

2019-2020 Supplementary Retirement Plan

Santa Barbara Community College District

Faculty, Educational Administrators, Classified Non-Management, Classified

Management and Confidential Staff

October 15, 2019 – Version 3

Projected Timeline

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|--|-----------------------------|
| 1. Board adopts Resolution to offer SRP | October 15, 2019 |
| 2. District distributes SRP Announcement | October 22 2019 |
| 3. Enrollment Packets for <u>Window #1</u> mailed to eligible employees | October 22, 2010 |
| 4. Enrollment <u>Window #1</u> opens | October 22, 2019 |
| a) Employee Orientation Meetings | TBD (October 31-November 6) |
| b) STRS/PERS Workshop | TBD (Scheduled by District) |
| c) One-on-One Employee Workshop | TBD (December 3, 2019) |
| d) Enrollment Window #1 closes | December 4, 2019 |
| e) District Announces Whether SRP Implemented | December 11, 2019 |
| f) Employees resign from District employment | December 31, 2019 |
| g) Benefits Commence | February 1, 2020 |
| 5. Enrollment Packets mailed for <u>Window #2</u> to eligible employees | TBD (February 12-14, 2020) |
| 6. Enrollment <u>Window #2</u> opens | February 12, 2020 |
| a) Employee Orientation Meetings | TBD (February 20-27, 2020) |
| b) STRS/PERS Workshop | TBD (Scheduled by District) |
| c) One-on-One Employee Workshop | TBD (March 20-30, 2020) |
| d) Enrollment Window #1 closes | March 31, 2020 |
| e) District Announces Whether SRP Implemented | April 9, 2020 |
| f) Employees resign from District employment after completing the 2019-2020 academic year | June 30, 2020 |
| g) Benefits Commence | August 1, 2020 |

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SANTA BARBARA COMMUNITY COLLEGE DISTRICT

Supplementary Retirement Plan (SRP)

ANALYSIS REPORT – FISCAL SUMMARY OF SAVINGS

October 14, 2019

Objective: To achieve fiscal savings by accelerating retirement attrition and not replacing certain positions

Timeline: Fall Enrollment Window for December 31, 2019 resignations; Spring Enrollment Window for June 30, 2020 resignations (Faculty offered in Spring Window only). Fall Window Close – December 4, 2019; Spring Window Close – March 31, 2020

Groups: Faculty, Educational Administrators, Classified Non-Management and Management and Confidential Staff

Eligibility Criteria: Eligible to retire under CalSTRS/CalPERS; have five years of District service by resignation date

SRP Approval Process: Eligible employees will be informed that the SRP must have sufficient plan participation by the enrollment window deadlines to meet the District's fiscal and operational objectives in order for the SRP to go into effect. Board will review the post analysis and staff recommendation following the close of each window and make a formal announcement as to whether the SRP will proceed.

Analysis: Staff has worked with Public Agency Retirement Services (PARS) to assist in the analysis and design of the SRP. A summary of the analysis is below:

2019-20 Retirement Projections

Employee Group	Number of Eligible Employees	Projected Retirements in December 2019	Projected Retirements in June 2020	Total Projected Retirements with PARS SRP	Percentage Retirements
Full-time Faculty	87	0	21	21	24.14%
Educational Administrators	6	1	1	2	33.33%
Classified Non-Management	112	8	11	19	16.96%
Classified Management & Confidential	15	1	2	3	20.00%
TOTAL	220	10	35	45	20.45%

Projected Fiscal Impact

Employee Group	Replacement Scenario	Non-Replace PARS	Projected Savings in Mid-Year 2019-20	Projected Savings in Year 1 2020-21	Projected Savings over 3 Years 2022-23	Projected Savings over 5 Years 2024-25
Faculty (1 Year Adjunct Replacement)	50% Replace	10.50	\$0	\$1,109,175	\$2,236,413	\$3,344,143
Educational Administrators	50% Replace	1.00	\$23,871	\$160,339	\$430,848	\$721,418
Classified Non-Management	50% Replace	9.50	\$123,097	\$617,757	\$1,624,013	\$2,721,130
Classified Management & Confidential	67% Replace	1.00	\$11,475	\$76,259	\$201,851	\$336,382
TOTAL	51% Replace	22.00	\$158,443	\$1,963,530	\$4,493,125	\$7,123,073

BENEFIT ILLUSTRATION

Prepared on: October 8, 2019

Classified Non-Management
Santa Barbara Community College District

Prepared for: Classified Non-Management

Supplementary Retirement Plan

SRP Level of Benefit

70.00% of Final Pay

The Supplementary Retirement Plan (SRP) benefits are illustrated according to the assumptions listed below. Your SRP benefit is subject to verification of these assumptions and will ultimately be determined based on the provisions of the plan.

