

MEMORANDUM OF LAW

DATE: May 11, 1995

TO: Retirement Board of Administration, via Lawrence B.
Grissom, Retirement Administrator

FROM: City Attorney

SUBJECT: Proposed Purchase of Service Credit Provision - Request
of Virginia Silverman

At the April 21, 1995, Board meeting, we received direction to prepare suggested language for a San Diego Municipal Code ("SDMC") provision that would allow part-time salaried members of the San Diego City Employees' Retirement System ("SDCERS") to purchase service credit for the remainder of their part-time service. Such a purchase would allow salaried part-time members to receive a full year of service credit for each year of part-time service actually worked.

A brief background, discussion and proposed language for such a provision follow.

BACKGROUND

Virginia Silverman, a general member of SDCERS, has requested that salaried part-time members of SDCERS be allowed to purchase the remainder of their service to receive a full year of service credit for each year of part-time service. Ms. Silverman worked part-time for two periods during her nineteen year career with the City.

During both periods of part-time employment, Ms. Silverman remained a member of SDCERS. Ms. Silverman made contributions based on the reduced pay she received as a part-time employee and accrued service credits for the amount of time she actually worked. She now wishes to receive credit as if she were a full-time member during these two periods of time by purchasing the remaining time.

There is currently no provision that allows this type of purchase. Ms. Silverman's request involves the creation of a new benefit.

DISCUSSION

The sole authority to create this benefit rests squarely with the City Council, subject to approval by members of SDCERS pursuant to Charter section 143.1. The Board is free, however, to discuss possible changes in benefits and to recommend any proposed changes to the City Council.

This, in fact, has happened. The Board discussed this issue on April 21, 1995, and agreed to recommend to the City Council that this

type of benefit be created. In light of this recommendation, we were directed to prepare language for a new section in the SDMC describing this benefit.

Our recommended language is attached for your review. This section allows a part-time salaried member of SDCERS to purchase the remainder of their part-time service after ten years of service with the City. This section would allow long time members of SDCERS to recapture any lost time caused by temporary changes in employment status. We believe that the ten year eligibility requirement is consistent with other existing purchase of service credit provisions in the SDMC.

Before recommending this section to the City Council, however, we suggest that the Retirement System's actuary be consulted to determine the impact, if any, of this type of purchase on the System. A proposed calculation for this type of purchase should also be discussed with the actuary.

CONCLUSION

Pursuant to your direction, we have drafted language that would allow a salaried part-time employee to purchase the remainder of their part-time service once they have been employed with the City for ten years.

Although, this proposed section addresses the unique situation of Ms. Silverman and others similarly situated, it does not provide the clarification in general needed in the purchase of service area. Instead, it adds another layer to an already complicated area of the SDMC.

In our view, other issues involving the purchase of service credit for time not actually worked for the City need to be addressed. In light of this recommendation to further expand a member's right to purchase time in SDCERS for time not actually worked for the City, we encourage you to pursue a review of the existing purchase of service provisions to ensure consistent treatment of all members of SDCERS.

JOHN W. WITT, City Attorney

By
Jennifer K. Hooper
Deputy City Attorney

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Attachment
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