

**CALIFORNIA COMMUNITY COLLEGE PART-TIME
FACULTY RETIREMENT OPTIONS AND ISSUES**

(Prepared by Cliff Liehe, member of AFT 2121 and CPFA, 8/03 revision)

1. Some key retirement terms:
 - a. **Vested** means having the right to receive benefits.
 - b. **Tax deferred** contributions are not subject to income tax until retirement benefits are received.
 - c. A **defined contribution plan** is a retirement *savings* plan in which benefits are based on the amount of contributions.
 - d. A **defined benefit plan** is a retirement *pension* plan in which benefits are defined by a *formula* and are not based on the amount of contributions.
 - e. An **annuity** is a right to receive payments for life (usually monthly) in return for payment of a sum of money.
 - f. **Full Time Equivalent (FTE)** is the number of hours per school year defined in a district as the equivalent of a full-time position. For example, at City College of San Francisco (CCSF), the FTE for teaching credit classes is currently 525 hrs/yr (i.e., 15 hrs/wk x 35 wks/yr). At CCSF the FTE for teaching non-credit (adult education) classes is currently 1050 hrs/yr (i.e., 30 hrs/wk x 35 wks/yr) even though a full-time non-credit instructor teaches only 25 hrs/wk. At CCSF the FTE for non-classroom duties (e.g., paid office hours) is currently 1225 hrs/yr (i.e., 35 hrs/wk x 35 wks/yr). In Los Angeles (LA) the FTE for teaching credit classes is 600 hrs/yr (i.e., 15 hrs/wk x 40 wks/yr), including mandatory 10 minutes of office hour time per week for each assigned teaching hour. Effective 1/1/03, districts must state in their collective bargaining agreements and/or employment contracts all FTEs used for part-timers.

The definitions of FTE vary from district to district, have changed over time, and have caused numerous inequities for part-timers. It is important to know what FTE is used for each of your positions.

2. **Retirement options (vary according to district):**

- a. Must choose Social Security or an “alternative” retirement plan offered by a district:
 - i. **Social Security:** 6.2% from employee, 6.2% from district, 10 years/40 quarters to vest.
 - ii. **State Teachers Retirement System Cash Balance (STRS CB) Plan:** defined contribution plan (“hybrid” plan per STRS), lump sum or annuity benefits based on contributions, 4% from employee and 4% from district (unless negotiated differently), tax deferred, immediate vesting, no minimum retirement age, one year waiting period for benefits if under age 55, maybe early withdrawal penalty before age 55, and benefits for total and permanent disability if qualifying employment is terminated. If new part-timer, probably limited time to enroll.
 - iii. **Public Agency Retirement System (PARS):** a defined contribution retirement savings plan similar to the STRS CB Plan, but offered by a private provider under contract with a district.
 - iv. **STRS Defined Benefit (STRS DB) Plan:** pension plan, lifetime monthly benefits based on formula (not based on contributions), 8% from employee, 8.25% from district, tax deferred, need 5 years service credit (or FTE) to vest, minimum retirement age, and benefits for permanent disability

(expected to last at least 12 continuous months) if vested. In a district that offers CB, membership in DB is mandatory for a part-timer who works more than 50% of the FTE in one semester. But this is impossible because of the 60% law! In a district that does not offer CB, membership in DB is mandatory once a part-timer works 60 hours in a pay period. From 1/1/01 through 1/1/11, one-fourth of instructor's contribution (2% of salary) will go into a separate Defined Benefit Supplement (DBS) Account for additional benefits.

v. Other alternative retirement plan(s) offered by a district.

b. Optional:

i. Tax Sheltered Annuity (TSA or "403(b)") for educators: contributions and interest earned are tax deferred, \$12,000 maximum contribution (403(b) and 401(k) combined) in 2003, maximum \$13,000? if over age 50, maximum contribution will increase annually, maybe limited to list of providers approved by your district. See a financial advisor.

ii. Traditional and Roth Individual Retirement Accounts (IRAs): See a financial advisor.

c. For more information, contact your district Human Resources Department, the Social Security Administration (www.ssa.gov or 1-800-772-1213), STRS (STRS Member Handbook, www.calstrs.ca.gov, or 1-800-228-5453), and/or a financial advisor.

