

Quote to remember:

"I never think of the future. It comes soon enough."

- Albert Einstein

June 2002

Volume 4, Issue 2

The Finish Line

A Publication for Active Members of the Sacramento County Employees' Retirement System

NEW SERVICE RETIREMENT FORMULAS

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-Someday-

[As explained in the following, the "existing" factor tables are applicable now and the "proposed" factor tables are not yet applicable, but will be applicable someday.]

-Implementation Dates-

The Sacramento County Employees Retirement System ("SCERS") is enacted, managed and administered in accordance with provisions of the County Employees Retirement Law of 1937 (Government Code Section 31450. et seq.)

As such, benefit "formulas" used in determining members' retirement allowances must be included in the 1937 Act through actions of the state legislature and generally signed by the governor.

Existing service retirement formulas applicable to SCERS members are included in the 1937 Act. So are formulas "proposed" for applicability to SCERS members and presently being discussed in the collective bargaining process between the Office of Labor Relations and the County's recognized employee organizations.

Sacramento County has reached agreement with some recognized employee organizations to include proposed service retirement formulas. However, the agreements reached require that all recognized employee organizations reach agreement in order to implement new formulas prior to the established implementation date. Otherwise, the implementation date will be June 27, 2004 for both the "safety" and "miscellaneous" formulas.

Again, the implementation date will be June 27, 2004 unless all recognized employee organizations reach agreements prior. In that event, the implementation date will be moved up.

The implementation of new formulas will not occur prior to June 27, 2004 until and unless the so-called "Ventura" litigation is resolved and agreement is also reached on other non-retirement related, yet compelling issues.

-Formulas-

The "formulas" currently under discussion and included in some agreements, are essentially retirement age factors, i.e., percentages of final compensation to be multiplied by years of SCERS service credits to determine retirement benefits. The age factors are indicated on pages ___ and ___ of this newsletter and are labeled according to the section of the 1937 Act in which they are found, either section 31676.1 (existing) or 31676.14 (proposed) for "miscellaneous" plan; or, 31664 (existing) or 31664.1 (proposed) for "safety" plan. The factors generally apply only to those members who meet minimum eligibility requirements, i.e., 10 years of service and age 50 or, regardless of age, 30 years of miscellaneous or 20 years of safety service.

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Important Telephone Numbers

SCERS:

916-874-9119

SCERS FAX:

916-874-6060

SCERS TOLL FREE No:

1-800-336-1711

E-mail address:

sacretire@saccounty.net



**SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM
SERVICE RETIREMENT ESTIMATE WORKSHEET**

This worksheet will guide you in estimating the monthly service retirement allowance, which you may be eligible to receive pursuant to formulas currently applicable to Sacramento County employees and formulas recently proposed in the collective bargaining process. The example below is of an employee in the Miscellaneous (Government Code § 31676.1) Tier One category of membership who retires at age 56 with 25-1/2 (25.5) years of credited service and a monthly final compensation of \$1,666.66. The monthly benefit estimate is \$617.92. First follow the example and review the information from the benefit factor table of interest to you (see succeeding pages). Then proceed to estimate your allowance. An extra column is provided for a second estimate.

Item No.	Descriptive Information	Example	Your Estimate	Your Second Estimate
1	Retirement Age	<u>56</u>	_____	_____
2	Total Service at Retirement	<u>25.5</u>	_____	_____
3*	Final Compensation	<u>\$20,000</u>	_____	_____
4	Monthly Final Compensation	<u>\$1,666.66</u>	_____	_____
5	**Percentage Factor Corresponding			
6	To Age at Retirement	<u>1.563%</u>	_____	_____
	***Dollar Reduction Factor			
	Corresponding to Age at Retirement	<u>\$1.82</u>	_____	_____

BENEFIT CALCULATION

Basic Allowance

7	Multiply your total years' service by the percentage factor; then multiply this number by your monthly final compensation	25.5 x 1.563% = or 39.86% .3986 x \$1,666.66 =	.3986 664.33	_____	_____
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Reduction Amount

8	Multiply your total years' County service with Social Security coverage (in most cases the years since 1/1/56), by the dollar reduction factor	25.5 x \$1.82 =	<u>-46.41</u>	_____	_____
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Benefit Estimate (Unmodified allowance)

9	To determine your estimated monthly retirement allowance: from the basic allowance in #7 subtract the reduction amount in #8, above	\$664.33 - \$46.41 =	<u>\$617.92</u>	_____	_____
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*Final compensation for members of the Safety Tier One or Miscellaneous Tier One categories is defined as the highest average annual compensation earnable by a member during any one year elected by a member at the time (s)he files an application for service retirement. Because retirement allowances are paid monthly and for purposes of this estimate, if you are a Miscellaneous Tier One or Safety Tier One member, divide the final compensation in item #3 by 12 and enter the monthly final compensation as item #4. If you are a Safety Tier Two, Miscellaneous Tier Two or Three category member, use three years instead of one year, then divide the final compensation by 36 and enter the monthly final compensation as item #4. Compensation earnable basically includes regular base pay plus shift differentials, other differential allowances, incentive allowances and special pay allowances.

