



POLICY MANUAL

BENEFITS

Number 349

Subject: Early Retirement Incentive Program

Covered Employees: Benefit Eligible Employees

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349.1 POLICY

Entrance into the early retirement incentive program is strictly voluntary and is available to employees who obtain administrative approval and qualify based on the eligibility requirements below. Administrative approval may be granted after determining that the early retirement incentive request is in the mutual best interest of the employee and the University. The policy will provide two mutually exclusive early retirement options for eligible employees: a five year option or a six year option.

349.2 PROCEDURES

2.1 Initiation of the Early Retirement Agreement

Entrance into the early retirement incentive program may be requested by any eligible employee. Eligible employees desiring to participate in this program must advise their immediate supervisor, normally the department head or director, in writing nine months prior to the desired date of early retirement. This requirement may be shortened if mutually agreed upon in writing by the department head or director, the dean or vice president, and the employee. Academic year appointees may only enter the early retirement incentive program on January 1, July 1, or August 1 of any year, unless a different date is mutually agreed upon in writing by the department head, dean and Provost. The early retirement process is initiated by completing the Early Retirement Agreement prepared by the Office of Human Resources.

2.2 Annual Earnings

Annual earnings are defined as the earnings of the employee as designated in the University budget or revised by an approved Electronic Personnel Action Form (EPAF) for the twelve-month period preceding the date of early retirement. Not included in earnings are the following exceptions: overtime and extra contractual payments, consulting, workshops, Extension classes, overseas adjustment, and/or other special forms of pay. Eligible part-time employees who request and are granted an early retirement option will receive incentives based on their proportionate part-time salary.

2.3 Five Year Option: Eligibility and Benefits

(1) For an employee to be eligible to request participation in the five year option of the early retirement incentive program, the following criteria must be met: the employee must be a benefit-eligible employee, the employee's age must be at least 57, the employee's age and years of service at Utah State University must be equal to or greater than 75.

(2) All service of 50% time or more per year under University appointment will qualify for credit even if there are breaks in service during prior years. Approved leaves of absence with pay will be eligible for credit. Payroll service and periods of leave without pay will not be credited.

(3) Incentives

(a) Participants in this program shall be paid a financial incentive that is the lesser of 20% of the employee's annual earnings for the 12-month period immediately prior to the approved date of early retirement, or the estimated single social security benefit available to the individual at "Full Retirement Age" ("FRA") as defined by social security law. Incentive payments shall be paid in monthly installments (annual incentive base divided by twelve) for a maximum of 5 years or until "FRA" as a bridge to future social security benefits. Early retirement incentive payments will cease the first day of the month following the 5-year period or the "FRA", whichever occurs first.

(b) The incentive for participants shall be adjusted annually at a rate determined by the University administration and approved by the Board of Trustees. This annual adjustment will normally be at the same salary rate as that given to University employees performing at a satisfactory level. The early retirement incentive base may never exceed the estimated single Social Security benefit available to the individual at "FRA".

(4) Benefits

Benefits for which the retiring employee will be eligible during the five year option of early retirement are:

(a) Medical and dental insurance coverage on the University's group plans continued to the same extent and on the same terms that such coverage is available under applicable University policies to non-retired personnel and at a rate equivalent to that of a similarly situated employee. The early retiree will have the applicable share of the medical and dental premiums deducted from the monthly early retirement incentive payment. Continuation of the medical and dental plans is not possible at "FRA".

(b) Coverage on medical and dental plans will be extended to the first day of the month following the five year period or the "FRA", whichever comes first.

2.4 Six Year Option: Eligibility and Benefits

(1) For an employee to be eligible to request participation in the six year option of the early retirement incentive program the following criteria must be met; the employee must be a benefit-eligible employee, the employee's age must be at least 56, the employee's age and years of service at Utah State University must be equal to or greater than 75.

(2) All service of 50% time or more per year under University appointment will qualify for credit even if there are breaks in service during prior years. Approved leaves of absence with pay will be eligible for credit. Payroll service and periods of leave without pay will not be credited.

