MEMORANDUM OF UNDERSTANDING
BETWEEN
THE BOARD OF EDUCATION OF DIXON PUBLIC SCHOOL DISTRICT NO. 170
AND
DIXON EDUCATION ASSOCIATION

This Memorandum of Understanding (MOU) is entered into by and between the Board of Education of Dixon Public School District No. 170, Lee County, Illinois ("Board" or "District"), and the Dixon Education Association ("DEA")

I. BACKGROUND

The Parties' current Collective Bargaining Agreement contains the following terms and conditions:

14.1 Retirement Incentive

If a teacher meets all of the six eligibility requirements contained in paragraph 1 of this Section, the teacher shall be paid a retirement incentive benefit in accordance with paragraph 2 of this Section. However, notwithstanding anything to the contrary in this Agreement, this Section 14.1 shall be deleted from the contract on the day prior to the date this contract expires, provided such deletion shall not affect the benefits for any teacher who was previously eligible and elected to retire under this Section.

1. Requirements for Eligibility:

a. The teacher must have at least 10 years of full-time service as a certified employee in the School District.

b. The teacher must submit an irrevocable letter of retirement to the Superintendent by March 1, 2023 to begin receiving benefits under this program in 2023-2024; by March 1, 2024 to begin receiving benefits in 2024-2025; and by March 1, 2025 to begin receiving benefits in 2025-2026. At the submission of the letter of retirement, the teacher shall submit a TRS statement of benefits or documentation confirming the teacher's total years of service and creditable earnings.

c. The employee must be at least 54 ½ years old and be eligible to receive a ***TRS*** *retirement benefit at the time of the effective date listed in the irrevocable letter of retirement.*

d. The employee must retire with thirty-five (35) years of service or less. Those retiring with thirty-six (36) or more years of service are not eligible to receive this benefit.

e. The Board is not required by statute for any financial AERO obligations resulting from the teacher's retirement imposed by TRS. For example, a teacher who will be 55 years old with 20 years of creditable service on the date of the teacher's indicated date of retirement and has invoked his/her AERO, will not be eligible for the retirement benefits. However, a teacher who is 55 years old with 35 years of creditable service on the date of the teacher's indicated date of retirement will be eligible for the retirement benefits.

f. The Board will not be obligated to pay a penalty imposed by TRS due to the teacher's salary exceeding the TRS cap if the teacher retires any time after submitting his/her letter of retirement. For example, a teacher who received a salary increase greater than 6% in the three years prior *to the year the retirement benefits provided under this Section would begin would not be eligible for the retirement benefits.*

g. *The teacher shall not have received a retirement benefit pursuant to a prior collective bargaining agreement.*

2. *Retirement Incentive Benefits*

In each year that benefits are received under this program, the teacher shall not be paid in accordance with the salary and extra duty schedule and, in exchange, shall receive an increase as follows: Year 1: 4%; Year 2: 4%; Year 3: 5%; and Year 4: 5%. The increase will be on creditable earnings over the prior year's total TRS creditable earnings from the teachers' salary as set forth on the salary schedule (hereinafter referred to as "Program Creditable Earnings") for a period up to a maximum of four years.

a. *The teacher will remain "off schedule" and receive the increases noted above in Program Creditable Earnings for each year up to four (4) years (Year 1: 4%; Year 2: 4%; Year 3: 5%; and Year 4: 5%).*

b. *The teacher shall perform all extra duties that are used in determining Program Creditable Earnings in the years in which program benefits are received. A teacher who does not perform such extra duties shall have his/her compensation reduced accordingly. A teacher who agrees to perform extra duties shall have his/her compensation adjusted accordingly, not to exceed six (6%) percent of the previous year's creditable earnings.*

c. *A teacher under this retirement program will not be able to earn more than six percent (6%) of the previous year's Program Creditable Earnings, regardless of assignment or possible movement on either the salary schedule or extra duty schedule.*

To the extent that the retirement benefits described under this Section shall cause the Board to pay additional penalties to TRS, the Board shall have the right to reduce the payment of such benefits so that the Board will not incur such penalties.

The Parties' ratified 2025-2028 Collective Bargaining Agreement contains the following provisions:

14.1 Retirement Incentive

If a teacher meets all of the six eligibility requirements contained in paragraph 1 of this Section, the teacher shall be paid a retirement incentive benefit in accordance with paragraph 2 of this Section. However, notwithstanding anything to the contrary in this Agreement, this Section 14.1 shall be deleted from the contract on the day prior to the date this contract expires, provided such deletion shall not affect the benefits for any teacher who was previously eligible and elected to retire under this Section.

