Golden Handshake Legislation in 1993
Issues for the Legislature's Consideration

How Can the Legislature Structure Golden Handshake Programs to Best Achieve the Goal of Reducing Government Work Forces Cost-Effectively While Also Minimizing Layoffs?

SUMMARY

The Legislature is considering legislation that would enhance early retirement incentives, otherwise known as "golden handshakes." In this document, we review concepts, current law, and pending legislation regarding golden handshakes. If the Legislature concludes that additional golden handshake authority is needed, we believe the Legislature should consider the steps outlined below as ways to assure accomplishing its policy goals. These suggestions are *preliminary* in nature.

Tailoring the Handshake to Fit the Need. We suggest that the Legislature authorize the Governor (and similar authorities at other levels of government) to designate the departments, programs, and position classifications that would be eligible for a handshake. These provisions exist in current golden handshake law but are absent from pending legislation. Also, in order to avoid giving more in benefits than is necessary to induce early retirements, the Governor and other appropriate authorities should have the flexibility to offer a handshake that is up to a maximum benefit offer that would be specified in the legislation.

Appropriate Periods for Financing Increased Retirement Benefits. We suggest that the Legislature consider setting a maximum period of four years for financing payments for enhanced benefits.

Assuring That Anticipated Savings Occur. We suggest that the Legislature consider creating specific incentives through the budget process to hold agencies and managers accountable for their golden handshake and subsequent personnel decisions.

Providing for a Record on Which to Judge Program Success. We suggest that the Legislature consider providing for a post-audit of any golden handshake program authorized for state government.

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INTRODUCTION

Over the next several months state and local governments in California will have to implement significant budget reductions occasioned by the 1993 Budget Act, related "trailer" legislation, and continued weakness in economic conditions. In many cases, governments will not be able to achieve necessary savings without reducing the numbers of persons they employ. One way to make these reductions, while minimizing the need to lay off employees, is through the use of incentives to induce employees to retire earlier, sometimes called "golden handshakes."

Authority exists under current law for most government entities in the state to grant early retirement incentives. In the present economic environment, however, these incentives might not be generous enough to induce adequate early retirement to obviate the use of layoffs. The Legislature therefore is considering legislation that would enhance early retirement incentives.

HOW GOLDEN HANDSHAKES MAY ACHIEVE SAVINGS

In theory, golden handshake programs generate savings along the following basic lines. By inducing workers to retire, vacant positions are created. If left vacant, the employer saves the full amount of salaries and benefits that otherwise would have been paid to the workers who retired under the golden handshake. If, instead, the vacated positions are refilled, the new employees presumably have less seniority and therefore are compensated at lower salaries and benefits. A portion of the savings that accrue from this process are needed to fund the increased retirement benefits (which can be paid to the retirement system either in a lump sum or, with interest, over time). An additional portion is needed to meet related costs such as retirees' health care benefits. The remaining savings are needed to help the employer meet reduced budgets.

In theory, the generation of savings from golden handshakes seems straightforward. In practice, however, there is no guarantee that actual savings will be adequate to meet budget reduction targets. Indeed,

there is no guarantee that actual savings will be adequate to pay the increased retirement benefits. In the latter case, not only would a golden handshake fail to achieve needed budgetary savings, it would actually *increase* the employer's costs. As we discuss later, there are steps which can be taken to assure that desired savings are realized.

CURRENT LAW

Existing state law authorizes various early retirement incentives for state and local government employees. In addition, the Regents of the University of California (UC), under their constitutional authority, have authorized golden handshakes for UC employees. These provisions are described below and summarized in Figure 1 (enclosed).

State Government (PERS Members)

Existing law authorizes state departments and agencies to provide *two years of additional service credit* for state employees who are eligible for service retirement. For a typical 60-year-old employee with 30 years of service credit, for example, the additional two years credit would boost the employees' monthly retirement benefit by 6.7 percent above what otherwise would have been received if the employee retired now. (Please refer to Figures 2 and 3 for an illustration.)

Before this incentive can be granted, the Governor must issue an executive order that determines that the best interests of the state would be served by encouraging the retirement of state employees and that sufficient economies could be realized to offset any cost to state agencies resulting from the enhanced retirement benefits. Each department's proposal is subject to approval by the Department of Finance following a 30-day notification to designated committees of the Legislature. Finally, each department must transmit to the Public Employees' Retirement System (PERS) an amount of funds adequate to make up the actuarially determined difference in retirement benefits, in a manner and time period mutually acceptable to the employer and the PERS board.

