

Pacific Grove Unified School District SUPPLEMENTAL EMPLOYEE RETIREMENT PLAN (SERP)

September 7, 2023

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Keenan SERP Development Process



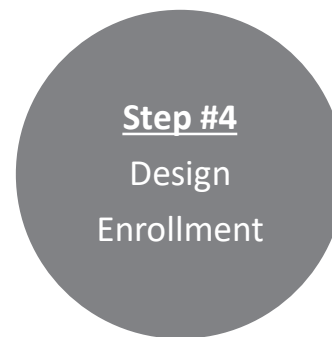
- Define intent and desired outcome for the incentive



- Understand the demographics to determine if an early retirement incentive makes sense



- Evaluate different benefit levels to determine the most advantageous offering



- Design and secure the tools employees will need during their decision-making process



- Integration with WC claims teams to unlock additional savings potential



Supplemental Employee Retirement Plan

Supplemental Employee Retirement Plan (SERP) is Keenan's early retirement incentive solution since 1984.

The program is designed to:

- Address declining enrollment
- Assist in proactive staff planning
- Enhance retiree benefits
- Compensate long-term Employees



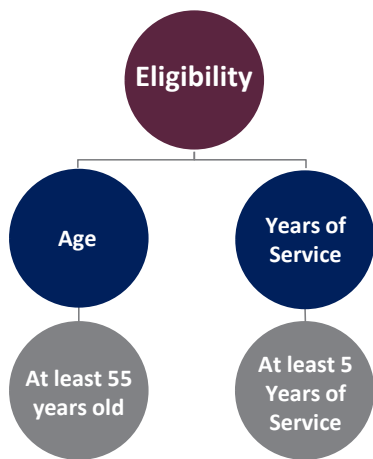
Why is SERP a Win-Win?



SERP allows Districts to develop and offer an incentive plan that will enhance retiree benefits and improve job security for existing employees while providing an effective budget and staff planning solution.



