

BEND-LA PINE SCHOOLS  
Administrative School District No. 1  
Deschutes County, Oregon  
BOARD POLICY

Name: Early Retirement Incentive Program  
Section: Required Policies  
Code: GCBF

---

The district recognizes the benefits to students, the community and employees that can be achieved through a well designed, financially sound early retirement incentive program.

A. The Early Retirement Incentive Program of this district will have two goals:

1. Provide an avenue of release for employees for whom earlier replacement would constitute a benefit to the district's patrons and the employee;
2. Generate cost savings to the district while providing financial benefits to the retiree.

B. Management of the Program

1. An early retirement incentive program has the potential to create large financial liabilities for the district if it is not carefully managed. It is the intent of this district to preserve flexibility in program design and to assure periodic review of that design to respond to changes in the financial and operating environment.

2. Periodic Review

At least once each fiscal year the superintendent shall present to the Board an analysis of all existing and planned incentive programs including:

- a. An estimate of current and future financial impact on the district
- b. Recommendations for design of the program for the next year.

3. The district will not undertake any early retirement incentive program unless analysis by the district indicates that the total cost over the life of the program will be no greater than it would be if participating employees had continued working until the normal retirement age for full social security benefits.

4. Any change that may be made in the program will affect employees who retire after the change but will not affect the benefits of retirees currently enrolled in the Early Retirement Incentive Program at the time the change is made.

5. This policy is not intended to imply that the district will offer an early retirement incentive program every year. Each year, the Board shall decide whether to offer a program for the following year based upon consideration of the overall good of the district, including impact on finances, staffing and management resources.

C. Early Retirement Incentive Program Structure

1. Eligibility

To be eligible to participate, an employee must meet the following:

- a. Have been a regular employee of the district for at least the 10 consecutive years prior to retirement date. For purposes of this item, a district-approved leave of absence is not considered a break in consecutive service nor does it count as time worked. A year of employment must contain at least two-thirds of the employee's contract year;

- b. Qualify for retirement in accordance with the PERS/OPSRP guidelines in force at the time of early retirement.
- c. Agree to provide services to the district during the early retirement benefit period pursuant to the "Loss of Eligibility for Benefits" section in this policy.

## 2. Notification of Intent

- a. An Early Retirement Program Application form should be completed and submitted to the Human Resources Department no less than 90 days prior to the planned retirement date. The District reserves the right to extend the notification deadline upon notification of employees.
- b. Acceptance of the Early Retirement Program Application request shall be binding upon the District. Alteration or elimination of the plan by the District after the date the application is accepted will not affect benefits for a retiree.
- c. Retirement requests can be cancelled by giving notice to the District at least 60 days prior to the planned retirement date.

## 3. Time of Entry

- a. The District's intent is to have employees retire at normal break times in the school instructional year unless the employee is being rehired in accordance with GCPCA-AR. Entry into the Early Retirement Incentive Program may be approved, effective the first of any month.
- b. The District may authorize entry into the program at other times of the year if it is deemed to be in the District's interest.

## 4. Benefit

- a. The maximum monthly benefit paid by the District will be equal to 0.1667 times the base salary divided by 12. Base salary is the average of the scheduled annual gross regular salary for the three highest completed paid contract years before retirement, but shall not exceed \$36,000.
- b. Retirees will be eligible to continue insurance coverage until the beginning of the month the retiree attains age of Medicare eligibility. The retiree will elect at the time of early retirement whether he/she will continue to participate in the district's current insurance program for their specific employee group.
  - aa. Insurance premium payments for retirees will be deducted from benefit payments.
  - bb. If a retiree elects to continue coverage and if the cost of continuing the insurance is greater than the retiree's monthly benefit, the retiree will be allowed to maintain insurance coverage by paying the difference to the district. The due date for the monthly payment of the difference is to be arranged with the business office. Failure to make a timely payment can result in termination of insurance coverage.
  - cc. If a retiree dies before age of Medicare eligibility, the surviving dependents will be eligible to continue insurance coverage based on the rules and regulations of the insurance carrier at that time. The eligible dependent will be allowed to continue coverage by paying the premium directly to the district.
- c. Retirees participating in this program who are rehired in accordance with

PERS/OPSRP limitations and the District's administrative regulations regarding rehiring of retirees will receive the Early Retirement Incentive benefit outlined in this policy in lieu of receiving separate medical insurance benefits under the respective collective bargaining agreement or contracts with the District.

