

VOLUNTARY SEPARATION INCENTIVE POLICY

Preamble: The Voluntary Separation Incentive Policy was active in the Spearfish School District 40-2 for a number of years. However, significant changes in state aid to education funding procedures resulted from the 2016 legislative session, including the phased-termination of the pension fund. Because of these legislative state aid to education funding changes, the District has determined it is necessary to terminate this program over a period to two school years, with termination to occur at the end of the 2017-18 school year.

Full-time teachers and administrators, upon written application and approval by the Board of Education, may participate in a voluntary separation program.

Part One - Definitions

1. "Last school year of employment:" The last school year an eligible employee is employed with the district or is on a period of Extended Leave (See Part One (4)) and during which an employee makes application for the voluntary separation program.
2. "Intended school year of separation:" This term has same meaning as the "last school year of employment."
3. "Eligible employees:" Employees who attain years of service with the district as either full-time teachers or administrators. If an employee is employed by the district in another capacity and then is hired as a full-time teacher or administrator, the years of previous employment are not counted under this policy for years of service.
4. "Years of service:" An eligible employee accumulates a "year of service" under this Policy if employed by the district under a contract on a full-time basis for the contract year. If an eligible employee is on a period of leave from the district for professional development or other Board-approved reason extending beyond customary leaves stated in district employment contracts and the district has a position set aside for him/her in the district after this leave period ends ("Extended Leave"), there is no break in consecutiveness for purposes of this policy, but the Extended Leave period does not count toward "years of service."

Part Two - Program Eligibility and Provisions

1. Eligible employees who attain their fifty-fifth (55th) birthday on or before September 1 of the intended school year of separation may make application for the voluntary separation program by March 1 of the last school year of employment. Commencing with all new hires for the 2006-2007 school year, new hires subject to this policy shall not be eligible to participate in the voluntary separation program.
2. Eligible employees must have at least ten consecutive years of service with the district to be eligible under the voluntary separation program. If the employee's last school year of employment is the tenth consecutive year of service with the district, that employee is eligible under the

voluntary separation program. A period of Extended Leave does not count toward accumulating ten consecutive years of service with the district.

3. No employee shall be eligible for the voluntary separation program unless that employee is currently working for the district or is currently on a period of Extended Leave.
4. If applications are required under Subsection 9 of Part Two below, applications must be submitted in writing on or before March 1 of the last school year of employment. Approval of an eligible employee's application for the voluntary separation program by the Board of Education will be considered as a voluntary resignation. Program benefits will be paid in two annual installments as follows, at the employee's election: (a) on or about the 20th day of July immediately following submission and approval of the employee's application for the voluntary separation program by the Board of Education, and on or about the 20th day of July thereafter until both installments are paid; or (b) on or about the 20th day of January immediately following Board approval, and on or about the 20th day of January thereafter until both installments are paid. The employee is responsible for any income tax elections affecting deferred compensation under IRC Sec. 409A, if any. Retirement funds will be paid through a 403(b) plan with an approved 403(b) vendor of the employee's choosing.
6. An eligible employee may elect voluntary separation at the time the employee is on Extended Leave if the employee is otherwise qualified under this policy.
7. It is not the intention of the district to prohibit the separating employee's rights for future employment with any other agency or organization or to limit or restrain their choice of future avocation.
8. Any teacher electing voluntary separation by an application that also constitutes a voluntary resignation from employment may continue his or her participation in the district's group insurance program under Group B of the Spearfish School District Health Care Plan until such teacher is eligible for Medicare. Such teacher shall pay the full cost for his or her coverage as determined by the business manager. Said cost shall be paid at such time and in such manner as required by the business manager.
9. This policy is subject to modification by the Board of Education. This policy and the program shall be terminated at the end of the 2017-18 school year. New applications may be submitted under this policy either by March 1, 2017 for the 2016-17 school year if the eligible employee elects to voluntarily retire and receive the benefit at the end of the 2016-17 school year, or by March 1, 2018 for the 2017-18 school year if the employee elects to voluntarily retire and receive the benefit at the end of the 2017-18 school year. The retiring employee's benefit will be paid in two installments according to Subsection 4 of Part Two. If an eligible employee elects not to voluntarily retire in either the 2016-17 or the 2017-18 school year, no application will be necessary and the eligible employee will receive his or her benefit at the end of the 2017-18 school year in a lump sum payment through a 403(b) plan as stated in Subsection 4 of Part Two. Following the termination of this policy, eligible employees that otherwise qualify for this benefit but have not attained their fifty-fifth (55th) birthday on or before September 1, 2017 will be paid a lump sum payment following the end of the 2017-18 school year through a 403(b) plan as stated in Subsection 4 of Part Two.

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4000 Personnel**

Board Policy

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Part Three - Payment Formula

1. The voluntary separation payment is calculated by taking five percent (5%) of the eligible employee's last three years average salary ending with the 2015-16 school year, multiplied times the number of years of service in the district, to a maximum of twenty (20) years, but not to exceed the maximum benefit amount stated in Part Three (3) below (this is called the "2015-16 Benefit" in Subsection 3 of Part Three below). A period of Extended Leave does not count toward calculating years of service in the district. Eligible employee salary does not include extra-duty pay contract extensions, or other payments above the amounts specified by the salary schedule or applicable employment contract.
2. In the event the employee entitled to voluntary separation program benefits hereunder should die while all or part of such benefit remains unpaid, such unpaid benefit or part thereof shall be paid to the beneficiary designated in writing by the teacher as prescribed by the business manager. In the event no beneficiary has been designated, such unpaid benefit shall be paid to the estate of the deceased.
3. The maximum benefit under this policy is:

Those eligible employees that are fully eligible to receive their benefit before the end of the 2017-18 school year will receive 70% of their 2015-16 Benefit amount.

Those eligible employees that are eligible to receive their benefit after the end of the 2017-18 school year by attaining age fifty-five (55) years after September 1, 2017, will receive 43.5% of their 2015-16 Benefit amount.

Approved	<u>May 13, 1985</u>
Revised	<u>March 9, 1987</u>
Revised	<u>January 25, 1993</u>
Revised	<u>August 12, 1996</u>
Reviewed	<u>December 14, 1998</u>
Revised	<u>March 14, 2005</u>
Reviewed	<u>December 11, 2006</u>
Revised	<u>April 14, 2008</u>
Reviewed	<u>July 13, 2009</u>
Reviewed	<u>July 12, 2010</u>
Revised	<u>January 9, 2012</u>
Revised	<u>June 9, 2014</u>
Reviewed	<u>July 13, 2015</u>
Revised	<u>April 11, 2016</u>
Revised	<u>December 12, 2016</u>