

**ADOPT NEW BOARD RULE 4-8.3.
UNUSED SICK DAYS TAX DEFERRED CONTRIBUTION PLAN**

THE GENERAL COUNSEL RECOMMENDS:

The General Counsel recommends adopting Board Rule 4-8.3 to establish an unused sick days tax deferred contribution plan for pension eligible employees at the time of their separation.

TEXT:

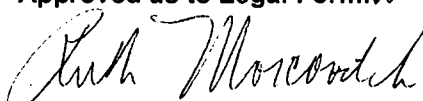
Sec. 4-8.3. Unused Sick Days Tax Deferred Contribution Plan.

Effective July 1, 2004, in lieu of the amount payable to eligible full-time employees at the time of separation pursuant to Section 4-8.1, the Board of Education shall contribute on behalf of an eligible employee to the Chicago Public Schools 403(b) Tax Deferred Compensation Plan (the "Plan") an amount equal to the lesser of (i) the applicable unused sick pay equivalent amount payable under Section 4-8.1, or (ii) \$80,000 (the "Contribution"). This Contribution will be made for an eligible employee who (i) separates from service with the Board of Education and who, upon such separation, is eligible to receive a service retirement pension pursuant to Section 17-116 of the Illinois Pension Code or an annuity pursuant to Sections 8-130, 131, or 132 of the Illinois Pension Code, and (ii) who has the equivalent of \$2,000 or more in unused sick pay at the time of separation. If the eligible employee has not contributed to the Plan at the time of his or her separation, the Board shall select a Plan Service Provider pursuant to its established guidelines.

Because of the limitations imposed by section 415 of the Internal Revenue Code of 1986, as amended ("IRC"), the Contribution in the year of separation shall be the lesser of (i) the IRC limit less any amount of elective deferrals that the eligible employee may have made to the Plan in the year of separation, or (ii) the total unused sick leave. If the full Contribution cannot be made to the Plan in the year of separation, then additional installments of the Contribution (up to the IRC limit for each year) shall be made no later than March 31 of each succeeding calendar year following the calendar year in which separation occurs, up to five years, if necessary. The amount of each installment shall not exceed the amount allowable under IRC sections 403(b) and 415.

Any amount in excess of the Contribution or below the minimum Contribution amount that would be payable under Section 4-8.1 shall be paid directly to the eligible full-time employee at the time of separation.

Approved as to Legal Form: 



**Ruth M. Moscovitch
General Counsel**