

Contact: Marcia Brunson

IOWA STATE UNIVERSITY — EXTENSION OF PHASED PLUS RETIREMENT PROGRAM

Actions Requested: Consider approval of an extension of the application period for the Iowa State University Phased Plus Retirement Program from April 30, 2011, to June 30, 2011.

Executive Summary:

The Board of Regents approved the Iowa State University Phased Plus Retirement Program in April 2010. The program is described in Attachment A. Eligible faculty and staff were given until April 30, 2011, to apply for participation.

Based upon possible further budget reductions, the university is requesting authorization to extend the application period to June 30, 2011.

Because state appropriations have not been finalized, budget planning in a number of colleges has not been completed. An extension of this program will assist in making further budget reductions.

In a separate agenda item this month, the Board is asked to consider approval of extending the Board of Regents Phased Retirement Program which expires June 30, 2012, for a five-year period ending June 30, 2017. This is a long-standing program and is a separate program from the ISU program. There are several differences in the two programs. Among the differences the ISU program is limited to a two-year phasing period; the Board's program has a maximum of five-year phasing period. Also the age and service requirements are different – eligibility for the ISU program is age 55 with 10 years of service; whereas the Board's program requires age 57 with at least 15 years of services.

**Iowa State University
Phased Plus Retirement Program**

General Terms and Conditions

The Phased Plus Retirement Program is a five-year program that provides a maximum two-year phasing period (reduced appointment). The Phased Plus Retirement Program is based upon the Board of Regents Phased Retirement Program, except as modified by the provisions of this document.

Eligibility

An employee of the university will be eligible to apply based upon the following criteria:

- The employee must have ten (10) years of paid employment at Iowa State University and be at least fifty-five (55) years of age at the time of the initial reduction of appointment;
- The employee has not retired under another ISU retirement incentive program;
- The employee files an application for the program by April 30, 2011;
- The reduced appointment will be a minimum of 50% and a maximum of 65%;
- The period of reduced appointment must be no longer than 2 years; and
- The employee agrees that the period of phased retirement will begin no later than January 1, 2012.

Approval of Retirement Incentive

Any eligible employee who meets the above criteria may apply for the retirement incentive benefit. Consistent with the current Phased Retirement Program, approval is at the discretion of the appropriate supervisor/department chair, director/dean and vice president. The decision to request such a benefit is voluntary and initiated by the employee.

Schedule of Phasing

Upon approval, an eligible employee 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 two (2) 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. The phasing period will be set by agreement between Iowa State University 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

Salary during the period of reduced appointment will be the Phased percent (50%- 65%) of budgeted salary immediately preceding the period of reduced appointment plus an additional 10 percent.

Incentive Benefit

An eligible employee who is approved for the Phased Plus Retirement Program will receive the incentive option elected in the application; either:

1. **Health and/or dental insurance coverage.** Health and dental insurance coverage during the period of reduced appointment will be provided in the same manner as other active employees. Upon full retirement, health and dental insurance coverage will be provided by the university for the remainder of the Phased Plus Retirement Program period, not to exceed five (5) years from the date of the reduced appointment. 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) for the remainder of the time from the date of full retirement to the end of the five (5) year period counting from the beginning of the reduced appointment.

Employees in the ISU HMO and PPO programs with additional dependents (in addition to spouse/domestic partner) will be provided the opportunity to make additional contributions to obtain family coverage for them.

Upon eligibility for Medicare during the program, 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).

Upon completion of the five-year Phased Plus Retirement Program, participants may be allowed to continue health and dental benefits under health retirement plans available to retirees. Participants will pay normal retirees rates.

OR

2. **Contributions to the University's Defined Contribution Retirement Plan.** During the period of reduced appointment(maximum of two (2) years), participants will receive University contributions (10%) to a defined contribution plan based on their budgeted annual salary immediately preceding the period of reduced appointment.

In lieu of receiving health and dental benefits following full retirement, participants may request to receive the employer contributions (10%) to the retirement plan for the remainder of the time from the date of full retirement to the end of the Phased Plus Retirement Program. The employer contribution will be based upon the employee's budgeted annual salary immediately preceding the period of reduced appointment.

In the event of the employee's death, the university's obligation to pay the cost of the health and dental coverage or the employer's contribution to a retirement plan will cease on the first day of the month following the date of death. The employee's surviving spouse or dependent(s) may elect to continue available health coverage as provided by other university policies or by law.

During phasing period of the Phased Plus Retirement Program, all other existing university policies applicable to your appointment will continue to apply.