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Subject: Implementation of California Public Employees' Pension Reform Act, AB 340 and AB 197 – “Retired Members”

Summary: In September 2012, Governor Brown signed AB 340 and AB 197 which changes the way pension benefits are calculated for new members and modifies some elements of pay and contributions requirements for both new and current members. This memorandum describes certain procedures and rules that apply to retired members. Should you have any questions, you are encouraged to contact StanCERA staff at 209-525-6393.

Retirees

1. Returning to work (7522.56)

There are some changes regarding when a retiree may return to work while receiving a retirement benefit from StanCERA. In general, retirees receiving a benefit from StanCERA and not already working for a StanCERA employer on or before December 31, 2012, will not be allowed to return to work for a StanCERA employer after December 31, 2012. However, there are some exceptions to this rule.

If 180 days have passed since the member's retirement effective date and the employer certifies to StanCERA that the member's skills are needed to perform work of a limited duration or to prevent an emergency stoppage of public business, then that person may be able to return to work for a period not to exceed 960 hours a year.

If 180 days have not passed since the member's retirement effective date and the governing body declares in a public meeting (not on consent) that the member's skills are necessary to fill a critically needed position, then that person may be able to return to work for a period not to exceed 960 hours a year. Public safety officers or firefighters are exempt from the “less than 180-day rule”.

2. Commission of a felony (7522.72)

If a public employee first employed by a public employer is convicted of a felony arising out of the performance of his or her official duties, then that employee will forfeit any benefit earned on and after the date of the commission of the felony. The monitoring of this requirement of AB 340 will ultimately be the responsibility of the plan sponsor and should be reported to StanCERA as soon as possible.