



## Hypothetical Example of How the Rule of Three Might Work

Assume Agency X has a staff of eight "analysts" and because of budget constraints would like to reduce that staff to seven. The agency could lay off one person but that would mean losing a Range 20, Step A "analyst" who is performing very well. In addition, from the employee's point of view, he needs the job and is far from retirement age. On the other hand, the agency has an "analyst" at Range 20, Step M who feels "burned out" and would like to retire soon but who is 49 years old and will not be eligible for early retirement for another year. The head of the agency learns of the Retirement Incentive Program (RIP) and asks for some cost projections from the Division of Retirement and Benefits.

The only "analyst" who could qualify for the RIP is the 49 year old; he would be able to use one of his three years to become eligible for early retirement and the other two to reduce the amount of actuarial adjustment for early retirement (he would have the actuarial adjustment of a 52 year old). The agency learns that the cost of the incentive for this employee is \$47,814.00; this cost will have to be paid to the PERS out of the agency's budget over a period not to exceed three years. In this case, since the agency intends to leave the position vacant, the agency head has an easy time preparing a cost analysis to submit to OMB in support of a request to participate in the RIP for the agency employees in the "analyst" classification. He prepares a short statement showing that the annual savings in personal services costs of about \$71,656.00 (Range 20, Step M) are far greater than the annual payment of \$17,179.00 to the PERS which would be required to pay off the debt in three installments. The agency's cost analysis is reviewed by OMB and it is certified that participation in the RIP is likely to result in cost savings for the state.

At this point a request to participate is presented to the Division of Retirement and Benefits along with the OMB certification. An agreement is executed after the division makes sure the agency understands its obligations under the program.

In this particular hypothetical example, it is worth noting that the agency could have shown cost savings by retiring the 49 year old analyst even if no reduction in force was contemplated provided the position could be satisfactorily filled by a Range 20, Step A "analyst." The personal services savings of approximately \$18,213.00 between a Range 20, Step M and a Range 20, Step A exceed the \$17,179.00 annual payments to the PERS fund.

DUNCAN

HB 382(AM)

Eligibility for R.I.P.

Each participant who retires under the R.I.P. will receive a credit of three years applied in the following order:

1. to reduce the age or years of service required for eligibility for normal or early retirement;

This means that an employee, age 52, would be eligible for full retirement benefits as if he/she were 55, but the multiple in calculating years of service would still be only the the actual number of years worked. The above employee's benefit amount would not be actuarially reduced as it is with early retirement.

Also, a 47 year old would be eligible for early retirement (normally at age 50), but benefits would be calculated only for the actual years of service.

A peace officer or fireman would be eligible to retire with 17 years of service, but the benefit calculation would use 17 years as the multiple rather than 20.

2. to reduce the actuarial adjustment required for early retirement;

In PERS, minimum age for early retirement is 50. The benefit amount at early retirement, age 50, is 62% of the amount received at normal retirement (age 55). The R.I.P. would add three years to the employee's age, making the employee 53 for the purposes of benefit calculation, resulting in a benefit increase of 20%, from 62% to 82% of normal retirement.

3. to increase the years of service credit for those already eligible for full retirement;

R.I.P. would provide an additional three years service credit to an employee already eligible for normal retirement; i.e., a 55 year old, with 22 years service would gain 3 years service credit.

His/her retirement benefit would then be calculated on 25 years of service.

4. or a combination of 1 - 3.

A vested 54 year old employee, eligible for the R.I.P., would receive the three year credit first to add one year to the employee's age to eliminate the actuarial reduction for early retirement, and second, to add two years service credit to the employee's benefit calculation.

Another scenario would be for the 48 year old employee where 2 years of the credit would be used to make the employee eligible for early retirement and the remaining year would be used to increase the early retirement benefit from 62% to 68% of normal retirement benefit.

# STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date : \_\_\_\_\_

**REQUEST**

Bill/Resolution No. : CSHB 382 (Finance)  
 Title : Retirement incentive program  
for state employees

Sponsor : Finance  
 Requestor : House Finance  
 Date of Request : 2/25/86

**FISCAL DETAIL**

Agency Affected : ALL  
 BRU : N/A

Components : N/A

**EXPENDITURES/REVENUES : (Thousands of Dollars) Two-Year Program**

| OPERATING              | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 | FY 91 |
|------------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES      |       |       |       |       |       |       |
| TRAVEL                 |       |       |       |       |       |       |
| CONTRACTUAL            |       |       |       |       |       |       |
| SUPPLIES               |       |       |       |       |       |       |
| EQUIPMENT              |       |       |       |       |       |       |
| LAND & STRUCTURES      |       |       |       |       |       |       |
| GRANTS, CLAIMS         |       |       |       |       |       |       |
| MISCELLANECUS          |       |       |       |       |       |       |
| <b>TOTAL OPERATING</b> |       | 0     | 0     |       |       |       |

|         |  |  |  |  |  |  |
|---------|--|--|--|--|--|--|
| CAPITAL |  |  |  |  |  |  |
|---------|--|--|--|--|--|--|

|         |  |  |  |  |  |  |
|---------|--|--|--|--|--|--|
| REVENUE |  |  |  |  |  |  |
|---------|--|--|--|--|--|--|

**FUNDING : (Thousands of Dollars)**

|               |  |   |   |  |  |  |
|---------------|--|---|---|--|--|--|
| GENERAL FUND  |  | 0 | 0 |  |  |  |
| FEDERAL FUNDS |  |   |   |  |  |  |
| OTHER         |  |   |   |  |  |  |
| <b>TOTAL</b>  |  |   |   |  |  |  |

**POSITIONS :**

|           |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|
| FULL-TIME |  |  |  |  |  |  |
| PART-TIME |  |  |  |  |  |  |
| TEMPORARY |  |  |  |  |  |  |

**ANALYSIS :** Attach a separate page if necessary This bill has no net cost per the provisions of Sec. 2: The head of a state agency may designate positions in the agency eligible to participate in the retirement incentive program. The Office of Management and Budget may then certify that participation in the program by the proposed classification will result in a savings to the agency in personal services costs.

Prepared by : *[Signature]* Phone : 465-3560  
 Division : Budget Review, Office of Management & Budget Date : February 25, 1986

Approved by Commissioner : \_\_\_\_\_ Date : \_\_\_\_\_  
 Agency : \_\_\_\_\_

Distribution (by Agency preparing fiscal note) :

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

STATE OF ALASKA 1986 LEGISLATIVE SESSION  
FISCAL NOTE

REQUEST attached draft of Revision Date: \_\_\_\_\_  
2/25/86 FISCAL DETAIL  
 Bill/Resolution No. HR382 (Finance) Agency Affected: All State  
 Title: "An Act relating to accelerated normal retirement" BRU: Retirement & Benefits, TRS Match  
 Sponsor: Duncan Components: PERS, TRS, TRS Match  
 Requestor: Duncan  
 Date of Request: 2/25/86

EXPENDITURES/REVENUES: (Thousands of Dollars)

|                   | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 | FY 91 |
|-------------------|-------|-------|-------|-------|-------|-------|
| OPERATING         |       |       |       |       |       |       |
| PERSONAL SERVICES |       |       |       |       |       |       |
| RTMNT & BNFTS     |       |       |       |       |       |       |
| TRAVEL            |       |       |       |       |       |       |
| CONTRACTUAL       |       |       |       |       |       |       |
| SUPPLIES          |       |       |       |       |       |       |
| EQUIPMENT         |       |       |       |       |       |       |
| LAND & STRUCTURES |       |       |       |       |       |       |
| GRANTS, CLAIMS    |       |       |       |       |       |       |
| TRS MATCH         |       |       |       |       |       |       |
| TOTAL OPERATING   | -0-   | -0-   | -0-   | -0-   | -0-   | -0-   |

CAPITAL

REVENUE

FUNDING: (Thousands of Dollars)

|               |     |     |     |     |     |     |
|---------------|-----|-----|-----|-----|-----|-----|
| GENERAL FUND  |     |     |     |     |     |     |
| FEDERAL FUNDS |     |     |     |     |     |     |
| OTHER         |     |     |     |     |     |     |
| TOTAL         | -0- | -0- | -0- | -0- | -0- | -0- |

POSITIONS: 0 -0- -0- -0- -0- -0-

|           |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|
| FULL-TIME |  |  |  |  |  |  |
| PART-TIME |  |  |  |  |  |  |
| TEMPORARY |  |  |  |  |  |  |

ANALYSIS: Attach a separate page if necessary

No retirement costs are shown because the bill requires direct short term reimbursement to the system from participating agencies. Personal services savings may well result for participating agencies but we have no way to accurately estimate them.

Prepared By: J.K. Humphreys, Director Phone: 465-4470  
 Division: Retirement & Benefits Date: 2/26/86

Approved by Commissioner: Eleanor Andrews Date: 2/26/86  
 Agency: Department of Administration

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

POSITION PAPER

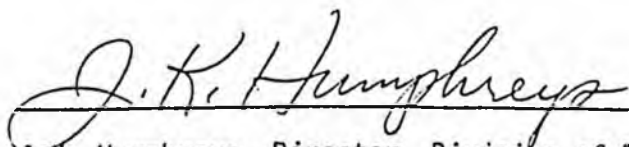
Draft CS HB 382 (Finance)

This bill would establish retirement incentive program to allow eligible state employees to retire from the Public Employees' Retirement System (PERS) or Teachers' Retirement System (TRS) (1) as early as age 47, (2) receive a reduction of their early retirement adjustment, (3) receive additional service credit or a combination of these.

Incentives such as these, may avoid the need for lay-offs in certain agencies and serve to alleviate some of the trauma normally associated with reductions in force.

There is no cost to the PERS or TRS since the bill requires the agency participating in the program to pay the additional costs of retirement under the program and to demonstrate that a savings to the state will result.

The Department of Administration supports this bill with its guarantees of fiscal responsibility.

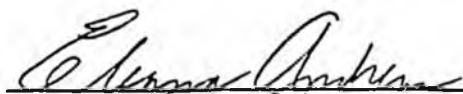


J.K. Humphreys, Director, Division of Retirement & Benefits



2/26/86

Date



Eleanor Andrews, Commissioner, Department of Administration

2/26/86

Date

Original sponsors: Duncan, M.M. Miller,  
Gruenberg, et al

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 382 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act creating a retirement incentive program for  
7 state employees in the Public Employees' Retirement  
8 System and the Teachers' Retirement System; and  
9 providing for an effective date."

10 \* Section 1. PURPOSE. Since some state agencies may find it necessary  
11 to reduce their personal services costs because of declining state revenue,  
12 a program encouraging employees to retire voluntarily would reduce the  
13 hardship of potential layoffs. This program is intended to realize suffi-  
14 cient economies to offset the cost of administration and benefits to state  
15 agencies resulting from the award of retirement credits and to result in a  
16 net reduction in personal services costs to the state during a period of  
17 declining revenue.

18 \* Sec. 2. RETIREMENT INCENTIVE PROGRAM. (a) The executive head of a  
19 state agency may designate divisions, offices, units, or other classifica-  
20 tions of members of the Public Employees' Retirement System or the Teach-  
21 ers' Retirement System in the agency eligible to participate in the retire-  
22 ment incentive program. The administrator shall approve a designated  
23 classification if the Office of Management and Budget certifies that par-  
24 ticipation in the program by the classification will result in a savings to  
25 the agency in personal services costs.

26 (b) A vested member in the Public Employees' Retirement System who is  
27 in a designated classification on the date the agency head designates the  
28 classification and who has been continuously employed with the state since  
29 January 1, 1986, may elect to participate in the retirement incentive

1 program. A vested member in the Teachers' Retirement System who is in a  
2 designated classification on the date the agency head designates the clas-  
3 sification and who has been continuously employed by the state since Janu-  
4 ary 1, 1986, may elect to participate in the retirement incentive program.  
5 The member shall apply on forms provided by the administrator.

6 (c) The administrator shall accept the application of an eligible  
7 vested member if

8 (1) the member will be qualified to retire under AS 14.25.110 or  
9 AS 39.35.370 after receipt of the retirement incentive and will be appoint-  
10 ed to retirement before October 2, 1987; and

11 (2) the member's agency has signed a reimbursement agreement  
12 that

13 (A) requires the agency to reimburse the system within  
14 three years after the date for each member who is appointed to retire-  
15 ment in an amount equal to

16 (i) the actuarial equivalent of the difference between  
17 the benefits the member receives after the addition of the re-  
18 tirement incentive under this section and the amount the member  
19 would have received without the incentive; and

20 (ii) an appropriate share of the administrative costs  
21 of the program; and

22 (B) provides that contributions from the agency to the  
23 system under this section take priority over other obligations of the  
24 agency to the maximum extent permitted by law.

25 (d) A participant in the retirement incentive program receives a  
26 credit of three years. The three years must be applied in the following  
27 order

28 (1) to reduce the age or service required for eligibility for  
29 normal retirement or the age required for eligibility for retirement under

1 AS 14.25.110, AS 39.35.370, or 39.35.385;

2 (2) to reduce the actuarial adjustment required for retirement;

3 (3) as years of credited service for calculating retirement  
4 benefits; or

5 (4) a combination of (1) - (3) of this subsection.

6 (e) If a participant in the retirement incentive program returns to  
7 employment with an employer, the participant loses the incentive years and  
8 is indebted to the system in the amount the participant received as a  
9 result of participation in the program for which the participant was not  
10 otherwise entitled, including the cost of health insurance. Interest  
11 accrues on the indebtedness at the rate established by regulation from the  
12 date of reemployment until the member is appointed to retirement and ac-  
13 cepts an actuarial adjustment to the member's future benefits or until the  
14 amount is paid in full.

15 (f) The Department of Education is the only employer under AS 14.-  
16 25.220 eligible to participate in the retirement incentive program under  
17 this section. An employer under AS 39.35.550 - 39.35.650 is not eligible  
18 to participate in the retirement incentive program under this section.

19 (g) The definitions set out in AS 14.25.220 apply to this section for  
20 members of the Teachers' Retirement System. The definitions set out in  
21 AS 39.35.680 apply to this section for members of the Public Employees'  
22 Retirement System.

23 \* Sec. 3. OFFICE OF MANAGEMENT AND BUDGET. (a) When designating a  
24 classification for participation in the retirement incentive program, the  
25 executive head of a state agency shall provide the Office of Management and  
26 Budget with information that describes with particularity the expected  
27 effect of participation in the program on the agency's personal services  
28 cost and operation by employees in the classification.

29 (b) A state agency that is participating in the retirement incentive

1 program shall report as required by the Office of Management and Budget on  
2 the cost of each member's participation and the effect on the agency's  
3 personal services cost and operation.

4 (c) The Office of Management and Budget shall report to the legisla-  
5 ture in January 1987 and 1988 on the effect of the retirement incentive  
6 program on state operation and personal services costs.

7 \* Sec. 4. A member who is eligible under sec. 2 of this Act and who has  
8 submitted an application for participation in the retirement incentive  
9 program before July 1, 1987, may be considered for participation in the  
10 program notwithstanding sec. 5 of this Act.

11 \* Sec. 5. Sections 1 and 2 of this Act are repealed July 1, 1987.

12 \* Sec. 6. Section 3 of this Act is repealed February 1, 1988.

13 \* Sec. 7. This Act takes effect immediately in accordance with AS 01.-  
14 10.070(c).

# STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date : \_\_\_\_\_

**REQUEST**

Bill/Resolution No. : CSHB 382 (Finance)  
 Title : Retirement incentive program  
for state employees  
 \_\_\_\_\_  
 Sponsor : Finance  
 Requestor : House Finance  
 Date of Request : 2/25/86

**FISCAL DETAIL**

Agency Affected : ALL  
 BRU : N/A  
 \_\_\_\_\_  
 Components : N/A  
 \_\_\_\_\_

**EXPENDITURES/REVENUES : (Thousands of Dollars) Two-Year Program**

| OPERATING              | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 | FY 91 |
|------------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES      |       |       |       |       |       |       |
| TRAVEL                 |       |       |       |       |       |       |
| CONTRACTUAL            |       |       |       |       |       |       |
| SUPPLIES               |       |       |       |       |       |       |
| EQUIPMENT              |       |       |       |       |       |       |
| LAND & STRUCTURES      |       |       |       |       |       |       |
| GRANTS, CLAIMS         |       |       |       |       |       |       |
| MISCELLANEOUS          |       |       |       |       |       |       |
| <b>TOTAL OPERATING</b> |       | 0     | 0     |       |       |       |

|         |  |  |  |  |  |  |
|---------|--|--|--|--|--|--|
| CAPITAL |  |  |  |  |  |  |
|---------|--|--|--|--|--|--|

|         |  |  |  |  |  |  |
|---------|--|--|--|--|--|--|
| REVENUE |  |  |  |  |  |  |
|---------|--|--|--|--|--|--|

**FUNDING : (Thousands of Dollars)**

|               |  |   |   |  |  |  |
|---------------|--|---|---|--|--|--|
| GENERAL FUND  |  | 0 | 0 |  |  |  |
| FEDERAL FUNDS |  |   |   |  |  |  |
| OTHER         |  |   |   |  |  |  |
| <b>TOTAL</b>  |  |   |   |  |  |  |

**POSITIONS :**

|           |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|
| FULL-TIME |  |  |  |  |  |  |
| PART-TIME |  |  |  |  |  |  |
| TEMPORARY |  |  |  |  |  |  |

**ANALYSIS :** Attach a separate page if necessary This bill has no net cost per the provisions of Sec. 2: The head of a state agency may designate positions in the agency eligible to participate in the retirement incentive program. The Office of Management and Budget may then certify that participation in the program by the proposed classification will result in a savings to the agency in personal services costs.

Prepared by : *[Signature]* Phone : 465-3568  
 Division : Budget Review, Office of Management & Budget Date : February 25, 1986

Approved by Commissioner : \_\_\_\_\_ Date : \_\_\_\_\_  
 Agency : \_\_\_\_\_

Distribution (by Agency preparing fiscal note) :

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Offered: 2/21/86  
Referred: Finance

Original sponsors: Duncan, M.M. Miller,  
Gruenberg and Koponen

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE  
2 CS FOR HOUSE BILL NO. 382 (State Affairs)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act creating a retirement incentive program for  
7 state employees in the Public Employees' Retirement  
8 System; and providing for an effective date."

9 \* Section 1. PURPOSE. Since some state agencies may find it necessary  
10 to reduce their personal services costs because of declining state revenue,  
11 a program encouraging employees to retire voluntarily would reduce the  
12 hardship of potential layoffs. This program is intended to realize suffi-  
13 cient economies to offset the cost of administration and benefits to state  
14 agencies resulting from the award of retirement credits and to result in a  
15 net reduction in personal services costs to the state during a period of  
16 declining revenue.

17 \* Sec. 2. RETIREMENT INCENTIVE PROGRAM. (a) The executive head of a  
18 state agency may designate divisions, offices, units, or other classifica-  
19 tions of employees eligible to participate in the retirement incentive  
20 program. The administrator of the division of retirement and benefits  
21 shall approve a designated classification if the Office of Management and  
22 Budget certifies that participation in the program by the classification  
23 will result in a savings to the agency in personal services costs.

24 (b) A vested employee in a designated classification who has five  
25 years of credited service with the state may elect to participate in the  
26 retirement incentive program. The employee shall apply on forms provided  
27 by the administrator of the system.

28 (c) The administrator shall accept the application of a vested em-  
29 ployee if

1 (1) the employee will be qualified to retire under AS 39.35.370  
2 after receipt of the retirement incentive and is appointed to retirement  
3 before October 2, 1987; and

4 (2) the employee's agency signs a reimbursement agreement that

5 (A) requires the agency to reimburse the system within  
6 three years of the date the employee is appointed to retirement in an  
7 amount equal to

8 (i) the actuarial equivalent of the difference between  
9 the benefits the member receives after the addition of the re-  
10 tirement incentive under this section and the amount the member  
11 would have received without the incentive; and

12 (ii) an appropriate share of the administrative costs  
13 of the program; and

14 (B) provides that contributions from the agency to the  
15 system under this section take priority over other obligations of the  
16 agency to the maximum extent permitted by law.

