

[The purpose of the proposed Charter amendment is to provide retirement benefits for Miscellaneous City employees on a par with other Bay Area cities and counties]

CHARTER AMENDMENT

PROPOSITION ____

Describing and setting forth a proposal to the qualified voters of the City and County of San Francisco to amend the Charter of the City and County of San Francisco by amending Sections A8.509, A8.526, A8.587-2, and 12.100 to increase retirement benefits to eligible employees.

The Board of Supervisors hereby submits to the qualified voters of the City and County, at an election to be held on November 8, 2005, a proposal to amend the Charter of the City and County by amending Section(s) A8.509, A8.526, A8.587-2, and 12.100 to read as follows:

Note: Additions are *single-underline italics Times New Roman*.
Deletions are ~~*strikethrough italics Times New Roman*~~.

Section 1. The San Francisco Charter is hereby amended by amending Section A8.509 to read as follows:

SEC. A8.509. RETIREMENT—MISCELLANEOUS OFFICERS AND EMPLOYEES ON AND AFTER JULY 1, 1947

Miscellaneous officers and employees, as defined in this section, who are members of the retirement system under this section of the charter on February 1, 1969, and persons who become miscellaneous officers and employees after February 1, 1969, shall be members of the retirement system, subject to the following provisions of this section, in addition to the provisions contained in Sections 3.670, 3.672, 8.500, 8.510 and 8.520 of this charter notwithstanding the provisions of

any other section of the charter, provided that the retirement system shall be applied to persons employed on a part-time, temporary or substitute basis only as the board of supervisors shall determine by ordinance enacted by three-fourths vote of all members of the board. Miscellaneous officers and employees of the said departments who are members of the retirement system under Section 8.507 of the charter on February 1, 1969 shall continue to be members of the system under Section 8.507 and shall not be subject to any of the provisions of this section, except as specifically provided in this section.

(a) The following words and phrases as used in this section, unless a different meaning is plainly required by the context, shall have the following meaning:

“Retirement allowance,” or “allowance,” shall mean equal monthly payments, beginning to accrue upon the date of retirement, and continuing for life unless a different term of payments is definitely provided by the context.

“Compensation,” as distinguished from benefits under the workers' compensation laws of the State of California, shall mean all remuneration whether in cash or by other allowances made by the city and county, for service qualifying for credit under this section.

“Compensation earnable” shall mean the compensation as determined by the retirement board, which would have been earned by the member had he worked, throughout the period under consideration, the average number of days ordinarily worked by persons in the same grade or class of positions as the positions held by him during such period and at the rate of pay attached to such positions, it being assumed that during any absence, he was in the position held by him at the beginning of the absence, and that prior to entering city-service he was in the position first held by him in city-service.

“Benefit” shall include “allowance,” “retirement allowance,” and “death benefit.”

“Average final compensation” shall mean the average monthly compensation earned by a member during any five consecutive years of credited service in the retirement

system in which his average final compensation is the highest, unless the board of supervisors shall otherwise provide by ordinance enacted by three-fourths vote of all members of the board.

For the purposes of the retirement system and of this section, the terms “miscellaneous officer or employee,” or “member,” as used in this section shall mean any officer or employee who is not a member of the fire or police department as defined in the charter for the purpose of the retirement system, under Section 8.507 of the charter.

“Retirement system” or “system” shall mean San Francisco City and County Employees' Retirement System as created in Section 8.500 of the charter.

“Retirement board” shall mean “retirement board” as created in Section 3.670 of the charter.

“Charter” shall mean the charter of the City and County of San Francisco.

Words used in the masculine gender shall include the feminine and neuter genders, and singular numbers shall include the plural; and the plural the singular.

“Interest” shall mean interest at the rate adopted by the retirement board.

(b) Any member who completes at least 20 years of service in the aggregate credited in the retirement system, and attains the age of 50 years, or at least 15 years of service in the aggregate credited in the retirement system and attains the age of 55 years, or at least 10 years of service in the aggregate credited in the retirement system, and attains the age of 60 years, said service to be computed under Subsection (g) hereof, may retire from service at his option. Members shall be retired on the first day of the month next following the attainment by them of the age of 65 years. A member retired after reaching the age of 60 years shall receive a service retirement allowance at the rate of two percent of said average final compensation for each year of service; provided, however, that upon the compulsory retirement of a member upon his attainment of the age of 65 years, if the allowance available to such member, pursuant to the provisions of Subsection (f) of this section, shall be greater in amount than the service retirement

allowance otherwise payable to such member under this Subsection (b), then such member shall receive as his service retirement allowance, in lieu of the allowance otherwise payable under this Subsection (b), an allowance computed in accordance with the formula provided in said Subsection (f). The service retirement allowance of any member retiring prior to attaining the age of 60 years, after rendering 20 years or more of such service and having attained the age of 50 years, computed under Subsection (g), shall be an allowance equal to the percentage of said average final compensation set forth opposite his age at retirement, taken to the preceding completed quarter year, for each year of service, computed under Subsection (g):

