

DATE: March 30, 2009
TO: Douglas County School District Licensed and Classified Staff
RE: Spring - 2009 Early Separation/Retirement Options

Dear Douglas County Classified and Certified Employee,

In these difficult economic times, it is imperative school districts look at all options to manage costs. Downsizing and resource reductions are occurring in school districts across the country and Douglas County School District is not immune. District administrators and Union officials have been researching and considering various employee options that will allow the school district to manage payroll costs while maintaining a high quality of education for students.

For a select group of certified/classified employees, the school district has agreed to offer a one-time voluntary separation program in which participation will result in increased retirement/separation benefits for those who voluntarily wish to take advantage of the program. There will be three options offered:

Option 1 – The Quality Separation package based on current DCFT/DCFCE/ATU contract language.

- You may also be eligible for the Sick Leave Severance benefit per your contract.
- See your individual contract for details and qualifications:
http://www.dcsdk12.org/portal/page/portal/DCSD/Human_Resources/Certified_Staff/DCFT0809_Contract.pdf
http://www.dcsdk12.org/portal/page/portal/DCSD/Human_Resources/Classified_Staff/DCFCE_0708_FinalContract.pdf

Option 2 – American Federation of Teacher's Early Separation Agreement (ESA).

- The ESA offers the opportunity to receive a series of annual contributions over five years into your qualified retirement plan equal to 100% of your 2008-2009 school year salary.
- These contributions are offered upon your voluntary resignation/retirement.
- Participation will be limited based on funding available.
- If acceptance rates are higher than anticipated, participation will be determined by seniority based on years of service with DCSD.
- You may also be eligible for the Sick Leave Severance benefit per your contract.
- Your participation in the program allows the district to acknowledge your service, while opening positions to be filled by displaced employees.

Option 3 – Post Retirement Contract (110) for hard to fill/unique circumstances only.

- 110 contracts must be approved by Human Resources.

Participation in these programs is completely voluntary. Those that choose to take advantage of an early retirement/resignation opportunity are free to pursue other employment outside DCSD or PERA retirement while still receiving the enhanced retirement benefit made available through these programs. Option 2 and 3 will only be offered during spring 2009. The school district will **not** make this available in future years. Informational meetings have been scheduled to answer your questions. Prior to this meeting, you may want to request an estimate of your retirement benefit from PERA to help you make an informed decision. Please call PERA a 303.837.6250 to schedule an appointment.

Important dates to remember:

- April 15: 4:30-6:30 Wilcox Building Board Room in Castle Rock
- April 16: 4:30-6:30 ThunderRidge High School Cafeteria in Highlands Ranch
- April 21: 4:30-6:30 Legend High School Cafeteria in Parker
- April 22: 4:30-6:30 Highlands Ranch High School Cafeteria in Highlands Ranch
- April 23: 10:30-12:30 (for ATU) Highlands Ranch Library (Shea A Room) @ 9292 Ridgeline Blvd. Highlands Ranch, CO 80129
- Deadline for acceptance: May 15, 2009

Again, thank you for your loyal and valuable service to the district. If you have any questions, please contact your Union office or the DCSD Department of Human Resources.

Sincerely,
Brenda Smith, DCF President
Gary Schweers, ATU President
Brian Ewert, Director of Human Resources

If you could...

RETIRE  DAY

Early Separation Agreement (ESA)

Douglas County School District



If you could retire today... what could you do?

- Move closer to family
- Pursue an advanced degree
- Begin a new career
- Start your own business
- Enjoy retirement...The possibilities are endless!

Overview

The Early Separation Agreement (ESA) provides you with an opportunity to retire or resign now and receive enhanced retirement benefits in exchange for your voluntary termination of employment. This program is offered at this time only, and you must make your decision by **May 15, 2009** to take advantage of this valuable enhancement to your retirement program. This program will not be offered in future years.

Program Highlights

- Five annual contributions totaling 100% of your 2008–2009 base salary will be contributed to your existing 403(b) account
- In return for these contributions, you elect to voluntarily terminate from the school district, effective June 30, 2009
- Your existing PERA and Sick Leave Severance will not be impacted
- ESA contributions to your 403(b) (vendor to be determined) will begin no later than October 1, 2009, and will continue each year on or before October 1 for four additional years
- You may allocate ESA contributions in the available investment options under your 403(b) plan and take advantage of the continued tax deferred growth until withdrawal.
- As part of the ESA, you will receive a \$50,000 group term life insurance benefit that will provide you with coverage during the 5-year program term. This is provided at no cost to you.

