

TABLE OF CONTENTS

Introductory

History of Retirement System.....	1
New Retirement Benefits.....	2
Retirement Tiers.....	3

General Information

Administration	4
Membership	4
Service before Membership	5
Credit for Previous Service.....	5
Contributions	6
Withdrawal of Contributions	6
Deferred Retirement.....	7
Reciprocity	7

Retirement

Qualifications to Retire for Service or Disability	8
Optional Retirement Allowance	9
Cost of Living Increases	10
County Employment after Retirement	10
Death before Retirement.....	10
Death benefit after Retirement	11
Social Security Integration	12

Calculating Retirement Allowance

How to Compute your Monthly Benefit.....	12
Social Security Reduction Chart.....	14
How to Calculate Cost for Enhanced Benefit & Comparison	15
Temporary Annuity	16

Charts

General Members' Contribution Rates	
Safety Probation Members' Contribution Rates	
Safety Members' Contribution Rates.....	
Allowance General Member Tiers 1 & 2, Section 31676.11.....	
Allowance General Member Tier 3, Section 31676.1.....	
Allowance General Member Tiers 1, 2 & 3, Section 31676.12.....	
Allowance Safety Probation Member, Section 31664	
Allowance Safety Member, Section 31664.2.....	

PREFACE

THE PURPOSE OF THIS BOOKLET IS TO PROVIDE MEMBERS WITH BASIC INFORMATION CONCERNING THE MENDOCINO COUNTY EMPLOYEES' RETIREMENT SYSTEM. INFORMATION PRESENTED IN THIS BOOKLET IS NECESSARILY CONDENSED AND SHOULD BE TREATED AS UNOFFICIAL.

BRIEF HISTORY OF THE COUNTY RETIREMENT SYSTEM

Mendocino County established its Retirement system under the COUNTY EMPLOYEES' RETIREMENT LAW OF 1937 on January 1, 1948. The Retirement System integrated with the Federal Insurance Contributions Act (FICA) on January 1, 1956.

September 1, 1969 The Board of Supervisors adopted a Resolution including Safety Membership in the system. Safety Members are those eligible and qualified employees whose principal duties consist of active law enforcement.

January 1, 1979 The Board of Supervisors rescinded the right for all employees hired after that date to purchase Military service time with Mendocino County Employees' Retirement System.

May 25, 1982 The Board of Supervisors passed Resolution #82-119, adopting Section 31672.1 which reduced minimum retirement age from 55 to age 50 with 10 years of service.

September 1, 1985 The Board of Supervisors adopted a Resolution allowing 100% of accrued sick leave to be counted toward service credit upon retirement. (Only applied when eligible to retire with 10 full years of service, age 50 and retiring immediately after terminating employment with Mendocino County).

January 1, 1987 The Board of Supervisors adopted a Resolution making all employee contributions into the retirement system tax deferred.

September 1, 1998 The Board of Supervisors adopted a Resolution declaring employees hired after that date will have no health insurance benefits upon retirement.

January 1, 2002 The Board of Supervisors passed a Resolution adopting Section 31676.12 that increased retirement benefits for Department Heads, Management, Management Exempt, and Confidential bargaining units.

October 1, 2003 The Board of Supervisors passed a Resolution adopting Section 31676.12 that increased retirement benefits for General Members in SEIU bargaining unit.

October 1, 2003 The Board of Supervisors passed a Resolution adopting Section 31664 which initiated Safety Retirement benefits for certain Probation Employees, including Probation Department Head and Management.

December 1, 2004 The Cemetery District passed a Resolution adopting Section 31676.12 that increased retirement benefits for its employees.

July 1, 2005 The Board of Supervisors passed a Resolution adopting section 31664.2 that increased retirement benefits for Deputy Sheriff's Association (DSA) and Mendocino County Law Enforcement Management Association (MCLEMA).

