



# New Roads

January 2013

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[www.cccera.org](http://www.cccera.org)

## RETIREE TAX REMINDERS for 2012 FILING YEAR

CCCERA wants to remind retirees about their right to increase, decrease, start or stop federal and/or state income tax withholding from their monthly retirement benefit at any time.

You are not required to have federal tax withheld from your monthly payments; **however, if you choose to exempt yourself from withholding, you must pay any required taxes through other sources, such as quarterly estimates and deposits.**

If your withholding and estimated tax payments do not adequately meet your tax liabilities, penalties under the estimated tax rules may apply.

Changes can be made any time by filing the form with CCCERA. Changes received before the 20th of each month will be effective the following month.

If your current withholding arrangements are appropriate, they will remain in effect. No action is required.

If you would like to change your withholding amounts, the *Federal Withholding Certificate for Pension Payments/State of California Withholding Certificate for Pension or Annuity Payments* form can be mailed to you from our office, picked up in person, or printed from our website, [www.cccera.org](http://www.cccera.org).

This forms allows you to:

- Discontinue federal/state income tax withholding from your monthly retirement allowance.
- Choose to withhold federal/state income tax based on:
  - 1) a set number of allowances,
  - 2) a specific marital status,
  - 3) a specific amount withheld from your monthly pension payment.

There is also an option to withhold an additional amount from each monthly pension payment, if you choose.

## How About State Taxes?

Monthly payments made to CCCERA retirees **living in California are subject to California income tax**. CCCERA payments to retirees **living outside California may not be subject to California income tax**, but benefits may be subject to other state taxes. It is a good idea to check with a tax professional or State Department of Revenue for current information on your individual tax situation.

# Retiree Return-to-Work Rules Change on January 1, 2013

In September 2012, the Public Employees' Pension Reform Act of 2013 (PEPRA 2013) was signed into law by Governor Brown. For the most part, the new statutes, which went into effect on January 1, 2013, apply to future active CCCERA members.

## **However, PEPRA 2013 makes some changes to the retiree return-to-work rules.**

There are two ways retirees may return to work: on an approved limited basis while receiving their pension, or by suspending their retirement to return to full time employment with a CCCERA employer.

### Returning to Work Without Reinstatement to Active Employment

**1. Under the new PEPRA 2013 rules, as of January 1, 2013, retired members are prohibited from returning to work (directly or through a contract) without reinstatement to active membership *except under the following circumstances:***

- during an emergency to prevent stoppage of public business,
- because the retired employee has skills needed to perform work of "limited duration,"
- and, in both cases above, the "limited duration" does not exceed 960 hours or 120 days in a fiscal or calendar year.

**NOTE:** A retiree may not return to work without reinstatement if the retiree received any unemployment insurance compensation during the prior 12 months arising out of prior employment while receiving a pension benefit from a public retirement system. **There are no exceptions to this rule.** A retiree must certify in writing to the employer upon accepting an offer of employment that he or she is in compliance with this requirement.

**2. PEPRA 2013 also requires that a retired member wait 180 days after retirement before returning to work without reinstatement unless:**

- the employer certifies that the position is necessary and the employer's governing body (i.e., Board of Supervisors, Board of Directors, etc.) approve the employment at a public meeting.
- the retiree is a public Safety officer or firefighter.

**NOTE:** If a member has accepted a retirement incentive or a golden handshake (an early retirement package), there is no exception to the 180 day rule.

There are no changes to the Federal requirement that members **who retire at ages younger than Normal Retirement Age** (age 55 for General members and age 50 for Safety members) must comply with the Bona Fide Separation from Service ruling. This means members must have **at least a continuous 90 day break in service** before being reemployed by the same CCCERA employer. Also, members may not have a pre-existing agreement with their employer to return to work after retirement.

PEPRA 2013's new 180 day waiting period DOES NOT affect members who retired and who were re-employed before January 1, 2013. If you retired, and began your reemployment prior to that date, your employment will continue subject only to the 960 hour rule.

## Reinstating to Active Employment with a Public Employer after Retirement

The PEPRA 2013 return-to-work statutes define a difference between "new" employees and "legacy" employees.

Retirees who reenter membership and return to work for:

- a public employer in the same system from which they retired,
- a reciprocal system, or
- their prior employer,

are not considered "new" members, but are "legacy" members.