Program Benefits

- Allows for increased retirement savings, funded by your employer
- Earnings on invested funds grow tax deferred until distribution from the plan
- Distributions may be taken at any time after the initial contribution is made
- Allows you the ability to earn wages from a new employer while collecting retirement income, if you choose

Tax Considerations¹

- ESA contributions to your account are not subject to current income or FICA taxes
- Distributions from your 403(b) are taxable as ordinary income when received, but are not subject to FICA taxes
- Distributions made prior to age 59 ½ are generally subject to an additional 10% excise tax (some exceptions apply)
- Account balances will be subject to Required Minimum Distribution rules beginning in the tax year you attain age 70½
- Combined employee and employer contributions to a 403(b) are limited to the lesser of 100% of compensation or \$49,000 during the 2009 calendar year (*Please see page 6 of the Frequently Asked Questions for more details*)

Next Steps

- Review the information in this package carefully with your tax advisor and/or financial planner
- Attend upcoming informational meeting
- Return materials by deadline

Important Dates:

Informational meetings:

April 15: 4:30-6:30 Wilcox Building Board Room in Castle Rock

April 16: 4:30-6:30 ThunderRidge High School Cafeteria in Highlands Ranch

April 21: 4:30-6:30 Legend High School Cafeteria in Parker

April 22: 4:30-6:30 Highlands Ranch High School Cafeteria in Highlands Ranch

April 23: 10:30-12:30 (for ATU) Highlands Ranch Library (Shea A Room) @ 9292 Ridgeline Blvd. Highlands Ranch, CO

Window period closes: May 15, 2009

Revocation period ends: May 27, 2009

¹We cannot provide legal or tax advice, and we strongly recommend that you review all aspects of the program with your tax advisor and/or financial planner.

Frequently Asked Questions

1. To whom is this program being offered?

This program is being offered to certified teachers and classified employees who are eligible for the Quality Separation Agreement under the terms of their contract, and other selected individuals who have seniority in terms of their years of service with the district.

2. I'm considering participating in the ESA, but I am not ready for full retirement. What are my options?

To receive the enhanced retirement benefit, the ESA requires that you voluntarily terminate from the school district in which you are currently employed. This is an irrevocable election. However, you may seek employment opportunities with other school districts or private employers.

3. What if I don't have a 403(b) account?

If you don't have an existing account (with the district approved vendor), you will be required to establish a new 403(b) account in order to accept the ESA contributions.

4. Are ESA contributions to the 403(b) immediately taxable to me?

No. These employer contributions are not subject to income taxes or FICA taxes at the time of contributions, as long as applicable contribution limits are not exceeded. Please see questions 22 – 24.

5. What happens if I die before all ESA contributions to the 403(b) are complete?

Contributions will be discontinued if you die during the 5-year term. However, your beneficiaries will receive an additional \$50,000 tax free death benefit, payable outside of the 403(b) during this 5-year contribution period.

6. Can I access my 403(b) funds once I voluntarily terminate, or must I wait until all contributions are complete?

403(b) distributions may be taken at any time after you terminate, regardless of how many ESA contributions have been made by the school district. Taxes will be due only on the amounts received and may vary depending upon your age at distribution. Some 403(b) plans allow loans from the plan. Please check with your 403(b) provider for specifics.

7. How are distributions taxed when I begin to withdraw funds from my 403(b)?

Distributions are taxable when paid as ordinary income. They are not subject to FICA taxes, because they are not considered "wages" for FICA purposes. Generally, you will be subject to an additional 10% excise tax if distributions are taken prior to your attainment of age 59 ½ unless you qualify for an exception. Please consult with your financial advisor.

8. How can I delay taxation of these benefits?

You may delay distributions from the 403(b), or distribute the balance and "roll over" the full amount to another eligible retirement plan or IRA. Generally, if you are over age 70½, you must take required minimum distributions from qualifying retirement plans.

9. Is there a limit to how much may be contributed to my 403(b) plan?

Yes, however these rules will most likely not impact the vast majority of ESA participants. Please refer to questions 22 - 24 for more details on these rules.

Frequently Asked Questions

10. May I continue to contribute to my current 403(b) after I voluntarily terminate?

Voluntary contributions can only be made from current compensation from the school district. Your pension benefits or other income would not be available to contribute to this plan. Other retirement vehicles may be available for continued savings. Please speak with your financial advisor.