NEW RETIREMENT BENEFITS

The most recent agreements between the County of Mendocino and the various bargaining units representing active county employees include significantly improved retirement benefits. The ENHANCEMENTS are the biggest change to your retirement plan in more than 20 years. County service earned prior to the new benefit will remain at the old benefit level unless you choose to upgrade those years of service by purchasing the enhanced benefit (excluding Safety Probation and DSA/MCLEMA units). The changes are as follows:

<u>Bargaining Units</u>	<u>Effective Date</u>	<u>New Benefit</u>	<u>Old Benefit</u>
Elected Officials, Department Heads, Management, and Confidential employees:	January 1, 2002	2% @ 57	2% @ 60
General members (SEIU):	October 1, 2003	2% @ 57	2% @ 60
Safety Probation:	October 1, 2003	2% @ 50	2% @ 60
Cemetery District	December 1, 2004	2% @ 57	2% @ 60
Deputy Sheriff's Association / MCLEMA:	July 1, 2005	3% @ 55	2% @ 50

"BASIC BENEFIT COMPARISON", page 15, will explain how to calculate the cost to enhance your prior years of service. Also included are examples to determine whether or not it is beneficial to your individual situation. Once you have done an estimated calculation and are confident you wish to take advantage of the upgrade please call the Retirement Office for an appointment. You will be given the following options to purchase the Enhancement:

1. Pre-taxed payroll deduction contract (maximum 5-year contract).
2. Rollover from Deferred Compensation Accounts, IRA, 401K, or any other tax deferred funds you have set aside for retirement purposes. Federal and State tax laws allow the funds to be moved with no tax liability at this time.
3. Use personal funds (post taxed monies taken into consideration upon retirement).

RETIREMENT TIERS EXPLAINED

GENERAL MEMBER TIER 1:

July 1, 1972, Section 31462.1 of the Government Code “One Year Final Compensation” which utilizes the one highest consecutive year of compensation for retirement allowance calculations, and Section 31676.11 which made the retirement system a “fixed formula” plan were implemented by Resolution of the Board of Supervisors.

GENERAL MEMBER TIER 3:

July 1, 1984, Section 31676.1 was adopted along with Section 31462 that utilizes the average of the highest three consecutive years of final compensation for retirement allowance calculations.

Employees hired prior to July 1, 1984 remain in Tier I. Employees hired after July 1, 1984 enter the system as Tier 3 employees. The enhanced benefits referred to earlier in this booklet incorporates benefits enumerated under Section 31676.12 of the Government Code.

(Both Tier 1 and Tier 3 employees are covered by the benefits included in Section 31676.12)

SAFETY MEMBER TIER 1:

September 1, 1969, Section 31664 was adopted along with Section 31676.1 that utilizes the average of the one consecutive year of final compensation for retirement allowance calculations.

SAFETY MEMBER TIER 2:

June 1, 1982, Section 31664 was adopted along with Section 31676.11 which utilizes the average of the highest consecutive three years of compensation for retirement allowance calculations.

SAFETY PROBATION MEMBER TIER 1P:

October 1, 2003, Section 31664 was adopted along with Section 31676.11 that utilizes the average of the one consecutive year of final compensation for retirement allowance calculations.

SAFETY PROBATION MEMBER TIER 2P:

October 1, 2003, Section 31664 was adopted along with Section 31676.11 that utilizes the average of the highest consecutive three years of final compensation for retirement allowance calculations.

PLEASE REFER TO YOUR PAYCHECK STUB TO DETERMINE WHICH TIER YOU ARE IN AND KNOW WHAT BARGAINING UNIT DETERMINES YOUR BENEFIT LEVEL PRIOR TO REFERRING TO THE CHARTS IN THE BACK OF THIS BOOK.

GENERAL INFORMATION

ADMINISTRATION

Governed by the "County Employees' Retirement Law of 1937" as amended and set forth in Section 31450 at seq. of the Government Code, the system is managed by a nine member Board of Directors and. The membership of the Board consists of the following:

1. Mendocino County Treasurer (Ex-Officio);
2. Two members of the retirement system elected by the General Members;
3. One member elected by the Safety Members in the retirement system;
4. Four members appointed by the Board of Supervisors;
5. One member elected by the Retired Members of the retirement system.
6. One alternate member elected by the Retired Members of the retirement system.