3. "**Windfall Elimination Provision**" of Social Security laws may reduce your Social Security benefits if you receive retirement benefits from STRS DB, CB, or other alternative plan. See SSA Publication No. 05-10045, The Windfall Elimination Provision, available at www.ssa.gov or at 1-800-772-1213. HR 594 and S 349 are bills pending before Congress to eliminate the Windfall Elimination Provision.

4. "**Government Pension Offset**" of Social Security laws may reduce the Social Security benefits you receive as a spouse or widow if you receive retirement benefits from STRS DB, CB, or other alternative plan. See SSA publication 05-10007, Government Pension Offset, available at www.ssa.gov or 1-800-772-1213.

5. **How to calculate your STRS DB retirement benefits:**

Remember: You need five years service credit (5 yrs FTE) to vest. If not vested, you are only entitled to a refund of your contributions (but not the district's) plus interest. Now memorize the following magic formula:

Annual Unmodified Benefit = Service Credit x Age Factor x Final Compensation

a. Service Credit is the number of years (full and partial) of credited service.

i. For full-timers, one year service credit is earned for teaching one school year.

ii. For part-timers, service credit earned in one school year for each position is the number of hours served (teaching, substituting, holding office hours, etc.) divided by the FTE for that position. Total service credit for the year is the sum of service credit earned for all positions.

For example, a part-timer who teaches 9 hours per week for 35 weeks with a 525 hrs/yr FTE (i.e., 60% load) will receive .6 yr service credit for that teaching position:

$$\text{Service credit} = 1 \text{ yr} \times ([9 \text{ hrs/wk} \times 35 \text{ wks/yr}] \div 525 \text{ hrs/yr}) = 1 \text{ yr} \times (315 \div 525) = .6 \text{ yr}$$

However, districts previously used, and some still use, an inequitable FTE such as 1050 hrs/yr for credit instructors. (LA previously used 1200 hrs/yr.) This was twice the load of a full-time credit instructor who taught 15 hrs/wk. As a result, service credit was only accrued at a rate of one-half of what it should have been ($525 \div 1050 = .5$). Part-timers took twice as long to vest. E.g., a part-timer who taught 9 hours per week for 35 weeks with a 525 hrs/yr FTE received only .3 yr service credit instead of .6 yr:

$$\text{Service credit} = 1 \text{ yr} \times ([9 \text{ hrs/wk} \times 35 \text{ wks/yr}] \div \mathbf{1050} \text{ hrs/yr}) = 1 \text{ yr} \times (315 \div 1050) = .3 \text{ yr}$$

iii. Service credit is also earned for substitute teaching and separately paid office hours. It is calculated with the appropriate FTE in the same manner as for teaching. Starting 7/1/02, service credit is earned for teaching summer school, and service credit in excess of 1.0 for a year is credited to a part-timer's Defined Benefit Supplement (DBS) account (i.e., not lost as in the past).

NOTE: Check your annual STRS statement each year to make sure you received the proper service credit. Districts should have changed their credit FTE to 525 hrs/yr (or larger if justified) on 7/1/96 and should have changed their non-credit FTE to 875 hrs/yr (or larger if justified) on 1/1/99.

b. **Age Factor** is a percentage determined by your age in years and months on the last day of the month in which retirement is effective. It ranges from 1.10% to 2.40%, depending on age. At age 60 (normal retirement age) it is 2%. The maximum is 2.4% at age 63. See condensed Age Factor Table below.

NOTE: Benefits may significantly increase by waiting until age 63 to retire because the Age Factor will increase to .024. See Examples below.

