

PAYROLL RETIREMENT PAYOUT FAQ'S

WHEN DO I RECEIVE MY FINAL PAYCHECK?

In general, your annual contract is paid in full on the pay date that your last working day is included in.

WHAT HAPPENS TO MY LEAVE WHEN I RETIRE?

Sick and vacation leave are paid out on the next pay date after contract payout. We wait one pay date to make sure all leave time is accounted for. Sick leave payouts are based on length of service: 10 consecutive years will be paid at 50% and 13 consecutive years will be paid at 100%.

A retirement supplement may also be paid out at this time. To be eligible, the employee must give (90) days notice and have 10 consecutive years of service.

HOW IS THE VALUE OF ACCUMULATED LEAVE CALCULATED?

Sick leave and vacation leave payment amounts are based on available balances at the time of retirement, subject to District maximum limits. There is no maximum limit on sick leave. The maximum amount of vacation leave that can be paid at the time of termination is 480 hours.

The balance of available leave (both sick and vacation) is multiplied by the employee's hourly rate of pay at the time of retirement, then multiplied by the appropriate percentage based on years of service.

HOW IS THE RETIREMENT SUPPLEMENT CALCULATED?

For Administrative and Instructional Personnel, the supplement is based on 15% of the employee's annual contract amount.

For Non-Instructional Personnel, the supplement is a flat \$4,000.

WHAT HAPPENS TO MY RETIREMENT MONIES?

All retiring employees are required to participate in the Bencor 401A plan. You must complete a Bencor enrollment form at the time you complete your retirement package. All payouts for sick, vacation and retirement supplements are combined into one check. Using an IRS formula, we determine the maximum amount that the employee can shelter under the Bencor plan. The District uses a combination 401A plan and a 403B stacked plan. If the amount deposited to the 401A exceeds the maximum allowed by IRS, the remainder may be sheltered in the 403B plan.

WHY MUST I PARTICIPATE IN BENCOR?

Any monies contributed to the Bencor plan are **tax-deferred**. The monies are not subject to Federal Income Tax (rate at the time of payout), and the Social Security Tax (6.2%) and Medicare Tax (1.45%) **are never due**. That means 34.65% **tax savings** at the time of payment from the District.

WHAT HAPPENS TO MY MONEY ONCE IT IS SENT TO BENCOR?

Your funds are sent to Bencor after the payroll check is cut. Once the monies are received at Bencor, you have (3) options: allow Bencor to administer the monies on your behalf, have the funds distributed to you, or roll the funds over into another retirement type plan, such as a voluntary 403b plan. If you elect to have the funds distributed, the money will be subject to the standard IRS withholding rate of 20%. If you are under age 55 ½, you will also be

charged a 10% IRS penalty for early withdrawal. (If you are subject to this penalty, please contact Payroll directly for more information on how to be reimbursed a portion of this penalty.) To request distribution, you must contact Bencor directly at 1-888-258-3422.

CAN I FIND OUT IN ADVANCE WHAT MY RETIREMENT PAYOUT WILL BE?

Yes, however, it will only be an estimate. Since each employee's situation is different, we recommend that you make an appointment with the Payroll Supervisor several weeks before your retirement date to discuss your specific circumstance. To schedule an appointment contact: Kathleen Ritch, Payroll Supervisor, at extension 30232.