Regular meetings of the Board of Retirement are held on the 3rd Wednesday of each month at 8:30 a.m. in the Retirement Office conference room at 625-B Kings Court, Ukiah. These meetings are open to the public.

MEMBERSHIP

In general, all persons employed by the county in positions established by the County Salary Ordinance become members of the system on the first day of the pay period following their entrance into county service.

Types of Membership

General (or Miscellaneous) Membership: All employees appointed to a permanent position of four-fifths (4/5) time, or more, in service of the County of Mendocino or in the service of a participating District, become members of the County Employees Retirement Association on the first day of the pay period following their entrance into County or District service.

Safety Membership: All employees appointed to a position in active law enforcement become safety members on the first day of the pay period following their entrance into County service.

Safety Probation Membership: All employees appointed to positions with specific job classifications within the Departments of Probation, Juvenile Hall, and Social Services.

Elected Official: Membership is optional for elected officials. Elected officers become members of the retirement association on the first day of the pay period following the filing of a declaration with the Board of Retirement to become a member.

Membership exclusions: 1) Employees who have passed their 60th birthday on the date of hire may opt-out with written notice to the Retirement Office; 2) Employees whose tenure is temporary, seasonal, intermittent, part time, provisional, or under contract for temporary service are excluded from membership; 3) Employees working less than 32 hours during the regular work week, or less than 64 hours in a pay period.

Member's Enrollment Affidavit and Beneficiary

Upon entering County service, employees are required to complete and submit a form called "Member's Enrollment Affidavit". This calls for the name, address, social security number, date of birth, beneficiary, etc. This affidavit must be submitted immediately upon employment with the County of Mendocino or special districts.

PLEASE KEEP YOUR BENEFICIARY DESIGNATION UP TO DATE! Death benefits are paid upon the death of a member and it is very important that the correct beneficiary is named on the enrollment card.

Service before Membership

A member who, prior to entrance into the retirement system, held a position in county service, the tenure of which was such as to exclude him/her from membership (extra help, part time, seasonal or temporary), shall have the right to receive credit for such service if he/she elects to pay for it, and thereafter pays in accordance with such election prior to retirement.

Credit for Previous Service

Redeposit of Funds: A member being re-employed by the County may redeposit accumulated contributions and interest that were previously withdrawn. Regular interest is charged from the date of separation on the total amount being redeposited. Redeposit may be made by lump sum, or by installment payments upon approval of the Board of Retirement. Whether the member makes such a redeposit or not, his rate of contributions shall be based on age at the time of reentrance into the system.

CONTRIBUTIONS

Contributions to the retirement system (normal contributions and cost-of-living contributions) are made by both the member and the County or District. The Rate of Contribution for a member is determined by their age at entrance into the system. The younger an employee is at the time of entrance the lower his/her contribution rate.

Mendocino County employees contribute between 8.14% and 12.46% for General Members and 10.50% and 16.36% (with a 6% subsidy) for Safety Members.

Contributions by the member are discontinued when 30 years of county service have been completed and the member has remained in membership continuously during the thirty years.

Rates of contributions are subject to change after an actuarial study is made by outside specialists and new rates are established based on the various factors, which govern the soundness of the system. A detailed study shall be made at least every three years.

The contribution rate of each member who is covered under Social Security is reduced by one-third with respect to the first \$350.00 of a member's salary.

Interest is credited to member accounts each June 30th and December 31st *when there are excess earnings to the fund.*

Please refer to the Contribution Rate charts on Pages 17, 18 and 19. (Remember, you must know what Tier and Bargaining Unit you belong to.)

Withdrawal of Retirement Contributions

When a member terminates from county service all retirement contributions plus accumulated interest may be withdrawn or rolled over to an Individual Retirement Account (IRA). All interest and all contributions made after January 1, 1987 actually withdrawn are subject to withholding for Federal Income Tax purposes equal to 20% of the amount withdrawn. [Pre January 1, 1987 contributions are not subject to the withholding requirements and cannot be rolled over to an IRA. Contact the Retirement Office for a more complete explanation of this requirement.

Per section 31628 of the Government Code the board may order payment in whole or in part withheld for a period not to exceed six months after the day of separation.

