



GENEVA COMMUNITY UNIT SCHOOL DISTRICT 304
FROM THE OFFICE OF HUMAN RESOURCES

TO: Board of Education
Dr. Kent Mutchler, Superintendent

FROM: Dr. Adam Law, Assistant Superintendent - Human Resources

RE: Administrator Retirement Incentive Program Recommendation

DATE: January 13, 2020

Over the course of this school year, I worked with representatives of District 304 Administration and the Board of Education to develop and refine a retirement incentive program for District 304 administrators. The attached program in many ways mirrors the District 304 teacher retirement incentive program and it is applicable to both TRS and IMRF administrators.

Like the teacher retirement program, the administrator program balances an appreciation for a career of service in District 304 with protections for the Board from penalties for excess salary payments. The program simultaneously offers administrators an incentive to retire while putting checks in place to keep the incentive sustainable for the Board.

The language in the attached Administrator Retirement Incentive Program has been updated to reflect the suggestions of the District's legal counsel.

I recommend approval of the District 304 Administrator Retirement Incentive Program.



Administrator Retirement Incentive Program Geneva CUSD 304

1. Eligibility

The Board will offer a retirement incentive program to District administrators who meet the following eligibility criteria:

- A. Will have at least ten (10) continuous years of full-time service to the District at the time of retirement; and
- B. Will retire without the Board of Education incurring any additional payment or penalty obligations to TRS/IMRF in any of the years of employment used by TRS//IMRF to determine the administrator's retirement annuity.

2. Definitions

TRS/IMRF creditable earnings are defined solely by TRS/IMRF and include, but are not necessarily limited to, salary for regular contractual administrative duties and extra-duty earnings.

3. Notice of Retirement and Conditions

- A. Any eligible administrator must submit a written notice of retirement and irrevocable resignation, effective on the date of retirement, to the Superintendent or designee.

The administrator's notice of retirement is irrevocable and the administrator's employment with the District will terminate on the date of retirement set forth in the written notice and irrevocable resignation. The irrevocable resignation may only be rescinded if the administrator experiences a "major life event" as defined by the Consolidated Omnibus Budget Reconciliation Act (COBRA); provided, however, that such rescission shall be conditioned upon the administrator's timely repayment of any benefits previously received under this Program. In such event, the required repayment will be in a mutually acceptable and timely manner.

- B. The administrator may participate in the Program for up to four (4) years prior to the date of retirement.
- C. An administrator who has submitted his/her written notice of retirement and irrevocable resignation as set forth in Paragraph 3.A. above, who subsequently decides to retire earlier than stated in his/her notice, must give written notice to the Board by February 15 in the school year in which the retirement will occur. In such event, the administrator will be allowed to retire early provided the

early retirement will not cause the Board to incur any additional payment or penalty obligations to TRS/IMRF in any of the years of employment used by TRS/IMRF to determine the retirement annuity.

- D. Under no circumstances shall the administrator's total TRS/IMRF creditable earnings in any school year in which notice is given, or in any subsequent school year of employment, increase from one year to the next beyond the maximum percentage that would cause the Board to incur any additional payment or penalty obligations to TRS/IMRF as a result of the administrator's participation in the Program.
- E. Prior to submitting the retirement notice, the administrator must meet with the Assistant Superintendent of Human Resources to review the conditions of retirement.

4. Benefit

- A. For those administrators satisfying the eligibility, notice and other requirements set forth in Paragraphs 1, 2, and 3 above, the Board will provide:

A post-retirement lump sum benefit equal to 1% of the administrator's salary for his/her final year of employment for each year of the administrator's full-time, continuous service to the District as of the date of retirement, not to exceed the lesser of 20% of the administrator's final year salary or \$30,000. For example, if the administrator's final year's salary is \$100,000 and the administrator will have 15 years of full-time, continuous service to the District at the date of retirement, then the administrator's lump sum benefit will be \$15,000.

Each school year, the administrator may withdraw from his/her lump sum benefit an amount sufficient to increase that year's creditable earnings from the administrator's otherwise scheduled salary to the TRS/IMRF maximum percentage increase, provided sufficient funds exist in the lump sum benefit, and provided the increase will not cause the Board to incur any additional payment or penalty obligations to TRS/IMRF as a result of the administrator's participation in the Program.

The amount to be withdrawn by the participating administrator each year will be added to his/her otherwise scheduled salary, which will be the difference between the percentage equal to the rolling 10-year average of the Consumer Principal Index for All Urban Consumers (CPI-U) for Chicago as published by the U.S. Department of Labor: Bureau of Labor Statistics, not to exceed a 3% cap, multiplied by the administrator's previous year's salary.

- B. Sixty (60) days following the administrator's date of retirement and issuance of his/her last regular paycheck, all funds remaining in the administrator's post-retirement lump sum benefit will be paid to the administrator's 403(b) Plan, 457 Plan, or as a lump sum, subject to all required federal and state tax withholding requirements.

5. Unused Vacation Time

Any administrator's accrued but unused vacation time not used for service credit to TRS/IMRF will be paid to the administrator at the administrator's last per diem rate within thirty (30) days following the administrator's date of retirement and issuance of his/her last regular paycheck, subject to all required federal and state withholding requirements.