



SUBJECT: EARLY RETIREMENT PROGRAM

77I. PURPOSE: The purpose of the University's early retirement program is (1) to afford those faculty and staff who desire to retire prior to attaining Social Security full retirement age, an opportunity to do so with incentives understood to help minimize their financial sacrifice, and (2) to provide the University some measure of financial savings and staffing flexibility, consistent with overall University and individual department needs.

II. POLICY

- A. This early retirement program will apply to employees meeting certain age and service standards. Qualifying employees may voluntarily apply to terminate their employment relationship and continue to receive certain payments and benefits as part of the incentive for their early retirement. The Application and Agreement for Voluntary Early Retirement (Agreement) is available in the Human Resources Office.
- B. The offering of this early retirement program by the University is granted to qualifying employees at the discretion of the University's administration which may withdraw, terminate or amend it at any time. If this program is withdrawn, terminated, or amended, this will have no effect on retirees who have previously retired under a fully executed and operational Agreement.
- C. The (University President, with approval of the Board of Trustees,) may from time-to-time initiate and extend a special window of early retirement incentive. The particulars as to time frame, incentive percentage(s) and/or benefits availability shall constitute an approved exception to sections V and VI below.

III. DEFINITIONS

- A. "Retirement" means the termination of regular, compensated employment and the initiation of retirement benefit payments or annuities under an applicable retirement program.
- B. "Social Security full retirement age" ("FRA") is the age at which an employee is eligible for 100% of their Social Security benefit.
- C. "Early retirement program" means a voluntary or elective arrangement for an employee to retire, with University Administration approval, before attaining FRA. Such a program will provide incentives as provided in a written agreement between the University and the employee, consistent with the provisions of this policy.



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- D. “Annual base salary” includes all salaries paid to the employee as designated in the regular University appointment exclusive of all overload, overtime, etc. Reduced pay due to disability, worker’s compensation, leave without pay, and other short-term reductions will not reduce the annual base salary for the 12-month period. Eligible part-time employees (12-month annual base employees with an appointment of full-time for 9 months or more) who apply for early retirement will receive incentives based on their proportionate part-time annual salary base.
- E. “Incentive period” is the lesser of five years or the employee’s FRA.

IV. ELIGIBILITY CRITERIA

- A. Employees with a full-time University appointment for 9 months or more, whose accumulated age and years of service equal at least 75 years, and who are at least age 57, are eligible to apply for this early retirement program.
- B. Full-time employment for 9 months or more per year under University appointment will qualify for eligibility credit, even if there are breaks in service during prior years. Approved leaves of absence with pay will also be eligible for credit. Temporary employment and leaves without pay will not be credited.
- C. Employees with a minimum of 6 years of University employment, with service of full-time for 9 months or more per year under institutional appointment at any other Utah System of Higher Education institution, qualify for University service credit on a one-year for one-year basis for the purposes of this policy only.
- D. Employees in the following circumstances are not eligible for participation in the early retirement program:
 - 1. Any person who has received a written notice of suspension during the previous twelve months, or a notice of termination, or a notice of non-renewal of contract.
 - 2. Any person who is retiring under the disability provisions of the University's long-term disability program.



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- E. Entrance into the early retirement program is available to employees who qualify and receive the approval of the administration and the Board of Trustees. Although the administration will give careful consideration to each request, the nature of the work assignment, replacement possibilities or practicalities, and funding considerations may preclude approval. The criteria upon which the administration approves or disapproves an application shall have a rational relationship to the legitimate needs, well-being, and overall mission of the University. All approved and denied early retirement applications should be forwarded to the Human Resource Office.
- V. EARLY RETIREMENT INCENTIVE COMPUTATION
- A. Upon application and approval, the Employee will be paid an annual incentive for the incentive period. The annual incentive will be the lesser of: (1) 20% percent of the employee's annual base salary at the time of early retirement; or (2) the employee's estimated single social security benefit at FRA.
- B. Early retirement incentive payments will be paid in semi-monthly installments (annual incentive base divided by twenty four) until the employee's FRA or the end of the five year incentive period whichever comes first. By accepting the incentive payments, the employee agrees that these are more than the University would be required to pay under its otherwise applicable policies and procedures. Incentive payments will cease the first day of the month following the FRA or on the first day of the month following the end of the five-year incentive period.
- C. The early retirement incentive base shall be adjusted annually by: 1) the average percentage increase in salaries in the University's education and general personal services budget as determined by the Legislature or, 2) any increase in the estimated Social Security maximum benefit for which the retiree will be eligible at their FRA; as determined by rate used upon retirement as explained in "A" above.
- D. The University will deduct from each gross incentive payment, FICA, federal and state withholding taxes and other deductions the University is required by law to withhold from wage payments to employees. The employee will receive no further wage, vacation or other similar payments except as provided in section VI below.