	Percent for	
Age at Retirement	Each Year of Credited Service	
50	1.0000	<u>1.5000%</u>
50 1/4	1.0250	<u>1.5375%</u>
50 1/2	1.0500	<u>1.5750%</u>
50 3/4	1.0750	<u>1.6125%</u>
51	1.1000	<u>1.6500%</u>
51 1/4	1.1250	<u>1.6875%</u>
51 1/2	1.1500	<u>1.7250%</u>
51 3/4	1.1750	<u>1.7625%</u>
52	1.2000	<u>1.8000%</u>
52 1/4	1.2250	<u>1.8375%</u>
52 1/2	1.2500	<u>1.8750%</u>
52 3/4	1.2750	<u>1.9125%</u>
53	1.3000	<u>1.9500%</u>
53 1/4	1.3250	<u>1.9875%</u>

53 1/2	1.3500	<u>2.0250%</u>
53 3/4	1.3750	<u>2.0625%</u>
54	1.4000	<u>2.1000%</u>
54 1/4	1.4250	<u>2.1375%</u>
54 1/2	1.4500	<u>2.1750%</u>
54 3/4	1.4750	<u>2.2125%</u>
55	1.5000	<u>2.2500%</u>
55 1/4	1.5250	<u>2.2875%</u>
55 1/2	1.5500	<u>2.3250%</u>
55 3/4	1.5750	<u>2.3625%</u>
56	1.6000	<u>2.4000%</u>
56 1/4	1.6250	<u>2.4375%</u>
56 1/2	1.6500	<u>2.4750%</u>
56 3/4	1.6750	<u>2.5125%</u>
57	1.7000	<u>2.5500%</u>
57 1/4	1.7250	<u>2.5875%</u>
57 1/2	1.7500	<u>2.6250%</u>
57 3/4	1.7750	<u>2.6625%</u>
58	1.8000	<u>2.7000%</u>
58 1/4	1.8250	<u>2.7375%</u>
58 1/2	1.8500	<u>2.7750%</u>
58 3/4	1.8750	<u>2.8125%</u>
59	1.9000	<u>2.8500%</u>
59 1/4	1.9250	<u>2.8875%</u>
59 1/2	1.9500	<u>2.9250%</u>

59 3/4	1.9750	<u>2.9625%</u>
60	2.0000	<u>3.0000%</u>

~~In no event shall a member's retirement allowance exceed 75 percent of his average final compensation.~~ In no event shall a member's retirement allowance exceed 75 percent of his average final compensation at Age 60 or prior. If a member is between Age 60 and Age 61 then in no event shall that members's retirement allowance exceed 80 percent of his average final compensation. If a member is at least Age 61 or more, then in no event shall that member's retirement allowance exceed 85 percent of his average final compensation.

Before the first payment of a retirement allowance is made, a member retired under this subsection or Subsection (c) of this section, may elect to receive the actuarial equivalent of his allowance, partly in an allowance to be received by him throughout his life, and partly in other benefits payable after his death to another person or persons, provided that such election shall be subject to all the conditions prescribed by the board of supervisors to govern similar elections by other members of the retirement system, including the character and amount, of such other benefits; provided, however, that at any time within 30 days after the date on which his compulsory retirement would otherwise have become effective, a member who has attained the age of 65 years may elect, without right of revocation, to withdraw his accumulated contributions, said election to be exercised in writing on a form furnished by the retirement system and filed at the office of said system, and a member so electing shall be considered as having terminated his membership in said system on the date immediately preceding the date on which his compulsory retirement would otherwise have become effective, and he shall be paid forthwith his accumulated contributions, with interest credited thereon. Notwithstanding the provisions of Section 8.514 of this charter, the portion of service retirement allowance provided by the city and county's contributions shall be not less than \$100 per month upon retirement after 30 years of service and after attaining the age of 60 years, and provided further that as to any

member with 15 years or more of service at the compulsory retirement age of 65, the portion of the service retirement allowance provided by the city and county's contribution shall be such that the total retirement allowance shall not be less than \$100 per month. In the calculations under this subsection of the retirement allowance of a member having credit for service in a position in the evening schools and service in any other position, separate retirement allowances shall be calculated in the manner prescribed for each class of service, the average final compensation in each case being that for the respective class of service; provided that the aggregate retirement allowance shall be taken into account in applying the provisions of this subsection providing for a minimum retirement allowance. Part-time service and compensation shall be reduced to full-time service and compensation in the manner prescribed by the board of supervisors, and when so reduced, shall be applied on full time service and compensation in the calculations of retirement allowances.