Step #2: Understand the Demographics

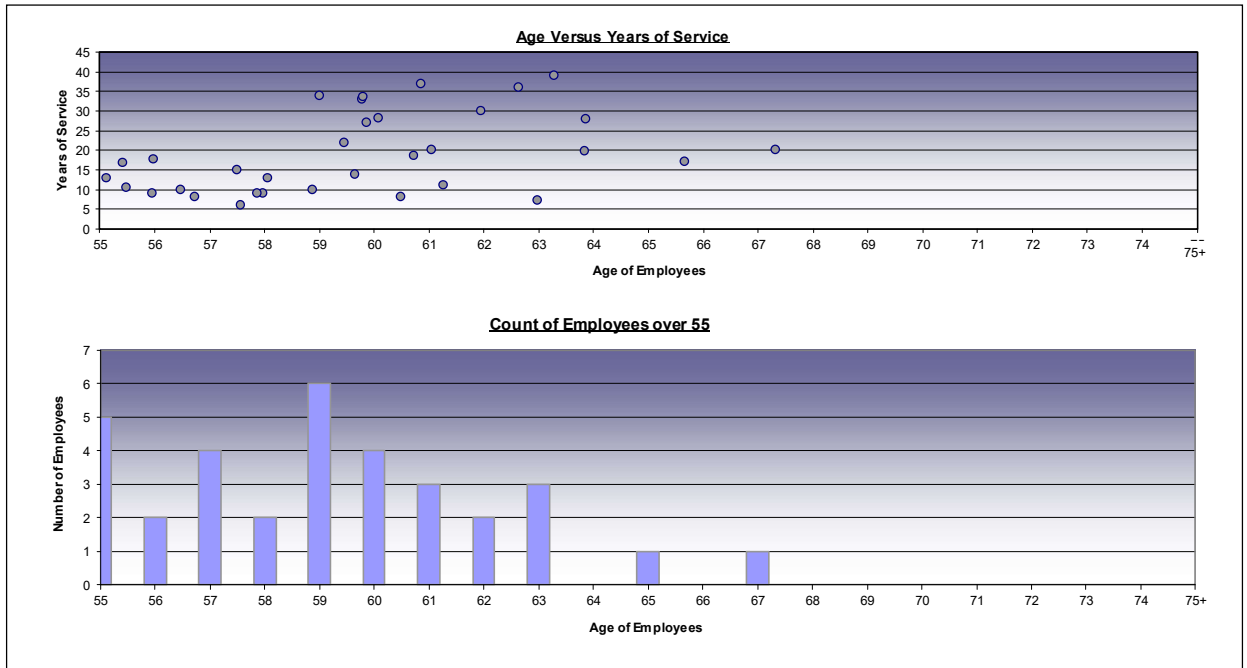


Employee Group	Certificated	Classified	Certificated Management	Classified Management
Total Eligible Employees	33	41	4	2
Average Age	59.6	62.4	57.3	57.6
Average Service	19.1	17.7	15.7	5



Demographics Certificated

Demographic Factor	Data
# of Employees Over 58	22 of 33
% of Employees Over 58	67%

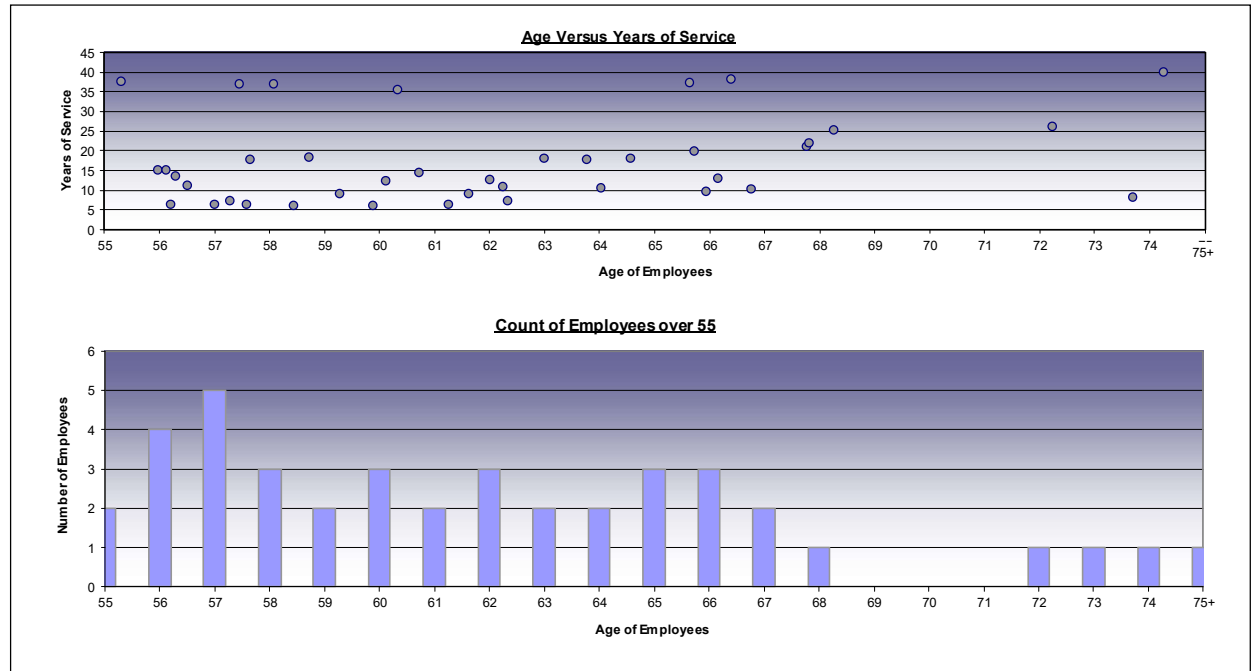


Age of Employee	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75+
Number of Employees	5	2	4	2	6	4	3	2	3	0	1	0	1	0	0	0	0	0	0	0	0
Reverse Cumulative Totals	33	28	26	22	20	14	10	7	5	2	2	1	1	0	0	0	0	0	0	0	0
Reverse Cumulative %	100	85	79	67	61	42	30	21	15	6	6	3	3	0	0	0	0	0	0	0	0



