

## The Pension Trust

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### Reciprocity Between Retirement Systems

The traditional view of public sector employee pensions is that of “lifers” who work for one agency for 30 years and then retire. This is not always the case, as the average age of SLO County employees is 44 years. The average service for those employees is about 9 years. So, not everyone starts working for SLO County in their early 20s and stays for 30+ years.

What about SLO County employees who came from another California public sector agency or will work for one after leaving this job? At another public agency, you are likely to be part of a Defined Benefit pension system and covered under CalPERS (the State, 36 counties and many municipalities) or an agency with their own system (21 other Counties and some municipalities). Can you link those retirement systems together to enhance your pension benefits? Yes, via **Reciprocity**.

**Reciprocity:** An agreement between SLOCPT (an independent retirement system) and CalPERS that provides a type of portability of retirement benefits among reciprocal systems. SLOCPT currently has hundreds of Members who have established reciprocity with other California systems. Reciprocity can be “incoming” from a retirement system at a prior job. Or Reciprocity can be “outgoing” between SLOCPT and the retirement system for your next job.

**Advantages of Reciprocity:** When applying for reciprocity with your retirement system (it’s not automatic):

- Service credits in the reciprocal systems are counted toward vesting.
- Contribution rates for incoming reciprocal members may be lower because SLOCPT has age-at-entry employee contribution rates that increase the older you are when hired. Reciprocity may lower the age-basis for your contributions based on membership with that system.
- Most importantly, **at retirement the highest salaries earned under the various reciprocal systems are used by all systems to calculate the final salary component of the pension formula.**

**Separate Pensions:** There is no transfer of assets or service credit between retirement systems when reciprocity is established. Reciprocal Members will receive pensions from each retirement system in which they were members.

**Reciprocity Requirements:** To establish reciprocity with another eligible California public sector retirement system:

- Maximum 6-month break-in-service between retirement systems.
- No overlapping service between the two systems (don't start your new job while running out accrued vacation from the last job).
- Must leave your contributions on-deposit with the reciprocal system to maintain your right to a pension from that system.
- You must apply for Reciprocity with each retirement system. Call SLOCPT at 805/781-5465 if you think you are eligible.
- Reciprocal Members must retire concurrently from all reciprocal systems.

Reciprocity can increase your pension benefit when you change jobs and retirement systems within California, so be sure to apply as soon as you start a new job.