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**SUBJECT: EARLY RETIREMENT PROGRAM (Through June 30, 2005)**

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- I. PURPOSE: The purpose of the University's early retirement program is (1) to afford those faculty and staff who desire to retire prior to the normal retirement age of 65, an opportunity to do so with incentives understood to help minimize their financial sacrifice, and (2) to encourage some measure of staffing flexibility, consistent with overall university and individual department needs.
- II. GENERAL UNDERSTANDING
- A. This voluntary early retirement program will apply to employees meeting certain age and service standards. Qualifying employees may voluntarily apply to terminate their employment relationship and continue to receive certain benefits and payments as part of the incentive for their early retirement. The Application and Agreement for Voluntary Early Retirement is available in the Human Resources Office.
- B. The offering of this early retirement incentive program by the University is strictly voluntary, and such program may be withdrawn, terminated, or amended at any time at the sole discretion of the University. If this program is withdrawn, terminated, or amended, this will have no effect on retirees who have previously retired under a fully executed and operational Early Retirement Agreement.
- III. DEFINITIONS
- A. "Retirement" means the termination of regular, compensated employment and the initiation of retirement benefit payments or annuities under an applicable retirement program.
- B. "Early retirement program" means a voluntary or elective arrangement for an employee to retire before the normal retirement age of 65. Such a program or election will provide incentives as provided in a written agreement between the University and the retiree, consistent with the provisions of this policy.
- IV. ELIGIBILITY CRITERIA AND LIMITATIONS
- A. Employees with a full-time University appointment for 9 months or more, whose accumulated age and years of service at the University equals at least 75 years, and are at least age 57, are eligible for this early retirement program.
- B. Full-time employee service for 9 months or more per year under University appointment will qualify for credit even if there are breaks in service during prior years. Approved leaves of absence with pay will also be eligible for



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credit. Payroll service, temporary employment and leave without pay will not be credited.

- C. Employees with a minimum of 6 years of University qualifying service credit, with service of full-time for 9 months or more per year under institutional appointment at any other Utah System of Higher Education institution qualify for University service credit on a one-year for one-year basis for the purposes of this policy only.
- D. Annual base salary includes all salaries paid to the employee as designated in the regular University appointment stating an annual base salary with the following exceptions: overtime, overload, supplemental, consulting, workshops, extension classes, extra compensation for special assignments, third (summer) semester for faculty on nine-month appointments, and/or other special pay.
- E. Employees in the following circumstances are not eligible for participation in the early retirement program:
  - 1. Any person who has received a written notice of suspension during the previous twelve months, or a notice of termination, or a notice of non-renewal of contract.
  - 2. Any person who is retiring under the disability provisions of the University's long-term disability program.
- F. Entrance into the early retirement program is available to employees who qualify and upon the recommendation of the administration and approval of the Board of Trustees. Although the administration will give careful consideration to each request, the nature of the work assignment, replacement possibilities or practicalities, and funding considerations may preclude approval of the request. The criteria upon which the administration approves or disapproves an application shall have a rational relationship to the legitimate needs, well-being, and overall mission of the University.

**V. INCENTIVES FOR VOLUNTARY EARLY RETIREMENT**

- A. The University agrees to pay Employee an annual incentive base for a maximum of a 6-year incentive period which is the lesser of: (1) 22 percent of annual University base salary at the time of early retirement; or (2) the estimated single social security benefit available to the individual at age 65.



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- B. For purposes of early retirement computation the base salary is the employee's annual base salary for the 12-month period immediately prior to the effective date of early retirement. However, salary for 9-month annual base employees will not include compensation for summer (third semester) services. Reduced pay due to disability, worker's compensation, leave without pay, and other short-term reductions will not reduce the annual base salary for the 12-month period. These will be figured at the normal rate of annual base salary had the employee continued to work during these time periods. Eligible part-time employees (12-month annual base employees with an appointment of full-time for 9 months or more) who elect early retirement will receive incentives based on their proportionate part-time annual salary base.
- C. Incentive payments will be paid in semi-monthly installments (annual incentive base divided by twenty four) until; age 65 or at the end of the maximum six year incentive period whichever comes first, as a bridge to future social security benefits. Early retirement incentive payments will cease the first day of the month following the 65th birthday or on the first day of the month following the end of the maximum 6-year incentive period whichever comes first.
- D. The early retirement incentive base shall be adjusted annually by the applicable factor of: 1) the average percentage increase in salaries in the University's education and general personal services budget as determined by the Legislature or, 2) any increase in the estimated Social Security maximum benefit for which the retiree will be eligible at age 65.
- E. Semi-monthly payments will begin the first pay period after the effective date of early retirement. By accepting the incentive payments, the employee agrees that these are more than the University is required to pay under its otherwise applicable policies and procedures.
- F. Employee understands that the University will deduct from each gross incentive payment, FICA, federal and state withholding taxes and other deductions the University is required by law to make from wage payments to employees. Employee further understands that the resulting net amount is all the employee is entitled to receive from the University except for those benefits covered in this policy. Employee will receive no further wage, vacation or other similar payments except as provided by University policy for all retiring employees.

