

PUBLIC
AGENCY
RETIREMENT
SERVICES

PARS

TRUSTED SOLUTIONS. LASTING RESULTS.



MT. DIABLO UNIFIED SCHOOL DISTRICT

PARS Supplementary Retirement Plan (SRP)

Post-Analysis: May 28, 2020

RETIREMENT INCENTIVE GOALS

- Retirement Incentive Plans encourage long-term or senior employees, typically at the top of the salary schedule, to retire early.
- The savings are achieved by replacing the senior employee with a lower paid employee or not replacing at all.
- The goal is to increase the number of natural attrition retirements by 2-3 times.
- Additional retirements from a Retirement Incentive Plan can reduce the need for layoffs for some agencies.

PARS ANALYSIS METHODOLOGY

Total Compensation Differential between Retiring Employee and Replacement Employee

-

Retirement Health Care Cost

-

Retirement Incentive Cost

-

Current Natural Attrition

-

Future Loss in Natural Attrition

+

Savings due to Non-Replacements

=

Net Savings (Cost)

PLAN ASSUMPTIONS

	Certificated Non-Management	Psych. & Cert. Management	Classified Non-Management	CST & Clas. Mgmt. and Confidential
Eligibility Requirements	Age 50, Step 17 ; or Age 55, 5 years of District service; or Age 50, 25 years of STRS service	Age 55, 5 years of STRS service; or Age 50, 30 years of STRS service 5+ years @ MDUSD	Age 50, 5 years of District service FTE ≥ 0.50	Age 50, 5 Years of District service
Benefit Level	70% of Final Pay Spend Amount Benefit - Certificated: capped at 70% of \$118,015 - Classified: capped at 70% of \$81,786			
Replacement Salaries	\$65,740 <i>Based on PARS 1- Yr New Hire Study</i>	Replace @ 93.69% <i>Replace at Step 3 *Excluding longevity</i>	Replace @ 82.08% <i>Replace at Step 1 *Excluding longevity</i>	Replace @ 90.70% <i>Replace at Step 3 *Excluding longevity</i>
Health Care Costs	Active: \$19,182 Retiree: \$14,755 or \$7,375	Active: \$19,182 Retiree: \$14,755		
STRS/PERS Retirement Plan Costs	STRS: 2019-20 17.000% 2020-21 18.400% 2021-22 18.100%		PERS: 2019-20 19.721% 2020-21 22.680% 2021-22 24.600%	
PARS Plan Funding	Five annual payments of \$1,898,931 paid July 10 th of each year beginning in 2020			

RETIREE DEMOGRAPHICS

ALL EMPLOYEE GROUPS

	# of PARS Retirements	Average Age	Average Service	Average Salary
Certificated Non-Management	84 retirements (498 Eligible EEs)	64.10	21.11	\$89,162
Psychologists	1 retirement (8 Eligible EEs)	58.31	27.33	\$47,808
Certificated Management	7 retirements (21 Eligible EEs)	62.99	18.47	\$117,346
Classified Non-Management	68 retirements (498 Eligible EEs)	64.51	20.24	\$36,263
CST	37 retirements (165 Eligible EEs)	62.80	19.69	\$48,059
Classified Mgmt./ Confidential	4 retirements (23 Eligible EEs)	64.22	22.97	\$75,770

CERTIFICATED NON-MANAGEMENT

FISCAL SUMMARY OF SAVINGS

CERTIFICATED NON-MANAGEMENT

84 Total Retirements (16.87% of Eligible Group)

Replacement Scenario	# of Positions Not Replaced	Proj. Savings in Year 1	Proj. Savings over 3 Years	Proj. Savings over 5 Years
100% Replacement	0.00	\$555,443	\$1,115,210	\$1,072,803
90% Replacement	8.40	\$1,043,297	\$2,638,172	\$3,716,490
80% Replacement	16.80	\$1,531,151	\$4,161,135	\$6,360,178
70% Replacement	25.20	\$2,019,006	\$5,684,098	\$9,003,866
60% Replacement	33.60	\$2,506,860	\$7,207,060	\$11,647,553

PSYCHOLOGISTS



FISCAL SUMMARY OF SAVINGS

PSYCHOLOGISTS

1 Retirement (12.50% of Eligible Group)				
Replacement Scenario	# of Positions Not Replaced	Proj. Savings in Year 1	Proj. Savings over 3 Years	Proj. Savings over 5 Years
100% replacement	0.00	(\$13,237)	(\$45,725)	(\$77,585)
0% replacement	1.00	\$57,604	\$179,070	\$310,315

CERTIFICATED MANAGEMENT

FISCAL SUMMARY OF SAVINGS

CERTIFICATED MANAGEMENT

7 Total Retirements (33.33% of Eligible Group)

Replacement Scenario	# of Positions Not Replaced	Proj. Savings in Year 1	Proj. Savings over 3 Years	Proj. Savings over 5 Years
100% Replacement	0.00	(\$77,082)	(\$307,103)	(\$520,365)
86% Replacement	1.00	\$6,491	(\$38,957)	(\$54,708)
71% Replacement	2.00	\$90,064	\$229,188	\$410,948
57% Replacement	3.00	\$173,636	\$497,334	\$876,604

CLASSIFIED NON-MANAGEMENT

FISCAL SUMMARY OF SAVINGS

CLASSIFIED NON-MANAGEMENT

68 Total Retirements (13.77% of Eligible Group)				
Replacement Scenario	# of Positions Not Replaced	Proj. Savings in Year 1	Proj. Savings over 3 Years	Proj. Savings over 5 Years
100% Replacement	0.00	(\$62,231)	(\$277,405)	(\$691,851)
90% Replacement	6.80	\$88,067	\$200,207	\$150,324
80% Replacement	13.60	\$238,365	\$677,818	\$992,498
70% Replacement	20.40	\$388,663	\$1,155,430	\$1,834,673
60% Replacement	27.20	\$538,961	\$1,633,041	\$2,676,848

CLERICAL/SECRETARIAL/TECHNICAL

FISCAL SUMMARY OF SAVINGS

CLERICAL/SECRETARIAL/TECHNICAL (CST)

37 Total Retirements (22.42% of Eligible Group)

Replacement Scenario	# of Positions Not Replaced	Proj. Savings in Year 1	Proj. Savings over 3 Years	Proj. Savings over 5 Years
100% Replacement	0.00	(\$21,732)	(\$179,013)	(\$527,972)
90% Replacement	3.70	\$141,584	\$343,941	\$400,314
80% Replacement	7.40	\$304,900	\$866,894	\$1,328,600
70% Replacement	11.10	\$468,215	\$1,389,847	\$2,256,887
60% Replacement	14.80	\$631,531	\$1,912,801	\$3,185,173

CLASSIFIED MANAGEMENT AND CONFIDENTIAL



FISCAL SUMMARY OF SAVINGS

CLASSIFIED MANAGEMENT AND CONFIDENTIAL

4 Total Retirements (17.39% of Eligible Group)

Replacement Scenario	# of Positions Not Replaced	Proj. Savings in Year 1	Proj. Savings over 3 Years	Proj. Savings over 5 Years
100% replacement	0.00	(\$23,405)	(\$103,629)	(\$180,092)
75% replacement	1.00	\$29,739	\$68,285	\$119,559
50% replacement	2.00	\$82,883	\$240,198	\$419,211

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