Age Factor Table

(See the STRS Member Handbook or STRS web page for complete table including months)

<u>Age at retirement (excluding months)</u>	<u>Age Factor</u>
63	2.400% (=0.02400)
62	2.267% (=0.02267)
61	2.133% (=0.02133)
60	2.00% (=0.02000)
59	1.88% (=0.01880)
58	1.76% (=0.01760)
57	1.64% (=0.01640)
56	1.52% (=0.01520)
55	1.40% (=0.01400)
54	1.334% (=0.01334)
53	1.28% (=0.01280)
52	1.22% (=0.01220)
51	1.16% (=0.01160)
50	1.10% (=0.01100)

c. **Final Compensation is the average of the three highest consecutive years of earnable salary** (or highest single year for those with at least 25 years service credit which eliminates most part-timers). STRS will use the last three years of employment unless the retiree specifies a different three consecutive years.

i. **Earnable salary** for a particular pay rate is what a part-timer would earn in one school year if he or she worked at that pay rate for the full number of FTE hours. It is not the amount of pay actually earned.

Earnable salary for a part-timer who is paid for only one position (i.e., no teaching at other pay rates, no substitute teaching, no paid office hours) is equal to the part-timer's hourly rate for that position times the FTE. For example, the earnable salary for teaching for a part-timer earning \$100/hr with a 525 hr/yr FTE is \$52,500/yr (i.e., \$100/hr x 525 hrs/yr). The earnable salary for a part-timer earning \$100/hr with a 1050 hr/yr FTE is \$105,000/yr (i.e., \$100/hr x 1050 hrs/yr).

Earnable salary is more complicated for a part-timer who is paid at more than one pay rate (e.g., by also teaching in another district(s), substitute teaching, and/or holding paid office hours). In this situation the earnable salary is a weighted average of the part-timer's earnable salaries for all pay rates. This weighted average will be less than the part-timer's highest pay rate. Although additional duties at lower pay rates may help the part-timer earn more income and service credit (this is good), they may also reduce earnable salary (this is bad). If the benefit of increased service credit is outweighed by the detriment of reduced earnable salary, the resulting retirement benefit will be reduced. This is obviously bad. See the examples below for further explanation.

NOTE: To prevent a possible reduction in retirement benefits, a part-timer should calculate the benefits with and without the lower earnable salary(s) before deciding which position(s) to undertake during his/her last three years of service. It may be beneficial to eliminate one or more of the lower earnable salary positions.

Now for the math if you've gotten this far: For each pay rate that a part-timer receives, the employing district reports to STRS the earnable salary (hourly rate times appropriate FTE), the earned salary (amount actually paid), and the part-timer's 8% contribution. STRS computes the service credit for each pay rate (each earnable salary divided by corresponding earned salary) and then the total service credit for the year. To compute earnable salary for Final Compensation purposes, STRS divides the total earned salary for each year by the total service credit for the year.

You can calculate earnable salary for any past year by using your STRS annual statement for that year. Divide your "current year contributions" by .08 to determine your total earned salary for that year (sometimes called "calculated earnings" for that year by STRS). This should be the total amount you earned in all districts where you were employed for all duties (teaching, substitute teaching, office hours, etc.). Then divide the total earned salary by the "current year service credit" to obtain "earnable salary" for that year.

ii. Part-timers who have been continually subjected to an inequitably high FTE (e.g., 1050 hrs instead of 525 hrs) will take longer to vest and earn less service credit than they deserve. But the inequitable accumulation of service credit will be equally offset by the use of the same FTE to calculate Final Compensation, and their retirement benefits will be equitable. (See examples below.)

iii. Part-timers who experienced a change from an inequitably high FTE to a lower FTE will most likely receive inequitably reduced retirement benefits. (See examples below.)

6. **Examples of calculating Annual Unmodified Benefits for a full-timer** (for clarification and comparison purposes) retiring at age 60 after 10 years teaching with \$61,766 salary last three years.

Service Credit = 10 yrs

Age Factor = .02

Final Compensation = \$61,766/yr

Annual Unmodified Benefit = 10 yrs x .02 x \$61,766/yr = **\$12,353 (per year)**

7. **Examples of calculating Annual Unmodified Benefits for different part-timers** retiring at age 60 after 16.7 years teaching at 9 hrs/week for 35 weeks (60% load). This is equivalent to 10 years at 100% load. Unless otherwise indicated, assume no teaching in lower paying districts, no substitute teaching, and no paid office hours.

