

MONONA GROVE SCHOOL DISTRICT
TEACHER RETIREMENT BENEFIT PLAN

The Monona Grove School District (the District) has established this Teacher Retirement Benefit Plan (the Plan) effective January 1, 2015. The purpose of the Plan is to (a) supplement the retirement benefits accrued by eligible teachers under the Wisconsin Retirement System and (b) reward teachers for service with the District. Written notification of retirement pursuant to the Plan shall be received from the teacher by the Board of Education on or before March 1 of the last school year the teacher shall be under individual contract with the District.

The Plan has six sections:

Section A defines various Plan terms;

Section B explains the classification of teachers into Retirement Tiers 1, 2, and 3;

Section C sets forth the benefits for teachers in Retirement Tier 1;

Section D sets forth the benefits for teachers in Retirement Tier 2;

Section E sets forth the benefits for teachers in Retirement Tier 3;

Section F describes the matching contributions made to the Section 403(b) Plan without regard to Retirement Tiers; and

Section G describes the one-time year-of-service reward to be made in September 2015.

Section A: Definitions of Plan Terms

For purposes of the Plan:

- (1) "FTE" means full-time equivalent.
- (2) "Highest Salary" with respect to a Retirement Tier 1 teacher means the amount of his/her salary as a teacher for the Year in which his/her salary for the District was the highest.
- (3) "Lump Sum TEP Amount" with respect to a Retirement Tier 1 teacher means the greater of zero or an amount equal to (a) his/her Highest Salary minus (b) his/her Monthly TEP Amount times 36.
- (4) "Monthly TEP Amount" with respect to a Retirement Tier 1 teacher means an amount, determined in the Year of his/her retirement, equal to the monthly social security retirement benefit to which he/she would be (or would have been) entitled at age 62 (regardless of whether he/she actually receives that social security benefit).
- (5) "Section 403(b) Plan" means the plan established and maintained by the District under Internal Revenue Code section 403(b) for the receipt of contributions made pursuant to the provisions of this Plan.
- (6) "TEP" means the teacher emeritus program described in this Plan for Retirement Tier 1 teachers.
- (7) "TRBP Trust" means the trust established and maintained by the District pursuant to the provisions of this Plan to hold certain amounts before they are contributed to the Section 403(b) Plan for Retirement Tier 3 teachers.
- (8) "Year" means the District's fiscal year that ends each June 30.
- (9) "Year of Eligibility" with respect to a Retirement Tier 2 teacher means the first Year (a) in which he/she will have attained at least age 55 on or before August 15 of that Year and (b) by the end of that Year he/she will have completed at least 10 Years of service to the District.

Section B: Classification of Teachers into Retirement Tiers 1, 2, and 3

Under the Plan, the District provides different sets of benefits, depending upon the retirement tier (1, 2 or 3) into which the teacher is classified, as described below:

Retirement Tier 1: A teacher is in Retirement Tier 1 if the following requirements are satisfied:

- (a) During the Year of retirement, he/she is actively working for the District under a regular, full-time, or part-time (minimum .50 FTE) contract;
- (b) On or before August 15 of the Year of retirement, he/she is at least age 55;
- (c) By the end of the year of retirement, he/she will have completed at least 10 Years of service to the District;
- (d) By the end of the Year of retirement, the sum of his/her age and number of his/her Years of service to the District will equal at least 70; and
- (e) He/she actually retires by the end of the District's 2015-2016 Year.

Note that, if a teacher is eligible for Retirement Tier 1 (i.e., has at least age 55 and a minimum of 10 Years of service, with age and years of service totaling at least 70), but does *not* retire by the end of the District's 2015/2016 Year, and has a minimum of 15 Years of service, then he/she will be in Retirement Tier 2.

Retirement Tier 2: A teacher is in Retirement Tier 2 if the following requirements are satisfied:

- (a) During the Year of retirement, he/she is actively working for the District under a regular, full-time, or part-time (minimum .50 FTE) contract;
- (b) On or before August 15 of the Year of retirement, he/she is at least age 55;
- (c) By the end of the Year of retirement, he/she will have completed at least 15 Years of service to the District; and
- (d) He/she will be eligible to retire (will have first satisfied the Retirement Tier 2 age and service requirements) in Years 2016/2017 to 2026/2027.

A Retirement Tier 2 teacher may at any time before retirement, if he/she irrevocably elects in writing on a form acceptable to the District, be classified and treated as a Retirement Tier 3 teacher instead of a Retirement Tier 2 teacher.

Retirement Tier 3: A teacher is in Retirement Tier 3 if the following requirements are satisfied:

- (a) During the Year of retirement, he/she is actively working for the District under a regular, full-time, or part-time (minimum .50 FTE) contract; and
- (b) By the end of the Year of retirement, he/she will have completed at least 10 Years of service to the District.
- (c) He/she will be eligible to retire (will have first satisfied the Retirement Tier 3 service requirement) after the 2026/2027 Year.

