

CHAPTER 10

RETIREMENTS

REVISED JULY 2024

TABLE OF CONTENTS

GENERAL 10-3
California Public Employees' Retirement System 10-3
Social Security 10-3
PUBLIC EMPLOYEES' RETIREMENT SYSTEM MEMBERSHIP 10-3
Alternate Retirement Program 10-3
BENEFICIARY 10-4
Statutory Beneficiaries 10-4
Designation of Beneficiary by Employee 10-4
Events that Affect Beneficiary Designation 10-4
Change of Beneficiary - Procedure 10-4
Information Regarding Beneficiary 10-5
APPLICATION FOR RETIREMENT - PROCEDURE 10-5
Service Retirement 10-5
Disability Retirement 10-5
Effective Date of Retirement 10-6
DEFERRED RETIREMENT 10-7
Leave Money on Deposit 10-7
Disposition of Deposit 10-7
MANDATORY RETIREMENT 10-7
ISSUANCE OF CERTIFICATES AND ID CARDS TO RETIRED
NONUNIFORMED EMPLOYEES 10-7
Nonuniformed 10-7
RETIREMENT PARTIES 10-8
INFORMATION RESOURCES 10-8
California Public Employees' Retirement System Field Offices 10-8
California Public Employees' Retirement System Telephone and Website
Information 10-9
Department Resource 10-9
ANNUAL STATEMENTS 10-9
RETIREMENT PLANNING ASSISTANCE 10-10
Seminars 10-10
Retirement Estimates 10-10
PARTIAL SERVICE RETIREMENT 10-10
Partial Service Retirement Act 10-10

Eligibility Criteria.....	10-10
Change in Fractional Time Base	10-11
Employee Benefits	10-11
Method of Payment	10-11
Employee Status	10-12
Application.....	10-12
<u>POTENTIAL LIMITATION ON RETIREMENT ALLOWANCE</u>	10-13

CHAPTER 10

RETIREMENTS

1. GENERAL.

a. California Public Employees' Retirement System. Information in this chapter pertains to retirement under the California Public Employees' Retirement System (CalPERS) only. An informational pamphlet containing summaries of retirement and related benefits is provided to employees when they are appointed.

b. Social Security. A booklet describing rights and responsibilities under Federal Social Security may be obtained from offices of the United States Social Security Administration.

2. PUBLIC EMPLOYEES' RETIREMENT SYSTEM MEMBERSHIP.

a. Membership in CalPERS is compulsory, except for the following nonuniformed employees:

(1) Persons employed to serve less than one month;

(2) Persons employed to serve less than four hours a day; or

(3) Persons employed to serve between four and eight hours a day in a position that is not to be regular and continuous or will not extend for one work year.

b. Nonuniformed employees in the first-tier retirement plan will have monthly payroll deductions begin on the date of employment, in addition to the state's contributions, to fund retirement benefits.

c. Nonuniformed employees in the second-tier retirement plan do not make contributions to fund their retirement benefits; however, second-tier retirement contributions are made by the state.

d. Alternate Retirement Program. Nonuniformed employees first hired into state service between August 11, 2004, and June 30, 2013, into the Miscellaneous or Industrial membership categories, are mandatorily placed into the Alternate Retirement Program (ARP) for their first two years of employment. The ARP is administered by the California Department of Human Resources (CalHR), Savings Plus Program. Under ARP, new employees immediately become members of CalPERS and begin paying contributions into ARP through payroll deductions.

However, employees do not earn retirement service credit during their first two years of state employment. Instead, employees are provided with two years of retirement savings. At the end of the two-year period, employee's payroll deductions stop going into ARP and begin going into CalPERS. At this time, the employee begins to earn retirement service credit with CalPERS. Beginning on the 47th month of state employment, employees then have the following options:

- (1) Transfer their accumulated ARP funds to CalPERS to buy back retirement service credit for the time they were enrolled in ARP; or
- (2) Receive a lump-sum distribution of all funds in the ARP account; or
- (3) Transfer all ARP funds to a 401(k) account with the CalHR's Savings Plus Program. If an employee fails to elect one of the three available options, their ARP funds will automatically be transferred into a 401(k) account with the Savings Plus Program.