Example 1: Part-timer with 16.7 years teaching, 525 hrs/yr FTE each year, and \$100/hr last 3 yrs (85% pro rata of above full-time salary):

$$\begin{aligned} \text{Service Credit} &= 16.7 \text{ yrs} \times ([9 \text{ hrs/wk} \times 35 \text{ wks/yr}] \div 525 \text{ hrs/yr}) \\ &= 16.7 \text{ yrs} \times (315 \div 525) \\ &= 16.7 \text{ yrs} \times .6 \\ &= 10 \text{ yrs} \end{aligned}$$

Age Factor = .02

Final Compensation = \$100/hr x 525 hrs/yr = \$52,500/yr [This is 85% of above full-time salary.]

Annual Unmodified Benefit = 10 yrs x .02 x \$52,500/yr = **\$10,500 (per year)**

Note: Benefit is 85% of full-timer benefit, even though both had 10 years service credit. This is because the part-timer's salary was 85% pro rata of the full-timer's salary.

Note: Benefit is increased significantly by teaching three more years and retiring at age 63:

$$\text{Service Credit} = 10 \text{ yrs} + (3 \times .6 \text{ yr}) = 10 \text{ yrs} + 1.8 \text{ yrs} = 11.8 \text{ yrs}$$

Age Factor = .024

Annual Unmodified Benefit = 11.8 yrs x .024 x \$52,500/yr = **\$14,868 (per year)**

Note: Teaching just a 20% load (3 units) for three more years until age 63 is significant:

$$\text{Service Credit} = 10 \text{ yrs} + (3 \times .2 \text{ yr}) = 10 \text{ yrs} + .6 \text{ yr} = 10.6 \text{ yrs}$$

Age Factor = .024

Annual Unmodified Benefit = 10.6 yrs x .024 x \$52,500/yr = **\$13,356 (per year)**

Example 2: Part-timer with 16.7 years teaching, 1050 hrs/yr FTE each year, and \$100/hr last 3 yrs:

$$\begin{aligned} \text{Service Credit} &= 16.7 \text{ yrs} \times ([9 \text{ hrs/wk} \times 35 \text{ wks/yr}] \div 1050 \text{ hrs/yr}) \\ &= 16.7 \text{ yrs} \times (315 \div 1050) \\ &= 16.7 \text{ yrs} \times .3 \\ &= 5 \text{ yrs [instead of 10 yrs]} \end{aligned}$$

Age Factor = .02

Final Compensation = \$100/hr x 1050 hrs/yr = \$105,000/yr [instead of \$52,500/yr]

Annual Unmodified Benefit = 5 yrs x .02 x \$105,000/yr = **\$10,500 (per year)**

Note: Same benefit as Example 1, although this part-timer took twice as long to vest and received only one-half as much service credit. This is because 1050 hrs/yr FTE (instead of 525) was also used to compute Final Compensation.

EXAMPLES 3 AND 4 ILLUSTRATE THE PROBLEM FOR PART-TIMERS WHO TAUGHT BEFORE AND AFTER FTE CHANGED ON 7/1/96.

Example 3: Part-timer with 10 yrs teaching, 1050 hrs/yr FTE, and \$75/hr last 3 yrs before 7/1/96 and 6.7 yrs teaching, 525 hrs/yr FTE, and \$100/hr last 3 yrs FTE after 7/1/96 [total 16.7 years, same as examples above]:

$$\begin{aligned} \text{Service Credit before 7/1/96} &= 10 \text{ yrs} \times ([9 \text{ hrs/wk} \times 35 \text{ wks/yr}] \div 1050 \text{ hrs/yr}) \\ &= 10 \text{ yrs} \times (315 \div 1050) \\ &= 10 \text{ yrs} \times .3 \\ &= 3 \text{ yrs [instead of 6 yrs]} \\ \text{Service Credit after 7/1/96} &= 6.7 \text{ yrs} \times ([9 \text{ hrs/wk} \times 35 \text{ wks/yr}] \div 525 \text{ hrs/yr}) \\ &= 6.7 \text{ yrs} \times (315 \div 525) \\ &= 6.7 \text{ yrs} \times .6 \\ &= 4 \text{ yrs} \\ \text{Total service credit} &= 3 \text{ yrs} + 4 \text{ yrs} \\ &= 7 \text{ yrs} \end{aligned}$$

The problem: The part-timer will probably receive a smaller benefit than Example 1. There is nothing to offset the loss of service credit before 7/1/96 caused by use of the 1050 hrs/yr FTE. STRS uses a retiree's last three consecutive years for calculating benefits unless the retiree requests that a different three years be used.

