

	LOS ANGELES COMMUNITY COLLEGES HUMAN RESOURCES GUIDE	HR P-370
		RETIREMENT
ISSUE DATE: May 12, 2009	SERVICE: <input checked="" type="checkbox"/> ACADEMIC <input checked="" type="checkbox"/> CLASSIFIED <input type="checkbox"/> UNCLASSIFIED	
REPLACES: HR Guide Dated September 13, 2007	CHANGES: Correct language in § III (J) to reflect earnings limitation restrictions based upon fiscal year, not calendar year.	

I. POLICY

It is the policy of the District to assist employees with coordinating their resignation with their retirement process by providing referral information, hosting retirement planning workshops, reporting creditable service and wages, and certifying employee illness balances to the appropriate retirement system.

II. DEFINITIONS

- **Retirement** is the traditional point in a person's life where he/she stops employment. In the context of the LACCD, retirement is the point where an employee stops "regular" employment and starts receiving a "retirement benefit" or pension from the appropriate retirement system, i.e. PERS, STRS.
- **Retirement Benefit** is the amount of money or pension a retiree receives each month from his/her retirement system. Retirement benefits are based on years of service, earnings, and age.
- **Retirement Incentive Program** is a program that may be offered by an employer that increases at least one of the elements used in calculating service retirement benefits.
- **Retirement System** is any plan provided by an employer for an individual employee's retirement. The LACCD contracts with the following retirement systems:
 - **Vested Employees:** California State Teachers Retirement System (CalSTRS) and California State Public Employee Retirement System (CalPERS) defined benefit plans.
 - **Non-Vested Employees:** STRS Cash Balance Plan, and Public Agency Retirement System (PARS).
 The District also participates in Social Security (OASHDI) as required by Federal Law.
- **A Retired Employee** in the LACCD is an employee who stops regular employment, starts drawing a retirement benefit (pension), continues working in a limited temporary assignment for the LACCD and is subject to earnings or hours limitations.
- **Vested or Vesting** is the right to specified retirement benefits granted to eligible employees after a fixed period of qualifying employment. CalSTRS and CalPERS each require five (5) years of credited service.

III. REQUIREMENTS

- A. Employees resign from the District and retire from the retirement system. This is a two-step coordinated process that is unusual in that it is the employee who is ultimately responsible for initiating, coordinating, and submitting required documents within specific timelines. The District's role is one of acknowledgement, verification, and certification.
- B. To be eligible for retirement employees must:
1. Resign from the District. See [HR Guide P-310](#), Resignation, for details
 2. Have earned five (5) years or more of creditable service in an eligible position.
 3. Retire one day after the resignation date from the LACCD service as specified under the rules of either the California State Teacher's Retirement System (CalSTRS) or California Public Employees Retirement System (CalPERS).
 4. Meet vesting service credit and age requirements specified by the retirement system. Employees are responsible for determining these requirements by contacting the appropriate retirement system directly.
- C. **Age Limits / "Normal Retirement Age"**
1. There are no maximum age limits established for continuance of employment. Occasionally an employee's fitness to perform job duties is called into question. Under appropriate circumstances, a President or Senior Vice Chancellor may request a fitness for duty examination from the Employer-Employee Relations Office, District Office.
 2. The concept of "normal retirement age" applies in a narrow context of employment after retirement under CalPERS. CalPERS members who are below age 55 at the time of retirement must have a minimum 60-day break in service before returning to temporary employment with a CalPERS-covered agency (CalPERS Law 586.1)
 3. Employees considering retirement, or desiring to work after retirement, are responsible for meeting with the appropriate retirement system counselor to determine how their retirement age affects their "retirement benefit" in their personal situation.
- D. **Illness Balance Credits:** The District contracts with CalPERS and CalSTRS retirement systems for the conversion of unused illness leave for additional service credit.
1. Unused full-time illness days are creditable towards additional service credit; half pay illness days are not.
 2. In order for an employee to be eligible to receive illness leave credit, the retirement systems require that the employee's retirement date must be within 120 days of the date of the employee's separation from employment.