Withdrawal of contributions relinquishes all rights to retirement benefits, including Death Benefits and Disability Benefits.

Withdrawal of contributions prior to termination of employment is not allowed.

DEFERRED RETIREMENT

Members with five years of service credit who terminate county service may elect, within 180 days after separation, to leave accumulated contributions with the Retirement Association and take a deferred retirement to become effective upon the option of the member at any time 10 years or more after first becoming a member **and** after attaining age 50. A member may rescind his/her request for deferred retirement prior to the effective date of retirement and withdraw accumulated contributions, plus interest credited. In the event of the member's death before receiving a retirement allowance, his/her contributions with interest, would be paid to the member's beneficiary.

RECIPROCITY

Reciprocity is an agreement among public retirement systems to allow its member's movement from one public employer to another public employer, within California, without losing valuable retirement and related benefit rights. Reciprocal agreements apply to employees entering into county service and/or terminating county service.

Eligibility for Reciprocal Benefits with Other Retirement Systems

Upon termination with Mendocino County certain reciprocal benefits are available to members who accept employment with:

- (a) Another county under the 1937 County Employees' Retirement Law
- (b) State of California – Public Employees' Retirement system (CalPERS)
- (c) Any public agency that contracts for retirement coverage under the State of California Public Employees' Retirement System.

To take advantage of these provisions, the member must elect to leave Contributions on deposit with Mendocino County Retirement system and within 180 days (six months) enter another retirement system to which reciprocity provisions apply. The advantages of reciprocity are:

- ❖ In the new system, your age for determining your contributions will be the same as when you entered the Mendocino County Retirement System.
- ❖ Your time under the Mendocino County Retirement System will count toward your eligibility for service retirement, or for non-service connected disability retirement from the new system.
- ❖ Salary calculation

If you accept reciprocity you may not withdraw your contributions from Mendocino County Retirement System unless you separate your employment from the new system and withdraw your funds from it. Any member desiring to take advantage of these benefits should contact the Retirement Office prior to leaving Mendocino County service. It is necessary to sign an application and designate the agency where you are to be employed. The new retirement system must be notified, and in order to protect the member's interest, there should be no delay.

1937 Act County Systems to which reciprocity provisions apply (inclusive to districts affiliated with each county retirement system and the State Public Employees' Retirement System):

Alameda	Kern	Merced	San Diego	Sonoma
Contra Costa	Los Angeles	Orange	San Joaquin	Stanislaus
Fresno	Marin	Sacramento	San Mateo	Tulare
Imperial	Mendocino	San Bernardino	Santa Barbara	Ventura

QUALIFICATIONS TO RETIRE FOR SERVICE

General Members:

- ❖ You must be age 50, or older, and must have credit for ten or more years of service.
- ❖ Regardless of age, if you have retirement credit for 30 or more years of service.

Safety Members:

- ❖ You must be age 50, or older, and must have credit for 10 or more years of service.
- ❖ Regardless of age, if you have retirement credit for 20 or more years of service.

All accumulated (100%) Sick Leave Accruals will be added to your total service time if, and only if, you have the above requirements and retire immediately upon termination from employment with the County of Mendocino.

APPLICATION FOR SERVICE RETIREMENT

Application must be submitted to the Retirement Office not less than 30 days prior to the proposed retirement date. Remember, if you are reciprocal with another public retirement system you must retire from both systems on the same date. Contact the Retirement Office for an application.

DISABILITY RETIREMENT QUALIFICATIONS

Application for disability shall be made while the member is in service, within four months after discontinuance of service, or while from the date of discontinuance of service to the time of application he/she is continuously physically or mentally incapacitated to perform his/her duties.

Service-Connected Disability:

Members who are permanently incapacitated for the performance of their duties and whose incapacity is a result of injury or disease arising out of and in the course of their employment are eligible for a service-connected disability retirement allowance regardless of their age or length of service. Upon retirement for service-connected disability a member shall receive an allowance equal to one-half of his final compensation or regular service retirement allowance, whichever is greater. In case of the member's death after retirement for service-connected disability, the member's surviving spouse, if said spouse was named beneficiary, or minor children shall receive the same retirement allowance as the retired member had been receiving.

