

RECIPROCITY GUIDE

Changing Public Employers and Coordinating Your Retirement Benefits



Your SamCERA benefits are governed by the County Employees Retirement Law of 1937, and the California Public Employees' Pension Reform Act of 2013; therefore, any discrepancies between the law and the information in this booklet will be resolved in accordance with the law.

The material contained in this guide is for informational purposes only and does not constitute legal advice.

This guide was last edited on March 7, 2022.

Introduction

If you **have worked** or are **planning to work for another public agency in California**, you may be eligible for reciprocity. Reciprocity allows members who move from one retirement system to another to maintain earned retirement benefits by linking service credit earned in each system for certain purposes and using the highest average compensation between reciprocal systems. Establishing reciprocity may enhance total retirement benefits, and in some situations, reduce contribution costs as well.

SamCERA has reciprocal benefits with most, but not all, California public retirement systems. For a list of these systems see pages 9-10.

There are important factors to consider before electing reciprocity, so read this guide carefully.

How Reciprocity Works

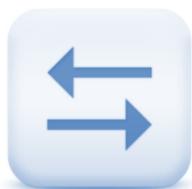
Your Membership. If you are eligible and elect to establish reciprocity with each of your systems, you retain membership in each system and also become a “reciprocal member” of each retirement system.

Your Contribution Rate. Your contribution rate is based on your age of entry (for all plans except PEPPRA Plan 7.) In most cases, if reciprocity is established to SamCERA, the age used to determine your contribution rate at SamCERA will be the same entry age used at your previous retirement system. A younger age of entry typically provides a lower contribution rate.

Your Service Credit. Service credit earned under each system may be used to meet the vesting and retirement eligibility requirements for each system. You cannot transfer your retirement funds or service credit from one system to another.

Your Retirement Benefit. When you retire, you must retire concurrently from each system, and you will receive a separate retirement benefit from each system. Your retirement benefits will be calculated using the highest final compensation that you received from your employer in any of your reciprocal systems.

- Service credit years will not be combined for purposes of calculating your retirement benefit. Each system will use the service credit earned in that system.
- Your “final compensation” will be subject to each reciprocal system’s rules governing which pay items are considered pensionable.



Reciprocity Works Both Ways

Reciprocity applies to members entering membership in SamCERA from a reciprocal system.

Reciprocity also applies to members leaving a SamCERA employer to enter service with an employer in a reciprocal system.

Different Retirement Systems May Have Different Rules for Reciprocity

It is important to note reciprocal retirement systems may have different requirements for qualification and payment of benefits. You are subject to the membership and benefit obligations and rights of each system (for example, minimum retirement age).

This guide is based upon the laws and regulations that are applicable to SamCERA, which may differ from reciprocal systems. Questions relating to rights, benefits and obligations under any other public retirement system should be addressed directly to the appropriate system.

Eligibility Requirements to Establish Reciprocity

There are four requirements you must meet to be eligible to establish reciprocity.

1. **Keep your funds on deposit.** You must have your funds on deposit with your prior system and keep your funds on deposit with all subsequent systems.
2. **Have a break in service no more than six months.** You must begin membership with a reciprocal system within six months of ending employment with the prior system. Additionally, you cannot have overlapping service credit. If you do have overlapping service credit, contact SamCERA for more information.
3. **Submit reciprocity forms.** You must complete and turn in applicable reciprocity forms with both systems.
4. **Retire from all systems on the same date.** You must retire from all your reciprocal retirement systems on the same date.

Keep Your Funds on Deposit

If you are coming to a SamCERA employer from another public employer, you must continue membership in the first retirement system by leaving your contributions on deposit.

- If you withdrew your contributions from your prior system, contact that system—they may let you redeposit those funds.
- If you were in a non-contributory plan with your prior employer, then your service credit must be on deposit with that employer.

If you are **leaving a SamCERA employer** for another public employer and are planning to establish reciprocity, you must keep your SamCERA contributions on deposit.

- Only **active** SamCERA members can redeposit withdrawn SamCERA funds. So, if you are leaving a SamCERA employer and want to establish reciprocity with your future employer's retirement system, you must keep your funds on deposit with SamCERA.
- If, during your County employment or your new employment (in an eligible reciprocal system), your principal duties consisted (or will consist) of active law enforcement or firefighting and prevention service, contact SamCERA as you may be able to redeposit your withdrawn funds and any accrued interest.
- If you were in a non-contributory plan, your service credit must be on deposit.

After you establish reciprocity, you cannot withdraw your funds from SamCERA unless you first terminate membership in all reciprocal systems by withdrawing your funds from those systems. Once SamCERA has confirmed that you have withdrawn your funds from all other reciprocal systems, you will be eligible to withdraw your funds from SamCERA. (There are some exceptions if your total combined service credit is less than 5 years. Contact SamCERA for more information.)

