

**ARTICLE 5            WAGES AND SPECIAL PAY**

**5.1.2 ADDITIONAL RETIREMENT CONTRIBUTION**

Effective June 27, 2010 through June 28, 2011, all employees will make additional retirement contributions in an amount equivalent to 10% of total compensation effective June 27, 2010. The amounts so contributed will be applied to reduce the contributions that the City would otherwise be required to make. This employee retirement contribution is in addition to the employee retirement contribution rates that have been approved by the Federated City Employees' Retirement System Board. This additional employee contribution shall be reduced by half (50%) effective the first payroll period for Fiscal Year 2012.

Note: Additional contributions made by employees do not affect the retiree healthcare rates.

These contributions shall be treated in the same manner as any other employee contributions. Accordingly, these additional employee contributions will be made on a pre-tax basis through payroll deductions pursuant to IRS Code Section 414(h)(2) and will be subject to withdrawal, return and redeposit in the same manner as any other employee contributions.

In the event that the additional employee contributions are not implemented by June 27, 2010, the additional employee contribution will increase on a pro-rata basis over the remaining fiscal year pay periods to make up for the missed contributions.

For example, if the additional contributions do not begin for the first four pay periods in Fiscal Year 2011, the employee contributions for each of the subsequent remaining twenty-two pay periods of the fiscal year will be recalculated to provide for 100% of the total compensation reduction in effect.

The parties understand that in order to implement this provision, an amendment may be required to the Federated City Employees' Retirement System requiring an ordinance amending the San Jose Municipal Code.

In the event these additional employee retirement contributions are not implemented for any reason by September 1, 2010, or are ceased for any reason, no additional employee contributions shall be required and the parties shall immediately reopen for the purpose of determining how the equivalent amount of effective total compensation will be achieved.

Part-time employees not in the City's retirement system will receive a base pay reduction effective June 27, 2010 equivalent to the effective total compensation reduction provided herein.