POLICY—410.15—DISTRICT POST-RETIREMENT BENEFITS		
	DISTRICT CODE: 410.15	***ADOPTED:*** **10.16.07**
	RESCINDS: DP373	***ADOPTED:*** 3.21.06; 10.16.07

BOARD POLICY

It is the intent of the Board to:
1. Implement procedures for terminating District post-retirement benefits to employees.
2. Comply with the Age Discrimination in Employment Amendments of 1986 (P.L. No. 99-592). An employee's age shall not be a factor in determining separation from employment.
3. Eliminate policies DP319 NEG, Retirement—Licensed (New Title—GCQE–Exhibit—2 Retirement Instructional Staff); DP319B NEG, Retirement—ESP (New Title—Policy—GDQC—Retirement Support—ESP); DP320, Early Retirement Incentive for Administrators (Voluntary) (New Title—Policy GCQEA—Early Retirement Incentive for Administrators) and DP321 NEG, Early Retirement Incentive—Licensed (Voluntary)(New Title—GCQE—Exhibit—3—Early Retirement Incentive Instructional Staff) for any employee retiring after the start of their 2006-07 contract or any employee hired after July 1, 2006. If the employee retired with the District and the Utah Retirement Systems before the 2006-07 contract year, the following policies apply: DP319 NEG, DP319B NEG, DP320 and DP321 NEG.
4. Provide a frozen benefit for employees hired prior to July 1, 2006.

***This policy only applies to employees who were hired before July 1, 2006, and who retire from the District and the Utah Retirement Systems after June 30, 2006.**

	ADMIN-REG: 410.15-1	***APPROVED:*** 3.21.06; 10.16.07

ADMINISTRATIVE REGULATION—410.15-1: (Eligibility)

This policy pertains to eligible employees who meet all of the following criteria:
1. Hired before July 1, 2006.
2. Was an active employee at the end of the 2005-06 contract year. Those on official leaves of absence or sabbatical leaves are considered active employees (however, for this policy, to determine the amount used and eligibility, refer to the previous year paid). Those on disability or personal leaves are not considered active employees since their employment was terminated at the time of their leave.
3. Retires from the District and under the provisions of the Utah State Retirement Systems,

at the same time, after the beginning of the 2006-07 contract year.

	ADMIN-REG: 410.15-2	APPROVED: 3.21.06; 10.16.07

ADMINSITRATIVE REGULATION—410.15-2: (Notification of Intent to Retire)

1. An employee must give notice of intent to retire in writing at least 30 days before the effective retirement date to the Human Resources Department to facilitate an appropriate time to hire a replacement for the position being vacated. Failure to do so will result in a $500 penalty and a letter of unprofessional conduct placed in the employee's personnel file.
2. The Director of Payroll, or his/her designee, shall provide assistance to retiring District employees with their District retirement benefits. Application for State retirement benefits should be coordinated through the Utah Retirement Systems.

	ADMIN-REG: 410.15-3	APPROVED: 3.21.06; 10.16.07

ADMINSITRATIVE REGULATION—410.15-3: (Scaling Down of Benefit Calculation)

1. Under each of the following cash payments (Sick and Personal Leave Bonus, $75 per Year Service Credit, Cash in Lieu of Insurance, and Early Retirement Incentive) the calculated amount will be multiplied by the following factor. Those with 25 or more full-time equivalent contract years as of the end of the 2005-06 contract year will receive 100 percent of the calculated amount and those with less than 25 years have a 3.06 percent reduction for each year under 25 years as follows:

Full-Time Equivalent Contract Years in Jordan School District at the End of the 2005-06 Contract Year.	Multiplication Factor
25+	1.000
25	1.000
24	0.9694
23	0.9388
22	0.9082
21	0.8776
20	0.8470
19	0.8164
18	0.7858
17	0.7552
16	0.7246
15	0.6940
14	0.6634
13	0.6328

12	0.6022
11	0.5716
10	0.5410
9	0.5104
8	0.4798
7	0.4492
6	0.4186
5	0.3880
4	0.3574
3	0.3268
2	0.2962
1	0.2656

	ADMIN-REG: 410.15-4	APPROVED: 3.21.06; 10.16.07

ADMINSITRATIVE REGULATION—410.15-4: (Benefits)

The first three of the following benefits are applicable to all three employee groups (Licensed, ESP, and Administrative). The fourth benefit, Retirement Incentive, is only applicable to Administrative and Licensed employees.

