

Policy 407.6 CERTIFIED EMPLOYEE EARLY RETIREMENT (Jan 2021)

ESSEX COMMUNITY SCHOOL DISTRICT FY2021 VOLUNTARY EARLY RETIREMENT PLAN (certified)

The Essex Community School District Board of Directors is offering a one-time, supplemental benefit of early retirement for those employees who meet the eligibility and application requirements. The program provides an incentive that will be of mutual benefit to the District and employees. The benefit to the District will be cost savings in the general fund and the benefit to employees will be cash incentive and single health insurance until age 65 to aid in the transition to retirement. Participation in this program is voluntary. **This plan is for the year ending June 30, 2021 only. There is no guarantee that this program, or any early retirement program, will be offered in future years.**

I. STIPULATIONS

- A. The Board reserves the right to add to, delete, modify, or waive given stipulations and/or benefits if such action by the Board is deemed to be in the best interest of the District. Any decision by the Board to waive a stipulation or benefit which is a part of this Early Retirement Plan (the "Plan") shall not establish any precedent with regard to future applications. The Board reserves the right to amend or revoke this Plan or any provision of this Plan at any time, with or without notice.
- B. An employee's application to participate in the Plan is voluntary. The final determination as to acceptance or rejection of any application for early retirement under this Plan will be at the sole discretion of the Board.
- C. The adoption of this Plan shall not vest any rights in any employee whether or not the employee is currently eligible for early retirement. Should the Board determine not to continue this Plan, the commitments made to employees previously approved for early retirement will be honored.
- D. Eligibility requirements:
 - 1. The employee must have worked a minimum of thirty (30) hours per week, or seventy percent (70%) contract, each of the last ten (10) full years of service.
 - 2. A year of service refers to a school year. Thus, in order to count as a school year, the employee must be employed by the first student contact day in order for that year to count toward a full year of service.
 - 3. The employee must have a minimum of ten (10) full years of continuous employment in the district. Continuous employment must be without any voluntary interruptions of service; interruptions due to approved leaves of absence will not constitute a voluntary interruption in service.

4. The employee must have obtained the age of fifty-five (55) as of June 30, 2021.
5. An employee terminated for cause or who is receiving payments or benefits from or on behalf of the District that are not tied to the performance of current duties, is not eligible.
6. An employee is eligible to participate in this Plan only at the end of the 2020-2021 school year (certified employees or nine-month employees) or June 30, 2021.
7. In order to be eligible to receive a tax-sheltered annuity benefit under this Plan, the employee must have established an account under the tax-sheltered annuity plan established and maintained by the District no later than November 1st of the calendar year in which the employee's retirement takes effect. For this retirement plan the date is November 1, 2021.

II. APPLICATION

- A. An eligible employee must make a written application of intent to retire to the Board on or before March 1, 2021. Eligible employees should turn in their written application to the Office of Human Resources.
- B. The effective date of retirement must be no later than June 30, 2021.
- C. The District will not discriminate against any employee on the basis of age, race, color, national origin, sex, disability, religion, creed, sexual orientation, gender identity, genetic information, or socioeconomic status through the application or administration of this Plan.
- D. An employee's application for early retirement is not, in itself, a resignation nor is the Board required to accept any employee's application. However, acceptance by the Board of an employee's application will be considered a voluntary resignation and termination of the employee's employment as of the effective date of retirement.
- E. An employee who is granted early retirement benefits under this Plan (the "Early Retiree") agrees, as a condition of his or her receipt of benefits under this Plan, that he or she will not apply for employment with the District at any time in the future. This provision does not prohibit the District from inviting the Early Retiree to apply nor does it prohibit an Early Retiree from accepting employment with the District if the District offers such employment.

III. TAX-SHELTERED ANNUITY BENEFIT

- A. Under the Plan, an Early Retiree will receive a benefit in the form of a tax-sheltered annuity (the "Tax-Sheltered Annuity Benefit"). The amount of the Tax-Sheltered Annuity Benefit will include the following:

1. A one-time lump sum contribution to the Early Retiree's Tax-Sheltered Annuity account of \$10,000.
 2. A one-time lump sum contribution to the Early Retiree's Tax-Sheltered Annuity account equaling 2% for each year of service at the Essex Community School District of the Early Retiree's base salary including Teacher Salary Supplement (TSS) or wage notice, as the case may be, provided for the 2020-2021 school year.
- B. Subject to applicable restrictions and limitations on elective and non-elective employer contributions under sections 403(b) and 415 of the Internal Revenue Code of 1986, as last amended (the "Code"), the Early Retiree's Tax-Sheltered Annuity Benefit shall be contributed by the District, as a non-elective employer contribution, directly to the Early Retiree's account (the "Account") established and maintained under the District's Tax-Sheltered Annuity Plan, as then in effect (the "Annuity Plan"), in accordance with subparagraph 2 of this paragraph B. Any such contribution shall be made by the District in a manner so as not to exceed the IRS maximum contribution limits in a calendar year and to qualify as non-elective employer contributions to a tax-sheltered annuity plan for purposes of Code sections 403(b) and 415 (the "Allowable Contribution Amount").
1. Amount of Tax-Sheltered Annuity Benefit. The Early Retiree's Tax-Sheltered Annuity Benefit shall mean the amount computed in accordance with paragraph A of this Article III.
 2. Contributions of Tax-Sheltered Annuity Benefit. The Allowable Contribution Amount of the Early Retiree's Tax-Sheltered Annuity Benefit shall be contributed to the Early Retiree's Account under the Annuity Plan in December following his or her retirement, provided, however, that if the Allowable Contribution Amount for the calendar year 2021 shall be less than the Early Retiree's Tax-Sheltered Annuity Benefit, the balance of the Early Retiree's Tax-Sheltered Annuity Benefit, if any, shall be contributed to the Early Retiree's Account in succeeding calendar years until the Tax-Sheltered Annuity Benefit is paid in full, subject to applicable restrictions and limitations on contributions to the Account under Code sections 403(b) and 415. If the Early Retiree's death occurs before the contribution of the entire amount of the Early Retiree's Tax-Sheltered Annuity Benefit to the Early Retiree's Account, the balance of the Early Retiree's Tax-Sheltered Annuity Benefit shall be paid to the Early Retiree's Beneficiary in accordance with applicable provisions of the Code.
 3. Beneficiary. As used in this paragraph B, the term "Beneficiary" means the beneficiary designated by the Early Retiree on forms furnished by and delivered to the District, or, in the absence of any such designation, the Early Retiree's estate.
 4. No Substitution for Benefits. In no event may the Early Retiree (or the Early

Retiree's Beneficiary) receive all or any portion of his or her Tax-Sheltered Annuity Benefit in cash or any other form of benefit in lieu of contributions to the Early Retiree's Account in accordance with paragraphs A and B of this Article III.

5. Withholding for Taxes. The District will withhold from any contribution or distribution of the Early Retiree's Tax-Sheltered Amount such amounts as may be required for purposes of complying with the tax withholding provisions of the Code or any state income tax act for purposes of paying any income or other tax attributable to any amount distributable under this Plan.
6. The Board makes no representations to any employee regarding any tax or financial consequences of the benefits made available under this Agreement. Early Retirees are advised to seek independent advice with regard to tax or financial consequences associated with any decisions or actions taken by them under this Plan.

IV. HEALTH INSURANCE BENEFITS

- A. In accordance with Iowa law, the Early Retiree may continue coverage in the District's health insurance plan at the Early Retiree's own expense until the Early Retiree reaches age 65. Failure to make proper payment may result in loss of coverage. The district will pay \$616.68 per month towards the Early Retiree's monthly health insurance plan until the Early Retiree reaches age 65. Any expense for the health insurance plan above \$616.68 must be paid by the Early Retiree to the district by the 1st day of each month prior to the month coverage is provided. The payment must be set up as an ACH withdrawal prior to June 1, 2021.
- B. The coverage provided to the Early Retiree will be equivalent to that which is provided to employees through whatever group health insurance plan is sponsored by the District during the time that the Early Retiree employee is participating in the plan and is subject to carrier approval. Nothing herein shall limit the District's ability to change the terms of its existing health and major medical insurance coverage. This Plan in no way guarantees that an Early Retiree will be provided any certain level of benefits during the time of the Early Retiree's participation in the insurance benefits portion of this Plan.

V. RIGHT TO WAIVE REQUIREMENTS

The Board reserves the right to waive any requirement or condition of this policy at its discretion and at any time. Any decision by the Board to waive a requirement or condition which is a part of this policy shall not establish any precedent with regard to any other request for a waiver.

VI. TERMINATION

This plan shall terminate on June 30, 2021. Notwithstanding the termination of this plan,

employees who are granted benefits pursuant to this plan will continue to receive such benefits as set forth herein.