Local Government, Schools, and Community Colleges

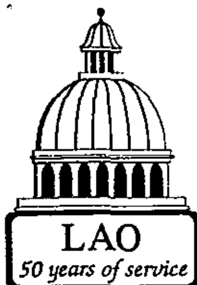
A total of 36 counties, 416 cities, and 746 nonschool public agencies contract with the PERS for employee retirement benefits. Current law authorizes contracting agencies to request that the PERS provide *up to two years* of additional service credit for eligible employees. Similar authority is provided under state law for eligible school and community college employees who are PERS members (nonteaching employees). Two years of additional service credit is available under specified conditions to eligible school and community college employees who are members of the State Teachers' Retirement System (STRS).

California State University

California State University (CSU) employees fall under provisions described above for state employees. Chapter 450, Statutes of 1992 (AB 1522, Campbell), however, provided *up to four years* of additional service credit to CSU faculty who were part of state Bargaining Unit No. 3 and who retired between August 15 and October 3, 1992. A total of 1,072 faculty members, or 17 percent of those eligible, retired under this offer. The provisions of Chapter 450 sunsetted on June 30, 1993, by its own construction.

University of California

The UC Regents authorized golden handshakes in 1990 and in 1992 for faculty and nonfaculty employees, each time providing five years of additional service credit. A total of 6,689 employees, or 38 percent of those eligible, took advantage of these offers. At their June 1993 meeting, the Regents approved a new golden handshake for faculty and nonfaculty employees that provides *five years of service credit and three years of age credit*. This offer also includes a "transition assistance payment" equal to three months of wages/salaries. The UC expects about 40 percent of eligible employees, or approximately 6,140 employees, to retire under this offer.



PENDING LEGISLATION

Four golden handshake bills are currently before the Legislature, as described below and as summarized in Figures 4, 5, and 7 (enclosed).

AB 1470 (Cannella)

As amended August 17, 1993, this bill is an urgency measure that would provide, as specified, a so-called "three plus three" benefit enhancement—three years of additional service credit and three years of additional age for purposes of calculating retirement benefits. For example, a 60-year-old employee with 30 years of service credit would receive a retirement benefit calculated as if the employee were 63 years old with 33 years of credit. For a typical state PERS member, this change would provide a monthly retirement benefit 33 percent higher than otherwise would have been provided if the employee retired now. (Please refer to Figures 2 and 3 for an illustration.)

State Government. Upon the signing of an executive order by the Governor, state departments and agencies (including the Legislature and the judicial branch) would be *required* to grant the "three plus three" enhancement to *all* employees who are PERS members and who otherwise are eligible for retirement, provided employees retire before January 1, 1994.

School and Community College Districts. For PERS members, the bill authorizes county superintendents of schools to elect to designate the job classifications and the school or community college districts eligible to receive the "three plus three" enhancement. Eligible employees must retire before July 1, 1994.

Local Governments. The bill authorizes *up to* three years of service credit and *up to* three years of additional age for employees of (1) local agencies that contract with the PERS and (2) counties with retirement systems governed by the County Employees Retirement Law of 1937. If a governing body opts to grant the additional service credit and age credit, it must do so for all employees who retire during the window

period. Window periods vary but in all cases employees must retire before July 1, 1994 to qualify.

Provisions for Financing Retirement Benefits. AB 1470 treats the financing of enhanced retirement benefits in different ways, depending on the affected employer and retirement system. These differences are summarized below:

- *State, School, and Community College PERS Members.* The increased retirement costs are payable to the PERS according to a schedule mutually acceptable to the employer and the PERS board, but not to exceed five years, *commencing July 1, 1996.*

- *State STRS Members.* The increased retirement costs are payable to the STRS according to a schedule mutually acceptable to the state and the STRS board, but not to exceed four years.

- *Local Government PERS Members.* The bill is silent regarding how the costs are to be paid. Presumably, this would be worked out via contract amendments between local agencies and the PERS.

- *County Retirement Systems.* The increased retirement costs would be paid through transfers of county funds to county retirement accounts in a manner and time period mutually acceptable to the county and the county retirement board.

AB 449 (Horcher)

As amended July 2, 1993, this bill would authorize school districts, community college districts, and county superintendents of schools to elect a new early retirement option for employees who are STRS members. Under this option, members could retire between the ages of 50 and 60 without incurring a reduction in the factor used to calculate the retirement allowance, provided that the combined member's age

and years of service credit equals or exceeds 85. (This provision sometimes is referred to as the "Rule of 85.")

