RETIREMENT AND ESCROW BENEFITS

I. Wisconsin Retirement System

A. Eligibility

An employee is included as a participant in the Wisconsin Retirement System if s/he is expected to work at least one-third of full time in one year, or actually works at least one-third of full time for one year. Full-time employment is considered 440 hours for teachers and substitute teachers and 600 hours for non-teachers.

All those eligible are automatically enrolled as part of the employment process.

Eligible employees have the option of enrolling in the variable fund of the Wisconsin Retirement System. Should an employee not choose the variable fund, they will be placed in the fixed fund.

B. Benefits

A booklet entitled Your Benefit Handbook, available through the Department of Human Resources, provides a description of retirement, death, disability and separation benefits available.
II. Administrators' Retirement Plan

The individual administrator who may desire to retire early or who may desire to make a career change, will benefit from a monetary incentive making such a decision more possible. This monetary incentive would be a reward for long term service to the District.

The retirement program has certain essential elements:

1. That the individual administrator receives timely information and counseling regarding retirement plans.

2. That the individual administrator commits some personal funds to the plan.

3. That the District commits specific contributions to the plan. The plan will offer pre-retirement counseling which has the potential of encouraging retirement. The retirement plan will reward all administrators who agree to participate in and meet the criteria of the plan. It will provide monetary incentives for some administrators to retire early.

Program Objectives

1. Administrators shall be rewarded for long term service to the District.

2. Pre-retirement counseling shall be made available to administrators.

3. Administrators shall be provided with information about regular retirement provisions.

4. Financial incentives may make early retirement possible for administrators.

5. Financial incentives may make career changes possible for administrators.

Eligibility

1. After seven years of administrative service* with the Madison Metropolitan School District, an administrator will be eligible to begin making personal contributions to the plan. To qualify for full participation in the plan-of-benefits, the administrator must be at least 55 years of age by August 30 of the year of retirement and meet the minimum requirement of the following formula:
Age of the administrator + administrator's years of administrative service (including at least five years of contribution to the plan) = at least 70.

a. The seven years of administrative service* required for eligibility to begin making contributions to the plan must include no less than five years under full-time contract.

b. The five years of required contribution to the program must include no less than four years under full-time contract.

c. Leave of absence periods are not included in determining administrative years of service.

d. Administrators must be on active payroll and employment status to be eligible to begin participation in this plan. Administrators who declare their intention to retire from an approved Administrative Leave of Absence or under the provisions of Wisconsin Statutes 40.63, entitled Disability Annuities, shall be eligible to participate provided they meet the other criteria listed herein.

* Administrative service is equal to years as an administrator plus credit for years worked in another capacity in the District without interruption. This credit will be calculated as a 3:1 ratio with a maximum of 5 creditable years. Rounding is in .5 year increments rounded downward.

2. Contribution to the Plan means the participant must contribute a minimum of $50/month for five (5) years to a District authorized tax sheltered annuity (TSA) plan and continuously thereafter until leaving the District. If the employee contributions are withdrawn by the employee prior to resigning, the employee shall not be eligible for the District contribution under this plan.

3. In order to be eligible to receive the benefits under this plan, administrators who declare their intention to retire from the District shall be either on an approved Administrative Leave of Absence or on active payroll and active employment status. Administrators must declare their intention to leave the District by January 15 of the year in which they intend to leave. If the annual limit of retiring administrators under Section IV is not met by January 15 of a particular year, subsequent applications shall be accepted after January 15 up to the total District limit until May 1 of each year. Such notice must be in writing to the Department of Human Resources.

4. Individual contributions to the plan may begin on the first paydate for a new fiscal year contract. Future enrollments will be effective with the first paycheck of a new fiscal year contract.
The Number of Participants Commencing Benefits in Any One Year May Be Limited by the District

The Board may limit the number of administrators who retire under ARP to four in any given year. If the Board decides to limit the number of participants to four administrators per year and there are more than four applicants during that year, the decision on which four administrators shall be allowed to receive the Board contribution during that year, shall be based on the largest sum of the formula set out in Section III, Paragraph 1 above. If the sum of the formula is the same for more than one administrator, the administrator with the earliest date of hire shall be chosen. The School Board may allow more than four administrators to participate in the plan in any given year depending on the availability of funds.

