

Gain Sharing Earned Interest

In regards to the gain sharing law suit as I discussed at the E-8 coordinating Council and was asked to put it on paper,

Gain sharing was a bill to share the extra ordinary interest that was earned on the state investments with the employees of Plan 1 Pensions. Without going through the process of how the gain sharing was to be declared the result was that gain sharing was declared three or "four" different times. These extra ordinary interest declarations occurred in 1998 when \$.10 was added to the COLA for Plan 1. Again, the interest was declared in the year 2000 as \$.28 was added to the COLA. And finally, in 2008 \$.35 and 2009 \$.05 for a total of \$.40 combining the final increase. These were interest payments to be given to the members of Plan 1 using the COLA vehicle when the member reached age 66. This was how the interest money was to be distributed. If you add up the total interest, the total of the gain sharing increases is \$.78 a month times the number of years of service. This \$.78 should continue as it represents earned interest on the dates that gain sharing was declared.

Plan 3 members were allowed to become part of gain sharing when the state wanted them to move from Plan 2 to Plan 3 and offered them gain sharing as a carrot to entice the membership to transfer. Plan 3 members were given lump sum payments to their defined contribution account. In 1998 when gain sharing was declared, the interest payment was \$134.43 per year of service. In year 2000, the interest was \$254.23 per year of service. The third/fourth last interest in 2008 was \$270.69 per year of service. Again, this interest was paid to the Plan 3 members defined contribution account and was not taken back when gain sharing was eliminated.

If I would have been a member of Plan 3, my interest would have been the following:

1998 $\$134.43 \times 29 \text{ years} = \3898.47

2000 $\$254.23 \times 30 \text{ years} = \7626.90

2008 $\$270.69 \times 30 \text{ years} = \8120.70

Total for the interest would have been \$19,646.07.

This total interest money should be given to all Plan 1 members either as a lump sum or continued with the COLA payment vehicle as \$.78 a month times the number of years service with the \$.03 inflation factor just as the gain sharing formula was written. This was the mortgage Payment, if you will, that the state set up in paying for the gain sharing declarations. This was earned interest to be given to Plan 1 members. It should not be part of COLA law suit. It was already given and was to be paid to Plan 1 members through the COLA. As it stands now, the state has actually taken back earned interest from Plan 1 members that it had already given them. Where is the Money?

Regards,
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