

**WESTPORT BOARD OF EDUCATION**

**\*AGENDA**

(Agenda Subject to Modification in Accordance with Law)

**PUBLIC SESSION/PLEDGE OF ALLEGIANCE:**

7:30 p.m., Staples High School, Cafeteria B (Room 301)

**ELECTION OF OFFICERS OF THE BOARD OF EDUCATION**

Dr. Colleen Palmer

**ANNOUNCEMENTS FROM BOARD AND ADMINISTRATION**

**PUBLIC QUESTIONS/COMMENTS ON NON-AGENDA ITEMS (15 MINUTES)**

**MINUTES:** November 7, 2016, *pages 1-2*

**DISCUSSION/ACTION:**

- 1. MetLife Demutualization Shares, *pages 3-26* (Encl.) Mr. Elio Longo
- 2. Changes to 2017-2018 School Calendar, *pages 27-29* (Encl.) Dr. Colleen Palmer

**DISCUSSION:**

- 1. Stepping Stones Preschool Program Overview and Highlights, *pages 31-49* (Encl.) Mr. Mike Rizzo

**UPDATES:**

- 1. Health and Medical Insurance Revenues and Expenses; Projected Year-End Balance in Health Reserve Account, *pages 51-53* (Encl.) Mr. Elio Longo

**ADJOURNMENT**

\*A 2/3 vote is required to go to executive session, to add a topic to the agenda of a regular meeting, or to start a new topic after 10:30 p.m. The meeting can also be viewed on cable TV on channel 78; AT&T channel 99 and by video stream @www.westport.k12.ct.us

**PUBLIC PARTICIPATION WELCOME USING THE FOLLOWING GUIDELINES:**

- Comment on non-agenda topics will occur during the first 15 minutes *except* when staff or guest presentations are scheduled.
- Board will not engage in dialogue on non-agenda items.
- Public may speak as agenda topics come up for discussion or information.
- Speakers on non-agenda items are limited to 2 minutes each, except by prior arrangement with chair.
- Speakers on agenda items are limited to 3 minutes each, except by prior arrangement with chair.
- Speakers must give name and use microphone.
- Responses to questions may be deferred if answers not immediately available.
- Public comment is normally not invited for topics listed for action after having been publicly discussed at one or more meetings.

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**WESTPORT BOARD OF EDUCATION MINUTES - DRAFT 1**

**Board Members Present:**

Michael Gordon	Chair
Jeannie Smith	Vice Chair
Elaine Whitney	Secretary
Mark Mathias	
Karen Kleine	
Vik Muktavaram	
Candice Savin	

**Administrators Present:**

Colleen Palmer	Superintendent of Schools
Elio Longo	Dir. of School Business Operations
Jennifer Allen	Dir. of Secondary Ed. & Research
Julie Droller	Dir. of Elementary Education
John Bayers	Dir. of Human Resources & General Admin.
Michael Rizzo	Director of Pupil Services

**PUBLIC SESSION/PLEDGE OF ALLEGIANCE:** 7:34 p.m., Staples High School, Cafeteria (Room 301)

**ANNOUNCEMENTS FROM BOARD AND ADMINISTRATION**

**PUBLIC QUESTIONS/COMMENTS ON NON-AGENDA ITEMS**

**MINUTES:** Elaine Whitney moved to approve the minutes of October 24, 2016; seconded by Michael Gordon and passed unanimously.

**DISCUSSION/ACTION:**

Acceptance of Gifts

**Be It Resolved, that upon the recommendation of the Superintendent of Schools, the Board of Education accepts with great appreciation a gift from \$5,000 from Bala Sathyanarayanan, on behalf of his employer, the Xerox Corporation for the benefit of Staples High School W-Prime Robotics team.**

<b>MOTION:</b>	Vik Muktavaram
<b>SECOND:</b>	Jeannie Smith
<b>RESULT:</b>	Passed Unanimously
<b>VOTE:</b>	7-0

**PRESENTATIONS:**

Michael Rea and Sheri Gordon, Members of the Board of Finance, and Velma Heller, Chair of the RTM Education Committee, joined the Board of Education at the table for the discussions of enrollment projections and budget cost drivers.

NESDEC Ten-Year Enrollment Projections

## Fiscal Year 2018 Budget Cost Drivers (Preliminary) and Budget Assumptions

Discussion of the Following Areas of Focus for 2017-18:

- Next Generation Science Standards (NGSS)
- Integration of Guiding Principles
- Leadership Development

**ADJOURNMENT:** Michael Gordon moved to adjourn at 9:48 p.m.; seconded by Jeannie Smith and passed unanimously.

Respectfully submitted,

Elaine Whitney, Secretary  
(Minutes written by Lisa Marriott)

# MetLife's Demutualization

## A Guide to Issues for Group Policyholders



**MetLife<sup>®</sup>**

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**About  
MetLife**

With more than 131 years of experience in insurance, employee benefits, and risk and asset management, and more than \$1 trillion in group life insurance in force, MetLife is a leading provider of insurance and other financial services for the institutional marketplace. MetLife and its affiliates have \$357.7 billion in total assets under management. MetLife protects more than 33 million people through its group insurance and retirement savings programs.

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**About  
this  
Guide**

Our customers expect MetLife to offer competitive programs and to deliver these programs with the highest quality service, including providing our customers and their advisors with educational information on issues affecting group insurance and retirement & savings plans. In keeping with this philosophy, MetLife has arranged for Debevoise & Plimpton, one of the nation's top law firms, to author this guide. The information contained in this guide is designed to help our group policyholders identify and plan for the issues that may arise as a result of MetLife's proposed demutualization. It is not intended to provide legal advice, but should serve as a useful resource in the discussions that our group customers will want to have with their legal, financial and benefits advisors.

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**About  
Debevoise  
&  
Plimpton**

Debevoise & Plimpton is one of the nation's leading international law firms. The firm's 400 lawyers are located in New York, Washington, D.C., Paris, London, Hong Kong and Moscow. Debevoise & Plimpton lawyers practice in the areas of corporate, litigation, tax, real estate and trusts & estates law. The firm is among the leading law firms in demutualizations and the complex insurance, regulatory and tax issues that stem from them, and is currently advising MetLife in connection with its demutualization.



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## MetLife's Demutualization: A Guide to Issues for Group Policyholders

### I. EXECUTIVE SUMMARY

*At a Glance: In converting to a stock company, MetLife will offer policyholders a unique opportunity to receive compensation in exchange for their mutual company membership interests. This process raises certain complex issues for group policyholders, issues this guide is designed to identify.*

On September 28, 1999, MetLife's Board of Directors adopted a demutualization plan, which, if approved by MetLife's policyholders and the New York Superintendent of Insurance, will result in MetLife's conversion from a mutual life insurance company to a stock company in a process known as "demutualization." After the process is completed, eligible group insurance policyholders and annuity contractholders will receive compensation in exchange for their extinguished mutual company membership interests. This compensation will generally consist of either shares of the common stock of MetLife, Inc., a new holding company, or cash. For ease of expression, this guide assumes that MetLife completes its demutualization and that compensation will be paid.

MetLife's Policyholder Information Booklet, Parts One and Two, contains detailed information about MetLife's demutualization plan. While the booklet contains important information, it was prepared for distribution to all MetLife policyholders - more than 11 million in total. This guide is designed to focus on many of the key issues that may be of interest to group insurance policyholders and group annuity contractholders that are eligible to receive demutualization compensation (collectively and individually referred to as "policyholders"). In many cases they will be employers who have purchased policies to fund one or more employee benefit plans or programs (e.g., group life, group health or retirement plans). Other group policyholders will find sections of this guide helpful to them as well.

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#### Key Considerations

MetLife's conversion to a stock company offers a unique opportunity for policyholders to receive compensation in exchange for the extinguishment of their mutual company membership interests. The receipt of this compensation raises certain issues for group policyholders, issues not generally encountered in the normal operation of group plans and programs. Some of these issues are complex - involving tax, accounting, ERISA and other regulatory implications - and not all of them have clear or simple solutions.

This guide provides a general discussion of these issues as identified by the law firm of Debevoise & Plimpton. It is not meant to provide legal advice but simply to identify a number of areas that policyholders may need to address in analyzing their own situation. Group policyholders should consult with their own legal, financial and/or benefit plan advisors with respect to their best options.

## II. THE COMPENSATION

*At a Glance: Group policyholders who receive compensation if MetLife converts to a stock company need to be aware of the different forms that compensation could take.*

As a mutual company, MetLife has no stockholders. Policyholders currently have membership interests in MetLife, including the right to vote and the right to participate in any distribution of surplus in the event of liquidation. Upon conversion to a stock company, policyholders' membership interests in MetLife will be extinguished, and MetLife will become a subsidiary of MetLife, Inc. Policyholders will be entitled to receive compensation in exchange for having their membership interests extinguished.

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### Forms of Compensation

In most cases, compensation to group policyholders will be in the form of shares of the common stock of MetLife, Inc. Policyholders eligible to receive stock will also be able to elect to receive cash instead of stock. (A relatively small number of policyholders will be required to receive "policy credits" or cash.) If a policyholder receives shares, they will not be issued directly to the policyholder but will instead be held for the policyholder's benefit in a Trust being established as part of the conversion, known as the MetLife Policyholder Trust. Details about the Trust can be found in the Policyholder Information Booklet, Part One.

Please note that under the terms of the demutualization plan, certain group policyholders that are allocated more than 25,000 shares of common stock and elect to receive their compensation in the form of cash will receive cash with respect to the first 25,000 shares, and may receive stock, or a combination of cash and stock, with respect to the remainder. The stock will be held in the Trust and, if the amount of a policyholder's stock in the Trust exceeds 25,000 shares, the stock will be subject to the daily volume limitations on withdrawals for sale from the Trust. (Details about the cash election and daily volume limitations can be found in Policyholder Information Booklet, Part One.) **Policyholders should keep these limitations in mind as they review this guide and make their decisions about choosing the form of compensation and retaining or selling their stock.**

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### A Conversion Scenario

Now, let us assume that the conversion has been completed (which we anticipate will happen during the first quarter of year 2000), and that a policyholder is now a policyholder of the converted MetLife, which has become a stock company. That policyholder can be assured that (a) the demutualization will not reduce policy benefits, account values or guarantees, or increase premiums in any way, and (b) participating policies will continue to be entitled to receive dividends if and when they are declared.

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### Ownership of the Compensation

What is the nature of the compensation received by the policyholder? It is neither a dividend under the policy nor a return of premium, but rather a payment to compensate policyholders for their membership interests in the mutual company, which were

extinguished when the company converted to a stock company. The most fundamental question a group policyholder needs to resolve upon receipt of the compensation is: to whom does it belong? The answer may depend largely upon the capacity in which the policyholder holds the policy.

If a policyholder receives compensation, it means MetLife determined that the policyholder was entitled to be compensated for its membership interests in the mutual company. In the case of group policies purchased to fund non-trusteed employee benefit plans, the policyholder of record will usually be the employer. Where a trust has been established to fund a group pension or welfare benefit plan, the policyholder may be the trustee of that trust.

