



Overview of Public Employees Pension Reform Act (PEPRA)

Definitions:

LEGACY = Classic members; members in plan formulas in place on and before 12/31/2012

PEPRA / PEPRA COMPLIANT = New members subject to the plan formulas and benefit rules effective 1/1/2013

PEPRA / PEPRA COMPLIANT / PEPRA ALTERNATIVE PLANS – PEPRA Plan Participants beginning employment with an OCERS covered employer on or after January 1, 2013 will participate in one of the following PEPRA plans:

- Plan T – 1.62% at 65 (PEPRA Compliant) for General Members who are eligible employees with the County of Orange, OC Courts and LAFCO
- Plan W – 1.62% at 65 (PEPRA Alternative) for General Members who are eligible employees with the City of San Juan Capistrano

OR

- Plan U – 2.5% at 67 PEPRA for all other General Members
- Plan V – 2.7% at 57 PEPRA for Safety Members

PEPRA Members – These members are new to public employment, have prior OCERS service which was withdrawn or who are ineligible for reciprocity. Employees with public service prior to 1/1/13 who are eligible for reciprocity would NOT be considered PEPRA plan participants. Employees who reenter OCERS covered service within 6 months of deferring or who return to the same OCERS employer would NOT be PEPRA plan participants.

Pensionable Compensation – Pensionable Compensation is limited to base pay and regularly recurring pay for special skills or shifts. Auto/uniform allowance, and lump sum leave cash outs are not considered pensionable compensation and therefore will not be included in the calculation of final average salary.

PEPRA establishes a Cap on Compensation used to calculate a Defined Benefit Allowance – PEPRA places a cap equal to 120% of the Social Security wage base on pensionable compensation. The cap is adjusted each year based on changes to the Consumer Price Index (CPI) for All Urban Consumers.

PLEASE NOTE: There is an **exception** for PEPRA participants in the County, OC Courts and LAFCO 1.62% at 65 PEPRA COMPLIANT Plan T regarding this compensation cap.

Employee Contributions for PEPRA / PEPRA COMPLIANT / PEPRA ALTERNATIVE Plan Participants – Unless covered by an agreement in effect on January 1, 2013, PEPRA plan participants automatically go into the 50/50 cost sharing scheme. The 30 year stop of contributions for general and safety PEPRA plan participants was eliminated.

[Effective January 1, 2018 the employer can impose the 50/50 cost sharing on all legacy employees limited to incremental increases].

Final Measuring Period – There is a three-year measuring period for all PEPRA / PEPRA compliant / PEPRA Alternative plan participants.

Retirement eligibility for PEPRA PLANS U and V – full and part-time employees

- General members = 5 years of service, age 52
- Safety members = 5 years of service, age 50
- All members at age 70
- If member defers with less than 5 years of eligible service, they are eligible for retirement at age 70
- If member defers with more than 5 years of eligible service, they are eligible for retirement based on the age and service criteria listed above.

Retirement eligibility for PEPRA COMPLIANT PLAN T and PEPRA ALTERNATE PLAN W – full and part-time employees

- Any part/full-time member age 50 or over with 10 or more years of service
- Any general member at any age with 30 or more years of service
- A part-time employee age 55 or older with 5 years of Service Credit and at least 10 years of active employment with an employer covered by OCERS
- Age 70 or over, regardless of your years of service

415 Limit – No replacement plan (415(m)) makeup payments for PEPRA / PEPRA COMPLIANT PEPRA ALTERNATE retirees/payees who exceed the 415 limit.

Rehired retiree – General member retirees interested in returning to employment with an OCERS employer must have a 180 day break in service, unless they are reinstated to regular full-time employment or the individual is appointed by a public employer during an emergency to prevent work stoppage or because the retired person has specialized skills to perform work of limited duration. Safety member retirees are not subject to the 180 break in service.

Prohibits Retroactive Benefit Increases – PEPRA prohibits applying pension improvements to prior service.

Felons Forfeit Pension Benefits – There are stricter rules relating to members convicted of a felony.