Section C: Benefits for Teachers in Retirement Tier 1

If a teacher is in Retirement Tier 1, then, after he/she retires, the District will provide him/her with the following benefits:

Health Insurance: If during the Year of retirement the Retirement Tier 1 teacher is enrolled in the District's group health insurance plan, then, for each following Year (i.e., each post-retirement Year) until the end of the month in which he/she attains age 70, he/she will be entitled to continue enrollment under that plan (or any successor group health insurance plan maintained by the District) and the District will pay a portion of the cost of the coverage. With two exceptions, the portion paid by the District will equal to the percentage paid by the District for the type of coverage (e.g., single or family) that applied to the teacher at the time of retirement. Exception one: if after retirement the teacher decreases coverage (e.g., from family to single), then the percentage paid by the District after the decrease will be the percentage that the District had paid at the time of retirement for the lesser coverage (e.g., single coverage). Exception two: if after retirement the teacher increases coverage (e.g., from single to family), then the amount paid by the District after the increase will remain unchanged (as if the teacher had not increased coverage). After retirement, if coverage is dropped, it cannot be reinstated.

Example 1: A teacher is unmarried at the time of retirement and accordingly continues single coverage after retirement. After retirement, he/she gets married. The coverage can be increased to family coverage (e.g., to cover the spouse), but the amount paid by the District will be the same as if single coverage had been continued.

Example 2: A teacher continues family coverage for several years after retirement but then drops it in favor of less expensive coverage through the government-sponsored health insurance exchange. After dropping coverage on the District's plan, he/she cannot reenroll for any type of coverage, even if it were to become less expensive than the exchange coverage.

Dental Insurance: If during the Year of retirement the Retirement Tier 1 teacher is enrolled in the District's group dental insurance plan, then, for each following Year (i.e., each post-retirement year) until the end of the month in which he/she attains age 70, he/she will be entitled to continue enrollment under that plan (or any successor group health insurance plan maintained by the District) and the District will pay a portion of the cost of the coverage. With two exceptions, the portion paid by the District will equal to the percentage paid by the District for the type of coverage (e.g., single or family) that applied to the teacher at the time of retirement. Exception one: if after retirement the teacher decreases coverage (e.g., from family to single), then the percentage paid by the District after the decrease will be the percentage that the District had paid at the time of retirement for the lesser coverage (e.g., single coverage). Exception two: if after retirement the teacher increases coverage (e.g., from single to family), then the amount paid by the District after the increase will remain unchanged (as if the teacher had not increased coverage). After retirement, if coverage is dropped, it cannot be reinstated.

Teacher Emeritus Program: If, on or before August 15 of the Year of retirement, a Retirement Tier 1 teacher has attained at least age 55 but not age 60, the District will contribute to his/her Section 403(b) Plan account:

- (a) For each of the first 36 months after the Year of retirement (or until the end of the month in which he/she attains age 62, if earlier), an amount equal to his/her Monthly TEP Amount; and
- (b) In mid-September after the Year of retirement, his/her Lump Sum TEP Amount, if any.

If, on or before August 15 of the Year of retirement, a Retirement Tier 1 teacher has attained age 60 but not more age 61, the District will contribute to his/her Section 403(b) Plan account:

- (a) For each of the first 24 months after the Year of retirement (or until the end of the month in which he/she attains age 62, if earlier), an amount equal to his/her Monthly TEP Amount; and
- (b) In mid-September after the Year of retirement, his/her Lump Sum TEP Amount, if any.

If, on or before August 15 of the Year of retirement, a Retirement Tier 1 teacher has attained age 61 but not age 62, the District will contribute to his/her Section 403(b) Plan account:

- (a) For each of the first 12 months after the Year of retirement (or until the end of the month in which he/she attains age 62, if earlier), an amount equal to his/her Monthly TEP Amount; and

(b) In mid-September after the Year of retirement, his/her Lump Sum TEP Amount, if any.

Section D: Benefits for Teachers in Retirement Tier 2

If a teacher is eligible for Retirement Tier 1 (i.e., at least age 55 and a minimum of 10 Years of service, with age and years of service totaling at least 70), but does not retire by the end of the District's 2015/2016 Year, then, after he/retires, regardless of whether he/she has 15 Years of service (i.e., regardless of whether he/she is in Retirement Tier 2), the District will contribute to his/her Section 403(b) Plan account \$38,500 each year for 5 years (for total contributions of \$192,500).

If a teacher is in Retirement Tier 2 (and not in Retirement Tier 1), then, after he/she retires, based on his/her Year of Eligibility, the District will make the following annual contributions to his/her Section 403(b) Plan account (but with the annual contributions and total contributions prorated based on the teacher's final FTE percentage with the District):

Year of Eligibility	Annual Contributions	Number of Years of Contributions	Total Contributions
2016-2017	\$ 37,000.00	5	\$ 185,000.00
2017-2018	\$ 36,000.00	5	\$ 180,000.00
2018-2019	\$ 35,000.00	5	\$ 175,000.00
2019-2020	\$ 34,000.00	5	\$ 170,000.00
2020-2021	\$ 41,250.00	4	\$ 165,000.00
2021-2022	\$ 40,000.00	4	\$ 160,000.00
2022-2023	\$ 38,750.00	4	\$ 155,000.00
2023-2024	\$ 50,000.00	3	\$150,000.00
2024-2025	\$ 48,333.33	3	\$ 145,000.00
2025-2026	\$ 46,666.66	3	\$ 140,000.00
2026-2027	\$ 45,000.00	3	\$ 135,000.00

To be entitled to the contributions described above, a teacher need not actually retire in his/her Year of Eligibility.