Under current law, STRS members may retire at age 60 and receive a pension based on a retirement factor of 2 percent times the years of service credit. Under specified conditions, members may retire between the ages of 50 and 60, but receive a pension based on a retirement factor that is reduced for each month of age under 60 years. Figure 5 illustrates some examples of the effect of AB 449. Figure 6 shows existing STRS retirement factors for all ages.

The bill requires districts or county superintendents that elect the new early retirement option to pay the STRS for increased retirement benefits in a manner and time period acceptable to the STRS board.

The bill's early retirement provisions would sunset on January 1, 1997.

SB 107 (Hughes)

As amended July 12, 1993, this bill repeals the sunset of provisions of law that authorize school districts and community colleges to request the STRS to grant two years of additional service credit to retiring employees. Under existing law, these provisions sunset on January 1, 1994.

SB 501 (Beverly)

As amended July 16, 1993, this bill is an urgency measure that would authorize *up to* four years of additional service credit for employees of (1) public agencies that contract with the PERS and (2) the 20 counties with retirement systems governed by the County Employees Retirement Law of 1937. For these employees, the bill's other provisions also differ substantially from those described above for AB 1470.

For a typical local agency member of PERS, age 60, with 30 years of service, the additional four years of service credit would provide a

monthly retirement benefit 13 percent higher than otherwise would have been received if the employee retired now.

Provisions for Financing Retirement Benefits. The bill provides for contracting agencies to pay the PERS for increased retirement benefits in a manner and time period acceptable to the agency and the PERS board. The bill has the same provision for "37 Act" counties, except that the payment period may not exceed five years.

PRINCIPLES FOR SUCCESSFUL HANDSHAKES

What the Legislature Should Consider in Handshake Legislation

If the Legislature concludes that additional golden handshake authority is needed, we believe the Legislature can improve the prospects for cost-effective handshake programs by adopting legislation that is consistent with the principles outlined below.

Economy and Flexibility—Tailoring the Handshake to Fit the Need

There are major uncertainties inherent in the implementation of golden handshake programs that can frustrate the programs' purposes. For example, if too many eligible employees accept a handshake offer, anticipated savings can turn into unaffordable costs and essential programs can be disrupted. The same can result from the inevitable differences in circumstances that exist between, and even within, organizational units. For example, employees might retire from program areas where a work force reduction is not desired, or from other key positions that cannot be left vacant even for short periods of time.

For these reasons, it is important that authorizing legislation allow the handshakes to be tailored to fit the need. Specifically, we think the Legislature should consider authorizing the Governor (and similar authorities at other levels of government) to designate the departments, programs, and position classifications that would be eligible for a handshake. These provisions exist in current law but are not consistently included in pending legislation. Also, in order to avoid giving

more benefits than necessary to induce early retirements, the Governor and other appropriate authorities should have the flexibility to offer a handshake that is up to a maximum benefit offer that would be specified in the legislation.

Economy and Accountability—Appropriate Periods for Financing Increased Retirement Benefits

The time period chosen to finance the increased costs imposed on retirement systems by the golden handshake's benefit enhancements is of major importance. Too short a period may pose cash-flow problems. Too long a period, however, can increase total interest costs and inappropriately impose costs on future taxpayers. Too long a financing period can give an *illusion* of affordability by spreading payments over so many years that the initial payments appear low. Moreover, shifting payments too far into the future can break the link of accountability that should be required of those who are making decisions *today* to implement handshakes.

As a rule of thumb, we believe the period chosen to finance the benefit enhancements should match more or less the time period during which significant savings from vacated or refilled positions are expected to be sustained.

In view of the above, we suggest that the Legislature consider setting a maximum period of four years for financing payments for enhanced benefits. This would be consistent with current policies of the PERS and STRS boards for golden handshakes authorized under existing law as well as consistent with the maximum period over which it is likely that savings from vacated/refilled positions would be sustained.

Economy and Accountability—Assuring That Anticipated Savings Occur

To assure that savings anticipated from golden handshake programs are realized, incentives need to be created that hold agencies and managers accountable for their golden handshake and subsequent

personnel decisions. Practical incentives can be created through budgetary processes. In the state's case, for example, departments and agencies could be required to specifically identify all costs related to the handshakes and absorb these costs from their base budgets.

