



To: Dr. Charles Johns
Board of Education

From: Dr. R.J. Gravel
Mr. Brad Swanson

Date: Monday, May 4, 2020

Re: Proposed Board Policy 6433

Background

The school community has been fortunate to benefit from a stable, consistent workforce. In general, once educators and support personnel join the school district, they tend to stay until they reach the age of retirement. This includes professionals that have selected Glenbrook as their first career and others that have joined our school district for a second career. Given the different career paths our employees have taken, our workforce represents several generations. To illustrate this diversity, please see the table inserted below which was compiled by The Horton Group as part of the self-insurance plan review. This chart accounts for all employees that participate in one of the school district’s health plans:

Generation	All Employees		Employee Type				Male	Employee Type				Female
	Count	Average Age	Count	Average Age	% of Male Employees	% of Total Employees	Count	Average Age	% of Female Employees	% of Total Employees		
Gen Z 1996 - 2012	15	22.5	7	22.4	2%	1%	8	22.5	2%	1%		
Millennials 1981 - 1995	235	31.8	87	31.7	24%	10%	148	21.1	31%	18%		
Generation X 1965 - 1980	423	46.7	191	47.3	53%	23%	232	46.3	48%	27%		
Baby Boomers 1946 - 1964	168	59.6	75	59.7	21%	9%	93	59.5	19%	11%		
Traditionalist 1922 - 1945	3	75.7	0	0.0	0%	0%	3	75.7	1%	0%		
Total	844	44.8	360	45.6	100%	43%	484	44.2	100%	57%		

The choice to retire is a family decision carefully made by each employee. A significant factor for retirement is one’s eligibility to receive a pension from either the Illinois Municipal Retirement Fund (IMRF) or the Teachers’ Retirement System (TRS). A second factor is the amount of that pension, which is based on their years of creditable service and their final average rate of earnings (e.g., typically the last four years of compensation). Finally, a third factor is the incentives an employer provides pre- and post-retirement. While these incentives benefit the employee, they also benefit the employer’s planning efforts through:

- Defining a plan for each retiring staff member (e.g., identifying when they are going to retire), enabling the school leadership teams to plan for attrition in different instructional and operational areas;

- Enabling the school district's financial forecast to properly account for retirements of senior personnel and potential replacements;
- Achieving financial savings through either the non-replacement of personnel or the replacement of personnel at a lower cost (e.g., benchmark placements of MA+O, Step B for teachers);
- Achieving additional financial savings for the school district's self-funded insurance program by transition senior personnel to non-district health plans.

Upon a detailed review of personnel data, it was identified that there are several employee classifications with senior personnel eligible to retire under IMRF or TRS, but have not yet declared their intent. In an effort to understand why these employees have not yet declared their intent, the Human Resources team worked with representatives from our collective bargaining units. The following factors were identified:

1. Several employees could retire, however, they are above age 65, and will not benefit from any health insurance coverage from the school district upon retirement. Additionally, the cost of a Medicare supplement is more than some employees can afford.
2. Many of our employees that have utilized a maternity or paternity leave do not have enough sick days built-up, to convert into additional years of service (e.g., up to 1 year for IMRF, 2 years for TRS). As a result, they are continuing to work until they can achieve enough years of service to earn a full pension.

Taking these two factors into consideration. We reviewed current policies, as well as the flexibility for which employers are provided by IMRF and TRS. Fortunately, both pension systems provide employers the flexibility to address these two concerns, which we anticipate will result in additional retirements of senior personnel. As we cannot identify with specificity which employees would take advantage of a revised retirement policy, we have compiled several estimates for each type of employee retiring:

	2019-20	2020-21		
Employee Type	Annual Salary	Replacement Salary	Savings	Maximum Expense**
Teacher (MA-60, Step Z7)	\$155,459	\$80,482	\$74,977	\$5,000 per Year
Clerical, Exempt* (Cat. 3, Step 20, 2080)	\$90,413	\$66,331	\$24,082	\$5,000 per Year
Paraprofessional* (Not on Scale, 1413)	\$34,142	\$23,144	\$10,998	\$5,000 per Year

* Utilized 2019-20 rates; 2020-21 rates not yet defined.

