

HELP NEWS

The Monthly Newsletter of Helping Employees Learn Prosperity (HELP)

Job Rights Q&A

General Answers to advise you on your job & workplace

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Also:

"No Tax on Overtime"
Your HELP Benefits & Perks

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Mar 2026

Welcome!



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Helping Employees Learn Prosperity (HELP) is an IRC 501 (c)(4) charitable non-profit, tax-exempt, non-partisan, independent employee affiliation.

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Planning for Retirement

One of the greatest incentives of being a local government employee in California is the retirement benefits it provides. Most public employees are enrolled in a defined benefit plan (a pension) that pays a monthly benefit amount in retirement. The monthly benefit amount is calculated using the worker's age at the time of retirement, their years of service credit, and their final compensation.

The California Public Employees' Pension Reform Act of 2013 (PEPRA) took effect on January 1, 2013, and applies to all state and local public retirement systems, including CalPERS, CalSTRS, County, and local agency pension systems. It created a two-tier retirement system. Employees hired before January 1, 2013, are

referred to as Classic Members. Those hired on or after January 1, 2013, are referred to as New Members. By law, the benefit is lower for New Members, but it is still a defined benefit plan, long considered the gold standard for retirement benefits.

Most private sector employers have shifted away from defined benefit pension plans to defined contribution savings plans, such as 401(k)'s. This long-term trend coincides with the declining rate of private sector employees being represented by a union. If you are a private sector employee with a pension, it is likely because you are represented by a union. The high percentage of local government employees in California being represented by an employee organization is a big reason why pensions are still so common for California's public sector workforce. Local government employees also have access to defined contribution savings plans, such as the 457

Plan or 401(a) Plan. In the 2020's, there is a noticeable shift of local public agencies in California agreeing to deferred compensation contributions in labor contracts, or memorandums of understanding (MOUs). New members typically now account for two-thirds or more of a local agency's workforce. Deferred compensation contributions add up over time, and combined with investment returns on those contributions, a local government employee who is a New Member with a lower defined benefit plan has a decent shot at realizing something close to what they would have been entitled to had they been a Classic Member.

Local government employees also may have some form of retiree medical benefits. This was a common benefit found in MOUs before the Great Recession. Many employee organizations had successfully bargained for traditional defined retiree medical benefits. Employees who worked a certain number of years with that employer would have a portion or all their future medical premiums paid by the employer in retirement. However, since the Government Accounting Standards Board (GASB) issued statement 45, these traditional defined retiree medical benefits have been phased out, particularly for employees hired within the last fifteen years. GASB 45 requires government employers to measure and report liabilities associated with other postemployment benefits (OPEB). The largest OPEB cost is typically retiree medical benefits. Health premiums for current employees when they retire are hard to estimate. Projections often go out thirty to fifty years. Agencies began implementing GASB 45 in the mid-late 2000's. Since then, public employers have either established and funded an irrevocable trust or set aside a dedicated reserve. These accounting rules have therefore made it far less common for public agencies to provide these benefits.

More recently, employee organizations bargained for local government agencies to adopt and contribute to retiree health savings (RHS) plans. These plans may require participation from employees, so they are less employee-friendly than a 457 plan. The employer's plan and any MOU will define and govern who makes contributions, in

what amounts, and how frequently. Employee contributions to an RHS plan are pre-tax, which reduces taxable income in the year contributions are made. Earnings are tax-deferred, meaning taxes are not paid while the funds remain in the RHS plan. Distributions for qualifying medical expenses are tax-free. Although not the gold standard of years past, they can meaningfully help offset future medical expenses in retirement.