** and *** Use the percentage factors and dollar reduction factors corresponding to age at retirement from the table of interest (i.e., Miscellaneous or Safety) and formula of interest from the succeeding pages.



Miscellaneous Plans Retirement Age Factor Tables

<u>Ret Age</u>	<u>SCERS Existing §31676.1 %</u>	<u>Proposed §31676.14 (2% @ 55 ½) %</u>	<u>Dollar Reduction Factor</u>	<u>Ret. Age</u>	<u>SCERS Existing §31676.1 %</u>	<u>Proposed §31676.14 (2% @ 55 ½) %</u>	<u>Dollar Reduction Factor</u>
50	1.181%	1.474%	\$1.379	62 ¼	2.117%	2.610%	\$2.471
50 ¼	1.197%	1.497%	\$1.397	62 ½	2.144%	2.610%	\$2.502
50 ½	1.212%	1.520%	\$1.414	62 ¾	2.171%	2.610%	\$2.533
50 ¾	1.227%	1.543%	\$1.432	63	2.197%	2.610%	\$2.564
51	1.242%	1.565%	\$1.450	63 ¼	2.225%	2.610%	\$2.597
51 ¼	1.257%	1.590%	\$1.468	63 ½	2.254%	2.610%	\$2.630
51 ½	1.272%	1.615%	\$1.485	63 ¾	2.282%	2.610%	\$2.663
51 ¾	1.287%	1.640%	\$1.503	64	2.310%	2.610%	\$2.696
52	1.302%	1.666%	\$1.520	64 ¼	2.341%	2.610%	\$2.731
52 ¼	1.317%	1.684%	\$1.538	64 ½	2.371%	2.610%	\$2.766
52 ½	1.333%	1.703%	\$1.555	64 ¾	2.401%	2.610%	\$2.802
52 ¾	1.348%	1.721%	\$1.573	65+ 2.432%	2.610%	\$2.837	
53	1.363%	1.740%	\$1.591				
53 ¼	1.379%	1.765%	\$1.609				
53 ½	1.394%	1.790%	\$1.627				
53 ¾	1.410%	1.815%	\$1.646				
54	1.426%	1.840%	\$1.664				
54 ¼	1.442%	1.867%	\$1.683				
54 ½	1.459%	1.893%	\$1.702				
54 ¾	1.475%	1.920%	\$1.722				
55	1.492%	1.946%	\$1.741				
55 ¼	1.510%	1.975%	\$1.762				
55 ½	1.528%	2.003%	\$1.782				
55 ¾	1.545%	2.031%	\$1.803				
56	1.563%	2.060%	\$1.824				
56 ¼	1.583%	2.090%	\$1.847				
56 ½	1.602%	2.120%	\$1.869				
56 ¾	1.621%	2.150%	\$1.892				
57	1.641%	2.181%	\$1.914				
57 ¼	1.662%	2.202%	\$1.939				
57 ½	1.683%	2.224%	\$1.963				
57 ¾	1.704%	2.245%	\$1.988				
58	1.725%	2.267%	\$2.012				
58 ¼	1.747%	2.288%	\$2.039				
58 ½	1.770%	2.309%	\$2.065				
58 ¾	1.793%	2.331%	\$2.092				
59	1.816%	2.352%	\$2.119				
59 ¼	1.841%	2.374%	\$2.148				
59 ½	1.866%	2.395%	\$2.177				
59 ¾	1.891%	2.417%	\$2.207				
60	1.916%	2.438%	\$2.236				
60 ¼	1.935%	2.460%	\$2.258				
60 ½	1.953%	2.481%	\$2.279				
60 ¾	1.972%	2.502%	\$2.301				
61	1.991%	2.524%	\$2.323				
61 ¼	2.016%	2.545%	\$2.352				
61 ½	2.041%	2.567%	\$2.381				
61 ¾	2.066%	2.588%	\$2.411				
62	2.091%	2.610%	\$2.440				

Retirement prior to age 50 is permitted with 30 years of service credits. Factors yet to be determined.