(3) Incentives

(a) Participants in this program shall be paid a financial incentive that is the lesser of 16.67% of the employee's annual earnings for the 12-month period immediately prior to the approved date of early retirement, or the estimated single social security benefit available to the individual at "Full Retirement Age" ("FRA") as defined by social security law. Incentive payments shall be paid in monthly installments (annual incentive base divided by twelve) for a maximum of 6 years as a bridge to future social security benefits. Early retirement incentive payments will cease the first day of the month following the 6-year period or the "FRA", whichever occurs first.

(b) The incentive for participants shall be adjusted annually at a rate determined by the University administration and approved by the Board of Trustees. This annual adjustment will normally be at the same salary rate as that given to University employees performing at a satisfactory level. The early retirement incentive base may never exceed the estimated single Social Security benefit available to the individual at "FRA".

(4) Benefits

Benefits for which the retiring employee will be eligible during the six year option of early retirement are:

(a) Medical and dental insurance coverage on the University's group plans continued to the same extent and on the same terms that such coverage is available under applicable University policies to non-retired personnel, and at a rate equivalent to that of a similarly situated employee, except that an additional surcharge of 15% of the University's portion of premiums will be assessed to the early retiree's medical and dental coverage. The early retiree will have the applicable share of the medical and dental premiums, including the 15% surcharge, deducted from the monthly early retirement incentive payment. Continuation of the medical and dental plans is not possible at "FRA".

(b) Coverage on medical and dental plans will be extended to the first day of the month following the six year period.

2.5 Benefits Applicable to Both the Five and Six Year Options

(1) Participants in early retirement are eligible for the same benefits given to regular retirees. (See policy 361.2.3.)

(2) Accrued annual leave will be paid in a lump sum at the time of early retirement and at the salary rate as of the date of early retirement.

2.6 Restrictions

(1) Employees who retire under the early retirement incentive program may be reemployed without tenure only on the recommendation and the approval of the administration as follows:

(a) Incidental reemployment of a part-time nature that is equal to or less than 33 1/3% of an academic year base appointment or 25% time of a fiscal year base appointment will not require any adjustment to the early retirement incentive payment. In this case, administrative approvals for reemployment are up through the level of the Provost. Board of Trustees approval is not required.

(b) Reemployment at a percentage of time greater than 33 1/3% time on an academic year base appointment or 25% time on a fiscal year base appointment will require a reduction in the early retirement incentive by a percent that is equal to the percent of time for which the individual is reemployed. In the case of an individual who is reemployed at 100% time for one year or greater, the early retirement incentive will be suspended during the appointment period and reinstated upon completion of the appointment for any period of eligibility yet remaining. Percent of time is

calculated as an annual percentage of an academic year or a fiscal year base appointment, whichever applies.

(c) Employee benefits, upon reemployment, will be paid by the University at the better of the reemployment rate or the early retirement rate.

(2) Any remaining financial incentive will terminate 30 days after the death of the early retiree. The surviving spouse may continue insurance benefits by paying the early retiree rate for the remainder of the eligible early retirement incentive period.

(3) No further contribution will be made by the University to the employee's basic retirement program.

(4) Participants in this program are not eligible for disability benefits funded by the University.

2.7 Program Administration

The early retirement incentive program will be administered and reviewed on a year-to-year basis to monitor its effectiveness and fiscal implications. The Board of Trustees reserves the right to amend or to terminate the early retirement incentive program at any time, but no amendment or termination shall affect any participant who has already retired under its provisions. The procedure for early retirement incentive application, along with the necessary agreement form, may be obtained from the Office of Human Resources.

349.3 RESPONSIBILITY

3.1 Department Heads and Supervisors

Department Heads and Supervisors are responsible for notifying the Office of Human Resources of any request for early retirement in order to facilitate the necessary documentation to complete the process.

3.2 Employees

Employees desiring to request participation in the early retirement incentive program should notify their appropriate department in a timely manner, make an election as to the Five or Six Year Option, and coordinate with the Office of Human Resources in the completion of the Early Retirement Agreement form.

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