

Contact: Thomas Evans

EARLY RETIREMENT INCENTIVE PROGRAMS

Actions Requested: Consider approval of the proposed Early Retirement Incentive Programs (ERIPs) for the Iowa Braille and Sight Saving School, University of Northern Iowa and University of Iowa; and direct the Iowa Braille and Sight Saving School, University of Northern Iowa and University of Iowa to submit a report regarding their respective Early Retirement Incentive Programs at the December 2009 Board meeting.

Executive Summary:

An Early Retirement Incentive Program (ERIP) was first approved by the Board in 1986 for faculty and professional and scientific staff to comply with legislation enacted by the General Assembly. Eligibility for participation in the program was extended to staff of the Regent Merit System effective July 1, 1990. The original program was set to expire on June 30, 1991. In order that the institutions and the Board Office could properly evaluate the use, costs, and the benefits of the program and determine what effect, if any, changes in the Older Workers Benefit Protection Act had on the program, the Board approved a one-year extension of the original program through June 30, 1992. After review and evaluation by the Board Office and the institutions, the Board approved a modified program for a five-year period beginning July 1, 1992. The modified program changed the eligibility from a minimum age 57 and a maximum age of 63 with ten years of service to age 57 with 15 years of service. Changes were also made reducing the level of benefits provided under the program. In June 1996, the Board continued the program without change through June 30, 2002.

In July 2001, the Board voted to discontinue the ERIP on June 30, 2002, but allowed participation for an additional two years for faculty and staff who met the eligibility on June 30, 2002. At that time, the institutions and Board Office were directed to develop principles for any future early retirement programs for presentation to the Board in November 2001. The following principles were approved in November 2001.

1. Comply with governing law;
2. Be designed as a voluntary window incentive program requiring administrative approval and be distinguished from other retirement programs;
3. Be independently designed to allow each institution flexibility to meet its strategic goals and human resource needs;
4. Be advantageous to each institution's programmatic, economic, and human resource perspective;
5. Offer economic benefits to employee participants;
6. Be evaluated periodically to assure that the program accomplishes its intended objective.

In March of 2002, the Board of Regents received a report from the Board Office and the institutions on Early Retirement Incentive Programs which concluded that no new early retirement programs were needed at that time. The report went on to state that new programs could be proposed when needed to meet institutional needs. The report also suggested that new early retirement programs might include limited time availability programs (window programs) that targeted a limited number of staff, categories of employment, and certain operating units and departments. Future plans were to be individualized per institutional needs.

In 2007 the Iowa Braille School requested approval for an ERIP and the program was implemented.

The proposed 2009 Early Retirement Incentive Programs (ERIPs) for the Iowa Braille and Sight Saving School, University of Northern Iowa and 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 ERIPs of the Iowa Braille School, University of Northern Iowa and University of Iowa are set forth in Appendix A, B and C.

Appendix A

**Iowa Braille School/State Wide System for Vision Services
Proposed 2009 Early Retirement Incentive Program**

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 Iowa Braille School. Each application will be reviewed on an individual basis and will be subject to the Superintendent's approval. 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. Proposed Benefits:

- (a) Cash benefit equal to 30% of the employee's FY 2009 budgeted salary.
- (b) Payment of accrued vacation.
- (c) Payment of accrued sick leave, not to exceed \$2,000 in accordance with Iowa Code 70A.23 and AFSCME Collective Bargaining Agreement.
- (d) Health and Dental insurance incentive - The School will contribute an amount equivalent to the amount contributed by the Employer for an active employee in the same plan and the same coverage level for five years. After eligibility for Medicare, the School will continue to contribute the incentive at the retiree health and dental insurance rates for the balance (if any) of the 5-year period.
- (e) In the event of re-employment of the former employee in a benefits eligible position within state government, or in the event of the death of the former employee, the school's obligation to pay the cost of health and dental coverage will cease on the first day of the month following the re-employment or date of death. The employee's surviving spouse or dependent may elect to continue coverage as provided by law.

2. Eligibility - Iowa Braille School regular employees (benefits eligible):

- (a) Must be fifty-seven (57) years of age by June 30, 2009, and
- (b) Must have a minimum of 15 years of service at an Iowa Board of Regent Institution by June 30, 2009.
- (c) Individuals who are on phased retirement are not eligible to participate in this plan.

3. Application requirements:

- (a) Employees who meet the eligibility requirements must apply for the ERIP between May 1, 2009, and June 1, 2009. No applications will be accepted after June 1, 2009. 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, 2009.

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

**University of Northern Iowa
Proposed 2009 Early Retirement Incentive Program**

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 Northern Iowa. Each application will be reviewed on an individual basis and will be subject to the approval of the appropriate supervisor, department head, and division head. 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. 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 - The University will contribute the employer and employee shares of health and dental insurance for employee (single) and spouse/domestic partner (additional single) for five years. After eligibility for Medicare, the university will continue to pay the incentive at the retiree health and dental insurance rates for the balance (if any) of the 5-year period. Employees with additional dependents (beyond spouse/domestic partner) will be provided the opportunity to make additional contributions toward family coverage.
- (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) As an alternative to the health and dental insurance benefit incentive participants may elect to receive a lump sum cash payment equal to the net present value of the health and dental insurance contributions specified as an incentive in item 1(c) in lieu of continuing the University's health and dental plans.
- (f) Retirement incentive – The University will contribute the employer's retirement contribution based on her/his annual salary at the time of retirement to TIAA-CREF for a period of 60 months.
- (g) 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.

2. **Eligibility** - University regular employees (benefit eligible):
 - (a) Must be fifty-seven (57) years of age or older and whose age and number of continuous years of service equals 70 or more on or before her/his retirement date.
 - (b) Individuals who are on phased retirement are not eligible to participate in this plan.
3. **Application Requirements:**
 - (a) Employees who meet the eligibility requirement must apply for the ERIP by July 31, 2009. No applications will be accepted after July 31, 2009. 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 December 31, 2009.
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 C

University of Iowa Proposed 2009 Early Retirement Incentive Program

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. 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 - The University will contribute an amount equivalent to the amount contributed for an active employee in the same plan and the same coverage level (single, employee/spouse, employee/child, family) for five years. 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 – The University will contribute the employer and employee's retirement contribution for the first three years and then the employer's contribution for the final two years to TIAA-CREF.
- (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.

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

- (a) Must be fifty-seven years of age by July 1, 2009, to elect to apply for early retirement.
- (b) Individuals who are on phased retirement may apply to participate in this plan.

3. Application requirements:

- (a) Employees who meet the eligibility requirements must apply for the ERIP between July 1, 2009, and September 30, 2009. No applications will be accepted after September 30, 2009. 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 June 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