

## Severance Options

### Mn. State Retirement System HCSP

- Reimburses health-related expenses including insurance premiums
- This account can only be used to offset health care costs, and **at no time** can it be accessed for other purposes.
- Tax-free going in, tax-free coming out
- You are eligible to draw from your account when you leave retire
- If you die before the account is exhausted, your spouse and legal dependents can continue to use the account for health reimbursements tax-free. If you have no spouse or dependents, the designated beneficiary will continue to submit receipts, but in this case they are taxable.

### 403(b)

- Dollars can be used as you wish
- 403(b) severance payments can only be made to one of the 18 companies the district has signed severance agreements with. 32 other companies that are currently receiving 403(b) contributions have not signed that agreement and cannot receive your severance payment.
- Tax-deferred – Tax-free going in
- Disbursements are taxed as they come out
- You can receive a plan payout without penalty if you are at least age 55 and retired, or age 59 ½.
- If you die before taking out all your money, the account goes to your designated beneficiary

### Cash

- Dollars can be used as you wish
- The payment is taxed before you get it
- There is no beneficiary benefit or future payout. Payment would be made in one lump sum.

## What We Need to Decide

If you participate in the 403(b) match plan, all the money contributed **by the District** has been considered part of your severance and is obviously already in a 403(b). Our upcoming vote will determine whether we will put **all** severance money into 403(b), **or**, put all remaining severance (after match dollars) into PRHCS, **or**, put half into 403(b) and half into PRHCS, **or**, pay severance as cash, **or**, handle severance one way for Plan A retirees, and another way for Plan B retirees. **Remember**, there is no individual choice about the distribution of severance funds. The decision applies to **all** teachers who retire during the span of the agreement.

**Whatever we decide will apply to all who retire beginning with the ratification of the 2007-2009 contract and until a new agreement is reached.**