Establish Membership in a New System Within Six Months

Your membership with a reciprocal system must begin **within six months** of ending employment as a member of the prior system.

You cannot have overlapping service credit. (Using vacation time with your previous employer while being an active, working SamCERA member is an example of overlapping service.)

However, for establishing reciprocity with another public retirement system:

- Members **coming** into SamCERA may delay the effective start date of their membership with SamCERA up to twelve weeks after the date of employment.

- Members leaving a SamCERA employer may terminate the accrual of service credit with SamCERA up to twelve weeks prior to termination of employment with a SamCERA employer.

If you think you may have overlapping service, contact SamCERA.

Submit Reciprocity Forms

To establish reciprocity, you must complete and turn in reciprocity forms with both systems.

- If SamCERA is not your first retirement system, submit a completed “*Reciprocity Request*” form and complete all forms required by your prior retirement system.
- If you are leaving a SamCERA employer and are going to be a member of a reciprocal retirement system, indicate this on the SamCERA “*Disposition of Retirement Contributions*” form and complete all forms required by your next retirement system.

You may download the forms referenced above at www.samcera.org or contact SamCERA to request them.

Your PEPRAs Verification Form Does Not Establish Reciprocity

In accordance with the Public Employees’ Pension Reform Act of 2013 (PEPRA), SamCERA requires newly hired individuals to complete a PEPRAs Verification Form to determine whether they should be placed in the PEPRAs plan or another appropriate retirement plan. While the PEPRAs Verification Form asks for information regarding your prior public retirement membership, the form does not establish reciprocity.

- If you wish to establish reciprocity you must submit the Reciprocity Request Form.
- You do not need to elect reciprocity for Plan 5 or Plan 6 placement purposes. If you became a member of your reciprocal system before January 1, 2013, and SamCERA determines that you are eligible for reciprocity, you will be placed in Plan 5 or Plan 6, which have higher contributions but provide a higher pension benefit. For this change to happen, you do not need to elect reciprocity.

Contact SamCERA for more information.

Retire From All Systems on the Same Date

You must have the same effective date of retirement for all reciprocal systems.* Failure to do so may increase your employee contribution rate, you may owe retroactive increased contributions and interest to SamCERA, you will not be able to use your reciprocal system's service credit for retirement eligibility, and you will not be able to use the highest pensionable compensation for each system.

- You must submit a separate retirement application for each reciprocal system.
- Make sure to inform each system that you are a reciprocal member and are retiring from all systems with the same effective date.
- If you are applying for a disability retirement in your current system, you must inform all reciprocal systems. Former SamCERA members who have established reciprocity with another system should contact SamCERA before applying for a disability retirement.

*There is a limited exception when certain systems have a higher minimum age requirement. This exception does not apply to all systems.

Advantages of Establishing Reciprocity

You May Become Vested and Eligible for Benefits Faster

Service credit earned under each system may be used to meet each system's vesting and retirement eligibility requirements. Because your service credit in your first system will count towards vesting in the second system, you will become a vested member faster in the second system.

- Service credit does not transfer from one system to another and service credit years are not combined for purposes of calculating your benefits in each system.

Disability Retirement

You must let the reciprocal system know that you have received a disability retirement.

You may not withdraw your funds from any of your reciprocal systems even if your disability retirement is not affected by your service credit in your reciprocal system.

Highest Pensionable Compensation

When you retire concurrently from all your reciprocal systems, your highest pensionable compensation earned in any reciprocal agency will be used by all your reciprocal systems to determine your “final compensation.” For example, if your second job paid more than your first job, the higher amount would be applied towards the calculation of your retirement benefits using the years of service credit from your first job.

- Different retirement systems may have different rules as to what compensation is counted toward your pension, so the amount used to calculate your pension may not be the same amount as calculated by SamCERA.
- Each system will use its own final compensation measuring period for its calculations. So, even if you are in a SamCERA plan with a one-year highest final compensation, if the reciprocal system’s plan is a three-year final compensation period (either consecutive or highest) the reciprocal system will use the three-year final compensation period for its calculation.
- Each system will provide you with a separate benefit payment, based on your plan formula, final compensation, age and years of service credit in that system.

Lower Contribution Rate for “Age of Entry” Contribution Plans

Not all plans use age as a factor in contribution rates. Some plans are flat or fixed-rate such as SamCERA’s PEPRA Plan 7, or any CalPERS plan. If you are eligible to be in a retirement plan that calculates its member contributions based upon your age of entry, your contribution rate will be based on your age of entry when you became a member in the first reciprocal retirement system, if reciprocity is established with that system. A lower age of entry will keep your contribution cost lower than it would be using your age of entry at your second or subsequent reciprocal system. (This does not apply to Plan 7 members.)

