



*Union*

## ADMINISTRATIVE DIRECTIVE A-HR18

### *Early Retirement Incentive – Non-*

Prepared By: Human Resources

Effective Date: August 27, 2013

Previous Revision Date: July 9, 2013 (Policy HR 018)

References: N/A

Function: Personnel

#### APPROVALS:

CAO \_\_\_\_\_

General Manager \_\_\_\_\_

Manager \_\_\_\_\_

LAS Review Date: July 25, 2013

#### PURPOSE

Parkland County recognizes the value of its employees and acknowledges that some employees may desire to retire before age 65.

#### DIRECTIVE STATEMENT

In recognition of service to Parkland County, and to assist those employees who wish to retire before the age of 65, an early retirement incentive is offered in accordance with this directive. The Chief Administrative Officer (CAO) may approve the awarding of an early retirement incentive to an employee who qualifies for such support and is desirous of obtaining it.

#### DEFINITIONS

1. "Factor year" means one full year of pensionable service or one year of age.
2. "Month" means twenty-one and a half (21.5) working days.
3. "Pensionable year" means one full year of service during which contributions required for pension eligibility were made to the Alberta Pension Services (APS) pension plan or to a pension plan recognized by the APS through a reciprocal agreement.
4. "Last working day" means last day on which employee performs their regular duties and after all accumulated vacation leave has been taken or paid out.
5. "Retirement day" means the date on which the employee ceases to be on the County payroll.

#### SCOPE

This directive applies to all non union employees.

#### MANAGEMENT RESPONSIBILITIES

Human Resources is responsible for the implementing, monitoring and evaluating of this directive.

Payroll is responsible to process the incentive.



**STANDARDS****1. Eligibility**

- a. This plan applies to all non-union municipal employees.
- b. Employee must have a minimum of fifteen (15) years of continuous service with Parkland County.
- c. Employees will not receive incentives under this plan prior to their 50th birthday nor after their 60th birthday.
- d. Employees must have a minimum of three (3) years of service at the Management/ Professional/Administrative level to qualify for incentive 2.a. Employee must have been performing at a satisfactory or greater level.
- e. Technical/ Support employees must give at least a six (6) months notice, and Management/Professional/Administrative staff at least one (1) year notice prior to their Last Working Day as defined above.
- f. Employees whose age exceeds fifty-four (54) shall be subject to a reduction in the incentive if their factor years exceed eighty-five (85). A reduction of one-tenth (1/10) for every factor year exceeding eighty-five (85).  
Example:            age = 56, years of pensionable service = 31  
$$56 + 31 = 87 - 85 = 2 \times 1/10 \text{ or } 2/10 \text{ reduction}$$
- g. Calculations under this clause will be based upon the retirement day; except when options 3.b or 3.c are chosen - calculations for reductions will not be applied if the employee commences option 3.b or 3.c on or before the date they reach their 85 factor.
- h. For the purpose of calculating age and pensionable service, no fractions are considered.
- i. The CAO, at his discretion, may modify any of the eligibility criteria, in consultation with the Mayor.
- j. See attached Schedule "A" for calculation of incentive guidelines.

**2. Incentive**

- a. Point three (.3) months of incentive compensation for every pensionable year worked for employees covered under the Management/Professional/Administrative Compensation Plan; maximum nine (9) months incentive.
- b. Point two (.2) months of incentive compensation for every pensionable year worked for employees covered under the Technical Support Compensation Plan; maximum six (6) months incentive.
- c. Calculations under this section will be based upon the retirement day.

**3. Incentive Option**

- a. Lump sum payout on last day paid.
- b. Incentive paid as a regular salary after last working day. Employee would receive full salary but would not be working. Under this option, employees are not eligible for Cost of Living Adjustments (COLA) or grid moves.
- c. Gradual reduction of workweek while on full salary.

**4. Application Process**

- a. The employee shall make a written application to the CAO with adequate notice (defined above) for the incentive.
- b. The Human Resources Coordinator, or designate of the CAO, will evaluate the request and, after consultation with the employee, shall make a recommendation to the CAO for approval, indicating to the CAO that the request meets all the eligibility requirements of the policy.
- c. Options must be approved by the CAO without an avenue of appeal by the employee. Subsequent to option approval, future salary adjustments due to cost of living allowance or reclassification shall not affect the early retirement benefits previously approved.

**5. Benefits**

- a. No benefits under Incentive Option 3.a. This incentive option is not pensionable for the purpose of calculating LAPP.
- b. Benefits under Incentive Options 3.b, and 3.c. These incentive options are pensionable for purpose of calculating LAPP.

**6. Pre-Retirement Seminar**

The County may provide a pre-retirement seminar to interested employees on an optional basis.

**7. Post-Retirement Work**

- a. An individual who returns to employment with Parkland County on any basis other than casual, following the receipt of an early retirement incentive, will be required to repay the incentive to the county. Exceptions will only be granted with the approval of the CAO, in consultation with the Mayor.
- b. Casual is defined as no more than 30 working days per calendar year.