Once the compensation is received, the policyholder may be legally required to determine whether the policy is an asset of the employer or an asset of the employee benefit plan it funds. If the employer is viewed as holding the policy on behalf of the plan, then the policy is an ERISA "plan asset," and the plan would be entitled to the resulting compensation (regardless of whose name appears as the policyholder).

If the policy is part of a non-ERISA regulated program, there may be another set of legal requirements that applies (See Section VI).

### III. FIDUCIARY CONSIDERATIONS

*At a Glance: Plan sponsors will have to make a number of decisions with respect to the demutualization and determine which of these decisions are governed by ERISA.*

There are a variety of decisions with respect to MetLife's conversion to a stock company that will have to be made by *all* policyholders, but which may require special care when made by a policyholder that is a plan sponsor subject to ERISA. Some of these include:

- whether to vote in favor of, or against, the demutualization plan;
- whether to elect compensation in the form of stock or cash;
- whether or how to allocate the compensation among plan participants;
- if receiving shares, when to sell the shares.

Plan sponsors and fiduciaries will need to analyze which of these decisions are governed by the fiduciary duty standards imposed by ERISA. Some decisions may be considered non-fiduciary because they are decided strictly as a business matter by an employer, much like plan design issues.

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#### Fiduciary Responsibility under ERISA

By way of background, § 3(21) of ERISA, 29 U.S.C. § 1002(21), provides that a fiduciary is a person who exercises any discretionary authority or discretionary control respecting management of a plan or exercises any authority or control respecting management or disposition of its assets. A person will also be characterized as a fiduciary to the extent there is any discretionary authority or discretionary responsibility in the administration of such a plan. Fiduciaries are held to the highest standards of care known to the law,

including the requirement to act "solely in the interest of the participants and beneficiaries" and for the "exclusive purpose" of providing them with benefits and "defraying reasonable expenses of administering the plan." See § 404(a)(1) of ERISA, 29 U.S.C. § 1104(a)(1).

On the other hand, sometimes plan sponsors must make decisions with respect to a plan that do not involve the fiduciary standards of ERISA. For example, plan design issues - such as decisions to implement a plan, amend a plan, adjust benefit levels, or terminate a plan - are not fiduciary decisions. These are business decisions an employer may make in its own interest and not necessarily in the best interests of plan participants and beneficiaries.

The fact that an employer is listed as the policy's owner of record, and will therefore be the party to whom the compensation is distributed in MetLife's demutualization, does not determine whether the employer will be subject to ERISA's fiduciary standards in dealing with the compensation. If it is determined that the policy is an asset of the plan and that the plan is entitled to the compensation, then those parties with discretion over the disposition of the compensation will be fiduciaries under ERISA § 3(21) and must exercise their discretion solely in the interests of the participants and beneficiaries.

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**Fiduciary Decisions:  
The Vote**

What will these fiduciary standards require a policyholder to do?

First, with respect to voting, the fiduciary must decide whether the implementation of the demutualization plan will be in the best interests of the participants and beneficiaries. To this end, the plan sponsor or named fiduciary should undertake a careful review of the Policyholder Information Booklet, Parts One and Two, including Exhibits and Schedules.

In similar transactions in the past, the question has arisen whether a plan sponsor needs to hire professional experts to evaluate the conversion and its effect on plan participants and beneficiaries and to provide advice on whether to vote for or against the proposal or participate at the public hearing or take other action. MetLife cannot advise policyholders on these issues.

The New York Superintendent of Insurance has hired independent investment banking, legal and actuarial experts to evaluate the demutualization plan, including the allocation of compensation among policyholders. In order to approve MetLife's demutualization plan, the Superintendent, taking into account the advice of his advisors, must find, among other things, that the demutualization plan is fair and equitable to MetLife policyholders.

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**Choosing the Form  
of Compensation**

Second, assuming the demutualization plan is approved, the fiduciary must decide (unless compensation is to be paid in the form of policy credits) whether to receive the compensation in the form of stock, which will be held in the MetLife Policyholder Trust, or cash. (Policyholders cannot elect a combination of stock and cash.) This decision will

have to be made carefully based on many considerations, including, of course, the terms of the demutualization plan and applicable ERISA requirements, including the Department of Labor (DOL) Reg. § 2550.404a-1, 29 C.F.R. § 2550.404a-1, which deals with investment duties. This regulation is critically important to any fiduciary that is charged with determining whether to elect stock or cash or whether to continue to hold any stock received in the demutualization.

In general, the DOL regulation requires that a fiduciary shall perform its duties with respect to a plan "with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims."

The DOL regulation requires the fiduciary to give appropriate consideration to those facts and circumstances that the fiduciary knows or should know are relevant to the particular investment or investment course of action. These facts and circumstances include the role played by the investment or investment course of action in that portion of the plan's investment portfolio for which the fiduciary has investment duties.

For example, a group policyholder, which is also an employer sponsoring a plan that provides life or disability or dental insurance, for instance, might conclude that shares of stock are not appropriate for a welfare benefit plan funded only by an insurance policy and holding no other assets. On the other hand, the same policyholder, which also sponsors a defined benefit pension plan, may see the shares of stock as an appropriate type of investment for the plan. As noted above, policyholders will not be able to choose a combination of stock and cash.

Going forward, the fiduciary's decision whether, and at what point, to sell the shares, is an investment decision to be made in conformity with DOL Reg. § 2550.404a-1.

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## Non-Fiduciary Decisions

In contrast, there are other decisions that may fall into the same category as "plan design" and may be considered non-fiduciary decisions that need not comply with the ERISA fiduciary rules. For example, in a profit sharing or § 401(k) plan there is ordinarily a formula for allocating employer contributions and fund earnings among participants. If a plan sponsor wished to change this formula to provide for a different allocation for the compensation received from MetLife, the sponsor could amend the plan to do so. Arguably, in deciding to adopt such an amendment, the plan sponsor would not be acting as a fiduciary, but would be exercising its business judgment as to appropriate plan design. Of course, the amendment would still have to comply with the technical rules of ERISA and the Code (e.g., no prohibited discrimination, no reduction of accrued benefits, etc.).

## IV. GROUP INSURANCE: ERISA-REGULATED PLANS

*At a Glance: ERISA provides minimal guidance as to whether compensation belongs to the employer or the plan. Plan documents will play a critical role in determining who owns the compensation.*

Over the years, MetLife has offered a large variety of group policies to employers who sponsor so-called "welfare benefit plans," including life, accidental death and dismemberment, long term care, dental, and short and long-term disability (STD and LTD) coverage. In some instances, employers who sponsor these plans have established a § 501(c)(9) trust (a voluntary employees' beneficiary association, or VEBA) to provide the plan benefits. In such cases, the group insurance policy may be held by the VEBA.

More often, the group insurance policy will be issued directly to the employer, which means that under MetLife's demutualization plan the compensation payable upon MetLife's demutualization will be paid to the employer as the policy owner of record. In some instances, an association will have purchased a policy on behalf of a number of participating employers. The association then becomes the policyholder entitled to receive the compensation and will have to look to its governing instruments for guidance on how to manage it. If the compensation is passed along to the participating employers, those employers should then consider the various issues discussed in this guide.

As indicated earlier, an employer must initially determine - with the assistance of its legal, tax, and/or benefits advisors - whether the compensation belongs to the employer or is an asset of the ERISA-regulated plan. If the program is not an ERISA-regulated plan, the employer must determine ownership based on any applicable state law in its jurisdiction, including insurance law, and on the governing program documents and instruments. See Section VI.

If it *is* an ERISA plan, then the employer must consider the provisions of ERISA and applicable DOL regulations and rulings as well as applicable case law. It appears, however, that there is rather scant authority to guide employers on this point. Some authorities that address this situation include:

- DOL Advisory Opinion 81-11A January 15, 1981 (the "Tandy Letter");
- Corley v. Hecht, 530 F. Supp. 1155 (D.D.C. 1982);
- Ruocco v. Bateman, Eichler, 903 F.2d 1232 (9<sup>th</sup> Cir. 1990).

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### DOL Advisory Opinion 81-11A

Department of Labor Advisory Opinion 81-11A (January 15, 1981) illustrates a case of a death benefit plan in which the benefits were paid by the employer, who purchased policies, naming itself as beneficiary, to cover its potential liabilities under the plan. The policies were not held out by the employer as being the source of benefits under the plan.

The DOL determined that the policies in that case were an asset of the employer and not of the plan. It should be noted that this opinion was issued several years ago and is not binding on the DOL with respect to other parties and situations. However, it provides some guidance as to the position that may be adopted currently by the DOL on this issue.

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## Corley v. Hecht

In Corley v. Hecht, an employer that sponsored a contributory life insurance plan for employees had made voluntary payments to the insurer to make up the premium shortfalls when the employees' contributions were not sufficient to provide the full cost of coverage under the plan. In a subsequent year, when employee contributions exceeded the cost of coverage and a payment in the nature of a dividend was made under the policy, the employer reimbursed itself for its prior voluntary payment.

An employee sued, claiming that the dividend belonged to the plan and that the employer's retention of it violated the fiduciary and prohibited transaction provisions of ERISA. The court found that, because the plan permitted the employer to keep such payments, the reimbursement was proper and consistent with ERISA. The court gave great weight to the particular terms of the plan and insurance contract. The court also held, however, that the employer had violated its ERISA duty of care, prudence and diligence and disclosure requirements and should have clearly differentiated between its own money and that of the plan and provided adequate SPD disclosure with respect to the reimbursement of employer-paid premiums from dividends generated from employee payments.

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## Ruocco v. Bateman, Eichler

The Ruocco v. Bateman, Eichler case involved compensation received by an employer/policyholder upon the demutualization of Union Mutual, now UNUM Provident. Employees who had been paying all but a small amount of the premiums under a long term disability policy successfully sued to recover the compensation delivered by UNUM to the employer (which the employer had kept for itself), less administrative costs paid by the employer.

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## The DOL and Policy Dividends: A Parallel Matter

Corley and Ruocco both involved plans funded almost entirely by the employees. No case or formal DOL interpretation has been found that deals with an employer-paid plan or a standard contributory plan. However, in a parallel situation, we understand the DOL has notified its Area Directors and District Supervisors of its position on the proper disposition under ERISA of premium refunds, credits, or dividends paid by insurers as a result of favorable claims experience on experience-rated insurance policies providing welfare benefits. That position is that dividends, refunds, and credits are plan assets and should be administered for the benefit of the plan participants to the extent they are attributable to employee contributions.

Under the DOL analysis, (1) an experience-rated refund under a non-contributory (i.e., employer-pay-all) plan could pass from the plan and belong wholly to the employer, (2) a refund under an employee-pay-all plan should be a plan asset to be used solely for the participants and beneficiaries of the plan, and (3) a refund under a partially contributory plan should be prorated. In no event should an employer receive as a refund more than the total premium it paid under the plan. There is little indication whether this position would extend beyond experience-rated refunds to other types of payments, such as compensation in a demutualization.