Non-service Connected Disability:

Members with 5 years of service, regardless of age, are eligible for a non-service-connected disability allowance provided the member is permanently incapacitated for performance of his/her duties. Upon retirement for non-service-connected disability, a member shall receive a monthly retirement allowance based on a disability formula or a service retirement allowance, whichever, is greater. In the case of a retired member's death, after retirement for non-service-connected disability, a surviving spouse or minor children may receive 60% of the allowance the retired member was receiving if the unmodified option was selected and said spouse was named beneficiary.

Permanent incapacity for performance of duty shall in all cases be determined by the Board of Retirement, per Section 31725 of the Government Code.

OPTIONAL RETIREMENT ALLOWANCE

Upon retirement a member may choose to have his/her monthly retirement allowance modified by the following provisions, which allow payments of varying amounts to certain beneficiaries to continue after the member's death:

Unmodified: Section 31760.1 of the Government Code

Upon the death of any member after retirement for Service or Non-Service-Connected Disability from a retirement system established in a county subject to the provisions of Section 31676.1, 60% of the retirement allowance, if not modified in accordance with one of the optional settlements specified in this article, shall be continued throughout the life of his/her surviving spouse (**if married at least one full year prior to the member's date of retirement**), if such spouse is designates as beneficiary.

If there is no surviving spouse entitled to an allowance hereunder or if he/she dies before every child of such deceased member attains the age of 18 year (21 if unmarried and in an accredited school), then the allowance which the surviving spouse would have received had he/she lived, shall be paid to his/her child or children under said age collectively, until every child dies or attains the ages specified above.

If at the death of any retired member there is no surviving spouse or minor children eligible for the 60% continuance provided in this section, and the total retirement allowance income received by the retiree during his/her lifetime did not equal or exceed his/her accumulated normal contributions, the designated beneficiary shall be paid an amount equal to the excess of the member's accumulated normal contributions over his/her total retirement allowance income.

Option No. 1: Section 31761 of the Government Code

Optional settlement 1 consists of the right to have a retirement allowance paid to him/her until his/her death and if he/she dies before receiving annuity payments equal to the amount of his/her accumulated contributions at retirement, to have the balance at death paid to his/her estate or to such person having an insurable interest in his/her life, as nominated by written designation duly executed and filed with the board.

Option No 2: Section 31762 of the Government Code

Optional settlement 2 consists of the right to have a retirement allowance paid him/her until death, and thereafter to such person, having an insurable interest in his/her life, as nominated by written designation duly executed and filed with the board at the time of retirement.

COST OF LIVING INCREASE AFTER RETIREMENT:

As of April 1st of each year an annual Cost-of-Living increase may be granted to Retirees. A maximum of 3% per year is given **provided there is a 3% increase in the Consumer Price Index prepared by the Bureau of Labor Statistics which apply to the Mendocino County Area.**

COUNTY EMPLOYMENT AFTER RETIREMENT

After retirement you may not be paid for service to the County or to a District under the County Retirement system except as provided for in Sections 31680, 31680.1 and 31680.2. Any questions concerning County or District employment after retirement should be directed to the Retirement Office.

DEATH BEFORE RETIREMENT

If death should occur before retirement of a member while in County service, a death benefit is paid consisting of the following:

1. The total contributions of the member plus interest, and
2. A contribution by the Retirement system equal to the average monthly salary of the member during the 12 months immediately preceding his/her death multiplied by the number of completed years of service, but not to exceed six months of such average salary.
3. Depending on the length of a member's service, a monthly allowance could be selected by the surviving spouse to be paid for the rest of the spouse's life, as an alternate benefit.

If a member dies who has completed at least 5 years of service in the retirement system and leaves a surviving spouse, such spouse may, in lieu of the basic death benefit mentioned above, elect to receive a monthly amount for life of 60% of the retirement allowance to which the member would have been entitled had he/she retired on the day of his/her death.

An unmarried minor child or minor children of the member may collectively continue to receive this allowance until marriage or attaining age 18 (age 21 is a full-time student in an accredited school), upon the death of the surviving spouse or in place of the spouse if there is none.

