

CCCERA retirement counselors are available to assist you in understanding the complexities of the Tier2/Tier 3 benefit structure.

Call 925.646.5741 for information, or to make an appointment to discuss your personal retirement account.



Tier 2 to 3

County Members' Questions and Answers



CCCERA Quick View

Disability benefits

are identical

under Tier 2 and Tier 3.

Retirement benefits

are higher

under Tier 3 than Tier 2.



But Tier 3 employee contributions are higher, as well.



Visit CCCERA on the World Wide Web. Our address is:

www.cccera.org

What is Tier 3?

Tier 3 is a benefit plan that provides **Tier 1 service retirement benefits** and **Tier 2 disability benefits**.

Tier 3 was created by law in 1997. The Contra Costa County Board of Supervisors endorsed Tier 3 in January 1998. Coverage began in October, 1998. (For County employees involved in the initial election period, the first deduction was taken from the November 10, 1998, payroll). As of October 1, 2002, Tier 2 was eliminated by an amendment to the '37 Act, and adopted by the Board of Supervisors. Tier 2 members were mandated into Tier 3. All future service credit will be in Tier 3.

What is the difference between Tier 2 and Tier 3 retirement benefits?

The regular retirement benefit provided by Tier 3 membership is **identical to the benefit you would receive if you were a member of Tier 1**. Tier 1 retirement benefits are higher than Tier 2 because benefits are based on your highest 12 months of earnings, instead of your highest 36 months. The retirement “multiplier,” based on your age is also greater in Tier 3 than in Tier 2. **Cost-of-living increases are the same as Tier 1.**

Does eligibility criteria for a regular retirement benefit change under Tier 3?

No. Age and service requirements are the same for all tiers: 10 years of retirement service and attaining age 50.

What is the difference between Tier 2 and Tier 3 disability benefits?

The disability benefit provided by Tier 3 is **identical to the disability benefit you would receive if you were a Tier 2 member**. Cost-of-living increases to disability benefits are the same as Tier 2.

Does eligibility criteria for disability benefits change under Tier 3?

No. Since the disability benefit is the same for Tier 2 as Tier 3, you must meet the same test for disability. You must be unable to perform any substantial gainful employment. Also, to be eligible for a non-job connected disability benefit, you must have at least 10 years of service - the same as under Tier 2.

CCCERA Office hours are Monday through Friday,
8 a.m. to 12 Noon, and 12:30 p.m. to 5 p.m.

Counselors are available to take your calls between
9 a.m. and 4 p.m. If staff is temporarily unavailable
or during closed hours, you can
leave a message in the General VoiceMail Box.
Your call will be routed to the appropriate person.

CCCERA Quick View

Tier 2 General members automatically became Tier 3 General members on

October 1, 2002.

All retirement service credit earned from this date forward will be in Tier 3, **at Tier 3 contribution rates, creating Tier 3 benefits when you retire.**

If you choose not to convert your Tier 2 time, when you retire you will receive some of your benefit as Tier 2 and the remainder of your benefit from the Tier 3 structure.

How can I decide to elect Tier 3 coverage, if I can't get an estimate of the cost to convert my Tier 2 time before I choose?

You should make your decision based on your determination that Tier 3 coverage, from this point on, is an **improved benefit value**. Then you can evaluate whether converting some or all of your Tier 2 time is appropriate for your future.

If I terminate and want to take a refund on my account, do I get the money back I paid to convert Tier 2 time to Tier 3?

Yes. Any refund **always includes all the money** that has been deducted from your paycheck, or paid through a purchase or redeposit, plus interest.

How do I convert my Tier 2 time?

Notify the Retirement Office and we'll take it from there. After your estimate is processed, you'll meet with a counselor and make a final decision about converting Tier 2 time. Then you'll be asked to sign a contract providing for payment of the conversion costs, either as a lump sum or by payroll deduction, or a combination of these methods. If you are married, your spouse will be asked to co-sign the contract.

