



S E R P

Supplemental Employee Retirement Plans

Ohlone Community College District

July 15, 2009

Innovative Solutions. Enduring Principles.

What is SERP?

- A District sponsored Supplemental Employee Retirement Plan
- IRS approved 401(a) plan
- Provides incentive for an employee to retire early
- Provides participating employees with a financial package that can be used to fit their needs
- Separate from CalSTRS or CalPERS benefit

How Does SERP Work?

- Keenan Financial Services
 - Plan Design Consultant
 - Contract Administrator
 - Conducts Enrollments
 - Customer Service
- Insurance Carrier
 - United of Omaha
 - Rated A + by A.M. Best Company, Inc.
 - Issues monthly checks to retirees

How Can SERP Benefit Districts?

- Create savings to meet budget problems
- Gives incentive for highest paid employees to retire early
- Provides flexibility with replacement strategies
- Reward long-term employees

Assumptions

- Plan provides an incentive in the form of an annuity purchased at a cost of 75% of salary
 - Benefit is typically higher than the Golden Handshake
 - Benefit paid over life or a defined period of time
- Defined eligibility by classification
- Natural attrition vs. Plan participation
- Final cost analysis provided once participation is defined

Timeline Chart

Options	Election Date	Retirement Date	Plan Effective Date	First Benefit Payment
1 (End of Fall 2009 semester)	10/30/2009	12/30/2009	01/01/2010	02/01/2010
2 (End of academic year for <u>175 day employees</u>)	10/30/2009	05/28/2010	06/01/2010	07/01/2010
3 (End of academic year for <u>185 days employees</u>)	10/30/2009	06/30/2010	07/01/2010	08/01/2010

Questions?

Thank you!



Innovative Solutions. Enduring Principles.