In view of the above, we suggest that the Legislature consider, with respect to state departments and agencies, including the following five requirements:

- *Departments and agencies develop a plan of implementation, including determination of expected costs and savings, and including a payment schedule acceptable to the PERS (consistent with current law.)*
- *Departments/agencies submit the plan to the Department of Finance and the Joint Legislative Budget Committee, including certification as to the specific economies that would be realized (consistent with current law.)*
- *The Department of Finance approves the plan and the transfer of funds to the retirement system (consistent with current law.)*
- *The annual Governor's Budget specifies in the "summary by object" for each relevant department actual, estimated, and budgeted amounts for (1) payments to the PERS and (2) health and dental benefits to retirees.*
- *Legislative intent (stated in the legislation) provides that departments/agencies make these payments from their base budgets.*

We further suggest that the Legislature consider requiring nonstate public entities electing to implement golden handshakes to (1) certify to the respective retirement system that savings will be more than adequate to meet necessary payments to the retirement system and (2) specify the measures to be taken to assure that outcome.

Accountability—Providing for a Record on Which to Judge Program Success

It is difficult to evaluate the effectiveness of past golden handshakes authorized for state government because departments and agencies have not kept systematic track of the outcome of golden handshake and related personnel and budget decisions. As a consequence, the Legislature is, to some extent, "flying blind" in its present deliberations. In the future, the Legislature should have the information necessary to assess the effectiveness of golden handshakes, so that it will be in a position to improve their effectiveness.

Accordingly, we suggest that the Legislature consider providing for a post-audit of any golden handshake program authorized for state government. In order to make this assessment, legislation should require departments and agencies to maintain records for each worker retiring under a handshake provision.

Figure 1

Existing Golden Handshake Laws

	State Government (PERS)	K-14 Schools (PERS)	K-14 Schools (STRS)	Local Government (PERS)	CSU	UC
Benefit Offer	Two years of service credit	Up to two years of service credit	Two years of service credit	Up to two years of service credit	Two years of service credit (four years during late 1992 for faculty only)	Five years of service credit and three years additional age credit
Decision to Implement	Governor	County superintendents	County superintendents or District governing boards	Governing bodies of local agencies	Governor/CSU Trustees	UC Regents
Financing Period for Benefits	Mutually acceptable to employer and PERS board (four-year maximum under current policy)	Mutually acceptable to employer and PERS board (two-year maximum under current policy)	Acceptable to STRS board (four-year maximum under current policy)	Mutually acceptable to employer and PERS board (two-year maximum under current policy)	Mutually acceptable to employer and PERS board (four-year maximum under current policy)	Not applicable at present because UC Retirement Plan is in surplus condition
Legal Authority	Government Code 20816	Government Code 20586	Education Code 22726	Government Code 20818	Government Code 20816 and Chapter 450, Statutes of 1992	Regents, under constitutional authority

Figure 2

Golden Handshakes— Examples for PERS Members[a], Age 60 With 30 Years of Service Credit[b]

	Annual Pension as Percent of Final Year Salary	Percent Increase in Pension
Without additional credits	60.00%	—
With additional two years of service credit (existing golden handshake)	64.00%	6.7%
With additional four years of service credit (proposed by SB 501)	68.00%	13.3%
With additional three years of service credit and three years of age credit (proposed by AB 1470)[c]	79.79%	33.0%

a Taken from tables for miscellaneous state and local categories (2 percent at 60 formula).
b Generally, service credit is time spent as PERS member, plus unused sick leave at time of retirement.
c A 60-year old member's retirement allowance would be calculated *as if* the member were 63.