**8. Expiration of Directive**

All terms of this directive, other than Standards 7 regarding Post-Retirement Work, shall expire on December 31, 2015.

## Schedule A

### Calculation of Incentive Guidelines

For clarification and calculation purposes, the following guidelines are to be used for interpreting and applying A-HR18:

1. In calculating the age or factor years for an application under this directive, fractions will be used in the calculations, but not in the final numerical answer (to be consistent with Standard 1.h).
2. All fractions will be “dropped” (not rounded) to two decimal places when in the calculations as specified above in guideline #1. The final answer for the 85-factor will be a whole number (decimals dropped, not rounded).
3. Applications under the directive will be considered to be timely, as long as they are submitted with the proper notice (6 months – Technical /Support or 1 year – Management/ Professional / Administrative), and the factor years are not greater than 85.

The following two (2) examples demonstrate the above guidelines:

#### **1. (Technical / Support)**

Mike is an employee with Parkland County, with demographic information:

Date of Birth: June 2, 1949

Grid: T/S Grid

Annual Salary: \$40,000

##### a. Calculation of Beginning of Notice Period Window:

Mike has met all the eligibility conditions (non-union staff, between 50 and 60 years of age, minimum 15 years of service, satisfactory performance). His years of service are:

Date Eligible for retirement (85 factor reached):	November 2004
Parkland County Employment commencement:	March 5, 1975
LAPP Years of Service (to Dec. 31, 2003):	28.8333*

85-Factor (Calculated on November 30, 2004):

Age:	55.49	[55 + 0.49 yr (June – Nov./04)]
Service Years:	29.75	[28.83 + 0.92 yr (Jan- Nov./04)]
Factor Years:	85	

\*In this example Mike has some service (already acknowledged in the 28.8333 LAPP services years) prior to his start with Parkland County.

The six-month notice period required for Mike to give his notice of retirement in advance to qualify for the ERI, without a reduction penalty, begins six months in advance of the retirement date chosen.

##### b. Calculation of End of Notice Period Window:

86-Factor (Calculated on April 18, 2005):

Age:	55.87	[55 + 0.87 yr (June/04 – April /05)]
Service Years:	30.13	[28.83 + 1.30 yr (Jan./04 – April /05)]
Factor Years:	86	

On April 18, 2005, Mike will incur the reduction penalty, as he has exceeded the 85-factor. Therefore, Mike must give his notice no later than 6 months prior to this date to avoid the reduction penalty to his ERI.

c. Calculation of Retirement Incentive (Retirement in November, 2004):

Maximum Incentive is 0.2 months for every pensionable year to a maximum of six (6) months. Reduction of 1/10 for each factor year, beyond age 54.

0.2 months x 29 (no decimals), pensionable service (full) years =	5.8 months
Not) Reduced by 1/10 each year:	0% reduction
Monthly salary of \$3,333.33 X 5.8 months:	\$19,333.31
Total Cost to County for Retirement Incentive:	\$19,333.31

**2. Management / Professional / Administrative**

Joe is an employee with Parkland County, with demographic information:

Date of Birth:	September 7, 1948
Grid:	MPA Grid
Annual Salary:	\$60,000

a. Calculation of Beginning of Notice Period Window:

Joe has met all the eligibility conditions (non-union staff, between 50 and 60 years of age, minimum 15 years of service, satisfactory performance). His years of service are:

Date Eligible for retirement (85 factor reached):	October 2005
Parkland County Employment commencement:	June 4, 1979
LAPP Years of Service (to Dec. 31, 2003):	26.1521*

85-Factor (Calculated on October 31, 2005):

Age:	57.14	[57+ 0.14 yr (Sept. – Oct. / 04)]
Service Years:	27.98	[26.15 + 1.83 yr (Jan./04 – Oct./05)]
Factor Years:	85	

\*In this example Joe has some service (already acknowledged in the 26.1521 LAPP services years) prior to his start with Parkland County.

The one-year notice period required for Joe to give his notice of retirement in advance to qualify for the ERI, without a reduction penalty, begins one year in advance of the retirement date chosen, to avoid the reduction penalty to his ERI.

b. Calculation of End of Notice Period Window:

86-Factor (Calculated on May 10, 2006):

Age:	57.59	[57+ 0.59 yr (Sept. /05 – May / 06)]
Service Years:	28.42	[26.15 + 2.27 yr (Jan/04 - May / 06)]
Factor Years:	86	

On May 10, 2006, Joe will incur the reduction penalty, as he has exceeded the 85-factor. Therefore according the chart in the guidelines, Joe must give his notice one year prior to this date.

c. Calculation of Retirement Incentive (Retirement in October, 2005):

Maximum Incentive is 0.3 months for every pensionable year to a maximum of nine (9) months. Reduction of 1/10 for each factor year, beyond age 54.

0.3 months x 27 (no decimals) pensionable service (full) years =	8.1 months
(Not) Reduced by 1/10 each year:	0% reduction
Monthly salary of \$5,000 X 8.1 months:	\$40,500
Total Cost to County for Retirement Incentive	\$40,500