Employers and their advisors should be aware that the rules here are not clear and that the wording of the employee plan documents and other employee communications, as well as of the insurance policy itself, may bear on who is entitled to the compensation. Therefore, employers should carefully examine all their plan documents and communications, particularly those provisions dealing with refunds, dividends, or other credits. Given Corley, employers and their advisors should also consider whether plan amendments might be desirable prior to receipt of any compensation and whether such amendments meet the material modification standards under ERISA § 104(b), 29 U.S.C. § 1024(b).

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**Choices in Allocating  
Compensation:  
Be Fair and Reasonable**

An important point to remember in considering the available options is that the outcome must be fair and reasonable under the circumstances. As with other complex matters that employers handle on a daily basis, it may be necessary to make decisions in the absence of optimal information. Those choices should be made on a sound rationale with an eye on equity.

If an employer determines that the compensation is an asset of the plan, then it will have to consider whether the plan needs a trust to hold the compensation. Section 403 of ERISA, 29 U.S.C. § 1103, indicates that assets of a plan must be held in trust, except those assets that are held by an insurance company, which need not be held in trust. If the plan sponsor needs time to consider its various options, the compensation can be placed temporarily in a funding agreement issued by an insurance company, which would be consistent with ERISA § 403(b)(2), 29 U.S.C. § 1103(b)(2). Most welfare benefit plans (group life, long-term care, dental, STD, LTD, etc.) that provide benefits through insurance are not set up to hold other assets. Establishing a trust (such as a VEBA) could involve increased administration and expense that may not be justified by the amount of compensation involved or because of the uniqueness of the event.

Regardless of whether the plan sponsor uses a trust, if both the employer and the employees contributed to the cost of the coverage, then the plan sponsor must determine whether an equitable allocation can or should be made of the compensation between the employer and employees. Assuming such an allocation is appropriate, then the plan sponsor must consider what to do with the Trust Interests or cash received as a result of MetLife's demutualization.

Employers sponsoring such plans may want to consider the following alternatives:

**1. Use the compensation to pay plan expenses**

Section 403(c) of ERISA, 29 U.S.C. § 1103(c), specifically authorizes the use of plan assets to pay the reasonable administrative expenses of a plan. These could include costs of preparing the Form 5500, SPDs, and the like. Reimbursement for past expenses may also be possible. However, employers should carefully review all plan documentation and consult with their tax advisors on this matter.

An employer should note that allocating a portion of the compensation to itself to use for general business purposes - even where the employer has been paying most or all of the premiums - may not be consistent with § 403(c) of ERISA, 29 U.S.C. § 1103(c). Section

403(c) provides that the assets of a plan “shall never inure to the benefit of any employer” and shall be held “for the exclusive purpose of providing benefits to participants in the plan and their beneficiaries and defraying reasonable expenses of administering the plan.” If it is ultimately determined that the compensation is an asset of the plan, an allocation of even a portion of the compensation to the employer for general business use might violate § 403(c).

## **2. Apply the compensation to future premiums**

The employer could elect to receive compensation in the form of cash instead of stock and apply the cash towards future premium payments. Compensation that is determined to belong to the employees should be used to pay only the employee portion of the premium. Compensation determined to belong to the employer could be applied to its own premium obligations, or to any other purpose.

If the cash exceeded the amount of premium due, future premiums could be prepaid. In the case of contributory plans, employees could be given a “premium holiday” while the portion of the compensation allocated to them is being used to pay their share of the premiums. It is not clear whether a premium holiday might result in imputed income to employees. Employers should consult with their tax advisors on this issue.

## **3. Distribute part or all of the compensation to participants**

For a substantially contributory plan, it may be fair to distribute the compensation to participants; in fact, this was the conclusion reached by the court in the Ruocco case. In the case of a non-contributory plan, it is unclear how a distribution to employees would be taxed. If an employer distributed compensation that belonged to the employer, the distribution should probably be treated as wages and reported on Form W-2. However, a distribution of compensation that is a plan asset might qualify as a non-taxable return of premium. Again, employers should consult with their tax advisors on this issue.

## **4. Use the compensation to increase plan benefits**

This option involves amending the plan to increase benefit levels and applying the compensation toward the increased premium obligation. Note that some types of coverage increases can result in tax liabilities for employees - for example, increasing the group life coverage of an employee above the \$50,000 threshold in § 79(a)(1) of the Code will create imputed income for the employee. This action may also raise various tax issues depending on the characteristics of the plan.

Any benefit increase where a VEBA is involved would have to comply with the general prohibitions applicable to VEBAs regarding discrimination in favor of highly-compensated employees, and with the limit (currently \$160,000) on compensation that can generally be taken into account in computing VEBA-funded benefits. An adjustment in benefit levels would require an amendment to the plan documents and, if union employees are involved, would also require coordinating with the collective bargaining agreements and negotiating the adjustment with the affected bargaining unit. Also, employers should consider how best to communicate any such increase so that as a practical matter any intended durational limitation does not present a problem when benefit levels revert to prior levels.

## 5. Use the compensation for a Premium Stabilization Reserve

Depending upon the terms of the policy involved and the applicable tax rules, it may be possible to deposit some or all of the compensation in a premium stabilization reserve within the policy. This is basically a reserve that can be drawn on in years when the cost of coverage exceeds the premiums paid and credited in years when premiums paid exceed the cost of coverage. Policyholders interested in this possibility should consult with their tax advisors. Depending on the applicable rules, these reserves may involve tax consequences under § 419 and § 419A of the Code.

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## Special Cases and Situations

The following are some special cases and situations where the task of allocating compensation between the employer and employees may be more complex:

### 1. Multiple Policies

Some employers hold several policies in connection with one or more plans. Except for those receiving only policy credits, employers will receive a lump sum payment in cash or stock comprised of one "fixed component" of compensation (regardless of the number of policies owned) and may also receive a "variable component" based on the number and type of policies held. These employers will have to determine whether and how to allocate the compensation among the various policies and, possibly, among the employees under those policies. There is no set formula for this allocation beyond being fair and reasonable. For example, the employer may want to consider allocating compensation proportionately to the employer and employees based on their respective contributions to each policy.

### 2. Section 125 Cafeteria Plans

Many employers sponsor "cafeteria" or "flexible benefit" plans. These plans offer participants the option to apply money they receive in the form of a credit from the employer, together with their own pre-tax (or in some cases after-tax) contributions, toward the purchase of a variety of benefits - medical, disability, dental, life insurance - at various levels of coverage from year to year. These arrangements could raise several issues due to the complexity of their design and operation and the applicable legal requirements.

It may be difficult to determine specifically the contributions that have been or are currently paid by an employer or employee toward a particular coverage. It may be possible to identify only those amounts contributed in the aggregate to all coverages under the cafeteria plan. This may, however, be difficult to achieve. In addition, some coverages in the cafeteria plan may be funded by insurance policies that are not eligible to receive MetLife's demutualization compensation.

Employers will have to develop a fair and reasonable way to allocate the compensation. For example, an employer may consider aggregating the compensation that is received by the cafeteria plan and allocating it proportionately to the employer and employees based on their respective aggregate contributions to the cafeteria plan. The fiduciary might then reduce the premiums of the employer and employees on a proportionate basis for plan benefits. Alternately, an employer might arrange for an equal share of the compensation to be allocated to each covered participant per capita.

Sorting out the tax ramifications of distributing compensation to employees under such arrangements may be extremely complex, depending on the operational characteristics of the plan. Most employers will not have the ability to determine whether an amount distributed to an employee represents a return of his or her premium, a distribution of part of the employer "credit," or some other form of compensation.

In general, if an employee receives compensation under a plan when his or her original contribution was not taxed because of the "cafeteria plan" rules of § 125 of the Code, it may be reasonable to treat the payment as wages reportable on Form W-2. However, it is by no means clear that this is the only possible result. For special considerations, please refer to Section VII.

### **3. Former and Future Plan Participants**

Should former employees or active employees no longer covered under a plan share in the compensation paid with respect to that plan? Similarly, should new hires and other current employees who later decide to participate share in the compensation? On the one hand, employers could conclude that such employees - who have received or will receive all plan benefits to which they were or will be entitled - need not receive a share of compensation paid with respect to that plan. On the other hand, to the extent the compensation represents a surplus that MetLife accumulated over many years, both past and future, such employees may have contributed or may contribute to that surplus. Thus, they may view themselves as entitled to share in it. This is an extremely complex question. A plan sponsor should review the terms of its plans carefully with its advisors and should consider whether any amendment to the terms of its plans may help achieve the result it desires.

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#### **Reporting and Disclosure Issues**

MetLife is not required to file any reports with the DOL with respect to the compensation paid in the demutualization. However, this information may be obtained in the course of a DOL audit or investigation or other legal or governmental action. MetLife will report cash payments to the IRS as required by law. Generally, payments directly to corporations will not be reported to the IRS by MetLife, and cash payments of \$10 or more to individuals (not corporations) will be reported on Form 1099.

When an employer receives compensation that is determined to be a plan asset and distributes it to plan participants, the reporting rules are not clear. One approach would be to include the amount in Box 14 ("Other") on Form W-2. This recognizes that the employer is making the payment on behalf of the plan and is consistent with the theory that the payment is not wages (reported in Box 1). There are other approaches, and employers should consult with their tax advisors on this issue.

Similar issues arise if an employer receives compensation and deposits it in a VEBA or other trust for the plan. It would be consistent with the "plan asset" theory for the employer to view itself as acting as agent for the plan (which would mean the employer would not reflect the compensation as its own income and take a corresponding deduction when depositing it in the trust); the compensation could simply be reflected as income of the plan on Form 5500. Again, the answer is not clear and other approaches may be available.

## V. GROUP ANNUITIES: ERISA-REGULATED PLANS

*At a Glance: Plan sponsors have a number of options for handling the compensation in ERISA-regulated plans.*

MetLife group annuity policies are commonly used by employers as the funding vehicle for defined benefit and defined contribution retirement plans. These plans are usually tax-qualified under § 401(a) or § 403(a) of the Code and are usually subject to regulation under ERISA. Some employer-sponsored § 403(b) plans are also subject to ERISA requirements.

ERISA generally requires that all assets of an employee benefit plan be held in trust. Exceptions to the trust requirement are made for plan assets that consist of insurance or annuity policies or assets that are held by an insurance company, e.g., in separate accounts. As a result, employers who sponsor pension or profit-sharing plans, and who fund those plans through MetLife group annuity policies, may themselves be the owners of record of those policies.

If the pension or profit sharing plan has a trust, the policy may have been issued to the trustee. In this case, the compensation will be payable to the trustee, as owner. But where there is no trust, the compensation will be distributed to the employer, as owner of record of the policy.

The DOL is of the view that if the policy is purchased with assets of an employee benefit plan, including participant contributions, the demutualization compensation is a plan asset. Accordingly, the DOL's position is that, under these circumstances, the compensation must be held in trust (because it is not an insurance policy, which is allowed to be owned by the employer under the exception to the trust requirement outlined above).