Demographics Classified

Demographic Factor	Data
# of Employees Over 58	30 of 41
% of Employees Over 58	74%

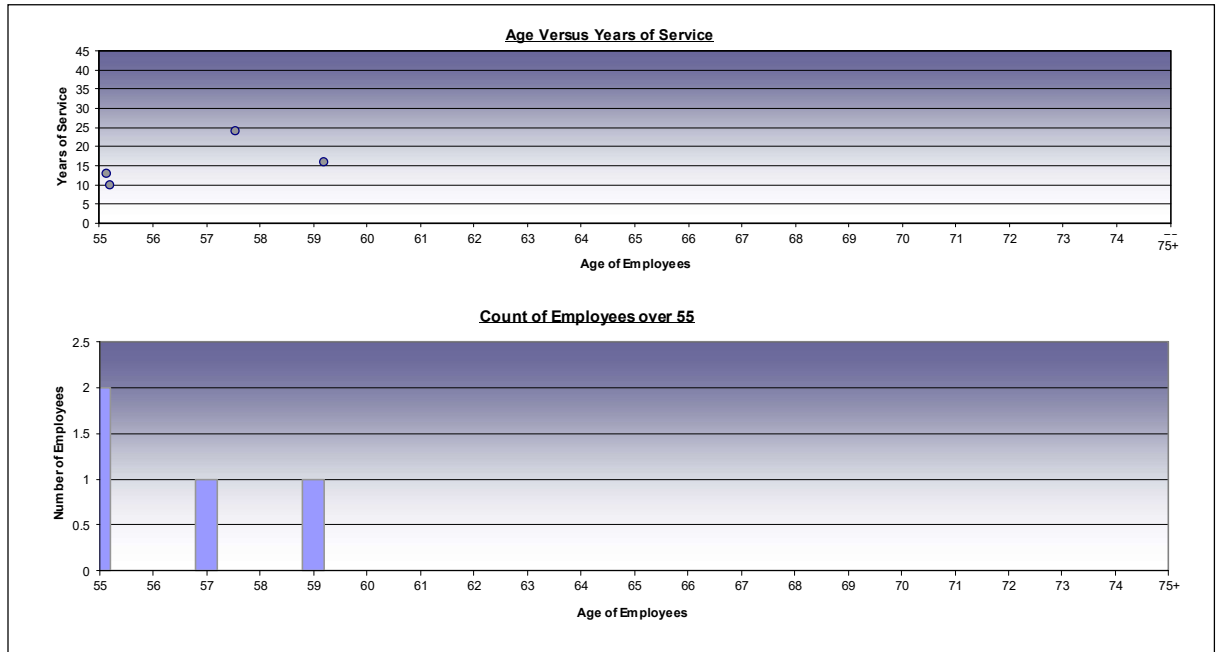


Age of Employee	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75+	
Number of Employees	2	4	5	3	2	3	2	3	2	2	3	3	2	1	0	0	0	1	1	1	1	
Reverse Cumulative Totals	41	39	35	30	27	25	22	20	17	15	13	10	7	5	4	4	4	4	3	2	1	
Reverse Cumulative %	100	95	85	73	66	61	54	49	41	37	32	24	17	12	10	10	10	10	10	7	5	2