Calculation using last three consecutive years (done automatically by STRS unless retiree requests different three years); i.e., \$100/hr and 525 hrs/yr FTE:

$$\begin{aligned} \text{Service Credit} &= 7 \text{ yrs} \\ \text{Age Factor} &= .02 \\ \text{Final Compensation} &= \$100/\text{hr} \times 525 \text{ hrs/yr} = \$52,500/\text{yr} \\ \text{Annual Unmodified Benefit} &= 7 \text{ yrs} \times .02 \times \$52,500/\text{yr} = \mathbf{\$7,350 \text{ (per year)}} \end{aligned}$$

Using the last three consecutive years always produces a lower benefit than Example 1 because 1050 hrs/yr FTE was used to compute service credit prior to 7/1/96 and 525 hrs FTE is used to compute Final Compensation.

Alternative calculation using last three years before change in FTE (must be requested by the part-timer); i.e., \$75/ hr and 1050 hrs/yr FTE:

$$\begin{aligned} \text{Service Credit} &= 7 \text{ yrs} \\ \text{Age Factor} &= .02 \\ \text{Final Compensation} &= \$75/\text{hr} \times 1050 \text{ hrs/yr} = \$78,750/\text{yr} \\ \text{Annual Unmodified Benefit} &= 7 \text{ yrs} \times .02 \times \$78,750/\text{yr} = \mathbf{\$11,025 \text{ (per year)}} \end{aligned}$$

Using prior three consecutive years in this example produced a higher benefit than Example 1 only because service credit and pre-7/1/96 salary were high enough numbers to produce a higher benefit when combined with pre-7/1/96 1050 hrs/yr FTE. In this example, the retiring part-timer would be wise to request that earlier three consecutive years be used to calculate Final Compensation. But choosing an earlier three year period does not always achieve equity. See next Example.

Example 4: Part-timer with 13.4 yrs, 1050 hrs/yr FTE, and \$75/hr last 3 yrs before 7/1/96 and 3.3 yrs teaching, 525 hrs/yr FTE, and \$100/hr last 3 yrs after 7/1/96 (total 16.7 years, same as examples above):

$$\begin{aligned}\text{Service credit before 7/1/96} &= 13.4 \text{ yrs} \times ([9 \text{ hrs/wk} \times 35 \text{ wks/yr}] \div 1050 \text{ hrs/yr}) \\ &= 13.4 \text{ yrs} \times (315 \div 1050) \\ &= 13.4 \text{ yrs} \times .3 \\ &= 4 \text{ yrs [instead of 8 yrs]} \\ \text{Service credit after 7/1/96} &= 3.3 \text{ yrs} \times ([9 \text{ hrs/wk} \times 35 \text{ wks/yr}] \div 525 \text{ hrs/yr}) \\ &= 3.3 \text{ yrs} \times (315 \div 525) \\ &= 3.3 \text{ yrs} \times .6 \\ &= 2 \text{ yrs} \\ \text{Total service credit} &= 4 \text{ yrs} + 2 \text{ yrs} \\ &= 6 \text{ yrs}\end{aligned}$$

Calculation using last three consecutive years; i.e., \$100/hr and 525 hrs/yr FTE:

$$\begin{aligned}\text{Service Credit} &= 6 \text{ yrs} \\ \text{Age Factor} &= .02 \\ \text{Final Compensation} &= \$100/\text{hr} \times 525 \text{ hrs/yr} = \$52,500/\text{yr} \\ \text{Annual Unmodified Benefit} &= 6 \text{ yrs} \times .02 \times \$52,500/\text{yr} = \mathbf{\$6,300 \text{ (per year)}}$$

Using last three years always produces a lower benefit than Example 1 because 1050 hrs/yr FTE was used to compute service credit prior to 7/1/96 and 525 hrs FTE was used to compute Final Compensation.

