



# Employer Handbook

## SJCERA Membership

### Participating Employers

SJCERA administers a defined benefit retirement plan (pension plan) for eligible current and former employees of its 10 participating employers.

- San Joaquin County
- Local Agency Formation Commission (LAFCO)
- Lathrop-Manteca Rural Fire Protection District
- Mountain House Community Services District
- San Joaquin County Historical Society and Museum
- San Joaquin County Mosquito and Vector Control District
- San Joaquin County Superior Court
- San Joaquin County Law Library
- Tracy Public Cemetery District
- Waterloo-Morada Rural Fire Protection District

### Membership Required for Eligible Employees

Employees become members of the San Joaquin County Employees' Retirement Association (SJCERA) upon appointment to a permanent, full-time position with any of SJCERA's 10 participating employers. Superior Court Officers and their attaches and the Public Administrator are included in SJCERA pursuant to the County Employees Retirement Law (CERL).

### Membership Effective Date

An employee's SJCERA membership is effective on the first day of the pay period following the date of hire in an SJCERA-eligible position.

### Exceptions to Membership Requirement

- **Age 60 and older new employees:** Members who have never been an SJCERA member and first begin working in a position eligible for SJCERA membership at age 60 or older, may waive membership by completing the [Membership Waiver form](#).
- **Elected Officials:** Elected officials are excluded from membership unless they "opt in" to membership, even if they were previously a SJCERA member. Membership while holding elective office begins from the date SJCERA receives the *Elected Officials Declaration of Intent* form, or the date the elected official takes office, whichever is later. Contact SJCERA for more information.
- **Temporary, part-time, intermittent and seasonal employees** are ineligible for membership.
  - **Those who are not SJCERA retirees may not exceed 1560 hours in any 12-month period.** Exceeding this limit may result in the employee becoming eligible for SJCERA membership and both the employer and the member would owe past-due contributions and interest to SJCERA from the date of hire.
  - **SJCERA retirees returning as temporary workers may not exceed 960 hours per fiscal year.** Exceeding this limit may affect the retiree's monthly retirement benefit.



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- **Independent contractors** are also ineligible for membership. Be careful to accurately assess whether a worker is a contractor or an employee. In accordance with statute, individuals are considered employees unless they meet the criteria described in [California Labor Code sections 2775-2787](#). If SJCERA were to determine that an individual was misclassified as a contractor, when they should have been reported as an employee, the employer and member contributions plus interest from the date of hire must be paid to SJCERA.

## Participating Employer Responsibilities

### Compliance with the Terms of the Plan Required

To maintain SJCERA's tax qualification status under Internal Revenue Code section 401(a), it is critical for employers to comply with the terms of the plan including the adopted and applicable sections of the County Employees Retirement Law of 1937 ("CERL", "37 Act") and the Public Employees' Pension Reform Act of 2013 ("PEPRA"), and SJCERA's bylaws and policies. It is this tax qualification that allows members and employers to pay contributions on a pre-tax basis. If SJCERA were not a tax qualified plan, contributions would be paid on an after-tax basis, making the plan that much more expensive.

### Establishing Newly-Eligible Members

Employers must provide new employees the following information, and promptly submit to SJCERA, on behalf of the member, their completed forms and documents in order to ensure new hires are properly entered into SJCERA membership.

#### What to Provide New Members (Newly Hired Full-Time Permanent Employees)

Participating employers must distribute the following forms and publications to all membership-eligible employees on their first day of employment and/or when an employee moves from an ineligible to an eligible position. Ask the employee to complete and return the forms to you, along with [proof of age](#), such as a copy of a birth certificate.

- [Retirement Plan Summary fact sheet](#)
- [Membership Certification form](#)
- [Beneficiary Designation form](#)
- For those not covered by Social Security, [SSA-1945 form](#), *Statement Concerning Your Employment in a Job Not Covered by Social Security*. Generally, this applies to all Safety members except those employed by Lathrop-Manteca Fire District.

#### Documents and Forms to Submit to SJCERA on Behalf of New Members

Submit the following required documentation to SJCERA by the Wednesday of the employee's first week of full-time employment in order to ensure the employee is properly entered into membership.

- Completed [Membership Certification form](#)
- Completed [Beneficiary Designation form](#)
  - The form must be signed by both the member and their spouse/registered domestic partner (if applicable)
- Acceptable proof of age (such as a copy of their birth certificate, valid US Passport or other documentation identified in SJCERA's [Age Verification policy](#).)
- For those not covered by Social Security, [SSA-1945 form](#)



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- In addition, for those that are married or in a registered domestic partnership, SJCERA recommends the member provide the following additional documents:
  - a. Marriage/Registered Domestic Partnership Certificate
  - b. Spouse's birth certificate or other acceptable proof of age

## Establishing New Position Types

Occasionally, employers establish new types of positions that did not exist previously. When this occurs, submit the proposed job description to SJCERA for determination of whether the position is properly classified as a Safety or General position. Applicable legal guidance includes, but is not limited to, Government Code Sections 31469.3 and 31470.4 (which describe persons eligible for Safety membership) and 31470.5 (which describes persons ineligible for Safety membership).