Demographics Certificated Management

Demographic Factor	Data
# of Employees Over 58	1 of 4
% of Employees Over 58	25%

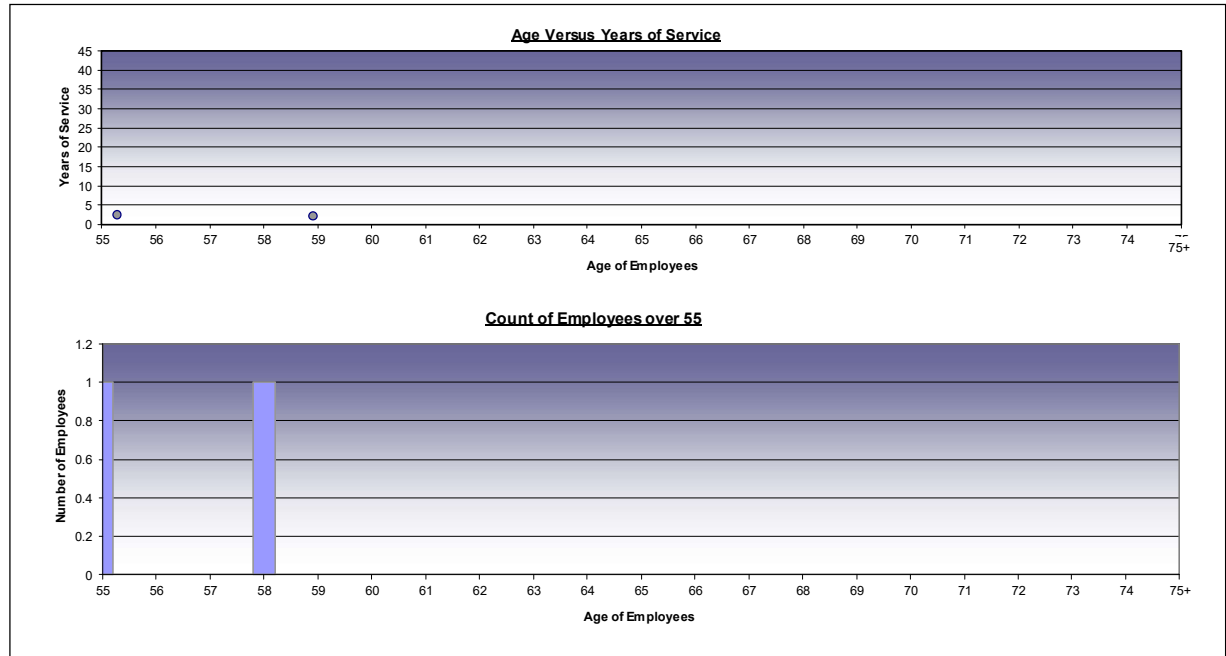


Age of Employee	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75+
Number of Employees	2	0	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reverse Cumulative Totals	4	2	2	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reverse Cumulative %	100	50	50	25	25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0



Demographics Classified Management

Demographic Factor	Data
# of Employees Over 58	1 of 2
% of Employees Over 58	50%



Age of Employee	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75+
Number of Employees	1	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reverse Cumulative Totals	2	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reverse Cumulative %	100	50	50	50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0



Annuity Illustration: 75% Benefit

Estimated Monthly Payments

	Annuity Option	Certificated (\$125,380) 75%
1	Life Only	\$444.90
2	Joint & 50% Survivor	\$414.31
3	Life or Ten Years	\$437.23
4	Five (5) Year*	<u>\$1,563.52</u>
5	Six (6) Year*	\$1,330.44
6	Seven (7) Year*	\$1,164.28
7	Eight (8) Year*	\$1,039.95
8	Nine (9) Year*	\$943.47
9	Ten (10) Year	\$866.51
* Eligible for tax-deferred IRA Rollover		



Underlying Assumptions – All Replaced

Minimum Age 55 Years	Minimum Service 5 Years	Benefit Commencement Date 8/1/2024
Number of Eligible Employees:		33
Projected Regular Retirees:		2
Projected SERP Retirees:		8
Retirees Replaced:		100%
Average Salary (Eligible Employees Only)		\$125,380

Retiree Health Care (HC) Assumptions:

HC Cost:	\$5,900	HC Change Cost Age:	65
HC COLA:	0.00%	HC Change Cost:	\$0
HC Pay to Age:	65	HC Change COLA:	0.00%

