

Three (3) ways to plan & save for retirement:

1. *Public Employee's Retirement System (PERS)*. Summary below.
2. *Deferred Compensation Programs (457 Plan) and (401a Plan)*. The City offers the opportunity for any employee to voluntarily participate in a City administered deferred compensation plan (457). The City also participates in (401a plan). Participation in the (401a plan) is mandatory for and limited to employees in the following organizations TFEA, TPOA, Engineers Association, and Executive/Management.
3. The Deferred Compensation Programs (457 Plan) and (401a Plan) offer the benefits of tax-deferred contributions and cumulative earnings from a variety of investment options. Contributions are payroll deducted on a pre-tax basis.
4. *Social Security*. In addition to PERS, the City participates in the Social Security System.

PERS Retirement Benefits

This is a pension program funded by a combination of employee and employer contributions. The fixed "employee" contribution rate is 7% of eligible earnings. The "employer" contribution rate varies from year to year as determined by PERS.

The City of Torrance pays 100% of both the employee and the employer contributions.

In addition, the City has contracted with PERS to include the 7% employee contribution as reported earnings for the purpose of calculating your pension. This means your final compensation would be calculated as eligible earnings plus an additional 7%. The net result is a higher monthly retirement pension to our employees.

Retirement Eligibility Requirements:

- ✓ Must be at least 50 years of age
- ✓ 5 years of service credit

3 Factors Used to Calculate Pension Allowance:

- Service years
- Benefit factor - based on age at retirement
- Final compensation - average monthly eligible earnings over last 12 consecutive months plus 7%.

Retirement Formulas:

The following tables can be used to calculate your projected monthly pension allowance.

1. *Locate your projected age at retirement.*
2. *Multiply the corresponding benefit factor by your total number of years of service at retirement.*
3. *Multiply your final compensation by the resulting percentage from step 2 to get your projected monthly pension.*

<i>Age</i>	<i>Benefit Factor</i>
50	1.426
51	1.522
52	1.628
53	1.742
54	1.866
55	2.000
56	2.052
57	2.104
58	2.156
59	2.210
60	2.262
61	2.314
62	2.366
63 or older	2.418

Sample Retirement Calculation

Years of Service: 25
Age at Retirement: Example is based on age 60 at which time the member attains a 2% benefit factor.
Final Compensation: \$2913.17 / month

<i>Yrs. Of Service</i>	<i>X</i>	<i>Benefit Factor</i>	<i>=</i>	<i>Total %</i>	<i>X</i>	<i>Final Monthly Compensation</i>	<i>=</i>	<i>Unmodified Allowance</i>
25	X	2.262%	=	56.55 %	X	\$2913.17	=	\$1647.39/mo.

Other Pension Benefits:

- Post-Retirement Survivor Benefit. Upon death of a member **after** retirement, an allowance shall be continued to the surviving spouse (or eligible children or dependents as may apply).
- Pre-Retirement Optional Settlement 2 Death Benefit. Upon the death of a member eligible for, but not yet retired, provides a monthly allowance equal to the amount the member would have received if he/she had retired for service and elected Optional Settlement 2.
- Military Service Credit. Allows employees to add up to 4 years of military service to overall service credit for purposes of computing monthly pension.

For more information contact the Human Resources Department or visit the PERS Website at <http://www.calpers.ca.gov>