

# SPOKANE MANAGERIAL & PROFESSIONAL ASSOCIATION

EXEMPT – A/MANAGERIAL – B 2022 CONTRACT NEGOTIATIONS

MARCH 23, 2022

## City Proposal #7

**Subject of Proposal:** SERS Contributions  
**Contract Section Affected:** Article IX, Section N; Article X, Section J

**SERS Contributions:** The contribution rate to the retirement system as of the effective date of this contract is 810.25%, paid by each employee and matched by the City. ~~Effective the first pay period following agreement by all other impacted bargaining units and adoption by the City Council, the contribution rate for employees and the City will be increased to 9%.~~

Effective upon agreement by all other impacted bargaining units, the contribution rate may be adjusted further as follows:

Subject to approval by the Retirement Board and the City Council, in the event that an official actuarial report prepared at the direction of the Retirement Board indicates that the current total contributions are less than the employee contributions plus the Actuarially Determined Employer Contribution Rate, the City may increase employee and City retirement contributions by up to 1% of annual pay without further negotiation. Increases pursuant to this section are limited to one increase per calendar year.

Additionally, subject to approval by the Retirement Board and the City Council, in the event that an actuarial report indicates that the Plan has reached 100% funded status, the City may decrease employee and City contributions by up to 1% of annual pay without further negotiations. Decreases pursuant to this section are limited to one decrease per calendar year.

### **SERS Benefit Tiers:**

**Tier 1:** Employees hired prior to January 1, 2009, shall be entitled to elect at the time of retirement whether to receive the Tier 1, Tier 2, Tier 3, or Tier 4 benefit. The Tier 1 benefit is described in full in the Spokane Municipal Code, Section 03.05.160, and the key provisions are as follows:

1. Retirement benefit of 2.15% of the employee's highest consecutive two-year average compensation for each year of creditable service, up to a maximum of 64.5% (30 years).
2. Employees are vested after 5 years.
3. Employees may retire at age 50, with 5 years of creditable service, or at age 62.

**Tier 2 (Rule of 75):** Employees hired on or after January 1, 2009, but before January 1, 2015, shall be entitled to elect at the time of retirement whether to receive the Tier 2, Tier 3, or Tier 4 benefit. The Tier 2 benefit is described in full in the Spokane Municipal Code, Section 03.05.165, and the key provisions are as follows:

1. Retirement benefit of 2% of the employee's highest consecutive two-year average compensation for each year of creditable service, up to a maximum of 70% (35 years).
2. Employees are vested after 5 years.
3. Employees may retire at age 50, with the employee's age plus years of

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creditable service equaling at least 75, or at age 62.

**Tier 3 (Rule of 80):** Employees hired on or after January 1, 2015, but before January 1, 2018, shall be entitled to elect at the time of retirement whether to receive the Tier 3 or Tier 4 benefit. The Tier 3 benefit is described in full in the Spokane Municipal Code, Section 03.05.166, and the key provisions are as follows:

1. Retirement benefit of 2% of the employee's highest consecutive three-year average compensation for each year of creditable service, up to a maximum of 70% (35 years).
2. Employees are vested after 7 years.
3. Employees may retire at age 50, with the employee's age plus years of creditable service equaling at least 80, or at age 65.

**Tier 4 (Rule of 90):** Employees hired on or after January 1, 2018, shall receive the Tier 4 benefit, assuming all other impacted bargaining units have agreed to adopt Tier 4 by that date. The key provisions of the Tier 4 benefit are as follows:

1. Retirement benefit of 2% of the employee's highest consecutive three-year average compensation for each year of creditable service, up to a maximum of 80% (40 years).
2. Employees are vested after 7 years.
3. Employees may retire at age 50 with the employee's age plus years of creditable service equaling at least 90 or at age 65.
4. If an employee retires with less than 30 years of service, an Early Retirement Factor of 2.5% will be applied for each year under age 65.
5. For calculation of the employee's highest consecutive three-year average compensation, overtime compensation will be capped at 120% of an employee's annual base salary.