

DRAFT 1320 Early Retirement Incentive

Personnel

Washington County School District

1. Purpose

Participation in the Early Retirement Incentive (ERI) is voluntary and is available to employees who qualify based on the eligibility requirements set forth below.

2. Policy:

- 2.1. It is the responsibility of each potential early retiree to carefully evaluate his/her personal economic situation with respect to the Utah Retirement System (URS) and other retirement income prior to applying for District ERI.
- 2.2. ERIs provided by the Washington County School District are subject to change and benefits described in this Policy are not vested until the employee is eligible for and has applied for Utah State Retirement, signed a District Application for Incentive Participation, and received Board approval of an ERI Application. Once the signed application and agreement Form(s) are approved by the Board, the decision of the employee to retire from the District may not be rescinded without the written agreement of both the employee and the Board.
- 2.3. No action may be brought in any court to enforce or contest any provision of any agreement, board policy, term or condition of employment, or administrative action unless the person contesting the act or omission has exhausted the administrative remedy provided in the WCSD Grievance Procedure, Policy 1720, except the grievance shall be filed at step one of the formal procedure.

3. Procedure:

3.1. Definitions:

- 3.1.1. **District** means Washington County School District.
- 3.1.2. **Retirement** is the complete separation from employment in the Washington County School District as a Retired Employee.
- 3.1.3. **Retired Employee** means a former employee of the District that has entered into Retirement.

3.1.4. FTE means Full Time Equivalent employee. The maximum FTE calculation for the purposes of this policy is one (1). To be credited with one FTE a classified employee must have been employed in a position that required at least 40 hours of work per week for a minimum of 180 days or more and a Certified employee must have been contracted to work for the entire school year on a “full time” basis. The fraction of a part-time contract will determine the appropriate fraction of an FTE.

3.2. Eligibility Requirements

3.2.1. To qualify for the ERI the applicant **must:**

- Have been continuously employed by the District for a minimum of ten (10) consecutive years just prior to retirement under contracts that were established for at ~~under a contract of~~ at least 20 hours per week for a minimum of 180 days per contract year, and
- ~~Completed a minimum of ten (10) consecutive years of qualifying employment service credit just prior to retirement, and~~
- Qualify for retirement benefits from the Utah Retirement Systems (URS) as of the date of retirement from the District, and
- Apply for ~~and be eligible to receive~~ retirement benefits from the URS at least 30 days prior to the date of retirement, and
- Not be receiving retirement benefits from the URS because of an earlier retirement.

3.2.2. The applicant must submit a signed application for retirement to the URS according to its rules and an application for District ERI on District provided forms. Failure to actually retire according to URS rules immediately following District employment will result in forfeiture of the ERI and all District benefits.

3.2.3. The applicant must be eligible for retirement benefits under rules of the URS at the end of the contract year in which the application is submitted.

3.3. Application and Notice Requirements:

3.3.1. Retirement Application **WCSD Form 542** and Agreement Form(s) may be obtained from the District Office.

3.3.2. To be considered for the ERI, a retirement application (**WCSD Form 542**) must be completed and submitted to the Office of the Superintendent no later than the 31st of January of the final year of service.

- 3.3.3. At the time application is filed, the applicant must be eligible to retire under the rules of the URS at the end of the employee’s current contract year.
- 3.3.4. The applications of those candidates that qualify for the program will be forwarded to the Board for appropriate action at a regularly scheduled Board meeting. Any questions regarding the eligibility of an individual will be reviewed with the applicant by the Human Resource Director.
- 3.3.5. Any exceptions to this policy, to include an early retirement effective date other than at the end of the contract year, will require Board action. Benefits must comply with application deadline dates identified in Table 3.4. and other eligibility requirements described in this policy. Access to the “Phase-Out” ERI Program will end on January 31, 2009.