Figure 3
State Miscellaneous Members
2 Percent at 60 Formula

Exact Age And Percentage Of Final Compensation

Age	50	51	52	53	54	55	56	57	58	59	60	61	62	63+
	1.092	1.156	1.224	1.296	1.376	1.460	1.552	1.650	1.758	1.874	2.000	2.134	2.272	2.418
Years Of Service														
5	5.46%	5.78%	6.12%	6.48%	6.88%	7.30%	7.76%	8.25%	8.79%	9.37%	10.00%	10.67%	11.36%	12.09%
6	6.55%	6.94%	7.34%	7.78%	8.26%	8.76%	9.31%	9.90%	10.55%	11.24%	12.00%	12.80%	13.63%	14.51%
7	7.64%	8.09%	8.57%	9.07%	9.63%	10.22%	10.86%	11.55%	12.31%	13.12%	14.00%	14.94%	15.90%	16.93%
8	8.74%	9.25%	9.79%	10.37%	11.01%	11.68%	12.42%	13.20%	14.06%	14.99%	16.00%	17.07%	18.18%	19.34%
9	9.83%	10.40%	11.02%	11.66%	12.38%	13.14%	13.97%	14.85%	15.82%	16.87%	18.00%	19.21%	20.45%	21.76%
10	10.92%	11.56%	12.24%	12.96%	13.76%	14.60%	15.52%	16.50%	17.58%	18.74%	20.00%	21.34%	22.72%	24.18%
11	12.01%	12.72%	13.46%	14.26%	15.14%	16.06%	17.07%	18.15%	19.34%	20.61%	22.00%	23.47%	24.99%	26.60%
12	13.10%	13.87%	14.69%	15.55%	16.51%	17.52%	18.62%	19.80%	21.10%	22.49%	24.00%	25.61%	27.26%	29.02%
13	14.20%	15.03%	15.91%	16.85%	17.89%	18.98%	20.18%	21.45%	22.85%	24.36%	26.00%	27.74%	29.54%	31.43%
14	15.29%	16.18%	17.14%	18.14%	19.26%	20.44%	21.73%	23.10%	24.61%	26.24%	28.00%	29.88%	31.81%	33.85%
15	16.38%	17.34%	18.36%	19.44%	20.64%	21.90%	23.28%	24.75%	26.37%	28.11%	30.00%	32.01%	34.08%	36.27%
16	17.47%	18.50%	19.58%	20.74%	22.02%	23.36%	24.83%	26.40%	28.13%	29.98%	32.00%	34.14%	36.35%	38.69%
17	18.56%	19.65%	20.81%	22.03%	23.39%	24.82%	26.38%	28.05%	29.89%	31.85%	34.00%	36.28%	38.62%	41.11%
18	19.66%	20.81%	22.03%	23.33%	24.77%	26.28%	27.94%	29.70%	31.64%	33.73%	36.00%	38.41%	40.90%	43.52%
19	20.75%	21.96%	23.26%	24.62%	26.14%	27.74%	29.49%	31.35%	33.40%	35.61%	38.00%	40.55%	43.17%	45.94%
20	21.84%	23.12%	24.48%	25.92%	27.52%	29.20%	31.04%	33.00%	35.16%	37.48%	40.00%	42.68%	45.44%	48.36%
21	22.93%	24.28%	25.70%	27.22%	28.90%	30.66%	32.59%	34.65%	36.92%	39.35%	42.00%	44.81%	47.71%	50.78%
22	24.02%	25.43%	26.93%	28.51%	30.27%	32.12%	34.14%	36.30%	38.68%	41.23%	44.00%	46.95%	49.98%	53.20%
23	25.12%	26.59%	28.15%	29.81%	31.65%	33.58%	35.70%	37.95%	40.43%	43.10%	46.00%	49.08%	52.26%	55.61%
24	25.21%	27.74%	29.38%	31.10%	33.02%	35.04%	37.25%	39.60%	42.19%	44.98%	48.00%	51.22%	54.53%	58.03%
25	27.30%	28.90%	30.60%	32.40%	34.40%	36.50%	38.80%	41.25%	43.95%	46.85%	50.00%	53.35%	56.80%	60.45%
26	28.39%	30.06%	31.82%	33.70%	35.78%	37.96%	40.35%	42.90%	45.71%	48.72%	52.00%	55.48%	59.07%	62.87%
27	29.48%	31.21%	33.05%	34.99%	37.15%	39.42%	41.90%	44.55%	47.47%	50.60%	54.00%	57.62%	61.34%	65.29%
28	30.58%	32.37%	34.27%	36.29%	38.53%	40.88%	43.46%	46.20%	49.22%	52.47%	56.00%	59.75%	63.62%	67.70%
29	31.67%	33.52%	35.50%	37.58%	39.90%	42.34%	45.01%	47.85%	50.98%	54.35%	58.00%	61.89%	65.89%	70.12%
30	32.76%	34.68%	36.72%	38.88%	41.28%	43.80%	46.56%	49.50%	52.74%	56.22%	60.00%	64.02%	68.16%	72.54%
31	33.85%	35.84%	37.94%	40.18%	42.66%	45.26%	48.11%	51.15%	54.50%	58.09%	62.00%	66.15%	70.43%	74.96%
32	34.94%	36.99%	39.17%	41.47%	44.03%	46.72%	49.66%	52.80%	56.26%	59.97%	64.00%	68.29%	72.70%	77.38%
33	36.04%	38.15%	40.39%	42.77%	45.41%	48.18%	51.22%	54.45%	58.01%	61.84%	66.00%	70.42%	74.98%	79.79%
34	-	39.30%	41.62%	44.06%	46.78%	49.64%	52.77%	56.10%	59.77%	63.72%	68.00%	72.56%	77.25%	82.21%
35	-	-	42.84%	45.36%	48.16%	51.10%	54.32%	57.75%	61.53%	65.59%	70.00%	74.69%	79.52%	84.63%
36	-	-	-	46.66%	49.54%	52.56%	55.87%	59.40%	63.29%	67.46%	72.00%	76.82%	81.79%	87.05%
37	-	-	-	-	50.91%	54.02%	57.42%	61.05%	65.05%	69.34%	74.00%	78.96%	84.06%	89.47%
38	-	-	-	-	-	55.48%	58.98%	62.70%	66.80%	71.21%	76.00%	81.09%	86.34%	91.88%
39	-	-	-	-	-	-	60.53%	64.35%	68.56%	73.09%	78.00%	83.23%	88.61%	94.30%
40	-	-	-	-	-	-	-	66.00%	70.32%	74.96%	80.00%	85.36%	90.88%	96.72%

