



Roberto L. Peña
Retirement Administrator

Agenda Item No. _____

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
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DATE: May 23, 2007

TO: Trustees, Board of Retirement

FROM: Roberto L. Peña
Retirement Administrator

SUBJECT: Final Compensation Project-Update

The Final Compensation Project continues to move steadily forward. We have addressed the issues that had caused the delays in the past, such as staffing, legal, and systems. As with any on-going project such as this one, we still encounter issues that cause minor delays in the recalculation process of our members.

The minor delays are known as compound adjustments. A compound adjustment is a retired members' or beneficiaries retirement allowances that was calculated improperly prior to the final compensation recalculation. Therefore, a recalculation of the prior benefits is needed before the final average compensation could be recalculated. These types of compound adjustments are due to increases or decrease in salaries, years of service credit, health benefits, temporary annuity option adjustments after the age of 62, option adjustments, cost-of-living adjustments, and beneficiaries' percentage adjustments. Compound adjustments are very time consuming due to the amount of research, attention detail, and review that is involve in processing such an adjustment, even for the most experienced member of our staff. Please note that these types of adjustments are the reason that a small number of calculations for Phases I and II are still outstanding (56).

As noted in the first paragraph, we had resolved our staffing issue as of March 19, 2007. We added five additional members to the three remaining extra-help employees on the project. Unfortunately, we lost one our most experienced members, who had helped with training and reviewing, to a permanent position with Fresno County Employees' Retirement Association on April 3, 2007. Currently, we have seven employees to complete the project.

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After a one month training period, it was determined that it would take the current staff about 6.2 person-hours on average to process the remaining 905 retirees' final average compensation yet to be recalculated. Based on those estimates of processing hours, we estimated that we would need to recalculate about 170 files per month, starting with June 2007 payroll, to complete the project by the end of October 2007 as follows;

Current totals for the Final Compensation Project:

Group/Phases	Period Covered	Number of Members	Calculations Remaining as of May 31, 2007
III	Prior to 10/7/1997	2,560	849
II	10/7/1997 to 12/30/00	496	26
I	1/1/01 to 03/1/04	1, 026	30
I	3/2/04 to 10/31/04	186	0
	Totals	4,268	905

Please let me know if you have any questions.

Thank you.