(c) Any member who becomes incapacitated for performance of duty because of disability determined by the retirement board to be of extended and uncertain duration, and who shall have completed at least 10 years of service credited in the retirement system in the aggregate, computed as provided in Subsection (g) hereof, shall be retired upon an allowance of one and eight-tenths percent of the average final compensation of said member, as defined in Subsection (a) hereof for each year of credited service, if such retirement allowance exceeds 40 percent of his average final compensation; otherwise one and eight-tenths percent of his average final compensation multiplied by the number of years of city-service which would be credited to him were such city-service to continue until attainment by him of age 60, but such retirement allowance shall not exceed 40 percent of such average final compensation. In the calculation under this subsection of the retirement allowance of a member having credit for service in a position in the evening schools and service in any other position, separate retirement allowances shall be calculated, in the manner prescribed, for each class of service, the average final

compensation in each case being that for the respective class of service; provided that the average final compensation upon which the minimum total retirement allowance is calculated in such case shall be based on the compensation earnable by the member in the classes of service rendered by him during the one year immediately preceding his retirement. Part-time service and compensation shall be reduced to full-time service and compensation in the manner prescribed by the board of supervisors, and when so reduced, shall be applied as full-time service and compensation in the calculation of retirement allowances. The question of retiring a member under this subsection may be brought before the retirement board on said board's own motion, by recommendation of any commission or board, or by said member or his guardian. If his disability shall cease, his retirement allowance shall cease, and he shall be restored to service in the position or classification he occupied at the time of his retirement.

(d) No modification of benefits provided in this section shall be made because of any amounts payable to or on account of any member under workers' compensation laws of the State of California.

(e) If a member shall die, before retirement, (1) If no benefit is payable under subdivision (2) of this subsection (e):

(A) Regardless of cause, a death benefit shall be paid to the member's estate or designated beneficiary consisting of the compensation earnable by the member during the six months immediately preceding death, plus the member's contributions and interest credited thereon.

(B) If a member sustains a traumatic bodily injury through external and violent means in the course and scope of employment and death results within 180 days of such injury, an additional insurance benefit of 12 months of compensation earnable shall be paid to the member's estate or designated beneficiary.

(2) If, at the date of his death, he was qualified for service retirement by reason of service and age under the provisions of Subsection (b) of this section, and he has designated as beneficiary his surviving spouse, who was married to him for at least one full year immediately prior to the date of his death, one-half of the retirement allowance to which the member would have been entitled if he had retired from service on the date of his death, shall be paid to such surviving spouse who was his designated-beneficiary at the date of his death, until such spouse's death or remarriage, or if there be no surviving spouse, to the unmarried child or children of such member under the age of 18 years, collectively, until every such child dies, marries or attains the age of 18 years, provided that no child shall receive any allowance after marrying or attaining the age of 18 years. If, at the death of such surviving spouse, who was receiving an allowance under this Subdivision (2), there be one or more unmarried children of such member under the age of 18 years, such allowance shall continue to such child or children, collectively, until every such child dies, marries or attains the age of 18 years, provided that no child shall receive any allowance after marrying or attaining the age of 18 years. If the total of the payments of allowance made pursuant to this Subdivision (2) is less than the benefit which was otherwise payable under Subdivision (1) of this subsection, the amount of said benefit payable under Subdivision (1) less an amount equal to the total of the payments of allowance made pursuant to this Subdivision (2) shall be paid in lump sum as follows:

(A) If the person last entitled to said allowance is the remarried surviving spouse of such member, to such spouse.

(B) Otherwise, to the surviving children of the member, share and share alike, or if there are no such children, to the estate of the person last entitled to said allowance.

The surviving spouse may elect, on a form provided by the retirement system and filed in the office of the retirement system before the first payment of the allowance provided herein, to receive the benefit provided in Subdivision (1) of this subsection in lieu of the

allowance which otherwise would be payable under the provisions of this subdivision. If a surviving spouse, who was entitled to make the election herein provided, shall die before or after making such election, but before receiving any payment pursuant to such election, then the legally appointed guardian of the unmarried children of the member under the age of 18 years, may make the election herein provided before benefit has been paid under this Subsection (e), for and on behalf of such children if, in his judgment it appears to be in their interest and advantage, and the election so made shall be binding and conclusive upon all parties in interest.

If any person other than such surviving spouse shall have and be paid a community property interest in any portion of any benefit provided under this Subsection (e), any allowance payable under this Subdivision (2) shall be reduced by the actuarial equivalent, at the date of the member's death, of the amount of benefits paid to such other person.

Upon the death of a member after retirement and regardless of the cause of death, a death benefit shall be paid to his estate or designated beneficiary in the manner and subject to the conditions prescribed by the board of supervisors for the payment of a similar death benefit upon the death of other retired members.

(f) Should any miscellaneous member cease to be employed as such a member, through any cause other than death or retirement, all of his contributions, with interest credited thereon, shall be refunded to him subject to the conditions prescribed by the board of supervisors to cover similar terminations of employment and reemployment with and without redeposit of withdrawn accumulated contributions of other members of the retirement system, provided that if such member is entitled to be credited with at least 10 years of service or if his accumulated contributions exceed \$1,000, he shall have the right to elect, without right of revocation and within 90 days after said termination of service, or if the termination was by lay-off, 90 days after the retirement board determines the termination to be permanent, whether to allow his accumulated contributions to remain in the retirement fund and to receive benefits only

as provided in this paragraph. Failure to make such election shall be deemed an irrevocable election to withdraw his accumulated contributions. A person who elects to allow his accumulated contributions to remain in the retirement fund shall be subject to the same age requirements as apply to other members under this section for service retirement, but he shall not be subject to a minimum service requirement. Upon the qualification of such member for retirement by reason of age, he shall be entitled to receive a retirement allowance which shall be the actuarial equivalent of his accumulated contributions and an equal amount of the contributions of the city and county, plus 1-2/3 percent of his average final compensation for each year of service credited to him as rendered prior to his first membership in the retirement system. Upon the death of such member prior to retirement, his contributions with interest credited thereon shall be paid to his estate or designated beneficiary.

