



PURCHASE OF UNPAID PARENTAL LEAVE POLICY

Purpose

1. This Board Policy is intended to set out the manner in which the Retirement System will consider applications for the purchase of credit in the Retirement System for periods of unpaid parental leave prior to July 1, 2003.
2. The Retirement Board of the City and County of San Francisco shall exercise its authority, functions, powers, and duties in accordance with Charter Sections 4.100 – 4.104 and 12.100 through 12.103 and with applicable provisions of the Administrative Code of the City and County of San Francisco as enacted by ordinances of the Board of Supervisors, and in accordance with board rules, resolutions, and policies as it may adopt from time to time.

Board Authority

3. Authority for the granting of credit in the Retirement System for unpaid parental leave shall be as provided in Charter Sections A8.509, A8.523 through A8.523-7, A8.559-10, A8.585-10, A8.586-10, A8.587-7, A8.588-10, A8.595-10, A8.596-10, A8.597-10 and A8.598-10 and Administrative Code Sections 16.61-4 and 16.61-5.

Members Eligible to Purchase Service for Periods of Unpaid Parental Leave

4. Any unretired member of the Retirement System under Charter Sections A8.509, A8.559-10, A8.585-10, A8.586-10, A8.587-7, A8.588-10, A8.595-10, A8.596-10, A8.597-10 and A8.598-10, who has taken unpaid parental leave prior to July 1, 2003 may be eligible to purchase service credit for such unpaid parental leave with the Retirement System.

Unpaid Parental Leave Eligible for Purchase

5. "Unpaid parental leave" eligible for purchase means a period of time the member was on unpaid parental leave status with the City prior to July 1, 2003, provided that the member returned to work for the City for at least six months immediately after the expiration of his or her unpaid parental leave. For purposes of Charter Section A8.523, "parental leave" shall have the meaning as in Charter Section A8.365-1.
6. The City's Department of Human Resources or applicable department human resources office shall certify to the Retirement System the period of unpaid parental leave and that the period of unpaid parental leave qualifies under the definitions of Charter Sections A8.365-1 and A8.523 prior to the member being eligible to purchase such period of unpaid parental leave. The Retirement System shall rely on the certification from the Department of Human Resources or

the department human resources office to determine eligibility to purchase retirement service for unpaid parental leave.

7. For each period of unpaid parental leave, a maximum of four months and a minimum of two months can be purchased; however, if the total period of unpaid parental leave is less than two months, the entire period of unpaid parental leave must be purchased.

Application, Election and Payment Procedures

8. An eligible member shall file an application providing the employment details of the period or periods of unpaid parental leave that he or she wishes to purchase along with certification from the City Department of Human Resources or department human resources office of 1) the entire period of unpaid parental leave, 2) the period of unpaid leave qualifies as “unpaid parental leave” under the definitions of Charter Sections A8.365-1 and A8.523, and 3) the fact that the member returned to work for the City for at least six months immediately after the expiration of the unpaid leave.
9. Once the period of unpaid parental leave has been verified by the Retirement System as eligible for purchase, a member shall make an election to purchase all or part of the eligible unpaid parental leave either through a lump sum after-tax payment, by direct rollover from another qualified plan or by pre-tax or after-tax payroll deduction.
10. The application and election to purchase service for a period of unpaid parental leave service under the provisions of Charter Sections A8.509, A8.559-10, A8.585-10, A8.586-10, A8.587-7, A8.588-10, A8.595-10, A8.596-10, A8.597-10 and A8.598-10 can be filed with the Retirement System at any time prior to retirement. The purchase of service for unpaid parental leave must be completed prior to a member’s effective date of retirement.
11. A member who elects to purchase service for a period of unpaid parental leave can pay the required contributions either by lump-sum (over the counter) payment, direct rollover from another qualified plan, or by installment payments, provided that the installment payment period shall not exceed three years or extend beyond the member’s effective retirement date. A lump-sum (over the counter) payment for the purchase of public service is not eligible for pre-tax treatment under the Internal Revenue Code. Installment agreements may be for either pre-tax or after-tax treatment of payments under the Internal Revenue Code.
12. In accordance with San Francisco Administrative Code Sections 16.61-4 and 16.61-5, the Retirement System can accept rollovers from eligible retirement plans as defined in Internal Revenue Code Section 402(c)(8)(B) and transfers from Code Section 457 or 403(b) plans as payment for the purchase of public service.
13. In the event the member elects to purchase service for a period of unpaid parental leave through an installment agreement, interest will be charged to the member on the unpaid balance commencing on the effective date of the installment agreement through the date of completion of the installment payments, at the credited interest rate in effect for SFERS. A member who elects to purchase using an after-tax installment payment agreement may, at any time during the