---

### Alternatives for Employers Owning Group Annuity Policies

An employer that owns a group annuity policy and expects to receive compensation where no trust is in place has several options to consider:

1. If possible, apply the entire compensation immediately to plan purposes such as the payment of premiums, benefits or plan expenses.
2. Use a qualified trust for the plan under § 401(a) of the Code, and transfer the policy to the trust prior to the receipt of the compensation (so that the compensation is paid directly to the trustee as owner of the policy).
3. Use a qualified trust and transfer the compensation to the trustee immediately upon receipt. This option is somewhat riskier than (2) above, as the compensation will be held by the employer (and not in trust) at least momentarily before being transferred to the trust.
4. Deposit the compensation into an annuity policy under the exception to the trust requirement for plan assets. The employer must, however, ascertain whether compensation either in the form of stock or cash is permitted to be deposited into the annuity policy.

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## The Risks of Retaining Compensation for an Employer's Own Account

An employer who simply retains the compensation for its own account (rather than using it for plan purposes, such as the payment of plan expenses) runs substantial risks. First, the retention of the compensation could be viewed as a reversion of plan assets to the employer in violation of § 401(a)(2) of the Code, which, in turn, could result in disqualification of the plan and severe income and excise tax consequences.

Secondly, the retention could constitute a "prohibited transaction" under ERISA, resulting in additional excise taxes. The retention would also render the employer vulnerable to lawsuits instituted either by participants or the DOL for breach of ERISA fiduciary duties.

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## When Compensation is Investment Income

Whether compensation is received by a trustee or an employer with respect to a plan funded by a group annuity contract, it can be considered investment income under the analysis below:

### 1. Defined Benefit Plans

Compensation received with respect to a defined benefit plan can be considered investment income of the plan for the year of receipt. The Form 5500 for the plan would include the value of the compensation as net gain from the sale of assets, since it is received in exchange for extinguishing the membership interest. The end-of-the-year balance sheet would list the value of the Trust interest either under investments in "Common Stock" or "Other" (see lines (5(B)) or (17) on item 31 of the 1998 Form 5500).

Since there are no individual participant accounts under a defined benefit plan, the compensation would be held unallocated in the plan. Going forward, the plan will have to decide whether to:

- (a) continue to hold the shares of stock through the MetLife Trust;
- (b) withdraw them for sale under the Purchase and Sale Program, as described in the Policyholder Information Booklet, Part One;
- (c) withdraw them and hold them directly; or
- (d) withdraw them and sell them on the open market.

For plans covered by ERISA, these are fiduciary decisions which must be made in conformity with the prudence and other fiduciary rules of ERISA described earlier in this guide.

### 2. Defined Contribution Plans

Compensation received with respect to a defined contribution plan can also be considered investment income of the plan for the year of receipt and should be reported on Form 5500 as described above. Defined contribution plans are not permitted to hold funds that have not been allocated to participants' accounts (with certain exceptions not relevant here), and so the compensation will have to be allocated to those accounts by the end of the year of receipt.

There are no set rules as to how this must be done, but the terms of the plan should be examined carefully. Most plans allocate investment earnings to participant accounts based on account balances. Any account that holds an interest in an asset (e.g., mutual fund shares or equity securities) would receive a pro rata share of that asset's earnings for the applicable valuation period.

Under this method, any account invested in the underlying policy would be allocated a share of the compensation, just as though it were additional income from the policy. For example, if the policy were a guaranteed interest contract (GIC) funding a fixed income investment option under a profit sharing plan, each account invested in the fixed income option would receive an allocation of compensation.

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**Other  
Allocation  
Methods**

Of course, other allocation methods are possible. For example, in recognition of the fact that the compensation received by the plan represents the policy's past and future contributions to MetLife's surplus, the plan may wish to allocate the compensation to participants using an age- or service-weighted formula, or to include former participants in the allocation. Most plans would require an amendment to do this.

In general, employers have a good deal of flexibility in formulating a method for allocating the compensation. The principal concerns are that the allocation be fair and equitable and not cause the plan to discriminate in favor of highly-compensated employees in violation of § 401(a)(4) of the Code and the regulations thereunder. In most cases, an employer that is also a plan fiduciary can accomplish the allocation on its own, but in those cases where an allocation would benefit the fiduciary itself, it may be advisable to retain an independent party to approve the allocation. Taking this step would avoid any appearance of self-dealing.

Section 415 of the Code limits the amount that can be allocated to a participant in any plan year to the lesser of \$30,000 or 25% of compensation for that year, whichever is less. Although the law is not totally clear on this point, the compensation a plan receives from MetLife in the demutualization should be treated as plan earnings for the year and, therefore, should not count as an "annual addition" or be subject to the \$30,000 or 25% limit. A similar result should apply with respect to other annual contribution limitations under § 403(b) arrangements, IRAs, SEPs, SIMPLE IRAs and Roth IRAs.

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**ERISA § 404(c) Plans**

If the defined contribution plan is an ERISA § 404(c) plan, under which participants direct the investment of assets allocated to their individual accounts, it will be advisable to notify a participant promptly if compensation is allocated to his or her account. That way, he or she may direct the investment of that compensation without undue delay. If delay is unavoidable, a better practice might be to deposit the compensation (if it is in the form of cash) in the plan's "safe" investment option until it can be redirected by the participant.

For plans whose investment choices do not have a fund that can hold interests in the MetLife Policyholder Trust, an employer may either amend the plan to create a fund suitable to hold the Trust interests or elect to receive cash.

## Challenges Associated with Direct Distribution to Participants

Many plans have not been designed to hold an asset such as an interest in the Trust or MetLife, Inc. common stock. A plan may have predetermined investment options (i.e., mutual funds or GICs) and not be set up to hold individual securities. See Section VII with respect to group 403(b) arrangements.

If this is the case, the employer might be inclined to distribute the compensation to participants in order to remove it from the plan. This action could result in a 10% penalty tax to participants who are under age 59½ (see § 72(t) of the Code). More importantly, it is generally impermissible for participants to receive a withdrawal from most plans - e.g., 401(k), 403(b) - before a triggering event such as retirement, separation from service, attainment of age 59½, death, or disability, or under the specific terms of the plan.

One course of action for such a plan, assuming an employer does not want to amend the plan to enable it to retain the compensation, may be to elect to receive the compensation in cash. The employer could then allocate the cash to the participants' accounts to be invested under the terms of the plan or use it to pay plan expenses.

ERISA § 403(c), 29 U.S.C. § 1103 (c), specifically authorizes the use of plan assets to pay the reasonable expenses of a plan. These could include costs of preparing Forms 5500, SPDs, and the like. Reimbursement for past expenses may also be possible. However, employers should carefully review all plan documentation and consult with their tax advisors on this matter.

## VI. NON-ERISA-REGULATED PROGRAMS

*At a Glance: ERISA- exempt plans may be subject to state and IRS regulations governing receipt of compensation.*

Many state and local governmental plans hold MetLife group policies in connection with their employee benefit programs. These programs are generally exempt from ERISA regulation by virtue of § 4(b)(1) of ERISA, 29 U.S.C. § 1003(b)(1). Similarly, church plans are generally exempt from ERISA regulation under § 4(b)(2) of ERISA, 29 U.S.C. § 1003(b)(2).

In addition, as noted earlier, private employers may also be policyholders under MetLife's demutualization plan with regard to benefit programs that may not be subject to ERISA regulation (see 29 C.F.R. § 2510.3-1(j)). For example, an employee-pay-all program not sponsored by the employer, in which participation is voluntary on the part of the employee, may not be subject to ERISA regulation.

Customers who have these programs will need to refer to the statutory or regulatory scheme applicable in their particular jurisdiction for guidance upon receipt of their compensation. Many states have statutes that regulate governmental plans. Some states prohibit state or local governmental plans from holding stock in private corporations, a factor to take into account when electing the form of compensation. And some governmental plans, while exempt from ERISA, are still qualified under § 401(a) of the Code, or are "public employee deferred compensation plans" under § 457(b) of the Code.

Section 401(a)(2) prohibits reversion to the employer of the assets or income of a qualified plan, and § 457(g) requires assets of a governmental § 457 plan to be held in an annuity contract, a trust, or a custodial account. As a result, these plans will face many of the same issues as private plans covered by ERISA upon receipt of their compensation.

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**Tax-Sheltered  
Annuity Programs**

Certain tax-exempt charitable and educational organizations often make available tax-sheltered annuity (TSA) programs for their employees pursuant to § 403(b) of the Code. While certain individual owners of TSA certificates will receive compensation in the form of policy credits, if the employer is the owner of a group TSA contract it will receive stock or cash. Employers whose § 403(b) plans are subject to ERISA will need to determine whether the compensation belongs to the employer or participants.

For employer-sponsored § 403(b) programs - including those plans subject to ERISA - the discussion in Section VII relating to § 401(a) and § 403(a) non-trusteed plans will be relevant to their treatment of the compensation. However, the alternative of establishing a trust may not be available under a § 403(b) arrangement.

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**Excess Benefit  
Plans**

Another category of ERISA-exempt program is an "excess benefit plan" that is considered unfunded because any policy issued in connection with the plan would have to remain an asset of the employer rather than of the plan (see DOL Advisory Opinion 81-11A (January 15, 1981)). An excess benefit plan provides benefits to employees in excess of the limitations on contributions or benefits imposed under § 415 of the Code.

Because the employer, rather than the plan, is the policyholder entitled to receive the compensation with respect to such a policy, the employer may be free to deal with the compensation like any other corporate asset - without regard to the "held in trust" or other fiduciary requirements of ERISA but subject to any applicable state laws.

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**Top Hat Plans**

A similar type of program, subject to some ERISA requirements but exempt from ERISA "plan asset" rules, is a "top hat" plan. This is an unfunded arrangement providing deferred compensation for a select group of management or highly-compensated employees. Again, any insurance or annuity policy issued in connection with such a plan would be an asset of the employer, and the employer may be entitled to retain the compensation for its own account, subject to applicable state law.

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**Minimal Employer  
Involvement**

Under some arrangements, insurance coverage (such as group life insurance) is provided to a group of employees, and the only involvement of the employer is to serve as nominal policyholder and collect and pay the employees' premiums through payroll deduction. To retain their exemption from ERISA, these arrangements must operate so that the employer

receives "no consideration in the form of cash or otherwise in connection with the program" (see DOL Reg § 2510.3-1(j), 29 C.F.R. § 2510.3-1(j)). Accordingly, employers offering such arrangements may want to pass any compensation they receive on to the participating employees to ensure their continued exemption from ERISA regulation.

These arrangements are exempt from ERISA because the employer's role is minimal - so minimal that the plans cannot fairly be characterized as being "established or maintained by an employer" within the meaning of § 3(1) of ERISA, 29 U.S.C. § 1002(1). Accordingly, employers might want to continue to limit their involvement with these arrangements. Simply receiving the compensation and passing it through to affected employees under some reasonable allocation method should not result in employer involvement that jeopardizes the exemption from ERISA coverage.

Similarly, applying compensation towards future premiums in the aggregate should not create a problem. Arguably, employers should be viewed as performing these functions as nominal policyholders and payroll deduction administrators, not as plan sponsors.

