

Policy 5-306: Early Retirement Incentive Programs

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I. Purpose and Scope

A. Purpose.

The purpose of the Early Retirement Incentive Program (ERIP) of The University of Utah is (1) to afford those Faculty and Staff who desire to retire prior to Social Security Full Retirement Age an opportunity to do so with some financial assistance until eligible for social security benefits, and (2) to encourage some

measure of staffing flexibility, consistent with overall University and individual department needs.

B. Scope.

[reserved]

II. Definitions

The following definitions apply for the limited purposes of this policy and any associated regulations.

- A. "Dean" is defined in Policy 2-005. See Policy 5-308: Benefits Eligibility Chart, for a list of positions.
- B. "Early Retirement Incentive Program" means an arrangement for Retirement before Social Security Full Retirement Age with incentives as provided in a written contract between the University and the retiree, consistent with the provisions of this policy.
- C. "Faculty" or "Faculty Member" is defined in Policy 5-001. See Policy 5-308: Benefits Eligibility Chart, for a list of positions.
- D. "FTE" is defined in Policy 5-001.
- E. "Other Administrative Officers" includes administrative officers of the University. See Policy 5-308: Benefits Eligibility Chart, for a list of positions.
- F. "Phased Retirement Program" means an arrangement for partial Retirement as provided in a written contract between the University and the faculty or staff member.
- G. "Retirement" means the full or partial termination of regular compensated service as an eEmployee concurrently with the initiation of the receipt of retirement benefit payments or annuities under an applicable retirement program.
- H. "Early Retirement Incentive Program" means an arrangement for Retirement before Social Security Full Retirement Age with incentives as provided in a

written contract between the University and the retiree, consistent with the provisions of this policy.

- I. "Phased Retirement Program" means an arrangement for partial Retirement as provided in a written contract between the University and the faculty or staff member.
- J. "Senior Administrative Officers" includes the University President, Vice Presidents, and other senior administrative officers of the University. See Policy 5-308: Benefits Eligibility Chart, for a list of positions.
- K. "Social Security Bridge Maximum" means the incentive salary, excluding benefits, which cannot exceed the retiree's estimated social security maximum benefit at Social Security Full Retirement Age.
- L. "Staff" or "Staff Member" is defined in Policy 5-001.
- M. A "University Appointment" is interpreted to mean an appointment as a Faculty Member, Senior Administrative Officer, Dean, Other Administrative Officer, or Staff Member.

III. Policy

A. General Policies

1. The Early Retirement Incentive Program (ERIP) is available to full-time University Faculty and Staff who qualify under the criteria outlined below and obtain administrative approval (as described in Section III.E).
2. Participation in the Early Retirement Incentive Program is not an entitlement or a right automatically available to all persons who meet the eligibility criteria. The University reserves the right to limit the total number of participants in the ERIP in order to preserve the viability of a department's basic programs and the integrity of its financial resources.
3. When a Faculty or Staff Member receives approval to participate in the ERIP, thirty (30) percent of the position salary (or the Social Security Bridge

Maximum plus 10 percent of the salary before Retirement) will be set aside by the University to cover the retirement incentive payment, related payroll expenses, and health benefits. The cognizant vice president (as is the case with any vacant position), shall determine whether the department will be allowed to retain the remaining salary.

B. Eligibility Criteria and Limitations

1. Persons with a University Appointment of 75% FTE or greater whose age combined with years of service at The University of Utah totals 75 or more, provided they have reached a minimum age of 60, are eligible for the ERIP. Participants in the University Phased Retirement Program are eligible for ERIP as long as they meet the ERIP eligibility criteria.
2. "Years of service" at the University of Utah need not be continuous for the calculation in V.A. above, but an individual must have worked at the University at least five years in succession immediately prior to the proposed date for early retirement. Only those years in which the individual has worked 75% FTE and approved leaves of absence with pay or greater will qualify for credit in calculating eligibility for ERIP in Section III.B.1 above.
3. Persons in the following circumstances are not eligible for participation in the ERIP:
 - a. Any person who has received notice of termination, notice of nonrenewal of contract, or notice of suspension during the previous twelve months.
 - b. Any person who is retiring under the disability provisions of the University's long-term disability program.

C. Cash Incentives

1. Persons eligible and approved for ERIP will receive an annual cash incentive payment until the earlier of attainment of Social Security Full Retirement Age or for sixty (60) months. Payments will be made in biweekly installments.