3. Once an employee enters active retirement, the District notifies CalPERS / CalSTRS of the employee's remaining unused full-time illness balances. Until the adjustment process concludes, monthly pension dollar amounts may vary. It is, therefore, prudent for employees to ensure all time reports, absence reports, leave of absence papers, doctor's statements are submitted on or before the employee's last work day (resignation date).
- E. **Effect of Leave of Absence and/or Unpaid Time on Retirement Benefit:** The retirement benefit is based on the employee's final compensation as specified by the applicable retirement system.
1. Employees who take unpaid time should be advised that the following conditions reduce retirement system contributions which in turn reduce retirement benefits:
 - a. Half-Pay Illness and/or Unpaid Illness Time
 - b. Any Unpaid Time
 - c. Sabbatical / Retraining Leaves
 2. Employees may "buy back" service credit prior to retirement according to applicable retirement system rules and regulations.
- F. **Retiree Health Benefit Coverage:** Vested eligible employees desiring to continue their health benefits as a retiree must complete and submit a Retiree Health Benefit Application prior to their retirement. See [HR Guide P-371](#), Retiree Health Benefits, for details.
- G. **Retirement Services Available**
1. **Retirement Planning:** Retirement benefits are based on factors unique to each individual employment situation, i.e., age and years of service within their specific retirement system. Consequently, employees desiring assistance with estimating retirement pension allowances, identifying which retirement system forms are needed, etc., are to contact CalSTRS, CalPERS, Social Security Administration (SSA) directly.
 2. **Employer Certification:** Retirement systems require employers to certify information such as illness day balances, buying back service credit options, health care coverage eligibility, etc. Certifications are processed by the District Office according to the nature of the request by Human Resources (employment verification and service credit buy back); Retirement Services Unit (available illness balance); and Health Insurance Section (health care coverage eligibility).
 3. **District Retirement Services:** The District's retirement services are limited to providing generalized information on overall retirement processes and specific information on the District's resignation and retiree health benefit processing procedures. Table P-370A, District Office Retirement Service Processing Areas, identifies the District Office areas involved with retirement processing and the corresponding services they provide.

TABLE P-370A LACCD RETIREMENT SERVICE PROCESSING AREAS (Listed in Alphabetical Order)		
AREA	LOCATED	SERVICE
Benefits Center	Off-Site	<ul style="list-style-type: none"> Answers employee and retiree questions regarding benefits. Receives and processes Application for Retiree Health Benefits forms.
Resignation SPOC, Human Resources	District Office	<ul style="list-style-type: none"> Responds to employee and campus questions regarding resignation processing. Audits separation personnel action. Sends out confirmation letters when a retirement separation action is entered into SAP system.
Health Insurance Section	District Office	<ul style="list-style-type: none"> Verifies employee health coverage and retiree benefit eligibility. Provides Application for Retiree Health Benefits form.
Retirement Services Unit	District Office	<ul style="list-style-type: none"> Arranges retirement system workshops. Certifies retirement service credit, educational leave hours, and salary history. Meets with employees as appropriate. Certifies unused full-time illness days balances available <ul style="list-style-type: none"> CalSTRS Express Benefit Form CalPERS Service Retirement Application, Section 7, Employer Certification (Available Illness Leave Hours)
Website	Faculty & Staff Resources	<ul style="list-style-type: none"> Classified Retirement Faculty Retirement

H. Processing a Retirement

1. **Pre-Retirement Processing (Retirement Planning):** In order to minimize fluctuations in the monthly pension checks affecting the employee's final compensation, employees planning retirement should:
 - a. Contact a retirement system counselor six (6) months in advance of the anticipated retirement date.
 - To assist employees meeting with a retirement system counselor to get a more accurate estimate of his/her retirement benefits, the Retirement Services Unit, District Office, will, upon request, provide a preliminary estimate of the employee's available illness balance.
 - b. If age 64 or more on the day of retirement, contact Social Security Administration (SSA) at least 90 days in advance to discuss Medicare enrollment. Employees who are given a Request for Employer Verification form (HCIA-L564) by SSA, should forward the form to Health Insurance Section, District Office, for completion. See [HR Guide P-371](#), Retiree Health Benefits, for details.

