



TIER 2 “RETIREMENT CHECKLIST”

☐ **VERIFY** your eligible years of service by reviewing your annual statement from Utah Retirement Systems (URS) or by calling the URS Retirement Division at **801-366-7770** or **1-800-695-4877**.



PLEASE NOTE: It is your responsibility to make sure you are eligible to retire with URS and Davis School District (DSD) **before** you *complete the exit process in Encore!* (See URS and DSD requirements below)



Utah Retirement Systems Tier 2 Eligibility Requirements:

You qualify to apply for a monthly URS retirement (pension) benefit if you are:

- **Age 65** or over with a minimum of 4 years of service
- **Age 62** with 10 years of service (24.5% reduction in benefit*)
- **Age 60** with 20 years of service (36.89% reduction in benefit*)
- **Any age** with 35 years of service

***Early Age Reduction:** If you have fewer than 35 years of service and retire before age 65 your benefit will be reduced as follows:

Age 64 9.10% **Age 63** 17.22% **Age 62** 24.50% **Age 61** 31.20% **Age 60** 36.89%

☐ Compute an estimate of your monthly pension benefit by going to www.urs.org and using the *Retirement Benefit Estimate Calculator* (under the “Calculators” tab).



Davis School District Retirement Eligibility Requirements:

In order to qualify for the Davis School District Early Retirement Incentives (see Pages 4, 5 and 6) you must:

- ☐ Have 10 years of eligible DSD service, including 5 years of current eligible service.
- ☐ Meet the Utah Retirement Systems eligibility requirements (described above).
- ☐ Must be **retiring with URS** within **90** calendar days following your Davis School District retirement date, which will be your last day worked.
 - Employees will not be eligible for DSD Retirement Benefits if they have previously received retirement incentive benefits from the District OR are currently receiving a Utah State Retirement Systems monthly retirement (pension) benefit.



Note: If you have at least 5 current but fewer than 10 years of total DSD service credit AND you meet the eligibility requirements and other criteria above, you can apply for District Retirement Benefits on a pro rata basis (50% of the benefit for 5 years, 60% of the benefit for 6 years, etc.). Early Retirement Stipends, Sick Leave Payout and Insurance Coverage (months) will be prorated.



UTAH RETIREMENT SYSTEMS

PRE-RETIREMENT CHECKLIST FOR MEMBERS

URS Steps to Retirement Timeline:

3 Years Before Retirement

- ☐ Request a retirement estimate from URS.

12 Months Before Retirement

- ☐ Request an updated retirement estimate from URS.
- ☐ If you plan on purchasing Service Credit other than Future Service Credit, contact URS for the necessary forms. (See the URS *"Purchasing Service Credit"* brochure.) All purchases must be completed before your retirement date with URS.

6 Months Before Retirement

- ☐ Locate proof-of-age documents (Birth Certificates) for you and your spouse.
- ☐ If you are married locate your Marriage License/Marriage Certificate.
- ☐ Check with your employer regarding health insurance coverage after retirement.
(See Page 6)

3 Months Before Retirement

- ☐ If you are planning on purchasing Future Service Credit contact URS. (See the URS *"Purchasing Future Service Credit"* brochure.) Future Purchases must be completed before you file a retirement application with URS.
- ☐ Contact URS for a retirement application packet. You can apply 90 days before your URS retirement date, which will be either the 1st or the 16th day of the month following your last day of work. (You cannot work on your URS retirement date.)

Retirement Application Process:

- Complete an *Application for Service Retirement*.
- Complete a *Notice of Post-Retirement Employment Restrictions*.
- Complete a *Substitute W-4P Authorization*.
- Complete a *Notice of Termination*.
- Complete a *Direct Deposit Authorization*.
- Complete a *Partial Lump-Sum Application (PLSO)* packet if choosing this option.
- Provide proof-of-age documents and marriage certificate (if married).
- To begin the retirement process return all completed documents to URS.

1 Month Before Retirement

- ☐ Call URS if you mailed your retirement application and haven't been notified that they have received it.

Davis School District Steps to Retirement:

☐ **Complete the Employee Exit Process in Encore.**

- Log into Encore and type Exit Process in the search bar.
- You will need your DSD retirement date. (See below)
 - This is not the same as your URS Retirement Date, which will be on the 1st or 16th of the month (*see Page 2*) and must be after your last contract day.
 - **You must work on your DSD Retirement Date.** You cannot use leave on your last day *unless you are on a District-approved medical Leave of Absence.*

Complete your exit process by the following deadlines to apply for Early Retirement Benefits:

Teachers/Licensed Employees*:

- No later than December 1st for a retirement at the end of the 1st semester;
- No later than March 1st for a retirement at the end of the regular school year.