Plan of Benefits

1. As of July 1, 2006, twelve years of administrative service (including 5 years of employee contribution to the program) will result in a $33,048 Board of Education contribution. However, the Board of Education's contribution shall be limited to no more than the administrator's annual salary for the year prior to retirement if that salary is less than $33,048. The value of the payout shall be increased by 2% (calculated from the 21-year amount) annually on July 1 of each year.

2. If the employee does not resign after the 5th year of participation in the plan, the Board of Education shall contribute an additional $1000.00 to the plan each year to a maximum of $42,048. The additional $1000.00 Board contribution is conditioned on continued employee contribution.

3. Benefit payments from the District's contribution shall be placed into the administrator’s Tax Sheltered Annuity Fund (403(b)) with one-half of the payout placed into the fund on or about July 1 following retirement and one-half of the payout placed into the fund on or about January 1 following retirement.

4. Benefits shall continue to heirs on death of participant if the participant dies after the effective resignation date. This clause is subject to the benefit payment option made by the School District Superintendent or his/her designees and the participant before payments begin.
5. Insurance Continuation Program

The use of personal sick leave accumulated will be permitted for use in the payment of insurance premiums for insurance continuation. One hundred percent (100%) of the balance of sick leave of the first 200 days and fifty percent (50%) of all additional days over 200, as of the last day worked, will be applied to the continuation of payments at the daily rate in effect on the last day worked.

6. The District shall provide pre-retirement counseling.

**Procedural Rules**

All contributions will be governed by the following rules:

Each eligible employee must have a Retirement Plan Agreement accepted in writing. In addition, an Individual Tax Sheltered Annuity (TSA) Salary Reduction Agreement providing for monthly payroll deduction of fifty dollars or more must be signed by the administrator. The initial salary reduction agreement (after the first year the plan is offered) must be filed at least twenty working days prior to the date for the first contribution. Thereafter, all TSA program rules and procedures will apply.

1. The Retirement Plan Agreement must set forth all the conditions:
   a. Years of service to be in the plan.
   b. Employee contribution conditions.
   c. No vesting, other than employee contributions.
   d. Non-competitive clause: This plan is intended to allow an administrator to retire or to change careers. Therefore an administrator shall not accept employment in a similar administrative capacity in any K through 12 public school program while the administrator is receiving benefits under this program.

2. For the employee contribution, this plan shall be in a tax sheltered annuity plan under a District designated carrier and shall be included in any maximum allowable exclusion allowance.

**III. Teachers' Early Emeritus Retirement Program (TERP)**

The District offers a Teacher Emeritus Retirement Plan which gives incentives to teachers to retire. For details, see the current special Memorandum of Understanding between the District and MTI. For further details concerning eligibility, contact the Department of Human Resources or refer to the appropriate collective bargaining agreement.
IV. Administrators (Not Retiring Under Administrator’s Retirement Plan)

Eligibility

Administrators who retire after reaching age 55 in the Madison Metropolitan School District are eligible to continue their insurance through the use of sick leave accumulation.

Insurance Continuation Program

The use of personal sick leave accumulated will be permitted for use in the payment of insurance premiums for insurance continuation. One hundred percent (100%) of the balance of sick leave of the first 200 days and fifty percent (50%) of all additional days over 200, as of the last day worked, will be applied to the continuation of payments at the daily rate in effect on the last day worked.

V. Escrow Benefit

When employees retire at the age of 55 or older, they can convert a portion of the value of their accumulated personal illness leave into an escrow amount to pay District group insurance premiums. For further details concerning eligibility, contact the Department of Human Resources or refer to the appropriate collective bargaining agreement.

Administrators

If a retiring administrator is entitled to the use of a personal illness leave escrow account, the following options will be available to him/her:

1. Immediate use of the escrow account for insurances in force at the time of retirement.

2. Defer use of the escrow account until a later date for purposes of providing health insurance coverage, provided the employee retains continuous coverage with a District health insurance plan. An employee may likewise defer use of the escrow account for the purpose of providing dental insurance, provided the employee maintains continuous participation in the District's dental insurance plan.

3. Transfer obligations for the payment of health insurance premiums to the retired employee's/spouse's remaining account when the employee's personal illness leave escrow is exhausted.
4. If a retired administrator dies, his/her spouse will continue to receive health and dental benefits for the period of time for which the employee was eligible.

5. If an administrator retires and his/her spouse continues to be employed by the District, the retiring administrator may be covered under the spouse's family health and dental policies. At such time as the spouse retires/resigns from the District, both individuals may access their escrow accounts.