3.4. “Phase-Out” Early Retirement Incentive (ERI) Program:

- 3.4.1. If an employee elects to participate in the “Phase-Out” ERI Program s/he will not be eligible for participation in the ERI Program described in Sections 3.5. et seq.
- 3.4.2. The “Phase-Out” ERI Program described in sections 3.4 et seq. will phase-out under the time schedule and benefit eligibility period described in table 3.4. After January 31, 2009, access to the “Phase-Out” ERI program is terminated. All benefits described in Sections 3.4. et seq. of this policy will terminate and are replaced with the ERI Program described under Sections 3.5. et seq.

Table 3.4.

District Application Signed, Submitted, and all Eligibility Requirements met on or before:	Maximum 20 % Annuity Eligibility Period:	Maximum Health Insurance Benefit Eligibility Period:
January 31, 2007	5 years	5 years
January 31, 2008	4 years	4 years
January 31, 2009	3 years	3 years
After January 31, 2009	Benefits under this program are not available.	

3.4.3. 20% Annuity Benefit

- 3.4.3.1. Except under the conditions described in section 3.4.5, eligible employees will receive a monthly annuity equal to twenty percent (20%) of the highest contract year's salary received during any one of the last ten years of qualifying service times the average FTE for the same ten-year period. **If the highest contract year is based on a part-time position, then the contract salary will be figured at full-**

time equivalent (FTE) for the purposes of this calculation. The amount will not increase during the term of early retirement.

Example 1: John Doe is eligible for District early retirement. The last ten years of service are represented in contract year's 90/91 to 99/00. Five of the last ten years (90/91 to 94/95) were full-time (FTE=1); the remaining five years (95/96 to 99/00) were part-time at 20 hours per week (20/40, FTE=.5). The highest contract year salary was \$40,000. It occurred in the last full-time year of service during contract year 94/95. From this information, we conclude that the average FTE equals .75, (5 yrs at 1 FTE and 5 yrs at .5 FTE). Thus, the annuity equals 20% of the avg. FTE .75 times the highest salary of \$40,000, (20% X .75 X \$40,000) or \$6,000 per year, paid on a monthly basis at \$500, (\$6,000 / 12 months).

Example 2, Jane Smith is eligible for District early retirement. She has worked full time for her entire career. The average FTE equals 1. Her highest paid salary year is the last contract year at \$48,000. Thus the annuity equals 20% of \$48,000 (20% X 1 FTE X \$48,000) or \$9,600 per year, paid on a monthly basis at \$800, (\$9,600 / 12 months).

3.4.3.2. All early "Phase-Out" ERI annuities described in this section will begin the day the employee retires as shown on the records of the District. Unless the early retiree otherwise directs the District in writing, the payment will be deposited to the early retiree's last known direct deposit account shown on the District's employment records.

3.4.3.3. All "Phase-Out" ERI annuities described in this section will terminate at the earliest of the end of the eligibility period identified in Table 3.4 or at the time of death.

3.4.4. Health Insurance Benefit

3.4.4.1. The District will pay insurance premiums for eligible Retired Employees under the "Phase-Out" ERI program capped at the premium rates paid by the District and in effect during the 2006-07 school year. Retired Employees will be responsible to pay for premium amounts that exceed the 2006-07 premium caps. The District shall send out notice to the each Retired Employee as soon as practical after learning of any increase. The notice shall state the period for which the Retired Employee must pay the additional amount. It is anticipated that there will be an annual increase. No increase is due to the District until at least 30 days after the date the notice is mailed to the Retired Employee. Notice shall be mailed to the Retired Employee at the address as shown on the District's most current records. The Retired Employee must provide the District

written notice of any change of address. If the premium supplement is not received by the District within 20 days after it is due, the District may cancel the Retired Employee's Health Insurance Benefit.

3.4.4.2. "Phase-Out" ERI Program insurance benefits for Retired Employees are subject to any and all changes in coverage, including but not limited to, co-pays, and/or deductibles. All insurance benefits are subject to change and are not vested. With the exception of premium caps, eligible Retired Employees will receive Health Insurance Benefits under the same terms and conditions as current District employees.

3.4.4.3. Early retirement health insurance benefit coverage will terminate at the earliest of:

- the end of the month in which the employee reaches Medicare Eligibility; or
- at the end of the period described in table 3.4.; or
- at the time of death.

