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## FREQUENTLY ASKED QUESTIONS

**Audience:** Members Entering the Sacramento County Employees' Retirement System ("SCERS") after December 31, 2011

**Topic:** New Retirement Tiers

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**1.Q. When is SCERS implementing the new retirement tiers?**

- A. Effective January 1, 2012, SCERS is implementing the two new retirement tiers: Miscellaneous Tier 4 and Safety Tier 3.

**2.Q. Who is covered by the new retirement tiers?**

- A. The new retirement tiers cover persons who (i) work for Sacramento County and become permanent, regular employees on or after January 1, 2012 and (ii) are associated with select Recognized Employee Organizations ("REOs") when they enter the Sacramento County Employees' Retirement System ("SCERS"). At present, Miscellaneous Tier 4 and Safety Tier 3 membership is limited to a total of 25 REOs, which are listed below and on the following page. Please note, however, that it is anticipated that additional REOs will be added subsequent to January 1, 2012, so please contact SCERS if you have a question whether your REO is participating in the new tiers.

General Supervisory (001)  
Law Enforcement Support, Non-Supervisory and Supervisory (002 & 004)  
Law Enforcement, Non-Supervisory (003)  
Office-Technical (005)  
Operations and Maintenance (006)  
Health Services (007)  
Welfare, Non-Supervisory (008)  
Accountants, Non-Supervisory (010)  
Environmental Specialists, Non-Supervisory and Supervisory (013 & 014)  
Nurses Labor, Non-Supervisory (016)  
Water Quality-Stationary Engineering (017)  
Building and Construction Trades (018)  
Probation, Non-Supervisory (019)  
Attorneys, Non-Supervisory and Supervisory (020 & 021)

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Welfare, Supervisory (025)  
Physicians and Dentists (027)  
Law Enforcement - Management (029)  
Aircraft Rescue and Firefighters Unit (030)  
Peace Officers (031)  
Management (032)  
Attorney Civil (033)  
Administrative Professionals (034)

### **3.Q. Will new employees of other employers who participate in SCERS be covered under the new tiers?**

- A. As of January 1, 2012, only new employees of the County will be covered by the new tiers, and not new employees of other employers who participate in SCERS. It is possible, however, that other employers participating in SCERS may decide that their new employees will participate in the new tiers.

### **4.Q. How are the new retirement tiers different from pre-existing tiers?**

- A. The new retirement tiers carry lower retirement formulas and higher retirement ages than pre-existing retirement tiers. Specifically, Miscellaneous Tier 4 offers retirement benefits in accordance with Government Code § 31676.1 and provides a maximum allowance of 2.43% per year of service at age 65, while Safety Tier 3 offers retirement benefits in accordance with Government Code § 31664.21 and provides a maximum allowance of 3.00% per year of service at age 55.

### **5.Q. How are the new retirement tiers similar to pre-existing tiers?**

- A. The new retirement tiers have the same retirement requirements as the pre-existing retirement tiers. This means that vested members in Miscellaneous Tier 4 and Safety Tier 3 are eligible to request service retirement benefits by meeting any one of the requirements outlined below:

#### Eligibility for Service Retirement

- 10 years of service and age 50 or older.
- 20 years of service and Safety membership, regardless of age.
- 30 years of service and Miscellaneous membership, regardless of age.
- Age 70, regardless of years of service.

In addition to keeping the same general retirement requirements as other tiers, the new retirement tiers use the same look-back period to calculate Final Compensation as Miscellaneous Tier 3 and Safety Tier 2 and provide the same cost-of-living adjustment (“COLA”) during retirement. Accordingly, just like the preceding tiers, Miscellaneous Tier 4 and Safety Tier 3 benefits (i) require a three year look-back period for Final Compensation averaging and (ii) offer a retirement COLA of up to 2.00% per year (subject to changes in the Consumer Price Index for the San Francisco-Oakland-San Jose area).

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Also, as with the preceding retirement tiers, under the new tiers the retirement benefit will be calculated based on the person's age at retirement, Final Compensation and years of service in SCERS.

**6.Q. What do the new retirement tiers mean for County personnel who are re-hired after receiving a refund of their previous retirement contributions from SCERS?**

- A. Members who terminate employment with the County, receive a refund of their retirement contributions from SCERS, and are then re-hired by the County on or after January 1, 2012, may return under and preserve their original tier by redepositing all refunded contributions (with interest) when they re-enter SCERS. By doing so, members who otherwise would re-enter SCERS in Miscellaneous Tier 4 or Safety Tier 3, may restore their prior service under an older tier and earn future service under that same tier. However, in order for members to return to their previous tier, they must complete an agreement for "Eligibility to Re-Enter/Redeposit" (also known as Form 6221) and return it to SCERS within 30 days of receiving this notice and the necessary cost information.

