

The above rates apply to an employee's entire salary unless (a) He notifies the Retirement Board in writing that he wishes to reduce his rate of contribution to 5% in which case his employer's contribution will also be reduced, or (b) He notifies the Retirement Board in writing that he wished to contribute only on \$200 of his monthly salary.

These rates are not expressed in dollars and cents but in a percentage of salary. Thus a male employee at age 40 is normally required to contribute, through payroll deduction, 7% of his base salary before deductions for withholding tax or any other purposes are made.

Any employee whose fixed rate is more than 5% has the privilege of electing to contribute, at the rate of 5% of his salary only. This could never be considered as the proper thing to do, because if the employee reduces his rate of contribution, the employer's matching contribution will likewise be reduced. This means, of course, that the individual's retirement income will be correspondingly reduced.

At the extreme older ages employees might be justified in electing to reduce their contribution to 5% if most of their retirement income is the result of prior service and if they have only one or two years more to serve before being compelled to retire.

The option to elect to contribute at the rate of 5% instead of the fixed rate is only available to those employees whose fixed rate is more than 5%. One whose fixed rate is less than 5% has no option to contribute on any other basis than his fixed rate.

Large numbers of younger employees whose fixed rate is less than 5% have expressed a desire to increase their contribution rate to 5% in order to increase the amount of pension they will receive at retirement age. This, however, is not permitted.

It is extremely important to remember that once an employee has elected to reduce his contribution rate to 5% he is never again permitted to change

it. The reduction to 5% may be made at the inception of the employee's membership in the system or at any subsequent date prior to retirement, but once it has been reduced it may never again be increased to the fixed rate.

Employees receiving \$200 per month or less of salary are required to contribute on all of their salary either at the fixed rate or, if they have so elected, at the 5% rate. Employees receiving more than \$200 a month are required to contribute on at least \$200 per month either at the fixed rate or at the rate of 5%, and they may elect to contribute on the basis of all of their salary either at the fixed rate or at the rate of 5%.

Those who elect to contribute on all of their salary are not permitted to use one contribution rate for their first \$200 of salary and a different contribution rate for the salary in excess of \$200 a month. For employees receiving more than \$200 a month, the option to contribute on all of their salary or on only the first \$200 a month is at the employee's pleasure and may be changed at will, except that the option cannot be changed for periods of less than one month.

It is impossible to forecast in one schedule the amount of income each individual member of the system will be entitled to receive at retirement age. Even in an individual case, the estimated pension to be received can only be approximated because one of the most important factors in determining the amount of pension is the amount of earnings the employee will have before reaching retirement age.

Generally speaking, employees covered under the Retirement Act will gradually increase their earnings over their lifetime of service. As their earnings increase, their fixed rate of contribution (when applied to their increased earnings) gradually increases the dol-

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