



George Deukmejian, Governor

TO: PERSONNEL MANAGEMENT LIAISONS

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THIS MEMORANDUM SHOULD BE DISTRIBUTED TO:

Personnel Officers
Employee Relations Officers

THIS MEMORANDUM SUPERCEDES MM88-21

SUBJECT: Administrative Guideline for Partial Service Retirement (Government Code Sections 19996.30-19996.40)

This memorandum updates the Administrative Guidelines for the Partial Service Retirement Act (PSRA) originally issued January 1, 1984. Assembly Bill 2363 amended Section 19996.32 of the Government Code, revising the age and service eligibility requirements and providing for State industrial retirement members to participate in the PSRA program.

The PSRA program offers voluntary partial service retirement to eligible employees where feasible. PSRA employees are considered to be "active" employees with a reduced time base. The appointing authority has the discretion to approve or deny an employee's request to reduce their worktime for partial service retirement.

FlexElect, the cafeteria benefit plan administered by the Department of Personnel Administration (DPA) has been added to the list of benefits for which the PSRA participants are eligible. PSRA employees' benefits are the same as allowed for full-time permanent employees.

The following guidelines apply to all permanent full-time employees excluded from collective bargaining. Refer to the Memoranda of Understanding (MOU) for represented employees before applying these guidelines. Where provisions of this law are in conflict with the provisions of an MOU reached pursuant to Section 3517.5, the MOU shall be controlling.

If you have any questions regarding this memorandum, please contact Elizabeth Houser at (916) 324-0446, ATSS 454-0446.

Frank Tanaka, Senior Section Manager
Classification and Compensation Division

Attachment



ADMINISTRATIVE GUIDELINES FOR THE
PARTIAL SERVICE RETIREMENT ACT

SB 922, Chapter 1258, Stats of 1983 enacted the Partial Service Retirement Act (PSRA). The Act allows certain employees to reduce their work time, on a monthly basis, from not less than 20 percent to not more than 60 percent and also receive a partial retirement allowance. The Department of Personnel Administration (DPA) has the administrative responsibility for the PSRA; however, each appointing power has the discretion to consider and approve requests for employee participation in the PSRA to the extent that necessary work at the department will continue to be performed.

The following information is provided to explain the policy, eligibility criteria, employee benefits and program restrictions contained in the PSRA.

I. ELIGIBILITY CRITERIA

Full time State miscellaneous or industrial employees are eligible to request participation if they are:

- A. Credited with at least 20 years of state service and are either:
1. in the First Tier retirement plan with an attained age of 50 years or
 2. in the Second Tier retirement plan with an attained age of 55 years.

OR

- B. Have the required years of service with the necessary attained age for retirement under the First Tier or the Second Tier and the sum of his/her age, when added to his/her service, equals or exceeds 65 years. To qualify under this pattern the employee must meet the minimum age and service credit requirements under the applicable retirement plan. Under the First Tier plan the minimum age is 50 and the minimum service credit is five years. Under the Second Tier retirement plan the minimum age is 55 and the minimum service credit is ten years. (For example an aged 60 employee with 10 years of service would qualify under this pattern; however, an aged 45 employee with 20 years of service would not qualify.)

Employees are not eligible to participate if:

1. They are employed by the University of California.
2. They are classified as State safety or patrol members.



II. CHANGE IN FRACTIONAL TIME BASE

The following are restrictions to changes in time base and must be approved by the appointing power:

- . A fractional time base can be further reduced once each fiscal year.
- . A fractional time base can be increased once each five years.
- . Employees who receive department approval to voluntarily return to full time are ineligible to participate in the PSRA for five years. Participants can be required to return to full-time employment by the appointing power only if a state of emergency is declared pursuant to Government Code Section 8558 that affects the area of the State in which the employee works.