Alternative calculation using last three years before the change in FTE (must be requested by part-timer): Use \$75/hr and 1050 hrs/yr FTE.

$$\begin{aligned}\text{Service Credit} &= 6 \text{ yrs} \\ \text{Age Factor} &= .02 \\ \text{Final Compensation} &= \$75/\text{hr} \times 1050 \text{ hrs/yr} = \$78,750/\text{yr} \\ \text{Annual Unmodified Benefit} &= 6 \text{ yrs} \times .02 \times \$78,750/\text{yr} = \mathbf{\$9,450 \text{ (per year)}}$$

Method 2 in this example produced a lower benefit than Example 1 because of inequitable vesting prior to 7/1/96. Pre-7/1/96 service credit and/or salary were too small to create an equitable benefit.

Note: AB 1586 will retroactively correct the problem illustrated by Examples 3 and 4.

EXAMPLES 5 AND 6 ILLUSTRATE THE PROBLEM FOR PART-TIMERS WITH MULTIPLE PAY RATES DURING LAST THREE YEARS BEFORE RETIREMENT.

Example 5: Part-timer with 16.7 yrs teaching, last 3 yrs include \$100/hr at 6 hrs/wk (40% load) in District 1 and \$50/hr at 3 hrs/wk (20% load) in District 2, and 525 hrs/yr FTE in both districts:

$$\begin{aligned}\text{Service Credit} &= 10 \text{ yrs [Same as Example 1]} \\ \text{Age Factor} &= .02 \\ \text{Final Compensation: This is the problem.} &\text{ If the part-timer just worked in District 1, then Final Compensation} = \$100/\text{hr} \times 525 \text{ hrs/yr} = \$52,500/\text{yr}. \\ &\text{ If the part-timer just worked in District 2, then Final Compensation} = \$50/\text{hr} \times 525 \text{ hrs/yr} = \$26,250/\text{yr}. \\ &\text{ So STRS computes a } \underline{\text{weighted average}} \text{ as follows:}\end{aligned}$$

For just District 1 each of last 3 yrs:

$$\text{Service Credit} = 1 \text{ yr} \times ([6 \text{ hrs/wk} \times 35 \text{ wks/yr}] \div 525 \text{ hrs/yr}) = .4 \text{ yrs}$$

$$\text{Earned [not earnable] Salary} = \$100/\text{hr} \times 6 \text{ hrs/wk} \times 35 \text{ wks} = \$600 \times 35 = \$21,000$$

For just District 2 each of last 3 yrs:

$$\text{Service Credit} = 1 \text{ yr} \times ([3 \text{ hrs/wk} \times 35 \text{ wks/yr}] \div 525 \text{ hrs/yr}) = .2 \text{ yrs}$$

$$\text{Earned [not earnable] Salary} = \$50/\text{hr} \times 3 \text{ hrs/wk} \times 35 \text{ wks} = \$5,250$$

Total for District 1 and District 2 each of last 3 yrs:

$$\text{Total Service Credit} = .4 \text{ yr} + .2 \text{ yr} = .6 \text{ yr}$$

$$\text{Total Earned [not earnable] Salary} = \$21,000 + \$5,250 = \$26,250$$

$$\text{Final Compensation} = \$26,250 \div .6 \text{ yr} = \$43,750/\text{yr}$$

$$\text{Annual Unmodified Benefit} = 10 \text{ yrs} \times .02 \times \$43,750/\text{yr} = \mathbf{\$8,750 \text{ (per year)}}$$

Note: Always a lower benefit than Example 1 because of lower paying position(s) with same FTE. The part-timer might consider not teaching in District 2 the last three years. But less teaching means less income and less service credit. In this example the part-timer would lose \$5,250 gross income (smaller amount after taxes) and .2 yr service credit for each of the last three years but would gain \$1,120 more per year in retirement benefits for the rest of his/her life according to the following:

$$\text{Annual Unmodified Benefit} = 9.4 \text{ yrs} \times .02 \times \$52,500/\text{yr} = \mathbf{\$9,870 \text{ (per year)}}$$