## Contributions and Data Reporting

Participating employers are required to report accurate employer and employee contributions and other data to SJCERA via the payroll file. Requirements include, but are not limited to:

- Name changes
- Address changes
- Position changes
- Bargaining unit changes
- New hires
- Terminations
- Leaves of absences (LOA)
- Gender
- Earnings
- Earnings codes
- Hours (worked, on leave, etc.)
- Member and employer contribution amounts

### Earnings Reporting

The payroll file must include all employees' earnings (including those for employees who are not currently members because if they later become members, they may be eligible to purchase their service prior to membership).

Member and employer contributions must be paid on all members' retirement-eligible earnings. [Retirement Eligible Earnings Codes](#) can be found on the [Contributions page under Active Members](#). Only retirement-eligible earnings are considered in determining a member's final average compensation (FAC) when SJCERA calculates their retirement benefit.

Only earnings associated with a member's standard hours (for example, 80 hours bi-weekly for most positions; 84 hours for some Safety members; 112 hours bi-weekly for some firefighters) are considered retirement-eligible and reported as "regular" earnings. Earnings for hours that exceed the employee's standard hours must be reported using a code that is ineligible for retirement. Typically, excess hours are paid as overtime, which is automatically ineligible for retirement; however, occasionally employment contracts or bargaining agreements require hours exceeding the standard hours to be paid at the employee's normal hourly rate. If that is the case, employers must use the earnings code designated for that purpose. If the employer does not have a code to pay straight time for hours exceeding the standard hours, read the "New Earnings Type – How to Handle" section of this document and contact SJCERA.



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## [New Earnings Type – How to Handle](#)

Occasionally, an employer offers a new earnings type for which there is not a specific [Retirement Eligible Earnings Code](#) already established. For example, during labor negotiations a new type of pay might be agreed to, or a governing Board might approve a new recruitment incentive pay for a hard-to-fill position.

- DO NOT use an existing code to cover the new earnings type, even if the established code pays the same amount as is needed for the new earnings type. Existing codes can only be used for the purpose for which they are authorized.
- To add a code for a new earnings type, the employer must submit a completed [SJCERA Earnings Code Worksheet](#) to SJCERA for review. SJCERA will determine whether the new earnings type is retirement eligible for each tier category.
  - If the employer uses the County's payroll system to process payroll, the employer must coordinate the assignment or creation of an earnings code number with the County Auditor-Controller's Office prior to submitting the [Earnings Code Worksheet](#). Any suggestion to repurpose an existing County earnings code for this new purpose must be reviewed and approved by SJCERA prior to implementation.
  - If the employer uses a payroll system separate from the County's and the numbering system is distinct from the County's, then the employer's payroll administrator may assign the new earnings type a unique code based on their earnings code numbering standards.

## [Employee Terminations – Reporting Requirement](#)

When an employee's employment is terminated for any reason, the employer must promptly submit the correct termination date to SJCERA in the payroll file. Upon receipt of the termination information, SJCERA will either initiate the payment of the member's retirement benefit (if the member has submitted a retirement application) or send the member a packet advising them of their options as a deferred member.

## [Contribution Rates and Implementing Updated Rates](#)

SJCERA's actuary annually calculates SJCERA's member and employer contribution rates. The Board of Retirement generally adopts the following year's contribution rates in August, when the valuation is presented. Employers must implement rate changes in their payroll systems in time for the first full pay period in January.

SJCERA employers operating on a July 1 through June 30 fiscal year that need contribution rate information earlier for budgeting purposes, may contact SJCERA's CEO or Assistant CEO in late February or March to request estimated contribution rate changes. It's important to remember these are only estimates intended to assist with budgeting; the actual rate changes will differ.

## [Additional Employer Contributions](#)

Employers may make additional contributions for the purpose of reducing their portion of the unfunded actuarial liability (UAL) and improving SJCERA's funded ratio. To achieve that goal, the additional contributions are not considered when setting the employer's contribution rate until the employer requests that their accumulated additional contributions be credited against their share of the UAL as valuation assets. Any additional employer contributions are credited with SJCERA's actual investment gains (or losses). For more information about the accounting of additional employer contributions, read the [Statement of Reserve Policy](#). Before making any additional contributions, contact SJCERA's executive leadership and Financial Officer.



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## Compensation Limit Administration

Federal and state laws limit the amount of retirement eligible compensation that can be used when calculating members' retirement contributions and benefits.

