

# Chabot-Las Positas Faculty Association (CLPFA)

## FACULTY FOCUS

Volume X, Issue 6 - December, 2009

### HOW CAN I PREPARE FOR THE FUTURE IN THESE UNCERTAIN TIMES?

By: Charlotte Lofft

This article has been printed before and is updated for currency.

This article is taken from the following sources:

*Invest in Your Future Now* by Lindy McKnight (Union Action, SF City College, Dec., 2001) Referenced with permission.

*403bwise* <http://www.403bwise.com/wisemoves/403band457.html>

Consultation with a Vanguard representative.

Consultation with Ms. Lori Benetti, Payroll Manager, CLPCCD

"Prepare for Changes in 403b Plans," by Andrea Coombes, *Valley Times*, May 20, 2007.

**This article is intended for all faculty. It is important for Part-time (Adjunct) faculty to know that you can partake of the 403b and the Cal PERS 457 plans described below.**

NOTE: The representations made below are intended as guidelines. You should check with financial professionals for confirmation and applicability to yourself.

Are you worried about your financial future? Even though we are still climbing out of the recession, this is a great time to invest. Why? Because stocks are at a low level and when you buy now you will take advantage of them going up later. Consider how Warren Buffet has invested over five billion dollars in some of the low valued stocks recently, and let him be your guide!! (On an admittedly smaller scale, of course.)

### 403b and 457 plans

You are probably well aware of the mandatory deductions that come out of your paycheck every month such as the individual deduction for STRS retirement. **But, are you aware of the additional options to fund retirement offered by our District?** Those options are the 403(b) and the Cal PERS 457(b) plans. These plans are wonderful savings vehicles because, like your STRS deductions, they are funded with PRETAX dollars and **lower your taxable income**. They also grow in a tax-deferred manner, which means you pay no tax on them until you start to withdraw money. Most people are in a lower tax bracket when they access the funds upon retirement.

It is my understanding that teachers under age 50 who are eligible for both plans (that's us) can contribute the maximum of **\$16,500 per plan year 2010 to each plan (the 403b and the 457) for a total contribution of \$33,000 in 2010.**

### 2009-2010 CLPFA Officers

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510.723.6873

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510.723.6868

LPC: **Jane McCoy**

925.424.1237

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510.723.6821

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925.424.1396

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# Purchase Service Credit Now

## Have More Money For Retirement Later

Do you want more money when you retire, but you think there's nothing you can do about it?

You can take action now by purchasing service credit.

It's simple. The more service credit you have at retirement—earned or purchased—the greater your pension will be. So buying “time” could pay off for you in the long run.

### Here's How It Works

Service credit is the amount of time in years you work as a CalSTRS member.

You earn one year of service credit for teaching one full-time school year. You can earn part of a year for teaching part time. However, you cannot earn more than one year of service credit in one school year.

If you've substituted, taken a sabbatical, received a refund of your CalSTRS account, been on an approved medical leave or performed certain other types of service, you may be eligible to purchase service credit.

### It's Always An Option

The sooner you purchase service credit, the better. It will cost less if you purchase it early in your career. However, even if you're a few years away from retirement, it may still be worthwhile to purchase service credit.

### Types of Service Credit

There are many different types of service credit available to purchase:

#### *Redeposit*

You can restore service credit that you lost if you left public school employment, took a refund of contributions and interest and then returned to teaching.

#### *Permissive Service*

You may be eligible to purchase certain types of service credit for employer-approved leaves or service not previously credited, such as:

- Nonmember service, such as substitute or part-time teaching.
- Maternity or paternity leave.
- Leave approved under the Family and Medical Leave Act.
- Sabbatical.
- Out-of-state teaching or foreign school service.
- University of California or California State University teaching not already credited in another California retirement system.

#### *Nonqualified Service*

You can purchase up to five years of nonqualified service credit, also known as “air time,” if you are a CalSTRS member with at least five years of service credit. Nonqualified service credit is not connected to any specific prior employment, and it may not be used to qualify for the benefit enhancements of career factor, longevity bonus and one-year final compensation. You may use it to retire as early as age 50 by helping you reach 30 years of service credit.



# What Just One Year Of Service Credit Can Do.

For Rick, it's an extra \$100 a month for life for just one year of purchased service credit.

## Benefit Increase Calculation

Assuming Rick retires at age 60 with 29 years of service credit and annual earnable compensation of \$60,000, if he purchased one year of service credit for substitute teaching earlier in his career, he would receive an extra \$100 per month.