3. BENEFICIARY.

a. Statutory Beneficiaries. Government Code (GC) Section 21493 defines statutory beneficiaries when an employee has made no designation of beneficiary before their death.

b. Designation of Beneficiary by Employee. Although GC Section 21493 may outline the same beneficiary designation as an employee's wishes, it is recommended that each and every employee designate a choice of beneficiary. Employees may designate their choice of beneficiary by completing and submitting a myCalPERS 0772, Pre-Retirement Lump-Sum Beneficiary Designation.

c. Events that Affect Beneficiary Designation. If an employee marries, obtains a dissolution or annulment of their marriage, or acquires a child by birth or adoption, the beneficiary designation last filed with CalPERS is automatically revoked. The statutory beneficiaries in the order named in GC Section 21493 then become effective. An employee who wishes to designate a beneficiary other than the statutory beneficiaries shall complete and submit a new myCalPERS 0772, as outlined in paragraph 3.d.

d. Change of Beneficiary - Procedure. Employees may change their beneficiary designation by completing a myCalPERS 0772 in duplicate and submitting both copies directly to CalPERS.

- (1) No erasures or changes in the names of beneficiaries or in the member's signature are permitted on the myCalPERS 0772. If an error is made, the employee must use a new form.

(2) After the form is reviewed and approved by CalPERS, the duplicate copy is returned to the employee.

(3) The myCalPERS 0772 is available through the normal requisition procedure.

e. Information Regarding Beneficiary. An employee may obtain information regarding their beneficiary designations on record by corresponding directly with CalPERS.

4. APPLICATION FOR RETIREMENT - PROCEDURE.

a. Service Retirement.

(1) An employee shall immediately notify their commander when filing for retirement. The commander shall immediately notify the Personnel Transactions Unit in Human Resources Section (HRS) of the employee's projected retirement date.

(2) A CalPERS-1015, Service Retirement Election Application, should be submitted to CalPERS in advance of the desired effective date; however, applications should not be sent to CalPERS earlier than 90 days in advance of the desired effective date. Prior to filing with CalPERS, applications for retirement shall be submitted to HRS for verification of the employee's sick leave balance at the time of separation. Upon verification of the employee's sick leave balance, the original application will be returned to the employee for filing with CalPERS. The employee shall also submit a copy of the completed application to their commander.

(3) The request for retirement must be signed by the employee.

(4) Continuation of health insurance under the Meyers-Geddes Act is automatic unless action is taken to cancel. Retiring employees who are considering cancellation of their health insurance should do so with caution since they may be precluded from reenrollment in a state plan after retirement. If there is a break in premium payment between the separation date and the effective date of retirement, a CalPERS-1008, Direct Payment Authorization, is used to record the continuance or cancellation of the plan.

b. Disability Retirement.

(1) The request for disability retirement may be initiated by the employee, the Department, or any person acting on behalf of the employee.

(2) If the employee initiates the disability retirement request, the procedure in paragraph 4.a. applies. A CalPERS-1200, Disability Retirement Election Application, should be submitted several months before the expiration of sick leave or other authorized credits since disability retirements require more time for CalPERS to process.

(3) For uniformed employees, the application should indicate whether the disability is believed to be service connected or nonservice connected.

c. Effective Date of Retirement.

(1) No retirement can be effective earlier than:

(a) The first day of the month in which the request for retirement is received by CalPERS, or

(b) The day following the last date for which retirement contributions are deducted, or the date of separation, if later.

(2) With the exception of mandatory retirements (refer to paragraph 6), the employee may set the effective date for retirement, subject to the approval of CalPERS. Normally, it is the day following separation from the Department's payroll.

