



# Bay Area Rapid Transit 2020 Retirement Incentive Program

November 19, 2020



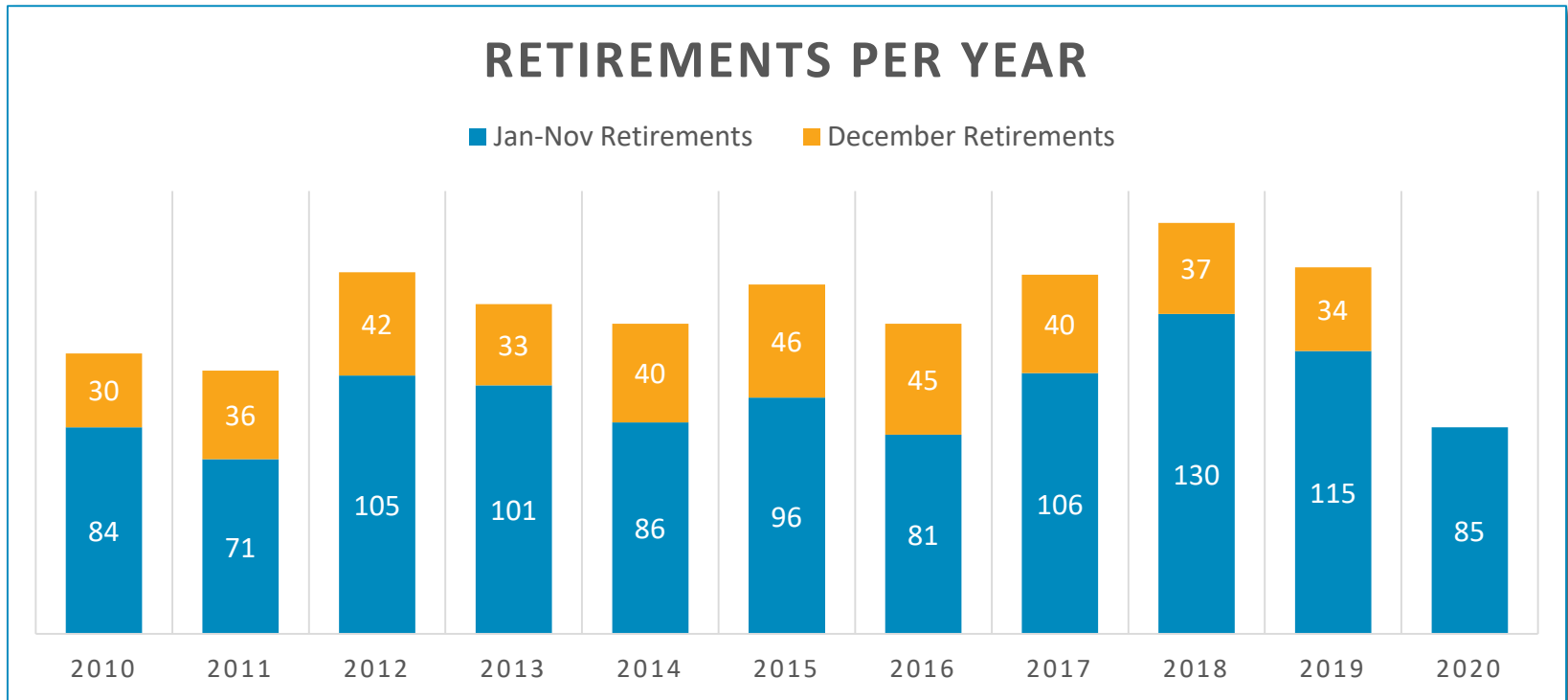
# Retirement Eligible Population

- Approximately 1,650 BART employees are or will be eligible to retire by March 21, 2021, which is roughly 40% of total BART employees.
- **Eligible to Retire:** 50 years of age (52 for PEPRAs\* Non-Safety) with at least 5 years of BART or CalPERS service

\*Public Employees Pension Reform Act

# Retirement Data

- Average 135 retirements per year, with increased numbers in December



# Retirement Incentive Program

**Incentive:** Offer all employees who are eligible to retire 1 week of base pay per full year of BART service, capped at 20 years, with an additional 4 weeks of base pay.

	FTEs	One-Time Incentive Cost <sup>1</sup>	FY21 Salary + Benefits Savings <sup>2</sup>	FY21 Net Costs	FY22 Salary + Benefits Savings <sup>2</sup>
<b>More Likely to Retire</b>	307	\$15M	(\$10M)	\$5M	(\$45M)
<b>Less Likely to Retire</b>	1355	\$51M	(\$46M)	\$5M	(\$199M)

The District is recommending an amendment to the Money Purchase Pension Plan to allow for tax-deferred savings for employees and payroll tax savings for the District.

<sup>1</sup> Incentives are one-time costs, must come from Operating funds (regardless of Op or Cap position). Incentives are discounted by any need to repay COVID-19 Advance Leave, a BART program to loan employees up to 3 weeks of paid leave.

<sup>2</sup> Total Salary and Benefits savings includes Capital and Operating funded positions.