VI. BENEFITS FOR VOLUNTARY EARLY RETIREMENT



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- A. Medical and dental insurance coverage on the University's group plans will be continued to the same extent and on the same terms that such coverage is available under applicable University policies until age 65 for non-retired personnel.
- B. Coverage on medical and dental plans will be extended to the first day of the month following the 65th birthday, regardless of expiration of the incentive payments under the bridging payment structure.
- C. In all applicable circumstances where the retiree or retiree's spouse is required to pay part or all of the benefit premiums, such payments will be paid by the retiree or retiree's spouse directly to the insurance carrier, and not by the University. If the retiree chooses to discontinue coverage or fails to pay his/her share of the premium and the insurance is canceled, the University has no further obligation to the employee for this insurance or other coverage.
- D. All other applicable benefits extended by University policy to all retiring employees (examples; educational benefits for employee, spouse, and dependent children, library use, parking, emeritus status, physical education facilities, reduced prices of tickets to athletic events and theater productions, etc.).
- E. Exclusions:
  - 1. Employee is not eligible for University life insurance, disability benefits, or any other benefit not contained in this Policy.
  - 2. No further contributions will be made by the University to the Employee's TIAA/CREF, State Retirement, or other Retirement accounts.

**VII. RESTRICTIONS ON REEMPLOYMENT**

- A. Employees under the early retirement program may be reemployed without tenure only on the recommendation of the appropriate Provost/Vice President and approval of the President and Board of Trustees. All temporary employment or reemployment must be approved in advance of actual employment.
- B. Reemployment is defined as the return to work with the University under a regular University appointment. In such cases the early retirement incentive will be discontinued during the period of reemployment.



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- C. Temporary employment is defined as temporary part-time service provided under a payroll situation normally considered to be "supplemental or extra compensation," such as the Division of Continuing Education classes. In such cases the early retirement incentive will not be affected.

**VIII. INITIATION OF AN EARLY RETIREMENT PROGRAM**

- A. Eligible employees desiring to participate in the early retirement program should advise their immediate supervisor, normally the department chairperson or director, nine months prior to the date of early retirement. This nine-month application period may be reduced if mutually agreed upon by the department or director, the dean or appropriate provost/vice president, and the employee.
- B. The immediate supervisor shall forward his/her recommendation, along with the request, to the appropriate dean or director. Recommendations from deans or directors will be forwarded to the appropriate provost/vice president for recommendation to the president and the Board of Trustees. All early retirement arrangements must be approved by the Board of Trustees.
- C. The procedure for Early Retirement application, along with the necessary forms, may be obtained at the Human Resources Office.

**IX. PLAN FEATURES SUMMARY AND NOTES**

<u>Plan</u>	<u>Feature</u>
Eligibility, Total Retirement Option: Minimum Age	57
Age + Years of Service	75
Financial Incentive: Percent of Salary	22%



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<u>Plan</u>	<u>Feature</u>
Maximum Allowed	Individual Social Security Predicted amount at age 65
Incentive Duration	6 years or until age 65 whichever comes first
Benefits: Paid by SUU	Medical & Dental Insurance only, paid by SUU until age 65 (1)
Right to Purchase for All Retirees--Paid in Full by Retiree	Yes, except Dental Insurance not available after age 65 (1) (2) (3)

B. Notes:

- (1) Retirees under age 65 may purchase an individual term life insurance plan from the University's current life insurance provider or other carrier of choice with the retiree paying all premiums; or retiree 65 and over may purchase an individual life insurance plan from the University's current life insurance provider or other carrier of choice with the retiree paying all premiums.
- (2) Retirees would be expected to enroll in Medicare at age 65 and would be allowed to purchase a Medicare supplement from the University's current health & dental insurance provider or other carrier of choice with the retiree paying all premiums.
- (3) Spouses who are under 65 may be continued on full medical coverage with the retiree or the retiree's surviving spouse paying all premiums.