

**CITY OF FRESNO RETIREMENT SYSTEMS**

# **RECIPROCALITY**

**ELIGIBILITY  
AND  
RETIREMENT  
BENEFITS**

**EFFECTIVE FEBRUARY 18, 2002**



# RECIPROCITY

In February 2002, the City of Fresno contracted with the California Public Employees Retirement System (CalPERS). CalPERS has an agreement with many public retirement systems that allows movement from public employer to public employer within a specific time limit, without losing valuable retirement and related benefit rights. **This is called "*reciprocity*".**

There is no transfer of funds or service credit between retirement systems when you establish reciprocity. You become a member of both systems and are subject to the membership and benefit obligations and rights of each system (for example, minimum retirement age), except as modified by the reciprocity agreement. Upon retirement, separate retirement allowances are received from each system, and you must apply to retire from each system separately. You must retire on the same date from all public retirement systems participating in a reciprocal agreement for all benefits of reciprocity to apply.

The benefits arising from movement to a reciprocal retirement system are explained in this booklet.

The public retirement systems that have established reciprocity with CalPERS and, by extension, City of Fresno, are listed in the next section of this booklet.



# When You Change Retirement Systems

This booklet provides information on the rights and benefits afforded City of Fresno Retirement System (CFRS) members in conjunction with certain other public retirement systems in California.

As you read this information, please note that CFRS authority extends only to applying and implementing the Fresno Municipal Code. It does not extend to laws and regulations under which other public retirement systems are administered.

Questions relating to rights, benefits and obligations under any other public retirement system should be addressed directly to the appropriate system.



# Public Retirement Systems with Reciprocity

## 1. All agencies whose employees are members of CalPERS including:

- All State agencies
- Public school districts, i.e., employees who are not certificated teachers.
- Special districts, i.e., fire, irrigation, etc.
- Smaller cities, i.e., Lemoore, Visalia

## 2. Counties that maintain retirement systems under the County Employees Retirement Law of 1937:

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

# **Public Retirement Systems with Reciprocity continued**

## **3. California public agency retirement systems:**

City of Concord

City of Costa Mesa (safety employees only)

City of Fresno

City of Oakland (miscellaneous employees only)

City of Sacramento

City of San Clemente (miscellaneous emps only)

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 emps only)

Los Angeles County Metropolitan

Transportation Authority

(non-contract Employees' Retirement Plan,  
formerly Southern California Rapid Transit  
District)

City of Los Angeles (Los Angeles City Emp  
Retirement Plan)

Long Beach Schools Business Management Authority

## **Establishing Reciprocity**

**Full Reciprocity.** You must satisfy certain statutory conditions in order to receive the full benefits of reciprocity when changing employment:

- ▶ You must continue membership in the first retirement plan by leaving your service credit and contributions (if any) on deposit; and
- ▶ Your entry into employment in which you became a member of the reciprocal retirement system must occur within six months of ending employment as a member of the first system; and
- ▶ You must retire concurrently under both systems to realize the highest final compensation.

**Concurrent Employment.** Reciprocity does not apply when you remain employed with one public employer (and remain a member of that employer's retirement system) and, at the same time, start working for another public employer (and become a member of that employer's retirement system), since you have not discontinued employment and have not changed from one system to another. If you are concurrently employed, for the period of service accrued during concurrent employment, CFRS salaries will be used.

**Partial Reciprocity.** Full reciprocity does not apply to you when termination and entry into employment resulting in a change in membership from CFRS to another system or from another system to CFRS occurred before the effective date of the agreement that established reciprocity between the two systems. If, however, you would have been eligible for reciprocity had the agreement been in effect at the time of the move, the provision relating to highest final compensation will apply



to you as long as you retire on the same date under each system. This is called "partial reciprocity."

## **Member Benefits Accruing from Reciprocity**

The benefits accruing to you upon qualifying movement between reciprocal systems are listed below. These benefits are valuable additions to the basic benefit package provided by each employer:

1. ***Membership rate age:*** Use of earlier age at entry into the other system in determining your contribution rate under a variable rate formula, if contributions were never withdrawn from the other system. Please note that Tier II safety members in CFRS have a fixed rate of contribution and so are not affected by their age at entry into the other system.
2. ***Final Compensation:*** Use of highest compensation earnable under any of the systems when computing final compensation as long as you retire on the same date under all systems.
3. ***Qualification for Benefits:*** Service in the reciprocal system may be used to meet minimum service requirements for benefits.

(See provisions on pages 9-10 regarding DROP and PRSB.)

## Member Benefits Accruing from Reciprocity continued

4. ***Disability Retirement\****: Entitlement to a disability retirement if you are eligible to receive a disability retirement from the other system and you retire from both systems on the same day. CFRS will pay a disability benefit that does not exceed the difference between the amount which would be paid by the other system if all your CFRS service was credited with the other system, and the amount that was actually paid under the other system. If adding your CFRS service with the other system's service does not increase your allowance with the other system, CFRS will pay an annuity that is the actuarial equivalent of your CFRS contributions.

If you retire under the other system because of a work-related disability, CFRS will pay an annuity that is the actuarial equivalent of your CFRS contributions.

- \* *If eligible, i.e., meet minimum age requirement, you may retire for service retirement from CFRS in lieu of a disability retirement.*

**See EXAMPLES on page 12**

## Other Rights, Benefits and Obligations

The reciprocity discussed so far is generally considered “full reciprocity.” Those who satisfy the statutory criteria to qualify for reciprocity acquire the “full” benefits resulting from the reciprocal agreement. The following are other rights, benefits, and obligations that apply to you if you enter into employment with a reciprocal public retirement system with or without establishing “full reciprocity”.

