

Contact: Thomas Evans

UNIVERSITY OF IOWA ALTERNATIVE PHASED RETIREMENT PROGRAM

Action Requested: Consider approval of the University of Iowa's proposed alternative, tightly-focused phased retirement program. The program would become effective July 1, 2009 and expire on September 30, 2009. The proposed tightly-focused phased retirement program would be an alternative to the current and ongoing phased retirement program and provide an effective cost-saving tool to be used selectively by colleges and divisions within the University.

Executive Summary:

The phased retirement program was first approved by the Board in 1982 for faculty and professional and scientific staff. It allows faculty and staff to transition from work to retirement over a period of time. The Board approved a slightly different phased retirement program for Regent Merit System staff in 1984 consistent with the program for state merit system staff. In 2006 the Board approved the current program which provides for reduction of appointment time over a maximum of a five-year period with full retirement not later than the end of the fifth year. The program provides for incentives in pay and retirement contributions during the phasing period.

The University of Iowa's alternative, tightly-focused phased retirement program would be only offered to the University faculty and staff and would have a limited window of opportunity from July 1, 2009 through September 30, 2009. Highlights of the proposed program are summarized below:

Eligibility: Regular full-time faculty and staff who have attained age 57 by July 1, 2009.

Schedule of Phasing: A staff member must reduce from full-time to a half-time appointment. The maximum phasing period will be two years with full retirement required at the end of the phasing period. A staff member must commence phased retirement no later than June 30, 2010.

Compensation: Up to and including the 2nd year of the phasing period, the salary received will reflect the reduced responsibilities plus an additional twenty-five (25) percent of the budgeted salary, had the person worked full time.

Benefits: Up to and including the 2nd year of the phasing period, institution and staff member contributions will continue for life insurance, health insurance, and disability insurance at the same levels that would have prevailed had the staff member continued at a full-time appointment. Retirement contributions to TIAA/CREF will be based on the salary which would have been obtained had the individual continued a full-time appointment. As mandated by law, FICA contributions will be based on the staff member's actual salary during the partial or pre-retirement period. The same is true for retirement contributions for those participating in the Iowa Public Employees Retirement System. Accrual of vacation and sick leave will be based on percentage of appointment. During the phasing period individuals may exercise their rights to access funds in their TIAA-CREF (or substitute plans) retirement accounts in any manner permitted either by the retirement carrier or by Board policy but not to exceed 99% of their account balances.

The current phased retirement policy is shown in Attachment A and the proposed University of Iowa tightly-focused phased retirement program is shown in Attachment B.

CURRENT PHASED RETIREMENT POLICY

Eligibility: Full-time faculty or staff of Regent universities, the special schools, and Board Office who have attained the age of 57 with at least 15 years of service with the Board of Regents are eligible for participation in the phased retirement program.

Approval: The phased retirement agreement and the phasing schedule will be developed between the employee and the department. Approval of the agreement and phasing schedule will occur at various levels within the institution, and no right to enter into a phased retirement agreement without approval by all officials as designated by the institutions is conferred by this policy. The Board of Regents will ratify entries into the phased retirement program as a part of the monthly Register of Personnel Changes.

Schedule of Phasing: A staff member may reduce from full-time to no less than a half-time appointment either directly or via a stepped schedule. The maximum phasing period will be five years with full retirement required at the end of the specified phasing period. At no time during the phasing period may an employee hold greater than a 65 percent appointment. After the completion of the fourth year, the appointment cannot exceed 50%. The phasing period will be set by agreement between the institution and the individual with full retirement required at the end of the specified phasing period. Once phased retirement is initiated, employees may not return to full-time appointment.

Compensation: Up to and including the 4th year of the phasing period, the salary received will reflect the reduced responsibilities plus an additional 10 percent of the budgeted salary, had the person worked full time. In the fifth year following the initiation of phased retirement, the staff member's appointment will be no greater than fifty percent, and the salary will be proportional to the budgeted salary had the person worked full-time.

Benefits: Up to and including the 5th year of the phasing period, institution and staff member contributions will continue for life insurance, health insurance, and disability insurance at the same levels that would have prevailed had the staff member continued at a full-time appointment. Retirement contributions to TIAA/CREF will be based on the salary which would have been obtained had the individual continued a full-time appointment. As mandated by law, FICA contributions will be based on the staff member's actual salary during the partial or pre-retirement period. The same is true for retirement contributions for those participating in the Iowa Public Employees Retirement System or Federal Civil Service System. Accrual of vacation and sick leave will be based on percentage of appointment. During the phasing period individuals may exercise their rights to access funds in their TIAA-CREF (or substitute plans) retirement accounts in any manner permitted either by the retirement carrier or by Board policy but not to exceed 99% of their account balances.

Duration of Program: The program will expire on June 30, 2012, unless renewed by the Board prior to expiration.

Reporting Requirements: Annual report to the Board of Regents. Individual participants will be reported to the Board on the monthly Register of Personnel Transactions.

UNIVERSITY OF IOWA ALTERNATIVE PHASED RETIREMENT PROGRAM

Eligibility: Full-time University of Iowa faculty or staff who have attained age 57 by July 1, 2009.

Approval: All requests will be evaluated for cost savings potential. Approval of the agreement and phasing schedule will occur at various levels within the institution, and no right to enter into a phased retirement agreement is conferred without specific approval of Human Resources and the Vice President responsible for the applicable unit. The Board of Regents will ratify entries into the focused phased retirement program as a part of the monthly Register of Personnel Changes.

Schedule of Phasing: A staff member must reduce from full-time to a half-time appointment. The maximum phasing period will be two years with full retirement required at the end of the phasing period. A staff member must commence phased retirement no later than June 30, 2010.

Compensation: Up to and including the 2nd year of the phasing period, the salary received will reflect the reduced responsibilities plus an additional 25 percent of the budgeted salary, had the person worked full time.

Benefits: Up to and including the 2nd year of the phasing period, institution and staff member contributions will continue for life insurance, health insurance, and disability insurance at the same levels that would have prevailed had the staff member continued at a full-time appointment. Retirement contributions to TIAA/CREF will be based on the salary which would have been obtained had the individual continued a full-time appointment. As mandated by law, FICA contributions will be based on the staff member's actual salary during the partial or pre-retirement period. The same is true for retirement contributions for those participating in the Iowa Public Employees Retirement System or Federal Civil Service System. Accrual of vacation and sick leave will be based on percentage of appointment. During the phasing period individuals may exercise their rights to access funds in their TIAA-CREF (or substitute plans) retirement accounts in any manner permitted either by the retirement carrier or by Board policy but not to exceed 99% of their account balances.

Terms: Additional employment is not permitted during the participation period. Post participation employment is permitted only in exceptional circumstances

Backfill of Vacated Position: Backfill of vacated positions is restricted and will be permitted only based upon need.

Duration of Program: The program will expire on September 30, 2009.

Reporting Requirements: Annual report to the Board of Regents. Individual participants will be reported to the Board on the monthly Register of Personnel Transactions.