Figure 5

Examples of Benefit Increases Proposed By AB 449 (Amended July 2, 1993)

	Monthly Pension as Percent of Final Compensation[a]		
	Current Law	AB 449	Percent Increase in Pension
Age 59 with 35 years of service credit[b]	65.8%	70.0%	6.4%
Age 57 with 35 years of service credit	57.4%	70.0%	22.0%
Age 55 with 35 years of service credit	49.0%	70.0%	42.9%

[a] Final compensation, generally, is the average of the last 12 months or the last 36 months of salary (depending on terms of the relevant collective bargaining agreement).

[b] Service credit, generally, is equal to equivalent *school* years spent as a STRS member, plus unused sick leave at time of retirement.

Figure 4

Pending Golden Handshake Legislation AB 1470 (Amended August 17, 1993)

	State Government (PERS)	State Government (STRS)	K-14 Schools (PERS)	Local Government (PERS)	Counties (1937 Act Retirement Systems)
Benefit offer	Three years of service credit and three years of additional age.			*Up to* three years of service credit and *up to* three years of additional age.	
Financing period for benefits	Not to exceed five years, commencing July 1, 1996.	Not to exceed four years.	Not to exceed five years, commencing July 1, 1996.	Mutually acceptable to employer and PERS board. *No limit.*	Mutually acceptable to county board of supervisors and county retirement board. *No limit.*
Flexibility for executive authority to designate eligible job classifications and departments	No	Yes	Yes	No	No

Figure 6

STRS Retirement Factors (Percentage of Final Compensation Per Year of Service Credit)

Years	Months: 0	1	2	3	4	5	6	7	8	9	10	11
60	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
59	1.88	1.89	1.90	1.91	1.92	1.93	1.94	1.95	1.96	1.97	1.98	1.99
58	1.76	1.77	1.78	1.79	1.80	1.81	1.82	1.83	1.84	1.85	1.86	1.87
57	1.64	1.65	1.66	1.67	1.68	1.69	1.70	1.71	1.72	1.73	1.74	1.75
56	1.52	1.53	1.54	1.55	1.56	1.57	1.58	1.59	1.60	1.61	1.62	1.63
55	1.40	1.41	1.42	1.43	1.44	1.45	1.46	1.47	1.48	1.49	1.50	1.51
54	1.34	1.345	1.35	1.355	1.36	1.365	1.37	1.375	1.38	1.385	1.39	1.395
53	1.28	1.285	1.29	1.295	1.30	1.305	13.1	1.315	1.32	1.325	1.33	1.335
52	1.22	1.225	1.23	1.235	1.24	1.245	1.25	1.255	1.26	1.265	1.27	1.275
51	1.16	1.165	1.17	1.175	1.18	1.185	1.19	1.195	1.20	1.205	1.21	1.215
50	1.10	1.105	1.11	1.115	1.12	1.125	1.13	1.135	1.14	1.145	1.15	1.155

Example: If you are age 55 and 1/2 when you retire, your retirement factor is 1.46 percent.

Figure 7

Pending Golden Handshake Legislation SB 501 (Amended July 16, 1993)

	Local Government (PERS)	Counties (1937 Act Retirement Systems)
Benefit offer	Up to four years of service credit	Up to four years of service credit
Financing period for benefits	Mutually acceptable to employer and PERS board	Mutually acceptable to county boards of supervisors and county retirement boards, *not to exceed five years*
Flexibility for executive authority to designate eligible job classifications and departments	No	No