Recent federal tax law changes have made saving for retirement more attractive. For example, the Setting Every Community Up for Retirement Enhancement Act (SECURE 1.0), effective January 1, 2020, pushed back the mandatory age to begin taking required minimum distributions (RMDs) from retirement savings accounts. It also allowed penalty-free withdrawals of up to \$5,000 for qualified birth or adoption expenses. SECURE 2.0, effective December 29, 2022, pushed back the age for RMDs even further and reduced the penalty for failing to take RMDs. SECURE 2.0 also provides several enhancements for defined contribution plans including larger catch-up contributions for workers aged 60-63, the ability to treat qualified student loan payments as elective deferrals (i.e., eligible for employer matching), and a one-time penalty-free hardship withdrawal of up to \$1,000 per year for personal or family emergencies. SECURE 2.0 also supports Roth accounts to a greater extent than under previous law. For example, since 2024, RMDs are no longer required from employer-sponsored Roth accounts, and employers may offer employees the option to receive employer matching contributions on a Roth basis. Roth 457 plans and Roth IRA plans are exceptional retirement savings vehicles, particularly for employees with a long-time horizon to contribute and invest prior to retirement, because the investment earnings are distributed tax-free in retirement. For regular 457 plans and traditional IRA plans, investment returns are taxed on withdrawal at the retiree's then-existing tax rates. If invested over a long period, most of the withdrawal will be investment returns not contributions, making Roth plans a great tool.



Retiree
medical benefits
are disappearing



Employees nearing retirement should do their due diligence before filing for retirement. For example, CalPERS recommends that employees begin taking the steps to retire one year in advance. The employer's human resources staff may provide some information, but they are often more concerned about hiring a replacement than helping an employee navigate the transition into retirement. Fortunately, there are excellent resources available. Members can contact their pension system for more information. Their employee organization's professional staff may also be able to provide guidance. Employees can also contact a fee-only certified financial planner to assist with budgeting, including planning for costs and managing future income sources, such as their pension, retirement accounts, Social Security, and Medicare. CalPERS members may consult the CalPERS website, which has more information about planning for retirement, including a 30-page retirement planning booklet, a retirement planning checklist, a frequently asked questions (FAQ) list about filing for a service retirement, and videos about planning and applying for retirement. Members can get an estimate of their benefit and submit

Begin retirement

planning well in advance

an electronic application through the myCalPERS website. Local agencies and county retirement systems offer similar resources.

For CalPERS, you can click on the following links to get more information:

[CalPERS Retirement Benefits Checklist](#)
[CalPERS Retirement Benefits, Service Disability Retirement](#)

Separation of employment alone is not sufficient; a member must submit a retirement election application to complete the retirement process. A member must also stop working for CalPERS or a retirement system that has reciprocity with CalPERS (e.g., local agency and county retirement systems in California). However, a member may work in the private sector or other public employment that does not have reciprocity. Employees may be able to take advantage of an early retirement incentive. If their agency is looking to save on labor costs, particularly if there is a budget deficit, the employee organization may negotiate for either severance pay or a "golden handshake." A golden handshake is an early retirement incentive through CalPERS where the employee gets two years of service credit for taking the golden handshake. The employer must contract

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with CalPERS and pay the cost for this early retirement incentive. To offer a golden handshake, there must be an impending layoff, and the employer must be able to show enough savings will be realized to pay for the golden handshake benefits. This typically means abolishing the position and not backfilling it after the employee takes the golden handshake. The employee must also retire within a specific window period.

While you are still working, CalPERS has a special power of attorney form that you can file now to protect your retirement benefits later, if you die or become incapacitated prior to your retirement. It is called the CalPERS Special Power of Attorney form and it allows you to designate a representative to conduct your retirement business if you are unable to do so. If you become unable to act on your own behalf, your designated attorney-in-fact will be able to perform important duties concerning your CalPERS business, such as address changes, federal or state tax withholding elections, and retirement benefit elections, including beneficiary designations. You can also learn more, and download the form, at CalPERS Power of Attorney Form. Other pension systems have similar power of attorney forms.

Employees should also consider survivor benefits for their pensions. The employer must contract for survivor benefits (e.g., lump-sum death benefit or survivor continuance). This is a common negotiated benefit, and the level of survivor benefits are determined by the level designated in the MOU and the employer’s contract with the pension system. A survivor is defined by law and is not an election. It is typically the retiree’s spouse or children. A beneficiary is someone you choose to receive either a one-time lump sum payment (between \$500 and \$5,000) or an ongoing monthly benefit upon your death (known as the option portion). CalPERS offers survivor continuance benefits that would pay an eligible survivor 25% or 50% of the retiree’s unmodified allowance (i.e. the retiree’s highest possible monthly benefit). The retiree can take the full unmodified allowance for their lifetime only or take a reduction to provide a benefit to a beneficiary or

survivor. The retiree chooses a beneficiary to receive the option portion of their monthly benefit, aside from any survivor continuance portion. It’s important to know what elections are available to you and which options you want to choose so you can better determine what your monthly benefit payment will be in retirement.

