

**Agency Separation Plan
(Policy #4136)
Frequently Asked Questions**

Q: Will a separation plan be available the 2009-2010 fiscal year?

A: *Yes, the current plan will remain in effect for 2009-10 for all staff who meet the eligibility requirements as of June 30, 2012, up to a maximum of 25 participants. Participants will receive a separation payment, not to exceed 30% based on the employee's years of eligibility for the plan. This separation payment is to be provided in one lump sum no later than September 1, 2010 (subject to annual IRS contribution limits).*

Q: Will a separation plan be available the 2010-2011 fiscal year?

A: *Yes, the Board intends for the Transition Separation Plan to be available for 2010-11 and end on June 30, 2011. For 2010-11, there is no maximum level of participation. Participants will receive a separation payment of 35%, regardless of plan year eligibility. This separation payment will be provided over a 2-5 year period.*

Q: Is there a possibility the separation plan will be revised in 2010-2011?

A: *No changes are anticipated for 2010-11. This policy is reviewed annually and renewal of the policy may include revisions. The Board made a decision to offer a plan for the 2010-11 fiscal year and that plan design was to be defined before February 1, 2010. For fiscal management purposes, the Board does have discretion to make changes in the plan based on changing financial needs of the Agency. Projected reductions in state revenues and limited Agency resources were considered when designing the plan for 2010-11, and therefore additional revisions are not likely barring extenuating or unusual circumstances.*

Q: Will a separation plan be available the 2011-2012 fiscal year?

A: *The Board intends for the Transition Separation Plan to end June 30, 2011. This is an annual policy that expires every year on June 30, and only at the discretion of the Board will the policy be renewed. The Board shall make a decision no later than November regarding the offering of a plan for the subsequent fiscal year.*

Q: Is the separation plan available to all staff (contracted, classified, etc.) who meet the eligibility requirements?

A: *Yes, staff from all employee groups may apply for the plan. For 2009-10, the plan is limited to 25 participants.*

Q: How many people meet the eligibility requirements for participating in the plan?

A: *Employees who meet the eligibility criteria as of June 30, 2012, may participate. Therefore a total of 66 employees are eligible.*

Q: How does a staff member apply for the separation plan?

A: *An application for the separation plan must be submitted to the HR office either by March 1 or 45 days prior to the effective date of the separation, whichever occurs first during the school year (July 1 – June 30).*

Q: For those employees who have a priority ranking for 2009-2010 that does not fall within the top 25, will there be a separate, extended application timeline for these employees to apply if some employees within the top 25 do not apply?

A: *No. If the employee's priority rank does not fall within the top 25 and the employee wishes to apply for the separation plan in 2009-2010, they must still do so under the same timelines (by March 1 or 45 days prior to the effective date of the separation), however the plan may not be available to them depending on the number of other applications received from employees who hold a higher priority ranking.*