Example 3: The Year of Eligibility of a Retirement Tier 2 teacher is the 2022-2023 Year, but she does not retire until after the 2026-2027 Year. After her retirement, the District will contribute \$38,750 to her Section 403(b) Plan account for 4 years.

The District's contributions to the Section 403(b) Plan will be made monthly (i.e., one twelfth of the annual contributions each month), beginning September after the Year in which the teacher has retired. The teacher's rights to all amounts contributed by the District will be fully vested.

If a Retirement Tier 2 teacher has irrevocably elected to be treated as a Retirement Tier 3 teacher, then the District will not make the post-retirement contributions to his/her Section 403(b) Plan account as described in this Section regarding Retirement Tier 2 teachers, but will, instead, make pre-retirement contributions to the TRBT Trust as

described for Retirement Tier 3 teachers (and after 15 Years of service contribute his/her TRBT Trust account balance to his/her Section 403(b) Plan account as described for Retirement 3 teachers).

If a teacher is in Retirement Tier 2, has fulfilled the eligibility requirements of Retirement Tier 2, but has not retired, and dies while employed with the District as a teacher, the District shall provide an economic benefit to that teacher equal to the Total Contributions described above based upon that teacher's year of eligibility. The District will contribute as much as possible to the Section 403(b) plan for that teacher. The remaining economic benefit after subtracting any amount contributed to the Section 403(b) plan pursuant to this Plan shall be paid directly to that teacher's surviving spouse or if there is no surviving spouse to that teacher's estate and such payment shall be subject to all applicable payroll taxes.

Section E: Benefits for Teachers in Retirement Tier 3

If a teacher is in Retirement Tier 3, then, after he/she has completed a Year of service for the District, the District will:

- (a) In June after each of the first 10 Years of service, contribute to a TRBT Trust account for him/her (to be held and invested according to the TRBT Trust provisions) the amount of \$1,500 (prorated based on the teacher's FTE percentage for the Year); and
- (b) If he/she completes 10 Years of service, contribute (in June after such completion, subject to any maximum annual contribution rules regarding section 403(b) plans) his/her TRBT trust account balance (principal and earnings) to his/her Section 403(b) Plan account; and
- (c) In June after each additional Year of service beyond 10, contribute to his/her Section 403(b) Plan account the amount of \$1,500 (prorated based on the teacher's FTE percentage for the Year).

If a Retirement Tier 3 teacher (or a Retirement Tier 2 teacher who has irrevocably elected to be treated as a Retirement Tier 3 teacher) does not complete 10 Years of service for the District, then he/she will forfeit any rights to the amounts held in the TRBT Trust for him/her.

Section F: Section 403(b) Matching Contributions Without Regard to Retirement Tiers

For each teacher who is employed .50 FTE or greater (regardless of his/her Retirement Tier classification), the District will contribute to his/her section 403(b) account (not necessarily the Section 403(b) Plan established and maintained by the District under this Plan) a fully-vested amount equal to the lesser of (a) his/her elective salary deferrals to the section 403(b) account or (b) \$1,000 per calendar year (pro-rated based on FTE).

Example 4: A teacher is employed .75 FTE and during the year electively defers \$3,000 of salary to her section 403(b) account. The District will make a matching contribution for the year equal to \$750 (\$1,000 times .75).

Section G: One-Time Year-of-Service Reward

If, by the end of the 2014-15 Year, a teacher has at least 7 Years of service and is in Retirement Tier 2 or 3, then the District will in September 2015 make a one-time contribution, to his/her account described in this section, of an amount equal to \$280 times the number of his/her Years of service for the District (prorated based on FTE) through the end of the 2014-2015 Year. If, by the end of the 2014-15 Year, the teacher has at least 15 Years of service, then the contribution will be made to his/her Section 403(b) Plan account. If, by the end of the 2014-15 Year, the teacher does not have at least 15 Years of service, then the contribution will be made to a TRBT Trust account for him/her (to be held and invested according to the TRBT Trust provisions) and, if he/she later completes 15 Years of service, his/her TRBT trust account balance (principal and earnings) will be contributed to his/her Section 403(b) Plan account (but if he/she does not complete 15 Years of service, then he/she will forfeit any rights to the amounts held in the TRBT Trust for him/her).

Section H: Amendment or Termination of Plan

The District reserves the right to amend or terminate the Plan, but no amendment or termination shall affect the rights to benefits accrued by a teacher under the Plan prior to the date of such amendment or termination.