

O.S.E.A. Legislative Program

LIFE INSURANCE, HOURS, WAGES AND TAXES ARE SPOTLIGHTED

Members of the General Council in their November session passed several resolutions pertaining to matters which require legislative action. Subsequently, your Board of Directors has renewed the contract of our legal counsel, F. Leo Smith, for another year and has formulated the following legislative program for the current session of legislature.

1. Group Life Insurance

To sponsor an amendment to present statutes authorizing State Departments to make payroll deductions for group life insurance premiums. Some departments will not make such deductions because the present law mentions deductions for "hospital dues" only. O.S.E.A. members will have an opportunity to enjoy the lower rates of group insurance if the proposed amendment is passed.

2. Prior Service Credit

To sponsor an amendment to the Retirement Act eliminating the present 20-year maximum allowance for prior service and providing that the pension include an amount equal to \$2.50 per month for every year of service rendered prior to July 1, 1946.

The cost to the State will be very little as only a small number of employees have over 20 years of prior service. These are the faithful employees who are scheduled for early retirement and who will have little chance to build up much of a pension by their current contributions. Some city governments applying for coverage under the Act are petitioning for 30-year maximum prior service credit, which a ruling of the Attorney General says is not permissible under the present Act. The proposed change will benefit all groups covered by the Act.

3. Employers' Matching of Employees' Contributions

To sponsor an amendment to the Retirement Act, eliminating the employees present choice to voluntarily

contribute on the amount of salary earned in excess of that matched by the employer, and in lieu thereof, to provide that employers match employees contributions on salary up to but not exceeding \$3000 per year (present maximum is \$200 per month, \$2400 annually).

We are informed that the Retirement Board favors eliminating all employees' contributions on more than the amount matched by the State in order to reduce the heavy administrative costs involved in handling excess contributions.

The O.S.E.A. favors reduction of administrative costs, but does not feel that the benefits under the present act should be taken away without some equitable adjustment. Such adjustment can be made by increasing the maximum limit for both employee and employer contributions to \$3000 per year. This figure is justifiable because (a) the proposed maximum would provide a pension at retirement age, after 30 years service, of about \$125 per month, which is not excessive; (b) \$3000 a year is the present maximum under Federal Social Security and is less than provided in many existing retirement plans (California's maximum is \$5000 annually); (c) the Act is intended to make retirement possible without subjecting the retired employee to hardship conditions. The proposed increase will aid in removing resistance to retirement which might otherwise develop. (d) As routine retirement becomes the rule, the incentives for younger employees to remain on the job increases and the public service benefits.

4. Reducing Administrative Costs of Retirement Act

To provide that employee contributions not start until after 6 months employment with the State.

The 6-month waiting period would eliminate payroll deductions, opening
(Continued on page 6)