(a) An employee may use Industrial Disability Leave (IDL) or 4800.5 benefits (if eligible), sick leave, compensating time off (CTO), vacation/annual leave, or any other available credits (i.e., personal leave, holiday credit) while pending approval for disability retirement. Once approved, the employee may only use sick leave, annual leave, or CTO through the date of separation for disability retirement (refer to GC Section 21163). An employee with continuing eligibility for IDL or 4800.5 benefits shall be separated immediately upon CalPERS approval for disability retirement because they are unable to stack two types of leave on the same day and cannot use sick leave, annual leave, or CTO in lieu of IDL or 4800.5.

(b) A uniformed employee using sick leave, CTO, vacation/annual leave, or any other available credits (i.e., personal leave, holiday credit), who is pending approval or who has been approved for disability retirement, may use those credits, as allowed in paragraph 4.c(2)(a) above, through the last day of the pay period in which the employee attains age 60. (Refer to paragraph 6.)

NOTE: Once separated from the Department, a retiree is not entitled to payment for accumulated sick leave credits. Any vacation or annual leave credits remaining at retirement are paid in a lump sum. (Refer to Chapter 21, Sick Leave and Bereavement Leave, of this manual.)

(3) When a disability retirement date is being requested, the employee needs to state "end of sick leave" or "end of annual leave" (if enrolled), or use a specific date when completing the CalPERS-1200. A statement such as "end of benefits" needs to be avoided since it does not identify a specific benefit.

5. DEFERRED RETIREMENT.

a. Leave Money on Deposit. Employees with five or more years of credited service in CalPERS can elect, at the time of their separation, to leave the money on deposit with CalPERS. This is in lieu of withdrawing the money, or, if eligible, beginning to receive the retirement allowance, and is commonly done when a resignation occurs prior to reaching retirement age.

b. Disposition of Deposit. When the contributions are left on deposit, a retirement allowance, based on years of service credit, is payable at any time after the minimum retirement age is reached. The total contributions initially left on deposit can be withdrawn at any time after separation and before starting the retirement allowance.

6. MANDATORY RETIREMENT. Effective October 1, 1996, the public safety exemption has been reinstated for the Age Discrimination in Employment Act. Uniformed employees are subject to the provisions of GC Section 21130, which states that every patrol member "shall be retired on the first day of the calendar month succeeding that in which he or she attains age 60."

7. ISSUANCE OF CERTIFICATES AND ID CARDS TO RETIRED NONUNIFORMED EMPLOYEES.

a. Nonuniformed.

(1) A Certificate of Service and a nonuniformed retired ID card will be issued to all nonuniformed employees retiring from the Department in "good standing" and meeting one of the following criteria:

(a) Service retirement with a minimum of three years of service with the Department.

(b) Industrial disability retirement with no minimum period of service.

(c) Ordinary disability retirement (not related to employment) with a minimum of three years of service with the Department.

(2) For purposes of this section, the term “good standing” does not include an employee who has service retired in lieu of termination or while under investigation for circumstances which could warrant termination.

8. RETIREMENT PARTIES.

a. As soon as arrangements for retirement parties are completed, a copy of the announcement is to be routed to the Roster Services in HRS. Early notification of arrangements will ensure badges and retirement certificates will be ready for presentation.

b. When commanders receive an announcement of a retirement party for a uniformed employee, they shall contact one of the designated retired employees on the alert list provided to them by the California Association of Highway Patrolmen. The designated retiree so contacted will assume the responsibility for notifying other retired members on the notification list.

9. INFORMATION RESOURCES.

a. California Public Employees’ Retirement System Field Offices. The CalPERS established field offices, shown below, to provide general assistance on the retirement program and to provide benefit estimate interviews. Contact should be made with the CalPERS office closest to the employee’s residence for assistance.

