towards their membership qualification.

However, if this example applied to an active CalPERS **member**, then the 4 hours would be considered overtime and not reportable to CalPERS.

Public Employees' Pension Reform Act of 2013 (PEPRA) Definition of a New Member

PEPRA defines a new member as any of the following:

- A new hire who is brought into CalPERS membership for the first time on or after January 1, 2013, and who has no prior membership in any California Public Retirement System.
- A new hire who is brought into CalPERS membership for the first time on or after January 1, 2013, and who was a member with another California Public Retirement System prior to January 1, 2013, and is not eligible for reciprocity.
- A member who first established CalPERS membership prior to January 1, 2013, and who is rehired by a different CalPERS employer after a break in service of greater than six months.

NOTE:

All school employers are treated as a single employer.

CalPERS refers to all members that do not fit within the definition of a new member as "classic members." All existing CalPERS members as of December 31, 2012, will retain their existing retirement benefit formula(s) for future service with the same employer. Because the new member determination is made on an appointment-by-appointment basis, classic members will be tested against the "new member" definition upon each new appointment and, in some cases, may become "new members" for services under a new appointment.

PEPRA does not require retroactive reductions to benefits earned for prior service, even where a member separates from service and is later rehired as a new member by a new employer and becomes subject to the applicable PEPRA formula. In these cases, the member's "classic member" service will be calculated separately from his or her service as a "new member."

my|CalPERS includes fields on the enrollment page where your agency will identify if the new

hire is coming from a reciprocal agency and prompt you for the necessary data elements which subject them to reciprocity. It will be extremely important that your agency properly identify the status of members at the time of hire by providing the [Member Reciprocal Self-Certification](#) form (PERS-EAMD-801).

Based on the information your agency provides, my|CalPERS will automatically determine the proper retirement benefit formula for each member. In addition, CalPERS will create for each employer a report identifying their recent enrollments and the correct corresponding formula based on the information provided at enrollment. If your agency believes the enrollment is incorrect, you may contact CalPERS to review and correct the data as necessary.

NOTE:

Your agency must store the participant details necessary to categorize individuals as new members or classic members in your databases.

Assembly Bill 1222 – California Transit Employees

Assembly Bill (AB) 1222 (Chapter 527, Statutes 2013) was signed by Governor Brown on October 4, 2013. This bill exempted California transit employees of public employers from all of the provisions of the Public Employees' Pension Reform Act of 2013 (PEPRA), until January 1, 2015, or until a court determined that the provisions of PEPRA did not violate specified federal transit labor laws.

On December 30, 2014, the United States District Court – Eastern District determined that the provisions of PEPRA did not violate federal transit labor laws. What this means is: All transit employees with appointments starting on or after January 1, 2013, through December 29, 2014, will retain their **classic** retirement benefit formula for this period of time. Effective December 30, 2014, these members will be placed in the PEPRA retirement benefit formula. See Circular Letter Number: 200-006-15 on the CalPERS Website for more information.

Failure to Enroll Member on a Timely Basis

It is the employer's responsibility to determine if its employees are eligible for CalPERS

membership. If an employer fails to enroll an eligible employee into CalPERS membership within 90 days of qualifying, when the employer knows or can reasonably be expected to have known of that eligibility, the employer will be required to pay all arrears/contribution, costs for member contributions, and administrative costs of \$500 per member. The employer shall not pass on to an employee any costs assessed due to untimely enrollment. (G.C. section 20283)

What Are Arrears?

Arrears costs are the employee contributions due for a member's earnings that have not been previously reported. Payment of arrears is mandatory and interest is not charged on the amount owed. An account can be in arrears because either an employer failed to enroll the employee into membership, or failed to report earnings and contributions for employment rendered.

There are two types of arrears:

- G.C. section 20283 arrears; and
- G.C. section 20160 mandatory arrears

G.C. section 20283 arrears apply if any portion of the arrears period began prior to and continued after July 1, 1994; or the arrears period is after July 1, 1994. Arrear cases that are determined under G.C. section 20283 state the employer is responsible for the member **and** employer contributions for the arrears period.

G.C. section 20160 mandatory arrears apply if a member qualified for membership and the entire arrears period is prior to July 1, 1994. In mandatory arrears cases, the member is responsible for the member contributions and the employer is responsible for the employer contributions for the arrears period. Mandatory arrears may apply to a period that is on or after July 1, 1994, when it is determined G.C. section 20283 arrears does not apply. In certain cases an employer may be instructed not to submit payroll information through my|CalPERS to resolve unreported contribution issues.

The employer is responsible for knowing the basic eligibility rules and when to enroll their employees into CalPERS membership. G.C. section 20283 states: "any employer that fails to enroll an employee into membership within 90 days of eligibility shall be required to pay all the

arrears contributions (both employer and member) and a \$500 administrative fee per member to the System."

The employer shall not pass on to an employee any costs assessed due to untimely enrollment for G.C. section 20283 arrears.

Employer Billing For Arrears

Employers will be invoiced through my|CalPERS of the arrears due. Employers are notified based on their preferred communication method in my|CalPERS. Employers are required to pay CalPERS directly; either by check or electronic funds transfer (EFT).

A COGNOS report, "Arrears Receivable Notice Report" is available through my|CalPERS. This report gives employers details regarding the member and the balance amount of the arrears. The employer can also access member and employer notes that are updated for each member's arrears determination.

NOTE:

The \$500 administrative cost "is not a fee or penalty" to the agency – rather it is a reimbursement to CalPERS for costs associated with the process of administering G.C. section 20283.

Alternate Retirement Plan (ARP) G.C. section 20306 Optional Contract Benefit

G.C. section 20306 provides that public agencies and school districts that have an alternate retirement plan established as a pension trust¹ prior to July 1, 1997 must conduct an election among their non-safety members who are credited with less than five years of CalPERS service to determine whether they want to (1) retain their usual active CalPERS membership, or (2) participate in the alternate retirement plan if their time base drops below the minimum membership thresholds (e.g., 20 hours per week) specified in G.C. section 20305.

Employees entering employment after the original ARP election are mandated into ARP

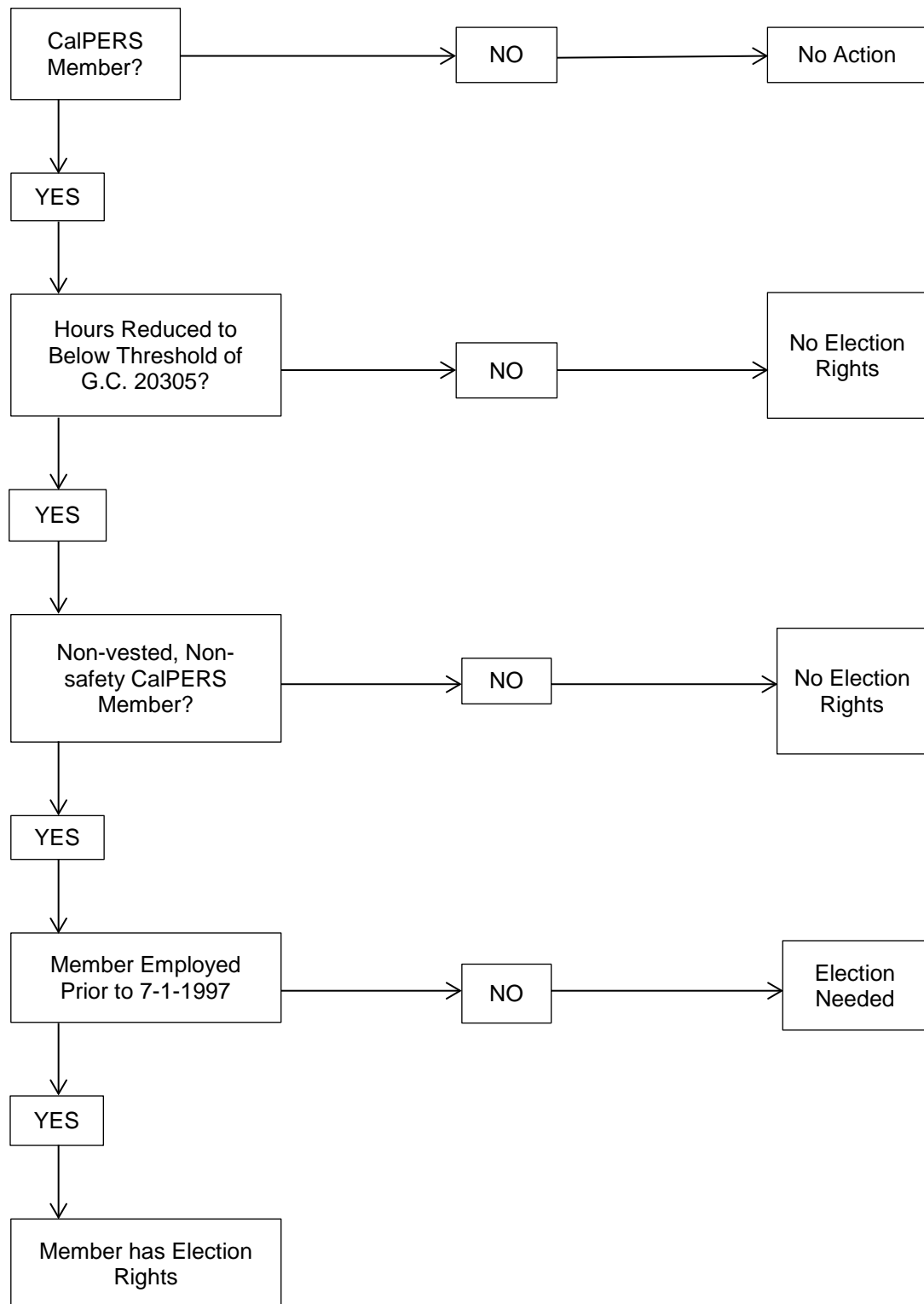
¹ "Article 1.5 (commencing with section 53212) of Chapter 2 of Part 1 of Division 1 of Title 5"

coverage if they (1) work less than the G.C. section 20305 threshold, and (2) have less than five years of service credit. The employer will determine new employees' ARP status (based on any election they made; their 20305 qualification status; and whether or not they have five years of service), as follows:

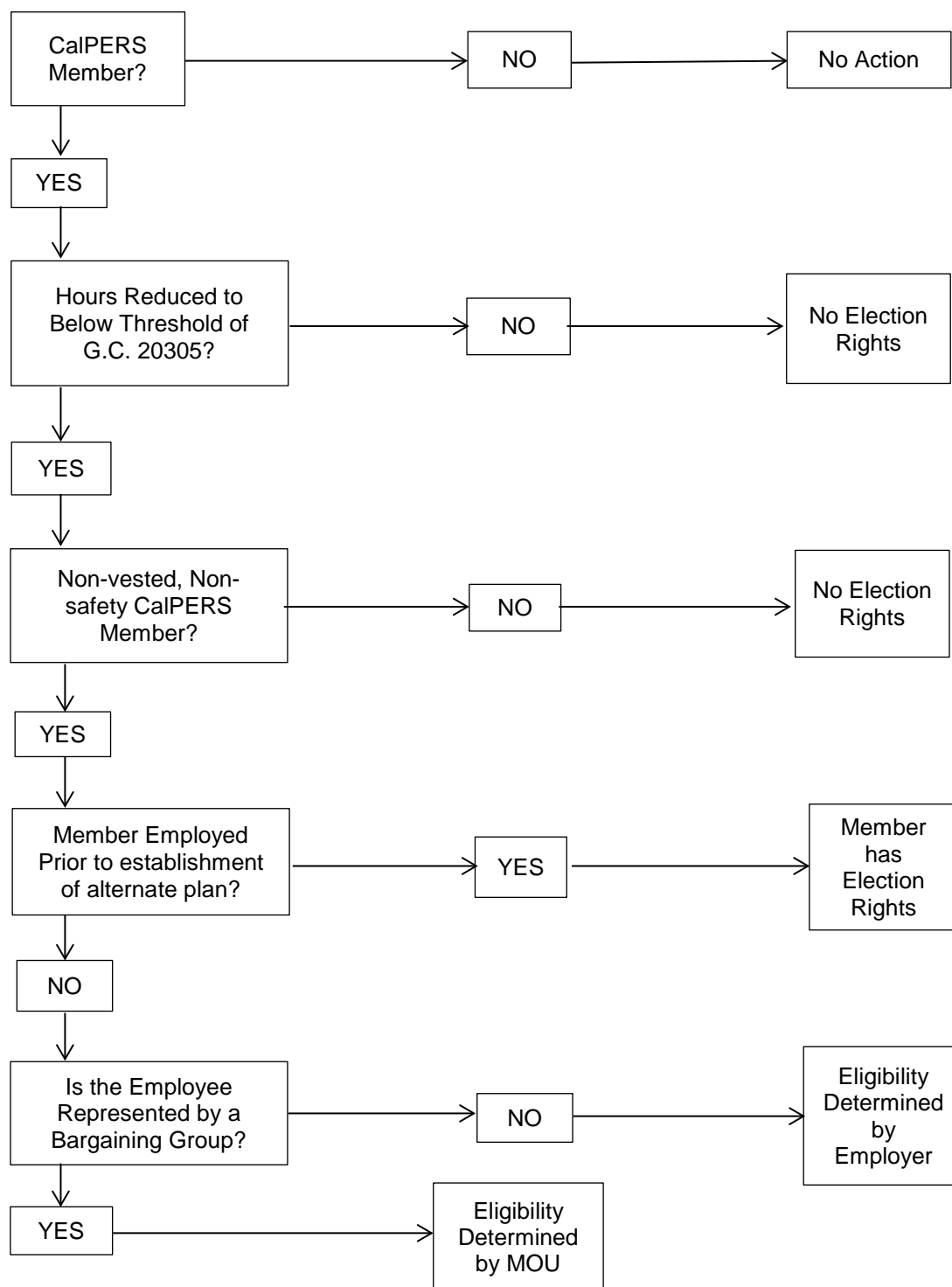
- For employees subject to collective bargaining, their MOU will determine their eligibility to participate in the ARP or CalPERS.
- For employees not represented by a bargaining group, the public agency shall determine the employees' eligibility to participate either in CalPERS or the alternate retirement plan if their time base falls below CalPERS membership thresholds.

See the "Eligibility to Participate in the CalPERS/Alternate Retirement Plan Election" flowchart on the following pages for more information or contact the CalPERS Customer Contact Center at **888 CalPERS** (or **888-225-7377**).

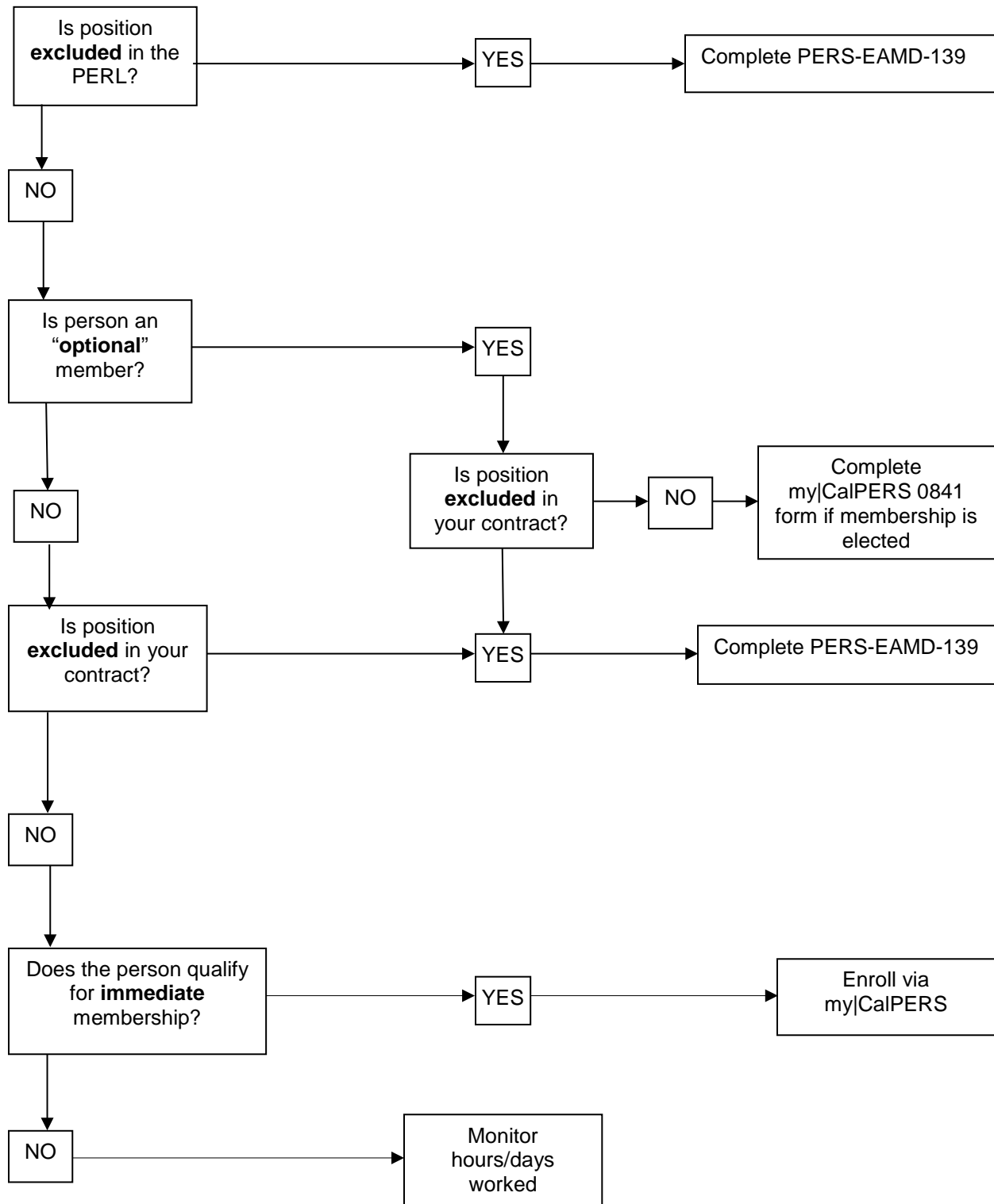
Eligibility to Participate in the CalPERS/Alternate Retirement Plan Election – Employed Prior to 7-1-1997



Eligibility to Participate in the CalPERS/Alternate Retirement Plan Election – Employed After 7-1-1997



Determining Membership Eligibility



Appointment Overview

An appointment is a continuous block of employment with a single employer from the hire date, regardless of whether the employee qualifies for membership on that date, until the permanent separation date. For schools, each district is treated as an employer, and an employee should not have more than one appointment under this condition, unless that employee has multiple jobs across school districts. Changes between districts are considered permanent separations or new appointments rather than appointment changes.

When an appointment is entered into my|CalPERS, an Appointment ID is generated by the my|CalPERS system. The Appointment ID is a conditional data element for payroll reporting.

New Appointments Required

A new appointment should be created when:

- A new employee is hired and qualifies for membership.
- An employee who previously did not qualify for membership is now qualified for membership.
- An employee who was permanently separated from the employer is rehired, and meets membership eligibility criteria.
- An employee transfers from one school district to another, within the same county office of education, and between county offices of education.
- A CalPERS retiree begins working for your agency as a Retired Annuitant.
- A retiree/retired annuitant reinstates from retirement.

Multiple appointments may be established for one employee, for example:

- An employee with an existing appointment decides to take a second job in another school district and will maintain both jobs concurrently (a new appointment is required for the second job).

- An employee works concurrently in multiple member categories (miscellaneous and safety) during the same pay period.
- An employer must establish appointments by position (pay rate), if the employee worked in both positions during the same pay period.
- An employee with an existing appointment decides to take a second job with the same employer or school district and will maintain both jobs concurrently.

New Appointments Not Required

A new appointment is not required when:

- An employee returns from leave of absence. Report as an appointment change using transaction type: End Leave.
- An employee reinstates to a former position by a court action (will be managed internally by CalPERS and cannot be reported by the employer). CalPERS will delete the permanent separation if the employee did not refund their member contributions.
- An employee reduces their time base resulting in changing to local ARP. Report using transaction type: To Local ARP.
- An employee changes member category. Report as an appointment change.
- An employee changes jobs. If the change impacts benefits, it should be reported as an appointment change.

Appointment Changes Not Required

An appointment change is not required when:

- There is a pay increase or decrease. This action is reported in the payroll file.
- A job changes that does not impact benefits.
- There is a promotion or demotion.

Permanent Separation Dates in my|CalPERS

In the integrated my|CalPERS system, the permanent separation date is now part of a series of system validations; **therefore, the permanent separation date must be reported as the day *after* the last day an employee works for your agency, which is often the day after the last day on payroll.**

The permanent separation date will frequently be the same day as a member's retirement date or start date of a new appointment. It is imperative that your agency follow this important business rule to avoid transaction errors due to automatic system validations.

A permanent separation date must also be reported for all employees who end employment with your agency, regardless of the reason. This is required in my|CalPERS to ensure benefits are administered timely and accurately, especially for those employees nearing retirement. All transactions within my|CalPERS, including health and retirement, rely on the permanent separation date to be reported in this manner.

REPORTING APPOINTMENT CHANGES

An appointment change must be reported when an employee permanently separates from the employer, including:

- Termination with the possibility of appeal.
- Transferring from one school district to another school district (even within the same county office of education).

Reporting Permanent Separation Not Required

A permanent separation is not required when an employee begins a leave of absence, but you must update my|CalPERS with a Begin Leave. Upon the members return from the leave of absence you again must update my|CalPERS with an End Leave.

NOTE:

If an employee does not return from a leave of absence, update my|CalPERS with a permanent separation.

NOTE:

Members may purchase certain service credit, such as Temporary Disability Leave of Absence. Begin Leaves and End Leaves must be reported in the member's my|CalPERS appointment profile for CalPERS to process the member's request to purchase their eligible leave of absence.

my|CalPERS Member Self-Service

my|CalPERS provides members access to their real-time account information. This enhancement allows members to see the information submitted on their behalf by their employers, including appointment, payroll, and service credit information.

It is critical to stay current with information reported to CalPERS on behalf of your employees. Employer accuracy and promptness will alleviate future concerns or questions members may have with their CalPERS account and the information provided by your agency.

Membership Categories

All CalPERS members employed by your agency will fall into one of the following general categories:

1. LOCAL SAFETY MEMBERS

This category “includes all local police officers, local sheriffs, firefighters, safety officers, county peace officers..., employed by a contracting agency who have by contract been included within this System” (G.C. section 20420).

2. LOCAL MISCELLANEOUS MEMBERS

This category includes “all employees of a county office of education, school district, or community college district who are included in a risk pool and all employees of a contracting agency who have by contract been included within this System, except local safety members” (G.C. section 20383).

3. SCHOOL MEMBERS

This category “includes all employees within the jurisdiction of a school employer, other than local policemen, school safety members and members included in a risk pool” (G.C. section 20370(d)).

4. SCHOOL SAFETY MEMBERS

This category includes “any officer or employee of a school district or a community college district which has established a police department...whose principal duties consist of active law enforcement service” (G.C. section 20444). This category only applies to a school district or a community college district that enters into a contract with the board on or after January 1, 1990.

For most employers, all or the large majority of their employees will be in the “local miscellaneous” or “school member” categories rather than a “safety” category.

Determination of an employee’s membership category is based on the employee’s job classification and duties, compared to the standards defined in the Government Code, and as provided in the agency’s contract with CalPERS.

The Government Code provisions for the most common safety positions (e.g., police officer, firefighter, deputy sheriff, etc.) are all mandatory for contracting agencies whose contract includes such positions. There are a number of other provisions, however, for which a contracting agency may choose to contract if it so wishes, to provide safety membership to other employees, as well as to reclassify previous service with the same duties/job title in such classes. All contract activity can be viewed in myCalPERS, including reclassification information.

Your agency should be aware of the fact that, apart from the optional contract provisions to reclassify miscellaneous employees to the safety category, it is not permissible to report employees in a safety category whose job duties do not support such membership. You should refer to the definitions for Local Safety Members on the following pages for the criteria for such membership.

Safety membership most commonly requires service having principal duties of providing either active law enforcement or active firefighting services. Such persons are known as safety employees because they are engaged in protecting the public safety, and may be exposed to physical risk during the course of employment. CalPERS relies upon an opinion of the Attorney General to define what is meant by the term “active” for safety service:

“It is suggested that active law enforcement work means ‘physically active’ work such as the arrest and detention of criminals...(T)he main reference is to duties which expose officers and employees to physical risk in the law enforcement field...”(22 Ops. Cal. Atty. Gen. 229)

Another important criterion in many of the sections defining safety membership is that a person be “employed and qualifying as patrol officers,” “employed and qualifying as patrolmen,” “employed and qualifying as firefighters,” or “employed and qualifying as deputy sheriffs,” irrespective of their current duties. Typically, such persons are referred to as sworn personnel; because they take an oath to uphold the Constitution, safeguard the lives and

property of citizens, etc. This sworn criterion is particularly important for persons who are promoted up through the ranks to supervisory/managerial positions (e.g., sergeant, captain, chief, etc.), but who retain their sworn status after promotion.

Almost all agencies with safety classifications have established procedures in place (e.g., certification and/or academy training, physical fitness requirements, etc.) by which persons originally become qualifying as patrol officers, firefighters, or deputy sheriffs, and have standards (such as periodic physical fitness tests) which must be met in order to maintain such status. Such sworn personnel in supervisory or managerial positions who remain “employed and qualifying” as patrol officers, firefighters, or deputy sheriffs could (perhaps in special circumstances such as a major emergency, or a work stoppage) be required to return to typical safety duties; accordingly, the safety status of such an individual is appropriate, even though the person’s current duties may not frequently involve such “active law enforcement/firefighting” duties.

However, if a person gives up such qualifying/sworn status after accepting a promotion, and is no longer qualifying as such, safety membership can no longer be given for this service.

NOTE:

There are no provisions in the law that would allow a member or employer to pay the difference in contributions between miscellaneous and safety membership, in order to allow a miscellaneous member to be reported to CalPERS as safety.

Exceptions

There are some instances where persons have been given mandatory safety membership only if employed during a specific period of time. For example, legislation passed in 1987 (AB 839, Chapter 1411) brought certain miscellaneous members employed in positions such as, fire investigators, fire prevention officers, or fire trainers between January 1, 1988, and October 2, 1989, into safety membership as local firefighters. In such exceptional situations, it is possible to have some persons in the same job classification who are “safety” and some who are not, if they were hired at different times.

Cautions

CalPERS has had cases where an employee was inappropriately retained in safety membership after receiving an appointment to a non-safety position (such as City Manager, or Director of Public Safety). Even if such a member was formerly in safety membership (e.g., as Police Chief or Fire Chief), safety membership cannot be given where the job duties do not support this status, and the individual is no longer a sworn member of a police department, fire department, etc.

Inappropriate membership classification is one of the key factors that are investigated by CalPERS field auditors and corrective actions will be taken upon discovery by CalPERS staff of such inappropriate classifications. Such retroactive corrective actions may include correction of service credit, retirement contributions paid, and adjustment of retirement allowance paid (if any). If you are unsure about the proper membership category for a given position, submit a job description/duty statement for a determination to:

CalPERS

Employer Account Management Division
Membership Management Section
P.O. Box 942709
Sacramento, CA 94229-2709

Such a review should also be requested upon establishing a new position, or upon making significant changes in the duties of a previously-reviewed position.

The following definitions for Local Safety Members will assist you in determining membership category:

Mandatory Safety Status

Local Police Officer

“Local police officer” means any officer or employee of a police department of a contracting agency which is a city, except one whose principal duties are those of a telephone operator, clerk, stenographer, machinist, mechanic, or otherwise and whose functions do not clearly fall within the scope of active law enforcement service even though the employee is subject to occasional call, or is occasionally called upon, to perform duties within the scope of active law enforcement service, but not excepting persons employed and qualifying as

patrolmen or equal or higher rank irrespective of the duties to which they are assigned (G.C. section 20425).

Local Firefighter

"Local firefighter" means any officer or employee of a fire department of a contracting agency, except one whose principal duties are those of a telephone operator, clerk, stenographer, machinist, mechanic, or otherwise and whose functions do not clearly fall within the scope of active firefighting, or active firefighting and prevention service, active firefighting and fire training, active firefighting and hazardous materials, active firefighting and fire or arson investigation, or active firefighting and emergency medical services, even though that employee is subject to occasional call, or is occasionally called upon, to perform duties within the scope of active firefighting, or active firefighting and prevention service, active firefighting and fire training, active firefighting and hazardous materials, active firefighting and fire or arson investigation, or active firefighting and emergency medical services, but not excepting persons employed and qualifying as firefighters or equal or higher rank, irrespective of the duties to which they are assigned (G.C. section 20433).

County Peace Officer

Sheriff and Sheriff's officers

"County peace officer" means the sheriff and any officer or employee of a sheriff's office of a contracting agency, except one whose principal duties are those of a telephone operator, clerk, stenographer, machinist, mechanic, or otherwise, and whose functions do not clearly come within the scope of active law enforcement service even though the employee is subject to occasional call, or is occasionally called upon, to perform duties within the scope of active law enforcement service, but not excepting persons employed and qualifying as deputy sheriffs or equal or higher rank irrespective of the duties to which they are assigned (G.C. section 20436).

District Attorney's Office

Inspector, Investigator, Detective

". . .any inspector, investigator, detective, or person with a comparable title, in any district attorney's office of a contracting agency whose principal duties are to investigate crime and

criminal cases and who receives compensation for such service" (G.C. section 20436).

Other Local Safety

OCEAN BEACH LIFEGUARDS

"Local safety member" also includes all employees of a city who have by contract been included within this System, and whose principal duties consist of active protection, rescue, and rendition of aid or assistance to persons injured or imperiled in water areas at ocean beaches and the recovery from those water areas of submerged objects and bodies of persons drowned or believed to have drowned in those areas, or the immediate supervision thereof, including persons employed to perform the duties now performed under the titles of aquatics director, chief lifeguard, captain lifeguards, lieutenant lifeguards, beach lifeguard, but who performs additional duties, some of which (including the maintenance of peace and order and the apprehension of law violators) are customarily performed by police or peace officers, and whose other duties (such as resuscitation work involving the use of special equipment in cases having no connection with their principal duties) that in other areas are customarily performed by firefighters, and other and further duties that do not come directly within any of the above classifications but are essential to the safety and security of the public, excluding those whose principal duties are those of a telephone operator, clerk, stenographer, machinist, mechanic, or otherwise clearly do not fall within the scope of active life guarding or lifesaving service, even though the person is subject to occasional call, or is occasionally called upon, to perform duties within the scope of active life guarding or lifesaving service.

This section does not apply to the employees of any contracting agency having a contract with the board made prior to September 18, 1959, until the agency elects to subject itself and its employees to the provisions of this section by amendment to its contract with the board pursuant to G.C. section 20474; except that an election is required only among the employees to whom the provisions of this section apply.

The amendments of this section, made by Chapter 130 of the Statutes of 1982 do not constitute a substantive change in the law and shall not be construed to entitle any person to

any right or benefit that he or she was not already entitled to prior to December 31, 1982.

NOTE:

This provision is mandatory for all contracting agencies with CalPERS contract dates of September 18, 1959 or later. It is an optional contract provision for contracting agencies with CalPERS contract dates of prior to September 18, 1959. See Other Local Safety listing in this section (G.C. section 20421).

Local Safety Officer

“Local safety officer” means any officer or employee of a public safety department of a contracting agency, except one whose principal duties are those of a telephone operator, clerk, stenographer, machinist, mechanic, or otherwise and whose functions do not clearly fall within the scope of active law enforcement or firefighting and prevention service even though the employee is subject to occasional call, or is occasionally called upon, to perform duties within the scope of active law enforcement or firefighting and prevention service, but not excepting persons employed and qualifying as patrol officers or equal or higher rank, or as firefighters, hose officers, or equal or higher rank, irrespective of the duties to which they are assigned.

“Local safety officer” does not include persons employed to perform identification or communication duties. This provision shall not apply to persons employed and qualified as patrol officers or equal or higher rank, or as firefighters, hose officers, or equal or higher rank (G.C. section 20424).

Other Safety Classifications — Provided by Optional Contract Provisions

The following classifications can be added to your safety categories by amending your agency’s contract. If your agency has contracted for these other safety classifications, they will be listed on your contract activity page in myCalPERS.

It should be noted that many of these optional sections do not contain the “employed and qualifying” language that is used to give police officers, firefighters, sheriff’s deputies, etc. safety status when they promote into the supervisory/managerial ranks. Therefore, persons must be performing the specified duties in order to qualify for safety coverage under such sections.

Reclassification

A member who is employed in a position that is reclassified from local miscellaneous to local safety (other than under the 2% @ 50, 3% @ 50, or 3% @ 55 retirement formulas) may make an irrevocable election in writing to remain subject to the miscellaneous service retirement benefit by filing a notice of that election with CalPERS within 90 days after notification by CalPERS (G.C. section 20443).

Local Police Officer

Juvenile Bureau Officer

If provided for by your agency’s contract, “Local police officer” also includes any officer or employee of a juvenile bureau of a contracting agency whose principal duties consist of active law enforcement service, except persons whose principal duties are clerical or otherwise clearly do not fall within the scope of active law enforcement, even though the person is subject to occasional call, or is occasionally called upon, to perform duties within the scope of active law enforcement (G.C. section 20427).

Peace Officer under Penal Code, not with City or County

If provided for by your agency’s contract, “local police officer” also includes any officer or employee of a contracting agency other than a city or a county who is a peace officer as defined in the Penal Code and whose principal duties consist of active law enforcement but excluding clerical personnel or those whose principal duties are that of communication officer, identification officer, machinist, mechanic, security officer or are otherwise not clearly within the scope of active law enforcement, even though the person is subject to occasional call, or is occasionally called upon to perform duties within the scope of active law enforcement (G.C. section 20429).

City Jailers

If provided for by your agency contract, “local police officer” also includes any employee of a contracting agency that is a city, who is employed in a jail or a detention or correctional facility and having as his or her primary duty and responsibility the supervision and custody of persons committed to the jail or facility. It shall not include persons employed as clerks, typists, teachers, instructors, or psychologists or to provide food, maintenance, health, or supporting services, even though responsibility for custody

and control of persons so committed may be incident to, or imposed in connection with, that service (G.C. section 20431).

Local Sheriff

If provided for by your agency's contract, "local sheriff" means any officer or employee of a sheriff's office of a contracting agency, except one whose principal duties are those of a telephone operator, clerk, stenographer, machinist, mechanic, or otherwise, and whose functions do not clearly come within the scope of active law enforcement service even though the employee is subject to occasional call, or is occasionally called upon, to perform duties within the scope of active law enforcement service, but not excepting persons employed and qualifying as deputy sheriffs or equal or higher rank irrespective of the duties to which they are assigned (G.C. section 20432).

Contracting for this section allows agencies to provide a different level of retirement benefits (e.g., retirement formula) to "local sheriff officers" than to "county peace officers."

County Peace Officer

Constable, Marshal

If provided by your agency contract, "county peace officer" shall also include the constable and each regularly employed deputy constable and the marshal and each regularly employed deputy marshal who serves the superior court. He or she shall receive credit for service as a peace officer for any time he or she served as constable or deputy constable of a township or justice court or marshal or deputy marshal of a municipal court in the same county (G.C. section 20437).

Identification and/or Communication Duties

If provided by your agency contract, "county peace officer" does not include persons employed to perform identification or communication duties other than persons in that employment on August 4, 1972, who elected within 90 days thereafter to be local safety members. A contracting agency may elect by amendment to its contract to include as "county peace officer" all persons who were employed to perform identification or communication duties on August 4, 1972, and who elect within 60 days of the effective date of the contract amendment to be local safety members. The election shall apply to the person's past as well as future

service in the employment held on the effective date but may not apply to service following any subsequent acceptance of appointment to a position other than that held on the effective date. This subdivision does not apply to person's employed and qualified as deputy sheriffs or equal or higher rank (G.C. section 20436).

Probation Officer, Juvenile Hall Custody

If provided by your agency's contract, "county peace officer" shall also include probation officers, deputy and assistant probation officers, and persons employed in a juvenile hall or home and having as their primary duty and responsibility the counseling, supervision and custody of a group of youths assigned or committed to the hall or home. It shall also include persons employed as peace officers pursuant to Section 830.5 of the Penal Code, regardless of the administrative title of the position. It shall not include persons employed as teachers, instructors, psychologists, or to provide food, maintenance, health or other supporting services even though responsibility for custody and control of youths may be incident to or imposed in connection with that service (G.C. section 20438).

County Jail—Custodial Employees

If provided by agency contract, "county peace officer" shall also include employees of the sheriff employed in a county jail, detention or correctional facility and having as their primary duty and responsibility the supervision and custody of persons committed to the jail or facility, whether or not these employees are deputized. It shall not include persons employed as clerks, typists, teachers, instructors, psychologists or to provide food, maintenance, health or supporting services, even though responsibility for custody and control of persons so committed may be incident to, or imposed in connection with, that service or the employees are deputized (G.C. section 20439).

Bailiffs

If provided for by your agency's contract, "county peace officer" shall also include employees of the sheriff employed to attend sessions of the superior or former municipal courts and preserve order in the courtrooms, to guard and maintain the security of prisoners during court appearances, or to summon jurors and take responsibility for them while they are deliberating or absent from the courtroom. It shall not include persons employed as clerks, typists, teachers, instructors or psychologists (G.C. section 20440).

County Park Rangers

If provided for by your agency's contract, "county peace officer" shall also include persons employed by a county parks and recreation department whose primary responsibility is maintaining the peace and whose duties include law enforcement, emergency medical care first response, or fire suppression and prevention in the Park Ranger class series (G.C. section 20441).

Other Local Safety

Lifeguards

NOTE: This provision is mandatory for all contracting agencies with CalPERS contract dates of September 18, 1959 or later. It is an optional contract provision for contracting agencies with CalPERS contract dates prior to September 18, 1959.

If provided for by your agency's contract, "local safety member" also includes all employees of a city who have by contract been included within this System, and whose principal duties consist of active protection, rescue, and rendition of aid or assistance to persons injured or imperiled in water areas at ocean beaches and the recovery from those water areas of submerged objects and bodies of persons drowned or believed to have drowned in those areas, or the immediate supervision thereof, including persons employed to perform the duties now performed under the titles of aquatics director, chief lifeguard, captain lifeguards, lieutenant lifeguards, beach lifeguard, but who performs additional duties, some of which (including the maintenance of peace and order and the apprehension of law violators) are customarily performed by police or peace officers, and whose other duties (such as resuscitation work involving the use of special equipment in cases having no

connection with their principal duties) that in other areas are customarily performed by firefighters, and other and further duties that do not come directly within any of the above classifications but are essential to the safety and security of the public, excluding those whose principal duties are those of a telephone operator, clerk, stenographer, machinist, mechanic, or otherwise clearly do not fall within the scope of active lifeguarding or lifesaving service, even though the person is subject to occasional call, or is occasionally called upon, to perform duties within the scope of active lifeguarding or lifesaving service (G.C. section 20421).

Emergency Medical Technician/Paramedic

If provided for by your agency's contract, "local safety member" also includes all employees of a public agency whose principal duties consist of rendering pre-hospital emergency medical care to ill or injured persons and who are employees designated as Emergency Medical Technician—I, Emergency Medical Technician—II, or Emergency Medical Technician—Paramedic, as defined by, respectively, Sections 1797.80, 1797.82, and 1797.84 of the Health and Safety Code (G.C. section 20422).

Harbor or Port Police Officer

If provided for by your agency's contract, "local safety member" also includes any harbor or port police officer, employed by a contracting agency, who is a peace officer as defined in subdivision (b) of Section, 830.33 of the Penal Code and whose principal duties consist of active law enforcement of the laws contained in Chapter 5 (commencing with Section 650) of Division 3 of the Harbors and Navigation Code, the rules and regulations of the California Department of Boating and Waterways, and Chapter 2 (commencing with Section 9850) of Division 3.5 of the Vehicle Code (G.C. section 20423).

Park Rangers

If provided for by your agency's contract, "local safety member" also includes any park ranger employed by a contracting agency who is a peace officer as defined in subdivision (b) of Section 830.31 of the Penal Code and whose primary responsibility is maintaining the peace and whose duties include law enforcement, emergency medical care first response, or fire suppression and prevention (G.C. section 20423.5)

Local Prosecutors, Public Defenders, and Public Defender Investigators

For all of these categories, the member's effective date of retirement must be on or after the date this section becomes applicable to the member's contracting agency.

Local Prosecutors

G.C. section 20423.6 covers all of the following groups of employees:

1. A county officer or employee who, on or after January 1, 2002:
 - Was employed in the office of the district attorney.
 - Had a job title/classification of district attorney, deputy district attorney, chief deputy district attorney, senior deputy district attorney, assistant district attorney, chief assistant district attorney, senior assistant district attorney, or any other similar classification or title.
2. A county officer or employee who:
 - Was employed in the office of a district attorney prior to the date the local child support agency transitioned from the district attorney to a new county department, as specified in Section 17304 of the Family Code.
 - Had a job title/classification of district attorney, deputy district attorney, chief deputy district attorney, senior deputy district attorney, assistant district attorney, chief assistant district attorney, senior assistant district attorney, or any other similar classification or title.
 - On or after January 1, 2002, was an attorney in a local child support agency, as defined in subdivision (h) of Section 17000 of the Family Code, with no break in service between employment by a district attorney and the local child support agency.
3. A city officer or employee who, on or after January 1, 2002:
 - Was employed in the office of the city attorney.
 - Was primarily engaged in the active enforcement of criminal laws within any court operating in a county.
 - Had a job title/classification of city attorney, deputy city attorney, chief deputy city attorney, assistant city

attorney, chief assistant city attorney, or any other similar classification or title.

Local Public Defender

A city or county officer or employee who, on or after January 1, 2002:

- Was employed in the office of the public defender, the alternate public defender, or any similar office title.
- Had a job title/classification of public defender, deputy public defender, chief deputy public defender, senior deputy public defender, assistant public defender, chief assistant public defender, senior assistant public defender, or any other similar classification or title.

Local Public Defender Investigator

A city or county officer or employee who, on or after January 1, 2002:

- Was employed in the office of the public defender, the alternate public defender, or any other similar office title.
- Had a job title/classification of inspector, investigator, detective, or any other similar classification or title.
- Had principal duties of investigating crime and criminal cases.

Schools

Local Police Officer

"Local police officer" also includes any officer or employee of a school district or a community college district that has established a police department pursuant to Section 39670 or 72330 of the Education Code, whose principal duties consist of active law enforcement service, except persons whose principal duties are clerical or otherwise clearly do not fall within the scope of active law enforcement, even though the person is subject to occasional call, or is occasionally called upon, to perform duties within the scope of active law enforcement. This section shall only apply to any school district or community college district that prior to June 30, 1982, had amended its contract to provide membership for local police officers (G.C. section 20430).

School Safety Members

If provided for by your agency's contract, "school safety member" includes any officer or employee of a school district or a community college district which has established a police department pursuant to Section 39670 or 72330

of the Education Code, whose principal duties consist of active law enforcement service, except persons whose principal duties are clerical or otherwise clearly do not fall within the scope of active law enforcement, even though the person is subject to occasional call, or is occasionally called upon, to perform duties within the scope of active law enforcement. This section shall only apply to a school district or a community college district that, pursuant to subdivision (i) of G.C. section 20057, entered into a contract with the board on or after January 1, 1990 (G.C. section 20444).

Local Firefighter

If provided for by your agency's contract, "local firefighter" also means any officer or employee of a fire department of a contracting agency, except one whose principal duties are those of a telephone operator, clerk, stenographer, machinist, mechanic, or otherwise and whose functions do not clearly fall within the scope of active firefighting, fire prevention, fire training, hazardous materials, emergency medical services, or fire or arson investigation service, even though that employee is subject to occasional call, or is occasionally called upon, to perform duties within the scope of active firefighting, fire prevention, fire training, hazardous materials, emergency medical services, or fire or arson investigation service, but not excepting persons employed and qualifying as firefighters or equal or higher rank, irrespective of the duties to which they are assigned (G.C. section 20434).

Hazardous Materials Services

If provided for by your agency's contract, "local firefighter" also means any officer or employee of a fire department of a contracting agency, except one whose principal duties are those of a telephone operator, clerk, stenographer, machinist, mechanic, or otherwise, and whose functions do not clearly fall within the scope of hazardous materials services, even though that employee is subject to occasional call, or is occasionally called upon, to perform duties within the scope of hazardous materials services, but not excepting persons employed and qualifying as firefighters or equal or higher rank, irrespective of the duties to which they are assigned (G.C. section 20434.5).

Fire Training Function for a Contracting Agency

If provided for by your agency's contract, "local firefighter" means any officer or employee of a contracting agency performing a fire training function for a contracting agency, except one whose principal duties are those of a telephone operator, clerk, stenographer, machinist, mechanic, or otherwise and whose functions do not clearly fall within the scope of active firefighting, fire prevention, fire training, or fire investigation service even though that employee is subject to occasional call, or is occasionally called upon, to perform duties within the scope of active firefighting, fire prevention, fire training, or fire investigation service, but not excepting persons employed and qualifying as firefighters or equal or higher rank, irrespective of the duties to which they are assigned (G.C. section 20435).

H.R. 743 — Social Security Protection Act of 2004

On March 2, 2004, President Bush signed H.R. 743, the Social Security Protection Act of 2004, into law. Section 419(c) of H.R. 743 provides that any individual entering employment on or after January 1, 2005 in a position not subject to Social Security, be provided a written notice explaining the maximum effect not being subject to Social Security may have on the calculation of the primary insurance amounts and on the benefit amounts of monthly periodic payments or benefits.

The notice has been developed by the Social Security Administration "in language calculated to be understood by the average individual". The written notice provided is to include a form for the individuals to complete and sign certifying receipt of the notice. Once completed and signed, the notification is to be submitted to the agency and to the retirement system the employing entity provides for its employees. H.R. 743 is silent as to any reason for the certifications being submitted to the retirement systems, how long the certifications must be retained, or any retrieval capability requirements. The Social Security Administration (SSA) provides the notification, certification form and instructions to public employers through their website at www.socialsecurity.gov. Questions should be directed to your local social security office or to the SSA using the Web address provided above.

CalPERS will provide any additional information on this topic as it becomes available.

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To subscribe to these services, visit our website at www.calpers.ca.gov or contact our CalPERS Customer Contact Center at **888 CalPERS** (or **888 225-7377**).

Determining Retirement Benefits

When determining retirement benefits for a new employee, the following items may impact which benefits the employee shall receive. This list only includes the most common items.

- Effective date of contract amendment(s)
- Retirement benefit formula
- Final compensation
- Member and/or employer rate
- Cost of living allowance (COLA)

G.C. section 20475(b) indicates a member shall be subject to the contract as amended only if, after the effective date of the contract amendment, the member either:

1. receives service credit for the first time within a classification; or
2. returns to employment in a classification following termination of membership as provided for in G.C. section 20340(b).

The member shall not be subject to the contract amendment under G.C. section 20475(b) if the member, in accordance with G.C. section 20750:

1. has redeposited contributions; or
2. requests or elects to redeposit contributions prior to 90 days after returning to service.