CalPERS also offers death benefits. This too is a common negotiated benefit, and the level of death benefits are determined by the MOU and pension system contract.

The death benefit applies if the employee dies before retiring. The benefits would be paid to your beneficiaries based on what you would have been entitled to had you retired on the date of your death. The employee can designate beneficiaries now through their myCalPERS account. If none is chosen, death benefits will be paid to a beneficiary defined by law rather than one designated in a will, annuity, or life insurance policy.

If you are currently a member of the CalPERS Health Program, you must meet specific requirements to continue your health insurance coverage into retirement, or to maintain the right to re-enroll in the future after retirement. This includes being enrolled in (or eligible for) a CalPERS health plan upon separation from employment, either in your own name or as a dependent. You must also retire within 120 days of your separation from employment. If you are not in CalPERS medical, contact your human resources department to find out what you need to do to be able to enroll in retiree health coverage. If you retire early due to a disability, you may be eligible for a disability retirement or an industrial disability retirement. CalPERS has booklets on both programs. To receive a disability retirement, the retirement application must be based on competent medical evidence that shows the employee could no longer perform their position. The medical condition does not have to be job-related. Classic Members must generally have at least five years of service credit. New members must generally have ten years of service credit. There are no age requirements. However, to file for a service retirement, a Classic Member must generally be aged 50 and New Members must generally



News Release - CPI Data

The U.S. Department of Labor, Bureau of Labor Statistics, publishes monthly consumer price index figures that look back over a rolling 12-month period to measure inflation.

2.4% - CPI for All Urban Consumers (CPI-U) Nationally (Jan)
2.7% - CPI-U for the West Region (from Jan)
3.0% - CPI-U for the Los Angeles Area (from Jan)

3.0% - CPI-U for San Francisco Bay Area (from Dec)
3.2% - CPI-U for the Riverside Area (from Jan)
2.6% - CPI-U for San Diego Area (from Jan)

be aged 52.

Your retirement date must be after your last day on payroll. A member who retires on December 31st may receive their cost-of-living adjustment one year earlier than someone who retires on January 1st of the following year. Members should refer to the CalPERS cost of living webpage for more information. For example, a member retiring on December 31st, 2026, may be eligible for a COLA on May 1, 2028, whereas with a retirement date of January 1, 2027, you are not eligible for a COLA until May 1, 2029.

Employees should also plan how any accrued leave might be handled at retirement. Some employee organizations have negotiated for unused sick leave to be converted to CalPERS service credit. Other MOUs might allow for a partial cash-out of unused sick leave at retirement based on years of service. Any vacation, sick leave, or compensatory leave cash-outs may be taxed at a higher rate if they are effective at the end of the calendar year after a full year of earnings. Employees might be able to convert all or a portion of their leave cash-outs to an RRS, 457, or 401(a) plan. This can help reduce any taxes that might be owed on the leave cash-outs..

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“No Tax on Overtime”

In July 2025, President Trump signed what he described as the “One Big Beautiful Bill” into law. The bill provides what is referred to as the “no-tax-on-overtime” provision that is effective beginning January 1, 2025, through December 31, 2028. “No tax on overtime” is not quite accurate. The provision applies to individuals who receive qualified overtime compensation that exceeds their regular rate of pay – such as the “half” portion of “time-and-a-half” compensation. Only the “half” portion will count for the deduction, not the straight time pay that makes up the bulk of a worker’s additional overtime pay. The provision allows for a tax deduction – not a tax credit – which reduces the individual’s taxable income for the year. The savings from the deduction depends on the individual’s marginal tax rate – the tax rate applied to the last dollar of income earned. This means individuals who do not have a lot of taxable income will not see much savings. You can find brackets here:

[Federal Income Tax Brackets.](#)

The maximum annual deduction is \$12,500 (\$25,000 for joint filers). The deduction phases out for taxpayers with modified adjusted gross income over \$150,000 (\$300,000 for joint filers). The deduction decreases by \$100 for every \$1,000 of income exceeding these thresholds. Modified adjusted gross income means your income before deductions (for example, the standard deduction, or mortgage interest and property taxes if you itemize). The deduction is available regardless of whether you itemize or take the standard deduction. Workers who do itemize might see larger savings from the increase to the state and local property tax (SALT) deduction (also part of the OBBB) on their Schedule A than from the “no tax on overtime” provision.

