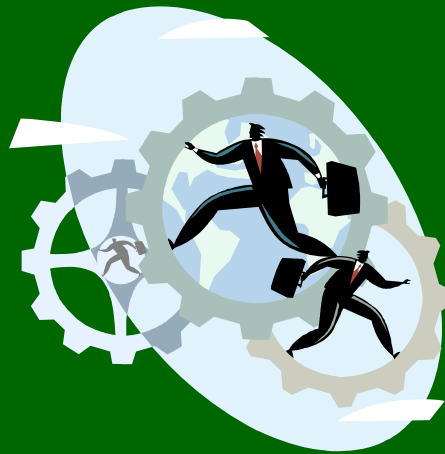

CalPERS 2012 Early Retirement Program



Early Retirement Program

- Offered to 24 employees
 - Based on job classification
 - 9 employees have shown initial interest

- Target savings = \$500k/year
 - Gen/Park Funds
 - Beginning February 2011

- Estimated cost = \$20k/year
 - Gen/Park Funds
 - Beginning July 2013

Early Retirement Program

- ❑ Actual cost of program will vary due to changes in actuarial assumptions
 - ❑ Demographics (age, mortality, etc.)
 - ❑ Economics (investment returns, changes in salaries)
- ❑ Cost of Early Retirement calculated by using CalPERS actuarial factors
 - ❑ Cost estimate converted to the incremental % added to employer contribution rate

Early Retirement Program

□ Individual cost calculation (sample)

Employee (a)	Age (b)	PERS Actuarial Factor* (c)	Salary (d)	Estimated Cost (e)	20-Yr Amortization Factor* (f)	Chico's Total Payroll (Misc Employees) (g)	Incremental Rate Increase (h)
Sample Employee	55	0.72 (from PERS)	\$ 100,000	\$ 72,000 (d x c)	13.24 (from PERS)	\$ 15,012,420	0.036% (e/f/g)

CalPERS Actuarial

<u>Ages:</u>	<u>Factor:</u>
50-54	0.63
55-59	0.72
60-64	0.73
65+	0.65

FY14-15 PERS Rate projection 24.200%
+ Incremental Rate Increase 0.036%

Revised PERS Contribution Rate 24.236%

Early Retirement Program

□ General/Park Fund Cost Estimate

Miscellaneous Contribution Rate

FY14-15 PERS Cost

24.2% (as projected by PERS)

\$1,581,792

+0.35% (estimate for 9 early retirees)

20,475

Total Projected PERS Cost (Misc. Employees)

\$1,602,267

Incremental Rate Increase

(as calculated using CalPERS factors)

Early Retirement Program

□ Cost/Benefit Analysis

	<u>Program Total</u> (24 Employees)			<u>Interested Participants**</u> (9 Employees - as of Sept. 2011)		
	<u>General & Park Funds</u>	<u>All Other Funds</u>	<u>Citywide Total</u>	<u>General & Park Funds</u>	<u>All Other Funds</u>	<u>Citywide Total</u>
Increase in CalPERs Contribution Rate	0.49%	0.49%	0.49%	0.35%	0.35%	0.35%
Increase in CalPERs Retirement Costs*	38,587	64,587	103,174	20,475	34,270	54,745
Less: Estimated Salary & Benefit Savings	(1,323,909)	(880,963)	(2,204,871)	(502,383)	(372,963)	(875,345)
Estimated Annual Savings	(1,285,322)	(816,376)	(2,101,697)	(481,908)	(338,693)	(820,600)

* beginning in FY2013-14

** based on initial level of interest provided by employees