

What is Reciprocity?

Reciprocity allows public employees in California to move from one employer to another without jeopardizing their earned retirement benefits. By establishing reciprocity between retirement systems, total retirement benefits can actually increase.

This pamphlet describes the many rules, benefits and other considerations related to establishing reciprocity between the Ventura County Employees' Retirement Association (VCERA) and another qualifying reciprocal system.

Qualifying Reciprocal Systems

Reciprocity can only be established between VCERA and other eligible retirement systems in California, including any other "1937 Act" (CERL) county system, the California Public Employees Retirement System (CalPERS), most agencies reciprocal with CalPERS, the California State Teachers Retirement System (CalSTRS), and the Judges' Retirement System to a limited extent.

Incoming and Outgoing Reciprocity

Employees who were previously members of a reciprocal retirement system and later joined VCERA can establish *incoming reciprocity*. Members who left VCERA-covered employment and later joined a reciprocal system can establish *outgoing reciprocity*.

The same eligibility rules and reciprocal benefits apply to incoming and outgoing reciprocity. However, as will be discussed, the process for establishing reciprocity varies.

Rules of Reciprocity

To establish and maintain reciprocity, you must comply with the following rules. Violating any of them will break reciprocity, resulting in the loss of all reciprocal benefits.

- Your membership in the new reciprocal system must begin within 180 days of leaving your first reciprocal system.
- Your employment under the first reciprocal system *cannot* overlap with your employment under the new system. There must be a definitive break in service, including your use of vacation hours under the first system.
- Your accumulated retirement contributions may not be withdrawn from the first reciprocal system.
- You must retire from all reciprocal systems on the same day. Each system will pay you a separate retirement benefit.

RECIPROCITY IS an agreement between eligible retirement systems designed to encourage employees to remain in public service throughout their careers.

Advantages of Reciprocity

The advantages of establishing reciprocity between VCERA and a qualifying retirement system include:

- The service credit earned in the first system will contribute to meeting your vesting and retirement eligibilities in the new system. This means you do not need to "start over" when transitioning between retirement systems.
- The age for determining your retirement contribution rate in the new system will be the same as your entry age in the first system. (VCERA has a fixed contribution rate regardless of age, so this provision does not apply to VCERA rates. However, members with outgoing reciprocity may have a lower contribution rate in the new retirement system.)
- The highest compensation you earned in any reciprocal agency will be used by all reciprocal systems to determine your "final average compensation" when calculating your retirement benefits (unless limited reciprocity applies). This salary "sharing" could increase your benefit from the first system.

Note: The final average compensation used is subject to each reciprocal system's rules governing which pay items are considered "pensionable."

- If you were a member of the first reciprocal system prior to 2013, you may be eligible for a higher, non-PEPRA benefit tier in the new system. If so, you would be subject to the retirement eligibility and contribution requirements of that benefit tier.

Disadvantages of Reciprocity

Although there are excellent reasons to establish reciprocity, some members may not find it advantageous. Potential disadvantages include:

- Limiting a VCERA member's ability to retire from different retirement systems on different days.
- Entering an older, non-PEPRA benefit tier that may require a member to accrue more years of service credit to attain retirement eligibility.
- In some cases, limiting the retirement benefit payable to a member who is awarded a disability retirement in a reciprocal system.

MANY MEMBERS have seen their monthly pension benefits increase because reciprocity allowed each retirement system to use the member's highest pensionable pay, regardless of where it was earned. A higher "final compensation" equates to a higher benefit!

BECAUSE EACH member's needs and retirement goals are unique, please contact VCERA to discuss the advantages and disadvantages of establishing reciprocity.

How to Establish Reciprocity

You must indicate in writing your intent to establish reciprocity between VCERA and another reciprocal system. Reciprocity will not be established without a signed Incoming Reciprocity Request Form. VCERA will exchange information with the prospective reciprocal system, a process that can take several weeks. You will be notified in writing when reciprocity has been established or denied.

For outgoing reciprocity: If you leave active membership in VCERA, you must sign and return a Disposition Packet requesting that VCERA pursue reciprocity with your new system.

For incoming reciprocity: If you enter active membership in VCERA, you must sign and return a Sworn Statement or Incoming Reciprocity Request Form.

Benefit Tier Assignment

With incoming reciprocity, if you join VCERA on or after January 1, 2013, you will be placed in a "PEPRA" tier by default. If VCERA confirms that you are eligible for reciprocity in a retirement

system that you joined prior to 2013, VCERA will change your PEPRA tier to a "Legacy" tier. Go to www.vcera.org for additional information on membership and benefit tiers.

Also, VCERA will determine your benefit tier by your *eligibility* for reciprocity, not by whether you *elected* to establish reciprocity.

Other Considerations

Right to Not Establish Reciprocity: You are not obligated to establish reciprocity, even if you are eligible to do so.

Inability to Break Reciprocity: Once reciprocity is established, you *cannot* revoke it. Moreover, you are not permitted to retire from your reciprocal systems on different days or to withdraw your retirement contributions.

Death Benefit: When a VCERA retiree passes away, there is a one-time death benefit of \$5,000 payable to the retiree's designated beneficiary or estate. However, the VCERA benefit may be reduced or eliminated if a retiree has outgoing reciprocity because the latter retirement system may have primary responsibility for paying the death benefit.

Limited Reciprocity with JRS: Establishing reciprocity with the Judicial Retirement System II may have some limitations. Contact VCERA for more information.

If there is any difference between this publication and the County Employees Retirement Law of 1937 (CERL), the law shall prevail.

Reciprocity: Linking Your California Retirement Systems



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