### How Purchased Service Credit Can Add to Your Monthly Benefit

Years of Service Credit	Age Factor	Annual Earnable Compensation	= Monthly Benefit
<b>29 (with purchase)</b>	<b>x 2%</b>	<b>X \$60,000</b>	<b>= (\$34,800/12) \$2,900</b>
<b>28 (without purchase)</b>	<b>x 2%</b>	<b>X \$60,000</b>	<b>= (\$33,600/12) \$2,800</b>

## Buy Now to Save Money

The timing of Rick's purchase makes a difference in his cost since age and compensation matter. This year, if Rick purchases one year of service credit when he is 32 and his highest annual earnable compensation from the last three years is \$35,000, his \$100 extra a month would cost \$6,195.

If Rick waited until a later date, say at age 59 when he also had a higher salary, his \$100 extra a month would cost at least \$15,120. (Since contribution rates are adjusted annually, the cost would likely be higher.)

### What it Costs to Purchase One Year of Service Credit

	Years of Service Credit	Contribution Rate*	Highest Annual Earnable Compensation	= Cost to Buy
<b>Age 32</b>	<b>1</b>	<b>x 17.7%</b>	<b>\$35,000</b>	<b>= \$6,195</b>
<b>Age 59</b>	<b>1</b>	<b>x 25.2%</b>	<b>\$60,000</b>	<b>= \$15,120</b>

\*Contribution rates are based on age and are adjusted annually.

## How Is The Cost Calculated?

Calculations for purchasing a redeposit, permissive or nonqualified service credit are calculated differently. Go to [www.CalSTRS.com/calculators](http://www.CalSTRS.com/calculators) to estimate the cost to purchase. Note: Any redeposits or purchases of permissive service credit must be paid in full by December 31, 2010, for that service credit to be used for longevity bonus eligibility.

## I Want More Information About Purchasing Service Credit

For more information, order a copy of the CalSTRS brochure, *Purchase Additional Service Credit*, at [www.CalSTRS.com/publications](http://www.CalSTRS.com/publications) or call 800-228-5453.

## CalSTRS Resources



### WEB SITES

[www.CalSTRS.com](http://www.CalSTRS.com)  
Click *Contact Us* to e-mail  
[www.403bCompare.com](http://www.403bCompare.com)



### CALL

800-228-5453  
7 a.m. to 6 p.m.  
Monday through Friday  
TTY 916-229-3541



### WRITE

CalSTRS  
P.O. Box 15275  
Sacramento, CA  
95851-0275



### VISIT

Member Services  
7919 Folsom Boulevard  
Sacramento, CA 95826  
(until June 19, 2009)



### FAX

916-229-3879

866-384-4457  
Home Loan Program

888-394-2060  
CalSTRS Pension2®  
Personal Wealth Plan

Member Services  
100 Waterfront Place  
West Sacramento, CA 95605  
(starting June 22, 2009)



## Faculty Association Newsletter

*Uncertain Times Continued page 1*

If you are over age 50 you can contribute an extra **\$5,500 per year to each plan for a total of \$22,000 per plan or \$44,000 per year.**

Participants eligible for "catch-up" provisions can contribute even more. (See below.)

Catch up provisions are somewhat complicated and should be reviewed on the Web Site above. For example, there is a Cal PERS 457(b) catch up provision for the last three years before retirement. There is also an additional 403(b) catch-up provision for people who have worked 15 years for the same employer and have not contributed more than a threshold amount in the previous years. Contributions under this "15 year rule" cannot exceed \$3,000 per year, up to a \$15,000 lifetime maximum.

### Management of Existing and New 403bs

The IRS wants employers to exert more "centralized control" over the 403b plans. This means that employees can't continue to transfer funds from one 403b vendor into another 403b vendor without going through a process with the employer and the vendors.

Our district has executed a contract with Envoy, a company that will manage the 403b accounts of faculty. All communication regarding your 403b has to be through Envoy, and we are limited to signing up for 403b companies that are on Envoy's list. The information regarding Envoy is available on the District Web Site under Human Resources. Perhaps you noticed in my Summer, 2009 mailing (to Full-time faculty) that Vanguard is now one of the mutual fund companies to whom Envoy will manage your 403b investments. This represents a significant improvement over our past choices for mutual fund companies.

Go to [www.403bwise.com](http://www.403bwise.com) for useful general information. To compare your plan offerings to others, go to [www.403bcompare.com](http://www.403bcompare.com).