2. **Retirement Processing:** To minimize payment and benefit disruptions, the LACCD resignation process and applicable retirement system application process should be initiated by the employee three (3) months prior to the actual retirement date as follows:
- a. **LACCD Resignation Process:** Employee submits the LACCD Resignation (Form HR P-310) indicating "Retirement" as the resignation reason to their supervisor who, after acknowledging the resignation, forwards the form to the Location Personnel Office. Upon acknowledgement of the resignation by the location's administrator, the Location Personnel Office enters the action into the District's computer system and forwards the signed document to Human Resources, District Office. See [HR Guide P-310](#), Resignation, for details.
 - b. **Illness Balance Certification:** In order for the illness leave balance to be reported to the Retirement Services Unit, District Office, must verify unused full-time illness days. Verification occurs as follows:
 - 1) **Retirement Application Phase:** Illness leave verification at this point in the process reflects available illness balances that an employee has when he/she applies for retirement. Retirement systems recommend illness balances verification at this point in processing an employee's retirement application so that benefit calculations are closer to the final compensation amount. The basic process for obtaining illness balance verification prior to retirement is as follows:
 - Employee obtains and completes the applicable retirement system illness balance certification form (CalSTRS Express Benefit form or Section 7 of the CalPERS Service Retirement Election Application.
 - Employee sends the original retirement system application to the retirement system and simultaneously sends the following form, **along with a copy of their resignation form**, to Retirement Services Unit, District Office:
 - **If STRS member**, Express Benefit form.
 - **If PERS member**, copy of entire Application.

Note: It is recommended that employees send this material by Certified Mail, Receipt Requested. Regular U.S. Mail, Courier mail or hand-delivery is also acceptable. It is imperative that the employee completes and the Personnel Office processes the resignation form. Otherwise the Retirement Services Unit will not certify the employee's illness balance. While the retirement will still be processed by the appropriate retirement system with no illness credit, the actual pension benefit is reduced until such time as the illness balance reconciliation process described in paragraph H.2.b.2. below is completed.

- Upon completion and certification of the illness verification form, the Retirement Services Unit, District Office, sends the form to CalSTRS or CalPERS as appropriate. A copy is simultaneously mailed to the employee for his/her records.
- 2) **After Resignation / Retirement Phase:** After the employee's resignation date has passed and the employee has entered retirement, an illness balance reconciliation reporting process occurs between the Retirement Services Unit, District Office and/or CalSTRS or CalPERS. This process occurs after all payroll time reporting and absence reporting concludes-and results in determining the final illness balance report are determined.
 - 3) Employees who do not have unused sick leave certified before retirement must contact their retirement system and request the appropriate "sick leave certification" form and forward it to Retirement Services Unit, District Office for verification. Any increases that may be needed to the employee's pension are then retroactively adjusted to the employee's retirement date.
- c. **Benefits Coverage:** To avoid a lapse in benefit coverage, employees should submit their Application for Retiree Health Benefits to the Benefits Service Center at least 30 days prior to their resignation. See [HR Guide P-371](#), Retiree Health Benefits, for details.
 - d. **Retirement System Application:** Retirement application processing timelines vary according to the retirement system. CalSTRS recommends starting the process no earlier than six months prior to the retirement date. CalPERS recommends three months prior to the retirement date.
 - 1) **CalSTRS or CalPERS:** Employees must submit the required retirement system application, along with any required documentation substantiating beneficiary options, directly to the applicable retirement system following the procedures specified by the retirement system. The initial employer illness balance certification forms (STRS: Express Benefit Report; PERS: Section 7, Service Retirement Election Application) are part of the retirement application packet and should be sent to the Retirement Services Unit, District Office as described under Illness Balance Certification above. (Employees should not wait for the Retirement Services Unit, District Office to certify illness balances but should submit their retirement applications as soon as they complete it.)
 - 2) **STRS Cash Balance Plan:** Employees participating in this plan must complete and send the following forms to the Retirement Services Unit, District Office, for certification:
 - a. STRS Cash Balance Benefit Program Employment Certification (CBO1822)
 - b. Termination of Benefit Application (CB585)
 - c. Copy of LACCD Resignation Form ([HR P-310](#))

- 1) **PARS:** Employees participating in PARS, must complete and send the following forms to the Retirement Services Unit, District Office for certification:
 - a. PARS Request for Distribution
 - b. Copy of LACCD Resignation (HR P-310)

3. Table P-370B, Retirement Processing Documents and Timelines, below, identifies basic retirement processing requirements. Figure P-370, Retirement Processing Flow Chart, below, illustrates the overall process.

I. **“Pension Spiking”**

1. Pension payments are intended to reflect an employee’s earnings over the course of the employee’s career and are based on employer and employee contributions accumulated over decades of work. “Pension spiking” occurs when an employee suddenly receives a large raise or other change in job assignment in the year immediately prior to retirement and which increases the employee’s pension to an amount greater than the employee would normally receive. This practice transfers unfunded obligations from the employer to the pension fund for life.

