



November 7, 2024

Re: New Rules for Retirees Returning to Work (Passage of Assembly Bill 2474)

Dear Participating Employer,

The purpose of this notice is to make you aware of a recent legislative change affecting how your agency handles retirees who return to work. On July 15, 2024, Governor Newsom signed Assembly Bill 2474, which, among other things, added Section 31680.9 to the Government Code. This law has a direct effect on the Contra Costa County Employees' Retirement Association ("CCCERA"), other retirement systems, and employers governed by the County Employees Retirement Law of 1937 ("CERL").

This law directly affects participating employers like you, as well as any CCCERA retirees who return to work with your agency—because it outlines specific monetary consequences for certain violations of the law. The new law takes effect on January 1, 2025.

Under existing law, retirees are subject to certain restrictions if they return to work for you without reinstatement¹ from retirement. One of the restrictions under existing law is that retirees may be employed in a position requiring special skills or knowledge for up to 120 working days or 960 hours (whichever is greater), in any one fiscal year, for a limited duration. Other restrictions include a mandatory waiting period between the retiree's retirement date and rehire date, and restrictions on the amount of compensation a retiree can receive. (More details on these legal restrictions can be found in our Participating Employers Handbook.)

¹ Reinstatement of a retiree means returning a retiree into active CCCERA membership, and includes termination or suspension of their retirement allowance, and deductions from their salary as retirement contributions to the system.

After January 1, 2025, AB 2474 imposes the following financial consequences when the laws above are violated:

Party:	Financial Consequence:
Retired member employed in violation of CERL and PEPRA (e.g. exceeding the 960 hours)	<ul style="list-style-type: none"> • Reimburse the retirement system for any allowance received during the period in violation plus interest • Pay the retirement system an amount of money equal to the employee contributions that would otherwise have been paid, plus interest, for the period of time that the member was employed in violation of these provisions, and (if applicable) to contribute toward reimbursement for reasonable administrative expenses of the system.
Employer that employed retired member in violation of CERL and PEPRA (e.g. exceeding the 960 hours)	<ul style="list-style-type: none"> • Pay the retirement system an amount of money equal to the employer contributions that would otherwise have been paid, plus interest, for the period of time that the member was employed in violation of these provisions, and (if applicable) to contribute toward reimbursement for reasonable administrative expenses of the system. • Employers that fail to reinstate into membership retired members that are in violation of CERL and PEPRA, within 30 days of the effective date of hire may be assessed \$200 per month per member until the member is enrolled.

AB 2474 also requires employers to report the pay rate and number of hours worked of a retired member employed in any capacity. Employers that fail to report as required may be assessed \$200 per month per member.

Beginning in 2025, employers must provide reports by August 1st of each year to the CCCERA Retirement Services Manager. The report should list all retirees employed by the employer who have not been reinstated into membership, including the name, rate of pay, and hours worked

in the fiscal year. CCCERA will reach out to you and all CCCERA participating employers with more information about this requirement in advance of the deadline.

For further information, please refer to our Participating Employers Handbook on the Employers page of our website at cccera.org. We've updated the handbook to reflect the new changes to the law. If you have questions, you can send an email to our Employer Support Team at employers@cccera.org. We're always happy to help with any questions you may have about this or any other topic.

Respectfully,



Christina Dunn
Chief Executive Officer