



Early Separation Agreement (ESA)

Offered by the Douglas County Federation of Teachers

Topic Covered

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Program Highlights

- ESA - Early Separation Agreement rewarding long service to valued employees
- Provides enhanced retirement savings, over 5 years
- Available to eligible employees who voluntarily terminate
- *One time offer* for eligible DCSD employees

Program Highlights

- Additional retirement savings over the next five years
- Access to eligible retirement income
- While collecting retirement income, ability to:
 - Move closer to family
 - Pursue an advanced degree
 - Begin a new career
 - Start your own business
 - Enjoy your retirement

ESA Details - Eligibility

- All employees who are eligible for the Quality Separation Agreement
 - Certified employees: 15 years of service with the district and PERA eligible*
 - Classified employees: 10 years of service with the district and PERA eligible*

*PERA Eligibility: at least...

- Age 50 with 25 Years of Service
 - Age 55 with 20 Years of Service
 - Age 60 with 5 Years of Service
- Other employees who are not eligible for Quality Separation will be selected based upon seniority with the district

ESA Details - Contributions

- Selected eligible employees who voluntarily terminate will receive contributions into a 403(b) account
- Contribution equal to 100% of 2008 – 2009 base salary
 - Made in equal installments into a 403(b) plan over a 5-year period (20% per year) beginning no later than October 1, 2009
 - Contributions are not subject to current income or FICA taxes
 - Contributions cease if you die during the 5-year period
- A life insurance benefit of \$50,000 will be provided to you during the 5 year duration of the program

ESA Details – Contributions (cont.)

- 403(b) account: Vendor to be selected
- If you have an account with selected vendor, this account will be used to accept contributions
- If you do not have an account, a new account will be established for you at no cost to you
- You manage the investment of your contributions
- You may withdraw funds immediately after contribution, or allow them to accumulate on a tax deferred basis

ESA Details - Distributions

- Ordinary income taxes apply to distributions from 403(b) accounts
- Distributions occurring before age 59 ½ may be subject to an additional 10% penalty tax*
 - Special rules apply to distributions from 403(b) accounts if taken after age 55 and after “severance from employment”
- Generally, required minimum distributions must begin by age 70 ½
- Tax free rollover to another qualified retirement account are permitted under certain conditions

*Some exceptions apply. Please consult with your financial advisor.

Impact to Other Benefits

- **Accrued Sick Leave:**
 - Value of your sick leave will be paid to you as a lump sum cash benefit according to the terms of your contract
 - The amount paid is fully taxable as wages
- **Pension Benefit (PERA):**
 - Your vested pension will not be impacted; however, you will not continue to accrue future benefits
 - For estimated projections visit the website www.copera.org or call PERA at (303) 837-6250
- **Limits to Annual Retirement Contributions**
 - Contributions to the ESA will be considered when calculating maximum allowable limits under IRC §415

Impact to Other Benefits

- Life and Disability Insurance Coverage:
 - The district will no longer provide your current coverage, but you may continue your group life at your own cost
 - As part of the ESA, you will receive a \$50,000 group term life insurance benefit during the program term
 - Provides you with coverage for 5 years
 - There is no cost to you
- Medical Benefits:
 - Continuation of coverage available under COBRA rules – 18 months with premium equal to 102% of combined current employee and employer costs

Enrollment

- Please review all program information with your tax advisor or financial counselor
- An online calculator is available to help you estimate your retirement income:
www.LSPonline.net
- If you decide to participate, you must complete the following paperwork and submit it to Human Resources by the deadline of **May 15, 2009**
 - Enrollment form
 - ADEA Waiver form
 - Separation Notice form

Enrollment

- Enrollment Form – Checking the first box indicates your desire to participate in the ESA

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.

- Alternatively, you may check the second box to participate in the Qualified Separation Agreement. Annuity contribution or lump sum payment per your contract terms.

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.

Enrollment

- ADEA Waiver
 - ADEA = Age Discrimination in Employment Act
 - Programs offered to individuals with seniority must be careful not to violate ADEA provisions of the Equal Employment Opportunity Act
 - Waiver provides district ability to offer this type of program
 - Waiver must be signed in order to be considered for participation

Please review the waiver with your advisor prior to signing

Enrollment

- Separation Notice

- Termination from the district effective June 30, 2009 is required for participation in the ESA
- Check the third box to elect participation

SPRING 2009 ONLY: I wish to be considered for the AFT Early Separation Agreement.

- If you do not meet the seniority criteria and are not selected for participation, *your Separation Notice will become invalid* unless you indicate otherwise to the district in writing prior to June 30, 2009.

Post-Enrollment

- District will determine participating group, based upon Quality Separation Agreement eligibility, and seniority
- A statement confirming your acceptance or non-acceptance into the ESA program will be e-mailed to you during the week of May 18
 - A confirmation will be sent if Quality Separation is elected instead
- You may change your mind and revoke your ESA participating by completing and submitting a revocation form no later than **May 27, 2009**
 - Please contact Aon Consulting at 800-341-4413 for a form

Post-Enrollment

- Upon acceptance into the program, you will receive supplemental information
 - How to enroll in life insurance program
 - If necessary, how to establish a 403(b) account with selected vendor
- On or before October 1, you will receive your first annual contribution to your 403(b) account

Important Information

- ***Window period closes: May 15, 2009***
- ***Revocation period ends: May 27, 2009***
- ***Website for retirement income estimates:***
www.LSPOnline.net (available week of 4/20)
- ***Toll free number for enrollment questions:***
Aon Consulting (800) 341-4413

Questions?