### **Consult a tax or investment professional before taking advantage of these programs.**

Once you decide to "go for it", contact the Benefits Office or Payroll Office at the District Office for the appropriate forms. Or, they may be available at your college Business Office. You can contact Cal PERS for forms and information directly at 1-800-260-0659.

### **Individual Retirement Accounts (IRAs).**

In addition to the 403b and Cal PERS 457 plans offered through the District or Cal PERS, anyone can have an Individual Retirement Account. (IRA). **If you are under 50, your maximum 2009 contribution to an IRA is \$5000. If you are over 50, your maximum contribution is \$6000 for 2010. IRAs can be either based on pre-tax or post-tax dollars.** Again, consult a financial professional before you decide which type is best for you. You need to open these on your own, and you can have them in the stock market or other types of investments such as bond funds.

Like all investing, the most powerful factor influencing the growth of retirement funds is **time**. The earlier in life one begins, and the longer the money grows tax-deferred, the larger the amount at the end. Graphic illustrations of this principle are staggering and should send you running to immediately open your 403(b), 457(b), and IRA accounts. **YOU SHOULD ALSO KEEP IN MIND THAT PART OF WHAT YOU PUT INTO THESE 403(B) AND 457(B) AND IRA ACCOUNTS WOULD GO TO THE IRS ANYWAY. WOULDN'T YOU RATHER BE WATCHING THE BALANCE SHEET GROW IN YOUR OWN ACCOUNT INSTEAD OF PAYING ALL THOSE EXTRA TAXES?**

## Russell City Energy Center Update

*Submitted by Diane Zuliani and Dave Fouquet*

The Russell City Energy Center (RCEC) is a proposed 600 megawatt natural gas fired power plant. The plant is being proposed for the Hayward Shoreline, approximately 3 miles to the west of Chabot, by the Texas-based energy giant Calpine (headquarters, Houston; regional offices, San Jose). The decision to grant Calpine permission to build the RCEC is currently being deliberated by the Bay Area Air Quality Management District (BAAQMD), which has promised to take the concerns of those who will be impacted by this plant into consideration. Many of us at Chabot have attended public hearings and written letters to the BAAQMD expressing our concern about the plant. As of today, the BAAQMD has made no final decision.

Although we don't know the final status of the RCEC, we are including this update because the RCEC proposal underwent two important changes last year that Chabot faculty should know about. First, and most importantly, Calpine proposed a

## Faculty Association Newsletter

major revision to its plant's operation. Originally proposed as a "baseload" plant, meant to produce a steady supply of electricity to feed the grid on a continuous basis, Calpine revised its proposal in 2008 to make the RCEC a "load following" plant, one that may start up and shut down every day. Unfortunately, start-ups emit larger and more concentrated amounts of toxic chemicals than any other stage in a power plant's operation. Start-ups take as long as 3 to 6 hours, during which time the cold temperatures of turbines, boilers and pumps result in incomplete fuel combustion or "emission spikes," causing an over-production of dangerous pollutants. Therefore, as a "load following" plant, the RCEC is not expected to have a more detrimental impact on surrounding populations and the environment than it would have as a "baseload" plants. This is bad news for the faculty, staff and students of Chabot, particularly because Chabot falls in the "ground zero" zone (in industry parlance, the "maximum impacted receptor center") for the plant's falling toxins.

Second, the RCEC underwent a public relations makeover last year intended to recharacterize the RCEC as "green" and part of the "green economy." These claims are debatable. No power plant that burns a non-renewable energy source fits any widely-held definition of "green." Similarly, no plant that emits the following tonnages of pollutants—these numbers were provided by Calpine—fits any definition of "green" (except perhaps one written by the energy industry itself):

Nitrous Oxides: 134.6 tons per year  
Carbon Monoxide: 389 tons per year  
Precursor Organic Compounds: 28.5 tons per year  
Particulate Matter: 86.8 tons per year  
Sulfur Dioxide: 12.2 tons per year  
Ammonia: 60 tons per year  
Formaldehyde: 7 tons per year



## The Social Security Equity Bill

By Charlotte Lofft, FA President

Please take a moment to read and reflect on the editorial in this issue of the Faculty Focus entitled, "Pass Bills to Create Social Security Equity." Many of you may be affected by this matter. Here are the facts:

