

Teacher Retirement FAQ

How do I know I'm ready to retire?

At first, the question of whether or not to retire might seem like the easiest question you could possibly ask yourself. It gets a little more involved, however, than simply deciding when to throw away your alarm clock. Keep in mind though, that there is no right or wrong answer to this question—it's all about what's right for you.

Some factors you should consider:

- *Your age—You must be 55 years or older.*
- *Your years of service—You must have at least 15 years of service*
- *Your general health*
- *Your financial security*
- *Your spouse's age and retirement benefits*
- *Social Security and Medicare*
- *Your volunteer or leisure activities*

What do I need to do to retire from Prior Lake-Savage Area Public Schools?

- *Submit a letter indicating your intent to retire to your supervisor and to the Director of Human Resources.*
- *March 1st is the deadline.*
- *Contact TRA for the calculation of your Retirement Benefit*
- *Give as much notice as possible to arrange for coverage of job responsibilities.*
- *Meet with the PLSEA designated 403(b) vendor to open an account to receive your severance payout according to the PLSEA contract language.*
- *Complete a Benefit Election Form that will be sent to you by U.S. mail from the Corporate Health Systems*

What will Human Resources do to ensure a smooth retirement transition for me?

- *Review your work history to determine your severance benefit eligibility and calculation*
- *Initiate a request for PLSEA's elected 403(b) vendor to contact you.*
- *Submit your retirement request for School Board consent*
- *Notify Corporate Health Systems of your retirement to initiate retirement benefit election information to be mailed to you.*

What will happen to my benefits?

You will receive a packet from Corporate Health Systems asking if you would like to continue your health, dental, or life insurance. It is important that you review this information and document your request to extend insurance benefits at this time.

Retirement qualifications:

- *Age 55 or older at time of retirement*
- *At least 20 years of teaching experience in Prior Lake-Savage Area Schools*
- *March 1st notification deadline*
- *Other qualifications outlined in your collective bargaining agreement*

How is the teacher severance benefit calculated?

Full-time teachers employed before 1991-92:

These teachers must make, in writing, an irrevocable choice between 2 options indicated in the PLSEA agreement under Article XII Section 1, before July 1st of the contract year in which they become eligible for retirement/severance payment. If the choice is not made the choice will automatically default to option 1.

Option 1: Sick Leave – Experience Calculation

Under this option, Teachers receive 4 days of credit for each full year of teaching in the district up to a max of 80 days. In addition to credit for service they will also receive 50% of their unused sick leave days up to a max of 40 days. The Service credit days and unused sick leave days indicated above are then multiplied by the teacher's daily rate of pay. Please refer to the PLSEA contract for details.

Option 2: Sick Leave Only Calculation

Under this option, Teachers shall receive severance pay for each day unused sick leave up to a max of 120 days. The sick leave days are multiplied by the teacher's daily rate of pay. Please refer to the PLSEA contract for details.

Full-time teachers employed during and after 1991-92:

These teachers are only eligible for the "Matching Plan" and not a retirement/severance payment. Please refer to the PLSEA contract for details.

What is the district medical insurance contribution for retirees?

Full-time teacher's employed before July 1, 2000

All teachers hired prior to July 1, 2000, who qualify for retirement as defined in Article XII, Section 1, shall be eligible to remain in the existing 2 party medical and dental insurance plans. Teachers previously receiving 2 party medical and dental shall continue to receive district paid "2 party" for medical and dental premiums up to age 65.

Full-time teacher's employed before July 1, 2010

All teachers hired prior to July 1, 2010, who qualify for retirement as defined in Article XII, Section 1, shall be eligible to remain in the existing 2 party medical and dental insurance plans. The district shall pay "individual coverage" for medical and dental premiums up to age 65

Full-time teacher's employed after July 1, 2010

All teachers hired after July 1, 2010, who Qualify for retirement as defined in Article XII, Section 1, will no longer be eligible for district paid medical or dental insurance. A new post-employment HRA benefit will take its place. The District shall contribute \$350 per year, on a cumulative basis into an HRA throughout the first 20 years of a teacher's tenure with the district. The funds contributed to the HRA account for teachers hired after July 1, 2010, shall not vest with the employee until they have served 20 consecutive years with the district.

Do I receive Life insurance benefits as a Retired Teacher?

A retiring teacher that has had at least 15 out of the last 20 years' experience in education and is 55 or older has 2 life insurance options to choose upon retirement.

Option 1 Retiring teacher can elect to receive 2 times their salary for 18 months. Once 18 months has passed the policy will terminate. The premium is billed to the school district and the retiree must reimburse the district on a monthly basis. Premium funds should be sent to Corporate Health Systems.

Option 2 Retiring teacher can elect to receive 30% of their current life insurance amount up to \$50,000. The premium is billed to the school district and the retiree must reimburse the district on a monthly basis until the retiree reaches age 65. Once the retiree turns 65 the premium payment then becomes the responsibility of the district and the retiree is no longer responsible. Premium funds should be sent to Corporate Health Systems.

I am turning 65 in a few months. What should I do? Does the district sponsor a supplemental plan for retirees?

Corporate Health Systems will send you an informational letter explaining that your group plan will be terminating on the first day of the month of your 65th birthday (unless your birthday is on the 1st of the month your group plan will terminate the 1st of the previous month). You will also receive information regarding the supplement plans through Medica.

Prior Lake-Savage Area Schools has made available to its Medicare-eligible retirees and their Medicare-eligible spouses a voluntary Group Medicare Retiree plan offered through Medica Insurance Company. Medica is working with the Minnesota Public Employees Insurance Program (PEIP) to offer you retiree health care coverage under Medica Group Prime Solution. There are three benefit options to choose from:

- Option 1 offers comprehensive benefits with affordable copays for covered medical services with out of pocket costs limited to \$1000 per calendar year. It has a four-tier Part D benefit with NO coverage gap or "donut hole"

and includes coverage for Medicare Part D excluded drugs; i.e., benzodiazepines, barbiturates, and ED drugs. The Part D benefit also has a \$1000 limit on out of pocket costs per calendar year.

- *Option 2 offers comprehensive benefits with affordable copays for covered medical services with out of pocket costs limited to \$2000 per calendar year. Option 2 does not have a part D benefit. This plan is designed for individuals who are currently covered under the Veterans Administration or have a Medicare part D drug plan with another carrier.*
- *Option 3 offers comprehensive benefits with affordable copays for covered medical services with out of pocket costs limited to \$2000 per calendar year. It has a four-tier standard Part D plan and also includes coverage for Medicare Part D excluded drugs.*

If after you have read that information and have further questions regarding the Medica supplement plans you can contact Anne Tremel at Medica's Center for Healthy Aging at (952) 992-3651. If your spouse is under 65, he or she will remain active under the current coverage they have.

If you are currently enrolled under the District dental plan you may continue that coverage indefinitely, that coverage will not be terminated unless you instruct us to. If you were receiving a District subsidy for your dental premium, this will cease the first of the month in which you turn age 65.

If you are currently enrolled under the District life insurance plan you may continue that coverage indefinitely, that coverage will not be terminated unless you instruct us to.

In the future you will be billed and your payments for the medical supplement plan will be sent directly to the carrier.

If you have dental coverage and/or group life insurance coverage you will be billed and your payments will be sent to Corporate Health Systems.