## 5. Benefit Levels

a. An early retiree may not receive benefits under this program prior to retirement with PERS. The total benefit the early retiree qualifies to receive under this program is calculated in the following manner:

aa. Between the ages of 58 and 62, the benefit payable to the retiree is calculated per C-4-a.

bb. Between the ages of 62 and 65, the benefit payable to the retiree is 70 percent of the maximum amount calculated in C-4-a.

cc. The monthly benefit the retiree will receive will be calculated by taking the total dollar amount from 5-a-aa and 5-a-bb above and dividing by the total number of months the retiree will draw the benefit between retirement and Medicare eligibility.

dd. Benefits during the phase out period of the early retirement program will be calculated as follows for the 7/1 – 6/30 date range of each school year listed below:

2008-09 No change to the current plan

2009-10 Incentive equal to 90% of the amount they would have received before the phase out as calculated in 5.a.cc.

2010-11 Incentive equal to 80% of the amount they would have received before the phase out as calculated in 5.a.cc.

2011-12 Incentive equal to 70% of the amount they would have received before the phase out as calculated in 5.a.cc.

2012-13 Incentive equal to 60% of the amount they would have received before the phase out as calculated in 5.a.cc.

After June 30, 2013 the plan will be closed to new retirees.

ee. From age 62 through Medicare eligibility, the retiree will receive the lesser of their calculated monthly benefit or the cost of their insurance.

## 6. Loss of Eligibility for Benefits

Before distribution of the first benefit check and at any time when there is a change in status, the early retiree will be required to provide the district with a statement as to whether his/her employment status which would affect early retirement eligibility has changed. In the event that an early retiree resumes active participation (working in a PERS/OPSRP qualifying position and is required to participate in PERS/OPSRP) in a PERS/OPSRP covered position, the early retirement benefits will cease.

The district is entitled to request that the retiree provide services to the district which are directly related to the retiree's last position with the district and which are necessary for the district to resolve disputes or conclude ongoing projects related to retiree's job performance in that position. This will include assisting in grievances and arbitration's under any collective bargaining agreement. The work required under this provision will not exceed five hours in a month. The retiree will not be eligible to receive any benefit from the district for the month in which the services were requested and denied.

## 7. Approval and Exceptions

The School Board will have final approval of all requests to participate in the plan and of any exceptions to age, notification and longevity requirements.

## 8. Limited Additional Incentive Effective July 1, 2009:

- a. Subject to the qualifications itemized in 8.d. below, the retirement incentive will be twice the amount calculated in C.4 and C.5 above, starting the later of:
  - aa. July 1, 2009
  - bb. PERS retirement date, which can not be effective later than September 1, 2009
  
- b. The increased incentive will continue until the earlier of:
  - aa. 24 months,
  - bb. June 30, 2011,
  - cc. Age 65
  - dd. Medicare eligibility
  
- c. If the retiree is rehired under Administrative Regulation GCPCA-AR – Hiring of Retired Employees, the retiree will not be eligible for the increased incentive identified in C.8. Section C.4.c. above will still apply regarding the benefit calculated under C.4 and C.5 above.
  
- d. Qualifications:
  - 1) The employee must qualify for the incentive under section C above.
  - 2) The employee must submit the required, completed application form by May 15, 2009.
  - 3) The employee must submit a resignation letter, effective no later than July 1, 2009, with the required, completed application.
  - 4) The application must be subsequently approved by the Executive Director of Human Resources. Once approved, the application may not be revoked by the employee.
  - 5) The employee's retirement under PERS must be effective on or after May 1, 2009 but no later than September 1, 2009.

DATED: 05/03/83 orig. policy 2.34 & 2.35  
REVISED: 03/27/90, 09/11/90, 04/27/93,  
4/25/94, 12/12/00, 03/09/04, 2/08/05, 4/10/07,  
4/14/09  
REVIEW DATE: 03/09/04, 02/08/05, 3/13/07,  
5/27/08, 4/14/09  
REVIEWED BY: School Board