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# Safety Member Retirement Benefits Handbook

Retirement Information specific to **Safety Members** of  
Contra Costa County Employees' Retirement Association



Employees' Retirement Association

1355 willow way suite 221 concord ca 94520

925.521.3960 fax: 925.646.5747



This section of the Member Handbook describes specialized aspects of Safety member retirement benefits. Most information in the General Member Handbook also applies to Safety members.

However, there are some key differences.

These differences are covered in this section. The numerical annotations in gray type are code sections of the 1937 Act that are the legal documentation for CCCERA Safety benefits. We have included these statutes in case you would like to view additional source material.

As always, if you have questions about CCCERA, your membership, retirement benefits, estimates, counseling, or related subjects, please call or write.

We're here to provide the information you need.

*Safety Members are individuals employed in active law enforcement, active fire suppression, and other occupations as noted below.*

In 2002, the 1937 Act expanded safety member definitions. The following positions are some examples of jobs that are now within Safety retirement tiers:

- Hazardous Materials Specialists and Technicians
- Airport Operations Specialists
- Probation Counselors, Officers and Supervisors
- District Attorney Investigators
- Welfare Fraud and Field Investigators
- Public Safety Officers



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There are other job classifications under Safety retirement tiers. Jobs designated as “Safety” are mandated by statute, and/or through adoption by the County Board of Supervisors. Your retirement tier designation depends primarily on the benefit structure adopted by your employer.

If there is any doubt as to whether a job category qualifies as a Safety classification, the Retirement Board makes the determination.



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NOTE: Employment by Contra Costa County or a special district involved with law enforcement, fire suppression, or other “safety” classification does not *automatically* mean you belong to a Safety retirement tier. General members also work for Safety employers. For example, clerical staff, criminalist aides, and court service officers do not have duties that fall within ‘active’ enforcement. These employees are members of Tier 1E or 3E.

If you are a Tier 1E or 3E member, your benefits are described in the General Member Handbook.

*Safety Tier Benefit Differences*

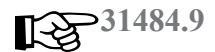
The tables below illustrates the benefit structure differences between Safety tiers:

Safety A: Enhanced (3% at 50)	Safety members with 10 or more years of continuing service, who retire on or after age 50, or Safety members with 20 years of service regardless of age, will receive pensions calculated with the enhanced benefit factor (3% at 50).
Safety C: Enhanced (3% at 50)	Safety Tier C is applicable only to Deputy Sheriffs hired after 1/01/2007, and is scheduled to “sunset” in 2012, unless extended by MOU. Retirement eligibility is the same as for Safety enhanced.
Safety Non Enhanced (2% at 50)	As of 2008, only one agency is in this tier: Rodeo-Hercules Fire Protection District. Retirement eligibility is the same as other Safety tiers.

Safety Tier	Final Average Salary (FAS) Used to Compute Benefits	Cost of Living Benefit (COLA)	Service Retirement Benefits
A	1 year highest average salary	3% maximum per year	3% at 50
C	3 year highest average salary	2% maximum per year	3% at 50
Safety Non-enhanced (2% at 50): 1 year highest average salary (Rodeo-Hercules FPD)			

Safety Tier C is specific to Deputy Sheriffs. All other Safety members are in Tier A enhanced.

In 2006, the Contra Costa County Board of Supervisors adopted a 1937 Act statute, 31484.9, which created flexibility in the Board's ability to alter benefit structures for different **Deputy Sheriff** bargaining units, unrepresented employees in similar job classifications, their supervisors and managers.



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This statute allows the establishment of different retirement benefits for different bargaining units within the Deputy Sheriff's Association. Benefit provisions can be increased by the adoption of a resolution; however, benefits can also be decreased in the same fashion. This section of the law only applies to increases over the basic benefit, and will be consistent with any MOUs accepted by DSA bargaining units. The Board of Supervisors must also inform all DSA members about the impact of any possible benefit structure change.

