

## **RETIREMENT INCENTIVE QUESTIONS:**

**May 13, 2008**

### **General Questions:**

Q1:

I have already submitted my retirement date to the Board. Would I be able to change this retirement date?

A1:

A request can be made through the Human Resources department for the Board to change a retirement date it has already accepted. It is up to the Board to decide whether or not to grant the request. The purpose of the retirement incentive is to reduce costs; changes to retirement dates that do not reduce cost to the District may not be approved by the Board.

Q2:

I understand that I may COBRA my health benefits if I retire. How about the other benefits -- Delta Dental, life insurance, etc. -- can we pay for these like health benefits? Are they also under COBRA? May we continue paying for these through the District?

A2:

Benefits, including dental, vision and life insurance end on the last day of the month of retirement. The employee may enroll in the District health plan, including dental and vision, or COBRA for medical and dental benefits. In order to continue life insurance the employee would need to convert to another policy and pay those premiums to the insurance company. Those rates are higher and there may be limits.

Q3:

May I change my Window #2 election option from incentives #2 to #3 (or vice-versa) after the election deadline?

A3:

No. Changes may only be made prior to the June 16 deadline.

Q4:

What should I consider in choosing between SERP and STRS "Plus 2"?

A4:

It depends on your circumstances. If you are ready to retire now and don't want/need additional STRS service credit, then the SERP option may provide more flexibility and more tax advantage. You may wish to consult a financial advisor, since the District cannot provide financial advice.

Q5:

What should I consider if I want to elect between the cash option and the cash option with participation in the 403(b)/457 plan(s)?

A5:

Both cash options are taxable bonuses. Participation in the 403(b) and/or 457 plans is a way to reduce the taxes withheld at the time of payout by the District. You may wish to consult a financial advisor, since the District cannot provide financial advice.

Q6:

I have filed my election form and the District is going ahead with the early retirement incentive plan. Do I need to submit a resignation/retirement letter to the Human Resources department?

A6:

Yes. The regular process for submitting a retirement date still applies. Letters should be submitted to the Human Resources department at least one month prior to the retirement date in order to be placed on the Board's agenda prior to retirement.

### **Associate Faculty Questions re: STRS "Plus 2"**

Q1:

What exactly does this mean for us?

A1:

This retirement incentive will provide an additional two years of service credit.

Q2:

Can I teach through summer 2009, and continue as if nothing happened as far as working in other districts on STRS?

A2:

Yes, you may teach in summer 2009. For example, if you put your STRS and District retirement date in August 2009 (within the incentive window) you may teach up to that date -- so you would be able to teach in June and July of 2009.

If you accept this incentive the STRS "Plus 2" restriction is that you may NOT work for the district from which you retire for five years BUT you MAY work in other districts.

Q3:

Once I take this retirement as a part-timer in our district, I can come back and teach in 5 years but will not receive STRS and I can teach right away elsewhere where I am already teaching, but am cut off from STRS once I start receiving retirement?

A:

If you are drawing a retirement benefit and if you continue teaching then you will NOT contribute to STRS and there is an EARNING LIMINATION.

If you decide to reinstate and stop receiving the retirement benefit then you WILL contribute to STRS.

Q4:

What about my sick leave?

A4:

If you are going to retire under this incentive you should look into consolidating your sick leave into the district from which you are retiring.

### **May 8, 2008**

#### **General Questions:**

Q1:

Has the Board of Trustees approved both the Window #1 SERP and the Window #2 STRS "Plus 2" and the lump sum cash payment options?

A1:

Yes, the Board has approved the entire retirement incentive. The lump sum cash payment option is part of Window #2 of the Board approved retirement incentive.

Q2:

Is it possible that either the SERP or the STRS "Plus 2" and lump sum cash payment options will not be implemented?

