

## **Congratulations On Your Retirement!**

While retirement can be exciting, it can also be confusing and stressful at the same time. This is our attempt to help relieve some of that stress. Below, please find a checklist for you to follow as you finish your final months with the Troy School District and the TEA. They are listed in no particular order.

**29.5 End-of-Year Notice Requirement.** Teachers resigning or retiring prior to the start of the next school year must give notice by **March 30th** (90 days prior to the end of the preceding school year). Teachers providing less than the 90-workday notice, but more than 30-days' notice, shall receive a prorated severance payment; i.e., a teacher giving 89-days' notice shall be eligible for 89/90ths of the severance benefit. Teachers giving less than 30-days' notice shall not be entitled to any severance benefit, assuming there are no extenuating circumstances. A written notice should be sent to the Assistant Superintendent, Employee Services.

- \_\_\_\_\_ Contract the district by March 30 to qualify for your severance
- \_\_\_\_\_ Tax-sheltered Annuity Contributions
- \_\_\_\_\_ Severance Pay (Calculate using the worksheet on the TEA website or the sheet below)
- \_\_\_\_\_ Flexible Spending Accounts (FSA) (Modify if needed)
- \_\_\_\_\_ Health Savings Account (HSA) (Modify if needed)
- \_\_\_\_\_ Secure Insurance (COBRA)
- \_\_\_\_\_ Contact the ORS (See sheet on TEA website)
- \_\_\_\_\_ Contact Social Security (See sheet on TEA website)
- \_\_\_\_\_ Current Address and Email Information provided to the district



## Memorandum

### Employee Services Department

4400 Livernois  
Troy, MI 48098  
248/823-4000,  
Fax - 248/823-4014

DATE:

TO: 2019-2020 Teacher Retiree

FROM: John Pagel  
Director of Employee Services

RE: Important Retirement Information

The Employee Services Department is in receipt of your retirement notice, and your resignation for the purpose of retirement from the Troy School District has been accepted. All retirement notices will be included on the Board agenda for May 21, 2020, at which time it will become public.

There is some information you should know as you plan your final months with the Troy School District. This correspondence will attempt to outline as much information as possible and address the questions we answer frequently.

**Tax-sheltered Annuity Contributions** - If it is your desire to increase any 403(b) account you have before you retire, it may be possible for you to increase the amount you are depositing between now and your retirement date. You should contact your tax-sheltered annuity agent, if you are interested in making any adjustments.

**Severance Pay** - If you are eligible to receive severance pay and the severance pay is five thousand dollars (\$5,000) or more, you ***must deposit your severance pay into a 403(b) plan offered through the District.*** You do not pay FICA and Medicare on severance pay when it is deposited into a 403(b) plan. You may withdraw or transfer some or all of your money after twenty-four (24) hours. When you withdraw your money, it is subject to income tax, but not FICA and Medicare tax.

You must make direct arrangements with one of the approved carriers on the District's list to have your severance pay placed into a 403(b) account. If you already have a 403(b) tax-sheltered annuity account, this account will receive your severance pay deposit unless you notify us that you have opened another account and closed your previous account. If you are depositing money into more than one account, your severance deposit will be allocated the same way unless you change it. If you don't already have an account, you must establish the account **before** your last actual day of work. If you need a copy of the District's approved 403b vendor list, please contact Josie Simon at [jsimon@troy.k12.mi.us](mailto:jsimon@troy.k12.mi.us). When your account has been created, please complete and return the attached form by the end of May.

If your severance pay is less than five thousand dollars (\$5,000), it will be issued directly to you. Severance pay under five thousand dollars (\$5,000) is subject to FICA, Medicare and income tax. A recent Internal Revenue Service regulation prohibits an employer from spreading tax over a greater period of time than the money was paid. This means that your severance pay will be taxed at the rate of 25% because it is considered supplemental pay by the Internal Revenue Service.

**You must complete and return the attached form that provides the Employee Services Department with your direction to the District regarding your severance pay.**

**Accumulated Sick Leave** - As you know, the collective bargaining agreement provides the maximum use of four personal business days during a school year. Please know that if you overuse your personal business days prior to your final work day, an adjustment will be made to your monies owed to you by the Troy School District.

**Flexible Spending Accounts (FSA)** – If you made contributions to a Flexible Spending Account in the calendar year in which you retire, regardless of the pay schedule you are on (21 or 26 pays), you will be placed in the "Termination Run Out Period". You will have 30 days from your termination/retirement date to submit for services incurred prior to the termination/retirement date. You may also elect to exercise your COBRA option to maintain this account through the end of the calendar year or until the end of the month when you deplete the funds in the account. If there is money left in your account after the "Termination Run Out Period" and you do not exercise your COBRA option, you will forfeit all the money remaining in the account. If you have questions, please contact the Employee Benefits Office at 248-823-4006.

**COBRA** - The Consolidated Omnibus Budget Reconciliation Act (COBRA) requires the District to send you a notice about your rights to continue your group health insurance coverage at your expense after you leave employment. Included with this notice is information about current rates, payments arrangements, the length of time you may continue to purchase coverage, and the timeline in which you must act to exercise this option.

Your COBRA information packet will be sent to you from the Employee Benefits Office. If you have questions, please contact the Employee Benefits Office at 248-823-4006.

**ORS** - If you haven't done so already, it is important for you to notify the Office of Retirement Services (ORS) of the date you intend to retire. You may do this online through your MIAccount. They will send you the necessary forms to complete and can give you information regarding your pension calculation. The sooner you process your retirement, the sooner you can hope to receive your pension and insurance cards.

**Social Security** - Eligibility to collect social security varies depending on your year of birth and decision to collect a reduced pension early or a full pension later. Call 1-800-772-1213, or visit them online, for forms and information.

**Current Address and Email Information** - Please keep us informed of your current address. Your address will also be given to the publisher of the retiree newsletter.

We wish you good health and happiness as you retire. Here's hoping your years of retirement provide you with all the opportunities you've wanted for so long. Thank you for your service and contributions to the students in the Troy School District.

Attachment

## SEVERANCE PAY

\_\_\_\_\_ I have ten or more years of seniority and I wish to collect my severance pay using the method described in the Article of the TEA Collective Bargaining Agreement that I have checked below:

\_\_\_\_\_ 29.1 (1/2 daily rate of pay for unused sick days, up to 60 days and base substitute rate for up to an additional 30 days.)

or

\_\_\_\_\_ 29.2 Years of service: 10-14 years - \$1,000  
15-19 years - \$1,500  
20 or more - \$100/per year

\_\_\_\_\_ I am a tenured teacher with less than ten years of seniority. I understand my severance pay will be calculated at guest teacher rate for any unused sick days to a maximum accumulation of 90 days.

My severance pay is:

\_\_\_\_\_ **At least \$5,000**

I **do not** have a 403(b) account. I will contact an approved agent and set up an account before my last actual day of work. I will be establishing an account with \_\_\_\_\_.

I **do** have a 403(b) account established and would like my severance deposited into my existing account, which is \_\_\_\_\_.

\_\_\_\_\_ **Under \$5,000** and I want to receive my severance pay by

2<sup>nd</sup> pay in July

Later date: \_\_\_\_\_

Thank you for your attention to this matter.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Employee Number

\_\_\_\_\_  
Date

\_\_\_\_\_  
Personal E-Mail Address for Severance Notification  
(other than TSD e-mail)

**This form must be returned to the Employee Services  
Department by May 31, 2020.**