If a member dies as a result of a service-connected injury or a disease arising out of and in the course of employment, the surviving spouse may elect, in lieu of the basic death benefit, to receive a monthly allowance of one half of the member's final compensation. Unmarried minor children of the member may collectively receive the same monthly allowance prior to their marriage or attaining age 18 (age 21 if a full-time student in an accredited school) if there is no surviving spouse or upon the death of the spouse.

DEATH BENEFIT AFTER RETIREMENT

If the retired member elected an unmodified retirement, the surviving spouse, upon the death of the retired member will receive for life 60% of the monthly allowance the deceased member was receiving. In order to be eligible for this benefit, the spouse must have been designated as beneficiary **and have been married to the member one year prior to the member's retirement.** Unmarried minor children, in the absence of a surviving spouse, may receive this same benefit until marriage, or attaining age 18, whichever comes first. If the retired member selected option 1, 2 or 3, there will be certain benefits due the named beneficiaries.

Remember it is very important that you notify the Retirement Office, without delay, in the case of a deceased Active or Retired Member.

ADDED BENEFIT FOR SAFETY MEMBERS (SECTION 31787.6)

The surviving spouse of a safety member who is killed in the performance of duty or who dies as a result of an accident caused by external violence or physical force, incurred in the performance of duty shall be paid the following amount in addition to all other benefits provided by this chapter:

- ❖ A one-time lump sum benefit equal to an amount provided from contributions by the county or district equal to the annual compensation earnable by the deceased at the safety member's monthly rate of compensation at the time of death.
- ❖ If a Safety member is killed in the performance of duty or dies as the result of an accident or injury caused by external violence or physical force incurred in the performance of duty, and the member's spouse is entitled to an allowance under section 31787.5 an additional amount is payable for each of the member's children during their lifetime or until the child marries or reaches the age of 18 years, as follows:
 - (a) One child-25% of allowance provided in section 31787 and 31787.5
 - (b) Two children-40%
 - (c) Three or more children-50%

SOCIAL SECURITY

Mendocino County Retirement System became integrated with the Social Security program on January 1, 1956. All county employees who are eligible are covered by the Retirement system benefits as well as old age, survivors, and disability benefits provided by the Social Security Act.

The integration process is accomplished by reducing the amount you pay into the Retirement System slightly to compensate for what you pay into Social Security.

Questions concerning eligibility for these benefits should be directed to the nearest Social Security Office.

FEDERAL AND STATE INCOME TAX STATUS

All or a portion of your service retirement allowance is taxable under both Federal and California income tax laws. The Retirement Association uses the "Safe Harbor Method" of determining the taxable portion of the retirement benefit. You will be advised of this amount at the time of your retirement. For further information on the tax status of your service retirement or your disability retirement allowance you should contact the United State Internal Revenue Service or the California State Franchise Tax Board.

HOW TO COMPUTE YOUR NORMAL RETIREMENT ALLOWANCE ESTIMATE COORDINATED WITH SOCIAL SECURITY

Members of the Mendocino County Employees' Retirement Association are covered by Social Security, and therefore receive an adjusted service retirement allowance from the Retirement Association. The adjustment is dependent on your age at retirement and the number of years of Social Security coverage you have in the County or District. You may be eligible to receive Social Security benefits beginning at age 62 in addition to a retirement allowance from the Retirement Association. An estimate of the adjusted retirement allowance from the Retirement Association may be computed as follows:

First determine your "Final Salary Compensation".

TIER 1: Add your highest **26 consecutive** biweekly pay periods (not necessarily the final but the highest) and divide the sum by 12.

TIER 3: Add your highest **78 consecutive** biweekly pay periods (not necessarily the final but the highest) and divide the sum by 36.

After computing your average monthly salary, find the percentage that applies to your age and years of service at retirement as shown on the charts on the following pages. **Be sure to use the correct chart for your Tier.** Also note, there are separate charts for General Member and Safety Members.

