

The Pension Trust

Carl Nelson, Executive Director
San Luis Obispo County Pension Trust (SLOCPT)
805/781-5465 www.SLOPensionTrust.org

What Level of Pay is My Pension Based On?

The SLO County Retirement Plan is a Defined Benefit pension that pays a monthly benefit for life. The pension is paid to those who reach “vested” status after attaining the equivalent of 5 years of service. Every hour up to 80 hours every pay period is counted towards your pension trust service credit (PTSC). Retirement eligibility starts at age 50 for Tiers 1 & 2 and at age 52 for Tier 3. The Benefit Formula for your pension is:

Pension Trust Service Credits (PTSC)

x **Final Average Compensation**

see below.

x **Retirement Factor**

*a percentage that is different for
Miscellaneous/Probation/Safety and Tiers 1, 2, and 3.
Based on your age at retirement, the Retirement Factor
increases with age.*

= **Basic (Unmodified) Pension
Benefit**

How is my Final Average Compensation calculated?

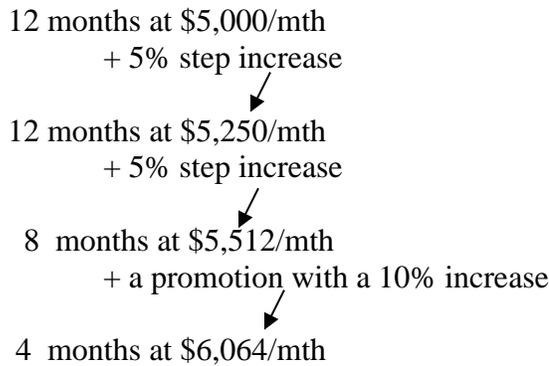
Your Final Average Compensation (FAC) is an important part of the pension benefit formula. The FAC is an average of the highest consecutive 12 or 36 months of pay.

- Tier 1 pension members - the FAC is the highest consecutive 12 months of pay.
- Tier 2 or 3 pension members - the FAC is the highest consecutive 36 months of pay.

Should I wait for my next pay increase before I retire?

Since your FAC for pension purposes is the highest consecutive 12 or 36 months, you may want to delay retiring until after your next pay raise if you are going to be in that rate of pay for many

months. Being at the higher rate of pay for only a month or so will not make a big difference in your pension. For example, a Tier 2 or 3 FAC might be calculated something like this:



Weighted average of the 36 months
= \$5,281/mth FAC

What if I take a less stressful job late in my career where my pay is lower?

Since your FAC for pension purposes is the **highest** consecutive 12 or 36 months of pay, if you move to a lower paying job later in your career, your pension will still be based on the highest pay level.

What elements of pay are part of the FAC calculation?

The SLO County retirement plan uses **the basic rate of pay** from the County salary schedule. FAC does not include overtime, shift differentials, uniform allowances, or other elements of pay outside of the basic rate of pay.

In the SLOCEA bargaining units the employer “picks up” a portion of the employee contribution rate for Tier 1 and 2 members, but that employer paid member contribution is not part of the FAC.

For some Bargaining Units – e.g., the unrepresented BUs of Operations and Staff Management and General Management – in the Tier 1 pension formula only; the “pick-up” of a portion of the employee pension contributions is included in the calculation of FAC. Of course, in those BUs where there is a FAC-included employer paid member contribution the employee pension contributions are based on pay plus the pick-up of contributions. Members in the Tier 2 pension formula may have an employer paid pick-up of a portion of their pension contributions, but it is not included in FAC for calculating their pension.

The Public Employee Pension Reform Act of 2012 (PEPRA) prohibits employer paid member contributions or pick-up for public employees hired after January 1, 2013 which is what applies to the SLOC County Retirement Plan in its Tier 3 benefit formula.

What if I am “Reciprocal” with another California public sector pension system?

If you leave SLO County to work for another California public sector employer under their pension system (such as CalPERS), outgoing “Reciprocal” status may apply if:

- ✓ Maximum 6-month break-in-service between retirement systems.
- ✓ No overlapping service between the two systems.
- ✓ Must leave your contributions on-deposit with the reciprocal system to maintain your right to a pension from that system (don’t cash out your account or retire from that system).
- ✓ You must apply for Reciprocity with each retirement system.
- ✓ Reciprocal Members must retire concurrently from all reciprocal systems.

If all the requirements for Reciprocity are met, SLOCPT would use the **highest FAC of your SLO County service or your other, reciprocal service in the new job**. This is a significant benefit if you make more money over the years in your new job.

Reciprocity works the same way if you are an incoming Reciprocal member where SLO County is where you end up.