



**Two Years Additional Service Credit
 Section 20904
 Procedures for Calculation of Estimated Employer Cost**

For County School members, the cost of providing the two years additional service credit is calculated based on the member's annual reportable compensation and the appropriate cost factor based on the member's age at retirement date.

The employer cost may be estimated as follows:

1. Determine all individuals who meet the minimum eligibility for retirement and who are employed in the designated classification or organizational unit.
2. Determine the annual pay rate for each person. "Pay Rate" indicates that amount of compensation a member is paid for a full unit of time. Always use the member's FULL TIME pay rate.
3. Determine the age at retirement date for each person and locate the appropriate cost factor.
4. Multiply the annual pay rate by the cost factor.

2% @ 55 formula

Ages	Cost Factor
50 - 54	0.46
55 - 59	0.64
60 - 64	0.67
65 - 69	0.63

2% @ 62 formula

Ages	Cost Factor
52 - 54	0.35
55 - 59	0.45
60 - 64	0.55
65 - 69	0.61

5. Please note the cost of any Golden Handshakes' benefits paid out of PERF is calculated as the amount of present value of those benefits. Any benefit amounts over the IRC Section 415(b) limit will be paid from the Replacement Benefit Program (RBP) over the life of the participant. The RBP is a pay-as-you-go program. CalPERS will bill the employer annually for the benefits paid from the RBP. Please refer to the following link for the details of the IRC Section 415 & CalPERS RBP:

<https://www.calpers.ca.gov/docs/forms-publications/irc-415b-fact-sheet.pdf>