

Study Committee Recommendation

The Whitefish Bay School Board OPEB sub-committee recommends the following:

The sub-committee recommends that the OPEB benefits be modified as follows:

- 1) Eliminate the post retirement health insurance benefit for those hired after July 1, 2011.
- 2) Eliminate the severance benefit for those hired after July 1, 2011.
- 3) Cap the District's retiree health insurance contribution, with the Board paying the same percentage of the premium in effect at the time of retirement provided that the dollar amount of the premium to be paid by the district on the employees behalf shall not exceed the dollar amount paid by the district on the employees behalf during the 2011-12 school year.
- 4) Increase the minimum early retirement age to age 57.
- 5) Modify the post retirement health insurance and the severance benefit for employees as outlined below.
- 6) Provide a current funded tax shelter annuity/403(b) to new hires in certain employee groups (teacher/support/administrator).

Recommended Changes: (The sub-committee recommendation is the option identified as Option 3 on the handout at the last meeting)

Group A:

Only available to employees hired prior to July 1, 2011. This benefit computation would permit the employee to continue to accrue a benefit based on total years of service as of the date of retirement. Thus, they would receive the full benefit, subject to the cap even if they did not have the full number of years of service in by July 1, 2012. The number of years over which the benefit was earned would be 10, 15 or 20 years, depending on the number of years of service required under the retirement health insurance benefit at the time of hire.

Group B:

Employees hired after July 1, 2011 would receive a current funded employer paid TSA. The sub-committee recommends that this amount be set at \$1,000 per year of full-time service for those groups who are eligible. This benefit would still require a minimum vesting of 20 years and benefits would be forfeited if the employee leaves prior to full vesting and the minimum retirement date (i.e., age 57 or 59). The deposited dollars plus accumulated interest would be available to the employee at retirement.

All new Professional staff (Administration, Teachers and Support) employees hired after July 1, 2011 will be eligible for the TSA option only.

Severance:

Severance benefits for employees hired prior to July 1, 2011 would be frozen at the benefit deemed earned as of July 1, 2012 based on their salary as of that date. The amount deemed earned would be based on years of service prior to July 1, 2012 using a criteria of 20 years to receive the full benefit. Eligibility age would remain as outlined in employment handbooks.

For example, for instructional staff the previous contract provided for a benefit of 110 days. If we assumed a service requirement of 20 years for this benefit (110 days of pay divided by 20 years of service equals 5.5 days pay per year of full-time service). The proposal would be to compute the severance benefits based on years of service prior to July 1, 2012. Employees would receive a prorated portion of the previous benefit not to exceed 110 days (at the 2011-12 daily rate).

Examples (instructional staff, assuming 20 year vesting):

Employee A: (Hired July 15, 1992) This teacher would have 20 years of full-time service prior to July 1, 2012.

20 years of full-time service X 5.5 days of pay (Ratio) = 110 days of severance pay at age 57 (at the 2011-12 daily rate).

Employee B: (Hired July 15, 2005) This teacher would have 7 years of full-time service prior to July 1, 2012.

7 years of full-time service X 5.5 days of pay (Ratio) = 38.5 days of severance pay at age 57 (at the 2011-12 daily rate).

The Annual Required Contribution (ARC) for our current benefit level is \$3,133,510.

The Annual Required Contribution (ARC) for the modified benefit level is \$1,048,140.

The Changes reduce the Annual Required Contribution (ARC) by \$2,085,370 per year.