(g) The following time and service shall be included in the computation of the service to be credited to a member for the purpose of determining whether such member qualifies for retirement and calculating benefits:

(1) Time during which said member is a member of the retirement system and during and for which said member is entitled to receive compensation because of services as a miscellaneous officer or employee.

(2) Service in the fire and police departments which is not credited as service of a member under this section shall count under this section upon transfer of a member of either of such departments to employment entitling him to membership in the retirement system under this section, provided that the accumulated contribution standing to the credit of such member shall be adjusted by refund to the member or by payment of the member, to bring the account at the time of such transfer to the amount which would have been credited to it had the member been a miscellaneous employee throughout the period of his service in either such departments at the compensation he received in such departments.

(3) Time during which said member is absent from a status included in paragraphs (1) or (2) next preceding which is not deemed absence from service under the provisions of Section 8.520 of the charter and for which such member is entitled to receive credit as service for the city and county by virtue of contributions made in accordance with the provisions of such section.

(4) Prior service determined and credited as prescribed by the board of supervisors for persons who are members under Section 8.507.

(5) The board of supervisors, by ordinance enacted by a three-fourths vote of its members, may provide for the crediting as service under the retirement system of service, other than military service, rendered as an employee of the federal government and service rendered as an employee of the State of California or any public entity or public agency in the State of California. Said ordinance shall provide that all contributions required as the result of the crediting of such service shall be made by the member and that no contributions therefor shall be required of the city and county.

(h) All payments provided under this section shall be made from funds derived from the following sources, plus interest earned on said funds:

(1) There shall be deducted from each payment of compensation paid to a member under Section 8.509 a sum equal to 7-1/2 percent of such payment of compensation. The sum so deducted shall be paid forthwith to the retirement system. Said contribution shall be credited to the individual account of the member from whose salary it was deducted, and the total of said contributions, together with interest credited thereon in the same manner as is prescribed by the board of supervisors for crediting interest to contributions of other members of the retirement system, shall be applied to provide part of the retirement allowance granted to, or allowance granted on account of said member under Section 8.509, or shall be paid to said member or his estate or beneficiary as provided in Sections 8.509(e) and 8.509(f).

(2) Contributions based on time included in paragraphs (1) and (3) of Subsection (g), and deducted prior to July 1, 1947, from compensation of persons who become members under this section, and standing with interest thereon, to the credit of such members on the records of the retirement system on said date, shall continue to be credited to the individual accounts of said members, and shall be combined with and administered in the same manner as the contributions deducted after said date.

(3) The total contributions, with interest thereon, made by or charged against the city and county and standing to its credit, on July 1, 1948, in the accounts of the retirement system, on account of persons who become members under this section, shall be applied to provide the benefits under this section.

(4) The city and county shall contribute to the retirement system such amounts as may be necessary, when added to the contributions referred to in the preceding paragraphs of this Subsection (h), to provide the benefits payable under this section. Such contributions of the city and county to provide the portion of the benefits hereunder, which shall be based on service rendered by each member prior to the date upon which his rate of contribution is determined in paragraph (1), Subsection (h), shall not be less during any fiscal year than the amount of such benefits paid during said year. Such contributions of the city and county to provide the portion of the benefits hereunder, which shall be based on service rendered by respective members on and after the date stated in the next preceding sentence, shall be made in annual installments, and the installment to be paid in any year shall be determined by the application of a percentage to the total salaries paid during said year, to persons who are members under this section, said percentage to be the ratio of the value of the effective date hereof, or at the later date of a periodical actuarial valuation and investigation into the experience under the system, of the benefits thereafter to be paid under this section, from contributions of the city and county, less the amount of such contributions, and plus accumulated interest thereon,

then held by said system to provide said benefits on account of service rendered by respective member after the date stated in the sentence next preceding, to the value at said respective dates of salaries thereafter payable to said members. Said values shall be determined by the actuary, who shall take into account the interest which shall be earned on said contributions, the compensation experience of members, and the probabilities of separation by all causes, of members from service before retirement, and of death after retirement. Said percentage shall be changed only on the basis of said periodical actuarial valuation and investigation into the experience under the system. Said actuarial valuation shall be made every even-numbered year, and said investigation into the experience under the system shall be made every odd-numbered year.

Notwithstanding the provisions of this Subdivision (4), any additional liabilities created by the amendments of this Section 8.509 contained in the proposition therefor submitted to the electorate on November 6, 1973, shall be amortized over a period of 30 years.

(5) To promote the stability of the retirement system through a joint participation in the result of variations in the experience under mortality, investment and other contingencies, the contributions of both members and the city and county, held by the system to provide the benefits under this section, shall be a part of the fund in which all other assets of said system are included. Nothing in the section shall affect the obligations of the city and county to pay to the retirement system any amounts which may or shall become due under the provisions of the charter prior to the effective date hereof, and which are represented on July 1, 1947, in the accounts of said system by debits against the city and county.