31484.9 also mandates that any benefit changes are only available *prospectively* (going forward from the date of adoption). Prior retirement service credit will be calculated at the formula in effect during that service period; future service credit will be calculated under current provisions. Total retirement allowance will be the sum of both service credit periods.

This section of the law established a new tier, Safety Tier C, which only applies to Deputy Sheriffs hired on or after January 1, 2007. Deputy Sheriffs hired prior to January 1, 2007 do **not** have an option to elect Tier C.

## Contribution Rates

Like General members, Safety member contribution rates are set using the “*entry age normal*” method. This means the age you enter the system is the starting point for figuring a *present* estimate of the amount your *future* benefit will cost, factored as a level amount for the number of years it will take to arrive at your retirement age. The younger you enter the system, the more years you have to make contributions. Therefore, younger members have smaller contribution percentages because they have more years to make contributions to their retirement.

Safety members traditionally retire at earlier ages than General members. The majority of active law enforcement, fire fighters and other personnel with high risk jobs are covered by the 3% at 50 benefit structure. Contribution rates are set to provide an average retirement annuity at age 50, rather than age 55 used for General members (2% at 55).

The 3% at 50 benefit is more generous, but it is also more costly to employees and employers alike.

In recent years, County and special district employers have experienced declines in revenue, while the cost of providing benefits has increased. Beginning in 2006, in order to assist provision of the 3% at 50 benefit to active safety members, certain County Safety and Moraga Orinda Fire Protection District Safety members contribute an additional amount per year, up to a maximum of 9% of the employer’s increase in contributions attributed to the adoption of the 3% at 50 benefit. (This is called “subventing” the employer’s cost.)

The statute allowing this subvention of employer rates by employees was adopted in 2006.

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By the end of 2006, Contra Costa County and the Deputy Sheriff’s Association modified this subvention rate to 3%, **for this group only**.


All contributions made by members are refundable at termination of employment (*including the amounts safety employees subvent for employer costs*), if the terminating member chooses to take a *lump sum payout*, rather than a monthly retirement benefit.

Safety members who have credit for thirty years of continuous service do not pay contributions.

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## Safety Member Retirement Eligibility

Safety members are eligible to retire:

- ★ at age 50, with 10 years of full time, continuous\* service,  31663.25
- ★ at any age, with 20 years of full time service.

\*Full time service may include a *break in service* that does not exceed 12 months, for a **medical leave of absence**. If contributions were not taken during a break in service, the member may “purchase” the time. However, this purchase cannot exceed the 12 month limit.

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Payments can be made either as a lump sum, or as monthly payroll deductions, but the total amount of time credited *and* the length of payment contract may not be more than the length of the period for which credit is claimed.

If a Safety member has service credit in more than one tier, (for example, 10 years as a Safety member and 5 years as a General member in Tier 3) the retirement benefit will be the sum of both categories of service, regardless of the tier under which the member retires. The member will receive 10 years of service credit calculated under the Safety tier, and 5 years calculated under the Tier 3 benefit formula.

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Part-time Safety members are eligible to retire:

- ★ at age 55, with 5 or more years of retirement service credit, *and*
- ★ have held a position with the County or a participating employer for a minimum of 10 years.

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## Service Credit Purchases and Conversions

Service credit purchase rules for Safety members are the same as for General members. However, there may be confusion if a Safety member had service in two or more tiers during his/her career. Below are some examples .

### **Example 1:**

A member entered service in the Tier 3 designation prior to becoming a Safety tier member. During the Tier 3 service, the member took an **unpaid** medical leave of absence. After returning to work, the member changed jobs and became a Safety member. Can eligible medical leave of absence time from Tier 3 be purchased as Safety service credit?

The answer is “no.” Eligible service credit can only be purchased under the original tier designation that was in effect during the leave of absence period.

### **Example 2:**

Prior to becoming a member of a Safety tier, a member was in military service, but *will not receive a pension for the time served*. This time may be purchasable as “Public Service.” This time prior to membership can be purchased as “Safety,” since the member is now membership in the Safety tier.