## VII. TECHNICAL ISSUES

*At a Glance: Tax and accounting issues may need close attention depending on the policyholder's plan design.*

A policyholder receiving compensation in MetLife's demutualization should view the compensation as having been received in exchange for its membership interest in MetLife. The membership interest has a "zero basis" for tax purposes, so the entire value of the compensation would be considered gain to the policyholder. The gain is from the disposition of an asset (the membership interest) and would be reported and accounted for in the same way as the gain from the sale of any other asset, such as a stock.

In general, the receipt of MetLife stock will be tax-free. Taxable income, in the form of capital gain, will be recognized when the shares are withdrawn from the Trust and sold. The receipt of cash generally will be taxable as capital gain and will be long-term or short-term depending upon whether the policyholder has owned its policy for more than one year prior to the receipt of the cash. These general rules apply to items 1 - 4 below, except as otherwise noted.

### **1. Pension, Profit-Sharing, and Welfare Benefit Plans with a Trust**

If the policyholder's plan is a pension or profit-sharing plan with a trust, it will likely be tax-exempt under § 401(a) and § 501(a) of the Code, and the receipt of compensation will not result in tax liability for the trust. Similarly, if the policyholder is a welfare benefit plan funded through a VEBA, the VEBA will be tax-exempt under § 501(c)(9) of the Code. See following sections entitled "Special Considerations for Disability and Universal Life Policyholders" and "Special Tax Consideration for Welfare Benefit Funds" for additional considerations.

## 2. Non-trusteed Pension and Welfare Benefit Plans

For non-trusteed pension and welfare benefit plans, the policyholder is most likely to be the plan sponsor, to whom MetLife will deliver the compensation. A sponsor that immediately establishes a § 401(a) or § 501(c)(9) trust and deposits the compensation into the trust may want to take the position that the compensation never belonged to the sponsor. Rather, it can be argued that it belonged to the plan and was received by the sponsor as agent for the plan and immediately placed in trust in compliance with the ERISA § 403(a) trust requirement.

Under this view, the sponsor would not reflect the receipt of the compensation on its own books or tax reports; instead, it would be reflected on the Form 5500 filed for the plan. However, no published authority, ruling, regulation, or case law treats this issue. This is why the Policyholder Information Booklet, Part One, recommends that sponsors of non-trusteed plans who wish to have the plan retain the compensation establish a trust prior to the Effective Date of MetLife's demutualization. This procedure should avoid the uncertainty that arises when the compensation passes through the hands of the employer.

## 3. When Compensation is Used to Pay Benefits or Expenses

Similar uncertainties exist in those cases in which an employer elects to apply the compensation to pay benefits or plan expenses. For example, suppose an employer receiving compensation in the form of cash decides to use the cash to pay the plan's consultants for their work in preparing an SPD or the plan's Form 5500. These are normally considered administrative expenses, properly chargeable against plan assets.

It is not clear in this case whether the employer should reflect the cash as income and then deduct the administrative expense or, more consistently with the "plan asset" theory, record nothing on its books or tax returns and reflect the income and expense items on the plan's Form 5500. Again, establishing a trust in advance of the Effective Date should resolve the uncertainty - but may involve more expense than is warranted by the amount of compensation.

## 4. When Compensation Belongs to the Employer

There may be cases in which a plan sponsor has determined that the compensation is not a plan asset but belongs to the employer. In such cases, the tax consequences are described in the general rules at the beginning of this section.

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### Special Considerations for Group 403(b) Policyholders

The assets of a 403(b) plan may generally only be invested in certain annuity contracts or custodial accounts. Generally, such plans cannot directly own stock as an investment without resulting in adverse tax consequences to the plan. Therefore, a group 403(b) policyholder that receives compensation and determines that it belongs to the plan must bear this rule in mind and should consult with its tax advisors before retaining stock received as compensation. The sponsor might consider electing to receive compensation in the form of cash and instructing MetLife to allocate it in a prescribed manner to each participant's account under the contract.

If the total amount of compensation is small, then the policyholder may want to consider applying it to expenses incurred in administering the program. Alternatively, compensation could be allocated in some equitable manner to participants' account balances under the annuity contract or certificates.

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## Special Considerations for Disability and Universal Life Policyholders

Under Code § 105, disability benefits provided under plans paid for by the employer are generally taxable, while benefits provided under plans with employee-paid premiums are received tax-free. If the compensation received in the MetLife conversion is used to pay premiums under the disability contract, it must be determined whether the employer or employee is credited with the payment.

While there is no governing authority as to how this should be determined, one reasonable approach is first to ascertain who would have been entitled to the compensation if it had not been used to pay premiums. To the extent the employer would have retained any compensation, it would be credited with the premium payment. Once again, this area of law is unclear; sponsors should consult with their tax advisors on the appropriate method of crediting premiums.

Employers with group term life insurance policies maintained under § 79 of the Code who also offer to the same group of employees permanent life insurance programs, such as group universal life (GUL), face special circumstances if both types of coverage are under policies issued by MetLife or its affiliates. Such employers should take special care to segregate the compensation under each program and not use compensation from one to fund the other. Failure to segregate the compensation could result in the loss of the § 79 exclusion or other adverse tax consequences under the GUL program.

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## Special Tax Consideration For Welfare Benefit Funds

VEBAs established under § 501(c)(9) of the Code and welfare benefit funds (WBF) described in § 419(e) of the Code are governed by special rules with regard to "unrelated business income tax" (UBIT). While these rules are beyond the scope of this guide, employers funding their welfare benefit plans through a VEBA or WBF should consult their legal, tax, and benefits advisors regarding the receipt of compensation by the VEBA or WBF.

If a VEBA or WBF becomes overfunded, employer deductions may be limited and the VEBA or WBF (or, in some cases where no tax-exempt entity has been established, the employer) can become liable for unrelated business income tax under § 512(a)(3) or § 419A(g) of the Code. The tax can apply even though the VEBA or WBF is not engaged in any "unrelated trade or business" under the normal UBIT rules.

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**ERISA  
Prohibited  
Transaction  
Rules**

Section 406(a) of ERISA and § 4975 of the Code generally prohibit transactions between employee benefit plans and parties related to those plans (so-called "parties in interest" or "disqualified persons"). MetLife may be a party in interest or disqualified person with respect to many employee benefit plans holding MetLife policies. In these cases, the exchange that occurs upon MetLife's conversion, in which the plan ultimately receives the compensation, could be viewed as prohibited under ERISA and the Code.

MetLife has applied to the U.S. Department of Labor for an exemption from the prohibited transaction rules to permit plans to receive compensation in the conversion. The Department has issued similar exemptions in other demutualizations, and MetLife expects the Department to issue an exemption for the MetLife conversion. Policyholders will receive a special notice when the Department publishes the exemption in its proposed form in the Federal Register.

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**WESTPORT PUBLIC SCHOOLS  
SCHOOL CALENDAR 2017-2018  
DRAFT REVISED 11-21-16**

**JULY 2017 (0)**

S	M	T	W	Th	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

4 Independence Day

**AUGUST 2017 (1)**

S	M	T	W	Th	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	<b>*28 *29 *30 (31)</b>					

**\*28-30 Staff Dev. Days**  
(31) Students' First Day

**September 2017 (19)**

S	M	T	W	Th	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

4 Labor Day  
(21) Rosh Hashanah

**October 2017 (21)**

S	M	T	W	Th	F	S
1	2	3	4	5	6	7
8	9	10	11	12	<b>*13</b>	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

**November 2017 (19)**

S	M	T	W	Th	F	S
			1	2	3	4
5	6	<b>*7</b>	8	9	10	11
12	13	14	15	16	17	18
19	20	21	<del>22</del>	<b>23</b>	<b>24</b>	25
26	27	28	29	30		

**December 2017 (16)**

S	M	T	W	Th	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	<b>25</b>	<b>26</b>	<b>27</b>	<b>28</b>	<b>29</b>	30
31						

**\*13 Staff Development Day**  
No School Students

**7 Election Day/\*Staff Development Day**  
No School Students  
22 Shortened Day  
23-24 Thanksgiving Recess

25-29 Holiday Recess

**January 2018 (20)**

S	M	T	W	Th	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	<b>15</b>	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

**February 2018 (15)**

S	M	T	W	Th	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	<b>*16</b>	17
18	<b>19</b>	<b>20</b>	<b>21</b>	<b>22</b>	<b>23</b>	24
25	26	27	28			

**March 2018 (21)**

S	M	T	W	Th	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	<b>30</b>	31

1 New Years Day  
**\*12 Staff Development Day**  
No School Students  
15 Martin Luther King Day

**\*16 Staff Development Day**  
No School Students  
19 Presidents' Day - No School  
20-23 February Recess

30 Good Friday

**April 2018 (16)**

S	M	T	W	Th	F	S
1	2	3	4	5	6	7
8	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

9-13 Spring Vacation

**May 2018 (22)**

S	M	T	W	Th	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	<b>28</b>	29	30	31		

28 Memorial Day

**June 2018 (12)**

S	M	T	W	Th	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	<del>18</del>	19	20	21	22	23
24	25	26	27	28	29	30

18 Students' Last Day/Graduation Day  
Shortened Day for Students Only

Students - 182 days

\*Teachers - 188 days

Staff Development Days: August 28-30, October 13, November 7, February 16

Students'/Teachers' Last Day will be June 18. Snow/Emergency School Closing Days will be added after June 18.

If there are no snow/emergency days, Students'/Teachers' Last Day will be June 18.

