



# Amendment to EBMUD Retirement System Ordinance (No. 40) – Second Reading

Board of Directors  
November 25, 2025

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# Updates to Retirement System Ordinance No. 40

**Purpose:** To align the District's Retirement System Ordinance with current practices, negotiated changes, and federal requirements.

1. Section 4(a): The Retirement Board recommends a change to the term of service for those elected Retirement Board members from 2 years to 4 years.
2. Section 6: An adjustment to the contributions rates for Legacy Members
3. Section 21: Update to mortality tables
4. Section 21: Retroactive adjustment to 2021, 2023, and 2024
5. Section 36: A new Tier of Retiree Health Insurance Benefit (HIB) was negotiated during the recent labor negotiations authorized by the Board on July 8, 2025.
6. Section 41: The SECURE Act 2.0 created changes to Required Minimum Distributions

# Section 4(a) Update: Retirement Board Term Increase

- This change is recommended by the Retirement Board.
- Retirement Board is staffed by the General Manager, two Board of Director members, two employee-elected members, and one retiree-elected non-voting member.
- The current term for the employee and retiree-elected members is two years.
- A four-year term is a better fit to account for training time needed and institutional knowledge gained by serving on the Board.
- Change impacts members elected after January 1, 2026, with staggered transition to the 4-year term.

# Section 6 Update: Contribution Rate Changes

- Retirement contribution rates for Members hired before January 1, 2013, shall be **8.66% of Members' Compensation** (prior rate: 8.75%)
- This change more accurately reflects the current pension contribution rate for members in this pension tier and accurately denotes the remaining 0.09% as contribution towards HIB.

# Section 21(g) Updates: Mortality Table Changes and Error Correction

## **Mortality Tables:**

- Section 21(g) describes the optional benefit that retirees may elect to leave to a beneficiary. Per IRS guidelines, Ordinance 40 must be amended when mortality tables are adjusted.
- At the November 21, 2024, Retirement Board meeting, District actuaries recommended modifying mortality tables. The Board approved these changes to take effect on July 1, 2025.

## **Prior Ordinance 40 Version Edits - Mortality Tables:**

- The 2021, 2023, and 2024 versions of Ordinance No. 40 contained an error with respect to one section of the mortality table data in section 21(g)(a)(ii), the information was also incorrect in the Ordinance No. 372-21 that the Board of Directors approved.
- No error in benefit calculations was created due to the error in the Retirement Ordinance. The Retirement Board had duly authorized the change, and staff implemented the change correctly.

# Updates to Section 36: Health Insurance Benefit

- Amendments to codify changes to the Health Insurance Benefit (HIB) that were agreed upon during the labor negotiations and approved by the Board on July 8, 2025.
- Benefits eligible for active members who retire on or after July 28, 2025
- Key changes include, escalator with limits, flat value whether single or married, and new employee contributions.

# IRS Compliance Update: SECURE Act 2.0

- SECURE Act 2.0 created many changes across deferred compensation plans.
- Timing of Required Minimum Distributions (RMD) impact Pension plans and Deferred Compensation Plans.
- Age for first RMD changes from 72, to 73 in 2023, and age 75 in 2033.

# Recommended Action and Next Steps

Steps to finalize adoption of Ordinance amendments:

- Board consider vote to adopt Ordinance
- The Ordinance amendments must be placed in newspaper once a week for two successive weeks
- Adoption of Ordinance amendments will take effect 30 days after the vote to adopt, on December 25, 2025

**Questions?**

