

**Memorandum of Understanding  
Tax Deferral of Severance Pay**

WHEREAS, Independent School District No. 742, St. Cloud ("School District") and the St. Cloud Education Association ("Association") are parties to a collective bargaining agreement for the period of July 1, 2005 through June 30, 2007 ("Contract"); and

WHEREAS, Article XVI of the Contract establishes teachers' eligibility for severance pay, which is referred to in the Contract as retirement incentive pay ("RI"); and

WHEREAS, the 2002 Minnesota Legislature amended Minn. Stat. § 356.24, subd. 1 to authorize school districts to contribute public funds:

(11) to a supplemental retirement plan organized and operated under the federal Internal Revenue Code, as amended, that is wholly and solely funded by the employee's accumulated leave; and

WHEREAS, the School District and the Association wish to amend the Contract to allow teachers retiring after September 1, 2004, to take advantage of these supplemental retirement plans which permit deferral of income taxes on severance pay:

**NOW, THEREFORE, IT IS HEREBY AGREED**

1. Severance Pay: Article XVI, Retirement Incentive, of the Contract shall be amended as follows:

Section 16.4 Benefit Options: The School District will contribute an amount equal to the value of the teacher's severance/RI pay directly into a Post Retirement Health Care Savings Plan (PRHCSP). This will be paid in two equal payments, one within 60 days of termination and the other on the first payday in January of the calendar year following termination. The teacher will not receive any direct payment from the School District for RI/severance pay.

2. Effective Date: This amendment to the Contract and this Memorandum of Understanding shall be effective with retirements as of September 1, 2004 and payments made post January 1, 2005, and until a successor agreement is reached.

3. Complete Agreement: This is the full and complete agreement of the parties on this issue. There are no other oral or implied agreements.

4. Non-precedential: This agreement does not set any precedent for any future issue.

**St. Cloud Education Association**

**Independent School District No. 742**

By: \_\_\_\_\_  
Mary Broderick

By: \_\_\_\_\_  
Chairperson, Board of Education

Dated: \_\_\_\_\_

Date: \_\_\_\_\_