



VCERA Update - FAQ

We received a lot of questions after our last email with an update on the impact of the Alameda Decision on pensions. Here are some FAQs and the answers.

FREQUENTLY ASKED QUESTIONS

1. What is the Alameda decision?

On July 30, 2020, the California Supreme Court ruled on a case of the Alameda County deputy sheriffs union against their retirement system. The case centered on whether the retirement system could legally apply provisions of the Public Employees' Pension Reform Act (PEPRA, 2013). Specifically, determining what types of compensation are pensionable. The Court ruled that PEPRA is legal, and the retirement system did not have the discretion to include in-kind (not paid in cash) compensation for purposes of calculating a retirement benefit.

2. How does this affect Ventura County?

Legacy members of VCERA have the employee-only flex credit amount included in the total compensation for retirement purposes. This is no longer permitted after Alameda since flex credit is

(FAQ #2 Continued)

considered in-kind compensation when used for medical benefits. The Opt-Out Allowance amount instead will be included with regular salary as total compensation for retirement purposes. Simply, what VCERA considers compensation for Legacy members will decrease by \$352 per pay period. VCERA has no option but to implement this change.

Old Method: Compensation = Salary + Employee-Only Flex Credit

New Method: Compensation = Salary + Opt-Out Allowance

3. How do I know if I am a Legacy member?

Legacy members (also called Classic members) are those who became members of VCERA prior to January 1, 2013 or have reciprocity with a previous employer to maintain their Legacy status. If you are not sure, contact VCERA.

PEPRA members – those who joined VCERA after January 1, 2013 – are not affected by the VCERA changes.

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If you have any questions, please contact your worksite organizer.

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VCERA Update - FAQ (Cont.)

4. When does this change happen?

We expect VCERA to adopt a resolution implementing the change in April.

5. How is the retirement benefit for Legacy members going to be affected?

It will vary widely depending on individual circumstances from less than \$100 per month to several hundred dollars per month less than if the full Flex Credit remained pensionable. Based on one estimate, the average retiree will see a loss of \$187.

6. I'm eligible for retirement, should I retire now to lock in a higher compensation amount?

Retiring now will not eliminate the impact. VCERA will retroactively recalculate all earned compensation from July 30, 2020 forward.

7. What about the employee contributions Legacy members made to VCERA since the decision?

VCERA will be calculating excess contributions made from July 30, 2020 to when the change is implemented. The timing and method of returning those contributions are still being determined and we will communicate additional information in the future.

8. If this is mandated by law, what is the subcommittee bargaining over?

The Union has a right to negotiate over impacts from the change. The County should help soften the blow of the reduced retirement benefit and the subcommittee will negotiate over possible mitigations.

9. What is a Health Reimbursement Account (HRA) that the County is proposing?

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An HRA is an employer-funded tax-advantaged account that can be used for eligible medical expenses. Under the County's proposal, in retirement, Legacy members would have a set monthly dollar contribution from the County available for medical expenses for the retiree or their qualified dependents. These contributions would roll over annually.

10. What if I have more questions?

Contact your Regional Coordinator Edwin Valdez at edwin.valdez@seiu721.org.



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