**REDUCTION FACTORS FOR RETIREMENT ALLOWANCE OF MEMBERS
COVERED UNDER SOCIAL SECURITY**

<u>AGE AT RETIREMENT</u>	<u>GENERAL MEMBER REDUCTION</u>	<u>SAFETY MEMBER REDUCTION</u>
50	1.45%	2.33%
51	1.53%	2.45%
52	1.62%	2.58%
53	1.72%	2.58%
54	1.83%	2.58%
55	1.94%	3.06%
56	2.03%	3.06%
57	2.15%	3.06%
58	2.27%	3.06%
59	2.40%	3.06%
60	2.55%	3.06%
61	2.65%	3.06%
62	2.75%	3.06%
63	2.85%	3.06%
64	2.95%	3.06%
65 & OVER	3.05%	3.06%

**MULTIPLY THE ABOVE AMOUNTS BY YEARS OF SERVICE TO ARRIVE AT
REDUCTION FIGURE MENTIONED ON PREVIOUS PAGE.**

**HOW TO CALCULATE COST FOR ENHANCEMENT
AND
A BASIC BENEFIT COMPARISON**

Example for Tier 1 Employee:

An employee is 60 years of age and has worked for the County for 25 years. His/her bi-weekly salary has been \$1,000 for 26 consecutive pay periods.

$\$1,000 \times 26 \text{ pp} = \$26,000$ (annual salary) \times ***1.41%** = $\$366.60 \times 25 \text{ yrs} =$ **\$9,165 Cost to Employee for Enhanced Benefit.**

Enhanced Benefit: $\$26,000$ divided by 12 months = $\$2,166.67 \times 58.54\%$ (refer to chart) = $\$1,268.37$ less $\$63.75$ (Social Security Reduction) = $\$1,204.80$ Monthly Retirement Allowance.

Old Benefit: $\$26,000$ divided by 12 months = $\$2,166.67 \times 54.55\%$ (refer to chart) = $\$1,181.92$ less $\$63.75$ (Social Security Reduction) = $\$1,118.17$ Monthly Retirement Allowance.

Comparison: With the additional monthly benefit of $\$86.63$ the employee would recoup the cost of the enhancement, $\$9,165.00$, in approximately 7 year 8 months post retirement.

Example for Tier 3 Employee:

An employee is 55 years of age and has worked for the County for 10 years. His/her bi-weekly salary has averaged \$1,000 for 78 consecutive pay periods.

$\$1,000 \times 26 \text{ pp} = \$26,000$ (annual salary) \times ***2.88%** = $\$748.80 \times 10 \text{ yrs} =$ **\$7,488.00 Cost to Employee for Enhanced Benefit**

Enhanced Benefit: $\$26,000$ divided by 12 months = $\$2,166.67 \times 17.7\%$ (refer to chart) = $\$383.50$ less $\$19.50$ (Social Security Reduction) = $\$364.00$ Monthly Retirement Allowance.

Old Benefit: $\$26,000$ divided by 12 months = $\$2,166.67 \times 14.92\%$ (refer to chart) = $\$323.27$ less $\$19.40$ (Social Security Reduction) = $\$303.87$ Monthly Retirement Allowance.

Comparison: With the additional monthly benefit of $\$60.13$ this employee would recoup the cost of the enhancement, $\$7,488.00$ in approximately 9 years post retirement.

*** Please note: The percentages used to calculate the Enhancement are determined by the Actuary in order to balance the benefit levels between Tier 1 and Tier 3. The percentages used in the above examples are for the period of July 1, 2007 through July 1, 2008. Percentages will increase slightly every July 1st.**

TEMPORARY ANNUITY (Section 31810)

If you are fully insured under Social Security and you wish to retire earlier than age 62, you may receive additional income from the Mendocino County Retirement System until age 62 when your Social Security will become effective. To provide this coverage the county will increase your allowance by a certain actuarial equivalent value until age 62. At age 62, when you receive benefits from Social Security, your county allowance will be reduced.

CONFIDENTIALITY

The Retirement Law makes your individual retirement record confidential, and it can be disclosed only:

- 1) To you or someone you authorize in writing.
- 2) Upon an order by the courts.
- 3) In the administration of the law.