



Hotsheet

August 2009

“By offering the PARS Early Retirement Plan, the District was able to strategically manage a reduction of the workforce and facilitate specific budget and staffing objectives. PARS was very supportive through the entire process and was always available to meet and discuss any issues or concerns that arose.”

*-Vivian Ekchian
Chief Human Resources Officer,
Los Angeles Unified School District*

CONTACT PARS TODAY AND BEGIN
THE PROCESS NOW TO DETERMINE WHETHER A
PARS EARLY RETIREMENT INCENTIVE IS RIGHT
FOR YOUR DISTRICT.

800.540.6369 EXT 127

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LOS ANGELES UNIFIED SCHOOL DISTRICT'S SUCCESSFUL PARS EARLY RETIREMENT INCENTIVE REDUCES STAFF LAYOFFS

Facing one of the most severe budget shortfalls in their history, Los Angeles Unified School District turned to PARS to design a retirement incentive program that would produce budget savings, reduce their workforce and limit the number of layoffs. PARS worked with the District over many months to tailor such an incentive package to the District's unique needs. The program ultimately accomplished its goals by saving an estimated over \$20 million in 2009-2010 and over 1,000 teaching, management and classified positions. With a 17-year working relationship with PARS, the District confidently selected PARS to manage this important program. LAUSD has been experiencing the advantages of PARS since the District's part-time staff joined the PARS Alternate Retirement System in 1992.

THE LAUSD PLAN

The PARS Early Retirement Incentive was initially offered to all Certificated retirement-eligible employees. A total of 1,446 employees (including 996 teachers) enrolled in the plan. After the success of this initial plan, the District opened an identical PARS Early Retirement Incentive to certain Classified retirement-eligible employees in specific classifications on a targeted basis during multiple phases. The following are some of the features of the District's program:

Eligibility:

- Eligible to retire under STRS (age 55 with 5 years of STRS service or age 50 with 30 years of STRS service) or PERS (age 50 with 5 years of PERS service)
- Resign from District employment and retire under STRS or PERS effective after completion of the 2008-2009 school year

Benefit: The District provided 40% of the 2008-2009 basic annual salary to enrolled certificated and classified employees. The participating employee could elect to take the benefit in one of the following actuarially-equivalent benefit payout options:

- Lifetime
- Joint-and-Survivor
- Fixed payments paid monthly for 5 to 15 years

District Safeguard: In order to ensure that the plan met the District's fiscal and operational objectives through all phases of the program offering, the District retained the right to cancel any phase if sufficient employee participation was not generated.

Projected Savings: Based on the PARS Post Analysis that was conducted based on the actual plan enrollment and District-provided replacement assumptions, the District is anticipating the following projected savings:

- Certificated Employees – Over \$20 million in savings for the first year and over \$100 million over 5 years.

- Classified Employees – Over \$1.6 million in savings for the first year and over \$7.2 million over 5 years (Phase I only).

GETTING THE WORD OUT

PARS worked very closely with District staff to implement a successful communication strategy that helped spread the word about the program among District's extremely large number of eligible Certificated employees. PARS conducted 24 employee orientation meetings during the first two weeks of the program's open enrollment window at various LAUSD school sites. PARS then followed up with six all-day workshops where enrolling employees were able to submit enrollment forms directly to PARS representatives who reviewed each submitted form for completeness. At the end of the process, enrolled participants walked out of the workshops with receipt in hand, confidently knowing they had met all the requirements for participation. PARS conducted another ten orientations and five workshops for classified employees. In addition, PARS staff responded to thousands of phone calls, faxes and emails in a timely and courteous fashion. For the success of this program, it was vital that employees had many opportunities to interact with PARS and District representatives throughout the open enrollment period to have their questions and concerns answered.

THE PARS POST ANALYSIS

The PARS Post Analysis is a comprehensive analysis model that quantifies the projected fiscal savings of an Early Retirement Incentive offer based on the actual plan enrollment. Designed by PARS over the last 26 years of analyzing Early Retirement Programs, it is the most complete analysis model in the industry. A similar initial Analysis is provided to all districts who are considering a plan based on the proposed eligibility group and compensation averages of eligible employees.

PARS PLANS

In addition to LAUSD, more than 60 other California school districts implemented a PARS Early Retirement Plan this year. With the continuing budget crisis, California public agencies will benefit from the savings and personnel flexibility that can be achieved through a PARS program.

Contact us today and have PARS prepare a customized analysis based on your agency's own retirement and payroll experience.

If you are interested in seeing how a PARS 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!

Eric O'Leary
800.540.6369 x 124
eoleary@pars.org

Dennis Yu
800.540.6369 x 104
dyu@pars.org

Reggie Smith
800.540.6369 x 145
rsmith@pars.org

Larry Maw
800.540.6369 x 127
lmaw@pars.org

Mike McLaughlin
800.540.6369 x 127
mmclaughlin@pars.org

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The contents of this publication reflect PARS' understanding of the facts. Before taking any action based on this information, we recommend that you consult professional advisors regarding your agency's specific objectives and circumstances.



Making retirement work for you.

PARS
PUBLIC AGENCY RETIREMENT SERVICES

5141 California Avenue
Suite 150
Irvine, CA 92617-3069