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IOWA STATE UNIVERSITY SPECIALIZED RETIREMENT INCENTIVE PROGRAM REPORT

Action Requested: Receive the Iowa State University Specialized Retirement Incentive Program (SRIP) Report.

Executive Summary: As part of a plan for reimagining the future for the College of Liberal Arts and Sciences, in April 2022, the Board of Regents approved Iowa State University’s Specialized Retirement Incentive Program and directed the University to submit a report detailing the participation and cost savings of the program at the September 2023 meeting.

The program offered two options for eligible faculty to consider: 1) two years of retirement contributions plus health and dental coverage, or 2) three years of retirement contributions. Eligible employees needed to meet a rule of 70, combining age and continuous length of service at the time of retirement. The minimum allowable age for this program was 60 years or older at time of retirement. The period for expressing interest ran from October 3, 2022, through December 2, 2022, with retirement date parameters established by administration to facilitate continuity of services, but no later than June 30, 2023.

Financial Impact: The intent of the SRIP program was to help the College of Liberal Arts and Sciences address financial challenges by reducing personnel costs. The net savings to the university (salary and benefits savings less cost of incentive program) starting in FY2023 averages \$2.6 million per year for three years, with the total net savings through FY2026 projected to be \$7.8 million. Table 1 shows the annual net savings, split between the general fund and other funding types, based on costing allocations at the time of retirement.

Table 1				
Total Net Savings Per Fiscal Year*				
	Legislative	ACF	Restricted	Total
FY2023	\$104,196	\$0	\$20,834	\$125,030
FY2024	\$2,161,963	\$0	\$160,296	\$2,322,259
FY2025	\$2,311,516	\$0	\$175,586	\$2,487,102
FY2026	\$2,650,814	\$0	\$199,345	\$2,850,159
Total	\$7,228,489	\$0	\$556,061	\$7,784,550
*This is savings per year and not incremental from year to year				

Participation Information: According to the approved parameters, approximately 127 faculty and staff would have met the eligibility requirement for the SRIP as presented at the April 2022 meeting. A total of 21 applications (21% of original eligible estimate) were received. The application breakdown is included in the following table:

Table 2					
SRIP Applications					
Job Family	Approved	Declined	Ineligible	Withdrew	Total
Faculty	17	0	1	3	21
Total	17	0	1	3	21

Overall, the most popular incentive option was option 1 with 88% of approved applications choosing this option, followed by option 2 with 12%.

Table 3			
SRIP Approvals			
by Incentive Options			
Job Family	Option 1	Option 2	Total
Faculty	15	2	17
TOTAL	15	2	17