** The expense only applies to retirees over the age of 65.

The attached policy provides for a limited-time opportunity for employees that would offer them additional retirement benefits, with the condition that they must declare their intent to retire by June 30, 2020. The only cost to the school district for these additional retirement benefits would be the additional insurance grant provided to employees over the age of 65 for a total of \$25,000 over five years (addressed factor 1 listed above). There would be no cost to the school district for offering additional sick/vacation days to employee groups to achieve an additional year of creditable service (addresses factor 2 listed above).

One-Time Voluntary Termination Benefit Program for Administrators, Educational Support Personnel and Teachers, on or before June 30, 2020

Section A - Introduction

It shall be the policy of the Board of Education to recognize the services of its regularly employed personnel who have provided long and effective service to the youth of our community **through a one-time program of voluntary termination benefits. This program shall be available to staff declaring entering into a retirement agreement with the Board of Education no later than June 30, 2020.**

Section B - Eligibility

Administrators, educational support personnel or teachers who satisfy the following requirements may apply for termination benefits under this policy as “Eligible Former Employees”:

1. Have been full time, employees of the district for a minimum of ten years immediately preceding their voluntary termination, or for an aggregate minimum of fifteen years of which a minimum of five consecutive years are immediately preceding their voluntary termination; and
2. Will be at least 55 years of age by June 30 of the last year of employment; and
3. Is eligible to retire under IMRF or TRS (note: an employee who is eligible to receive a retirement pension, and will attain age 55 on or before December 31 during the calendar year of retirement, shall be deemed to attain age 55 on the preceding June 30th); and
4. Have not retired, nor are receiving retirement benefits, under any other District 225 retirement plan.

Section C - Health Benefits Available to Eligible Former Employees

The Eligible Former Employee may select one of the following benefit options:

1. The Board of Education shall provide Eligible Former Employees retiring under TRS a Board insurance grant equal to 95% of the District Single PPO/HMO premium rate for the Insurance Plan in effect and chosen by the Eligible Former Employee at the time of retirement. This insurance grant will be paid each year after retirement until the Eligible Former Employee reaches age 65 or Medicare eligibility, whichever occurs first. The Eligible Former Employee receiving this grant will be subject to premium cost increases or decreases which may occur as a result of future changes in the cost of the noted premiums in the district plan used as the basis for calculating this benefit. This grant will be paid annually through a contribution to an employer-funded health reimbursement arrangement account. Such payment shall be made on or before January 30th of each school year following the school year of retirement under TRS.
2. The Board of Education shall provide Eligible Former Employees retiring under IMRF access to individual medical insurance coverage under one of the district’s health care plans accessible to retirees, as selected by the Eligible Former Employee until the administrator reaches age 65 or Medicare eligibility, whichever occurs first. The Board shall pay an amount equal to 95% of the premium; the Eligible Former Employee shall be responsible for the remaining premium. In the event that the plan selected by the Eligible Former Employee is no longer an option, the Eligible Former Employee may select coverage under one of the remaining plans, if any, or under a plan

that may be designated by the district, at its discretion.

3. The Board of Education shall provide Eligible Former Employees ages 65 or older retiring under IMRF an employer-funded health reimbursement arrangement contribution of \$5,000. This benefit will only be provided to those Eligible Former Employees who waive participation in Glenbrook's Medicare Part B Supplement program. This grant will be paid annually for a period of five years after the effective date of retirement. Such payment shall be made on or before January 30th of each school year following the school year of retirement under IMRF.
4. The Board of Education shall provide Eligible Former Employees ages 65 or older retiring under TRS a Board insurance grant of \$5,000. This grant will be paid annually through a contribution to an employer-funded health reimbursement arrangement account, for a period of five years after the effective date of retirement. Such payment shall be made on or before January 30th of each school year following the school year of retirement under TRS.