Example 6: Same as Example 5, but now assume that the part-timer had 20 yrs service credit:

$$\text{Annual Unmodified Benefit} = 20 \text{ yrs} \times .02 \times \$43,750/\text{yr} = \mathbf{\$17,500 \text{ (per year)}}$$

Note: In this example the part-timer should really consider not teaching in District 2 the last three years. Again, the part-timer would still lose \$5,250 gross income and .2 yr service credit each of the last three years, but would gain \$2,870 more per year for the rest of his/her life according to the following:

$$\text{Annual Unmodified Benefit} = 19.4 \text{ yrs} \times .02 \times \$52,500/\text{yr} = \mathbf{\$20,370 \text{ (per year)}}$$

Note: Similar problems arise from substitute teaching, holding paid office hours, or performing other duties at different pay rates and/or different FTEs (i.e., different *earnable* salaries). The difference in benefits may or may not be significant. **In any event, a part-timer with multiple pay rates should calculate the formula for different scenarios for his/her last three years and then decide on a course of action.**

8. How to increase your service credit (always do the math to see if the cost in time or money is justified):
 - a. Make sure your district has been using an appropriate FTE since 7/1/96;
 - b. Teach more (don't forget summer school);
 - c. Substitute more;
 - d. Hold more paid office hours (if available);
 - e. Postpone retirement;

- f. Don't get sick (unused sick leave is converted to service credit);
- g. Convert your Cash Balance account to DB service credit;
- h. Ways that cost money (contact STRS for more information and billing estimates):
 - i. "Redeposit" any previously withdrawn DB contributions (must repay your 8% plus interest, lump sum or up to 120 monthly installments, tax deferred if monthly payroll deduction, potential problem if contributions made using different FTE);
 - ii. If eligible, "purchase" service credit for specific types of past service, possibly in another state (creditable service prior to becoming member of STRS, sabbatical leave, active military leave, UC or CSU service, maternity/paternity/family care/medical leave, school for blind or deaf, or out of state public school teaching; must pay approx 16.25% [your share and district share] of current salary; usually more expensive than redeposit [possibly not if pre-7/1/96 salary not much less than current salary]; lump sum or up to 120 monthly installments; tax deferred if monthly payroll deduction);
 - iii. If vested, purchase up to five years of "air time" service credit (not connected to any specific prior employment).
- 9. How to increase your age factor: postpone retirement (perhaps reduce your load).
- 10. How to increase your final compensation (do the math to see if worthwhile):
 - a. If a significant raise is expected, postpone retirement;
 - b. If AB 1586 does not pass and if your district previously used a higher FTE, perhaps (but not necessarily) request STRS to use the last three years with the old FTE;
 - c. If you are a freeway flyer intending to use your last three years, perhaps (but not necessarily) *teach less* your last three (if you can afford to!); teach only in the district(s) with the highest *earnable* salary(s).
- 11. Retirement *issues* facing part-timers:
 - a. Districts are not required to offer Social Security to part-timers;
 - b. Districts are not required to contribute to all part-timer retirement plans;
 - c. Low retirement benefits are caused in part by low compensation;
 - d. Social Security Windfall Elimination Provision and Government Pension Offset;
 - e. Problems re STRS DB Plan:
 - i. Complexity;
 - ii. Lack of accurate information for part-timers;
 - iii. Non-compliance by some districts re appropriate FTE;

- iv. Membership in STRS DB erroneously required by some districts;
- v. Inability to get out of STRS DB;
- vi. Inability to vest because of inequitable accumulation of service credit and noncompliance by districts with state law;
- vii. Reduced retirement benefits because of inequitable accumulation of service credit and noncompliance by districts with state law;
- viii. Reduced retirement benefits for full-timers who were previously part-timers because of inequitable accumulation of service credit as part-timers;
- ix. Reduced retirement benefits caused by prior legislation (change in FTE), addressed by AB 1586 (Examples 3 and 4 above);
- x. Reduced retirement benefits caused by multiple pay rates (Examples 5 and 6 above);
- xi. Inequitable conversion of unused sick leave to service credit (1050 hrs/yr FTE is used).