

Contact: Thomas Evans

**PROPOSED UNIVERSITY OF IOWA 2010 EARLY RETIREMENT INCENTIVE PROGRAM II**  
**AND**  
**PROPOSED IOWA STATE UNIVERSITY 2010 RETIREMENT INCENTIVE OPTION 2**  
**PROGRAM EXTENSION**

**Actions Requested:** Consider approval of the proposed 2010 Early Retirement Incentive Program II (ERIP II) for the University of Iowa.

Consider approval of an extension of the application date for Iowa State University's Retirement Incentive Option 2 Program (RIO2) from March 31, 2010 to June 1, 2010.

Direct the University of Iowa and Iowa State University to submit a report regarding their respective Early Retirement Incentive Programs at the August 2010 Board meeting.

**Executive Summary:** The 2009 University of Iowa Early Retirement Incentive Program exceeded savings expectations and was critical to the University of Iowa substantially avoiding forced layoffs to meet budget targets. The University of Iowa expects to save annually \$4.7 million within the General Education Fund and \$14 million University-wide. The minimum age for eligibility for the 2009 ERIP was 57.

Given budget expectations for FY2011, the University of Iowa is requesting that the same incentive program be reoffered to eligible employees age 55 or greater with ten (10) or more years of service at the time of termination. This would effectively add employees spanning three additional years to the eligible category. The window for the proposed Early Retirement Incentive Program II is April 1 – May 15, 2010 with the requirement that eligible employees retire no later than July 31, 2010. Projected additional annual savings is \$1 million for the General Education Fund and \$2 million University-wide.

The proposed 2010 Early Retirement Incentive Program II (ERIP II) for the University of Iowa will be used as a tool to shape, redirect, and focus the administrative, faculty, professional and scientific, and merit system work force.

The proposed ERIP II Program (ERIP II) of the University of Iowa is set forth in Appendix A.

In October 2009, Iowa State University requested approval of a Retirement Incentive Option 2 Program (RIO2) and the program was approved and implemented.

The University indicates that staff assigned responsibility for approval of RIO2 applications need to have more complete budget and potential reorganization information as part of the decision making process related to FY11 budget development. The FY11 budget is dependent upon final legislative action regarding appropriations and Regents review at the April meeting. By extending the application date to June 1, 2010 staff will have additional time to review and communicate the impact of budget decisions and to apply and review RIO2 applications.

All of the other terms and conditions of RIO2 will remain in effect and are set forth in Appendix B.

**Appendix A**

**University of Iowa  
Proposed 2010 Early Retirement Incentive Program II**

The proposed ERIP does not create a right for the employee. The request to participate in the program may not be approved if it is deemed not in the best interest of the University of Iowa. Each application will be reviewed on an individual basis for its cost saving potential and will be subject to approval through the normal administrative chain with specific approval of Human Resources and the Vice President of the applicable unit. Acceptance of the application shall be considered as a voluntary resignation effective on the date cited by the applicant on the application form.

The proposed program is a one-time program in which eligible employees have a defined 'window' period for application.

**1. Eligibility** – University of Iowa regular employees (benefits eligible):

- (a) Must be fifty-five years of age at point of termination.
- (b) Must have 10 years of service by point of termination.
- (c) Individuals who are on phased retirement may apply to participate in this plan.

**2. Proposed Benefits**

- (a) Payment of accrued vacation.
- (b) Payment of accrued sick leave, not to exceed \$2,000 in accordance with Iowa Code §70A.23 and AFSCME Collective Bargaining Agreement.
- (c) Health and Dental insurance incentive – Payment by the University of the employer's standard share of health/dental coverage for the five years. This contribution shall be equal to the amount contributed for an active employee in the same plan and the same coverage level (single, employee/spouse, employee/child, family). Any increases or decreases in premium cost will be borne by the party responsible for payment at the time of the increase or decrease. After eligibility for Medicare, the University will continue to contribute the Incentive at the retiree health and dental insurance rates for the balance (if any) of the 5-year period.
- (d) In the event of the employee's death, the University's obligation to pay the cost of health and dental coverage will cease on the first day of the month following the date of death. The employee's surviving spouse or dependent may elect to continue coverage as provided by law.

- (e) Retirement incentive – Payment by the University of both the employer’s and employee’s retirement contributions to TIAA-CREF for three years, and the employer’s contribution only for another two years. This contribution shall be equal to the amount contributed for an active employee in the same plan, which may increase or decrease over the term of this agreement.
- (f) In the event of the employee’s death, the University’s obligation to pay the cost of the TIAA-CREF contribution will cease on the first day of the month following the date of death.

**3. Application requirements:**

- (a) Employees who meet the eligibility requirements must apply for the ERIP II between April 1 and May 15, 2010. No applications will be accepted after May 15, 2010. The decision to request such a benefit is voluntary and initiated by the employee. Employees who elect to participate will be provided 7 days to revoke their election.

**4. Commencement of Early Retirement:**

- (a) Employees must fully retire no later than July 31, 2010.

**5. Re-employment:**

- (a) Re-employment into a benefits eligible position during the participation period is not permitted. Such employment may be permitted after the participation period.

**6. Backfill of Vacated Positions**

- (a) Restricted based upon need

**Appendix B**

**Iowa State University  
2010 Retirement Incentive Option 2 Program (RIO2)**

The RIO2 does not create a right for the employee. The request to participate in the program may not be approved if it is deemed not in the best interest of Iowa State University. Each application will be reviewed on an individual basis for its cost saving potential and will be subject to approval through the normal administrative chain with specific approval of appropriate supervisor and the Vice-president of the applicable unit. Acceptance of the application shall be considered as a voluntary resignation effective on the date cited by the applicant on the application form.

The program is a one-time program in which eligible employees have a defined 'window' period for application.

- 1. Eligibility** – For Employees other than Employees in Federal Retirement Programs: Employees with ten (10) years of service and who are at least fifty-seven (57) years of age at time of retirement will be eligible.

For Employees on Federal Retirement Programs: Employees with twenty (20) years of service and are at least fifty (50) years of age at time of retirement will be eligible.

- 2. Proposed Benefits**

- (a) Payment of accrued vacation.
- (b) Payment of accrued sick leave, not to exceed \$2,000 in accordance with Iowa Code §70A.23 and AFSCME Collective Bargaining Agreement.
- (c) Health and Dental Insurance Incentive Benefit: Upon retirement, five years of health and dental insurance coverage based on current health and dental elections for a period of five (5) years after retirement. The University will pay the employer and employee shares of health and dental insurance up to the employee and spouse/domestic partner rate (ISU HMO and PPO health programs) and up to the employee and family rate (State of Iowa health programs) until the employee is eligible for Medicare. Upon eligibility for Medicare, the University will continue to pay health and dental premiums at the retiree health and dental insurance rates for the balance of the 5-year period (if any).
- (d) In the event of the employee's death, the University's obligation to pay the cost of health and dental coverage will cease on the first day of the month following the date of death. The employee's surviving spouse or dependent may elect to continue coverage as provided by law.

**3. Application requirements:**

- (a) Employees who meet the eligibility requirements must apply for the RIO2 between December 1, 2009 and June 1, 2010. Employees who elect to participate will be provided 7 days to revoke their election.

**4. Commencement of Early Retirement:**

- (a) Employees must fully retire no later than July 30, 2010.

**5. Re-employment:**

- (a) Re-employment into a benefits eligible position during the participation period is not permitted. Such employment may be permitted after the participation period.

**6. Backfill of Vacated Positions**

- (a) Restricted based upon need