Comparison of the California Public Employees' Pension Reform Act (PEPRA) with UCRP

(*PEPRA Effective 1/1/2013 - Not Applicable to UC/UCRP or Charter Cities and Certain Counties**)

	PEPRA Employees Hired on/after 1/1/2013	**UCRP 2013 Tier Employees hired on/after 7/1/2013**	**Current CalPERS Employees hired before 1/1/2013**	**Current UCRP Employees hired before 7/1/2013**
1. Plan Design	**Defined Benefit (DB) Plan** Imposes a single formula instead of allowing bargaining on a menu of different formulas Earliest retirement age is 52 with an age factor of 1% Highest age factor is 2.5% at age 67	**DB Plan** Earliest retirement age is 55 with an age factor of 1.1% Highest age factor is 2.5% at age 65	**DB Plan** Offers a menu of different formulas (*example: CSU members hired before 1/15/2011 ↓)* Earliest retirement is age 50 with an age factor of 1.1% Highest age factor is 2.5 % at age 63	**DB Plan** Earliest retirement age is 50 with an age factor of 1.1% Highest age factor is 2.5% at age 60
2. Cost- Sharing	Employer (ER) and Employee (EE) each to contribute 50% of Normal Cost (NC)[1] For new CSU members, NC = 12.1% of base pay *(50% of NC = 6.05%)*	<u>2013-2014 contribution rates</u> ER = 12%, EE=7% NC= 15.1% of covered pay (*50% of NC = 7.55%)*	50/50 cost sharing of NC shall be the standard Current NC for CSU = 14.4% of covered pay *(50% of NC = 7.2%) (CSU Members currently contribute 5%)*	<u>contribution rates</u> 2012-13: ER = 10%, EE=5% 2013-14: ER = 12%, EE=6.5% Current NC = 18.1% of covered pay *(50% of NC = 9.05%)*
3. Compensation Used for Benefit Calculation	Highest average base pay over a 3-year period <u>Maximum</u>: Social Security Wage Base ($113.7k*)* for those w/SS - 120% of SS wage base for those w/out SS[2]	Highest average covered pay over a 3-year period <u>Maximum</u>: IRC compensation limit ($255k)	Highest average covered pay over a 1 or 3-year period <u>Maximum</u>: IRC compensation limit ($255k) for members who joined on/after 7/1/96	*(Same as UCRP 2013 Tier) limit in effect since 7/1/1994*

*Including the Cities of Los Angeles, San Francisco and San Diego and the City of San Jose, to name a few.

[1] Normal Cost is the cost allocated under the Actuarial Cost Method to each year of active member service.

[2] Maximum compensation adjusted for increases in Consumer Price Index (CPI). The Legislature reserves the right to modify the CPI adjustments to the maximum prospectively.