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### **Example 3:**

A member was in a job classification that was not considered “Safety.” By statute amendment, the position was later reclassified as “Safety.” The member is now part of the Safety Tier. Does the service credit originally earned **automatically** become “Safety” credit?

The answer is “no”.

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Previous service does not automatically become Safety service, even though the retirement tier has changed, due to the difference in contribution rates between the tiers, and statutory law. However, a Safety member may convert all or any part of the qualifying previous service to Safety service, by electing to contribute an amount equal to the difference between the contributions actually made and the contributions the member would have made had he/she been a Safety member at time of original service. This amount will also include interest that would have accrued.

The additional contributions are paid by monthly payroll deduction or a lump sum payment, which must be completed before the member retires. However, if the Safety member dies while employed, the surviving spouse/registered domestic partner may choose to pay any balance due within 90 days of the member's death to complete the conversion. If the payment contract is not fulfilled, the service credit will be pro-rated to reflect the contributions that were made.

Can service in a prior *non-Safety* tier be converted to Safety, if the member changes employers and enters the Safety Tier?

“No.” Service in another tier cannot be converted to Safety. This is a statutory mandate, as are other purchase and conversion rules.

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### Redeposits

Safety members who leave membership and take a refund of contributions and interest are eligible to redeposit those withdrawn funds, if the member returns to Safety membership with CCCERA at a later time. (Members leaving to work in other 1937 Act systems, PERS agencies, or other reciprocal employers are not allowed to take a refund, if they continue working in a reciprocal agency.)

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If the member returns to membership with CCCERA, he/she can choose to redeposit the refunded contributions, thus regaining service credit that was earned during the prior membership. After redeposit the Safety member's age at entry (and therefore, contribution rate) returns to the original age at entry (*after* the redeposit is completed), which means a lower contribution rate going forward. This age-at-entry adjustment is only made if the redeposit is made **within 6 months of the new membership.**

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Law enforcement and fire suppression Safety members **only** may also choose to redeposit, even if they have not returned to membership with CCCERA or a reciprocal system, as long as their current employment is still as an officer or employee of a law enforcement or fire department agency. Principal duties must remain in active law enforcement or firefighting and prevention service, **not**, for example, as a telephone operator, mechanic, etc.

## Disability Benefits for Safety Members

In the course of our lives, an illness or injury may cause us to become unable to perform our job duties. If the illness or injury is severe enough to force an employee to permanently discontinue his or her job, a member may need to apply for a disability retirement.

Applying for a disability retirement can be a rigorous process. Each retirement tier has specific requirements set by statute. After you submit your application, the Retirement Board will decide whether you are capable of substantially performing your job duties, based on medical evidence and the criteria for establishing permanent disability according to the 1937 Act. Usually, the process takes between three and six months.


The Retirement Office has many resources available for members who are considering this option, from printed information sheets to confidential counseling appointments. We urge members to contact CCCERA to get complete information about how a disability retirement may affect you and your survivors.

## Safety **Non-Service Connected Disability**

A **non-service connected** disability means a member's permanent illness or injury did **not** arise from his or her employment.

Members are eligible for a **non-service connected** disability retirement, regardless of age :

★ If the member has completed 5 years of service (vested status)

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In the event of a **non-service connected** disability event, members who have **not attained vested status** (under 5 years of service credit) may take a refund of their contributions and accrued interest, *or* keep the funds in their account until they are eligible for a deferred retirement allowance (age 70 1/2), but they cannot receive a monthly disability allowance.

**Non-service connected** disability retirement pensions for Safety members are calculated at 1.8% x FAS (Final Average Salary) x Years of Service. If the benefit does not exceed one third of final compensation, service is projected to age 55. However, the total benefit cannot be more than one third of final compensation.

If you are eligible to receive a service retirement allowance and that amount would be greater than the service connected or non-service connected disability retirement allowance, you will receive the greater service retirement allowance.