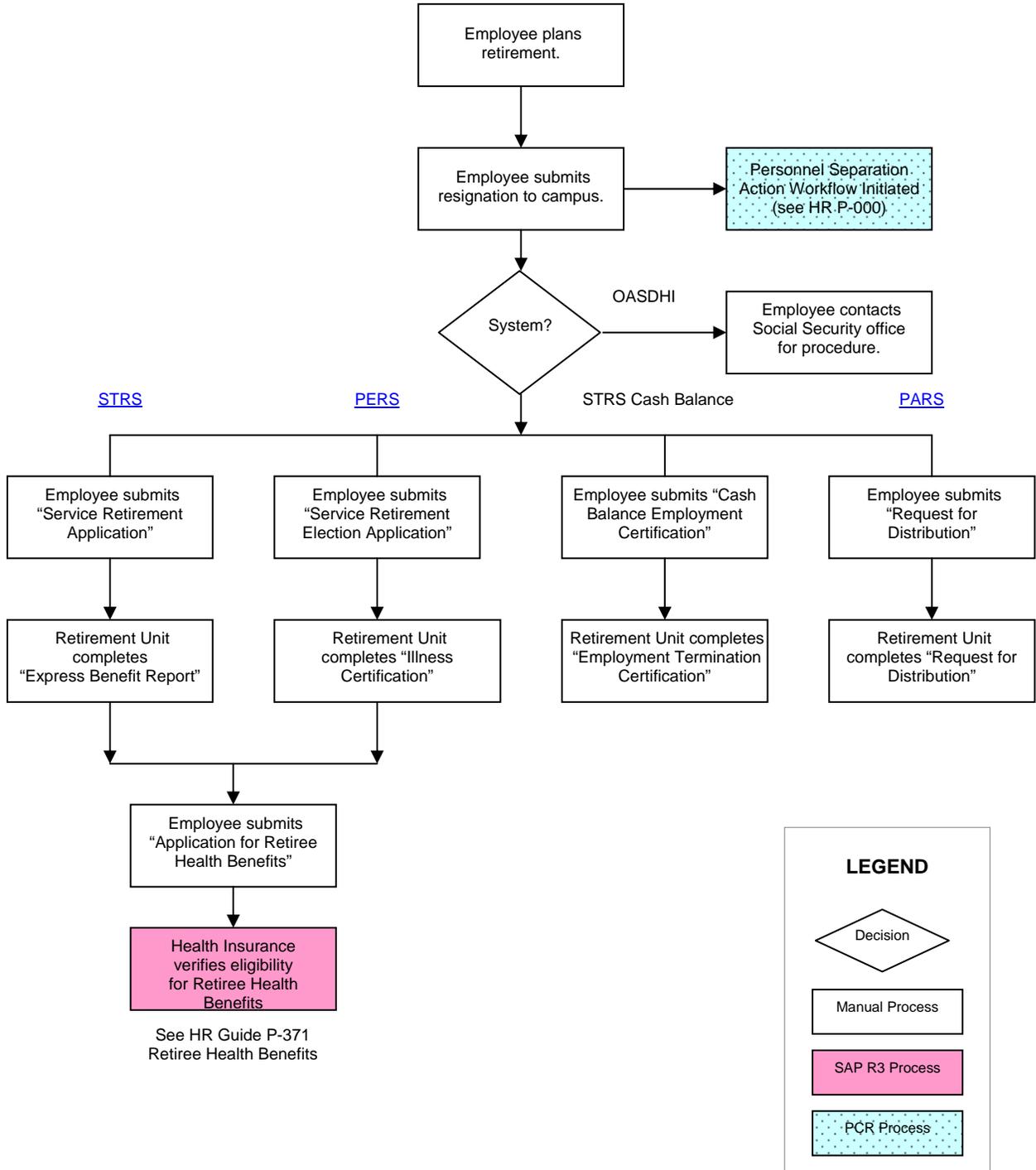
2. Both the CalSTRS and CalPERS retirement systems prohibit pension spiking. Consequently job changes and compensation increases that occur during the year prior to retirement are subject to audit by the retirement system. “Pension spiking” that the District knew about, or should have known about, subjects both the District and employee to sanctions by the retirement system

3. The following examples of job assignment changes are viewed as pension spiking.
 - Reducing the work year from full year (A or D Basis) to the academic year (C Basis) for the purpose of increasing service credit for unused illness leave.
 - Returning to faculty status from an administrator position for less than a full Fall or Spring term during the academic year just prior to retirement
 - A sudden significant increase in compensation in the last year of service compared to previous years.

- J. **Rehire of Retiree:** Retired employees may be reemployed within the parameters of State statute and Board of Trustees policy. CalSTRS retirees are subject to “earnings limitations” and CalPERS retirees are restricted to 960 working hours per fiscal year. See [HR Guide P-121](#), Rehire Retiree, for details.