NOTE:

The employer or member is responsible for submitting a request to CalPERS to obtain the cost calculation to redeposit the previously withdrawn contributions. It is the duty of the employer to notify the member of this requirement.

Scenario 1 – Classic Member

The employee was hired on January 1, 2009, in the first level of benefits. On May 1, 2011, the employer added a second level of benefits for the same member category, changing the final compensation from 12 to 36 months. On January 1, 2012, the employee separated and withdrew their member contributions from CalPERS. On

June 1, 2012, the employer rehired the employee.

Result: Since the employee did not redeposit their contributions within 90 days of rehire, the employer is required to enroll the employee into the second level of benefits with the 36 month final compensation period.

Scenario 2 – Classic Member

The employee was hired by employer #1 on January 1, 2009, in the first level of benefits. On January 1, 2010, the employee separated from employer #1 and withdrew their contributions from CalPERS. On May 1, 2011, the employee was hired by employer #2 and qualified for membership. However, on July 1, 2011, the employee separated from employer #2, but left their contributions on deposit. On July 2, 2011, the employee was rehired by employer #1. During the time the employee was not working for employer #1 a second level of benefits was added for the same member category, changing the retirement benefit formula from 2.7% @ age 55 to 2% @ age 55 effective September 1, 2010.

Result: Since the employee did not redeposit their withdrawn contributions from employer #1 within 90 days of rehire; employer #1 is required to enroll the employee into the second level of benefits with a benefit formula of 2% @ age 55.

Scenario 3 – Classic Member

The employee was hired on January 1, 2009, in the first level of benefits. On May 1, 2011, the employer added a second level of benefits for the same member category, changing the final compensation from 12 to 36 months. On January 1, 2012, the employee separated and withdrew their member contributions from CalPERS. On June 1, 2012, the employer rehired the employee and they redeposited their withdrawn contributions within 90 days.

Result: Since the employee redeposited their contributions within 90 days of rehire, they should be enrolled into the first level of benefits with a final compensation period of one year.

Scenario 4 – Classic Member

The employee was hired part-time on January 1, 2011, and did not qualify for immediate membership and had to be monitored. On May 1,

2011, the employer added a second level of benefits changing the cost of living allowance (COLA) from 3% to 2%. On January 1, 2012, the employee qualified for membership.

Result: Since the employee qualified for membership after the addition of a second level of benefits, the employer is required to enroll the employee into the second level with a COLA of 2% and a membership date of January 1, 2012.

Scenario 5 – New Member

The employee was hired on January 1, 2012, and separates from the employer on March 31, 2012. The employee is subsequently hired by a different CalPERS-covered employer on February 1, 2013 after the Public Employees' Pension Reform Act of 2013 (PEPRA) took effect on January 1, 2013.

Result: Since the employee had a break in service greater than six months between the separation date with the previous employer and the appointment date with the subsequent employer, the employee would be considered a new member.

Scenario 6 – Classic Member

The employee was hired on January 1, 2012, and separates from the employer on November 30, 2012. The employee is subsequently hired by a different CalPERS-covered employer on March 1, 2013 after PEPRA took effect on January 1, 2013.

Result: Since the employee had a break in service of less than six months between the separation date with the previous employer and the appointment date with the subsequent employer, the employee would be considered a classic member.

Scenario 7 – Classic Member

The employee was hired on October 1, 2012, and separates from the employer on March 31, 2013. The employee is subsequently hired by the same CalPERS-covered employer on December 1, 2013 after PEPRA took effect on January 1, 2013.

Result: Since the employee had a break in service more than six months between the separation date, but returned to the same employer, they are considered a classic member.

Scenario 1 – Retired Classic Member

A State employee retired on August 1, 2012 and reinstated from retirement effective March 1, 2013 to a public agency.

Result: The member would be enrolled as a PEPRA new member and subject to the PEPRA retirement benefit formula since the member retired and reinstated to a different employer.

Scenario 2 – Retired Classic Member

A member retired from a public agency as a classic member on November 1, 2012 and reinstated from retirement on June 1, 2013 to the same employer.

Result: The member would return to employment as a classic member and entitled to the same retirement benefit formula that applied while the member was in active status since the member is returning to the same employer.

Scenario 3 – Retired Classic Member

A member retired from a public agency as a classic member on June 1, 2012 and reinstated from retirement on March 1, 2013 to a different employer.

Result: The member would be a PEPRA new member and subject to the PEPRA retirement benefit formula since the member retired and is reinstating to a different employer.

Scenario 4 – Retired Classic Member

A member retired from a public agency as a classic member on February 1, 2013 and reinstated on September 1, 2013 to the same employer.

Result: The member would return to employment as a classic member and entitled to the same retirement benefit formula that applied while the member was in active status since the member is returning to the same employer.

Scenario 5 – Retired Classic Member

A member retired from a public agency as a classic member on March 1, 2013 and reinstated on October 1, 2013 to a different employer.

Result: The member would be considered a New Member and subject to the PEPRA New Member retirement benefit formula since the member is reinstating to a different employer.

NOTE:

Upon re-retirement, a member's prior service remains at the same retirement benefit formula that was applied at the time of the member's initial retirement.

NOTE:

To learn more about reinstatement from retirement refer to: Reinstatement From Retirement Section.

Positions Excluded by Retirement Law (PERL) from CalPERS Coverage

The following is a list of positions that are excluded from CalPERS membership as stated by California Public Employees' Retirement Law (PERL):

Members Of Other Retirement Systems

Persons who are receiving service credit in another public retirement system (federal, state, county, city, other local or CalSTRS) are excluded from receiving service credit with CalPERS for the same employment under G.C. section 20303.

NOTE:

Persons can have dual membership in two or more public retirement systems, as long as it is for different employment.

Persons Who are not "Employees" of a CalPERS-Covered Agency

Only compensated "employees" of agencies contracting with CalPERS for retirement coverage are eligible for CalPERS membership. CalPERS uses the "Common Law Control Test" as a guide to determining whether or not an individual is an employee, as well as which entity (if more than one) is purportedly employing a worker.

NOTE:

CalPERS may also defer to other appropriate authorities.

The Supreme Court decision in the case of Metropolitan Water District of Southern California v. Superior Court of Los Angeles (32 Cal. 4th 491) may be referenced for additional guidance in this area. The Court concluded that the law "requires contracting public agencies to enroll in CalPERS all common law employees except those excluded under a specific statutory or contractual provision." Also, "the PERL contains no broad exclusion for... [Employees] hired through private labor agencies or suppliers." This decision also cited the Tieberg v. Unemployment Ins. App. Bd. Case (2 Cal.3^d 949), which stated that, "The right to control the means by which the work is accomplished is clearly the most significant test of the employment relationship."

Independent Contractors

Independent contractors are not "employees" and are excluded from membership in CalPERS by G.C. section 20300(b). An independent contractor is someone who contracts to provide a service or complete a task according to his or her own methods, and is not subject to the contracting entity's control as to the end product, final result of work, or manner and means by which the work is performed.

CalPERS uses the "Common Law Control Test" as a guide to determining independent contractor status. The common law control test factors are enunciated in the case of Albert B. Tieberg v. Unemployment Insurance Board (1970) 2 Cal.3d 943, 949. These factors are also cited in [the CalPERS Precedential Decision No. 05-01](#), In the Matter of the Application for CalPERS membership credit by Lee Neidengard, Respondent and Tri-Counties Association Regional Center, Respondent.

A "contract employee" (i.e., a common law employee who periodically signs an employment contract) is eligible for CalPERS membership, if otherwise qualified.

NOTE:

CalPERS commonly corresponds with agencies (e.g., sends a questionnaire to be completed by both the worker and the contracting entity) in order to determine whether a worker is an "employee" of a CalPERS covered agency, an employee of a non-CalPERS agency, or is an independent contractor. It is important that such questions be answered authoritatively by an appropriate certifying officer at your agency, since the employer may be liable for arrears costs (if membership is determined to be applied retroactively), or for service credit purchased by the employer, if the worker is found to be an "employee" of your agency.

For further clarification of independent contractors or contract employees, we recommend contacting the CalPERS Customer Contact Center at **888 CalPERS** (or **888-225-7377**).

Elected or Appointed Officers

G.C. sections 20320–20325 exclude certain public officers and employees from membership unless an election is filed with CalPERS to waive the exclusion and establish membership. Those persons qualifying for “optional” membership rights are predominately, but not limited to, elected and appointed officers of public agencies, schools, and the State of California. Refer to the “Optional Members of CalPERS” section for more complete information to determine who is excluded but may be eligible under optional member provisions.

Student Assistants/Aides

A student in public school who is also employed in the same district in which he/she is a student and whose student status is a prerequisite for employment, is excluded from CalPERS membership by G.C. section 20300(c).

Temporary Teacher-Assistant Certificate

Persons employed as teacher-assistants under Education Code section 44926 (who possess a temporary certificate to serve as a teacher-assistant, and are enrolled in a California teacher training institution) are excluded from CalPERS membership by G.C. section 20300(d).

Professional Legal Services to a City

Persons rendering professional legal services to a city are excluded under G.C. section 20300(h) with the exception of persons in one of the following offices/positions:

1. The office of city attorney;
2. The office of assistant city attorney; or
3. An established position of deputy city attorney.

However, a city attorney, assistant city attorney, or deputy city attorney, may also be eligible for the “optional” member provisions of G.C. section 20322. Refer to the “Optional Members of CalPERS” section for further information.

Inmates of Public Agency Institutions

(i.e., prison/penitentiary or mental hospital) Such persons are excluded from CalPERS membership by G.C. section 20300(a) even if receiving compensation for such services they perform.

Board Members of the State Compensation Insurance Fund

Board Members of the State Compensation Insurance Fund, including those appointed by

the Governor are excluded from electing CalPERS membership under G. C. section 20300(m).

Additional Information

Contract Exclusions (Public Agencies Only)

G.C. section 20502 gives CalPERS authority to grant to contracting agencies exclusions from CalPERS coverage. Such exclusions may not be made for individual employees (e.g., City Manager, Fire Chief, etc.) but must be for groups of employees, in categories such as by departments or duties (e.g., lifeguards; crossing guards; federally-funded non-civil service employees, etc.).

Any current exclusions in your agency's CalPERS contract will be shown on your contract activity page in myCalPERS. CalPERS Board [Resolution MSD-97-01](#) provides the criteria used to review and approve/deny requested contract exclusions. As a general guideline, the exclusion of groups of employees who are career employees, or could reasonably be anticipated to become career employees, is not permitted.

Such exclusions, when granted, are effective only with respect to future entrants into such a group; persons employed in this group prior to the exclusion are not affected by the addition of such exclusion, even if they have not yet qualified for CalPERS membership.

INVALID/SUPERSEDED CONTRACT EXCLUSIONS

There are some agencies with contract exclusions which were granted prior to January 1, 1975, where the basis for the exclusion was the “temporary” or “seasonal” employment base of the employees. Such exclusions have been superseded by G.C. section 20305; therefore, such exclusions no longer apply with respect to employees entering such employment after January 1, 1975.

G.C. section 20305(b) states that this section “shall supersede any contract provision excluding persons in any temporary or seasonal employment basis and shall apply only to persons entering employment on or after January 1, 1975; except as provided in G.C. section 20502, no contract or contract amendment entered into after January 1, 1981, shall contain any provision excluding persons on an irregular employment basis.”

Employees not excluded by contract must still meet the normal criteria for membership in CalPERS.

“Optional” Members of CalPERS

The Government Code provides “optional” membership rights for certain public officers and employees. Those eligible “optional” members are excluded from membership unless and until a written election for membership is filed with CalPERS. Membership becomes effective the date the election form is received and filed with CalPERS.

NOTE:

Changes in legislation have made optional member eligibility determinations more complex. This section provides basic information based on employer type and/or “optional” position category to assist in making those determinations. However, if you have any questions concerning optional membership eligibility or rights, contact the CalPERS Customer Contact Center at **888 CalPERS** (or **888-225-7377**).

Once membership has been elected, an optional member may elect to contribute and receive service credit for prior optional member service. See the publication [A Guide to Your CalPERS Service Credit Purchase Options](#) (PERS-PUB-12) for more information.

When an “optional” member purchases service credit for prior optional member employment, it will not change his or her membership date.

General Principles

1. Elected or appointed officials who do not receive “compensation” other than reimbursement of expenses (or who waive such compensation) cannot elect membership, or receive service credit.
2. Once membership is elected and established, optional members are generally subject to the same CalPERS laws and regulations that apply to compulsory members (except as stated below).
3. Electing optional membership is an irrevocable election. There is no government code provision to allow for cancellation of membership prior to separation from the elected/appointed position. A separate election form must be made for each optional membership position, even if the positions(s) are with the same employer.

4. For members of a City Council or County Board of Supervisors first elected or appointed on or after July 1, 1994 (unless continuously in employment since June 30, 1994), final compensation at retirement will be based **only** on salaries earned in such office (G.C. section 20039).
5. Optional members listed below receive full-time service credit and are deemed full-time for CalPERS retirement purposes (G.C. section 20899).

NOTE:

Such full-time status may result in an overtime situation, if the member has any other concurrent CalPERS covered positions. (See the “Overtime Positions” section for more information.)

Optional members at public agencies and schools are those defined by G.C. section 20322, to include the following groups:

Elective Officers

Elected officers are persons elected by vote of the people (e.g., Mayor, City Council members, County Supervisors, Sheriff, District Attorney, City Clerk, etc.). This also includes persons who are appointed to fill the unexpired office of an elective officer (e.g., a person appointed by a City Council to fill the remainder of a term for a member who resigns; or dies in office).

NOTE:

County Board of Education members are considered, for CalPERS purposes, as employees of the county, rather than employees of the County Superintendent of Schools, even if the board is fiscally independent of the county. Therefore, the county must contract for CalPERS coverage for such persons to be eligible, unless it provided G.C. section 20361.2 prior to its repeal effective July 1, 1994.

Appointive Officers of a City or County

Persons who are appointed to a "fixed term of office" with a city or county are included in the definition of "elective officer" by G.C. section 20322(b). Such officers are listed in G.C. sections such as 24000, 36501, etc.

City Attorney

Persons holding this office, provided they are common law employees, are eligible for optional membership in certain conditions:

- Prior to March 4, 1972, an elected City Attorney was an optional member. (An appointed City Attorney was not, but was subject to compulsory membership, if meeting the normal time base/appointment length qualifications for membership.)
- From March 4, 1972 through June 30, 1994, all City Attorneys were defined as elective officers and thus optional members whether or not they were actually elected to office.
- After July 1, 1994, all City Attorneys are excluded from the definition of elective officer. Thus, even if they are elected to office, they no longer are considered elective officers or optional members for CalPERS purposes. Consequently, they must now meet the qualifications for membership under G.C. 20305. In addition, City Attorneys must take an oath prescribed by the constitution before entering the office. Failure to take and file the constitutional oath of office results in a vacancy in the office.

In addition to the above, between January 1, 1986 and June 30, 1994, an Assistant/Deputy City Attorney in a city that had contracted for G.C. section 20361.3 (now repealed, but still applicable for an agency that contracted for it while it was law) was included in the definition of elective officers, and was thus an optional member - even though the individual had not been elected to office.

Part-Time Employees

Employers can contract for G.C. section 20325, to allow all part-time employees who work less than 20 hours a week for one year or more to elect optional membership. If such an amendment or resolution is adopted, all employees eligible to elect membership are automatically subject to the same Social

Security coverage provided for members whether or not they elect membership.

If such an eligible employee wishes to elect "optional" membership, they should complete the [Election of Optional Membership – PART TIME EMPLOYEE](#) (myCalPERS 0843) form, which can be downloaded from the CalPERS website.

Exclusions from Membership

Since July 1, 1994, persons who formerly had optional membership rights are now excluded from electing CalPERS membership entirely.

Those excluded are members of commissions, boards, councils, or similar legislative or administrative bodies (e.g., water districts, sanitation districts, redevelopment agencies, transportation commissions, etc.). Regular employees of such agencies are not excluded; only the members of the governing board of such bodies.

NOTE:

City Council members and members of a County Board of Supervisors are specifically not excluded from membership by these law changes, and remain eligible for optional membership (G. C. section 20322 (c)).

Persons first elected or appointed prior to July 1, 1994 and continuously remained in such office, still have the right to elect optional membership. For example, a person who was elected in 1990 and has remained continuously in the same office but has not yet elected optional membership has the right to elect membership; whereas, a person first elected in 2000 does not have the right, and would be excluded from membership. The excluded positions are:

School Board Members

School board members are excluded if they are first elected or appointed to their position on or after July 1, 1994. However, if the person has been in the same position continuously since before July 1, 1994, they have the right to elect optional membership, and/or should still be reported in membership.

Elected/Appointed Officers Of Administrative Bodies Of Non-City/County Contracting Agencies

Members with a contracting agency other than a city or county are excluded if they are first elected or appointed to their position on or after July 1, 1994. However, if the person has been in the same position continuously since before July 1, 1994, they have the right to elect optional membership, and/or should still be reported in membership.

Elected/Appointed Officers Of Administrative Bodies Of Any Contracting Agencies

Members are excluded if they are first elected/appointed to their position on or after January 1, 1997. However, if the person has been in the same position continuously since before July 1, 1997, they have the right to elect optional membership, and/or should still be reported in membership. As stated above, City Council members, and County Supervisors are not excluded.

Election of Optional Membership

A completed and signed [Election of Optional Membership – ELECTIVE OFFICER](#) form (my|CalPERS 0841) which can be downloaded from the CalPERS website, is required to establish membership for an officer who qualifies as an optional member as an elective/appointive officer under G.C. section 20322.

When to Complete

Once it has been determined that the officer is eligible for and requests “optional” membership, the my|CalPERS 0841 form must be completed and submitted to CalPERS for review and approval of membership.

1. The optional member must be advised of his or her rights to elect membership when first eligible for membership (i.e., upon first taking office) but the election can be made at any time while in that elected/appointed position - even on the incumbent's last day in office. You should document in your personnel records that information was provided to the officer, as well as any direct response received from the officer (e.g., “Ms. Smith declined membership at this time”). Do not send a notice to CalPERS if membership is declined.

2. When a current active or inactive member assumes an optional member position and elects membership for that office, complete the my|CalPERS 0841 election form and enroll the optional member through the my|CalPERS system and submit the my|CalPERS 0841 form to CalPERS.

NOTE:

The officer's current CalPERS membership status does not serve as qualification for eligibility to continue the person in membership automatically; an optional member election form must be submitted.

Other General Provisions and Instructions

1. For CalPERS retirement purposes, optional members are eligible to elect CalPERS membership under G.C. section 20322 and are deemed full-time and earn full-time service credit (G.C. section 20899).

NOTE:

This full-time status may result in an overtime situation, if the member has any other concurrent CalPERS positions.

2. Optional members excluded by an agency's CalPERS contract remain excluded regardless if an [Election of Optional Membership – ELECTIVE OFFICER](#) form (my|CalPERS 0841) is filed. Typical contract exclusions that apply are defined as “Elective Officers and Members of the Governing Body,” and those citing specific position titles.
3. The optional member must receive “compensation” in order for membership to be reported and service credit earned. Reimbursement of expenses alone is not considered compensation under the Government Code.
4. Elimination of, or waiver of compensation; once membership has been elected does not constitute a “permanent separation” from membership for purposes of canceling membership and electing a refund of contributions, as long as the person remains active in the same elected position with that employer.
5. Membership should not be established for an optional member unless the my|CalPERS 0841 election form is signed and filed with

the CalPERS Board of Administration in accordance with the “When to Complete” instructions.

6. Submit the original signed my|CalPERS 0841 form to CalPERS; retain copies for the member and employer personnel records.
7. Refer to the “Pay Rate and Earnings Relationship” section in the Payroll Reporting chapter for normal contribution reporting instructions.
8. An optional member may elect to purchase and receive service credit for prior optional member service. When purchasing prior optional member service credit, an officer must purchase all prior optional member service for that employer, not just a portion of the optional member service period.
9. An officer who is no longer in office, but is currently an active or inactive CalPERS member, may also elect to contribute for prior optional member service.
10. See the publication [A Guide to Your CalPERS Service Credit Purchase Options](#) (PERS-PUB-12) or refer to the **Redeposit of Withdrawn Contributions and Other Types of Service** publication.

NOTE:

Do not attach the Service Credit Purchase inquiry to the my|CalPERS 0841 election form; it should be submitted separately.

School Employment: CalPERS or CalSTRS?

Public school positions in California are divided into two basic types:

1. **CERTIFICATED**

An employee in a position requiring certification qualifications by or pursuant to the Education Code. Credentialed employees (e.g., teachers, administrators, health care, and library media workers) are all in certificated positions.

2. **CLASSIFIED**

An employee in a non-certificated position (e.g., office workers, custodial staff, and cafeteria workers).

In general terms, employees in new certificated positions are, upon meeting normal qualification requirements, or by permissive election, eligible for membership in the California State Teachers' Retirement System (CalSTRS), while classified employees may be eligible for membership in CalPERS.

Pursuant to G.C. sections 20300(g), 20501, and 20610, CalPERS can cover school employees only with respect to employment in which they are not eligible for CalSTRS coverage. Some persons who are employed in certificated or classified positions may not actually qualify for membership in either system (due to "part-time" or "temporary/seasonal", status, etc.); thus, some school employees may not be members of either system until their working hours or conditions change.

The Education Code 22508 provision may give persons certain rights with regard to choosing retirement coverage under one system or the other. The Public Employees Retirement Law (PERL) also contains G.C. Sections 20309 and 20309.5 that pertain to election rights.

A member of CalSTRS who becomes employed by the same or a different school district, a community college district, a county superintendent of schools or limited state employment, as defined in Education Code Section 22508, to perform service that requires membership in CalPERS will have that service credited with CalPERS unless he/she files a written election (within 60 days from the date of

hire in the new position) to have the service credited with CalSTRS.

A member of CalPERS who is employed by a school employer, Board of Governors of Community College Districts or State Department of Education or has at least five years of CalPERS credited service, as defined in Government Code Section 20309, and who subsequently becomes employed to perform creditable service that requires membership in CalSTRS Defined Benefit Program, will have that service credited with CalSTRS unless he/she files a written election (within 60 days of the date of hire in the new position) to have the service credited with CalPERS.

Amendments – Inclusion of State Employees, State Board of Governors of the California Community Colleges and Vested Members

Employees in Certain State Bargaining Groups

SB 1694 (Chapter 880, Statutes of 2000) amended Section 22508 of the Education Code, and now provides that this same election right will be given to CalSTRS members that enter State employment where one of the following conditions apply:

- A. The employee is represented by a State Bargaining Unit that represents educational consultants, professional educators, or librarians employed by the state; or
- B. The employee is excluded from the definition of "State employee" in G.C. Section 3513(c), yet performs, manages or supervises work similar to employees under Subparagraph "A" above; or
- C. The employee is in a non-civil service position in the Executive branch, yet performs, manages or supervises work similar to employees under Subparagraph "A" above.

SB 1694 (Chapter 880, Statutes of 2000) also amended Section 20309 of the Government Code to provide an election right to CalPERS members who are employed with the State

Board of Governors of the California Community Colleges or the State Department of Education when they subsequently enter employment that qualifies for membership in the CalSTRS Defined Benefit Program.

SB 165 (Chapter 77, Statutes of 2001) again amended Government Code Section 20309 to also include CalPERS members with five years of CalPERS credited service. The five years of credited service can be with the State of California, a Public Agency, a County School, or any combination thereof, earned at any time during the member's career. An election opportunity arises when they subsequently enter employment that qualifies for membership in the CalSTRS Defined Benefit Program on or after January 1, 2002.

Persons Entering State Second-Tier Membership between July 1, 1991 and September 11, 2000

AB 649 (Chapter 402, Statutes of 2000) added Section 22508.6 to the Education Code and Section 20309.5 to the Government Code, and provides that a "vested" CalSTRS member who enters State employment subject to the Second-Tier benefit plan may elect to have this service subject to CalSTRS rather than CalPERS, under the following conditions:

1. The member must have entered State employment within 30 days of separation from CalSTRS-covered employment;
2. The member must have had no other intervening employment;
3. The change of employment occurred between July 1, 1991 and September 11, 2000;
4. The member must be subject to the State Second-Tier.
5. The member meets one of the following criteria:
 - a) Is represented by a State Bargaining Unit that has agreed to an MOU making their represented employees subject to G.C. section 20309.5;
 - b) Is excluded from the definition of "State employee" in G.C. section 3513(c), yet performs, manages or supervises work

similar to employees under Subparagraph "A" above;

- c) Is in a non-civil service position in the Executive branch, yet performs, manages or supervises work similar to employees under Subparagraph "A" above.

Information and Instructions

The right of election arises when the employee is hired in a position that requires membership in another retirement system and the employee, as a member of their current retirement system, is eligible to elect.

The election must be made in writing by completing the "Retirement System Election" (ES-372) which can be found in the CalSTRS website www.calstrs.com. The election and written information regarding the benefits of each system is required to be provided to an eligible employee within 10 working days of the date of hire into the position that qualifies for this election (Ed. Code section 22509). The publication "Join CalSTRS? Join CalPERS?" (COM-151) can be obtained at www.calstrs.com or by calling CalSTRS.

If the employee elects, the completed form must:

- Be clearly marked with the choice of retirement system
- Be signed and dated by both the employee and employer
- Indicate the date the employee entered the new position
- Be filed with CalPERS with a copy to CalSTRS within 60 days of the entry into the new position

Incomplete forms will be returned to the employer for further action.

An election is irrevocable and will remain in effect until a change in employment occurs that qualifies the employee for the election right or until the employee separates from employment and receives a refund of all accumulated contributions and interest. An election cannot be accepted after a refund or retirement event because the membership ceases. Retirement

does not cancel an election and may affect post-retirement employment.

If the employee does not exercise the right of election within 60 days from the date of hire, the employee will be reported to the retirement system that normally covers that employment.

Send elections to:

CalSTRS
P.O. Box 15275
Sacramento, CA 95851-0275

And

CalPERS
Employer Account Management Division
Attn: Unit 841
P.O. Box 9427094
Sacramento, CA 94229-27094

Completed elections may also be uploaded into my|CalPERS.

Use the charts following this section as a guide to determine if the employee is eligible for this election and the retirement system coverage.

Differences Between CalPERS and CalSTRS

There are a number of factors that might influence a person's decision about coverage under one system or the other. Some of the differences between the two systems are the following:

1. CalPERS members may or may not have Social Security coverage (most do), whereas CalSTRS members generally do not;
2. The Benefit Factors based on age for service retirement may be different;
3. The employee contribution rates may be different;
4. Persons entering membership in either system between July 1, 1980 and December 31, 1998 may not be eligible to convert unused sick leave credits to service credit at retirement.

We suggest you contact CalPERS or CalSTRS if you have any specific questions or need additional information relating to an employee's eligibility and/or choice of coverage.

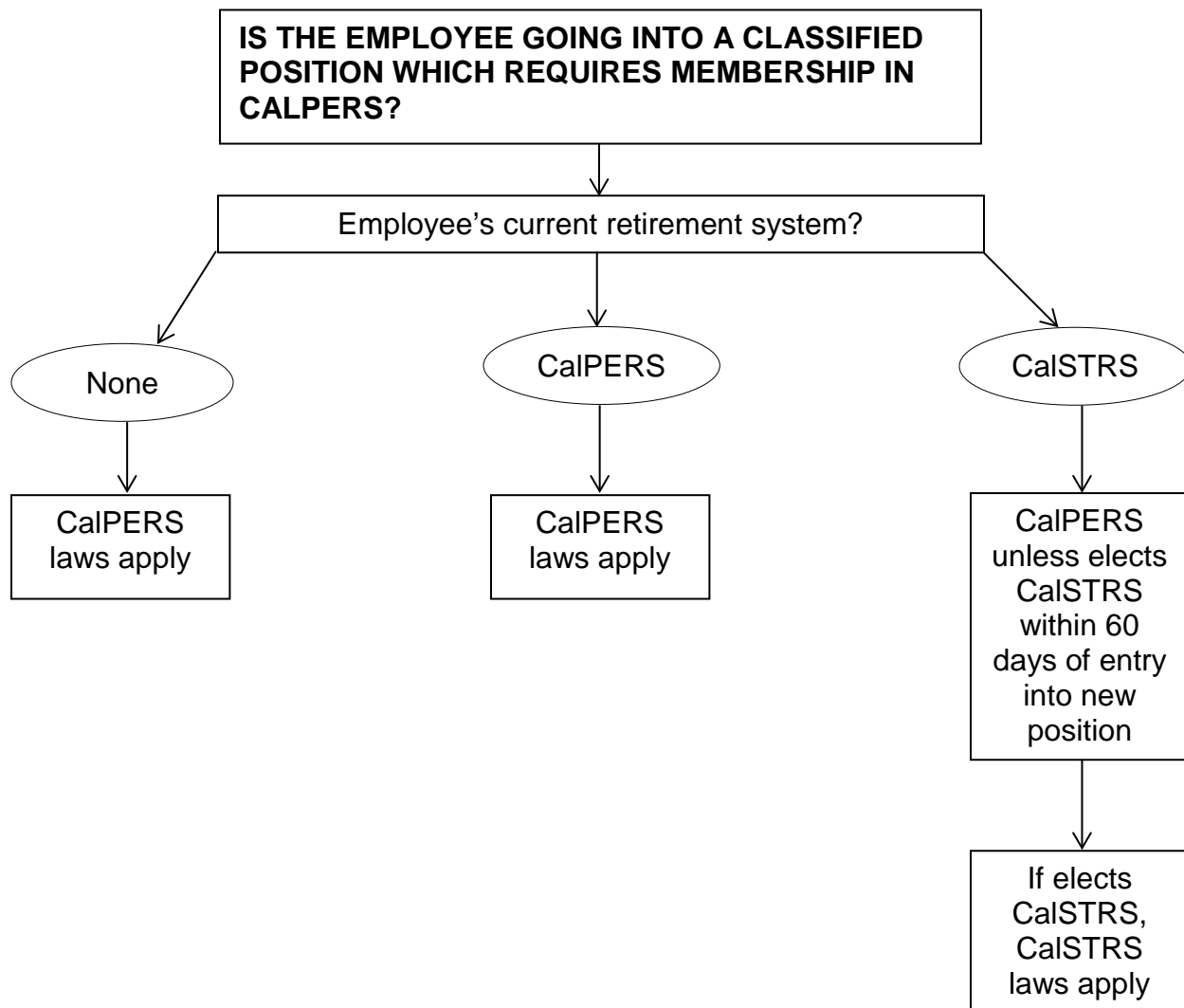
CalSTRS Contact Information

CalSTRS Phone **(800)** 228-5453
or Fax (916) 414-5040
or www.calstrs.com
Employers Only: **(844)** 679-7833

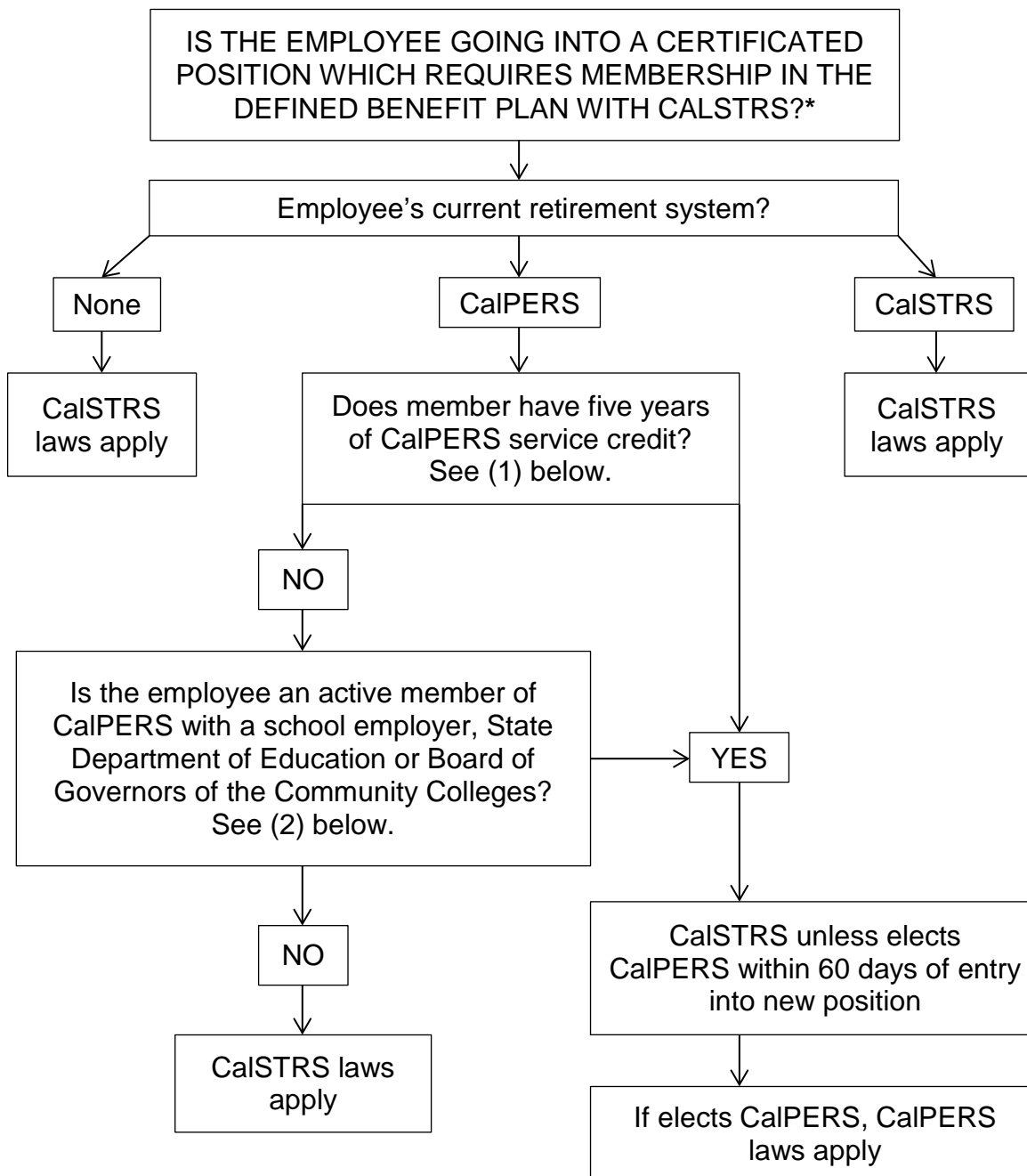
Additional Information

1. A person is a "member" of CalPERS or CalSTRS unless they have permanently separated from all employment covered by the system and received a refund of his or her contributions and interest on deposit.
2. It is possible to be an active (i.e., currently employed) member of both CalSTRS and CalPERS as long as this dual coverage is for different positions.
3. A CalPERS member with less than five years of service must be actively employed under CalPERS with a school employer, Board of Governors of the Community Colleges or the State Department of Education without a break in service to be eligible for the right of election.
4. The right of election can only be offered to an eligible CalPERS employee when the new certificated position qualifies for mandatory membership in the Defined Benefit Program under CalSTRS requirements.
5. The election should be filed with the system indicated by the Education Code section (see previous page); send a duplicate copy to the other system for informational purposes, clearly labeled "COPY".

CalPERS/CalSTRS RETIREMENT SYSTEM ELECTION



CalPERS/CalSTRS RETIREMENT SYSTEM ELECTION

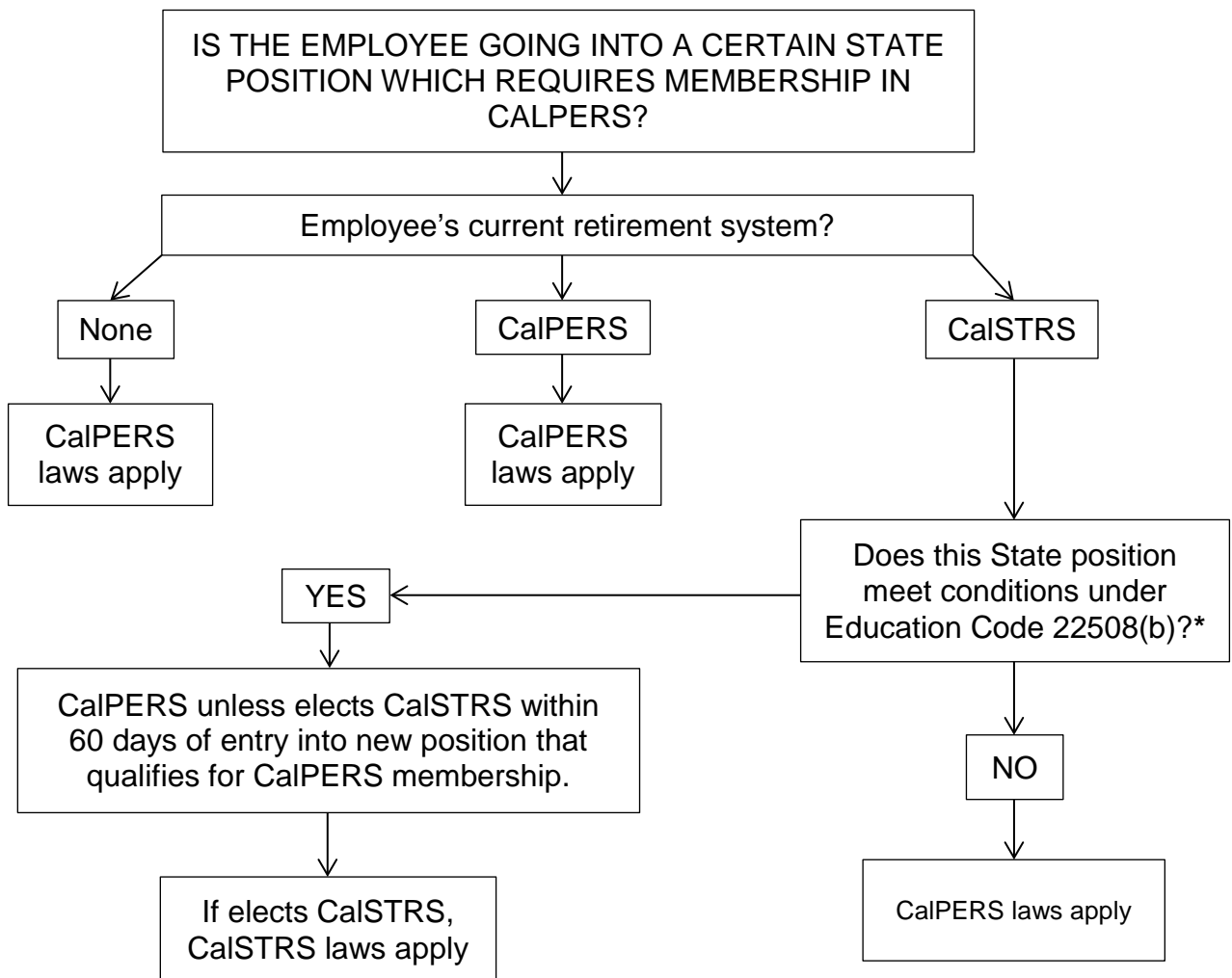


*Substitute or part-time employment for employee who is not previously a CalSTRS member may not require membership. Please call CalSTRS prior to administering election.

(1) G.C. section 20309 (Chapter 77, Stats. 2001) effective 1-1-2002

(2) G.C. section 20309 (Chapter 880, Stats. 2000) effective 1-1-2001

CalPERS/CalSTRS RETIREMENT SYSTEM ELECTION



***Education Code 22508(b) Conditions:**

(1) Represented by a state bargaining unit that represents educational consultants, professional educators, or librarians. (2) Excluded from the definition of "state employee" in subdivision (c) of Section 3513 of the Government Code, but performing, supervising, or managing work similar to work performed by employees described in paragraph (1). (3) In a position not covered by civil service and in the executive branch of government, but performing, supervising, or managing work similar to work performed by employees described in paragraph (1).

Reporting Multiple Positions/Overtime Positions

G.C. section 20635, defines “overtime” as follows:

“The aggregate service performed by an employee as a member for all employers and in all categories of employment in excess of the hours of work considered normal for employees on a full-time basis, and for which monetary compensation is paid.”

CalPERS considers full-time employment to be between 34 and 60 hours per week. Employers generally have the ability to determine what constitutes full-time for an employee provided that the employee works between 34 and 60 hours per week (the exception is non-certificated school employers which is discussed below). Once the full-time weekly hours are determined the additional hours worked during the week by the employee will constitute overtime under G.C. section 20635.

G.C. section 20635.1, defines overtime as follows for school members:

“For the purposes of this part, overtime for school members is the aggregate service performed by an employee as a member for all school employers and in all categories of employment in excess of 40 hours of work per week, and for which monetary compensation is paid.”

G.C. section 20636.1, states that for all non-certificated school members full-time employment is considered 40 hours per week. This means that all hours up to 40 per week must be reported to CalPERS for non-certificated school members at the straight time rate and only those hours above 40 are considered overtime.

In situations where a member is working two full-time positions, the position with the highest pay rate or base pay will determine what employment should be reported to CalPERS.

With the implementation of myCalPERS, all positions should be reported to CalPERS. This means you should enroll the employee into myCalPERS and submit payroll with contributions for all CalPERS covered employment. CalPERS will determine what employment is considered overtime, meaning

which positions will be contributory (where employer and employee contributions are submitted to CalPERS), and which positions are non-contributory (where no contributions are submitted).

If CalPERS determines that a position is overtime, you will be instructed to reverse the overtime contributions for that participant which will provide a credit to the employer's account. When submitting payroll for the participant's overtime position you must report the payroll as non-contributory on your payroll reporting. If the member contributions are not employer paid member contributions, the overtime contributions will need to be refunded to the employee by the employer. CalPERS will not refund the member their overtime contributions.

The following scenarios illustrate proper enrollment and reporting of participants when working in multiple positions:

1. The employee currently holds one full-time position subject to CalPERS, and accepts a second concurrent qualifying part-time position.

ACTION: The part-time position must be enrolled and reported to CalPERS. CalPERS will make the determination on which position is overtime.

2. The participant holds more than one part-time position with the same CalPERS covered employer.

ACTION: All positions should be enrolled and reported to CalPERS.

3. The participant works two full-time positions, either with the same employer (e.g., a school district) or with another CalPERS-covered employer.

ACTION: Both positions must be enrolled and reported to CalPERS. CalPERS will determine which position is overtime.

Additional Information

Pursuant to changes made to G.C. section 20635 by Senate Bill 53, Chapter 1297, Statutes of 1993, the treatment of more than one full-time position has been changed; the crucial distinction now is whether the service in question was worked before or after July 1, 1994:

- **BEFORE JULY 1, 1994:** The member has the right to elect which of the two full-time positions will be reported to CalPERS; CalPERS will, upon discovery of the second full-time position, send the member an election allowing this choice to be made. If no election is made (i.e., if the member does not respond to CalPERS' notification of election rights), the employment with the latest hire date will be deemed the non-reportable "overtime" position.
- **AFTER JULY 1, 1994:** The position with the highest pay rate or base pay must be reported to CalPERS, with the other position deemed the non-reportable "overtime" position.

If the employment began **before** July 1, 1994 and continues **after** July 1, 1994, the member will have election rights indicated above **only** for the employment prior to July 1, 1994. Employment on and after July 1, 1994, will require the position with the highest pay rate or base pay to be reported to CalPERS.

Updating Employee Demographic Information

To ensure consistent information between your agency and CalPERS, you should validate and make any changes to your employees' demographic information via my|CalPERS, as this will update CalPERS automatically. This includes changes to the following items:

- Name
- Address
- Social Security Number
- Birth Date
- Gender

NOTE:

Member and beneficiary birthdates must be accurate in order for CalPERS to calculate and pay benefits. Member and beneficiary birthdate verification from the Acceptable Documents list will be required at the time a retirement application is submitted. ***Do not send originals and always include the Social Security number or CalPERS ID on all documents in the upper right hand corner.***

Birth Date Certification Request

Instructions

ACTIVE MEMBER

- If this is the **first time** to correct the birth date, process the change by updating my|CalPERS with the correct date of birth.
- If a birth date correction has been previously requested, please notify CalPERS in writing and include one of the "Acceptable Documents" listed below with the request.

Instructions

INACTIVE MEMBER

- If the participant has separated and notifies you that their birth date is incorrect, instruct the participant to provide CalPERS one of the "Acceptable Documents" listed below and to complete the my|CalPERS 0351 form located on my|CalPERS Member Self-Service.

Acceptable Documents

The following is the list of acceptable documents, listed in the order of preference, to be used in resolving a birth date discrepancy. Please submit copies only to CalPERS as originals cannot be returned.

1. BIRTH CERTIFICATE or HOSPITAL BIRTH RECORD
2. CALIFORNIA DRIVERS LICENSE
3. NATURALIZATION/PASSPORT (U.S. or Canada)
4. FOREIGN PASSPORT that includes a valid INS-94 form (record of arrival and departure)
5. BORDER CROSSING CARD with a valid INS-94 form (includes "Mica" and "Laser Visa" border crossing cards)
6. CHURCH BAPTISMAL, CRADLE or BLESSING RECORD that shows a date of birth and was established during the first few years of life
7. PRIMARY or SECONDARY SCHOOL RECORDS showing age at certain year or birth date. Write to the Superintendent of Schools to request records
8. NATURALIZATION, PASSPORT or IMMIGRATION DOCUMENTS
9. RECORDS OF AGE OR BIRTH DATE which are dated prior to 21st birthday, such as church, fraternal order, insurance, hospital, medical, adoption, guardianship, or newspaper notice of age
10. DELAYED BIRTH CERTIFICATE. Contact the state in which you were born to obtain a copy
11. CENSUS RECORDS from federal or state government—preferably the first two censuses taken after date of birth
12. FAMILY BIBLE in which birth date was recorded within reasonable period of time after birth
13. SOCIAL SECURITY CERTIFICATION documents which show the date of birth that has been established by the Social Security Administration (contact the Social Security Office where you applied for Social Security benefits)

In the event that none of the above listed documents are available, submit a written request to:

California Public Employees' Retirement System
Employer Account Management Division
Membership Management Section
P.O. Box 942709
Sacramento, CA 94229-2709

If you have additional questions, contact the CalPERS Customer Contact Center at **888 CalPERS** (or **888-225-7377**).

my|CalPERS Member Self-Service

my|CalPERS provides members access to their real-time account information. This enhancement allows members to see the information submitted on their behalf by their employers, including appointment, payroll, and service credit information.

Therefore, it is critical to stay current with information reported to CalPERS on behalf of your employees. Employer accuracy and promptness will alleviate future concerns or questions members may have with their CalPERS account and the information provided by your agency.

Employers are expected to be knowledgeable of all areas covered in the Guide, as well as in Circular Letters and other standard CalPERS publications. If you encounter an unusual situation not addressed in any of these forums we would strongly urge you to contact us in advance for advice about such situations, so that we can review the facts and advise you appropriately.

Reciprocity

Full Reciprocity

“Reciprocity” is an agreement among public retirement systems to allow members to move from one public employer to another within a specific time limit.

There is no transfer of funds or service credit between retirement systems when an employee establishes reciprocity. The employee is a member of both systems and is subject to the membership and benefit obligations and rights of each system, except as they are modified by the reciprocity agreement.