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VI. EARLY RETIREMENT INSURANCE BENEFITS

- A. Medical and dental insurance coverage on the University's group plans will be continued to the same extent and on the same terms that such coverage is available for non-retired personnel for a maximum of five years or until 65 whichever comes first.
- B. In all applicable circumstances where the retiree or retiree's spouse is required to pay part or all of the benefit premiums, such payments will be deducted from the early retirement incentive payment.
- C. In all applicable circumstance where the retiree or retiree's spouse is required to pay the benefit premiums for either continuation coverage or individual coverage, such payments will be paid by the retiree or retiree's spouse directly to the insurance carrier, and not by the University. If the retiree chooses to discontinue coverage or fails to pay his/her share of the premium and the insurance is canceled, the University has no further obligation to the employee for this insurance or other coverage.

VII. EXCLUSIONS

- 1. Employee is not eligible for University life insurance, disability benefits, or any other employer paid benefit not contained in this Policy.
- 2. No further contributions will be made by the University to the Employee's TIAA/CREF, State Retirement, or other Retirement accounts.

VIII. RESTRICTIONS ON REEMPLOYMENT

- A. Employees under the early retirement program may be re-employed without tenure only on the recommendation of the appropriate Provost/Vice President and approval of the President and Board of Trustees. All temporary employment or re-employment must be approved in advance of actual employment.
- B. Re-employment is defined as the return to work with the University under a regular University appointment. In such cases the early retirement incentive will be discontinued during the period of re-employment.



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- C. Temporary employment is defined as temporary part-time service provided under a payroll situation normally considered to be "supplemental or extra compensation," such as the Division of Continuing Education classes. In such cases the early retirement incentive will not be affected.
- IX. INITIATION OF AN EARLY RETIREMENT REQUEST
- A. Eligible employees desiring to participate in the early retirement program should advise their immediate supervisor, normally the department chair or director, nine months prior to the intended date of early retirement. This nine-month application period may be reduced if mutually agreed upon by the department or director, the dean or appropriate provost/vice president, and the employee.
- B. The immediate supervisor shall forward his/her recommendation, along with the request, to the appropriate dean or director. Recommendations from deans or directors will be forwarded to the appropriate provost/vice president for recommendation to the president and the Board of Trustees. All early retirement arrangements must be approved by the Board of Trustees.
- C. The procedure for early retirement application, along with the necessary forms, may be obtained at the Human Resources Office.
- X. PLAN FEATURES SUMMARY AND NOTES
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| A. | <u>Plan</u> | <u>Feature</u> |
| | Eligibility, Total Retirement Option: | |
| | Minimum Age | 57 |
| | Age + Years of Service | 75 |
| | Financial Incentive: | |
| | Percent of Salary | 20% |
| | <u>Plan</u> | <u>Feature</u> |
| | Maximum Allowed | Individual Social Security Predicted amount at (FRA) |
| | Incentive Duration | 5 years or until (FRA) whichever comes first |
| | Benefits: Paid by SUU | Medical & Dental Insurance |



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only, employer portion paid by
SUU for five years or until age
65 whichever comes first
(See notes below)

B. Notes:

- (1) Retirees under age 65 may purchase an individual term life insurance plan from the University's current life insurance provider or other carrier of choice with the retiree paying all premiums; or retiree 65 and over may purchase an individual life insurance plan from the University's current life insurance provider or other carrier of choice with the retiree paying all premiums.
- (2) Retirees would be expected to enroll in Medicare at age 65 and would be allowed to purchase a Medicare supplement from the University's current health & dental insurance provider or other carrier of choice with the retiree paying all premiums.
- (3) Early retirement agreements terminate thirty (30) days after the death of a retiree. Surviving spouses who are under 65 may elect to continue full medical and dental coverage by submitting a continuation insurance application to the University's current medical and dental insurance provider. The retiree or the retiree's surviving spouse will be responsible for paying all continuation insurance premiums.
- (4) All other applicable benefits extended by University policy to all retiring employees (examples: educational benefits for employee, spouse, and dependent children, library use, parking, emeritus status, physical education facilities, reduced prices of tickets to athletic events and theater productions, etc.) will also be offered to early retirees.