

**EARLY SEPARATION INCENTIVE PLAN (ESIP)
(Classified Employees)**

Purpose

The purpose of this Early Separation Incentive Plan (ESIP) is (1) to provide a financial incentive to classified employees who elect early separation from the City of the St. Charles School District and (2) to provide a cost savings to the district.

Eligibility Requirements

This plan is offered for the 2009-10 year **only**. The following **one-time** Early Separation Incentive Plan (ESIP) will be available to classified employees who meet the following criteria and therefore are considered eligible:

- Eligibility:
 1. The recipient of the retirement benefit must be a classified employee;
 2. The recipient must have at least ten (10) years of service with the district as determined by the criteria outlined in Years of Service below;
 3. The recipient must be eligible for retirement under one of the following PEERS retirement categories:

PEERS normal retirement, full benefit formula. To be eligible under this category, the employee must:

- a) have at least ten (10) years of creditable service under the PEERS (five as required by the PEERS, plus the additional five (5) years required to comply with requirement (2) above), and must be at least sixty (60) years of age; or
- b) have at least thirty (30) years of creditable service under PEERS, at any age; or
- c) have any combination of age and creditable service that equals or exceeds eighty (80) pursuant to the Rule of 80, as promulgated by the PEERS.

Early retirement – 25-and-Out – Employees who retire under the PEERS early retirement, 25-and-out option must:

- a) be under age 55;
- b) have at least twenty-five (25) but fewer than thirty (30) years of creditable service under PEERS; and
- c) not qualify for the Rule of 80, as promulgated by PEERS

Early retirement – age reduction factor applied to full benefit formula: Employees who retire under the PEERS full benefit formula, with the age reduction factor applied, must:

- a) have at least ten (10) years of creditable service under the PEERS (five as required by the PEERS, plus the additional five (5) years required to comply with requirement number 2 above); and
 - b) be at least fifty-five (55) years of age.
- Classified employees may choose any retirement option listed above under eligibility section (3), subsections.
 - If an eligible classified employee does not submit a written application and signed Separation Agreement by the dates stated in the policy, the employee waives the right to do so henceforth.
 - Classified employees who already qualify for retirement under any of the options identified above have automatic eligibility for the plan if they meet the District service minimum of 10 years; however, they are required to submit the written application and signed Separation Agreement as required by the policy.

Years of Service

For purposes of this ESIP policy only, “Years of Service” shall mean the sum of all full or partial consecutive years of service during which the employee was employed by the St. Charles R-VI School District and for which the employee received service credit under the Public School Retirement System for such employment. The number of years of service shall be determined by the employee’s PSRS retirement credit records and the FTE (Full Time Equivalency) calculation in the employee’s personnel file.

Retiring End of 2009-2010

The District will pay health and dental insurance premiums up to \$3,500 per year, or \$3,500 cash per year in lieu of payment of insurance premiums, on behalf of each eligible employee who has elected to participate in the ESIP. The Human Resource Office will generate a list of potentially eligible employees and, based upon known information, contact these employees. However, the District shall not be responsible for the omission of any potentially eligible employee from the list. Each employee is solely and entirely responsible for determining whether he or she may be eligible to participate in this Plan, and for submitting the required documents in accordance with the timelines established herein.

Potentially eligible employees who desire to retire at the end of the 2009-10 school year must apply to the Human Resources Office for the ESIP benefit no later than October 9, 2009. The Human Resources Office will make a final eligibility determination and will notify all applicants

whether they qualify for the ESIP benefit for that year. Employees who do not qualify for the ESIP benefit will not be eligible to participate in this **one-time plan**. Only the names of eligible employees who have complied with all requirements under this Plan will be submitted to the Board of Education for approved participation in this ESIP.

Final School Year of Employment

“Final School Year of Employment” shall mean full-time employment for the last full school year with the District and shall be designated as “Final School Year of Employment.”

Separation Agreement

In return for the financial incentive provided under this policy, the employee shall enter into a Separation Agreement with the District, releasing the District and its directors, officers, agents, and employees, and their attorneys from any and all claims or other causes of action the employee may have against them. The signed Separation Agreement shall be submitted to the office of Human Resources no later than 4:30 p.m. on October 9, 2009.

Payment of Retirement Incentive

The ESIP will be payment of insurance premiums for health and dental coverage up to \$3,500 per year, or \$3,500 cash per year in lieu of payment of insurance premiums. The following schedule outlines the number of years premiums (or cash option) will be paid, and is based upon years of service in the District, as defined above:

| <u>Service</u> | <u>Benefit</u> |
|-----------------------------|--|
| 10-17 Years of Service | One Year of Paid Insurance or Cash Option |
| 18-25 Years of Service | Two Years of Paid Insurance or Cash Option |
| 26 or More Years of Service | Three Years of Paid Insurance or Cash Option |

- The payment of the cash option shall be made on September 5th each year for which the employee is eligible to receive such benefit.
- The payment of insurance premiums for health and dental coverage becomes the sole responsibility of the benefit recipient/former employee beyond the benefit period outlined above.

Completion of the Final School Year of Employment

To be eligible for health and dental insurance coverage or the cash option under this policy, the employee must be compensated for every scheduled work day of the Final School Year of Employment, except as may be otherwise required by law. The ESIP benefit will be prorated for days not compensated or otherwise approved by the Board of Education during the Final School Year of Employment.

Survivorship

All benefits outlined within this ESIP will terminate upon the death of the individual employee. Therefore, the designation of beneficiaries is inapplicable to this ESIP.

Other Provisions

- Eligible classified employees have five windows of eligibility for the Early Separation Incentive Plan—10 years of creditable service and at least 60 years of age; 30 years of creditable service; eligibility for retirement through the Rule of 80; early retirement – 25-and-out; or the early retirement – age reduction factor applied to full benefit formula.
- If elected, this plan only pays health and dental insurance premiums, or cash in lieu of payment of premiums. If a classified employee does not submit a written application and signed Separation Agreement by the dates stated, the teacher waives the right to do so for the duration of this ESIP.
- The Early Separation Incentive Plan is available only to eligible employees who apply no later than October 9, 2009.
- For purposes of this policy, a classified employee is an employee who is not required by law or by the District to have a teaching or administrative certificate issued by the Missouri Department of Elementary and Secondary Education to serve in the employee's position.
- In the event that a classified employee also happens to hold a certificate, the employee shall be eligible only for the benefits provided under the ESIP for classified employees.

Buy Back Option

Employees may become eligible for the Early Separation Incentive Plan through buying back PEERS service only if a buy back occurs and is completed by the notice date, October 9, 2009.

Withdrawal of Notice

Once the employee has submitted his/her notice of intent to elect early separation, the employee will be permitted to withdraw such notice only in accordance with the terms of the Early Separation Agreement or in emergency situations, subject to approval of the Board of Education.

Advice of Counsel and Tax Preparer

Participants in the Early Separation Incentive Plan should seek advice of counsel and their own tax preparer prior to signing the Separation Agreement. The law regarding treatment of separation payments is complex and changes from year to year. The District is not responsible for providing legal or tax advice to employees regarding the Early Separation Incentive Plan or the Separation Agreement. It is the employee's responsibility to obtain such advice in sufficient time to submit all applications and forms, as well as the signed Separation Agreement, in accordance with the deadlines established under this Plan.