

# FINAL

Gardiner Public Schools  
Early Retirement Incentive  
Approved - December 11, 2019

## Purpose

It is the goal of this proposal to provide eligible employees the opportunity to retire early with financial incentives currently not provided by the collective bargaining agreement that otherwise would not be applicable for an undetermined length of time.

The District is sensitive to the needs of its employees and understands the high cost of insurance is the main detractor for many teachers who are ready to retire, and to seek other career or family opportunities.

It is the intention of the District to not only provide a financial opportunity for employees to retire but to provide the financial resources necessary to maintain the high standards of academic excellence and extracurricular opportunities for our students that we have all become accustomed to.

## Eligibility

Eligible employees shall be defined as follows:

- A teaching service record of at least 18 certified years with Gardiner Public Schools as of February 13, 2020.

## Retirement Incentive

The first three eligible employees to take advantage of this one time offer will be provided the following benefits:

1. 10% bonus of the employees Highest Average Salary (3 year average).
  - The bonus is eligible for either TRS option I, II or III.
  - Contributions made to TRS by the employee and employer will be made according to TRS formula.
  - Any employee who elects TRS Option I or II, and wishes to have tax deferred status on the contributions due must have a Termination Pay Irrevocable Election Form to TRS by March 6<sup>th</sup>, 2020 (90 days prior to the employee's termination date, which by TRS's definition is the last day of services performed by the employee).
  - Any employee who does not have a Termination Pay Irrevocable Election Form on file with TRS where they have elected Termination Pay Option 1 or Option 2 may choose to elect TRS Termination Pay Option 3 and receive the bonus amount after December 10, 2020.

**AND**

- Health insurance contribution at the rate of \$788 per month for a period of no more than 2 years from the first month following retirement (24 months), or until the employee reaches the age of 65, whichever occurs first.
  - If insurance is not selected, a cash option in replacement of health insurance will be given as a lump sum payment of \$18,912.00, payable after December 6<sup>th</sup>, 2020 on a bonus cycle following the pay period falling on the 15<sup>th</sup> of that month.

**\*\*The District recommends that each employee contact Teacher's Retirement System Office to obtain a Statement of Projected Benefits\*\***

## Terms and Conditions

- All payments made under the ERI will be subject to such withholdings as may be required by law.
- In the event that any participant passes away prior to receiving the entire amount of his / her ERI, the School District will make a lump sum payment of any remaining "bonus amount" to the participant's designated beneficiary, less any withholding required by law.
- The ERI imposes no obligations on the School District other than those expressly set forth above. If any provision of the ERI is held to be unenforceable or contrary to law, then the District shall have

the option of either voiding the ERI, thereby returning the participant to his/her former employment status if s/he so wishes, or of enforcing the Program to the extent permitted by law.

- This ERI is conditionally offered on a one-time basis for the 2019-2020 school year only, and does not establish any past practice, set precedent of any kind, dilute the management rights of the School District or in any fashion obligate the School District to either offer or accept the terms of any ERI in the future.
- In the event that any participant passes away prior to receiving the entire amount of his / her insurance contribution, the School District will not continue to make payments on behalf of the participant's designated beneficiary.

### **Application Procedure**

An employee must submit the Application for Early Retirement Incentive (below) and a letter of resignation to Shelby Detro, District Clerk, **no later than 4:00pm on February 20<sup>th</sup>, 2020** to receive the benefit. Employees are encouraged to contact the Teachers Retirement System and/or to contact their financial advisor to help determine the best course of action.

**Please note that the "Rate" in the calculation of the cost for Option 1 is an actuarial factor that changes depending on the age of the member at the time of retirement. Under Option 2, the "Rate" is the normal EE and ER contribution rate on earned compensation.**

### **Option 1**

Add the total termination pay amount to the calculation of the member's AFC. This option has the greatest impact in enhancing the member's benefit, so has the highest cost. Both the member and employer must pay the actuarially required contributions as determined by the TRS Board to adequately compensate the system for the additional retirement benefit the member will receive. The contributions must be made at the time of termination and submitted to TRS by the 15th of the month following the month in which the member terminates employment.

**EXAMPLE:** A tier one member at age 60 with 30 years of service receiving \$5,000.00 in termination pay could increase their benefit \$69.44 per month under Option 1.

	<b>Termination Pay</b>		<b>Rate</b>		<b>Years of Service</b>		<b>Cost</b>
Employee	\$5,000	x	3.36%	x	30	=	\$5,040
Employer	\$5,000	x	3.51%	x	30	=	\$5,265

### **Option 2**

Divide the total termination pay by the member's total years of creditable service and add this amount to each year's salary used in calculation of the AFC. This option results in a lesser increase in the retirement benefit. Both the member and employer must pay the regular contribution rate on the termination pay. The contributions must be made at the time of termination and submitted to TRS by the 15th of the month following the month in which the member terminates employment.

**EXAMPLE:** A tier one member who has \$5,000.00 in termination pay and 30 years of creditable service could increase their monthly benefit by \$6.94 under Option 2. This calculation is determined by adding \$166.67 to each of the three salaries used in the calculation of the member's AFC ( $\$5,000.00 \div 30.00 = \$166.67$ ).

	<b>Termination Pay</b>		<b>Rate</b>		<b>Cost</b>
Employee	\$5,000	x	8.15%	=	\$407.50
Employer	\$5,000	x	10.85%	=	\$557.50

### **Option 3**

Exclude the termination pay from the calculation of the member's AFC. No contribution is required of either the retiree or the employer. TRS will return any contributions reported in error to the employer.

**APPLICATION FOR EARLY RETIREMENT INCENTIVE  
GARDINER PUBLIC SCHOOLS  
FEBRUARY 2020**

I, \_\_\_\_\_, do hereby submit this application/resignation on the \_\_\_\_ day  
of \_\_\_\_\_, 2020 and by submitting the application hereby request the following benefit be provided:

TRS Option I

TRS Options II

TRS Option III – payable over five years

**AND**

- A cash option in replacement of health insurance will be given as a lump sum payment of \$18,912.00, payable after December 10, 2020 on a bonus cycle following the pay period falling on the 15<sup>th</sup> of that month.

\_\_\_\_\_  
**Employee Name – Printed**

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**For District Use Only:**

<b>HIGHEST AVERAGE SALARY</b>	<b>YR 1</b>	<b>\$</b> _____
	<b>YR 2</b>	<b>\$</b> _____
	<b>YR3</b>	<b>\$</b> _____
	<b>AVG</b>	<b>\$</b> _____

**EMPLOYEE AGE AT RETIREMENT** \_\_\_\_\_

**EMPLOYEE DISTRICT SERVICE TIME** \_\_\_\_\_

**Prepared By:**

\_\_\_\_\_  
**Business Office**

\_\_\_\_\_  
**Date**

**Approved By:**

\_\_\_\_\_  
**District Superintendent**

\_\_\_\_\_  
**Date**