17 (d) A participant in the retirement incentive program receives a  
18 credit of three years. The three years must be applied in the following  
19 order

20 (1) to reduce the age or service required for eligibility for  
21 normal retirement or the age required for eligibility for early retirement  
22 under AS 39.35.370 or 39.35.385;

23 (2) to reduce the actuarial adjustment required for early re-  
24 tirement;

25 (3) as years of credited service for calculating retirement  
26 benefits; or

27 (4) a combination of (1) - (3) of this subsection.

28 (e) If a participant in the retirement incentive program returns to  
29 employment with an employer, the employee loses the incentive years and is

1 indebted to the system in the amount the employee received as a result of  
2 participation in the program for which the participant was not otherwise  
3 entitled, including the cost of health insurance. Interest accrues on the  
4 indebtedness at the rate established by regulation from the date of reem-  
5 ployment until the employee is appointed to retirement and accepts an  
6 actuarial adjustment to the employee's future benefits or until the amount  
7 is paid in full.

8 (f) An employer under AS 39.35.550 - 39.35.650 is not eligible to  
9 participate in the retirement incentive program under this section.

10 (g) The definitions set out in AS 39.35.680 apply to this section.

11 \* Sec. 3. An employee who is eligible under sec. 2 of this Act and who  
12 has submitted an application for participation in the retirement incentive  
13 program before July 1, 1987, may be considered for participation in the  
14 program notwithstanding sec. 4 of this Act.

15 \* Sec. 4. Sections 1 and 2 of this Act are repealed July 1, 1987.

16 \* Sec. 5. This Act takes effect July 1, 1986.

File 2/26/86

STATE OF ALASKA 1986 LEGISLATIVE SESSION  
FISCAL NOTE

REQUEST attached draft of Revision Date: \_\_\_\_\_  
2/25/86 FISCAL DETAIL  
 Bill/Resolution No. SHR382 (Finance) Agency Affected: All State  
 Title: "An Act relating to acceler- BRU: Retirement & Benefits, TRS Match  
ated normal retirement . . ."  
 Sponsor: Duncan Components: PERS, TRS, TRS Match  
 Requestor: Duncan  
 Date of Request: 2/25/86

EXPENDITURES/REVENUES: (Thousands of Dollars)

|                   | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 | FY 91 |
|-------------------|-------|-------|-------|-------|-------|-------|
| OPERATING         |       |       |       |       |       |       |
| PERSONAL SERVICES |       |       |       |       |       |       |
| RTMNT & BNFTS     |       |       |       |       |       |       |
| TRAVEL            |       |       |       |       |       |       |
| CONTRACTUAL       |       |       |       |       |       |       |
| SUPPLIES          |       |       |       |       |       |       |
| EQUIPMENT         |       |       |       |       |       |       |
| LAND & STRUCTURES |       |       |       |       |       |       |
| GRANTS, CLAIMS    |       |       |       |       |       |       |
| TRS MATCH         |       |       |       |       |       |       |
| TOTAL OPERATING   | -0-   | -0-   | -0-   | -0-   | -0-   | -0-   |
| CAPITAL           |       |       |       |       |       |       |
| REVENUE           |       |       |       |       |       |       |

FUNDING: (Thousands of Dollars)

|               |     |     |     |     |     |     |
|---------------|-----|-----|-----|-----|-----|-----|
| GENERAL FUND  |     |     |     |     |     |     |
| FEDERAL FUNDS |     |     |     |     |     |     |
| OTHER         |     |     |     |     |     |     |
| TOTAL         | -0- | -0- | -0- | -0- | -0- | -0- |

POSITIONS:

|           |   |     |     |     |     |     |
|-----------|---|-----|-----|-----|-----|-----|
|           | 0 | -0- | -0- | -0- | -0- | -0- |
| FULL-TIME |   |     |     |     |     |     |
| PART-TIME |   |     |     |     |     |     |
| TEMPORARY |   |     |     |     |     |     |

ANALYSIS: Attach a separate page if necessary

No retirement costs are shown because the bill requires direct short term reimbursement to the system from participating agencies. Personal services savings may well result for participating agencies but we have no way to accurately estimate them.

Prepared By: J.K. Humphreys, Director Phone: 465-1170  
 Division: Retirement & Benefits Date: 2/26/86  
 Approved by Commissioner: Eleanor Andrews Date: 2/26/86  
 Agency: Department of Administration

Distribution (by Agency preparing fiscal note):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

POSITION PAPER

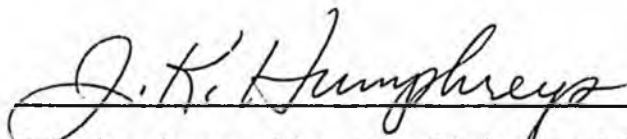
Draft CS HB 382 (Finance)

This bill would establish retirement incentive program to allow eligible state employees to retire from the Public Employees' Retirement System (PERS) or Teachers' Retirement System (TRS) (1) as early as age 47, (2) receive a reduction of their early retirement adjustment, (3) receive additional service credit or a combination of these.

Incentives such as these, may avoid the need for lay-offs in certain agencies and serve to alleviate some of the trauma normally associated with reductions in force.

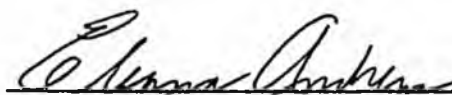
There is no cost to the PERS or TRS since the bill requires the agency participating in the program to pay the additional costs of retirement under the program and to demonstrate that a savings to the state will result.

The Department of Administration supports this bill with its guarantees of fiscal responsibility.

  
\_\_\_\_\_  
J.K. Humphreys, Director, Division of Retirement & Benefits



2/26/86  
Date

  
\_\_\_\_\_  
Eleanor Andrews, Commissioner, Department of Administration

2/26/86

Date

Examples of Savings Under R.I.P.

- Assumptions:
1. a 15 person division has 3 employees who qualify for RIP
  2. current GGU salary schedule and FY 87 benefits costs
  3. current salary is final average salary
  4. annual savings are net of annual RIP costs for first three years

Eligibles:

|    | <u>Range/Step</u> | <u>Age</u> | <u>Service</u> | <u>Salary &amp; Benefits</u> | <u>Total RIP Cost</u> |
|----|-------------------|------------|----------------|------------------------------|-----------------------|
| 1) | 20K               | 52         | 15             | \$ 67,123                    | \$ 45,804             |
| 2) | 23F               | 55         | 18             | 76,618                       | 40,248                |
| 3) | 18J               | 47         | 12             | 57,159                       | 25,723                |
|    |                   |            |                | <u>\$ 200,900</u>            | <u>\$ 111,775</u>     |

Option I: RIP all - leave all positions vacant.

|  |                   |
|--|-------------------|
| annual savings in salary and benefits:       | \$ 200,900        |
| minus annual payment to PERS for three RIPs: | [40,159]          |
| net annual savings:                          | <u>\$ 160,741</u> |

Option II: RIP all - fill position #1 @ 20A - leave other two positions vacant.

|  |                   |
|--|-------------------|
| annual savings in salary and benefits:       | \$ 147,440        |
| minus annual payment to PERS for three RIPs: | [40,159]          |
| net annual savings:                          | <u>\$ 107,281</u> |

Option III: RIP all - fill position #1 @ 20A and position #3 @ 18A, leave position #2 vacant.

|  |                  |
|--|------------------|
| annual savings in salary and benefits:       | \$ 100,713       |
| minus annual payment to PERS for three RIPs: | [40,159]         |
| net annual savings:                          | <u>\$ 60,554</u> |

## SUMMARY OF ELIGIBILITY FOR R.I.P. BY DEPARTMENT

2/25/86

| Department            | Vested<br>Employees<br>at least 47<br>by 10/1/87 | Vested<br>Employees<br>at least 52<br>by 10/1/87 | Total Eligible<br>Employees by<br>Department |
|-----------------------|--|--|--|
| Governor's Office     | 6  | 14   | 20   |
| Administration        | 66   | 147  | 213  |
| Law                   | 14   | 21   | 35   |
| Revenue               | 21   | 32   | 53   |
| Education             | 37*  | 65**   | 102***                                       |
| Health & Soc.Svc.     | 117  | 187  | 304  |
| Labor                 | 63   | 86   | 149  |
| Commerce & Econ. Dev. | 28   | 55   | 83   |
| Military Affairs      | 9  | 15   | 24   |
| Natural Resources     | 70   | 79   | 149  |
| Fish & Game           | 68   | 58   | 126  |
| Public Safety         | 70   | 63   | 133  |
| Environmental Cons.   | 16   | 18   | 34   |
| Corrections           | 58   | 60   | 118  |
| Community & Reg. Aff. | 7  | 9  | 16   |
| Transportation & P.F. | 261  | 369  | 630  |
| Total Eligible        | 911  | 1278   | 2189   |

\*Includes 12 TRS employees

\*\*Includes 22 TRS employees

\*\*\*Includes a total of 34 eligible TRS employees

EARLY RETIREMENT FACTORS  
Effective July 1, 1983

| <u>Age At Retirement</u> |               | <u>Factor</u> | <u>Age At Retirement</u>   |               | <u>Factor</u> |
|--------------------------|---------------|---------------|----------------------------|---------------|---------------|
| <u>Yrs.</u>              | <u>Months</u> |               | <u>Yrs.</u>                | <u>Months</u> |               |
| 50                       | 0             | 0.621079      | 53                         | 0             | 0.823587      |
|                          | 1             | 0.625746      |                            | 1             | 0.830001      |
|                          | 2             | 0.630478      |                            | 2             | 0.836506      |
|                          | 3             | 0.635274      |                            | 3             | 0.843102      |
|                          | 4             | 0.640137      |                            | 4             | 0.849792      |
|                          | 5             | 0.645067      |                            | 5             | 0.856577      |
|                          | 6             | 0.650066      |                            | 6             | 0.863460      |
|                          | 7             | 0.655136      |                            | 7             | 0.870443      |
|                          | 8             | 0.660278      |                            | 8             | 0.877528      |
|                          | 9             | 0.665494      |                            | 9             | 0.884716      |
|                          | 10            | 0.670784      |                            | 10            | 0.892011      |
|                          | 11            | 0.676152      |                            | 11            | 0.899415      |
| 51                       | 0             | 0.681597      | 54                         | 0             | 0.906930      |
|                          | 1             | 0.686778      |                            | 1             | 0.914088      |
|                          | 2             | 0.692030      |                            | 2             | 0.921346      |
|                          | 3             | 0.697354      |                            | 3             | 0.928708      |
|                          | 4             | 0.702753      |                            | 4             | 0.936176      |
|                          | 5             | 0.708228      |                            | 5             | 0.943751      |
|                          | 6             | 0.713780      |                            | 6             | 0.951437      |
|                          | 7             | 0.719411      |                            | 7             | 0.959235      |
|                          | 8             | 0.725123      |                            | 8             | 0.967148      |
|                          | 9             | 0.730917      |                            | 9             | 0.975178      |
|                          | 10            | 0.736795      |                            | 10            | 0.983328      |
|                          | 11            | 0.742759      |                            | 11            | 0.991601      |
| 52                       | 0             | 0.748811      | 55 and over - no reduction |               |               |
|                          | 1             | 0.754570      |                            |               |               |
|                          | 2             | 0.760410      |                            |               |               |
|                          | 3             | 0.766331      |                            |               |               |
|                          | 4             | 0.772335      |                            |               |               |
|                          | 5             | 0.778424      |                            |               |               |
|                          | 6             | 0.784600      |                            |               |               |
|                          | 7             | 0.790865      |                            |               |               |
|                          | 8             | 0.797221      |                            |               |               |
|                          | 9             | 0.803668      |                            |               |               |
|                          | 10            | 0.810211      |                            |               |               |
|                          | 11            | 0.816849      |                            |               |               |

Introduced: 4/17/85  
Referred: State Affairs  
and Finance

1 IN THE HOUSE

BY DUNCAN AND M.M.MILLER

2

HOUSE BILL NO.382

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to accelerated normal retirement for

7

state employees in the Public Employees' Retirement

8

System; and providing for an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 \* Section 1. AS 39.35 is amended by adding a new section to read:

11 Sec. 39.35.375. ACCELERATED NORMAL RETIREMENT. (a) A state  
12 employee is eligible for an accelerated normal retirement benefit

13 (1) at age 50 with at least five years credited service;

14 (2) with at least 15 years of credited service as a peace  
15 officer or fireman; or

16 (3) with at least 25 years of credited service for all other  
17 employees.

18 (b) A state employee who is an active member of the system may  
19 elect to take an accelerated normal retirement. An employee who  
20 elects to take an accelerated normal retirement shall contribute a  
21 lump sum payment to the system calculated at the employee's current  
22 rate of contribution for the period between the date of termination  
23 from state service and the date on which the employee would be first  
24 eligible for a normal retirement. The state shall make an employer  
25 contribution calculated at the state's current contribution rate for  
26 the same period.

27 (c) Retirement benefits payable under this section are  
28 calculated as normal retirement benefits and include the period for  
29 which contributions are made under (b) of this section as years of

1 credited service.

2 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.-

3 10.070(c).

B

STATE OF ALASKA 1986 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

|  |   |
|--|---|
| <p><b>REQUEST</b></p> <p>Bill/Resolution No. <u>SB382 (Finance)</u></p> <p>Title: <u>"An Act relating to accelerated normal retirement"</u></p> <p>Sponsor: <u>Duncan</u></p> <p>Requestor: <u>Duncan</u></p> <p>Date of Request: <u>2/25/86</u></p> | <p><b>FISCAL DETAIL</b></p> <p>Agency Affected: <u>All State</u></p> <p>BRU: <u>Retirement &amp; Benefits, TRS Match</u></p> <p>Components: <u>PFRS, TRS, TRS Match</u></p> |
|--|---|

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

| OPERATING              | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 | FY 91 |
|------------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES      |       |       |       |       |       |       |
| RTMNT & BNFTS          |       |       |       |       |       |       |
| TRAVEL                 |       |       |       |       |       |       |
| CONTRACTUAL            |       |       |       |       |       |       |
| SUPPLIES               |       |       |       |       |       |       |
| EQUIPMENT              |       |       |       |       |       |       |
| LAND & STRUCTURES      |       |       |       |       |       |       |
| GRANTS, CLAIMS         |       |       |       |       |       |       |
| TRS MATCH              |       |       |       |       |       |       |
| <b>TOTAL OPERATING</b> | -0-   | -0-   | -0-   | -0-   | -0-   | -0-   |

|         |  |  |  |  |  |  |
|---------|--|--|--|--|--|--|
| CAPITAL |  |  |  |  |  |  |
|---------|--|--|--|--|--|--|

|         |  |  |  |  |  |  |
|---------|--|--|--|--|--|--|
| REVENUE |  |  |  |  |  |  |
|---------|--|--|--|--|--|--|

**FUNDING: (Thousands of Dollars)**

|               |     |     |     |     |     |     |
|---------------|-----|-----|-----|-----|-----|-----|
| GENERAL FUND  |     |     |     |     |     |     |
| FEDERAL FUNDS |     |     |     |     |     |     |
| OTHER         |     |     |     |     |     |     |
| <b>TOTAL</b>  | -0- | -0- | -0- | -0- | -0- | -0- |

|            |   |     |     |     |     |     |
|------------|---|-----|-----|-----|-----|-----|
| POSITIONS: | 0 | -0- | -0- | -0- | -0- | -0- |
|------------|---|-----|-----|-----|-----|-----|

|           |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|
| FULL-TIME |  |  |  |  |  |  |
| PART-TIME |  |  |  |  |  |  |
| TEMPORARY |  |  |  |  |  |  |

**ANALYSIS:** Attach a separate page if necessary

No retirement costs are shown because the bill requires direct short term reimbursement to the system from participating agencies. Personal services savings may well result for participating agencies but we have no way to accurately estimate them.

Prepared By: J.K. Humphreys, Director Phone: 465-4470  
 Division: Retirement & Benefits Date: 2/26/86

Approved by Commissioner: Eleanor Andrews Date: 2/26/86  
 Agency: Department of Administration

Distribution (by Agency preparing fiscal note):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

Cramer  
4/24/86

Original sponsors: Duncan, M.M. Miller,  
Gruenberg, et al

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 382 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act creating a retirement incentive program for  
7 members of the Public Employees' Retirement System  
8 and the Teachers' Retirement System; and providing  
9 for an effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 \* Section 1. PURPOSE. Since it is necessary for state agencies and may  
12 be necessary for other employers who participate in the state retirement  
13 systems to reduce their personal services costs because of declining state  
14 revenue, a program encouraging employees to retire voluntarily may reduce  
15 the hardship of layoffs. This program is intended to realize sufficient  
16 economies to offset the cost of administration and benefits to state agen-  
17 cies and other employers resulting from the award of retirement credits and  
18 to result in a net reduction in personal services costs to the state or  
19 other employer during a period of declining revenue.

20 \* Sec. 2. STATE EMPLOYEES. (a) Before a state agency lays off employ-  
21 ees, the executive head of the agency shall consider the potential savings  
22 in personal services costs from the agency's participation in the retire-  
23 ment incentive program. The agency head may designate organizational units  
24 composed of members of the Public Employees' Retirement System or the  
25 Teachers' Retirement System who are eligible to participate in the retire-  
26 ment incentive program. The administrator shall approve a designated  
27 organizational unit if the Office of Management and Budget certifies that  
28 participation in the program by the unit will result in a savings to the  
29 agency in personal services costs and that the designation only includes

1 representatives from job classifications whose inclusion contributes to the  
2 overall cost savings.

3 (b) A vested member who is a state employee in the Public Employees'  
4 Retirement System and who is in a designated organizational unit on the  
5 date the agency head designates the unit and who has been continuously  
6 employed by the state since January 1, 1986, is eligible to participate in  
7 the retirement incentive program. A vested member who is a state employee  
8 in the Teachers' Retirement System and who is in a designated organization-  
9 al unit on the date the agency head designates the unit and who has been  
10 continuously employed by the state since January 1, 1986, is eligible to  
11 participate in the retirement incentive program.

12 (c) Notwithstanding (b) of this section and sec. 5(e) of this Act, a  
13 member who was laid off from state employment after December 31, 1985, and  
14 who meets the other requirements of this Act is eligible to participate in  
15 the program even if the member has not been continuously employed by the  
16 state since January 1, 1986.

17 \* Sec. 3. OTHER EMPLOYEES IN THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM.  
18 The governing body of a municipality, other political subdivision of the  
19 state, or public organization that has elected to participate in the Public  
20 Employees' Retirement System under AS 39.35.550 - 39.35.650 may adopt a  
21 resolution designating organizational units in the municipality, political  
22 subdivision, or organization and establishing requirements for employees  
23 who are eligible to participate in the retirement incentive program. The  
24 administrator shall approve the designation after receiving a certified  
25 copy of the resolution if the employer meets the requirements of this Act.  
26 A vested member of the Public Employees' Retirement System who meets the  
27 requirements established by the resolution is eligible to participate in  
28 the retirement incentive program.

29 \* Sec. 4. OTHER EMPLOYEES IN THE TEACHERS' RETIREMENT SYSTEM. A school  
SCS CSHB 382(Fin)

1 board or other employer under the Teachers' Retirement System may designate  
2 organizational units and establish requirements for employees who are  
3 eligible to participate in the retirement incentive program. The employer  
4 shall notify the administrator of the designation and the administrator  
5 shall approve it if the employer meets the requirements of this Act. A  
6 vested member of the Teachers' Retirement System who meets the requirements  
7 of the designation is eligible to participate in the retirement incentive  
8 program.

