



Hotsheet

August 2009

"PARS has been an excellent partner for the District during the offering of the SERP. PARS consistently provided superior customer service and support throughout, including advising the District on difficult decisions and providing top-notch analysis that helped the District properly quantify the true savings of the program. The PARS staff was truly helpful and enjoyable to work with. We would confidently recommend them to other Districts who face similar challenges."

*-Ken Leighton
Controller
San Diego USD*

TO DISCUSS WAYS TO IMPLEMENT
RETIREMENT SOLUTIONS FOR YOUR
DISTRICT, CONTACT PARS AT:

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

SAN DIEGO UNIFIED SCHOOL DISTRICT TURNS TO PARS EARLY RETIREMENT INCENTIVE TO SAVE JOBS

For the second time since 2003, the San Diego Unified School District turned to a PARS Early Retirement Incentive package in an effort to save budget dollars and ultimately district jobs. 1,065 district employees, including teachers, managers and classified employees, participated in the PARS program. The replacement of these senior employees with lower paid new-hires and, in some cases, not replacing the positions, will result in a projected savings of \$11.5 million in 2009-2010 and over \$32 million over the next five years. The savings generated by the program provides the needed flexibility to address an estimated \$147 million budget deficit. PARS was selected as administrator and consultant for this important program through a formal competitive proposal process, as it had previously done in 2003.

SDUSD'S PLAN

The District's program this year was structured similarly to the 2003 package. The following summarizes the features of the program designed specifically for the District's unique needs and circumstances:

Eligibility Requirements

- *Certificated and Classified employees*
- *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)*
- *5 Years of District service*
- *Resignation from District employment effective June 30, 2009 (for employees at schools on Traditional Calendar or at the Central Office) or July 31, 2009 (for employees at schools on Year-Round Calendar)*

Benefit Level

In order to encourage as many employees as possible to participate in the plan, the District offered a high level of benefit, 100% of Final Pay. An average teacher, age 60, making approximately \$75,000 a year, could select from a menu of benefit options, including the following (shown with the approximate benefit amounts):

- *Lifetime - \$400 per month for the life of the retiree*
- *Joint-and-Survivor - \$340 per month for the life of the retiree and beneficiary*
- *5-Year Payout - \$1,300 per month for 5 years*
- *10-year Payout - \$700 per month for 10 years*

Results

In order to ensure that the program met the District's fiscal and operational objectives, the District retained the ability to cancel the program to individual employee groups if sufficient participant was not achieved. After holding a 45-day enrollment window where employees could consider the program and decide whether to submit irrevocable resignations to the District, the following participation was achieved:

	ELIGIBLES	RETIREES	PERCENT OF ELIGIBLES
CERTIFICATED NON-MANAGEMENT	2,190	614	28%
CERTIFICATED MANAGEMENT	142	54	38%
TOTAL FOR CERTIFICATED	2,332	668	29%
CLASSIFIED NON-MANAGEMENT	2,610	347	13%
CLASSIFIED MANAGEMENT	180	50	28%
TOTAL FOR CLASSIFIED	2,790	397	14%

PARS finalized a Post Analysis based on these results and the District provided replacement assumptions. Even though the District only applied a small number of non-replaced positions to the Post Analysis (122 positions out of 1,065 retirements), the Post Analysis still showed an estimated first year savings of over \$11.5 million and over \$32 million over 5 years.

Program Communication

In order to ensure that all eligible employees received sufficient information to make this important decision of whether to participate in the plan or not, PARS and the District used the following communication program:

- **Individualized Benefit Illustrations** were mailed to each eligible employee's home. Included in the packet was a customized Benefit Illustration that calculated the benefit option based on the employee's age and salary.
- **Group Orientation Meetings** were held throughout the District to allow PARS representatives to describe the program and answer questions. 21 group meetings were held over a two-week period at the beginning of the enrollment window.
- **Enrollment Workshops** were held near the end of the enrollment window for employees to hand in enrollment material directly to PARS representatives. Enrolled participants left the workshops with receipt in hand knowing they had successfully completed the enrollment process.
- **800-Telephone Line** was available for employees to call to get additional information or questions answered.

This process has been used by PARS since 1983 to successfully implement almost 400 Early Retirement Incentive programs throughout California.

PARS CAN HELP YOUR DISTRICT IN 2009-2010

PARS worked with over 60 California school districts in 2008-2009 to implement early retirement incentives that cut their budgets.

With the prospect of more budget cuts coming from Sacramento in 2009-2010, PARS can help your District plan for this contingency.

An Early Retirement Incentive program may help you get through this year with fewer layoffs.

Call PARS now at (800) 540-6369, ext. 127 to start the process of obtaining a PARS Analysis.

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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