Statutory Benefits	Year 1	Year 2	Year 3	Year 4	Year 5
STRS Contributions:	19.10%	19.10%	19.10%	19.10%	19.10%
Workers Compensation:	2.77%	2.77%	2.77%	2.77%	2.77%
Unemployment Insurance:	0.50%	0.50%	0.50%	0.50%	0.50%
Medicare:	1.45%	1.45%	1.45%	1.45%	1.45%
Statutory Total:	23.82%	23.82%	23.82%	23.82%	23.82%

Existing Salary

	COLA	Salary
Year 1:	0.00%	\$127,887
Year 2:	0.00%	\$130,445
Year 3:	0.00%	\$133,054
Year 4:	0.00%	\$135,715
Year 5:	0.00%	\$138,430

Replacement Salary

	COLA	Salary	Description
Year 1:	0.00%	\$88,150	Column IV Step 4
Year 2:	0.00%	\$90,753	Column IV Step 5
Year 3:	0.00%	\$93,356	Column IV Step 6
Year 4:	0.00%	\$100,353	Column V Step 7
Year 5:	0.00%	\$103,365	Column V Step 8

Keenan Commission

(Billed separate)

5.00%



Scenario Results 1 – 75% All Replaced

Group	Estimated Participants	Replaced Positions	Keenan SERP Net Savings
Certificated	8	8	\$520,725
Classified	10	10	-\$222,430
Certificated Management	1	1	-\$43,642
Classified Management	1	1	-\$10,404
Total	30	20	\$244,249

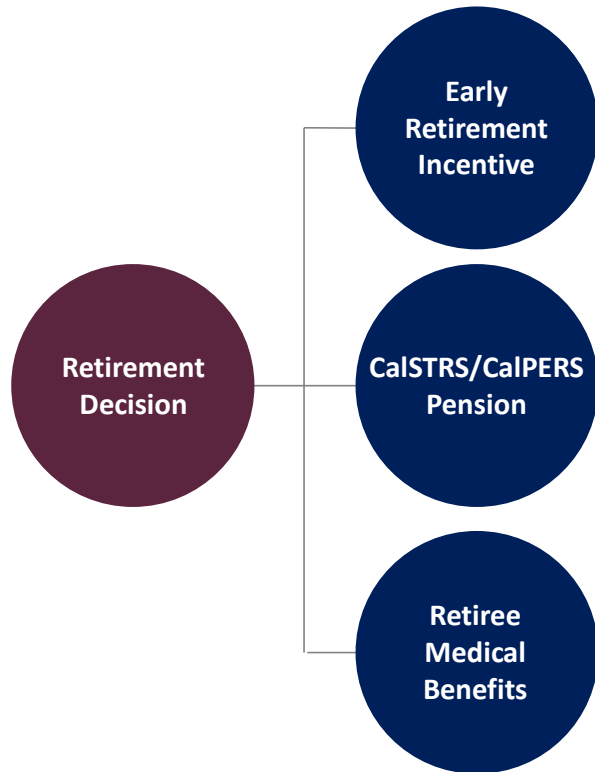


Scenario Results 1 – 75% Not Replaced

Group	Estimated Participants	Replaced Positions	Keenan SERP Net Savings
Certificated	8	6	\$1,429,165
Classified	10	8	\$306,702
Certificated Management	1	0	\$1,102,388
Classified Management	1	0	\$1,057,045
Total	20	14	\$3,057,045



Retirement Decision Support



Keenan's SERP maximizes participation by providing education and support around these three main pillars of knowledge required to make a retirement decision.