A2:

The retirement incentive is conditional. If too few employees choose to submit the retirement incentive election form by June 16, the Board MAY choose to withdraw ALL options (SERP, STRS "Plus 2", and the cash payment). BUT the Board MAY choose to offer ALL options anyway. In no case may they offer SERP without offering STRS "Plus 2" as well. The conditions are all or nothing. The Board MUST offer ALL options (SERP, STRS "Plus 2", and the cash payment) if the number of employees electing to retire produces a savings of \$350,000 or more.

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**May 5, 2008**

**STRS Questions:**

Q1:

Can we purchase more STRS permissive or non-permissive credit? May we use our banked leave for this? May we use our incentive cash for this?

A1:

- Yes, you may purchase more permission or non-permissive credit. You must complete a special form with STRS in order to do this. STRS website: <http://www.calstrs.com/>
- May you use your banked leave to pay for this? Yes, you may, but you will receive the payout of the banked leave at the associate rate because you are still an active member of the District. The cash disbursement table in Article 38 applies only after you have severed your employment with the District. The retirement incentive agreement allows for payout of the cash disbursement from the table only to invest in 403(b) or 457 plans.
- May you use the incentive cash? Probably not since it will be paid out within 60 days of retirement and STRS requires payment within 30 days of receiving notice of the cost of the purchase. These are the number of days as stated in the retirement incentive agreement and no other special arrangement shall be made.
- Is it possible to do this with pre-tax dollars? After completing the appropriate STRS or PERS credit purchase forms you may arrange to have the District do a pre-tax payroll deduction from your paycheck to cover the cost of this purchase. This money would go to STRS or PERS to purchase the credits. Note: this must be done while you are still employed with the District.

Q2:

Can the cash payout option be delayed or spread out over two years?

A2:

No, this is not an option under this program; after you retire you are no longer an employee of the District so this cannot be done.

Q3:

When are the taxes deducted from the 65% lump cash payment in Window 2 Option 2?

A3:

The taxes are deducted before you receive the payment. You will receive the net amount after taxes. This is a bonus, so no STRS will be deducted from it but Medicare and income taxes will be deducted.

Q4:

Is there a holding/withdrawal penalty on the sum placed into the District 403(b)/457 plans for Window 2 Option 3?

A4:

Money invested in a 403(b) may be withdrawn beginning at age 59 ½. The amount withdrawn is subject to taxes. Earlier withdrawals are subject to a penalty and taxes. Please check with your investment company for details.

Money invested in a 457 can be withdrawn any time after separation from the District without penalty. The amount withdrawn is subject to taxes. Please check with your investment company for details. There are advantages and disadvantages to each plan. The District provides information but cannot provide advice.

Q5:

There are some faculty who have already given their retirement date to the District. If this date falls within the Window 2, is the faculty member eligible to participate in the STRS “Plus 2” incentive?

A5:

Yes, if the faculty member’s **STRS** retirement date falls within the Window 2, then the faculty member is eligible to participate in the STRS “Plus 2” incentive. This faculty member will not be eligible for any of the other options in the incentive.

What if your Board approved retirement date is June 1, 2009, will you be able to participate in the incentive?

Yes, you may only if your **STRS** retirement date is within the Window 2 dates for the incentive (July 1, 2009 to August 30, 2009).

Q6:

Can someone apply for a one-semester pre-retirement banked leave for spring 2009 and be part of the incentive?

A6:

No, you cannot use pre-retirement banked leave, but you may use your regular banked leave for spring 2009.

Q7:

Could I apply for a one-year regular banked leave?

A7:

No, you may not take a one-year regular banked leave because the date to apply for this has passed.

Q8:

If you are on the STRS reduced workload can you qualify for the incentive?

A8:

No.

### **SERP Questions:**

Q1:

When can we have particulars about the SERP plan?

A1:

The Board must first pass the resolution to adopt the SERP and this will take place at the May 1 Board meeting. No later than Monday, May 5, basic information will be available on the Human Resources and ACE websites. In addition, there will be general information sessions at 3pm on Tuesday, May 6, and Wednesday, May 7. College locations will be announced as soon as room arrangements have been made. Individual consulting sessions will be available the following week; schedules will be available at the general information sessions.

