

**Agenda Item 3
February 4, 2015**

DATE: January 15, 2015

TO: Children and Families Commission of Orange County

FROM: Christina Altmayer, Executive Director 

SUBJECT: Approve the Orange County Employees Retirement System (OCERS) Regulation of Permitting Membership Waiver and Receive Update on the Early Payment of Employer Contribution for Fiscal Year 2015/16

SUMMARY:

Currently, all full-time employees of the Children and Families Commission of Orange County are required to participate in the Orange County Employees Retirement System (OCERS). OCERS provides for retirement, death, disability, and cost-of-living benefits. Approval of this item will permit certain exemptions for newly hired employees, aged 60 or older, consistent with recent actions by the County of Orange.

DISCUSSION:**OCERS Regulation Permitting Waiver of OCERS**

On November 18, 2014, the Orange County Board of Supervisors adopted the OCERS regulation permitting a waiver of membership in the retirement system for newly hired employees who have attained the age of 60. Allowance for this type of waiver is found in Government Code Section 31552 and is common among California retirement systems operating as OCERS under the 1937 County Employees' Retirement Law.

The Commission, as a plan sponsor, must also approve the regulation for the waiver to be offered for new employees over age 60. If approved, the Commission will not be required to enroll employees signing the waiver in Social Security. State and local governmental entities are exempt from providing Social Security coverage if employees are provided minimum benefits or contributions comparable to benefits under Social Security. The Commission's practice already enrolls employees who are not OCERS required members in defined contribution plans that are considered to be Social Security replacement plans. For example, extra-help employees not permitted to enroll in OCERS are enrolled in a qualifying defined contribution program.

Authorization is also requested for the Executive Director to sign the Employer's Concurrence – Waiver of Membership, Attachment 1. The signed Employer's Concurrence will be filed with OCERS. Attachment 2 is the waiver to be signed by the employee choosing to waive membership in OCERS and knowingly waiving all retirement benefits that result from becoming a member.

Update on Early Payment of Employer Contributions for FY 2014-15

On July 21, 2014, the Board of Retirement approved an early payment discount on employer contributions paid by the employer for contribution year July 1, 2015 through June 30, 2016.

Payment of \$350,321.36 was transferred to OCERS on January 14, 2015 to receive a discount rate of 5.80%. The Commission has taken advantage of the early payment provision for several years.

The estimated Commission employer contribution for FY 2015/16 is \$370,640. The adjusted employer contributions including the early payment discount of 5.80% is \$350,321.36 resulting in retirement contribution savings of \$20,318.64. The initial deposit of early payment funds with OCERS was recorded as a prepayment for accounting treatment, and no retirement expenses will be recognized until each Commission employee earns the retirement benefit as calculated by service hours provided in FY 2015/16. A year-end estimate to actual reconciliation will be performed by OCERS, and credits against future employer contributions will be provided in the event of overpayment.

STRATEGIC PLAN & FISCAL SUMMARY:

The recommended action has no immediate fiscal impact, has been reviewed in relation to the Commission's Strategic Plan, and is consistent with prior Commission practice.

PRIOR COMMISSION ACTION:

- October 2014 – Adopted Employer and Employee Retirement Contribution Rates for FY 2015/16 and Early Payment of Employer Contribution

RECOMMENDED ACTIONS:

1. Approve the Orange County Employees Retirement System (OCERS) regulation of permitting waiver of OCERS membership pursuant to Government Code Sections 31525 and 31552 and authorize Executive Director to sign the Employer's Concurrence to be filed with OCERS.
2. Receive the status update on the early payment of employer contribution for FY 2015/16.

ATTACHMENTS:

1. Orange County Employees Retirement System (OCERS) Regulation: Waiver of Membership
2. Employer's Concurrence – Waiver of Membership Form
3. Waiver of Membership Form

Contact: Michael Garcell

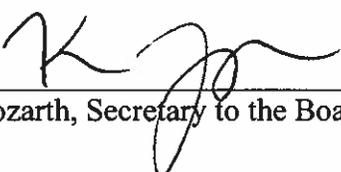
**OCERS' REGULATION – WAIVER OF MEMBERSHIP
(GOVERNMENT CODE §31552)**

A newly hired employee who has attained the age of 60 at the time of hire may elect to waive membership in Orange County Employees Retirement System (OCERS) under the following conditions:

- (a) The member signs OCERS Waiver of Membership form attesting that the member knowingly waives the right to become a member of OCERS, that the member has no funds on deposit with OCERS and that the member bears all responsibility for the decision to waive membership; and
- (b) The member's employer has signed OCERS Employer's Concurrence – Waiver of Membership form attesting that the employer makes this regulation applicable to the employer and bears all responsibility to ensure the employees are enrolled in any applicable state or federal programs providing retirement benefits; and
- (c) The member provides a certified copy of his or her birth certificate.

Regulation History

The Board of Retirement adopted this regulation on November 20, 2006.



Keith Bozarth, Secretary to the Board

11-20-06

Date



EMPLOYER'S CONCURRENCE - WAIVER OF MEMBERSHIP
(Government Code §31552)

_____ hereby makes OCERS' regulation on
 (Name of agency)

Waiver of Membership applicable to employees of the agency, allowing any eligible employee of the agency to waive membership in Orange County Employees Retirement System (OCERS) that he/she is entitled to by virtue of employment with this agency in an OCERS' covered position and upon meeting the requirements of the OCERS' regulation.

By making the regulation applicable, the agency understands that it bears the sole responsibility to determine whether an employee electing to waive membership is eligible to participate in state or federal programs providing retirement benefits, to ensure the necessary steps are taken to enroll the employee in any such program and for any impact on other employees of the agency.

This concurrence is authorized by a majority vote of the governing body of the agency identified below on _____.
 (Date)

Name of Agency: _____

By: _____ Date signed: _____
 Signature of Authorized Representative

Printed name of Authorized Representative: _____

Title of Authorized Representative: _____



**WAIVER OF MEMBERSHIP
(Government Code § 31552)**

I, _____, having attained the age of sixty or greater, and
 (Name of employee)

having no service credit or funds on deposit with Orange County Employees Retirement System (OCERS), hereby expressly and unequivocally waive all rights to membership in OCERS and any benefits that would accrue by virtue of my employment with _____, commencing on _____.
 (Name of employer) (Date of employment)

I understand that by waiving my membership I am not eligible to earn service credit in OCERS nor have any funds deposited by me or on my behalf to OCERS for purposes of accruing retirement benefits. I further understand that California Government Code § 31552 provides in part that in cases where an employee has signed this type of waiver, "said employee upon attaining the age of 70 shall thereafter be employed from year to year at the discretion of the [employer]." I further understand that I bear all legal responsibility for the decision to waive membership and any consequence that results from this decision.

Attached hereto is a certified copy of my birth certificate.

Dated: _____

 Printed Name

 Signature

Attachment