11. How will my pension benefit be impacted if I participate in the ESA?

Your vested pension will not be impacted. However, you will not continue to accrue future benefits from the district because you will no longer be an employee as of June 30, 2009. Your ultimate benefit payment will depend upon your age when benefits begin and your selected annuity option. For estimated projections that are specific to your situation, please visit the website www.copera.org or call PERA at (303) 837-6250.

12. What will happen to my sick leave severance?

The value of your sick leave will be paid to you as a lump sum cash benefit upon termination. This amount is fully taxable as wages.

13. What happens to my current life and disability benefits?

The district will no longer provide these benefits. You may be able to continue your life insurance benefit, at your own cost. Please contact your group life insurance carrier for more details.

14. May I continue my medical coverage after termination?

Medical benefits are available for continuation for a period of 18 months as specified under the COBRA rules. Premium costs are equal to 102% of the combined employee and employer cost. Please contact Human Resources for more information.

15. Are there any conditions to participating in the ESA?

Participation requires that you terminate employment with the district effective June 30, 2009. To participate, you must complete and return the following three enclosed forms to Human Resources:

- Enrollment Form
- ADEA Waiver Form
- Employment Separation Notice

16. How long is this offer available?

You will have 45 days from March 30th to consider the offer and discuss it with your advisors. This 45 day period will not be extended even if additional information is provided to you. We encourage you to consult with counsel and / or your financial advisor about this program.

17. What if I later decide not to participate in the ESA?

If you first agree to accept the ESA offer, then later change your mind, you have 12 days after the end of the 45 day window period to rescind your election to participate. **You must call Aon Consulting at 1-800-341-4413 to request a form to revoke your election.** After the 12 day window, your election is irrevocable.

Frequently Asked Questions

18. Is there any cost to me if I chose to participate in the ESA?

No. The district covers the cost of plan implementation and administration.

19. Who may I contact if I have questions about this material?

You may call Aon Consulting at 1-800-341-4413 between 8:30 a.m. and 8:00 p.m. EST Monday–Friday. Aon has been hired to assist you in understanding the ESA. Questions regarding investment options or tax considerations should be addressed to your financial advisor.

20. How can I estimate the impact of this program on my retirement income?

A website calculator will be available to assist you in estimating your retirement benefits. Additional details will be provided at the informational meeting. Prior to estimating your retirement income, it will be helpful if you have the following information at hand:

- Age in which you plan to begin receiving retirement benefits
- Estimated pension benefit
- Current retirement investment account balances
- Estimated Social Security benefits (please visit www.ssa.gov/estimator for a personalized estimate)

21. What do I need to do to enroll?

Consult with your advisors and complete the forms contained in this package. Please return the forms to Human Resources at the address listed on the Enrollment Form.

22. Is there a limit to how much may be contributed to my 403(b) plan?

Yes. Current tax law establishes a limit for contributions made during each calendar year to 403(b) plan. Combined employee and employer contributions cannot exceed the lesser of \$49,000, or 100% of your total compensation as defined by your plan. (The \$49,000 limit is adjusted for inflation in years after 2009.) In some cases, you may be eligible for additional contributions under the Age 50+ catch up rule or the 15-Year catch up rule. *(Please consult your financial advisor.)*

23. Will the district's contribution to my 403(b) under the ESA be considered under the contribution limit rules if I have a contributory retirement plan with my new employer?

Yes. If you continue working with another employer and receive contributions to another contributory retirement plan, you may need to take these limits (which index each year) under consideration as contributions are made by you and / or your employer. It will be your responsibility to assure that you do not exceed the annual contribution limits, including the ESA contributions.

24. What happens if my contributions exceed the limit(s)?

You should consult with your tax advisor as the results will differ depending upon your circumstances. In some cases, excess contributions will be subject to income and excise tax.

Next Steps

Please review all of the program information with your advisors, and complete the following steps by the response deadline of May 15, 2009:

Step 1:

- Return completed and signed Enrollment Form (page 8) indicating your participation decision.

Step 2:

If you checked “YES” for the Early Separation Agreement (ESA) on the Enrollment form...	If you checked “YES” for the Quality Separation Agreement on Enrollment form...
<ul style="list-style-type: none"> • Sign and date the Waiver and Release of ADEA Claims 	<ul style="list-style-type: none"> • Sign and date the Employment Separation Notice
<ul style="list-style-type: none"> • Sign and date the Employment Separation Notice 	<ul style="list-style-type: none"> • Return the Enrollment form and Employment Separation Notice to Human Resources
<ul style="list-style-type: none"> • Return Enrollment form, ADEA Waiver and Employment Separation Notice to Human Resources 	

Step 3:

- Send the appropriate forms to:

Barb Hieronymus
 Human Resources
 620 Wilcox Street
 Castle Rock, CO 80104

A confirmation of your election will be sent to you after the enrollment period closes.