1. Sick and Personal Leave Bonus: Eligible employees will be paid for unused sick, personal leave days, and alternative leave days up to the end of their 2005-06 contract. This will be paid at the time of retirement based on 30 percent for ESP and 25 percent for Licensed and Administrative employees' 2005-06 lane and step (daily rate).
   1.1. Daily rate at the end of the 2005-06 contract year is used for figuring the value of unused sick leave (Licensed use the standard 184-day contract - C salary schedule).
   1.2. Total eligible days will be computed at the rate of one (1) day per basic contract month from the date of continuous employment in the District up to the end of the 2005-06 contract. For example, nine (9) days per year for nine-month employees, 11 days per year for 11-month employees, and 12 days per year for 12-month employees.
   1.3. Sick days used, including sick bank days and family health days used, from the date of continuous employment in the District up to the end of the 2005-06 contract will be subtracted from the total possible accumulation. Emergency days used between July 1, 1993, and July 1, 1997, are also subtracted from the total accumulation.
   1.4. The maximum benefit is 180 days for nine-month employees, 220 days for 11-month employees, and 240 days for 12-month employees.
   1.5. Additional days will be added to this maximum benefit at the rate of two (2) days for each year (up to the end of the 2005-06 contract year) that no more than one (1) day of sick leave was used, including days deducted for sick leave bank and family sick days.
   1.6. Additional days will be added to this maximum benefit for Alternative Leave Days

and Personal Leave Days not used up to the end of the 2005-06 contract year.

1.7. At the time of retirement, if an employee has fewer days available than were accrued at the end of the 2005-06 contract, then the incentive amount will be reduced to reflect the lower number of days.

1.7.1. Example 1: An employee has his/her days figured according to the above outlined formula (A. through F.) and has 106 total days allowed for the sick leave payout at the end of the 2005-06 school year. In the 2006-07 school year if the employee accrued 15 new sick leave days and used 25 sick leave days and then retired at the end of the school year, the employee total days allowed of 106 would be reduced to 96 days for the retirement payout.

1.7.2. Example 2: An employee has reached the maximum days allowed for his/her contract and does not show any new accrued days. At the time of retirement a calculation will be done to show what days would have accrued if the employee had not reached the maximum allowed. These examples show an employee whose maximum days allowed is 180 and works until the 2013-14 school year before retiring:

1.7.3. Employee A: Would have earned 15 days per year during eight additional years of employment equaling 120 days and during the eight-year period used 50 days. There is no change from the retirement sick leave calculated at the end of 2005-06.

1.7.4. Employee B: Accrued 15 days during the eight more years of employment equaling 120 but his/her usage during the eight-year period amounted to 150 days. His/her calculated sick leave retirement benefit would be reduced by 30 days.

1.8. Employees will continue to accrue leave days beyond the 2005-06 contract.

1.9. Retirees with 25 years of service with the Utah State Retirement Systems have the option of authorizing the District to use the sick and personal leave bonus and the $75 per year service award to purchase additional service credit for the employee through the State Retirement System. Compensation used to purchase service credit is not reported as income to the employee.

1.10. The above calculated dollar amount will be multiplied by the applicable factor in item C.

Note: This formula for retirement benefit has no relationship to the amount of available eligible sick leave days shown on the Time and Attendance Report or on the employee's check stub.

2. $75 per Year Service Award:

2.1. At the time of retirement, a one-time payment will be made of $75 for each year of service in Jordan School District up to the end of the 2005-06 contract year. This dollar amount will be multiplied by the applicable factor in item C. (For example, 24.68 years multiplied by $75 equals $1,851 multiplied by the applicable yearly factor (0.9694) equals a one-time payment of $1,794.)