9 \* Sec. 5. PROGRAM REQUIREMENTS. (a) The administrator shall accept  
10 the application of an eligible vested member if

11 (1) the member will be qualified to retire under AS 14.25.110 or  
12 AS 39.35.370 after receipt of the retirement incentive and will be appoint-  
13 ed to retirement on or before

14 (A) October 1, 1987, if the member is an employee of the  
15 state other than the University of Alaska;

16 (B) January 1, 1988, if the member is an employee of the  
17 University of Alaska;

18 (C) April 1, 1988, for all other members of the Public  
19 Employees' Retirement System;

20 (D) July 1, 1988, for all other members of the Teachers'  
21 Retirement System; and

22 (2) the member's agency or the employer under AS 14.25 or  
23 AS 39.35.550 - 39.35.650 has signed a reimbursement agreement that

24 (A) requires the agency or employer to reimburse the system  
25 for each member who is retired within three years after the end of the  
26 fiscal year in which the member is appointed to retirement in an  
27 amount equal to

28 (i) the actuarial equivalent of the difference between  
29 the benefits the member receives after the addition of the

1 retirement incentive under this section and the amount the member  
2 would have received without the incentive less the amount the  
3 participant has paid on the indebtedness determined under (c) of  
4 this section; and

5 (ii) an appropriate share of the administrative costs  
6 of the program; and

7 (B) provides that contributions from the agency or employer  
8 to the system under this section take priority over other obligations  
9 of the agency or employer to the maximum extent permitted by law.

10 (b) In determining whether a member will qualify to retire under (a)  
11 of this section, only service credit for employment rendered to an employer  
12 under AS 14.25 or AS 39.35 may be used except as provided in (f) of this  
13 section.

14 (c) A participant in the retirement incentive program receives a  
15 credit of three years. The three years must be applied in the following  
16 order

17 (1) to reduce the age or service required for eligibility for  
18 normal retirement or the age required for eligibility for early retirement  
19 under AS 14.25.110, AS 39.35.370, or 39.35.385;

20 (2) to reduce the actuarial adjustment required for early re-  
21 tirement;

22 (3) as years of credited service for calculating retirement  
23 benefits; the years shall be considered years of credited service earned  
24 before July 1, 1986, for calculating benefits under AS 14.25.110 or AS 39.-  
25 35.370; or

26 (4) a combination of (1) - (3) of this subsection.

27 (d) A participant in the retirement incentive program is indebted to  
28 the system. For a member in the Public Employees' Retirement System, the  
29 amount of the indebtedness is 15 percent for a peace officer or fireman, or

1 12 and three-quarters percent for other members, of the member's actual  
2 annual compensation, or the calculated annual compensation for a member who  
3 works fewer than 12 months, for the calendar year in which the member  
4 terminates employment to participate in the program. For a member in the  
5 Teachers' Retirement System, the amount of indebtedness is 21 percent of  
6 the member's actual compensation for the school year, or the calculated  
7 school year compensation for a member who works less than the entire school  
8 year, for the school year in which the member terminates employment to  
9 participate in the program. An outstanding indebtedness at the time a par-  
10 ticipant is appointed to retirement shall necessitate an actuarial adjust-  
11 ment to the benefits payable.

12 (e) A member who wishes to participate shall apply on a form provided  
13 by the administrator. A member may not apply for participation in the  
14 retirement incentive program unless the member is employed in a position in  
15 a designated organizational unit. A state employee other than an employee  
16 of the University of Alaska may apply for participation in the program  
17 until June 30, 1987. An employee of the University of Alaska may apply for  
18 participation in the program between October 1, 1986, and September 30,  
19 1987. Other members of the Public Employees' Retirement System may apply  
20 for participation in the program between January 1, 1987, and December 31,  
21 1987. Other members of the Teachers' Retirement System may apply for  
22 participation in the program between April 1, 1987, and March 31, 1988.

23 (f) Notwithstanding other provision of law, a vested member who is a  
24 state employee may receive credit for municipal employment before the  
25 municipality became an employer under the system for purposes of determin-  
26 ing eligibility for retirement under AS 14.25.110 or AS 39.35.370. The  
27 member may not receive credit under this subsection for those years for  
28 purposes of determining benefits. In order for an employee to receive  
29 credit under this subsection, the state agency must show that the

1 employee's participation in the program will contribute to the overall cost  
2 savings of the agency.

3 (g) To recover a delinquency owed by an employer other than the state  
4 under an agreement entered under (a)(2) of this section, the Department of  
5 Administration may

6 (1) bring an action against the employer; or

7 (2) direct that the amount of the delinquency or a lesser amount  
8 be withheld from any money payable to the employer by a state department or  
9 agency and that the amount withheld be credited to the delinquency.

10 \* Sec. 6. OFFICE OF MANAGEMENT AND BUDGET. (a) When designating an  
11 organizational unit for participation in the retirement incentive program,  
12 the executive head of a state agency shall provide the Office of Management  
13 and Budget with information that describes with particularity the expected  
14 effect of participation in the program on the agency's personal services  
15 cost and operation by employees in the unit.

16 (b) A state agency that is participating in the retirement incentive  
17 program shall report as required by the Office of Management and Budget on  
18 the cost of each member's participation and the effect on the agency's  
19 personal services cost and operation.

20 (c) The Office of Management and Budget shall report to the legisla-  
21 ture in January 1987 and 1988 on the effect of the retirement incentive  
22 program on state operation and personal services costs.

23 \* Sec. 7. INDEBTEDNESS ON REEMPLOYMENT. If a participant in the re-  
24 tirement incentive program is reemployed as a member of the Public Em-  
25 ployees' Retirement System under AS 39.35 or the Teachers' Retirement  
26 System under AS 14.25 after appointment to retirement under the program,  
27 the participant loses the incentive credit received under sec. 5 (c) of  
28 this Act and is indebted to the system. The amount of the indebtedness is  
29 equal to 110 percent of the amount the participant received as a result of  
SCS CSHB 382(Fin)

1 participation in the program for which the participant was not otherwise  
2 entitled, including the cost of health insurance. The participant is  
3 entitled to a credit to be applied against the reemployment indebtedness in  
4 the amount the participant has paid under sec. 5 (d) of this Act. Interest  
5 accrues on the indebtedness at the rate established by regulation from the  
6 date of reemployment until the member is appointed to retirement and ac-  
7 cepts an actuarial adjustment to the member's future benefits or until the  
8 amount is paid in full.

9 \* Sec. 8. DEFINITIONS. The definitions set out in AS 14.25.220 apply  
10 to this Act for members of the Teachers' Retirement System. The defi-  
11 nitions set out in AS 39.35.680 apply to this Act for members of the Public  
12 Employees' Retirement System.

13 \* Sec. 9. A member who is eligible under secs. 2 - 5 of this Act and  
14 who has submitted a timely application for participation in the retirement  
15 incentive program may be considered for participation in the program not-  
16 withstanding sec. 11 of this Act.

17 \* Sec. 10. An employee does not have a vested or contractual right to  
18 any benefit under this Act until an agreement is executed with the adminis-  
19 trator that permits the benefits to be offered to an organizational unit of  
20 which the employee is a member. The legislature reserves the right to  
21 change any aspect of the incentive program as it relates to members of  
22 organizational units for which participation agreements are executed by the  
23 administrator after the effective date of the changes.

24 \* Sec. 11. Sections 1 - 6 of this Act are repealed July 1, 1988.

25 \* Sec. 12. This Act takes effect immediately in accordance with AS 01.-  
26 10.070(c).

4/18/86  
x salary

COMPARISON OF BENEFITS FOR RETIREMENT INCENTIVE PROGRAM WITH AND WITHOUT EMPLOYEE CONTRIBUTIONS  
PERS - PEACE OFFICERS

| Age at Retirement | Annual Salary | Service Years | R.I.P. cost avg.65% | Contribution Percent | Indebtedness# | Indebtedness Factor | Monthly Indebtedness Payment | Benefit w/current law | Benefit w/HB382 w/employee contribution | Benefit w/hb 382 without employee contribution |
|-------------------|---------------|---------------|---------------------|----------------------|---------------|---------------------|------------------------------|-----------------------|---|--|
| (1)               | (2)           | (3)           | (4)                 | (5)                  | (6)           | (7)                 | (8)                          | (9)                   | (10)                                    | (11)   |
| 47                | 45000         | 12            | 29250               | .15                  | 6750          | .007458             | 50.34                        | .00                   | 530.91                                  | 581.25   |
| 49                | 27000         | 22            | 17550               | .15                  | 4050          | .007609             | 30.82                        | 1125.00               | 1262.93                                 | 1293.75  |
| 51                | 45000         | 15            | 29250               | .15                  | 6750          | .007779             | 52.51                        | 828.75                | 1056.55                                 | 1109.06  |
| 53                | 38000         | 8             | 24700               | .15                  | 5700          | .007972             | 45.44                        | 415.46                | 524.56                                  | 570.00   |
| 55                | 50000         | 10            | 32500               | .15                  | 7500          | .00819              | 61.43                        | 833.33                | 1084.40                                 | 1145.83  |

\* Column 6 is the employee indebtedness which can be paid off lump sum or as the monthly reduction to benefit shown in column 8.

4/18/86  
x salary

COMPARISON OF BENEFITS FOR RETIREMENT INCENTIVE PROGRAM WITH AND WITHOUT EMPLOYEE CONTRIBUTIONS  
Teacher's Retirement System

| Age at Retirement | Annual Salary | Service Years | R.I.P. cost avg. 65% salary | Contribution Percent | Indebtedness * | Indebtedness Factor | Monthly Indebtedness Payment | Benefit w/current law | Benefit w/HB382 w/employee contribution | Benefit w/HB382 without employ contribution |
|-------------------|---------------|---------------|-----------------------------|----------------------|----------------|---------------------|------------------------------|-----------------------|---|---|
| 47                | 45000         | 12            | 29250                       | .21                  | 9450           | .007458             | 70.48                        | .00                   | 488.49                                  | 558.97                                      |
| 49                | 27000         | 22            | 17550                       | .21                  | 5670           | .007609             | 43.14                        | 990.00                | 1081.86                                 | 1125.00                                     |
| 51                | 45000         | 15            | 29250                       | .21                  | 9450           | .007779             | 73.51                        | 765.00                | 950.24                                  | 1023.75                                     |
| 53                | 38000         | 8             | 24700                       | .21                  | 7900           | .007972             | 63.62                        | 415.46                | 506.38                                  | 570.00                                      |
| 55                | 50000         | 10            | 32500                       | .21                  | 10500          | .00819              | 86.00                        | 833.33                | 997.34                                  | 1083.33                                     |
| (1)               | (2)           | (3)           | (4)                         | (5)                  | (6)            | (7)                 | (8)                          | (9)                   | (10)                                    | (11)  |

\* Column 6 is the employee indebtedness which can be paid off lump sum or as the monthly reduction to benefit shown in column 8

4/18/86  
x salary

COMPARISON OF BENEFITS FOR RETIREMENT INCENTIVE PROGRAM WITH AND WITHOUT EMPLOYEE CONTRIBUTIONS  
PERS

| Age at Retirement | Annual Salary | Service Years | R.I.P. cost avg. 65% | Contribution Percent | Indebtedness * | Indebtedness Factor | Monthly Indebtedness Payment | Benefit w/current law | Benefit w/HB382 w/employee contribution | Benefit w/HB 382 without employee contribution |
|-------------------|---------------|---------------|----------------------|----------------------|----------------|---------------------|------------------------------|-----------------------|---|--|
| 47                | 45000         | 12            | 29250                | .1275                | 5738           | .007458             | 42.79                        | .00                   | 516.18                                  | 558.97   |
| 49                | 27000         | 22            | 17550                | .1275                | 3443           | .007609             | 26.19                        | .00                   | 715.13                                  | 741.32   |
| 51                | 45000         | 15            | 29250                | .1275                | 5738           | .007779             | 44.63                        | 771.66                | 975.66                                  | 1020.29  |
| 53                | 38000         | 8             | 24700                | .1275                | 4845           | .007972             | 38.62                        | 417.28                | 531.38                                  | 570.00   |
| 55                | 50000         | 10            | 32500                | .1275                | 6375           | .00819              | 52.21                        | 833.33                | 1031.12                                 | 1083.33  |
| (1)               | (2)           | (3)           | (4)                  | (5)                  | (6)            | (7)                 | (8)                          | (9)                   | (10)                                    | (11)   |

\* Column 6 is the employee indebtedness which can be paid off lump sum or as the monthly reduction to benefit shown in column 8.

4/18/86  
x r.i.p.

COMPARISON OF BENEFITS FOR RETIREMENT INCENTIVE PROGRAM WITH AND WITHOUT EMPLOYEE CONTRIBUTIONS  
PERS

| Age at Retirement | Annual Salary | Service Years | R.I.P. cost avg.65% | Contribution Percent | Indebtedness* | Indebtedness Factor | Monthly Indebtedness Payment | Benefit w/current law | Benefit w/HB382 w/employee contribution | Benefit w/HB 382 without employee contribution |
|-------------------|---------------|---------------|---------------------|----------------------|---------------|---------------------|------------------------------|-----------------------|---|--|
| 47                | 45000         | 12            | 29250               | .1275                | 3729          | .007458             | 27.81                        | .00                   | 531.16                                  | 558.97   |
| 49                | 27000         | 22            | 17550               | .1275                | 2238          | .007609             | 17.03                        | .00                   | 724.29                                  | 741.32   |
| 51                | 45000         | 15            | 29250               | .1275                | 3729          | .007779             | 29.01                        | 771.66                | 991.28                                  | 1020.29  |
| 53                | 38000         | 8             | 24700               | .1275                | 3149          | .007972             | 25.11                        | 417.28                | 544.89                                  | 570.00   |
| 55                | 50000         | 10            | 32500               | .1275                | 4144          | .00819              | 33.94                        | 833.33                | 1049.39                                 | 1083.33  |
| (1)               | (2)           | (3)           | (4)                 | (5)                  | (6)           | (7)                 | (8)                          | (9)                   | (10)                                    | (11)   |

\* Column 6 is the employee indebtedness which can be paid off lump sum or as the monthly reduction to benefit shown in column 8.

4/18/86  
x r.i.p.

COMPARISON OF BENEFITS FOR RETIREMENT INCENTIVE PROGRAM WITH AND WITHOUT EMPLOYEE CONTRIBUTIONS  
Teacher's Retirement System

| Age at Retirement | Annual Salary | Service Years | R.I.P. cost avg. 65% salary | Contribution Percent | Indebtedness * | Indebtedness Factor | Monthly Indebtedness Payment | Benefit w/current law | Benefit w/HB382 w/employee contribution | Benefit w/HB382 without employee contribution |
|-------------------|---------------|---------------|-----------------------------|----------------------|----------------|---------------------|------------------------------|-----------------------|---|---|
| 47                | 45000         | 12            | 29250                       | .21                  | 6143           | .007458             | 45.81                        | .00                   | 513.16                                  | 558.97  |
| 49                | 27000         | 22            | 17550                       | .21                  | 3686           | .007609             | 28.04                        | 990.00                | 1096.96                                 | 1125.00                                       |
| 51                | 45000         | 15            | 29250                       | .21                  | 6143           | .007779             | 47.78                        | 765.00                | 975.97                                  | 1023.75                                       |
| 53                | 38000         | 8             | 24700                       | .21                  | 5187           | .007972             | 41.35                        | 415.46                | 528.65                                  | 570.00  |
| 55                | 50000         | 10            | 32500                       | .21                  | 6825           | .00819              | 55.90                        | 833.33                | 1027.43                                 | 1083.33                                       |
| (1)               | (2)           | (3)           | (4)                         | (5)                  | (6)            | (7)                 | (8)                          | (9)                   | (10)                                    | (11)  |

\* Column 6 is the employee indebtedness which can be paid off lump sum or as the monthly reduction to benefit shown in column 8.

4/18/86  
x r.i.p.

COMPARISON OF BENEFITS FOR RETIREMENT INCENTIVE PROGRAM WITH AND WITHOUT EMPLOYEE CONTRIBUTIONS  
PERS - PEACE OFFICERS

| Age at Retirement | Annual Salary | Service Years | R.I.P. cost avg. 65% | Contribution Percent | Indebtedness* | Indebtedness Factor | Monthly Indebtedness Payment | Benefit w/current law | Benefit w/HB382 w/employee contribution | Benefit w/hb 382 without employee contribution |
|-------------------|---------------|---------------|----------------------|----------------------|---------------|---------------------|------------------------------|-----------------------|---|--|
| (1)               | (2)           | (3)           | (4)                  | (5)                  | (6)           | (7)                 | (8)                          | (9)                   | (10)                                    | (11)   |
| 47                | 45000         | 12            | 29250                | .15                  | 4388          | .007458             | 32.72                        | .00                   | 548.53                                  | 581.25   |
| 49                | 27000         | 22            | 17550                | .15                  | 4388          | .007609             | 33.30                        | 1125.00               | 1260.37                                 | 1293.75  |
| 51                | 45000         | 15            | 29250                | .15                  | 4388          | .007779             | 34.13                        | 828.75                | 1074.93                                 | 1109.06  |
| 53                | 38000         | 8             | 24700                | .15                  | 3705          | .007972             | 29.54                        | 415.46                | 540.46                                  | 570.00   |
| 55                | 50000         | 10            | 32500                | .15                  | 4875          | .00819              | 39.93                        | 833.33                | 1105.90                                 | 1145.83  |

\* Column 6 is the employee indebtedness which can be paid off lump sum or as the monthly reduction to benefit shown in column 8.

Public Employees Retirement System  
Teachers Retirement System  
Judicial Retirement System  
Elected Public Officers Retirement System  
National Guard Retirement System  
Territorial Retirement System  
Retirees Voluntary Dental Vision Audit Plan  
Supplemental Benefits System  
Group Health/Life Insurance Benefits  
Deferred Compensation Plan  
Public Employees Social Security Contributions

## DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT & BENEFITS

PLEASE REPLY TO:

POUCH CR (MS 0203)  
JUNEAU, ALASKA 99811  
PHONE (907)465-4460

2600 DENALI ST. SUITE 401  
ANCHORAGE, ALASKA 99503  
PHONE (907) 277-7504

Bill Sheffield, Governor

April 22, 1986

The Honorable John Sackett  
Co-Chairman  
Senate Finance Committee  
P.O. Box V  
Juneau, AK 99811

Dear Mr. Chairman:

This letter is to provide additional information on House Bill 382 requested by your committee at last Saturday's hearing.

First, at your request, I am enclosing a packet of information on the Retirement Incentive Program (RIP) in California including a copy of the enabling legislation. We have again queried the people in the California system to try to obtain statistics on the results of that program, especially data on overall cost savings. Neither the agency with the responsibility for implementing the program nor the agency responsible for its fiscal review were able to provide information regarding cost savings. They simply have not maintained that data. However, we were able to determine that they had a total of 3,274 people retire under the program during the four phases since 1983.

Next, at Senator Fischer's request, we prepared the enclosed chart which sets out the basic features of HB 382 and the California program to facilitate comparison. The chart is simplified but I hope that, along with the other information, it will be useful.

Senator Halford asked for our comments on the effects of reducing the period that employers have to pay the retirement systems for the cost of the RIP from three years to two or to one year. In general, the shorter the period over which the cost must be amortized, the greater the annual savings a participating agency would have to be realizing from the RIP in order to make the required payments. To the extent that greater savings are required, fewer units could be designated; some marginal units that showed net savings and which could qualify and receive OMB certification would nonetheless fail to be included in the program because the parent agency could not come up with the funds to make the payments. It seems to us that savings which result from hiring at a lower range or step would tend to be insufficient and the RIP would be more confined to areas with

significant reductions in force. In summary, reducing the pay back period would narrow the scope of the program by forcing participating units to come close to realizing annual net savings that equal the total cost of the RIP.

Finally, we were asked to consider how the program could be further tightened to assure cost savings and prevent abuse. In Commissioner Andrews' letter of April 3 to Senator Faiks we suggested that each classification within a designated unit be required to "carry its own weight" and show a cost savings. This suggestion has been incorporated in the proposed committee substitute and should make it much more difficult to offer the incentive to favored employees at the expense of overall savings. I do not know how to further tighten the program except to simply limit the scope of the plan by some change such as shortening the pay back period as discussed above, requiring some percentage margin of savings above the cost of the RIP as you asked about or possibly limiting participation to those that are currently eligible for retirement as Senator Eliason asked about. Incidentally, if participation were limited to those currently eligible for early or normal retirement, the number of eligibles would be reduced by between 20 to 25%.

Limiting the scope of the program would obviously limit the potential for abuse but would limit its use as a management tool at the same time.

