

LEGISLATIVE DIGEST

[Administrative Code - Definition of Final Compensation for Retirement Benefits]

Ordinance amending the Administrative Code to update the definition of final compensation for purposes of retirement benefits under the San Francisco Employees' Retirement System, and to include in that definition compensation earnable under the Judges' Retirement System and Judges' Retirement System II.

Existing Law

Final compensation is currently defined under Section 16.29-7.3 of the Administrative Code as the average monthly compensation earnable by a member during the 10 years immediately preceding his or her retirement. However, this definition is outdated and does not accurately define the final compensation applicable to members of the San Francisco Employees' Retirement System ("SFERS"). Additionally, the current definition of final compensation does not include any compensation earnable for service as a member of the Judges' Retirement System ("JRS") or the Judges' Retirement System II ("JRS II").

Amendments to Current Law

The proposed ordinance amends the definition of final compensation so that final compensation is defined by reference to the definition in Charter provisions for the plan applicable to a member. Additionally, the definition of final compensation is amended so that compensation earnable as a member of JRS or JRS II is considered in determining a member's final compensation for purposes of the member's retirement benefits under SFERS, if the member retires concurrently from both systems.

Background Information

The California Public Employees' Pension Reform Act ("PEPRA"), which took effect in January 2013, made certain changes related to JRS and JRS II. However, because PEPRA does not apply to SFERS, members of SFERS who have become members of JRS and JRS II have not been able to take advantage of such changes. Therefore, the calculation of final compensation in determining SFERS retirement benefits for such members has not included compensation earned as a member of JRS or JRS II. The proposed ordinance is intended to treat SFERS members the same as other California plan members who become judges under JRS or JRS II when calculating retirement benefits under SFERS.