Early Separation Agreement (ESA)

Enrollment Form

Name: _____

Address: _____

e-mail address: (for confirmation statement only) _____

Date of Birth: _____

Social Security Number: *On file* _____

Employee ID: _____

Yes, I elect to participate in the **Early Separation Agreement (ESA)** offered by Douglas County. I understand that with this acceptance, I must tender my irrevocable resignation, effective June 30, 2009.

----- **OR** -----

Yes, I elect to participate in the **Quality Separation/Extended Service Benefit** offered under my contract. I understand that with this acceptance, I must tender my irrevocable resignation, effective June 30, 2009.

Signature: _____

Date: _____

Please send all forms to:

Barb Hieronymus
Human Resources
620 Wilcox Street
Castle Rock, CO 80104

EARLY SEPARATION AGREEMENT

WAIVER AND RELEASE OF ADEA CLAIMS

In exchange for benefits to be provided to me under the DOUGLAS COUNTY SCHOOL DISTRICT EARLY SEPARATION AGREEMENT (the "Plan"), which I acknowledge I am not otherwise entitled to receive, I freely and voluntarily agree to this WAIVER AND RELEASE OF AGE DISCRIMINATION IN EMPLOYMENT ACT (ADEA) CLAIMS.

1. In signing this WAIVER AND RELEASE, I hereby waive and release any and all ADEA claims that I may ever have had or that I now have against the DOUGLAS COUNTY SCHOOL DISTRICT and any individual in their official capacity as a director, administrator or representative of the DOUGLAS COUNTY SCHOOL DISTRICT, regardless of the period during which they held a position of authority on behalf of the DOUGLAS COUNTY SCHOOL DISTRICT.
2. I understand and agree that, in signing this document, I am waiving and releasing any and all claims of age discrimination in employment under the federal Age Discrimination in Employment Act of 1967 (ADEA) and the Older Workers Benefit Protection Act (OWBPA) against the persons and organizations listed in paragraph 1. I understand and agree that I am waiving and releasing any and all ADEA and OWBPA claims that I may ever have had or that I now have, regardless of their nature or origin, and that I do not waive any rights which I might acquire after the date I execute this WAIVER AND RELEASE.
3. I hereby acknowledge that, at the time I was given this WAIVER AND RELEASE, I was informed in writing that I had at least 45 days from the date I received all the information described in paragraph 5 below in which to consider whether I would participate in the Plan and sign this WAIVER AND RELEASE. I expressly agree that this 45 day period shall not be extended should I be given any additional information, whether material or not, regarding the Plan. I also acknowledge that, at the time I was given this WAIVER AND RELEASE, I was and again am informed in writing that I should consult with an attorney before signing this agreement. I have had an opportunity to consult with an attorney and have either had such consultations or have decided of my own free will that I will sign this agreement without consulting with legal counsel.
4. I acknowledge that, at the time I was given this WAIVER AND RELEASE, I was given a copy of the ENROLLMENT PACKAGE. In addition, I acknowledge that I was given information about the class, unit, or group of individuals covered by the Plan, including the job titles and ages of all individuals eligible or selected for the employment termination program as well as those who are not. See **Exhibit A**.
5. I acknowledge that I have been informed that I may revoke my acceptance of my participation in the Plan and this WAIVER AND RELEASE by delivering a letter to the address below, within seven days of the date I have signed this agreement. I understand that my participation in the Plan and this WAIVER AND RELEASE will not become effective until the eighth day following my signing of this agreement. I understand and intend that, in the event I do not revoke my acceptance of this agreement within the seven-day period described in this paragraph, this WAIVER AND RELEASE will be legally binding and enforceable on me, my heirs, administrators and assigns.
6. My participation in the Plan and this WAIVER AND RELEASE will be interpreted and enforced according to the laws of the STATE OF COLORADO. If any part of this WAIVER AND RELEASE is judged by a court of competent jurisdiction to be illegal,

invalid or inoperable, then that part only will be stricken. A suitable and equitable provision will be substituted in order to carry out, so far as may be enforceable and valid, the intent and purpose of the stricken part, and the rest of this WAIVER AND RELEASE will continue in full force and effect.

