

Mt. Diablo Unified School District
PARS Supplementary Retirement Plan (SRP) – Executive Summary
April 13, 2020

Background:

Mount Diablo Unified School District has worked with Public Agency Retirement Services (PARS) to design a Supplementary Retirement Plan (SRP), an early retirement incentive that may encourage senior employees to retire/separate from the District. The SRP is intended to be a “win-win” for both the District and its employees. The goal is to generate fiscal savings for the District while simultaneously reducing the number of layoffs. By offering 70% of an eligible employee’s final pay, the SRP is projected to save the District up to \$25 million over the next 5 years for Certificated Non-Management employees alone. The offering is also available to Certificated Management, Classified Management, and Classified Non-Management employees. Significant additional savings may be achieved for other employee groups who are also facing layoffs. Once offered, the District retains the ability to determine whether the SRP will move forward with the offering (for any employee group) at end of the enrollment window based on a determination that the SRP met the District’s fiscal and operational objectives. For plan year 2019-2020, PARS has waived its cancellation fee and consequently there will be no monetary loss if District decides to cancel the plan.

Especially important during this unprecedented time where staff resources are scarce, PARS will fully assist the District in all administrative facets of the SRP. This includes the initial plan design, creation of all plan communication materials (including individualized benefit illustrations for all eligible employees), a customized virtual orientation video, a toll-free call center available to field all questions during (and after) the enrollment window, processing/tracking of enrollments, post-analysis, preparation of legal documents, and the continuation of ongoing administration in future years. Additionally, PARS partners with the very highly-rated Pacific Life Insurance Company to serve as the program’s annuity provider.

Established in 1984, PARS administers the third largest multiple employer public retirement system in California. As the pioneer of the SRP, PARS is also the leading provider of early retirement incentives in the state. Their firm has worked with over 400 districts including LAUSD, San Diego USD, San Jose USD, Oakland USD, Oakley Union ESD, and Byron USD.

Program Structure:

Based on eligibility parameters (as set forth by the District), those qualified for the SRP will have the option to choose from fourteen (14) different monthly benefits that are all based on the District spending 70% of their final year salary (with salary caps in place for Management employees). These options include various lifetime and fixed term payment choices, and employees will receive favorable tax treatment on all their benefit payouts. Regardless of what option an employee chooses, each will cost the same amount to the District (70% of final pay) and will be paid into the plan over a five-year period.

Below is the anticipated timeline for the SRP offering:

1. April 13, 2020 Board discussion in Closed Session
2. Mid-April, 2020 PARS mails packets to eligible employees (with caveat of pending Board approval on April 27, 2020)
3. Mid-April 2020 PARS provides on-line video orientation (with caveat of pending Board approval on April 27, 2020)
4. April 27, 2020 Board approval
5. May 15, 2020 Enrollment window closes
6. May 25, 2020 Board determines if plan moves forward (based on a determination if the SRP meets the District’s fiscal and operational objectives)
7. By May 29, 2020 Participants notified if plan moves forward
8. By June 30, 2020 Employees retire/separate from district employment after completing 2019-20 school year (last day of school is June 3, 2020)
9. August 1, 2020 PARS benefits commence