Fresno 10 River Park Place, Suite 230
Fresno, CA 93720
(888) 225-7377

Glendale 655 North Central Avenue, Suite 1400
Glendale, CA 91203
(888) 225-7377

Sacramento 400 “Q” Street
Sacramento, CA
95811
(888) 225-7377

San Bernardino 650 East Hospitality Lane, Suite 330

<u>San Diego</u>	San Bernardino, CA 92408 (888) 225-7377 7676 Hazard Center Drive, Suite 350 San Diego, CA 92108 (888) 225-7377
<u>Walnut Creek</u>	1340 Treat Boulevard, Suite 200 Walnut Creek, CA 94597 (888) 225-7377
<u>Orange</u>	500 North State College Boulevard, Suite 750 Orange, CA 92868 (888) 225-7377
<u>San Jose</u>	181 Metro Drive, Suite 520 San Jose, CA 95110 (888) 225-7377

b. California Public Employees' Retirement System Telephone and Website Information. Information on the status of pending retirements, or on retirement procedures and benefits, may be obtained from CalPERS Customer Contact Center at (888) 225-7377. Contact can also be made with CalPERS via their website at www.calpers.ca.gov to obtain additional information on retirement benefits and programs. Members can establish personalized access to their retirement, health, and financial information by setting up a CalPERS account through the myCalPERS link on this website.

c. Department Resource. The HRS, Injury and Illness Case Management Unit, can provide general information or assist in obtaining special information from CalPERS.

10. ANNUAL STATEMENTS. The CalPERS issues a statement annually to each employee showing accumulated service credit and contributions. The balances are shown as of June 30 of the year involved; however, receipt of the statements is normally delayed approximately three months. The CalPERS has set the delivery preference for all members to electronic delivery. The annual statement may be accessed online by logging in to the employee's myCalPERS account. If an employee wishes to receive their statement by mail, they must request CalPERS to change their statement delivery preference to mail.

11. RETIREMENT PLANNING ASSISTANCE.

a. Seminars. Retirement planning services are periodically conducted by CalPERS in locations throughout the state. The CalPERS field offices can provide information on their two-day, multiple-topic programs, half-day briefings, and one-on-one interviews. Addresses and telephone numbers of the CalPERS field offices are contained in paragraph 9 of this chapter.

b. Retirement Estimates. Employees may obtain an estimate of their future retirement allowance by submitting a PERS-BSD-470, Retirement Allowance Estimate Request, to the CalPERS address on the form. It is recommended that the form be submitted approximately two years in advance of a contemplated retirement

to allow for adjusting retirement plans based on what is learned. A subsequent request may be submitted should plans change. The request for an estimate is not an application for retirement, and there is no obligation to retire on the estimated date(s).

12. PARTIAL SERVICE RETIREMENT.

a. Partial Service Retirement Act. On January 1, 1984, the Partial Service Retirement Act (PSRA), (GC Sections 19996.30-19996.40), became effective. The PSRA makes it the policy of the state to offer partial service retirement to employees where feasible. The Act allows certain employees to reduce their work time, on monthly basis, from not less than 20 percent to not more than 60 percent, and receive a partial retirement allowance. The CalPERS has the administrative responsibility for the PSRA; however, the Department has the discretion to consider and approve requests for employee participation in the PSRA to the extent that necessary work will continue to be performed.

b. Eligibility Criteria.

(1) Employees are eligible to request participation if they are:

(a) A full-time state miscellaneous, industrial, or public agency member.

(b) At least the normal retirement age for their retirement formula, and

(c) Credited with the minimum number of years of service credit to be eligible for service retirement in their membership category. For most state miscellaneous, industrial, or public agency members, they must have a minimum of five years of CalPERS credited service.

