The Pension Trust

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Pension Benefit Formulas – Classes and Tiers

The SLO County Retirement Plan is a defined benefit pension. The benefits paid for life to each retiree are based on a "Benefit Formula". The pension is paid to those who reach Vested status after 5 years of service. Retirement eligibility starts at age 50 for Tiers 1 & 2 and at age 52 for Tier 3 (see below). The basic Benefit Formula for your pension is –

Pension Trust Service Credits
years of work, pro-rated if part-time, includes paid time off like vacation

x **Final Average Compensation**
highest consecutive 12 or 36 month pay depending on Tier 1, 2, or 3

x **Retirement Factor**
a percentage that is different for Classes and Tier - e.g., Miscellaneous Tier 3 retirement factor at age 62 = 2.0%. The Retirement Factor increases the older you get – it pays to retire later!

= **Basic (Unmodified) Pension
   Benefit**
Includes a 50% survivor continuance if you predecease your spouse or Registered Domestic Partner. Larger survivor continuances are options which may reduce your pension somewhat.

The Pension Benefit Formulas were negotiated between the Employee unions and the Employers over many years and have evolved. Tier 2 benefits (see below) were negotiated in 2009 to lower pension costs for future new hires. Tier 3 benefits were required by the Public Employee Pension Reform Act of 2012 (PEPRA) for new-hires starting in 2013.

There are different Retirement Factors for each Class of Members (% of total Members)–

Miscellaneous	= 85% of total employees
Probation	= 4% of total employees
Public Safety	= 11% of total employees

Within each Class of Pension Trust Membership, there are 3 Tiers that have different Retirement Factors as well. Which Tier you are in depends on when you were hired –

Tier 1	= 36% of total employees
Tier 2	= 11% of total employees
Tier 3	= 53% of total employees

Tier 1 is the "classic" level of benefit and applies to those hired prior to 2010 depending on the bargaining unit.

An example of a Tier 1 Retirement Factor for Miscellaneous would be *2.0% at age 55*.

Tier 2 applies to those hired in about 2010-2012 depending on the bargaining unit. Tier 2 also may apply to Members with "Reciprocity" if they were part of another California public-sector retirement system just before coming to SLO.

An example of a Tier 2 Retirement Factor for Miscellaneous would be *2.0% at age 60*.

Tier 3 is required by PEPRA and applies to those hired in 2013 or later.

An example of a Tier 3 Retirement Factor for Miscellaneous would be *2.0% at age 62*.

It is important to remember that whatever Class or Tier your Pension Trust membership is in, if you become Vested, leave your funds with the Pension Trust if you go to another job, and become age-eligible to retire (e.g. over age 50 or 52), you can receive a pension benefit paid for life - whether you live to 68 or 108. Add to that your Social Security benefit, pensions from other jobs, and retirements savings like the Deferred Compensation Plan and you have a solid foundation of retirement income.