**WESTPORT PUBLIC SCHOOLS  
SCHOOL CALENDAR 2017-2018  
APPROVED MARCH 28, 2016**

<p><b>JULY 2017 (0)</b></p> <table style="width: 100%; text-align: center;"> <thead> <tr><th>S</th><th>M</th><th>T</th><th>W</th><th>Th</th><th>F</th><th>S</th></tr> </thead> <tbody> <tr><td></td><td></td><td></td><td></td><td></td><td></td><td>1</td></tr> <tr><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td><td>8</td></tr> <tr><td>9</td><td>10</td><td>11</td><td>12</td><td>13</td><td>14</td><td>15</td></tr> <tr><td>16</td><td>17</td><td>18</td><td>19</td><td>20</td><td>21</td><td>22</td></tr> <tr><td>23</td><td>24</td><td>25</td><td>26</td><td>27</td><td>28</td><td>29</td></tr> <tr><td>30</td><td>31</td><td></td><td></td><td></td><td></td><td></td></tr> </tbody> </table> <p>4 Independence Day</p>	S	M	T	W	Th	F	S							1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31						<p><b>AUGUST 2017 (1)</b></p> <table style="width: 100%; text-align: center;"> <thead> <tr><th>S</th><th>M</th><th>T</th><th>W</th><th>Th</th><th>F</th><th>S</th></tr> </thead> <tbody> <tr><td></td><td></td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr> <tr><td>6</td><td>7</td><td>8</td><td>9</td><td>10</td><td>11</td><td>12</td></tr> <tr><td>13</td><td>14</td><td>15</td><td>16</td><td>17</td><td>18</td><td>19</td></tr> <tr><td>20</td><td>21</td><td>22</td><td>23</td><td>24</td><td>25</td><td>26</td></tr> <tr><td>27</td><td><b>*28</b></td><td><b>*29</b></td><td><b>*30</b></td><td></td><td></td><td></td></tr> </tbody> </table> <p><b>*28-30 Staff Dev. Days</b> (31) Students' First Day</p>	S	M	T	W	Th	F	S			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	<b>*28</b>	<b>*29</b>	<b>*30</b>				<p><b>September 2017 (19)</b></p> <table style="width: 100%; text-align: center;"> <thead> <tr><th>S</th><th>M</th><th>T</th><th>W</th><th>Th</th><th>F</th><th>S</th></tr> </thead> <tbody> <tr><td></td><td></td><td></td><td></td><td></td><td>1</td><td>2</td></tr> <tr><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td><td>8</td><td>9</td></tr> <tr><td>10</td><td>11</td><td>12</td><td>13</td><td>14</td><td>15</td><td>16</td></tr> <tr><td>17</td><td>18</td><td>19</td><td>20</td><td><b>21</b></td><td>22</td><td>23</td></tr> <tr><td>24</td><td>25</td><td>26</td><td>27</td><td>28</td><td>29</td><td>30</td></tr> </tbody> </table> <p>4 Labor Day (21) Rosh Hashanah</p>	S	M	T	W	Th	F	S						1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	<b>21</b>	22	23	24	25	26	27	28	29	30
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Students - 182 days

\*Teachers - 188 days

Staff Development Days: August 28-30, October 13, November 7, January 12

Students'/Teachers' Last Day will be June 18. Snow/Emergency School Closing Days will be added after June 18.

If there are no snow/emergency days, Students'/Teachers' Last Day will be June 18.

## C.E.S. Regional Uniform School Calendar 2017-2018

<p><b>July</b></p> <table style="width: 100%; text-align: center; border-collapse: collapse;"> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td><td> </td></tr> <tr><td>10</td><td>11</td><td>12</td><td>13</td><td>14</td><td> </td></tr> <tr><td>27</td><td>18</td><td>19</td><td>20</td><td>21</td><td> </td></tr> <tr><td>24</td><td>25</td><td>26</td><td>27</td><td>28</td><td> </td></tr> <tr><td>31</td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> </table>							3	4	5	6	7		10	11	12	13	14		27	18	19	20	21		24	25	26	27	28		31						<p><b>August (1)</b></p> <table style="width: 100%; text-align: center; border-collapse: collapse;"> <tr><td> </td><td>1</td><td>2</td><td>3</td><td>4</td><td> </td></tr> <tr><td>7</td><td>8</td><td>9</td><td>10</td><td>11</td><td> </td></tr> <tr><td>14</td><td>15</td><td>16</td><td>17</td><td>18</td><td> </td></tr> <tr><td>21</td><td>22</td><td>23</td><td>24</td><td>25</td><td> </td></tr> <tr><td>28</td><td>29</td><td>30</td><td> 31</td><td> </td><td> </td></tr> </table> <p><i>29 – Uniform Professional Development</i> <i>31 – Students Return</i></p>		1	2	3	4		7	8	9	10	11		14	15	16	17	18		21	22	23	24	25		28	29	30	31			<p><b>September (19)</b></p> <table style="width: 100%; text-align: center; border-collapse: collapse;"> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>1</td></tr> <tr><td>4</td><td>5</td><td>6</td><td>7</td><td>8</td><td> </td></tr> <tr><td>11</td><td>12</td><td>13</td><td>14</td><td>15</td><td> </td></tr> <tr><td>18</td><td>19</td><td>20</td><td>21</td><td>22</td><td> </td></tr> <tr><td>25</td><td>26</td><td>27</td><td>28</td><td>29</td><td> </td></tr> </table> <p><i>4 – Labor Day</i> <i>21 – Rosh Hashanah</i></p>						1	4	5	6	7	8		11	12	13	14	15		18	19	20	21	22		25	26	27	28	29		<p><b>October (22)</b></p> <table style="width: 100%; text-align: center; border-collapse: collapse;"> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td> </td></tr> <tr><td>9</td><td>10</td><td>11</td><td>12</td><td>13</td><td> </td></tr> <tr><td>16</td><td>17</td><td>18</td><td>19</td><td>20</td><td> </td></tr> <tr><td>23</td><td>24</td><td>25</td><td>26</td><td>27</td><td> </td></tr> <tr><td>30</td><td>31</td><td> </td><td> </td><td> </td><td> </td></tr> </table>							2	3	4	5	6		9	10	11	12	13		16	17	18	19	20		23	24	25	26	27		30	31										
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**Note:** State law requires that public schools operate 180 days for students.

**Key:**

**Bold = No School**

**Underline = Uniform Professional Development Days – no students**

**Parenthesis Indicate total number of available student days in month**

**Uniform School Calendar allows each district 5 flex days**

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DEPARTMENT OF PUPIL SERVICES  
WESTPORT PUBLIC SCHOOLS  
72 North Avenue  
Westport, Connecticut 06880-2721

MICHAEL RIZZO  
DIRECTOR OF PUPIL SERVICES

(203) 341-1253  
FAX (203) 341-1295

**TO:** Dr. Colleen Palmer

**FROM:** Michael Rizzo, Lynda Codeghini

**DATE:** November 21, 2016

**Stepping Stones Preschool Program Update**

Stepping Stones Preschool will celebrate its 20th anniversary this year, throughout which time Stepping Stones teachers and staff members have provided outstanding special education services to students as well as served as a resource within the Westport community for parents wanting their children to join the program or who may have concerns about their child's development.

For many families, Stepping Stones Preschool is the first experience they have with special education services within the public school system. This can be an anxious time for parents and families, and therefore, it is very important that the Stepping Stones staff plan carefully for each child, work collaboratively with the family, communicate clearly and often with the family, and build a strong foundation for a relationship that will likely extend into the elementary years. This relationship is built on trust, the belief that all children can learn, and that each individual is unique, has much to offer, and is to be respected.

Over the past several years, our staff has reviewed and adjusted its instructional practices at Stepping Stones to reflect the Early Learning Developmental Standards. In addition, consulting with the Center for Children with Special Needs (CCSN) about our most complex learners has built the capacity within our program to meet the needs of many students with significant disabilities. Finally, in working as part of the Early Childhood Council operated through Cooperative Educational Services, we have implemented emerging best practices within our program and instruction.

We are very pleased tonight to provide an overview of our program, discuss our look ahead, and answer any questions you may have.

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# Stepping Stones Preschool



November 21, 2016

# Our Role: An Educational Program and Community Resource

**Child Find:** Local school districts are responsible for identifying children with disabilities who live or attend a school in their town.

**Monthly Screenings:** Identification of students who may be at risk for developmental delays (cognitive, speech, fine/gross motor, behavior) conducted by school-based team

- **Preschool Liaison:** A special education teacher consults and facilitates communication between local preschools and comprehensive Westport Public Schools team

## **Resources for Parents and the Community**

- **Website**
- **Parent information sessions**
- **School based events to develop community connections**

# Programs and Services Provided

**Inclusive Classrooms:** General education classrooms that utilize the Early Learning and Development Standards (10-15 students per class)

**Small Group Instruction:** Instruction is in groups of two to five with opportunities for pre-teaching skills taught in the general education setting.

**Complex Learners** - Program designed for children with complex styles and needs designed around the principles of Applied Behavior Analysis (ABA)

**Staffing and Services:** Special Education, Speech Pathology, Occupational Therapy, Physical Therapy, Psychology, Social Work and paraprofessional student support.

# Stepping Stones Instruction

Instructional staff design developmentally appropriate educational experiences for children ages three to five years with diverse learning styles and needs.

Early Learning and Development Standards  
Office of Early Childhood

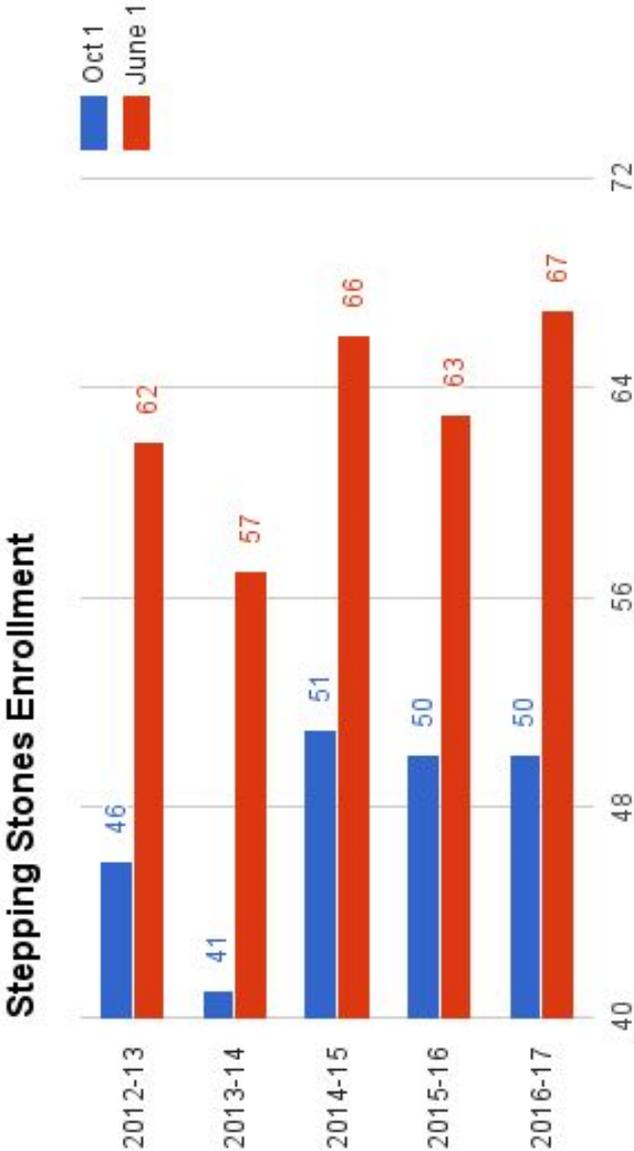


**FOR ALL STUDENTS**

# Enrollment Trends

Referral Sources:

- Birth to 3
- Monthly Screenings
- Child Find
- Parents

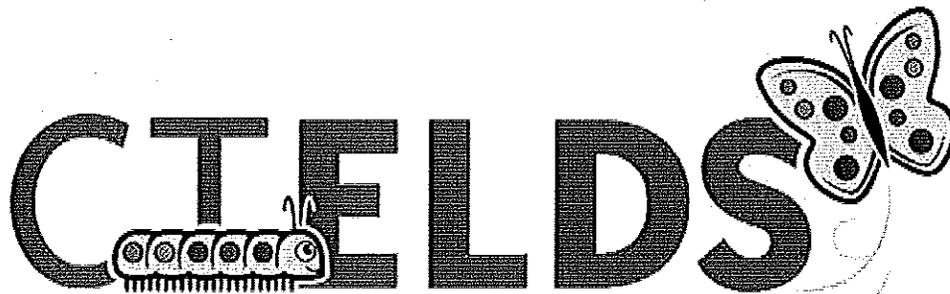


# Looking Ahead

- Enrollment
  - Accommodating the number of students and complexity of learners
- Building Capacity
  - Staff development
  - Facilities
- Student Programming
  - Quality
  - Comprehensiveness
  - Consistency