1. *Requirements for Eligibility:*

a. *The teacher must have at least 10 years of full-time service as a certified employee in the School District.*

b. *The teacher must submit an irrevocable letter of retirement to the Superintendent by March 1, 2026 to begin receiving benefits under this program in 2026-2027; by March 1, 2027 to begin* *receiving benefits in 2027-28; and by March 1, 2028 to begin receiving benefits in 2028-2029. At the submission of the letter of retirement, the teacher shall submit a TRS statement of benefits or documentation confirming the teacher's total years of service and creditable earnings.*

c. *The employee must be at least 54 ½ years old and be eligible to receive a* ***TRS*** *retirement benefit at the time of the effective date listed in the irrevocable letter of retirement.*

d. *The employee must retire with thirty-five (35) years of service or less. Those retiring with thirty-six (36) or more years of service are not eligible to receive this benefit.*

e. *The Board is not required by statute for any financial AERO obligations resulting from the teacher's retirement imposed by TRS. For example, a teacher who will be 55 years old with 20 years of creditable service on the date of the teacher's indicated date of retirement and has invoked his/her AERO, will not be eligible for the retirement benefits. However, a teacher who is 55 years old with 35 years of creditable service on the date of the teacher's indicated date of retirement will be eligible for the retirement benefits.*

f. *The Board will not be obligated to pay a penalty imposed by TRS due to the teacher's salary exceeding the TRS cap if the teacher retires any time after submitting his/her letter of retirement. For example, a teacher who received a salary increase greater than 6% in the three years prior to the year the retirement benefits provided under this Section would begin would not be eligible for the retirement benefits.*

g. *The teacher shall not have received a retirement benefit pursuant to a prior collective bargaining agreement.*

2. *Retirement Incentive Benefits*

In each year that benefits are received under this program, the teacher shall not be paid in accordance with the salary and extra duty schedule and, in exchange, shall receive an increase as follows:

Package A: Fifteen (15) to Nineteen (19) Years of DPS Service

Year 1: 4%; Year 2: 4%; Year 3: 5%; and Year 4: 5%. The increase will be on creditable earnings over the prior year's total TRS creditable earnings from the teachers' salary as set forth on the salary schedule (hereinafter referred to as "Program Creditable Earnings") for a period up to a maximum of four years. The teacher will remain "off schedule" and receive the increases noted above in Program Creditable Earnings for each year up to four (4) years (Year 1: 4%; Year 2: 4%; Year 3: 5%; and Year 4: 5%).

Package B: Twenty (20) or More Years of DPS Service:

Year 1: 6%; Year 2: 6%; Year 3: 6%; and Year 4: 6%. The increase will be on creditable earnings over the prior year's total TRS creditable earnings from the teachers' salary as set forth on the salary schedule (hereinafter referred to as "Program Creditable Earnings") for a period up to a maximum of four years. The teacher will remain "off schedule" and receive the increases noted above in Program Creditable Earnings for each year up to four (4) years (Year 1: 6%; Year 2: 6%; Year 3: 6%; and Year 4: 6%).

a. *The teacher shall perform all extra duties that are used in determining Program Creditable Earnings in the years in which program benefits are received. A teacher who does not perform such extra duties shall have his/her compensation reduced accordingly. A teacher who agrees to perform extra duties shall have his/her compensation adjusted accordingly, not to exceed six (6%) percent of the previous year's creditable earnings.*

b. *A teacher under this retirement program will not be able to earn more than six percent (6%) of the previous year's Program Creditable Earnings, regardless of assignment or possible movement on either the salary schedule or extra duty schedule.*

To the extent that the retirement benefits described under this Section shall cause the Board to pay additional penalties to TRS, the Board shall have the right to reduce the payment of such benefits so that the Board will not incur such penalties.

II. <u>ISSUE</u>

During the negotiation of the 2025-2028 Collective Bargaining Agreement, it was the intent of the Parties the length of the school day would be increased by .5 hours per day. In addition, a new salary schedule was agreed upon which included a $5,000 increase on the base salary as compensation for the additional time added to the school day. The increase in the length of the day requires all bargaining unit employees to work an additional .5 hours per school day.

There are currently **<u>20</u>** employees who have submitted their intent to retire under the terms of the current collective bargaining agreement under the provisions included above. If such employees were to be compensated an additional $5,000 per year as provided in the salary schedule to compensate for the longer workday, their salaries would exceed the 6% cap on creditable earnings. Such an increase is prohibited under Section 14.1.f. of the collective bargaining agreement. However, the parties wish to reach an agreement that will allow such employees to receive compensation for the extended workday by way of a post-retirement.

Employees anticipating retiring under the terms of the 2025-2028 collective bargaining agreement will not be able to submit an intent to retire until the second year of the agreement due to the increases provided in the newly bargained salary schedule provide increases to all employees that exceed six (6%) of their previous year's salary. Such an increase is prohibited under Section 14.1.f. of the collective bargaining agreement.

III. <u>RESOLUTION / AGREEMENT</u>

The Parties agree that all employees who have submitted their intent to retire under the provisions of the current collective bargaining will be compensated for the additional time for the extended day as follows:

EMPLOYEES RETIRING UNDER THE PROVISIONS OF THE 2022-2025 COLLECTIVE BARGAINING AGREEMENT.