Legacy members are not subject to the new PEPRA 2013 benefit formulas, and reenter membership into the tier the employer offered prior to January 1, 2013.

After retirement, if you return to work in a position eligible for membership in CCCERA, you can choose to be reinstated as an active member. Your retirement allowance will be suspended during the time you are working. Retirement contributions will be taken from your salary, and you will earn retirement service credit, just as you did in your previous membership. Your contribution rate will be based on your age at reentry into the system and your tier. When you retire again, your new benefit will be calculated on the most recent credited service. That benefit amount will be added to your original retirement allowance, plus any retiree cost-of-living increases granted while you were reemployed. Contact a CCCERA counselor to verify what retirement tier you will be in upon reinstatement.

**Remember, the PEPRA 2013 reemployment after retirement restrictions are only applicable if you work for a public employer. There are no restrictions if you choose to work in the private sector.**

The California Public Employees' Pension Reform Act (PEPRA 2013) is complex legislation that affects the majority of public pension systems across California. **There are no changes to current retiree pension benefits**, according to analysis by retirement industry professionals.

*(Photo on Page 1 of tree on Mt. Diablo courtesy of 4johnny5's photostream on flickr)*

## New Roads

CCCERA - [www.cccera.org](http://www.cccera.org)  
1355 Willow Way, Suite 221  
Concord, CA 94520  
phone: (925) 521-3960  
fax: (925) 646-5747

### Board of Retirement 2013:

Maria Theresa Viramontes (Chair person)  
Brian Hast (Vice-Chairperson)  
John B. Phillips (Secretary)  
Jerry Telles  
Richard Cabral  
John Gioia  
Russell V. Watts  
Terry Buck (Safety)  
Debora Allen  
Jerry R. Holcombe (Appointed Alternate)  
Sharon Naramore (Retiree Alternate)  
Gabriel Rodrigues (Safety Alternate)

### Chief Executive Officer

Marilyn Leedom

### Deputy Chief Executive Officer

Kurt Schneider

### Chief Investment Officer

Timothy J. Price

Retirement Board Meetings are usually held on the 2nd and 4th Wednesday of each month starting at 9:00 a.m. in the Retirement Office Boardroom. Below are meeting dates scheduled for 2013.

(Meeting dates and times are subject to change)

### 2013 BOARD MEETING

#### SCHEDULE

January 9, 23  
February 13, 27  
March 13, 21, 27  
April 10, 24  
May 8, 22  
June 12, 26  
July 10, 24  
August 14  
September 4, 18  
October 9, 17, 23  
November 6, 26  
December 11

# ELECTRONIC FUNDS TRANSFER DATES FOR 2013

- **RELIABLE AND WELL TESTED.**
- **YOUR CHECK IS NEVER LOST IN THE MAIL.**
- **EFT AUTOMATICALLY DEPOSITS YOUR FUNDS INTO YOUR ACCOUNT.**

Find out why thousands of your fellow retirees use Electronic Funds Transfer to receive their monthly pension benefit. There are no security risks, since EFT uses the same personal information your bank already has.

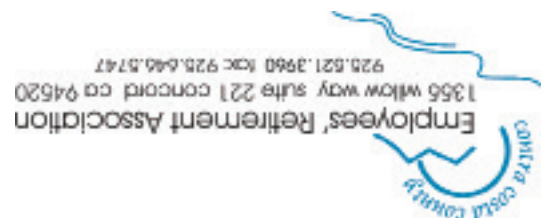
Call the Retirement Office at 925.521.3960 for more information. You can request the form you need to sign up for EFT. You can also go to our website and download the form, plus more information about Electronic Funds Transfer. Why not give it a try?

On the last working day of the month, CCCERA will electronically deposit your check into the financial institution of your choice. **Keep in mind your bank may not post these funds until the next banking day.**

January	→	February 1st
February		March 1st
March		April 1st
April		May 1st
May		June 3rd
June		July 1st
July		August 1st
August		September 3rd
September		October 1st
October		November 1st
November		December 2nd
December	→	January 2, 2014

**To verify when your bank posts funds to your account, contact your bank to determine when the funds are available.**

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CCCERA office hours are  
8 a.m. - Noon, 12:30 p.m. - 5 p.m.,  
Monday through Friday. Counselors  
are available by phone  
9 a.m. - Noon, 12:30 p.m. - 4 p.m.  
After business hours,  
voicemail is available  
to take your messages  
24 hours a day at  
925.521.3960.