



## COUNTY OF SAN MATEO INTERDEPARTMENTAL CORRESPONDENCE

**To:** Executive Council  
**From:** Thomas F. Casey III, County Counsel *Thomas F. Casey III*  
**Subject:** Resolution Adopting The Provisions Of AB 55 To Enable San Mateo County Employees The Benefits Established Under The State Law That Amends The County Employees Retirement Law Of 1937  
**Date:** September 24, 2003

AB 55 added Section 31658 to the Government Code which, if made effective by the Board of Supervisors, would allow County employees with at least five years of service credit to purchase up to five years of "additional retirement credit". Section 31658 defines "additional retirement credit" as "time that does not otherwise qualify as county service, public service, military service, medical leave of absence, or any other time recognized for service credit by the retirement system."

Section 31658 allows members prior to the effective date of his or her retirement<sup>1</sup>, to contribute by lump-sum payment or by installment payments over a period not to exceed 10 years, "an amount that, at the time of commencement of purchase, in the opinion of the board and the actuary, is sufficient to not place any additional financial burden upon the retirement system." (Emphasis added.)

The proposed resolution would make §31658 effective the San Mateo County. However, before the Board of Supervisors can enact any benefit increase it must provide a statement of the actuarial impact upon future annual costs. (See Government Code §§7507 and 31516.) Sections 7507 and 31516 further mandate that the actuary's statement of the future annual costs be made public at a public meeting at least two weeks prior to the adoption of any increases in benefits. While §31658 provides that the payments should be in such an amount as not to add any "financial burden on the retirement system", that, in and of itself, does not eliminate the requirement of an actuarial impact report to determine the "future annual costs"<sup>2</sup>, which could occur if numerous members are adding 5 years of service credit. The fact that the actuary may ultimately conclude that the future annual costs are zero does not remove the requirement for the report.

It also should be noted that any benefit increase is subject to meet and confer requirements as well.

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<sup>1</sup> Because the County adopted Section 31485.7 this can be increased to up to 120 days post retirement.

<sup>2</sup> Sections 7507 and 31516 both state that "future annual costs" shall include, but not be limited to, annual dollar increases or the total dollar increases involved when available.