



# ADMINISTRATIVE COMMITTEE

## Staff Report

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**File #:** 22-236

**Agenda Date:** 6/16/2022

**Agenda #:** 4.

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**FROM:** Amy McInerny, Chief Financial Officer

**SUBJECT:** Benefits Policy No. 005 (Additional Retirement Credit (ARC) Under Government Code sections 31658 and 7522.46)

**RECOMMENDATION:**

Recommend that the Board rescind Benefits Policy No. 005 (Additional Retirement Credit (ARC) Under Government Code sections 31658 and 7522.46), as of January 1, 2023.

**BACKGROUND:**

General Policy No. 005 involves the periodic review of Board policies and indicates that the review shall be every three years.

Benefits Policy No. 005 provides for the calculation and methods of purchasing Additional Retirement Credit (ARC). Pursuant to Government Code section 7522.46 of the California Public Employees' Pension Reform Act of 2013 (PEPRA), a public retirement system shall not allow the purchase of nonqualified service credit, such as ARC. Prior to the repeal of a member's ability to purchase ARC, in December 2012, SBCERA permitted a member to enter into a 10-year contract to complete payment of an ARC service purchase. Staff has determined that effective December 2022, all ARC contracts, under a 10-year payment arrangement, should be paid in full. Therefore, staff recommends rescinding Benefits Policy No. 005 as the provisions in the Policy will no longer be applicable as of January 1, 2023.

**BUDGET IMPACT:**

Costs for this item are included in the current year administrative and/or non-administrative budget.

**STRATEGIC PLANNING GOAL/OBJECTIVE:**

Superior Service Experience

**STAFF CONTACT:**

Amy McInerny

**ATTACHMENTS:**

Exhibit A: Benefits Policy No. 005 (Additional Retirement Credit (ARC) Under Government Code sections 31658 and 7522.46)