TABLE P-370B RETIREMENT PROCESSING DOCUMENTS¹ AND TIMELINES²				
For details on Retiree Health Benefit requirements and processing, see HR Guide P-371, Retiree Health Benefits.				
SERVICE / FORM TITLE	FORM NUMBER	OBTAIN FROM	SUBMIT TO	RECOMMENDED PROCESS / TIMELINE
RETIREMENT PLANNING				
• <i>CalSTRS</i> ³				
Retirement Benefit Calculator	On-Line	CalSTRS		
Retirement Counseling Service		CalSTRS		Phone: (800) 228-5453 • In Person: Four weeks prior to retirement • Telephone: Two weeks prior to retirement
• <i>CalPERS</i> ³				
Retirement Planning Calculator	On-Line	CalPERS		When retirement is more than a year away.
Retirement Allowance Estimate	PERS-MSD-470	CalPERS	CalPERS	When retiring in the next twelve months.
RETIREMENT PROCESSING				
Express Benefit Report	SR0 554E	CalSTRS	• Retirement Services Unit, District Office • STRS Membership Services Center	When submitting "retirement packet to CalSTRS. Submit with Service Retirement Application.
Service Retirement Application	SR0059	CalSTRS	• STRS Membership Services Center	Signed forms must be received by CalSTRS: • No earlier than six months prior to retirement date. • No later than the last business day of the month in which the employee retires
Service Retirement Election Application ³	PERS-BSD-369-S	CalPERS	• Retirement Services Unit, District Office • CalPERS Benefit Services Division	Submit Section 7 to Retirement Services Unit prior to submitting "retirement packet" to CalPERS No more than 90 days before retirement date.
PARS Request for Distribution		PARS	Retirement Services Unit, District Office	When resigning from the District or 24 months after being promoted to a position covered by another retirement system.
Medicare Information (Formerly Request for Employment Information)	(CMS L564)	Local Social Security Office	Health Insurance Section, District Office	Submit form within 90 days of resignation
Resignation	LACCD HR P-370	LACCD	Location Personnel Office	When submitting retirement application to CalSTRS or CalPERS.
Application for Retiree Health Coverage	On-Line	LACCD	Benefit Service Center, LACCD	30 days before resignation date to avoid lapse in coverage.
Life Insurance Conversion ⁵		LACCD		Will be contacted by MetLife within 30 days after resignation date.
<p>¹ Each employee's retirement situation is unique. Retirement system documents identified in this HR Guide are the basic documents. For assistance with identifying and/or completing specific retirement system forms applicable to their situation, employees must contact the appropriate retirement service counselor.</p> <p>² Retirement system timelines reflect retirement system publication dates applicable to academic / fiscal year 2006-07 and identify when the signed form should be submitted to the retirement system. See the applicable retirement system publication for timelines on additional retirement planning activities that should occur prior to submission of the application form.</p> <p>³ In the LACCD, CalSTRS members usually hold Academic Service positions and CalPERS members usually hold Classified Service positions. Employees who have held regular assignments in both services "select" one retirement system.</p> <p>⁴ STRS members should submit the STRS Express Benefit form; PERS members submit Section 7 of the Service Retirement Election Application to Retirement Services Unit, District Office. The employee completes the employee portion of the form. The Retirement Services Unit completes the employer portion of the form, forwards the original to the applicable retirement system and sends a copy to the employee for his/her records.</p> <p>⁵ Insurance contacts employee directly.</p>				

FIGURE P-370 RETIREMENT PROCESSING WORKFLOW



IV. ADDITIONAL SOURCES

CALIFORNIA EDUCATIONAL CODE

87730 Acceptance and Effective Date of Resignations
88081 Subjects of Rules
88201 Resignations; Effective Date

LACCD BOARD RULES

Chapter X, Human Resources
Article IV Certificated Assignments
10415 Return to Service After Resignation

LACCD HUMAN RESOURCE GUIDE

HR P-310 Resignation
HR P-371 Retiree Health Benefits

PERSONNEL COMMISSION RULES

768 Resignation

LACCD COLLECTIVE BARGAINING AGREEMENTS

AFT Faculty Guild Local 1521:
Article 20, Resignation
Article 22, Retirement

RETIREMENT SYSTEMS

California Public Employee Retirement System (CalPERS)
California State Teacher's Retirement System (CalSTRS)
Public Agency Retirement System (PARS)
Social Security Administration (SSA)