VII

PENSION AND RETIREMENT PLANS

A. Plans Available Under State Employees Retirement System

Most public employees in California are covered by a retirement or pension plan, which may include disability and death benefits, and may be supplemented by or integrated with the Federal system of Old Age Security and Disability Insurance.

The State Employees Retirement System is probably the leading authority in the field of pensions for public employees in California. SERS provides several retirement plans for state employees and a variety of coverage to some 400 cities, counties, and other public agencies, on a contract basis. SERS and Social Security have an influence on standards for plans contracted by some agencies with private carriers, which are not included in the scope of this survey.

The principal SERS plans are described briefly here because of their effect on age levels in public employment.

1. The Basic SERS Plan

   The basic SERS plan, which covers the largest group of employees, permits the member to retire at age 55, with at least $500 on deposit or 20 years of credited service. "Normal" retirement age is 60, and compulsory retirement is at age 70.

   Retirement allowance depends on years of service, age at retirement, and "final compensation," the highest average monthly salary earnable over three consecutive years of membership in the system. Under the "1/60th formula," the member will receive 1/60th of "final compensation" for each year of credited service on retirement at age 60. For 30 years of service at age 60, the allowance is one-half of "final compensation."

   SERS provides integration with the Federal Social Security System under what is known as the "1/90th-1/60th formula" which is a more complex method of computing benefits due under both systems.

   Under either formula, the plan provides death and survivors' benefits, and disability retirement with 10 years of service or over $500 on deposit in the system.

2. Contracting Public Agencies—General Plans

   Agencies contracting for retirement coverage with SERS have a choice of two basic plans. One provides for benefits under the state "1/60th Formula," and the other provides for supplementation by Social Security benefits (the 1/90th-1/60th formula).

   The retirement age in both "contracting agency" plans are the same, and basic coverage is similar. However, there are a number of variations in contracts with different agencies, and