

Member contributions and the Baltimore County decision

OCERS has been analyzing the 2014 appellate decision in the federal 4th Circuit Court of Appeals to determine if that decision might have an impact on the retirement benefit plans administered by OCERS. In *Baltimore*, the county's safety member retirement plan allowed full retirement after 20 years of service, regardless of age. The court found that collecting contributions from older active safety members at a higher rate than the rate paid by younger members, when both would receive the same benefit after 20 years of service, was not justified by either higher benefits or higher costs. The court found that the Baltimore County plan thus violated the federal Age Discrimination in Employment Act (ADEA) by discriminating unfairly against workers over the age of 40.

OCERS administers more than 20 different retirement benefit plans for the County and 14 other participating districts. All of OCERS' plans provide age-based retirement multipliers up to a certain age, and thus differ materially from the Baltimore plan. While the *Baltimore* decision is binding on jurisdictions within the federal 4th Circuit (Maryland, Virginia, West Virginia, North Carolina and South Carolina), it is not binding on public plans in California. While the decision may raise questions about the reasons for the differences reflected in different member contribution rates, those differences are embedded into the law that OCERS is duty-bound to follow. The County Employees Retirement Law of 1937 states specifically that OCERS' member contribution rates are to be based on age at entry into the system, and by specific, statutory formulas. OCERS has no option but to administer the law given to it. If members of the system wish to change the law, they would have to persuade the judicial or legislative branches in California to make those changes. For now, OCERS will continue to faithfully administer the law as written.