

confirms that the item was earned, cashed or paid to you during the measuring period. If all these conditions are met, the item is included in your final average monthly salary for retirement purposes.

CASH OUT ITEMS

To determine whether a cash out item should be included in your compensation earnable, OCERS first reviews payroll data from your employer and any relevant documents you have. Then, using the MOU that was applicable during your measuring period, OCERS confirms that the item was both earned and cashable during your measuring period.

If you have a 12-month measuring period that spans two fiscal years, you will only be allowed to include in comp earnable the amount that you earned and could have cashed out during a 12-month period. Thus, if you are allowed to cash out only 80 hours of leave per year, OCERS limits the amount includable in comp earnable to 6.67 hours per month. This limitation yields a true yearly average.

If you have further questions regarding comp earnable, contact OCERS' Member Services office at (714) 558-6200 or visit our Web site at www.ocers.org.

Compensation Earnable

For General Members



2223 E. Wellington Avenue., Suite 100
Santa Ana, CA 92701
Tel: (714) 558-6200
Web site: www.ocers.org
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WHAT IS COMPENSATION EARNABLE

Compensation Earnable, also known as “Comp Earnable,” are pay items above a member’s hourly base wage that may be included as part of their Final Average Salary.

Comp earnable is not the same as W-2 wages. Average monthly pay is base salary and may also include so-called “premium pay items” and cash out items as long as they were both earned and cashable during the measuring period chosen by the member.

Compensation may include, in addition to base salary, other items the Board of Retirement has defined for retirement purposes, such as Bilingual Premium Pay, Uniform Allowance and Shift Differential Pay. Not all elements of pay are included in the earnings used for retirement purposes. For instance, final compensation does not include overtime pay.

ITEMS INCLUDED IN COMPENSATION EARNABLE

- Base salary and wages
- Bilingual Premium Pay
- Bonuses
- Shift Differential Pay
- Confined Space Pay
- Longevity Incentive
- Automobile Allowance (if paid in cash)
- Uniform Allowance
- On Call Pay

CASH OUT ITEMS INCLUDED IN COMP EARNABLE

Employees are typically able to cash out 40, 60 or 80 hours of Vacation or Annual Leave each year. Cash outs of Vacation/Annual Leave that were earned during the measuring period, as well as amounts either cashed or eligible for a cash-out during the measuring period, can usually be included in the calculation of your retirement benefits. Please review the Memorandum of Understanding (MOU) that covers your bargaining unit for details and time restrictions concerning this benefit.

Payoffs of Sick Leave (not Annual Leave) might be included in comp earnable if permissible under the member’s MOU, or Personnel & Salary Resolution.

ITEMS EXCLUDED FROM COMPENSATION EARNABLE

True Overtime - This is overtime that results from working in excess of the time required to be worked as a condition of employment and ordinarily worked by others in the same grade or classification.

Employer Contributions to your Deferred Compensation (457) Plan.

Employer Pick-up of Employee Contributions to OCERS.

Payoffs of Vacation, Sick Leave or Annual Leave to the extent it was neither earned nor cashable under the terms of your MOU during each year of the measuring period.

Payoffs of Comp Time resulting from true overtime.

Flexible Benefits (“Cafeteria Plan”) provided in-kind, as well as Flexible Benefits paid in cash to members retiring on and after January 1, 1991.

Terminal (“Final”) Pay to the extent it was not earned nor cashable under the Member’s MOU during the member’s measuring period.

Expense Reimbursements such as food/meals, lodging and fuel.

Fees, licenses, memberships provided to the member by the employer.

HOW IS COMPENSATION EARNABLE CALCULATED?

The first step in calculating compensation earnable is to identify if you have a one-year measuring period or a three-year measuring period. Members who entered the system prior to Sept. 21, 1979 have a one-year measuring period. Everyone else has a three-year measuring period. Once the measuring period is identified, OCERS will review your pay records as submitted by your employer to determine what your base pay was and whether there are any premium pay or cash out items that qualify for inclusion in compensation earnable.

PREMIUM PAY ITEMS

OCERS will determine whether you have any additional premium pay items that can be included in your comp earnable. Then, OCERS