Classified Employees and Administrators*:

- At least 30 days prior to your planned DSD retirement.

Please Note: If you have reached your full Social Security age you will not qualify for the Early Retirement Benefits (*see Page 4 and 6*). However, you would still qualify for the “Sick Leave Payout” (*see Page 5*) if you complete your exit process at least 30 days prior to your retirement.

- Once your Exit information is received in encore we email/mail you a letter acknowledging receipt of your retirement intentions, along with the following forms:

- *Application for Retirement Agreement and Waiver*
- *Employee Benefits Notification*

- ☐ Send your completed forms to Payroll via District mail, email, or mail them to:

Davis School District
Attn: Tami Sorensen/Payroll Department
P.O. Box 588
Farmington, Utah 84025-0588
Email to: tasorensen@dsdmail.net

- **Contact Tami Sorensen (801-402-5176) or Cindy Chambers (801-402-5324)** in the Payroll Department if you have questions regarding District retirement benefits as explained below.

Davis School District Early Retirement/Regular Retirement Benefits:

➤ **Early Retirement Stipends/Social Security Bridge Payments (if applicable):**

Stipends/Bridge Payments are intended to partially offset the reduction in Social Security benefits due to early retirement. *Eligible* retirees will receive a contribution of 16% of their earnings from their last 12 months of employment into a qualified *Special Pay Plan* 403(b) account or a District sponsored *Health Reimbursement Account* for up to 3 years.*

- The first stipend and any *applicable* leave payouts (see Page 5) will be issued quarterly, no more than 90 to 180 calendar days from your District retirement date (last day worked). For example:
 - If you retire at the end of the contract year your first stipend will be issued by the end of September.
(You will be notified by mail when this and any subsequent stipends have been issued.)
 - If you retire at the end of the calendar year or at the end of the 1st semester your first stipend will be issued by the end of February.
- The second stipend will be issued in February of the first year following a complete calendar year where no earnings were reported for the position you retired from.
- The third stipend will be issued the following February.

*The number of Stipends (if any) you will be eligible to receive (maximum of 3) will depend on your *Age at Retirement* and your *FULL Social Security Retirement Age*.

- Your *Age at Retirement* will be based on your age as of your last day worked.
- You can find your *Full Social Security Retirement Age* on the Social Security Administration website at: <http://www.ssa.gov/pubs/ageincrease.htm>
 - If you were born between 1943 and 1954 your *Full Social Security Retirement Age* is 66 and you would qualify for Stipends as follows:
 - Age 63 or younger = 3 Stipends
 - Age 64 = 2 Stipends
 - Age 65 = 1 Stipend
 - Age 66+ = 0 Stipends

Note: Receipt of stipends as described above is contingent on eligibility (see Page 1) and the completion of all necessary paperwork with Davis School District and Utah Retirement Systems. Delays in submitting paperwork may result in a delayed benefit.

You can calculate an *estimate* of your "Stipend" amount by multiplying your fiscal salary or your GROSS earnings from your last 12 paychecks by 16% (.16).

Estimated Stipend Amount: \$ _____

Your final stipend amount may be more or less than the estimate due to extra duty pay, Leave Without Pay (LWOP), etc.

➤ **Leave Payouts** (*if applicable*): Any unused leave you have earned (not necessarily *accrued*) at the time of your retirement will be converted and contributed into either a *Special Pay Plan* or a *Health Reimbursement Account* along with your first stipend (*if applicable*).

A. Personal Leave Payout (*if applicable*): Unused Personal Leave balances will be compensated at the substitute rate of pay for your position.

- Substitute Rates for the 2020-2021 School Year:
 - Sub Teacher: \$103 per day (for every 8 hours)
 - Sub Secretary: \$14.56
 - Sub Bus Driver: \$19.66
 - Sub Bus Assistant: \$12.64
 - Sub T.A./Office Assistant: \$11.50
 - Sub Custodian: \$10.53
 - Sub Cook: \$11.41

B. Vacation Payout (*if applicable*): Unused Vacation balances will be compensated at your regular hourly rate of pay.

- **Table 9 Employees:** A maximum of 20 days plus any leave accrued in the current fiscal year will be paid out.
- **Administrators:** A maximum of 60 days will be paid out.

