

**Memorandum of Understanding  
Between  
The East Stroudsburg Area School District  
And  
The East Stroudsburg Area Education Association**

Whereas, the East Stroudsburg Area School District (herein "District" or "Board") and the East Stroudsburg Area Education Association (herein "Association") are parties to a Collective Bargaining Agreement (CBA) beginning September 1, 2024 and ending August 31, 2030 and;

Whereas, the Association and the District wish to enter into this Memorandum of Understanding ("MOU") regarding a Retirement Incentive ("RI") for the 2025-26 and 2026-27 school years.

Now, therefore, in consideration of the terms and conditions set forth herein, and intending to be legally bound hereby, the District and the Association (hereinafter, collectively, the "Parties"), agree to the following:

The Board agrees to provide the following Retirement Incentive (RI) listed in item A. and B. to the Association's bargaining unit members who are eligible. To be eligible, bargaining unit members must meet **ALL** of the following requirements:

- 1) At the end of the school year in which the bargaining unit member retires, he/she must have attained no less than twenty five (25) years of Public School Employee Retirement System (PSERS) service.
- 2) The bargaining unit member must actually retire (i.e. separate from service).

**A.** If a professional staff member retires at the end of the 2025-26 school year, he/she shall receive the following percentage of his/her final year's base salary as determined by his/her years of PSERS service:

TOTAL YEARS OF PSERS SERVICE*	PERCENTAGE OF FINAL BASE SALARY
<b>30 or more</b>	<b>50%</b>
<b>25-29</b>	<b>35%</b>

For the 2025-26 school year, the bargaining unit member must turn in an official letter of retirement to Human Resources on or before the end of the business day on April 1, 2026.

**B.** If professional staff member retires at the end of the 2026-27 school year, he/she shall receive the following percentage of his/her final year's base salary as determined by his/her years of PSERS service:

TOTAL YEARS OF PSERS SERVICE*	PERCENTAGE OF FINAL BASE SALARY
<b>30 or more</b>	<b>40%</b>
<b>25-29</b>	<b>25%</b>

For the 2026-27 school year, the bargaining unit member must turn in an official letter of retirement to Human Resources on or before the next day after Presidents' Day 2027 (i.e. February 16, 2027).

**The RI will be distributed to the Bargaining Unit Member by the District as stated below:**

On the pay date following the bargaining unit member's final pay\*\*, payment of the RI shall be made in one lump sum as a non-elective contribution to a qualified 403(b) tax sheltered account with the employee not having the option for cash payment and shall not be construed to apply to the final average salary for purposes of retirement. Bargaining unit members must use one of the District's authorized 403b providers\*\*\* as listed on the District's [TSA Consulting Group webpage](#).

For the 2026 tax year, the 403(b) contribution limit is \$24,500 for employee contributions, and \$72,000 for combined employee and employer contributions. If the RI would result in a bargaining unit member exceeding the combined employee/employer 403(b) contribution limit, the overage amount would be sent to the bargaining unit member's qualified 403(b) tax sheltered account as part of the first pay period in February of the new tax year. This also applies to bargaining unit members who are eligible for the RI and choose to retire in June 2027. 403(b) contribution limits for 2027 were not yet available at the time of this MOU.

To avoid any forfeiture of RI funds, it is the bargaining unit member's responsibility to have an open 403(b) account with an authorized provider as stated above prior to retirement. Additionally, if applicable, the bargaining unit member must keep the same 403(b) account open in order for the District to send any remaining RI funds in February after they have retired (i.e. separated from service).

*\*Total years of PSERS service will include the bargaining unit member's final year of service (i.e. year in which the member retires)*

*\*\*Bargaining Unit Members retiring at the end of the 2025-26, will receive their RI distribution on July 30, 2026.  
Bargaining Unit Members retiring at the end of the 2026-27, will receive their RI distribution on July 29, 2027.*

*\*\*\*Both the Association and the District highly recommend that bargaining unit members consult with the financial representative(s) of their authorized investment provider regarding how they plan to utilize their RI funds so their RI is deposited into their 403(b) plan according to their intentions.*

**Additionally, the Parties agree to all of the following:**

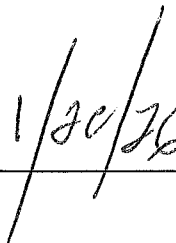
- a. This MOU is binding upon and will inure to the benefit of each of the Parties' permitted successors and assigns.
- b. This MOU shall not constitute or create a precedent or a past practice, nor serve as a waiver of any District and/or Association rights.
- c. Any disputes that may arise regarding the terms of this MOU will be subject to resolution through the grievance procedures outlined in the CBA.
- d. In the event of a conflict between the terms of this MOU and the CBA, the terms of this MOU shall control.
- e. This MOU constitutes the complete agreement between the Parties regarding the subject matter set forth herein and supersedes any prior agreement or understanding, written or oral, relating to the subject matter of this MOU.
- f. Except as otherwise specifically set forth herein, nothing in this MOU shall modify the CBA in whole or in part and the CBA shall in all other respects remain in full force and effect.
- g. This MOU is not intended to and does not create any contractual rights or obligations other than as set forth herein.

h. This MOU is final and binding and may not be altered unless the Parties execute a written modification to it in the same formality as this MOU.

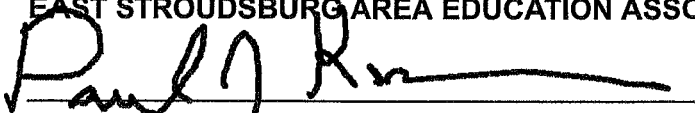
**EAST STROUDSBURG SCHOOL DISTRICT**

  
\_\_\_\_\_  
Stephen C. Zall, Executive Director of Human Resources

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



**EAST STROUDSBURG AREA EDUCATION ASSOCIATION**

  
\_\_\_\_\_  
Paul Kernan, President

Date: 1-15-2026  
\_\_\_\_\_

**EAST STROUDSBURG SCHOOL BOARD**

\_\_\_\_\_  
Michael Catrillo, President

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