

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
BOARD OF RETIREMENT

**POLICY ON DETERMINING "PENSIONABLE COMPENSATION"  
UNDER PEPRA  
FOR PURPOSES OF CALCULATING RETIREMENT BENEFITS**

Adopted: 9/10/2014

**I. INTRODUCTION**

In 2012, the Legislature enacted and the Governor signed into law Assembly Bill 340, which included the California Public Employees' Pension Reform Act of 2013 ("PEPRA.") PEPRA changes the terms, conditions and calculation of retirement allowances for new CCCERA members from those previously in place for "Legacy Members" of CCCERA. This Policy is effective as to the calculation and amount of retirement allowances for those members of CCCERA who become "new members" of the retirement system, as defined in PEPRA, Gov. Code Section 7522.04(f), on or after January 1, 2013.

**II. PURPOSE**

The purpose of this Policy is to implement provisions of PEPRA relating to member compensation included in pensionable compensation in accordance with G.C. Section 7522.34. Pursuant to PEPRA, "pensionable compensation" is used to calculate members' retirement allowances. (Note: "Pensionable compensation" under PEPRA is comparable to "compensation earnable" under the County Employees' Retirement Law of 1937, which is used to calculate the retirement allowances of Legacy Members.)

**III. POLICY**

Applicable Law: PEPRA defines "pensionable compensation" as follows:

*"Pensionable compensation" of a new member of any public retirement system means the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules.*

*Compensation that has been deferred shall be deemed pensionable compensation when earned rather than when paid.*

(Gov. Code Section 7522.34(a) and (b).)

PEPRA excludes from "pensionable compensation" the following:

- (1) *Any compensation determined by the board to have been paid to increase a member's retirement benefit under that system.*
- (2) *Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member and which was converted to and received by the member in the form of a cash payment.*
- (3) *Any one-time or ad hoc payments made to a member.*
- (4) *Severance or any other payment that is granted or awarded to a member in connection with or in anticipation of a separation from employment, but is received by the member while employed.*
- (5) *Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, regardless of when reported or paid.*
- (6) *Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.*
- (7) *Any employer-provided allowance, reimbursement, or payment, including, but not limited to, one made for housing, vehicle, or uniforms.*
- (8) *Compensation for overtime work, other than as defined in Section 207(k) of Title 29 of the United States Code [FLSA].*
- (9) *Employer contributions to deferred compensation or defined contribution plans.*
- (10) *Any bonus paid in addition to the compensation described in subdivision (a) [of G.C. § 7522.34].*
- (11) *Any other form of compensation a public retirement board determines is inconsistent with the requirements of subdivision (a) [of G.C. § 7522.34].*
- (12) *Any other form of compensation a public retirement board determines should not be pensionable compensation.*

(Gov. Code Section 7522.34(a) and (b).)

CCCERA Policies and Practices. The CCCERA Board has determined that "Pensionable Compensation" includes "base pay." Pensionable compensation does not include any pay other than base pay, in accordance with Govt. Code Sections 7522.34(c)(11) and (12).

For purposes of determining the amount of "pensionable compensation," pensionable compensation shall be limited to the amount listed on "publicly available pay schedules." A "publicly available pay schedule" must meet all of the following requirements:

1. Has been duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meetings laws;
2. Identifies the position title for every employee position;
3. Shows the pay rate for each identified position, which may be stated as a single amount or as multiple amounts within a range;

4. Indicates the time base, including, but not limited to, whether the time base is hourly, daily, bi-weekly, monthly, bi-monthly, or annually;
5. Is posted at the office of the employer or immediately accessible and available for public review from the employer during normal business hours or posted on the employer's internet website;
6. Indicates an effective date and date of any revisions;
7. Is retained by the employer and available for public inspection for not less than five years; and
8. Does not reference another document in lieu of disclosing the pay rate.

Whenever an employer fails to meet all of the foregoing requirements, the Retirement Board, in its sole discretion, may determine an amount that will be considered to be "pensionable compensation," taking into consideration all information it deems relevant including, but not limited to:

- (a) Documents approved by the employer's governing body in accordance with requirements of public meetings laws and maintained by the employer; and
- (b) Pensionable compensation earned by the member that last met the foregoing requirements.

**This policy was adopted by the Board of Retirement on September 10, 2014 and supersedes the predecessor "Second Addendum to Policy for Determining Which Pay Items are 'Compensation' for Retirement Purposes."**