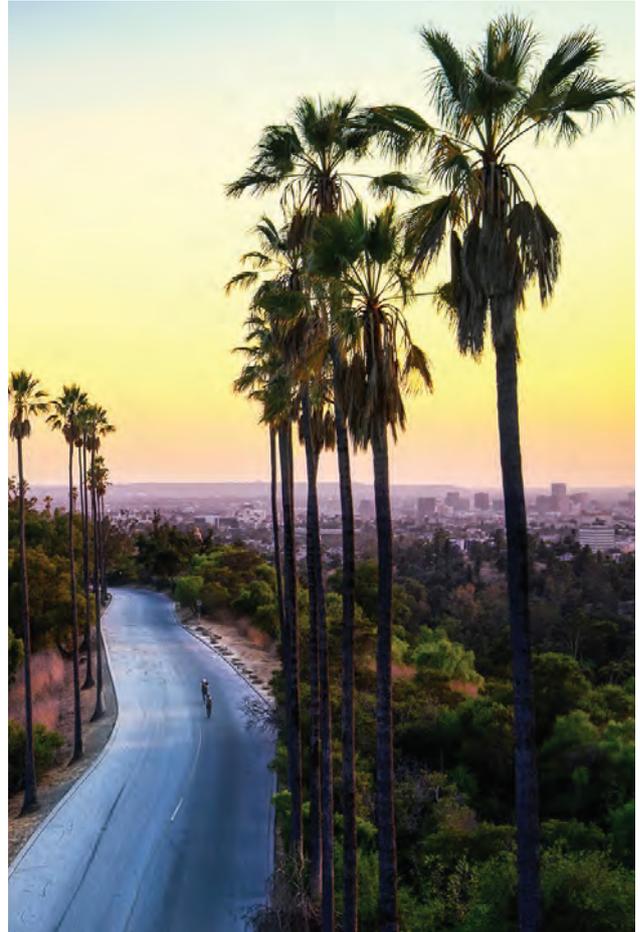
There are some important caveats for public sector workers in California. First, the deduction applies only to your federal income taxes, not your FICA taxes or California state taxes. California does not allow a deduction for overtime compensation. Second, Californians typically earn higher incomes than the national average, particularly those who earn a lot of overtime pay. Due to the income phase out, some workers may see only a limited deduction or potentially no deduction at all. Third, the new law requires married couples to file jointly to qualify for the deduction. Keep in mind the deduction is limited to the overtime pay that is required by the Fair Labor Standards Act (FLSA).

FLSA
overtime
only qualifies

Some public sector union contracts (MOUs) provide premium pay for overtime that is not required by the FLSA. For example, an MOU might include in the regular rate of pay special compensation (like uniform reimbursement) that is not required by the FLSA. The MOU might also require specific forms of paid leave – such as holidays or jury duty – to count as hours worked. The MOU might also provide for double-time pay for working over 12 hours in a day (this often mirrors a state Labor Code provision that is not applicable to local government employees). The FLSA requires overtime pay only for actual hours worked (not including any paid leave). The FLSA only requires time-and-one-half pay for actual hours worked over 40 in a work period. It does not provide premium pay for working additional hours worked in a single day, or a double time rate for working over a specific number of hours in a day or week. California public sector workers should understand that this new deduction does not apply to any portion of overtime compensation that is not required by the FLSA.

