



## Government Relations & Public Affairs Committee

October 23, 2008

### Deferred Compensation for One Employee

**Issue:** Approval to contribute to a deferred compensation plan for an employee in lieu of periodic salary increases.

**Recommendation:** That the Government Relations & Public Affairs Committee recommend that the Board approve contributions to a deferred compensation plan for one employee in lieu of salary increases.

**Discussion:** One of SACOG's employees is retired from State employment with a work-related disability pension. SACOG is currently contributing to a deferred compensation plan on behalf of this employee the value of the 7% employer paid member contribution of PERS based upon approval of the Board in 2004. Because this employee is not eligible to participate in PERS, SACOG has the savings from normal PERS contributions.

One of the conditions for receiving a work-related disability pension is that the salary earned at SACOG may not exceed the pension salary. A state audit has shown that since this employee's hiring, this individual has accumulated over the past three years \$4,630.54 of SACOG earnings in excess of the amount allowed on the disability pension. PERS is currently deducting this amount from the state check to the employee. This action unfairly penalizes the employee for the COLA's and annual step increases earned while working at SACOG. Staff proposes that a one-time contribution to the employee's deferred compensation plan be made to make the employee whole.

In addition, the COLA given to SACOG employees August 1 will create an additional \$511.15 excess amount over the allowed pension amount between August and December 2008. Staff proposes to also deposit this amount to make the employee whole through December 2008. In January, the pension amount will increase sufficiently to offset the SACOG earnings and no contribution will be necessary. However, if any future SACOG salary increases should cause the employee to exceed the allowed pension amount, staff proposes that an amount equal to the excess be deposited to the deferred compensation plan to ensure that the employee remains whole and unpenalized.

Approved by:

Mike McKeever  
Executive Director

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