(i) Upon the completion of the years of service set forth in Subsection (b) of this section as requisite to retirement, a member shall be entitled to retire at any time thereafter in accordance with the provisions of said Subsection (b), and nothing shall deprive said member of said right.

(j) Except as otherwise provided in section 8.511 of this charter, no person retired under this section, for service or disability and entitled to receive a retirement allowance under the retirement system, shall serve in any elective or appointive position in the city and county service, including membership on boards and commissions, nor shall such persons receive any payment for service rendered to the city and county after retirement, provided that service as an election officer or juror shall not be affected by this section.

(k) Any section or part of any section in this charter, insofar as it should conflict with this section, or with any part thereof, shall be superseded by the contents of this section. In the event that any word, phrase, clause or subsection of this section shall be adjudged unconstitutional, the remainder thereof shall remain in full force and effect.

(l) Notwithstanding the provisions of Subsections (b), (c), (f), and (i) of this section, any member convicted of a crime involving moral turpitude, committed in connection with his duties as an officer or employee of the City and County of San Francisco, shall, upon his removal from office or employment pursuant to the provisions of this charter, forfeit all rights to any benefits under the retirement system except refund of his accumulated contributions; provided, however, that if such member is qualified for service retirement by reason of service and age under the provisions of Subsection (b) of this section, he shall have the right to elect, without right of revocation and within 90 days after his removal from office or employment, whether to withdraw all of his accumulated contributions or to receive as his sole benefit under the retirement system, an annuity which shall be the actuarial equivalent of his accumulated contributions at the time of such removal from office or employment.

(m) The amendments of this section contained in the proposition submitted to the electorate on November 6, 1984 are hereby declared to be prospective and shall not give any person a claim against the city and county relating to a death prior to ratification of this amendment by the State Legislature.

Section 2. The San Francisco Charter is hereby amended by amending Section A8.526 to read as follows:

A8.526 COST OF LIVING ADJUSTMENT IN ALLOWANCES

(a) Each retirement or death allowance which is not subject to change when the salary rate of any member is changed and which is payable to or on account of any member who has retired or died prior to July 1, 1967, except such allowances payable to or on account of persons who retired or died prior to July 1, 1947, as members under Section 8.507, but including death allowances payable under Section 8.561 which are not subject to change when the salary rate of any member is changed, shall be increased for time on and after July 1, 1968, by the percentage set forth in the following table opposite the fiscal year in which said allowance became effective, said percentage to be applied to the allowance payable to the individual who was receiving the allowance on July 1, 1968, (a) exclusive of the annuity provided by additional contributions and (b) prior to reduction pursuant to Subsection (a) of Section 8.514:

Fiscal year in which allowance became effective Percentage

All years prior to July 1, 1959	16%
July 1, 1959 to June 30, 1960	14%
July 1, 1960 to June 30, 1961	12%
July 1, 1961 to June 30, 1962	10%
July 1, 1962 to June 30, 1963	8%
July 1, 1963 to June 30, 1964	6%
July 1, 1964 to June 30, 1965	4%
July 1, 1965 to June 30, 1966	2%
July 1, 1966 to June 30, 1967	1%

(1) Funds, necessary for the payment of such increases in allowances payable to, or on account of, members who retired or died as members under charter Sections 8.507 or 8.509, shall be

provided from the city's accumulated contributions held by the system on account of miscellaneous members under Section 8.509.

(2) Funds, necessary for the payment of such increases in allowances to, or on account of, members who retired or died as members under charter Sections 8.543 or 8.544, shall be provided from the city's accumulated contributions held by the system on account of police members under Section 8.544.

(3) Funds, necessary for the payment of such increases in allowances to, or on account of, members who retired or died as members under charter Sections 8.567 or 8.568, shall be provided from the city's accumulated contributions held by the system on account of fire members under Section 8.568.

The necessary funds shall be transferred on the effective date of this section from said accumulated contributions to the accumulated contributions held by the system to meet the obligations of the city and county on account of benefits that have been granted and which are based on services rendered as members. The contribution being required of the city and county currently, as percentages of salaries of persons who are members under Sections 8.509, 8.544 and 8.568, shall be increased to percentages determined by the actuary as necessary to replace the accumulated contributions so transferred. (b)(1) The retirement board shall determine, prior to April 1 of each year, the percentage of increase or decrease in the cost of living during the preceding calendar year or years, as shown by the then current Consumer Price Index, All Items, San Francisco (1957-59_100), issued by the U.S. Bureau of Labor Statistics and published in the Monthly Labor Review or a successor publication. The cost of living adjustments as hereinafter provided shall be based on the percentage of such increase or decrease.