3. <u>Cash in Lieu of Health and Life Insurance Benefits for Retirees</u>
   3.1. Health and Life Insurance
      3.1.1. Employees working fewer than four hours per day (at the end of the 2005-06 contract year) are not eligible for this retiree insurance benefit.
      3.1.2. This benefit shall be calculated using contracted full-time equivalent years of service in Jordan School District. Years of service will be calculated on full-time equivalents; e.g. two years of half-time service equal one year of full-time service, up to the end of the 2005-06 contract year.
      3.1.3. The amount paid to the retiree shall be based on the 2005-06 District paid composite rate of insurance of $7,560 per insurance year earned and the current District Medicare supplemental rate (not less than $1,812 a year and not to exceed $7,560 a year) per insurance year earned beyond the age of Medicare eligibility (in 2005-06, age 65). If the District does not have a Medicare supplemental rate, the rate to be used will be based on $1,812 for 2006-07 and will increase five percent for each year thereafter (not to exceed $7,560 a year) as follows:

2006-07	$1, 812	2022-23	$3, 955
2007-08	$1, 903	2023-24	$4, 153
2008-09	$1, 998	2024-25	$4, 361
2009-10	$2, 098	2025-26	$4, 579
2010-11	$2, 202	2026-27	$4, 808
2011-12	$2, 313	2027-28	$5, 048
2012-13	$2, 428	2028-29	$5, 301
2013-14	$2, 550	2029-30	$5, 566
2014-15	$2, 667	2030-31	$5, 844
2015-16	$2, 881	2031-32	$6, 136
2016-17	$2, 952	2032-33	$6, 443
2017-18	$3, 099	2033-34	$6, 765
2018-19	$3, 254	2034-35	$7, 103
2019-20	$3, 417	2035-36	$7, 458
2020-21	$3, 588	2036-37	$7, 560
2021-22	$3, 767		

*For example, if the employee retires at age 63 and has 4.80 insurance years, the retiree would receive two years at $7,560 a year and 2.80 years at the current supplemental rate, or the amount above if no District rate is available (no less than $1,812 and not to exceed $7,560) per year.

      3.1.4. The number of insurance years to be paid shall be computed by multiplying the full-time equivalent years in the District by 0.2 and rounding to the nearest month. For example, 24.25 years in the District equals 4.85 years of insurance which rounds to 58 months.

3.1.5. The amount calculated above will be paid to the employee over the same period of time calculated in item (4) above in monthly installments as earnings (which is taxable). If, in the future, other payment options become legal (as determined by District legal counsel or the IRS) and appropriate (i.e. tax deferred, health savings account, flex plan) the District will allow such options.

3.1.6. Employees who complete their contract and retire effective at the end of their contract year shall be covered under their regular contract insurance plan to the end of the contract year. The cash in lieu of retiree insurance coverage shall commence with the next contract year and shall continue for the number of years indicated by item (4) above.

3.1.7. Should an employee retire before the end of the contract year, their employee health insurance coverage terminates on the last day of employment. The payments for the cash in lieu of insurance coverage begin the following month.

3.1.8. The above calculated dollar amount will be multiplied by the applicable factor in item C.

3.2. Insurance Lump-Sum Payout

3.2.1. The retiree may choose to receive the entire insurance benefit in one lump-sum payment. The lump-sum payment will be discounted by the prime interest rate (at the end of the previous quarter) plus two percent for each year to offset the District's loss of interest earnings. If this option is chosen, and the retiree returns to District employment during the calculated payout period, the employee is not eligible for District-paid insurance. The employee may at his/her option purchase health insurance at the retiree insurance rate (not the employee insurance rate).

3.2.2. Insurance monies received in a lump sum are taxable. These funds, once paid to the employee, may be used at the employee's discretion, including the purchase of retirement credit.

3.3. Insurance benefits for retirees enrolled in COBRA

3.3.1. Upon retirement, the employee may elect to receive insurance benefits through COBRA. This is a federal law requiring employers to give former employees and their dependents the option to purchase insurance from the former employer at the rate of 102 percent of the premium cost for 18 months. For more information on COBRA coverage and how it affects the spouse or dependents of the employee, please contact the Insurance Department.