One change that I do feel would be in order and which could be very important is to reserve the legislature's ability to make the changes it would like to see in the program. We have done our best to anticipate problems but I have no doubt that some will crop up when the program gets underway that none of us have foreseen. The program is untried and the scale has been expanded a great deal. Especially since the university and non-state employers have been included in the bill and the window periods have been extended, the legislature's right to come in and make changes early in 1987 should be reserved to the greatest extent possible by adding a section similar to the following:

Sec. \_\_\_\_\_. No employee has any vested or contractual rights to any benefits under this act until an agreement is executed with the administrator which permits those benefits to be offered to an organizational unit of which that employee is a member. The legislature reserves the right to change any aspect of the incentive program as it relates to members of organizational units for which participation agreements are executed by the administrator after the effective date of the changes.

*Y*  
*4/24/86*

Senator John Sackett

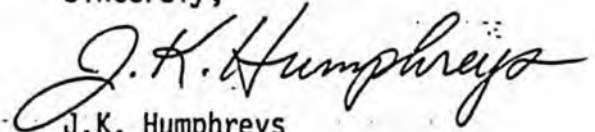
-3-

April 22, 1986

I have discussed this change with Terry Cramer, the attorney who has drafted this bill but, if the committee agrees that such a section should be included, the language should, of course, be reviewed.

Please let me know if you would like further information.

Sincerely,



J.K. Humphreys  
Director

JKH/cam/1

Enclosures

cc: Senate Finance Committee w/encs.  
Alaska State Legislature

The Honorable Jim Duncan w/encl.  
Alaska State Legislature

Comparison of Retirement Incentive Program (RIP)  
(Proposed SCS CS HB 382 (Finance) dated 4/18/86)

|   | <u>Alaska</u>  | <u>California</u>   |
|---|--|---------------------|
| service credit (incentive level)                            | 3 years  | 2 years             |
| RIP service credit used to satisfy retirement eligibility   | yes  | no                  |
| window period   | 12 months  | 2-6 months*         |
| if employee returns to covered employment                   | 110% repayment of extra benefits received and loss of credit | lose credit         |
| agency must be in layoff status                             | no   | yes                 |
| windows opened by   | legislative action   | executive order     |
| agency must show savings                                    | yes  | yes                 |
| retirement system is reimbursed by agency                   | yes  | yes                 |
| retirement system must be repaid within                     | 3 years  | currently 2 years** |
| agency pays administrative fee for overtime and other costs | yes  | yes                 |
| political subdivisions may participate                      | yes  | yes                 |
| employees must bear a portion of cost of RIP                | yes  | no                  |

\*as specified in executive order

\*\*statutes provide for payment in a manner acceptable to employer and board.

## EARLY RETIREMENT INCENTIVE PROGRAM

### CALIFORNIA

Under the California Public Employees' Retirement System (PERS), additional service credit can be granted to members under an Early Retirement Incentive Program (ERIP). The Governor, by executive order, has the authority to offer an ERIP. Only those agencies anticipating a reduction in workforce within specific fiscal years are eligible to participate. The agency must:

- o establish eligibility to participate, i.e., verify impending workforce reduction;
- o document that the workforce reduction will result in sufficient payroll savings to offset the cost of the ERIP. The agency must also consider the employee's annual leave payoff in the payroll savings calculation.
- o obtain approval from finance department and legislative fiscal and budget committees, and
- o transfer additional funds to the retirement system to pay for administrative costs and increased retirement system liability due to the ERIP. The retirement system can require a lump sum payment or payments within a specific period of time. Interest is charged on the unpaid balance. The agency is required to enter into a contract with the retirement system.

The ERIP is offered to employees during a window period and allows for an additional two years of service credit to be used in the benefit calculation.

- o The ERIP is offered to only those employees who are eligible to retire. The additional ERIP service cannot be used to satisfy eligibility.
- o Except for the additional two years service credit, all other retirement criteria apply.
- o Employee participation is voluntary.
- o The agency provides a list identifying the employee groups to be included by department, organizational unit, job classification and/or geographical location. The agency must provide a list of eligible employees who are included.
- o The additional service credit will be removed retroactive to the date of retirement if a retiree receives unemployment insurance payments on account of employment with an employer participating in

the ERIP. This restriction applies for a one-year period following the issuance of the executive order.

- o The additional service credit is forfeited if the retiree returns to employment under the California PERS.
- o Employees appointed to disability are entitled to the additional service credit under the ERIP if the appointment date falls within the window period. In some cases the additional service will not increase the benefit (occupational disability).

California's ERIP is considered an effective management tool. They report that all participating departments have been successful in obtaining savings that at least match their ERIP costs.

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

1416 NINTH STREET, P.O. BOX 90109  
SACRAMENTO, CALIFORNIA 95809-0109  
Telephone (916) 322-0670

RECEIVED  
EMPLOYEES' RETIREMENT  
SYSTEM  
STATE OF HAWAII



JUN 12 10 44 AM '85

FORWARDED TO \_\_\_\_\_  
FILE \_\_\_\_\_

June 5, 1985

Stanley Siu, Secretary  
State of Hawaii  
Employees' Retirement System  
888 Mililani Street, Suite 502  
Honolulu, Hawaii 96813-2980

Dear Mr. Siu:

Enclosed is some information concerning California's early retirement incentive program.

The last completed program for state employees was implemented by Governor's Executive Order #D-34-84.

California Government Code Section 20816 provides the statutory authority for state employees and Section 20818 the authority for contracting public agency employees.

Basically, the program adds two years service credit to the service of those employees designated for participation and who retire within the "window" period. The employee must be eligible to retire without first adding the service credit. (Attained age 50 and five years service.)

Administration of the program is an unbudgeted workload, therefore, reimbursement is obtained to pay for overtime and other costs. Because of time frames involved - issuance of the order, window period, explanation of benefits and calculation - some employees will experience a delay in receipt of their first retirement warrant. This delay would be alleviated if future executive orders were issued two or more months before the start of the window period. Also, this may result in greater participation through broader dissemination of information.

Your letter has been forwarded to Mr. Michael Carter of the Department of Finance for response to your other inquiries.

Sincerely,

Bruce L. Bassett, Chief  
Field & Contracts Services Division

BLB:jmc

cc: Mike Carter

Attachments

EXECUTIVE ORDER D-34-80

WHEREAS, Chapter 680, Statutes of 1982 permits state employees and members of the State Teachers' Retirement System who are state employees and state and university members of the Public Employees' Retirement System to receive an additional two (2) years of service credit whenever the Governor determines by executive order, that

- 1) because of an impending curtailment of, or change in, the manner of performing services, the best interests of the state would be served by encouraging the retirement of state employees; and
- 2) sufficient economies could be realized to offset any cost to state agencies resulting from award of such credit; and

WHEREAS, the impact of changes in funding levels and methods of providing services to achieve program efficiencies may result in a curtailment of employees in state government, the University of California, and the California State University; and

WHEREAS, the best interests of the state would therefore be served by encouraging the retirement of state employees through the award of an additional two years of service credit; and

WHEREAS, sufficient economies could be realized to offset any cost to state agencies resulting from the award of such credit;

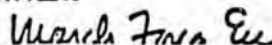
NOW, THEREFORE, I, GEORGE DEUKMEJIAN, Governor of the State of California, by virtue of the power and authority vested in me by the Constitution and statutes of the State of California, do hereby issue this order to be implemented according to the following criteria:

- A. State agencies anticipating a layoff of state employees are eligible to participate in the early retirement program provided for by Chapter 680, Statutes of 1982, if such layoffs will result from one or more of the following factors:
  1. Legislative reduction in its annual budget;
  2. Program reduction or elimination;
  3. Population reduction (reduction in enrollment, patients, inmates, wards, etc.)
- B. State agencies other than the University of California and California State University shall submit applications to participate in the program to the Department of Personnel Administration after securing approval of the appropriate Agency Secretary.
- C. The University of California and California State University will utilize the same criteria as applied to their respective programs and, if electing to participate in the program, will submit their applications directly to the Department of Finance for fiscal review.
- D. All applications will include statements of justification and a full fiscal display.
- E. The Department of Personnel Administration will transmit approved state agency applications to the Department of Finance for fiscal review.
- F. Payment of Public Employees' Retirement System and State Teachers' Retirement System costs will be made in a manner and time acceptable to participating state agencies, University of California, California State University, Public Employees' Retirement System and State Teachers' Retirement System Boards and the Department of Finance.
- G. For state agencies electing to participate in the program the early retirement period will terminate 60 days from the effective date of this Executive Order.
- H. For the University of California and California State University, if electing to participate in the program, the early retirement program will not exceed 60 days and will commence on the respective dates agreed to by those organizations and the Department of Finance.
- I. State agencies, the University of California, and the California State University are hereby advised that this program is to be viewed as a means to alleviate or minimize the stress and hardship on personnel in an anticipated layoff situation.
- J. Employee participation is voluntary.
- K. All approved plans are subject to the provisions of Chapter 680, Statutes of 1982.

IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 29th day of March 1980

  
Governor of California

ATTEST:





EXECUTIVE DEPARTMENT  
STATE OF CALIFORNIA



AMENDED  
EXECUTIVE ORDER D-37-84

WHEREAS, Chapter 680, Statutes of 1982 permits state employees and members of the State Teachers' Retirement System who are state employees and state and university members of the Public Employees' Retirement System to receive an additional two (2) years of service credit whenever the Governor determines by executive order, that

- 1) because of an impending curtailment of, or change in, the manner of performing services, the best interests of the state would be served by encouraging the retirement of state employees; and
- 2) sufficient economies could be realized to offset any cost to state agencies resulting from award of such credit; and

WHEREAS, the impact of changes in funding levels and methods of providing services to achieve program efficiencies may result in a curtailment of employees in state government, the University of California, and the California State University; and

WHEREAS, the best interests of the state would therefore be served by encouraging the retirement of state employees through the award of an additional two years of service credit; and

WHEREAS, sufficient economies could be realized to offset any cost to state agencies resulting from the award of such credit;

NOW, THEREFORE, I, GEORGE DEUKMEJIAN, Governor of the State of California, by virtue of the power and authority vested in me by the Constitution and statutes of the State of California, do hereby issue this order to implemented according to the following criteria:

- A. State agencies anticipating a layoff of state employees are eligible to participate in the early retirement program provided for by Chapter 680, Statutes of 1982, if such layoffs will result from one or more of the following factors:
  1. Legislative reduction in its annual budget;
  2. Program reduction or elimination;
  3. Population reduction (reduction in enrollment, patients, inmates, wards, etc.)
- B. State agencies other than the University of California and California State University shall submit applications to participate in the program to the Department of Personnel Administration after securing approval of the appropriate Agency Secretary.

11 May 21 - 21  
Jun 1 - 26

$\frac{27}{30}$  June 26, 1984

Page 2

- C. The University of California and California State University will utilize the same criteria as applied to their respective programs and, if electing to participate in the program, will submit their applications directly to the Department of Finance for fiscal review.
- D. All applications will include statements of justification and a full fiscal display.
- E. The Department of Personnel Administration will transmit approved state agency applications to the Department of Finance for fiscal review.
- F. Payment of Public Employees' Retirement System and State Teachers' Retirement System costs will be made in a manner and time acceptable to participating state agencies, University of California, California State University, Public Employees' Retirement System and State Teachers' Retirement System Boards and the Department of Finance.
- G. It is the intent of this Executive Order to extend the early retirement period established by Executive Order D-34-84. For state agencies electing to participate in the program, the early retirement period will terminate 90 days from the effective date of Executive Order D-34-84.
- H. For the University of California and California State University, if electing to participate in the program, the early retirement program will not exceed 60 days and will commence on the respective dates agreed to by those organizations and the Department of Finance.
- I. State agencies, the University of California, and the California State University are hereby advised that this program is to be viewed as a means to alleviate or minimize the stress and hardship on personnel in an anticipated layoff situation.
- J. Employee participation is voluntary.
- K. All approved plans are subject to the provisions of Chapter 680, Statutes of 1982.

IN WITNESS WHEREOF I have hereunto set my hand  
and caused the Great Seal of the State of  
California to be affixed this 31st day of May 1984

*George Deukmejian*  
Governor of California

ATTEST:

*March Fong Eu*  
Secretary of State

57 *Margaret Heriberg*  
MAY 26 1984



organization, which is not a part of the classified service of a 38020 of the Education Code, a contract of the county in which the school district lies, as may be applicable, for the student body organization as a part of the school district during such time unless supported retirement system. If the member had been an employee of the service so credited.

superintendent of schools of an area shall have a requisition against the member equal to the total employer and the member shall have been requisitioned under the provisions of this section and compensation on the basis of the member's service throughout the period of service in accordance with Section 20585. The member shall establish a method of liability for, the amount so

credited for such service so credited shall be transmitted and credited to the member's account on or before 7/19/71; amended by Stats. 1977, Ch. 427.)

Subject to Section 21251.146 shall be credited to the member's previous state miscellaneous account within one year of service under this section and identify time periods for which the requirement shall be waived if the member is otherwise eligible for a disability pension.

(Added by Stats. 8/17/84.)

Service to be credited to a member for service as an elective officer, shall be credited to the member's account for one year of tenure in such office. The member shall be deemed to be serving on a full-time basis for the purposes of this part.

Under the provisions of this part, a member who, on or after January 1, 1976, shall, for such time as he is credited he would receive if he had not retired and have his or her retirement credit reduced to the amount he or she is entitled to under this section. The member would have received if employed on a full-time basis or her employer both elect to credit the member the amount that would have been on a full-time basis. Prior to the member's retirement under this section, the district shall make provision for the member's participation in the pension plan of the State Teachers'

Retirement System and the Public Employees' Retirement System, shall verify the eligibility of the applicant for the reduced workload program. This section shall be applicable only to members who are academic employees of California State University and Colleges or who are certificated employees of school districts and who have met the criteria provided in Sections 44922 and 87483 of the Education Code or Section 89516 of the Education Code and are not older than 70 years and is limited to a period of five years of such part-time status. The employer shall maintain the necessary records to separately identify each employee receiving credit pursuant to this section.

(Added by Stats. 1974, Ch. 1367; amended by Stats. 1975, Ch. 607; by Stats. 1976, Ch. 1079 and Ch. 1115; by Stats. 1978, Ch. 1180, effective 9/26/78; and by Stats. 1981, Ch. 1023.)

20816. Notwithstanding any other provisions of this part, whenever the Governor, by executive order, determines that because of an impending curtailment of, or change in the manner of performing service, the best interests of the state would be served by encouraging the retirement of state employees, and that sufficient economies could be realized to offset any cost to state agencies resulting from this section, an additional two years of service shall be credited to state members, other than school members, if the following conditions exist:

(a) The member is credited with five or more years of service and retires during a period not to exceed 120 days or less than 60 days commencing no sooner than the date of issuance of the Governor's executive order which shall specify such period.

(b) The appointing power, as defined in Section 18524, or the Board of Regents of the University of California or the Board of Trustees of the California State University, transmits to the retirement fund an amount determined by the board which is equal to the actuarial equivalent of the difference between the allowance the member receives after the receipt of service credit under this section and the amount the member would have received without such service credit. The transfer to the retirement fund shall be made in a manner and time period acceptable to the employer and the board.

(c) The appointing power or the Board of Regents or the Board of Trustees determines that it is electing to exercise the provisions of this section, pursuant to the Governor's order, and certifies to the State Department of Finance and to the Office of Legislative Analyst, as to the specific economies that will be realized were the additional service credit towards retirement granted.

As used in this section, "member" means a state employee who is employed in a job classification, department, or other organizational unit designated by the appointing power, as defined in Section 18524, the Board of Regents of the University of California, or the Board of Trustees of the California State University.

The amount of service credit shall be two years regardless of credited service, but shall not exceed the number of years intervening between the date of the member's retirement and the date the member would be required to be retired because of age. The appointing power or the Board of Regents or the Board of Trustees shall make such payment with respect to all eligible employees who retired pursuant to this section.

Any member who qualifies under this section, upon subsequent re-entry to the system shall forfeit the service credit acquired under this section.

This section shall not be applicable to any member otherwise eligible

STATE EMPLOYEES

if such member receives any unemployment insurance payments arising out of employment with an employer subject to this part during a period extending one year beyond the date of issuance of the executive order or if the member is not eligible to retire without the additional credit available under this section.

The benefit provided by this section shall not be applicable to the employees of any appointing power or the Board of Regents or the Board of Trustees until the Director of Finance approves the transmittal of funds by that appointing power or the Board of Regents or the Board of Trustees to the retirement fund pursuant to subdivision (c).

The Director of Finance shall approve the transmittal of funds by the appointing power or the Board of Regents or the Board of Trustees not sooner than 30 days after notification in writing of the necessity therefor to the chairperson of the committee in each house which considers appropriations and the Chairperson of the Joint Legislative Budget Committee, or not sooner than such lesser time as the chairperson of the committee, or his or her designee, may in each instance determine. If there is any written communication between the Director of Finance and the Legislative Analyst, a copy thereof shall be forthwith transmitted to the chairperson of each appropriate policy committee.

The Office of the Legislative Analyst and the Department of Finance shall report to the Governor and the Legislature as of the first legislative day of each year, as to the extent to which economies realized under the provisions of this section have equaled the cost to agencies as estimated by the board.

(Added by Stats. 1975, Ch. 1167; effective 9/29/75; amended by Stats. 1978, Ch. 440; by Stats. 1982, Ch. 680; effective 8/30/82; and by Stats. 1983, Ch. 1258, effective 9/30/83.)

20818 Notwithstanding any other provisions of this part, when the governing body of a contracting agency determines that because of an impending curtailment of, or change in the manner of performing service, the best interests of the agency would be served, a local member shall be eligible to receive additional service credit if the following conditions exist:

(a) The member is employed in a job classification, department, or other organizational unit designated by the governing body of the contracting agency and retires within any period designated in and subsequent to the effective date of the contract amendment provided the period is not less than 90 days nor more than 180 days.

(b) The governing body transmits to the retirement fund an amount determined by the board which is equal to the actuarial equivalent of the difference between the allowance the member receives after the receipt of service credit under this section and the amount he would have received without such service credit. The transfer to the retirement fund shall be made in a manner and time period acceptable to the employer and the board.

(c) The governing body shall certify that it is electing to exercise the provisions of this section, because of impending mandatory transfers, demotions, and layoffs that constitute at least one percent of the job classification, department or organizational unit as designated by the governing board, resulting from the curtailment of, or change in the manner of performing, its services.

(d) The governing body shall certify that it is its intention at the time that this section is made operative that if any early retirements are

PUBLIC AGENCY EMPLOYEES

ent insurance payments arising  
 ject to this part during a period  
 vance of the executive order or  
 without the additional credit

shall not be applicable to the  
 e Board of Regents or the Board  
 approves the transmittal of func  
 Regents or the Board of Trustees  
 ivision (c).

the transmittal of funds by the  
 its or the Board of Trustees not  
 writing of the necessity therefor  
 n each house which considers  
 f the Joint Legislative Budget  
 er time as the chairperson of the  
 in each instance determine. If  
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and the Department of Finance  
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tive 9/29/75; amended by Stats.  
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 riod acceptable to the employer

that it is electing to exercise the  
 impending mandatory transfers,  
 at least one percent of the job  
 onal unit as designated by the  
 ortalment of, or change in the

that it is its intention at the time  
 at if any early retirements are

granted after receipt of service credit pursuant to this section, that any  
 vacancies thus created or at least one vacancy in any position in any  
 department or other organizational unit shall remain permanently  
 unfilled thereby resulting in an overall reduction in the work force of such  
 department or organizational unit.

The amount of service credit shall not be more than two years regardless  
 of credited service and shall not exceed the number of years intervening  
 between the date of his retirement and the date he would be required to  
 be retired because of age.

A governing body which elects to make the payment prescribed by  
 subdivision (b) shall make such payment with respect to all eligible  
 employees who retire during the specified period.

This section shall not be applicable to any member otherwise eligible  
 if such member receives any unemployment insurance payments during  
 the specified period.

Any member who qualifies under this section, upon subsequent reentry  
 to the system shall forfeit the service credit acquired under this section.