In order for full reciprocity to apply:

- The member must meet the specific reciprocal requirements.
- The member must have retired on the same date from each public retirement system participating in a reciprocal agreement.
- The member must apply to retire from each system separately; this means that the member will receive a separate retirement allowance from each system.

CalPERS authority extends only to applying and implementing the California Public Employees Retirement Law; it does not extend to applying and implementing the laws or regulations under which other public retirement systems are administered. Questions relating to rights, benefits, and obligations under any of the other public retirement systems should be addressed directly to the appropriate system.

For more information on reciprocity, download or order a copy of [When You Change Retirement Systems](#) (PUB-16) at www.calpers.ca.gov or by calling **888 CalPERS** (or 888-225-7377).

Reciprocal 1937 Act Counties

Alameda
Contra Costa
Fresno
Imperial
Kern
Los Angeles
Marin

Sacramento
San Bernardino
San Diego
San Joaquin
San Mateo
Santa Barbara
Sonoma

Mendocino
Merced
Orange

Stanislaus
Tulare
Ventura

Independent Public Agency Retirement Systems

City of Concord (11/27/70)*
City of Costa Mesa (safety employees only) (4/1/78)*
City of Fresno (misc. and safety retirement systems) (2/18/02)
City of Los Angeles (7/14/97)
City of Oakland (non-safety employees only) (4/1/71)
City of Pasadena (fire and police retirement) (5/4/01)
City of Sacramento (11/4/74)*
City of San Clemente (safety 1/1/85; non-safety 6/9/14)*
City of San Diego (6/25/92)
City and County of San Francisco (7/29/88)*
City of San Jose (misc. 12/9/94; safety 9/30/94)
Contra Costa Water District (3/2/88)
County of San Luis Obispo (4/19/84)
East Bay Municipal Utility District (4/16/84)
East Bay Regional Park District (safety employees only) (7/1/96)
Los Angeles County Metropolitan Transportation Authority (Non-Contract Employees' Retirement Income Plan, formerly Southern California Rapid Transit District) (5/12/71)

*These entities are now CalPERS-covered employers. If you earned service credit in these systems prior to their CalPERS contract, you may be eligible for reciprocity for that earlier service credit.

The University of California Retirement System (UCRS)

Only UCRS members who participate in the University of California Defined Benefit Retirement Plan (UCRP), which contracted with CalPERS on October 1, 1963, may be eligible for reciprocal provisions.

NOTE:

All Reciprocal 1937 Act Counties and Reciprocal Public Agencies have reciprocity with each other as a result of contracting for reciprocity with CalPERS. **EXCEPTION:** This agreement does not apply to UCRP. UCRP is not part of this agreement with any other reciprocal agencies.

Reciprocity Requirements

Conditions for Acquiring Full Reciprocity

Where CalPERS rights and benefits are involved, CalPERS will recognize reciprocity upon movement between reciprocal retirement systems if the following requirements are met:

- **Maintain Membership**
The employee must continue membership in the first retirement system by leaving their service credit and contributions (if any) on deposit. The employee voluntarily elects reciprocity and continues in membership in CalPERS by leaving his or her contributions (if any) on deposit (or by later re-depositing contributions he or she had withdrawn); and
- **Movement to a New Reciprocal System**
The employee must enter employment that results in membership in the new system within six months of leaving CalPERS-covered employment. (Eligibility for reciprocity is determined by the retirement laws in effect at the time of movement between employers and retirement systems. Since July 1, 1976, retirement law has required movement within six months.); and
- **No Overlapping Service**
The employee must discontinue their employment relationship from the first system before entering employment or membership with the subsequent system; resulting in membership in the new system within six months of discontinuance of employment as a member of CalPERS*
- **Concurrent Retirement Between Reciprocal Systems**
In order to receive full reciprocal benefits, the employee must retire on the same date from both or all systems by submitting a retirement application in accordance with the rules and regulations associated with each system.

Certain exceptions may exist if the employee is employed under an independent public agency retirement system before the effective date of that system's reciprocal agreement with CalPERS.

NOTE:

Eligibility for reciprocity is determined by the retirement laws in effect at the time of movement between employers and retirement systems. Current CalPERS law requires movement within six months.

A member should complete the **Confirmation of Intent to Establish Reciprocity When Changing Retirement Systems** form in the [When You Change Retirement Systems](#) publication (PERS-PUB-16) and mail to the address on the form.

Important Restrictions

When changing retirement systems, the employee must satisfy several statutory conditions, as follows, in order to receive the full benefits of reciprocity:

Concurrent Employment

Reciprocity does not apply when the employment under the first retirement system overlaps the employment under the new system. For the benefits of reciprocity to apply, the employee must have been 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 leave credits or while on a leave of absence. The employee should check with their current system and new system about their rules **before** they change employment. If they are concurrently employed we will use their highest rate of pay under CalPERS when computing their retirement allowance.

Refund Restriction

Some retirement systems may not allow the member to withdraw their member contributions while they are employed in a position covered by the California State Teachers Retirement System (CalSTRS), Judges' Retirement System (JRS), Judges' Retirement System II (JRS II), Legislators' Retirement System (LRS), the University of California Retirement Plan (UCRP), or if, within six months of leaving State service, the member entered employment covered by a system under the County Employees' Retirement Law of 1937 or covered by certain other public agency retirement systems.

Reinstatement From Retirement

If in the future you reinstate to active employment in a CalPERS-covered position and have retired under reciprocity, there is no provision in the law to allow you to apply reciprocal rights to your subsequent retirement since you will no longer be retired from both systems on the same date.

Provisions Under Full Reciprocity

Use highest compensation earnable under any system in computing final compensation if retirement from all systems is concurrent.

Final Compensation

Use highest compensation earnable under any system in computing final compensation if retirement from all systems is concurrent.

NOTE:

If you retire on a service retirement from another reciprocal system before you have met the CalPERS minimum retirement age, you can later retire under CalPERS effective on the first date you become eligible for retirement. We will still use your highest rate of pay under any of the reciprocal systems. This provision does not apply to the nonreciprocal systems.

If the member became an elective or appointed officer after July 1, 1994, we will use the highest rate of pay under CalPERS **only**. Reciprocal provisions of final compensation sharing do not apply even if the requirements are met. (G. C. section 20039)

Vesting

If the employee is a CalPERS member who is also a member of a reciprocal retirement system, they are eligible to retire from CalPERS without meeting the CalPERS minimum service credit requirement (but they must still meet the minimum age requirement). Vesting requirements of the other systems must be met in order to retire concurrently from each system. Contact the other retirement system to determine their retirement requirements.

Disability Retirement

If the member is eligible for disability retirement from another system (or disability income from the University of California Retirement Plan) they may be entitled to CalPERS disability retirement benefits, if they retire from both systems on the same date. CalPERS would pay an amount that does not exceed the difference between the amount that would be paid by the other system if all of the member's CalPERS service were under that system, and the amount actually paid under the other system, but not less than an annuity that is the actuarial equivalent of the member's contributions.

When retirement under the other system is for disability arising out of and in the course of employment under the other system, CalPERS pays an annuity that is the actuarial equivalent of the member's contributions.

Pre-Retirement Death Benefits

If the member dies prior to retiring while employed as a member of another system, a lump-sum Basic Death Benefit consisting of a return of their CalPERS retirement contributions will be payable to a beneficiary. An additional benefit, Employer Share, may be payable; however, the total paid by both systems cannot exceed the maximum lump-sum benefit allowable if all service had been under the other system.

If the member is a Safety member of CalPERS and the death is job-related, the monthly Special Death Benefit allowance may be payable to a qualifying survivor.

Membership Rate Age

Miscellaneous members and most Safety members in CalPERS have retirement formulas with a fixed rate of contribution and are not affected by their age at entry into the other system. However, other systems may use age at entry for their contribution rate. The member should check with the appropriate system for information.

Redeposit Rights

If you withdrew your CalPERS contributions and interest and later joined a reciprocal retirement system, you can re-establish CalPERS service credit and membership by making a redeposit. If you are establishing reciprocity by redepositing formerly withdrawn CalPERS contributions, your retirement date can be no earlier than the day following CalPERS' receipt of your election to purchase this service.

Public Employees' Pension Reform Act of 2013 (PEPRA)

As a result of PEPRA, effective January 1, 2013, CalPERS will consider movement between California Public Retirement Systems that are subject to reciprocity when we determine which benefit formula applies to your employees. Employees should refer to their member benefit publication for more information on new member benefit formulas mandated by PEPRA.

Reciprocal Provisions for Non-Qualifying Individuals

Even if the member does not qualify for full reciprocity, CalPERS offers the following provisions for some non-qualifying individuals:

Redeposit Rights

If the employee withdrew their CalPERS contributions and interest and later joined a reciprocal retirement system, they can re-establish CalPERS service credit and membership by making a redeposit.

Vesting

If the employee is a CalPERS member who is also a member of a reciprocal retirement system, they are eligible to retire from CalPERS without meeting the CalPERS minimum service credit requirement (but they must still meet the minimum age requirement). Vesting requirements of the other systems must be met in order to retire concurrently from each system. Contact the other retirement system to determine their retirement requirements.

Movement to a Reciprocal System Prior to Reciprocity Agreement

If their employer established a reciprocal agreement with CalPERS after they changed membership, and they would have been eligible for reciprocity had an agreement been in effect at the time of their membership change, their retirement allowance will still be based on the highest final compensation under either system, as long as they retire on the same date under both systems.

Reciprocal Provisions for the University of California Retirement System

The University of California Retirement System (UCRS)

Only for those members of the University of California Defined Benefit Retirement Plan (UCRP), which was contracted with CalPERS on October 1, 1963, are eligible.

Some UCRP members after October 1, 1963 were given an election to remain in CalPERS. Members should always submit a formal request for review.

Members of UCRS who participate in the Defined Benefit Plan, also referred to as University of California Retirement Plan (UCRP), may qualify for provisions even if the reciprocal movement requirements are not met for full reciprocity.

Redeposit Rights

If the employee withdrew their CalPERS contributions and interest and later joined a reciprocal retirement system, they can re-establish CalPERS service credit and membership by making a redeposit.

Vesting

If the employee is a CalPERS member who is also a member of a reciprocal retirement system, they are eligible to retire from CalPERS without meeting the CalPERS minimum service credit requirement (but they must still meet the minimum age requirement). Vesting requirements of the other systems must be met in order to retire concurrently from each system. Contact the other retirement system to determine their retirement requirements.

Final Compensation

The average pay rate during any 12-month or 36-month period of employment with the University of California will be used for computing final compensation, if the member retires from both systems on the same date as long as membership requirements in both systems are met. (Government Code: 20034)

Public Employees' Pension Reform Act of 2013 (PEPRA)

As a result of PEPRA, effective January 1, 2013, CalPERS will consider movement between California Public Retirement Systems that are subject to reciprocity when we determine which benefit formula applies to your employees. Employees should refer to their member benefit publication for more information on new member benefit formulas mandated by PEPRA.

CalPERS Provisions with Non-Reciprocal Public Retirement Systems

There is no formal reciprocity agreement established between CalPERS and the following systems:

- California State Teachers' Retirement System (CalSTRS)
- Legislators' Retirement System (LRS)
- Judges' Retirement System (JRS)
- Judges' Retirement System II (JRS II)

However, an agreement with these systems provides similar provisions. The following apply to CalPERS members who enter employment with these systems:

Final Compensation

CalPERS will compute the member's final compensation based on the highest rate of pay under CalSTRS, LRS, JRS, JRS II, or CalPERS during any consecutive 12-month or 36-month period of service as long as they retire on the same date under both systems.

If a member became an elective or appointed officer on or after July 1, 1994, we will use their highest rate of pay under CalPERS **only**, provisions of final compensation sharing will not apply even if the requirements are met.

Redeposit Rights

A member of CalSTRS, LRS, JRS, or JRS II may redeposit in CalPERS previously withdrawn CalPERS contributions in order to re-establish service credit in this system.

To receive this credit, a member's election must be filed with CalPERS before their retirement is effective (G.C. section 21032). The employee should request cost information at least one year prior to their retirement date to ensure accurate and timely payment of benefits.

The right to redeposit contributions is not one of the uniform reciprocal provisions; it varies among the different public retirement systems. Contact the particular retirement system to learn of its policy regarding re-depositing.

Vesting

A CalPERS member who is a member of CalSTRS, LRS, JRS, or JRS II is eligible to retire from CalPERS without meeting the CalPERS minimum service credit requirement (but must still meet the minimum age requirement).

Disability Retirement

There is no provision for CalPERS disability retirement when a member is eligible for a disability retirement benefit from CalSTRS, LRS, JRS, or JRS II. They must instead take a CalPERS service retirement from the other system in order for the provisions of final compensation to apply.

If they retire on a disability retirement from the other system before they have met the CalPERS minimum service retirement age, they can later retire under CalPERS. We will use their highest CalPERS pay rate to determine their final compensation amount.

If they will be receiving a disability allowance from CalSTRS, they can take a service retirement from CalPERS at the same time (if they meet the minimum retirement age) OR at age 60, when the disability allowance under CalSTRS is changed to a service retirement. Either way, they are considered to have retired on the same date under both systems, and CalPERS will compute their final compensation based on the highest rate of pay under either system.

Refund Restriction

A member's CalPERS contributions may not be withdrawn while the member is in active employment as a member of CalSTRS, LRS, JRS, or JRS II.

Public Employees' Pension Reform Act of 2013 (PEPRA)

As a result of PEPRA, effective January 1, 2013, CalPERS will consider movement between California Public Retirement Systems that are subject to reciprocity when we determine which benefit formula applies to your employees. Employees should refer to their member benefit publication for more information on new member benefit formulas mandated by PEPRA.

How to Notify CalPERS when the Member Changes Retirement Systems

When the employee becomes a member of a reciprocal or non-reciprocal public retirement system, they can notify CalPERS by completing and submitting the **Confirmation of Intent to Establish Reciprocity When Changing Retirement Systems** form which is available in the [When You Change Retirement Systems](#) publication (PERS-PUB-16).

Please direct requests for information or inquiries to:

CalPERS

Employer Account Management Division
Attn: Unit 841
P.O. Box 9427094
Sacramento, CA 94229-27094

For more detailed information on reciprocity, refer to [When You Change Retirement Systems](#) publication (PERS-PUB-16).

JRS, JRS II, and LRS Members

As a result of PEPRA, effective January 1, 2013, the statutes that govern the Legislators' Retirement System (LRS) closed the LRS to all newly elected or appointed officers. Newly elected or appointed Constitutional Officers, Insurance Commissioner and Legislative Statutory Officers are only eligible for optional CalPERS membership.

myCalPERS has been modified to remove LRS enrollment as an option for new members. The current enrollment process that allows new members to elect optional membership into CalPERS will not change.

Contact the Judges' or Legislators' Retirement Systems directly when an employee becomes a member of a reciprocal or non-reciprocal public retirement system:

Judges' & Legislators' Retirement Systems
P.O. Box 942705
Sacramento, CA 94229-2705
(916) 795-3688
(916) 795-1500 — Fax

Long-Term Care Program Members

If the member is enrolled in the CalPERS Long-Term Care Program and has premiums deducted from their check, they should call the program's Customer Service Center at (800) 982-1775 to find out what steps they need to take to continue their premiums after retirement.

Service Credit Purchase Options

Service credit represents the accumulated amount of your employees' service time at work or on paid status under their CalPERS-covered employer or employers, counted on a fiscal year basis.

Service credit is one of three prime factors used to calculate an employee's retirement benefit, along with their retirement formula and final compensation.

For a complete list of service credit types, payment options, and instructions, please refer to the CalPERS publications [A Guide to Your CalPERS Service Credit Purchase Options](#) (PERS-PUB-12) and [A Guide to Your CalPERS Military Service Credit Options](#) (PERS-PUB-15) available through the [Forms & Publications](#) page online or by calling **888 CalPERS** (or 888-225-7377).

Employer Role in Service Credit Purchases

The following types of service credit require employer certification on the application requesting the service credit purchase:

- Service Prior to Membership (SPM)
- Leave of Absence
- Layoff, Prior Service, Optional Member Service
- Comprehensive Employment & Training Act (CETA) or Fellowship

CalPERS offers a variety of service credit purchase options to your employees that do not require employer certification. These include:

- Redeposit of Withdrawn Contributions
- Military Leave of Absence
- Military
- Alternate Retirement Program (ARP)
- Peace Corps, AmeriCorps VISTA & AmeriCorps

- Base Realignment and Closure (BRAC) Firefighter

Employer Cost

The service credit types where employers are actually billed are:

- Redeposit Arrears (for the employer share)
- Member-Paid Arrears (for the employer share)
- Employer-Paid Arrears (for the member and employer share) (G.C. section 20283)

For service credit purchases, the employer liability is funded by the actuarial evaluation and setting of the employer rate based on the service that has been posted to the employer.

Service Credit Cost Estimator

The [Service Credit Cost Estimator](#) tool (Cost Estimator) provides members a cost estimate for purchasing various types of service credit. The Cost Estimator is located on the CalPERS website at www.calpers.ca.gov, or members may visit their local CalPERS Regional Office to utilize the self-service computer, in order to generate an online cost estimate and access the required request forms from the results page, when applicable. The Cost Estimator can calculate a cost estimate for the following types of service credit:

- ARP
- Maternity/Paternity Leave of Absence
- Military
- Redeposit of Withdrawn Contributions (Redeposit)
- Peace Corps or AmeriCorps*Vista Service
- Sabbatical Leave of Absence
- SPM

For Military, SPM, and Redeposit, it is recommended that a cost estimate be attached to the service credit purchase request form. For

convenience, request forms are available for download on the Cost Estimator Results Page, once a member has generated an estimate.

To request service credit cost information members should follow these steps:

- Visit the CalPERS website at www.calpers.ca.gov
- If applicable, search for the Service Credit Cost Estimator.
- Complete a cost estimate for the appropriate service credit type. Print out the service credit cost estimate from the results page.
- Go to the Forms and Publications page.
- Select the link to download the applicable Service Credit Cost Request form.
- Complete the request form and mail it to CalPERS (include a copy of the cost estimate when applicable).

Additionally, your agency may receive requests to certify employment history and payroll information for employees wishing to purchase service credit. Any requests received by CalPERS without the required employer certification will be returned to the member as incomplete and the request will be closed.

NOTE: A member's election to purchase service must be received by CalPERS before their effective retirement date.

Redeposit

Members of CalPERS have the right to redeposit contributions previously withdrawn from CalPERS. The redeposit of withdrawn contributions restores service credit for previous employment. The member must redeposit the amount withdrawn, plus a sum equal to the interest, which would have accrued, had the member's funds been left on deposit. Interest will be charged in the manner it would have accrued if the contributions had not been withdrawn, through the completion of payments.

A member, whose ex-spouse received a portion of the member's account as part of a community property judgment or settlement AND took a

refund of the contributions, may be eligible to redeposit those funds in CalPERS.

It is recommended that members submit their request form at least one year in advance of their planned retirement date; all elections to purchase service credit must be received prior to retirement.

Service Prior to Membership

Service Prior to Membership (SPM) is service rendered after the date of contract between a public agency, State, or School District and CalPERS, but before the employee entered CalPERS membership. An election to contribute for SPM will result in additional service credit. Persons who were employed under the following conditions may be eligible to request SPM:

1. Those employed less than 87 hours per month or less than an average of 20 hours per week prior to becoming a member.
2. Those formerly employed in temporary or seasonal employment in which they were excluded from membership under G.C. section 20305.
3. Those "optional" elective officers, Governor appointees and Legislative employees who are no longer working in an "optional" position. If still in an "optional" position, refer to the "Optional Member Service" section.

Active or inactive CalPERS members cannot purchase CalPERS SPM service credit if:

1. The agency where the service was earned does not currently have a contract with CalPERS.
2. Their service is excluded by law or by the employer's contract with CalPERS
3. They worked at a school in a certificated position. (They should contact the California State Teachers' Retirement System (CalSTRS) to find out if they can purchase the service with that system.)
4. They worked at the University of California after October 1, 1963.
5. They are retired.

Verification of Service Prior to Membership

When members request to purchase SPM, they obtain a "Request for Service Credit Cost Information Service Prior to Membership, form (PERS-MEM-370) available through the Service Credit Cost Estimator results page or through the Forms and Publications page. On this form, members must indicate the prior employer information including the period of employment and the hours and time base worked per month. If this employment is with a State agency that reports payroll through the State Controller's Office (SCO) or with the California State University, the form is sent directly to CalPERS for review.

If this employment is with a non-SCO State agency, public agency, or school district, this form is sent to that employer for certification. The employer must follow the directions on the form to complete the required pay period detail information section of the form, per pay period, and then return the completed form to the member to submit to CalPERS.

It is recommended that members submit their request form at least one year in advance of their planned retirement date; all elections to purchase service credit must be received prior to retirement.

Comprehensive Employment & Training Act (CETA) or Fellowship Service

G.C. sections 21030 and 21020.5 provide employees the option to purchase eligible time spent working for a CalPERS-covered employer under CETA, or time spent working under the Assembly, Senate, Executive, or Judicial Administration Fellowship program, before becoming a CalPERS member.

When a member requests to purchase service credit for CETA or Fellowship service, they must complete the [Request for Service Credit Cost Information – Comprehensive Employment & Training Act \(CETA\) or Fellowship](#) form (MSD-370A). Once the member has completed the member section of the request form, the member must send the form to the applicable employer for certification. The employer must follow the directions on the form to complete the required pay period detail information section of the form, per pay period, and then return the completed form to the member to submit to CalPERS.

It is recommended the member submit their request form at least one year in advance of their planned retirement date; all elections to purchase service credit must be received prior to retirement.

Base Realignment and Closure (BRAC) Firefighter Service

G.C. section 21024.5 provides employees the option to purchase eligible time spent working as a permanent career civilian federal firefighter or permanent career state firefighter who had their services terminated at a California federal military installation.

The member must submit a completed request form [Request for Service Credit Cost Information – Base Realignment and Closure \(BRAC\) Firefighter](#) form (PERS-MSD-374) to CalPERS, with all required documentation.

It is recommended the member submit their request form at least one year in advance of their planned retirement date; all elections to purchase service credit must be received prior to retirement.

NOTE:

To determine eligibility, supporting documentation (e.g. Standard Form 50) must be submitted with the completed request form.

Additional Retirement Service Credit (ARSC)

As a result of the Public Employees' Pension Reform Act of 2013 (PEPRA), ARSC has been eliminated as a service credit purchase option. All requests received prior to January 1, 2013 have been processed. If the member has already elected to purchase ARSC, their purchase will not be impacted.

Peace Corps, AmeriCorps Vista, and AmeriCorps

A member may be eligible to purchase credit for up to three years of service in the Peace Corps, AmeriCorps VISTA (Volunteers In Service to America) or AmeriCorps. The member must be able to provide CalPERS with documentation certifying their dates of service. If the member does not have a certification letter, one may be requested. The member may request a letter by visiting:

www.peacecorps.gov
www.nationalservice.gov/programs/ameriCorps

The member must submit a completed request form to CalPERS. It is recommended the member submit their request form at least one year in advance of their planned retirement date; all elections to purchase service credit must be received prior to retirement.

Credit for Military Service Prior to Employment Public Agency Members

G.C. section 21024 provides that public agency members may be eligible to receive active duty military service credit, provided:

1. Public agency amends their contract to provide this benefit.
2. Military service was rendered prior to CalPERS membership with contracting agency which has amended their contract.
3. Member elects to purchase military service credit.
4. Members may receive credit not to exceed four years.

Public Agency Retirees

G.C. section 21027 provides that public agency retirees may be eligible to receive credit for their military service, provided:

1. Public agency amends their contract for G.C. section 21024 and 21027.
2. Military service was rendered prior to CalPERS membership with contracting agency that has amended their contract accordingly.
3. The member retired immediately (within 120 days of separation from employment) from the contracting agency and before the effective date of the agency's contract amendment for G.C. section 21024.
4. Retiree elects to purchase military service credit.
5. Retiree may receive credit not to exceed four years.

Military Service Credit as Prior Service

G.C. section 20996 provides employees, who are or were on military leave at the time your agency contracts for CalPERS coverage and returned to employment with your agency within

six months after discharge from active military duty, can receive prior service credit for the period of their absence. If your agency provides this benefit, former employees employed by other CalPERS employers would also be eligible for this service credit. Your agency would be liable for the cost.

State and County School Members and Retirees

G.C. section 21029 provides that State and School employees and retirees may be eligible to receive credit for their military service. To be eligible the member or retiree must:

1. Currently be employed with or retired directly (within 120 days of separation) from State and School employment.
2. Must have a minimum of one year of CalPERS service and one year of military service. Service is granted on a basis of one year of military service credit for each year of credited CalPERS service credit, not to exceed four years.
3. Make an election to purchase military service credit.
4. In addition, State retirees must have retired on or after December 31, 1981.

Members can use the online [Service Credit Cost Estimator](#) on the CalPERS website to get an estimate of this cost.

For more information on active duty military, visit the CalPERS website at www.calpers.ca.gov or see publication [A Guide to Your CalPERS Military Service Credit Options](#) (PERS-PUB-15).

The member must submit a completed request form to CalPERS, with all required documentation. It is recommended the member submit their request form at least one year in advance of their planned retirement date; all elections to purchase service credit must be received prior to retirement (not including requests for retired military).

NOTE:

To determine eligibility, a copy of the discharge or other document (such as DD214) indicating the beginning and ending dates of active duty must be submitted to the system.

A copy of the discharge document can be obtained from the National Personnel Records Center, Military Personnel Records, 9700 Page Avenue, St. Louis, MO 63132-5100. The member can also complete and mail in the Standard Form 180, available on their website at www.archives.gov

Leave of Absence

There are certain conditions in which some leaves of absence types may be creditable in CalPERS.

Temporary Disability Leave

Temporary disability leave of absence is time off while receiving temporary disability payments because of a job-related injury or job-related illness.

A member may purchase as much service credit that was not credited to their account as a result of the leave of absence.

Educational Leave of Absence (Not Available to Public Agency and School Employees)

Educational leave of absence is an employer approved leave for the purpose of further education.

Members must be a State, University of California, or California State University employee both before and on their return from the leave. Members may purchase a maximum of two years' of service credit (even if the combined total of the members' educational leave exceeds two years).

Serious Illness Leave of Absence

Serious Illness leave of absences an employer-approved leave due to the member's own serious illness or injury.

The employer must certify the member was on an employer-approved leave due to the member's own serious illness or injury. The member must return to active service with a CalPERS-covered employer following the leave.

A member may purchase as much service credit that was not credited to their account as a result of the leave of absence.

Sabbatical Leave of Absence

Sabbatical leave of absence is time off for a partially compensated leave of absence from CalPERS-covered employment. The member must return to CalPERS-covered employment at the end of the leave of absence.

A member may purchase as much service credit that was not credited to their account as a result of the leave of absence.

Maternity/Paternity Leave of Absence

Maternity/Paternity leave of absence is time off after the birth or adoption of a child. The member must return to CalPERS-covered employment at the end of the approved leave, and remain in the CalPERS-covered employment at least the same amount of time. A member can purchase up to one year of service credit per leave of absence period.

Service Leave

Service leave of absence is time off to work with a college or university; a local, state, federal, or foreign government agency; or certain nonprofit organizations.

Members may purchase a maximum of two years' of service credit for each service leave. Members must return to CalPERS-covered employment after service leave.

Certification

When a member requests to purchase service credit for a leave of absence, they must complete a [Request for Service Credit Cost Information – Leave of Absence](#) form (PERS-MSD-371). On this form, the member indicates the information for the employer that granted the leave, including the type of leave granted and the start and end dates for the period of the leave of absence. The employer that granted the leave of absence would also need to certify the dates and type of the leave. Upon completion, the employer may return the form to the member or if appropriate, forward it to the employee's Worker's Compensation carrier for temporary disability certification, as appropriate.

For all leave of absence types, the member must submit a completed request form to CalPERS, with all required documentation. It is

recommended the member submit their request form at least one year in advance of their planned retirement date; all elections to purchase service credit must be received prior to retirement.

Credit for Absence from Employment for Military Service

G.C. section 20997 provides that a member who was absent on military service may be eligible to receive service credit for the absence at employer cost. The employer does not need to amend its contract for the benefit. If the member is not eligible to receive the service credit at employer cost, the member may be eligible to purchase the service credit at member cost (G.C. section 20991).

To be eligible for this service credit (at employer cost or member cost) the member must have:

1. Been in the employment of a CalPERS covered agency prior to entering military service.
2. Been granted a military leave or have resigned from employment for the purpose of entering active duty in the armed forces.
3. Entered active duty within 90 days after leaving agency employment.
4. Returned to CalPERS-covered employment after being discharged from active duty military service.

CalPERS will determine the member's eligibility, and whether there is a member cost associated to the military leave of absence service credit.

For more information on Military Leave of Absence, consult the CalPERS website www.calpers.ca.gov or [A Guide to Your CalPERS Military Service Credit Options](#) (PERS-PUB-15).

The member must submit a completed request form to CalPERS, with all required documentation. It is recommended the member submit their request form at least one year in advance of their planned retirement date; all elections to purchase service credit must be received prior to retirement.

Alternate Retirement Program

If the member was previously employed by the State of California as a new first-time State miscellaneous or industrial employee hired on August 11, 2004 through June 30, 2013 and **DID NOT** elect to transfer their ARP contributions from their ARP account to CalPERS to receive retirement service credit for the time the member was enrolled in ARP, the member remains eligible to purchase the ARP time from CalPERS in the future. If the member decides to purchase this service in the future, the service will be calculated at a present value cost.

It is recommended the member submit their request form at least one year in advance of their planned retirement date; all elections to purchase service credit must be received prior to retirement.

Layoff, Prior Service, and Optional Member Service

Layoff

G.C. section 21022 allows certain local members, under specified conditions, to purchase service credit for a period of unemployment resulting from a formal layoff. The section only applies when a member previously laid off is then rehired by the same public agency and only when the public agency has contracted for this provision. No similar provision exists for State and school employees.

Prior Service

Prior Service is service rendered before the date of contract between a public agency and CalPERS or for service rendered before the effective date contract exclusion is removed, pursuant to G.C. section 20503, for those in previously excluded classes.

If included in the agency's contract, the cost of Prior Service is an expense of the agency where the member rendered the Prior Service. The cost of the Prior Service liability is included in the employer's rate of contribution.

Public agencies may amend their contract to allow members to purchase Prior Service which is not provided at employer cost (G.C. section 21031).

Exception – Local System

A former member of the local retirement system who withdrew any contributions prior to the effective date of that agency's contract with this system is entitled to credit for the service upon which those contributions were made if they elect to deposit any of those withdrawn contributions with this system under the terms and conditions specified in G.C. section 20750. (G.C. sections 20531 and 20972)

Optional Member Service

Optional Member Service is service rendered prior to membership in certain exempt, appointed, or elected positions that allow employees the option of joining CalPERS. Employees can purchase service credit for Optional Member Service if they are (or elect to become, if eligible) a CalPERS member.

Employees cannot purchase credit for Optional Member Service if the position held is ineligible due to law or the employer's CalPERS contract.

The following employees are considered to be rendering Optional Member Service:

- A State employee who was appointed by the Governor, Lieutenant Governor, Attorney General, Controller, Secretary of State, Treasurer, or Superintendent of Public Instruction and is exempt from civil service.
- Some officials elected or appointed to a fixed term of office with a city or county and elected officials of the state or a contracting agency. (This may include city attorneys, assistant city attorneys, and elected/appointed officials of schools and contracting agencies; however, eligibility is determined by the dates of your term of office).
- An employee of the California State Senate or Assembly whose wages are paid from funds controlled by either body.

Employees must be in one of the above positions on the date they request their cost information, and they must elect CalPERS membership before or at the same time the credit is elected. There are no limitations on the amount of service credit that can be purchased.

Employees who are CalPERS members, but no longer in an Optional Member Service position

may be eligible to purchase credit for their past service under the Service Prior to Membership service credit type.

Certification

When a member requests to purchase service credit for layoff, prior service, or optional member service, they must complete the [Request for Service Credit Cost Information – Layoff, Prior Service & Optional Member Service](#) form (PERS-MSD-372). Once the member has completed the member section of the request form, the member must send the form to the applicable employer for certification. The employer must follow the directions on the form to complete the required pay period detail information section of the form, per pay period, and then return the completed form to the member to submit to CalPERS.

It is recommended the member submit their request form at least one year in advance of their planned retirement date; all elections to purchase service credit must be received prior to retirement.

Contract Exclusions

If the requested employment is excluded by the employer's CalPERS contract, the purchase of this service credit is not possible. If the exclusion was removed or superseded by law after the employment was rendered, service credit rights would depend on the Government Code provisions under which the exclusion was removed.

Payment Methods

A member may elect, at any time prior to retirement, to make contributions for an eligible service credit. If a member elects a cash lump-sum payment, no notification will be sent to the employer.

If a member elects to purchase service credit with installment payments, upon approval CalPERS will send the current employer an authorization for payroll deductions. No deductions should be made until the authorizing form is received.

The agency must begin the payroll deductions authorized on the effective date and continue until payments are completed or the employee separates from employment. In the event an employee is making installment payments and permanently separates from employment, they should contact

CalPERS directly at the CalPERS Customer Contact Center at **888 CalPERS** (or **888-225-7377**).

At retirement, any unpaid balance may be paid by lump sum or will be continued as a deduction from the retirement allowance (G.C. section 20776).

It is recommended the member submit their completed request to purchase service credit at least one year in advance of their planned retirement date; all elections to purchase service credit must be received prior to retirement.

Important Considerations When Purchasing Service Credit

The purchase of service credit may impact and/or be subject to the following:

- Community Property Orders. Please refer to the CalPERS publication Community Property (PUB-38A).
- Social Security Benefits. Please refer the member to their local Social Security office.
- Taxability in Retirement. Please refer the member to a tax consultant.
- Disability/Industrial Disability Retirement. Please refer to the CalPERS publication Disability Retirement Election Application (PUB-35).

Inquiries

The member may obtain cost information if they are eligible by first completing the appropriate request form. The forms can be downloaded from the Forms and Publications page on the CalPERS website at www.calpers.ca.gov. The following is a list of the forms:

- Redeposit of Withdrawn Contributions - PERS-MSD-368
- Military Service - PERS-MSD-369
- Military Leave of Absence
- Base Realignment and Closure (BRAC) Firefighter - PERS-MSD-374
- Service Prior to Membership - PERS-MEM-370

- CETA & Fellowship Service - PERS-MEM-370A
- Leave of Absence - PERS-MSD-371
- Layoff, Prior Service & Optional Member Service - PERS-MSD-372
- Peace Corps, AmeriCorps*VISTA or AmeriCorps Service - PERS-MSD-373

The request forms used for military and military leave of absence service credit can also be obtained from [A Guide to your CalPERS Military Service Credit Options](#) (PERS-PUB-15).

For Military, Redeposit, and SPM, it is recommended that a cost estimate be attached to the service credit purchase request form. Request forms are available for download on the Cost Estimator Results Page (if applicable), once a member has generated an estimate.

Additionally, your agency may receive requests to certify employment history and payroll information for employees wishing to purchase service credit. Any requests received by CalPERS without the required employer certification and/or attached cost estimate will be returned to the member as incomplete and the request will be closed.

NOTE:

To receive service credit, a member's election must be received by CalPERS before their effective retirement date (not including requests for Military Service Credit).

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The information provided in this publication is for your convenience and reference as a general guide only and cannot be relied upon as an authoritative source for the law, practices, or policies of CalPERS. While CalPERS tries to include only accurate, timely and complete information in its publications, summaries, guidelines and other advisory printed materials, sometimes information provided in printed materials may be or become inaccurate, untimely, incomplete, unclear or misleading. In all instances, the law then in effect, not this publication, controls the application of the Public Employees' Retirement Law. It is the reader's responsibility to independently verify the accuracy of the information contained in this publication before engaging in a course of action.

GENERAL INFORMATION FOR ALL REPORTING METHODS

Reportable/Non-Reportable Compensation

Pay rate and special compensation must be in written pay schedules, ordinances, or similar documents that are available for public review.

Guidelines defining compensation, compensation earnable, pay rate, and special compensation are listed below as in the California Public Employees' Retirement Law (PERL) in G.C. sections 20630, 20636, and the California Code of Regulations section 570.5.

Compensation (G.C. Section 20630)

Compensation is broadly defined as payment to employees for services performed during normal working hours or for time during which the employee is excused from work because of holidays, sick leave, industrial disability, (payments under Labor Code section 4800, 4850 or Education Code section 44043, 87042) vacation, compensatory time off, or leave of absence. The employer shall identify and report compensation for the pay period in which the compensation was "earned" regardless of when paid, and shall not exceed compensation earnable.

Requirement for a Publicly Available Pay Schedule (CCR 570.5)

This regulation provides that each pay schedule meet the following requirements:

- Has been duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meeting laws
- Identifies the position title for every employee position
- Shows the pay rate for each position
- Indicates the time base for each pay rate
- Indicates an effective date and date of any revisions

This regulation also contains criteria for ensuring the pay schedule is publicly available and does not permit a reference to another document in lieu of disclosing the pay rate. Further, the regulation clarifies that "compensation earnable" will be limited to the amount listed on a pay

schedule that meets all of the established criteria, and identifies how a pay rate may be determined if an employer fails to meet the requirements.

Workers' Compensation Temporary Disability and Industrial Disability Leave Payments

What Is Reportable to CalPERS?

G.C. section 20630 defines "Compensation" as: ". . . the remuneration paid out of funds controlled by the employer in payment for the member's services performed during normal working hours or for time during which the member is excused from work because of: holidays; sick leave; industrial disability leave, during which, benefits are payable pursuant to sections 4800 and 4850 of the Labor Code or Article 4 (commencing with section 19869 of Chapter 2.5 of Part 2.6; or Education Code Section 44043, 87042) vacation; compensatory time off; or leave of absence. . ."

Labor Code section 4850, contains industrial disability leave provisions for various specified safety members of CalPERS. This pay is reportable to CalPERS. Education Code section 44043 or 87042 contains industrial disability leave provisions for employees of the Superintendent of Schools. This compensation may also be reported to CalPERS.

Workers' Compensation Temporary Disability payments in lieu of Workers' Compensation that are not pursuant to the above mentioned law codes are not reportable to CalPERS. However, if a miscellaneous member uses accrued leave credits such as vacation, sick leave or compensated time off (CTO), the compensation attributable to the used leave credits is reportable to CalPERS.

Compensation Earnable (G.C. Section 20636 and G.C. Section 20636.1)

The pay rate and special compensation of members is further defined below.

Pay Rate

"Pay rate" is broadly 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 of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules. For classified school members, full-time employment is 40 hours per week, and payments for services rendered, not to exceed 40 hours per week, shall be reported as compensation earnable for all months of the year in which work is performed.

"Pay rate" for a member who is not in a group or class means the monthly rate of pay or base pay of the member, paid in cash and pursuant to publicly available pay schedules, for services rendered on a full-time basis during normal working hours, subject to the limitations of paragraph (2) of subdivision (e) of G.C. section 20636.

Group or Class of Employment (G.C. Section 20636 (e) (1))

Group or class of employment means a number of employees considered together because they share job similarities, work location, collective bargaining unit, or other logical work related grouping.

Special Compensation

Special compensation shall be limited to that which is received by a member pursuant to a labor policy or agreement to similarly situated members of a group or class of employment and is reported in addition to and separately from pay rate.

Special compensation is delineated specifically and exclusively in the regulations adopted in the **California Code of Regulations (CCR) Section 571 (a) and (b)**. Subsection 'b' specifies the standards that all special compensation items must meet.

CCR 571 (a) — Definition of Special Compensation

The following list exclusively identifies and defines special compensation items for members employed by contracting agencies and school employers that must be reported to CalPERS if they are contained in a written labor policy or agreement.

(1) Incentive Pay

Bonus — Compensation to employees for superior performance such as "annual performance bonus" and "merit pay." A program or system must be in place to plan and identify performance goals and objectives. If provided only during a member's final compensation period, it shall be excluded from the final compensation as "final settlement" pay.

Dictation/Shorthand/Typing Premium — Compensation to clerical employees for short hand, dictation or typing at a specified speed.

Longevity Pay — Additional compensation to employees who have been with an employer, or in a specified job classification, for a certain minimum period of time exceeding five years.

Management Incentive Pay — Compensation granted to management employees in the form of additional time off or extra pay due to the unique nature of their job. Employees within the group cannot have the option to take time off or receive extra pay. This compensation must be reported periodically as earned and must be for duties performed during normal work hours. This compensation cannot be for overtime, or in lieu of other benefits excluded under the statutes, nor for special compensation not otherwise listed in section 571.

Marksmanship Pay — Compensation to local police officers, county peace officers and school police or security officers who meet an established criterion, such as, "certification" as a marksperson.

Master Police Officer — Compensation to local police officers, county peace officers and school police or security officers who meet specified requirements, years of employment, performance standards, education, Peace Officer Standard Training (POST), and perform a specialty assignment.

Physical Fitness Program — Compensation to local safety members and school security officers who meet an established physical fitness criterion.

Value of Employer-Paid Member Contributions (EPMC) — The full monetary value of employer-paid member contributions (EPMC) paid to CalPERS and reported as an

item of special compensation on behalf of all members in a group or class.

The value of EPMC is calculated on all “compensation earnable” excluding the special compensation of the monetary value of EPMC paid to CalPERS by the employer under G.C. section 20636(c)(4) thus eliminating a perpetual calculation.

- A. A resolution or ordinance of the governing body must be provided to CalPERS indicating the group or class, effective date, and the percent or amount of EPMC being paid and reported as an item of special compensation. The resolution or ordinance must be formally adopted by the employer’s governing body, and submitted to CalPERS for review and approval.
- B. The resolution or ordinance must specify that the value of EPMC will be reported as an item of special compensation consistently, for all members in the affected group or class of employment — except that the employer’s governing body may elect a “time-in-grade exception” which shall only apply to persons newly hired into the pertinent group or class of employment.
- C. To be classified as “newly-hired”, a member of the group or class must not have been previously hired or retained by the employer in any capacity whatsoever.
- D. The time-in-grade exception must be elected in the same resolution or ordinance, or by amendment thereto, as adopted by the employer’s governing body for the purpose of paying and reporting the value of EPMC, pursuant to this Section 571. The exception can only be used for the value of EPMC, and not for any other item of special compensation.
 - 1. The time-in-grade exception must be applied consistently to all newly-hired employees in the pertinent group or class.
 - 2. The time-in-grade requirement may be incremental, not to exceed a total of five (5) years. For example, the initial requirement may be three years for paying fifty percent (50%) with increases of twenty-five percent (25%) for each additional year of time-in-

grade.

- 3. Once the initial time-in-grade requirement has been met by a newly-hired employee, the employer shall begin paying and reporting the value of EPMC for him or her to the same extent as for all others in the pertinent group or class.
- E. To implement the time-in-grade exception, the employer’s governing body must acknowledge that it may experience an upward adjustment to its employer contribution rate. The acknowledgment must be included in the resolution or ordinance by which the employer’s governing body elected to pay and report EPMC as an item of special compensation, by adoption or amendment thereto.
- F. The full terms of the resolution or ordinance by which the employer’s governing body elects to pay and report the value of EPMC as an item of special compensation, along with any time-in-grade exception for newly-hired employees, must be incorporated into the written labor agreement that pertains to the affected group or class of employment.

The time-in-grade exception from paying and reporting the value of EPMC as an item of special compensation pursuant to CCR section 571, is separate and apart from the time-in-grade exception from paying EPMC pursuant to CCR section 569 of these regulations. Both of these exceptions are separate and apart from, nor do they apply to, the process for converting EPMC to pay rate during the period of final compensation, pursuant to G.C. section 20692.

Off-Salary-Schedule Pay — Compensation in addition to base salary paid in similar lump-sum amounts to a group or class of employees. These payments are routinely negotiated through collective bargaining in lieu of increases to the salary schedule. These payments are based on a similar percent of scheduled salary not to exceed six percent (6%) per fiscal year. The contracting agency or school employer may adopt similar action for non-represented groups or classes of employment as were negotiated through collective bargaining.

(2) Educational Pay

The items of special compensation outlined below do not include reimbursement to an employee for the cost of an application or test, books, tuition, or travel.

Applicator's Differential — Compensation to employees who are required to maintain a Qualified Pesticide Applicator's Certificate.

Certified Public Accountant Incentive — Compensation to miscellaneous employees passing an exam and receiving a license as a Certified Public Accountant.

Educational Incentive — Compensation to employees for completing educational courses, certificates, and degrees which enhance their ability to do their job. A program or system must be in place to evaluate and approve acceptable courses. The cost of education that is required for the employee's current job classification is not included in this item of special compensation.

Emergency Medical Technician Pay — Compensation to safety employees who obtain and maintain an emergency medical technician (EMT) certification.

Engineering Registration Premium — Compensation to engineers who have taken and passed a California engineering proficiency exam and are registered with the State of California.

Government Agency Required Licenses — Compensation to employees receiving and maintaining a license required by government or regulatory agencies to perform their duties.

International Conference of Building Officials (ICBO) Certificate — Compensation to building inspectors who obtain and maintain an International Conference of Building Officials (ICBO) certificate in one or more certified areas.

Mechanical Premium (Brake Adjustment License, SMOG Inspector License) — Compensation to employees who obtain and maintain state-required mechanical licenses.

National Institute of Automotive Service Excellence (NIASE) Certificate — Compensation to mechanics who obtain and

maintain a National Institute of Automotive Service Excellence (NIASE) certificate.

Notary Pay — Compensation to clerical employees who obtain and maintain a notary public certificate from the State of California or are deputized by an agency's chief administrative officer to sign legal or financial documents for the agency.

Paramedic Pay — Compensation to employees who obtain and maintain certification in auxiliary medical techniques.

Peace Officer Standard Training (POST) Certificate Pay — Compensation to local police officers, county peace officers and school police or security officers who obtain Peace Officer Standard Training (POST) certification.

Reading Specialist Premium — Compensation to certificated employees who have obtained special training and provide literacy instruction as part of their teaching duties.

Recertification Bonus — Compensation to local firefighters who obtain and maintain a fire safety and prevention certificate for a specified period of time.

Special Class Driver's License Pay — Compensation to school bus drivers or street maintenance employees who are required to obtain and maintain a special class driver's license to perform their duties.

Undergraduate/Graduate/Doctoral Credit — Compensation to school district employees who are required to obtain a specified degree.

(3) Premium Pay

Temporary Upgrade Pay — Compensation to employees who are required by their employer, or governing board or body, to work in an upgraded position/classification of limited duration.

(4) Special Assignment Pay

Accountant Premium — Compensation to rank and file employees who are routinely and consistently responsible for developing the employer's budget.

Administrative Secretary Premium —

Compensation to an administrative secretary responsible for coordinating meetings, plans and other specialized activities for the governing board of the contracting agency or school employer.

Aircraft/Helicopter Pilot Premium —

Compensation to safety employees who are routinely and consistently assigned as aircraft/helicopter pilots.

Asphalt Work Premium — Compensation to miscellaneous employees who are routinely and consistently assigned to mix, transport and/or apply a tar-like substance for sidewalks, roads, roofs and/or parking lots.