C. Sick Leave Payout (*if applicable*): Upon retirement you will be compensated for 21.5% of the value of your unused Sick Leave balance based on your hourly rate.

You can calculate your *estimated* Sick Leave payout:

- Multiply your current sick leave balance (from your most recent check stub) by 21.5% (.215) = _____
- Multiply that figure by your hourly rate of pay = \$ _____

☐ **Employee “Exit Interview”:** If your *estimated* District Retirement payout (*applicable Early Retirement Stipend(s) and/or leave payouts*) exceeds \$1,000 your payout will be contributed to either a tax-deferred “*Special Pay Plan*” 403(b) account with VALIC Retirement or a *Health Reimbursement Account* (HRA) with Pelion Financial Group. No exceptions! You will be contacted for an “Exit Interview” to help determine which plan your District Retirement Package will be sent to. (Payouts of less than \$1,000 will be paid via a regular payroll check.)

- Brent Hill’s *Financial Educational Systems, Inc.* (FES) office has been contracted to conduct the “*Exit Interviews*” for DSD retirees. When the Payroll Department receives notification of your retirement we will notify Brent’s office and someone from FES will contact you to schedule an appointment for your interview – which will be with Brent Hill, Drew Hill, or one of their FES associates.
- For detailed information on the *Special Pay Plan* and the *Health Reimbursement Account* please see the DSD “*Retirement Incentive Package Payment Options*” handout and “*Employee Exit Interview*” Flow Chart on the Payroll Department webpage.

➤ **Insurance:** Employees who retire under the Early Retirement incentive program can continue enrollment in group medical and dental programs until they become eligible for Medicare (age 65), or for the ten consecutive years following retirement, whichever occurs first.

□ **Re-enroll in Insurance:** In order for your insurance coverage to continue you must re-enroll as a retiree. An insurance enrollment packet will be mailed to eligible retirees by the District Insurance office.

- Retirees will pay the same premium as *active employees* for the first 3 years and the full premium, plus an administrative fee, for the following 7 years or until they reach Medicare eligibility (age 65), whichever occurs first.
- Unless you sign and return the election form requesting no insurance as a retiree the District will automatically deduct *approximately* one year's worth of insurance premiums (medical, dental and vision only) from each stipend.
- If you are eligible to continue your supplemental Life Insurance, you will need to arrange automatic monthly payments through Jenny Manning in the District Accounting Department.

□ **Medicare:** If you are nearing age 65 or if you are already 65 and will need to add to your basic Medicare coverage, contact Medicare at least 3 months before your District insurance coverage will end.

Please see the current *Davis Educators' Agreement* or *Classified Agreement* for further clarification regarding continued eligibility/coverage for your spouse and/or dependents and for detailed information regarding the out-of-area plan.

➤ If you have additional questions regarding continued insurance coverage, please contact Rose Bassett (801-402-5636) in the Human Resources/Insurance Department between 7:30 a.m. and 4:30 p.m.

➤ **Flexible Spending:** If you are enrolled in Flexible Spending at the time of your retirement you will have 30 days following your final Davis School District paycheck to incur any additional expenses. After the 30 days, any expenses incurred will be considered ineligible and will not be covered.

- If you use the NBS Flex Card, the card will be inactivated after the 30 days.
- You will have until the last business day in the plan year (last business day in December) to claim reimbursement for eligible expenses. After that date, any unclaimed funds will be lost.

➤ Do you know when you will receive your final paycheck? _____

- When we receive notice of your retirement we will send you an e-mail with important information you will need to know, including the date of your final Davis School District paycheck.

SENATE BILL 127 – Effective with the 2011 General Legislative Session

49-11-505: Reemployment of a Retiree – Restrictions

(1) For purposes of this section, "retiree":

(a) means a person who:

- (i) retired from a participating [Utah Retirement Systems] employer; and
- (ii) begins reemployment on or after July 1, 2010 with a participating employer;

(2) A retiree may not for the same period of reemployment:

- (a) (i) earn additional service credit; or
- (ii) receive any retirement related contribution from a participating employer; &
- (b) receive a retirement allowance.

(3) (a) *Except as provided under Subsection (3)(b)*, the office shall cancel the retirement allowance of a retiree if the reemployment with a participating employer begins within one year of the retiree's [URS] retirement date.

