



RECIPROCITY

SUMMARY

Effective on September 30, 1994, the City of San José entered into an agreement with the California Public Employees' Retirement System (PERS) that extends reciprocal benefits to members of the Police & Fire Department Retirement Plan. Reciprocity is an agreement between the City and PERS that in certain situations results in improved retirement benefits for persons who move from one eligible retirement system to another. It may apply, for example, if you leave San José employment and begin working for a City, County or State agency where you become a member of PERS (or the new employer has a reciprocal agreement with PERS). Reciprocity also may apply if you formerly worked for a reciprocal agency and joined the San José Police & Fire Department Retirement Plan upon leaving the reciprocal system.

Reciprocity does not mean that your contributions will be transferred from one system to another. You are still subject to the rights and obligations of each system. If you qualify, reciprocity offers you enhanced retirement benefits. At retirement, you may be eligible to receive retirement benefits from more than one system, and you will receive separate checks from each system.

This chapter describes the reciprocity provisions that are part of the San José Police & Fire Department Retirement Plan. These provisions will apply when you are eligible for reciprocal benefits from San José. Although San José adopted the uniform reciprocal provisions requested by PERS, other reciprocal systems (including PERS) may have different provisions. You should contact the reciprocal system to determine the reciprocal benefits of that system to which you may be entitled.





GENERAL ELIGIBILITY REQUIREMENTS

1. You must join the San José Police & Fire Department Retirement Plan within six months of terminating employment with a reciprocal system **or** you must join a reciprocal system within six months of terminating City of San José employment. (If your move between systems took place prior to January 1, 1976, the maximum time between leaving one plan and joining the other is ninety days.)
2. There must not be any concurrent service in two retirement systems.
[SJMC 3.36.3010 (A, B)]

Except for the use of average monthly salary, the benefits of reciprocity apply only if your transfer between this Retirement Plan and a reciprocal system, or from a reciprocal system to this Retirement Plan, took place after September 30, 1994. [SJMC 3.36.3010(B) and (C)]

BENEFITS

Right to Leave Contributions on Deposit Regardless of Length of Service

Normally, when leaving City service you must have 10 years of service to be eligible to leave your contributions on deposit. However, if you qualify for reciprocity, you may leave your contributions on deposit with the Police & Fire Department Retirement Plan no matter how many years of service you have credited with the Plan. If you leave your contributions on deposit, *you may not withdraw your contributions as long as you are still a member of a reciprocal system.*

[SJMC 3.36.3020(A)]





Use of Average Salary From Reciprocal System

An important factor in determining how much your retirement benefit will be is your average salary. If you qualify for reciprocity, **the highest final salary in either system will be used by both systems to calculate your benefit.** For example, let's say you have 10 years of service in the San José Police and Fire Department Retirement Plan. You quit on December 31, 1994, and left your retirement contributions on deposit. When you left, your average salary was \$2,500 per month. On January 1, 1995, you start working for an agency whose retirement system is administered by PERS. Let's assume that you will continue working there for 20 years. Now you're 55 and ready to retire. Your final average salary at the PERS agency is \$5,000 per month. What happens?

Without reciprocity, an example of your possible benefits is:

Reciprocal System: $2\% \times 20 \text{ Years} \times \$5,000 = \$2,000$ per month
(Note: 2% is used as an example. The reciprocal system would use whatever percentage applies under its benefit formula.)

San José: $2.5\% \times 10 \text{ Years} \times \$2,500 = \$625$ per month

If you qualify for reciprocity, your benefits could be:

Reciprocal System: $2\% \times 20 \text{ Years} \times \mathbf{\$5,000} = \$2,000$ per month

San José: $2.5\% \times 10 \text{ Years} \times \mathbf{\$5,000} = \mathbf{\$1,250}$ per month

As you can see in this example, if you meet the qualifications for reciprocity, your benefit from the City of San José could go from \$625 per month to \$1,250 per month. This is because both systems will use your highest average salary from either place. Since your salary was much higher in the PERS system than the salary in San José, both San José and the reciprocal system would use your PERS salary in their formula.

You may also be entitled to this benefit if you had prior PERS service before coming to San José. If your San José salary rates are higher, then PERS will use your San José salary in calculating your benefit if PERS determines that you qualify for reciprocity.