# Focus on Long-term Savings

- Potential short-term savings for the 4<sup>th</sup> quarter of FY21
- For FY22 and beyond, the District will capture savings by keeping most positions vacant
  - For key positions identified for backfill based operational need, will likely be with PEPRAs employees
- Board updates will be provided once the final voluntary retirement count and associated backfill counts are available

# Retirement Incentive Program - Implementation

If the District receives final approval to move forward, next steps are:

- **Notice to All Employees immediately following Board approval**
  - Utilize multiple platforms to communicate the District Retirement Incentive Program
  - Those who have been identified as “eligible to retire” will also be provided a direct notification regarding their total incentive payout
- **4-Week Period for Expressions of Interest**
  - November 23<sup>rd</sup> – December 18<sup>th</sup>
  - Applications will be reviewed for eligibility
  - Approval notices, which will include the Separation and Release Agreement, will be sent to all employees on December 23<sup>rd</sup>
- **Retirement Information Sessions**
  - HR Benefits and Compensation teams will host multiple retirement information sessions during the application filing period

# Retirement Incentive Program - Implementation

- **45-Day Window to Submit the Separation and Release Agreement**
  - Approved employees will have 45 days to review, sign and return the Separation and Release Agreement
- **7-Day Revocation Period**
  - 7-day revocation period after the separation and release agreement has been signed and submitted
  - Target to end on February 16, 2021

Final implementation steps:

- **Retirements following the Revocation Period**
  - Target all retirements effective March 21, 2021
  - Allows for time to backfill critical positions
- **Final Paycheck**
  - Will include all required payouts, plus incentive payment into MPPP, up to the IRS limit

# Retirement Incentive Program – Timeline

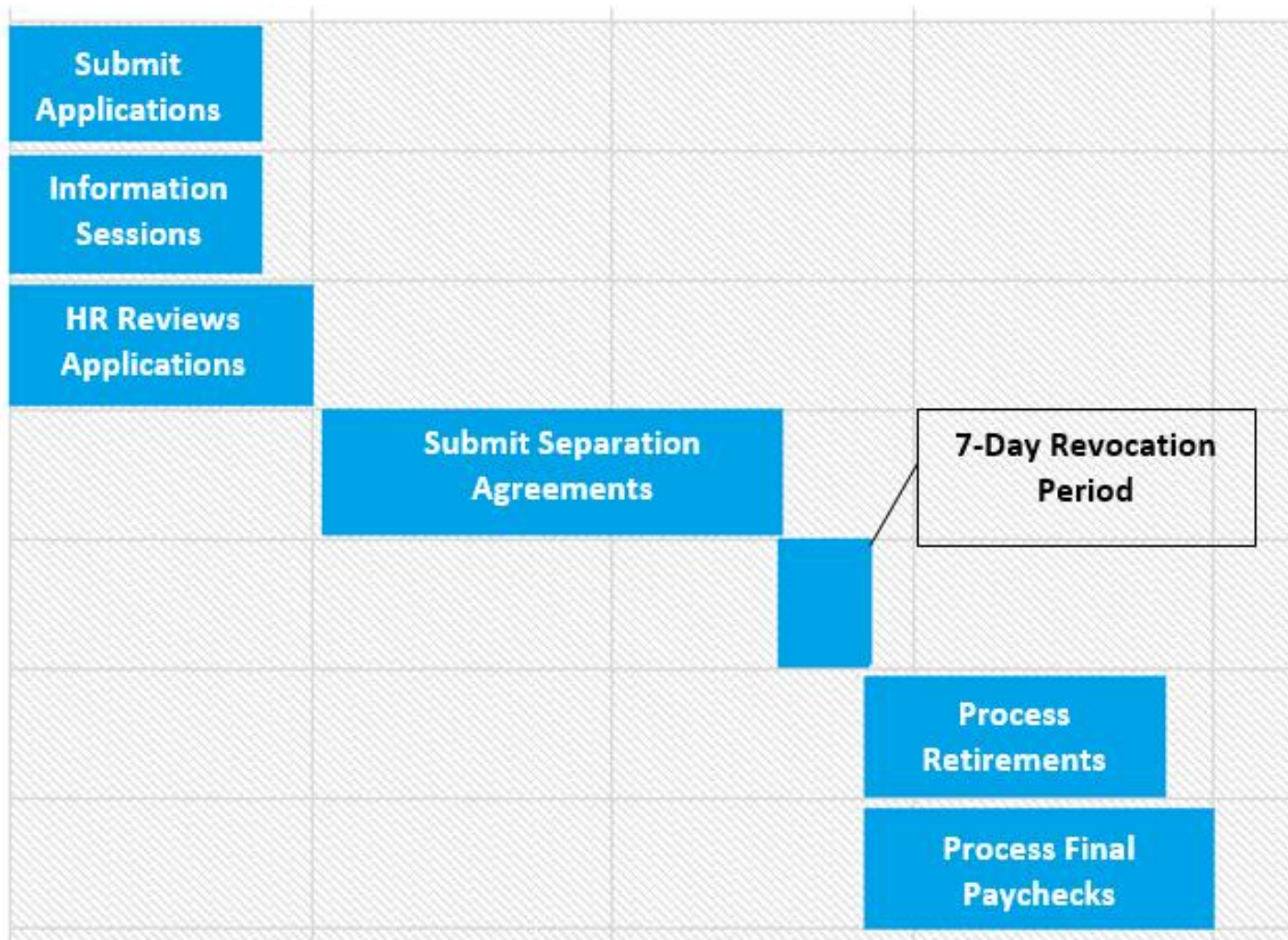
11/23/2020

12/23/2020

1/22/2021

2/21/2021

3/23/2021





# Staff recommends the Board approve the motion to...

- authorize the General Manager to implement a District Retirement Incentive Program, and
- take any actions which may be necessary, including amending the Money Purchase Pension Plan and the Deferred Compensation Plan



BART  
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