This section shall not apply to any member who is not employed by the  
 contracting agency during the period designated in subdivision (a) and  
 who has less than five years of service credit.

This section shall not apply to any contracting agency unless and until  
 the agency elects to be subject to the provision of this section by  
 amendment to its contract made in the manner prescribed for approval  
 of contracts, except an election among the employees is not required, or,  
 in the case of contracts made after the effective date of this section, by  
 express provision in such contract making the contracting agency subject  
 to the provisions of this section.

Notwithstanding Section 20740, an election to become subject to this  
 section shall not exclude an agency from the definition of "employer" for  
 purposes of Section 20740.

This section shall remain in effect until September 29, 1988, and as of  
 that date is repealed, unless a later enacted statute, which is chaptered  
 before that date deletes or extends that date.

(Added by Stats. 1976, Ch. 1324; effective 9/29/76; in effect only until  
 1/1/79 and repealed as of such date; added by Stats. 1979, Ch. 1139;  
 effective and operative 9/28/79; and amended by Stats. 1982, Ch. 327,  
 effective and operative 6/30/82.)

20819. Notwithstanding any other provision of this part, a school  
 member employed on a part-time basis on and after January 1, 1983, shall,  
 for such period of part-time employment, receive the credit he would  
 receive if he or she was employed on a full-time basis and have his or her  
 retirement allowance, as well as any other benefits he or she is entitled to  
 under this part, based upon the salary that he or she would have received  
 if employed on a full-time basis if he or she and his or her employer both  
 contribute to the retirement fund the amount that would have been  
 contributed if the member was employed on a full-time basis. Prior to the  
 reduction of a classified employee's workload under this section, the  
 school employer personnel responsible for the administration of this  
 program shall verify the eligibility of the applicant for the reduced  
 workload program. This section shall be applicable only to school  
 members who are classified employees of school employers or community  
 college districts and who have met the criteria provided in Sections 45139  
 and 88038 of the Education Code.

The employer shall maintain the necessary records to separately

# Memorandum

To :

Date :

File No.:

From : Board of Administration—Public Employees' Retirement System

Subject: PAYMENT OF ADDITIONAL EMPLOYER CONTRIBUTIONS AND ADMINISTRATIVE COSTS FOR TWO YEARS ADDITIONAL RETIREMENT SERVICE CREDIT (EXECUTIVE ORDER NUMBER \_\_\_\_\_)

Your agency must provide additional contributions to the Public Employees' Retirement System to fund this additional retirement benefit. This additional funding is required because the regular retirement contributions are actuarially determined to fund only the regular retirement benefit.

The Board of Administration of the Public Employees' Retirement System recognizes these additional contributions may have a significant impact on your budget. The Board may allow payment of these contributions over more than one year's time. An agreement is acceptable which contains repayment in full, or, in an installment of \$50,000 or one-half of the total amount due whichever is greater within the current fiscal year, and the balance plus interest on July 1, of the budget year. Interest on the budget year installment will be at the same rate as the employer reserve crediting rate in effect in the current year. (You should use 9.93% simple interest as a planning factor.)

The final additional employer contributions required to fund the additional retirement credit cannot be determined until all retirement applications have been completely processed. Attachment B provides a chart to estimate these costs from specific information about potential retirees. The additional service credit will apply only to employees designated by your Department who retire within the specified "window" period.

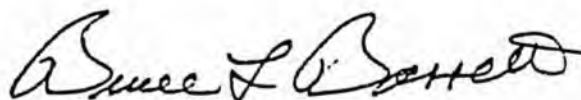
The administration of this program is an unbudgeted cost for PERS and requires reimbursement. These costs are in addition to the additional employer contributions that must be paid to fund the additional retirement credit. We will negotiate a separate interagency agreement with your department for these costs. Attachment A is a schedule of these administrative costs, which are payable in the current fiscal year.

Upon approval by the Departments of Finance and Personnel Administration, the PERS program begins with PERS retirement program specialists conducting a special 2-4 hour training program for your personnel and employee benefit administrators. Your staff will be instructed in the basic retirement benefit elements applicable to most pending retirees, and given a detailed explanation of the contents of a special employee benefit information package. The benefit information package is provided by PERS for your distribution to eligible employees.

~~Your trained staff will then be able to answer~~ most questions and will have a personal contact with PERS experts to provide further assistance. Your staff will also be able to request computer generated estimates of retirement benefits for those employees who need this detailed information.

Your Department must provide a statement executed by the appointing authority which identifies the employees to be covered by Department, Organization Unit, or Job Classification. You also must provide a listing certified by the appointing authority of individual employees by name and identified by social security number who meet the eligibility requirements designated for participation. These certifications must be submitted with the executed Interagency Agreements.

Interagency Agreements to confirm the payment plan and administrative cost reimbursements must be negotiated between your agency and PERS. These agreements should be negotiated shortly after approval is received from the Departments of Personnel Administration and Finance for without them we cannot provide the program. Contact Eva Lane of our Contracts Office, telephone (916) 322-4300, to begin negotiations or for further information on financing arrangements.



BRUCE L. BASSETT, CHIEF  
FIELD & CONTRACTS SERVICES DIVISION

BLB:jh

Attachments

C32602

PERS' Contract # \_\_\_\_\_

Attachment A

Costing Schedule

Administrative Costs of Implementing 2-Year Service Credit

I. Fixed Costs

|    |  |          |
|----|--|----------|
| A. | General Administrative Overhead  | \$136.06 |
| B. | Actuarial Costs of service credit calculation for additional service credit. | \$450.00 |

II. Variable Costs

|    |  |          |  |
|----|--|----------|--|
| A. | Training meeting includes pre-training meeting and one general training meeting. | \$545.00 | (1st meeting)  |
|    |  | \$442.00 | (additional meeting)                                       |
| B. | Estimate cost (normal estimates = dept. population x 0.009).                     | \$ 17.63 | Per estimate in excess of normal number of estimates       |
| C. | Retirement application cost (normal applications = dept. population x 0.009).    | \$102.33 | Per application in excess of normal number of applications |
| D. | Reproduction costs for packets of employee benefits information material sent    | \$ .50   | Per packet   |

**INTERAGENCY AGREEMENT**

STD 13 REV 8/76

THIS AGREEMENT is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by and between the undersigned State Agencies:

(Set forth services, materials, or equipment to be furnished, or work to be performed, and by whom, time for performance including the terms, date of commencement and date of completion, and provision for payment per 1212.1-1212.2 and 8750-8760.2 SAM.)

**Distribution:**  
 Agency providing services  
 Agency receiving services  
 Department of General Services  
 (unless exempt from DGS approval)  
 Controller

I. The Public Employees' Retirement System (PERS) agrees to provide specialized training services and estimates of retirement benefits for \_\_\_\_\_, hereinafter referred to as Department, in implementation of the additional two-year service credit pursuant to Section 20816 of the Government Code.

II. This agreement will be in effect from \_\_\_\_\_ through \_\_\_\_\_ unless terminated sooner by either party upon thirty (30) days written notice to the other.

III. Upon completion of training materials preparation and training meetings, and submission of invoice in triplicate for said services, the Department agrees to pay PERS the amount of \_\_\_\_\_ (\$ \_\_\_\_\_) Dollars.

IV. The Department agrees to pay PERS monthly in arrears upon receipt of invoices in triplicate an amount equal to the number of retirement estimates calculated and applications processed by PERS.

V. All costs to be calculated in accordance with the Costing Schedule attached and hereby incorporated into and made a part of this agreement...

VI. The total amount of this agreement shall not exceed \_\_\_\_\_ (\$ \_\_\_\_\_) Dollars.

|                           |                           |
|---------------------------|---------------------------|
| NAME OF STATE AGENCY      | NAME OF STATE AGENCY      |
| CALLER ABOVE (SHORT NAME) | CALLER ABOVE (SHORT NAME) |
| AUTHORIZED SIGNATURE      | AUTHORIZED SIGNATURE      |
| TITLE                     | TITLE                     |

Continued on \_\_\_\_\_ sheets which are hereby attached and made a part hereof

|  |                      |                     |         |          |                 |              |
|--|----------------------|---------------------|---------|----------|-----------------|--------------|
| DEPARTMENT OF GENERAL SERVICES<br>USE ONLY   | AMOUNT ENCUMBERED    | APPROPRIATION       |         |          |                 |              |
|  | \$ _____             | ITEM                | CHAPTER | STATUTES | FISCAL YEAR     |              |
|  | UNENCUMBERED BALANCE | FUNCTION            |         |          |                 |              |
|  | \$ _____             | LINE ITEM ALLOTMENT |         |          |                 |              |
| AS INCREASING ENCUMBRANCE  | \$ _____             |                     |         |          |                 |              |
| AS DECREASING ENCUMBRANCE  | \$ _____             |                     |         |          |                 |              |
| I Hereby Certify upon my own personal knowledge that budgeted funds are available for this encumbrance.  |                      |                     |         |          | T. B. A. NUMBER | B. A. NUMBER |
| SIGNATURE OF ACCOUNTING OFFICER  |                      |                     |         |          | DATE            |              |
| I hereby Certify that all conditions for exemption set forth in State Administrative Manual Section 1209 have been complied with and this document <input type="checkbox"/> is exempt <input type="checkbox"/> is not exempt from review by the Department of Finance. |                      |                     |         |          |                 |              |
| SIGNATURE OFFICER SIGNING ON BEHALF OF AGENCY  |                      |                     |         |          | DATE            |              |

VII. PERS will provide the following services:

- A. Conduct one or more training meetings for department benefits officers on benefit implications and procedures for completing special retirement benefit estimate requests.
- B. Provide a special employee benefit information package on retirement under the provisions of Section 20816 of the Government Code in sufficient copies for each eligible employee.
- C. Calculate and accumulate the costs for funding additional service credit awarded under the legislation, and provide a detailed cost summary to the department.
- D. Process estimates of retirement benefits for eligible employees from requests submitted by the department.
- E. Process retirement application to award the additional service credit authorized under the legislation for all eligible employees who retire during the effective period.
- F. Assist departments in developing agreements for payment of additional employer retirement contributions resulting from the award of additional service credit.

VIII. The Department shall provide the following:

- A. A statement executed by the appointing authority which identifies the employees to be covered (Department, Organizational Unit, or Job Classification).
- B. A listing certified by the appointing authority of individual employees by name and identified by social security number who meet the eligibility requirements designated for participation.

IX. This contract shall not be effective until signed by all parties hereto.

**COST OF TWO-YEAR SERVICE CREDIT**

The following is a chart which estimates the cost of this benefit by age, sex, and coverage category. To use the values, simply add up the total annual compensation payable in each cell and then multiply by the corresponding factor. The answer is the approximate cost of the benefit.

Two-Year Service Cost  
Factors Times Annual Salary  
Equals Total Cost (Approximately)

| <u>Ages</u> | <u>Miscellaneous Employees</u>       |                |   |                | <u>Safety Employees</u> |
|-------------|--------------------------------------|----------------|---|----------------|-------------------------|
|             | <u>With Social Security Coverage</u> |                | <u>Without Social Security Coverage</u> |                | <u>All</u>              |
|             | <u>Males</u>                         | <u>Females</u> | <u>Males</u>                            | <u>Females</u> |                         |
| 50-54       | 0.31                                 | 0.33           | 0.32                                    | 0.34           | 0.41                    |
| 55-59       | 0.39                                 | 0.43           | 0.41                                    | 0.45           | 0.46                    |
| 60-64       | 0.49                                 | 0.54           | 0.52                                    | 0.56           | 0.42                    |
| 65-69       | 0.45                                 | 0.51           | 0.49                                    | 0.53           | 0.38                    |

Prepared by Actuarial Office (MS),  
October 7, 1982

Attachment E

**INTERAGENCY AGREEMENT**

STD 13 REV 8/76

THIS AGREEMENT is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by and between the undersigned State Agencies:

(Set forth services, materials or equipment to be furnished, or work to be performed, and by whom, time for performance including the terms, date of commencement and date of completion, and provision for payment per 1212.1-1212.2 and 8760.8760.2 SAM.)

**Distribution:**

- Agency providing services
- Agency receiving services
- Department of General Services
- (unless exempt from DGS approval)
- Controller

- I. Pursuant to Chapter 680, Statutes of 1982 (Section 20816 of the Government Code), the Governor has proclaimed in Executive Order Number \_\_\_\_\_, that the best interests of the State will be served by the granting of additional service credit to eligible members of the Public Employees' Retirement System who retire from employment in the \_\_\_\_\_, hereinafter referred to as Department.

The Department has certified that it is electing to exercise the provisions of the law which grants such additional service credits for eligible members designated by the department and effective only during the period commencing \_\_\_\_\_, and ending \_\_\_\_\_, inclusive.

Therefore, the Department, and the Board of Administration of the Public Employees' Retirement System, hereinafter referred to as PERS, agree as follows:

1. PERS shall perform all acts required or authorized by the provisions of Section 20816 of the Government Code upon retirement of an eligible state member who is an employee of the Department.
2. The Department agrees to transmit to the Public Employees' Retirement Fund an amount (hereinafter referred to as cost) which is equal to the actuarial equivalent of the difference.

|   |   |
|---|---|
| NAME OF STATE AGENCY  | NAME OF STATE AGENCY<br>Public Employees' Retirement System |
| CALLED ABOVE (SHORT NAME)   | CALLED ABOVE (SHORT NAME)<br>PERS                           |
| AUTHORIZED SIGNATURE  | AUTHORIZED SIGNATURE  |
| TITLE   | TITLE<br>Chief,   |
| (Continued on <u>1</u> sheets which are hereby attached and made a part hereof) |   |
| FUND  |   |

|  |                   |   |                     |         |          |               |
|--|-------------------|---|---------------------|---------|----------|---------------|
| DEPARTMENT OF GENERAL SERVICES<br>USE ONLY   | AMOUNT ENCUMBERED | APPROPRIATION   |                     |         |          |               |
|  | \$                | UNENCUMBERED BALANCE  | ITEM                | CHAPTER | STATUTES | FISCAL YEAR   |
|  | \$                | ADJ. INCREASING ENCUMBRANCE   | FUNCTION            |         |          |               |
|  | \$                | ADJ. DECREASING ENCUMBRANCE   | LINE ITEM ALLOTMENT |         |          |               |
|  | \$                | I hereby Certify upon my own personal knowledge that budgeted funds are available for this encumbrance. |                     |         |          | T.B.A. NUMBER |
| SIGNATURE OF ACCOUNTING OFFICER  |                   |   |                     |         | DATE     |               |
| I hereby Certify that all conditions for exemption set forth in State Administrative Manual Section 1209 have been complied with and this document <input type="checkbox"/> is exempt <input type="checkbox"/> is not exempt from review by the Department of Finance. |                   |   |                     |         |          |               |
| SIGNATURE: OFFICER SIGNING ON BEHALF OF AGENCY   |                   |   |                     |         | DATE     |               |

between the allowance the retiring State member receives after the receipt of service credit pursuant to 20816 of the Government Code and the amount the member would have received without the service credit. The Department shall transmit this cost to the Public Employees' Retirement Fund by payment of (1) or (2):

(1) The estimated total cost of \$ \_\_\_\_\_, by \_\_\_\_\_, or \_\_\_\_\_ (Date)

(2) An installment of \$ \_\_\_\_\_ by \_\_\_\_\_ (\$50,000 or 1/2 total)

\_\_\_\_\_ and the balance of \$ \_\_\_\_\_ by July 1, \_\_\_\_\_ plus interest computed at the employer reserve crediting rate in effect on June 30, \_\_\_\_\_.

3. The cost referred to in this agreement is based upon estimates and will be adjusted after all eligible members have been retired under provisions of this agreement.
4. The amounts specified in this agreement are minimum amounts which the Department shall transmit to PERS. Amounts in excess of these minima may, at the discretion of Department, be transmitted to PERS.
5. Notwithstanding any provisions of this agreement to the contrary, the Department shall not be required to transmit to PERS any amount which exceeds the cost together with accrued interest.
6. Any amount transmitted to PERS which exceeds the cost plus accrued interest, shall be refunded to the Department.
7. Interest shall be calculated from the effective date of retirement. Advance payments shall be credited with interest at the crediting rate from date of receipt.
8. Department shall notify PERS if any member who received additional service credit receives unemployment insurance payments on account of employment with an employer subject to the provisions of the Executive Order \_\_\_\_\_ during the one-year period following the date of issuance of the Executive Order.

Upon receipt of such notice, PERS shall delete the additional service credit and adjust member's retirement allowance retroactive to member's retirement effective date and calculate and collect from member the overpayment that occurred.

DEPARTMENT OF FINANCE  
SACRAMENTO, CA 95814-4998EMPLOYEES' RETIREMENT  
SYSTEM  
STATE OF HAWAII

June 17, 1985

JUN 24 12 30 PM '85

RECEIVED

FILE

Stanley Siu, Secretary  
Employees' Retirement System  
State of Hawaii  
888 Mililani Street, Suite 302  
Honolulu, Hawaii 96813-2980

## CALIFORNIA'S EARLY RETIREMENT PROGRAM

A copy of your letter requesting information concerning California's early retirement program was forwarded to my office. In that a representative of the Public Employees' Retirement System (PERS) has answered your questions regarding the administrative aspects of the program, I will limit my response to your fiscal concerns.

Employee participation in the State of California's early retirement program is voluntary; however, an employee has the option only if the employing department requests to participate in the program. Departments may restrict employee participation in the program to those occupational groups of employees in a designated geographical, organizational or functional subdivision of the department. This restriction enables the departments to determine where participants in the program could adversely effect the department's objectives and thus avoid program management problems.

The first three implementations of the early retirement program required a department to be in a layoff situation in order to participate. Thus, departmental participation was very restrictive and consequently limited. We have not maintained any data comparing the number of eligible participants to the number of actual participants. We are currently implementing the program and have limited participation to departments which are anticipating staff reductions. The following table summarizes the actual participation in the first three implementations of the program as well as the current program to date:

|  | Phase<br>One<br>(1983) | Phase<br>Two<br>(1983) | Phase<br>Three<br>(1984) | Phase<br>Four<br>(1985)* |
|--|------------------------|------------------------|--------------------------|--------------------------|
| Number of Departments<br>Participating | 9                      | 16                     | 3                        | 25                       |
| Number of Retirees                     | 1,310                  | 304                    | 110                      | 1,300                    |

\*Data for Phase Four is as of June 10. The number of retirees is based on departmental estimates.

Prior to participation in the program, departments must document to the Department of Finance that sufficient savings will be generated to offset all costs incurred as a result of participating in the program. Associated costs are the additional two-year service credit, the buyout of accrued vacation and the PERS administrative charges. The primary method used to achieve the necessary savings to cover the costs has been to hold open those vacant positions created by early retirement participants and to replace the vacant positions with lower paid classifications. Surveys of participating departments subsequent to the first three program implementations have indicated that all departments have been successful in attaining savings that at least match their costs.

The California early retirement program is viewed as an effective management tool that can assist to alleviate the impact of impending layoffs, or the impact of program efficiencies that result in a curtailment of employees in State government.

*Kim Clement*

Kim Clement  
Budget Analyst

Attachment

A:0406A/0301K

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

1416 NINTH STREET, P.O. BOX 90109  
SACRAMENTO, CALIFORNIA 95809-0109  
Telephone (916) 322-0670



June 5, 1985

Stanley Siu, Secretary  
State of Hawaii  
Employees' Retirement System  
888 Mililani Street, Suite 502  
Honolulu, Hawaii 96813-2980

Dear Mr. Siu:

Enclosed is some information concerning California's early retirement incentive program.

The last completed program for state employees was implemented by Governor's Executive Order #D-34-84.

California Government Code Section 20816 provides the statutory authority for state employees and Section 20818 the authority for contracting public agency employees.

Basically, the program adds two years service credit to the service of those employees designated for participation and who retire within the "window" period. The employee must be eligible to retire without first adding the service credit. (Attained age 50 and five years service.)

Administration of the program is an unbudgeted workload, therefore, reimbursement is obtained to pay for overtime and other costs. Because of time frames involved - issuance of the order, window period, explanation of benefits and calculation - some employees will experience a delay in receipt of their first retirement warrant. This delay would be alleviated if future executive orders were issued two or more months before the start of the window period. Also, this may result in greater participation through broader dissemination of information.

