REPORT OF EARLY RETIREMENT PROGRAMS

**Action Requested:** Receive the report

**Executive Summary:** In March and April of last year, the Board approved early retirement programs for the University of Iowa, Iowa State University, University of Northern Iowa and the Iowa Braille and Sight Saving School. Summaries of the programs provided to the Board in April are shown on the following page.

Since the initial programs were approved, the Board approved a second early retirement program for ISU. In Agenda Item 14b, the Board is asked to consider a second program for the University of Iowa.

The following table outlines the number of participants in the programs for SUI, ISU and UNI. IBSSS had two participants – one faculty and one merit; neither will be replaced.

<table>
<thead>
<tr>
<th></th>
<th>SUI</th>
<th>ISU</th>
<th>UNI*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Faculty</strong></td>
<td>18</td>
<td>15</td>
<td>19</td>
</tr>
<tr>
<td><strong>P&amp;S</strong></td>
<td>113</td>
<td>97</td>
<td>27</td>
</tr>
<tr>
<td><strong>SEIU</strong></td>
<td>24</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>Merit</strong></td>
<td>155</td>
<td>86</td>
<td>58</td>
</tr>
<tr>
<td><strong>Merit Supervisory</strong></td>
<td>30</td>
<td>8</td>
<td>13</td>
</tr>
<tr>
<td><strong>Total Participants</strong></td>
<td>340</td>
<td>206</td>
<td>117</td>
</tr>
</tbody>
</table>

The University of Iowa estimates if the 340 participants had remained employed for the five years of the program the cost of salary and benefits would have been $150.4 million and the costs for the incentives including projected salary/benefits for replacements would be $83.1 million. The estimated savings over the five years of the program would be $67.4 million. Increases in salary and benefit costs benefits are calculated into the estimated cost for replacements. Costs and savings include all funds.

Iowa State University reports that the estimated cost of the program incentives for the five-year period excluding the cost of replacements for the 206 participants would be $7.2 million. The total projected savings for the period would be $49.7 million resulting in a net savings of $42.5 million. No increases in salary or in the cost of benefits are calculated into the estimated cost. Costs and savings include all funds.

The University of Northern Iowa reports the estimated cost for continued employment of the 117 participants for the five-year period would be $43.2 million and the costs of incentives including projected salary/benefits for replacements would be $26.3 million. The estimated savings over the five years of the program would be $16.9 million. No increases in salary or in the cost of benefits are calculated into the estimated cost for replacements. Costs and savings include all funds.

Iowa Braille School costs for the five years are estimated to be $130,401 and projected savings of $719,720. As indicated above, IBSSS had two participants; and neither will be replaced.
<table>
<thead>
<tr>
<th>Incentives Offered</th>
<th>Health/Dental</th>
<th>Other Incentives</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUI</td>
<td>Retirement contribution</td>
<td>Medicare retiree rates will apply once Medicare eligibility is reached</td>
</tr>
<tr>
<td></td>
<td>ER</td>
<td>Participants may elect to receive a lump sum cash payment equal to the net present value of the health and dental insurance contributions in lieu of continuing the University’s health and dental plans.</td>
</tr>
<tr>
<td></td>
<td>ER</td>
<td>Medicare retiree rates will apply once Medicare eligibility is reached</td>
</tr>
<tr>
<td></td>
<td>UNI</td>
<td>Medicare retiree rates will apply once Medicare eligibility is reached</td>
</tr>
<tr>
<td></td>
<td>IBSS</td>
<td>Medicare retiree rates will apply once Medicare eligibility is reached</td>
</tr>
<tr>
<td></td>
<td>ISU</td>
<td>Medicare retiree rates will apply once Medicare eligibility is reached</td>
</tr>
</tbody>
</table>

- **Eligibility Window**:
  - **SUI**: Must retire not later than 7/1/09 or 7/31/09.
  - **UNI**: Must retire not later than 6/30/09.
  - **IBSS**: Must retire between 7/1/09 and 7/31/09.
  - **ISU**: Must retire between 12/31/09 and 1/31/10.

- **Projected # of Participants**:
  - **SUI**: 2,833
  - **UNI**: 434
  - **IBSS**: 80
  - **ISU**: 1,600

- **Cost of Incentives**:
  - **SUI**: $1.6 million
  - **UNI**: $4.2 million
  - **IBSS**: $1.98 million
  - **ISU**: $7.2 million/year

- **Projected Savings**:
  - **SUI**: $1.2 million
  - **UNI**: $2.2 million
  - **IBSS**: $1.4 million
  - **ISU**: $7.2 million/year

- **Other Assumptions**:
  - **SUI**: Medicare retiree rates will apply once Medicare eligibility is reached.
  - **UNI**: Medicare retiree rates will apply once Medicare eligibility is reached.
  - **IBSS**: Medicare retiree rates will apply once Medicare eligibility is reached.
  - **ISU**: Medicare retiree rates will apply once Medicare eligibility is reached.

- **Retirement Contribution**:
  - **SUI**: 5 years, one single contract plus an additional single contract for spouse or domestic partner.
  - **UNI**: 5 years, based on current contribution rates (one single contract plus an additional single for spouse or domestic partner).
  - **IBSS**: 5 years, based on current contribution rates (one single contract plus an additional single for spouse or domestic partner).
  - **ISU**: 5 years, one single contract plus an additional single contract for spouse or domestic partner.

- **Backfilling**:
  - **SUI**: 50% of the approved participants at 75% of current salary.
  - **UNI**: 1/3 of the approved participants at 75% of current salary.

- **Other**
  - **SUI**: 57 by 7/1/09; 5 years of service.
  - **UNI**: 57 by 3/30/09; 15 years of service.
  - **IBSS**: 60 with 10 years of service.
  - **ISU**: 60 with 10 years of service, or 12 with 15 years of service.

- **ERIP Period**:
  - **SUI**: Must retire not later than 6/30/10.
  - **UNI**: Must retire not later than 12/31/09.
  - **IBSS**: Must retire between 7/1/09 and 7/31/09.
  - **ISU**: Must retire not later than 1/31/10.

- **Medicare Eligibility**:
  - **SUI**: Medicare retiree rates will apply once Medicare eligibility is reached.
  - **UNI**: Medicare retiree rates will apply once Medicare eligibility is reached.
  - **IBSS**: Medicare retiree rates will apply once Medicare eligibility is reached.
  - **ISU**: Medicare retiree rates will apply once Medicare eligibility is reached.

- **Other**
  - **SUI**: ee/er contribution for 3 years; er for 2 years.
  - **UNI**: er contribution for 5 years.
  - **IBSS**: er contribution for 5 years.
  - **ISU**: er contribution for 5 years.

- **Other Notes**
  - Participation in the ERIP is not an entitlement; requests will be evaluated and approved at various levels throughout the institution.
  - At the request of the university, the Board approved an extension of the retire-by date to July 16, 2010, in September 2009.