

## **Service Retirement Retirement Allowance Formula**

A member's monthly retirement allowance is a percentage of the member's average salary while he or she was working as a County (or reciprocal) employee. The formula calculates the allowance (unmodified allowance) by using the following factors:

- Plan
- In contributory plans, it is based on highest monthly average of pensionable compensation during any 12-consecutive-month or 36-consecutive-month period of service.
- In Plan E, it's based on the highest monthly average of compensation earnable during any three 12-month periods of service, whether or not consecutive.
- Retirement Age (quarter years or whole years)
- Service Credit (years and months)

### **RETIREMENT ALLOWANCE FORMULA**

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#### **Maximum Retirement Allowance**

The maximum retirement allowance is 100% of final compensation for contributory members and 80% of final compensation for Plan E members.

#### **Final Compensation**

Final compensation is an average of the member's highest period of pensionable earnings (the period is based on the member's plan – see formula comparison below).

The member may elect the specific period, or LACERA's system will select the highest period (often the period immediately preceding the retirement date). For reciprocal members, the LACERA allowance is calculated using the highest period in LACERA's system or the reciprocal agency average salary, whichever is higher.

If a member's final compensation period includes a period of absence without pay (AWOP) or sick without pay (SWOP), LACERA uses the member's scheduled earnings as reported by the Auditor-Controller during the period of unpaid absence. Any step increases in salary that occur while a member is in a "no earn" or "no pay" status are included in scheduled earnings.

#### **Additional information by Plan**

[Contributory Plans](#)

[Noncontributory Plan E](#)

[CALCS, Final Compensation](#)

[CERL; Article 1, Section, [31461](#), [31461.1](#), [31461.4](#), [31461.6](#), [31462](#), [31462.1](#), [31462.3](#);  
PEPRA [7522.15](#), [7522.20](#), [7522.25](#), [7522.32](#)]

#### **Retirement Age**

The member's age at the time of retirement includes either **quarter years** (contributory plans) or **whole years** (Plan E), up to certain ages (see table). After that age, the member's calculation may benefit from additional service credit, but not age increases.

#### **Service Credit**

The member's earned and purchased (including County, Non-County, and ARC) service credit is included in the retirement allowance calculation. Years and months of service credit are considered for all plans.

## Earning Service Credit - Contributory Plans

### Earning Service Credit - Plan E

#### **Special Circumstances for Actual Month of Retirement**

For contributory members, the member earns service credit for the month in which he retires (and that month may be included in the final compensation period) if he or she has enough earnings to pay the entire monthly contribution for that month. If there are not enough earnings (member retires early in the month), LACERA bills the member for the remaining amount due.

- If a 30-year cancellation of contributions (not open to Plan G members) — or a 20-year cancellation for Safety Plans A and B (not open to Safety Plan C members) — has already been implemented for the member, a month of service credit is earned for the month of retirement as long as any earnings have been reported for the month.

[CERL [31663.25](#), [31672](#)]

- If a member elects to retire during an unpaid leave of absence, he would not earn service credit for the month in which he retires.

If the member's service credit includes years and months of service credit, use the [Monthly Decimal Equivalents](#).

#### **Percentage of Final Compensation**

To determine the percentage of final compensation the member will receive in retirement, we need to know the **retirement age** and **service credit**. With this information, there are two ways to determine the percentage of final compensation:

1. Find the percentage in the [table](#), or
  2. Calculate the percentage using either the CERL age factor (based on plan and retirement age) for General Plans A, B, C, and D and Safety Plans A and B or the PEPRA formulas for General Plan G and Safety Plan C, given in PEPRA Sections 7522.20 and 7522.25, respectively.
- For General Plans A, B, C, D, and E and Safety Plans A and B: When using age factors, calculate the member's percentage of final compensation by multiplying the age factor by years and months of service and dividing the result by 60 for general members and 50 for safety members.

#### **Formula:**

Age factor (see [table](#)) x service credit (decimal equivalent) = % of final comp.

#### **Example:**

Safety Plan C, retirement at age 51 1/4 with 11 years of service credit  
 $2.125 \times 11 = 23.38\%$

- For General Plan G and Safety Plan C: Multiply the age factor by years and months of service.

#### **Formula Comparison by Plan**

Plan	Final Compensation Period	Age Considered	Up to Age	CERL/PEPRA Section on Age Factors
Safety A	12 months	quarter years	55	<a href="#">31664</a>
Safety B	12 or 36* months	quarter years	55	<a href="#">31664</a>
Safety C	36 consecutive months**	quarter years	57	<a href="#">7522.25</a>
Plan A	12 months	quarter years	62	<a href="#">31676.14</a>
Plan B	12 or 36* months	quarter years	65	<a href="#">31676.11</a>
Plan C	12 or 36* months	quarter years	65	<a href="#">31676.1</a>
Plan D	12 or 36* months	quarter years	65	<a href="#">31676.1</a>

<b>Plan E</b>	3 years (3 periods of 12 consecutive months)	whole years	65	<u>31491</u>
<b>Plan G</b>	36 consecutive months**	quarter years	57	<u>7522.25</u>

\* Use one-year average (12 consecutive months) if the member was employed on or after October 1, 2000 (not deferred), and retires on or after July 1, 2001. Otherwise, use three-year average (36 consecutive months).

Historical: For any member who retired on or before June 30, 2001, use three-year average (36 consecutive months).

\*\*Subject to employee benefit limits set forth in PEPRA Section 7522.10 and Internal Revenue Code Sections 401(a), 415(b)

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