To participate in the SRP, you must review and correct any assumptions that are inaccurate using the enclosed Correction Form (page 1).

Assumption Table

Resignation Date: 6/30/2020
Participant Birthdate: 3/19/1961
Participant Age @ Resignation: 59.28
Final Pay*: \$63,964.92

** 2019-20 base salary (placement on 2019-2020 salary schedule), multiplied by current FTE (full-time equivalence). For hourly employees, Final Pay shall be defined as actual salary earned during 2019-2020 school year based on actual hours worked.*

Beneficiary Birthdate*: 3/19/1961
Beneficiary Age @ Resignation: 59.28

**Note: A beneficiary birthdate assumption was created based on your own date of birth. Beneficiary birthdate only affects the amount of Option 2.*

SRP Level of Benefit

The SRP benefit supplements your primary retirement system allowance. If you participate in the SRP, your choice of benefit option and beneficiary for Option 2 is final upon the close of the enrollment window and cannot be changed thereafter.

The projected benefit amounts illustrated for all options are based on annuity rates at the time this illustration was printed. The final amount of your benefit will be determined prior to your first distribution based on the most current annuity rates at the time of purchasing the annuity.

Neither Santa Barbara Community College District nor PARS provides tax, accounting, or legal advice. See your tax consultant, accountant or attorney for advice.

Projected SRP Benefit Payout Amounts

Option 1 (Lifetime): **\$172.74**

A monthly cash payment for your lifetime only.
Option 1 does not pay out to a beneficiary.

Option 2 (Joint & Survivor): **\$148.80**

Option 2 is a modified monthly payment for your lifetime and the lifetime of your one named beneficiary.

Option 3 (Lifetime or 10-Years): **\$170.42**

Option 3 is a modified monthly payment for the greater of your lifetime or 10 years. In the event of death within 10 years of resignation, monthly payments will continue to your beneficiary or estate until a total of 120 payments are made.

Options 5-15 (Fixed-Term Payments)*:

Options 5-15 provide a higher monthly payment guaranteed for a fixed number of years as shown below. Payments are made to the participant until the final payment is made. In the event of death, all remaining payments will be paid to your beneficiary or estate.

Option #	Years of Payment	Monthly Payment
5*	5	\$745.51
6*	6	\$626.14
7*	7	\$541.07
8*	8	\$477.75
9*	9	\$428.86
10	10	\$390.08
11	11	\$358.56
12	12	\$332.32
13	13	\$310.03
14	14	\$290.95
15	15	\$274.47

** Options 5-9 are eligible for direct rollover into an IRA or to an eligible plan that accepts the rollover. If you are in the year in which you will attain age 70 ½ or over the age of 70 ½, you are not eligible to elect a direct rollover of your SRP benefit payments. SRP benefit payments will be treated as a required minimum distribution and will be coded as a taxable distribution for the duration of your benefit period. Please consult with a qualified tax or legal advisor to determine whether your SRP monthly benefit may be eligible for rollover.*

BENEFIT ILLUSTRATION

Prepared on: October 8, 2019

Classified Management & Confidential
Santa Barbara Community College District

Prepared for: Classified Management & Confidential

Supplementary Retirement Plan

SRP Level of Benefit

70.00% of Final Pay

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Assumption Table

Resignation Date: 6/30/2020
Participant Birthdate: 5/13/1960
Participant Age @ Resignation: 60.13
Final Pay*: \$98,871.00

** 2019-20 base salary (placement on 2019-2020 salary schedule), multiplied by current FTE (full-time equivalence). For hourly employees, Final Pay shall be defined as actual salary earned during 2019-2020 school year based on actual hours worked.*

Beneficiary Birthdate*: 5/13/1960
Beneficiary Age @ Resignation: 60.13

**Note: A beneficiary birthdate assumption was created based on your own date of birth. Beneficiary birthdate only affects the amount of Option 2.*

SRP Level of Benefit

The SRP benefit supplements your primary retirement system allowance. If you participate in the SRP, your choice of benefit option and beneficiary for Option 2 is final upon the close of the enrollment window and cannot be changed thereafter.