A Note of Caution:

Contract regulations are different for pre- and post-tax payment options. For example, if you choose to pay with pre-tax dollars, your contract is **irrevocable; you cannot, under any circumstances, void or renegotiate terms.** (Please see our *Service Credit Purchases* brochure for details.)

How long does it take to get an estimate of the cost to convert Tier 2 time?

Due to the high volume of members interested in converting their time, it takes 1 to 3 months to complete your conversion estimate, including review by a retirement counselor.

Will my years of Tier 2 time count towards the 10 years of service needed to be eligible for a non job-connected disability?

Yes. We will add your Tier 2 and Tier 3 service time together to determine this eligibility.

CCCERA Quick View

If you choose to convert Tier 2 time
you will sign a contract
detailing payment provisions.

If you are married
your spouse will be asked to sign
the payment contract for Tier 2 conversion.

Tier 3 Costs and Choices

Does it cost more to be a Tier 3 member?

Yes, but your retirement benefit is higher, as well. Generally, Tier 3 **monthly contributions will be about twice** what you previously paid while a member of the Tier 2 Plan. Membership in Tier 3 improves your future retirement benefits.

What if I don't want the Tier 3 Plan?

Sorry, the new law and Board of Supervisors resolution mandates your membership into Tier 3. But you don't have to convert any prior Tier 2 time unless you choose.

I was under Tier 2 and I quit my job (or was laid off). Now, I'm back. Which Tier do I belong to?

If you are a General member, your future service will be in Tier 3.

Now that all future service time is Tier 3 time, does that mean all previous Tier 2 time is automatically converted to Tier 3?

No. You may arrange to convert your previous Tier 2 service to Tier 3, paying the contributions you and your employer would have made, had you been a Tier 3 member all along. This is a personal choice. If you do not convert your Tier 2 time to Tier 3, at time of retirement, part of your benefit will be calculated at Tier 2 rates, and the remainder will be calculated at Tier 3 rates.

Tier 2 service prior to October 1, 2002, *can* be converted to **Tier 3 time, but this is a personal choice. Tier 2 service credit will mean part of your retirement benefit will be calculated at Tier 2 rates, and the remainder will be calculated at Tier 3 rates, unless you convert (purchase) Tier 2 time to the higher Tier 3 level.**

CCCERA Quick View

Costs of conversion
are unique
to each individual.

You can
convert Tier 2 time, at any time,
before you retire.

Converting Tier 2 Time

Can I convert my Tier 2 service to Tier 3 time?

Yes. Once you're a Tier 3 member, ALL time credited as Tier 2 time CAN be converted, *including time that you purchased (or redeposited) that is currently Tier 2 time.*

What if I don't want to convert all my Tier 2 time?

You determine how much time you want to convert. Time you convert will be the most recent Tier 2 time. So the first year you convert is the most recent Tier 2 year you earned. Later, you can convert more Tier 2 time, if you wish. You can convert Tier 2 time at any time before you retire. Request an estimate in writing to find out the cost to convert.

Do I pay for conversion with pre-tax or post tax deductions?

You can use either pre- or post-tax payroll deductions to convert Tier 2 time to Tier 3. See the CCCERA brochure *Service Credit Purchases* for more detail on how to buy or convert service time.

Can I use money in my deferred compensation account to convert Tier 2 time?

No. Unfortunately the IRS regulations do not specifically address using 457 retirement plan savings to convert Tier 2 time to Tier 3. But you could suspend deferred compensation payments and use this money to help pay purchase costs to convert Tier 2 time, resuming deferred compensation contributions after the conversion is completed.

How much will conversion cost me?

The cost will be computed by comparing the total amount paid into the system under Tier 2 (both employee and employer contributions) and what **would** have been paid under Tier 3. You pay the difference, plus interest. Costs vary depending on how much time you convert and what your salary was during that time.

What about a ballpark cost figure?

An example: if you're a County employee, it will cost roughly four to five times the balance in your Tier 2 account to convert the **entire account** to Tier 3. (But you don't have to convert all of it, and you can choose to convert any time before you retire.)