BOARD OF REGENTS
STATE OF IOWA

AGENDA ITEM 3h
April 27-28, 2011

Contact: Marcia Brunson

RENEWAL OF BOARD OF REGENTS PHASED RETIREMENT PROGRAM

Action Requested: Consider renewal of the phased retirement policy for a five-year period from July 1, 2012, through June 30, 2017.

Executive Summary: The Board's phased retirement policy will expire on June 30, 2012. It has been the practice for the Board to consider renewal approximately a year before the expiration of the policy so that faculty and staff can better plan for their retirements.

The phased retirement program was first approved by the Board in 1982 for faculty and professional and scientific staff and later offered to merit system staff. It allows faculty and staff to transition from work to retirement over a period of time.

The current program 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.

From the initial approval in 1982 through June 30, 2010, 993 faculty and staff have participated in the program. There were 55 new entrants in FY 2010.

The institutions feel that this program continues to be an effective management tool. The program provides for incentives in pay and retirement contributions during the phasing period. The program has been renewed for five-year periods since its inception with little or no changes. No changes are proposed in the current policy.

The policy is shown in Attachment A.

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PHASED RETIREMENT POLICY

Eligibility: 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: Subject to annual review, the program will expire on June 30, 2017, 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.