



# UPDATE

September 23, 2010

[www.santarosa.edu/afa](http://www.santarosa.edu/afa)

(707) 527-4731

## If You're Thinking about Retirement, You Have Options

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's 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 Program (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 differences between the two options.

**Read about the  
[Early Retirement  
Option \(ERO\)](#)**

**Read about the  
[Pre-retirement Reduction  
in Workload](#)**

**AFA has gone green!**  
Hard copies of AFA Updates  
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Go to [www.santarosa.edu/afa/communications.shtml](http://www.santarosa.edu/afa/communications.shtml) to view, download, and/or print current and past issues of AFA's *Updates*, *Dialogues* and *Newsletters*.

If you would prefer to receive a hard copy in your campus mailbox or at your home address, send your request via email to [afa@santarosa.edu](mailto:afa@santarosa.edu) or call the AFA office at 527-4731.



[CalSTRS  
Longevity Bonus  
Provision Sunsets  
12/31/10](#)

[Retirement  
Workshops  
in November](#)

[Planning Ahead](#)

## ERO Application Due Oct. 1

ERO application and agreement forms are available by request from the Human Resources Department. If you plan to retire at the end of the 2010-11 academic year, the forms must be completed and returned to Human Resources no later than Friday, October 1, 2010. 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 — Another Kind of Golden Handshake

### What is the ERO?

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

*(cont. on page 3)*

## 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). The deadline for qualifying 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](http://www.calstrs.com) or call CalSTRS at 1 (800) 228-5453.

## The Pre-Retirement Reduction in Workload Program — Easing into Retirement

### What is the Pre-retirement Reduction in Workload Program?

When we have discussions about retirement, we realize that many faculty members have confused the ERO with the Pre-retirement Reduction in Workload Program. They are two entirely different programs that provide very different benefits to faculty. The Pre-retirement Reduction in Workload allows eligible faculty members to make a contract with the District to reduce their workload assignments to a specified percentage and for a specified period of up to ten (10) years. Other requirements under Ed 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 ten years of credited service, of which the immediately preceding five years were full-time employment without a break in service (sabbaticals or other approved leaves of absence do not constitute a break in service);

*(cont. on page 3)*

## Early Retirement Option *(cont. from page 2)*

### Who is eligible?

The requirements for eligibility are outlined in Article 24.01.B of the AFA Contract. 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 District under the ERO provisions become secondary to those provided by the new employer.

### 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 being provided to the currently employed faculty. For instance, if you moved to Arizona, were insured under another carrier there, 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 I'm interested in the ERO?

If you are interested in taking advantage of this option, contact Louise Burke in Human Resources at ext. 4304. The submission deadline for each academic year is the first working day of October (for this year, the deadline is Friday, October 1, 2010), and mid-year retirees must apply in the first week of the fall semester. In special cases, exceptions to these deadlines can be made, but the final decision lies with the superintendent/president and the board of trustees.

A detailed description of this retirement option is located in Article 24 of the AFA/District Contract, which can be found at: <http://www.santarosa.edu/afa/Contract/Articles/art24.pdf>.

## Reduction in Workload

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- 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 employee's election;
- Benefits to be paid by the employer;
- The period of reduced load shall not exceed the employee's 70<sup>th</sup> birthday.

Essentially the individual would choose a period of up to ten years and designate a pro-rata load. Some faculty believe that this means 50%, but each individual may choose a specific percentage of load (at a prorated income). The reduced load may not be less than 50%. Many faculty members with a 50% load choose to work only one semester 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 a pre-determined 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). The District and the employee must agree to any changes to the load.

*(cont. on page 4)*

## Retirement Workshops in November

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

**Thursday,  
November 4, 2010,  
3:30 – 5:00 p.m.**

Doyle Library,  
1<sup>st</sup> Floor, Room #4245

Video-conferenced to  
Mahoney Library, Room #736

**Friday,  
November 5, 2010,  
1:30 – 3:00 p.m.**

Doyle Library,  
1<sup>st</sup> Floor, Room #4246

Video-conferenced to  
Mahoney Library, Room #726

Both sessions are open  
to all faculty  
(*Flex credit pending*)

Seating is limited.

For more information  
or to register, contact  
Candy Shell  
in the AFA office at  
535-3766 or  
[cshell@santarosa.edu](mailto:cshell@santarosa.edu)

## Reduction in Workload (cont. from page 3)

### What about my benefits?

Another area of confusion pertains to payment of benefits. Should you choose the Pre-retirement Reduction in Workload, you will be required to contribute to CalSTRS as if you were working a 100% load, and the District will continue to pay its full contribution. The District will also pay your premiums for medical, dental, and vision benefits at the same level as if you were working a 100% load. The great advantage is that, during this period of reduced workload, you accrue 100% of credit toward your CalSTRS years of service and receive health benefits paid at the same level as if you were working at 100%. 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 2](#) for important information regarding the sunseting of CalSTRS longevity bonus provisions.)

### What should I do if I'm interested in the Pre-Retirement Reduction in Workload?

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

## Planning Ahead

In looking toward retirement, you may be eligible to 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 AFA recommends that you consult with a CalSTRS counselor and your tax advisor before you forge ahead. You can make an individual telephone appointment with a CalSTRS counselor in Sacramento by calling 1 (800) 228-5453. CalSTRS 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 may make an appointment with a counselor at a CalSTRS regional office. You can reach the Santa Rosa CalSTRS office, located in the Sonoma County Office of Education building on Skylane Blvd., by calling 524-2627.