The projected benefit amounts illustrated for all options are based on annuity rates at the time this illustration was printed. The final amount of your benefit will be determined prior to your first distribution based on the most current annuity rates at the time of purchasing the annuity.

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Projected SRP Benefit Payout Amounts

Option 1 (Lifetime): **\$273.10**

A monthly cash payment for your lifetime only.
Option 1 does not pay out to a beneficiary.

Option 2 (Joint & Survivor): **\$234.02**

Option 2 is a modified monthly payment for your lifetime and the lifetime of your one named beneficiary.

Option 3 (Lifetime or 10-Years): **\$268.95**

Option 3 is a modified monthly payment for the greater of your lifetime or 10 years. In the event of death within 10 years of resignation, monthly payments will continue to your beneficiary or estate until a total of 120 payments are made.

Options 5-15 (Fixed-Term Payments)*:

Options 5-15 provide a higher monthly payment guaranteed for a fixed number of years as shown below. Payments are made to the participant until the final payment is made. In the event of death, all remaining payments will be paid to your beneficiary or estate.

Option #	Years of Payment	Monthly Payment
5*	5	\$1,152.34
6*	6	\$967.83
7*	7	\$836.33
8*	8	\$738.47
9*	9	\$662.89
10	10	\$602.95
11	11	\$554.23
12	12	\$513.67
13	13	\$479.21
14	14	\$449.72
15	15	\$424.26

** Options 5-9 are eligible for direct rollover into an IRA or to an eligible plan that accepts the rollover. If you are in the year in which you will attain age 70 ½ or over the age of 70 ½, you are not eligible to elect a direct rollover of your SRP benefit payments. SRP benefit payments will be treated as a required minimum distribution and will be coded as a taxable distribution for the duration of your benefit period. Please consult with a qualified tax or legal advisor to determine whether your SRP monthly benefit may be eligible for rollover.*

BENEFIT ILLUSTRATION

Prepared on: October 8, 2019

Faculty
Santa Barbara Community College District

Prepared for: Full-Time Faculty

Supplementary Retirement Plan

SRP Level of Benefit

70.00% of Final Pay

The Supplementary Retirement Plan (SRP) benefits are illustrated according to the assumptions listed below. Your SRP benefit is subject to verification of these assumptions and will ultimately be determined based on the provisions of the plan.

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Assumption Table

Resignation Date: 6/30/2020
Participant Birthdate: 5/24/1957
Participant Age @ Resignation: 63.10
Final Pay*: \$106,142.82

** 2019-20 base salary (placement on 2019-2020 salary schedule), multiplied by current FTE (full-time equivalence). For hourly employees, Final Pay shall be defined as actual salary earned during 2019-2020 school year based on actual hours worked.*

Beneficiary Birthdate*: 5/24/1957
Beneficiary Age @ Resignation: 63.10

**Note: A beneficiary birthdate assumption was created based on your own date of birth. Beneficiary birthdate only affects the amount of Option 2.*

SRP Level of Benefit

The SRP benefit supplements your primary retirement system allowance. If you participate in the SRP, your choice of benefit option and beneficiary for Option 2 is final upon the close of the enrollment window and cannot be changed thereafter.

The projected benefit amounts illustrated for all options are based on annuity rates at the time this illustration was printed. The final amount of your benefit will be determined prior to your first distribution based on the most current annuity rates at the time of purchasing the annuity.

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Projected SRP Benefit Payout Amounts

Option 1 (Lifetime): **\$314.29**

A monthly cash payment for your lifetime only.
Option 1 does not pay out to a beneficiary.

Option 2 (Joint & Survivor): **\$264.81**

Option 2 is a modified monthly payment for your lifetime and the lifetime of your one named beneficiary.

Option 3 (Lifetime or 10-Years): **\$307.90**

Option 3 is a modified monthly payment for the greater of your lifetime or 10 years. In the event of death within 10 years of resignation, monthly payments will continue to your beneficiary or estate until a total of 120 payments are made.