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## Safety **Service Connected Disability Information**

A **service connected** disability means a member's permanent illness or injury resulted from, or in the course of, his or her employment.

Members who are permanently incapacitated from performance of duty can be retired for disability regardless of age if:

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★ the incapacity is a result of injury or disease arising out of and in the course of the member's employment, with the employment contributing substantially to the disability.

The amount of money you receive for a **service connected disability** retirement is 50% of your final compensation, or the amount of your regular service retirement, whichever is greater.


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## Disability "**Presumptions**" for Active Safety Members

There are certain physical disabilities that have been recognized by the 1937 Act as *presumptive*, for Safety members. The law presumes that any of these conditions, if experienced by an active, **vested** (five or more years of retirement service credit\*) Safety member, are job related, and will be considered eligible for a service connected disability retirement.

**(There are, of course, many other conditions that may lead to a service connected disability retirement.)**

The *presumptive* conditions are:

- ★ Heart trouble  31720.5
- ★ Cancer 31720.6
- ★ Blood-born infectious disease 31720.7
- ★ Exposure to biochemical substances 31720.9

For the most part, the 1937 Act treats these potentially disabling conditions similarly. However, there are some differences:

- Heart problems, which develop or manifest during working life, are never considered to have been a pre-existing condition.
- The cancer presumption may be subject to demonstrated evidence of exposure to a known carcinogen that is linked to the disabling cancer. The cancer presumption also extends after retirement, for a period of 3 months for every full year of service, but not to exceed 60 months.
- The blood-born infectious disease and biochemical substance exposure presumptions may also be subject to other evidence of exposure. But like the cancer presumption, unless evidence is presented to the contrary, the Retirement Board is bound by law to find that these disabilities arose in the line of duty. Both of these presumptions also extend into retirement, for a period of 3 months for every full year of service, not to exceed 60 months.

\*The five years of service credit (vested status) can be met with employment at CCCERA, or combined service with a reciprocal agency, such as CalPERS, and/or other 1937 Act systems.

## *Safety Survivor Benefits*

### **Prior To Retirement (Non-Service connected Death)**

Survivors of Safety members who were **not vested** at time of death (less than five years of service) will receive:

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- ★ One month's salary for each year of service, to a maximum of 6 month's salary.
- ★ Refund of contributions and accrued interest.

Survivors of Safety members who are **eligible to retire** at time of non-service connected death will receive:

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- ★ 60% of Service or Disability Retirement Benefit.

### **Line of Duty Death (Service Connected Death)**

A surviving spouse/registered domestic partner of a Safety member killed in the line of duty, or who dies as a result of accident or injury caused by external violence or physical force in the performance of duty, will receive, in addition to all other benefits, a one time lump sum benefit equal to the annual salary earned by the member at the time of his/her death. (District attorney and public defender job classifications are not eligible for this benefit.)

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An optional death benefit can be elected by the surviving spouse/domestic partner: a monthly payment equal to the monthly retirement allowance to which the deceased member would have been entitled if he or she had retired due to a service connected disability. This benefit is in lieu (instead of) the payment of the member's contributions, and the percentage of compensation multiplied by the member's years of service (1937 Act Code Sections 31780, 31781).



### Benefit for Safety Member Minor Children

A surviving spouse/registered domestic partner of a safety member killed in the line of duty, or by accident or injury caused by external violence or physical force, will also receive an additional amount for each of the member's children, until the youngest child marries or reaches the age of 18. The benefit will be extended through the age of 21 if the children remain unmarried and enrolled as full time students. There are some limitations to this benefit, due to IRS regulation:



- ★ One child receives 25% of the allowance provided in Code Section 31787.
- ★ Two children receive 40% of the allowance provided in Section 31787.
- ★ Three or more children receive 50% of the allowance provided in Section 31787.