VII. NO VESTING/RIGHT TO AMEND OR REVOKE

The adoption of this Early Retirement Plan shall not vest any right in any employee whether or not the employee is currently eligible for early retirement. The Board shall have the complete discretion to amend or repeal this plan or any provisions thereof at any time with or without notice and shall not be obligated to provide any benefits to any employee after the date of such amendment or repeal, except to those employees whose early retirement pursuant to this plan has commenced prior to amendment or repeal.

VIII. CONFLICT/SEVERABILITY

Should any portion of this policy be in conflict with state or federal rules, regulations or laws, that portion of the policy shall be invalid, and all other portions remain in full force and effect. Any decision by the Board to waive a requirement or condition which is part of this policy shall not establish any precedent with regard to future requests for a waiver.

IX. PLAN INTERPRETATION

The Board is the final arbiter of all questions of interpretation under this plan, including but not limited to, questions of eligibility or benefit calculations.

Board President

Date

RESIGNATION AND REQUEST FOR EARLY RETIREMENT

I, _____, born on _____, hereby submit my resignation to the Board of Directors of the Essex Community School District and elect the early retirement benefits available to certified employees in the Essex Community School District. This resignation is subject to the acceptance of my application for early retirement benefits.

I hereby designate _____ as my beneficiary in the event of my death after July 1, 2021.

Print Full Name _____

Signed _____ Date _____

The resignation and request for early retirement was accepted by the Board of Directors on the _____ day of _____, 2021, by action as noted in the minutes of the Board.

Secretary of Board of Directors
Essex Community School District

RELEASE

Essex Community School District (the "School District") and _____ ("Employee") agree as follows:

1. In consideration of the benefits to be provided to him/her in accordance with the Early Retirement Plan, Employee agrees to immediately sign and submit a letter of resignation to be effective on _____, 2021.
2. Employee is advised that he/she has the right to consult with an attorney prior to signing this Agreement.
3. Employee acknowledges that the District makes no representations regarding any tax or financial consequences associated with Employee's participation in this Early Retirement Plan, and that it is the Employee's responsibility to seek independent advice regarding the tax and financial consequences of participation.
4. Employee acknowledges that he/she received a copy of this Agreement on January 14, 2021, and that he/she was given forty-five (45) days to consider this Agreement.
5. Following the date of the signing of this Agreement, _____ shall have seven (7) days to revoke the Agreement, and this Agreement shall not be effective until this seven (7) day period has expired.
6. Employee hereby releases and discharges the School District, the Board of Directors of the School District, and any and all officers, employees, representatives or agents of the School District from any and all liability whatsoever including all claims, demands, or causes of action which he/she has or may ever claim to have by reason of his/her employment with the School District and the termination of his/her employment relationship with the School District.
7. Employee expressly waives any and all rights to claims arising under the Age Discrimination in Employment Act of 1967 ("ADEA"), as amended by the Older Worker Benefit Protections Act, and:
 - a. Employee acknowledges that his/her waiver of rights or claims arising under the ADEA is in writing, written in a manner calculated to be understood, and is understood by his/her.
 - b. Employee expressly understands that this waiver refers to rights or claims arising under the ADEA, as amended.

- c. Employee expressly understands that by execution of this document, he/she does not waive any ADEA rights or claims that may arise after the date this Agreement is executed.
- d. Employee acknowledges that the waiver of his/her rights on claims arising under the ADEA, as amended, is in exchange for the consideration outlined above, which is above and beyond that to which he/she is otherwise entitled to receive from the District;
- e. This Agreement shall become effective on the eighth day following Employee's signing of the Agreement. Until that time, Employee has the right to revoke his/her Agreement by sending written notice to the School District.

8. _____ agrees that this Agreement is entered into freely and voluntarily and solely in reliance upon his/her own knowledge, belief and judgment and not upon representations made by the School District or others on its behalf.

Essex Community School District:

Employee/Retiree:

By: _____

By: _____

Date: _____

Date: _____

(Witness)

(Witness)

Date: _____

Date: _____

AGREEMENT REGARDING RE-EMPLOYMENT

In consideration of the benefits that will be provided to me by Essex Community School District through its Early Retirement Plan, I hereby agree that I am not guaranteed re-employment by the School District at any date in the future. I understand that I am permitted to apply for employment as a substitute employee in the School District, but that any application to any position other than a substitute employee must be pre-approved by the School District's Director of Human Resources.

Print Full Name _____

Signed _____

Date _____

Witness _____

Date _____