Audio Visual Premium — Compensation to miscellaneous employees who are routinely and consistently responsible for operating audio visual equipment.

Auditorium Preparation Premium —

Compensation to school employees who are routinely and consistently assigned to prepare auditorium(s), i.e. setting up stages, lighting, props and chairs for performing arts purposes.

Bilingual Premium — Compensation to employees who are routinely and consistently assigned to positions requiring communication skills in languages other than English.

Branch Assignment Premium —

Compensation to employees who are routinely and consistently assigned to a branch office or work site that is identified as “rural” or “remote” in the written labor agreement.

Canine Officer/Animal Premium —

Compensation to local police officers, county peace officers and school police or security officers who are routinely and consistently assigned to handle, train and board a canine or horse. Compensation shall not include veterinarian fees, feed or other reimbursable expenses for upkeep of the animal.

Cement Finisher Premium — Compensation to miscellaneous employees who are routinely and consistently assigned to finish cement work, e.g. watering, brushing or surfacing.

Circulation Librarian Premium —

Compensation to library staff who are routinely and consistently assigned to the circulation desk of the library.

Computer Operations Premium —

Compensation to employees who have special knowledge of computer processes and applications.

Confidential Premium — Compensation to rank and file employees who are routinely and consistently assigned to sensitive positions requiring trust and discretion.

Contract Administrator Coordinator

Premium — Compensation to school employees who routinely and consistently coordinate administrative contracts for instruction or facility maintenance.

Crime Scene Investigator Premium —

Compensation to local police officers, county peace officers, and school police or security officers who are routinely and consistently assigned to analyze and explore a crime scene.

Critical Care Differential Premium —

Compensation to nursing staff who are routinely and consistently assigned to critical and intensive medical or psychological care areas.

D.A.R.E. Premium — Compensation to local police officers, county peace officers, and school police or security officers who routinely and consistently provide training to students on drug abuse resistance.

Detective Division Premium — Compensation to local police officers, county peace officers and school police, or security officers who are routinely and consistently assigned to a detective or investigative division or intelligence duties.

Detention Services Premium — Compensation to employees who are routinely and consistently assigned to areas where criminally charged persons are confined and nursing staff who are routinely and consistently assigned to an adult facility where criminally charged persons are confined.

DUI Traffic Officer Premium — Compensation to local police officers, county peace officers, and school police or security officers who are routinely and consistently assigned to enforce Driving Under the Influence (DUI) of alcohol or drug laws.

Extradition Officer Premium — Compensation to local police officers and county peace officers

who are routinely and consistently assigned to return a person to the custody of another jurisdiction.

Fire Inspector Premium — Compensation to “fire inspector” personnel who are routinely and consistently assigned to inspect buildings and other permanent structures for compliance with governmental safety standards.

Fire Investigator Premium — Compensation to “fire investigation” personnel who are routinely and consistently assigned to investigate causes of destructive burning.

Fire Prevention Assignment Premium — Compensation to rank and file local firefighters who are routinely and consistently assigned to specific fire inspections and investigative work during normal hours of employment that may differ from the work schedule of fire suppression personnel.

Fire Staff Premium — Compensation to rank and file local firefighters who are routinely and consistently assigned to administrative work during normal hours of employment that may differ from the work schedule of fire suppression personnel.

Flight Time Premium — Compensation to safety employees for time spent as co-pilot or crew on work related air missions.

Float Differential Premium — Compensation for nurses not specifically assigned to a specific station.

Front Desk Assignment (Jail) — Compensation to employees staffing a jail who are routinely and consistently assigned the duty of responding to questions from the public.

Fugitive Officer Premium — Compensation to local police and county peace officers who are routinely and consistently assigned to pursue persons who have or are fleeing from justice.

Gang Detail Assignment Premium — Compensation to local police officers, county peace officers, and school police or security officers who are routinely and consistently assigned to enforce laws relating to a group of individuals banded together for unlawful activities.

Grading Assignment Premium — Compensation to employees who are routinely and consistently assigned to inspect the degree of rise or descent of a sloping surface.

Hazard Premium — Compensation to employees who are routinely and consistently exposed to toxic, radioactive, explosive, or other hazardous substances or perform hazardous activities to implement health or safety procedures.

Heavy/Special Equipment Operator — Compensation to employees who are routinely and consistently assigned to operate heavy equipment or specialized equipment.

Height Premium — Compensation to employees who are routinely and consistently required to work on ladders or mechanical devices at heights over 40 feet.

Housing Specialist Premium — Compensation to city housing specialists who are routinely and consistently assigned to perform administrative functions of the housing division.

Juvenile Officer Premium — Compensation to local police officers, county peace officers, and school police or security officers who are routinely and consistently assigned to enforce laws that restrict the activities of juveniles.

Lead Worker/Supervisor Premium — Compensation to employees who are routinely and consistently assigned to a lead or supervisory position over other employee's subordinate classifications or agency-sponsored program participants.

Library Reference Desk Premium — Compensation to library staff who are routinely and consistently assigned to provide direction or resources to library patrons.

Maintenance Premiums:

Gas Maintenance Premium — Compensation to maintenance employees who are routinely and consistently assigned to inspect gas construction, repair instruments, or perform pipeline welder duties.

Plumber Irrigation System Premium — Compensation to plumbers who are routinely and consistently assigned as irrigation systems plumbing specialists.

Refuse Collector Premium — Compensation to maintenance employees who are routinely and consistently assigned to collect refuse.

Street Lamp Replacement Premium — Compensation to maintenance employees who are routinely and consistently assigned to replace street lamps from an aerial bucket.

Motor Coach Operator (MCO) Instructor Premium — Compensation to miscellaneous employees who are routinely and consistently assigned to train MCOs, i.e. bus drivers.

Motorcycle Patrol Premium — Compensation to local police officers and county peace officers who are routinely and consistently assigned to operate and/or patrol on motorcycle.

Mounted Patrol Premium — Compensation to local police officers and county peace officers who are routinely and consistently assigned to patrol on horseback.

Narcotic Division Premium — Compensation to local police officers, county peace officers and school police or security officers who are routinely and consistently assigned to drug enforcement.

Paramedic Coordinator Premium — Compensation to paramedics who are routinely and consistently assigned to coordinate training activities in auxiliary medical techniques.

Park Construction Premium — Compensation to groundskeepers who are routinely and consistently assigned to build park equipment.

Park Maintenance/Equipment Manager Premium — Compensation to park maintenance employees who are routinely and consistently assigned to equipment management and other administrative duties.

Parking Citation Premium — Compensation to employees who are routinely and consistently assigned to read parking meters and cite drivers who have violated parking laws.

Patrol Premium — Compensation to local police officers, county peace officers, and school police or security officers who are routinely and consistently assigned to patrol detail.

Police Administrative Officer — Compensation to rank and file police officers, county peace officers, and school police or security officers who are routinely and consistently assigned to police administration to provide support for the police chief and command staff in the operation of the police department.

Police Investigator Premium — Compensation to rank and file local police officers, county peace officers, and school police or security officers who are routinely and consistently assigned to analyze crimes or investigate accidents.

Police Liaison Premium — Compensation to rank and file local police officers, county peace officers, and school police or security officers who are routinely and consistently assigned to function as a liaison between special persons, groups or courts and the police/sheriff department.

Police Polygraph Officer — Compensation to local police officers, county peace officers, and school police or security officers who are routinely and consistently assigned to administer and interpret polygraph exams.

Police Records Assignment Premium — Compensation to employees who are routinely and consistently assigned to the police records division.

Rangemaster Premium — Compensation to local police officers, county peace officers, and school police or security officers who are routinely and consistently assigned to supervise the target range facilities and all related activities.

Refugee Arrival Cleanup Premium — Compensation to employees who are routinely and consistently assigned to cleanup from activities directly related to refugee arrival flights.

Safety Officer Training/Coordinator Premium — Compensation to employees who are routinely and consistently assigned to instruct personnel in safety procedures.

Sandblasting Premium — Compensation to miscellaneous employees who are routinely and

consistently assigned to operate sandblasting equipment.

School Yard Premium — Compensation to part-time school district employees who are routinely and consistently assigned to supervise students during recreation.

Search Pay Premium — Compensation to employees who are routinely and consistently assigned to search and process prisoners in the induction area of jails.

Severely Disabled Premium — Compensation to school instructional aides who are routinely and consistently assigned to work with severely disabled students.

Sewer Crew Premium — Compensation to laborers who are routinely and consistently assigned to repair and maintain sewer systems.

Shift Differential — Compensation to employees who are routinely and consistently scheduled to work other than a standard “daytime” shift, e.g. graveyard shift, swing shift, shift change, rotating shift, split shift, or weekends.

Solo Patrol Premium — Compensation to local police officers, county peace officers and school police or security officers who are routinely and consistently assigned to patrol alone in vehicles.

Sprinkler and Backflow Premium — Compensation to groundskeepers who are routinely and consistently assigned to repair large sprinkler head controllers, valves, and backflow prevention devices.

Tiller Premium — Compensation to local firefighters who are routinely and consistently assigned to operate the tiller on an aerial ladder.

Tire Technician Premium — Compensation to equipment attendants who are routinely and consistently assigned to work on heavy duty tires, e.g. for buses and large construction equipment.

Traffic Detail Premium — Compensation to employees who are routinely and consistently assigned to direct traffic.

Training Premium — Compensation to employees who are routinely and consistently assigned to train employees.

Tree Crew Premium — Compensation to maintenance workers who are routinely and consistently assigned to remove, prune, or otherwise care for trees.

Utility Meter Premium — Compensation to miscellaneous employees who are routinely and consistently assigned to re-read utility meters, repair, or set and install meters.

Utilities Systems Operation Premium — Compensation to maintenance or carpenter employees who are routinely and consistently assigned to planner duties in the maintenance division.

Water Certification Premium — Compensation to miscellaneous employees who are routinely and consistently assigned to test local water quality for compliance with governmental health standards.

(5) Statutory Items

Fair Labor Standards Act (FLSA) — Compensation paid for normal full-time work schedule including premium pay required by FLSA. For example, a firefighter’s normal work schedule is 56 hours per week. FLSA states premium pay must be paid on all hours worked above 53 hours per week up to what is considered normal for employees on a full-time basis. In this example, the firefighter works 56 hours in a normal work week. Therefore, compensation would be reported for 53 hours per week and FLSA premium pay would be reported for 3 hours per week. Any work performed above 56 hours per week would be considered overtime and would not be reported to CalPERS.

Holiday Pay — Additional compensation for employees who are normally required to work on an approved holiday because they work in positions that require scheduled staffing without regard to holidays. If these employees are paid over and above their normal monthly rate of pay for approved holidays, the additional compensation is holiday pay and reportable to CalPERS.

For those employees with written labor agreements providing holiday credit and allowing employees to cash out accumulated holiday credit, the cash out must be done at least annually and reported in the period earned.

If a written labor agreement allows an employee to accumulate holiday credit beyond the year in which it is earned and an employee later elects to cash out accumulated holiday credit, it is not compensation for CalPERS purposes.

If an employee utilizes the cash out option only during their final compensation period, it will be considered final settlement pay and excluded from reportable compensation.

If the cash out option is also utilized near their final compensation period, it may still be excluded based upon a review of the contracting agency or school employer's experience relating to:

- The number of employees in the group with this option;
- The number of employees who exercise this option;
- The frequency with which employees exercise this option;
- Whether or not the cash out is paid periodically, and in a manner that is historically consistent; and
- Whether or not the cash out would create an unfunded liability over and above CalPERS actuarial assumptions.

This review will be conducted by CalPERS on a case-by-case basis.

Uniform Allowance — Compensation paid or the monetary value for the purchase, rental and/or maintenance of required clothing, including clothing made from specially designed protective fabrics, which is a ready substitute for personal attire the employee would otherwise have to acquire and maintain. This excludes items that are solely for personal health and safety such as protective vests, pistols, bullets, and safety shoes.

If in doubt as to whether an item of compensation is reportable to CalPERS, submit a copy of the memorandum of understanding, union contract, or other supporting documentation to:

CalPERS

Employer Account Management Services
Compensation and Employer Review Unit
P.O. Box 1652
Sacramento, CA 95812-1652

CCR 571 (b)

The Board has determined that all items of special compensation listed in subsection (a) must be:

1. Contained in a written labor policy or agreement and:
 - A. Have been duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meetings laws;
 - B. Indicate the conditions for payment of the item of special compensation, including but not limited to, eligibility for, and amount of, the special compensation;
 - C. Posted at the office of the employer and be immediately accessible and available for public review from the employer during normal business hours or posted on the employer's website;
 - D. Indicate an effective date and date of any revisions;
 - E. Retained by the employer and available for public inspection for not less than five years; and
 - F. Do not reference another document in lieu of disclosing the item of special compensation;
2. Available to all members in the group or class;
3. Part of normally required duties;
4. Performed during normal hours of employment;
5. Paid periodically as earned;
6. Historically consistent with prior payments for the job classification;
7. Not paid exclusively in the final compensation period;
8. Not final settlement pay; and,
9. Not creating an unfunded liability over and above CalPERS actuarial assumptions.

NOTE:

Special Compensation items must meet definitions listed in CCR 571 (a) as well as the criteria outlined in CCR 571 (b) to be reported to CalPERS.

CCR 571 (c)

Only items listed in CCR 571 (a) have been affirmatively determined to be special compensation. All items of special compensation reported to CalPERS will be subject to review for continued conformity with all of the standards listed in CCR 571 (b).

CCR 571 (d)

If an item of special compensation reported for a member is not listed in CCR 571 (a) or is out of compliance with any of the standards in CCR section 571 (b) as reported for an individual, then it shall not be used to calculate the final compensation for that individual.

CCR 571 (b) Amendment

CCR 571 (b) was amended to ensure greater transparency and disclosure of special compensation items in written labor policies or agreements. The labor policy or agreement must include:

- The conditions for payment of the item of special compensation, and
- Eligibility requirements and amount for each special compensation item.

The written labor policy or agreement cannot reference another document in lieu of disclosing the details of the special compensation. In addition, the written labor policy or agreement must be duly approved, posted, or immediately accessible and available for public review, retained for not less than five years, and include an effective date.

Only those items listed in the CCR 571 (a) and meeting the criteria listed in CCR 571 (b) are reportable. If the special compensation item is not included in the exclusive list, it is not reportable for retirement purposes. Please note:

- All special compensation is required to be reported separately from pay rate as special compensation, as it is earned.

- Do not report special compensation prospectively, it must be reported for the pay period in which it was earned.
- Special compensation shall be for services rendered during normal working hours, and the employer shall identify the pay period in which the special compensation was earned.

Special compensation does not include final settlement pay, payments made for additional services rendered outside normal working hours, or any other payments the CalPERS Board of Administration has not affirmatively determined to be special compensation.

Special compensation items must meet definitions listed in CCR Section 571 (a) as well as the criteria outlined in CCR Section 571(b) to be reported to CalPERS.

CCR Section 570 Final Settlement Pay - Excluded

Final settlement pay means any pay or cash conversions of employee benefits, in excess of compensation earnable, that are granted or awarded to a member in connection with or in anticipation of a separation from employment. Final settlement pay is excluded from payroll reporting to CalPERS, in either pay rate or compensation earnable and may consist of severance pay or so called “golden parachutes”. It may be based on accruals over a period of prior service. It is generally, but not always, paid during the period of final compensation. It may be paid in either lump sum, or periodic payments.

Final settlement pay may also take the form of any item of special compensation not listed in Section 571, bonus, retroactive adjustment to pay rate, conversion of special compensation to pay rate, or any other method of payroll reported to CalPERS. All forms of final settlement pay are prohibited from being considered special compensation.

**Pensionable Compensation (PEPRA)
(G.C. section 7522.34)**

Pensionable compensation is a term defined by statute and will be used in the calculation of retirement benefits for all new PEPRA members. It is 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 of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules...”

Also set forth in the statute, are items specifically excluded from pensionable compensation. These include:

- Any compensation deemed by the Board to have been paid to increase a retirement benefit.
- Converted cash benefits
- Any on-time or ad hoc payments
- Severance or any other payment given in anticipation of separation from employment

Pensionable compensation further excludes, payments for unused leave credits, any payment for services rendered outside of normal working hours, employer provided allowances or reimbursements, overtime payments outside of the United States Labor Code Title 29, Section 207 (k), employer paid deferred compensation, any bonus, or any other payment as determined by the Board.

Please reference [Circular Letter No. 200-062-12](#), Pensionable Compensation and Benefit Enhancements (Attachment – [Pensionable Compensation Items](#)). The purpose of this Circular Letter, dated December 12, 2012, is to provide further information regarding current interpretation of “pensionable compensation” and “benefit enhancements” subject to the provisions PEPRA and related Public Employees’ Retirement Law (PERL) amendments in Assembly Bill (AB) 340.

EMPLOYERS PAYING MEMBER CONTRIBUTIONS

Public Employees' Pension Reform Act of 2013 (PEPRA)

PEPRA prohibits employer paid member contributions (EPMC) for new members employed by public agencies, school employers, the judicial branch, or CSU, unless an employer's existing MOU would be impaired by this restriction. It is up to each employer to determine if an MOU would be impaired by this restriction on EPMC for new members. The impaired MOU must have an effective date of January 1, 2013, or earlier.

NOTE:

Please see the Membership chapter of this Guide for the definition of a new PEPRA member.

If your agency determines that an existing MOU is impaired, then any stated EPMC agreements will apply to new members through the duration of the MOU. CalPERS must receive the full required member contributions, regardless of the amounts paid by the member or the employer. Once the impaired MOU is amended, extended, renewed, or expires, EPMC will no longer be permitted for new members. Payroll will error out in the myCalPERS system if EPMC is reported for a new member.

Agencies must notify CalPERS in writing if they determine that their MOU is impaired and provide a certification to CalPERS, signed by the agency's presiding officer, confirming that application of Section 7522.30(c) of PEPRA would cause an existing MOU to be impaired.

EPMC may continue to be reported for classic members pursuant to existing PERL provisions. Agencies who wish to eliminate or reduce EPMC for classic members are able to do so under existing law through collective bargaining and contract amendments. Existing PERL statutes allow employers to periodically increase, reduce, or eliminate employer paid member contributions.

State and federal statutes provide various provisions for paying and reporting member contributions. Below are six provisions, a brief description of each and requirements to implement any of the six. Samples of all six

resolutions are located on CalPERS [Forms & Publications](#).

For all options a resolution is required and a copy should be sent to:

CalPERS

Pension Contracts and Prefunding Programs
Division
Pension Contract Services
P.O. Box 1652
Sacramento, CA 95812-1652

Employer Paid Member Contributions (EPMC) – (G.C. section 20691)

A contracting public agency or school employer may pay all or a portion of the normal contributions required to be paid by members of a group or class. This is called Employer Paid Member Contributions (EPMC) (see [Resolution for Employer Paid Member Contributions](#)).

If an individual is not part of a group or class, the agency must pay EPMC for the closest related group or class in order to pay EPMC for the individual. Determinations for "group of one" and closest related group are made on a case-by-case basis by the Employer Account Management Division, Compensation Review & Analysis Unit.

California Code of Regulations (CCR) Section 569 –EPMC

The payment of EPMC, based on compensation earnable, within the applicable group or class may include a cumulative "time-in-grade exception" for newly hired employees upon the election by the contracting agency or school employer. To elect the "time-in-grade exception," the employer's governing body must adopt a resolution (see [Resolution for Employer Paid Member Contributions with Time-in-Grade Exceptions](#)) or ordinance that specifies the "time-in-grade" schedule and group or class involved. The "time-in-grade exception" cannot take effect until after the resolution or ordinance has been reviewed and approved by CalPERS.

To be classified as "newly hired", a member of the group or class must not have been previously hired or retained by the employer in any capacity.

Paying and Reporting the Value of EPMC As Special compensation

Effective July 1, 1994, under G.C. section 20636(c) and California Code of Regulations section 571 (a) (1), an employer has the option of reporting the value of EPMC to CalPERS as special compensation. This provision must be adopted and applied equally to everyone in a group or class of employment.

If an individual is not part of a group or class, the agency must pay and report the value of EPMC for the closest related group for the individual. Determinations for “group of one” and closest related group are made on a case-by-case basis by the Employer Account Management Division, Compensation Review & Analysis Unit.

Should an agency decide to report the value of EPMC, it must comply with the following criteria:

1. Each written labor policy or agreement must acknowledge the fact that the employer is paying and reporting the value of EPMC for everyone in that group or class.
2. The governing board must pass a Resolution utilizing language similar to the [Resolution for Paying and Reporting the Value of Employer Paid Member Contributions.](#)
3. The Resolution must be sent to the Retirement & Social Security Contracts Unit and written confirmation of compliance will be returned to the employer.
4. The amount (percent) of EPMC being paid by the employer is the value (amount) that must be reported as special compensation.
5. The value of EPMC must be reported on all compensation, i.e., pay rate and special compensation. Do not report the value of EPMC on the value of EPMC under G.C. section 20636(c)(4). This avoids the perpetual loop of reporting the value of EPMC on the previous value of EPMC.

NOTE:

School districts may negotiate for this provision on a district by district basis. It does not have to apply to all districts under the County Office of Education.

Reporting the value of EPMC should not affect the calculations the agency makes for overtime or other special payments employees receive as a factor of base salary. Reporting the value of EPMC is not subject to state and federal income taxes, nor Social Security and Medicare taxes. However, since there is no case or ruling directly related to Social Security and Medicare, affected employers should consider seeking a ruling from the Internal Revenue Service on this issue.

The cost of reporting the value of EPMC will be an increase in the agency’s employer and employee contributions due to the increased earnings reported. There could also be an increase to the employer’s rate similar to increases associated with comparable pay rate increases for groups of employees. The cost for this provision is expected to be the same as the cost of converting EPMC to salary in the final compensation period.

Paying and Reporting the Value of EPMC with Time in Grade

Under the CCR section 571 regulation, an employer may implement a cumulative “time-in-grade exception” for newly-hired employees for contracting agency or school employers to pay and report the value of EPMC as an item of “special compensation” within the pertinent group or class. To elect the “time-in-grade exception,” the employer’s governing body must adopt a resolution (see [Resolution for Paying and Reporting the Value of Employer Paid Member Contributions with Time-in-Grade Exception](#)) that specifies the “time-in-grade” schedule and the group or class involved.

The “time-in-grade exception” cannot take effect until after the resolution has been reviewed and approved by CalPERS. To be classified as “newly hired”, a member of the group or class must not have been previously hired or retained by the employer in any capacity.

Converting EPMC to Pay Rate in the Final Compensation Period (Contract Amendment Method)

The conversion of EPMC to pay rate in an employee’s final compensation period is the only conversion provision allowed in the PERL. To contract for this provision, your agency must have a resolution on file for EPMC. This provision must be adopted and applied equally to everyone in a group or class of employment.

If an individual is not part of a group or class, your agency must adopt this provision for the closest related group or class in order to convert EPMC to pay rate for the individual. Determinations for “group of one” and closest related group are made on a case-by-case basis by the Employer Account Management Division, Compensation Review & Analysis Unit.

G.C. section 20692

This section was made effective July 1, 1994 and provides: “(a) Where a contracting agency employer or a school employer has elected to pay all or a portion of the normal contributions of members of a group or class of employment pursuant to G.C. section 20691, the employer may, pursuant to a labor policy or agreement, stop paying those contributions during the final compensation period applicable to the members and, instead, increase the pay rate of the members by an amount equal to the normal contributions paid by the employer on behalf of the employees in the pay period immediately prior to the final compensation period or increase the pay rate of the members by an amount established by a labor policy or agreement in existence and in effect on June 30, 1993. That amount shall not exceed the amount of the normal member contributions that are required to be paid by the members.”

Request a valuation from the Retirement & Social Security Contracts Unit and follow the contract amendment procedures for this provision. For more information on requesting a valuation, refer to the Contract Coverage chapter.

After an agency amends its contract with CalPERS to provide this conversion, the new employer rate is effective the same day the amendment is effective. All employees in a group or class must be treated the same and there can be no “election” on the part of individual employees to convert EPMC to pay rate in the final compensation period. The conversion would be allowed from the effective date of the contract amendment and cannot be reported prior to the contract amendment effective date.

Should an agency decide to stop paying members' contributions in the final compensation period and instead increase the pay rate by an equal amount, it would need to comply with the following:

1. Include the provision in each written labor policy or agreement adopting this provision. The amount of EPMC converted to pay rate must be the same amount (percent) of EPMC being paid by the employer unless there is a written labor agreement still in effect that was adopted prior to June 30, 1993 allowing the conversion of a smaller amount of EPMC than what is being paid.
2. Stop paying the member's contribution in the final compensation period and give a pay increase for all purposes. This is not just reporting the value of EPMC in the final compensation period.
3. The conversion of EPMC must be on all compensation (i.e., pay rate and special compensation).

If an employee only gives two weeks' notice of retirement, the agency must retroactively adjust and report payroll for the conversion in the full final compensation period (for any final compensation period after the effective date of the contract amendment). If an employee cancels a retirement date, the agency can reverse the entries for the conversion but must commence the conversion again in the new final compensation period.

NOTE:

Individual school districts cannot amend for this provision. All districts in a County Office of Education must amend for this provision by passing a resolution. After all districts have passed a resolution, the County Office of Education may amend its contract to convert EPMC to pay rate in the final compensation period.

For more information or questions, please refer to the California Code of Regulations, section 566.1, found in the PERL or you may contact the CalPERS Customer Contact Center at **888 CalPERS** (or **888-225-7377**).

Tax-Deferred Member-Paid Contributions Internal Revenue Code Section 414(h)(2)

Employer Pick-Up

A benefit that employers can provide to their employees at no cost to the employer or employee is Internal Revenue Code (IRC) section 414(h)(2), commonly referred to as Employer Pick-Up.

Under this provision, employees pay their own member contributions from reportable compensation and defer state and federal income taxes on the member contributions. The Employer Pick-Up allows employee contributions to be treated as employer contributions for federal and state tax purposes, thus lowering the employees' taxable gross income.

The amount reported to the Internal Revenue Service is reportable compensation less the member contributions. Federal and state taxes on the amount of contributions are postponed until distribution either through a retirement allowance or a lump sum payment (refund).

All supplemental pay that is based upon employees' salary, such as overtime will be computed on the employees' original gross salary (base pay including the member contributions). There is no increase in the member's pay rate reported to CalPERS when reporting tax-deferred member contributions under IRC section 414(h)(2). For more information on IRC section 414(h)(2), visit www.irs.gov.

To implement this provision, the employer's duly authorized board of trustees must adopt the appropriate resolution for the affected group or class of employees (see [Resolution for Employer Pick-Up](#)). Once the resolution is adopted, contributions for all employees in the affected group or class must be reported to CalPERS on a tax-deferred basis. Employees may not elect Employer Pick-Up on an individual basis.

Copies of all resolutions for member contributions should be sent to:

CalPERS

Pension Contracts and Prefunding Programs
Division
Pension Contract Services
P.O. Box 1652
Sacramento, CA 95812-1652

For more information, contact the CalPERS Customer Contact Center at **888 CalPERS** (or **888-225-7377**).

Pre-tax payroll deduction plan (a.k.a. Plan) for service credit purchase(s)

By filing an [Employer Resolution for Tax Deferred Payroll Deduction Plan for Service Credit Purchases](#) with CalPERS, your agency is allowed to extend the pick-up of member contributions under IRC section 414(h)(2) provisions for member payments by payroll deductions for service credit purchases. Agencies that opt to participate in this "pick-up" program provide their employees, who elect to participate, with the benefit of deferring income tax liability on member service credit purchases.

County Superintendents of Schools need submit only one Resolution which will cover all the districts/units within that superintendent's jurisdiction. The effective date for commencement of the Plan cannot be any earlier than the date the completed resolution and the completed Readiness to Report form are received and approved by CalPERS.

Plan Restrictions/Requirements Employer

1. The agency must complete and submit a request in my|CalPERS for the resolution to allow their employees to participate in the Plan. Navigate to the resolution in my|CalPERS by this path: Help/Manage Retirement Contract/Employer Paid Member Contribution (EPMC) Details Page/How to.../ and select "How to Initiate Tax-Deferred Service Credit Purchase Resolution."
2. The wording of the resolution cannot be altered.
3. The resolution applies to all employees in the specified member category (ies).
4. Upon receipt of an approval letter from CalPERS, the agency must also complete the "Readiness to Report" form. This form certifies that your payroll system can concurrently report both after-tax (taxed) and pre-tax (tax-deferred) payroll deductions for any employee with multiple service credit elections.
5. Pre-tax payroll deductions must not be reported until the member has elected the Plan. For each electing member, CalPERS will send a payroll deduction authorization form specifying their effective date of pre-tax

reporting. IRS does not allow retroactive deductions.

6. The employer is responsible for reducing the taxable income of a member by the pre-tax payroll deduction amount.
7. Pre-tax deductions will be completed through the payroll reporting process. Contributions should be reported in the Tax-deferred Member Contribution fields instead of the Normal Member Contribution fields.
8. If an employee has more than one service credit purchase authorization, each authorization must be reported as separate entries.
9. Overpayments must be reported as negative adjustments through the payroll reporting process. The employer will be responsible for returning such funds to the member as taxable income.
10. The employer is responsible for all payroll corrections (including W-2 reporting) for the member.
11. The employer will report payroll deductions for service credit purchases for members who choose not to elect the Plan on an after-tax basis.
12. Once the Plan Resolution is adopted, it is irrevocable.

Plan Restrictions/Requirements - Member

1. Upon approval of the employer/CalPERS resolution, the member has the option to file a binding irrevocable election with CalPERS to elect the Plan for each type of service credit purchase.
2. Members with an existing after-tax receivable who are not within 90 days of retirement or do not have a delinquent status on their receivable account will be notified by CalPERS of their opportunity to elect the Plan.
3. Members requesting service credit purchase(s) will be provided the pre-tax election opportunity (if the employer is a Plan participant and the member's membership category(ies) is covered under

the resolution) with their cost information letter.

4. The Plan amount and time period are irrevocable and cannot be adjusted or discontinued at any time during the payroll deduction schedule.
5. The deductions are member contributions and are subject to income taxes when received by the member as either a retirement benefit or refund.
6. A member who elects the Plan deductions then changes employers will automatically continue pre-tax payroll deduction payments if the new employer is a Plan participant. If the new employer does not have a pre-tax resolution on file with CalPERS, the deductions will be taken on an after-tax basis.
7. A member who elects the Plan is not allowed to make changes to their payment schedule; such as: additional direct cash payments (i.e., lump sum, partial payments, or increased scheduled payments).
8. A member who elects the Plan and terminates employment will be given the option to pay the lump sum balance or continue payments on an after-tax basis through Direct Payments to CalPERS.
9. A member who elects the Plan and retires may request to pay the lump sum balance prior to retirement. If no request is made, payments will continue through retirement allowance deductions as after-tax deductions.
10. Electing the Plan will reduce the taxable gross and may lower the amount the member can contribute into a defined contribution plan. It is the member's responsibility to determine the potential impact prior to electing the Plan.
11. Once pre-tax deductions are elected, it is irrevocable unless #6, #8, or #9 above applies.

For more information contact:

CalPERS

Member Account Management Division
Service Credit Costing and Elections Units
P.O. Box 942704
Sacramento, CA 94229-2704

Or contact the CalPERS Customer Contact Center
at **888 CalPERS** (or **888-225-7377**).

COMPENSATION LIMITS

COMPENSATION LIMITS (IRC SECTION 401(a)(17))

Section 401(a)(17) of the Internal Revenue Code provides dollar limitations on annual compensation that can be taken into account under qualified retirement plans. Below are the procedures for reporting a member who has reached the limit. CalPERS notifies all employers of the new limits each year by sending a Circular Letter, and my|CalPERS will automatically track the compensation limit.

The compensation limit is only applicable to persons who first became members or participants of California Public Employees' Retirement System (CalPERS) on or after July 1, 1996.

For those members who are subject to the limit, their final compensation will be capped at the limit in effect for each 12 consecutive-month period that is used to calculate their allowance if they were to retire. The determination of compensation for each 12 month period shall be subject to the annual compensation in effect for the calendar year (January – December), in which the 12 month period begins.

For example, the compensation limit for 2018 is \$275,000. Therefore, the member should not make contributions on earnings that exceed the \$275,000 limit within the 2018 calendar year. The earnings that are mentioned are those reportable to CalPERS, which exclude earnings for overtime, automobile allowances, lump sum payouts, etc. The compensation limit does not limit the salary an employer can pay an employee who is a member of CalPERS.

If an employee's compensation reaches the limit, payroll will error out in the my|CalPERS system, prompting the employer to not report employee contributions.

The employer will continue reporting pay rate, and member earnings, but no member or employer contributions for the earned periods remaining in the calendar year. Reporting the earnings allows the employee to continue earning service credit without making contributions on earnings that exceed the limit.

If an employee's pay rate increases after the time you cease reporting contributions, please report the higher pay rate and earnings on your Earned Period Report.

Once the calendar year is over, my|CalPERS will prompt you to report contributions for the employee and begin the monitoring for the new calendar year.

Public Employees' Pension Reform Act of 2013 (PEPRA)

PEPRA mandated all new members be subject to contribution caps which differ from the caps set for classic members. New member contribution caps are effective January 1, 2013. Adjustments to the caps are permitted annually based on changes to the Consumer Price Index for All Urban Consumers.

New Member Contribution Caps

New Member with Social Security	\$121,388 (100% of the 2018 Social Security contribution and benefit base)
New Member without Social Security	\$145,666 (120% of the 2018 Social Security contribution and benefit base)

NOTE:

Please see the Membership chapter of this Guide for the definition of a new PEPRA member.

Employers will report full pay rate and actual earnings for all members in my|CalPERS and the system will flag and notify the employer when the contribution limit has been reached for that calendar year. Member and employer contributions must stop when the member's actual earnings reach the contribution limits outlined above.

Note that this does not necessitate a change to your file formatting structure; rather it is related to how your agency tracks and reports payroll. Reporting up to the compensation cap for new members will occur in the same manner it does

currently for classic members subject to the 401(a)(17) limit.

PEPRA requires the CalPERS Board to define excessive compensation as “a significant increase in actuarial liability due to increased compensation paid to a non-represented employee” and further directs the Board to implement program changes to ensure that a public agency that creates a significant increase in actuarial liability bears the increased cost associated with that liability.

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PAYROLL REPORTING PROCEDURES

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The information provided in this publication is for your convenience and reference as a general guide only and cannot be relied upon as an authoritative source for the law, practices, or policies of CalPERS. While CalPERS tries to include only accurate, timely and complete information in its publications, summaries, guidelines and other advisory printed materials, sometimes information provided in printed materials may be or become inaccurate, untimely, incomplete, unclear or misleading. In all instances, the law then in effect, not this publication, controls the application of the Public Employees' Retirement Law. It is the reader's responsibility to independently verify the accuracy of the information contained in this publication before engaging in a course of action.

PAYROLL REPORTING

As a CalPERS contracting agency, you must submit specific information about each employee to CalPERS in the form of a payroll report. Government Code sections 20120-20124 require payroll to be submitted by contracting agencies.

Accurately Reporting Payroll

CalPERS retirement benefits are funded by contributions paid by contracting employers, member contributions, and earnings from CalPERS investments.

It is your responsibility to ensure your employees are enrolled and reported accurately and timely. It is important that member contributions and payroll be reported accurately and on a timely basis to ensure correct payment of benefits.

Eligible employees must be enrolled into CalPERS membership within 90 days of hire. If not, your agency will be responsible for:

- Employee and employer retirement contributions for the time in violation
- A \$500 administrative fee per person

Issues Resulting from Inaccurate Payroll Reporting

CalPERS needs timely and accurate payroll information in order to correctly calculate your employees' service credit and final compensation for retirement benefits. If you report incorrect pay rates and earnings for your employees, you may cause:

- Service credit accrual discrepancies
- Service credit inaccuracies
- Delays in member retirement processing
- Inaccurate retirement estimates
- Incorrect payment of benefits
- A \$200 delinquency fee for late payroll reporting

Payroll Record Information

The payroll record is the most common record type. It contains information about an employee's earnings, contributions, and other pertinent information, such as:

- Transaction Type*
- Appointment*
- Pay Rate Type* (e.g., hourly, daily, monthly)

- Pay Rate*
- Reportable Earnings*
- Scheduled Full Time Hours per Week* (required for all pay rate types)
- Scheduled Full Time Days per Week* (only applicable for the daily pay rate type)
- Total Hours Worked* (required only if employee is a retired annuitant)
- Special Compensation
- Contribution Amounts (such as taxed member paid, tax deferred member paid, and tax deferred employer paid)

*Items required when reporting Retired Annuitants.

Transaction Type

Each payroll record will have one of the following transaction types to describe the type of contribution, deduction, or adjustment being reported:

- Earned Period Reporting – Current earned period contribution/deduction payroll record.
- Prior Period Adjustment – Adjustment to prior period payroll record.
- Earned Period No Contribution and No Service – Earned period payroll record for a retired annuitant, Local Alternate Retirement Plan member and overtime positions.
- Prior Period No Contribution and No Service – Prior period payroll record for a retired annuitant, Local Alternate Retirement Plan member and overtime positions.
- Retroactive Salary Adjustment – A retroactive salary adjustment is to capture a salary increase covering a single or multiple earned period(s).
- Retroactive Special Compensation Adjustment – Retroactive special compensation adjustment is to report or correct special compensation covering a single or multiple earned period(s).

Appointment

Information about each of the employee's appointments, including the CalPERS ID,

appointment date, and associated member category compensation is required. Detailed information about appointments is outlined in the Appointment Overview section of the Membership chapter.

Pay Rate Type

This denotes the pay rate type for paying employees either an hourly, daily, or monthly amount.

Pay Rate

“Pay Rate” is the normal full-time rate of pay or base pay of the member, paid in cash to similarly situated members of the same group or class of employment for services rendered on a full time basis during normal working hours. It can be an hourly, daily, or monthly rate.

NOTE: When submitting a payroll report, always use the member's full-time pay rate.

The pay rate must be a positive numeric value. CalPERS requires that pay rates be reported with two places after the decimal. For example:

- An hourly rate of \$8.70 would be reported as 8.70.
- A daily rate of \$60.00 would be reported as 60.00.

For further information on reporting pay rates, see “Pay Rate and Earnings Relationship” later in this chapter.

Reportable Earnings

Employees' earnings represent compensation earned during normal working hours. When you report earnings, you must identify the earned period in which the employee earned the compensation, regardless of when you pay the compensation or report it to CalPERS. This is true for both pay rate and special compensation payroll entries.

In addition, earnings generate service credit and are crucial to the retirement calculation. If earnings are incorrectly reported on payroll then the employer will have to make adjustments to ensure that their employees receive the correct retirement allowance.

Scheduled Full-Time Hours per Week

This denotes the number of hours per week that are considered full-time for the position reported and is required for all pay rate types. CalPERS considers full-time employment to range from 34 to 60 hours per week. However, for classified school members, G.C. 20636.1 requires full-time employment up to 40 hours per week. See the Pay Rate and Earnings Relationship section later in this chapter for more information.

Scheduled Full-Time Days per Week

This denotes the number of days per week that are considered full time for the position reported and is required for the daily pay rate type.

Total Hours Worked

This information is required only if the employee is a retired annuitant. Reporting Total Hours Worked notes the total number of hours that an employee works during the specified earned period.

Special Compensation

There are over 100 types of special compensation that fall within one of the five following special compensation categories:

- Educational pay
- Incentive pay
- Premium pay
- Special assignment pay
- Statutory items

You will add or delete each special compensation type and amount to an employee's payroll record. In addition, an employee's payroll record may contain multiple categories and types of special compensation. Each special compensation item should be separated into its own line item. Do not combine special compensation.

NOTE: If a special compensation type is selected that does not exist in your MOU or contract with CalPERS, the record will have a 'valid with exceptions' status as a warning of a potential problem in myCalPERS.

Contribution Amounts

Employee contributions are a percentage of your employees' earnings that are reported to CalPERS to fund their retirement benefits. This percentage is based on the group or class of employees, the retirement benefit formula and other options in your contract. You must report and submit employee contributions to CalPERS on behalf of each employee.

Public Employees' Pension Reform Act of 2013 (PEPRA) – Elimination of Off-Sets (also known as OASDI and Social Security Modification)

Prior to PEPRA, local public agency and California State University (CSU) employers did not collect CalPERS employee contributions on the first one-third of a member's payroll up to \$400 and \$513 per month respectively. This resulted in local public agency and CSU employee's with coordinated service (paid Social Security taxes) to experience a one-time adjustment of \$133.33 to the final compensation factor used to calculate their pension.

PEPRA eliminates the contribution and off-set adjustments to the final compensation factor for all employees of local public agencies and CSU enrolled in any of the new PEPRA formulas. For more information, see [Circular Letter 200-024-13](#).

Employer Contribution Types

Information about the following two employer contribution types may be contained within a payroll record:

- **Tax Deferred Employer Paid Member:** Tax deferred and paid by the employer for the specified earned period.
- **Tax Deferred Employer Paid Additional Contributions:** Additional contributions that are tax deferred and paid by the employer (this program is discontinued and is not available to new members, i.e., this type of contribution is only applicable to members who have participated in the program continuously prior to July 1, 1983).

Member Contribution Types

A payroll record may contain information about the following types of member contributions for the specified earned period:

- **Taxed Member Paid:** Taxed and paid by the employee for the specified earned period.
- **Tax Deferred Member Paid:** Tax deferred and paid by the employee for the specified earned period.
- **Survivor Contribution:** Paid by the employee into a 1959 survivor account during the specified earned period.
- **Taxed Member Paid Additional Contribution:** Additional contributions that are taxed paid by the employee (this program is discontinued and is not available to new members, i.e., this type of contribution is only applicable to members who have participated in the program continuously prior to July 1, 1983).

Survivor Contribution Type

"Survivor Contribution" is the amount of contribution a member pays for the 1959 Survivor Benefit. Members covered by the 1959 Survivor Benefit contribute the amounts on the table following based on the reporting frequency. Please note that the survivor contribution index levels change each fiscal year.

Reporting Frequency	Contribution Each Service Period	
	Index Level	All Other Levels
Monthly	\$3.50	\$2.00
Semi-Monthly	\$1.75	\$1.00
Bi-weekly	\$1.62	\$0.93
Quadri-weekly	\$3.23	\$1.86

The 1959 Survivor Benefit provides for a survivor benefit upon death of the member before retirement. In most cases, a member does not have both 1959 Survivor Benefit coverage and Social Security coverage with a single employer. Contact the CalPERS Customer Contact Center if you have questions.

The full amount of survivor contribution is due for an earned period even if only one day's earnings are reported. Make only one deduction for each

earned period. The contribution is not due on retroactive salary adjustments, special compensation or non-contributory entries. When the member is covered, the survivor contribution should always be shown as a 3-digit numeric value. It may be positive or negative depending on the circumstances.

If a member does not receive any compensation for an earned period because of an official leave of absence, no contribution is due for that earned period. Entries adjusting the survivor contributions should be included as part of the current entries or prior period earnings adjustment entries. The survivor contribution is not credited to the member's account and is not refundable.

Payroll Schedule Types

You can report payroll on the following four types of payroll schedules:

- Monthly
- Semi-monthly
- Bi-weekly
- Quadri-weekly

Frequency	# of Payroll Periods/Year	Description
Monthly	12	Monthly
Semi-monthly	24	First half of month (1st through 15th)
		Second half of the month (16th through the end of the month)
Bi-weekly	26	First report in the month (ending on the 1st through the 14th)
		Second report in the month (ending on the 15th through the 28th)
		Third report in the month (occurs whenever earned period ending dates are 29, 30, or 31)
Quadri-weekly	13	First report in the month (ending on the 1st through the 28th)
		Second report in the month (occurs whenever the earned period ending dates are 29, 30 or 31)

NOTE: Changes in the frequency in which payroll reports are submitted must be approved by CalPERS in advance. If you have questions regarding changing payroll frequencies, contact the CalPERS Customer Contact Center at **888 CalPERS** (or **888-225-7377**).

NOTE: If you use different time periods to report employees' earnings and contributions, you may have more than one type of payroll schedule (e.g., when you have optional members that are reported differently than your regular employees or divisions that report payroll differently).

Payroll Report Types

Payroll - Earned Period is the normal payroll report submitted by your agency for each earned period according to your payroll schedule.

For example: Your agency has a monthly payroll schedule. Your January Earned Period Report begin date could be January 1 and the earned period end date could be January 31 or the begin date could be January 10 and the earned period end date could be February 9.

Payroll - Adjustment report is an adjustment file that contains corrections for posted Earned Period Reports reported in error or omitted. The payroll adjustment date reflects the date the file is uploaded in or manually created in my|CalPERS.

For example: Your agency creates an adjustment report file on January 1. The adjustment report begin date and end date are January 1, 20xx.

Payroll Reporting Deadlines

Adhering to the following schedule allows for timely processing of Payroll Earned Period and Adjustment Reports and provides for proper service, contributions, and interest to be credited to the member accounts:

July 30 – All payroll reports for the last complete earned period with an ending date in June must be created and posted in my|CalPERS by the original due date, on or before July 30, whichever is earlier. All payroll reports for June received in July will accrue service credit and interest.

NOTE: All payroll records posted after July 31 will be billed to the next fiscal year receivable regardless of the report date.

Selecting an Earned Period

Each payroll report is submitted in association with an earned period that is identified by the begin date and end date of the employer's payroll schedule (i.e., the earned period must be selected for each payroll and SIP report submitted to my|CalPERS).

The earned period of each payroll report record is populated with the earned period from the payroll report. However, these dates should be adjusted if the member did not work for the full earned period or if they are reporting an adjustment transaction (i.e., the record period begin and end dates should be modified to reflect a mid-period appointment or separation). The following examples illustrate this:

First Day on Payroll in the Middle of an Earned Period

The participant's appointment must be entered in my|CalPERS before payroll can be reported. The begin date of the payroll record should be listed as the participant's start date, not the first day in the earned period.

For example: Your agency has a bi-weekly pay schedule; the earned period is March 3 to March 16. The participant's appointment date is March 8. The payroll record should be keyed with a start date of March 8 and an end date of March 16.

Last Day on Payroll before the End of the Pay period

The participant's permanent separation date should be entered in their appointment history before the payroll is submitted. The permanent separation date must be reported as the day after the last day an employee works for your agency, which is often the day after the last day on payroll.

For example: Your agency has a bi-weekly pay schedule; the earned period is March 3 to March 16. The participant's last day on pay is March 7 and the separation date is March 8. The payroll record should be keyed with a start date of March 3 and an end date of March 7.

If you copy a prior posted payroll report, the participant record will need to be updated to reflect the correct earned period end date.

NOTE: The first day after the last day payroll is earned is the earliest the permanent separation date or retirement date may be. For more information on this, refer to the Appointment Overview section in the Membership chapter.

Transmitting Payroll Information

There are four options for transmitting payroll information via my|CalPERS:

- Copy forward a previously posted payroll report as an alternative to uploading a file with new payroll records, you can copy a previously posted payroll report, make modifications to the copied records, and then submit the report for the current earned period. This method is the most commonly used and is best when earnings are the same (or very similar) across earned periods.

NOTE: When an adjustment record or a retired annuitant record has been submitted to correct a previous payroll report record, the adjustment record will not be copied forward when you copy the original payroll record.