(2) Notwithstanding any other charter or ordinance provision governing the retirement system, every retirement or death allowance payable to, or on account of, any member who retires or dies as a member of the system or who has retired or died as such a member, except allowances subject to change when the salary rate of any member is changed, shall be increased or decreased as of July 1, 1969, and on July 1, of each succeeding year, subject to the provisions of this Subsection (b), by a percentage of the allowance established on July 1, 1968, after any increase under Subsection (a) of this section or on the effective date of such allowance, whichever is later, as payable to the individual who is receiving the allowance on the date of any such adjustment (a) exclusive of the annuity provided by additional contributions, and prior to modification pursuant to Subsection (f) of Section 8.514. On July 1, 1969, the percentage of increase in each such allowance shall be the percentage which is determined by the retirement board to approximate to the nearest one percent, the percentage of increase in the cost of living during the preceding calendar year. ~~On July 1, 1970, and on July 1 of each succeeding year, the percentage of increase or decrease in each such allowance shall be the percentage which is determined by the retirement board to approximate to the nearest one percent of increase or decrease in the cost of living in the calendar year or years since January 1, 1969, or since January 1 of the year in which the last such cost of living adjustment in allowances was made, whichever is later. Such adjustment in any year shall not exceed two percent of such allowance; provided, however, that no allowance shall be reduced below the amount being received by the member or his beneficiary on July 1, 1968, or on the effective date he began to receive the allowance, whichever is later.~~

On July 1, 2006 and on July 1 of each succeeding year, the percentage of increase or decrease in each such allowance shall be the percentage which is determined by the retirement board to the exact percent increase or decrease in the cost of living in the calendar year or years since July 1, 2005, or since January 1 of the year in which the last such cost of living adjustment in allowances was made, whichever is later. Such adjustment in any year shall not exceed three percent of such allowance; provided, however, that no allowance shall be reduced below the amount being received by the member or his beneficiary on July 1, 2005.

~~(3) Commencing with the calendar year 1982, if the percentage of increase or decrease in the cost of living in any calendar year, as determined to the nearest one percent by the retirement board, were to exceed two percent as compared with the cost of living in the next preceding calendar year, the percentage of increase or decrease in the cost of living in excess of two percent, shall be accumulated to provide increases or decreases in the cost of living in each succeeding calendar year.~~

Commencing with the calendar year 2006, if the percentage of increase or decrease in the cost of living in any calendar year were to exceed three percent as compared with the cost of living in the next preceding calendar year, the percentage of increase or decrease in the cost of living in excess of three percent, shall be accumulated to provided increases or decreases in the cost of living in each succeeding calendar year.

(4) Any such increase in allowances which are not funded by such allocations of such earnings, shall be funded by contributions of members under Sections 8.507, 8.509, 8.544, 8.568, 8.584, 8.586 and 8.588, and by contributions of the city, which shall be at rates which are in addition to the rates of contribution otherwise provided by charter or ordinance, provided that a member's

rate of contribution shall not exceed one-half of one percent of his monthly compensation. The contributions made under this section by any member, shall be credited together with regular interest thereon to his individual account and shall be subject to the same charter and ordinance provisions relating to accumulated contributions of the member, including withdrawal and death benefits other than death allowances, provided, however, that upon his retirement or death, such accumulated contributions and interest shall not be applied to provide a part of the retirement benefits payable to him or the death allowance benefits payable on account of his death otherwise provided by charter or ordinance, but instead shall be held, together with the accumulated contributions made by the city pursuant to this Subsection (b), with interest thereon, to provide the benefits under this Subsection (b).

(5) The rates of contribution of members and the city, as provided herein, shall be fixed by the retirement board from time to time as it determines necessary.

A8.526-1 SUPPLEMENTAL COST OF LIVING BENEFIT

Starting on July 1, 1997, the Retirement Board shall establish in the Retirement Fund a Reserve Account. Funds in this Reserve Account shall be used to provide supplemental cost of living benefit adjustments to retirement allowances in addition to cost of living adjustments now provided for in the Charter. Funds placed in this Reserve Account shall consist of all earnings of the Retirement Fund in the previous fiscal year which are in excess of the expected earnings on the actuarial value of the assets. The expected earnings are the earnings projected by the actuarial assumption for return on assets that was in place for that fiscal year. The maximum amount of funds to be placed in this Reserve Account shall not exceed the amount of funds projected to be

necessary to fund benefits provided pursuant to this section for that fiscal year and the following two fiscal years.

The funds in this Reserve Account shall be used solely to provide supplemental cost of living benefit adjustments as follows:

(a) On July 1, 1997 and July 1 of each succeeding year, if there are sufficient funds in this Reserve Account, each retirement allowance or death allowance payable on account of a member who died, including retirement allowances subject to change when the salary rate of a member is changed, shall be increased by an amount equal to three percent (3%) of the allowance, less the amount of any cost of living adjustment provided pursuant to Section 8.526 and less the amount of any cost of living adjustment, payable in that fiscal year, which is the result of a change in the salary of the member.

(b) On July 1, 1997, if there are sufficient funds in this Reserve Account, each retirement allowance payable to or account of a member who was retired on or before December 31, 1979 as a member under Sections 8.507 or 8.509 or 8.584 shall be increased by a monthly amount equal to \$3 for each complete year of retirement. In computing years of retirement, the Retirement System shall count completed fiscal years between the member's effective date of retirement and June 30, 1997.