# CTEELDS



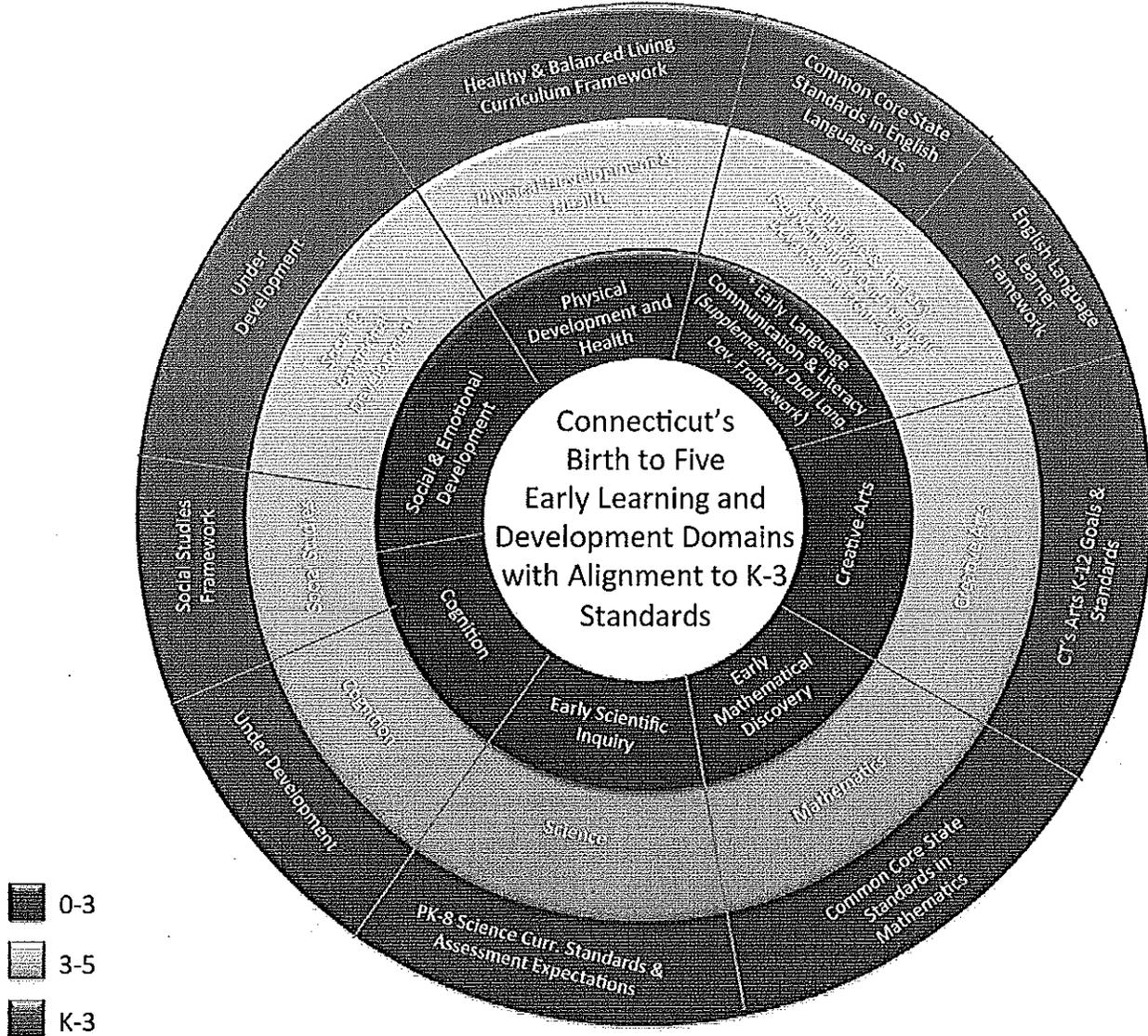
Connecticut Early Learning  
and Development Standards

*What children, birth to five,  
should know and be able to do*



*Connecticut's Early Learning and Development Standards  
were developed to help families, communities and schools  
work together to support children's early learning and growth.*

# Domain Wheel



\*The supplemental Dual Language Development Framework applies to children learning multiple languages. Early learning environments must respect family language preference and honor children's development in their primary language and promote continued bi-lingual development.

## Sustaining Play

<b>Student:</b>	Date: April 2016
<b>Objective:</b> When the staff member assigned to him is at least 10 feet away, _____ will play with a preferred toy appropriately for at least five minutes.	
<b>Criteria:</b> <u>Mastery:</u> 80% accuracy across three days (independent responding)	

Step	Materials	Teacher Presentation	Prompting Level	Student Response	Consequence
BSL	Preferred toys	In <u>one on one</u> : Give a preferred toy. Engage with the toy with him briefly and then say, "I'll be right back. Keep playing." Walk ten feet away and observe to see if _____ sustains play for 5 minutes.	Independent	Student engages with the toy for 5 minutes after staff person walks away.	Correct: no specific reinforcer, record + Incorrect: no specific reinforcer, record -
1	Preferred toys	In <u>one to one</u> : Give a preferred toy. Engage with the toy with him briefly. Move back about 1 foot and observe whether _____ continues playing with the toy.	Full physical Partial physical Gesture Independent	Student continues engagement with the toy when staff member moves back. Can still receive credit if he looks up briefly when the staff member moves, as long as he returns to playing with toy(s)	Correct: Praise, provide R+, record + Incorrect: Deliver prompt immediately, record -
2	Preferred toys	In <u>one to one</u> : Give a preferred toy. Engage with the toy with him briefly. Say, "I'll be right back, keep playing." Move about 3 feet away and observe whether _____ continues playing with the toy(s)	Full physical Partial physical Gesture Independent	Student continues engagement with the toy when staff member moves back. Can still receive credit if he looks up briefly when the staff member moves, as long as he returns to	Correct: Praise, provide R+, record + Incorrect: Deliver prompt immediately, record -

## Sustaining Play

3	Preferred toys	<p><u>In one to one:</u> Give a preferred toy. Engage with the toy with him briefly. Say, "I'll be right back, keep playing." Move about 5 feet away and observe whether continues playing with the toy(s).</p>	Full physical Partial physical Gesture Independent	<p>playing with toy(s). Student continues engagement with the toy when staff member moves back. Can still receive credit if he looks up when the staff member moves, as long as he returns to playing with toy(s).</p>	<p>Correct: Praise, provide R+, record + Incorrect: Deliver prompt immediately, record -</p>
4	Preferred toys	<p><u>In one to one:</u> Give a preferred toy. Engage with the toy with him briefly. Say, "I'll be right back, keep playing." Move about 8 feet away and observe whether continues playing with the toy(s).</p>	Full physical Partial physical Gesture Independent	<p>Student continues engagement with the toy when staff member moves back. Can still receive credit if he looks up when the staff member moves, as long as he returns to playing with toy(s)</p>	<p>Correct: Praise, provide R+, record + Incorrect: Deliver prompt immediately, record -</p>
5	Preferred toys	<p><u>In one to one:</u> Give a preferred toy. Engage with the toy with him briefly. Say, "I'll be right back, keep playing." Move 10 feet away and observe whether continues playing with the toy(s)</p>	Full physical Partial physical Gesture Independent	<p>Student continues engagement with the toy when staff member moves back. Can still receive credit if he looks up when the staff member moves, as long as he returns to playing with toy(s)</p>	<p>Correct: Praise, provide R+, record + Incorrect: Deliver prompt immediately, record -</p>
6	Preferred toys	<p><u>In small group:</u> Give a preferred toy. Engage with the toy with him briefly. Say, "I'll be</p>	Full physical Partial physical Gesture	<p>Student continues engagement with the toy when staff</p>	<p>Correct: Praise, provide R+, record + Incorrect: Deliver prompt immediately,</p>

## Sustaining Play

		right back, keep playing." Move 10 feet away and observe whether continues playing with the toy(s).	Independent	member moves back. Can still receive credit if he looks up when the staff member moves, as long as he returns to playing with toy(s)	record -
GEN		Across settings: Give preferred toy. Engage with the toy with him briefly. Say, "I'll be right back, keep playing." Move 10 feet away and observe whether continues playing with the toy (s)	Full physical Partial physical Gesture Independent	Student continues engagement with the toy when staff member moves back. Can still receive credit if he looks up when the staff member moves, as long as he returns to playing with toy(s)	Correct: Praise, provide R+, record + Incorrect: Deliver prompt immediately, record -

## Go to (Location in Preschool)

<b>Student:</b>	Date: March, 2016
<b>Objective:</b> Once given the direction, "Go to _____" paired with a visual of the preschool location, _____ will go to that destination, with no more than one prompt, referencing his visual schedule, as needed, from at least three locations in the preschool.	
<b>Criteria:</b> Mastery: 70% accuracy across three days (independent responding)	

Step	Materials	Teacher Presentation	Prompting Level	Student Response	Consequence
BSL	Visual schedule	After _____ has his visual schedule, point to the picture and say, "Go to (location in the preschool)"	Independent	_____ holds his schedule and walks to the preschool location with staff standing 5-10 feet behind him	Correct: no specific reinforcer, record + Incorrect: no specific reinforcer, record -
1	Visual schedule	After _____ has his visual schedule, point to the picture and say, "Go to (location in the preschool)"	Full physical Partial physical Gesture Independent	_____ holds his schedule and walks to the preschool location with staff standing 5-10 feet behind him	Correct: Praise, provide R+, record + Incorrect: Deliver prompt immediately, record -
GEN	Visual schedule	<u>From a novel location:</u> After _____ has his visual schedule, point to the picture and say, "Go to (location in the preschool)"	Full physical Partial physical Gesture Independent	_____ holds his schedule and walks to the preschool location with staff standing 5-10 feet behind him	Correct: Praise, provide R+, record + Incorrect: Deliver prompt immediately, record -

5.5	Will comply when peer asks her to stop hugging them	EMB			
5.6	Circlertime in gen ed, will maintain personal space	EMB			
5.7	When invited to join play by peer, she will join play or appropriately decline	EMB			
6.1	Maintain upright digital grasp for minimum of 20 seconds	DI/EMB			
6.2	With scissors, cut through 5 inch piece of paper	DI/EMB			
6.3	Imitate horizontal line	DI/EMB			
6.4	Imitate a cross	DI/EMB			
7.1	Put on coat given set up of coat	EMB			
8.1	Identify name out of an array of 3 names	DI			
8.2	Count objects up to 10	DI			
9.1	In classroom, will choose a variety of books and look at picture before turning page	EMB			
9.2	Verbally respond "what" and "what doing" about a book	EMB/Small group			
9.3	Respond to "who" questions about book	EMB/Small group			
9.4	Respond to "where"	EMB/Small group			