1. If you have forty quarters (ten years) in the Social Security System and then retire with a Public entity pension like STRS, your Social Security retirement benefit may be reduced considerably.
2. Who is apt to be affected?
  - a. Anyone who is full-time in our district who has forty quarters in Social Security at the time you retire and start collecting your STRS pension. Did you work someplace else in Social Security before coming to Chabot-LPC? Do you work part time in Social Security now while working full-time at Chabot-LPC? If so, you are vulnerable.
  - b. Anyone who is part-time in our district who participates in the STRS defined benefit option for part-time faculty. NOTE: If you are in this category and have worked in a Social Security job for years on the outside with a big Social Security benefit, it might not be in your best interest to qualify for and collect the STRS defined benefit pension. (But, before you panic, see section c below for exceptions to the offset.)
  - c. There are exceptions to the offset. For example, if a person has 30 years or more in Social Security, he/she has no offset. Also, the percentage of the offset is greater for those with less years in Social Security.

So, read the editorial and ACT. Write to your Congressperson and get others to do the same. Get the word out; be proactive. Don't delay as these bills have the best chance to pass now. As the editorial states, they have been brought up before, but they have a better chance of passage now than they ever have had. So, GET INVOLVED !!

## Faculty Association Newsletter

### Pass Bills to Create Social Security Equity

*Our Opinion... InsideBayArea.com*

*Thursday, November 12, 2009*

Many people who worked for both the government and the private sector are in for an ugly surprise when they retire. They won't be getting most of the Social Security benefits they earned, thanks to two onerous pieces of legislation that need to be repealed.

Fortunately, this year Sen. Dianne Feinstein has a bill – SB484—that would eliminate the pair of anti-worker additions to the Social Security Act.

The first is the Government Pension Offset, passed in 1977, and second is the misnamed Windfall Elimination Provision, which became law in 1983.

Under the GPO, if you receive a pension from a federal, state or local government based on work where you did not pay Social Security taxes, your Social Security spouse's widow's or widower's benefits will be reduced by two-thirds of your government pension. For example, if you are a retired teacher with a \$2,400 monthly .

Even worse is the WEP, which sharply reduces the Social Security benefits most government pensioners have earned while they were working in the private sector and paying Social Security taxes.

There is a detailed formula for calculating just how much Social Security short-changes government retirees who also worked in the private sector. For example, someone who worked for 20 years in a job where Social Security taxes were paid, then worked 20 years as teacher would get only about 40 percent of his or her Social Security benefit.

This is patently unfair. There is no good reason why someone's earned Social Security benefits should be affected in any way because of employment in a government job.

The government job pension and the private sector Social Security pension are earned separately and should have no relation to each other. That is what backers of Senate Bill 484 and House Resolution 235 by Rep. Howard Berman, D-Los Angeles, believe.

These bills would repeal both the Government Pension Offset and the Windfall Elimination Provision of title II of the Social Security Act. They deserve the support of all fair-minded people and their representatives in Washington.

Similar measures have come before Congress in the past but have failed. However, we believe they have a good chance of success at a time when extraordinary efforts are being made by the White House and Congress to help middle-class Americans weather a steep recession. Passing these bills would be an important step toward that end.



### December SERP Retiree's

Congratulations to the faculty and staff who have decided to take advantage of the SERP offered by the Chabot Las Positas Community College District. You will be remembered and missed.

#### Chabot College

**Fe Baran** – Language Arts (20)

**Linda Barde** – Language Arts (34)

**Jane Berg** - Student Services DSPS(30)

**Ceinwen Carney** Language Arts (20)

**Dennis Chowne hill** – Language Arts(32)

**Nancy Cowan**, Health, PEd. Athletics – Nursing(33)

**John Holloway** – Applied Technology & Bus. (21)

**William Johnson** School of Arts(20)

**Joseph Kuwabara Jr.** Stndt Svcs, Counseling (35)

**Rachel Maldonado**-Aziminia -Stdnt Srv EOPS (26)

**Christine McDaniel** – Social Science (23)

**Guadalupe Ortiz** – Social Sciences (24)

**Zack Papchristos** – Health, PEd, Athletics (40)

**Julee Richardson** – Social Science (23)

**Sally Stickney** – Stdnt Svcs Welfare to Work (11)

**Linda Swanson** - – Language Arts (22)

**Linda Zweifel** – Health, PEd. Athletics (26)

#### Las Positas

**Steven Bundy** – Student Service – Counseling (33)

**James Heiner** – Performing Arts (32)

**Abigail McCann** – Language Arts & Comm. (24)

**Kenneth Ross** – Performing Arts – Drama (20)

*Thank you for all you have done  
to help our colleges grow, and  
thrive.*

## Faculty Association Newsletter

TO: All Faculty  
FROM: Charlotte Lofft, FA President  
RE: Agency Fee Vote

Emailed Notice 11/2009

Thank you for your support of the FA. The ballot measure to increase Agency Fee passed by a significant margin, and we very much appreciate your support during these difficult times. Here are the results of the ballot:

A total of 114 FA Members voted, representing each college.

