

Through negotiated agreement, Provo School District (PSD) offers two post-retirement plans: (1) Career Grandfather Benefit: Those employees (termed "grandfathered") who, on or before 9-1-07, have 20 years of full-time service with PSD as determined by Utah State Retirement System (URS) guidelines; and (2) Pro-rated Retirement Benefit: Those employees who, on or before 9-1-07, have less than 20 years of contracted service with PSD. Regulations for determining qualification for and value of these plans are described in this brochure.

1. CAREER GRANDFATHER BENEFIT:

Employees who qualify for the Career Grandfather Benefit receive benefits in two areas: (a) a five-year retirement stipend; and (b) eight years of fixed medical payments. Employees are granted these benefits only upon concurrent retirement from URS and PSD. *If the employee dies or severs from PSD before retirement, the benefits are forfeited.* A "Leave of Absence" that extends beyond a one-year period of time is considered severance from the District and retirement benefits are forfeited. Years of credit purchased from URS do not apply toward PSD retirement credit. There are no beneficiary options associated with these benefits. Upon the death of a retired employee, the benefits end.

(A) FIVE-YEAR STIPEND:

Regulations for this benefit include:

This benefit is for contracted employees only. In order to qualify for this benefit, employees must have at least 20 years of full-time service with PSD and must be eligible for at least 12 years of full medical benefits on or before 9-1-07. Employees may have other years of service with PSD, but must have at least 12 contracted years during the 20-year period to qualify for this benefit.

Employees who qualify for the Career Grandfather Benefit are defaulted to the "Grandfathered Salary Schedule," but may choose the "Enhanced Salary Schedule" and the "Pro-rated Retirement Benefit" based on the nineteenth year level. Employees must notify the PSD Personnel Director, in writing, regarding their decision by 9-30-07. *This decision is irrevocable.* The salary will be adjusted on the next pay period following notification.

Teachers: The five-year stipend is calculated by subtracting the salary paid at Step 1 Lane 5 (MS1) on the 181-day Licensed Salary Schedule from the retiree's most recent annual base contract salary (AC) multiplied by 54%. The base contract does not include TQ days, stipends, or other pay.

The annual stipend is paid in 12 equal payments for 5 years with no cost of living adjustments.

Formula: $(AC-MS1) \times 54\%$ =annual dollar amount for 5 years paid monthly.

Education Support Professionals (ESP): The five-year stipend is calculated by subtracting the salary paid at Step 1 (S1) on the retiree's Lane of the Educational Support Professionals' Salary Schedule from the retiree's most recent annual contract (AC) multiplied by 54%. The calculation takes into account the number of hours per day and number of days per year the retiree was contracted to work during the last year of employment with PSD. The same calculation is used to figure the Step 1 (S1) salary amount used in the calculation. The annual stipend is paid in 12 equal payments for 5 years with no cost of living adjustment.

Formula: $(AC-S1) \times 54\%$ =annual amount for 5 years paid monthly with no cost of living adjustment.

Administrative Personnel: The five-year stipend is calculated by subtracting the salary paid at Step 1 Lane 5 (MS1) on the 181-day Licensed Salary Schedule from the retiree's most recent annual base contract including the educational adjustment (AC) multiplied by 54%. The base contract does not include stipends, travel, annuity or other pay. The annual stipend is paid in 12 equal payments for 5 years with no cost of living adjustment.

Formula: $(AC-MS1) \times 54\%$ =annual \$ amount for 5 years.

(B) EIGHT YEARS OF MEDICAL PAYMENTS:

Benefits are the same for all retiring employees who qualify under the Career Grandfather Benefit. The [fixed] monthly medical benefit of \$458 is paid for 8 years. This amount is included with the monthly

stipend for 5 years and then becomes an annual payment for the remaining 3 years. Retirees who want medical health coverage with PSD, during this period, must enroll for coverage during the annual "Open Enrollment" period held each August.

Retirees must pay their portion of the premium on or before due dates. *If the employee allows the insurance to lapse or if the insurance is cancelled due to non-payment, the employee forfeits future eligibility to purchase the insurance.* Once the eight-year medical benefit has expired, retirees may not purchase insurance through the PSD group policy.

2. THE PRO-RATED RETIREMENT BENEFIT:

Employees who qualify for the Pro-rated Retirement Benefit receive their benefit upon retirement in a lump-sum payment. All other employees who have less than 20 years of contracted experience by 9-1-07, are placed on the Enhanced Salary Schedule beginning the 2007-2008 school year. A "Leave of Absence" that extends beyond a one-year period of time is considered severance from the District and the retirement benefits are forfeited.

(A) LUMP SUM PAYMENT:

This benefit is for employees who do not qualify for the Career Grandfather Benefit and have worked at least 12 years as of 9-1-07, as a contracted employee with PSD.

Regulations for this benefit include:

As of 9-1-07, employees must have at least 12 years of contracted experience with PSD that have been credited toward URS retirement. Years purchased from URS do not apply toward district experience.

The lump sum calculation is based on the standard of 30 years of URS experience or the age of 62, whichever comes first, regardless of actual years of experience or age of the employee.

As negotiated, the "discount" rate is set at 5%

The District "Pro-rated Retirement Benefit" is calculated based on the 2007-2008 salary schedule, and is available to employees when they retire from PSD. Severing from Provo without URS retirement disqualifies the employee from receiving the Pro-rated retirement benefit.

Individuals who sever with PSD prior to retirement cannot return to PSD and reclaim benefit (i.e., the benefit is permanently lost).

Employees and the HR Director are required to sign a Pro-rated Retirement Benefit Agreement prior to 12-1-07.

The resulting amount of money is paid to the retiree in a lump-sum payment at the time of retirement from the URS and PSD concurrently.

There is no beneficiary option associated with this benefit. If the employee dies while still employed with PSD, the benefit does not carry over to a spouse or children.

Years of PSD Experience (as of Sept 1, 2007)	Multiplying Factor
18 to 19	70%
16 to 17	60%
14 to 15	50%
12 to 13	40%
0 to 11	0%

This benefit is calculated from the retiree's annual base salary as of 7-1-07 according to the table above, which is then adjusted by the negotiated discount rate. The actual calculation must be done by the HR Department, however, you can estimate your lump-sum payment by using the calculator found at www.provo.edu.

AC=ANNUAL CONTRACT

MS1=MASTER DEGREE STEP 1

S1=STEP ONE

PSD=PROVO SCHOOL DISTRICT

URS=UTAH RETIREMENT SYSTEM

ESP=EDUCATION SUPPORT PROFESSIONALS