

The Agreement did not violate the statute because it is not limited by salary but rather by "total compensation" as indicated in the statute. Amongst total compensation is the value of the amount of time the employee would have earned towards retirement and the value that particular employee progress toward retirement benefits, not just the portion of salary. In order to calculate the compensation of the employee you take the benefit and capitalize it using the risk free rate of return (as government is the payor). Total compensation also includes things like the value of vacation, sick time and matching FICSA withholding. The largest component is the valuation of the retirement benefits and my calculation of that value was in excess of \$90,000 in addition to the salary and benefits. This in turn makes the max statutory limit at just over \$86,000 without adding health insurance and FICS calculation.

Valuation" of the retirement benefit was estimated using the equation of (retirement Income)/rate(t) general capitalization theory. The risk free rate used in the calculation is that component is 4.6%.

So if the pension to be received is a total of \$400/mo it is calculated like this:  
 $(\$400 \times 12) / 4.6 = \$104,347$

Thus, the value of the compensation limit is as follows: (Salary+benefits+retirement +health+fica)/52 weeks times 20

Taking salary of \$120,000 and adding \$104,000 is \$224,000

$\$224,000 / 52 = \$4307$  (total weekly compensation)

$\$4307 \times 20 =$  statutory limit of \$86,153 (not counting FICA, Health...)

Thus the line item payment was within the limit.

I trust the County Board will make sure you have the tools to complete your work.

You will find that as you dig into your work there will be plenty of individuals that will tell you what is or is not lawful. Unfortunately, many don't know what they are talking about or will not look deep enough into the situation. "

If you wish to discuss further please feel free to ask. I also suggest you have a great judge in Judge Harlow that you could bounce things off of while she isn't presiding over cases in Shelby County.