Yes: 79  
No: 24  
Abstain: 1

Accordingly, the CLPFA Agency Fee for Full-time faculty shall be increased from \$37 per month to \$47 per month for ten months for Full-time faculty, with the voluntary Political Action Committee (PAC) contribution remaining at \$2. per month. This means that a total, including a PAC contribution, of \$49. per month for ten months (\$490 per year) will be deducted instead of the current deduction of \$39. per month for ten months (\$390 per year).

The Agency Fee for Part-time faculty shall be increased from \$10. per month to \$12. per month with no PAC contribution.

These changes will be effective in the January, 2010 salary warrant.

Note: The \$2. per month for ten month PAC contribution for Full-time faculty is voluntary. If you do not want to contribute to the PAC at \$2 per month for ten months (\$20. per year), then contact our Treasurer, Kevin Ankoviak, at LPC, with a signed written request to opt out of the PAC. If you chose to opt out of the PAC, then your Agency Fee deduction would be \$47 per month for ten months, for a total of \$470. per year.

Again, thank you for your support of the Faculty Association. It is our pleasure to serve you.  
Sincerely, Charlotte Lofft and the entire FA Executive Board

## Academic Calendar

*By Charlotte Lofft, FA President and Dave Fouquet, FA Chabot Vice President*

This issue of the Faculty Focus includes the Academic Calendar for 2010-11. Please note that the calendar includes one Variable Flex Day but does not include Mandatory Flex Days. The reason for this is that Article 8C.1 of the Contract gives the College Presidents and the Chairs of the Staff Development Committees the authority to determine the number and placement of the Mandatory Flex Days. It is possible for the two colleges to have different numbers of Mandatory Flex Days and to have them on different dates. In fact, we have had a history of exactly this from time to time.

Please note that the day before Thanksgiving will continue to be a Holiday in 2010. We have discussed changing this Contract provision from time to time, and the FA actually did a faculty survey on the subject some time ago in the context of dropping this holiday in favor of starting a week later in the Fall Semester. At the time of the survey a small majority of the faculty wanted a change that would be eliminated the day before Thanksgiving as a holiday. The District did not agree to this when the FA presented it in negotiations. We may be considering it again, and if so, we will call for another survey of faculty.

Chabot-Las Positas Community College District

2010-2011 Academic Calendar

**Fall 2010**

Monday	August 16	Convocation Day
Tuesday	August 17	College Day
Wednesday	August 18	Classes Start
Saturday	September 4	No Saturday Classes
Monday	September 6	Labor Day Holiday
Friday	November 12	Veterans' Day Holiday
Saturday	November 13	Saturday Classes Meet
Wednesday-Friday	November 24-26	Thanksgiving Holiday <sup>1</sup>
Saturday	November 27	No Saturday Classes
Tuesday (evening)	December 14	Finals (classes held after 4 p.m.) <sup>2</sup>
Wednesday	December 15	Finals
Thursday	December 16	Finals
Friday	December 17	Finals
Saturday	December 18	Saturday Finals
Monday	December 20	Finals
Tuesday	December 21	Finals <sup>3</sup>

**Spring 2011**

Monday	January 17	Martin Luther King Holiday
Tuesday	January 18	Classes Start
Friday, Saturday, and Monday	February 18, 19, and 21	Presidents' Weekend Holiday <sup>1</sup>
Saturday	April 16	Saturday Classes Meet <sup>4</sup>
Monday-Saturday	April 18 – 23	Spring Break
Saturday	May 21	Saturday Finals
Monday	May 23	Finals
Tuesday	May 24	Finals
Wednesday	May 25	Finals
Thursday	May 26	Finals
Friday	May 27	Finals
Monday	May 30	Memorial Day Holiday

<sup>1</sup> No Saturday classes.

<sup>2</sup> December 14 final applies to Tuesday-ONLY evening classes; Tuesday-Thursday evening classes will have their finals on December 16.

<sup>3</sup> All Group III finals will be held on December 21, 2010.

<sup>4</sup> Saturday classes will be held on April 16, 2010 the Saturday preceding Spring Break. Classes will not be held on Saturday, April 23, 2010.

**Plus One Variable Flex day for faculty**