By signing this agreement, I agree and understand that this WAIVER AND RELEASE will be binding not only on me but also on my heirs, administrators and assigns with respect to the claims covered by this agreement. As of the date of my signing of this agreement, I have made no assignment of any claims against any of the persons or organizations described in paragraph 1.

NAME (Please Print)

SIGNATURE

DATE

EMPLOYEE ID #

Return the original signed copy of this form on or before the 45th day after delivery of all of the information described in paragraph 4 (above) to:

Barb Hieronymus
Human Resources
620 Wilcox Street
Castle Rock, CO 80104

EXHIBIT A - List of job types eligible and not eligible for ESA

ESA Program offered to following ages and job types:

Age	Job Type		Grand Total
	Certified	Classified	
36		1	1
38	3		3
39	5		5
40	11		11
41	12	1	13
42	16	1	17
43	8	4	12
44	15		15
45	19	2	21
46	17	6	23
47	23	6	29
48	20	3	23
49	32	8	40
50	26	7	33
51	30	11	41
52	18	9	27
53	12	10	22
54	22	11	33
55	24	8	32
56	22	9	31
57	9	11	20
58	10	6	16
59	13	7	20
60	15	15	30
61	13	15	28
62	12	10	22
63	9	6	15
64	1	8	9
65	3	7	10
66	1	2	3
67		2	2
68		1	1
70		1	1
72		3	3
74		1	1
76		1	1
78		1	1
Grand Total	421	194	615

ESA Program **not** offered to following ages and job types:

Age	Job Type		Grand Total
	Certified	Classified	
16		2	2
17		3	3
18		4	4
19		13	13
20		11	11
21		16	16
22	5	21	26
23	13	27	40
24	39	27	66
25	71	38	109
26	74	38	112
27	109	23	132
28	109	29	138
29	93	33	126
30	121	29	150
31	143	22	165
32	118	27	145
33	114	31	145
34	105	36	141
35	120	43	163
36	114	52	166
37	123	73	196
38	147	81	228
39	111	97	208
40	127	102	229
41	96	107	203
42	102	105	207
43	107	90	197
44	94	109	203
45	75	101	176
46	86	141	227
47	86	117	203
48	73	114	187
49	73	133	206
50	75	108	183
51	75	102	177
52	62	79	141
53	60	107	167
54	45	69	114
55	49	75	124
56	65	71	136
57	38	60	98
58	32	49	81
59	35	69	104
60	26	29	55
61	19	31	50
62	21	34	55
63	14	19	33
64	5	28	33
65	3	15	18
66	5	13	18
67	1	11	12
68		14	14
69	2	14	16
70	2	6	8
71		5	5
73		4	4
74		5	5
75		1	1
77		2	2
79		1	1
84		1	1
Grand Total	3282	2917	6199

Douglas County Schools District Re. 1
Separation Notice

Name: _____

Position: _____

School/Department: _____

Employee ID #: _____

Reason for separation: Retirement Dismissal Downsizing Resignation

If Classified, Choose One: This position will be replaced with the same assignment or will not be replaced

If resigning, please mark only one option:

- Moving from area
- Going to work for another school district in Denver Metro area for more money
- Going to work for another school district closer to my home
- Going to work in the private sector in Denver Metro area for more money
- Going to work in the private sector closer to my home
- To care for family member
- Continuing education
- One year only position ended
- Program reduction
- Personal conflict
- Other _____

- Terminate assignment and move to **Classified** sub status .
- I wish to be considered for the Quality Separation Package. I understand that in order to participate I must be eligible to retire under PERA and must meet DCSD continuous years of service requirements per your respective agreement.
- SPRING 2009 ONLY:** I wish to be considered for the AFT Early Separation Agreement.

Licensed Employees: Please refer to your contract for information regarding the termination date of your insurance benefits.

Classified Employees: Insurance benefits will end the last day of the same month in which the last day of work occurs.

Last day worked: _____

Forwarding address: _____

Facts surrounding separation: _____

_____ **DATE TO REMOVE EMPLOYEE ACCESS TO DCSD COMPUTER SYSTEMS**

By signing this document, the separating employee agrees to complete all District checkout procedures including returning District property, keys, facility access cards, and ID badges.

Employee Signature

Immediate Supervisor's Approval

Director of Special Services Signature (if applicable)

For Human Resources Records Office Use

Date Hired: _____

Actual Separation Date: _____

Years of Service Completed: _____

Salary Basis: _____