- Uploading a new payroll report can be selected and a file can be uploaded that is located on your local system to the my|CalPERS system.
- File Transfer Protocol (FTP), which is a my|CalPERS reporting method. The employer will create an XML file containing enrollment and payroll contributions data and have a scheduled process that will FTP the file to CalPERS.
- Manually entering payroll records an employer can create a payroll report by manually entering the necessary information for each payroll record within the report. This method is used primarily by a new agency.

For more information on the four options for transmitting payroll information visit the [Technical Resources](#) page for Employers on the CalPERS website.

Processing - Payroll Report Statuses

There are four statuses when processing payroll reports via my|CalPERS:

- **PENDING RELEASE**
This is a new report that needs to be validated.
- **PROCESSING**
If no errors are found, the Status will change from "Processing" to "Posted". If even one error is found, the Status will change from "Processing" to "Suspended". You will need to correct the error(s), and then select the Process Report button to resubmit the report.
- **SUSPENDED**
The report may be suspended if there are errors detected, however, when this occurs, you may accept valid records only (recommended) and correct the errors at a later time.
- **POSTED**
The file has been processed and all records have posted to the member account.

Payroll Record Statuses

A payroll record will be in one of the following statuses:

- **PENDING VALIDATION**
The payroll record status prior to the record being validated.
- **VALID**
When a payroll transaction is valid, it has nothing technically wrong with any of its elements. Valid transactions can be posted immediately. However, please validate (review and save) what is being posted to the member's account.
- **VALID BUT HELD**
The record has been validated with warnings; you must correct error records for the same participant prior to this record posting. For example, if an error record for the same earned period exists, then valid payroll transactions for the same earned period will be in a valid but held status. Once you correct the error transaction to reflect a valid status, then

the held records will become valid and post.

- **VALID WITH EXCEPTIONS**
The record has been validated with warnings; employers must validate the transaction records for accuracy prior to posting. For example, if a pay rate is extremely high, the payroll transaction will be in an exception status. Once you manually validate the transaction to be correct, it can then be posted. If you validate (save to validate) and the exception remains as incorrect, then it can be corrected and posted.
- **ERROR**
The record has been validated and contains an error. You must correct an error status before the transaction can post. my|CalPERS will indicate which element of the payroll has an error.
- **POSTED**
The record has been validated, is free of errors, and has posted to the employee's account. To make any changes and or corrections to previously posted records, you must submit an adjustment report.

my|CalPERS Member Self-Services

On July 30, 2012, CalPERS launched an enhanced version of my|CalPERS for members to access their real-time account information. This enhancement allows members to see the information submitted on their behalf by their employers, including appointment, payroll contributions and service credit information.

Therefore, it is critical to stay current with information reported to CalPERS on behalf of your employees. Employer accuracy and promptness will alleviate future concerns or questions members may have with their CalPERS account and the information provided by your agency.

NOTE: Failure to correct and post payroll in a timely manner will result in incorrect service credit accrual and/or incorrect or delayed benefits that may be payable to these members. Also, note that the data submitted on the payroll reports, whether correct or incorrect, is used by CalPERS actuaries to determine your agency's contribution rate. Inaccurate or incomplete data may inadvertently cause your agency's contribution rate to be incorrect.

Retired Annuitants

Retired Annuitants (RA) working for your agency must be reported to CalPERS. Only after the appointment is updated for the RA, payroll with a transaction type of Earned Period No Contribution No Service must be submitted for them.

At this time, RA records are not included in files that are submitted via the copy forward method. Therefore, you will need to add each RA record to the file if using this method. myCalPERS will track their hours as their agency posts their records. A letter will be sent to the RA and the agency when the RA reaches 700 and 800 hours.

The following items are required when reporting Retired Annuitants:

- Transaction Type
- Appointment
- Pay Rate Type
- Pay Rate
- Reportable Earnings
- Scheduled Full Time Hours per Week
- Scheduled Full Time Days per Week
- Total Hours Worked

REPORTING DEADLINES & PENALTIES, EXTENSIONS & WAIVERS, AND PAYMENT OF CONTRIBUTIONS

Reporting Deadlines & Penalties

Earned Period Reports

Earned Period Reports must be submitted by each Business Partner on or before 30 calendar days following the last day of the earned period to which it refers.

Missing/Late Earned Period Reports

If a Business Partner fails to submit their Earned Period Reports on time, CalPERS will assess an administrative fee of \$200.00 for every Earned Period Report that is delinquent.

Incomplete Earned Period Reports

Each Business Partner has 60 calendar days from the date the my|CalPERS gives an error message on the payroll record to correct and post the suspended payroll file. Any un-posted payroll records or errors that have not been corrected after 60 calendar days will generate a monthly \$200.00 administrative fee until all records and errors are correct and posted.

Payment of Contributions

Employers are required to remit all contributions due to CalPERS on or before 15 calendar days from the end date of the earned period to which they refer (e.g., contributions for earned period ending April 30th are due no later than May 15th).

Payroll Reporting Extensions & Waivers

CalPERS may, for good cause, grant an extension of time for the posting of an Earned Period Report. This is provided that the Business Partner sends a payroll schedule extension request for the Earned Period Report via my|CalPERS Payroll Schedule page at least 10 working days before the due date.

CalPERS may waive assessed fees upon satisfactory proof of conditions existing beyond the Business Partner's control. Normally, CalPERS does not consider internal procedures used by a Business Partner as acceptable justification for incomplete or late reporting. Requests to waive assessed fees should be submitted via my|CalPERS Billing & Payment page.

The Fees List will display the status of all assessed and waived fees and can be viewed from the [Billing and Payment Summary](#) page under "Admin/Other Fees." The payroll schedule extension status can be viewed from the [Payroll Schedules](#) page under the appropriate "[View Periods](#)" link.

BASIC CONTRIBUTION CALCULATION

This section defines the basic method of calculating a member's normal contributions. It does not apply to receivables or additional contributions. The method of calculating the member's normal contributions varies depending upon the member's contribution rate, provisions of the employer contract and whether or not the member has Social Security coverage. However, the following basic instructions apply to all members:

1. In my|CalPERS, locate the member category within the Retirement Contract – Rate Summary panel that applies to the member.
2. One of the following will apply (depending upon participant retirement enrollments):
 - a. Without Social Security modification
 - b. With Social Security modification

NOTE: If the Member Contribution rate indicates 0%, report a zero contribution amount and stop here.

3. If (a) applies, multiply the reported member earnings by the percentage rate indicated in the Retirement Contract – Rate Summary panel.

If (b) applies, modify the member total earnings for each earned period (regular earnings using the Old Age and Survivors Disability Insurance (OASDI) Modification Chart below). Multiply the modified earnings by the percentage rate indicated in the Retirement Contract – Rate Summary panel.

NOTE: Employees working in two or more units will have a Social Security modification factor applied only once for the total normal earnings in the earned period.

OASDI Modification Chart for Public Agencies and Schools (Modification Amount \$400.00) (Also known as Offset and Social Security Modification)

Reporting frequency	If earnings are less than	If earnings are more than or equal to	Miscellaneous members and safety members reported under modified formulas
MONTHLY	\$400.00	XXX.XX	EARNINGS X 0.66667 X RATE
	XXX.XX	\$400.00	EARNINGS MINUS \$133.33 X RATE
SEMI-MONTHLY	\$200.00	XXX.XX	EARNINGS X 0.66667 X RATE
	XXX.XX	\$200.00	EARNINGS MINUS \$66.67 X RATE
BI-WEEKLY	\$184.62	XXX.XX	EARNINGS X 0.66667 X RATE
	XXX.XX	\$184.62	EARNINGS MINUS \$61.54 X RATE
QUADRI-WEEKLY	\$369.23	XXX.XX	EARNINGS X 0.66667 X RATE
	XXX.XX	\$369.23	EARNINGS MINUS \$123.07 X RATE

NOTE: CSUC Auxiliary Organizations that contract for the same contribution rate and modification factors as State Miscellaneous members will calculate contributions according to the formula applicable (G.C. section 20680).

NOTE: Do not apply the full OASDI modification factor more than once per earned period. If total earnings (regular pay rate and special compensation) are less than earnings on the OASDI modification chart, all earnings will be modified by 0.66667 to calculate member contributions.

NOTE: PEPPRA eliminates the contribution and off-set adjustments to the final compensation factor for all employees of local public agencies and CSU enrolled in any of the new PEPPRA formulas. For more information, see [Circular Letter 200-024-13](#).

PAY RATE AND EARNINGS RELATIONSHIP

Pay rate is the amount of compensation a member is paid for a unit of time (i.e., hour, day or month) and must be listed on a publicly available pay schedule (CCR 570.5). The pay rate should remain in compliance with all applicable statutes. In addition, the pay rate should remain stable throughout a fiscal year except for pay raises, demotions, or changes of position. If a member works in more than one position or receives a raise in the middle of an earned period, report amounts earned under each pay rate separately.

An hourly pay rate is that rate of compensation to which an employee is entitled under an employment agreement which provides for compensation for each hour of regular time worked by the employee.

A daily pay rate for both a full-time and a part-time employee is that amount of compensation to which a full-time employee is entitled when the employee's services are performed under an employment agreement which provides for a daily rate of compensation.

A monthly pay rate for both a full-time and a part-time employee is that amount of compensation to which a full-time employee is entitled, when the employee's services are performed under an employment agreement which provides for a monthly rate of compensation.

CalPERS considers full-time employment to range from 34 to 60 hours per week. Employers generally have the ability to determine what constitutes full-time for an employee provided that the employee works between 34 and 60 hours per week. However, G.C. section 20636.1 specifies that for all Classified school members full-time is up to 40 hours per week. This means that all hours up to 40 per week must be reported to CalPERS for Classified school members at the straight time rate.

Impact on Final Benefits

Reporting correct pay rates for your active members is essential in calculating correct member benefits at retirement. The three critical elements used in calculating retirement benefits are:

- Service Credit
- Benefit Factor
- Final Compensation

Service credit is derived from the pay rate and earnings reported to CalPERS.

Service Credit Accrual

The amount of service credit a member accrues during the fiscal year will depend on the number of days, hours or months they work and are reported to CalPERS.

Full-Time Service Credit

Service credit is one of the three critical elements that are used to calculate a member's retirement allowance. CalPERS limits the amount of service credit a member can earn to 1.000 year per fiscal year (July 1 – June 30).

G.C. section 20962 explains what constitutes a full year of service credit for monthly, hourly, or daily employees while G.C. section 20966 speaks to partial service credit calculations.

G.C. Section 20962 – Explains What Constitutes 1 Year of Service Credit

1. Daily Employee = 215 days to earn 1 year of service credit
2. Hourly Employee = 1,720 hours to earn 1 year of service credit
3. Monthly Employee = 10.000 months to earn 1 year of service credit

G.C. Section 20966 – Partial Service Credit Calculations

The following partial service credit calculations are illustrative examples of the ratio used to calculate service credit for part-time employees:

Earnings Divided by Pay Rate Equals Service Credit – Examples:

Example:	1. <u>Member Earnings</u> Monthly Pay Rate	=	\$1,200.00 \$1,200.000	=	1 month worked divided by 10 = 0.100 years of service credit
	2. <u>Member Earnings</u> Monthly Pay Rate	=	\$ 600.00 \$1,200.000	=	0.5 months worked divided by 10 = 0.050 years of service credit
	3. <u>Member Earnings</u> Hourly Pay Rate	=	\$ 600.00 \$ 7.500	=	80 hours worked divided by 1720 = 0.047 years of service credit
	4. <u>Member Earnings</u> Daily Pay Rate	=	\$ 600.00 \$ 30.000	=	20 days worked divided by 215 = 0.093 years of service credit

1. Daily: Employee works 185 days during the fiscal year

- $185 \text{ days} \div 215 \text{ days} = 0.860 \text{ years of service credit}$

2. Hourly: Employee works 1295 hours during the fiscal year

- $1295 \text{ hours} \div 1720 \text{ hours} = 0.753 \text{ years of service credit}$

3. Monthly: Employee works 7.200 months during the fiscal year

- $7.200 \text{ months} \div 10.000 \text{ months} = 0.720 \text{ years of service credit}$

If a member does not meet the full-time markers established under G.C. section 20962, then they will not earn a full year of CalPERS service credit.

The pay rate and earnings relationship which drives service credit accrual is illustrated in the table below.

Reporting Equal Payments

In accordance with G.C. sections 20630 and 20633 employers shall identify the earned period in which the compensation was earned by the employee regardless of when it is reported in myCalPERS or paid.

Some employers make equal salary payments to their employees throughout the year. Employers may report equal payments during the member's appointment period provided the member renders services within the earned period reported to CalPERS.

Salary withheld during the year to pay members during the time they are off should be reported as earned. In order to comply with G.C. section 20630, equal payments cannot be reported outside the appointment period during a time when the member does not render service.

School Member Pay Rates

Report school members to CalPERS using the actual rate of pay at which they are hired (i.e., hourly, daily, or monthly). Do not convert an hourly or daily pay rate to a monthly equivalent, as this could result in incorrect final benefits for the member. If a contract employee is working outside the timeframe of the contract (e.g., summer session), use the salary schedule for the position worked.

Proper Reporting of Overtime Pay Rates for School Members

G.C. section 20636.1 requires all services rendered up to 40 hours per week be reported for non-certificated school members. G.C. section 20635.1 indicates that overtime compensation is excluded from reporting. Schools commonly have employees who have a regular work week that is less than 40 hours per week. These employees may or may not be paid at a straight-time, hourly rate for those hours.

For any services rendered in excess of their regular work week, they receive an overtime rate of pay. In order to comply with G.C. section 20636.1, schools must report this employee to CalPERS for the hours worked over their normal work week, up to 40 hours per week. Even though the member is being paid an overtime rate, any hours worked between the regular

work week and 40 hours per week are required to be reported to CalPERS at the straight time hourly rate that corresponds with the salary schedule for that classification. All earnings for services rendered in excess of 40 hours per week should not be reported to CalPERS. Overtime rates should not be reported to CalPERS for non-certificated school employees in accordance with G.C. 20635.1.

Examples of proper and improper reporting follow. These examples are for an employee being paid \$15 per hour for hours up to 35 hours per week (35 hours x 4 weeks = 140 hours). The employee is being paid \$22.50 per hour for hours from 36 to 40 per week (5 hours x 4 weeks = 20 hours). The \$22.50 per hour pay rate should not be reported to CalPERS.

All pay rates and earnings should reflect the straight time rate of \$15 per hour. In the correct example below, reporting to CalPERS may be consolidated on one line reflecting a \$15 hourly pay rate and total earnings of \$2,400.

Incorrect data is shaded below:

Month	Pay Rate	Member Earnings
Correct		
Sept (Reg hrs.)	\$15.00	\$2,100.00
Sept (OT hrs.)	\$15.00	\$300.00
Incorrect		
Sept (Reg hrs.)	\$15.00	\$2,100.00
Sept (OT hrs.)	\$22.50	\$450.00
Incorrect		
Sept (Reg hrs.)	\$15.00	\$2,100.00
Sept (OT hrs.)	\$15.00	\$450.00
Incorrect		
Sept (Reg hrs.)	\$15.00	\$2,100.00
Sept (OT hrs.)	\$22.50	\$300.00

Reduced Workload Program for Classified/Certificated/Academic School Members

For payroll purposes, employers shall report employees under the reduced worktime program as if he or she is working full time (i.e. report the pay rate and earnings the employee would receive if she/he works full-time). The member will be required to pay member contributions based on the full-time earnings reported to CalPERS. This will result in full-time earned

service credit and benefits based on full salary levels. The employer contributions shall also be based on the employee's full-time earnings and will automatically pay for the cost of the program.

Refer to the Contract Coverage Procedures section for additional requirements and eligibility information regarding the Reduced Workload Program.

Furlough Reporting

A furlough plan represents any time period during which members are directed to be absent from work without pay on the day or days designated by their employer or by a memorandum of understanding by the parties for purposes of achieving budgetary savings. A reduction in pay or pay cut imposed by an employer without any corresponding days off does not constitute a furlough. The result of a furlough is a reduction in earnings.

Local Safety & School Member Furlough Legislation

Furlough legislation, which added G.C. section 20969.2 to the PERL, protects local safety and school members who have their retirement benefits reduced due to furlough. The employer will need to report the full pay rate and the reduced earnings resulting from the furlough days. The member may see a reduction in service credit depending on the nature of the furlough program.

If a member is reported as working less than 10 full months, 215 days, or 1720 hours in a fiscal year, the service credit earned will be less than one year. A member would begin to see less than a full year of service if they are working 12 months and less than 144 hours per month.

Implementation of G.C. section 20969.2 does not change the manner in which an employer reports payroll to CalPERS. Employers should continue to report the member's normal pay rate and the furlough reduced earnings to CalPERS. Due to the variety and complexity of the furlough plans being administered among employers, CalPERS has determined that the most efficient approach to implement this legislation is through an annual adjustment process, in which CalPERS will request employers to furnish specific furlough information.

NOTE: This provision in the PERL has no sunset date; therefore, future furloughs which impact local safety or school members will be covered.

[Circular Letter 200-005-11](#) has more detailed information about Furlough Legislation and can be found on the CalPERS website.

Service Purchase Option

There is no provision in the PERL which allows members to purchase furlough time.

For more information, call the CalPERS Customer Contact Center at **888 CalPERS** (or **888-225-7377**).

PAYMENT OF CONTRIBUTIONS USING ELECTRONIC FUNDS TRANSFER (EFT)

Electronic Fund Transfer (EFT) is a method of instructing financial institutions to electronically transfer money from one account to another, eliminating the use of paper checks. Transfers are initiated by using the online payment service at [my|CalPERS](#).

CalPERS is now offering EFT payment services for all receivables. With EFT payments, you may expect to benefit from a reduction of manual paper processing and the associated errors. You will also reduce costs associated with check processing, reconciliation, and postage, as well as assuring the date your payment is received.

How Funds Are Transferred

Funds are transferred through an Automated Clearing House (ACH). The Automated Clearing House is a partnership of financial institutions established to exchange funds electronically between participants.

CalPERS offers two electronic payment services you can use to make and manage your receivables, EFT (debit) method — online through my|CalPERS or ACH (credit) method initiated through your financial institution.

Electronic payment services let you transfer funds from your agency's checking account directly to our bank — safely, securely, and easily.

- Save time and money — no postage costs and no worries about lost or stolen checks.
- Control your payments — schedule in advance the exact date and time your payments are dispersed.

- Eliminate any penalties or assessments due to missed payment deadlines.
- Any location, at any time — all you need is Internet access.

EFT-Debit Method Payment Service

my|CalPERS offers real time access, tracking of your payment transactions, control and flexibility.

- Security — all payment information is encrypted using “Verisign” technology.
- Accuracy — review, modify, or cancel a payment any time before settlement.
- Convenience — Enroll online at my|CalPERS by entering your bank information and payment history is just a click away. Payment amount, settlement date and time, and more can be reviewed, sorted, printed, and used for validation or accounting reports.
- No Cost — CalPERS pays the cost for you to report an EFT debit transaction.

EFT-Debit Method Enrollment

The debit method allows you to transfer funds by authorizing CalPERS to electronically debit a bank account you control for the amount you report via the CalPERS website to the CalPERS Data Collector.

CalPERS does not have access to your bank account without your authorization by the EFT debit process for each payment. Funds can only be transferred to CalPERS for the specific purpose and dollar amounts you request and initiate.

The information you are requested to provide will identify you, the purpose of the payment, and the amount. If you authorize a payment before 5:00 PM Pacific Time, it will be withdrawn from your bank account and deposited into a CalPERS account the following banking day. Two banking days from your settlement date, payment identification is downloaded into the

CalPERS accounting system crediting your agency with a payment.

Please make allowance for this time period when reviewing the date your payment is due and determining your settlement date.

Example: If your payment is due Monday, March 10th, you must have a settlement date by Thursday, March 6th. Then, the payment will be credited in the CalPERS accounting system on Monday, March 10th. Please remember to calculate additional time for bank holidays.

ACH–Credit Method Payment Service

This payment option is for agencies unable to utilize the EFT debit method. For ACH credit payments, you instruct your financial institution to debit your account and credit the State's bank account. For this type of transaction you must ensure your financial institution has the ability to send ACH credit transactions in the required format (CalPERS Credit File Specifications). There are normal set-up and transaction fees for which you are responsible. There may also be special hardware and software requirements. Contact your financial institution for requirement details.

ACH-Credit Method Enrollment

An [Enrollment Authorization](#) form must be completed and signed for each employer transferring funds to CalPERS. If you are transferring funds on behalf of other employers you must obtain a separate authorization for each entity. Email the ACH Enrollment Authorization form to:
FCSD_Cashiers@CalPERS.ca.gov.

Following your registration for the ACH Credit Method, CalPERS will provide you the ACH file specifications for your financial institution. Please do not attempt to transfer funds until you have received the file specifications.

For more information, visit the CalPERS website at www.calpers.ca.gov or contact a CalPERS representative by calling **888 CalPERS** (or 888-225-7377).

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The information provided in this publication is for your convenience and reference as a general guide only and cannot be relied upon as an authoritative source for the law, practices, or policies of CalPERS. While CalPERS tries to include only accurate, timely and complete information in its publications, summaries, guidelines and other advisory printed materials, sometimes information provided in printed materials may be or become inaccurate, untimely, incomplete, unclear or misleading. In all instances, the law then in effect, not this publication, controls the application of the Public Employees' Retirement Law. It is the reader's responsibility to independently verify the accuracy of the information contained in this publication before engaging in a course of action.

BENEFICIARY DESIGNATION FORM (my|CALPERS 0772)

The purpose of the [Pre-Retirement Lump Sum Beneficiary Designation Form](#), (my|CalPERS 0772), is to:

1. Provide a means for a member who is not retirement eligible and who is not eligible for the Alternate Death Benefit (first tier members under age 50 with 20 or more years of service, second tier members under age 55 with 20 or more years of service, members under PEPPRA age 52 with 20 or more years of service) to designate beneficiaries other than the statutory beneficiaries provided by the retirement law. The statutory beneficiaries are listed under Section 4; item C of the my|CalPERS 0772.
2. Provide a means for a member who is married or in a registered domestic partnership and is either eligible to retire or who is eligible for the Alternate Death Benefit to designate beneficiaries to receive a one-time payment of the member's community property share. The spouse/registered domestic partner, by law, is still entitled to a choice of a monthly allowance or lump sum benefit. However, the amount is limited to just their community property share if the member designates other beneficiaries on this form.
3. Change the designated beneficiaries. (G.C. § 21490 and 21492)
4. Designate any person or legal entity such as a college, university, corporation, trust, or estate as beneficiary. CCR 582 and G.C. § 21490)

Any of the following life events will revoke the Pre-Retirement Lump Sum Beneficiary Designation form (my|CalPERS 0772) (G.C. § 21492):

1. Marriage/Registration of Domestic Partnership.
2. Dissolution or annulment of marriage or termination of domestic partnership. (However, a designation filed *after* the initiation of dissolution of marriage, termination of partnership, or annulment is NOT revoked when the dissolution, termination, or annulment is finalized.)

3. Birth or adoption of a child.
4. Termination of membership that results in a refund of contributions, or in payment of a monthly retirement allowance.

NOTE:

Following a revoking action, lump sum benefits will be paid to the statutory beneficiaries unless a new Pre-Retirement Lump Sum Beneficiary Designation Form (my|CalPERS 0772) has been filed. Members may designate or change beneficiaries at any time by filing a new Beneficiary Designation. (G.C. § 21492 and 21493)

Special Instructions

1. Changes on the form not acceptable unless specified on the instructions page.
2. Complete the Pre-Retirement Lump Sum Beneficiary Designation form, make a copy for your records, and then mail to CalPERS at the address provided on the form.
3. After CalPERS reviews the form, a confirmation letter will be mailed to the member generally within 4 weeks. If the form is not acceptable, a new form will be mailed to the member.
4. Wet signature is required on the form.

NOTE:

The Pre-Retirement Lump Sum Beneficiary Designation form allows a member to designate benefits on a percentage basis if more than one beneficiary is named. The percentages must add up to 100%. If no percentage is indicated, the benefits will be paid equally to each beneficiary.

Also, there is a box the member can check to certify they are not legally married or not in a registered domestic partnership. If this box is checked, the [Justification for Absence of Spouse or Registered Domestic Partner's Signature](#) (PERS-BSD-800A) form is not required.

REPORTING AN IMMINENT DEATH OR TERMINAL ILLNESS POWER OF ATTORNEY

When your agency becomes aware of an employee's imminent death, terminal illness, or serious surgery, the employer should immediately contact CalPERS by calling **888 CalPERS** (or **888-225-7377**).

Imminent death or terminal illness implies that the member is not expected to live more than 90 days. This also applies to cases where death may not necessarily be imminent, but competency to act on one's own behalf may become impaired thereby jeopardizing later desired retirement action.

If a person is competent to complete the [CalPERS Special Power of Attorney](#) (PERS-OSS-138) form located in the [A Guide to the CalPERS Special Power of Attorney](#) publication (PUB-30), the person may give his/her "attorney-in-fact" the power and authority to complete transactions relating to CalPERS, including filing applications, making benefit elections, designating beneficiaries, and endorsing warrants.

NOTE:

Due to changes in the Probate Code, a member may now specifically authorize their attorney-in-fact to select a retirement option and name a beneficiary even if the attorney-in-fact is a spouse, registered domestic partner, or other family member.

To expedite processing, the person reporting an imminent death should provide CalPERS with the following information:

1. Member's name, Social Security Number, and birth date.
2. Probable effective retirement date or date when leave credit will expire.
3. Current salary information and balance of accumulated sick leave.
4. Name, relationship, birth date, and sex of the person to be designated as the member's beneficiary.
5. Address and telephone number where information can be communicated.
6. Nature and seriousness of illness, estimated life expectancy, and whether the member is presently competent.

CalPERS will then contact the parties concerned regarding the benefit options available, the filing requirements which must be satisfied, and how best to expedite the filing process.

NOTE:

In order for CalPERS to carry out the desired retirement action (e.g., provide an allowance to the beneficiary), it is imperative that the member be alive on the effective date of retirement and an application election filed with CalPERS prior to the member's death. (G.C. § 21503 and 21530)

The retirement application/election form can be faxed to CalPERS at (916) 795-1281 with a notation of "Emergency Retirement" in the top margin on the front page. Do not mail the original. The original should be provided to the member for their records.

Power of Attorney

For information on the [A Guide to the CalPERS Special Power of Attorney](#) (PUB 30), please visit the Forms & Publications page on the CalPERS website at www.calpers.ca.gov.

NOTE:

If the member is married or in a registered domestic partnership and the member's life expectancy is so short that there is no time to call CalPERS, then the employer should complete a [Disability Retirement Election/Application](#), (PERS-BSD-369-D) form in the document center of my|CalPERS.

You cannot elect an option or name a beneficiary, but you must complete the "Survivor Continuance" section 7 to the best of your knowledge. After the completed form is signed, write "PRECAUTIONARY" in the top margin on the first page, and then fax it to (916) 795-1281. Keep the original for your records.

DEATH OF AN ACTIVE MEMBER

Employer Notification to System

Immediately upon learning of an employee's death, the employer should contact CalPERS at **888 CalPERS** (or **888-225-7377**) and provide the following information:

1. Member name, Social Security Number, birth date and CalPERS ID.
2. Date of death, and date of separation
3. Name, address and telephone number of next-of-kin
4. The birth date and date of marriage/partnership if a spouse/registered domestic partner is next-of-kin.

CalPERS will send you a partially completed, [Report of Separation for Death](#) (PERS-BSD-738) form with the following information:

1. Employer name and CalPERS ID
2. Member name, CalPERS ID and the last four digits of the member's Social Security Number
3. Date of death

Instructions for Completion of PERS-BSD-738

The employer should verify and, if necessary, correct any information on the form. Complete the remainder of form as follows:

PART I — EFFECTIVE DATES

1. Separation Date – Provide the last day that the member was considered an employee of your organization. This can be the date of death, any day prior to the death date, or the day after death.
2. Reason for Separation – If separation is not due to death, enter a brief explanation for the reason for separation.
3. Last Day on Pay Status – Provide the date that the member was last on pay status with your organization. This would be the last day the member was subject to CalPERS contributions, whether or not they were

deducted from their earnings. Please explain any difference between date of separation and last day on pay status, or, if member was on leave of absence, please provide the dates of absence.

4. Time base – Provide time base. If part-time, also indicate required hours. Required hours are needed for the entire period of employment.

PART II — UNUSED SICK LEAVE and/or Unused Education Leave

Please indicate the total number of **days** or **hours** of unused sick leave and educational leave credited (if any) to the member at the time of separation. Show partial days to three decimal places.

PART III — HEALTH INSURANCE

Complete only if the member had health insurance coverage under the Public Employees' Medical and Hospital Care Act. A request for change in health benefits coverage based upon change in family status (death) may be made by an enrolled surviving family member who continues to receive an allowance.

PART IV — SIGNATURE

Have this form signed by an authorized officer; enter title, phone number, extension, and date. Fax completed PERS-BSD-738 form to CalPERS immediately at (916) 795- 3988.

Notification by Other than Employer

When CalPERS is informed of an employee's death by someone other than the employer, CalPERS will also initiate the PERS-BSD-738 form, partially filled in, and forward to the employer. The employer completes the balance of the form per instructions found on page 2 of the form.

INFORMATION FOR FAMILY OF DECEASED

When CalPERS is notified of an active employee's death, a letter (which may not provide an estimate of the benefits payable) and the publication **Pre-Retirement Survivor Benefits** (PUB-55) will be sent to the next of kin. The booklet explains the benefits which may be payable and provides an **Application for Active Member/Non-Member Survivor Benefits** (my|CalPERS 0675).

If an estimate is not provided, or if only lump sum benefits are payable, the my|CalPERS 0675 may serve as the claim form if completed by the designated or statutory beneficiary. If there is a choice of monthly or lump sum benefit an election must be made on the my|CalPERS 0675. If the information provided in the initial my|CalPERS 0675, along with any designation on file, indicates the proper beneficiary remains to be contacted, a claim form will be sent to the proper beneficiary. Payment of death benefits will be as soon as possible after receipt of the claim form and any other documents required (e.g., marriage, birth, or death certificates). (G.C. § 21498 and 21499)

To determine the beneficiary(ies), CalPERS will check the system for a valid beneficiary designation, filed either by [Pre-Retirement Lump Sum Beneficiary Designation Form](#) my|CalPERS 0772 (See Beneficiary Designation form section for more information) or completed online through my|CalPERS. If a valid beneficiary designation has been filed and if the member was eligible for retirement, or if the Alternate Death Benefit is payable, the allowance payable to the surviving spouse will be reduced and the beneficiary (ies) designated will receive a one-time payment of the employee's community property share. If the beneficiary designation is no longer valid or has not been filed, death benefits will normally be paid to the statutory beneficiary as follows:

- I. If the member was eligible for retirement or if the Alternate Death Benefit is payable on the date of death (G.C. § 21493):
 - a) Member's surviving spouse or registered domestic partner, if married/registered for at least one year or prior to the onset of the illness or injury that caused the member's death,

- b) Unmarried minor child(ren)

- II. If the member was not eligible for a monthly allowance (G.C. § 21493):
 - a) Member's registered domestic partner or surviving spouse (whether or not still living together at the time of death); or, if none,
 - b) Natural and adopted children, including (in limited circumstances) a natural child adopted by another, share and share alike; or, if none,
 - c) Parents, share and share alike; or, if none,
 - d) Brothers and sisters, share and share alike; or, if none,
 - e) Member's estate (if probated, or subject to probate); or, if not,
 - f) Member's trust, if one exists; or, if not,
 - g) Stepchildren, share and share alike; or, if none,
 - h) Grandchildren, including step-grandchildren, share and share alike; or, if none,
 - i) Nieces and nephews, share and share alike; or, if none,
 - j) Great-grandchildren, share and share alike; or, if none,
 - k) Cousins, share and share alike.

Any of the following events will, by law, revoke the beneficiary designation (G.C. § 21492):

- a) Marriage or registration of domestic partnership.
- b) Dissolution or annulment of marriage or termination of partnership if initiated after the designation was filed.
- c) Birth or adoption of a child.

- d) Termination of membership that results in a refund of contributions, or termination of employment that results in payment of a monthly retirement allowance.

Following the member's death, a spouse or registered domestic partner may request a **Disclaimer of Benefits** (BAS-140) form if he/she does not wish to receive their community property interest in the death benefits. If the **Disclaimer of Benefits** (BAS-140) form is completed, then the entire Basic Death Benefit may be paid to the designated beneficiary (ies), unless the member is survived by a minor child who would become the statutory beneficiary entitled to a monthly allowance.

NOTE:
Original documents (death certificate, marriage certificate, etc.) should NOT be sent to CalPERS. Only clear photocopies of these documents should be submitted. To expedite the death benefit payment process, ensure that the deceased member's CalPERS ID Number or Social Security number appears in the top right corner of each photocopy in order to associate the documents with the correct file.

RETIREMENT - GENERAL

Members who wish to obtain an estimate of their CalPERS retirement allowance can do one or more of the following:

1. Members who are more than one year from retirement may obtain retirement estimates by logging into their personal my|CalPERS account at my.calpers.ca.gov. These estimates are based on the most current payroll and final compensation information submitted to CalPERS and allows them to save multiple estimates based on different retirement dates and beneficiary scenarios.
2. Members may use the CalPERS Retirement Estimate Calculator at www.calpers.ca.gov if they want the flexibility to calculate an estimate using their own anticipated assumptions or projections. The CalPERS Retirement Estimate Calculator does not require the member to log-in and will only provide an estimate of the Unmodified Allowance.
3. CalPERS generated retirement estimates are processed by the Benefit Services Division. These estimates use the payroll reported by the employer and do not project future salary increases, changes in time base, or unreported special compensation. Please note, actual final compensation may be different after payroll reconciliation and review, and will be based on compensation allowable by law. Members who are within one year of their expected retirement date may request a CalPERS generated Retirement Estimate if they download, complete, and mail the [Retirement Allowance Estimate Request](#) (PERS-BSD-470) form to CalPERS located on the CalPERS website. Members within one year of retirement may request two CalPERS generated estimate requests in a 12-month period. Alternatively, a request form can be mailed to you by calling CalPERS at **888 CalPERS** (or **888-225-7377**).
4. All information on the Retirement Allowance Estimate Request form must be completed before an estimate can be processed. **Important:** Please be sure the address and CalPERS ID and/or Social Security number are legible.
5. Retirement benefit estimates will be mailed to the address on file within 30 days of receipt of the request by CalPERS. If the address indicated on the estimate request form does not match the address on file, the estimate request will be rejected. Address changes for an active employee must be submitted by the employer. An inactive employee will be mailed an address change form to submit back to CalPERS.
6. A request for an estimate is NOT an application for retirement. A [Service Retirement Election Application](#) (PERS-BSD-369-S) or [Disability Retirement Election Application](#) (PERS-BSD-369-D) must be submitted to apply for retirement. An application for retirement may not be used to request an estimate. If the member plans to retire in the near future, the employer should provide the member with our CalPERS publication [Planning Your Service Retirement](#) (PUB 1) and the CalPERS [Local Miscellaneous Benefits](#) publication (PUB 8) or the CalPERS [Local Safety Benefits](#) publication (PUB 9) or the CalPERS [School Benefits](#) publication (PUB 2). These publications provide additional benefits to consider in preparing for retirement.
7. Members are encouraged to take a CalPERS retirement planning class prior to submitting their application for retirement. CalPERS offers classes designed to educate and inform CalPERS members at any stage of their careers. Members are encouraged to take these classes throughout their careers to ensure they understand their benefits and to prepare for retirement. These classes are available both online and in a classroom with an instructor. Visit [Member Education](#) on our website www.calpers.ca.gov to view the latest schedules and enroll in a class.

How to Apply

Members may apply for retirement online through their personal my|CalPERS account at my.calpers.ca.gov or they can submit a hardcopy retirement application available in the Forms & Publications area on our website at www.calpers.ca.gov.

Members can also print an application started in my|CalPERS and bring it to Regional Office if they don't want to submit their application online.

When to Apply

An application for retirement should be forwarded to CalPERS Benefit Services Division not more than Members should submit an application for retirement no more than 120 days prior to the desired effective retirement date.

NOTE:

A disability retirement application should be submitted as soon as a medical condition becomes disabling and prior to the expiration of benefits to ensure the member is eligible for the earliest effective date possible.

This advance notice permits CalPERS to make calculations and begin payments on a timely basis. Members should be advised of this and encouraged to mail their applications to:

CalPERS
Benefit Services Division
P.O. Box 942715
Sacramento, CA 94229-2715

If the application was received within nine months after discontinuance of employment, or, in the case of retirement for disability, if the member was physically or mentally incapacitated to perform his or her duties within nine months from the date the member discontinued service, the effective date of retirement will be the day following the last day on payroll. (G.C. § 21252)

In the case of an application for retirement filed with the Board more than nine months after discontinuance of the member's service, the effective date shall be no earlier than the first of the month in which the member's application was received at an office of the Board or by an employee of CalPERS designated by the Board. (G.C. § 21252 (a))

Additional Notes For Submitting Forms

If the application is submitted by fax (800-959-6545) to the Benefits Services Division, DO NOT send the original hard copy application.

Do NOT submit any original certificates (Marriage, Birth, Death, etc.). Send only photocopies of important documents, as CalPERS cannot return original documents. Each page should have the member's Social Security number or CalPERS ID for identification.

Who May Apply**Service Retirement**

A Local public agency or school member who has reached age 50 and has earned at least five years of credited service may submit an application for retirement. (G.C. § 21060(a)) A Local Miscellaneous or School member with a membership date on or after January 1, 2013 with all service credited after that date must be age 52 unless a member is a transit employee exempt from PEPRA under Assembly Bill 1222. (G.C. § 7522.20). Local members with service credit under the Second Tier formula must be age 55 unless they were a member of the system prior to the employer's contract amendment to provide that formula. (G.C. § 21093 (b)) The application must show a definite retirement date and be submitted by the member. It is the employee's responsibility, not the employer's, to see that the retirement application is sent to CalPERS.

If the member is employed in an overtime position or multiple positions with CalPERS employers, including all full-time and part-time positions and any elected or appointed positions with a CalPERS employer, the member MUST separate from all employment to retire, even though they may not be receiving service credit for one or more of the positions. (G.C. § 21252, 22970.23, and 22970.25)

A member who is employed on a permanent part-time basis and has worked at least five calendar years may be eligible to retire with less than five years of credited service. The retirement benefit the member will receive will be based on their actual service credit amount. (G.C. § 20962 and 20970)

Disability or Industrial Disability Retirement

Please refer to the instructions found under "Disability Retirement or Industrial Disability Retirement" in this section of the guide.

Before Retirement**To be Eligible for Retirement a Member Must Terminate All CalPERS Employment:**

A member must terminate, i.e., "separate from", all employment with all CalPERS employers to be eligible for retirement. This applies if the member works for more than one employer or works in more than one position for a single employer, if the member is employed full time for one employer and part time for a different employer, or holds any combination of full-time and part-time jobs with one or more than one employer, or is in

an elected or appointed position with a CalPERS employer. If the member does not terminate all CalPERS employment before the retirement date the retirement will either be cancelled or an automatic change of the retirement date will be processed when this violation is discovered.

Requesting Additional Service Credit

The retirement date can be no earlier than the day following receipt of the election to purchase service credit by CalPERS. It is important that the member request any additional service credit information well in advance of their retirement to avoid possible delays or impacts to the retirement date and benefits.

A Guide to Your CalPERS Service Credit

Purchase Options (PUB 12) can be downloaded from the Forms & Publications page on the CalPERS website at www.calpers.ca.gov.

Service credit requests and questions should be directed to:

CalPERS
Member Account Management Division
P.O. Box 942704
Sacramento, CA 94229-2704

For more information visit the [Service Credit](#) page on the CalPERS website or contact CalPERS at **888 CalPERS** (or 888-225-7377).

Final Compensation

The final compensation in the calculation of an employee's retirement benefit is the highest average annual compensation earnable during any 12 or 36 consecutive months, depending on the employee's membership date and employer's contract.

If a member has a combination of classic and PEPR service, we determine the final compensation for service credit accrued as a classic member separately from the final compensation for service accrued as a PEPR member. We use both figures when calculating the retirement benefit.
(CCR) 579.24 (b)

It is essential to pay particular attention to the date the employee was first hired to ensure contributions paid into this System are correct. Failure to properly report your employees impacts the timeliness and accuracy of benefits paid and could result in a financial hardship for your employees when errors are ultimately discovered and corrected as required by law. Refer to California Public Employees' Retirement

Law (PERL) (G.C. sections 20035.5, 7522.20-7522.34).

Cancellation of Retirement Application

If a member desires to cancel the service retirement application or defer retirement to a later date, the member must request to do so within 30 days of receiving the first retirement benefit payment. For cancellation of disability retirement, refer to the instructions found under the "Disability or Industrial Disability Retirement" section. A cancellation is binding; the member must thereafter re-apply whenever the member is ready to retire.

1. Once 30 days after the first retirement payment has been issued (regardless of whether the check is cashed), the member will not be allowed to cancel the retirement.
2. A member may request a refund of accumulated contributions in writing in lieu of retirement prior to the issuance of the first retirement payment. (G.C. § 20730)

Divorce or Termination of Domestic Partnership

Members with a community property claim on their retirement account should resolve the claim before retirement to avoid possible delays in processing their retirement benefits. Members should **not** wait to submit their retirement application, because waiting to apply may affect the retirement date and other benefits they are entitled to receive.

SERVICE RETIREMENT

Minimum Requirements for Service Retirement

A member shall be retired for service upon written application if the member has reached the minimum retirement age and has earned at least five years of credited service. Minimum retirement age is 50 for the First Tier retirement plan. (G.C. § 20160(a)) Local Miscellaneous and School members with a membership date on or after January 1, 2013, with all service credited after that date, must be age 52 unless a member is a transit employee exempt from PEPRA under Assembly Bill 1222. (G.C. § 7522.20) Minimum age for the Second Tier retirement plan is 55 unless they were a member of the system prior to the employer's contract amendment to provide that formula. (G.C. § 21093)

A member who is employed on a permanent part-time basis and has worked at least **five calendar** years may be eligible to retire with less than five years of credited service. The retirement benefit the member will receive will be based on their actual service credit amount. (G.C. § 20962 and 20970)

Service Retirement Processing — Document Sequence

1. [Service Retirement Election Application](#) (PERS-BSD-369-S) is received by CalPERS from the member. Please note that if the member is married but is not able to obtain the spouse's signature on the Service Retirement Election Application form, they must complete a [Justification for Absence of Spouse's Signature](#) (PERS-BSD-800A). (G.C. § 21261)

The application package must include information regarding required marriage and birth date evidence. (G.C. § 20128) **Do not submit any original certificates.** Send only photocopies of important documents as CalPERS cannot return original documents. Each page of all documents submitted to CalPERS should include the member's Social Security number or CalPERS ID in the upper right hand corner for identification.

A member may complete the direct deposit information section on the election application form or submit a separate [Direct Deposit Authorization](#) form (PERS-BSD-1199P) at a later date. (G.C. § 21269)

2. **Employer Certification** Employers must certify the separation information by submitting it and any updates online using my|CalPERS. Separation information includes the employee's permanent separation date and any unused sick leave balances. If the information is submitted prior to CalPERS processing the member application the additional service credit will be included in the member's initial retirement benefit. Otherwise the member's account will be adjusted after the information is submitted. To receive sick leave credit according to Collective Bargaining Unit Contracts, the member's retirement date must be within 120 days from the date of separation from the employer granting the sick leave. (G.C. § 20963 and 20965)

Service credit for unused sick leave is a mandated benefit for public agencies that participate in risk pools. For all others, it is an optional benefit. (G.C. § 20963 and 20965)

It is imperative that you report a permanent separation when an employee retires or otherwise ends employment with your agency, regardless of the reason. (G.C. § 20221(a)) All transactions within my|CalPERS, including health and retirement, rely on the permanent separation date to be reported to determine proper benefit eligibility and cost for both the employer and the member.

Conversion of Sick Leave Credits

All employees, regardless of their work schedule (6.6 hours, 10/4/40, 9/8/80, 52 hour, etc.) will have any accumulated unused hours of sick leave service credit divided by **eight** to determine the number of days to report to CalPERS for the purposes of enhancing the retirement benefit.

NOTE:

Sick leave/educational leave information must be reported in **8 hour days** only. Employers can take whatever in-house procedures they desire to ensure appropriate sick leave/educational leave days are reported. For instance, the employee's sick leave/educational leave can be taken off the books the day the certification is completed.

Sick leave is converted to service credit by: days of reported sick leave X .004 = service credit.

(G.C. § 20692, 20963, 20965) Example: 35 days X .004 equals .140 years of service credit.

The accrual of sick leave credits must be consistent for members of the same group or class who work like or similar hours. (G.C. § 20630) Service credit, which was not earned through the “accrual of sick leave” policy, may not be credited on an individual basis for the purposes of enhancing the retirement benefit. Unused sick leave for which a member receives compensation, (sick leave cash out) should not be reported to CalPERS for purposes of enhancing the retirement benefit. (G.C. § 20963 and 20965)

the employee’s retirement calculation. If all the information is correct, then no action is needed.

The my|CalPERS 0926 is mailed to the employer prior to the issuance of the member’s first retirement check, but usually after the member’s separation date.

For future employment of the retiree, please refer to the section on “Employment of a Retiree” and the section on Reinstatement from Retirement”.

3. **A Retirement Acknowledgment Letter to Participant** (my|CalPERS 0964) is sent to the member within 5-10 days of receipt of the [Service Retirement Election Application](#) (PERS-BSD-369-S) in our Sacramento Headquarters office letting them know we have begun processing the request. If the member does not receive an acknowledgment letter within 10 days they should contact CalPERS immediately.

4. **A First Payment Acknowledgement Letter** (my|CalPERS 0924) will be sent to the member prior to receipt of the first retirement check. This letter will provide the date of the first retirement check, the amount the member can expect to receive, the retirement option election, beneficiary and survivor information and important income tax information.

Also included is the **Account Detail Information Sheet** which explains the data used to calculate the member’s retirement allowance. The member must notify CalPERS immediately if any of the information in this letter is inaccurate. They may be responsible for repaying any overpayment of retirement benefits resulting from the inaccurate information.

NOTE:

The member must notify CalPERS within 30 days of the issuance of their first benefit payment if any changes need to be made in their benefit option election, beneficiary or retirement date.

5. **Notice of Placement on Retirement Roll** (my|CalPERS 0926) is sent to the employer after the employee is placed on the retirement roll. The my|CalPERS 0926 provides the employer with the number of sick leave days that were included in

DEDUCTIONS AFTER RETIREMENT

Health Insurance

For public agencies covered under the Public Employees' Medical and Hospital Care Act (PEMCHA), enrollment of a member is continued without change when the member retires. Coverage will continue into retirement if the individual is enrolled at the time of separation from employment and their effective date of retirement is within 120 days of separation (C.C.R. § 599.501(d) (e)). For questions on health insurance benefits, please refer to the [Public Agency & Schools Health Benefits Guide](#).

