



THE CITY OF SAN DIEGO
M E M O R A N D U M

DATE: May 26, 2011

TO: All Municipal Employee Association (MEA) Represented Employees
via Department Directors and Appointing Authorities

FROM: Scott Chadwick, Human Resources Director

SUBJECT: **REVISED MEMORANDUM REGARDING** Supplemental Pension Savings Plan
(SPSP) Mandatory Match Waiver Election

Due to a large number of questions received following distribution of the Memorandum dated May 18, 2011 regarding the SPSP Mandatory Match Waiver, additional information is being provided in this Memorandum.

Please read this Memorandum in its entirety. PLEASE NOTE, employees who have already submitted election forms in response to the May 18, 2011 Memorandum MUST RESUBMIT.

Per the terms of the agreement with the City and MEA, employees who are SPSP participants must elect to waive the City's 3% match of the employee's mandatory Supplemental Pension Savings Plan (SPSP) contribution (*City's 3% match*) **OR** take fifty-two (52) hours of unpaid mandatory furlough.

This election does not apply to the following MEA represented employees:

- **MEA Represented Employees Hired On or After 7/1/09**
Since employees hired after July 1, 2009 are not eligible to participate in the SPSP plan, these employees may not elect the SPSP option and must take fifty-two (52) hours of unpaid mandatory furlough (Option C).
- **MEA Represented Hourly Employees**
Since Hourly employees may not take unpaid furlough, and since federal law mandates their participation in the SPSP-H plan, neither option is available to them and a 3% pay deduction from all SPSP-eligible compensation is mandatory for them.
- **MEA Represented Provisionally Appointed Employees**

If you elect to waive the *City's 3% match*, you also have the option to discontinue making your own mandatory contribution to SPSP. Note, however, that if you discontinue making your own mandatory contribution, you may not increase your voluntary contribution to SPSP to an amount that is greater than the voluntary amount you were contributing as of March 18, 2011.

You must complete and sign the attached form and return it to the Personnel Department via your Payroll Specialist no later than **June 10, 2011 by 5:00PM** or within fifteen (15) work days after returning to active payroll or from an approved leave of absence. If you have already submitted the form attached to the May 18, 2011 Memorandum, you must resubmit the attached form.

Your election will remain in effect through the last full pay period ending in June 2012 without the ability to change the option you elected. If you fail to submit the form, the default option will be applicable to you, and you will take fifty-two (52) hours of unpaid mandatory furlough as defined in MEA's MOU for Fiscal Year 2012.

402(g) IRS Limits Information

Employees who elect to take the fifty-two (52) hours of mandatory unpaid furlough instead of waiving the *City's 3% match* will receive the *City's 3% match* during Fiscal Year 2012. This means that the *City's 3% match* will be treated as deferred compensation and must be included when calculating the 402(g) annual contribution limits for 401(k). For 2011, the 402(g) limit is \$16,500 for employees under age 50 and \$22,000 for employees age 50 or older.

To provide an example of how the 402(g) contribution limits may apply, if the *City's 3% match* is \$2,000 for 2011, an employee under age 50 may only contribute a maximum additional amount of \$14,500 to 401(k) in a calendar year, and an employee age 50 or older may only contribute a maximum additional amount of \$20,000 to 401(k) in a calendar year.

Employees should consult with their financial or tax advisors to learn more about how the 402(g) contribution limit affects them. The Risk Management Department will be monitoring this activity and any contributions to 401(k) that exceed the 402(g) contribution limits for the calendar year will be refunded. For any additional questions about this issue, please contact the Employee Savings Office at 619/236-6600.

Any additional questions should be directed to your Payroll Specialist or to the MEA Office at 619/264-6632.



SCOTT CHADWICK

SC/rck

Attachment:

1. FY2012 Supplemental Pension Savings Plan Mandatory Match Waiver Option Form

Cc: Jay Goldstone, Chief Operating Officer
Wally Hill, Assistant Chief Operating Officer
Mary Lewis, Chief Financial Officer
Hadi Dehghani, Personnel Director
Ken Whitfield, City Comptroller
Tony Ruiz, MEA President
Michael Zucchet, MEA General Manager

FY2012 Supplemental Pension Savings Plan (SPSP) Mandatory Match Waiver Option Form for MEA Represented Employee Eligible For SPSP

I, _____, am employed on a full-time, three-quarter time, or half-time basis in a job classification represented by MEA. I am informed and understand that a one-year extension to the MOU between the City and MEA will take effect on July 1, 2011, and that, under the terms of this MOU extension, I have the choice between waiving my right under the terms of the City's Supplemental Pension Savings Plan (SPSP) to receive the City's 3% mandatory matching contribution each pay period, or taking fifty-two (52) hours of unpaid furlough.

If the form is not completed and delivered to Personnel Department via your Payroll Specialist by June 10, 2011 by 5:00PM, the default selection will be fifty-two (52) hours of mandatory unpaid furlough.

*****PLEASE READ CAREFULLY YOUR OPTIONS*****

Selection (mark your initials)	Option	Option Description
	A	I am waiving my right to have the City match my mandatory 3% SPSP contribution through each pay period in Fiscal Year 2012 <u>and I</u> will continue to make my mandatory 3% contribution.
	B	I am waiving my right to have the City match my mandatory 3% SPSP contribution through each pay period in Fiscal Year 2012 <u>and I</u> discontinue my mandatory 3% contribution. I understand that this option will not allow me to increase my voluntary SPSP contribution to an amount that is greater than the amount I was contributing as of March 18, 2011, prior to June 23, 2012.
	C	I agree to have fifty-two (52) hours of pay deducted on a pro-rata basis from each of 25 paychecks (starting pay period beginning July 9, 2011 and stopping pay period ending June 22, 2012) on the same terms and conditions as apply to the City's FY2009 Voluntary Furlough Program, except that no discretionary days off shall be made available. A pro-rata adjustment in the number of furlough hours shall be made for those employees who work half and three-quarter time, and for any employee who is hired after the beginning of the fiscal year. <i>(Default if no form is received)</i>

The option elected will remain in effect from the pay period beginning July 9, 2011 through the pay period ending June 22, 2012 **without the ability to change the option.** I have read and understand the terms of this agreement and by my initials above knowingly accept the option I have elected.

Employee Name: _____

Employee ID# _____

Employee Signature: _____

Date: _____

Department: _____

Dept. #: _____

FOR PERSONNEL USE: PERNR: _____ _____	Employee Subgroup: _____ Most Recent Hire Date: _____ SAP Code(s) _____
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