3.4. Retiree Purchase of Insurance: Beginning with the 2006-07 contract year, those employed at the end of the 2005-06 contract year, who later retire with the Utah State Retirement Systems and Canyons School District at the same time, will be able to purchase health insurance through Canyons School District using the following guidelines:

3.4.1. Retirees must have worked ten (10) full-time equivalent years in Jordan/Canyons School District by the time they retire (including years before and after the 2005-06 contract year) to qualify for the retiree health insurance benefit.

3.4.2. Health insurance must be continuous from the date of retirement. Any lapse in coverage will cause forfeiture of the benefit.

3.4.3. The retiree must remain on the health insurance plan for eligible dependents to enroll.

3.4.4. The retiree must elect COBRA coverage at 102 percent of the yearly premium amount for the first 18 months after retirement.

3.4.5. After COBRA coverage has ended, the health insurance premiums for retirees will be based upon 110 percent of the current yearly premium for the next six months.

3.4.6. After the 110 percent six-month period has ended, the health insurance premiums for retirees will be based upon a percentage added to the yearly premium. The percentage added to the yearly District premium will be reassessed annually and be based on the average of the three prior years of actual retiree claims data.

3.4.7. A retiree, or his/her dependents, are no longer eligible to purchase District insurance coverage upon the death of the retiree or when the retiree becomes Medicare eligible. (COBRA c overage will be offered to eligible dependents.)

3.4.8. If the employee had dual coverage during employment (i.e. spouse working for the District as well), and the couple purchases couple coverage into retirement and the spouse dies, the retiree will have the option to purchase insurance as if he/she chose single coverage when he/she retired, unless the retiree took the insurance lump-sum payout.

3.4.9. If the retiree returns to Canyons School District employment and works beyond earned months of the insurance payout and then terminates employment, the retiree will be given a COBRA offer for the continuation of insurance for up to 18 months. Beyond COBRA coverage, the retired employee will no longer be eligible to purchase further insurance coverage.

3.5. All District insurance benefits, including the cash in lieu of insurance coverage, terminate at the time of the retiree’s death.

3.6. If a retiree returns to Canyons School District employment while still eligible for the cash in lieu of insurance payout, the retiree may choose District-provided health insurance or continue receiving the cash in lieu payment.

3.6.1. The payout months will run concurrent with active months.

3.6.2. The payout months will not be postponed or delayed while actively employed.

3.7. Future changes in federal or state law can change this benefit. It is not the intent for this policy to be given in addition to obligations mandated or provided by governing bodies in the future (e.g. state or national health plans). Under these circumstances the employee will no longer be eligible for this cash in lieu of insurance payment.

4. Retirement Incentive
   - 4.1. Only Licensed and Administrative Employees as of the end of the 2005-06 contract year, who later retire with the District under the provisions of the Utah Retirement Systems, are eligible for this benefit.
   - 4.2. Employees working fewer than four hours per day (at the end of the 2005-06 contract year) are not eligible for this retiree benefit.
   - 4.3. This benefit shall be calculated using contracted full-time equivalent years of service in Jordan School District. Years of service will be calculated on full-time equivalents (e.g. two (2) years of half-time service equal one (1) year of full-time service) up to the end of the 2005-06 contract year.
   - 4.4. For a period of time described below:
     - 4.4.1. Licensed retirees will receive a percentage of the difference between Lane A, Step 1, of the 2005-06 Teachers Salary Schedule C (see attached schedule) and that lane and step which the employee was on at the end of the 2005-06 contract year. Retirees paid on any other salary schedule shall have their salary placement converted to the full-time equivalent lane and step on the C schedule to calculate this benefit.
     - 4.4.2. Administrative retirees will receive a percentage of the difference between Lane A, Step 1, of the 2005-06 Teachers Salary Schedule C (see attached schedule) and Lane G, Step 25 of the 2005-06 Teachers Salary Schedule C, plus 10 percent of the difference between the Administrator's 2005-06 salary and the amount on Lane G, Step 25, of the 2005-06 Teachers Salary Schedule C.
   - 4.5. The percentage referred to in item d. above shall be the lower of 58 percent or 1.93333 percent for each year in the District. For example, 24.25 years equals 46.88 percent.
   - 4.6. The above calculated amount will be multiplied by the applicable factor in item C.
   - 4.7. The amount calculated above is paid for four (4) years. Upon retirement, an employee has four options:
     - 4.7.1. An employee retiring during the contract year will be paid monthly commencing the month following the actual retirement date. Employees retiring at the end of the contract year will receive a monthly entitlement commencing with the July 1 pay period.
     - 4.7.2. The retiree may authorize the District to purchase additional service credit for the employee through the State Retirement Systems as allowed by the Utah State Retirement Systems and Utah State law (See Senate Bill 34 passed by the State Legislature in 1995). The lump sum amount used to procure retirement credit shall be discounted by the prime interest rate (at the end of the previous quarter) plus two percent for each year to offset the District's loss of interest earnings.
     - 4.7.3. The retiree may receive the monthly benefit for the remainder of the current fiscal year (ending June 30) in a lump sum payment. The prime interest rate (at