period for making installment payments, complete payment for the purchase of public service by after-tax lump-sum payment or direct rollover. The terms of a pre-tax installment payment agreement may not be changed during the term of the agreement except through retirement or termination of employment. Upon retirement or termination of employment, the member may complete payment for the purchase of service for a period of unpaid parental leave by after-tax lump-sum payment or direct rollover at any time prior to the effective date of retirement. The installment agreement may be impacted by a change in the credited interest rate during the term of the agreement.

Cost of Service for Unpaid Parental Leave

14. A member who files an election to purchase service for a period of eligible unpaid parental leave shall be required to pay contributions in an amount equal to the product of:
 - a) the normal cost percentage for the Miscellaneous Plan in effect as of the date of the member's election to purchase as published in the SFERS actuarial valuation multiplied by
 - b) the monthly compensation earnable by the member as of the date of the member's election to purchase multiplied by
 - c) the number of months of unpaid parental leave which the member is electing to purchase.

Crediting of Contributions

15. Contributions, together with required interest, if any, paid by a member to purchase service for a period of unpaid parental leave shall be credited to the member's individual accumulated contribution account as they are received by the Retirement System and segregated as contributions received to purchase service for a period of unpaid parental leave. Said contributions shall be entitled to receive plan interest credited thereon in the same manner and at the same rate as for other accumulated member contributions. In the event the member's accumulated contributions are refunded either upon the member's termination of employment or death, all contributions paid for the purchase of a period of unpaid parental leave, plus interest, will be included in the refund.
16. In calculating retirement benefits payable, the contributions segregated as contributions received to purchase service for a period or periods of unpaid parental leave will not be matched with an equal amount of City contributions.

Crediting of Service for a Period of Unpaid Parental Leave

17. Upon completion of the purchase of service for a period of unpaid parental leave in accordance with the provisions of San Francisco Charter Sections A8.509, A8.523 through A8.523-7, A8.559-10, A8.585-10, A8.586-10, A8.587-7, A8.588-10, A8.595-10, A8.596-10, A8.597-10 and A8.598-10, the purchased service shall be credited as current service in the SFERS Plan under which the member was accruing service immediately prior to the period of unpaid parental leave. Service for periods of unpaid parental leave so credited may be used to qualify for vesting, disability and service retirements under the applicable SFERS Plan.

Severability

18. If any policy, section, paragraph, sentence, clause, or phrase of this policy is declared unconstitutional or void for any reason, such declaration shall not affect the validity of the remaining portions of the policy. The Board hereby declares that it would have prescribed and adopted this policy, and each section, paragraph, sentence, clause and phrases hereof, irrespective of the fact that any one or more sections, paragraphs, sentences, clauses, or phrases shall be declared unconstitutional or void. The titles assigned to policies and sections are for reference purposes only, and shall not be considered a substantive part of this policy. If there is any conflict between the provisions of this policy and the Charter, or the Administrative Code of the City and County of San Francisco, the Charter or the Administrative Code language shall govern.
19. For purposes of Charter Section 4.104 (1), this Purchase of Unpaid Parental Leave Policy shall be deemed to constitute a board rule. The Board may amend this policy at any time. Any proposed amendment shall be posted for at least ten (10) days and calendared for board hearing at least one week prior to a board meeting in accordance with Charter Section 4.104.

Policy Review

20. The Board shall review this policy at least every three years to ensure that it remains relevant and appropriate.

Policy History

21. This policy was adopted by the Board on January 13, 2009.