- Q: If an employee applies for the separation plan in 2009-2010 and is not one of the 25 applicants approved for the plan, is the application considered a resignation from employment?**
- A: *No. An application for the separation plan must be approved by the Board in order to be considered a voluntary resignation and termination of employment. Therefore, if an employee applies for the separation plan in 2009-10 and is not one of the 25 applicants approved for the plan, the employee will continue employment with the Agency. If not approved for the separation plan, the employee may still resign or retire from the Agency without the separation plan by submitting a separate letter of resignation or retirement.*
- Q: When will the participant receive the annual payment if the payout is made over 2-5 years?**
- A: *For employees participating in 2010-11, the payment will be calculated and determined based upon the number of participants in 2010-2011 and the Agency's financial considerations. Payment will be made in equal annual installments no later than November of each year. Before the first payment to the employee's special pay deferral account, the length of time for payment and the amount of annual payment will be provided to each participant.*
- Q: Can a contracted staff member choose an ending date prior to June 30 as their last date of employment?**
- A: *It is expected that employees fulfill their contract obligations. If the contract obligations have not been fulfilled, a request for release from contract will be presented to the GWAEA board of directors. This personnel action is contingent upon Board approval and would be subject to contract fulfillment policy #4260.*
- Q: If an employee either 1) retires and does not qualify for the separation plan or 2) retires after the separation window expires but before the employee is eligible for Medicare, may the employee continue to participate in the Agency's health plan until eligible for Medicare?**
- A: *Yes, Iowa law provides for public employers to allow retirees to continue participation in the employer's group medical insurance, and the Agency extends this option to dental and vision insurance as well. As long as the employee has retired from the Agency and was already enrolled in the Agency's applicable group plan(s) at the time of retirement, the employee may continue to participate in the health, dental and/or vision plan at the employee's expense to age 65.*
- Q: Can an employee pay for family coverage under the Agency's group health insurance program if they participate in the separation plan?**
- A: *Yes. If the employee participated in the family coverage under the Agency's group health insurance program during their employment they may continue this coverage. An employee may not add a family member to their coverage at the time of retirement.*
- Q: Is there an upper age limit for participating in the plan?**
- A: *No. A fixed-age limit for participating in the plan was removed. A previous policy did have an upper age limit of 63. Under the current policy, however, employees age 63 or more may now participate in the plan.*
- Q: If I left the agency and returned, may I combine prior years of GWAEA employment with my current years of employment to reach the 20 years of service?**
- A: *Yes. However, you should verify your total years of service with HR.*
- Q: Does my first year of employment count toward my years of service if I was hired after the school year started?**
- A: *If your start date is before February 1 of the fiscal year, your first year will count as one (1) year of employment.*
- Q: If the legislature were to make changes to the AEA structure or funding, would the Agency be able to guarantee payment of the separation plan?**
- A: *Bill language now under discussion does not change the structure of the AEA's and retains the local Board control, but does include possible revisions to the AEA funding formula. In the event the legislature makes changes to the AEA structure or funding, the scheduled separation payments would be carried forward as a liability (expense) to be paid. It's difficult to anticipate all the potential implications of such a significant change, and legislative action for*

such restructuring may likely dictate how liabilities are to be reconciled, however these payments would be treated by the Agency as any other expense liability.

Q: Will the separation plan result in savings to the Agency?

A: The plan to date has resulted in some salary savings but has not resulted in overall net savings because the costs of the plan (separation payments and a contribution towards insurance premiums for prior participants, which continues to age 65) have continued to exceed salary savings. The plan designs for 2009-10 and 2010-11 are anticipated to provide additional savings because plan payments will be spread over multiple years and, regrettably, the Agency does not intend to fill many vacancies that will be created by retirements due to the funding projections at this time.

Q: How is the separation plan funded?

A: The funding has always come from general fund revenues and reserves. Due to the projected reductions in state revenues, the Agency needs to control expenditures and maintain a fiscally responsible level of reserves. While school districts can pay their separation plan costs by levying property tax in the Management Fund, the AEAs do not have this funding mechanism.

Q: Will longevity pay be offered to employees?

A: The issue of longevity pay is a mandatory subject of bargaining under the topic of 'wages' and the Board cannot unilaterally develop a plan for longevity pay for those employee groups represented by the collective bargaining unit. Longevity pay provisions for Contracted and Classified Staff are reflected in Article 14 of the respective Master Contract Agreements.

Q: Why is the separation payment made through a 403(b) plan with no contribution towards insurance?

A: A special pay deferral is the most flexible payment option, and both the Agency and employee realize a tax savings as the 403(b) plan is exempt from paying the 7.65% FICA tax. The account then grows tax-deferred, but can be accessed by the retiree at any time through a withdrawal or rollover. Providing the payment under a special pay deferral plan (403b) provides participants the flexibility to use those dollars based on their individual interests or needs, including towards the payment of insurance premiums if they wish.

Q: How many AEAs offer a separation plan?

A: Currently three of the ten AEAs, including GWAEA, offer a separation plan.

Q: Does the Agency coordinate the separation plan with IPERS benefits?

A: No. The Agency's separation plan and the IPERS retirement system are distinctly separate programs intended for different purposes and are administered by two discrete entities. Employees may contact the Human Resources office at x6703 for questions regarding the separation plan. For questions concerning IPERS, employees are to contact an IPERS Benefit Representative by phone (800-622-3849) or email (info@ipers.state.ia.us).

Q: Will there be changes to the current IPERS plan?

A: Although IPERS is not related to the Agency's separation plan, changes in IPERS may have implications for employee decisions related to the separation plan. The Benefits Advisory Committee of the Iowa Public Employees Retirement System (IPERS) made some recommendations for the 2010 legislative session. Any changes to the IPERS system for next year must be approved by the legislature during this session. The only change that was previously approved was an increase of 0.50% in the contribution rate effective July 1, 2010 (the split is 60% for employer share and 40% for employee share).