2. The cash incentive will be the lesser of 20 percent of the participants annual University salary at the time of early retirement or the estimated Social Security Bridge Maximum benefit for which the retiree will be eligible at Social Security Full Retirement Age. If the individual is on a phased retirement, the incentive payment will be based on the phased retirement salary at the time of early retirement. The salary calculation may include summer services if the individual is on a nine-month contract but shall exclude overtime or overload payments.
3. The incentive payment shall be increased annually by the average percentage increase in the University's education and general personal services budget appropriated by the legislature subject to the estimated Social Security maximum benefit for which the retiree will be eligible at Social Security Full Retirement Age.

D. Benefits

1. For up to five years after the date of early retirement or until Social Security Full Retirement Age, the University will provide health insurance coverage to the ERIP participant and their dependents, subject to Medicare rules and regulations, at a cost no greater than the amount paid by full-time Employees.
2. No further contribution will be made by the University to the individuals 401(a) Defined Contribution Retirement Plan account or Utah Retirement Systems account.
3. No further contribution will be made by the University to the retiree's life insurance. The retiree may convert the group life insurance coverage to a private plan without a physical examination by applying directly to the life insurance carrier and paying the required premium within 30 days.
4. Retirees under the ERIP are ineligible for disability and other benefits provided through the University.

5. Individuals participating in ERIP are eligible for those benefits given to Faculty and Staff Members who retire at Social Security Full Retirement Age or later as described in Policy 5-112.
6. Accrued vacation leave will be paid in a lump sum at the time of early retirement in accordance with Policy 5-301.
7. Any remaining financial incentives will end thirty days after the death of the retiree. Health insurance coverage and tuition benefits will be extended to surviving spouses and eligible family members of the retiree in accordance with established University policies (see Policy 5-303, 5-112 and 5-305).

E. Procedures

1. Eligible Employees who wish to participate in ERIP must contact the Benefits Department to determine eligibility. The early retirement applicant should submit the appropriate paperwork to their immediate supervisor, normally the department chairperson or director, at least nine months, but not more than one year, prior to the proposed date of early retirement. This notice provision may be waived by mutual agreement of the department chairperson or director, the cognizant dean or vice president, and the Faculty or Staff Member.
2. The immediate supervisor shall forward the request, accompanied by their recommendation, to the cognizant dean or director who will obtain confirmation of eligibility from the Division of Human Resources Benefits Department. Recommendations from deans or directors will be forwarded to the cognizant vice president for recommendation to the president and the Board of Trustees for approval.
3. In the case of joint appointments, both chairs/directors must receive the written request and consult with their cognizant dean/director.
4. The Division of Human Resources Benefits Department is responsible for administration of the ERIP, including counseling with those interested in the

program; responding to requests for information and advice from supervisors, deans, and directors; incentive adjustments due to salary budget increases or Social Security Bridge Maximum adjustments; and record keeping.

Sections IV- VII are for user information and are not subject to the approval of the Academic Senate or the Board of Trustees. The Institutional Policy Committee, the Policy Owner, or the Policy Officer may update these sections at any time.

IV. Policies/ Rules, Procedures, Guidelines, Forms and other Related Resources

- A. Policies/ Rules. [*reserved*]
- B. Procedures, Guidelines, and Forms. [*reserved*]
- C. Other Related Resources. [*reserved*]

V. References

- A. Policy 5-001: Employee Definitions
- B. Policy 5-112: Retirement and Retiree Benefits
- C. Policy 5-302: Retirement Programs
- D. Policy 5-303: University Insurance Programs
- E. Policy 5-305: Reduced Tuition Programs
- F. Policy 5-309: Phased Retirement Program

VI. Contacts

The designated contact officials for this Regulation are

- A. Policy Owner(s) (primary contact person for questions and advice): Director of Benefits for Human Resources
- B. Policy Officer(s): Vice President for Human Resources

See Rule 1-001 for information about the roles and authority of policy owners and policy officers.

VII. History

Revision History.

A. Current version. Revision 4.

1. Approved by -- Board of Trustees October 14, 1991, with effective date of March 19, 2007 (due to editorial revision).
2. Editorial Revisions
 - a. Editorially revised April 19, 2023 to move to current regulations template
 - b. Editorially revised April 19, 2023 to remove gender specific pronouns
 - c. Editorially revised October 11, 2011 to reflect the changes to employee definitions as set forth in Policy 5-001
 - d. Editorially revised March 19, 2007

B. Previous Versions.

1. Revision 3 Effective January 5, 2005
2. Revision 2 Effective June 19, 1992

C. Renumbering

1. Renumbered from Policy and Procedures Manual 2-46.