the end of the previous quarter) plus two percent will be imposed to offset the District's loss of interest earnings.

4.7.4. The retiree may receive the entire retirement in one lump sum. The lump sum payment will be discounted by the prime interest rate (at the end of the previous quarter) plus two percent for each year to offset the District's loss of interest earnings.

4.8. If the retiree should die at any point between actual retirement and the four-year entitlement, a one-time lump sum death benefit payment still due the retiree will be paid to the designated surviving beneficiary as listed at the time of retirement on District life insurance forms, unless a change in beneficiary status has been filed with the District. The lump sum payment will be discounted by the prime interest rate (at the end of the previous quarter) plus two percent for each year to offset the District's loss of interest earnings.

	ADMIN-REG:	APPROVED:
	410.15-5	3.21.06; 10.16.07

ADMINISTRATIVE REGULATION—410.15-5: (Post Retirement)

If an employee has retired under the Utah State Retirement Act and desires to be rehired, he/she must meet the provisions of Title 49 of the Utah Code, effective March 16, 2000:

1. A person who has previously retired from one of the State Retirement Systems and returns to work full time for the same employer within six months of retirement shall (a) cancel the retirement benefit and return to membership in the retirement system and (b) accrue additional service credit toward a future retirement. A retired employee under age 65 who returns to work less than full time within six months of retiring is subject to an earnings limitation.
2. A person who retires and returns to work as in item 1. above after six months from the date of retirement may keep the retirement benefit as well as the salary. In this case, a person rehired after six months of retirement shall also have a contribution to a Utah Retirement Systems defined contribution (DC) plan made for them in the same amount as the employer contributes for similar positions.
3. Retirees desiring to be rehired by the District must make application to Canyons School District.
4. Employees who have retired and are then rehired will not be placed on a step greater than:
   4.1. ESP employees – Step 3 Lane B
   4.2. Licensed employees – Step 9
   4.3. Administrative employees – Step 5

This provision does not supersede policies DP307, Staff Selection, Promotion, and Salary Placement—ESP (New Title: Policy—GDF—Support Staff Hiring provision 4.5); and DP309

NEG, Salary Guidelines (New Title: Policy—GCB—Salary Guidelines provision 6).

5. A person who retires and returns to work for Canyons School District while still eligible for the cash in lieu of insurance payout, the retiree may choose District-provided health insurance or continue receiving the cash in lieu payout.
6. Employees who have retired and are then rehired after six months serve one year as a provisional employee and all policies regarding provisional status must be followed.
7. Retired employees who are rehired are subject to the provisions of the Utah State Retirement Act, and are, therefore, ineligible to earn a second retirement (e.g. if the employee retired from another state agency and then came to Canyons, they are ineligible for Canyons retirement benefits).

EXHIBITS

410.15—Exhibit—1: (2005-2006 – Jordan School District Salary Schedule C)
410.15—Exhibit—2: Resignation of Instructional Staff (Licensed)
410.15—Exhibit—3: Early Retirement Incentive – Instructional Staff (Voluntary)

REFERENCES
None

FORMS
None

CANYONS BOARD OF EDUCATION