

MEMORANDUM OF UNDERSTANDING

NON-ELECTIVE 403(b) EMPLOYER CONTRIBUTION

The following document represents an understanding between the Sunset Ridge School District 29 Board of Education (“Board”) and the Sunset Ridge Education Association (“Association”) (collectively, the “Parties”) relative to Article X – Fringe Benefits of the 2014-2019 Collective Bargaining Agreement (“Contract”), with specific regard to benefits involving the Foundation Level and the 403(b) Program.

Under the Contract, the Parties established a Foundation Level, which represents the maximum amount of money that may be expended by the Board on medical benefits during a school year. Under the Contract, unspent money from the Foundation Level cannot be distributed to employees as cash or serve to increase the following school year’s Foundation Level.

Pursuant to the Contract, the Parties formed a Benefits Committee to design and manage medical benefits for teachers. One of the tasks of the Benefits Committee was to maintain costs within the Foundation Level. During the 2015-2016 benefits year, it was determined by the Benefits Committee and reported to the Board that the Parties succeeded in reducing the overall cost of medical benefits well below the set Foundation Level for the year. At the time this Memorandum was executed, the unspent Foundation Level amount for the 2015-2016 benefit year was estimated to be \$44,746.62.

403(b) Employer Contribution

In response to this positive outcome, and as an added but separate benefit, the Board has determined to provide a one-time, non-elective employer contribution to the Teachers’ 403(b) accounts as set forth herein. This contribution will be made in accordance with the Board’s 403(b) Plan to the extent such contribution is allowed pursuant to the rules and regulations governing 403(b) contributions under the *Internal Revenue Code of 1986*, as amended. It is further understood by the Parties that the payment of such benefit is non-elective and at no time did or will any Teacher have the option of receiving the benefit in any form other than a 403(b) contribution. In order to receive the contribution, a Teacher must have available an active 403(b) account and must designate the receiving account by no later than June 1, 2016, to be eligible for the contribution. The Board’s administration will provide additional guidance on how that account may be designated by each Teacher.

Non-Retiring Teachers

The 403(b) non-elective employer contribution will be in the amount of Four Hundred Dollars (\$400) for each eligible Non-Retiring Teacher and will be made in one lump sum in June, 2016. If the Teacher is no longer employed by the Board at the time the contribution is to be made and is not included in the “Retiring Teachers” group below, the Board will not make the 403(b) contribution for that Teacher. If a Teacher dies before the contribution can be made, the Board shall not make the contribution.

Retiring Teachers

The Board further recognizes that several of its Teachers have, prior to this Memorandum being executed, elected to receive certain retirement benefit options under the Contract. As part of that election, however, a Teacher agrees that he/she cannot receive an increase in his/her earnings creditable to the Teachers' Retirement System of Illinois ("TRS") of greater than six percent (6%) over his/her previous year's creditable earnings. As such, the Board will not provide the 403(b) non-elective contribution to any Teacher who has elected the retirement benefit where the contribution will cause the overall TRS creditable earnings in the 2015-2016 school year to exceed that Teacher's TRS creditable earnings by more than 6% over the prior school year.

For these Teachers only, the Board has determined to provide a separate, one-time, non-elective post-retirement employer contribution to their 403(b) accounts. This contribution will be in the amount of Four Hundred Dollars (\$400) and will be made in one lump sum within three months following each such Teacher's last day of service in the District and receipt of his/her final paycheck for regular earnings following retirement such that the benefit will not be considered TRS creditable earnings. The following Teachers are identified as "Retiring Teachers" under this section and therefore eligible for the post-retirement benefit (and ineligible for the benefit described under "Non-Retiring Teachers" above): Robin Bell, Barb Golomb, Barb Egofske, Cindy Fleischer, Mady Kaplan, Barb Rosenberg, Ken Smith, Steve Timko, Anita Victorn, Melinda Zibart, Clare Raming, and JoAnn Tennenbaum. If for any reason the contribution described in this section is determined by TRS to be creditable, the Parties agree that the Board will not provide the contribution. If a Teacher dies before the contribution can be made, the Board shall not make the contribution.

The Parties further understand and agree that the 403(b) benefit described in this Memorandum shall be considered non-precedential in all respects.

Board of Education
Sunset Ridge School District #29

By: Debbie Papas
President

Sunset Ridge Education Association
Illinois Education Association

By: Doreen Barber
President

Dated as of 10 May 2016

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