III. EMPLOYEE BENEFITS

Employees participating in PSRA are not considered "retired" until they elect full retirement. Therefore, benefits are earned in the following manner:

- . HEALTH AND DENTAL BENEFITS: All participants, regardless of fractional time base are entitled to the same health and dental benefits as are provided by law for employees under the same circumstances who are employed full time.
- . FLEXELECT BENEFITS: All participants, regardless of fractional time base are eligible to participate in the FlexElect cafeteria benefits program as provided by law for employees under the same circumstances who are employed full time.
- . HOLIDAYS (includes Personal Holiday):
 1. Compensation is the proportionate amount of the work day based on time base. For example: a half-time employee would receive four hours compensation for each holiday in the pay period.
 2. Holiday credit for holidays falling on nonwork days is credited as excess hours; excess time must be supplemented for holidays falling on an eight-hour work day.
- . LIFE INSURANCE: The life insurance benefit is provided to employees who are members of PERS regardless of time base.
- . INDUSTRIAL DISABILITY LEAVE (IDL): Participants are eligible for IDL regardless of their fractional time base.
- . NONINDUSTRIAL DISABILITY INSURANCE (NDI): Participants are eligible for NDI regardless of their fractional time base.

MERIT AND SPECIAL IN-GRADE SALARY ADJUSTMENTS (MSA AND SISA): Participants are eligible to receive a prorated amount of the MSA or SISA after completion of the required six or twelve months of continuous service.

SICK LEAVE: Sick leave is credited on a prorated basis on the first day of the monthly pay period following completion of a qualifying month; for example, a half-time employee receives four hours sick leave credit each month.

RETIREMENT CONTRIBUTIONS: Employees coordinated with Social Security will continue to pay 5 percent of their total monthly salary in excess of \$513.00 per month. Employees who are not coordinated with Social Security will continue to pay 6 percent of their total monthly salary in excess of \$317.00 per month.

SERVICE RETIREMENT CREDIT: Service credits are accumulated until they equal one month of full-time service; for example, employees working half-time (50 percent) must work two months to earn one month of full-time service.

VACATION: Vacation is credited on pro rata basis on the first day of the monthly pay period following a qualifying pay period. For example, a half-time employee receives half of the hours of credit allowed per vacation group.

NOTE: Where provisions of this law are in conflict with the provisions of a Memorandum of Understanding (MOU) reached pursuant to Government Code Section 3517.5, the MOU shall be controlling.

IV. METHOD OF PAYMENT

Participants will receive two warrants; one warrant represents the retirement allowance and is issued from PERS. Retirement allowances are recalculated only when the employee has a change in time base or applies for service retirement.

The second warrant represents the corresponding portion of the full-time monthly rate for the employee's classification; participants are taxed on the earned income portion of the fractional time base; any taxes and all payroll deductions will be taken from this warrant. It is the employee's responsibility to ensure there is enough net income to cover any deductions.

V. EMPLOYEE STATUS

- A. Extension of probationary periods that may be required because of the reduction of worktime feature must comply with State Personnel Board (SPB) Rule 321.



- B. Order of Layoff - Participants cannot routinely be subject to layoff ahead of full-time employees; however, they are subject to the same seniority and other layoff considerations as full-time employees in determining the order of layoff.
- C. Promotional Opportunities - Employees may compete in promotional examinations for which they qualify; however, promotional opportunities could be affected if employees limit themselves to part-time eligibility in the exam.
- D. Earned Income Credit - Employees in this program that reduce their gross income enough to qualify for Earned Income Credit should contact the State Controller.

VI. APPLICATION

An application Form DPA-062 (Application for Partial Service Retirement) should be used by employees who have departmental approval for participation. To ensure that the retirement allowance is issued concurrent with the first warrant reflecting the fractional time base, employees should allow 45 to 60 days for PERS to process the retirement application.



APPLICANTS SHOULD SUBMIT THIS FORM TO THE PUBLIC EMPLOYEES RETIREMENT SYSTEM 45 DAYS BEFORE PARTIAL RETIREMENT IS TO BEGIN. PARTIAL RETIREMENT MUST BEGIN ON THE 1ST DAY OF A PAY PERIOD.

TO: BENEFITS DIVISION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
P. O. BOX 942711
SACRAMENTO, CA 94229-2711

I HEREBY ELECT TO PARTICIPATE IN PARTIAL SERVICE RETIREMENT AS FOLLOWS:

