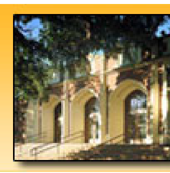
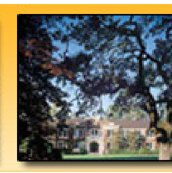
AFA santa rosa junior college
All Faculty Association
AFA is working for you.
The strength of faculty working together.





UPDATE

September 11, 2009 | www.santarosa.edu/afa | (707) 527-4731

It's Okay . . .Take the Step Towards Retirement

Seventy-five percent of the SRJC faculty — yes, fully three quarters — will be eligible for retirement in the next two years. This is probably why so many people are talking about retirement, the various options, the potential problems with the California State Teachers Retirement System (CalSTRS), the Social Security Windfall Act, tax-sheltered annuities, and the portability of health insurance. As the state budget problems take on greater significance, AFA receives more and more questions about two important options — the Early Retirement Option (ERO) and the Pre-retirement Reduction in Workload (also known as The Willie Brown Act). These are extremely valuable and beneficial options for those considering their future retirement, but many faculty members have expressed some confusion about how they work and the difference between the two options.

Early Retirement Option Application Due Oct. 1

Application and agreement forms are available by request from the Human Resources Department. If you plan to retire at the end of the 2009-10 academic year, the forms must be completed and returned to Human Resources no later than Thursday, October 1, 2009. If you have further questions, contact Louise Burke in the Human Resources Department at ext. 4304 or the AFA office at ext. 4731.

The Early Retirement Option (ERO) — Another Kind of Golden Handshake

What is it?

In 1990 AFA negotiated the Early Retirement Option, also known as the ERO — an option that many community college districts regard with great envy. Essentially Article 24.01 allows a regular faculty member to retire at a minimum of age fifty-five (55) and the District will pay for the same medical/dental benefit package that currently employed full-time faculty receive, until the retiree reaches age sixty-five (65).

Upon reaching the age of 65, the retiree would then be eligible for a monthly medical/dental stipend (currently, $84 for the retiree only and $136.50 for the retiree and spouse or dependents).

An alternative to receiving these benefits would be a monthly payment option equal to the cost of the premiums that would otherwise be paid for medical and dental benefits.

Depending on the age at which an individual retires, this ERO benefit can total as much as $120,000 over a ten-year period; the amount of the unfunded liability must be calculated and set aside in a special reserve fund (GASB). This fund will be used to pay for this on-going future liability and may not be used by the District for any other expenses. This is why faculty must apply and be approved by the board of trustees in order to receive this potentially costly benefit.

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Take the Step *(cont. from page 1)*

Who is eligible?

The requirements for eligibility are outlined in Article 24.01.B of the AFA Contract, but here is a summary:

- Regular faculty who have completed the equivalent of a minimum of fifteen (15) years of full-time employment with the District, five (5) of which must have been as a regular faculty member;
- Fifty-five (55) or a maximum of sixty-four (64) years of age on, or before, June 30 of the final year of service (or January 31 in the event of a mid-year retirement);
- Satisfactory completion and submission of the necessary *Early Retirement Application and Agreement Forms* by the applicable deadline.

Can I work someplace else?

The simple answer is "yes, you can" but, if you become re-employed, some serious restrictions might apply. For example, if the early retiree subsequently becomes employed elsewhere, the benefits provided by the Sonoma County Junior College District under the ERO provisions become secondary to those provided by the new employer.

Retirement Workshops

Presentation and Q & A
by Ken Jones, local CalSTRS
Regional Benefits Counselor

Friday, October 2, 2009, 1:30 – 3 pm
SR Campus, Doyle Library, Rm #4245
First Floor, Media Room #1

Thursday, October 15, 2009, 4 – 5:30 pm
SR Campus, Doyle Library, Rm #4245
First Floor, Media Room #1

Both sessions are open to all faculty and both will be videoconferenced to Mahoney Library, Room #726

Approved for 1½ hours of Flex credit

Seating is limited. For more information or to register, contact
Candy Shell in the AFA office at
535-3766 or cshell@santarosa.edu

Sponsored by AFA

What about my benefits?

Should the early retiree terminate his/her medical/dental benefits package with the District in order to use the stipend elsewhere, the District cannot guarantee that the early retiree will be reinstated by the insurance carrier under SRJC group coverage currently provided to the currently employed faculty. For instance, if you moved to Arizona and were insured under another carrier, and subsequently moved back to California, the District could not guarantee your approval for any currently existing SRJC health plans.

