

**MEMO TO: BOARD MEMBERS  
DR. SARAH RISS**

**FROM: DR. DIANE MOORE**

**DATE: NOVEMBER 4, 2015**

**RE: RETIREMENT INCENTIVE**

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The Board of Education has reviewed a retirement incentive proposal for the 2015-2016 school year. This proposal would be identical to the incentive offered to staff in the 2010-2011 school year. During the October 26 board meeting, members asked the administration to analyze the average number of retirees annually and recommend a minimum number of certified staff retirees that would be necessary to offer this incentive.

The Human Resources Department provided the attached analysis of the number of annual certified staff retirees dating back to the 2005-2006 school year. I would suggest we eliminate the 2010-2011 school year from the calculated average since this was the year we offered a retirement incentive. Based upon the past nine years (excluding 2010-2011) there is an average of 8 certified staff choosing to retire annually. In addition to this information, I had an opportunity to meet with Eric Dunn, WGHS math teacher. Eric helps facilitate the Certified Salary Committee. We agreed the original retirement incentive analysis should reflect a replacement salary equal to the average replacement salary step of replacement teachers hired in 2011-2012. I also found a formula mistake that was corrected. The attached spreadsheet reflects an average first year savings of \$25,545 per certified retiree. This data would suggest a minimum number of retirees would need to be set at 12 or above to have a possible savings of \$100,000 or more.

It should be noted the estimates provided for the retirement simulation are conservative estimates. During the 2010-2011 school year the retirement incentive savings estimate assumed the average certified salary for a retiree would be \$73,393. The actual average retiree certified salary was \$73,447.92. The actual first year savings per certified retiree was \$35,170.39.

Please do not hesitate to contact me if you have additional questions.

**WEBSTER GROVES SCHOOL DISTRICT  
BOARD OF EDUCATION ITEM OF CONSIDERATION**

**DATE: November 5, 2015**

**TOPIC/PROPOSAL: Retirement Incentive**

**BACKGROUND INFORMATION:**

A retirement incentive is a tool used to generate short term budget savings for the school district. This proposal would provide district payment of 50% of the board paid insurance premium for three years or a lump sum payment of \$5,000 for two years. For noncertified staff, a retiree would receive a lump sum payment of \$2,000 for two years or 25% of the board paid insurance premium for three years. This incentive is the same as the incentive offered during the 2010-2011 school year. To generate a savings of \$100,000 or more twelve or more certified employees would need to retire by the end of the 2015-16 school year. Staff would be required to indicate their plan to retire in writing by March 1, 2016 to take advantage of the retirement incentive.

**INSTRUCTIONAL IMPACT/RATIONALE:**

**CSIP/DISTRICT GOAL ADDRESSED:**

CSIP Goal 7 – The district will maximize the use of district resources.

**FISCAL NOTE**

Each certified retiree would generate an estimated savings of \$25,545. During the past ten years an average of eight certified staff retire annually. The district would need a minimum of twelve certified staff to retire to generate a savings of \$100,000 or more.

**ADMINISTRATIVE RECOMMENDATION:**

- **Action Requested:**   X
- **Information:**
- **Proposed Motion for Approval (if applicable):**

I move the Board of Education approve the retirement incentive as outlined above if twelve or more certified staff notify the district in writing by March 1, 2016 of their intent to retire by the end of the 2015-2016 school year.

**PREPARED BY:** Dr. Diane Moore

**Motion:** \_\_\_\_\_                      **Second:** \_\_\_\_\_

**Board Vote:**   (yes)   (no)   (abstain)   (Consent Agenda)

	<u>CERTIFIED</u>	<u>NON-CERTIFIED</u>
<b>2005-2006</b>	<b>2</b> <b>Bond Ref Passed</b>	<b>5</b>
<b>2006-2007</b>	<b>8</b>	<b>2</b>
<b>2007-2008</b>	<b>11</b>	<b>2</b>
<b>2008-2009</b>	<b>6</b>	<b>2</b>
<b>2009-2010</b>	<b>14</b>	<b>1</b>
<b>2010-2011</b>	<b>15</b>	<b>4</b>
<b>2011-2012</b>	<b>6</b>	<b>3</b>
<b>2012-2013</b>	<b>15</b>	<b>2</b>
<b>2013-2014</b>	<b>5</b>	<b>10</b>
<b>2014-2015</b>	<b>7</b>	<b>7</b>

**First Year Savings  
2015-2016 Retirement Incentive**

**50% Insurance Premium**

<b>Retiree Salary</b>	<b>50% premium</b>	<b>Replacement Salary</b>	<b>Savings</b>	
76,293.00	3,260.00	46,618.00	26,415.00	
<b>8 Retirees</b>	<b>50% premium</b>	<b>Replacement Cost</b>		
610,344.00	26,080.00	372,944.00	211,320.00	<b>Savings over 8 Retirees</b>
<b>10 Retirees</b>	<b>50% premium</b>	<b>Replacement Cost</b>		
762,930.00	32,600.00	466,180.00	264,150.00	\$ 52,830.00
<b>12 Retirees</b>	<b>50% premium</b>	<b>Replacement Cost</b>		
915,516.00	39,120.00	559,416.00	316,980.00	\$ 105,660.00

**\$5,000 Lump Sum**

<b>Retiree Salary</b>	<b>Lump Sum</b>	<b>Replacement Salary</b>	<b>Savings</b>	
76,293.00	5,000.00	46,618.00	24,675.00	
<b>8 Retirees</b>	<b>Lump Sum</b>	<b>Replacement Cost</b>		
610,344.00	40,000.00	372,944.00	197,400.00	<b>Savings over 8 Retirees</b>
<b>10 Retirees</b>	<b>50% premium</b>	<b>Replacement Cost</b>		
762,930.00	50,000.00	466,180.00	246,750.00	\$ 49,350.00
<b>12 Retirees</b>	<b>50% premium</b>	<b>Replacement Cost</b>		
915,516.00	60,000.00	559,416.00	296,100.00	\$ 98,700.00