1. SOCIAL SECURITY NUMBER: _____

2. BIRTHDAY: _____
MONTH DAY YEAR

3. NAME: _____
FIRST MIDDLE LAST

4. HOME TELEPHONE: () _____
WORK TELEPHONE: () _____

5. _____
STREET/P. O. BOX

_____ CITY STATE ZIP CODE

6. ACTION I AM TAKING (COMPLETE ONLY ONE; A, B, OR C)

- A. ENTERING PARTIAL RETIREMENT AT _____ % RETIREMENT, EFFECTIVE _____
MONTH DAY YEAR

OR

- B. CHANGING % PARTIAL RETIREMENT FROM _____ % TO _____ % EFFECTIVE _____
MONTH DAY YEAR

OR

- C. RETURNING TO FULL-TIME EMPLOYMENT EFFECTIVE _____
MONTH DAY YEAR

7. YOUR PARTIAL RETIREMENT ALLOWANCE WILL BE BASED ON YOUR SALARY FOR THE LAST 36 CONSECUTIVE MONTHS. IF YOU THINK YOU HAVE A 36-MONTH PERIOD OF HIGHER SALARY, GIVE US THE DATES: _____

8. I UNDERSTAND I MAY ONLY REDUCE MY WORKTIME ONCE EACH FISCAL YEAR AND ONLY INCREASE MY WORKTIME ONCE IN 5 YEARS AND FOR ANY CHANGE IN TIMEBASE, I MUST SUBMIT A NEW PARTIAL RETIREMENT ELECTION DPA-062 TO THE PUBLIC EMPLOYEES RETIREMENT SYSTEM.

EMPLOYEE'S SIGNATURE DATE

9. I CERTIFY THAT THIS APPLICANT HAS BEEN APPROVED TO PARTICIPATE IN THE PARTIAL SERVICE RETIREMENT PROGRAM. THE EMPLOYEE IS AUTHORIZED TO REDUCE/CHANGE HIS/HER WORKTIME TO _____ % AND DRAW A PARTIAL RETIREMENT ALLOWANCE FOR THE REMAINING _____ % OF THE TIME.

PERSONNEL OFFICER/AUTHORIZED DESIGNEE DATE

DEPARTMENT PHONE NUMBER



CHART FOR COMPUTING VACATION, SICK LEAVE, AND HOLIDAY CREDITS FOR FRACTIONAL TIME BASE EMPLOYEES* PARTICIPATING IN THE PARTIAL SERVICE RETIREMENT ACT

PERCENTAGE TIME BASE		TO RECEIVE FULL WARRANT, EMPLOYEE MUST WORK HOURS SHOWN BELOW (INCLUDE PAID ABSENCES AND HOLIDAY PAY). HOURS OVER THIS FIGURE ARE RECORDED AS EXCESS TIME. EXCLUDE ANY HOURS OVER 40 IN ONE WEEK; THESE ARE OVERTIME.	HOURS OF WORK REQUIRED TO QUALIFY PAY PERIOD.	HOURS OF MONTHLY VACATION CREDIT PER VACATION GROUP								HOURS OF MONTHLY SICK LEAVE AND HOLIDAY CREDIT PER GROUP		FRACTIONAL TIME BASE	
ACTIVE SERVICE	PARTIAL RETIREMENT			7	10	11	12	13	14	15	SL 7	SL/HOL. 8	ACTIVE SERVICE	PARTIAL RETIREMENT	
<u>21 day-month-22 day</u>															
.80	.20	134.4	140.8	70.4	5.6	8.0	8.8	9.6	10.4	11.2	12.0	5.6	6.4	4/5	1/5
.75	.25	126.0	132.0	66.0	5.3	7.5	8.3	9.0	9.8	10.5	11.3	5.3	6.0	3/4	1/4
.70	.30	117.6	123.2	61.6	4.9	7.0	7.7	8.4	9.1	9.8	10.5	4.9	5.6	7/10	3/10
.625	.375	105.0	110.0	55.0	4.4	6.3	6.9	7.5	8.1	8.8	9.4	4.4	5.0	5/8	3/8
.60	.40	100.8	105.6	52.8	4.2	6.0	6.6	7.2	7.8	8.4	9.0	4.2	4.8	3/5	2/5
.50	.50	84.0	88.0	44.0	3.5	5.0	5.5	6.0	6.5	7.0	7.5	3.5	4.0	1/2	1/2
.40	.60	67.2	70.4	35.2	2.8	4.0	4.4	4.8	5.2	5.6	6.0	2.8	3.2	2/5	3/5

*Chart includes the increased accrual rate for managerial, supervisory, confidential, exempt and other employees statutorily excluded from collective bargaining effective July 1, 1983.