3.4.5. **The District "Buy-out" Program:** Employees who wish to purchase retirement under Utah Code 49-3-410 and qualify for the "Phase-Out" ERI may use that money up front to "buy-out" years of service.
http://www.le.state.ut.us/~code/TITLE49/htm/49_03021.htm

3.4.5.1. Eligible employees, requesting "buy-out" may use ERI funds at a rate of 75% of what the applicant would have otherwise received under paragraph 3.4.3. Once contributed to the Utah Retirement System, the funds used for a "buy-out" are no longer available for an annuity payment. All "buy-out" funds must be paid directly to the URS office.

3.4.5.2. If future annuity entitlements are not used for a "buy-out" the full value of unused annuities will be paid out equally over the period of early retirement eligibility.

3.4.5.3. Employees who participate in a "buy-out" will remain eligible for health insurance benefits under the conditions of section 3.4.4.

3.5. Early Retirement Incentive (ERI) Program will replace the "Phase-Out" ERI Program described in Section 3.4 beginning January 31, 2009. An otherwise eligible employee may, at his or her option, select the ERI at the exclusion of the "Phase-Out" ERI Program prior to January 31, 2009.

- 3.5.1. Employees must meet all eligibility and application requirements listed in Sections 3.2 and 3.3.
- 3.5.2. The Benefit payment identified in Table 3.5 will be adjusted by the employee's average FTE over the last 10 years of service. For example, an eligible employee who worked half-time during the last 10 years will have an average FTE of .5, the employee will therefore receive half of the amount in the applicable row of Table 3.5 as the final benefit payment.
Table 3.5

Years of Qualifying Employment Service Credit at time of retirement (see § 3.2.1)	Maximum Lump Sum Benefit Payment to a qualified Tax Sheltered Annuity Plan
0 to 9.9	Ineligible
10 to 14.9	\$5,000
15 to 19.9	\$10,000
20 to 24.9	\$15,000
25 or more	\$25,000

- 3.5.3. Amounts in Table 3.5 will be adjusted at the same rate as the cost of living adjustments made to the teacher's salary schedule beginning after the 2006-07 school year.
- 3.5.4. The Lump Sum Benefit Payment may be used to purchase URS retirement service credit under Utah Code 49-3-410, deposited to a qualified Tax Sheltered Annuity such as a 401A, 401K, or 403B, or a combination of any such distribution within 3 weeks of the employee's retirement date. In no case will the employee be eligible for a "Cash" payment.

3.6. Re-employment after retirement:

- 3.6.1. An member employee who retires from the District may be rehired within the limitations and conditions specified in Utah Code Amended 49-1-103 § 49-11-504; except that, employees hired into "full-time" positions as defined by UCA § 49-11-504 (3) within six months of the date of retirement will be ineligible for continued participation in the District ERI and must repay the District for any benefits received under this policy.

- 3.6.1.1. ~~Post retirement WITHIN six months of District retirement: An applicant who is within six months of District retirement is not eligible to be rehired at 20 (.5 FTE) or more hours per week without canceling their Utah State Retirement benefit and refunding. The employee must repay any District ERI payments.~~

~~3.6.1.2. Post retirement AFTER six months of District retirement: A retired District employee may return to full time employment with the District. The District may make required retirement payments to a Utah Retirement system defined contribution 401(K) plan in accordance with applicable law or rule. The post retired employee will not accrue retirement service credit under any district program and will not be eligible participation in a second ERI. Early retirement benefits will not be deferred.~~

3.6.2. Post-retired former District employees are considered to have a voluntary break in service for the purposes of pay setting. Prior years of service or experience will not count toward steps on the pay scale.

Distribution: Board Members, Superintendent, Associations, Assistant Superintendents, Administrators and Principals.

1. Attachment
Employee Retirement Application

WASHINGTON COUNTY SCHOOL DISTRICT
Employee's Retirement Application

To Be Developed

Approved by _____ Date _____

WCSD Form 542