<u>Ret Plan/ Tier</u>	<u>Final Comp</u>	<u>Annual COLA Max</u>
Misc 1	1 year	4%
Misc 2	3 years	0%
Misc 3	3 years	2%



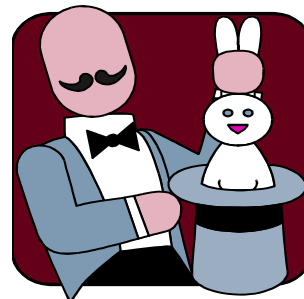
Safety Plans Retirement Age Factor Tables

Ret. Age	SCERS	Proposed	Dollar Reduction Factor
	Existing \$31664 %	\$31664.1 (3% @ 50) %	
41	1.2516%	1.8774%	\$1.460
41 ¼	1.2700%	1.9050%	\$1.481
41 ½	1.2884%	1.9326%	\$1.503
41 ¾	1.3066%	1.9599%	\$1.524
42	1.3250%	1.9875%	\$1.545
42 ¼	1.3440%	2.0160%	\$1.567
42 ½	1.3628%	2.0442%	\$1.589
42 ¾	1.3818%	2.0727%	\$1.612
43	1.4008%	2.1012%	\$1.634
43 ¼	1.4204%	2.1306%	\$1.657
43 ½	1.4400%	2.1600%	\$1.679
43 ¾	1.4598%	2.1897%	\$1.703
44	1.4794%	2.2191%	\$1.725
44 ¼	1.4998%	2.2497%	\$1.749
44 ½	1.5202%	2.2803%	\$1.773
44 ¾	1.5406%	2.3109%	\$1.797
45	1.5610%	2.3415%	\$1.821
45 ¼	1.5820%	2.3730%	\$1.845
45 ½	1.6032%	2.4048%	\$1.870
45 ¾	1.6042%	2.4063%	\$1.871
46	1.6452%	2.4678%	\$1.919
46 ¼	1.6678%	2.5017%	\$1.945
46 ½	1.6904%	2.5356%	\$1.972
46 ¾	1.7130%	2.5758%	\$1.998
47	1.7356%	2.6034%	\$2.024
47 ¼	1.7560%	2.6340%	\$2.048
47 ½	1.7764%	2.6646%	\$2.073
47 ¾	1.7966%	2.6949%	\$2.096
48	1.8170%	2.7255%	\$2.119
48 ¼	1.8388%	2.7582%	\$2.145
48 ½	1.8608%	2.7912%	\$2.170
48 ¾	1.8825%	2.8239%	\$2.196
49	1.9044%	2.8566%	\$2.221
49 ¼	1.9282%	2.8923%	\$2.249
49 ½	1.9522%	2.9283%	\$2.277
49 ¾	1.9760%	2.9640%	\$2.305
50	2.0000%	3.0000%	\$2.333
50 ¼	2.0260%	3.0000%	\$2.363
50 ½	2.0518%	3.0000%	\$2.393
50 ¾	2.0774%	3.0000%	\$2.423
51	2.1032%	3.0000%	\$2.453
51 ¼	2.1312%	3.0000%	\$2.486
51 ½	2.1592%	3.0000%	\$2.519
51 ¾	2.1874%	3.0000%	\$2.551
52	2.2156%	3.0000%	\$2.584
52 ¼	2.2462%	3.0000%	\$2.620
52 ½	2.2768%	3.0000%	\$2.656
52 ¾	2.3076%	3.0000%	\$2.692
53	2.3384%	3.0000%	\$2.728
53 ¼	2.3718%	3.0000%	\$2.767

53 ½	2.4056%	3.0000%	\$2.806
53 ¾	2.4390%	3.0000%	\$2.845
54	2.4672%	3.0000%	\$2.878
54 ¼	2.5094%	3.0000%	\$2.927
54 ½	2.5460%	3.0000%	\$2.970
54 ¾	2.5830%	3.0000%	\$3.013
55+	2.6198%	3.0000%	\$3.056

Retirement prior to age 50 is permitted with 20 years of safety service credit.