Individual Counseling Sessions

Eligible participants are urged to schedule a one-on-one Q&A session with one of our SERP counselors:

Individual Counseling

- Former educators who retired through SERP
- Personalized Attention
- Not compensated based on participation
- Passion for helping others navigate retirement
- Relate to a retiree's feelings, emotions, and apprehensions towards retirement

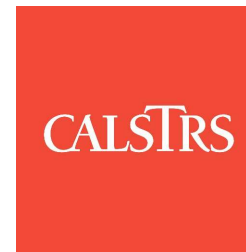


Pension Information Support

Keenan Financial Services can assist in coordinating representatives and presentations from the following:

Pension Assistance

- Group Sessions on Pension Benefits
- Education on Individual Meeting Options
- Highlight Online Tools for Estimation of Benefits
- *Important: CalPERS must be requested by employer*



Meet Some of Our Counselors



My name is Joyce Laws



20 years of service as Administrative Assistant in Human Resources at Vista USD



Retired through a SERP program in 2012



7 years experience as a SERP counselor



Worked 36 SERP offerings with Keenan



My name is Joan Jaureguy



34 combined years of teaching elementary at Rowland USD and Vista USD



Retired through a SERP program in 2010



5 years experience as a SERP counselor



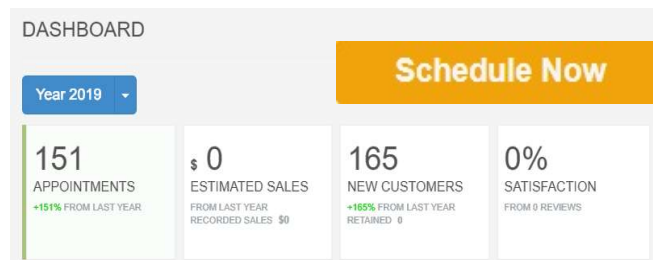
Worked 31 SERP offerings with Keenan



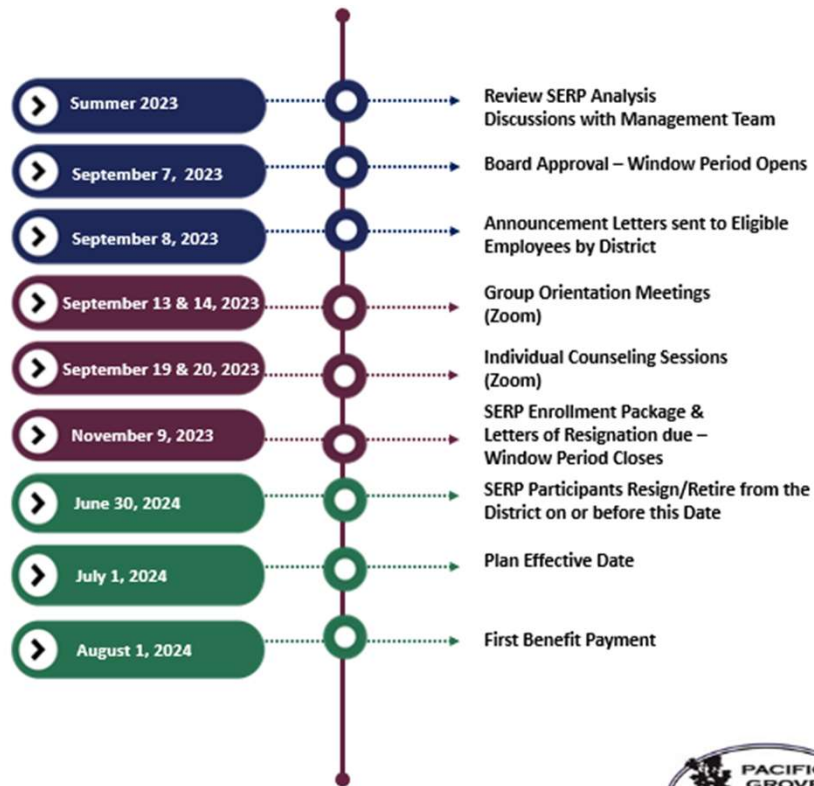
Participation Transparency – Technology

Provides clients with participation transparency for targeted enrollment follow up and education support

- Appointment Dashboard
- Yes, No, Maybe
- Electronic packets



Timeline



WC and SERP Integration – Potential Additional Savings

- Cross reference SERP eligibility with open worker's compensation claim
- Identify who took SERP
- Reach out to resolve future medical claims
- Reduce outstanding liabilities
- Improve bottom line at next actuarial report





Thank You!