Please note that redepositing withdrawn contributions in order to return under a previous tier is a one-time opportunity that must be exercised within the noted timeframe. If a member seeks to redeposit withdrawn contributions after expiration of the timeframe, the member's service related to the previous employment period will be reinstated under the previous tier, but the member's service for the new employment period will be credited under the new tier.

### EXAMPLE 1

Reed enters SCERS in 2006 as a Miscellaneous Tier 3 member, then terminates County employment in 2009 and receives a distribution or "refund" of member contributions and interest from SCERS. Reed is re-hired by the County in January 2012 and, consistent with his job classification and REO, rejoins SCERS as a Miscellaneous Tier 4 member. If Reed completes and returns an "Eligibility to Re-Enter/Redeposit" agreement within 30 days of receipt, Reed will be able to (i) restore the service credit withdrawn from Miscellaneous Tier 3 and (ii) earn future service credit under Miscellaneous Tier 3 as well. Once Reed becomes vested in SCERS and meets the minimum eligibility requirements, he will then be able to retire from SCERS with all service in Miscellaneous Tier 3, which provides a benefit described as "2% at 55-½."

### EXAMPLE 2

Mary enters SCERS in 2006 as a Miscellaneous Tier 3 member, then terminates County employment in 2009 and receives a distribution or "refund" of member contributions and interest from SCERS. Mary is re-hired by the County in January 2012 and, consistent with her job classification and REO, rejoins SCERS as a Miscellaneous Tier 4

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member. Mary does not complete and return an “Eligibility to Re-Enter/Redeposit” agreement within 30 days of receipt, but instead submits a standard redeposit agreement two years after returning to employment. Mary will be able to restore the service credit previously withdrawn from Miscellaneous Tier 3, but all service credit related to her re-employment will be earned under Miscellaneous Tier 4. When Mary becomes vested in SCERS, meets the minimum eligibility requirements, and elects to retire from SCERS, her ultimate benefit will reflect a combination of (i) service credit earned under and subject to the Miscellaneous Tier 3 retirement formula and (ii) service credit earned under and subject to the Miscellaneous Tier 4 retirement formula.

*Please note that SCERS regularly checks enrollment activity for returning members with a prior history of refunds and endeavors to provide the necessary redeposit information shortly after re-hire. However, returning members who wish to earn future service credit under an old benefit tier are also encouraged to inform SCERS of their interest in a “concurrent” redeposit” by completing a Member’s Affidavit form and reporting any prior periods of SCERS membership under Section V.*

**7.Q. What do the new retirement tiers mean for former County personnel who are re-hired on or after January 1, 2012 and who left their previous retirement contributions on deposit with SCERS?**

- A. Members who terminated employment and left their previous retirement contributions on deposit with SCERS return to the same tier they were previously in upon re-hire by the County.

**EXAMPLE**

Sue is hired as a Deputy Sheriff in 2009 and enters SCERS as a Safety Tier 2 member. Sue terminates County employment later in 2009, but leaves her member contributions and interest on deposit with SCERS. When Sue is re-hired as a Deputy Sheriff in January 2012, she rejoins SCERS as a Safety Tier 2 member and continues to earn service credit under the “3% at 50” formula offered to Safety members in that particular tier.

**8.Q. What do the new retirement tiers mean for former personnel who postponed or deferred the receipt of benefits from SCERS in order to establish reciprocity with another public retirement system?**

- A. Members who terminate employment, defer any action on their SCERS benefits, and establish reciprocity after joining another eligible public employer with 180 days, will receive a retirement benefit that reflects their membership and tier at SCERS at the time they left employment. As a result, a reciprocal member is eligible to receive a benefit based on the tier in place during his or her period of participation in SCERS, regardless of future tier additions.

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### EXAMPLE

Ben is hired by the County in 1994, enters SCERS as a Miscellaneous Tier 3 member, and terminates employment in 2009 in order to work for the State, where he becomes a member of CalPERS and establishes reciprocity. In order to receive the benefits of reciprocal retirement, Ben will eventually retire from both systems on the same date. When he does, Ben will still retire from SCERS with Miscellaneous Tier 3 benefits, even if Ben retires after Miscellaneous Tier 4 has been adopted for new County employees.

**9.Q. Who should members contact if they have questions regarding their retirement tiers and/or benefits?**

- A. As with other questions about pension benefits, members with questions about their retirement tiers (including the new Miscellaneous Tier 4 and Safety Tier 3) should contact the SCERS office:

Sacramento County Employees' Retirement System  
980 9th Street, Suite 1900  
Sacramento, CA 95814  
Phone: (916) 874-9119  
Fax: (916) 874-6060.