Eligibility Requirements for Use of Average Salary From Reciprocal System

To be eligible for this benefit, you must meet all of the following conditions:

- You must be at least 50 years of age at time of retirement.
(You must still meet minimum age requirements of this Plan and the reciprocal system.)
- You must retire concurrently from this Retirement Plan and the reciprocal system.
- You must be credited with the service in the reciprocal system.
[SJMC 3.36.3020(C)]



The benefit of using average salary from a reciprocal system may apply even if your transfer between systems took place before September 30, 1994.

Combining Service in Reciprocal Systems to Meet Minimum Service Requirements

For the purpose of meeting minimum service requirements for qualification to receive benefits, you may be eligible to combine service in this Retirement Plan with service in a reciprocal system. For example, let's assume that you have five years of service in this Retirement Plan. If you leave San José employment and join a reciprocal system within 6 months, you have a right to leave your contributions on deposit with San José. However, typically you must have at least 10 years of service in San José and 20 years must have passed since your first day of membership in the plan in order to be eligible to receive a benefit.



This provision will allow you to count your service with a reciprocal system to meet the 10 year requirement. In this example, you will need to work at least 5 years in a reciprocal system to meet the minimum requirements to receive a benefit from this Retirement Plan. You will then be eligible to receive a pension benefit from San José if you retire concurrently from both systems and if at least 20 years has passed since you first became a member of this plan. ***You will only be eligible to receive a pension benefit from San José based on your actual years of service in San José.*** The combination of service is only used to meet minimum qualifications to receive a monthly benefit. *It cannot be used to meet the minimum service required to receive medical or dental benefits.*





To be eligible for this benefit, you must meet all of the following conditions:

- You must be at least 50 years of age at time of retirement.
(You must still meet minimum age requirements of this Plan and the reciprocal system.)
- You must retire concurrently from this Retirement Plan and the reciprocal system.
- You must be credited with the service in the reciprocal system.
[SJMC 3.36.3020(D)]

NOTE: THIS BENEFIT APPLIES ONLY IF YOUR TRANSFER BETWEEN RETIREMENTS SYSTEMS TAKES PLACE AFTER SEPTEMBER 30, 1994.



Reciprocal Benefit When Member Receives Disability Allowance From Reciprocal System

If you receive a disability allowance from a reciprocal system, San José will pay a retirement allowance with two limitations: (1) The benefit will not be greater than the difference between what the other system pays and what it would have paid for a nonservice-connected disability had all your service been there, and (2) your San José benefit will not be less than an annuity which is the actuarial equivalent of your San José contributions plus interest accumulated at the rate of 2% per year. This applies whether or not the disability is for service-connected reasons.

[SJMC 3.36.3020(E)]



Survivorship or Death Benefits When Member Dies as a Member of a Reciprocal System

The survivorship benefits or death benefits payable if you die from nonservice-connected causes as a member of a reciprocal system shall not exceed an amount which when added to the survivorship and death benefits paid for you under the reciprocal systems equals the maximum death benefit payable under that system. This is subject to the following limitations:



1. The survivorship and death benefits shall be at least the amount of your accumulated contributions plus the interest accrued at the rate of 2% per year as of the date of death.
2. If your death is caused by service-connected injury or disease in the reciprocal system, the survivorship and death benefits shall be the amount of your accumulated contributions plus interest accrued at the rate of 2% per year calculated as of the date of death.
[SJMC 3.36.3020(F)]

Special Redeposit Provisions

If you are a former member of this Retirement Plan who terminated City employment after **September 30, 1994**, and withdrew your accumulated contributions and interest, you may be allowed to redeposit those contributions and accrued interest. You may then be eligible for the benefits of reciprocity. To be eligible, you must meet the following requirements:

- You must meet the requirements in the section of this handbook entitled “General Eligibility Requirements.”
- You must redeposit withdrawn contributions including interest that would have been earned by the withdrawn contributions and interest, at the Retirement Fund’s actual earnings rate.
- You must redeposit the above amount **before** retiring from this Plan or from the reciprocal system.
[SJMC 3.36.3030]

Electing Reciprocity

If you leave City service to join a reciprocal retirement system and meet the qualifications for reciprocal benefits, you can elect reciprocity by written request at any time **prior** to retiring. Send your request to the Retirement Department at the address in the Introduction chapter.

