

CAPISTRANO UNIFIED SCHOOL DISTRICT  
San Juan Capistrano, California

January 25, 2012

**APPROVAL OF RESOLUTION NO. 1112-30 AUTHORIZING OFFERING OF  
SUPPLEMENTARY RETIREMENT PLAN FOR CERTIFICATED  
NON-MANAGEMENT EMPLOYEES**

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**BACKGROUND INFORMATION**

During times of budget reductions, districts and other agencies typically consider offering a supplementary retirement plan to reduce expenses and, reduce or eliminate layoffs. Beginning in 2009, the District ceased its participation in Class Size Reduction and other services, thus eliminating 344 certificated positions. As a result, the District currently maintains re-employment lists of approximately 265 veteran certificated employees in addition to 127 newly hired temporary employees. Recognizing budget reductions are still necessary for the 2012-2013 year, a retirement plan has the potential to incentivize retirement for many senior veteran employees over and above natural attrition.

The current economic challenges facing the state and nation have significantly decreased natural attrition over the past four years. In the 2007-2008 school year 84 certificated employees retired compared to 26 retirements received during 2010-2011. Savings are achieved by replacing veteran senior employees with less senior employees who are lower on the salary schedule. In addition to salary differential savings, certain positions may not be replaced further increasing savings to the general fund.

In order for supplemental retirement plans to be cost effective and encourage retirements over and above natural attrition, they are usually offered once every five to seven years. The last supplemental retirement plan was offered during the 2003-2004 school year.

**CURRENT CONSIDERATIONS**

The purpose of this agenda item is for the Board of Trustees to consider Resolution No. 1112-30 to authorize the offering of a supplementary retirement plan for certificated non-management employees through the Public Agency Retirement Services (PARS) agency. PARS currently administers over 1,200 retirement plans for more than 600 PARS member agencies, covering more than 270,000 public employees.

If approved by the Board, a plan offering an IRC 403(b) fixed annuity would be available to certificated non-management employees who declare a binding intent to retire from the District on or before February 29, 2012, effective June 30, 2012. In order to ensure savings, the plan would need to generate no less than \$600,000 in savings the first year and continue savings out

for four additional years. If the projected minimum savings is not met, the District has the option of withdrawing the plan.

**FINANCIAL IMPLICATIONS**

The District anticipates savings to the general fund to be no less than \$600,000 in 2012-2013 with continued savings generated out four additional years which accounts for the full cost of the IRC 403(b) fixed annuity. The total actual savings are dependent upon the number of employees opting to participate and their respective salary levels in comparison to lower replacement cost salaries, if applicable.

**STAFF RECOMMENDATION**

It is recommended the Board President recognize Jodee Brentlinger, Assistant Superintendent, Personnel Services, to present this item.

It is recommended the Board of Trustees approve Resolution No. 1112-30 authorizing the implementation of the PARS fixed annuity plan commencing with the 2012-2013 school year.

**BOARD RESOLUTION NO. 1112-30**

**CAPISTRANO UNIFIED SCHOOL DISTRICT  
ORANGE COUNTY, CALIFORNIA**

**WHEREAS**, it is determined to be in the best fiscal interest of the District and its employees to provide a retirement incentive offer to eligible employees who wish to voluntarily exercise their option to separate from District Service;

**WHEREAS**, it is anticipated a retirement incentive offer has the potential to increase attrition over and above natural attrition experienced the past three years;

**WHEREAS**, increased numbers of retirees will enable the District to rehire certificated employees currently maintained on re-employment lists;

**WHEREAS**, there is no cash option available to employees in lieu of this retirement incentive offer;

**WHEREAS**, Public Agency Retirement Services (PARS) has made available to the District a Supplementary Retirement Plan, a retirement incentive program supplementing STRS, and qualifying under the relevant sections of Section 403(b) of the Internal Revenue Code;

**WHEREAS**, the District, pursuant to applicable policy and/or a collective bargaining agreement, desires to adopt the Supplementary Retirement Plan and to fund the incentive through nonelective employer, post-employment contributions to the PARS designated 403(b) provider.

***NOW THEREFORE BE IT RESOLVED THAT:***

1. The Governing Board of Trustees of the District hereby adopts the PARS Supplementary Retirement Plan, as part of the District Retirement Program, effective August 1, 2012 for the express purpose of generating savings to the general fund; and
2. The retirement incentive must meet the District's fiscal savings and operational objectives in order for the plan to be implemented. If these goals are not reached, the District may withdraw the retirement incentive. If the District withdraws the retirement incentive, resignations may be rescinded; and
3. The Board of Trustees of the District hereby appoints the Interim Deputy Superintendent, Business Services, or his/her successor or his/her designee as the District's Plan Administrator; and
4. The District's PARS Plan Administrator is hereby authorized to execute the contracts, custodial agreement facilitating the payment of contributions to the 403(b) arrangement, and other legal documents related to a trust or the plan on behalf of the District and to take whatever additional actions are necessary to maintain the District's participation in the plan and to maintain compliance of any relevant regulations issued.

AYES: \_\_\_\_\_

NOES: \_\_\_\_\_

ABSENT: \_\_\_\_\_

ABSTAIN: \_\_\_\_\_

STATE OF CALIFORNIA  
COUNTY OF ORANGE

I, Joseph M. Farley, the Secretary of the Board of Trustees of the Capistrano Unified School District of Orange County, California, hereby certifies that the above foregoing resolution was duly and regularly adopted by said District at a regular meeting thereof held on the 25<sup>th</sup> of January, 2012, and passed by a \_\_\_\_\_ vote of said Board.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 25<sup>th</sup> day of January, 2012.

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Secretary of the Board

2011-2012 PARS SUPPLEMENTARY RETIREMENT PLAN  
Preliminary Timeline

1. Mid-January 2012                      PARS mails packets to eligible employees
  
2. Late January 2012                    PARS holds Orientation meetings
  
3. Late February 2012                 Employee Workshop
  
4. February 29, 2012                  Enrollment window closes  
Employees submit binding letter of resignation
  
5. March 30, 2012                      District notifies employees if plan is going forward or not
  
6. June 30, 2012                        Employees resign from District employment
  
7. August 1, 2012                       PARS benefits commence