(2) An employee is not eligible to participate if:

- (a) Employed by the University of California, or
- (b) Classified as a state safety or patrol member.

c. Change in Fractional Time Base. The following are restrictions to changes in time base and must be approved by the appointing power:

- (1) A fractional time base can be further reduced once each fiscal year.
- (2) A fractional time base can be increased once each five years.
- (3) Employees who receive departmental approval to voluntarily return to full time are ineligible to participate in the PSRA for five years. Participants can be required to return to full time employment by the Department only if a state of emergency is declared pursuant to GC Section 8558 that affects the area of the state in which the employee works.

d. Employee Benefits. Employees participating in PSRA are not considered “retired” until they elect full retirement; therefore, benefits (health, dental, holidays, life insurance, Industrial Disability Leave, Nonindustrial Disability Insurance, merit and special in-grade salary adjustments, sick leave, and vacation) are earned the same as part-time employees.

(1) Retirement Contributions. Employees whose state service is included under both CalPERS and Social Security will continue to pay a percentage of their total monthly salary based on Memorandum of Understanding (MOU) contract.

(2) Service Retirement Credit. Service credits are accumulated until they equal one month of full-time service; for example, employees working half-time (50 percent) must work two months to earn one month of full-time service.

NOTE: Where provisions of this law are in conflict with the provisions of an MOU reached pursuant to GC Section 3517.5, the MOU shall be controlling.

e. Method of Payment. Participants will receive two warrants.

(1) The first warrant represents the retirement allowance and is issued from CalPERS. Retirement allowances are recalculated only when the employee has a change in time base or applies for service retirement.

(2) The second warrant represents the corresponding portion of the full-time monthly rate for the employee's classification; participants are taxed on the earned income portion of the fractional time base; any taxes and all payroll deductions will be taken from this warrant. It is the employee's responsibility to ensure there is enough net income to cover any deductions.

f. Employee Status.

(1) Extension of Probationary Periods. Extension of probationary periods that may be required because of the reduction of work time feature must comply with State Personnel Board Rule 321.

(2) Order of Layoff. Participants cannot routinely be subject to layoff ahead of full-time employees; however, they are subject to the same seniority and other layoff considerations as full-time employees in determining the order of layoff.

(3) Promotional Opportunities. Employees may compete in promotional examinations for which they qualify; however, promotional opportunities could be affected if employees limit themselves to part-time eligibility in the examination.

(4) Earned Income Credit. Employees in this program who reduce their gross income enough to qualify for Earned Income Credit should contact the State Controller's Office.

g. Application. Employees must obtain departmental approval for participation before a CalHR-062, Partial Service Retirement Application, can be submitted through channels to CalPERS. To ensure that the retirement allowance is issued concurrently with the first warrant reflecting the fractional time base, employees should allow 75 days for the PSRA retirement application process. The following PSRA application steps should be adhered to:

(1) Employees meeting eligibility criteria shall submit a written PSRA request and CalHR-062 to their commander.

(2) The commander will review the request and determine whether necessary work would continue to be performed if the PSRA was implemented.

(a) If the PSRA request is approved, the commander will fill out the information for Section D on the application form and send it through channels to HRS to process the form to CalPERS. The written request and a copy of the application should be maintained in the employee's field personnel file at the command level.

(b) If the PSRA request is denied, the commander will notify the employee and return the request and application to the employee with a copy to the employee's field personnel file at the command level to retire on the estimated date(s).

13. POTENTIAL LIMITATION ON RETIREMENT ALLOWANCE. Section 415 of the Internal Revenue Code places a dollar limit on the annual benefit that can be received from a tax-qualified pension plan such as CalPERS. Under Section 415, the maximum annual benefit payable if an employee retires at Social Security "normal retirement age" (ages 62-65) is \$210,000 for 2014 (indexed annually for inflation and reduced for early retirement). In some cases, CHP uniformed members may be considered as retiring at Social Security "normal age" even though their actual age is younger. If the employee first became a CalPERS member prior to January 1, 1990, the retirement benefit, under certain circumstances, may exceed these limits. If at retirement CalPERS finds that benefit must be limited under Section 415, CalPERS will enroll the member in a replacement benefit program and pay a monthly amount that will, to the extent possible, make up the amount that the CalPERS benefit is limited.

THIS PAGE INTENTIONALLY LEFT BLANK