- If you are an active SamCERA member, after reciprocity is established, SamCERA will credit you with any overpaid contributions you made to your SamCERA account.

Death Benefits

Your beneficiary may be entitled to death benefits from each retirement plan. This depends on each system rules.

Is Reciprocity Right for You?

Reciprocity has its advantages, but it may not be the right election for everyone. It is important to understand the factors involved and to take them into consideration because once established, reciprocity cannot be revoked.

Adjustment to Disability Retirement Amounts

If you are a reciprocal member, it might not be advantageous for you to apply for disability retirement. This is because the amount you receive with a service retirement benefit may exceed the amount you would receive with a disability benefit.

If you are a reciprocal member who is granted a disability retirement by SamCERA or by your reciprocal retirement system, you cannot receive a larger disability retirement benefit than what you would have received if all your service had been with just one system. Accordingly, your disability retirement benefit may be subject to an offset to ensure that this does not occur.

- You must let the reciprocal system know when you apply for a disability retirement with SamCERA.
- You must notify SamCERA when you apply for a disability retirement from a reciprocal system. Additionally, you should let SamCERA know the outcome of your disability retirement application.
- You may not withdraw your funds from any of your reciprocal systems even if your disability retirement will not be affected by your service credit in your reciprocal system.

Should you elect reciprocity now?

You may choose to establish reciprocity any time prior to your retirement date, but we recommend that you do not wait until the last minute. The process to verify eligibility may take many months depending on your prior employer, and you will not be able to retire until the process is completed.

Advantages of Establishing Reciprocity Early

- Establishing reciprocity early on will allow each system to prepare retirement estimates with more accuracy and prevent delays at retirement.
- The earlier reciprocity is established, the earlier your contribution rate is adjusted based on your younger age of

entry, and SamCERA will credit you with any overpaid contributions you made to your SamCERA account.

Factors to Consider

Unexpected events can happen during your career, and the following are a few factors that you may want to consider before electing reciprocity:

- You must keep your funds on deposit with all systems.
- You must retire from all systems concurrently.
- Reciprocity may limit the amount payable for an awarded/ approved disability retirement payment.
- Reciprocity cannot be revoked.

If you would like more information about reciprocity to determine if it is right for you, contact SamCERA.

Public Retirement Systems with Reciprocity with SamCERA

A number of California public retirement systems have reciprocity with SamCERA.

California County Systems Covered Under County Employees' Retirement Law

San Mateo County Employees' Retirement Association (SamCERA) is a county retirement system and is not part of California Public Employees' Retirement System (CalPERS). The County of San Mateo, the Superior Court of San Mateo County, and the San Mateo County Mosquito and Vector Control District are all employers who participate in the San Mateo County Employees' Retirement Association (SamCERA).

There are 19 other such county systems and each of these systems has reciprocity with SamCERA. Many of these county systems have several participating employers (such as the courts or special districts).

The 19 other county systems are:

Alameda	Mendocino	Santa Barbara
Contra Costa	Merced	Sonoma
Fresno	Orange	Stanislaus
Imperial	Sacramento	Tulare
Kern	San Bernardino	Ventura
Los Angeles	San Diego	
Marin	San Joaquin	

California Public Employees' Retirement System (CalPERS)

CalPERS-participating employers include state agencies, some schools, and many (but not all) cities, counties and special districts. For example, the cities located within the County of San Mateo (e.g. Redwood City, San Bruno, Burlingame, and Millbrae) are members of CalPERS but the City of San Jose is not a member. However, agencies that are not members of CalPERS—like the City of San Jose—in general, have a contract with CalPERS regarding reciprocity. (See the following section for more information.)

Agencies That Have Established Reciprocity Through an Agreement With CalPERS

Some public agencies maintain their own retirement systems and have contracts with CalPERS to provide the benefits of reciprocity. Some of these agencies are:

- California Administrative Services Authority
- City of Concord
- City of Costa Mesa (safety employees only)
- City of Fresno
- City of Oakland (non-safety employees only)
- City of Pasadena (fire and police retirement)
- City of Sacramento
- City of San Clemente
- City of San Diego
- City and County of San Francisco
- City of San Jose
- Contra Costa Water District
- County of San Luis Obispo
- East Bay Municipal Utility District
- East Bay Regional Park District (safety employees only)
- Los Angeles County Metropolitan Transportation Authority (Formerly Southern California Rapid Transit District)

Important: Because reciprocity is an agreement between retirement systems and retirement benefit provisions vary, you should make sure that you know the potential advantages and disadvantages of requesting reciprocity before you change employers. Reciprocity benefits are governed by the plan documents of and the laws applicable to the various retirement systems and are subject to change. If there are any discrepancies between those governing authorities and the information in this booklet, the governing authorities have precedence.

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