



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 14

MEETING DATE: April 15, 2026

SUBJECT: Education: Social Security Integration

SUBMITTED FOR: Action Information

RECOMMENDATION

Receive and file presentation on history and recent events related to Social Security integration with public pension benefits.

PURPOSE/STRATEGIC PRIORITY

This item provides an overview of system compliance with integrating Social Security coverage with pension benefit administration.

DISCUSSION

This presentation offers an overview of the Social Security integration with public pension benefits. This item was prompted by the recent Sacramento Superior Court election regarding Social Security coverage.

ATTACHMENTS

- Board Order
- Social Security Integration presentation

Prepared by:

/S/

Keith Riddle
Chief Benefits Officer

Reviewed by:

/S/

Eric Stern
Chief Executive Officer



Retirement Board Order

Sacramento County Employees' Retirement System

Before the Board of Retirement
April 15, 2026

AGENDA ITEM:

Education: Social Security Integration

THE BOARD OF RETIREMENT hereby approves the Staff recommendation to receive and file presentation on history and recent events related to Social Security integration with public pension benefits.

I HEREBY CERTIFY that the above order was passed and adopted on April 15, 2026 by the following vote of the Board of Retirement, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

ALTERNATES (Present but not voting):

Chris Giboney
Board President

Eric Stern
Chief Executive Officer and
Board Secretary



Social Security Integration

April 15, 2026

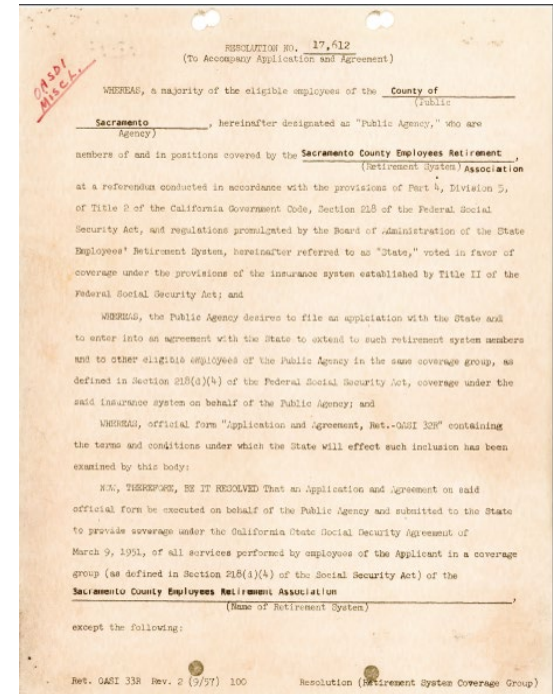
History

1935: Social Security established for private-sector employees

1950: Section 218 of the Social Security Act allowed voluntary agreements for coverage of state and local government employees, provided they were not already in a retirement system

1954/1955: Amendments allowed voluntary coverage for state and local government employees already in retirement systems if a majority voted in favor

1957: Sacramento County joined Social Security per “Section 218 Agreement”



Integration with California Pensions

- In 1950s, Legislature did not want to stack Social Security benefits on top of a state/local pension, creating a windfall
- Legislature created integration formulas to reduce state/local pension benefits by roughly one-fourth to one-third if covered by Social Security
- Dollar-based reductions have not changed; minimal impact today
 - PEPPRA members covered by Social Security are not integrated

Integration Factors – Legacy Only

- High/Low Contributions
 - Members pay a lower rate on pay up to a breakage point; a higher rate for pay over that amount
 - Member rate reduced by one-third on the first \$161 earned per pay period
- Social Security Reduction Factor
 - SCERS retirement allowance reduced by small fixed dollar amount
 - Based on membership category, age at retirement, and years of service
 - Benefit reduced by a percentage of \$350 in monthly salary, resulting in a monthly benefit reduction of approximately \$2-3 multiplied by the total years of service

Pensionable Compensation Cap

- Legacy
 - Pensionable compensation is capped by the IRC 401(a)(17)
 - \$360,000 in 2026
- PEPRA
 - Covered by Social Security
 - Capped at the **Social Security-covered PEPRA limit**
 - \$159,733 in 2026
 - Not Covered by Social Security
 - Capped at the **non-Social Security-covered PEPRA limit**
 - \$191,679 in 2026

Current State

- More than 99% of SCERS members are covered by Social Security “Section 218 Agreements”
 - Including Safety members
 - Excluding Mission Oaks and Rio Linda Elverta Recreation and Park District
- Newly formed public agencies are required to conduct an employee election on Social Security participation
- CalPERS is the California administrator of public agency Social Security 218 agreements

Elections Underway in Sacramento

- Sacramento Superior Court held election March 5-18, 2026
 - Prior to 2001, all trial courts were part of respective county governments
 - As part of trial court transition to state judicial branch, state legislation directed courts to continue Social Security coverage (or maintain lack of coverage)
 - Federal government is now requiring trial courts across California to hold elections as a correction vote
 - Allowing individual participation in or opt out of Social Security prospectively; results pending
- SacSewer engaging with CalPERS to begin election process
- SCERS participating in education sessions, evaluating impacts on payroll/data feeds