1. The District will calculate a six percent (6%) increase on each employee's 2024-2025 creditable earnings.

2. The District will determine the amount which may be used of the $5,000, after the calculation of what additional increase may be applied beyond each employee's current percentage increase based on the terms of each employee's individual retirement agreement, to bring their 2025-2026 salary up to six percent (6%) increase.

3. The District will subtract the additional dollar amount that may be used to be added to each employee's 2025-2026 salary from the sum of $5,000. Any amount remaining from the subtraction of the additional amount added to each employee's salary will be held by the District until such time as the employee is separated from employment and payment of such no longer qualifies as creditable earnings but a post-retirement payment.

EXAMPLE: Employee X makes $85,000 in SY 24/25, the 6% maximum allowable increase for SY 25/26 is a salary of $90,100. The retirement que of 4% (assuming the 4% is the amount for their retirement incentive) increase plus the $5,000 increase makes their SY 25/26 salary $93,400. In this instance, $3,300 would be placed in a post-retirement accumulation fund and the employee salary would be the maximum $90,100....

4. The same calculation described in 1-3 above will be done for each remaining year of employment.

5. Upon each employee's retirement the District will provide the employee with a post-retirement payment of the accumulated funds within 90 days of the employee's separation from employment. However, in no event shall the payment be made before qualifying as a post-retirement payment, excluded from creditable earnings.

6. The employee shall have the option of receiving the post-retirement payment in a lump sum amount excluding all taxes and lawful withholding, or, provided that the employee had enrolled (no later than February 1st of the year in which they retire) in such a plan they may choose to have the money deposited into a qualified 403b or 457 retirement o account which is part of the District's qualified deferred compensation plan program.

7. A list of employees who currently have active retirement incentive agreements will be attached to this MOU as Exhibit A. The list will include each employee's FY25 salary and retirement date.

8. A detailed example of the aforementioned calculations in 1-4 will be attached to this agreement as Exhibit B.

EMPLOYEES RETIRING UNDER THE PROVISIONS OF THE 2025-2028 COLLECTIVE BARGAINING AGREEMENT

9. Employees who wish to submit a letter of intent to retire by March 1 of 2026 in order to begin receiving the provisions for retirement provided in Article 14 of the 2025-2028 collective bargaining agreement must choose to defer any amount of their 2025-2026 salary step that exceeds six (6%) to be held by the District for a post-retirement pay out.

10. Upon each employee's retirement the District will provide the employee with a post-retirement payment of the accumulated funds within 90 days of the employee's separation from employment. However, in no event shall the payment be made before qualifying as a post-retirement payment, excluded from creditable earnings.

11. The employee shall have the option of receiving the post-retirement payment in a lump sum amount, excluding all taxes and lawful withholding or provided that the employee had enrolled (no later than February 1st of the year in which they retire) in such a plan they may choose to have the money deposited into a qualified 403b or 457b retirement account which is part of the District's qualified deferred compensation plan program.

12. The District will provide each employee entering the retirement queue in 2026-2027 under the provisions of the 2025-2028 collective bargaining agreement and the Association a calculation sheet that will include the salary for each year and the accumulated amount of the post-retirement payment for each year prior to the year that that provisions of the retirement incentive begin.

13. A detailed example of the aforementioned calculations in 9 and 10 will be attached to this agreement as Exhibit C.

IN WITNESS WHEREOF, the Parties have executed this Agreement on this day of 6/25/25

BOARD OF EDUCATION OF DIXON SCHOOL DISTRICT NO. 170 LEE COUNTY, IL

By: Linda Wagner
Board Representative

DIXON EDUCATION ASSOCIATION

Alicia McMillin

By: Kim Bork
Association Representative

Exhibit B: Calculation Example Section III.#8

Exhibit B: Calculation Summary

School Year	*Previously Calculated per Previous CBA*	*Salary Calculationv per 25-28 CBA*	*Employee Salary - Creditable Earning Maximum Allowable*	*Yearly Leftover to Post-Retirement*	*Post-Retirement Accumulation*
24/25 Salary	$ 85,000.00	$ 85,000.00	$ 85,000.00		
% Increase	4%	4%	6%		
$ Increarse	$ -	$ 5,000.00			
25/26 Salary	$ 88,400.00	$ 93,400.00	$ 90,100.00	$ 3,300.00	$ 3,300.00
	4%	4%	6%	4%	
26/27 Salary	$ 91,936.00	$ 97,136.00	$ 95,506.00	$ 1,630.00	$ 5,062.00
	5%	5%	6%	5%	
27/28 Salary	$ 96,532.80	$ 101,992.80	$ 101,236.36	$ 756.44	$ 5,899.94
	5%	5%	6%	5%	
28/29 Salary	$ 101,359.44	$ 107,092.44	$ 107,310.54	$ (218.10)	$ 5,719.66