If this benefit, when added to the benefit provided by Section 31787, exceeds the maximum benefit payable by a tax qualified pension plan (IRS Code Sec. 401 et.seq.) the benefit will be reduced to meet that limit.

### After Retirement

The eligible surviving spouse/registered domestic partner of a member who is receiving a **non-service connected** disability allowance, **or a service retirement**, will receive 60% of the member's allowance for life, **IF:**

★ you have been married/registered with the California Secretary of State for at least one year prior to the member's retirement,



**OR**

★ at the time of the member's death, the spouse/domestic partner is at least 55 years old and has been married/registered for at least two years prior to date of death,

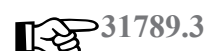


... unless the member chose a different retirement option that will reduce the monthly allowance.


If there is no surviving spouse, the continuance is paid to eligible children until they attain age 18, or to children who are under 22 years of age, enrolled full time in school, and unmarried.



An additional lump sum benefit of \$5,000 is paid to the member's beneficiary.



If you were married, or in a California registered domestic partnership, before you retired and are receiving a **service connected disability** allowance, your surviving spouse/domestic partner **will receive 100%** of your monthly allowance for life, **IF:**

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★ you have been married/registered with the California Secretary of State for at least one year prior to the member's retirement,

**OR**

★ at the time of the member's death, the spouse/domestic partner is at least 55 years old and has been married/registered for at least two years prior to date of death,

... unless the member chose a different retirement option that will reduce the monthly allowance. If there is no surviving spouse, the continuance is paid to eligible children until they attain age 18, or to children who are under 22 years of age, enrolled full time in school, and unmarried.

An additional lump sum benefit of \$5,000 is paid to the member's beneficiary.

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**A Note about Income Taxes:** Non-service connected disability retirement benefits are reported to the state and federal government. Generally, service connected disability pensions are not reported, since these amounts are not taxable. However, if part of your pension is a *service connected* disability payment, the disability portion is not taxable; the rest of the amount is. **Please** contact a tax consultant to determine your own tax liability.

Early 20th century motorized fire truck.

## *Pension Protection Act of 2006 and the Safety Tax Exclusion*

The Pension Protection Act of 2006 (PPA'06) is a Federal law that changed retirement plan provisions for both public and private sector pension plans. The majority of these changes affect private sector retirement plans that are subject to ERISA law. However, there are also some important advantages for Safety members included in this legislation.

### ***Retired Safety Member Health Care Tax Benefit***

Beginning January 1, 2007, eligible **retired** public safety members may elect to exclude, from their **federal** taxable income, up to \$3,000 of their retirement income (including 457 accounts) **if** the amount is used to pay health, accident or long-term care insurance premiums, as a deduction directly from your retirement benefit to your insurance provider.

This exclusion is only available if the safety member retired either on disability, or “on or after normal retirement age.” *Normal retirement age* is not a concept easily defined by 1937 Act law. To comply with IRS guidelines, CCCERA developed, in conjunction with tax counsel, a resolution defining *normal retirement age*, which was made part of the Board of Retirement’s regulations:

“The Normal Retirement Age for a member who earns retirement service immediately before retirement under a “3% at 50” retirement formula, is **50 years of age.**”

The premiums can be for the retired member, and for his/her spouse (but not, at this time, domestic partners, since this is a federal law), for as long as the member is alive. Premiums must be paid directly to the insurer (not pass through the member’s hands). The amounts must be deducted directly from pension benefits.

*As of this writing*, Safety Tax Exclusion information is in IRS Publication Number 575, pages 5 and 6. Depending on the tax form you use, report your total distributions on:

- Form 1040, line 16a;
- Form 1040A, line 12a; or
- Form 1040NR, line 17.

Enter **PSO** next to the appropriate line on which you report the taxable amount. **Please consult the IRS publication for complete instructions.**

### **One More Tax Advantage**

Public Safety employees who separate from service after age 50 will not be subject to an IRS “10% early withdrawal penalty” on pension payments from a defined benefit plan.