(b) The office may not cancel the retirement allowance of a retiree who is reemployed with a participating employer within one year of the retiree's retirement date if:

- (i) the retiree is not reemployed by a participating employer for a period of at least 60 days from the retiree's [URS] retirement date;
- (ii) upon reemployment after the break in service under Subsection (3)(b)(i), the retiree does not receive any employer provided benefits, including:

- (A) medical benefits;
- (B) dental benefits;
- (C) other insurance benefits of any kind; or
- (D) paid time off, including sick, annual, or other type of leave; and

(iii) the retiree does not earn in any calendar year of reemployment an amount in excess of the lesser of:

- (A) \$16,500; or
- (B) one-half of the retiree's final average salary [3 highest years] upon which the retiree's retirement allowance is based.

- If, after retiring from any URS participating employer, a retiree returns to work for Davis School District (or any other URS participating employer) in ANY capacity – including work as a substitute – the retiree must complete a “*Post-Retirement Employment Form*”. (These forms are available from the Payroll Department or from the URS website at www.urs.org.)
- Failure to comply with this regulation will result in cancellation of your retirement benefits through URS.

Revised June 21, 2021

Important Retirement Contact Information

❖ Utah Retirement Systems ~ www.urs.org



560 East 200 South, Suite 200
P.O. Box 1590
Salt Lake City, UT 84110-1590

- Retirement/Pension Division: 801-366-7770 or 1-800-695-4877
- 401(k)/Investments Division: 801-366-7720 or 1-800-688-4015
- Operator: 801-366-7700 or 1-800-365-8772

❖ Davis School District Retirement Benefits



45 East State Street
P.O. Box 588
Farmington, UT 84025-0588

- **Payroll Department** ~ www.davis.k12.ut.us/payroll/retirement
 - Tami Sorensen 801-402-5176 or tasorensen@dsdmail.net
 - Cindy Chambers: 801-402-5324 or cychambers@dsdmail.net
- **Insurance Department**
 - Rose Bassett: 801-402-5636 or rbassett@dsdmail.net

❖ Exit Interview

Financial Educational System's Inc. (FES) ~ www.fes4u.com

610 N Kays Drive
Kaysville, UT 84037
Phone: 801-544-8993



After you submit your "*Letter of Intent to Retire*" to the District someone from FES will contact you by phone to set up an "*Exit Interview*" to determine if your District retirement package will be sent to the *Special Pay Plan* or the *Health Reimbursement Account*.

NOTE: Your "*Exit Interview*" does not need to be done before your last day. However, if you are within about one week of your retirement date and have not yet completed/scheduled an "*Exit Interview*", you may want to contact Farrell Helm in Brent Hill's office to schedule your interview.

❖ Davis School District Retirement Plan Options

- **Pelion Financial Group** ~ www.peliongroup.com



Health Reimbursement Account (HRA)

If you have specific questions regarding the *Health Reimbursement Account*, including what expenses are and are not eligible, please contact **Christine Chnupa** of Pelion at **1-888-532-7526** or cchnupa@pelionbenefitsinc.com.

- **VALIC** (Variable Annuity Life Insurance Company) ~ www.valic.com

Special Pay Plan (SPP)

VALIC

If you have specific questions regarding the *Special Pay Plan*, or if you need to know how to access/rollover your funds once they have posted, please contact **Elliot Lewis** of VALIC at **801-560-4490** or Elliot.Lewis@Valic.com

Please Note: If your District Retirement Benefit Package will be contributed to the *Special Pay Plan* you may be contacted by a VALIC representative (Elliot Lewis, Steve Leo or Bryan Ball) to set up an account and beneficiaries. However, we will make sure that a VALIC account is set up for you regardless of whether or not you meet with a VALIC representative.

For detailed information on the Special Pay Plan and the Health Reimbursement Account please see the DSD “Retirement Incentive Package Payment Options” handout and “Employee Exit Interview” flow chart on the Payroll Department webpage under “Retirement Q&A”.

❖ Social Security Administration ~ www.ssa.gov

- Salt Lake City: 1-866-851-5275

Address: 175 East 400 South, Suite 500
Salt Lake City, UT 84111

- Ogden: 1-877-378-9081

Address: 324 25th Street
2nd Floor FOB
Ogden, UT 84401

- Murray: 1-866-690-1947

Address: 348 East Winchester Street, #100
Murray, UT 84107



❖ Medicare ~ www.medicare.gov

- 1-800-MEDICARE (1-800-633-4227)

- Additional Contact Number for Utah:

- SHIP (State Health Insurance Assistance Program)

Personalized Health Insurance Counseling

- 1-800-541-7735 or 801-538-3910





Davis School District

Retirement Incentive Package Payment Options

The employer sponsored post-retirement benefit plan converts your Davis School District Retirement Incentive Package – which may include Early Retirement Stipend(s), Sick Leave and Vacation/Personal Leave payouts, *if applicable* – to an employer contribution into either a tax-deferred **Special Pay Plan** (similar to a 401k or 403b) with VALIC or a tax-free **Health Reimbursement Account Plan** (HRA) with Pelion.