(c) On and after June 30, 2003, any supplemental cost of living benefit adjustment, once paid to a member, shall not be reduced thereafter.

(d) On and after June 30, 2003, the Reserve Account set forth in this section shall be used to finance only the increase in the supplemental cost of living benefit adjustments for the next ensuing fiscal year as set forth in section (a). If there are insufficient funds in the Reserve

Account to pay the increase in the supplemental cost of living benefit adjustments for the next ensuing fiscal year, then the increase in the supplemental cost of living benefit adjustments for that fiscal year shall not be paid. However, any excess earnings as defined in this section shall be accumulated until an amount sufficient to make one fiscal year's increase in the supplemental cost of living benefit adjustments is reached. (Added November 1996; amended March 2002)

A8.526 COST OF LIVING ADJUSTMENT IN ALLOWANCES

- (a) Each retirement or death allowance which is not subject to change when the salary rate of any member is changed and which is payable to or on account of any member who has retired or died prior to July 1, 1967, except such allowances payable to or on account of persons who retired or died prior to July 1, 1947, as members under Section 8.507, but including death allowances payable under Section 8.561 which are not subject to change when the salary rate of any member is changed, shall be increased for time on and after July 1, 1968, by the percentage set forth in the following table opposite the fiscal year in which said allowance became effective, said percentage to be applied to the allowance payable to the individual who was receiving the allowance on July 1, 1968, (a) exclusive of the annuity provided by additional contributions and (b) prior to reduction pursuant to Subsection (a) of Section 8.514:

Section 3. The San Francisco Charter is hereby amended by amending Section A8.587-2 to read as follows:

A8.587-2 SERVICE RETIREMENT

Any member who completes at least 20 years of service in the aggregate credited in the retirement system and attains the age of 50 years, or at least 15 years of service in the aggregate credited in the retirement system and attains the age of 55 years, or at least 10 years of service in the aggregate credited in the retirement system, and attains the age of 60 years, said service to be computed under Section A8.587-7 may retire for service at his or her option. Members may retire under this section or under the provisions of A8.587-6, on the first day of the month next following the attainment by them of the age of 65 years. A member retired after reaching the age of 60 years shall receive a service retirement allowance at the rate of ~~2~~ 3 percent of said average final compensation for each year of service. The service retirement allowance of any member retiring prior to attaining the age of 60 years, and after rendering 20 years or more of such service, computed under Section A8.587-7, and having attained the age of 50 years, shall be an allowance equal to the percentage of said average final compensation set forth opposite his or her age at retirement, taken to the preceding completed quarter year, for each year of service, computed under Section A8.587-7:

Age at Retirement	Percent for Each Year of Credited Service	
50	1.0000	<u>1.5000%</u>

50 1/4	1.0250	<u>1.5375%</u>
50 1/2	1.0500	<u>1.5750%</u>
50 3/4	1.0750	<u>1.6125%</u>
51	1.1000	<u>1.6500%</u>
51 1/4	1.1250	<u>1.6875%</u>
51 1/2	1.1500	<u>1.7250%</u>
51 3/4	1.1750	<u>1.7625%</u>
52	1.2000	<u>1.8000%</u>
52 1/4	1.2250	<u>1.8375%</u>
52 1/2	1.2500	<u>1.8750%</u>
52 3/4	1.2750	<u>1.9125%</u>
53	1.3000	<u>1.9500%</u>
53 1/4	1.3250	<u>1.9875%</u>
53 1/2	1.3500	<u>2.0250%</u>
53 3/4	1.3750	<u>2.0625%</u>
54	1.4000	<u>2.1000%</u>
54 1/4	1.4250	<u>2.1375%</u>
54 1/2	1.4500	<u>2.1750%</u>
54 3/4	1.4750	<u>2.2125%</u>
55	1.5000	<u>2.2500%</u>
55 1/4	1.5250	<u>2.2875%</u>
55 1/2	1.5500	<u>2.3250%</u>
55 3/4	1.5750	<u>2.3625%</u>
56	1.6000	<u>2.4000%</u>
56 1/4	1.6250	<u>2.4375%</u>

56 1/2	1.6500	<u>2.4750%</u>
56 3/4	1.6750	<u>2.5125%</u>
57	1.7000	<u>2.5500%</u>
57 1/4	1.7250	<u>2.5875%</u>
57 1/2	1.7500	<u>2.6250%</u>
57 3/4	1.7750	<u>2.6625%</u>
58	1.8000	<u>2.7000%</u>
58 1/4	1.8250	<u>2.7375%</u>
58 1/2	1.8500	<u>2.7750%</u>
58 3/4	1.8750	<u>2.8125%</u>
59	1.9000	<u>2.8500%</u>
59 1/4	1.9250	<u>2.8875%</u>
59 1/2	1.9500	<u>2.9250%</u>
59 3/4	1.9750	<u>2.9625%</u>
60	2.0000	<u>3.0000%</u>