Your letter has been forwarded to Mr. Michael Carter of the Department of Finance for response to your other inquiries.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Bruce L. Bassett'.

Bruce L. Bassett, Chief  
Field & Contracts Services Division

BLB:jmc

✓ cc: Mike Carter

Attachments



Field and Contract Services Division  
P.O. Box 90109  
Sacramento, CA 95809-0109  
(916) 322-0670

Reply to Section 900  
Field & Contracts Services  
Division

November 4, 1985

Carol Storkel  
Division of Retirement & Benefits  
Pouch CR  
Juneau, Alaska 99811

Dear Ms. Storkel:

It was pleasant talking with you on Friday about the two year service credit program.

Since you already have a copy of my letter to Mr. Siu, I won't repeat that information. Enclosed you will find a copy of the last Executive Order for state employees (D-44-85); Department of Finance Management Memo 85-5 regarding the early retirement program; my cover letter enclosing a pro forma contract for reimbursement of expenses and a contract for payment of the actuarial cost; and a letter which can be given by the participating departments to their employees regarding participation.

As I mentioned in our conversation, we do experience some backlogs because of the issuance of the Executive Order window period stated. If the Executive Order was issued two or more months before the beginning of the window period then there may be greater participation since you would have more time to disseminate information.

If you have any questions please give me a call or write to me at the above address.

Sincerely,

Bruce L. Bassett, Chief  
Field & Contracts Services Division

BLB:dl  
Encls.

RECEIVED  
NOV 08 1985  
DIV. OF RETIREMENT

EXECUTIVE DEPARTMENT  
STATE OF CALIFORNIA

MAY 2 0 1985  
MARCH FONG EU, Secretary of State  
By [Signature]  
Deputy



AMENDED EXECUTIVE ORDER D-44-85

WHEREAS, Government Code Section 20816 permits State employees (including members of the State Teachers' Retirement System designated as State employees) and higher education employees who are members of the Public Employees' Retirement System to receive an additional two (2) years of service credit whenever the Governor determines by executive order that

- 1) because of an impending curtailment of or change in the manner of performing services, the best interests of the State would be served by encouraging the retirement of State employees; and
- 2) sufficient economies could be realized to offset any cost to State agencies resulting from award of such credit; and

WHEREAS, the impact of changes in funding levels and methods of providing services to achieve program efficiencies may result in a curtailment of employees in State government, the University of California, and the California State University; and

WHEREAS, the best interests of the State would therefore be served by encouraging the retirement of State employees through the award of an additional two years of service credit; and

WHEREAS, sufficient economies could be realized to offset any cost to State agencies resulting from the award of such credit;

NOW, THEREFORE, I, GEORGE DEUKMEJIAN, Governor of the State of California, by virtue of the power and authority vested in me by the Constitution and statutes of the State of California, do hereby issue this order to be implemented according to the following criteria:

- A. State agencies facing staff reductions are eligible to participate in the Early Retirement Program.
- B. State agencies, other than the University of California and California State University, shall submit applications to participate in the program to the Department of Personnel Administration after securing approval of the appropriate Agency Secretary.
- C. The University of California and California State University will utilize the same criteria as applied to their respective programs, and if electing to participate in the program, will submit their applications directly to the Department of Finance for fiscal review.

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DIV. OF RETIREMENT

- D. All applications shall include documentation of staff reductions, associated costs of participating in the Program, anticipated savings and other relevant information supporting the proposal.
- E. The Department of Personnel Administration will transmit approved State agency applications to the Department of Finance for fiscal review.
- F. Payment of Public Employees' Retirement System and State Teachers' Retirement System costs will be made in a manner and time acceptable to participating State agencies, University of California, California State University, Public Employees' Retirement System and State Teachers' Retirement System Boards, and the Department of Finance.
- G. This Amended Executive Order extends the early retirement period established by Executive Order D-44-85. For State agencies electing to participate, the Early Retirement Program will now terminate on June 30, 1985. This extension will provide additional time for employees to consider their retirement options.
- H. If the University of California and California State University elect to participate in the program, the eligibility period will not exceed 60 days and will commence on the respective dates agreed to by those organizations and the Department of Finance.
- I. State agencies, the University of California, and the California State University are hereby advised that this program is to be viewed as a means to alleviate or minimize the stress and hardship on personnel in those areas of government facing staff reductions.
- J. Although the applications of the various agencies may be accepted, employee participation is totally voluntary.
- K. All approved plans are subject to the provisions of Government Code Section 20316.

IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 17th day of May 1985

*George Deukmejian*

Governor of California

ATTEST:

*Murch. Fryer*  
Secretary of State



# MANAGEMENT MEMO

*Don Lane - FCSD  
Bruce*

|   |                                       |
|---|---------------------------------------|
| <b>SUBJECT:</b><br>Implementation of the Early Retirement Program | <b>NO.</b><br>85-5                    |
| <b>REFERENCES:</b><br>Executive Order D-44-85                     | <b>DATE ISSUED:</b><br>March 22, 1985 |
|   | <b>EXPIRES:</b><br>May 20, 1985       |

This memo is intended to implement Governor's Executive Order No. D-44-85 (attached) as authorized by Government Code Section 20816 and Education Code Section 22731. These statutes and the Executive Order authorize what is commonly referred to as the Early Retirement Program. The objective of the Early Retirement Program is to provide State management with a mechanism to alleviate or minimize the impact of staff reductions resulting from changes in operations.

## I. CRITERIA FOR ELIGIBILITY

This program provides for the granting of additional retirement credits "whenever the Governor, by executive order, determines that because of an impending curtailment of, or change in the manner of performing service, the best interest of the state would be served by encouraging the retirement of state employees, and that sufficient economies could be realized to offset any cost to state agencies" of the additional service credit. Other criteria are:

- A. In general, State agencies shall be deemed to be eligible and satisfying the criteria of "being faced with an impending curtailment of, or change in, the manner of performing service" if the agency is anticipating staff reductions.
- B. Proposals are limited to staff reductions anticipated in Fiscal Years 1984-85 and 1985-86.
- C. Based on resources necessary to meet department objectives, agencies may request that employee participation in the Early Retirement Program be restricted to occupational groups of employees, geographical, organizational, or functional subdivisions of a State agency where the staffing reduction is occurring. This flexibility, for example, allows agencies to provide for early retirement in constricting program areas without encouraging early retirement in growth programs.
- D. Employees must have been vested in order to be considered eligible for early retirement within the designated period during which the program is operative.
- E. Except for the two-year service credit for prospective retirees, all other retirement criteria remain in force.
- F. Program participation is voluntary on the part of the employees.
- G. According to the Executive Order, the effective date of the Early Retirement Program is March 22, 1985, and extends for a period of 60 days up to and including May 20, 1985.

- H. For the University of California and the California State University, the effective period of the Early Retirement Program will be 60 days from the dates agreed to by those organizations and the Department of Finance.

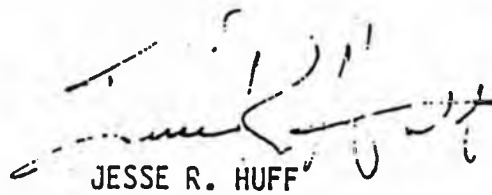
## II. APPLICATION

- A. Departments organizationally responsible to an agency secretary shall obtain approval from the secretary before submitting proposals for further consideration by the Department of Personnel Administration (DPA) and Finance. Departments which qualify may then submit applications to DPA. Applications should contain a certification of compliance with the intent and qualification of the Governor's Executive Order and the related statutes.
- B. Applications will consist of two parts: Part A, relating to the description, justification, and impact on personnel; and Part B, relating to the fiscal impact.
1. Part A will contain a narrative statement indicating the number of prospective retirees, number of employees affected by a reduction in workforce and such other information as may be obtained from the PERS Board or the STRS Board. This part of the application should be submitted to DPA, who will notify the departments of approval or denial in writing.
  2. Part B will contain a full fiscal display indicating, but not limited to, the cost of the two years' retirement service credit (plus interest) as required by PERS and STRS; all personnel costs (such as lump-sum pay-off of vacation and overtime); offsetting savings such as reduced salary costs; how long it will take to achieve a "no net cost" and which fiscal year budgets will be affected (payoff period may be extended up to four years); and, any other data relative to the fiscal aspects of the proposal.
- C. Applications (Part A and Part B), along with DPA written approval, will be submitted to the Department of Finance for the review of the fiscal impact of the proposals. Only those proposals indicating no net costs to participating departments will be approved by the Department of Finance.
- D. Approved plans will be forwarded by the Department of Finance to Legislative Fiscal Committees and the Joint Legislative Budget Committee.
- The Director of Finance may not approve the transmittal of funds necessary to pay the cost of the additional service credit sooner than 30 days after having so notified both Legislative Fiscal Committees and the Legislative Budget Committee. (The committee chairpersons may determine that the transmittal may occur earlier than 30 days.)
- E. PERS will be responsible for certifying the number of retirees and charging the employer-departments for the related costs. Notification of the number of retirees and the related costs shall be transmitted to the Department of Finance within a reasonable time period.

F. Participating departments will be required to report employee level detail on the effectiveness of the program. This report will include information such as personnel classification, designation (management, supervisory, or rank-and-file), age, lump sum vacation and CTO payments, and other information to be determined. A subsequent Management Memo will specify these reporting requirements in detail.

### III. STAFF CONTACTS

The staff contact at DPA is Bob Rutherford, Salary and Service Program, (916) 324-0439, ATSS 454-0439. The staff contact at the Department of Finance is Michael Carter, Administrative Services, (916) 445-3274, ATSS 485-3274.



JESSE R. HUFF  
Director of Finance

Attachment

A:0096A/3381J

DISTRIBUTION: A B C E F G H I J K L M N O P R S T X MM

# Memorandum

To :

Date :

File No.:

From : Board of Administration—Public Employees' Retirement System.

Subject: PAYMENT OF ADDITIONAL EMPLOYER CONTRIBUTIONS AND ADMINISTRATIVE COSTS FOR TWO YEARS ADDITIONAL RETIREMENT SERVICE CREDIT (EXECUTIVE ORDER NUMBER D-44-85)

Your agency must provide additional contributions to the Public Employees' Retirement System to fund this additional retirement benefit. This additional funding is required because the regular retirement contributions are actuarially determined to fund only the regular retirement benefit.

The Board of Administration of the Public Employees' Retirement System recognizes these additional contributions may have a significant impact on your budget. The Board may allow payment of these contributions over more than one year's time. An agreement is acceptable which contains repayment in full, or, in up to four installments. The payment schedule must be negotiated with PERS. Interest on the installments will be at the same rate as the employer reserve crediting rate. (You should use 9.94% simple interest as a planning factor.)

The final additional employer contributions required to fund the additional retirement credit cannot be determined until all retirement applications have been completely processed. Attachment B provides a chart to estimate these costs from specific information about potential retirees. The additional service credit will apply only to employees designated by your Department who retire within the specified "window" period.

The administration of this program is an unbudgeted cost for PERS and requires reimbursement. These costs are in addition to the additional employer contributions that must be paid to fund the additional retirement credit. We will negotiate a separate interagency agreement with your department for these costs. Attachment A is a schedule of these administrative costs, which are payable in the current fiscal year.

Upon approval by the Departments of Finance and Personnel Administration, the PERS program begins with PERS retirement program specialists conducting a special 2-4 hour training program for your personnel and employee benefit administrators. Your staff will be instructed in the basic retirement benefit elements applicable to most pending retirees and given a detailed explanation of the contents of a special employee benefit information package. The benefit information package is provided by PERS for your distribution to eligible employees.

Your trained staff will then be able to answer most questions and will have a personal contact with PERS experts to provide further assistance. Your staff will also be able to request computer generated estimates of retirement benefits for those employees who need this detailed information.

Your Department must provide a statement executed by the appointing authority which identifies the employees to be covered by Department, Organization Unit, or Job Classification. You also must provide a listing certified by the appointing authority of individual employees by name and identified by social security number who meet the eligibility requirements designated for participation. These certifications must be submitted with the executed Interagency Agreements.

Confirmation of the payment plan should be negotiated between your agency and PERS before approval is requested from DPA and DF. Interagency agreements must be negotiated shortly after approval is received from the Departments of Personnel Administration and Finance for without them we cannot provide the program. Contact Eva Lane of our Contracts Office, telephone (916) 322-4300, to begin negotiations or for further information on financing arrangements.



BRUCE L. BASSETT, CHIEF  
FIELD & CONTRACTS SERVICES DIVISION

BLB: \_\_\_\_\_

Attachments

C0941 (Rev. 4/85)

NUMBER

**INTERAGENCY AGREEMENT**

'57D 13 REV 8/76:

THIS AGREEMENT is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by and between the undersigned State Agencies:

(Set forth services, materials, or equipment to be furnished, or work to be performed, and by whom, time for performance including the terms, date of commencement and date of completion, and provision for payment per 1212.1-1212.2 and 8760-8760.2 SAM.)

**Distribution:**

- Agency providing services
- Agency receiving services
- Department of General Services
- (unless exempt from DGS approval)
- Controller

1. The Public Employees' Retirement System (PERS) agrees to provide specialized training services and estimates of retirement benefits for \_\_\_\_\_, hereinafter referred to as Department, in implementation of the additional two-year service credit pursuant to Section 20816 of the Government Code.
2. This agreement will be in effect from \_\_\_\_\_ through \_\_\_\_\_ unless terminated sooner by either party upon thirty (30) days written notice to the other.
3. Upon completion of training materials preparation and training meetings, and submission of invoice in triplicate for said services, the Department agrees to pay PERS the amount of \_\_\_\_\_ (\$ \_\_\_\_\_) Dollars.
4. The Department agrees to pay PERS monthly in arrears upon receipt of invoices in triplicate an amount equal to the number of retirement estimates calculated and applications processed by PERS.
5. All costs to be calculated in accordance with the Costing Schedule attached and hereby incorporated into and made a part of this agreement.
6. The total amount of this agreement shall not exceed \_\_\_\_\_ (\$ \_\_\_\_\_) Dollars.

|  |                           |
|--|---------------------------|
| NAME OF STATE AGENCY   | NAME OF STATE AGENCY      |
| CALLED ABOVE (SHORT NAME)  | CALLED ABOVE (SHORT NAME) |
| AUTHORIZED SIGNATURE<br>▶  | AUTHORIZED SIGNATURE<br>▶ |
| TITLE  | TITLE                     |
| (Continued on _____ sheets which are hereby attached and made a part hereof) |                           |
| FUND   |                           |

|  |                             |                     |         |                 |              |
|--|-----------------------------|---------------------|---------|-----------------|--------------|
| DEPARTMENT OF GENERAL SERVICES<br>USE ONLY   | AMOUNT ENCUMBERED           | APPROPRIATION       |         |                 |              |
|  | \$                          | ITEM                | CHAPTER | STATUTES        | FISCAL YEAR  |
|  | UNENCUMBERED BALANCE        | FUNCTION            |         |                 |              |
|  | \$                          | LINE ITEM ALLOTMENT |         |                 |              |
|  | ADJ. INCREASING ENCUMBRANCE |                     |         |                 |              |
| \$   |                             |                     |         |                 |              |
| ADJ. DECREASING ENCUMBRANCE  |                             |                     |         |                 |              |
| \$   |                             |                     |         |                 |              |
| I Hereby Certify upon my own personal knowledge that budgeted funds are available for this encumbrance.  |                             |                     |         | T. B. A. NUMBER | B. R. NUMBER |
| SIGNATURE OF ACCOUNTING OFFICER<br>▶   |                             |                     |         | DATE            |              |
| I hereby Certify that all conditions for exemption set forth in State Administrative Manual Section 1209 have been complied with and this document <input type="checkbox"/> is exempt <input type="checkbox"/> is not exempt from review by the Department of Finance. |                             |                     |         |                 |              |
| SIGNATURE: OFFICER SIGNING ON BEHALF OF AGENCY<br>▶  |                             |                     |         | DATE            |              |

7. PERS will provide the following services:
  - A. Conduct one or more training meetings for department benefits officers on benefit implications and procedures for completing special retirement benefit estimate requests.
  - B. Provide a special employee benefit information package on retirement under the provisions of Section 20816 of the Government Code in sufficient copies for each eligible employee.
  - C. Calculate and accumulate the costs for funding additional service credit awarded under the legislation, and provide a detailed cost summary to the department.
  - D. Process estimates of retirement benefits for eligible employees from requests submitted by the department.
  - E. Process retirement application to award the additional service credit authorized under the legislation for all eligible employees who retire during the effective period.
  - F. Assist departments in developing agreements for payment of additional employer retirement contributions resulting from the award of additional service credit.
  
8. The Department shall provide the following:
  - A. A statement executed by the appointing authority which identifies the employees to be covered (Department, Organizational Unit, or Job Classification).
  - B. A listing certified by the appointing authority of individual employees by name and identified by social security number who meet the eligibility requirements designated for participation.
  
9. This contract shall not be effective until signed by all parties hereto.

Costing Schedule

Administrative Costs of Implementing Two Year Service Credit

I. Fixed Costs

- A. General Administrative Overhead \$142.86
- B. Actuarial Costs of service credit calculation for additional service credit. \$472.50

II. Variable Costs

- A. Training meeting includes pre-training meeting and one general training meeting. \$572.25 (1st meeting)  
\$464.00 (additional meeting)
- B. Estimate cost (normal estimates = dept. population x 0.009). \$ 18.51 Per estimate in excess of normal number of estimates
- C. Retirement application cost (normal applications = dept. population x 0.009). \$107.45 Per application in excess of normal number of applications
- D. Reproduction costs for packets of employee benefits information material sent \$ .50 Per packet

**INTERAGENCY AGREEMENT**

'STD 13 REV 8/76'

THIS AGREEMENT is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by and between the undersigned State Agencies:

(Set forth services, materials, or equipment to be furnished, or work to be performed, and by whom, time for performance including the terms, date of commencement and date of completion, and provision for payment per 1212.1-1212.2 and 8760-8760.2 SAM.)

**Distribution:**

- Agency providing services
- Agency receiving services
- Department of General Services  
(unless exempt from DGS approval)
- Controller

I. Pursuant to Section 20816 of the Government Code, the Governor has proclaimed in Executive Order Number D-44-85, that the best interests of the State will be served by the granting of additional service credit to eligible members of the Public Employees' Retirement System who retire from employment in the \_\_\_\_\_, hereinafter referred to as Department.

The Department has certified that it is electing to exercise the provisions of the law which grants such additional service credits for eligible members designated by the department and effective only during the period commencing March 22, 1985, and ending May 20, 1985, inclusive.

