

CLARKSTON COMMUNITY SCHOOLS

Support Staff Severance of Unused Paid Leave Days

Contract Language:

For Severance and Retirement Pay:

“The non elective, no cash option employer contribution will be placed into a Board approved 403B. The District will use a sole 403B provider and reserves the right to determine which 403B provider will be used.”

The District has chosen Valic to act as our sole provider for employer contributions into a 403B account. There is a no cash option, which meets the IRS guideline of employer contribution, saving the District and the employee 7.65% in FICA payments.

For example, if a retiree has 100 unused paid leave days, the District and the employee will each save \$230.

<u>District Savings:</u>		<u>Employee Savings:</u>	
Paid Leave Days	100	Paid Leave days	100
Per Day Payout	\$30	Per Day Payout	\$30
Total Payout	\$3,000	Total Payout	\$3,000
FICA	7.65%	FICA	7.65%
District Savings	\$230	Employee Savings	\$230

The employee does not have to pay FICA on these employer contributions.

Employees must open a Valic account. Fernando Aguirre or Anthony Moyle will be contacting you to assist with the process. The monies cannot be paid out or distributed until a 403B retirement account is opened.

If you are over the age of 55 there are no “in” or “out” fees during the transfer or withdrawal. However, if you are under 55, you may incur fees from withdrawing these funds. Please discuss this with your representative before withdrawing your funds.

Questions can be directed to [Mary Beth Rogers](#), Executive Director of Business Services at (248) 623-5410.

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