

AGENDA ITEM

113 March 6-7, 2014

DATE: March 6, 2014

TO: Members, Board Committee on Operations
Members, Board of Trustees

FROM: Robert A. Hawley, Deputy Executive Director

SUBJECT: CalPERS Resolution: Member Contributions and Tax Deferral
on Member Contributions

EXECUTIVE SUMMARY

In December 2013, the Board of Trustees adopted a resolution for the California Public Employee Retirement System (CalPERS) consistent with the Board's ratification at the same time of the collectively bargained 2014 amendments to the union/management Memoranda of Understanding (MOU), transferring back to employees payment of member contributions to the CalPERS retirement system. Earlier, in January 2013, the Board adopted a CalPERS resolution assuring that member contributions to CalPERS were treated on a tax-deferred basis. To assist with CalPERS' administration of the State Bar's retirement program, the resolution here simply combines these two previous resolutions into one, assuring also that the exception for statutorily appointed State Bar Court Judges is maintained. No material change is made in either of the previous resolutions. The resolution proposed here is a ministerial act to consolidate, combine and streamline these resolutions for CalPERS purposes.

BACKGROUND

At the Board of Trustees' December 12, 2013 special meeting, the Board ratified the 2014 Memoranda of Understanding governing labor relations at the State Bar, which included a transfer to employees of the 7% member contribution to the State Bar's CalPERS retirement program. Non-Union staff were conformed to this standard as well. Previously, the State Bar had paid this contribution on behalf of employees. The return to employees of the 7% salary deduction for as the employee contribution to CalPERS retirement benefits, was consistent with the Public Employee Pension Reform Act of 2013 (PEPRA).

Earlier, and in January 2013, the Board adopted a CalPERS resolution confirming that the employee contribution to CalPERS is made on a tax-deferred basis.

The resolution proposed here consolidates and combines these two resolutions for administrative purposes assuring that for CalPERS administration employees pay the 7% employee contribution and do so on a tax-deferred basis.

As noted in the agenda item before the Board at its December 12, 2013 meeting, State Bar Court Judges are exempted from this adjustment, as their salaries fixed in statute [California Business and Professions Code Sections 6079.1(d), 6086.5, 6086.65(a).] Judges are not employees of the State Bar, but are appointees administered by the State Bar for salary and benefit purposes. This was made clear in the resolution adopted in December and is continued in the resolution here.

No material change is intended by this Board action. It simply streamlines and consolidates the previous resolutions to assist CalPERS' administration of the State Bar's retirement program.

ISSUE

Should the Board of Trustees adopt the resolution in the form attached stating that effective with the first payroll period in January 2014, employees pay the member contribution to the California Public Employee Retirement System on a tax-deferred basis, except for statutorily defined State Bar Court Judge appointees.

CONCLUSION

Staff recommends that the resolution be adopted.

DISCUSSION

See the discussion set forth in the background section above.

FISCAL / PERSONNEL IMPACT:

There is no fiscal or personnel impact with this resolution.

RULE AMENDMENTS:

None.

BOARD BOOK IMPACT:

None.

RECOMMENDATION

It is recommended that the Board of Trustees adopt the resolution in the form attached here.

PROPOSED BOARD COMMITTEE RESOLUTION:

Should the Board Committee on Operations agree with the above recommendation, the following resolution is appropriate:

RESOLVED, that the Board Committee on Operations recommends that the Board of Trustees adopt the resolution in the form attached; and it is

FURTHER RESOLVED, that the resolution is adopted in principle, subject to non-material changes that may be made as necessary to submit this resolution to CalPERS; and it is

FURTHER RESOLVED, that any such changes to the resolution be approved by the State Bar Executive Director, Office of General Counsel and Office of Human Resources.

PROPOSED BOARD OF TRUSTEES RESOLUTION:

Should the Board concur with the Board Committee on Operations's recommendation, the following resolution is appropriate:

RESOLVED, that upon the recommendation of the Board Committee on Operations, the Board of Trustees adopts the resolution in the form attached; and it is

FURTHER RESOLVED, that the Board directs staff to finalize the Board Resolution and forward it to CalPERS; and it is

FURTHER RESOLVED, that the resolution is adopted in principle, subject to non-material changes that may be made as necessary to submit this resolution to CalPERS; and it is

FURTHER RESOLVED, that any such changes to the resolution be approved by the State Bar Executive Director, Office of General Counsel and Office of Human Resources.