

CITY OF MOUNT VERNON
VOLUNTARY EARLY RETIREMENT INCENTIVE PROGRAM

Purpose

This program is being established to help deal with budget constraints that are severe enough to warrant payroll reductions. With continued declining sales tax revenue and no notable signs of economic recovery, the City is faced with challenging budget issues. This program allows the City to take all available steps to reduce staffing through voluntary means before resorting to additional layoffs. Early retirement programs offer opportunities to the City as well as to the employees. The City can benefit from this program by reducing, if not, avoiding involuntary terminations, and potentially reducing employee benefit costs by offering the highest paid employees an option to retire.

Retirement Incentive

There are three incentive plans that the employee can choose from:

1. 50% sick leave cash-out upon retirement. This incentive is subject to all federal withholdings and retirement for PERS I only.
2. Cash Incentive. Employee will receive \$1,000 for every continuous year of service with the City of Mount Vernon, with a maximum of \$20,000. The 1st payment of \$10,000 will be paid upon the employee's separation with the City and the 2nd payment will be paid by January 15th, 2011. This incentive is subject to all federal withholdings. This incentive is not subject to retirement.
3. 18 months of employer paid medical premiums for employee and dependents. The City will pay medical, dental, and vision for the employee and their currently covered dependents for 18 months.

Eligibility

The City reserves the right to offer the incentive on a case-by-case basis and will evaluate each request based on the needs of the City. To be eligible for the incentive, the employee must be eligible to retire with full or reduced benefits under the guidelines established by the Washington State Department of Retirement Systems (see Appendix A). Other factors the City will use to evaluate each request are as follows: no request will be approved that results in additional expense to the City, ideally there will be a savings in overall payroll costs, impact to the employee's department's ability to accomplish its mission will be evaluated, and whether the retirement can save another employee from lay off. LEOFF I employees are not eligible for the incentive program. Positions will be evaluated by the Human Resources Director with consultation from the Department Director and approved by the Mayor.

Process

Employees who believe they are eligible and wish to participate in the voluntary early retirement incentive program **must complete and submit an enrollment application by Monday, June 21st, 2010 to Human Resources**. Employees will be notified by June 28th, if they have been accepted to participate in the program. All employees accepting the voluntary retirement incentive **must be separated from the City no later than end of day Friday, July 30, 2010**, and must sign a Retirement Incentive Separation Agreement agreeing to the conditions set forth in the Voluntary Retirement Incentive Program. Receipt of the voluntary retirement incentive is conditioned on their signing the Retirement Incentive Separation Agreement. Employees will have seven days to revoke their decision once the Human Resources Department receives the signed waiver.

Labor Agreements

If the employee desiring to take advantage of the retirement incentive is covered by a bargaining unit, the union must agree to the program through a memorandum of agreement.

Reinstatement

Employees approved for the incentive program will not be placed on the City's reinstatement list.

Unemployment

The approved employee may not be entitled to unemployment benefits due to a voluntary separation from the City.

APPENDIX A

DRS Eligibility Requirements

WA State Department of Retirement Services eligibility for full retirement benefit is:

- PERS 1: any age with 30 years of service credits; or
age 55 and 25 years of service credits; or
age 60 with 5 years of service credits
- PERS 2: age 65 with 5 years of service credits; or
age 62 with 30 years of service credits (2008 Early Retirement Factor; if an employee retires using the 2008 ERF, and has not reached age 65, they cannot work in any capacity for a DRS-covered employer and continue to receive their benefit. If an employee does return to work, they will not receive their monthly benefit for any month in which they work. Their benefit will restart the first of the month after they stop working. Once an employee reaches age 65, they can work under the regular retirement rules.)
age 55 with 20 years of service credits, but benefits will be reduced. It is recommended you contact DRS and consult with a benefit representative.
- PERS 3: age 65 with:
10 service credit years; or
5 service credit years including 12 service credit months earned after age 44; or
5 service credit years, earned in PERS Plan 2 before June 1, 2003 ;
or
age 62 with 30 years of service credits (2008 Early Retirement Factor; if an employee retires using the 2008 ERF, and has not reached age 65, they cannot work in any capacity for a DRS-covered employer and continue to receive their benefit. If an employee does return to work, they will not receive their monthly benefit for any month in which they work. Their benefit will restart the first of the month after they stop working. Once an employee reaches age 65, they can work under the regular retirement rules.)
age 55 with a reduced benefit if you have at least 10 service credit years. It is recommended you contact DRS and consult with a benefit representative.
- LEOFF 1: age 50 with 5 years of service credits
- LEOFF 2: age 53 with 5 years of service credits

Access the Department of Retirement Systems website for further information,
<http://www.drs.wa.gov/member/>