

(2016 Revised and Amended)

TRUCKEE TAHOE AIRPORT DISTRICT POLICY INSTRUCTION

PI NUMBER 114

Effective: August 28, 2003

Renumbered: May 26, 2011

Replaces PI Number:

PI 110.7

Revised: March 23, 2016

SUBJECT: EMPLOYER PAID CALPERS MEMBER CONTRIBUTIONS AND ESTABLISH ANNUAL CONTRIBUTION RATES

POLICY:

The monthly retirement allowance of both Classic Members and New Members, as such status is determined by CalPERS in accordance with the Public Employees' Pension Reform Act of 2013, is determined by age at retirement, years of service credit and final compensation. To be eligible for service retirement, a Classic Member must be at least age 50 and have five years of CalPERS credited service and a New Member must be at least age 52 and have five years of CalPERS credited service. There is no compulsory retirement age. This retirement benefit will be paid exclusively by CalPERS in accordance with the Public Employees' Retirement Law.

1. Classic Members

a. Employees Hired Prior to July 30, 2012

The retirement benefit formula for Classic Members hired prior to July 30, 2012 is 2.7% @ 55 ("Tier 1 Employees"). The District's contract with CalPERS provides for calculating final compensation by using the single highest year of compensation pursuant to Government Code Section 20042. The District pays the employer portion of the costs associated with this retirement program. Effective September 7, 2003, Tier 1 Employees pay the eight percent (8%) employee share known as the normal member contribution on a pre-tax basis.

b. Employees Hired On or After to July 30, 2012

The retirement benefit formula for Classic Members hired on or after July 30, 2012 is 2% @ 60 ("Tier 2 Employees"). The District's contract with CalPERS provides for calculating final compensation by using the highest average PERSable compensation for thirty-six (36) consecutive months of employment with the District pursuant to Government Code Section 20037. The District pays the employer portion of the costs associated with this retirement program. Tier 2 Employees pay the seven percent (7%) employee share known as the normal member contribution on a pre-tax basis.

2. New Members (all employees hired after January 2013)

The retirement benefit formula for New Members is 2% @ 62. Final compensation for purposes of calculating a New Member's retirement allowance is equal to the New Member's highest average PERSable compensation for thirty-six (36) consecutive months of employment with the District pursuant to Government Code Section 7522.32. As of January 1, 2013, the PERSable compensation of New Members will be capped as set forth in Government Code Section 7522.10 (For 2016, the cap is \$117,020 or \$140,424 dependent on whether the New Member does or does not participate in Social Security), subject to annual adjustments by CalPERS. In addition, the items of compensation used to determine benefits or contributions to CalPERS will be limited to those items of compensation deemed "pensionable compensation" under Government Code Section 7522.34.

New Members are required to pay for a portion of the cost of the 2% @ 62 retirement formula. This mandatory member contribution is not a fixed amount. Rather, it will be set by CalPERS based on the following formula. The mandatory contribution will be equal to 50% of the total normal costs attributable to the 2% @ 62 benefit plan, rounded to the nearest quarter of 1 percent. The District will promptly inform New Members of the amount of the mandatory employee contribution when CalPERS informs the District of the rate.

Lisa Wallace, President