### **General Questions:**

Q1:

Will an employee be allowed to change his/her election (of the year or option) BEFORE the 5pm June 16 deadline?

A1:

Yes, they may.

Q2:

Will an employee be allowed to change his/her election (of the year or option) AFTER the 5pm June 16 deadline?

A2:

No. As of 5pm on June 16 the election may NOT be changed.

Q3:

Is it correct that if I take advantage of the incentive I am restricted from teaching after I retire?

A3:

There is no restriction on teaching after retirement if you elect the SERP option. The restrictions on teaching after retirement have only to do with the STRS incentive—we have checked with STRS and they have indicated that if you take advantage of the incentive you may NOT teach in the WVMCCD for five years, but you may teach elsewhere immediately – there is no one year restriction. Be sure, however, to check with STRS regarding general restrictions on post-retirement employment in terms of the amount of post-retirement earnings.

Q4:

Must the election form be received in the Human Resources Department by 5pm, or will a postmark suffice?

A4:

All election forms must be physically received at either the Mission College or West Valley College Human Resources Department office by 5pm on June 16. No documents will be accepted after this time and date; postmarks will not be accepted. If you chose to mail your election form it must be by Registered Mail. Any election form mailed and not received by 5pm on June 16 in either HR office will not be accepted. If you hand deliver your election form you will receive a date and time stamped receipt from HR.

Q5: May I send the election form by fax or e-mail?

A5:

No.

Q6:

If I have chosen to retire in June 2009 and have chosen STRS “Plus 2”, but then find out it would be better for me to take the cash, will I be able to change my election?

A6:

Yes, if you discover this before 5pm on June 16, 2008, then yes you may change your election.

No, if you discover this after 5pm on or after June 16, 2008, then you may not change your election.

Q7:

When do I need to be age 55 and eligible for a STRS retirement: now, or before the election deadline, or at the time of retirement?

A7:

You must be age 55 and eligible for STRS retirement on or before your STRS retirement date.

Remember: your District retirement date can be different than your STRS retirement date.

Q8:

If I am a post-94 faculty member and I use the incentive and retire May 2009, how long do my annual benefits go? If I wanted to when would I start paying to COBRA my benefits?

A8:

District health plan coverage is provided through the end of the month in which the employee retires (Board retirement date). Employees retiring under the SERP or STRS “Plus 2” may enroll in COBRA or can, before retirement, enroll in the District health plan. Premiums are billed monthly and payments are due within 30 days.

Q9:

I have selected option 2 in Window 2; must I cash out my banked leave?

A9:

Yes, you must cash out your bank because once you retire you are not longer an employee of the District. (Article 38)

Q10:

I am a pre-1994 employee with retiree medical benefits. Once I retire, what changes in the plans can be imposed on me?

A10:

Both the West Valley-Mission Association of Retired Educators and the ACE attorney concur that the result of the retiree lawsuit is as follows:

1. Changes in the carriers and changes in the terms of the plans, such as deductibles and co-pays, may be imposed on retirees, but the changes can not be such that it renders the coverage nominal.
2. A change requiring you to pay for the premiums cannot be imposed on retirees—the retirees have vested in the promised benefit of District-paid health benefits.

Q11:

When will the incentive election form be ready for the faculty and how will they get this form?

A11:

Per our agreement, the election forms will be available within 2 weeks of the Board’s action. The distribution process will be announced as soon as it is finalized.

Q12:

If I have submitted the election form to HR may I change my mind and request the form back (i.e. revoke my retirement) before 5pm on June 16, 2008?

A12:

Yes, the election to retire is set once we reach and pass 5pm on June 16. After this date and time the only way the retirement election could be revoked would be if the Board retracts the incentive.