~~In no event shall a member's retirement allowance exceed seventy five percent of his or her average final compensation. In no event shall a member's retirement allowance exceed 75 percent of his average final compensation at Age 60 or prior. If a member is between Age 60 and Age 61 then in no event shall that members's retirement allowance exceed 80 percent of his average final compensation. If a member is at least Age 61 or more, then in no event shall that member's retirement allowance exceed 85 percent of his average final compensation.~~

Before the first payment of a retirement allowance is made, a member, retired under this section or Section A8.587-3, may elect to receive the actuarial equivalent of his or her allowance, partly in an allowance to be received by him or her throughout his or her life, and

partly in other benefits payable after his or her death to another person or persons, provided that such election shall be subject to all the conditions prescribed by the board of supervisors to govern similar elections by other members of the retirement system, including the character and amount, of such other benefits. Notwithstanding the provisions of Section A8.514 of this charter, the portion of service retirement allowance provided by the city and county's contributions shall be not less than \$100 per month upon retirement after thirty years of service and after attaining the age of 60 years, and provided further that as to any member with 15 years or more of service at the retirement age of 65, the portion of the service retirement allowance provided by the city and county's contribution shall be such that the total retirement allowance shall not be less than \$100 per month. In the calculations under this section of the retirement allowance of a member having credit for service in a position in the evening schools and service in any other position, separate retirement allowances shall be calculated, in the manner prescribed for each class of service, the average final compensation in each case being that for the respective class of service, provided that the aggregate retirement allowance shall be taken into account in applying the provisions of this section providing for a minimum retirement allowance. Part-time service and compensation shall be converted to full-time service and compensation in the manner prescribed by the board of supervisors, and when so converted shall be applied on full-time service and compensation in the calculation of retirement allowances.

Section 4. The San Francisco Charter is hereby amended by amending Section 12.100 to read as follows:

SEC. 12.100. RETIREMENT BOARD.

The Retirement Board shall consist of seven members as follows: one member of the Board of Supervisors appointed by the President, three public members to be appointed by the Mayor pursuant to Section 3.100, and three members elected by the active members and retired persons

of the Retirement System from among their number. The public members appointed by the Mayor shall be experienced in life insurance, actuarial science, employee pension planning or investment portfolio management, or hold a degree of doctor of medicine. There shall not be, at any one time, more than one retired person on the Board. The term of the members, other than the Board of Supervisors member, shall be five years, one term expiring on February 20th of each year. The three elected members need not be residents of the City and County. Vacancies on the Board shall be filled by the Mayor for the remainder of the unexpired term, except that in the case of elected employee members, a vacancy shall be filled by a special election within 120 days after the vacancy occurs unless the next regularly scheduled employee member election is to be held within six months after such vacancy occurred. Elections shall be conducted by the Director of Elections in a manner prescribed by ordinance.

The Board shall appoint and may remove an executive director and an actuary. The Board may employ a consulting actuary.

In accordance with Article XVI, Section 17, of the California Constitution, the Retirement Board shall have plenary authority and fiduciary responsibility for investment of monies and administration of the Retirement System.

The Board shall be the sole authority and judge, consistent with this Charter and ordinances, as to the conditions under which members of the Retirement System may receive and may continue to receive benefits under the Retirement System, and shall have exclusive control of the administration and investment of such funds as may be established.

The Retirement Board shall discharge its duties with respect to the system with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a

like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.

The Board shall determine City and County and District contributions on the basis of a normal contribution rate which shall be computed as a level percentage of compensation which, when applied to the future compensation of the average new member entering the System, together with the required member contribution, will be sufficient to provide for the payment of all prospective benefits of such member. ~~The portion of liability not provided by the normal contribution rate shall be amortized over a period not to exceed twenty years.~~

For the purposes of lowering the costs of the proposed 3% at Age 60 retirement proposal, the portion of liability not provided by the normal contribution rate shall be amortized over a period of forty years. This amortization will replace the usual twenty year amortization period only if the proposed legislation is passed by the voters of the City and County of San Francisco.

The Board may act by a majority of the members present at a meeting so long as a quorum is in attendance.

Section 5. Application of Charter Amendments:

The amendments to sections A8.509, A8.526, A8.587-2, and 12.100 submitted to the electorate on November 8, 2005, shall apply to miscellaneous officers and employees on November 8, 2005 who were members of the retirement system under section A8.509 or section A8.587, to miscellaneous officers and employees under section A8.509 or section A8.587 whose accumulated contributions were in the retirement fund on November 8, 2005 and who were not retired on that date, and to miscellaneous officers and employees who become members of the retirement system under section A8.587 after November 8, 2005. The amendments to sections A8.509 and A8.587-2, submitted to the electorate on November 8, 2005, shall not apply to the continuant or survivor of any miscellaneous officer or employee who dies prior to November 8, 2005.

Section 6. Charter Amendments Not Applicable to Person Who Choose Early Retirement Benefits:

The amendments to sections A8.509 and A8.587-2, submitted to the electorate on November 8, 2005, shall not apply to any member of the retirement system who chooses early retirement benefits under sections A8.401 and A8.522 of this Charter.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: _____
DAN MAGUIRE
Deputy City Attorney