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TO: ALL CONTRACTING PUBLIC AGENCIES

SUBJECT: NEW OPTIONAL BENEFITS

Due to recent legislation effective January 1, 2000, the following optional contract provisions are available to public agencies:

Section 20903 2 Years Additional Service Credit

An agency may amend its contract to provide two years additional service credit to members who retire during a designated period because of impending mandatory transfers, layoffs, or demotions and the following requirements are met:

- A. The member is employed in a specified job classification, department, or other organizational unit, and retired within the period designated by the governing body. The designated period must be subsequent to the effective date of the contract amendment and can not be less than 90 nor more than 180 days in length. **(The benefit cannot be provided on the basis of employee organization or unrepresented groups).**
- B. The governing body must certify that it is electing to be subject to the provisions of this section due to mandatory transfers, layoffs, and/or demotions that constitute at least one percent of the job classification, department, or organizational unit.
- C. The governing body must certify that it is the intention at the time Section 20903 becomes operative that any vacancies created by retirements under this section or at least one vacancy in any position in any department or organizational unit shall remain permanently unfilled thereby resulting in an overall reduction in the work force of such department or organizational unit.
- D. The governing body must certify that it has complied with the provisions of Government Code Section 7507, and has disclosed the additional employer contributions and the funding of those employer contributions, at a public meeting.
- E. The governing body must transmit an amount to the Retirement Fund that is the actuarial equivalent of the difference between the allowance the member will receive and the allowance the member would have received without the additional service credit.

To be eligible for this service credit, a member must have at least five years service credit, be in employment status with the providing agency for at least one day during the

designated period, and retire during the designated period. **The member's retirement date may not be the first day of the designated period.**

A member cannot receive credit under this section if the member receives any unemployment insurance payments during the designated period. If the retired member subsequently reenters membership, the additional service credit is forfeited.

Employer Cost: The agency will receive an invoice for the exact cost after all eligible members have received the additional service credit. Payments may be remitted over a two-year period with the minimum of annual installments. All accounts, except lump sum payments remitted within thirty days of billing, will be subject to interest assessment at the current employer crediting rate.

Note: In addition, there is a \$10.00 actuarial valuation fee for each member who retires during the designated period and receives the additional service credit.

Member Cost: None.

Section 21023.5 Public Service Credit for Peace Corps or America Corps: VISTA Service

A member may elect to purchase up to three years of service credit for any volunteer service in the Peace Corps or AmeriCorps: Volunteers In Service To America. The member must contribute an amount sufficient to cover the total employer and employee cost plus interest, at rates determined by the board.

Employer Cost: No valuation required.

Employee Cost: After the contract has been amended, the member may obtain cost information by contacting Member Services Division.

Section 21362.2 3% @ 50 Formula for Local Safety Members

This formula provides to local safety members 3% of pay at age 50 for each year of service credited with that employer. The percentage of pay is level, and does not increase after age 50.

Local safety members subject to the 3% @ 50 Full or Supplemental formula contribute 9% of reportable earnings. Those under the 3% @ 50 Modified formula (coordinated with Social Security) contribute 9% in excess of \$133.33.

Employer Cost: Valuation required.

Member Cost: As discussed above.

Section 21363.1 3% @ 55 Formula for Local Safety Members

This formula provides to local safety members 3% of pay at age 55 for each year of service credited with that employer. For members who retire earlier, the percentage of pay is reduced to 2.4% at age 50 and gradually increases to the maximum of 3% at age

55.

Local safety members subject to the 3% @ 55 Full or Supplemental formula contribute 9% of reportable earnings. Those under the 3% @ 55 Modified formula (coordinated with Social Security) contribute 9% in excess of \$133.33.

Employer Cost: Valuation required.

Member Cost: As discussed above.

We hope you find this information helpful. Questions regarding this information should be directed to the Actuarial and Employer Services Division at the above listed number.

Kenneth W. Marzion, Chief
Actuarial and Employer Services Division