

Understanding Reciprocity

Reciprocity is an agreement among California public retirement systems which allows members to move between certain public employers, within a specific time frame, with the ability to retain certain retirement benefit rights. Separation must be made within 6 months (180 days) of leaving one agency to another participating reciprocal agency and with no overlap of service. This allows for some portability of retirement benefits.

Reciprocal Retirement Systems

MercedCERA has reciprocal agreements with 19 other California counties operating under the County Employees Retirement Law of 1937 (1937 Act), the California Public Employees' Retirement System (CalPERS), some state charter cities and other public retirement systems that have reciprocal agreement with CalPERS.

Reciprocal Systems with MercedCERA

State Systems

- California Public Employees' Retirement System (CalPERS)
- California State Teachers Retirement System (CalSTRS)
- Judges' Retirement System I & II (JRS)

County Systems

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

Reciprocity Requirements

- Terminate active membership in the current system and establish active membership in the new system within 6 months (180 days).
- A clean break in service from the previous system is required before entering the new one, with no overlapping service credit. This means you cannot be on vacation with one system and work regular hours in the new system.
- Retirement contributions must remain on deposit with all reciprocal systems.
- Submit an election to establish reciprocity with all retirement systems.
- Retire from all retirement systems on the same date unless Section 31835.1 of the 1937 Act applies. This section allows for different retirement dates.

Advantages of Reciprocity

- The service credit earned in all reciprocal systems will be combined to help you meet all vesting requirements. This means you don't "start over" when you move between systems. All of the service credit earned can also be combined to meet the minimum years of service credit for retirement.
- Your highest average pensionable compensation earned in any retirement system will be used by all systems to calculate your retirement benefit.
- If your new retirement system uses age-based retirement contribution rates, you will pay retirement contributions based on your earliest age at entry into the first system.
- Reciprocity establishes membership in more than one retirement system, gaining benefits from all memberships.

Reciprocity

Age of Entry

When moving to subsequent reciprocal systems in many instances, members may be eligible for a lower contribution rate based on age of entry into the members first retirement system. Subsequent agencies may have a higher age of entry contribution rate due to date of employment.

Highest Average Salary

Upon retirement, all reciprocal agencies will calculate your pension payment. This maximizes the value of your total benefit from all reciprocal agencies.

Payments

When calculating your retirement allowance, each system will use your highest final compensation, regardless of under which system it was earned. You'll receive separate benefit payments from each system based on your years of service earned individually with each system. For example, a member who has reciprocity with MercedCERA for 10 years of service will receive a payment from MercedCERA using only those 10 years of service time and not the total years of service earned in all pension systems.

Establishing Reciprocity

Reciprocity is not automatic. It is only established when you actively make an election to do so. Be sure to notify both your prior and new systems, in writing, when you change employment.

Refund Restriction

MercedCERA does not allow the withdrawal of member contributions while a member is employed under a reciprocal system. Upon termination of employment in your current retirement system, the current retirement system must approve and complete its refund prior to MercedCERA processing a withdrawal request.

Cost of Living Allowance

MercedCERA reciprocal members are placed in Tier 3 if hired by the prior reciprocal system before January 1st, 2013. This tier does not qualify for cost of living allowances (COLA). Only MercedCERA Tier 1 members are eligible for COLAs. Reciprocal members hired after January 1st, 2013 are placed in Tier 4.

Retiring with Reciprocity

When applying for retirement, an application for retirement must be submitted with all reciprocal agencies using the same date of retirement, unless CERL Section 31835.1 applies. This section allows for different retirement dates only if the member cannot retire from all systems on the same date due to differing system age or years of service requirements. Every

retirement system has its own application procedures. You will be required to contact each system separately regarding the individual application process. Once the application is granted, members will receive a separate benefit payment from each system.

If reciprocity is a consideration for you, please contact MercedCERA for more information.



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