- ***Redeposit Rights:*** You may choose to withdraw your CFRS contributions upon leaving City of Fresno employment prior to entering employment as a member of a reciprocal retirement system. If your departure from CFRS is after Feb 18, 2002, you will be allowed to redeposit those CFRS contributions plus interest in order to re-establish service credit and membership in the system. (CalPERS and some reciprocal agencies will allow redeposit of contributions.)

Full reciprocity benefits accrue to you as a member of a reciprocal retirement system only when your movement from CFRS to the reciprocal system was within 180 days.

- ***Refund Restriction:*** Your CFRS contributions may not be withdrawn while you are in employment in a position covered by a system with which CFRS has a reciprocal agreement (see p. 3 and 4).
- ***Vesting:*** A CFRS member who has established membership with a reciprocal retirement system (with or without establishing “reciprocity”) is entitled to retire from CFRS without meeting the minimum service credit requirement; however a minimum of 5 years CFRS service is required to receive any Post Retirement Supplemental Benefit (PRSB).

## **Reciprocity and the Deferred Retirement Option Program (DROP)**

When a City of Fresno employee who participates in the DROP program leaves City employment, he/she retires and begins to receive monthly retirement benefits. He/she also elects the method of receiving DROP account funds.

Because retirement from the City of Fresno has already been accomplished, it is not possible to establish reciprocity with another system after leaving the City.

Current employees who participate in the DROP program may establish partial reciprocity with a previous employer. When the employee leaves the City of Fresno and retires, they must retire from the previous agency on the same day as their retirement from CFRS in order to receive the benefits of partial reciprocity.

# **Reciprocity and the Post Retirement Supplemental Benefit (PRSB)**

In accordance with provisions of the Fresno Municipal Code, 2-1745A and 2-1854, an employee must complete five years of service with the City of Fresno in order to be eligible for the PRSB. Time served in a reciprocal system may not be applied to this five-year requirement.

## EXAMPLES

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***Employee A*** (an employee who is not a teacher) works at Fresno City College (a CalPERS agency) for 12 years. He draws out his contributions from CalPERS. Within 120 days after terminating employment with the college, he is hired by the City of Fresno and becomes a member of the Employees Retirement System.

To establish reciprocity with CalPERS and receive credit for his service at City College he must:

1. Arrange to redeposit his contributions with CalPERS (lump sum or payment schedule, etc.)
2. Move from one reciprocal system to another within the 6 month time period. (He met this requirement by beginning City of Fresno employment within 120 days.)

### ***Employee A continued***

#### *If reciprocity is established:*

1. City of Fresno will honor his time at City College and will base his retirement rate on his age at entry into the CalPERS system.
2. He will be immediately vested in the City of Fresno Employees Retirement System based upon his 12 years in CalPERS.
3. At retirement time the City of Fresno and CalPERS will each calculate his retirement allowance based upon his highest final average salary at either system.

#### *If reciprocity is not established:*

1. The employee pays a retirement rate based upon his age at entry into the City of Fresno Employees' Retirement System.
2. Employee must be employed at City of Fresno for five years to be vested.
3. At retirement time the City of Fresno will calculate retirement benefits based only upon the City of Fresno record.



## EXAMPLES

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**Employee B** works at Contra Costa County(CCC), a 1937 Act County, for 5 years. He decides to attend the Police Academy in Fresno and is subsequently hired by the Fresno Police Department. He elects to leave his contributions on deposit at Contra Costa County. He is aware of the 6 month limit going from one reciprocal agency to another reciprocal agency. He is also aware that the Police Academy is 6 months long. As a result he terminates from Contra Costa County the day before the Police Academy begins. He is then hired by City of Fresno Police Department the day after the academy ends and his move from one agency to another is completed in exactly 6 months.

**Please note:** if the above described move is not orchestrated correctly and the move from one agency to another takes longer than 6 months, the employee will not have the opportunity to establish reciprocity.

To establish reciprocity and receive credit for his service at Contra Costa County, he must

1. Leave his contributions on deposit with Contra Costa County
2. Move from one reciprocal system to another within the 6 month time period. (He met this requirement.)

### ***Employee B continued***

#### *If reciprocity is established:*

1. The City of Fresno Fire and Police Retirement System will honor his time at Contra Costa County. Since contributions in Tier II are a flat 9%, reciprocity will not have an affect on his contribution rate.
2. He will be immediately vested in Tier II of the City of Fresno Fire and Police Retirement System based upon his 5 years at CCC.
3. At retirement time City of Fresno and CCC will compare final average salaries for this employee, and each System will calculate his retirement benefit based upon the highest final average salary amount earned at either employer.

#### *If reciprocity is not established:*

1. The employee's retirement rate in Tier II is not affected by his CCC employment.
2. The employee must be employed with the City of Fresno Police Department for five years to be vested.
3. At retirement time the City of Fresno Fire and Police Retirement System will calculate retirement benefits based upon City of Fresno records only and CCC will calculate based upon CCC records only.

# **How to Notify CFRS When You Change Retirement Systems**

When you become a member of a reciprocal public retirement system you can notify CFRS by one of the following methods:

- Complete the attached Notification Letter
- Submit a written request to:

City of Fresno Retirement System  
2828 Fresno Street Suite 201  
Fresno, California 93721-1327

**FOR MORE INFORMATION CALL:**

(559) 621-7080  
(559) 621-7081 (FAX)

Or, visit the City of Fresno Retirement Systems website at [CFRS-CA.org](http://CFRS-CA.org).

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