Direct Authorization may be established for automatic deduction of payments for group health insurance administered by the employer as well as life insurance premiums, union dues, credit union payments or shares, or contributions to charitable organizations. (G.C. § 21264 and 21265)

NOTE:

Most deductions will stop at retirement and the member will need to re-establish necessary deductions.

General Procedures for Direct Authorization of Health/Life Insurance

1. Your agency determines the eligibility of the member to continue such coverage into retirement and forwards the authorization form to the carrier, not to CalPERS. This form must be signed by the member.
2. The Direct Authorization deductions are now processed by the carrier using my|CalPERS for on-line transaction processing or file uploads. The deductions are no longer processed by CalPERS staff. CalPERS does not have the authority to start, stop, or change a Direct Authorization deduction. The member must contact the employer or carrier to affect any change on a Direct Authorization.
3. Normally, the carrier will require two (2) months premiums in advance to provide CalPERS with adequate time to process the deduction.

Direct Authorizations

Direct authorization deductions for union dues, credit union payments or shares, or charitable organizations may be established provided that (G.C. § 21264 and 21265):

1. The organization has contracted with CalPERS to provide this service (members must contact the organization for this information);
2. The member authorizes to have money deducted through the organization; and
3. The organization submits the authorization directly to CalPERS.

Authorized deductions are stopped or changed upon receipt of written authorization from the organization.

CalPERS function is limited to the mechanics of deducting and determining what deduction authorization is proper. Inquiries concerning these types of "other deductions," should be directed to the organization.

Income Tax Withholding

Federal and California State income tax deductions will be withheld from monthly or lump sum benefit payments unless the retiree specifically elects no tax withholding. A Tax Withholding Election form (my|CalPERS 1289) must be completed. If the election form is not filed with CalPERS, automatic withholding begins based on a married person with three (3) exemptions. Any questions retirees have concerning the taxability of their allowance should be directed to the Internal Revenue Service or California State Franchise Tax Board.

Payments for Purchasing Service Credit

A member who previously elected to purchase public service credit, redeposit contributions for service credit, or has arrears contributions, may elect upon retirement to continue any payments due into retirement. In such cases, service credit will be included in the retirement calculation and a monthly payment will be taken from the member's retirement allowance. Any balance still unpaid

upon the member's death shall be deducted from death benefits otherwise payable. A retired member's survivor entitled to a monthly survivor allowance may elect to continue such deductions from the monthly allowance in lieu of the lump sum payment otherwise required. The following criteria must be adhered to:

1. No installment payments (deductions) are permitted unless an election has been made prior to retirement.
2. Death benefits against which unpaid balances may be deducted include the lump sum benefit, survivor continuance benefits, and payments under all optional settlements.

Social Security Instructions

Members having Social Security coverage, integrated with CalPERS coverage, should contact their local federal Social Security Office approximately three months before their retirement. Reference material needed by the Social Security Office will be: Social Security number, name of the employer, and documentary proof of birth.

Temporary Annuity Payments

Members applying for service retirement can elect to receive an additional monthly allowance from CalPERS.

For members entering CalPERS membership prior to January 1, 2002, the benefit is payable from retirement date to a specific age that the member selects, 59 ½ or any whole age from 60 to 68. The member can name the dollar amount they wish to receive within certain limitations. (G.C. § 21461)

For members entering CalPERS membership on or after January 1, 2002, their employment must be in a position covered by Social Security and the maximum dollar amount that can be received is the amount of their potential Social Security benefit. They must elect to receive temporary annuity payments until any whole age from 62 to 70. (G.C. § 21461.5)

This benefit is NOT free. The member's CalPERS lifetime allowance is permanently reduced to pay for the temporary annuity.

The [Temporary Annuity](#) publication (PUB 13) can be downloaded and member questions on the program can be directed to the CalPERS website at www.calpers.ca.gov, or by calling CalPERS at **888 CalPERS** (or 888-225-7377).

DISABILITY RETIREMENT AND INDUSTRIAL DISABILITY RETIREMENT

Your agency should maintain a supply of [A Guide To Completing Your CalPERS Disability Retirement Election Application](#) (PUB 35), which includes the disability retirement application, forms to be completed with step-by-step instructions and important information regarding disability and/or industrial disability retirement.

Please familiarize yourself with the information in the publication to provide assistance to your employees. CalPERS strongly recommends that members complete and mail the [Retirement Allowance Estimate Request](#) (PERS-BSD-470) form prior to completing the [Disability Retirement Election Application](#) (PERS-BSD-369-D).

Disability Retirement

Retirement for disability, available to all members (miscellaneous, industrial and safety classifications) credited with five or more years of service, is retirement resulting from mental or physical incapacity for the performance of the usual duties. There is no minimum age requirement for disability retirement. The injury or disease causing the incapacity need not be job-related. (G.C. § 20026, 20027 and 21150)

NOTE:

A member who is employed on a permanent part-time basis and has worked at least five years may be eligible to retire with less than five years of credited service. The retirement benefit the member will receive will be based on their actual service credit amount. (G.C. § 20962, 20966 and 20970)

Industrial Disability Retirement (IDR)

Retirement for industrial disability, available to all safety members and those miscellaneous members covered under G.C. § 21151, is retirement resulting from mental or physical incapacity for the performance of the usual duties. The disabling injury or disease must be work-incurred or job-related. Age, service, and contributions are not considered for qualifying purposes. (G.C. § 20026, 20027, and 21151)

When to Apply

The application for disability retirement shall be made only:

- While a member is in local agency service, or;
- For a member whose contributions will be made under G.C. section 20997, and is absent on military service, or;
- Within four months after the discontinuance of the local agency service of the member, or while on approved leave of absence, or;
- While the member is physically or mentally incapacitated to perform his/her duties from the date of discontinuance of local agency service to the time of application. (G.C. § 21154)

As soon as it is believed the member is unable to perform the job because of an illness or injury, which is expected to be permanent, or last at least twelve consecutive months or will result in death as determined on the basis of competent medical opinion, the member or someone on the member's behalf, should submit an application for disability retirement. The medical condition does not have to be "permanent and stationary" under Workers' Compensation to submit the application. (G.C. § 21153 and 21252)

Emergency Retirement

CalPERS can expedite retirement processing for members who are facing a terminal illness. If this is the case, CalPERS should be contacted immediately to discuss an emergency retirement. We will make every effort possible to quickly obtain the necessary information and complete our processing. However, for any post-retirement death benefits to be paid, the member must be living on the effective date of retirement. For more information, contact CalPERS at **888 CalPERS** (or **888-225-7377**). (G.C. § 21153, 21252 and 21503(d))

Who Can Apply

Application for disability or industrial disability retirement may be made by the member, by a duly authorized official of the employing agency, or by any person on behalf of the member. "Duly authorized official" is defined in G.C. section 21152(a) (b) (c).

G.C. section 21153 provides that the employer may not separate a member because of disability who is otherwise eligible to retire for disability. The employer must apply for the disability retirement of such member unless the member

waives the right to retire for disability and elects to either withdraw his contributions or leave them in the fund for a future service retirement.

Employer Originated Application

When an employer is submitting the [Disability Retirement Election Application](#) (PERS-BSD-369-D) on the member's behalf, the following sections must be completed:

- Section 1 Information About You
- Section 2 Information About Your Retirement – Complete the employer name and member's position title only.
- Section 3 Disability Information
- Section 9 Workers' Compensation Detail
- Section 14 Employer-Originated Application – Signature must be made by the Duly Authorized Official on file with CalPERS or processing will be delayed.

Once CalPERS receives the employer originated application, the member will be notified and sent A Guide to Completing Your CalPERS Disability Retirement Election Application (PUB 35). The member is requested to complete the application in case of approval by CalPERS.

The Disability Retirement Election Application (PERS-BSD-369-D) form is available on the CalPERS website at www.calpers.ca.gov or contact CalPERS at **888 CalPERS** (or 888-225-7377).

NOTE:

Only an employer can cancel an Employer Originated Application. Employers have the right to appeal a CalPERS disability determination.

Local Safety Members

Safety members submit applications for disability retirement on the [Disability Retirement Election Application](#) (PERS-BSD-369-D). Safety members are required to complete all sections in the disability retirement application, with the exception of Section 14, the Employer-Originated Application.

WHAT TO SUBMIT WITH THE APPLICATION

Along with the application, Local Safety members are required to complete, sign and date the following forms:

- Employer Information for Disability Retirement
- Authorization to Disclose Protected Health Information

Local Safety members must send the Employer Information for Disability Retirement form to employers directly. Employers will use this form as a cover sheet for all the documents submitted to CalPERS. Local Safety members must send the Authorization to Disclose Protected Health Information form to CalPERS.

Application Acknowledgement

Upon receipt of a request for disability retirement, CalPERS will make an administrative determination on the members's eligibility to apply for disability retirement. Upon approval, CalPERS will contact the member and employer, acknowledging receipt of the application.

CalPERS will continue to notify the employer of the member's request for disability or industrial disability retirement; however, a copy of the retirement application will not accompany the letter.

Determination

In accordance with G.C. § 21156, a local safety member shall be retired for disability only upon the employer's determination that the member is substantially incapacitated physically or mentally for the performance of the usual job duties with the current employer.

The disability decision is based upon **competent** medical opinion and all medical and vocational information provided by the member, employer and workers' compensation carrier. **The determination is based on actual/present disability, not prospective inability to perform the job duties.** (G.C. § 21156)

The employer shall not use disability retirement as a substitute for the disciplinary process. (G.C. § 21156 (a) (2)) Employers must forward all relevant personnel documents and medical records to CalPERS for any of the following circumstances and obtain CalPERS' determination of the member's eligibility for disability retirement before the employer begins the process of a disability determination:

- Disciplinary process underway prior to the member's separation from employment
- The member was terminated for cause
- The member resigned in lieu of termination

- The member signed an Employer Reinstatement Waiver as part of a legal settlement
- The member has been convicted of or is being investigated for a work related felony

The determination must be made within six months of CalPERS' request for a determination in accordance with G.C. § 21157.

Failure to provide this determination within six months places your agency in violation of G.C. § 21157. As a contracting agency of CalPERS, you are the statutory delegate with authority to perform the function of disability determinations for your local safety employees, within the time frame specified by law. However, the member may waive this requirement. Your agency needs to submit to CalPERS the member's signed waiver with an expiration date.

The employer will determine if the disability is industrial, except in disputed cases the agency, or the member, may refer the matter to the Workers' Compensation Appeals Board for a determination of industrial causation. The Workers' Compensation Claim should be accepted if the employer determines the disability is industrial and accepts the liability. It would be paradoxical if the claim is not accepted, yet the employer determines the disability is industrial. (G.C. § 21153, 21156 (a), 21157 and 21166)

Retirement Effective Date

The retirement date of a local safety member, without the member's consent cannot be earlier than the termination of the employee's leave of absence without loss of salary under Labor Code Section 4850 (L.C. section), or when disability is permanent and stationary as found by the Workers' Compensation Appeals Board, if earlier. (G.C. § section 21164)

Industrial Disability Allowance

Generally, the industrial disability retirement allowance of a local safety member under age 50 will be 50% (or more by additional contract provisions) of final compensation. Please refer to your Business Partner Retirement Contract Report for a complete list of provisions in your agency's contract. You can view your Business Partner Retirement Contract Report in my|CalPERS.

The Public Employees' Pension Reform Act of 2013 (PEPRA) allows a calculation for a safety member under age 50 who qualifies for an industrial disability retirement that may result in a higher benefit than 50% of salary. These provisions remain in effect only until January 1, 2023, after which, the new industrial disability retirement provisions will not apply unless the date is extended by statute.

A safety member who retires on or after January 1, 2013 for industrial disability shall receive a disability retirement benefit equal to the greater of the following:

- 50% of final compensation (or more by additional contract provisions). An additional annuity may be payable if the member has contributions associated to non-safety service. (G.C. § 21413)
- A service retirement allowance, if qualified for service retirement.
- If under age 50, an actuarially reduced benefit factor (determined by the retirement formula and how many quarter years under age 50) multiplied by the number of years of service credit. (G.C. § 21400)

Local Agency Determination Procedures

Before the Retirement System can act on any local safety member's application for disability retirement, the following questions must be resolved by the agency and the information mailed to CalPERS in the form of a Resolution or determination letter:

1. Is the member presently substantially incapacitated from performing the usual duties of the position?
2. If incapacitated, is the incapacity permanent or expected to last at least twelve consecutive months from the date of an application for benefit or will result in death?

To qualify for a disability retirement, a CalPERS member must be substantially incapacitated for the performance of his or her duties. This "substantial incapacity" must be due to a medical condition of permanent or extended duration of at least twelve consecutive months or will result in death. (G.C. § 20026)

The law distinguishes between a person who suffers some impairment and one who suffers impairment sufficient to become eligible for disability retirement. The courts have concluded that the test is whether the member has a substantial inability to perform the usual and customary duties of the position. **Difficulty in performing certain tasks alone is not enough to support a finding of disability.** It is the inability to perform the essential functions of the actual and present job duties that determines whether the member is substantially incapacitated for the performance of his or her job duties.

If the member cannot substantially perform the duties of the position, then he/she is disabled for CalPERS retirement purposes; otherwise, the member is not disabled. **A CalPERS disability retirement must be based upon an actual and present (not prospective) inability to substantially perform the member's actual and usual job duties. Furthermore, prophylactic restrictions are not a basis for a disability retirement.** If a disability is not currently present but just may occur in the future, the member is presently ineligible for a CalPERS disability retirement.

It is the agency's responsibility to order a medical examination and obtain such evidence as is necessary to make a determination. (G.C. § 21156)

Such evidence may be obtained from the Workers' Compensation insurer. On the basis of its accumulated evidence, the agency must determine whether the member is disabled within the meaning of the Public Employees' Retirement Law.

This determination must be made within six months from the date of CalPERS' request for a determination. The agency is responsible for the reevaluation of retired members for possible reinstatement. (G.C. § 21157 and 21192)

3. Has the member filed a Workers' Compensation claim(s) for the disabling condition(s)? Was the claim accepted?
4. If a determination is made that the member is disabled, is the disability considered "industrial"?

Industrial means disability as a result of injury or disease arising out of and in the course of employment as a local safety member (G.C. §

20046). Such evidence may be obtained from the Workers' Compensation insurer. If there is no application filed with the Workers' Compensation Appeals Board for a determination pursuant to G.C. § 21166, the agency is required to certify that the member had an accepted Workers' Compensation claim(s) for the disabling condition(s) and body part(s) in order to approve the member for industrial disability retirement.

If the employer is waiting for the Workers' Compensation insurer to make a determination on industrial causation, the employer should approve the member for disability retirement instead of industrial disability retirement pending a Finding of Fact.

If either the member or agency applies to the Workers' Compensation Appeals Board for a determination, only that Board can decide the "industrial" question. (G.C. § 21166)

A copy of this decision must be sent to CalPERS. CalPERS will assume the findings are not disputed, and will proceed accordingly, unless the agency notifies CalPERS a Petition for Reconsideration has been filed.

5. Has the member established continuous disability?

A member must provide medical records of his or her physical or mental incapacity to perform the duties of his or her job from one year before his or her last day of physical work to present. To establish continuous disability, there must be medical substantiation on file **from the last date of physical work to present, with no gaps in medical treatment records more than six months during this period. Rules of presumption do not apply.** Even if the Workers' Compensation Appeals Board awards industrial disability benefits to the member under the Labor Code, the judgment does not bind the California Public Employees' Retirement System, which is governed by a different body of law. The medical determination must be based on the following:

- Competent medical opinion
 - Medical records and other available information to support the medical opinion
6. What is the last day of compensation?
 7. What is the effective date of retirement?

The retirement effective date must be established in accordance with G.C. § 21163 and 21164. These sections state that the member's retirement cannot be effective, without the member's consent, until:

- a. The expiration of accrued sick leave or compensating time off, unless, with respect to such leave, the provisions of local ordinances or rules of the employer provide to the contrary; and/or
- b. The termination of the employee's fully compensated leave of absence under L.C. section 4850; and/or
- c. An earlier date during the leave when the disability is found to be permanent and stationary by the Workers' Compensation Appeals Board.

CalPERS requires the agency determining the member's disability to provide information necessary for CalPERS to determine the effective date. The member should not be kept on payroll to exhaust accrued vacation once a disability determination has been made. G.C. § 21252 may also apply.

NOTE:

Under L.C. section 4850, the leave cannot end earlier than one year unless the disability is determined to be permanent and stationary by the Workers' Compensation Appeals Board and the member will be receiving advanced disability pension payments — paid by the employer. See "Advanced Disability Pension Payments."

8. Is there any third party liability related to the injury which caused the disability?

CalPERS requires the agency provide an accident report along with its decision if there is any third party liability. (See the "Subrogation" section later in this chapter for more information.)

If a determination is made that the member is not disabled, the agency must notify the member and CalPERS. Notification to the member of their right to appeal the agency's decision and request a hearing within a designated number of days from the date of the notice shall be by certified mail, return receipt requested, or by personal service. (G.C. § 21156)

If the member appeals the determination, the agency is required to comply with the **Administrative Procedures Act** (APA) in the disability retirement determination process. (G.C. § 21156(b) (2))

All related local agency determination documents can be mailed to:

CalPERS
P.O. Box 2796
Sacramento, CA 95812-2796
Fax: (916) 795-1280

Advanced Disability Pension Payments (ADPP)

Employers must make "advanced disability pension payments" to safety members who have qualified for benefits under L.C. section 4850 and have submitted an application for industrial disability retirement, until the member begins receiving their retirement benefits directly from CalPERS, or the application for disability retirement is denied.

Employers must commence ADPP no later than 30 days from the date of the last payment of salary/ wages, benefits under L.C. section 4850 or sick leave. Employers are required to commence ADPP when the employee files an application for disability retirement at least 60 days prior to the payment of ADPP and cooperates with providing medical information, attending medical examinations, and the evaluation process established by CalPERS. The 30 day period for the commencement of ADPP shall be tolled by whatever period of time is directly related to the employee's failure to apply for disability retirement or full cooperation with the process.

NOTE:

ADPP cannot be paid to members who are receiving a service retirement allowance.

Contact CalPERS at **888 CalPERS** (or **888-225-7377**) before paying ADPP if the member has applied for Service Retirement pending Industrial Disability Retirement.

When a safety member begins receiving ADPP, any payments made under L.C. Section 4850 are discontinued. CalPERS will notify the employer by phone prior to the member being placed on the

retirement roll. The ADPP is then stopped. When CalPERS begins paying the disability retirement allowance to the member, the amount of the ADPP the employer paid to the member will be deducted from the retroactive portion of the member's retirement allowance. If the retroactive portion does not cover the total amount, CalPERS will reduce the member's monthly allowance by as much as 10% until the balance has been paid. (G.C. § 21419)

ADPP is not considered compensation for retirement purposes. (G.C. § 20630)

The local safety employer is required to pay ADPP until the employee is approved or disapproved for a disability retirement allowance, only if the employee meets specified conditions set forth in L.C. § 4850.4. If an employee's disability retirement application is denied, the local agency and the employee shall arrange for the employee to repay all ADPP.

Advanced disability pension payments shall not exceed 50% of the average monthly pay rate for the last three years prior to retirement. If the member plans to choose an optional settlement, the ADPP should be reduced accordingly. (L.C. § 4850.3)

In a situation where a community property claim has been filed against a member's account, it is recommended that your agency reduce the ADPP to 25% of the member's average monthly pay rate for the last three years prior to retirement. If CalPERS has notified your agency of the existence of a community property claim and the non-member spouse is awarded a portion of the member's monthly allowance, the amount awarded to the non-member spouse will be paid from the retroactive portion of the member's retirement allowance before the ADPP is reimbursed to your agency.

If the member's remaining retroactive portion is not sufficient to cover the ADPP, the member's share of the allowance will be reduced by 10% until the total ADPP has been repaid. If the application for disability retirement is denied, the employee is responsible for reimbursing the employer the amount of ADPP received and any repayment plan is decided between the employer and employee. CalPERS will not reimburse the employer in these situations.

It is the employer's responsibility to report to CalPERS the amount of ADPP paid to a member.

If the employer fails to notify CalPERS that ADPP is paid or if the member service retires, the local agency and the employee shall arrange for repayment. CalPERS will not reimburse the employer in these situations.

Since retirement allowances are paid monthly, CalPERS would prefer that the employer make advanced disability pension payments monthly. ADPP should be paid for the preceding month. If the retirement effective date is a day other than the first of the month, the member is entitled to receive retirement pay from the retirement effective date until the end of the month.

Example:

Retirement Date	Portion of Monthly Allowance to be paid by Employer as ADPP
March 5	27 out of 31 days (27/31)
September 30	1 out of 30 days (1/30)

Please include in the Resolution or determination letter to CalPERS the following information:

1. Whether or not advanced disability pension payments will be made;
2. Amount of monthly advanced disability pension payment;
3. Amount of the first payment, if retired date is other than the first of the month;
4. Address to send the reimbursement check.

Local Agency Re-Evaluation Procedures

The agency should undertake regular periodic reviews of determinations for disability retirees under voluntary service retirement age to verify whether the recipient remains physically or mentally disabled from the position which they disability retired **for the condition(s) that they were approved for. The re-evaluation process is not a process to discover new conditions.** It should include, but is not limited to, gathering the following information:

- Is the retiree currently employed? What type of work is he/she doing? Is he/she working within his/her work restrictions? Obtain a duty statement and physical requirements of the job for comparison. When an independent medical examination is deemed necessary, submit these documents for the examiner's review.
- Is the retiree currently being treated for his/her disability? If so, obtain a list of his/her

treating physician(s) and contact information, and request his/her medical records since retirement.

- If the retiree is not currently being treated or the medical records received from the treating physician do not substantiate a continuous disability, the member should be evaluated by an Independent Medical Examiner.
- If indicated, consider surveillance.

Failure to cooperate with any stage of the re-evaluation process will be considered a refusal to submit to a medical examination. G.C. § 21175 states, "If any recipient of a disability retirement allowance under the minimum age of voluntary retirement for service applicable to members of his or her class refuses to submit to a medical examination, the pension portions of his or her allowance may be discontinued until his or her withdrawal of the refusal. If the refusal continues for one year his or her disability retirement allowance may be cancelled." **The agency should inform CalPERS to take proper actions if a retiree is uncooperative with the process.**

In accordance with G. C. § 20127, 20221 and 21192, the agency is requested to submit their determination on the re-evaluation or action requested for uncooperative retirees (discontinue the pension portions if refusal is less than a year; cancel the full allowance if refusal continues for one year) to CalPERS in the form of a Resolution or determination letter.

Transmittal of the Agency's Determination

There are sample resolutions located in the **Appendix** of this Guide that may be used by your agency in transmitting the required information to CalPERS. All resolutions should state whether or not the employer will be making advance disability pension payments to the member. All such documentation must be signed by the governing body or its lawful delegate (i.e., City manager, Chief Administrative Officer, County Executive, or other comparable individual). If the governing body chooses to delegate the responsibility of making the disability determination, a certified copy (approved and signed by the governing body) of the delegation order of the authority must accompany the finding by such delegate in every instance.

School Members and Local Miscellaneous Members

Application Process

The member or individual applying on the member's behalf, other than the employer, is responsible for forwarding all forms to the appropriate party (ies) for completion. (See the "Employer Originated Application" section earlier in this chapter for further information).

Estimate — The member's first step should be to request a Disability Retirement Estimate, by completing and submitting the [Retirement Allowance Estimate Request](#) (PERS-BSD-470) form available online. Alternatively, a request can be made by calling CalPERS at **888 CalPERS** (or **888-225-7377**). Disability estimates are not available online.

Complete Package — In order for CalPERS to process a request for disability retirement, a complete package must be received within 21 calendar days. If a complete package is not received within this time frame, CalPERS will cancel the member's application. A complete package consists of:

- A completed [Disability Retirement Election Application](#) (PERS-BSD-369-D).
- A completed [Authorization to Disclose Protected Health Information](#) (PERS-BSD-35) signed by the member.
- A completed [Physician's Report on Disability](#) (PERS01M0051DMC) from a physician who specializes in the member's disabling condition. The physician must provide a diagnosis on the member's condition and include information about how it prevents the member from performing their job duties (an incomplete form will delay the review process).
- An [Employer Information for Disability Retirement](#) (PERS01M0052DMC) form with the job description attached. This form must be used as a cover sheet for the job description and any other documents the employer submits to CalPERS.

NOTE:

Submission of the job description should not be delayed for the completion of the [Report of Separation & Advance Payroll Information](#) (PERS-BSD-194) form. Employers should return the PERS-BSD-194 form as soon as information is available.

- A completed [Physical Requirements of Position/Occupation Title](#) (PERS01M0050DMC) form providing detailed information on the specific physical requirements of the member's position or occupational title.
- A completed [Workers' Compensation Carrier Request](#) (PERS-BSD-92) form along with medical records related to the claimed disability for an application for Industrial Disability Retirement, if the member has a job-related injury.

All the required forms needed are included in [A Guide to Completing Your CalPERS Disability Retirement Election Application](#) (PUB 35). The member should read the entire publication prior to completing any forms so the information submitted is complete and accurate. This will assist CalPERS in making a determination in a timely manner.

It is the member's responsibility to follow up with the employer, workers' compensation carrier, and treating physician(s) to ensure the requested information is submitted to CalPERS. If the required information is not received within **21 calendar days** of application submission, the application will be cancelled.

Application — When the member submits the Disability Retirement Election Application (PERS-BSD-369-D), the following sections must be completed:

Sections 1 - 13 - Completed by the member or by someone on the member's behalf.

Section 2 - Member does not need to designate a retirement date to begin the process unless requesting service pending disability or industrial disability retirement.

Section 5 - Member must select an option, and to make an informed decision, they must first request an estimate.

Section 11 - Member's signature must be witnessed by a CalPERS representative or be notarized.

Determination — Employers must forward all relevant personnel documents to CalPERS for any of the following circumstances for CalPERS' determination of the member's eligibility:

- Disciplinary process underway prior to the member's separation from employment.
- The member was terminated for cause.
- The member resigned in lieu of termination.
- The member signed an Employment Reinstatement Waiver as part of a legal settlement.
- The member has been convicted of or is being investigated for a work related felony.

The disability decision is based upon competent medical opinion; and all medical and vocational information provided by the member, employer, and workers' compensation carrier is considered in the determination. The determination is based on actual/present disability, not prospective inability to perform the job duties. In the event the medical information supplied to CalPERS is insufficient to make a determination, CalPERS may arrange an Independent Medical Examination (IME).

If the member is found to be disabled due to a mental disorder, a valid Power of Attorney may be required before benefits are payable. For Power of Attorney instructions, please refer to the booklet [CalPERS Special Power of Attorney](#) (PUB 30).

NOTE:

If the member is currently enrolled in the CalPERS health plan and becomes employed in another job pending the determination of disability retirement benefits, eligibility for CalPERS health benefits may be affected after retirement. (G.C. § 599.502 and 599.504)

Retirement Effective Date

If the application was received within nine months after discontinuance of employment, the effective date of disability retirement will be the day following the last day of payroll. (G.C. § 21252) In the case of an application for disability retirement filed with CalPERS more than nine months after discontinuance of the member's service, the

effective date of the application shall be determined in accordance with G.C. section 20160 or if no date is indicated the effective date will be the first of the month the application is received.

If a member has been approved for disability retirement, the law states the member must be retired immediately. The member may, unless contrary to local rules or regulations, remain on pay status to use sick leave and/or compensating time off that a person is entitled to; entitlement is a matter that must be resolved by each employer. (G.C. § 21163)

Member Alternatives Following the Disability Determination

When the member has been found to be “disabled,” the member will be notified of the finding and advised that he/she must be retired immediately. The member cannot cancel the application for disability retirement after disability has been determined. However:

1. If the member is also eligible and applies to retire for service (prior to the effective date of retirement for disability or within 30 days of notification of disability retirement approval), the member may be retired for service. (G.C. § 21156(a)(1))
2. The member may also elect to separate from employment and accept a refund of accumulated contributions in lieu of all future rights and benefits from CalPERS. (G.C. § 21172)
3. The member may appeal the determination directly to the employer for local safety members and to CalPERS for miscellaneous members.

When the member has been found to be “not disabled” and the application is denied, the member will be notified of the finding and provided the opportunity to appeal the decision. Both the member and the employer have the right to appeal a CalPERS disability determination. (C.C.R. § 555 and 555.1-555.4)

NOTE:

With the exception of Local Safety members, all appeals must be submitted in writing directly to CalPERS within 30 days from the date of the notification letter.

Appeals may be mailed to:
CalPERS
P.O. Box 2796
Sacramento, CA 95812-2796

CalPERS is subject to the Administrative Procedures Act (APA) and the governing body of the contracting agency (or its authorized representative) acts as a delegate of the CalPERS Board of Administration in making the determination of substantial incapacity/disability. Therefore, the contracting agency is bound by the APA in the same manner as the CalPERS Board. So, in case of an appeal to the determination, the dispute must be heard by an administrative law judge of the State Office of Administrative Hearings.

The APA is set forth in the Government Code and the statutes describe the requirements and methods for conducting an administrative hearing. If the contracting agency determines that the member is not incapacitated for the performance of duty, it shall notify the member and CalPERS of this determination. The determination should be sent to the member by certified mail (return receipt requested) giving the member a specified time period in which to appeal and request a hearing. This is proper due process. Please refer to the **APA Sample Procedural Resolution** in the **Appendix** section of this Guide.

General Disability Calculation

You can get an idea of what the member's monthly unmodified disability retirement allowance will be. To do so, you need to know three things:

- How many years of service credit the member has;
- The benefit factor (1.8 percent for public agency and school members, or 1.35 percent for the local 1.5 percent at 65 formula) (G.C. § 21098 and 21423(a)); and
- The final compensation, either 12 or 36 consecutive months, depending on the employee's membership date and employer's contract. (G.C. § 20035-20039, 20041 and 20042)

Find the benefit factor and years of service credit in the following groupings. Follow the instructions listed and fill in the worksheet.

Local Public Agency and School Members

A Local Public Agency Miscellaneous or School Member must have at least five years of service credit to be eligible for disability retirement. (G.C. § 21150)

If the member has between 5 and 10 years, OR 18 ½ or more years of service credit, multiply the years of service by 1.8 percent to determine the percentage of final compensation.

If the member has between 10 and 18 ½ years of service credit, add to that figure the number of years until the member will be age 60 and multiply the TOTAL by 1.8 percent to determine the percentage of final compensation. (The maximum percentage allowable is 33 1/3 percent).

THEN

Multiply the percentage of final compensation by the highest average annual compensation earnable for 12 or 36 consecutive months to find the Unmodified Allowance. Please note if the member is eligible for service retirement, the member will receive the higher allowance payable, service or disability. (G.C. § 21423)

Other Local Public Agencies

If your agency contracts for the 1.5 percent at 65 formula, the member must have five years of service credit to be eligible for disability retirement. (G.C. § 21100 and 21150)

If the member has between 5 and 10 years, OR 24.692 or more years of service credit, multiply the years of service by 1.350 percent to determine the percentage of final compensation.

If the member has between 10 and 24.691 years of service credit, add to that figure the number of years until the member will be age 65 and multiply the TOTAL by 1.350 percent. (The maximum percentage allowable is 33 1/3 percent).

THEN

Multiply the percentage of final compensation by the highest average annual compensation for 12 or 36 consecutive months (depending on employer's contract) to determine the Unmodified Allowance. Please note if the member is eligible for service retirement, the member will receive the higher allowance payable, service or disability. (G.C. § 21098)

Figuring the Disability Allowance Worksheet

Years of Service	Benefit Factor	% of Final Compensation
	X	=
_____	_____ %	_____ %
% of Final Retirement	Final Compensation	Compensation Allowance
	X	=
_____ %	\$ _____	\$ _____

Cancellation Of Application

If a member desires to cancel the disability retirement application, other than an employer originated application, the request must be made in writing. The member's signature is required.

Cancellation requests can be mailed to:

CalPERS
P.O. Box 2796
Sacramento, CA 95812-2796

A cancellation is binding; the member must thereafter re-apply whenever he/she is ready to retire. However, if the member is currently receiving service retirement benefits, the member cannot re-apply for disability or industrial disability retirement.

If the member has been found to be disabled, and the disability was approved, please refer to the Member Alternatives Following Disability Determination section earlier in this chapter for more information.

SUBROGATION (G.C. § 20250, 20252, 20253, 20254, and 20255)

Under the law, if someone other than the employer caused an injury that results in disability retirement benefits being paid to the member, CalPERS has the right to recover up to one-half of the total retirement benefit costs from the responsible party. This is known as the "right of subrogation." (G.C. § 20250)

If the member pursues a claim against any person for the same injuries that also entitles the member to a disability retirement from CalPERS (other than a Workers' Compensation claim or an uninsured motorist claim), the member must

inform CalPERS by calling **888 CalPERS** (or **888-225-7377**).

This is true even if the claim has not yet resulted in a court action. CalPERS has the right to participate in the claim through filing its own action against the responsible party, intervening in the claim, or filing a lien against any judgment recovered.

If such a claim is settled without notifying CalPERS, we may also be entitled to file a lawsuit against the member for recovery under our subrogation rights.

Instructions for Completion of the PERS-BSD-194

Upon approval of an application for disability retirement by CalPERS, the Benefit Services Division will require payroll information to begin the disability retirement payments.

The [Report of Separation and Advance Payroll Information](#) (PERS-BSD-194) must be completed by the employer.

The first section is to be completed by the member:

Section 1 – Employing Agency and Member Information:

- Name of Employing Agency
- Member's name
- Social Security number or CalPERS ID
- Retirement date requested by the applicant

The following three sections are to be completed by the employer:

Section 2 – Effective Separation or Termination Dates

- Separation Date
- Termination Date (if applicable)
- Last Day on Pay Status
- Beginning and ending dates of leave of absence with compensation
- Explanation of the difference between the date of separation and last day on pay status, if any.

NOTE:

In the integrated my|CalPERS system, the permanent separation date is now part of a series of system validations. **Therefore, the permanent separation date must be reported as the day after the last day an employee works for you which is the day after their last day on payroll or the day after a leave of absence with or without pay ends.** The permanent separation date will frequently be the same day as a member's retirement date or start date of a new appointment. It is imperative that all Business Partners follow this important business rule to avoid transaction errors due to automatic system validations.

Section 3 – Unused Sick Leave at Time of Separation

If the member has a sick leave balance that was not used at the time of separation from employment, report the total number of 8 hour days, not hours, of unused sick leave. (G.C. § 20962, 20963, and 20965)

Section 4 – Certification of Employer

- Signature of Payroll Officer
- Title
- Date
- Phone number

Immediately mail the PERS-BSD-194 form to the address provided on the form. Failure to submit the form on a timely basis may result in a delayed warrant to the recipient. Please note the following:

- Do not combine contributions for maintenance and Special Compensation with normal contributions. Use the "other" column.
- Do not deduct retirement contributions from lump sum vacation payments.
- Do not delay submission of this form awaiting final payroll data. Estimate the last period's payroll information and label this line "Estimate."

EMPLOYMENT OF A RETIREE

Retirees must be enrolled (appointed) as a “Retired Annuitant” and their payroll reported to CalPERS. Refer to the “New Appointments Required” and “Retired Annuitants” sections of this guide for instructions. (G.C. section 20221.5)

Resources For Hiring Retirees

Refer to the following publications for specific employer guidelines:

- [Circular Letter 200-002-14](#), Post Service Retirement Employment Requirements
- [Employer Checklist for Hiring CalPERS Retirees](#)
- [Circular Letter 200-053-16](#), Requirements for Working after Disability Retirement for a CalPERS Employer

These publications are available on our CalPERS website at www.calpers.ca.gov.

Resources For Members and Retirees

Advise your retiring employees and retirees to educate themselves before seeking post-retirement employment by reading our member publication [Employment After Retirement](#) (PUB 33), available through the Forms & Publications page on the CalPERS website at www.calpers.ca.gov.

Government Codes

California retirement law and federal tax law provide specific restrictions for employment after retirement.

Government Code (G.C.) sections 7522.56, 7522.57, 21202, 21220, 21220.5, 21221(h), 21224, 21227, 21229, 21231, and 21232 provide the requirements for employment of a CalPERS retiree. G.C. section 7522.56 provides that a retired person cannot serve, be employed by, or be employed through a contract directly by a public employer in the same public retirement system from which the retiree receives benefits without reinstatement from retirement (i.e. termination of the retirement), except as permitted.

“Retired annuitant” is our general term for a CalPERS retiree employed by a CalPERS

employer under the authority of G.C. sections 7522.56, 21221(h), 21224, 21227 and 21229.

Termination of Retirement Due to Unlawful Employment

Employers and retirees have equal responsibility to ensure any post-retirement employment is lawful. CalPERS service retirees can only be lawfully employed in retired annuitant compliant positions. CalPERS disability retirees can be lawfully employed in retired annuitant positions or upon CalPERS’ pre-approval be employed in permanent positions with certain restrictions.

Employment that violates any of the retired annuitant requirements or the G.C. section 21232 requirements for disability/industrial disability retirees is unlawful employment. Unlawful employment results in reinstatement from retirement for the retiree, i.e., termination of the retiree’s monthly retirement allowance and any other post-retirement benefit.

When reinstated for unlawful employment, the retiree is required to reimburse CalPERS for the retirement allowance received during the period of unlawful employment. Upon enrollment into active membership, the employee will pay member contributions plus interest to the employer for the period of unlawful employment. The employer will pay retroactive employer contributions plus interest and submit the member contributions thereby crediting the employee with service credit for the period of unlawful employment.

Screen for Retirees When Hiring:

When interviewing potential employees, the employer should ensure they lawfully hire CalPERS retirees with the following actions:

- Ask if the candidate is a CalPERS retiree and if so, to specify the type of retirement: service, disability, or industrial disability.
- If the candidate is a CalPERS service retiree and the position is not a retired annuitant position, inform the candidate that reinstatement from retirement (i.e., termination the CalPERS retirement and

enrollment as an active employee) is required in order to be hired into the position. Refer to the publication [Reinstatement from Retirement](#) (Pub 37), for the voluntary reinstatement process.

- If the candidate is a CalPERS disability/industrial disability retiree and the position is a retired annuitant position, ensure the job duties must differ significantly from those required under the position from which the candidate retired. The position should not include duties or activities the candidate was previously restricted from performing at the time of his/her retirement. If the position is not a retired annuitant position, inform the candidate that CalPERS' pre-approval must be obtained before being hired. Refer to the publication "Employment of a Disability/Industrial Disability Retiree" section of this guide for more information.

Wait Periods for Retirees

To be eligible for employment as a retired annuitant, all retirees (both service and disability/industrial disability) must meet the following requirements in order to work for a CalPERS employer. (For exceptions for CalSTRS covered positions or positions in any other public retirement system see Employment in Other Public Retirement Systems in this section):

- A. The 60 calendar day bona fide separation requirement if younger than normal retirement age on retirement date.
- B. The 180-day wait period requirement or an allowable exception.

These requirements are further explained below.

Bona Fide Separation in Service Requirement

The bona fide separation in service is required of CalPERS by Internal Revenue Code (IRC) tax regulations in order to maintain our federal tax-qualified status. The only exception to the 60 calendar day separation is when a declared emergency – as provided in G.C. section 8558 – requires the employment of the retiree. (California Code of Regulations (CCR) sections 586-586.2 and G.C. 21220.5.

When the retiree is under his/her "normal retirement age" on the retirement date, employment cannot begin, even if an exception to the 180-day wait period applies, unless both of the following conditions are met:

- There was no verbal or written agreement to return to work, either as a retired annuitant or in a position under G.C. section 21232, between the member and the employer before the member retired, and
- There is a termination of employment (separation in service) for 60 calendar days between the retirement date and the date the retiree's employment will begin.

"Normal retirement age" is the age named in the member's retirement benefit formulas. For example, the normal retirement age for a 2% @ 55 retirement benefit formula is 55. If the member has more than one retirement benefit formula, then the "normal retirement age" is the up to the maximum normal retirement age of 62. This applies even if the service in that formula was with a previous CalPERS employer and/or several years prior. Members can view all of their retirement formulas on their most recent or final Annual Member Statement, available online via their my|CalPERS member account, or mailed (if elected) each November.

Example 1: Joe Smith is a state miscellaneous member who retired June 30, 2012 at age 52. His retirement benefit formula is 2% at 55. Because he has not reached his normal retirement age of 55, he must have the bona fide separation in service.

Example 2: Joe Smith is a current local miscellaneous member. His two retirement benefit formulas are 2% at 60 and 1.25% at 65. The normal retirement age for Joe is the maximum normal retirement age of 62, not 65. If Joe retires prior to age 62, he must have the bona fide separation in service.

If the retiree has reached his/her normal retirement age, i.e., the oldest formula age on the retirement date, this bona fide separation is not required.

180-Day Wait Period Requirement

All employees whose post-retirement employment begins January 1, 2013 or later must serve a 180-

day wait period between the retirement date and the first day of post-retirement employment. There are certain exceptions to this wait period as identified below.

NOTE:

None of the following exceptions apply if the retiree receives a Golden Handshake or any other retirement incentive (G.C. section 7522.56(f)).

180-Day Wait Period Exceptions

The exceptions to the 180-day wait period for public agency and school employers are as follows:

- **Firefighter or Public Safety Officer:** The person retired as a firefighter or public safety officer as defined in G.C. section 3301 (peace officer) and he/she will perform public safety officer retired annuitant work. (G.C. section 7522.56(f) (4) and CCR section 579.25).
- **Employer Resolution Certification:** The governing body of a public agency or the County Office of Education for the school employer presents CalPERS with a resolution, passed in a public meeting, that approves the appointment and the employer certifies in writing the nature of the employment and that the appointment is necessary to fill a critically needed position before 180 days has passed. This appointment may not be placed on a consent calendar.

Sample 180 – Day Exception Resolutions:

To secure a 180-day wait period exception, the employer must submit the resolution-certification package (see instructions and sample resolutions at the links below) and a copy of the retiree's employment agreement or personnel appointment document to CalPERS **before** the first day of employment.

- [180-Day Wait Period Exception Sample Resolution Public Agencies](#)
- [180-Day Wait Period Exception Sample Resolution Schools](#)

For service retirees, please submit documents by fax to (916) 795-4166 or mail to:

CalPERS
c/o Membership & Post-Retirement Employment Determinations
Employment Account Management Division
PO Box 942709
Sacramento, CA 94229-2709

State Agency Retired Annuitant – Civil Service Eligibility Required

If a retiring employee or retiree expresses an interest in working for a state agency employer after retirement, please advise the employee or retiree that civil service eligibility is required in order to be hired as a retired annuitant for a state agency. Refer them to CalHR for information on how to obtain civil service eligibility.

Service Retirement vs. Disability/Industrial Disability Retirement

Service Retirement

A CalPERS service retiree may work for a CalPERS employer, i.e., an employer who contracts with CalPERS for retirement benefits or state agencies in a retired annuitant-designated position only. If a retiree is appointed to a permanent regular staff position, regardless of whether part time or full time, he or she is unlawfully employed and subject to termination of retirement, i.e., reinstatement from retirement. Refer to the “**Termination of Retirement Due to Unlawful Employment**” section for more information.

Disability/Industrial Disability Retirement

A CalPERS disability/industrial disability retiree may work for a CalPERS employer, i.e., an employer who contracts with CalPERS for retirement benefits or state agencies either in a retired annuitant position or in a permanent position with certain restrictions. A retired annuitant position does not require CalPERS pre-approval; however, the position must be significantly different from the position which the retiree retired. The position should not include duties or activities that the retiree was previously restricted from performing at the time of his/her retirement.

CalPERS pre-approval is required for working in a permanent position (full-time or part-time). Refer to the “**Employment of a Disability/Industrial Disability Retiree**” section for more information.

Retired Annuitant Employment Requirements For All Retirees

For all retirees, CalPERS pre-approval is not required for appointment to retired annuitant positions. There are two types of retired annuitant appointments for public agency and school employers, “extra help” and “vacant position”. The retired annuitant employment requirements are the same for both plus there are additional requirements for the vacant position appointment.

- **Limited Duration Work:** The retiree has the skills needed to perform work of limited duration or the employment is needed during an emergency to prevent stoppage of public business.
- **960-Hour Fiscal Year Limit:** A retired annuitant can work no more than 960 hours in a fiscal year, July 1st - June 30, for employment with all CalPERS employers combined. There is no exception to this limit. The retiree and employer have equal responsibility to track the hours worked.
 - A CSU academic retiree may be employed in any fiscal year as a member of the CSU academic staff in a retired annuitant position not to exceed 960 hours for all employers or 50 percent of the hours the member was employed during the last fiscal year of service prior to retirement whichever is less (GC sections 7522.56 and 21227).
- **Pay Rate Only Compensation:**
 - **Extra Help Positions:** The retiree can be paid no more than the maximum monthly base salary paid to other employees performing comparable duties as listed on the employer’s publicly available pay schedule divided by 173.333 to equal an hourly rate.
 - **Vacant Position Appointments:** The Retiree can be paid no less than the minimum and no more than the maximum monthly base salary paid to other employees performing comparable duties as listed on the employer’s publicly available pay schedule for the vacant position divided by 173.333 to equal an hourly rate.

- **No Benefits, Other/Compensation:** In addition to the hourly pay rate, the retiree cannot receive any benefit, incentive, compensation in lieu of benefits, or other form of compensation in addition to the hourly pay rate. There are no exceptions.
- **No Retirement Contributions:** No retirement contributions are collected or paid for employed retirees. Only active members pay contributions. (G.C. sections 7522.56 and 21224).
- **Payroll Reporting:** All retirees hired as retired annuitants must be enrolled in the myCalPERS system and their payroll must be reported. Refer to the **Payroll Reporting, Retired Annuitants** section of this guide for more information.
- **Vacant Position Appointments: All of the retired annuitant requirements above apply to Vacant Position Appointments.** A retiree can be appointed once as an interim employee by the governing body of the employer to a vacant position during the recruitment for a permanent replacement. The recruitment must be active and in place before the retiree is appointed. (G.C code section 7522.56 and 21221(h)).

Unemployment Insurance Benefits and Retired Annuitant Employment

California law prohibits the reappointment of a retired annuitant by a CalPERS employer if, during the 12-month period prior to reappointment, the retiree received unemployment insurance compensation for prior retired annuitant employment with any public employer.

- A retiree shall certify in writing to the employer upon accepting an offer of post-retirement employment that he or she is in compliance with this requirement.

Employers may require retirees provide a current Unemployment Insurance Benefit (UIB) printout from the Employment Development Department (EDD) indicating whether or not he/she has collected unemployment insurance within the last 12 months to verify compliance:

- Authorization for Release of Unemployment Insurance Records for Retired Annuitants:

[EDD Form DE 1181](#) can be downloaded from the Employment Development Department (EDD) website at www.edd.ca.gov.

