

## Alameda Decision Impact on Stand-By Earnings Codes

This Fact Sheet *is for use by active county employees and provides time sheet coding guidance for* recent changes to County of Santa Barbara Stand-By earnings codes pursuant to the California Supreme Court's decision in Alameda County Sheriffs' Assoc. v. Alameda County Retirement Assoc. (the "Alameda Decision"), provides timesheet coding information for employees working stand-by effective Pay Period 2021-14, and answers key questions members may have.

These changes are in response to the Alameda Decision, and extensive study of the County's unique stand-by practices, which resulted in the Santa Barbara County Board of Retirement voting on March 24<sup>th</sup> 2021 to change the pensionability of certain stand-by earnings codes.

This means that the County of Santa Barbara compensation associated with these codes is no longer included in the calculation of retirement contributions, and no longer included in a member's Final Average Salary for the purposes of calculating a retirement benefit. This change affects pre-PEPRA "Legacy Members" who worked stand-by after January 1, 2013. Stand-by pay for PEPRA (Plan 8) members was already determined to be non-pensionable pursuant to PEPRA.

Effective 2021-14, the following earning codes are no longer pensionable:

Non-Pensionable Earning Code	Description
SBF	Standby Firefighters
SBY	Standby 2.6 (per hour)
SSB	Sheriff Standby (per hour)
SST	SART Standby per Week (per unit)
STA	Standby 2 (per hour)
STB	Standby 3 (per hour)
STC	Per Call Standby \$10 (per hour/unit)
STD	Physicians Daily Standby (per unit)
STE	Standby 4
STP	Physicians Screening Standby (per unit)
STW	Physicians Weekend Standby (per unit)

There are a limited number of Job Classifications for which stand-by pay was determined to remain pensionable. Effective Pay Period 2021-14, new Stand-by codes STF (\$4 Hour) and STG (\$3 Hour) will be pensionable for the following Job Classes. Members of the Job Classifications listed in the table below should use the new pay codes established to record stand-by duty that is mandatory, regularly scheduled and also worked by other members of the job class. Stand-by duty that does not meet these standards, for example stand-by duty worked during an emergency, should be recorded under one of the non-pensionable earnings codes listed above and will not be eligible for inclusion in pension calculation.

Non-Pensionable (Old Earnings Code)			New Pensionable Code (New Earnings Code)	
SBF	Standby Firefighters	→	<b>STF</b>	Standby Firefighters – P
STB	Standby 3 (per hour)	→	<b>STG</b>	Standby 3 (per hour) – P

Job Class	Job Class Title
465	ANIMAL CONTROL OFF I

466	ANIMAL CONTROL OFF II
6430	COMM SYSTEMS SUPV
2448	EDP NETWORK TECH II
2449	EDP NETWORK TECH III
2480	EDP OFFICE AUTO COORD
3555	FIRE EQUIPMENT OPER
3557	FIRE EQUIPMENT OPER SUPV
4840	MAINT ELECTRICIAN*
1806	RADIO COMMUNICATION SYSTEMS ENGINEER
7632	WASTEWTR PLANT OPER II
7633	WASTEWTR PLANT OPER III
7634	WASTEWTR PLANT OPER SUPV
7653	WTR & SEWAGE PLANT OPER II
7655	WTR/SEW PLANT OPER CHIEF

### Frequently Asked Questions

#### **Q: How does this impact my future retirement?**

A: If you are considering retirement in the near future and have been working stand-by duty in a job classification not eligible to have stand-by pay included in compensation earnable, this may impact the Final Average Salary used to calculate your pension benefit. As part of your benefit calculation, SBCERS reviews your entire career to find your highest consecutive 12 or 36 months (depending on your plan) of pensionable earnings. If you are planning to retire within the next 1 to 3 years, and your pensionable earnings are at their career-highest within that timeframe, you will want to check in with our Member Services team to review benefit estimates and the effect of removing stand by pay from your benefit calculation.

If you are not retiring within the next 1 to 3 years, it is important to remember that the determination that stand-by pay is no longer pensionable will mean it will not be a part of future final average salary computations as well. The removal of stand-by pay may be offset by continued salary growth, future promotions and different duty assignments through the course of your career. If you are curious about how this affects your future pension benefit contact our Member Services team to schedule a counseling session and account review.

#### **Q: What about the employee retirement contributions paid on my stand-by pay before the Alameda decision?**

A: Members will receive a refund of their contributions on stand-by pay received from January 1, 2013 to the present, plus simple interest at the member account-crediting rate. Refunds will be issued via County payroll, and SBCERS will begin providing the Auditor Controller's office with refund corrections information after the July 1, 2021 interest crediting process is complete. At least one pay period prior to refund issuance, SBCERS will notify each member in writing of their refund amount and the pay period within which the refund will be issued. Due to the volume of refunds, it is anticipated that the refund process will take a number of payroll cycles to complete, but all refunds will be issued prior to the next

semi-annual interest posting in December of 2021. If you are currently employed by the County, these refunds will be reported as wages on your 2021 Form W2, Accordingly, we encourage you to work with your tax advisor to evaluate your withholdings.

**Q: I have separated from the County but am not yet retired, what about the employee retirement contributions paid on my stand-by pay before the Alameda decision?**

A: If your account is in a deferred status because you separated from the County and are waiting to retire at a later date, or if you are working for a reciprocal system now, you will receive a refund of your contributions on stand-by pay received from January 1, 2013 to the present, plus simple interest at the member account-crediting rate. Refunds will be issued via a check mailed to your address of record, after the July 1, 2021 interest crediting process is complete. Due to the volume of refunds, it is anticipated that the refund process will take a number of months to complete, but all refunds will be issued prior to the next semi-annual interest posting in December of 2021. One month prior to refund issuance, SBCERS will notify each member in writing of their refund amount and the date when the refund will be issued, and we will request tax withholding preferences or rollover instructions to a qualified pre-tax retirement plan. Since you are no longer employed by the County, these refunds will be reported as income on a 2021 Form 1099. Accordingly, we encourage you to work with your tax advisor to evaluate your withholdings. You may defer taxes on the withdrawal by electing in writing for SBCERS to issue a rollover into another qualified pre-tax retirement plan. (Roth accounts are not qualified plans.) If you elect in writing, SBCERS will rollover your pre-tax contributions and interest into any qualified pre-tax plan you designate.