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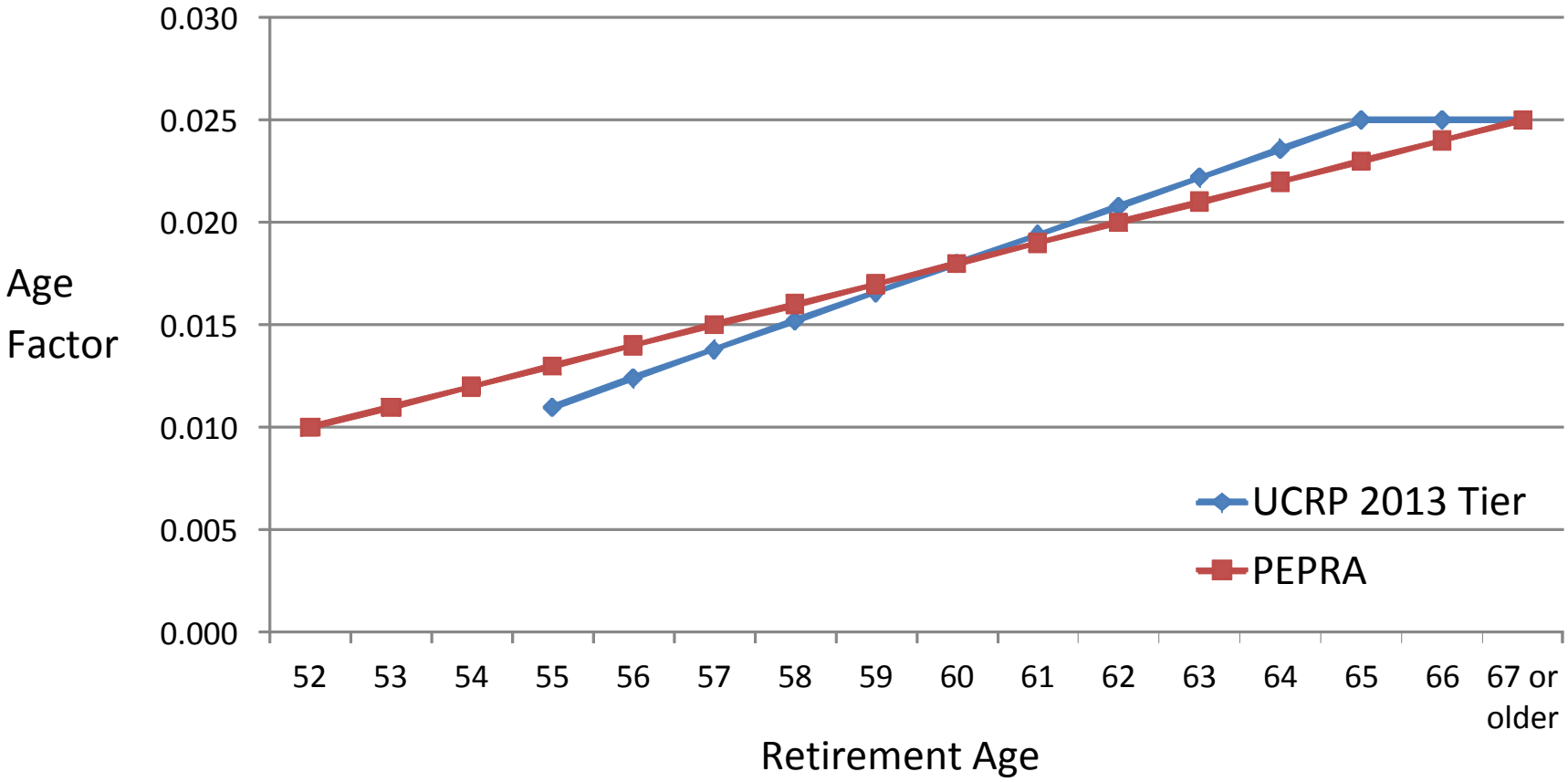
4. Allowable Types of Compensation	Base pay - Excludes bonuses, unplanned overtime, vacation /sick leave payouts, uniform/vehicle allowance, leave pay and other perks	Base pay plus any administrative stipends. Excludes bonuses, overtime, payouts for vacation and other pay	Varies – normally excludes uniform/vehicle allowance, holiday pay, longevity pay, etc.	(*Same as UCRP 2013 Tier*)
5. Retroactive Pension Increases	Prohibited	Not specifically prohibited	Prohibited	(*Same as UCRP 2013 Tier*)
6. Purchases of Nonqualified Service Credit ("Air Time")	Prohibited	Prohibited	Prohibited if application for purchase received on/after 1/1/2013	(*Same as UCRP 2013 Tier*)
7. Post-Retirement Employment	Break of at least 180 days – re-employment limited to 960 hours in a 12-month period *(some exceptions)*	Break of at least 30 days – re-employment limited to 43% in a 12-month period *(some exceptions)*	Varies – *(e.g.,)* CalPERS requires a 60 day break – re-employment limited to 960 hours in a 12-month period	(*Same as UCRP 2013 Tier*)
8. Safety Benefits	Basic = 2%@57, Option #1 = 2.5%@57, Option #2 = 2.7%@57 *(Factors reduced for younger ages)*	New Tier does not apply to Safety members – same current UCRP Safety benefit applies (*see last column*)	Varies (e.g., 3%@ 50, 3%@ 55, 2.5@ 55, etc.) *(Age 55 formulas reduced for younger ages)*	Only one age factor – 3% which is attained at age 50 *(UCRP has approximately 400 Safety members)*
9. Authority to Amend	Legislature can amend PEPRA *(i.e., not part of state constitution)*	Regents have authority to amend UCRP	*(Same as for new employees)*	(*Same as UCRP 2013 Tier*)
10. Miscellaneous - Contribution Holidays	Contribution holidays prohibited unless super-funded	Not prohibited – funding policy of NC ± amortization of unfunded liability or surplus	Contribution holidays prohibited unless super-funded	(*Same as UCRP 2013 Tier*)
- Felony - Pension Forfeiture Provision	Pension forfeited if convicted of a job-related felony	No forfeiture provision	(*Effective with PEPRA)*	(*Same as UCRP 2013 Tier*)

Age Factor Comparison

Comparison of the California Public Employees' Pension Reform Act (PEPRA)[1] with UCRP (2013 Tier)[2]



Notes:

1. PEPRA effective for new hires 1/1/2013 and later – Not applicable to UC/UCRP or Charter cities and certain counties.
2. UCRP 2013 Tier effective for new hires (and rehires with a break in service) 7/1/2013 and later.