

CalPERS Guide to the Optional Benefits Listing

This guide is intended to provide an at-a-glance look at available optional benefits, along with basic risk pooling and contracting information, which you can use in concert with our more detailed publications on these subjects, available at CalPERS On-Line.

Local public agencies may include various contract options in their retirement plan or plans. They may have a miscellaneous plan for employees who are not in a hazardous occupation, and one or more safety plans for police, firefighters, peace officers, and other safety employees. Statutes require a minimum level of benefits that must be provided to employees, such as: \$500 Retired Death Benefit, Three Year Final Compensation Period, etc. Agencies can amend their contract to enhance the minimum benefits, or provide a range of additional optional benefits to their employees.

All agencies must choose the following when initiating a contract:

- The service retirement formula they will offer
- 1 year or 3 year final compensation period
- The maximum cost of living adjustment
- The amount of lump sum death benefit for retired members
- The level of benefits to be provided to survivors of employees not covered by Social Security
- Whether to allow industrial disability retirement for miscellaneous members

Risk Pools

Risk pooling consists of pooling assets and liabilities across employers to produce large risk sharing pools that will dramatically reduce or eliminate the large fluctuations in the employer's contribution rate caused by unexpected demographic events. Plans are assigned to risk pools based on their service retirement formula, and statutes require risk pools to contain certain benefits. CalPERS mandates risk pool participation for all plans with less than 100 active members.

Every Risk Pool contains the following benefits:

- Credit for Unused Sick Leave
- Public Service Credit for Periods of Layoffs
- Public Service Credit for Peace Corps or AmeriCorps: VISTA Service
- Military Service Credit as Public Service
- Public Service Credit for Service Rendered to a Nonprofit Corporation
- Military Service Credit for Retired Persons
- Local System Service Credit Included in Basic Death Benefit
- Pre-Retirement Option 2W Death Benefit

All other optional benefits are available to employers participating in risk pools. Optional benefits may vary within the same pool, but an employer contracting for a more expensive optional benefit is required to pay a surcharge in addition to the pool's rate.

Employers not mandated into risk pools must also choose the following:

- Whether to allow credit for unused sick leave
- Whether to allow additional service credit purchase options for members

Member Groups Eligible for Separate Benefits

Unless otherwise specified, a contracting agency may provide any of the optional benefits independently to members in each of the following groups:

- (1) Local Miscellaneous Members
- (2) Local Safety Members
- (3) Local Police
- (4) Local Fire
- (5) County Peace Officers
- (6) Local Sheriff
- (7) Local Prosecutors
- (8) School Safety Members

In most cases, an agency cannot provide different retirement benefits for a subgroup within the membership classifications listed above.

Optional Benefits

Many of these benefits have specific requirements that must be met in order to contract for them. This information is available in the full Optional Benefits Listing.

Retirement Formulas:

- Formula for Local Miscellaneous Members
 - [1.5% @ 65](#)
- Full, Supplemental or Modified Formulas for Local Miscellaneous Members
 - [2% @ 55](#)
 - [2.5% @ 55](#)
 - [2.7% @ 55](#)
 - [2% @ 60](#)
 - [3% @ 60](#)
- Full, Supplemental or Modified Formulas for Local Safety Members
 - [2% @ 50](#)
 - [3% @ 50](#)
 - [2% @ 55](#)
 - [3% @ 55](#)

Service Credit:

- Credit for Local Retirement System Service After Contract Date
- Two Years Additional Service Credit
- Limit Prior Service to Members Employed on Contract Date
- Credit for Unused Sick Leave
- Military Service Credit
 - as Prior Service
 - as Public Service
 - for Retired Persons
- Public Service Credit for
 - Employees of an Assumed Agency or Function
 - California Senate Fellows, Assembly Fellowship, Executive Fellowship, or Judicial Administration Fellowship Programs
 - Periods of Layoff
 - Peace Corps, AmeriCorps VISTA, or AmeriCorps Service
 - Permanent Career Civilian Federal Firefighter or Permanent Career State Firefighter Service
 - Employees of an Assumed Agency or Function
 - Service Rendered to a California Nonprofit Corporation
 - Limited Prior Service

Disability and Death Benefits:

- Industrial Disability Retirement
 - for Local Miscellaneous Members
 - Increased Allowance to 75% of Final Compensation
 - Improved Allowance for Local Safety Members
- Improved Nonindustrial Disability Allowance
- Local System Service Credit Included in Basic Death Benefit
- Special Death Benefit – Violent Act
- Alternate Death Benefit for Local Fire Members Credited with 20 or More Years of Service
- Pre-Retirement Option 2W Death Benefit
- 1959 Survivor Benefits
 - Fourth Level
 - Indexed Level
 - to Surviving Spouse or Domestic Partner at Age 60
 - Additional Opportunity to Elect
- Retired Death Benefit
 - \$600
 - \$2,000

- \$3,000
- \$4,000
- \$5,000
- Post-Retirement Survivor Allowance

Contributions:

- Employees Sharing Cost of Additional Benefits
- Employee Contribution Rate for CSUC Auxiliary Organizations Reduced to State Member Level
- Employer Paid Member Contributions Converted to Pay Rate During the Final Compensation Period

Miscellaneous:

- One-Year Final Compensation
- Optional Membership for Part-Time Employees
- Different Level of Benefits
- Removal of Contract Exclusions Prospectively Only
- Termination of a Portion of the Contract
- Partial Service Retirement
- Age 60 Mandatory Retirement for Local Safety Members
- One-Time 1% to 6% Increase for Members Who Retired or Died Prior to January 1, 1998
- Annual Cost-of-Living Allowance Increase (3%, 4%, or 5%)

For more in depth information, please navigate to CalPERS On-Line at www.calpers.ca.gov, go to the “For Employers” tab, select “Interested in Contracting with CalPERS?”, select “Retirement Benefits”, and then “Optional Benefits”. Here you will find electronic versions of the:

- [Optional Benefits Listing \(PERS-CON-40\)](#)
- [Contract Amendment Procedures \(PERS-CON-41\)](#)
- [CalPERS Guide to the Optional Benefits Listing](#)
 - The online version of this document contains active links between the benefits listed here and the detailed information regarding each in the Optional Benefits Listing (PERS-CON-40).