

GCCA-RC

REGULATION

PROFESSIONAL / SUPPORT STAFF SICK LEAVE

**(Option for Accrued Leave Conversion to 403(B) Plan)
Or
(Post Retirement Incurred Medical Expense Plan Upon Retirement)
Or
(Separation from District)**

Purpose

The Glendale Elementary School District (hereinafter, "District") hereby establishes the Glendale Elementary School District Accrued Leave Conversion Plan (the "Plan"). The purpose of the Plan is to enable the District to provide eligible retiring employees the value of their accrued leave ("Accrued Leave") to the District's supplemental retirement benefit plan named The PRIME Choice Plan either through the District's 403(b) plan (the 403(b) "Plan") or the District's Post Retirement Incurred Medical Expense Plan and Trust (the "Prime Plan"). By adopting the Plan, the District intends to provide flexibility in converting the Accrued Leave to a dollar value. The term "retiring employee" as used in this Plan document means a District employee who separates from service either through retirement or termination of employment.

General Application

The District will apply a formula, set forth below, to convert an eligible retiring employee's Accrued Leave into a dollar value ("Benefits"). Benefits will be paid to each eligible retiring employee through either the 403(b) Plan or the Prime Plan.

The District intends that Benefits not be subject to FICA taxes and be tax deferred for both Federal and State income tax until the eligible retiring employee withdraws them from either the 403(b) Plan or the Prime Plan, whichever is applicable. However, the District makes no warranties or representations regarding the tax treatment of any contribution made to or amount received under the Plan. Eligible retiring employees should consult their own tax advisor to determine the best course of action.

Eligibility

The retiring employee must be eligible for a payout of Accrued Leave as a benefit of employment under Governing Board Policy GCCA and the accompanying regulations. If eligible, the conversion of a retiring employee's Accrued Leave is automatic and mandatory on the date of his or her separation from service, if, at the time of his or her separation from service, the retiring employee's Accrued Leave is at least five thousand dollars (\$5,000) and the retiring employee has attained, or will attain within the calendar year of separation from service, age fifty-five (55).

Calculation of Benefit

The District will determine a retiring employee's Benefits according to the District's formula for converting Accrued Leave to a dollar value contained in Governing Board Policy GCCA-RA within the employee's job classification.

Payment of Benefits:

A. Election of Form of Benefit. Within sixty (60) days of receiving written notice of an eligible retiring employee's separation from service, the District will elect the form in which the retiring employee will receive his or her benefits. Benefits can only be paid to the eligible retiring employee in one (1) of the forms set forth in paragraph 2 below. In making the election, the District will consider several established factors including the retiring employee's access to other health insurance coverage, the value of the retiring employee's Accrued Leave and the ability of the retiring employee to demonstrate the need for coverage. The District will notify the retiring employee (within the sixty [60]-day time period identified above) of the District's election.

B. Form of Payment. Each retiring employee who is eligible to receive Benefits will be paid in one of the following forms (subject to the election made in paragraph 1 above):

1. A contribution to the Prime Plan to pay for the retiring employee's health insurance premiums and un-reimbursed medical expenses specified under Internal Revenue Code Section 213. This benefit will continue until fully exhausted by the retiree or his or her qualified dependent beneficiaries under the terms of the Prime Plan.
2. A contribution to the 403(b) Plan which will be paid to the retiring employee according to the terms of the 403(b) Plan. The terms and regulations of the District's approved 403(b) Plan will govern the employee's access to his or her account.

Miscellaneous

All terms expressed herein will be deemed to include both genders and all references to the plural will be deemed to include the singular and vice versa, as proper construction will dictate.

The Plan does not enlarge or diminish the employment rights of any employee nor does it confer any right upon any employee to be retained in the service of the District.

The Plan will be construed and enforced according to the laws of the State of Arizona.

This regulation contains all of the operative provisions of this Plan. Any conflict between the provisions of this document and any other document purporting to explain the rights, benefits, or obligations of the parties hereunder will be resolved in favor of this policy. In the event that one (1) or more of the provisions of the policy will be interpreted as if the offending language had been stricken from its provisions and the remainder of the policy document will continue in full force and effect.