Ret Plan/ Tier	Final Comp	Annual COLA Max
Safety 1	1 year	4%
Safety 2	3 years	2%





NEW SERVICE RETIREMENT FORMULAS

(continued from page 1)

-Tiers-

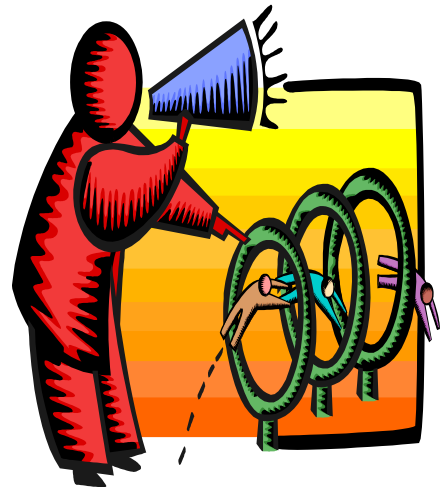
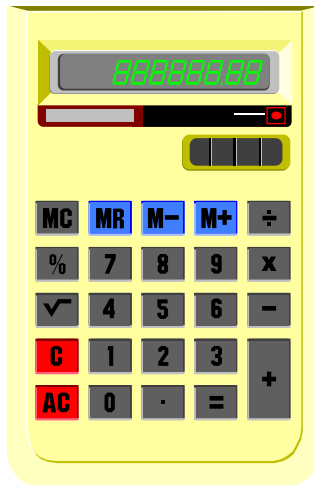
SCERS miscellaneous and safety plans include tiers. The age factors per each formula are the same for each plan, regardless of tier. The tier distinctions pertain to the averaging periods to determine final compensation and the maximum annual cost-of-living increase applied to retirement allowances.

-Service Retirement Benefit Calculation-

By utilizing the Estimate Worksheet and factor tables indicated on pages 2, 3 and 4 and your already developed knowledge of SCERS' miscellaneous and safety plans, you should be able to comprehend the impact of the proposed service retirement formulas (versus "existing" or currently applicable formulas) on your prospective SCERS service retirement allowance.

To calculate your service retirement benefit using existing or proposed formulas, visit SCERS website: www.saccounty.net

New formulas, once implemented, will only apply to SCERS members' benefit calculations for members whose retirement dates occur after date of implementation.



Contribution Rates Increase In July 2002

As result of SCERS annual actuarial valuation, effective the first full pay period in July, 2002 employee and employer SCERS contribution rates increase in the aggregate, .17% and .95% respectively. These amounts will vary depending upon plan and tier and result in a bi-weekly increase for employees within an average range of \$3.80 to \$9.95.





ENHANCEMENTS-IN ADDITION

PUBLIC SERVICE CREDIT

Simultaneous with the implementation of new service retirement formulas arising out of the collective bargaining process will be the ability of eligible system members to purchase up to four years of “public service credit” with SCERS.

Details will be provided at a later date as implementation draws near. For now, here are some basic parameters:

- A maximum of four (4) years will be allowed to be purchased.
- The additional years purchased cannot be used to meet minimum service requirements for a service retirement, disability retirement or continuous monthly death benefit allowances.
- No public service credit for service with an eligible employer which service occurred after the SCERS date of entry into membership is permitted.
- Payments will be accepted in a lump sum or through tax deferred installment payments made through the payroll system.
- To be eligible for purchase, the public service must have been in one or more of the following entities:
 1. Federal civilian service
 2. Federal military service
 3. State of California service
 4. Any city or county service in California
 5. Any public corporation, municipal corporation or public district, which is situated in whole or in part within the County, and any local agency formation commission.

The service will need to be verified by the entity concerned. Service for which you are to receive retirement pay from another retirement system may not be purchased.

- Cost of public service credit will be based upon a member’s first contribution rate applicable at entry into SCERS membership, multiplied by the first monthly compensation earnable, times 2, multiplied by the number of months being purchased, then brought up to date with regular interest since entry date into the system. Further interest will be required if installment payments are requested.

To prepare for implementation, eligible members will need to obtain written verification of the public service.

[Do not provide verification to SCERS until after this negotiated benefit is to be implemented. SCERS will notify you accordingly!]

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Elected by Safety Members

Ronald Suter, 1st Vice-President
Elected by Miscellaneous Members

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Appointed by the Board of Supervisors

Vacant Alternate
Elected by Safety Members



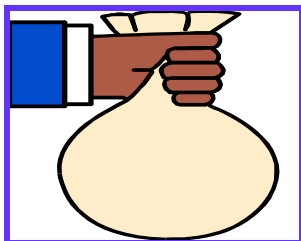
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“Retirement should be based on the tread, not the mileage”

- Allen Ludden