Therefore, the Department, and the Board of Administration of the Public Employees' Retirement System, hereinafter referred to as PERS, agree as follows:

1. PERS shall perform all acts required or authorized by the provisions of Section 20816 of the Government Code upon retirement of an eligible state member who is an employee of the Department.

|  |   |                     |                 |              |             |  |    |                      |      |         |          |             |    |                             |          |  |  |  |    |                             |                     |  |  |  |   |  |  |                 |              |  |                                 |  |  |      |  |  |   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |      |  |  |   |  |  |  |  |  |
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| NAME OF STATE AGENCY<br><br>CALLED ABOVE (SHORT NAME)<br><br>AUTHORIZED SIGNATURE<br>▶<br><br>TITLE  | NAME OF STATE AGENCY<br><br>CALLED ABOVE (SHORT NAME)<br><br>AUTHORIZED SIGNATURE<br>▶<br><br>TITLE   |                     |                 |              |             |  |    |                      |      |         |          |             |    |                             |          |  |  |  |    |                             |                     |  |  |  |   |  |  |                 |              |  |                                 |  |  |      |  |  |   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |      |  |  |   |  |  |  |  |  |
| (Continued on _____ sheets which are hereby attached and made a part hereof)   |   |                     |                 |              |             |  |    |                      |      |         |          |             |    |                             |          |  |  |  |    |                             |                     |  |  |  |   |  |  |                 |              |  |                                 |  |  |      |  |  |   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |      |  |  |   |  |  |  |  |  |
| DEPARTMENT OF GENERAL SERVICES<br>USE ONLY   | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">AMOUNT ENCUMBERED</td> <td colspan="4">APPROPRIATION</td> </tr> <tr> <td>\$</td> <td style="width: 15%;">UNENCUMBERED BALANCE</td> <td style="width: 15%;">ITEM</td> <td style="width: 15%;">CHAPTER</td> <td style="width: 15%;">STATUTES</td> <td style="width: 10%;">FISCAL YEAR</td> </tr> <tr> <td>\$</td> <td>ADJ. INCREASING ENCUMBRANCE</td> <td colspan="4">FUNCTION</td> </tr> <tr> <td>\$</td> <td>ADJ. DECREASING ENCUMBRANCE</td> <td colspan="4">LINE ITEM ALLOTMENT</td> </tr> <tr> <td colspan="3" style="text-align: center;">                     I Hereby Certify upon my own personal knowledge that budgeted funds are available for this encumbrance.                 </td> <td style="width: 15%;">T. B. A. NUMBER</td> <td colspan="2" style="width: 15%;">B. R. NUMBER</td> </tr> <tr> <td colspan="3">SIGNATURE OF ACCOUNTING OFFICER</td> <td colspan="3">DATE</td> </tr> <tr> <td colspan="3">▶</td> <td colspan="3"></td> </tr> <tr> <td colspan="6">                     I hereby Certify that all conditions for exemption set forth in State Administrative Manual Section 1209 have been complied with and this document <input type="checkbox"/> is exempt <input type="checkbox"/> is not exempt from review by the Department of Finance.                 </td> </tr> <tr> <td colspan="3">SIGNATURE: OFFICER SIGNING ON BEHALF OF AGENCY</td> <td colspan="3">DATE</td> </tr> <tr> <td colspan="3">▶</td> <td colspan="3"></td> </tr> </table> | AMOUNT ENCUMBERED   | APPROPRIATION   |              |             |  | \$ | UNENCUMBERED BALANCE | ITEM | CHAPTER | STATUTES | FISCAL YEAR | \$ | ADJ. INCREASING ENCUMBRANCE | FUNCTION |  |  |  | \$ | ADJ. DECREASING ENCUMBRANCE | LINE ITEM ALLOTMENT |  |  |  | I Hereby Certify upon my own personal knowledge that budgeted funds are available for this encumbrance. |  |  | T. B. A. NUMBER | B. R. NUMBER |  | SIGNATURE OF ACCOUNTING OFFICER |  |  | DATE |  |  | ▶ |  |  |  |  |  | I hereby Certify that all conditions for exemption set forth in State Administrative Manual Section 1209 have been complied with and this document <input type="checkbox"/> is exempt <input type="checkbox"/> is not exempt from review by the Department of Finance. |  |  |  |  |  | SIGNATURE: OFFICER SIGNING ON BEHALF OF AGENCY |  |  | DATE |  |  | ▶ |  |  |  |  |  |
| AMOUNT ENCUMBERED  | APPROPRIATION   |                     |                 |              |             |  |    |                      |      |         |          |             |    |                             |          |  |  |  |    |                             |                     |  |  |  |   |  |  |                 |              |  |                                 |  |  |      |  |  |   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |      |  |  |   |  |  |  |  |  |
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| \$   | ADJ. INCREASING ENCUMBRANCE   | FUNCTION            |                 |              |             |  |    |                      |      |         |          |             |    |                             |          |  |  |  |    |                             |                     |  |  |  |   |  |  |                 |              |  |                                 |  |  |      |  |  |   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |      |  |  |   |  |  |  |  |  |
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2. The Department agrees to transmit to the Public Employees' Retirement Fund an amount (hereinafter referred to as cost) which is equal to the actuarial equivalent of the difference between the allowance the retiring State member receives after the receipt of service credit pursuant to 20816 of the Government Code and the amount the member would have received without the service credit. The Department shall transmit this cost to the Public Employees' Retirement Fund by payment in the following manner:

(1) The estimated total cost of \$ \_\_\_\_\_, by June 30, 1985, OR

(2) By installments commencing June 30, 1985, with subsequent installments due July 1, of each following fiscal year, plus interest computed at the employer reserve crediting rate in effect at the beginning of each fiscal year, with final payment due no later than July 1, 1987.

3. The cost referred to in this agreement is based upon estimates and will be adjusted after all eligible members have been retired under provisions of this agreement.
4. The amounts specified in this agreement are minimum amounts which the Department shall transmit to PERS. Amounts in excess of these minima may, at the discretion of Department, be transmitted to PERS.
5. Notwithstanding any provisions of this agreement to the contrary, the Department shall not be required to transmit to PERS any amount which exceeds the cost together with accrued interest.
6. Any amount transmitted to PERS which exceeds the cost plus accrued interest shall be refunded to the Department.
7. Interest shall be calculated from the effective date of retirement. Advance payments shall be credited with interest at the crediting rate from date of receipt.
8. Department shall notify PERS if any member who received additional service credit receives unemployment insurance payments on account of employment with an employer subject to the provisions of the Executive Order D-44-85 during the one-year period following the date of issuance of the Executive Order.

Upon receipt of such notice, PERS shall delete the additional service credit and adjust member's retirement allowance retroactive to member's retirement effective date and calculate and collect from member the overpayment that occurred.

## COST OF TWO-YEAR SERVICE CREDIT

The following is a chart which estimates the cost of this benefit by age, sex, and coverage category. To use the values, simply add up the total annual compensation payable in each cell and then multiply by the corresponding factor. The answer is the approximate cost of the benefit.

Two-Year Service Cost  
Factors Times Annual Salary  
Equals Total Cost (Approximately)

| <u>Ages</u> | <u>Miscellaneous Employees</u>       |                |   |                | <u>Safety Employees</u> |
|-------------|--------------------------------------|----------------|---|----------------|-------------------------|
|             | <u>With Social Security Coverage</u> |                | <u>Without Social Security Coverage</u> |                | <u>All</u>              |
|             | <u>Males</u>                         | <u>Females</u> | <u>Males</u>                            | <u>Females</u> |                         |
| 50-54       | 0.31                                 | 0.33           | 0.32                                    | 0.34           | 0.41                    |
| 55-59       | 0.39                                 | 0.43           | 0.41                                    | 0.45           | 0.46                    |
| 60-64       | 0.49                                 | 0.54           | 0.52                                    | 0.56           | 0.42                    |
| 65-69       | 0.45                                 | 0.51           | 0.49                                    | 0.53           | 0.38                    |

Prepared by Actuarial Office (MS),  
October 7, 1982

C0939 (7/84)

## PUBLIC EMPLOYEES RETIREMENT SYSTEM

P. O. Box 1953 (1416 - 9th Street)

Sacramento, CA 95809

Telephone:

Date:

RC:

CIRCULAR  
LETTER  
NUMBER:

Distribution:

Subject:

GOVERNMENT CODE SECTION 20816  
EXECUTIVE ORDER D-44-85 (2 YEARS OF ADDITIONAL SERVICE CREDIT)

Government Code Section 20816 and Executive Order (D-44-85) permit eligible members of the Public Employees' Retirement System who are employees of the Department of \_\_\_\_\_ to receive two years of additional service credit if they meet the eligibility requirements outlined below. The following information will assist you in determining your eligibility and evaluating the impact of this legislation on your retirement plans. Additional information may be obtained from your Departmental Benefit Coordinator or the P.E.R.S. Area Office nearest you. (See Attached list).

ELIGIBILITY

Current State employees (part-time, full-time, and intermittent) of the Department of \_\_\_\_\_ will be eligible to receive the additional service credit if all of the following conditions are met:

1. The member must retire within the period specified by the Governor. This period is from March 22, 1985 through May 20, 1985. For a retirement to become effective on the final date of the specified period, the member must be separated from employment status no later than May 19, 1985.
2. The member must be credited with at least five years of service prior to the effective retirement date. If the member is covered by the Second-Tier Retirement Plan, a minimum of ten years of credited service is required unless the member had five years of credited service prior to January 1, 1985. (The additional service credit provided by this legislation may not be used to meet the above requirements.)
3. A member who applies for a service retirement must attain age 50 on or before the effective date of retirement. Members currently covered under the Second-Tier Retirement Plan and who did not have 5 years of credited service prior to January 1, 1985, must attain age 55 on or before their effective date of retirement.

There is no minimum age requirement for a disability retirement.

4. The member must be employed in the department, organizational unit or job classification designated by the employer.

### Effect on Retirement Allowance

Information booklets are available from your Departmental Coordinator which explains the formula to use when calculating your unmodified retirement allowance. The years of service credit would be the only factor improved in the calculation of retirement benefits under this legislation. The benefit factor which is based on your age at retirement and the final compensation (average monthly salary during 36 consecutive month period) are not affected by this legislation and should not be increased when estimating the effect of additional service on the retirement allowance.

The tables which are attached show the increase in the unmodified retirement allowance for the two years of additional service credit. Your Departmental Coordinator can give you an explanation on the use of these tables. You may also request estimates which reflect retirement with and without the additional service. See your Departmental Coordinator to arrange for these estimates if needed.

### Disability Retirement

Members who apply for and are approved for a disability retirement and whose effective date of retirement falls within the prescribed period, are also entitled to the additional service credit provided by this legislation. In some cases, this additional credit will not affect the allowance. To apply for a disability retirement, a member must be credited with at least five years of service prior to receiving the additional service credit or ten years of service credit under the Second-Tier Retirement Plan unless the member has five years of service which was credited prior to January 1, 1985. Industrial disability is available to safety members whose illness or injury arose out of the course of their employment regardless of the length of employment. Employees considering applying for a disability retirement are advised to contact a P.E.R.S. Area Office for specific details regarding the retirement application process.

### Retirement Process

If you decide to retire, you must file an Application for Retirement (Form Ben-369). Applications may be obtained from a Departmental Coordinator or a P.E.R.S. Area Office. The effective retirement date may not be earlier than the first day of the month in which the application is received by the Public Employees' Retirement System. The retirement application for a service retirement may be cancelled in writing any time prior to the mailing of the first retirement check. An application for disability retirement may not be cancelled after P.E.R.S. has determined that you are disabled. However, you may change to service retirement within 30 days of the approval date of disability retirement.

An Election of Optional Settlement and Beneficiary Designation Form (Ben-898) will be mailed to you after you have applied. It takes approximately 90 days to process retirement papers.

### Effect on Group Health Insurance

Health and Dental insurance are not affected by the crediting of the additional service. If you are considering a disability retirement, you should contact the Departmental Health Benefits Officer regarding the procedures of the continuation of Health and Dental insurance into retirement. Other questions regarding your Health and Dental insurance should be directed to your Health Benefits Officer.

### Other Services Credit Which May Be Available

If you are considering the restoring or adding other P.E.R.S. service credit (such as redeposit, service prior to membership, etc.) you are urged to contact an Area Office as soon as possible. Election forms to add service credit must be filed with P.E.R.S. no later than the day before you wish to retire. You may call an Area Office for additional information.

### Deductions from Your Retirement Check

Deductions for your group health and dental insurance are automatically continued if you go directly from pay status into retirement. Information on other payroll deductions can be obtained at the nearest P.E.R.S. Area Office.

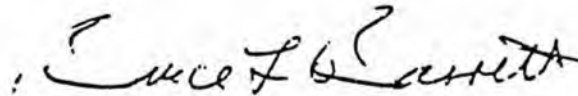
### Loss of Additional Service Credit

The additional service credit provided under this legislation is forfeited by the member upon reinstatement from retirement. The additional service is not creditable upon the member's subsequent retirement.

The additional service credit will not be credited if the member receives unemployment insurance payment arising out of employment with the employer granting the additional service credit during a one-year period following the date of the Executive Order.

### Questions

General questions regarding the legislation can be directed to your Departmental Benefit Coordinator or the P.E.R.S. Area Office nearest you.



BRUCE L. BASSETT, CHIEF  
FIELD & CONTRACTS SERVICES DIVISION

BLB/GM:s1

Attachment

PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
USE FOR MEMBERS UNDER THE FIRST TIER (2% @ 60 FORMULA)

INCREASE IN THE UNMODIFIED ALLOWANCE FROM TWO YEARS OF ADDITIONAL SERVICE CREDIT AS PROVIDED BY SECTION 20816 (FOR THOSE MEMBERS WHO ARE CURRENTLY COVERED UNDER THE SOCIAL SECURITY SYSTEM)

AGE AT RETIREMENT

|        | 50    | 51    | 52    | 53    | 54    | 55    | 56    | 57     | 58     | 59     | 60     | 61     | 62     | 63     |
|--------|-------|-------|-------|-------|-------|-------|-------|--------|--------|--------|--------|--------|--------|--------|
| \$1100 | 21.11 | 22.35 | 23.66 | 25.06 | 26.60 | 28.23 | 30.01 | 31.80  | 33.69  | 35.23  | 38.67  | 41.26  | 43.93  | 46.75  |
| 1200   | 23.30 | 24.66 | 26.11 | 27.65 | 29.35 | 31.15 | 33.11 | 35.20  | 37.50  | 39.98  | 42.67  | 45.53  | 48.47  | 51.55  |
| 1300   | 25.48 | 26.97 | 28.56 | 30.24 | 32.11 | 34.07 | 36.21 | 38.50  | 41.02  | 43.73  | 46.67  | 49.79  | 53.01  | 56.42  |
| 1400   | 27.66 | 29.29 | 31.01 | 32.83 | 34.86 | 36.99 | 39.32 | 41.80  | 44.54  | 47.47  | 50.67  | 54.06  | 57.56  | 61.25  |
| 1500   | 29.85 | 31.60 | 33.46 | 35.42 | 37.51 | 39.91 | 42.42 | 45.10  | 48.05  | 51.22  | 54.67  | 58.33  | 62.10  | 66.05  |
| 1600   | 32.03 | 33.91 | 35.90 | 38.02 | 40.36 | 42.83 | 45.53 | 48.40  | 51.57  | 54.97  | 58.67  | 62.60  | 66.65  | 70.93  |
| 1700   | 34.22 | 36.22 | 38.35 | 40.61 | 43.11 | 45.75 | 48.63 | 51.70  | 55.08  | 58.72  | 62.67  | 66.87  | 71.19  | 75.76  |
| 1800   | 36.40 | 38.53 | 40.80 | 43.20 | 45.87 | 48.67 | 51.73 | 55.00  | 58.60  | 62.47  | 66.67  | 71.13  | 75.73  | 80.60  |
| 1900   | 38.58 | 40.85 | 43.25 | 45.79 | 48.62 | 51.59 | 54.84 | 58.30  | 62.12  | 66.21  | 70.67  | 75.40  | 80.28  | 85.44  |
| 2000   | 40.77 | 43.16 | 45.70 | 48.38 | 51.37 | 54.51 | 57.94 | 61.60  | 65.63  | 69.96  | 74.67  | 79.67  | 84.82  | 90.27  |
| 2100   | 42.95 | 45.47 | 48.14 | 50.98 | 54.12 | 57.43 | 61.05 | 64.90  | 69.15  | 73.71  | 78.67  | 83.94  | 89.37  | 95.11  |
| 2200   | 45.14 | 47.78 | 50.59 | 53.57 | 56.87 | 60.35 | 64.15 | 68.20  | 72.66  | 77.46  | 82.67  | 88.21  | 93.91  | 99.94  |
| 2300   | 47.32 | 50.09 | 53.04 | 56.16 | 59.63 | 63.27 | 67.25 | 71.50  | 76.18  | 81.21  | 86.67  | 92.47  | 98.45  | 104.78 |
| 2400   | 49.50 | 52.41 | 55.49 | 58.75 | 62.38 | 66.19 | 70.36 | 74.80  | 79.70  | 84.95  | 90.67  | 96.74  | 103.00 | 109.62 |
| 2500   | 51.69 | 54.72 | 57.94 | 61.34 | 65.13 | 69.11 | 73.46 | 78.10  | 83.21  | 88.70  | 94.67  | 101.01 | 107.54 | 114.45 |
| 2600   | 53.87 | 57.03 | 60.38 | 63.94 | 67.88 | 72.03 | 76.57 | 81.40  | 86.73  | 92.45  | 98.67  | 105.28 | 112.09 | 119.29 |
| 2700   | 56.06 | 59.34 | 62.83 | 66.53 | 70.63 | 74.95 | 79.67 | 84.70  | 90.24  | 96.20  | 102.67 | 109.55 | 116.63 | 124.12 |
| 2800   | 58.24 | 61.65 | 65.28 | 69.12 | 73.29 | 77.87 | 82.77 | 88.00  | 93.76  | 99.95  | 106.67 | 113.81 | 121.17 | 128.96 |
| 2900   | 60.42 | 63.97 | 67.73 | 71.71 | 76.14 | 80.79 | 85.88 | 91.30  | 97.28  | 103.69 | 110.67 | 118.08 | 125.72 | 133.80 |
| 3000   | 62.61 | 66.28 | 70.18 | 74.30 | 78.89 | 83.71 | 88.98 | 94.60  | 100.79 | 107.44 | 114.67 | 122.35 | 130.26 | 138.63 |
| 3100   | 64.79 | 68.59 | 72.62 | 76.90 | 81.64 | 86.63 | 92.09 | 97.90  | 104.31 | 111.19 | 118.67 | 126.62 | 134.81 | 143.47 |
| 3200   | 66.98 | 70.90 | 75.07 | 79.49 | 84.39 | 89.55 | 95.19 | 101.20 | 107.82 | 114.94 | 122.67 | 130.89 | 139.35 | 148.30 |

FINAL COMPENSATION  
(AVERAGE MONTHLY SALARY OVER 36 CONSECUTIVE MONTHS)

PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
USE FOR MEMBERS UNDER THE FIRST TIER (2% @ 60 FORMULA)

INCREASE IN THE UNMODIFIED ALLOWANCE FROM TWO YEARS OF ADDITIONAL SERVICE CREDIT AS PROVIDED BY SECTION 20816 (FOR THOSE MEMBERS WHO ARE NOT CURRENTLY COVERED UNDER THE SOCIAL SECURITY SYSTEM)

