



# Hotsheet

## July 2009

*“Early retirement programs such as the one I used, are a valuable tool for school districts in managing their workforce. The plans allow districts to prune from the top and preserve our next generation of teachers. Mid-year implementation of early retirement plans can be particularly helpful, as they can be more cost-effective and protect programs for students.”*

*-Ron Bennett  
President & CEO  
School Services of California*

## NOW IS THE TIME FOR YOUR DISTRICT TO TAKE ADVANTAGE OF THE PARS MID-YEAR EARLY RETIREMENT INCENTIVE

Fall 2009 may be the last time that Districts can offer a mid-year retirement incentive program in its current form. If the California Legislature passes AB 506, teachers under age 60 will be prohibited from working in any STRS-related services for the first 6 months after they retire. Under a traditional mid-year plan, teachers retire at the end of the first semester and return to work as an “emeritus teacher” during the second semester. This new bill, which would take effect in the 2010-11 school year, would prevent teachers under the age of 60 from returning to the classroom to finish the school year.

With the passage of this bill a likely certainty, now is the time to consider a mid-year incentive program for the 2009-10 school year. Mid-year incentives can often create more savings than a year-end incentive, with additional savings generated during the current fiscal year. This program can be helpful to address heavy state budget cuts and limit layoffs of teachers.

### LOS ALAMITOS UNIFIED SCHOOL DISTRICT’S SUCCESSFUL PARS MID-YEAR EARLY RETIREMENT PLAN

When the budget crisis hit last school year, the Los Alamitos Unified School District began to take a close look at how they could reduce costs and save school programs in the midst of state cuts. The District realized that the most significant portion of the budget is salaries and benefits. In an effort to reduce staff while reducing the need for layoffs, Los Alamitos USD offered a PARS Mid-Year Supplementary Retirement Plan (SRP).

With 14 Certificated Non-Management employees participating, the Los Alamitos plan is estimated to produce over \$350,000 in savings through 2009-2010. The District was pleased with the PARS plan results. Dr. Greg Franklin, Superintendent at Los Alamitos USD, summarized how the Mid-Year program helped the District:

“The PARS Mid-Year program accomplished our goals of generating additional retirements for this school year. This allowed us the flexibility we needed to reduce staff levels without the need for a RIF. The immediate Mid-Year savings was also very helpful in balancing the 2008-2009 budget. We would definitely recommend that other Districts look at the PARS Mid-Year program.”

TO DISCUSS WAYS TO IMPLEMENT  
RETIREMENT SOLUTIONS FOR YOUR  
DISTRICT, CONTACT PARS  
800.540.6369 x 127

VISIT PARS ONLINE [WWW.PARS.ORG](http://WWW.PARS.ORG)

## MID-YEAR PROGRAM ADVANTAGES

A PARS Mid-Year Retirement Incentive program could provide your district with the following advantages:

- Achieve current-year budgetary savings
- Achieve additional savings by paying teachers at an "Emeritus" rate, as opposed to a full-time salary throughout the second semester
- Reduce the potential of future layoffs while rewarding long-term or senior employee service
- The ability to get a head-start on recruiting for the 2010-2011 school year
- Maintain continuity in the classroom
- Employees get more take-home pay than in the first semester

Contact PARS today for a complimentary analysis to determine the feasibility of your district implementing a PARS Mid-Year SRP.

Once you decide that a mid-year plan is right for your district, PARS will assist your district with plan implementation and ongoing administration.

We recommend starting the process *now* to allow time for data collection, plan analysis and design, and coordination with district and labor representatives. Commencing now also will provide sufficient time for eligible employees to consider retirement carefully and to enroll in the program.

**Call us today to take advantage of a PARS Mid-Year SRP.**

**We look forward to hearing from you!**

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Before taking any action based on this information,

we recommend that you consult professional advisors regarding your agency's specific objectives and circumstances.

If you are interested in seeing how a PARS Mid-Year Early Retirement Incentive can help your district, please call us today. We can prepare a customized PARS analysis based on your district's own retirement and payroll experience.

**We look forward to hearing from you!**

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Making retirement work for you.

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