Section D - Additional Health and Insurance Benefits for Eligible Former Employees

1. In addition to the benefits provided in Section C, the Board of Education shall contribute \$2,500, annually, to an employer-funded health reimbursement arrangement account, on behalf of the Eligible Former Employee, for a period of five years after the effective date of retirement.
2. An Eligible Former Employee who submits the resignation and retirement notice as outlined in Section G of this policy will be credited with additional sick leave as follows:
 - a. Eligible Former Employees retiring under TRS will be credited with up to an additional 170 days of sick leave, based on the number of days necessary to achieve one full additional year of TRS service credit, deposited in the Eligible Former Employee's sick bank, as long as, at the time of the credit, the provisions of 40 ILCS 5/16-128(d-10) and 80 Ill. Admin Code 1650.351(c) permits a grant of sick leave days in excess of the normal allotment five (5) years prior to retirement without triggering any employee contributions. The sick leave will be credited upon acceptance of the Eligible Former Employee's notice to retire and will thereafter be charged when used after the exhaustion of the teacher's existing sick leave and will be made available for use pursuant to TRS rules and regulations.
 - b. Eligible Former Employees retiring under IMRF will be credited with up to an additional 221 days of vacation leave as long as, at the time of the credit, the provisions of IMRF permit a grant of vacation days prior to retirement without triggering any employee contributions. The first allocation of vacation leave will be credited upon acceptance of the Eligible Former Employee's notice to retire. Any non-used vacation leave will be credited to an employee's sick leave at the conclusion of each fiscal year and will be made available for use pursuant to IMRF rules and regulations.
3. The Eligible Former Employees shall be allowed to convert any term life insurance, bought or provided for by the district, and carried on their last date of employment, to any alternative policy approved by the insurance carrier. After such conversion, Eligible Former Employees shall be responsible for full payment of any premium.

4. Eligible Former Employees shall be allowed to continue to participate, at no cost, in the Employee Assistance Program provided by the Board for regularly employed personnel.

Section E - Salary Benefits Available to Eligible Former Employees

In addition to the benefits outlined in this policy, Eligible Former Employees will have access to the salary benefits outlined in Section E of their respective retirement policy (e.g., Board Policy 6110 or 6432).

Section F - Unused Vacation Benefits

In addition to those benefits contained in Section C, D, and E, Eligible Former Employees who were employed by the district on a full-time, and receive vacation days, may choose to have the Board of Education directly contribute to an employer-funded health reimbursement arrangement account, the value of up to ten (10) days of unused vacation days, at their then-current annual base salary per diem rate for the first year of retirement. **This provision does not apply to Eligible Former Employees participating in IMRF that are credited with additional vacation days defined within Section D of this policy.** Any other vacation days accrued and earned, must be used or they will convert to sick leave on the employee's last day of work.

Section G - Required Procedures for Participation and Receipt of Benefits

1. **All requests for participation in this plan must be submitted in writing to the Assistant Superintendent for Human Resources prior to June 30, 2020. Retirement shall be effective no later than June 30, 2024. The request shall include a copy of the Eligible Former Employee's latest statement from the IMRF or TRS retirement system indicating the Eligible Former Employee's credit information, including accumulated sick leave credit information.**
2. **Participation in the benefits of this plan is dependent on the Retiree's unconditional and irrevocable resignation from employment by the Board of Education, effective no later than June 30, 2024. Any Eligible Former Employee who does not fulfill his/her contract through this time, for whatever reason, shall be ineligible for any of the benefits contained in this, or other retirement policies.**

Section H - Miscellaneous Provisions

1. For purposes of this Policy, the school year shall begin on July 1 and end on June 30.
2. If an employee, who has been approved for participation in one of the plans in this Policy, dies prior to their declared retirement date, the employee's prorated salary shall be calculated utilizing the 106% salary rates, in lieu of any benefits otherwise provided under this policy.
3. If changes occur in the operation of a retirement system or for any other reason the Board determines appropriate the Board may revise this Policy.
4. **This policy shall be effective from the date of adoption through June 30, 2020.**

Approved: February 14, 2011

Revised: May 18, 2020