What should I do?

If you are interested in taking advantage of this option, you must contact Louise Burke in Human Resources at ext. 4304. The deadline for each academic year is the first work day of October, and mid-year retirees must apply in the first week of the fall semester. <u>In special cases, exceptions to these deadlines can be made, but the final decision lies with the superintendent/president and the board of trustees.</u>

A detailed description of this retirement program is located in Article 24 of the AFA/District Contract, which can be found on the AFA Web site at: www.santarosa.edu/afa/.

(See Pre-retirement Reduction in Workload — Easing Into Retirement on page 3)

Pre-retirement Reduction in Workload — Easing Into Retirement

When we have discussions about retirement, we realize that many faculty have confused the ERO with the Pre-retirement Reduction in Workload Program. They are two entirely different programs which provide very different benefits to the faculty member. The pre-retirement reduction allows eligible faculty to make a contract with the District to reduce his/her workload assignment to a specified percentage and for a specific period of up to ten (10) years. Other requirements under Education Code Section 87483 are:

- Age 55;
- Employment on a full-time basis performing creditable service subject to coverage under the CalSTRS Defined Benefit Program, with a minimum of 10 years of credited service, of which the immediately preceding five years were full-time employment without a break in service (sabbatical or other approved leaves of absence do not constitute a break in service);
- The option of the reduced load shall be exercised by the employee, but can only be revoked with mutual consent of the employee and the District;
- Load and pro-rata salary of 50% or more at the election of the employee;
- Benefits to be paid by the employer;
- The period of reduced load shall not exceed the employee's 70th birthday.

Essentially the individual would choose a period of up to 10 years and designate a pro-rata load. Some faculty believe that this means 50%, but each individual may choose the percentage of load/income between 50 and 100% s/he desires. With a 50% load many faculty choose to work only one semester out of the academic year, but others have chosen 60% or 70% as a way to gauge the feasibility of actual retirement. Choosing a 60% load would mean working any load combination that averages 60% over the academic year. (e.g., 80% in the fall and 40% in the spring, or 60% in both semesters).

Another area of confusion is about payment of benefits. Should you choose this pre-retirement reduction, you will be required to contribute to CalSTRS as if you were working a 100% load, and the District will continue to pay their full contribution. The District will also fully pay the premiums for your medical, dental, and vision benefits. The great advantage is

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CalSTRS Longevity Bonus Provision Sunsets 12/31/10

CalSTRS Defined Benefit Plan members who retire on or after January 1, 2001, and accumulate 30 or more years of service credit **prior to January 1, 2011,** are eligible to receive an increase in their monthly retirement allowance ($200/mo. for 30 years of service, $300/mo. for 31 years of service, or $400/mo. for 32 or more years of service). One's ability to qualify for these ongoing bonuses will end on December 31, 2010, due to the "sunsetting" of Ed. Code §24203.6. In order to redeposit or purchase permissive service credit to qualify for a longevity bonus, **the purchase must be paid in full by December 31, 2010.** For more details, log onto www.calstrs.com or call CalSTRS at 1 (800) 228-5453.

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Take the Step *(cont. from page 3)*

that during this period of reduced workload, you will be accruing 100% of credit toward your CalSTRS years of service, while receiving fully paid health benefits. Many of our colleagues have worked this pre-retirement reduced load until they reached the magic 25 or 30-year mark where CalSTRS incentives are so important. (See box on page 3 for important information regarding the sunsetting of CalSTRS longevity bonus provisions.)

If you have questions or would like to request a packet of materials (including application and agreement forms), contact Louise Burke in Human Resources at ext. 4304 or lburke@santarosa.edu.

Planning Ahead

In looking toward retirement, you can actually choose either or both of these options depending on your length of service in the District and years of service in CalSTRS. Those decisions are yours to make, but be sure that you consult with a CalSTRS counselor and your tax advisor before you forge ahead. We recommend that you make an individual telephone appointment with a CalSTRS counselor in Sacramento by calling (800) 228-5453. They will set up an hour-long teleconference to discuss your situation—you may choose the location (home, office, or anywhere else) and time that works best for you. Or, you could make an appointment with a counselor at a CalSTRS regional office. The Santa Rosa CalSTRS office, which is located in the Sonoma County Office of Education building on Skylane Blvd., can be reached by calling 524-2627.