

OHLONE COMMUNITY COLLEGE DISTRICT

MEMORANDUM

TO: Board of Trustees

FROM: Gari Browning

DATE: July 15, 2009

SUBJECT: Supplemental Employee Retirement Plan (SERP)

After considerable research on the fiscal viability of conducting a retirement incentive program for employees of the District, staff conducted interviews with two agencies having sufficient experience and expertise to plan, develop and implement a SERP that would be mutually beneficial to eligible employees as well as the District.

The SERP is a supplemental annuity program that will compliment the retirement benefits available to eligible employees through the Public Employees Retirement Systems (PERS) or the State Teachers' Retirement System (STRS). The Ohlone Community College District plan will exceed the benefits provided by a PERS or STRS retirement plan. Those plans offer a benefit of two additional years of service credit at a cost to the District of approximately 65 percent of the final year of salary for eligible recipients. The District SERP will provide eligible recipients an annuity valued at 75 percent of their 2009-2010 base salary, exceeding the benefit provided by STRS or PERS plans. More importantly the District SERP will provide individuals multiple options of receiving a monthly annuity benefit, whereas both PERS and STRS provide one option only--an increased lifetime benefit.

The criteria for SERP eligibility are the same as retiree benefit eligibility for PERS and STRS. Employees currently enrolled in PERS are eligible to participate at age 50 or older with 5 years of service credit with the District. Employees currently enrolled in STRS are eligible to participate at age 55 or older with 5 years of service credit with the District.

The plan structure and SERP eligibility will be provided to: (1) regular faculty members employed full-time or assigned on a reduced workload program; (2) regular classified staff employed full-time or assigned on a reduced workload program; and, (3) members of the management team (classified and educational administrators, classified managers and confidential employees).

Upon authorization by the Board of Trustees for the District to enter into a contract with Keenan & Associates for purposes of offering a SERP, on or about July 16, 2009 an individualized monthly benefit summary will be mailed to all employees meeting the eligibility criteria. Such preliminary estimate information will be included in a mailer that announces the program and provides dates for general information meetings that will be conducted for eligible employees, their spouses and financial advisors, if appropriate. The information will also indicate the

availability of individual counseling sessions with a representative of Keenan & Associates. Also included in the information packet will be the enrollment forms for use in event that the eligible employee elects to participate in the SERP.

Employees will be notified of the specific “window period” in which they must provide official notification to the District of enrollment in the SERP. Along with the completed enrollment forms, due by the last date of the “window period”, the participating employee will also be required to submit an irrevocable letter of resignation/retirement.

Immediately after the date of the final “window period” District staff will conduct a detailed financial analysis of the budget savings to be achieved over a five-year period following implementation of the SERP. If District staff determines that the financial savings are sufficient to enact the SERP a recommendation to proceed will be brought to the Board at the first available meeting after the conclusion of the final “window period.”

Faculty members and management team personnel participating in the SERP will have the option to retire at the conclusion of the Fall 2009 semester or at the completion of their working assignment after the end of the Spring 2010 semester. Classified personnel may retire beginning on a date following approval to proceed by the Board of Trustees (approximately November 19, 2009) and ending December 30, 2009. This classified resignation/retirement date was established to insure that all resignations/retirements would commence on December 31, 2009 at the latest.

Because the SERP provides a retiree benefit, participation must be collectively bargained between the District and each employee organization. Negotiations between the District, UFO and SEIU are already in progress. Negotiations with CSEA are scheduled to commence on July 16, 2009. Without a negotiated agreement in place the SERP cannot be made available to members of that unit.

RECOMMENDATION:

The President/Superintendent recommends that the Board of Trustees approve action to enter into a contract with Keenan & Associates to provide a SERP for eligible employees as outlined in the above information.