If a currently employed retiree is discovered to have received unemployment insurance compensation based on prior retired annuitant employment, with a CalPERS employer, the current employment must be terminated on the last day of the current pay period and the retiree shall not be eligible for reappointment by a CalPERS employer for 12 months following the termination of the current employment. A violation of this provision will not result in reinstatement from retirement, i.e., termination of retirement. (G.C. sections 7522.56(e) and 21224)

Special Appointments – Retired Annuitant Requirements Do Not Apply

- **Elected and Appointed Officers:** As authorized by G.C. section 21231 (previously G.C. section 21221(d) and 21222), a CalPERS retiree may serve in an elected or appointed office while retired. However, if all or part of this retiree's retirement allowance is based on service credit in that office, the portion of the retirement allowance based on that service credit is suspended during this retiree's time in office. When this retiree leaves the office, his/her allowance is unsuspended prospectively.
- **Full-time State Board or Commission:** A CalPERS retiree may be appointed to serve on a full-time salaried state board or commission as follows: The retiree may serve without reinstatement from retirement as a non-salaried member and receive only the per diem authorized to all members of the board or commission. If the retiree accepts the salary, the retiree must reinstate from retirement (G.C. section 7522.57(c)).
- **Part-time State Board or Commission:** A CalPERS retiree may be appointed to serve on a part-time state board or commission provided the annual salary is no more than \$60,000. This annual salary shall only be increased in any fiscal year in which a general salary increase is provided to state employees. (G.C. section 7522.57(b)).

- **Full-time State Board or Commission, Not a CalPERS Retiree:** A retiree from a public pension system other than CalPERS appointed to a full-time salaried board or commission shall choose one of the following:
 - The retiree may serve without reinstatement from retirement as a non-salaried member and receive only the per diem authorized to all members of the board or commission.
 - The retiree may suspend his or her retirement allowance(s) and reinstate as a new member of CalPERS to serve as a full-time salaried board or commission member. This service shall not be eligible for reciprocity with any other retirement system or plan. (G.C. section 7522.57(d)).
- **State Board of Parole Hearings:** A person retired from a public employer may serve without reinstatement from retirement upon appointment as a full-time member of the Board of Parole Hearings. This appointment is made by the Governor and requires confirmation from the California Senate. (Penal Code section 5075 and G.C. section 7522.57(e))

Independent Contractor Employment – Independent Contractor, Consultant or Third-Party Employee

Before employing a retiree as an independent contractor, consultant or third-party employee, refer to the "Positions Excluded from CalPERS Coverage, Independent Contractors" and note the following:

- Independent contractors are not "employees" and are excluded from membership in CalPERS by G.C. section 20300(b). An independent contractor is someone who contracts to provide a service or complete a task according to his or her own methods, and is not subject to the contracting entity's control as to the end product, final result of work, or manner and means by which the work is performed. CalPERS uses the "Common Law Control Test" as a guide to determining independent contractor status. The common law control test factors are enunciated in the case of *Albert B. Tieberg v.*

Unemployment Insurance Board (1970) 2 Cal.3d 943, 949. These factors are also cited in the CalPERS Precedential Decision No. 05-01, In the Matter of the Application for CalPERS membership credit by Lee Neidengard, Respondent and Tri-Counties Association Regional Center, Respondent. (<https://www.calpers.ca.gov/docs/05-01-neidengard-tri-counties-disabled.pdf>). A “contract employee” (i.e., a common law employee who periodically signs an employment contract) is eligible for CalPERS membership, if otherwise qualified.

- If the retiree will be your employee under common-law employment principles, i.e., there is an employer-employee relationship, the employment is subject to the retired annuitant requirements.
- Statutory positions, i.e., positions that are employees of your agency by statute cannot be filled by an independent contractor, consultant or third-party employee. Examples are City Mayor, Police Chief and Fire Chief.

It is recommended that prior to hiring a retiree as a purported independent contractor you obtain an Independent Contractor vs. Employee determination from CalPERS.

Contact the Employer Account Management Division at **888 CalPERS** (or **888-225-7377**) to request the Independent Contractor Checklist package.

Employment through a Third-Party Employer (All Retirees)

Before employing a retiree through a third-party employer or temporary employment agency, see “Positions Excluded from CalPERS Coverage, Independent Contractors” in this guide and note the following:

- The fact a third-party employer pays the retiree’s wages or salary does not exempt the employment from the retired annuitant requirements.
- If the retiree will be your employee under common-law employment principles, i.e., there is an employer-employee relationship, the employment is subject to the retired annuitant requirements.

- Statutory positions, i.e., positions that are employees by statute cannot be filled by employees of a third-party employer. Examples are City Mayor, Police Chief and Fire Chief.
- Payroll Reporting for Retired Annuitants hired through a Third-Party Employer: If a retiree hired through a third-party employer qualifies as a retired annuitant the retiree must be enrolled as a retired annuitant and you must obtain the pay rate and hours worked from the third-party and report that payroll the same as for your directly employed retired annuitants.

It is recommended that prior to hiring a retiree as a purported employee of a third party employer you obtain an Independent Contractor vs. Employee determination from CalPERS.

Contact the Employer Account Management Division at **888 CalPERS** (or **888-225-7377**) to request the Independent Contractor Checklist package.

Employment in Other Public Retirement Systems

If a retiree is a service retiree, he/she can be employed in positions that qualify for membership in any other public retirement system without terminating their CalPERS retirement.

If a retiree is a disability retiree, he/she can work for an employer in a different retirement system and continue to receive his/her CalPERS retirement allowance with the following restrictions:

- The employment must be in a position significantly different from the one from which the retiree retired. The position should not include duties or activities he/she was previously restricted from performing at the time of his/her retirement.
- If a retiree is a disability retiree under the minimum service retirement age, his/her retirement benefit will be subject to an earnings limit. He/she is required to report his/her employment earnings to CalPERS either on a monthly or quarterly basis. The total employer-paid portion of his/her monthly retirement allowance and his/her new

earnings cannot be greater than the current compensation of the position from which he/she retired. If the total is greater, his/her retirement allowance will be reduced.

Contact us at www.calpers.ca.gov or call **888 CalPERS** (or 888-225-7377) to request a **Disability Retiree's Report of Earnings** form.

- If a retiree is an industrial disability retiree, his/her retirement allowance is not subject to an earnings limit, even if he/she is under the minimum service retirement age.
- If a retiree is under the service retirement age and is determined to be performing duties similar to those from which he/she was previously found disabled, CalPERS can re-evaluate his/her medical condition to determine whether he/she should be reinstated from retirement back into his/her former position.

A retiree's disability retirement requires him/her to inform CalPERS immediately if he/she is no longer incapacitated or if he/she is currently employed in a position similar to the job he/she retired from.

Employment in CalSTRS Certificated Positions

Upon clarification – by the Department of Finance and the appropriate legislative committee analysts – of the legislative intent of PEPRAs Government Code section 7522.56, Conditions and Limitations on Service After Retirement, CalPERS will no longer interpret this section to prohibit CalPERS' retirees from accepting CalSTRS covered certificated positions or positions in any other public retirement system. Given this, no new statute or amendment to section 7522.56 is required to allow for the lawful employment of CalPERS' retirees in CalSTRS covered certificated positions or positions in any other public retirement system. The 180 day wait period and bona fide separation requirements do not apply to CalSTRS covered certificated positions or positions in any other public retirement system.

CalPERS retirees cannot elect CalSTRS membership for CalPERS covered classified positions per Government Code section 20309, which only applies to active CalPERS members.

Employment in JRS II or LRS

For information about employment in positions

that qualify for membership in the Judges' Retirement System II (JRS II) or the Legislators' Retirement System (LRS), call (916) 795-3688.

Private Sector Employment After Retirement

If a retiree is a service retiree, he/she can work for a private industry employer not associated with any CalPERS employer without restrictions and continue to receive his/her retirement allowance.

If a retiree is a disability retiree, he/she can work for a private industry employer not associated with any CalPERS employer and continue to receive his/her CalPERS retirement allowance with the following restrictions:

- The retiree's employment must be in a position significantly different from the one from which he/she retired. The position should not include duties or activities he/she was previously restricted from performing at the time of his/her retirement.
- If a retiree is a disability retiree under the service minimum service retirement age, his/her retirement benefit will be subject to an earnings limit. He/she is required to report his/her employment earnings to CalPERS either on a monthly or quarterly basis. The total employer-paid portion of his/her monthly retirement allowance and his/her new earnings cannot be greater than the current compensation of the position from which he/she retired. If the total is greater, his/her retirement allowance will be reduced.

Contact us at **888 CalPERS** (or 888-225-7377) to request a **Disability Retiree's Report of Earnings** form.

- If a retiree is an industrial disability retiree, his/her retirement allowance is not subject to an earnings limit, even if he/she is under the service retirement age.
- If a retiree is under the service retirement age and is determined to be performing duties similar to those from which he/she was previously found disabled, CalPERS can re-evaluate his/her medical condition to determine whether he/she should be reinstated from retirement back into his/her former position.

A retiree's disability retirement requires the retiree

to inform CalPERS immediately if he/she is no longer incapacitated or if he/she is currently employed in a position similar to the job he/she retired from.

Employment of a Disability/Industrial Disability Retiree

To be eligible for employment in a permanent position (part time or full time) while receiving a disability/industrial disability retirement allowance, a disability retiree must first meet the following requirements:

- A. The bona fide separation requirement if applicable
- B. The 180-day wait period requirement or an allowable exception
- C. No receipt of unemployment insurance payments for previous retired annuitant employment 12 months before the appointment

NOTE:
State Employer Civil Service Eligibility is a requirement for employment with a state agency employer.

CalPERS pre-approval is required for working in a permanent position (including permanent part time and full time) without reinstatement. Such employment cannot begin prior to the Board's approval, and must meet the requirement in G.C. section 21232. In addition, the position should not include duties or activities that the retiree was previously restricted from performing at the time of his/her retirement. Violation of any of these requirements will result in reinstatement from disability/industrial disability retirement and the member's retirement benefits will be terminated. (G.C. sections 21220 & 21202)

A disability/industrial disability retiree cannot be employed in a pre-approved section 21232 permanent position and be employed in a retired annuitant position at the same time.

G.C. section 21232 states, "On and after January 1, 2013, a person who has retired for disability and has not attained the mandatory age for retirement for persons in the employment in which he or she will be employed, and whom the board finds is not disabled for that employment, may be

so employed by any employer without reinstatement from retirement **if the position is not the position from which this person retired or a position in the same member classification.** The person's disability retirement pension shall be reduced during this employment to an amount that, when added to the compensation received, equals the maximum compensation earnable by a person holding the position that he or she held at the time of retirement. This employment shall terminate upon the person's attainment of the mandatory retirement age for persons in that employment. **A person employed under this section shall not be concurrently employed under this article."**

To request re-employment approval:

1. The retiree is required to review [A Guide to CalPERS Employment After Retirement](#), (Pub 33) for information and requirements regarding working while receiving disability/industrial disability retirement benefits before applying.
2. The retiree needs to complete and sign Section 1 of the [Request to Work While Receiving Disability/Industrial Disability Retirement Benefits](#) (PERS07M0044DMC) form.
3. The prospective employer completes Section 2 of the request form, stating their "intent to hire" the retiree upon CalPERS approval. Attach a copy of the current job duty statement and a completed and signed [Physical Requirements of Position/Occupational Title](#) (PERS01M005DMC) form for the position which the retiree is requesting to work.
4. The retiree must schedule an appointment with a specialist for the disabling condition(s) that precluded them from working and provide the specialist with a copy of the position duty statement and the completed **Physical Requirements of Position/Occupational Title** form.
5. The retiree must provide CalPERS with a medical report on appropriate letterhead from the specialist visited. The report must include the following information:
 - Retiree's name and the date of the most recent examination.

- Confirmation that the specialist reviewed and discussed with the retiree the position duty statement (by title) and the **Physical Requirements of Position/Occupational Title** form.
 - Whether or not the retiree has any limitations or restrictions to performing all tasks involved.
 - Specific details explaining the restrictions, if any.
 - Specialist's signature printed name, medical specialty, and contact information.
6. CalPERS may require an independent medical evaluation to supplement the doctor's report. If so, CalPERS will select the physician, schedule the appointment, and pay for the examination. (G.C. section 20129)

Upon approval of the re-employment, the employer is required to enroll the retiree in myCalPERS system and report the retiree's payroll. No retirement contributions are collected or paid for employed retirees. Only active members pay contributions. The retiree will be required to submit a copy of their first paystub and a copy of their W-2 tax form annually, in January to CalPERS, as the disability retirement pension is subject to an earnings limit for as long as the employment continues. (GC section 21232)

If the retiree is to be promoted, demoted, lateral transferred, reclassified, site change or restarts a previous approved position or changes to a different employer, a new re-employment approval must be obtained prior to the position change, or the retiree may be subject to retroactive reinstatement from disability/industrial disability retirement and be liable for reimbursement of any retirement allowance paid.

REINSTATEMENT FROM RETIREMENT

Public Employees' Pension Reform Act of 2013 (PEPRA)

Employees who reinstate from retirement on or after January 1, 2013 with the same employer from which they retired would be entitled to the retirement formula that was in effect on December 31, 2012. (G.C. § 7522.02 and 7522.04)

NOTE:

All State agencies, including CSU, are treated as a single employer under PEPRA. Additionally, all school employers are treated as a single employer as well.

However, such employees who reinstate from retirement with an employer which the employee has not previously worked under may be enrolled into one of the new retirement formulas depending on whether or not they are considered a "new member" under PEPRA.

NOTE:

Please see the Membership chapter of this Guide for the definition of a new PEPRA member.

If you wish to hire a service retired person in a permanent position, whether full-time or part-time, the service retired person must reinstate from retirement into active CalPERS membership. (G.C. § 21196) A person on service retirement does not need approval prior to beginning active employment. However, to avoid an overpayment of retirement benefits and prevent payroll reporting problems for the employer, it is important to submit the Reinstatement From Service Retirement Application (PERS-BSD-145) in a timely manner.

If a disability or industrial disability retiree wants to reinstate to a permanent position, whether full-time or part-time, the disability retiree must obtain CalPERS' pre-approval for reinstatement prior to being hired as a regular employee. (G.C. sections 21191, 21192 and 21193). Violation of this requirement will result in reinstatement from disability/industrial disability retirement, i.e., termination of retirement, and may impact the retiree's future re-retirement benefits, such as losing the benefit stated under G. C. section 21197.

The publication [Reinstatement From Retirement](#) (PUB 37) includes the reinstatement applications for retired members on service, disability, or industrial disability retirement as well as information about the voluntary reinstatement process in general. There is also information about mandatory reinstatement and the other consequences of unlawful or "illegal" employment. The publication 37 is available through the Forms & Publications page on the CalPERS website.

Please be aware that reinstatement to an employer other than the one the member retired from could change the benefits the member was previously entitled to receive. The member should contact the employer's personnel office and clarify any questions they have about health benefits, vision care, dental care and death benefits that they offer their employees and retirees. A previous Golden Handshake is permanently lost upon reinstatement with any employer.

Reinstatement from retirement affects the cost-of-living adjustment (COLA) benefits the member will be entitled to receive in the future. The annual COLA increase will begin in the second calendar year after re-retirement. COLAs are determined based upon the year in which the member retires. Reinstatement will change the base year of the future retirement, and will therefore, also change the date the member will be entitled to begin receiving future COLAs. (G.C. § 21310.5, 21311, and 21313)

To be retired again following the member's reinstatement, they must submit a new application for retirement. The member should contact their employer's personnel office or CalPERS prior to retirement to obtain the correct application document(s).

Service Retirement

The Board, pursuant to the provisions of G.C. section 21196, may reinstate a person who has been retired under this Retirement System for service upon:

1. CalPERS receipt of the completed Reinstatement From Service Retirement Application (PERS-BSD-145) form. This form

is enclosed in the Reinstatement From Retirement (PUB 37) publication.

2. The retiree is responsible for completing Sections 1 and 3. Section 2 must be completed by a Human Resource or Personnel representative of the employer certifying the start date or hire date of the permanent position.

A person who has been retired under this Retirement System for service, following an involuntary termination of the person's employment, and who is subsequently reinstated to such employment by action on or after October 1, 1965, pursuant to an administrative or judicial proceeding, shall be returned to employment status for the period specified by the judgment. The requirements of G.C. § 21196 shall not apply in this case (G.C. § 21198).

A person who has been retired under this Retirement System for service may be reinstated from retirement pursuant to this article without regard to the requirements of G.C. § 21196, upon the retiree's application to the Board, if upon reinstatement, the retiree will be appointed by the Governor to any State office or employment (G.C. § 21199).

When a person is reinstated from retirement, the retirement allowance is canceled and the retiree becomes a member of the Retirement System as of the date of reinstatement. The retiree's individual account shall be credited with the actuarial equivalent of the retiree's annuity at the date of reinstatement, not to exceed the amount of accumulated contributions at the date of retirement (G.C. § 21200).

Disability/Industrial Disability Retirement (G.C. § 21191, 21192, 21193, And 21201)

A retiree retired for disability/industrial disability may request approval from CalPERS to reinstate to another CalPERS covered position.

1. The Board may require any retiree receiving a disability retirement allowance, under the minimum age for voluntary retirement for service, to undergo a medical examination for the approved disabling condition(s). If the Board determines that such recipient is not incapacitated for duty, the agency shall be

notified that such person is eligible for reinstatement to duty. The fact that the retiree was retired for disability does not prejudice any right to reinstatement to duty, which the retiree may claim. The retiree's disability retirement allowance will be canceled on the effective date of the employer's job offer (G.C. sections 21192 and 21193).

2. Any retiree may request approval from CalPERS to reinstate, whereby the retirement allowance is canceled and the retiree resumes active member status, including earning additional service credit towards his/her subsequent retirement. Upon a disability retiree's application for reinstatement, the Board may require the retiree, who is at least six months less than the age of compulsory retirement for service applicable to members of the class or category in which the retiree is applying for, to undergo a medical examination for the approved disabling condition(s). (G.C. sections 21192 and 21193)
3. If a retiree retired from the CSU, he/she has reinstatement rights to the retired position. If he/she requests approval to reinstate in a different position or with a different employer other than the one he/she retired from, the retiree will be determined whether he/she can perform all the duties for either the retired position or the new position. If he/she is still disabled for the retired position and not disabled for the new position, he/she still has the reinstatement rights to the retired position. If he/she is not disabled for either of the positions, he/she has the right to reinstate to the retired position. However, if he/she decides to reinstate to the new position, he/she will lose the reinstatement rights to the retired position. (G.C. sections 21193)

To request approval, the employer and retiree must:

- Complete Sections 1 and 2 (if applicable, see Additional Information for Industrial Disability section below) of the Reinstatement from Disability/Industrial Disability Retirement application (PERS01M0036DMC) found in the [Reinstatement From Retirement](#) publication (PUB 37);
- If the retiree is requesting reinstatement into a different position from which they retired, the

prospective employer must complete section 3 stating their intent to hire the retiree upon CalPERS approval. (G.C. sections 21192 and 21193);

- The employer provides a current job duty statement for the position and a completed and signed [Physical Requirements of Position/Occupational Title](#) form (PERS01M0050DMC) to the retiree. If the retiree disability retired with the CSU and is requesting reinstatement into a different position from which they retired or reinstatement with a different employer, the retiree will need to obtain a current job duty statement and a completed and signed Physical Requirements of Position/Occupational Title form (PERS01M0050DMC) for the retired position from the former employer as well;
- The retiree must schedule an appointment with a specialist for the disabling condition(s) that precluded him/her from working and provide the specialist with a copy of the position duty statement and the completed Physical Requirements of Position/Occupational Title form;
- If the retiree wants to reinstate to the retired position, or the retiree did NOT disability retire with the CSU and wants to reinstate to a different position or with a different employer, the specialist(s) must include in the medical report the following pertinent information on appropriate letterhead:
 - The retiree's name and the date of the most recent examination
 - The retiree's current diagnosis
 - Confirmation that the specialist(s) reviewed and discussed with the retiree the position duty statement (by title) and the Physical Requirement of Position/Occupational Title form.
 - A statement as to whether the retiree is presently capable of performing all tasks involved for the position with or without restrictions or limitations.
 - If there are restrictions or limitations, include specific details about the restrictions for the former position.
- The specialist's signature, printed name, medical specialty, and contact information
- If the retiree disability retired with the CSU and is requesting reinstatement to a different position or with a different employer, the specialist(s) must include in the medical report the following pertinent information on appropriate letterhead (G.C. sections 21192 and 21193):
 - The retiree's name and the date of the most recent examination
 - The retiree's current diagnosis
 - Confirmation that the specialist(s) reviewed and discussed with the retiree the position duty statements (by title) and the Physical Requirement of Position/Occupational Title forms for both the position he/she retired from and the new position he/she have applied for.
 - A statement as to whether the retiree is presently capable of performing all tasks involved for either of these positions with or without restrictions or limitations.
 - If there are restrictions or limitations, include specific details about the restrictions for both positions.
 - The specialist's signature, printed name, medical specialty, and contact information.
- CalPERS may require an independent medical evaluation to supplement the doctor's report. If so, CalPERS will select the physician, schedule the appointment, and pay for the examination. (G.C. § 20129)

If the retiree whose disability/industrial disability retirement has been canceled does not re-enter CalPERS covered employment, an amount which is the actuarial equivalent of the retiree's annuity at cancellation shall be credited to the individual account, and shall be refunded unless the retiree is eligible to elect, and does elect, to allow his/her accumulated contributions to remain in the retirement fund (G.C. § 21172).

Additional Information for Industrial Disability

For reinstatement from Industrial Disability to a miscellaneous position with a CalPERS-covered employer only, the retiree must also:

- Check the box in Section 2

The prospective employer must:

- Complete Section 3 stating their intent to hire the retiree upon CalPERS approval (G.C. sections 21192 and 21193).

Upon subsequent retirement, the retiree's allowance will be recalculated based on the average of the highest pay rate and special compensation during any consecutive 12 or 36 months depending upon membership date using the same benefit formula for industrial disability and adding an annuity for the additional time worked after reinstatement. If the retiree is eligible for a service retirement after the miscellaneous employment, the retiree may receive whichever allowance is greater, but will retain the industrial disability retirement classification (G.C. § 21197 and 21201).

However, if the retiree disability retired with the CSU and is found no longer incapacitated from performance of the job duties of his/her retired position due to his/her approved disabling condition(s) at a later date; he/she has the right to reinstate to his/her retired position. If he/she chooses to continue working in the miscellaneous position, he/she will lose his/her mandatory reinstatement rights to the retired position. In addition, he/she will no longer be covered under Government Code section 21201 when he/she stops working. He/she will not be entitled to resume an industrial disability retirement allowance using the salaries earnable under the miscellaneous position. (G.C. § 21193)

Local Safety Members

If the retiree retired for disability or industrial disability from a public agency local safety position, and he/she is requesting reinstatement to any public agency local safety position, the retiree must submit the initial application for reinstatement to the agency from which he/she retired. That agency will determine the retiree's eligibility for reinstatement.

If the retiree is reinstating into a CalPERS covered Miscellaneous position, the retiree must submit to CalPERS all the above required documents along with the medical documentation

used at the time of his/her retirement identifying the restrictions placed upon him/her, plus a position duty statement describing the position he/she held when he/she became disabled.

Note: If a retiring employee or retiree expresses an interest in working for a state agency employer after retirement, please advise the employee or retiree that civil service eligibility is required for a state agency. Refer them to CalHR for information on how to obtain civil service eligibility.

BENEFICIARY DESIGNATION (AFTER RETIREMENT)

Notification of Change in Beneficiary Status

It is important for a retired member to contact CalPERS to request a [Changing Your Beneficiary or Monthly Benefit After Retirement](#) (PUB 98) publication when any one of the following qualifying events occurs because his or her designated beneficiary's entitlement to certain CalPERS benefits could be affected:

- Marriage or domestic partnership of the retired member. (G.C. § 21462)
- Legal separation, dissolution or annulment of marriage or termination of domestic partnership of the retired member if initiated after the designation was filed. (G.C. § 21462)
- Birth or adoption of a child. (G.C. § 21462)
- Death of Retirement Option Beneficiary (G.C. § 21462)

Should any one of these events occur, a retired member's existing beneficiary designation for the Return of Remaining Contributions, the lump sum Retired Death Benefit, or the balance of Temporary Annuity payments are automatically revoked. Once the designation is revoked, lump sum benefits will be paid to the statutory beneficiaries in the following sequence:

1. To the retired member's spouse/domestic partner, or if none;
2. To the retired member's natural or adopted children, share and share alike, or if none;
3. To the retired member's parents, share and share alike, or if none;
4. To the retired member's brothers and sisters, share and share alike, or if none;
5. To the retired member's estate, if probated. If the estate does not require probate, but there is a trust, benefits will be paid to the trust. If there is no trust, benefits will be paid to the retiree's surviving next of kin in the order prescribed by law.

A retired member may designate a new beneficiary by obtaining a **Changing Your Beneficiary or Monthly Benefit After Retirement** (PUB 98) publication, which includes a Post Retirement Lump Sum Beneficiary Designation form (PERS BSD 509P), and returning the completed form to:

CalPERS
P.O. Box 942715
Sacramento, CA 94229-2715

The publication is available through the Forms & Publications page on the CalPERS website or by contacting CalPERS at **888 CalPERS** (or **888-225-7377**).

If the retired member wants their statutory beneficiary (ies) to receive the lump sum benefits payable, there is no need to file a PERS-BSD-509P. However, filing PERS-BSD-509P may help us locate the person(s) upon the member's death.

The member's spouse or domestic partner is required to sign the PERS BSD 509P acknowledging the designation made by the retired member. If the retired member does not certify they have no spouse/domestic partner or the document does not include the spouse/domestic partner signature, a [Justification for Absence of Spouse/Domestic Partner Signature](#) (PERS-BSD-800A) form must be completed and submitted with their designation.

NOTE:

A retired member's designation and benefit entitlement to any lump sum death benefit may be impacted by any domestic relations court order, which awards a current or ex-spouse/domestic partner a community property interest in the retired member's CalPERS retirement account. (Family Code Section 2610)

For an explanation of the limited situations under which retired members may change their optional settlement of beneficiary designation after retirement, please see the section entitled "Changing Your Retirement Option or Life Option Beneficiary" later in this section.

A survivor or beneficiary who is receiving an allowance following the death of the retired

member may designate a beneficiary to receive any unpaid allowance by requesting and filing a [Beneficiary Designation for Survivor's Prorated Allowance](#) (my|CalPERS 0777) form with CalPERS Benefit Services Division at (G.C. § 21491):

CalPERS
P.O. Box 942715
Sacramento, CA 94229-2715

If a retired member marries or enters into a registered domestic partnership, the new spouse/domestic partner is not automatically entitled to a monthly death benefit. (G.C. § 21454, 21453, 21462 and Family Code Section 2610) A retired member would have to modify the Option and name a new beneficiary. A modification will cause a reduction in the retired member's allowance to provide an ongoing allowance with health coverage to the new spouse or domestic partner. For more information, the retired member must read the [Changing Your Beneficiary or Monthly Benefit After Retirement](#) (PUB-98) publication. The publication is available on the CalPERS website at www.calpers.ca.gov.

Qualifying Life Events after Retirement

Certain life events can impact a retiree's CalPERS retirement benefits. Depending on the life event, the retiree can request to:

- Add or change a beneficiary designation,
- Remove a beneficiary designation, or
- Request a benefit allowance increase.

Before making an election to add or change a beneficiary designation, the retiree must obtain an estimate of their new retirement allowance by logging in to their personal my|CalPERS account at my.calpers.ca.gov and follow the prompts from the Retirement tab to Change Retirement Benefit.

Effective Date for Changing an Option (G.C. § 21462)

If the retired member made an election to change their option within 12 months of the qualifying event, the effective date is the first of the month following CalPERS receipt of their completed election document. Both the retired member and their new beneficiary must be alive on the effective date.

If the retired member makes an election to modify their option more than 12 months after the

qualifying event, the modification will not become effective until 12 months after the election is made. Both the retired member and their new beneficiary must be alive on the deferred election effective date.

Health Insurance (G.C. § 22830)

When a retired member considers a modification of retirement option, they need to remember that continuation of CalPERS health insurance coverage of a new spouse/domestic partner depends on their being enrolled as a dependent on the retired member's plan at the time of the retired member's death and the retired member made an election of option that provides the new spouse/domestic partner with a monthly allowance.

If a retired member has CalPERS health insurance, they must immediately notify CalPERS if they divorce, terminate a domestic partnership or suffer the death of a spouse, domestic partner or other dependent. Failure to make a timely notification may result in incorrect premium deductions from the retired member's monthly allowance.

DEATH OF A RETIREE

If you become aware of the death of a retiree, please contact CalPERS with the name, birth date, Social Security number or CalPERS ID, and date of death of the deceased, as well as the names, relationships, and addresses of the next of kin. A written or telephone communication detailing this information is acceptable for death notification provided an official of the agency gives it. The Report for Separation for Death – Request for Payroll Information (PERS-BSD-738) form should NOT be submitted for a retired person's death.

Information for Family of Deceased

When a CalPERS retiree dies, there are several important steps a spouse or family member can take to help assure prompt payment of any benefits payable by CalPERS. The **first step** is to notify CalPERS by telephone at **888 CalPERS** (or 888-225-7377) or by letter at P.O. Box 1652, Sacramento, CA, 95812-1652. We will need as much of the following information as possible:

1. Name and Social Security or CalPERS ID number of deceased retiree.
2. The date of death.
3. Name, address, and telephone number of person providing notice of death.
4. Name, address, and telephone number of surviving spouse/domestic partner, other next-of-kin, or the person whom will be settling the estate.
5. If applicable, Social Security number of surviving spouse/domestic partner if available.
6. Date of birth of surviving spouse/domestic partner if available.
7. Date of marriage/registration of domestic partnership if available.

The **second step** is to accumulate documentation. CalPERS will ask for:

1. A photocopy of the certified death certificate with the member's Social Security number written in the top right corner.
2. The name, address and phone number of the person handling the estate if the member's estate requires probate. Letters of administration must be submitted by the executor of the estate before benefits can be paid to the estate.

3. Other documents which are not included in the member file such as photocopies of marriage certificates, domestic partnership registration or birth certificates with Social Security number.

The **third step** is completing the **Application for Retired Member/Payee Survivor Benefits** (my|CalPERS 1191) form that is sent by CalPERS. This form is used to determine whether any event has occurred to invalidate the beneficiary designation or to identify persons who might be beneficiaries by law. It is a formal application to receive payment of death or survivor benefits determined payable by CalPERS. The person completing this form is certifying that he/she is the person identified therein. This form should be completed in full and returned to CalPERS with the copies of the other documentation, (death certificate, marriage certificate, newspaper clipping, etc.) as quickly as possible. Enclosed with the **Application for Retired Member/Payee Survivor Benefits** (my|CalPERS 1191) form will be a **Tax Withholding Election for Survivor Benefits** (my|CalPERS 1190) form so an election may be made for Federal and State Tax withholding.

Health Insurance

If the survivor is entitled to a monthly benefit and continued coverage under the Public Employees' Medical and Hospital Care Act (PEMHCA), as administered by CalPERS, the enrollment shall be continuous. (C.C.R. § 599.502(E) (8))

Warrants Issued After Retiree's Death

All checks or retirement warrants issued (dated) after the retiree's death should be promptly returned to CalPERS.* If funds have been transferred to a bank for direct deposit to the retiree's account, CalPERS will contact the bank directly regarding reimbursement of the full amount of the warrants issued after the retiree's death. Any allowance accrued but unpaid prior to the retiree's death will be paid to the eligible beneficiary. (G.C. § 21510)

*Unless the CalPERS representative specifically tells the surviving spouse or registered domestic partner that the payments do not need to be returned

COMPLETING THE TAX WITHHOLDING ELECTION FOR DEATH BENEFITS

Monthly and/or Prorated Payment Including Any Allowance Adjustments

The retirement allowance is treated as payroll wages. Federal income tax will be withheld based on the rate of a married person claiming three exemptions unless the beneficiary or survivor elects no withholding, or elects a different marital status or number of exemptions. If no election is submitted and the rate of married with three exemptions is used, no federal tax will be withheld if the gross monthly payment is less than the IRS minimum level.

If the beneficiary or survivor is a resident of the State of California (or a non-California resident who chooses to have California state taxes withheld), state income tax will also be withheld based on the rate of a married person claiming three exemptions unless they elect no withholding, elect a flat amount withheld, or elect a different marital status or number of exemptions. For California residents, if no election for state withholding is submitted and the rate of married with three exemptions is used, no taxes will be withheld if the gross monthly payment is less than the Franchise Tax Board minimum level.

Return of Remaining Contributions, Temporary Annuity Payments and Retired Death Benefit (C.C.R. § 589.5 and G.C. § 22970.88)

If the benefit is payable to a spouse (or ex-spouse awarded a community property interest), death benefits may be non-taxable, partially taxable, or fully taxable. Any taxable portion of the benefit will be subject to 20 percent federal withholding unless rolled over into an IRA.

The non-taxable portion of the distribution is not eligible for rollover. This portion will be paid with no taxes deducted and will be reported to the tax authorities as a non-taxable benefit. Special tax rules apply to eligible rollover distributions. The spouse should consult a tax advisor before making a tax election for these benefits.

If someone other than the retiree's spouse or ex-spouse is a beneficiary of all or a portion of the Return of Remaining Contributions, Temporary Annuity balance, or Retired Death Benefit, the taxable portion of the benefit will be subject to 20 percent federal withholding unless rolled over into an "inherited" type IRA. The non-taxable portion of the distribution is not eligible for rollover. It will be paid with no taxes deducted and will be reported to the tax authorities as a non-taxable benefit. Special tax rules apply to eligible rollover distributions. The non-spouse beneficiary should consult a tax advisor before making a tax election for these benefits.

If the beneficiary lives in California, CalPERS will automatically withhold 3 percent of the taxable portion of the payment for State taxes unless the payments are rolled over into an IRA.

If they do not wish to have State tax withheld from the Return of Remaining Contributions, Temporary Annuity or Retired Death Benefit payment, they must submit a **Tax Withholding Election for Survivor Benefits Including Benefits Eligible for Rollover** form (my|CalPERS 1192) with the appropriate box checked.

TAX AND INCOME REPORTING INFORMATION

Statement of Benefits Paid and Withholding (C.C.R. § 589.5 and G.C. § 22970.88)

In January of the year following payment, CalPERS provides each retiree and/or beneficiary with a tax statement showing the gross amount(s) of benefits paid during the previous calendar year and the amount of income tax withheld, if any. All payments made by CalPERS are reported to the IRS and California State Franchise Tax Board. Questions about the taxability of CalPERS benefits should be directed to the IRS, the California State Franchise Tax Board, or a tax advisor.

TAXPAYER IDENTIFICATION NUMBER (C.C.R. § 589.5 and G.C. § 22970.88)

Section 6109 of the IRS Code requires recipients of reportable payments to furnish Taxpayer Identification Numbers (TINs). The Social Security Number (SSN) for domestic payees; Individual Taxpayer Identification Number (ITIN) for foreign payees (or Employer ID number, if a trust, estate or organization) must be furnished to CalPERS, even if the retiree and/or beneficiary is not required to file a tax return.

NOTICE OF POSSIBLE PENALTIES (C.C.R. § 589.5 and G.C. § 22970.88)

If the retiree and/or beneficiary elects not to have federal tax and/or California State tax withheld, or not enough federal or California State tax withheld, the retiree and/or beneficiary may be responsible for payment of estimated tax. The retiree and/or beneficiary may also incur penalties under the estimated tax rules if withholding and estimated tax payments are not sufficient. IRS Publication 505, [Tax Withholding and Estimated Tax](#), provides additional information.

Changing a Tax Withholding Election (C.C.R. § 589.5 and G.C. § 22970.88)

Once a tax withholding election for a monthly benefit is filed, it will remain in effect until another election is filed revoking the original.

To file another election, the retiree and/or beneficiary would need to submit another Tax Withholding Election ([myCalPERS 1289](#)) form and submit it to CalPERS. This form can be viewed and printed from the Forms & Publications page on the CalPERS website.

REFUND OF MEMBER CONTRIBUTIONS

Member Refunds

Once a permanent separation has been entered into my|CalPERS, an Options at Separation letter is generated to the member. The letter explains the members options based on age and vesting as well as providing tax information if they choose to withdraw their contributions and interest. (G.C. § 20730)

If the member is moving from one CalPERS covered employer to another, he or she may not receive a return of contributions. In addition, if the member is moving to any of the public funded retirement systems with which CalPERS has a reciprocal agreement, the member may not elect to withdraw his or her contributions. If the member is moving to a position covered under CalSTRS, Legislators' Retirement System, University of California Retirement Plan, or the Judges' Retirement Systems, he or she may not elect to refund. (G.C. § 20731)

Should the member prefer to leave their funds in CalPERS, they need not respond to the Options at Separation letter. Their contributions will continue to earn interest at the current rate. As long as the contributions remain in CalPERS, members can review their Annual Member Statement which is available online, via their my|CalPERS member account, or mailed (if elected) each November to the current address on record. If the member has at least five years of service credit, he or she can apply for a retirement allowance at age 50 or older. If the funds are still in CalPERS when the member reaches age 70, an election to either refund or retire must be made. (G.C. § 20731)

Should the member prefer a refund of contributions and interest, he or she will need to return the [Refund/Rollover Election Package](#) (my|CalPERS 0802) directly to CalPERS. The form is located on the CalPERS website or can be obtained by calling CalPERS and requesting a copy. The member can elect to withdraw his or her contributions and interest as an in-hand distribution or as a rollover to an IRA or other qualified retirement plan. (G.C. § 20734)

A refund will not be issued until the member has been permanently separated from all CalPERS-covered employers via my|CalPERS. (G.C. § 20733)

NOTE:

A member who is on an extended leave without pay or on a military leave may not receive a refund of their CalPERS retirement contributions. These types of refunds are considered "in service distributions," which are not allowed by the Internal Revenue Service.

FORFEITURE OF BENEFITS

An employer who employs a member who was convicted on or after January 1, 2013, by a state or federal trial court of any felony under the law for conduct arising out of or in the performance of his or her official duties, must notify CalPERS at (888) 225-7377 within 90 days of the conviction. (GC sections 7522.72 and 7522.74).

The government code further states that CalPERS may assess a public employer a reasonable amount to reimburse the cost of audit, adjustment, or correction, if it determines that the public employer failed to comply with this section.

Members subject to GC 7522.72 or 7522.74, must forfeit all accrued rights and benefits in CalPERS retroactive to the first commission date of the crime and he or she can no longer work for a CalPERS-covered employer.

Upon notification, the employer will need to provide the following information:

- The earliest date (mm/dd/yyyy) of the commission of the felony
- The court(s) in which the case was heard
- The name and mailing address of the presiding judge
- The name and mailing address of the prosecuting attorney (state and/or federal)
- The description of the felony charges for which the employee was convicted
- Date of conviction/date of guilty plea
- In addition to providing the above information please submit a copy of the supporting court document(s) related to the employee's felony conviction/guilty plea

For additional information about forfeiture of benefits, please see the fact sheet at <https://www.calpers.ca.gov/docs/forms-publications/forfeiture-benefits-fact-sheet.pdf>

IRC SECTION 415 (B) REPLACEMENT BENEFIT PLAN

Internal Revenue Code section 415(b) (IRC 415) is a federal provision that limits the amount of annual retirement benefit an individual can receive from a tax-qualified, defined benefit pension plan such as CalPERS. The annual retirement benefits payable from CalPERS are subject to the dollar limits imposed by IRC 415. This law was enacted to prevent employers from using tax-qualified defined benefit plans as tax shelters. The CalPERS retirement plan may lose its tax-exempt status if it fails to comply with IRC 415.

The IRC 415 places a dollar limit on the annual retirement benefit (allowance) that can be received from CalPERS. CalPERS retirees whose retirement allowances are limited by IRC 415 will receive replacement benefits from a separate fund through the Replacement Benefit Plan (RBP), as permitted by California retirement law effective January 1, 2013¹. The RBP is funded by replacement benefit contributions paid by the retiree's former CalPERS employers.

When a retiree's retirement allowance exceeds the IRC 415 dollar limit CalPERS invoices the retiree's former employers for the amounts payable from the RBP. The invoice payments are deposited into the Replacement Benefit Fund (RBF). CalPERS issues payment from the RBF to the retiree. Payment of the employer invoices is required before any replacement benefit can be issued to a retiree.

Every CalPERS employer is deemed to participate in the RBP by statute. CalPERS' authority to administer the RBP is set forth in Government Code section 21750 et seq., and in Title 2 of the Code of Regulations section 589 et seq². Under section 21761, "all contracting agencies under this system shall be deemed to have elected to contract with the board for administration of the replacement benefit plan". The Replacement Benefit Custodial Fund

("RBP Fund") from which amounts exceeding I.R.C. § 415 limits are paid, is separate and apart from the retirement fund. (Gov. Code § 21758, subd. (a)). Employers are required to pay into the RBP Fund "amounts equivalent to the benefits that are not paid from the retirement fund to annuitants because of the application of the payment limitations under Section 415 of Title 26 of the United States Code; and administrative costs assessed to and paid by members enrolled in the replacement benefit plan." (Gov. Code § 21758, subd. (c), and Cal. Code Regs., tit. 2, § 589.4, subd. (a) and (b)).

For additional information about IRC section 415(b) and the Replacement Benefit Plan, please see the [IRC SECTION 415 \(b\) REPLACEMENT BENEFIT PLAN FACT SHEET](#).

¹ Effective January 1, 2013 only retirees with a CalPERS membership date prior to January 1, 2013 are eligible for the Replacement Benefit Plan in retirement.

² All statutory references are to the Government Code and all regulation references are to Title 2 unless indicated otherwise.

SOCIAL SECURITY AND PUBLIC EMPLOYEES

Are public employees covered by Social Security?

Yes, public employees can be covered by Social Security benefits if the employer contracts for an optional Section 218 Agreement. The Section 218 Agreement allows employers that offer a government pension to also offer Social Security benefits to their employees. To learn more about contracting for coverage under the Section 218 agreement, please contact the [State Social Security Administrator program](#), or visit our website at www.calpers.ca.gov/sssa

What is the Windfall Elimination Provision (WEP)?

If any part of the employee's pension is based on work not covered by Social Security, the employee's Social Security benefits may be affected.

NOTE:

If an employee has contributed to Social Security more than 30 years they may be exempt from WEP.

Who does WEP affect?

There are three general criteria. First, the employee works or worked in a government position **not** covered by Social Security. Second, the employee is entitled to a government pension from that employment. Third, the employee is eligible for a Social Security retirement or disability benefits.

Employees should review their Social Security earnings statement with an analyst from the Social Security Administration (SSA). If they have zeros in columns when they worked in government service, they may be subject to WEP.

How much is the WEP reduction?

The SSA website has a [WEP calculator tool](#) available. An Employee's Social Security Benefits can be reduced if the employee had fewer than 30 years of substantial earnings. Employees will need a copy of their earnings statement to use the tool.

Does an employee's Social Security estimate take WEP in consideration?

No, the estimate from Social Security does not factor in WEP. To find out how much the reduction will be, use the WEP calculator available on the Social Security website.

What is the Government Pension Offset (GPO)?

If any part of the employee's government pension is based on work not covered by Social Security, the employee's Social Security spouse's or widow(er)'s benefits may be reduced.

NOTE:

GPO does not affect the employee's spouse's Social Security benefits based on their own earnings.

Who does GPO affect?

There are two general criteria. First, the employee is entitled to receive a spousal or widow(er) Social Security benefits. Second, the employee is receiving a government pension from an employer in which the employee did not pay Social Security taxes.

How much is the GPO reduction?

The SSA website has a [GPO calculator tool](#) available. SSA will calculate two-thirds of the government pension and reduce the employee's entitlement the employee is eligible for through their spouse.

Incorrect Application of WEP and GPO

There have been instances when the SSA applies the WEP and GPO to government employees incorrectly. If you have employees who are concerned please refer them to their local Social Security office or to contact the [SSA Public Affairs](#) team online.

Employees who have contributed to Social Security can sign up for a [my Social Security](#) account to access their Social Security Statement, review estimates of future Social Security retirement benefits, and more.

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CALPERS WEB SERVICES

my|CalPERS

The my|CalPERS system is a self-service, web-based platform developed for employers, business partners, and members to conduct business with CalPERS. my|CalPERS offers robust services by providing faster and more reliable service to all CalPERS customers, while ensuring that all business transactions with CalPERS are quick, easy, and secure.

You can find specific information about this system by accessing the [my|CalPERS Technical Requirements](#) pages and/or the [my|CalPERS Student Guides](#) page on the CalPERS website.

On July 30, 2012, CalPERS launched an enhanced version of my|CalPERS for members to access their real-time account information. This enhancement allows members to see the information submitted on their behalf by their employers, including appointment, payroll, and service credit information.

Therefore, it is critical to stay current with information reported to CalPERS on behalf of your employees. Employer accuracy and promptness will alleviate future concerns or questions members may have with their CalPERS account and the information provided by your agency.

System Access Administration

An agency's my|CalPERS system access administrator (SAA) is a key point of contact. The person is accountable for providing and maintaining my|CalPERS access to system users. This involves utilizing system administrator pages in my|CalPERS to associate predefined access roles to each contact and assign the username and password. In addition, they have the responsibility to reset a user's password, lock a user's access rights to my|CalPERS and change a user's access role(s).

You can find specific information about SAA on the CalPERS website at: [System Access Administration](#)

CalPERS Website

The [CalPERS website](#) provides instant access to general CalPERS information for employers, members, and the public.

The CalPERS website highlights information about CalPERS retirement plans, health benefit programs, and pension fund investments. Please refer to the comprehensive Employers section to find the following information:

- Actuarial Information
- CalPERS Retirement Calculation Information
- Circular Letters
- Elected Official Toolkit
- Employer Education
- Employer Forms & Publications
- Employer Rates
- Health Benefits Information
- Membership, Payroll and Compensation Information

The Contract link at the top of every page directs you to information about how to contact CalPERS.

CalPERS strives to provide useful information to members, employers, and the public in a quick, easily accessible format through the website. The CalPERS website supplements the existing telephone and in-person services at our headquarters and Regional Offices.

If you have any comments or suggestions regarding the website, please contact CalPERS through the online [Questions, Comments & Complaints](#) form or call the CalPERS Customer Contact Center at **888 CalPERS** (or 888-225-7377).

CalPERS Employer Bulletin

CalPERS Employer Bulletins provide the latest news and information regarding Circular Letters, Board of Administration information, and other communications, tailored specifically for employers via email. Agency personnel (i.e., accounting and payroll staff, health benefits officers, city managers, etc.), administrators, and other interested parties can all benefit from this service by receiving CalPERS Employer Bulletins directly in their email box as soon as news is released. Each CalPERS Employer Bulletin comes in a plain text format for easy viewing and email retrieval and contains direct links to the actual employer information on the CalPERS website.

You can sign up for CalPERS Employer Bulletins through the [Email Subscriptions](#) page on the CalPERS website.

Circular Letters

[Circular Letters](#) are a uniform method of communicating with State, Schools, and Public Agencies. CalPERS uses Circular Letters to keep employers informed of changes to CalPERS policies and procedures, as well as to share important information and announcements. These letters provide important documentation to reference when working on CalPERS issues. Circular Letters are mailed to employers, but you can also receive an email informing you of the release of a new letter by subscribing to CalPERS Employer Bulletins.

The CalPERS website has an archive of letters going back to 1996. You can search by date or key word to find the information you need.