Internal Revenue Code (IRC) Section 401(a)(17) sets the compensation limits for Tier 1 members and Government Code Section 7522.10(c) and (d) set the limits for Tier 2 members (PEPRA members who first entered membership on or after January 1, 2013). When a member's compensation exceeds the applicable limit, the employer must stop deducting retirement contributions from the member. Although the member's contributions are suspended, the employer must continue reporting earnings to SJERA. The employer must resume deducting the required member contributions the first pay period of the next calendar year.

Visit the [Contributions page of the Active Member's section](#) of [www.SJCERA.org](http://www.SJCERA.org) for the current year's member compensation limits.

## **Benefit-Limit Administration**

Internal Revenue Code (IRC) Section 415(b) limits the annual benefit amount that SJERA can pay. In accordance with the IRC, benefits members have earned that exceed the Section 415(b) limit must be paid by the plan sponsors (employers), rather than SJERA. This affects only a small number of members, generally those with high incomes and long careers with their SJERA-sponsored employer. SJERA provides the employer the information needed to assume payment of the retirement benefits to any retired employee who has reached the limit. Visit the [Benefits Summary page of the Active Member's section](#) of [www.SJCERA.org](http://www.SJCERA.org) for the current year's benefit limit.

## **Sick Leave Bank/Sick Leave Service Credit - Administration**

- Eligible members may use their accrued sick leave balance to enhance their retirement in one of two ways: convert it to a sick leave bank or convert it to service credit. Eligibility varies in accordance with the Memorandums of Understanding (MOUs) between the employer and labor organizations.
  - [Sick Leave Bank](#). The sick leave bank converts a member's accrued sick leave to a dollar amount, which the member can use to pay for monthly retiree premiums (for health, dental or vision insurance) until the account is depleted.
  - [Sick Leave Service Credit Conversion](#). The sick leave service credit conversion converts the accrued sick leave to additional service credit, which increases the member's monthly retirement benefit.

[Responsibility for Administration of Sick Leave Bank/Service Credit Benefits](#). SJERA administers the sick leave service credit conversion for all employers. SJERA also administers the sick leave bank for the following employers: the County, Superior Court, LAFCO, Mountain House Community Services District, Historical Society and Museum, Mosquito and Vector Control District, and the Law Library. All other employers (Lathrop-Manteca Fire District, Tracy Public Cemetery, and Waterloo-Morada Fire District) have elected to self-administer the sick leave bank for their employees.

SJCERA sends all employers a *Notice of Separation* form when a member terminates from employment, which indicates retirement date, and sick leave conversion eligibility. The employer's responsibilities for processing that form vary based on whether SJERA administers the sick leave benefits. Read the Rules sections for the different employer categories below for more information.



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## Rules for SJCERA-Administered Sick Leave Bank/Sick Leave Service Credit

- **Eligibility for non-Court employees**
  - Was an active SJCERA member on August 27, 2001
  - Has at least 160 hours of accrued sick leave upon termination of employment
  - In 2002, these members made an irrevocable election to use their accrued sick leave either to pay for premiums or to convert it to service credit. SJCERA will implement an eligible member's 2001 instructions when the member retires.
- **Eligibility for Court employees**
  - All Court employees who are SJCERA members with at least 160 hours of accrued sick leave upon termination of employment are eligible for the sick leave bank or sick leave service credit conversion benefit. The Court does not require their employees to have been an active SJCERA member on a certain date.
- **Employer Responsibilities.** Upon receipt of the *Notice of Separation* form from SJCERA, the employer must complete the form if it indicates the member is eligible for sick leave benefits and forward it to their payroll administrator's office (e.g., the Auditor-Controller's office if the County processes their payroll.) The payroll administrator verifies the employee's accrued sick leave hours on deposit and forwards the form to SJCERA.
- **SJCERA Responsibilities.** Based on the member's 2002 election, SJCERA calculates either a sick leave bank or service credit for eligible members. Members who elected a sick leave bank will receive \$221.24 for every 8-hours of sick leave on deposit. SJCERA will monitor members' sick leave banks and notify them when it is nearing depletion. Members who elected service credit will have their accumulated sick leave hours converted into service credit and added to their total years of SJCERA service credit at the time of retirement. SJCERA will notify members of their total additional service credit when they retire.

## For Employers Self-Administering the Sick Leave Bank

Lathrop-Manteca Rural Fire Protection District, Tracy Public Cemetery District and Waterloo-Morada Rural Fire Protection District self-administer their own sick leave banks, including determining eligibility for the benefit and the calculation methodology. These employers must designate an internal contact person for addressing employees' questions regarding the sick leave bank. SJCERA will refer employees of these employers to their employer for information about the sick leave bank benefit.

