

To: Board of Education, School District of Greenfield

From: Mark S. Kapocius, Director of Human Resources

Re: Post-Employment Benefits-Supplemental

Date: February 11, 2019



Background

In May 2013, the Board approved an elimination, or phase-out, of post-employment benefits. Only certain employees who agreed to retire by a specific date would realize a benefit. This is referred to the “May 2013 Plan.” To the extent there are any employees still eligible for this benefit, the value of the benefit is minimal.

Upon further review of the impact of the May 2013 Plan, the Board authorized a subcommittee to review options for post-employment benefits for employees.

In February 2015, the Board approved a revised post-employment benefit for Professional Educators (“Revised Plan”). The Revised Plan is now offered to all Professional Educators. The Board further authorized the subcommittee of the Board to explore post-employment benefits for classified staff. Later that year, the Board approved a post-employment benefit plan for classified staff. This benefit is also in the form of a tax-sheltered annuity (“TSA”). All of the plans have been reviewed by a third party actuarial.

Since 2015, dozens of employees have retired, and they are collecting their post-employment benefit.

Supplemental Benefit

Under the formula for calculating retirement benefits, employees who started employment with the District earlier will earn a greater benefit than those who started later. In the interest of leveling the benefit value for those employees who have started later, as well as providing incentive to employees to accumulate leave days, Administration is proposing a supplement to the existing post-employment benefit.

The supplemental benefit would be: (1) in addition to the standard TSA based on years of service and age, and (2) based on accrued leave days at the time of retirement. In order to receive the full value of the Supplemental Benefit, employees must meet the requirements of years of service and age. However, similar to the standard benefit, employees may access the benefit prior to the age and years of service requirement subject to a reduction in the benefit.

Below is an example of how the supplemental benefit would be calculated:

Supplemental Post-Employment Benefit: Conversion of Unused Paid Leave

Professional Educators-Preconditions:

- Meets all other conditions of retirement (age, YOS)
- Paid leave capped at 70 accumulated days
- Value per day: \$100.00



Position	Years of Service as of June 30, 2015	TSA Benefit	Paid Leave Multiplier	Supplemental Benefit Value	Total Max Benefit
A	20+	82,500	0.5	3,500	86,000
B	19.9-17.0	74,725	1.0	7,000	81,725
C	16.9-15.0	66,950	1.25	8,750	75,700
D	14.9-13.0	59,175	1.50	10,500	69,675
E	12.9-11.0	51,400	1.75	12,250	63,650
F	10.9-9.0	43,625	2.00	14,000	57,625
G	8.9-7.0	35,850	2.25	15,750	51,600
H	6.9-5.0	28,075	3.00	21,000	49,075
I	4.9 or less	\$1,250 per yr	3.00	21,000	46,000*

*Based on 20 years

Classified Staff-Preconditions:

- Paid leave capped at 70 accumulated days
- Value per day: \$75
- Meets all of the other conditions of retirement (Age, YOS, hours per year)



Position	Hire Date	Multiplier	Paid Leave Multiplier	Supplemental Benefit Value	Total Max Benefit**
A	before January 1, 1990	1.4	0.6	3,150	73150
B	before January 1, 1995	1.2	0.8	4,200	64200
C	before January 1, 2000	1.0	1.0	5,250	55250
D	before January 1, 2005	0.8	1.2	6,300	46300
E	hired after January 1, 2005	0.6	1.4	7,350	37350

**Based on an average annual earnings of \$50,000

Professional-Technical Staff & Management-Preconditions:

- Paid leave capped at 70 accumulated days
- Value per day: \$150/day; capped at \$10,500
- Minimum of 15 YOS
- Standard benefit: Principals receive 3% annually in TSA; Directors 5%; & Prof.-Tech. 2%.

Financial Impact

Administration has received a 3rd party actuarial analysis of the proposed supplemental benefit from Key Benefit Concepts. Based on the actuarial report, the District would be able to fund the supplemental benefit based on the current contributions towards these costs.

Health Care Access

Access to the District's health insurance plan is not a part of the District's post-employment benefit plan. Retirees seeking insurance are referred to a healthcare marketplace coordinator. If necessary, retirees can utilize their TSA funds to cover health insurance premiums.

In 2017, the District opened up the Greenfield Workplace Clinic operated by Froedtert & Medical College of Wisconsin. The clinic serves all employees of the District, as well as spouses and dependents on the District's health insurance plan.

While health insurance is not an option for retirees, the District could provide health care for retirees through the clinic. Access to the clinic could be made available to retirees for free or a nominal annual fee. There would be no financial impact to the District by offering this benefit. Administration is currently working to make the clinic accessible to retirees by ensuring compliance with the Affordable Care Act (ACA) and Medicare regulations.

Conclusion

Administration believes that this proposal for a supplemental post-employment benefit provides an incentive-based benefit, as well as a pathway towards a balanced post-employment benefit for employees in the early stages of their career. Further, by utilizing this formula, the Board would be able to adjust the figures based on external factors such as revenue allowance and inflation.

While the District cannot provide health insurance to retirees, we believe that offering access to the Greenfield Workplace Clinic would help address the issue.