

Contact: Jean Friedrich

**REPORT OF EARLY RETIREMENT PROGRAMS**

**Action Requested:** Receive the report

**Executive Summary:** In February and March 2015, the Board approved early retirement programs for the University of Iowa and the Board Office.

The following table outlines the number of participants in the programs for SUI and the Board Office. See Attachment A for more detail.

**RESULTS OF FY 2015 EARLY RETIREMENT PROGRAMS**

	SUI		BOARD OFFICE	
	Participants	Not Replaced	Participants	Not Replaced
Faculty	29	18		
P&S	85	17	3	2
Merit	70	26		
<b>Total Participants</b>	<b>184</b>	<b>61</b>	<b>3</b>	<b>2</b>

The University of Iowa estimates if the 184 participants had remained employed during the first year of the program the cost of salary and benefits would have been \$18.2 million. The first-year costs for the incentives including projected salary/benefits for replacements and other related personnel costs are estimated to be \$12.3 million. The estimated savings from the first year of the program are \$5.9 million from all funds (\$3.8 million from general funds and \$2.1 million from other funds). The estimated savings over the five years of the program are \$27.5 million from all funds (\$16.3 from general funds and \$11.2 from other funds). Increases in salaries (estimated at 3% annually) and benefit costs are calculated into the estimated costs for replacements.

The Board Office estimates if the three participants had remained employed for the five years of the program the cost of salary and benefits would be \$1.6 million. The costs for the incentives including projected salary/benefits for one replacement is \$0.7 million for an estimated savings over five years of \$0.9 million. Estimated salary increases of 2.5% and benefit costs over the five years were used in the participant and replacement projections. As indicated above, the Board Office had three participants; two will not be replaced.

		Incentives Offered									
	Eligibility	Window	Retirement Contribution	Health/Dental	Other Incentives	Re-employment	# of Eligible Employees	Actual # of Participants	Cost of Incentives over 5 years	Projected Savings over 5 years	Other Assumptions
University of Iowa	57 with 10 years of continuous service by 1/31/15;	2/16/15 - 3/6/15	EE/ER contribution for 3 years; ER for 2 years	Health/Dental based on current contribution. Medicare retiree rates will apply once Medicare eligibility is reached.		No re-employment during ERIP period; exceptions limited to 320 hours temporary work	1398 (UI Health Care Employees were not eligible to participate in ERIP)	184	\$18.5 million from all funds	\$27.5 million from all funds; (\$16.3 million from general funds; \$11.2 million from other funds)	Estimated 123 replacements in Year 1. Backfilling based upon need.
Board Office	57 with 10 years of continuous service by 2/28/15; 20 years of continuous service by 2/28/15; or 20 years of combined service with State of Iowa and Board of Regents Office if no break in service between employment.	3/12/15 - 4/25/15	EE/ER contribution for 3 years; ER for 2 years	Health/Dental based on current contribution. Medicare retiree rates will apply once Medicare eligibility is reached.		No re-employment during ERIP period; after in exceptional circumstances	14	3	\$332,391	\$923,525	Filling of 1 position. Backfilling based upon need.

EE - Employee  
ER - Employer  
ERIP - Early Retirement Incentive Program