

Mandatory Furlough Days and the Impact on the DERP Pension Benefit



Q: How will an employee's DERP benefit be impacted by mandatory furlough days?

A: Credited service with DERP is not impacted by individual furlough days. The amount of salary reported to DERP for a pay period that includes a furlough day will be less by that day's salary, but an employee will earn the same credited service for that pay period.

Furlough days may impact the average monthly salary piece of an employee's DERP benefit calculation if the furlough days fall within an employee's highest 36 or 60 consecutive months of salary.

Q: What if the furlough days impact an employee's DERP benefit?

A: If the furlough days impact an employee's DERP benefit, the employee has the opportunity to negate the impact of the furlough on the DERP benefit by purchasing the furlough day.

Q: How much does it cost to purchase a furlough day at DERP?

A: The cost to purchase a furlough day at DERP is equal to the total contribution percentage rate (both the employee and employer portion) based on the missed salary for that furlough day. Interest is assessed on this cost at a rate of 3% each June 30th.

Q: Are the purchase of furlough days required?

A: No, purchasing furlough days is not required. Employees are able to purchase any furlough days that impact their DERP monthly benefit.

Q: How do employees purchase furlough days?

A: DERP staff can calculate the cost of the furlough day once the furlough day has occurred. Employees should contact DERP at mbrsvs@derp.org, provide a copy of the payslip showing the furlough day and missed salary, and request that DERP calculate the cost to the employee.

Q: Can employees purchase furlough days via a payroll deduction?

A: No, payroll deductions to purchase furlough days are not available. Employees may purchase furloughs by submitting cash or check directly to DERP.

Q: How long do employees have to purchase furlough days?

A: Employees have the opportunity to purchase furlough days while they are actively working for the City. Once employees have separated from City employment, they can no longer purchase furlough days from DERP.