If either SJCERA or the employer have documentation showing the member elected to convert their sick leave to service credit, rather than converting it to a sick leave bank, they must send a copy of that documentation to the other party. The employer must provide SJCERA the accrued sick leave balance at termination for these members, and SJCERA will convert the hours into service credit and add them to the member's total years of SJCERA service credit at the time of retirement. SJCERA will notify members of their total additional service credit when they retire.



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## Retirement Benefit or Compensation Changes

Employers should discuss with SJCERA any retirement benefit or contribution changes early in negotiations to be sure they are administratively feasible.

Before the governing board of a participating employer approves changes to either employees' salaries or retirement benefits, [Government Code section 7522.44](#) requires the employer obtain, at their own cost, an actuarial statement documenting the costs of the proposed changes and the impact those changes will have on SJCERA's funding. Coordinating with SJCERA to use SJCERA's actuary for the actuarial impact statement is strongly recommended for cost and efficiency purposes. Lastly, please provide SJCERA a copy of newly adopted bargaining agreements.

## Retired Member Re-Employment Rules

Employers may hire retired SJCERA members to work in a temporary or contract capacity (up to 960 hours per fiscal year) or as a full-time permanent employee returning to active membership. However, there are specific rules the employer must follow, and the type of employment will affect the retiree's ability to continue receiving their pension while working. Read the [Return to Work Rules Employer Notice](#) for more information.

## Forfeiture of Benefits - Notice Requirement

If an employee (or former employee) is convicted of a felony (1) arising out of, or in the performance of their official duties; (2) in pursuit of office or appointment; (3) in connection with obtaining salary, retirement benefits, or other benefits, or (4) involving a child with whom the member had contact as part of their official duties, the employer is required to notify SJCERA no later than 90-days following the conviction. The employer must provide SJCERA a copy of court documents, date of conviction, and date of first-known commission of the felony. SJCERA will use this documentation to determine if the member must forfeit their accrued SJCERA rights and benefits retroactive to the earliest date of the commission of the crime. Read the [Forfeiture of Benefits Employer Notice](#) for more information on the employers' responsibilities related to forfeiture of benefits

Although the law does not require the employer to notify SJCERA until after the conviction, SJCERA also encourages employers to make SJCERA aware when felony charges are filed.

## Declining Employer Payroll

Employers that experience an actual or expected material decline in the payroll attributable to its SJCERA's active members (SJCERA-covered payroll) must notify SJCERA of the expected decline and comply with SJCERA's [Declining Employer Payroll Policy](#). The policy requirements are intended to ensure the employer will continue to satisfy its obligation to timely pay the unfunded actuarial accrued liability (UAAL) attributable to the employer's active, retired and deferred employees and their beneficiaries. For more information, read the [Declining Employer Payroll Policy](#).

## Employer Termination

Unless there are legislative changes, the County of San Joaquin cannot terminate their participation in SJCERA. However, the law allows SJCERA's other employers to terminate their participation in SJCERA. If the employer's governing Board is contemplating withdrawal from SJCERA, contact SJCERA to notify SJCERA of the possible withdrawal and to request SJCERA obtain an estimate of the employer's funding obligation. Terminating employers must comply with [Government Code Section 31564](#), [Section 31564.2](#) and any other applicable laws, and SJCERA's [Employer Termination Policy](#).



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## Guiding Employees

### Gravely Ill Employees: To Retain SJCERA Benefits, Don't Terminate

If a SJCERA member becomes gravely or terminally ill, contact SJCERA before making changes to their employment status. If an ill employee is terminated, they will lose valuable SJCERA benefits that could provide for their family after the employee's death. The difference to the family can be significant: receiving only the member contributions and interest in a lump sum, versus receiving a lifetime monthly benefit and access to health insurance.

Active members (and, upon their death, their beneficiary) have more benefit choices, which are typically more generous than those available to terminated employees (Deferred members). Active members' benefit choices may include service retirement, disability retirement and active member death benefits. Refer to the [Terminal Illness or Death of an Employee Employer Notice](#) for more information.

### Retirement

When an employee terminates employment to retire, please ask them if they have submitted a retirement application to SJCERA. Retirement benefits cannot be initiated unless SJCERA has received a properly completed retirement application. The retirement date is generally the day after their termination date and cannot be earlier than the date SJCERA receives the retirement application. The retirement date can be any day of the week and any day of the pay period, provided it is after the employee's last day on payroll (including any paid or unpaid leave). As noted in the *Employee Terminations – Reporting Requirement* section of this document, SJCERA must also receive the termination date in the payroll file from the employer to initiate payment of the member's retirement benefit.

To request this material in an alternative format, call 209.468.2163, or TTY 711.

This document is intended to provide information as simply and accurately as possible. If a conflict arises between the applicable law, policy, bylaw, or executive order, and any statement in this fact sheet, the law, policy, bylaw or order will govern.