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**Riverside County
Board of Education**

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DATE: July 2, 2010

TO: Chief Business Officials
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K-12 School Districts, Community Colleges, and RCOE

FROM: Carolyn Nielsen, District Payroll and Retirement Coordinator
Can District Fiscal Services
Division of Administration and Business Services
(951) 826-6538 / FAX [951] 826-6961

SUBJECT: PERS Two-Years Additional Service Credit - "Golden Handshake"

ACTION: For Your Information

Under specified conditions, districts can elect to purchase two years of additional service credit for qualified retiring Public Employees' Retirement System (PERS) members. This is available through Section 20904 (amended 1995) of the Government Code (G.C.) and by revision to the master district contract between Riverside County Superintendent of Schools and PERS which became effective July 30, 1992.

Both of the following specified conditions must be met in order to participate:

1. Because of an impending curtailment of, or change in the manner of performing service, the best interests of the school district will be served by granting such additional service credit.
2. It is the intention of the school district, at the time it chooses to become subject to G.C. 20904, that the retirements under this section will either:
 - a. result in a net savings to the district, or
 - b. result in an overall reduction in the work force of the organizational unit because of impending mandatory transfers, demotions, and layoffs that constitute at least 1 percent of the job classification as designated by the school district, resulting from the curtailment of, or change in the manner of, performing its service.

The amount of service credit to each member shall not be more than two years, regardless of credited service.

Government Code 20904 shall **not** apply to any member who:

1. Has less than five years of service credit.
2. Has not attained the age of 50 and is not eligible to retire.
3. Retires outside of the designated period as specified by the county superintendent of schools.
4. Is not employed during the designated period.
5. Has received unemployment insurance payments during the designated period.

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

Each district may designate a time period (window period) of 90 to 180 days during which an eligible member may receive the additional service credit. When a window period is established, the district must also designate the job classification(s) or organizational unit(s) eligible for this benefit (e.g., secretaries, finance office employees, etc.). Since the member must be in employment status and retire during the designated window period, the retirement date **cannot** be the first day of the window period. The designated window period must be prospective only. The county superintendent of schools must formally establish the window period for designated class(es) and unit(s) by final resolution.

At least two weeks prior to adoption of the final resolution by the county superintendent of schools, in accordance with G.C. 7507, the county superintendent of schools must make public at a public meeting the future annual costs. Action taken by the district governing board to establish a window period and designate eligible classification(s) must also, on behalf of the county superintendent of schools, disclose the future annual costs. **The window period cannot begin until at least two weeks after the district governing board adopts the resolution.** An "Estimated Cost Worksheet" for projecting the cost for each eligible employee is provided in Attachment 3.

Equitable treatment of PERS members in a designated class or unit must be assured. Once the governing board and county superintendent of schools have taken action establishing the window period and designating the eligible class(es) or unit(s), all employees who meet the criteria must be granted the two years of additional service credit.

To implement this provision, the district must:

1. Immediately notify the county superintendent of schools of the Intent to Implement G.C. 20904, Two-Years Additional Service Credit (Attachment 1). No action should be taken until our office reviews the proposed dates to determine if they are in compliance with PERS regulations.
2. Adopt a board resolution (Attachment 2):
 - establishing the window period (must begin at least two weeks after adoption of the board resolution).
 - designating the eligible employee class(es) or unit(s).
 - disclosing the projected future annual cost on behalf of the county superintendent of schools.
3. Submit the certified board resolution and the projected future annual costs to the county superintendent of schools for final resolution.
4. Submit "Two Years Additional Service Credit" (Attachment 4) for all eligible employees upon retirement within the window period.

A \$10 PERS administrative fee will be charged for each participant. At the close of the designated window period, the district will be charged the total cost for all eligible retirees by fund transfer.

If you have any questions or if I can be of assistance in any way, contact me at the number listed above.

CN:lf

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Attachments

**INTENT TO IMPLEMENT G.C. 20904
PERS TWO-YEARS ADDITIONAL SERVICE CREDIT**

_____ School District

It is the intent of the district to implement the provisions of Government Code 20904 by establishing a window period from _____ to _____ for the following classification(s) of employees:

(Date)

(Date)

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____

(Attach additional pages as necessary.)

Retirements under this section will either:

1. Result in a net savings to the district; or
2. Result in an overall reduction in the work force of the organizational unit because of impending mandatory transfers, demotions, and layoffs that constitute at least 1 percent of the job classification as designated by the school district, resulting from the curtailment of, or change in the manner of, performing its service.

The governing board will take action to establish the window period, designate the eligible class(es) or unit(s) and disclose the future annual costs on behalf of the county superintendent of schools on

_____.
(Date)

Signature _____

Title _____

Date _____

Resolution No. _____
IMPLEMENTATION OF G.C. 20904
PERS TWO-YEARS ADDITIONAL SERVICE CREDIT

WHEREAS, the _____ School District hereby finds and declares that because of an impending curtailment of, or change in the manner of performing service, it is in the best interest of the District to encourage retirement of eligible employees under the provisions of Government Code Section 20904; and

WHEREAS, retirements under this section will either;

1. Result in a net savings to the district; or
2. Result in an overall reduction in the work force of the organizational unit because of impending mandatory transfers, demotions, and layoffs that constitute at least 1 percent of the job classification as designated by the school district, resulting from the curtailment of, or change in the manner of performing its service.

WHEREAS, the _____ School District therefore elects to become subject to Government Code Section 20904 and grant two years' additional service credit to eligible classified employees;

THEREFORE BE IT RESOLVED that the _____ School District intends to implement Government Code Section 20904 by establishing a window period from _____ to _____ for the following classification(s) of classified employees:
(Date) (Date)

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____

The projected future annual costs of this action have been disclosed at a public meeting on behalf of the county superintendent of schools.

Approved and adopted this _____ day of _____, 20_____.

Clerk of the Governing Board

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Employer Services Division
 Public Agency Contract Services
 (888) CalPERS (225-7377)

TWO YEARS ADDITIONAL SERVICE CREDIT
Section 20904

PROCEDURES FOR CALCULATION OF ESTIMATED EMPLOYER COST

For County School members, the cost of providing the two years additional service credit is calculated based on the member's annual reportable compensation and the appropriate cost factor based on the member's age at retirement date.

The employer cost may be estimated as follows:

1. Determine all individuals who meet the minimum eligibility for retirement and who are employed in the designated classification or organizational unit.
2. Determine the annual pay rate for each person. "Pay Rate" indicates that amount of compensation a member is paid for a full unit of time. Always use the member's FULL TIME pay rate.
3. Determine the age at retirement date for each person and locate the appropriate cost factor.
4. Multiply the annual pay rate by the cost factor.

2% @ 55 formula

<i>Ages</i>	<i>Cost Factor</i>
50-54	0.42
55-59	0.57
60-64	0.59
65+	0.54

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