How Does the Plan Work?

Prior to retirement you will need to participate in a brief **Exit Interview** with an agent designated by Davis School District. Your answers to a few objective verbal questions will help determine your financial needs upon retirement and will enable the District, in accordance with IRS regulations regarding **Constructive Receipt** (see below), to make an informed decision as to which benefit plan will best meet your needs during retirement. Based on this determination, your retirement incentive package will be converted into either the **Special Pay Plan** (Option 1) or the **Health Reimbursement Account Plan** (Option 2).

Due to the specificity of the questions there should be no ambiguity at the end of the **Exit Interview** as to which plan your retirement package will be converted to.

What is “Constructive Receipt”?

For income tax purposes, **Constructive Receipt** is used to determine when a taxpayer has received gross income. A taxpayer is subject to income tax in the current year if he or she has unfettered control in determining when items of income will or should be paid. However, income is not considered *constructively received* if the taxpayer’s control of its receipt is subject to substantial limitations and restrictions. (Treasury Regulations, Subchapter A, § 1.451-2.)

Failure to comply with this IRS regulation would void both retirement plans, which would result in: 1) retirees losing the tax benefits associated with each plan; 2) the District being subject to penalties; and 3) retirees paying income taxes on their entire retirement incentive package in the year the benefit is converted.

A globe with various financial and retirement-related terms written on its surface. The words are arranged in a circular pattern around the equator, following the curve of the sphere. The terms include "income", "travel", "security", "pensions", "life", "insurance", "advice", "savings", "retirement", "money", "care", "support", and "planning". The word "RETIREMENT" is prominently displayed in large, bold, blue capital letters across the center of the globe. Other words are in smaller, black or grey fonts. The globe itself has a light beige or off-white color with subtle shading to give it a three-dimensional appearance.

- Deferral of Federal and State Income Taxes
- No FICA Taxation
- Guaranteed Interest Account
- No Front or Back-end sales charges – 100% liquidity
- Transferable to another qualified plan or an IRA with no charges
(If you rollover/transfer funds to another account, it is your responsibility to find out if there are fees/penalties attached to those accounts.)
- Immediately vested
- Beneficiary eligible

* Funds are taxable (federal and state) upon withdrawal.

Employee Benefits:

- Tax free reimbursements for eligible Post-Retirement Healthcare Expenses for you, your spouse and *qualified* dependents. Eligible reimbursements include: COBRA, Health Insurance Premiums, Medicare Premiums, most Long-term Care Insurance and more!
- No Federal or State Income Taxes
- No FICA Taxation
- Guaranteed Interest Account

* Funds can only be used for eligible health insurance expenses and premiums.

* Upon the death of the retiree (and spouse/eligible dependents, *if applicable*), any remaining funds will be returned to Davis School District.

Employee "Exit Interview"

Determines the retiree's needs based upon an objective verbal questionnaire.



Retiree receives a contribution into either a *Special Pay Plan* (SPP) or a *Health Reimbursement Account* (HRA), based upon the determination made in the "Exit Interview".



Special Pay Plan (VALIC)

Mandatory contribution of retiree's benefit package (stipends, sick leave and personal leave/vacation *if applicable*) to a Special Pay Plan (SPP) -- a tax-deferred 401(a)/403(b) account .

*Early distribution penalties may apply.

Employer Benefits:

- Save FICA contributions on payment
- No cost to implement

Employee Benefits:

- No FICA taxation
- Complete liquidity
- Opportunity to defer federal & state income tax
- Investment options
- No sales or surrender charges
- Immediately vested
- Beneficiary eligible



HRA Plan (Pelion)

Mandatory contribution of retiree's benefit package (stipends, sick leave and personal leave/vacation *if applicable*) to a Health Reimbursement Account (HRA) Plan.

*Administrative and Reimbursement Fees apply.

Employer Benefits:

- Save FICA contributions on payment
- No cost to implement

Employee Benefits:

- No FICA taxation
- Tax free reimbursement on health insurance benefits & health care expenses
- No federal or state income tax on eligible benefits
- No sales or surrender charges