# Instructional Matrix

Goal/ Objective	Objective Target	Date Introduced/ Date Mastered <small>(If not introducing at time IEP was developed, include the proposed date to be introduced, along with a note of explanation)</small>	Type of Instruction <small>(See Lesson Plans for details on instruction)</small>	Generalization <small>(engages in the skill/behavior without direct teaching or support)</small>  <b>Choose 3 Different People and/or Settings for Generalization</b>  <small>Examples: Classroom para, different staff, Arrival, Table Top, Circle, Music &amp; Movement, Pretend Play, Art, Blocks, Games, Puzzles, Snack/Lunch, Playground</small>
4.1	Complete arrival and morning sign in routine in gen ed		TA/EMB/Gen Ed	
4.2	Complete lunch clean up routine		TA/EMB/Gen Ed	
4.3	During choicetime, follow choice routine by moving picture to new choice		TA/EMB/Gen Ed	
4.4	Follow large group directions, with conditions		EMB	
4.5	Participate in morning meeting routine by greeting at least 3 peers and teacher		EMB	
5.1	During choicetime, will tolerate a peer entering her play and making a change in play without protest or retreat		EMB	
5.2	Will tolerate an additional adult joining an activity with group she is in		EMB	
5.3	Complete a close ended activity with peer to completion with no protest		EMB	
5.4	Protest appropriately using words rather than actions		EMB	

Student: \_\_\_\_\_

DATE: \_\_\_\_\_

Program	Step	1	2	3	4	5	%	Initials
<b>Answer basic info</b> "What is your name?" "Are you a boy or girl?" "How old are you?"	<b>2</b> Ask in different order- Small Group							
<b>Motions to Music</b> Rocketship - Up	<b>1</b>							
<b>Get Requested Object</b> 5 feet away <i>Don't look at object</i>	<b>3</b>							
<b>Waiting</b> Waiting spot- 30 seconds- can look at a book	<b>2</b>							
<b>Written Name</b> Field of 3- symbols on all- some will start with " ".	<b>3</b>							

**11/14/16**

See lesson plan for Step number and more detailed info from the lesson plan.  
 For each trial, put a + or -, along with your initials in the appropriate space.  
 If a minus (-) is recorded, please record the prompt required (G=Gesture, PP=Partial Physical, FP=Full Physical)

Embedded Data-

WEEK OF: \_\_\_\_\_

Place a + or - in the space next to the objective and under the appropriate day. There can be numerous markings on any day, depending on the opportunities

Setting, Goal, Step	Objective/Strategy	Mon.	Tues.	Wed.	Thurs.	Fri.
One on one Requests Step 2	During 10 min. Structured activity with <u>one peer</u> , set up activity to increase his opportunities to make requests (open, more, all done, specific book, song) Staff can say "Ask ____". He should use iPad or vocal approximation to make 3 or more requests during the 10 min.					
One on one Point to pics in book Step 1	Open board book with 4-6 common pics on page. Ask "Where's the ____?" points to requested picture (at least 3 per book. If successfully points to 3, he receives a plus (+) for that opportunity.					
One on one Close ended activity Step 1	5-6 piece activity: Outside of his work area, hand first 2 pieces, supporting him to be successful. Teacher will then put the remaining pieces on the tray/table and tell him "Finish the ____" while remaining next to him. <b>PIGGY BANK</b>					
One on one Sustain play Step 5	Set up with preferred activity. Tell him "I'll be right back, you keep playing" or similar. <b>Move away 10 feet. He must play on own for 4 minutes.</b>					
One on one 1-step direction Step 1	Standing or sitting one foot away from him, tell him "Put your lunch box on the spot". He should place his lunch box on the orange spot on the table.					

11/10/16

Setting, Goal, Step	Objective/Strategy	Mon.	Tues.	Wed.	Thurs.	Fri.
Dyad (one peer) <b>Parallel Play- not disrupting peers.</b> Step 6	With sitting next to one peer, with toys/materials in front of them, he should engage in the activity without disrupting peer's play for at least 2 minutes.					
Sm/Large grp <b>Go to Location</b> Step 1	Mixed set: <b>"Go to Lisa's room" and "Go to Sharon's office"</b> , showing him appropriate picture on his schedule.					
Small Group <b>2-step routine directions</b> Step 1	During a routine task, staff states "two step direction". He completes the two steps without pausing/requiring prompt between steps. <b>"Put trash in trash can and lunchbox in cubby"</b>					
Sm/Lg group <b>Go to general ed classroom</b> Step 1	From targeted location, point to picture on schedule and say "Go to Marissa's room", from Lisa's classroom and Sharon's office (mixed set).					
Gen Ed class <b>Gain attention peers</b> Step 2	Go to iPad page with peers on it. When he wants to give a peer, get from a peer, or show peer something, tell him "get ___'s attention <b>He should touch picture of appropriate peer or vocalize to gain attention.</b>					
Gen Ed class <b>Keep bowl on table during snack</b> Step 1	During snack time, put his bowl/plate/container (yogurt/applesauce) on table within arm's length but not directly in front of him. <b>will use the bowl/plate as needed, but does not disrupt it or try to move it off the table for first minute.</b> If tries to swipe, "Remember, we're keeping our bowl on the table while we eat."					

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**MEDICAL HEALTH INSURANCE FUND**  
**SUMMARY CLAIMS PAID DATA ANALYSIS WITH**  
**END-OF-YEAR FUND BALANCE PROJECTION**

**As of October 31, 2016**

**Period: 4 of 12**

Claim Type	YTD Claims (\$)	Full Year Claims (%)
Medical and Rx	\$5,139,185	37.8%
Dental	\$363,394	33.1%
<b>TOTAL</b>	<b>\$5,502,579</b>	<b>37.5%</b>

FY17 Quarterly Claims Paid Distribution							
1Q	Cumul.	2Q	Cumul.	3Q	Cumul.	4Q	Cumul.
28.8%	28.8%						
Historical (2 Year) Claims Paid Distribution							
1Q	Cumul.	2Q	Cumul.	3Q	Cumul.	4Q	Cumul.
28.8%	28.8%	20.8%	49.6%	24.6%	74.2%	25.8%	100.0%

FY17 Total Claims Projection	\$14,692,160
YTD Expense	(\$5,502,579)
Remaining Claims to June 30	\$9,189,581
Avg. remaining monthly claims	\$1,148,698
Avg. monthly claims YTD	\$1,375,645

Beginning Cash balance, 07/01/16	\$3,238,887	
Change in Cash balance (proj.)	(\$737,417)	
Ending Cash balance (proj.) 06/30/17	\$2,501,470	17.0%
Target 9% Ending Cash balance	\$1,322,294	9.0%
Excess Cash	\$1,179,176	8.0%
Target 12% Carrying Cash balance	\$1,763,059	12.0%
Excess Cash	\$738,411	5.0%

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**Medical Health Insurance Fund  
FY 16-17 Projections  
with Claims Cash Draw Data as of October 31, 2016**

	<u>FY 17 Projection</u> <u>Mar-16</u>	<u>FY 17 Projection</u> <u>Oct-16</u>			
<b>Cash receipts</b>					
General Fund Budget from line 210	12,956,551	12,956,551			
Other Fund Contributions	100,000	100,000			
Employee Contributions (Active)	2,964,727	2,817,521			
Flex Spending Accounts	-	-			
Cobra Participants	17,556	70,051			
Retirees under 65	395,900	395,900			
State Teachers Retirement (TRB)	150,000	150,000			
Life Insurance Premiums	25,000	25,000			
Retirees over 65	478,374	478,374			
Other Contributions (FMLA, Retiree Life, etc.)	64,500	64,500			
Prescription Guarantee Adjustment	57,351	57,351			
Pharmacy Rebate	248,617	248,617			
<b>Total cash receipts</b>	<b>17,458,576</b>	<b>17,363,865</b>			
<b>Cash disbursements</b>					
Medical	11,689,283	11,364,796			
Prescription	2,293,113	2,229,458			
Dental	1,161,944	1,097,906			
Flex Spending Accounts	-	-			
Contribution to HSA	1,118,000	1,150,000			
Medical Administrative	423,212	410,897			
Network Access Fee	160,721	157,978			
Individual Stop-Loss	754,286	745,203			
Dental Administrative	54,127	54,464			
FSA Administrative	2,931	2,931			
Consulting Fee	45,000	45,000			
ACA Related Fees	54,486	53,082			
PCORI Fee	4,197	4,089			
Retirees over 65	785,478	785,478			
<b>Total cash disbursements</b>	<b>18,546,778</b>	<b>18,101,282</b>			
<b>Change in cash balance</b>	<b>(1,088,202)</b>	<b>(737,417)</b>			
<b>Beginning cash balance</b>	<b>3,238,887</b>	<b>3,238,887</b>			
Insurance Fund Draw Down (budget)	(1,532,375)	(1,532,375)			
Insurance Fund Draw Down (YTD delta)	444,173	794,958			
Projected Operating Surplus(Shortfall)-Cash basis	-	-			
<b>Ending cash balance(deficit)-projection</b>	<b>2,150,685</b>	<b>2,501,470</b>	17.0%	\$ 1,322,294	\$ 1,179,176
Less: Incurred but not reported claims	(968,308)	(968,308)	-6.6%		
<b>Net Position(Deficit) end of year-projection</b>	<b>1,182,377</b>	<b>1,533,162</b>	10.4%		

	Claims Cash Draw Against Insurance Fund Account				Total	Avg. Monthly Claims (Med/Rx/Dental)	Variance	Avg. Monthly Claims-FY 16	
	Medical/Rx	Dental	Flex	Other				(Med/Rx/Dental)	Variance
Jul 2016	\$ 1,021,997	\$ 81,164	4,139	\$ 127	\$ 1,107,427	\$ 1,103,161		\$ 1,136,451	
Aug 2016	\$ 1,641,748	\$ 107,702	4,295	\$ 1,199	\$ 1,754,944	\$ 1,426,306	\$ 323,145	\$ 1,251,815	\$ 115,364
Sept 2016	\$ 1,290,882	\$ 86,597	6,226	\$ 477	\$ 1,384,182	\$ 1,410,030	\$ (16,276)	\$ 1,332,250	\$ 80,435
Oct 2016	\$ 1,184,557	\$ 87,931	8,103	\$ -	\$ 1,280,591	\$ 1,375,645	\$ (34,385)	\$ 1,225,810	\$ (106,440)
	\$ 5,139,185	\$ 363,394	22,762	\$ 1,803	\$ 5,527,144				
YTD/Estimate	37.8%	33.1%	n/a	n/a					
Theoretical YTD Spend Rate	33.3%	33.3%	n/a	n/a					
variance %	4.5%	-0.2%							
variance \$	\$ 607,767	\$ (2,575)							
FY17 Projection (Oct-16):	\$ 13,594,254	1,097,906							
YTD Expense:	\$ (5,139,185)	\$ (363,394)							
Balance available to June 30:	\$ 8,455,069	\$ 734,512							
Average remaining monthly allowance:	\$ 1,056,884	\$ 91,814	=	1,148,698					