

**MEMORANDUM OF UNDERSTANDING
REGARDING PENSION CONTRIBUTION**

The teacher salary schedule and related pension contribution set forth in Section 9.1 of the Collective Bargaining Agreement (“CBA”) currently sets forth the total salary for each teacher, including the employee contribution due to the Teachers’ Retirement System (“TRS”) on behalf of each such employee. Section 9.1 further provides that if the required TRS contribution is reduced, the difference would be placed in a TRS creditable tax-sheltered annuity on behalf of the teacher. The General Assembly has not enacted legislation to reauthorize the early retirement option, which reduced the total employee contribution due to TRS from 9.4% of the teacher’s salary to 9.0% of the teacher’s salary for salary earned on or after July 1, 2016.

In order to implement the terms of Section 9.1 of the CBA in a more efficient manner, the Board of Education and the Pana Education Association have agreed allow teachers the option to either 1) elect to have the difference (0.4%) placed into a tax-deferred annuity, or 2) elect to receive the difference (0.4%) as additional salary. The difference will automatically be paid as salary (Option 2) unless the teacher elects on his or her payroll confirmation sheet to route the funds into the annuity.

If, during the term of the fiscal year, the General Assembly enacts legislation that reinstates or increases the required TRS contribution retroactively, any difference in contribution which had been provided to a teacher through either Option 1 or Option 2 will be repaid to the District via payroll deduction.

Dated this ____ day of July, 2016.

**PANA
EDUCATION ASSOCIATION**

**BOARD OF EDUCATION, PANA COMMUNITY
UNIT SCHOOL DISTRICT NO. 8**

President

President

Secretary

Secretary