

Dear FCERA Member:

I would like to thank those of you who have responded to our e-mail regarding the increase in the retirement contribution rates. After reviewing your comments and questions, we have decided to address the most common questions asked:

**1. What is the difference between a general member and a safety member?**

Safety members are those individuals employed as firefighters, sheriff deputies, correctional officers and district attorney investigators. General members are all other county and special district employees. An employee's classification, either safety or general, is determined by the County Employees' Retirement Law of 1937.

**2. Am I in Tier 1 or Tier 2?**

All county and special district employees are currently in Tier 1. Tier 2, which provides a member's option for lower retirement benefits and contributions, is scheduled for implementation early in fiscal year 2005-06.

**3. Why are the percentage increases higher for general members than for safety members?**

You may recall that last year's recommended general member rate increase was 98%. However, the Retirement Board agreed to limit the increase to 50%, in effect, **delaying implementation of the remaining 48% increase to the upcoming 2005-06 fiscal year**. Last year's safety member rate increase of 41% was, on the other hand, fully implemented instead of spreading it out over two fiscal years as with the general members' increase.

The main reason for this disparity are the Supplemental contributions required to pay for the enhanced retirement benefits (whenever undistributed earnings of the fund are not available) granted by the Ventura Settlement agreement on January 1, 2001. Since safety members were granted a lower percentage benefit increase (as compared to the general member percentage benefit increase) by the settlement agreement, the results are lower percentage contribution increases for safety members **(despite their higher contribution amount and retirement benefit)** whenever Supplemental contributions are required.

Please remember that the Board of Retirement agreed to limit this year's general member 35% recommended rate increase to 17.5%, in effect, **delaying implementation of the remaining 17.5% rate increase to the 2006-07 fiscal year and further spreading implementation of last year's remaining 48% rate increase for another fiscal year**. Again, the safety member 4% recommended rate increase will be fully implemented in the upcoming 2005-06 fiscal year. (Please note: The 17.5% and 4% rate increases to your retirement contribution is a percentage of the contribution amount you are already contributing, NOT a percentage of your total pay.)

**4. How do I calculate my new retirement contribution amount?**

Example: Assumes a General Member integrated with Social Security, a biweekly compensation earnable amount (base pay plus certain earn codes, which does not include overtime) of \$1,500 and an entry age of 35.

Take your biweekly compensation earnable amount (base pay plus certain earn codes) and subtract the Social Security reduction factor of \$162.00 (same amount for all members employed by the County or Special Districts integrated with Social Security) to calculate your adjusted base amount.

Biweekly Compensation Earnable:        \$1,500

Social Security Reduction Factor:	- 162
Adjusted Base Amount:	\$1,338

Multiply the adjusted base amount by your combined high rate factor (in the last column to the right of the General Member Contribution Rates spreadsheet posted under the "Announcements and Events" section of our web site) for your age of entry into FCERA. Then multiply \$162.00 by the combined low rate factor (second to the last column from the right of the General Member Contribution Rates) for your age of entry into FCERA. Finally, add these two figures for your total retirement contribution amount.

Adjusted Base Amount:	$\$1,338 * 8.10\%$ (High Rate Factor)	=	\$108.38
Social Security Reduction:	$\$162 * 5.40\%$ (Low Rate Factor)	=	8.75
Total Retirement Contribution:			\$117.13

Please note that the Social Security reduction factor does not apply to members employed by agencies non-integrated with Social Security. Therefore, those members should "skip" the social security reduction factor calculation and use only the high rate factor for all your compensation earnable.

Again, thank you for your patience and understanding throughout this process. We look forward to continuing to serve you in the upcoming year. If you have additional questions, please contact the FCERA office at (559) 457-0681 or [ahenson@co.fresno.ca.us](mailto:ahenson@co.fresno.ca.us).

Sincerely,

Roberto L. Peña  
Retirement Administrator