



BOARD OF RETIREMENT

Staff Report

File #: 22-167

Agenda Date: 5/5/2022

Agenda #: 10.

FROM: Amy McNerny, Chief Financial Officer

SUBJECT: SBCERA Resolution No. 2022-3 - Employer Pay Codes of Employee Compensation; Implementation Update re Alameda

RECOMMENDATION:

Adopt SBCERA Resolution No. 2022-3 - Employer Pay Codes of Employee Compensation.

BACKGROUND:

The SBCERA Board of Retirement (Board) is required by Government Code sections 31461, 31542, 7522.10, and 7522.34, as well as Board Benefits Policy No. 26, *Compensation Earnable and Pensionable Compensation*, to determine what items of member compensation are included or excluded in employee compensation upon which appropriate contribution rates should be applied and upon which retirement benefits are calculated. When an employer presents a new pay item, SBCERA staff initially determines whether such items will be considered "compensation earnable" or "pensionable compensation," such determination will be effective immediately, subject to ratification by the Board.

On December 2, 2021, the Board reviewed and adopted Resolution No. 2021-8. Since the adoption of Resolution No. 2022-1, staff reviewed four additional pay item requests, in the normal course of business, and made an initial determination.

See Exhibit B - Summary of Changes to Pay Codes for an explanation of all items added, excluded, and still under review pursuant to Board Resolution No. 2020-5 and 2020-6. Several pay items added by San Bernardino County are neither Compensation Earnable for Tier 1 nor Pensionable Compensation for Tier 2 because they are either not paid in cash or they are for work already performed.

The resolution (Exhibit A) provides a redline version of the changes which includes Exhibits A through L, which set out by Employer these existing items of compensation, identified by employer codes, which will be included in compensation earnable for Tier I members, and Exhibit M sets out pensionable compensation for Tier II members, effective May 5, 2022 for all employers.

The resolution is intended to comply with the requirements of the Internal Revenue Code of 1986, the 1937 Act, PEPPRA, and the regulations issued thereunder as applicable.

BUDGET IMPACT:

None.

STRATEGIC PLANNING GOAL/OBJECTIVE:

Prudent Fiscal Management

STAFF CONTACT:

Amy McInerney

Barbara Hannah

ATTACHMENTS:

Exhibit A: Pay Code Resolution No. 2022-3 Redline

Exhibit B: Summary of Changes to Pay Codes