

Davis Applied Technology College: A Utah College of Applied Technology Campus Early Retirement Incentives Policy

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Board Approval: 26 August 2004

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1. Purpose

The purpose of the Early Retirement Incentives Policy of the Davis Applied Technology College: A Utah College of Applied Technology Campus (College Campus) is to (1) provide benefits to retiring employees in exchange for the early termination of employment services (early retirement), and (2) to encourage some measure of staffing flexibility, consistent with overall College Campus needs.

2. References

2.1. Davis Applied Technology College Sick Leave Policy

2.2. Davis Applied Technology College Vacation Leave Policy and Procedures

2.3. Davis Applied Technology College Retirement Programs Policy

3. Policy

3.1. Eligibility. Employees eligible to apply for participation in the early retirement incentives program are those employees hired prior to December 1, 2009, with a full-time, salaried College Campus position for 9 months or more in a fiscal year, who have at least ten (10) years of service at the College Campus or related Utah System of Higher Education or Utah System of Public Education service, including at least five (5) years current service at the College Campus, who retire prior to the time they become eligible to receive unreduced social security benefits, and who meet one of the following age and service requirements:

3.1.1. Age 62 with 10 years of service; or

3.1.2. Age 60 with 20 years of service; or

3.1.3. Any age with 25 years of service.

3.1.4. Participation in the early retirement incentives program is not an entitlement nor a right automatically available to all persons who meet the eligibility criteria. The College Campus reserves the right to limit the total number of participants in the program in order to preserve the viability of the College Campus' basic programs and the integrity of its financial resources.

3.2. Ineligible Employees. The following employees are not eligible for participation in the early retirement incentives program:

3.2.1. Any employee who has received a written notice of termination.

3.2.2. Any employee who is retiring under the disability provisions of the Utah State Retirement Act.

3.2.3. Any employee who has previously received an early retirement incentive from the College Campus.

3.2.4. Any employee hired into a full-time, salaried position after December 1, 2009 will not be eligible for participation in this benefit.

3.3. Employee Responsibility. Employees should consult with qualified attorneys, accountants, or financial advisors of their own choosing before making retirement decisions.

3.4. Right to Amend or Terminate Program. The Board reserves the right to amend or terminate the early retirement incentives program at any time, but no amendment or termination shall affect any participant who has already retired under its provisions.

3.5. Stipend

3.5.1. Retirees who receive approval to participate in the early retirement incentives program will receive a stipend of fifteen percent (15%) of their annual salary per year for three (3) consecutive years or until they become eligible to receive unreduced social security benefits, whichever occurs first.

3.5.2. Approved employees may voluntarily authorize the College Campus to purchase additional salary service credit for them in Utah Retirement Systems by applying some or all of their eligible stipends on a one-time lump sum basis. Eligible employees shall notify the Payroll Office in writing of such a request no later than the early retirement notification deadlines as indicated in this policy.

3.5.3. Payment Timing. Retirees may arrange payment of each year's stipend in either December or February, whichever is most advantageous for their personal financial considerations. First year payment may be made in December or February after retirement.

3.5.4 If the retiree dies, the amount remaining to be paid under the Stipend section of this policy shall be paid to the retiree's designated beneficiary.

3.6. Sick Leave Payout. Employees who retire prior to the time they become eligible to receive unreduced social security benefits, who receive approval to participate in the early retirement incentives program and who had a sick leave balance as of June 30, 2004 may receive a payout of a portion of sick leave balances. Sick leave balances as of June 30, 2004 are available for use as sick leave, but if used as leave days, they are no longer available for a payout at early retirement. Further, sick leave days used from the June 30, 2004 balance cannot be replaced as days available for payout by unused sick leave days from subsequent periods. Employees approved for early retirement incentives may select one of the following options for a sick leave payout:

3.6.1. Option One. An amount paid as a lump sum employer contribution to the employee's 401(k) or 403(b) account (not to exceed the level legally permissible under prevailing tax law) equal to twenty percent (20%) of the value of the employee's June 30, 2004 sick leave balance based on the employee's current position on the pay schedule.

3.6.2. Option Two. An amount equal to twenty percent (20%) of the value of the employee's June 30, 2004 sick leave balance based upon the employee's current position on the pay schedule.

3.6.3 Option Three. An amount equal to twenty percent (20%) of the value of the employee's June 30, 2004 sick leave balance based on the employee's current position on the pay schedule paid by applying some or all of the payment as a voluntarily purchase of additional salary service credit in Utah Retirement Systems. Eligible employees shall notify the Payroll Office in writing of such a request no later than the early retirement notification deadlines as indicated in this policy.

3.6.4. Option Four. A credit equal to twenty percent (20%) of the value of the employee's June 30, 2004 sick leave balance based upon the employee's current position on the pay schedule to be applied toward the payment of health insurance premiums during retirement.

3.7. Post-Retirement Health and Dental Insurance. Employees who receive approval to participate in the early retirement incentives program will continue to be enrolled in group medical and dental programs until they become eligible for Medicare, or for the ten (10) consecutive years following retirement, whichever occurs first. The College Campus will pay the same amount towards insurance premiums for early retirees as for active employees. This enrollment is contingent upon the retirees contributing the balance of the premium not

covered by the College Campus for the first three (3) years and the full premium for the following seven (7) years.

3.8. Application

3.8.1. In order to apply for early retirement incentives, an employee must notify the Human Resource Director in writing and must submit a completed application form to the Payroll Office no later than ninety (90) calendar days prior to their planned date of retirement. Employees who have submitted their application will have no more than thirty (30) calendar days from the date of submission in which to rescind their decision. Unless the decision is rescinded in a timely manner, the retirement shall be considered final. However, nothing shall prevent the College Campus from granting a request to rescind made after the thirty (30) day deadline. All requests to rescind a retirement application must be submitted in writing by the employee to the Human Resource Director.

3.8.2. Official Forms. No verbal communications or letters of intent will be accepted as application for participation in the early retirement incentives program. Without appropriate completion of the official application form no employee shall qualify for nor receive any of the benefits provided through the program.

3.8.3. Approval of Application. The application for early retirement incentives shall be forwarded to the College Campus administration. Benefits under this policy shall be due to retiring employees only with administrative approval.

3.9. Program Non-coordination. Benefits of this early retirement incentives program provided by the College Campus are independent of Utah Retirement Systems and TIAA/CREF. Benefits of this early retirement incentives program are not intended to be combined or coordinated with the early retirement provisions outlined in Utah Code 67-19-14.

3.10. Last Day Worked. For purposes of determining the early retirement incentives, the number of years before the retiree becomes eligible to receive unreduced social security benefits as of the official last day of work shall be used. Leave days for which an employee receives pay following the last day worked shall not be considered in determining early retirement incentives.