

**Initiative A2.** Adjunct faculty should have the option of Social Security as a retirement benefit program. (Restrictions apply.)

A. Yes      B. No

## Background

Adjunct faculty members currently have a choice of three retirement plans: the California State Teachers Retirement System (CalSTRS) Defined Benefit (DB) Plan, the CalSTRS Cash Balance (CB) Plan, and a District-provided 403(b) retirement plan administered by Fidelity Investments. The District is only compelled to offer one retirement plan as an alternative to the CalSTRS DB Plan, which the District must offer by law. Recent legislation allows participants in the CalSTRS CB Plan to opt for Social Security in lieu of the CB Plan **if** the District offers Social Security as an option. However since it currently is not offered, this is not an option at SRJC.

In 1990, a federal law mandated Social Security coverage for part-time and temporary state and local government employees unless they were covered by an alternative plan. (Prior to 1990, a retirement plan was not mandated for adjunct faculty and the only option available to elect was the CalSTRS DB Plan.) After 1990, Social Security and an alternative plan were mutually exclusive — if a government employer selected Social Security, no private plan could be offered and the decision was irrevocable; however, if employers selected a private plan, they could later switch to Social Security. In response to this 1990 law, AFA sent out a survey to adjunct faculty members soliciting their preferences for Social Security or an alternative retirement plan. A majority of responses to the survey indicated a preference for an alternative plan. Following the survey results, AFA negotiated with the District to offer an alternative retirement plan provided by Fidelity Investments, effective January 1, 1992.

Periodically since that time, adjunct faculty members have expressed interest in having Social Security as a retirement plan option with the District. As a result of the incorporation of Senate Bill 1466 into law, the state Education Code has been modified to allow employers who offer the CalSTRS CB Plan to negotiate Social Security as a retirement program in order to allow their CB participants to opt out of CB and elect Social Security coverage.

NOTE: It is not within the scope of this summary to explain each of the retirement options. See the references below for more information.

## The issue

The Windfall Elimination Provision (WEP) is federal law that affects benefit levels for Social Security recipients who are also vested in other retirement plans. Because of the complexity of retirement issues, AFA suggests that faculty consult with an STRS counselor and a tax professional to ascertain the potential benefits of one retirement program over another. AFA cannot give financial advice; however, there are some important things to consider in voting on this question.

Some adjunct faculty members on the Cash Balance Plan may simply find Social Security a more attractive option after comparing retirement benefits from both plans. New faculty members may prefer to have the choice of Social Security over the current options as a matter of personal preference. Social Security offers a lifetime pension. Social Security costs the District 6.2% of payroll as compared to 4% and results in a larger deduction from paychecks (i.e. less take home pay).

A YES VOTE: If a majority of adjunct faculty members vote for Option *A*, the AFA Executive Council will direct the AFA Negotiating Team to explore with the District the possibility of offering Social Security as a retirement plan option to part-time faculty currently enrolled in the CalSTRS Cash Balance Plan. The AFA Negotiating Team will explore the legal and financial implications of offering Social Security to all adjunct faculty members.

A NO VOTE: If a majority of adjunct faculty members vote for Option *B*, the AFA Negotiating Team and the District will not discuss this option during negotiations; however, it could be revisited in the future.

## References

[www.santarosa.edu/afa/adj\\_retirementbenes.shtml](http://www.santarosa.edu/afa/adj_retirementbenes.shtml)

[www.santarosa.edu/afa/Contract/Articles/art24.pdf](http://www.santarosa.edu/afa/Contract/Articles/art24.pdf)

[www.santarosa.edu/afa/Contract/MOU/mou\\_24\\_retirement.pdf](http://www.santarosa.edu/afa/Contract/MOU/mou_24_retirement.pdf)

[www.santarosa.edu/afa/Misc/SS-CalSTRS\\_Empl\\_Dir\\_2008-01.pdf](http://www.santarosa.edu/afa/Misc/SS-CalSTRS_Empl_Dir_2008-01.pdf)

[www.santarosa.edu/afa/Misc/SS-sb\\_1466\\_bill\\_092609.pdf](http://www.santarosa.edu/afa/Misc/SS-sb_1466_bill_092609.pdf)

[www.santarosa.edu/afa/Misc/SS-Ed\\_Code\\_26400.pdf](http://www.santarosa.edu/afa/Misc/SS-Ed_Code_26400.pdf)

## Discussion

Read the comments of your colleagues at [www.santarosa.edu/afa/Fa09Referendum.shtml](http://www.santarosa.edu/afa/Fa09Referendum.shtml)

You may contribute to this discussion by emailing your comments to [afa@santarosa.edu](mailto:afa@santarosa.edu) using your College email and *SUBJECT: Referendum*.