Employers must file information returns with the IRS and furnish statements to taxpayers showing the total amount of qualified overtime compensation paid during the year. The IRS will provide transition relief for tax year 2025 to taxpayers claiming the deduction and to employers subject to the new reporting requirements. Taxes will continue to be fully withheld from overtime pay. The benefit (if eligible) will come when federal tax returns are filed (potentially reducing tax debt or increasing tax refunds). Workers should understand that the actual dollar savings they might realize from the “no tax on overtime” provision may be considerably less than what has been publicly promoted. Contact your tax professional, who can identify the savings you might see from this new tax deduction.

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HELP's Perks

Discover the exclusive personalized perks and discounts available to you as a valued member of HELPPerks:

At **HELPPerks**, we believe that shopping should be enjoyable, and we're dedicated to providing you with the best possible benefits. As a registered member, you can take advantage of these perks at no cost to you.

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**Terms and conditions apply.*

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Questions & Answers about Your Job

*Each month we receive dozens of questions about your rights on the job.
The following are some GENERAL answers.
If you have a specific problem, talk to your professional staff.*

Question: I recently received a suspension regarding work-related misconduct. Last week, I had my annual review with my supervisor. My overall work performance was good. There was no verbiage in the review regarding the disciplinary matter. After the review, I was notified that I will not be receiving my annual 5% merit increase due to the suspension. Is that something they are allowed to do? I feel I have already been reprimanded with the suspension. If my work performance is satisfactory, it should not affect my salary. Do I have any recourse?

Answer: If you have received a suspension for work-related misconduct, it is natural to wonder whether your annual merit increase can be withheld. In most cases, merit increases are tied to performance evaluations, not disciplinary actions, unless your MOU, personnel rules, or HR policy explicitly say otherwise. Since your annual review shows satisfactory performance and makes no mention of the disciplinary matter, withholding your merit increase solely because of a suspension may not be consistent with your rights under the MOU or the employer's policy. The suspension itself is already a form of discipline.



Contact your professional staff, who can review the facts, the MOU language, and employer policy to determine if the rules allow your employer to deny your merit increase. Typically, an employer must show a direct connection between the disciplinary action and performance issues to withhold a merit increase. Being disciplined does not automatically mean you lose your merit increase. If your work meets expectations and the MOU or policies do not allow linking discipline to the merit increase, the employee organization and professional staff can help challenge the denial by filing a grievance.

Question: I have a substance use disorder and I had a relapse. There is no way I can make it into work tomorrow morning, but I know that I cannot be a no call no show. What can I do or say to my supervisor about my absence tomorrow to best protect my job. I may also need an extended leave of absence (a few weeks) to be admitted to an inpatient rehab program and probably for some time after that periodically to attend group meetings. I cannot afford to lose my job. What do I do next?

Answer: If you are struggling with a substance use disorder and need time off from work, it is important to handle your absences carefully to best protect your rights. For the absence tomorrow, contact your supervisor as soon as possible and let them know you need to use a sick

day. If they ask for more information, simply inform them that you cannot come in because you have an unplanned medical-related issue. You do not need to disclose the specifics of your condition; you can simply state that it is a health-related absence that qualifies for sick leave use. Typically, a doctor's note is not required for a single day's absence.

Under California's paid sick leave law, an employee may use paid sick leave for preventative care or diagnosis, care, or treatment of an existing health condition. Substance use disorder qualifies as a health condition. If the need is unforeseeable, an employee only needs to give notice as soon as practical, as may occur in the case of unanticipated illness or medical emergency.

California's "Kin Care" law (Labor Code §233) requires employers to allow an employee to use accrued and available sick leave (which is the amount that would accrue during a six-month period) for the purposes specified in the paid sick leave law. An employer cannot count sick leave taken pursuant to Section 233 as an absence that may lead to or result in discipline. Doing so is a per se violation of Section 233. (Labor Code §234).

This means that if you have protected sick time that is accrued and available, an employer may not deny you the right to use it and may not discipline you for doing so. If you do not have any accrued and available sick days, the employer

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may be able to count the unscheduled absence against you under the employer's attendance policy, and you may have to take the day unpaid. However, if this is your first unexcused absence, and you provided notice as soon as practical, you are likely protected from further penalty under your progressive discipline policy.

