

**LEGISLATIVE DIGEST**

(First Draft, 05/21/24)

[Charter Amendment – Fire Department Service Retirement Pension]

**Describing and setting forth a proposal to the voters at an election to be held on November 5, 2024, to amend the Charter of the City and County of San Francisco to shorten to one year the period to calculate “final compensation” for retirement benefits for persons who have or will become members of the Fire Department on and after July 7, 2010; calculate “final compensation” on the basis of average compensation earnable rather than compensation earned for persons who have or will become members of the Fire Department on and after July 7, 2010; change the age factor percentage for benefit calculations such that persons who have or will become members of the Fire Department on and after January 7, 2012 reach a higher age factor percentage at earlier ages; and lower from 58 to 55 the retirement age at which persons who have or will become members of the Fire Department on and after January 7, 2012 reach the highest age factor percentage.**

Existing Law

1. Definition of “Final Compensation”

Currently, persons who have or will become members of the Fire Department on and after July 7, 2010, have a different final compensation period and type of compensation included for benefits calculations than those hired earlier than that date. For persons who became members of the Fire Department between July 7, 2010 and January 7, 2012, Charter Section A8.601-1 defines “final compensation” as the average monthly compensation earned by a member during the higher of any two consecutive fiscal years of earnings immediately before retirement. For persons who have or will become members of the Fire Department on and after January 7, 2012, Charter Section A8.604-1 defines “final compensation” as the average monthly compensation earned by a member during the higher of any three consecutive fiscal years of earnings immediately before retirement. In contrast, persons who became members of the Fire Department before July 7, 2010 have a retirement benefit calculation based on a one-year period. In addition, their compensation potentially earnable – rather than earned – is the basis for the final compensation calculation.

2. Changing Age Factor Percentages and Lowering Retirement Age

Persons who are members of the Fire Department and meet age and service requirements receive a service retirement allowance based on their age, final compensation, and years of service. Under Charter Section A8.604-2, persons who have or will become members of the Fire Department on and after January 7, 2012 attain their highest age factor percentage when they reach age 58. In contrast, persons who became members of the Fire Department before January 7, 2012 attain their highest age factor percentage when they reach age 55. Similarly, persons who became members of the Fire Department before January 7, 2012 attain higher

age factor percentages at earlier ages than those who have or will become members of the Fire Department on and after January 7, 2012.

### Amendments to Current Law

#### 1. Definition of "Final Compensation"

This amendment would change the definition of final compensation so that persons who have or will become members of the Fire Department on and after July 7, 2010 have a final compensation calculation based on one year of credited service as do those who became members of the Fire Department before that date. In addition, the final compensation calculation for persons who have or will become members of the Fire Department on and after July 7, 2010 would be based on what they could have earned rather than what they actually earned during any one year of credited service in which the member's average compensation is the highest.

#### 2. Changing Age Factor Percentages and Lowering Retirement Age

This amendment would: 1) align the age factor percentage for persons who have or will become members of the Fire Department on and after January 7, 2012 with those who became members of the Fire Department before that date; and 2) lower from 58 to 55 the retirement age at which persons who have or will become members of the Fire Department on and after January 7, 2012 reach the highest age factor percentage, consistent with persons who join the Fire Department before that date.

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