Subscriptions Services

[CalPERS Website Subscriptions](#) are your direct link to the latest CalPERS news and information by email. Available subscriptions include:

- Board Meeting Notices and Agenda Alerts
- Ambassador Program Newsflash
- CalPERS Legislative News
- CalPERS Long-Term Care Program Alert
- CalPERS News
- Employer Bulletin
- Member Education Bulletin
- State Social Security Administrator Program Newsletter

Board Meeting Notices and Agenda Alerts are a direct link to Board of Administration Meeting Notices and Agendas as soon as they are available.

Ambassador Program Newsflash conveys the best practices for communicating the facts about pensions.

CalPERS Legislative News provides updates on CalPERS policy issues and actions.

CalPERS Long-Term Care Program Alert provides specific program news and updates.

CalPERS News is our newsletter delivered directly to your email as the news happens for important information on issues and activities impacting CalPERS programs and services.

Employer Bulletins are the latest employer-related news and information sent directly to your email box.

Member Education Bulletin provides class scheduling information including dates for CalPERS member education events, webinars, and instructor-led classes.

Finally, the State Social Security Administrator Program Newsletter delivers information about Social Security and Medicare coverage for state and local government employees.

ORDERING FORMS & PUBLICATIONS

Forms & Publications are available through my|CalPERS, the CalPERS website or email.

Via my|CalPERS

You can order Forms & Publications via the my|CalPERS system by selecting the “request” link from the my|CalPERS home page.

Via the CalPERS Website

Forms & publications are available by download from the CalPERS website through the [Forms & Publications page](#).

Via Email

To order supplies in bulk, please email: Public_Agency_Requests@calpers.ca.gov.

Please include your agency name, agency address, agency telephone number (with area code) and CalPERS identification number for shipping purposes. Also include the form or publication number, title, number of units ordered and unit of measure for each item ordered, with each request.

Size of Order

When ordering supplies, please limit your order to a six-month supply. my|CalPERS keeps a record of the supply needs of each agency. If an excess number of forms or publications are ordered, the Supply Section will reduce the order to the maximum allowed for your agency.

Other Publications

- [California Public Employees' Retirement Law \(PERL\)](#)
- [Local Elected Official Funding Toolkit](#)

If you need assistance, please call the CalPERS Customer Contact Center **888 CalPERS** (or **888-225-7377**).

LIST OF CALPERS MEMBER PUBLICATIONS

The following member publications may help you convey CalPERS benefit information to your employees. All publications are available in [Forms & Publications](#) on the CalPERS website.

Planning Your Service Retirement	PUB-1
School Member Benefit Publication	PUB-2
State Miscellaneous & Industrial Member Benefit Publication	PUB 6
State Safety Member Benefit Publication	PUB 7
Local Miscellaneous Member Benefit Publication	PUB-8
Local Safety Member Benefit Publication	PUB-9
National Guard Member Benefit Publication	PUB-11
A Guide to Your CalPERS Service Credit Purchase Options	PUB-12
Temporary Annuity	PUB-13
Partial Service Retirement	PUB-14
When You Change Retirement Systems	PUB-16
CalPERS Special Power Of Attorney	PUB-30
Retired Member Death Benefits	PUB-31
Employment After Retirement	PUB-33
A Guide to Completing Your CalPERS Disability Retirement Election	PUB-35
Reinstatement From Retirement	PUB-37
A Guide to CalPERS Community Property	PUB-38A
CalPERS Domestic Relations Model Orders	PUB-38B
A Guide to Completing Your Service Retirement Election	PUB-43
A Guide to Completing Your Nonmember Service Retirement Election	PUB-44
State Second Tier Benefit Election Package	PUB-52
Changing Your Beneficiary or Monthly Benefit After Retirement	PUB-98

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Education and Other Resources

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The information provided in this publication is for your convenience and reference as a general guide only and cannot be relied upon as an authoritative source for the law, practices, or policies of CalPERS. While CalPERS tries to include only accurate, timely and complete information in its publications, summaries, guidelines and other advisory printed materials, sometimes information provided in printed materials may be or become inaccurate, untimely, incomplete, unclear or misleading. In all instances, the law then in effect, not this publication, controls the application of the Public Employees' Retirement Law. It is the reader's responsibility to independently verify the accuracy of the information contained in this publication before engaging in a course of action.

CalPERS Education and Events

CalPERS provides various education and training offerings to assist you and your employees in conducting business with CalPERS as well as learn about member benefits. You can find important information, additional resources, and quick tips to help you maximize the services we offer by viewing the education pages on the CalPERS website.

CalPERS also provides special request Employer Business rules and my|CalPERS System Training for those Public Agency and School Employers that need additional assistance with determining CalPERS membership eligibility and reporting responsibilities.

Types of Employer Training

In order to accommodate individual learning styles, we provide different types of training to help you conduct business with CalPERS.

On-Line training

Our online training modules provide a convenient, self-directed, and self-paced training experience. These modules include my|CalPERS System Training as well as our Health and Retirement Business Rules. Requiring only the use of a computer with Internet connection and Adobe Flash Player, participants can access this type of training 24 hours a day, seven days a week.

Instructor-Led Training

Our instructor-led training (ILT) classes are classroom style training where each participant will follow along with an instructor through scenarios associated with each lesson.

These ILT hands-on classes are delivered onsite at CalPERS Regional Offices and select alternate locations.

Employer Education

Our employer education classes provide you valuable information about CalPERS membership, payroll reporting, health enrollments and System Access Administration.

Employer Classes

my|CalPERS System Training Classes

In our instructor-led my|CalPERS system training classes, you'll learn how to submit your agency's health, membership, and payroll transactions. This training is accompanied by the [my|CalPERS Student Guides](#).

Employer Business Rules

In addition to my|CalPERS system training, CalPERS offers Employer Business Rules classes. These classes are designed for Public Agency and School employers that conduct business with CalPERS. The classes outline your reporting responsibilities and provide employer-specific business rule education on membership, compensation, payroll, benefits, and more.

Employer Health Business Rules

The Health Business Rules Training class will help you learn about the [Public Agency & School Health Benefits Guide](#), Health Benefits Officer (HBO) responsibilities and provide employer-specific health business rules education on health plan options, eligibility and enrollment requirements and health benefits into retirement.

Training Dates and Locations

For information on upcoming training dates and locations, please view the [Employer Education Schedule](#). More schedule details and registration tools are available in [my|CalPERS](#) through the Education tab. For class listings and materials, visit the [Employer Training Classes](#) page.

If you prefer to take an online course or are unable to attend an instructor-led class, business rule training is always available in my|CalPERS through the Education tab. Here you'll be able to access the information you need regarding contracts, membership eligibility, compensation, and more.

How to Enroll

To register for an instructor-led my|CalPERS system training class or an Employer Business Rules class, log in to my|CalPERS and enroll through the Education tab.

You may enroll yourself or your employees by performing the following steps:

- From the Education tab, select the Select a Class link.
- Select the class title link.
- From the Class Details page, select the Enroll link.
- Select who you would like to enroll (i.e., yourself, your employees, or both).
- Select the Next button to enter contact information for each enrollee.

If you need assistance or have any questions, please contact the CalPERS Customer Contact Center at **888 CalPERS** or **(888-225-7377)**.

Disability Retirement Workshops

CalPERS Customer Service and Outreach Division sponsor the Benefit Services Division, Disability Section, who conduct Disability Retirement workshops. The three-hour workshop is an interactive process intended to benefit the Human Resources personnel, Return-To-Work Coordinators, Health & Safety Officers, Risk Managers, and other interested employer and employee representatives. These workshops provide information on all aspects of disability and industrial disability retirement, local safety, reinstatement, employment after retirement issues, and include Q & A opportunities.

For workshop information, select the following link:

[Disability Retirement Workshops - CalPERS](#)

CalPERS Annual Educational Forum

CalPERS holds a three-day Educational Forum every Fall. The Forum provides employers the opportunity to get the most up-to-date CalPERS information, attend classes, and talk to CalPERS Board members and staff at this event focused entirely on employer topics. Registration materials are generally mailed in August.

If you have not attended this popular event before and would like to be placed on our direct mailing list, please e-mail your request to:

CalPERS_Educational_Forum@calpers.ca.gov.

Member Education

Our member education resources provide your employees with valuable information about their CalPERS membership benefits,

savings and health programs, and available online resources.

Educational Resources

Employer-Sponsored Retirement

Planning Classes for Members

CalPERS Regional Office staff conduct employer-sponsored retirement planning classes at the employer's facility. The class provides customized explanations of the employee benefits offered by the employer. A minimum audience of 20 is recommended to request an employer-sponsored class. If the audience will be less than 20, please contact CalPERS.

To request an employer-sponsored class, call the CalPERS Customer Contact Center at **888 CalPERS** (or **888-225-7377**).

Retirement Classes for Members

We offer six classes that are available either online or as instructor-led classes throughout California to help members prepare for retirement. Each of the classes is based on a member's career life cycle.

New CalPERS Member

This class is for members who are new to the CalPERS retirement system. Members receive an overview of CalPERS programs and benefits.

Continuing CalPERS Member

This class is for members who are not yet ready to retire but want more information about CalPERS benefits and programs.

Planning Your Retirement

This class is for members nearing retirement and is designed to help members plan and prepare for retirement.

Completing Your Retirement Application

This class is for members who are ready to retire. It provides detailed information on the step-by-step process of filling out the retirement application.

Completing Your Disability Retirement Application (Online only)

This class is for members who need to complete the Disability Retirement Application forms and submit a complete application package.

Retired CalPERS Member

This class is for members who have already retired. The class provides retirees with information about CalPERS programs and provides a refresher on retirement benefits.

How to Enroll

Advise your employees to log into their my|CalPERS account, select the Education Resource tab, “View Classes” link to find a class that is convenient for them.

Webinars

CalPERS provides monthly webinars on a variety of topics as a convenient learning resource. Visit the website under Member Education to register. Webinar examples include:

- Planning Your Retirement
- Your Retirement Application and Options
- CalPERS Members – Early Career Basics
- Power of Attorney
- Service Credit Purchase

Recorded webinars will be available for future on-demand viewing at the YouTube channel under the **CalPERSNetwork**. You may also view additional videos about retirement benefits, planning your financial future, CalPERS health benefits and more.

CalPERS Benefits Education Events

CalPERS Benefits Education Events (CBEEs) are held throughout the state and open to members at all career stages.

CBEEs provide informative event classes uniquely tailored for those early through mid-career as well as those nearing retirement. Members learn about health benefits, retirement benefits, and deferred compensation along with informational classes on Social Security and my|CalPERS.

Members will also have the opportunity to speak with representatives from CalPERS and our partner organizations.

For more information, select “Attend Training & Events” under the “I Want To” column to visit the CalPERS Benefits Education Events page at the CalPERS website.

Member Education Bulletin

To help you and your employees know about upcoming member education offerings, subscribe to our Member Education Bulletin. Visit our website, scroll down to Subscribe and follow the simple steps to complete your subscription. Stay informed about your member education opportunities.

CalPERS Supplemental Income 457 Plan

The CalPERS Supplemental Income 457 Plan (CalPERS 457 Plan) is a deferred compensation plan administered by CalPERS for public agency and school employers and their employees.

It provides employees a low-cost, convenient way to save for retirement through payroll deductions. There is no cost to your agency and it's an added benefit that your employees will feel good about.

CalPERS administers the 457 Plan for over 760 agencies throughout California, with record keeping and participant education services provided by Voya®, the fifth-largest defined contribution plan record keeper in the nation.

When you sign up for the CalPERS 457 Plan, we take care of the rest. CalPERS:

- Acts as the trustee of your employees' deferred compensation assets
- Leverages existing payroll deduction feeds into myCalPERS to receive your employees' CalPERS 457 Plan deferrals and loan repayments
- Manages service levels with administrative service providers
- Monitors contribution limits
- Selects the investment line-up options

Funds are managed internally by CalPERS in-house investment staff and external institutional investment managers under contract to CalPERS.

Benefits to Employees

- The convenience of saving for retirement through payroll deduction.
- A competitively priced plan, with total fund expenses of 0.40% - 0.55%.
- A proprietary lineup of core institutional investments including Target Retirement Date Funds specifically designed for public employees based on the latest research in portfolio theory and behavioral finance.
- Financial education and support by licensed experienced local representatives.

Low Fees

CalPERS understands that low costs are essential to successful long-term investing for retirement. The 457 Plan's "all-in" fee structure is simple, fair and includes all administrative/recordkeeping fees as well as

investment fees. To keep fees as low as possible, CalPERS does not engage in revenue sharing or administrative expense reimbursement. And CalPERS keeps close tabs on the industry to assure fees remain competitive.

Institutional Funds

To provide a simpler approach to investing, the 457 Plan offers a streamlined lineup of investment options. CalPERS has selected six index funds in different asset classes that serve as the 457 Plan's core funds. These funds also comprise the 457 Plan's target retirement date funds which offer a diversified portfolio in one fund. Participants select a fund, and CalPERS manages the asset allocation of each fund. Participants who prefer to select and manage their asset allocation instead of picking a target retirement date fund can choose among the 457 Plan's core funds. A self-directed brokerage option is also available to participants at contracting agencies that have adopted the Self-Managed Account provision. This is for experienced investors through Schwab's Personal Choice Retirement Account® (PCRA).

Participant Education

Our regional account managers support your employees and retirees with on-site and online education services, including one-on-one appointments, upon request. We can also help your employees coordinate their 457 Plan account with other retirement benefits. The 457 Plan delivers additional value with the latest in financial education, plus planning and investing tools from Voya®. Participants can access their accounts, education and tools 24/7 using the 457 Plan website, toll free telephone number and mobile devices.

For information on how to adopt the CalPERS 457 Plan as an agency, visit the CalPERS 457 Plan Employer Resource Center at www.calpers-sip.com, or call us toll free at (800) 696-3907 to speak with a representative.

For information on how to enroll in the CalPERS 457 Plan as a participant, contact your agency benefits coordinator to obtain the CalPERS 457 Plan participant enrollment kit or call toll free (888) 713-8244 to discuss enrollment with a regional account manager.

California Employers' Retiree Benefit Trust (CERBT) Fund

The California Employers' Retiree Benefit Trust (CERBT) Fund is an investment vehicle that can be used by all eligible California public employers to prefund Other Post-Employment Benefits (OPEB) such as health, vision, dental and life insurance.

Overview

The CERBT Fund is an agent multiple-employer OPEB trust plan administered by CalPERS, a California State agency, in compliance with Internal Revenue Code (IRC) Section 115 and with Governmental Accounting Standards Board (GASB) Statements. CERBT is an investment vehicle dedicated to prefunding OPEB for all eligible California public agencies, even for those with no other relationship with CalPERS. By joining this trust fund, California public employers can help finance future OPEB costs in large part from the investment earnings provided by CalPERS. Since its launch in 2007, more than 525 California public employers chose CERBT as their OPEB trust fund.

Why Prefund?

- Contributes to preserving a positive credit rating.
- Generates investment income from employer controlled contributions to pay for future retiree benefits.
- Reduces future employer cash flow requirements and budget dependency with investment.
- Reduces OPEB liabilities reported on employer annual financial statements.

Benefits of Investing with the CERBT Fund

As one of the nation's largest public employer OPEB trust funds, we strive to sustain retiree health benefits. We do so by delivering an uncomplicated, low cost investment and administration program, high-quality service, compliance reporting, and education about the value of prefunding retiree healthcare benefits.

- Personal direct service and support
- Financial reporting compliant with governmental accounting standards
- All services provided at a single, low cost

- Assistance with GASB compliance and financial reporting
- Investment management by experts at CalPERS and internationally renowned consultants
- No revenue sharing agreements, surrender/withdrawal/deferred sales charges, investment performance charges, or minimum fee requirements
- Simple straightforward administrative procedures

CERBT Fund Workshops

Employers are encouraged to attend an upcoming workshop to learn about the features and benefits of the CERBT Fund. Topics include:

- Asset allocation strategies
- Contracting process
- GASB updates and compliance
- Investment management and fiduciary responsibility
- Program simplicity
- Lowest cost services
- You can register for a workshop on our [website](#)

For more information on CERBT:

- Visit the CalPERS website at: [California Employers' Retiree Benefit Trust \(CERBT\) Fund - CalPERS](#)
- Email us at: CERBT4U@calpers.ca.gov
- Call the CalPERS Customer Contact Center at **888 CalPERS** (or 888-225-7377)

CalPERS Health Benefits (PEMHCA)

The CalPERS Health Benefits Program is governed by the Public Employees' Medical and Hospital Care Act (PEMHCA) of the California Public Employees' Retirement Law (G.C. sections 22750 and 22777). The program was established in 1962 to purchase health care for employees of the State of California, including the California State University System (CSU). In 1976, legislation was passed to allow other public employers, such as cities, counties, and school districts, to join the program. Currently, CalPERS provides health benefits to over 1.3 million covered lives.

Effective January 1, 1986, a school district, County Board of Education, County Superintendent of Schools, or a personnel commission of a school district may contract for health insurance coverage through CalPERS (G.C. sections 22856 and 22857).

Contracting Public Agencies must offer all eligible active and retired employees an opportunity to enroll in a CalPERS health plan of their choice (G.C. sections 22830 and 22853). All employers are required by statute to contribute towards the cost of the health plan premium. Premiums and health plan benefits are approved annually by the CalPERS Board of Administration.

The CalPERS Health Benefits Program offers a choice of health plans to provide Basic coverage to active employees and Supplement to Medicare and Managed Medicare coverage for retired members. Eligible enrollees can choose between a variety of Health Maintenance Organizations (HMOs), Preferred Provider Organizations (PPOs), and employee association plans.

HMOs

CalPERS offers several HMOs, each serving specific geographic areas. Except for out-of-area emergencies, HMO members receive all their care from HMO doctors with a small co-payment for most services and supplies.

PPOs

CalPERS offers three self-funded PPO plans – PERSCare, PERS Choice and PERS Select. PERS Select is available in all California counties except: Alameda, Marin, Placer, and Solano. Members must reside or work in one of the 54 counties in which PERS Select is available to enroll in the plan. PERSCare and PERS Choice offer a PPO network through Blue Cross of California, with nationwide affiliations. PERSCare and PERS Choice offers out-of-area and worldwide coverage.

Employee Association Plans

CalPERS offers employee association health plans. An enrollee must belong to the specific employee association and pay applicable dues to enroll in one of these plans.

For further information on health insurance benefits, please refer to the [Public Agency & Schools Health Benefits Guide](#), visit the CalPERS website at www.calpers.ca.gov, or contact the CalPERS Customer Contact Center at **888 CalPERS** (or 888-225-7377).

CalPERS Long-Term Care

The CalPERS Long-Term Care Program offers long-term care benefits as an option to members. It is not an employer-paid benefit and is entirely funded by member premiums and investment of those premiums.

The Program is available to all current California public employees, retirees, their spouses, parents, parents-in-law; adult children and adult siblings between the ages of 18 and 79 are eligible to apply for coverage. Eligible public employees include, but are not limited to, those employed by the State of California and all State departments, state Assembly and Senate, judicial systems, school districts, cities, counties, special districts, public universities and community colleges.

The [Long-Term Care Program](#) is accepting applications. Please select the previous link or call 1-800-982-1775 for more information

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APPENDIX TABLE OF CONTENTS

These forms are included only as examples for your reference and are not currently available through the CalPERS Forms & Publications web page. Although these forms were current as of the publication date of this Guide, CalPERS forms are subject to revision.

Form Name	Form Number	Page
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The information provided in this publication is for your convenience and reference as a general guide only and cannot be relied upon as an authoritative source for the law, practices, or policies of CalPERS. While CalPERS tries to include only accurate, timely and complete information in its publications, summaries, guidelines and other advisory printed materials, sometimes information provided in printed materials may be or become inaccurate, untimely, incomplete, unclear or misleading. In all instances, the law then in effect, not this publication, controls the application of the Public Employees' Retirement Law. It is the reader's responsibility to independently verify the accuracy of the information contained in this publication before engaging in a course of action.



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www.calpers.ca.gov

California Public Employees' Retirement System

Important: Please attach a copy of the claim showing the original designation of benefits.

DISCLAIMER OF BENEFITS

I, _____ have been notified by, that I
 (Please print)
 am entitled to receive benefits in the event of the death of:

Member's First Name	Middle Initial	Last Name
I forgo the benefit of _____ plus any Cost of Living increases and other adjustments payable for life.		

I, _____, WITH FULL UNDERSTANDING OF THE NATURE AND AMOUNT OF THE BENEFIT TO WHICH I AM ENTITLED, HEREBY FOREVER DISCLAIM ALL RIGHTS AND INTEREST I HAVE TO THIS BENEFIT IN ITS ENTIRETY.

I understand, due to my disclaimer of the above-described benefit, that it will be paid as if I were never entitled.

I understand by disclaiming my benefit, I have no right to designate any individual to whom the benefit shall be paid.

I understand that recommends I contact an attorney for legal advice prior to signing this Disclaimer of Benefits, but does not require such consultation.

I understand this Disclaimer of Benefits is irrevocable and will not be set aside for any reason, and I hereby release from any claim I have to this benefit.

I assert I have signed this document in accordance with my own free will and I have not been coerced or forced to sign this document by anyone.

I further assert that I understood the contents and effect of this document before signing it and any questions I had concerning the effect or contents of this document were fully answered by personnel prior to my signing this document.



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California Public Employees' Retirement System

Date _____

Name _____
 Address _____
 City/State/Zip _____

CalPERS ID: _____

Dear _____

This letter is to acknowledge receipt of your application for
 Service Retirement effective July 01, 2012.

If you are currently enrolled in a CalPERS basic health plan you may continue your health insurance into retirement. Please contact your personnel office to ensure your health benefit coverage is active until your retirement processing is completed.

You may be entitled to receive a disability retirement if you are unable to work because of an illness or injury. To request a service pending disability retirement, you must complete a Disability Retirement Election Application. Please note that your retirement date cannot be earlier than the day following your last day on pay status.

CalPERS will send you a letter providing the date of your first retirement check, the amount you can expect to receive, and important income tax information. This letter is usually sent after you have separated from employment but before you receive your first retirement benefit check. Changes to the benefit option election you make, beneficiary you designate, or the retirement date you request, cannot be made after you receive your first full retirement benefit check.

Retirement Type: _____
 Last Day on Payroll: _____
 Date of Birth: _____

Retirement Effective Date: _____
 Option Selected: _____

Federal Tax: _____
 State Tax: _____

myCalPERS 0964



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California Public Employees' Retirement System

Date

Name

Address

City/State/Zip

CalPERS ID:

Dear

Your Service Retirement Allowance:

Your election to receive the Option 2 has been processed.

Your retroactive warrant will be issued on June 04, 2012, and will cover the period of December 02, 2011 through May 31, 2012.

Your monthly retirement benefit is \$2,241.64 based on your retirement date of December 02, 2011. This amount does not include any deduction you have authorized this system to make. Your first regular warrant will arrive on or shortly after July 01, 2012 and will cover the period of 06/01/2012 through 06/30/2012. Your future retirement warrant will be mailed to arrive shortly after the first of the month following the month to which they apply.

BENEFICIARY/SURVIVOR ALLOWANCE:

Upon your death, benefits will be paid to your beneficiary in accordance with the designation indicated on your retirement election document. If you elected a benefit which requires marriage and/or birth documentation and you have not submitted these documents, please send them immediately to Benefit Services Division. If the documents are not in file at the time of your death, it may be necessary to delay payment of benefits to your beneficiary.

INCOME TAX INFORMATION:

The following information regarding your contributions will assist you in the determination of the taxability of your benefit.

CONTRIBUTIONS	TOTAL CONTRIBUTIONS AND INTEREST	INTEREST	TAXED CONTRIBUTIONS	NON-TAXED CONTRIBUTIONS
Normal				
TOTAL				

myCalPERS 0924



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www.calpers.ca.gov

California Public Employees' Retirement System

Date

Employer Name
Address
City/State/Zip

CalPERS ID:

Subject:

Participant CalPERS ID:

Notice of Placement on Retirement Roll:

This is to advise you that the employee named above has been placed on our 05/2012 Service Retirement roll with an effective date of May 01, 2012 and a separation date of April 30, 2012. 0.0 days of unused sick leave have been credited to the member's account. 0.0 days of unused education leave have been credited to the member's account. The employee's separation date is the date following the employee's last day in employment status. The date can be equal to but no later than the retirement date. Please notify us immediately if separation did not occur by the date.

For information regarding employment of a retired member, please see your "Procedure Manual for Reporting to the California Public Employees' Retirement System." If any of the information above is not correct, please contact us.

If you have any questions, please visit our Web site www.calpers.ca.gov, or you may contact us toll free at 888 CalPERS (or 888-225-7377).

Benefit Services Division

myCalPERS 0825

Page 1 of 1



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 888 CalPERS (or 888-225-7377) | Fax: (800)-959-8545
www.calpers.ca.gov

California Public Employees' Retirement System

Application for Retired Member/Payee Survivor Benefits

Name of the Deceased Member _____ Social Security Number / CalPERS ID Number _____

Signature Section Required Information

This section is required. By filling out this section, you certify under penalty of perjury under the laws of the State of California that the information provided here is correct to the best of your knowledge. You also certify that you are the person named in the Social Security Number and that you understand that completing this document does not necessarily entitle you to benefits.

Provide an address for other correspondence only if it is different than the address you provided for payment.

Name (First Name, Middle Initial, Last Name) _____ () _____
 Daytime Phone _____

Signature _____ Date (mm/dd/yyyy) _____
 Social Security Number _____ Relationship to Deceased _____ Male / Female
 Gender _____

Address for Payment _____
 City _____ State _____ ZIP _____

Address for Other Correspondence _____
 City _____ State _____ ZIP _____

Was the deceased a member of another public retirement system in California?
 (e.g., STRS, UCRS, County or City Retirement System) ☐ Yes ☐ No ☐ Don't Know
 If Yes, Name of System _____

Section 1 Information About the Member and Immediate Family

Please fill out this form as completely as possible. The information will help us determine who is entitled to survivor benefits.

Will the estate of the deceased require probate? ☐ Yes ☐ No ☐ Don't Know
 Did the deceased leave a will? ☐ Yes ☐ No ☐ Don't Know
 (Copy is not required unless the estate is the named beneficiary and does not require probate.)

Name of Executor/Administrator _____
 Address _____
 City _____ State _____ ZIP _____ Daytime Phone _____

Attorney Handling Probate _____
 Address _____
 City _____ State _____ ZIP _____ Daytime Phone _____



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California Public Employees' Retirement System

Tax Withholding Election for Survivor Benefits

Name of the Deceased	Social Security Number / CalPERS ID Number
----------------------	--

Section 1 Prorated Payment Including Any Allowance Adjustments

There are penalties for not paying enough taxes during the year. Estimated tax requirements and penalties are explained in Internal Revenue Service Publication 505. To order this publication, call (800) 829-3676.

Federal Tax Withholding Election

- ☐ I do not elect to have federal tax withheld from my death benefit payment(s).
- ☐ I elect to have federal tax withheld based on: ☐ Single ☐ Married
- Number of Exemptions Number of Exemptions

In addition, I elect to have the following amount of federal tax withheld: \$

- ☐ I elect to have the following flat amount of federal tax withheld: \$

California State Tax Withholding Election

- ☐ I do not elect to have state tax withheld from my death benefit payment(s).
- ☐ I elect to have state tax withheld based on: ☐ Single ☐ Married
- Number of Exemptions Number of Exemptions

In addition, I elect to have the following amount of state tax withheld: \$

- ☐ I elect to have the following flat amount of state tax withheld: \$

- ☐ I elect to have state tax withheld in the amount of 10 percent of the amount withheld for federal income tax withholding.

Section 2 Tax Election Declaration

Be sure to sign this form if you make an election. Otherwise, we will return the form for your signature, which will delay payment if you are the beneficiary.

By signing here, I hereby make the elections checked above.

Your Signature

Social Security Number or Tax Identification Number

Date (mm/dd/yyyy)

Important: Failure to return this form will be considered an election to have taxes withheld.



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California Public Employees' Retirement System

Tax Withholding Election for Survivor Benefits Including Benefits Eligible for Rollover

Name of the Deceased Member **Social Security Number \ CalPERS ID Number**

Important: Failure to return this form will be considered an election to have taxes withheld.

Section 1 Monthly (Periodic Payments) and/or Prorated Payment

Federal Tax Withholding Election

There are penalties for not paying enough taxes during the year. Estimated tax requirements and penalties are explained in Internal Revenue Service Publication 505. To order call (800) 829-3676.

- ☐ I do not elect to have federal tax withheld from my death benefit payment(s).
- ☐ I elect to have federal tax withheld based on: ☐ Single ☐ Married
- Number of Exemptions Number of Exemptions

In addition, I elect to have the following amount of federal tax withheld \$

- ☐ I elect to have the following flat amount of federal tax withheld \$

California State Tax Withholding Election

- ☐ I do not elect to have State tax withheld from my death benefit payment(s).
- ☐ I elect to have State tax withheld based on: ☐ Single ☐ Married
- Number of Exemptions Number of Exemptions

In addition, I elect to have the following amount of federal tax withheld \$ _____

- ☐ I elect to have the following flat amount of State tax withheld \$_____.
- ☐ I elect to have State tax withheld in the amount of 10 percent of the amount withheld for federal income tax withholding.

Section 2 Lump Sum(Non-Periodic Payments) Option One and Temporary Annuity Payments

Federal Tax Withholding Election

Important
Please consider your election carefully. Once payment has been issued, you cannot make a change. Your decision is final once payment has been made.

- ☐ I do not elect to have the taxable portion of the lump sum benefit payment rolled into an Individual Retirement Account (IRA). I understand that 20 percent federal tax will be withheld.
- ☐ I elect to have the taxable portion of the lump sum benefit payment rolled into the following Individual Retirement Account (IRA).

Name of Financial Institution

IRA Information

A spouse or ex-spouse awarded a community property interest has the right to rollover the taxable portion into a "Qualified IRA" or "Inherited IRA."

Plan Name

Account Number

Address of Institution

City

State

ZIP Code

California Tax Withholding Election

- ☐ I do not elect to have State tax withheld from my lump sum benefit payment.
- ☐ I elect to have State tax withheld from my lump sum benefit payment.

"Inherited IRA"
pursuant to provision
of IRC §402(c)(11).

RESOLUTION No. 1

DETERMINATION OF A MEMBER'S DISABILITY BY THE GOVERNING BODY

INSTRUCTIONS:

1. If the finding is that the member is not disabled, use only this resolved clause.
2. Use this clause to state whether or not the member had filed a Workers' Compensation claim(s). If yes, state whether or not the claim is approved or denied.
3. If the finding is that the member is disabled, use this clause to state whether or not the disability was a result of injury or disease arising out of and in the course of employment.
- 4A. If the finding is that the member is disabled, use this clause if neither the member nor the agency seeks a determination by the Workers' Compensation Appeals - Board, pursuant to G. C. section 21166.
- 4B. Use this clause if a petition has been or will be filled by either party.
- 5A. In the determination of the retirement effective date, use this clause if no dispute exists.
- 5B. In the determination of the retirement effective date, use this clause if the Workers' Compensation Appeal Board has disputed the retirement effective date.
6. Use this clause to state that there is, or is not, a possibility of third party liability: i.e., whether or not the member's disability was caused by negligence or an intentional act of a party other than the employer.
7. Use this clause to state whether or not the member will be paid Advanced Disability Pension Payments, and if so, how much.
8. Use this clause to state the member's primary disabling condition and body parts.
9. Use the clause to certify the member's disability duration.

SAMPLE RESOLUTION NO. 1

RESOLUTION OF

 (governing body)

 (agency)
 (Government Code section 21156)

WHEREAS, the _____ (hereinafter referred
 (name of agency)

to as Agency) is a contracting agency of the California Public Employees' Retirement System (CalPERS):

WHEREAS, the California Public Employees' Retirement Law requires that a contracting agency determine whether an employee of such agency in employment in which he/she is classified as a local safety member is disabled for purpose of the California Public Employees' Retirement Law and whether such disability is "industrial" within the meaning of such law:

WHEREAS, an application for

 (disability/industrial disability retirement) / (reinstatement from disability retirement)

of _____ from _____ employed by the Agency in
 (disability allegation, body parts) (member's name)

the position of _____ has been filed with CalPERS; And
 (job title)

WHEREAS, the _____ has reviewed the medical and other
 (name of governing body)

evidence relevant to such alleged disability.

(1) NOW. THEREFORE. BE IT RESOLVED:

That the _____ find and determine and it does hereby
 (name of government body)

find and determine that _____ incapacitated
 (member's name) (is) / (is not)

SAMPLE RESOLUTION NO. 1 (continued)

within the meaning of the California Public Employees' Retirement Law for performance of his/her duties in the position of _____ and
(job title)

does hereby certify under penalty of perjury that this determination was made on the basis of competent medical opinion and was not used as a substitute for the disciplinary process in accordance with Government Code section 21156(a)(2). If the disciplinary process occurred before the member's separation from employment, all relevant personnel documents were forwarded to CalPERS for determination of the member's eligibility for disability retirement and CalPERS' determination that the member is eligible to apply for disability retirement was obtained prior to starting the process of determination.

(2) _____ filed a Workers' Compensation
(member's name) (had / had not)

claim(s) for his/her disabling condition(s). The Workers' Compensation claim(s)

(was /were) (accepted / denied)

(3) BE IT FURTHER RESOLVED THAT THE _____
(name of governing body)

find and determine and it does hereby find and determine that such disability
_____ disease arising out of and in the course of employment.
(is) / (is not)

(4A) Neither said _____ nor the agency _____
(member's name) (name of agency)

has applied to the Workers' Compensation Appeals Board for a determination pursuant to Government Code section 21166 whether such disability industrial.

OR

(4B) BE IT FURTHER RESOLVED THAT A PETITION _____
(will be filed) / (has been filed)

with the Workers' Compensation Appeals Board for a determination pursuant to Government Code section 21166; and a copy of such determination

(is attached) / (will be provided when rendered)

AND

SAMPLE RESOLUTION NO. 1 (continued)

(5A) BE IT FURTHER RESOLVED that the member was separated from his employment in the position of _____ after expiration of
(job title)

his/her rights under Government Code section 21164, effective _____ and
(date)

that no dispute as to the expiration of such leave rights is pending. His/Her last day on pay status is _____.
(date)

OR

(5B) BE IT FURTHER RESOLVED that the member was separated from his/her employment in the position of _____ effective
(job title)

_____ the date upon which the condition causing his/her
(date)

disability became permanent and stationary as determined by the Workers' Compensation Appeals Board in the attached finding. His/Her last day on pay status is _____.
(date)

(6) There _____ a possibility of third party liability.
(is) / (is not)

(7) Advanced Disability Pension Payments _____ be made. (If payments
(will) / (will not)
will be made, provide amount and frequency.) The payments will be made
_____ in the amount of \$_____ beginning _____.
(bi-weekly, monthly, etc.) (amount) (date)

(8) The primary disabling condition is _____,
(condition) (body part(s))

(9) The duration of the disabling condition is expected to be permanent or last at least twelve consecutive months from the date of the application for benefit or will result in death, which is certified by competent medical opinion, as determined on the basis of competent medical opinion.

(Signatures and other notations by governing body named including vote count)

RESOLUTION NO. 2

DETERMINATION OF DISABILITY BY THE OFFICIAL DELEGATE

This Resolution is made by an Official Delegate appointed by the Governing Body. The Governing Body delegates the authority to determine the disability with a written “Delegation of Authority” (Resolution No. 3). A copy of the “Delegation of Authority” (Resolution No. 3) should be attached to the Determination of Disability (Resolution No. 2).

INSTRUCTIONS:

1. If the finding is that the member is not disabled, use only this resolved clause.
2. Use this clause to state whether or not the member had filed a Workers’ Compensation claim(s). If yes, whether or not the claim is approved or denied.
- 3A. If the finding is that the member is disabled, use this clause to state whether or not the disability was the result of injury or disease arising out of and in the course of employment.
- 3B. If the finding is that the member is disabled, use this clause if a petition has been or will be filed by either party.
- 4A. In the determination of the retirement effective date, use this clause if no dispute exists.
- 4B. In the determination of the retirement effective date, use this clause if the Workers’ Compensation Appeals Board has disputed the retirement effective date.
5. Use this clause to state that there is, or is not, a possibility of third party liability; i.e., whether or not the member’s disability was caused by negligence or an intentional act of a party other than the employer.
6. Use this clause to state whether or not the member will be paid Advanced Disability Pension Payments, and if so, how much.
7. Use this clause to state the member’s primary disabling condition and body parts.
8. Use this clause to certify the member’s disability duration.

SAMPLE RESOLUTION NO. 2 (continued)

(3B) A petition for determination under Government Code section 21166 whether such disability is the result of injury or disease arising out of and in the course of his/her employment by the Agency, in which he/she was a local safety member, has been filed with the Workers' Compensation Appeals Board. A certified copy of such a determination _____.
(is attached) / (will be provided when rendered)

(4A) I hereby certify that the member was separated from his/her employment in the position of _____ after expiration of his/her leave
(job title)
rights under Government Code section 21164, effective _____ and that
no dispute as to the expiration of such leave rights is pending. His/Her last day on pay
status is _____.
(date)

OR

(4B) I hereby certify that the member was separated from his/her employment in the position of _____ effective _____ the
(job title) (date)
day upon which the condition causing his/her disability became permanent and
stationary as determination by the Workers' Compensation Appeals Board in the
attached finding. His/Her last day on pay status is _____.
(date)

(5) There _____ a possibility of third party liability.
(is) / (is not)

(6) Advanced Disability Pension Payments _____ be made. The
(will) / (will not)
payments will be made _____ in the amount of \$_____
(bi-weekly, monthly, etc.) (amount)
beginning _____.
(date)

(7) The primary disabling condition is _____, _____.
(condition) (body part(s))

(8) The duration of the disabling condition is expected to be permanent or last at least twelve consecutive months from the date of the application for benefit or will result in death, which is certified by competent medical opinion, as determined on the basis of competent medical opinion.

(Signature by delegated authority with name and job title)

SAMPLE RESOLUTION NO. 3 – DELEGATION OF AUTHORITY

RESOLUTION OF _____
(Name of governing body)

(Name of agency)

WHEREAS, the _____ (herein referred to as Agency)
(Name of agency)

is a contracting agency of the California Public Employees' Retirement System;

WHEREAS, the Public Employees' Retirement Law requires that a contracting agency determine whether an employee of such agency in employment in which he/she is classified as a local safety member is disabled for purposes of the Public Employees' Retirement Law and such disability is "industrial" within the meaning of such Law:

WHEREAS, _____ has determined upon legal
(name of governing body)

advice that it may delegate authority under Government Code section 21173 to make such determinations to the incumbent of the office/position of _____.
(title)

NOW, THEREFORE, BE IT RESOLVED:

That the _____ delegate and it does hereby delegate
(name of governing body)

applications on behalf of the Agency pursuant to Government Code section 21152 (c) for disability retirement of all employees and to initiate requests for reinstatement of such employees who are retired for disability;

BE IT FURTHER RESOLVED that _____ delegate and it
(name of governing body)

does hereby delegate to the incumbent of the office/position of _____
(title)

authority to make determinations of disability on behalf of the Agency under Government Code section 21156 and whether such disability is industrial and to certify such determinations and all other necessary information to the California Public Employees' Retirement System.

(Signatures and other notations by governing body named including vote count)

RESOLUTION NO. 4

DETERMINATION OF RE-EVALUATION OF A MEMBER'S CONTINUED QUALIFICATION FOR DISABILITY BY THE GOVERNING BODY

INSTRUCTIONS:

1. Use this clause to state whether or not the member is disabled.
- 2(A). Use this clause when the member is no longer disabled.
- 2(B). Use this clause when the member is still disabled.

SAMPLE RESOLUTION NO. 4

RESOLUTION OF

 (governing body)

 (agency)

(Section 20221, Government Code)

WHEREAS, the _____ (hereinafter referred
(name of agency)

to as Agency) is a contracting agency of the California Public Employees' Retirement System:

WHEREAS, the California Public Employees' Retirement Law requires that a contracting agency to furnish the Board of the change in status of any member resulting from reinstatement and any additional information concerning any member that the Board may require:

WHEREAS, a re-evaluation on the continued qualification of disability retirement benefit of _____ employed by the Agency in the position of _____
(member's name) (job title)

was conducted based on the previous approved disabled _____
condition; (disabled conditions(s) and body parts)

AND

WHEREAS, the _____ has reviewed the medical and
(name of governing body)

other evidence relevant to such approved condition(s) and certify under the penalty of perjury that this determination was made based on competent medical opinion and this re-evaluation process was not used to discover new disabling conditions:

(1) NOW. THEREFORE. BE IT RESOLVED:

That the _____ find and determine and it does
(name of government body)

hereby find and determine that _____
(member's name)

SAMPLE RESOLUTION NO. 4 (continued)

_____ incapacitated within the meaning of the California
(continues to be) / (is no longer)

Public Employees' Retirement Law for performance of his/her duties in the position of
_____;
(job title)

AND

(2A) _____ will be reinstated to the position of
(member's name)

_____ effective _____.
(job title) (date)

His/Her disability retirement benefit will stop thereafter.

OR

(2B) _____'s disability retirement benefit will be continued.
(member's name)

(Signatures and other notations by governing body named including vote count)

RESOLUTION NO. 5

DETERMINATION OF DISABILITY BY THE OFFICIAL DELEGATE

This Resolution is made by an Official Delegate appointed by the Governing Body. The Governing Body delegates the authority to determine the continuous qualification of disability retirement benefit with a written “Delegation of Authority” (Resolution No. 3). A copy of the “Delegation of Authority” (Resolution No.3) should be attached to the Determination of Disability (Resolution No. 5).

INSTRUCTIONS:

1. Use this clause to state whether or not the member is disabled.
- 2(A). Use this clause when the member is no longer disabled.
- 2(B). Use this clause when the member is still disabled.

SAMPLE RESOLUTION NO. 5

(1) Pursuant to the authority delegated to me by action of _____
(governing body)

of _____ (hereinafter referred to as Agency) dated _____,
(name of agency)

I certify under the penalty of perjury that this determination on re-evaluation of continuous qualification of disability retirement benefit was made based on competent medical opinion. The re-evaluation process is used to re-evaluate a member's previously approved disabling condition (s) and is not used to discover a new disabling condition(s).

Pursuant to such authority, under Government Code section 21173, and after review of medical and other evidence relevant thereto, I hereby determine that
_____, a local safety member of the California Public
(member's name)

Employees' Retirement System, employed by the Agency _____
(continues to be) / (is no longer)

incapacitated within the meaning of the California Public Employees' Retirement Law for performance of his/her duties in the position of _____
(job title)

for his/her previous approved disabled _____ condition;
(disabled condition(s) and body part(s)).

(2A) _____ will be reinstated to the position of _____ effective
(member's name) (job title)

_____. His/Her disability retirement benefit will stop thereafter.
(date)

OR

(2B) _____'s disability retirement benefit will be continued.
(member's name)

(Signature by delegated authority with name and job title)

SAMPLE APA PROCEDURAL RESOLUTION

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF _____ ESTABLISHING A PROCEDURE FOR INDUSTRIAL DISABILITY RETIREMENT DETERMINATIONS OF LOCAL SAFETY OFFICER EMPLOYEES OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BE IT HEREBY RESOLVED by the City Council of the City of _____ that following the filing of an application for industrial disability retirement by a local Safety Officer under the California Public Employees' Retirement System the following procedures shall be employed:

1. An initial determination will be made by the City upon medical and other available evidence offered by either the applicant or the City to determine whether the applicant is incapacitated from the performance of duty. The determination shall be made within six months of the date of the receipt by the City from CalPERS unless this time requirement is waived in writing by the applicant. Said determination shall be made by (employer or other person such as risk manager, personnel director, etc.) designated by the (City Manager, City Council, Mayor, etc.).
 - A. If it is determined by the city that the applicant is incapacitated, and the incapacity is industrial, the city manager (or appropriate authority) will so certify to CalPERS.
 - B. If it is determined that the applicant is incapacitated but that the cause of incapacity is nonindustrial, the city manager (or appropriate authority) will so certify to CalPERS.
 - C. If it is determined that the applicant is incapacitated, but the applicant contends that the cause of disability is industrial, the applicant may petition the Workers' Compensation Appeals Board (WCAB) for a Finding of Fact determining causation. If the WCAB determines the cause of incapacity to be industrial, or nonindustrial, the City will so certify to CalPERS.
 - D. If the city determines that the applicant is not incapacitated from the performance of duty, it shall notify the applicant and CalPERS of this determination. The city shall notify the applicant by certified mail (return receipt requested) or by personal service of his/her right to appeal their decision and request a hearing within thirty calendar days of the notice.
2. If the applicant requests a hearing, the hearing shall be held in conformity with the Administrative Procedures Act. When an applicant requests a hearing, the city will notify CalPERS. The city will also notify the Office of Administrative Hearings and will request a hearing date and a prehearing conference with an Administrative Law Judge. The applicant will be informed that the hearing will be held at the time and place designated by the Office of Administrative Hearings which shall set a hearing date and prehearing conference.

SAMPLE APA PROCEDURAL RESOLUTION (continued)

The hearing shall be conducted before the (city manager, city council, personnel board, other designated fact finder, etc. as designated by ordinance) with the Administrative Law Judge acting as the presiding officer.

An administrative record shall be generated at the hearing pursuant to the Administrative Procedures Act. All testimony shall be recorded by a Certified Shorthand Reporter.

Following the hearing a decision and findings of fact will be made by (same as above, i.e., city manager, city council, personnel board, other designated fact finder, etc.). The decision and findings will be served on the applicant by certified mail and CalPERS will be notified.

OR

The hearing shall be conducted before the Administrative Law Judge alone.

An Administrative record shall be generated at the hearing pursuant to the Administrative Procedures Act. All testimony shall be recorded by a Certified Shorthand Reporter.

Following the hearing the Administrative Law Judge (ALJ) prepares a Proposed Decision. The decision will include a determination of issues, findings and summary of facts. The Proposed Decision will be reviewed by (same as above, i.e., city manager, city council, personnel board, other designated fact finder, etc.). The decision will be adopted by the city as its decision; or the city will reject the decision and make its own decision without hearing additional evidence; or the city will reject the ALJ decision based on additional evidence (additional hearing with ALJ to hear evidence). The decision and findings will be served on the applicant by certified mail and CalPERS will be notified. If applicant is found to be incapacitated the city shall so certify to CalPERS. If applicant is found not to be incapacitated the applicant will be further advised that he or she has thirty calendar days to seek judicial review. Such review is by means of filing a Petition for Writ of Mandate, CalPERS will be notified.

If applicant is found to be incapacitated the city shall so certify to CalPERS. If applicant is found not to be incapacitated the applicant will be further advised that he or she has thirty calendar days to seek judicial review. Such review is by means of filing a Petition for Writ of Mandate in the Superior Court of _____ County.

Upon receipt of notice that applicant has filed a Petition for Writ of Mandate in the Superior Court of _____ County, or upon expiration of thirty calendar days where applicant has not filed a Petition for Writ of Mandate, CalPERS will be notified.

Upon receipt of Writ of Mandate in the Superior Court of _____ CalPERS will be notified.

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