

## **IUOE Unit 12 & 13 proposes Golden Handshake retirement incentive for its members – May 13, 2020**

On Wednesday, IUOE Unit 12 and 13 emailed a Golden Handshake retirement incentive proposal to CalHR. The proposal we sent them would give eligible workers an additional 2 years of service credit and 2 additional years of age towards the calculation of their monthly retirement benefit.

Golden Handshakes are not new to the State of California. They have been used since the early 1990's at the State, the CSU, and UC system.

Over the next couple of months state and local governments in California will have to implement significant budget reductions as a result of the COVID-19 pandemic. In some cases, public agencies will not be able to achieve necessary savings without reducing the number of persons they employ.

One way to make these reductions, while minimizing the need to lay off workers, is through the use of incentives to induce employees to retire early, sometimes called "Golden Handshakes."

In theory, Golden Handshake programs generate savings by inducing older workers to retire earlier thus creating a vacant position that will not be filled until the budget crisis is over. If left vacant, the employer saves the full amount of salary and benefits that otherwise would have been paid to the worker who retired under the Golden Handshake.

For a typical 60-year old employee with 30 years of service credit, for example, just by adding two years of service credit it would boost their monthly retirement benefit by 6.7%. And this is without the extra two years of age.

We will keep you posted on all developments surrounding this issue and the governor's May budget revise that will be released tomorrow.

**UNION STRONG!**

Steve Crouch  
Director of Public Employees, and Chief Negotiator for IUOE Unit 12