You may also be entitled to job-protected unpaid leave under the federal Family and Medical Leave Act (FMLA) or the California Family Rights Act (CFRA), both of which allow workers time off for serious health conditions. A serious health condition includes a condition that involves either inpatient care or continuing treatment by a health care provider. This includes admission to a rehab facility for substance use disorders. You are generally permitted up to 12 weeks of leave per year. This can be taken in one block of time, or intermittently, based on your situation.

For the rehab facility, you should request block leave for the duration of your stay. You must request leave 30 days in advance or as soon as practicable if the need for leave is unforeseeable. For the group meetings, you may consider taking intermittent leave. However, you must make a reasonable effort to schedule your leave so as not to disrupt your employer's operations.

In most cases, for any leave taken under the FMLA and CFRA, your employer will require you to furnish a certification from a health care provider at the time you give notice of the need for leave or within five business days thereafter. In the case of unforeseen leave, your employer may request certification within five business days after your leave commences.

Verbal notice of the need for leave may qualify. When requesting leave for an FMLA-qualifying reason for the first time, the employee does not have to say "FMLA" specifically. But the employee will typically need to have their health care provider, or covered family member's health care provider, complete a certification form and get it on file with the employer. If an employee later requests additional leave for the same qualifying condition, the employee must specifi-

cally reference either the qualifying reason or the need for FMLA. Employers may also request more information, so long as the inquiry does not require the employee to reveal medical information.

Your use of FMLA/CFRA leave cannot count against you under your employer's attendance policy and cannot be considered in employment decisions, such as promotions or disciplinary action.

Regardless of whether you have paid sick leave available or you are entitled to FMLA/CFRA leave, you should be eligible for an unpaid medical leave of absence under the federal Americans with Disabilities Act (ADA) and the state California Fair Employment and Housing Act (FEHA). These anti-discrimination laws recognize substance use disorders as a disability, triggering requirements for the employer to provide workplace accommodation, which may include an unpaid medical leave of absence. If you are unable to perform the essential functions of your job, you may request "reasonable accommodation." This might be a modified work schedule to attend group meetings, or an unpaid leave of absence to stay at a rehab facility. The employer may be required to provide such accommodation unless doing so is an "undue burden."

Contact your professional staff before requesting medical accommodation. The employer must engage in a good faith interactive process, and this process can be intimidating. However, you are entitled to have union representation assist you through this process.

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5 MUST-KNOW PHRASES THAT'LL HELP YOU COMMAND RESPECT AS A LEADER



PHRASE 1:

"Not only did we [X], but we also [Y]"

When to use it:

Anytime you are presenting your work to other people.

Example:

"Not only did we learn what features our customers like most, but we also used those insights to improve the messaging on next quarter's marketing campaign."

Mindset reframe:

Instead of thinking about it as bragging, think of this phrase as being of service to an executive audience. You're helping them see how your work fits into the bigger picture.

PHRASE 2:

"I want to grow and create more impact — and I want to do that here."

When to use it:

When you're discussing your promotion goals with your boss.

Mindset reframe:

This phrase keeps the focus on what you can give — not just what you want. It shows your loyalty and commitment while helping your boss see the value of promoting you.

PHRASE 3:

"Today, I'll be asking you to [X], so we can [Y]"

When to use it:

Any time that you are kicking off a meeting.

Example:

"Today, I'll be asking you to approve our marketing budget so we can begin implementing next quarter's growth campaign."

Mindset reframe:

Giving instruction to your audience is a service. They want to know that you have a plan and that they can trust you to guide them.

PHRASE 4:

"Can you share more of your thoughts?"

When to use it:

When someone is challenging you — pushing back, questioning your work, or disagreeing with your proposal.

Mindset reframe:

You're not there to be defensive — you're there to solve problems with your stakeholders. This phrase shows that you have next-level confidence and maturity.

PHRASE 5:

"I want to make sure [X], so I recommend we [Y]"

When to use it:

When you are disagreeing or pushing back against someone else's suggestion.

Example:

"I want to make sure we have enough time to incorporate client feedback into the end product, so I recommend we stick with the longer three-week timeline."

Mindset reframe:

You are not arguing with the stakeholder — you are fighting for the goals of the business. You're offering thoughtful recommendations that align with business success.