Options 5-15 (Fixed-Term Payments)*:

Options 5-15 provide a higher monthly payment guaranteed for a fixed number of years as shown below. Payments are made to the participant until the final payment is made. In the event of death, all remaining payments will be paid to your beneficiary or estate.

Option #	Years of Payment	Monthly Payment
5*	5	\$1,237.09
6*	6	\$1,039.01
7*	7	\$897.84
8*	8	\$792.78
9*	9	\$711.65
10	10	\$647.30
11	11	\$594.99
12	12	\$551.45
13	13	\$514.45
14	14	\$482.80
15	15	\$455.46

** Options 5-9 are eligible for direct rollover into an IRA or to an eligible plan that accepts the rollover. If you are in the year in which you will attain age 70 ½ or over the age of 70 ½, you are not eligible to elect a direct rollover of your SRP benefit payments. SRP benefit payments will be treated as a required minimum distribution and will be coded as a taxable distribution for the duration of your benefit period. Please consult with a qualified tax or legal advisor to determine whether your SRP monthly benefit may be eligible for rollover.*

BENEFIT ILLUSTRATION

Prepared on: October 8, 2019

Educational Administrators
Santa Barbara Community College District

Prepared for: Educational Administrators

Supplementary Retirement Plan

SRP Level of Benefit

70.00% of Final Pay

The Supplementary Retirement Plan (SRP) benefits are illustrated according to the assumptions listed below. Your SRP benefit is subject to verification of these assumptions and will ultimately be determined based on the provisions of the plan.

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Assumption Table

Resignation Date: 6/30/2020
Participant Birthdate: 7/11/1959
Participant Age @ Resignation: 60.97
Final Pay*: \$120,668.17

** 2019-20 base salary (placement on 2019-2020 salary schedule), multiplied by current FTE (full-time equivalence). For hourly employees, Final Pay shall be defined as actual salary earned during 2019-2020 school year based on actual hours worked.*

Beneficiary Birthdate*: 7/11/1959
Beneficiary Age @ Resignation: 60.97

**Note: A beneficiary birthdate assumption was created based on your own date of birth. Beneficiary birthdate only affects the amount of Option 2.*

SRP Level of Benefit

The SRP benefit supplements your primary retirement system allowance. If you participate in the SRP, your choice of benefit option and beneficiary for Option 2 is final upon the close of the enrollment window and cannot be changed thereafter.

The projected benefit amounts illustrated for all options are based on annuity rates at the time this illustration was printed. The final amount of your benefit will be determined prior to your first distribution based on the most current annuity rates at the time of purchasing the annuity.

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Projected SRP Benefit Payout Amounts

Option 1 (Lifetime): **\$333.31**

A monthly cash payment for your lifetime only.
Option 1 does not pay out to a beneficiary.

Option 2 (Joint & Survivor): **\$284.06**

Option 2 is a modified monthly payment for your lifetime and the lifetime of your one named beneficiary.

Option 3 (Lifetime or 10-Years): **\$328.24**

Option 3 is a modified monthly payment for the greater of your lifetime or 10 years. In the event of death within 10 years of resignation, monthly payments will continue to your beneficiary or estate until a total of 120 payments are made.

Options 5-15 (Fixed-Term Payments)*:

Options 5-15 provide a higher monthly payment guaranteed for a fixed number of years as shown below. Payments are made to the participant until the final payment is made. In the event of death, all remaining payments will be paid to your beneficiary or estate.

Option #	Years of Payment	Monthly Payment
5*	5	\$1,406.39
6*	6	\$1,181.20
7*	7	\$1,020.71
8*	8	\$901.27
9*	9	\$809.03
10	10	\$735.88
11	11	\$676.42
12	12	\$626.92
13	13	\$584.85
14	14	\$548.87
15	15	\$517.79

** Options 5-9 are eligible for direct rollover into an IRA or to an eligible plan that accepts the rollover. If you are in the year in which you will attain age 70 ½ or over the age of 70 ½, you are not eligible to elect a direct rollover of your SRP benefit payments. SRP benefit payments will be treated as a required minimum distribution and will be coded as a taxable distribution for the duration of your benefit period. Please consult with a qualified tax or legal advisor to determine whether your SRP monthly benefit may be eligible for rollover.*