

2 of the Resolution permits a member who participates in the new pension system, and who has pre-1971 years of service, to elect, prior to January 1, 1975, to have the pension for all of his years of service calculated under the old pension plan, thereby gaining also the right to receive such a pension prior to reaching age 55. In the event of such an election the pension is based upon the member's "highest annual earnable compensation" prior to January 1, 1971.

A member with years of service both prior to and after January 1, 1971, is placed under no compulsion to enroll in the new pension plan. The new plan is optional for all members as was the prior plan. If such a member does wish to participate, however, and desires credit under the new plan for prior years of service, he must make contributions for those years (and pay interest thereon) in the manner described in the Resolution *at the time* he notifies the Employees' Retirement System in writing of his decision. The Commission found no merit in those provisions of the old pension plan permitting a deferred election to participate in the plan. This "wait and see" feature not only causes administrative and actuarial headaches, but permits an unfair advantage to a member utilizing it because he may make up his contributions at a low rate of simple interest. The option to participate in the new pension plan, therefore, must be exercised on or before March 15, 1971 by present members and no later than 60 days after taking office for members subsequently appointed or elected.

VII. CONCLUSION

In this Report, the Commission has presented the considerations which resulted in the various recommendations contained in the attached Resolution. The process of establishing a fair and equitable pattern of compensation is inexact by its very nature. Fortunately, because of the wording of the constitutional amendment creating it, the Commission is a continuing one and will report again three years hence. If experience proves that the recommendations of the Commission are unrealistic or unjustifiable in any or all respects, steps may be taken at that time to revise legislative compensation and allowances upward or downward accordingly.

Respectfully submitted,

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