AGE AT RETIREMENT

|        | 50    | 51    | 52    | 53    | 54    | 55    | 56    | 57     | 58     | 59     | 60     | 61     | 62     | 63     |
|--------|-------|-------|-------|-------|-------|-------|-------|--------|--------|--------|--------|--------|--------|--------|
| \$1100 | 24.02 | 25.43 | 26.93 | 28.51 | 30.27 | 32.12 | 34.14 | 36.30  | 38.68  | 41.23  | 44.00  | 46.95  | 49.98  | 53.20  |
| 1200   | 26.21 | 27.74 | 29.38 | 31.10 | 33.02 | 35.04 | 37.25 | 39.60  | 42.19  | 44.98  | 48.00  | 51.22  | 54.53  | 58.03  |
| 1300   | 28.39 | 30.06 | 31.82 | 33.70 | 35.78 | 37.96 | 40.35 | 42.90  | 45.71  | 48.72  | 52.00  | 55.48  | 59.07  | 62.87  |
| 1400   | 30.58 | 32.37 | 34.27 | 36.29 | 38.53 | 40.88 | 43.46 | 46.20  | 49.22  | 52.47  | 56.00  | 59.75  | 63.62  | 67.70  |
| 1500   | 32.76 | 34.65 | 36.72 | 38.88 | 41.28 | 43.80 | 46.56 | 49.50  | 52.74  | 56.22  | 60.00  | 64.02  | 68.16  | 72.54  |
| 1600   | 34.94 | 36.99 | 39.17 | 41.47 | 44.03 | 46.72 | 49.66 | 52.80  | 56.26  | 59.97  | 64.00  | 68.29  | 72.70  | 77.39  |
| 1700   | 37.13 | 39.30 | 41.62 | 44.06 | 46.78 | 49.64 | 52.77 | 56.10  | 59.77  | 63.72  | 68.00  | 72.56  | 77.25  | 82.21  |
| 1800   | 39.31 | 41.62 | 44.06 | 46.66 | 49.54 | 52.56 | 55.87 | 59.40  | 63.29  | 67.46  | 72.00  | 76.82  | 81.79  | 87.05  |
| 1900   | 41.50 | 43.93 | 46.51 | 49.25 | 52.29 | 55.48 | 58.98 | 62.70  | 66.80  | 71.21  | 76.00  | 81.09  | 86.34  | 91.88  |
| 2000   | 43.68 | 46.24 | 48.96 | 51.84 | 55.04 | 58.40 | 62.08 | 66.00  | 70.37  | 75.16  | 80.00  | 85.35  | 90.88  | 96.72  |
| 2100   | 45.86 | 48.55 | 51.41 | 54.43 | 57.79 | 61.32 | 65.18 | 69.30  | 73.84  | 78.71  | 84.00  | 89.63  | 95.42  | 101.55 |
| 2200   | 48.05 | 50.86 | 53.86 | 57.02 | 60.54 | 64.24 | 68.29 | 72.60  | 77.35  | 82.46  | 88.00  | 93.90  | 99.97  | 106.39 |
| 2300   | 50.23 | 53.18 | 56.30 | 59.62 | 63.30 | 67.16 | 71.39 | 75.90  | 80.87  | 86.20  | 92.00  | 98.16  | 104.51 | 111.23 |
| 2400   | 52.42 | 55.49 | 58.75 | 62.21 | 66.05 | 70.08 | 74.50 | 79.20  | 84.38  | 89.95  | 96.00  | 102.43 | 109.05 | 116.06 |
| 2500   | 54.60 | 57.80 | 61.20 | 64.80 | 68.80 | 73.00 | 77.60 | 82.50  | 87.90  | 93.70  | 100.00 | 106.70 | 113.60 | 120.90 |
| 2600   | 56.78 | 60.11 | 63.65 | 67.39 | 71.55 | 75.92 | 80.70 | 85.80  | 91.42  | 97.45  | 104.00 | 110.97 | 118.14 | 125.74 |
| 2700   | 58.97 | 62.42 | 66.10 | 69.98 | 74.30 | 78.84 | 83.81 | 89.10  | 94.93  | 101.20 | 108.00 | 115.24 | 122.69 | 130.57 |
| 2800   | 61.15 | 64.74 | 68.54 | 72.58 | 77.06 | 81.76 | 86.91 | 92.40  | 98.45  | 104.94 | 112.00 | 119.50 | 127.23 | 135.41 |
| 2900   | 63.34 | 67.05 | 70.99 | 75.17 | 79.81 | 84.68 | 90.02 | 95.70  | 101.96 | 108.69 | 116.00 | 123.77 | 131.78 | 140.24 |
| 3000   | 65.52 | 69.36 | 73.44 | 77.76 | 82.56 | 87.60 | 93.12 | 99.00  | 105.48 | 112.44 | 120.00 | 128.04 | 136.32 | 145.02 |
| 3100   | 67.70 | 71.67 | 75.89 | 80.35 | 85.31 | 90.52 | 96.22 | 102.30 | 109.00 | 116.19 | 124.00 | 132.31 | 140.86 | 149.92 |
| 3200   | 69.89 | 73.98 | 78.34 | 82.94 | 88.06 | 93.44 | 99.33 | 105.60 | 112.51 | 119.94 | 128.00 | 136.58 | 145.41 | 154.75 |

FISCAL COMPENSATION (AVERAGE MONTHLY SALARY OVER 36 CONSECUTIVE MONTHS)

PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
USE FOR MEMBERS UNDER THE SECOND TIER (1.25% @ 65 FORMULA)

INCREASE IN THE UNMODIFIED ALLOWANCE FROM TWO YEARS OF ADDITIONAL SERVICE CREDIT AS PROVIDED BY SECTION 20816

AGE AT RETIREMENT

|        | 50    | 51    | 52    | 53    | 54    | 55    | 56    | 57    | 58    | 59    | 60    | 61    | 62    | 63    | 64    | 65    |
|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| \$1100 | 11.00 | 12.10 | 13.20 | 14.30 | 15.40 | 16.50 | 17.60 | 18.70 | 19.80 | 20.90 | 22.00 | 23.10 | 24.20 | 25.30 | 26.40 | 27.50 |
| 1200   | 12.00 | 13.20 | 14.40 | 15.60 | 16.80 | 18.00 | 19.20 | 20.40 | 21.60 | 22.80 | 24.00 | 25.20 | 26.40 | 27.60 | 28.80 | 30.00 |
| 1300   | 13.00 | 14.30 | 15.60 | 16.90 | 18.20 | 19.50 | 20.80 | 22.10 | 23.40 | 24.70 | 26.00 | 27.30 | 28.60 | 29.90 | 31.20 | 32.50 |
| 1400   | 14.00 | 15.40 | 16.80 | 18.20 | 19.60 | 21.00 | 22.40 | 23.80 | 25.20 | 26.60 | 28.00 | 29.40 | 30.80 | 32.20 | 33.60 | 35.00 |
| 1500   | 15.00 | 16.50 | 18.00 | 19.50 | 21.00 | 22.50 | 24.00 | 25.50 | 27.00 | 28.50 | 30.00 | 31.50 | 33.00 | 34.50 | 36.00 | 37.50 |
| 1600   | 16.00 | 17.60 | 19.20 | 20.80 | 22.40 | 24.00 | 25.60 | 27.20 | 28.80 | 30.40 | 32.00 | 33.60 | 35.20 | 36.80 | 38.40 | 40.00 |
| 1700   | 17.00 | 18.70 | 20.40 | 22.10 | 23.80 | 25.50 | 27.20 | 28.90 | 30.60 | 32.30 | 34.00 | 35.70 | 37.40 | 39.10 | 40.80 | 42.50 |
| 1800   | 18.00 | 19.80 | 21.60 | 23.40 | 25.20 | 27.00 | 28.80 | 30.60 | 32.40 | 34.20 | 36.00 | 37.80 | 39.60 | 41.40 | 43.20 | 45.00 |
| 1900   | 19.00 | 20.90 | 22.80 | 24.70 | 26.60 | 28.50 | 30.40 | 32.30 | 34.20 | 36.10 | 38.00 | 39.90 | 41.80 | 43.70 | 45.60 | 47.50 |
| 2000   | 20.00 | 22.00 | 24.00 | 26.00 | 28.00 | 30.00 | 32.00 | 34.00 | 36.00 | 38.00 | 40.00 | 42.00 | 44.00 | 46.00 | 48.00 | 50.00 |
| 2100   | 21.00 | 23.10 | 25.20 | 27.30 | 29.40 | 31.50 | 33.60 | 35.70 | 37.80 | 39.90 | 42.00 | 44.10 | 46.20 | 48.30 | 50.40 | 52.50 |
| 2200   | 22.00 | 24.20 | 26.40 | 28.60 | 30.80 | 33.00 | 35.20 | 37.40 | 39.60 | 41.80 | 44.00 | 46.20 | 48.40 | 50.60 | 52.80 | 55.00 |
| 2300   | 23.00 | 25.30 | 27.60 | 29.90 | 32.20 | 34.50 | 36.80 | 39.10 | 41.40 | 43.70 | 46.00 | 48.30 | 50.60 | 52.90 | 55.20 | 57.50 |
| 2400   | 24.00 | 26.40 | 28.80 | 31.20 | 33.60 | 36.00 | 38.40 | 40.80 | 43.20 | 45.60 | 48.00 | 50.40 | 52.80 | 55.20 | 57.60 | 60.00 |
| 2500   | 25.00 | 27.50 | 30.00 | 32.50 | 35.00 | 37.50 | 40.00 | 42.50 | 45.00 | 47.50 | 50.00 | 52.50 | 55.00 | 57.50 | 60.00 | 62.50 |
| 2600   | 26.00 | 28.60 | 31.20 | 33.80 | 36.40 | 39.00 | 41.60 | 44.20 | 46.80 | 49.40 | 52.00 | 54.60 | 57.20 | 59.80 | 62.40 | 65.00 |
| 2700   | 27.00 | 29.70 | 32.40 | 35.10 | 37.80 | 40.50 | 43.20 | 45.90 | 48.60 | 51.30 | 54.00 | 56.70 | 59.40 | 62.10 | 64.80 | 67.50 |
| 2800   | 28.00 | 30.80 | 33.60 | 36.40 | 39.20 | 42.00 | 44.80 | 47.60 | 50.40 | 53.20 | 56.00 | 58.80 | 61.60 | 64.40 | 67.20 | 70.00 |
| 2900   | 29.00 | 31.90 | 34.80 | 37.70 | 40.60 | 43.50 | 46.40 | 49.30 | 52.20 | 55.10 | 58.00 | 60.90 | 63.80 | 66.70 | 69.60 | 72.50 |
| 3000   | 30.00 | 33.00 | 36.00 | 39.00 | 42.00 | 45.00 | 48.00 | 51.00 | 54.00 | 57.00 | 60.00 | 63.00 | 66.00 | 69.00 | 72.00 | 75.00 |
| 3100   | 31.00 | 34.10 | 37.20 | 40.30 | 43.40 | 46.50 | 49.60 | 52.70 | 55.80 | 58.90 | 62.00 | 65.10 | 68.20 | 71.30 | 74.40 | 77.50 |
| 3200   | 32.00 | 35.20 | 38.40 | 41.60 | 44.80 | 48.00 | 51.20 | 54.40 | 57.60 | 60.80 | 64.00 | 67.20 | 70.40 | 73.60 | 76.80 | 80.00 |

FINAL COMPENSATION  
(AVERAGE MONTHLY SALARY OVER 36 CONSECUTIVE MONTHS)

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

INCREASE IN THE UNMODIFIED ALLOWANCE FROM TWO YEARS OF ADDITIONAL SERVICE CREDIT AS PROVIDED BY SECTION 20816 (FOR SAFETY MEMBERS COVERED UNDER THE 2.5% & 55 FORMULA)

AGE AT RETIREMENT

FINAL COMPENSATION  
(AVERAGE MONTHLY SALARY OVER 36 CONSECUTIVE MONTHS)

|        | 50     | 51     | 52     | 53     | 54     | 55     |
|--------|--------|--------|--------|--------|--------|--------|
| \$1300 | 52.00  | 54.60  | 57.20  | 59.80  | 62.40  | 65.00  |
| 1400   | 55.00  | 58.80  | 61.50  | 64.40  | 67.20  | 70.00  |
| 1500   | 60.00  | 63.00  | 65.00  | 69.00  | 72.00  | 75.00  |
| 1600   | 64.00  | 67.20  | 70.40  | 73.60  | 76.80  | 80.00  |
| 1700   | 68.00  | 71.40  | 74.80  | 78.20  | 81.60  | 85.00  |
| 1800   | 72.00  | 75.60  | 79.20  | 82.80  | 86.40  | 90.00  |
| 1900   | 75.00  | 79.80  | 83.50  | 87.40  | 91.20  | 95.00  |
| 2000   | 80.00  | 84.00  | 88.00  | 92.00  | 95.00  | 100.00 |
| 2100   | 84.00  | 88.20  | 92.40  | 95.50  | 100.50 | 105.00 |
| 2200   | 88.00  | 92.40  | 95.60  | 101.20 | 105.50 | 110.00 |
| 2300   | 92.00  | 95.60  | 101.20 | 105.80 | 110.40 | 115.00 |
| 2400   | 95.00  | 100.80 | 105.50 | 110.40 | 115.20 | 120.00 |
| 2500   | 100.00 | 105.00 | 110.00 | 115.00 | 120.00 | 125.00 |
| 2500   | 104.00 | 109.20 | 114.40 | 119.60 | 124.80 | 130.00 |
| 2700   | 106.00 | 113.40 | 118.80 | 124.20 | 129.50 | 135.00 |
| 2800   | 112.00 | 117.60 | 123.20 | 128.80 | 134.40 | 140.00 |
| 2900   | 115.00 | 121.80 | 127.50 | 133.40 | 139.20 | 145.00 |
| 3000   | 120.00 | 125.00 | 132.00 | 138.00 | 144.00 | 150.00 |
| 3100   | 124.00 | 130.20 | 135.40 | 142.50 | 148.80 | 155.00 |
| 3200   | 128.00 | 134.40 | 140.80 | 147.20 | 153.50 | 160.00 |
| 3300   | 132.00 | 138.60 | 145.20 | 151.80 | 158.40 | 165.00 |
| 3400   | 135.00 | 142.30 | 149.50 | 155.40 | 163.20 | 170.00 |
| 3500   | 140.00 | 147.00 | 154.00 | 161.00 | 168.00 | 175.00 |

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

INCREASE IN THE UNMODIFIED ALLOWANCE FROM TWO YEARS OF ADDITIONAL SERVICE CREDIT AS PROVIDED BY SECTION 20816 (FOR SAFETY MEMBERS COVERED UNDER THE 2% @ 55 FORMULA)

AGE AT RETIREMENT

FINAL COMPENSATION  
(AVERAGE MONTHLY SALARY OVER 36 CONSECUTIVE MONTHS)

|        | 50    | 51    | 52     | 53     | 54     | 55     |
|--------|-------|-------|--------|--------|--------|--------|
| \$1300 | 37.08 | 39.57 | 42.33  | 45.29  | 48.52  | 52.00  |
| 1400   | 39.93 | 42.62 | 45.58  | 48.78  | 52.25  | 56.00  |
| 1500   | 42.78 | 45.66 | 48.84  | 52.26  | 55.98  | 60.00  |
| 1600   | 45.63 | 48.70 | 52.10  | 55.74  | 59.71  | 64.00  |
| 1700   | 48.48 | 51.75 | 55.35  | 59.23  | 63.44  | 68.00  |
| 1800   | 51.34 | 54.79 | 58.61  | 62.71  | 67.18  | 72.00  |
| 1900   | 54.19 | 57.84 | 61.86  | 66.20  | 70.91  | 76.00  |
| 2000   | 57.04 | 60.88 | 65.12  | 69.68  | 74.64  | 80.00  |
| 2100   | 59.89 | 63.92 | 68.38  | 73.16  | 78.37  | 84.00  |
| 2200   | 62.74 | 66.97 | 71.63  | 76.65  | 82.10  | 88.00  |
| 2300   | 65.60 | 70.01 | 74.89  | 80.13  | 85.84  | 92.00  |
| 2400   | 68.45 | 73.06 | 78.14  | 83.62  | 89.57  | 96.00  |
| 2500   | 71.30 | 76.10 | 81.40  | 87.10  | 93.30  | 100.00 |
| 2600   | 74.15 | 79.14 | 84.66  | 90.58  | 97.03  | 104.00 |
| 2700   | 77.00 | 82.19 | 87.91  | 94.07  | 100.76 | 108.00 |
| 2800   | 79.86 | 85.23 | 91.17  | 97.55  | 104.50 | 112.00 |
| 2900   | 82.71 | 88.28 | 94.42  | 101.04 | 108.23 | 116.00 |
| 3000   | 85.56 | 91.32 | 97.68  | 104.52 | 111.96 | 120.00 |
| 3100   | 88.41 | 94.36 | 100.94 | 108.00 | 115.69 | 124.00 |
| 3200   | 91.26 | 97.41 | 104.19 | 111.49 | 119.42 | 128.00 |

INCREASE IN THE UNMODIFIED ALLOWANCE FROM TWO YEARS OF ADDITIONAL SERVICE CREDIT AS PROVIDED BY SB 307 (FOR SAFETY MEMBERS COVERED UNDER THE 2% @ 50 FORMULA)

AGE AT RETIREMENT

FINAL COMPENSATION  
(AVERAGE MONTHLY SALARY OVER 36 CONSECUTIVE MONTHS)

|        | 50     | 51     | 52     | 53     | 54     | 55     |
|--------|--------|--------|--------|--------|--------|--------|
| \$1300 | 52.00  | 55.64  | 59.28  | 62.92  | 66.56  | 70.20  |
| 1400   | 56.00  | 59.92  | 63.84  | 67.76  | 71.68  | 75.60  |
| 1500   | 60.00  | 64.20  | 68.40  | 72.60  | 76.80  | 81.00  |
| 1600   | 64.00  | 68.48  | 72.96  | 77.44  | 81.92  | 86.40  |
| 1700   | 68.00  | 72.76  | 77.52  | 82.28  | 87.04  | 91.80  |
| 1800   | 72.00  | 77.04  | 82.08  | 87.12  | 92.16  | 97.20  |
| 1900   | 76.00  | 81.32  | 86.64  | 91.96  | 97.28  | 102.60 |
| 2000   | 80.00  | 85.60  | 91.20  | 96.80  | 102.40 | 108.00 |
| 2100   | 84.00  | 89.88  | 95.76  | 101.64 | 107.52 | 113.40 |
| 2200   | 88.00  | 94.16  | 100.32 | 106.48 | 112.64 | 118.80 |
| 2300   | 92.00  | 98.44  | 104.88 | 111.32 | 117.76 | 124.20 |
| 2400   | 96.00  | 102.72 | 109.44 | 116.16 | 122.88 | 129.60 |
| 2500   | 100.00 | 107.00 | 114.00 | 121.00 | 128.00 | 135.00 |
| 2600   | 104.00 | 111.28 | 118.56 | 125.84 | 133.12 | 140.40 |
| 2700   | 108.00 | 115.56 | 123.12 | 130.68 | 138.24 | 145.80 |
| 2800   | 112.00 | 119.84 | 127.68 | 135.52 | 143.36 | 151.20 |
| 2900   | 116.00 | 124.12 | 132.24 | 140.36 | 148.48 | 156.60 |
| 3000   | 120.00 | 128.40 | 136.80 | 145.20 | 153.60 | 162.00 |
| 3100   | 124.00 | 132.68 | 141.36 | 150.04 | 158.72 | 167.40 |
| 3200   | 128.00 | 136.96 | 145.92 | 154.88 | 163.84 | 172.80 |

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

LOCATION OF AREA OFFICES

| PERS<br>Area and Field Offices  | Counties Served   |   |  |   |
|---|---|---|--|---|
| Sacramento Area Office<br>Resources Building, Room 116<br>1416 9th Street<br>P.O. Box 90111<br>Sacramento, CA 95809-0110<br>Telephone: (916) 322-5180<br>ATSS: 492-5180 | Alpine<br>Madera<br>Shasta<br>Amador<br>Mariposa<br>Sierra<br>Butte<br>Merced<br>Siskiyou   |   |  |   |
|   | Calaveras<br>Modoc<br>Stanislaus<br>Colusa<br>Mono<br>Sutter<br>El Dorado<br>Nevada<br>Tehama<br>Fresno<br>Placer<br>Trinity<br>Glenn<br>Plumas<br>Tulare<br>Kings<br>Sacramento<br>Tuolumne<br>Lassen<br>San Joaquin<br>Yolo<br>Yuba |   |  |   |
|   | San Francisco Area Office<br>350 McAllister Street<br>Room 3248<br>San Francisco, CA 94102<br>Telephone: (415) 557-0582<br>ATSS: 597-0582   | Alameda<br>Santa Clara<br>Contra Costa<br>Santa Cruz<br>Del Norte<br>Sonoma<br>Humboldt<br>Solano<br>Lake<br>San Mateo<br>Marin<br>Napa<br>Mendocino<br>San Benito<br>Monterey<br>San Francisco |  |   |
|   |   | Los Angeles Area Office<br>State Building, Room 4005<br>107 South Broadway<br>Los Angeles, CA 90012<br>Telephone: (213) 620-4430<br>ATSS: 640-4430  | Kern<br>Los Angeles<br>San Luis Obispo<br>Santa Barbara<br>Ventura   |   |
|   |   |   | San Diego Field Office<br>State Building, Room 3012<br>1350 Front Street<br>San Diego, CA 92101<br>Telephone: (619) 237-7653<br>ATSS: 631-7653 | Imperial<br>San Diego   |
|   |   |   |  | San Bernardino Field Office<br>State Building, Room 214<br>303 West 3rd Street<br>San Bernardino, CA 92401<br>Telephone: (714) 383-4431<br>ATSS: 670-4431 |
|   |   |   | Santa Ana Field Office<br>1140 W. Santa Ana Blvd.<br>Suite 202<br>Santa Ana, CA 92703<br>Telephone: (714) 558-4604<br>ATSS: 657-4604           |   |