Voluntary Retirement Incentive Plan for Academic Faculty

Frequently Asked Questions

The questions and answers are general in nature and are designed to give academic faculty an overall impression of inquiries that might arise when considering the Voluntary Retirement Incentive Plan. They are not all encompassing, nor do they address all specific individual situations. In the event of a conflict between this information and the official plan or program documents, the plan and program documents will govern.

The benefits team is available for individual consultations to guide academic faculty through the application process and to create a clear understanding of the applicable retirement incentives. The decision to apply for the Voluntary Retirement Incentive Plan is completely voluntary and there is absolutely no coercion or undue influence placed on retirement eligible employees to apply.

The University is not able to offer financial, tax or legal counseling or advice. Please consult with a professional financial or tax advisor and an attorney to make the most informed decision. If you have additional questions or need further clarification, please email Human Resources at HR_Retirement@colostate.edu or call (970) 491-6947.

What is the Voluntary Retirement Incentive Plan for Academic Faculty?

The Voluntary Retirement Incentive Plan is a program that offers incentives to eligible academic faculty who voluntarily decide to leave their position at Colorado State University. The final authority to approve or deny a Voluntary Retirement Incentive Plan application resides with the President, in consultation with a committee made up of the Dean, Chief Financial Officer and the Provost. Retirement eligibility will be confirmed by Human Resources prior to approval. The President's decisions on Voluntary Retirement applications are not subject to appeal or grievance.

Upon approval of the application by the President, the applicant shall sign a Separation Agreement and Release.

Why is the Voluntary Retirement Incentive Plan being offered?

The Voluntary Retirement Incentive Plan is designed to offer separation incentives as a means of encouraging retirement eligible academic faculty to voluntarily separate from service in order to minimize the impact of layoffs, furloughs, and salary reductions to permanent employees. This retirement incentive is being offered to address the current budgetary issues and necessary payroll cost savings for the University due to COVID-19.

Who is eligible to participate?

Faculty members who meet the CSU definition of retirement are eligible for the Voluntary Retirement Incentive Plan. Eligibility for the Plan is limited to designated faculty, tenured or non-tenured, at Colorado State University. Departments do have the flexibility to approve faculty members whose positions are externally funded and not funded directly by the University to the extent that departmental funds are available to cover the incentive cost.

The definition of University retirement is located on the HR website at hrs.colostate.edu/university-retirees/definition.html. In addition, employees who are in year 1 of an approved leave of absence and otherwise meet the applicable eligibility criteria are eligible to participate in the Plan.

Who is not eligible to participate?

- Faculty of the University who are party to a written employment agreement.
- Faculty who receive a specific notice of involuntary separation.
- Faculty in the second or greater year of Leave Without Pay and no longer receiving University contributions towards benefits.
- Faculty who previously announced and/or submitted paperwork to initiate retirement to their department or Human Resources prior to the announcement of the Plan will NOT be eligible for benefits under the Plan, regardless of the date of retirement.
- Faculty who retire under the Plan are not eligible for a Faculty Transitional appointment.
- Faculty who previously retired from the University and returned to an active employment status are not eligible for the Plan. You may only retire once from the University.
- An employee who previously announced and/or submitted paperwork to initiate retirement prior to the offer of this incentive program will NOT be eligible for benefits under this Plan regardless of retirement date.
- Employees of the University who are party to a written employment agreement (Chancellor, President, Head Coaches, etc.).
- An employee who received a specific notice of involuntary separation.
- An employee who is in an Academic Faculty position retiring and beginning a Faculty Transitional Appointment.

Will every eligible faculty member be approved to participate?

The decision to approve or deny an application shall consider the financial benefit granted by the University, as well as the impact on University programs and services, and shall be based on the best interests of the University.

The final authority to approve or deny a Voluntary Retirement Incentive Plan application resides with the President, in consultation with a committee made up of the Dean, Chief Financial Officer and the Provost. Retirement eligibility will be confirmed by Human Resources prior to approval. Final decisions on Voluntary Retirement applications are not subject to appeal or grievance.

If I have previously given verbal or written notice of my intent to retire, why can't I apply for this program?

The Voluntary Retirement Incentive Plan is designed to offer separation incentives as a means of encouraging retirement eligible employees to voluntarily separate from service to minimize the impact of potential layoffs, furloughs, and salary reductions to permanent employees. If you have already provided verbal or written notice of your retirement, you are not eligible for this program.

What is the Retirement Incentive?

Each eligible academic faculty member who elects to participate and retires from the University in accordance with the Plan will receive a lump-sum payment equal to **one week of the employee's annual base salary (as of June 30, 2021) for 12 month appointees and the end of the most recent academic year for 9 month appointees) for each year of retirement eligible service not to exceed 30 weeks total, less applicable deductions as required by law.** For the purposes of the Plan, "base salary" means a non-academic employee's base salary, regardless of source.

Base salary does not include temporary salary adjustments or other supplements given as part of a temporary assignment of administrative or other duties or summer session for 9-month appointments.

A lump-sum payment will be made during the month following the Termination Date under this Plan. All required taxes and withholdings will be deducted from payments made under the Plan. Payments will not be eligible for pretax deferral under the University's retirement program. Additionally, payments are not considered wages for PERA or DCP purposes.

What is the Years of Service Calculation to Determine the Incentive?

Any service that was not benefits eligible is not contemplated in the years of service calculation. This includes any service in which you were not eligible for the University contribution to insurance programs.

Please note these are for illustrative purposes only.

Example #1

- 9-month Faculty
- **100% FTE**
- 57 years old
- 32 years of retirement-eligible service
- Annual salary: $75,000 as of 5/16/21

Lump sum payout:

$75,000 / 39 weeks (9-mo) = $1,923 weekly

$1,923 x 30 (maximum YOS payable) =
$57,690*

Example #2

- 12-month Faculty
- **50% FTE**
- 66 years old
- 8.5 years of retirement-eligible service
- Annual salary: $120,000 as of 6/30/21

Lump sum payout <u>prorated by FTE</u>:

$60,000 (50% of $120,000) / 52 weeks (12-mo) = $1,153 weekly

$1,153 x 8 (total YOS payable) =
$9,224*

*subject to tax withholdings; examples rounded down to nearest whole dollar

Are there other incentives under this plan?

The University's Defined Contribution Plan (DCP) participants who have not attained age 65, as part of this retirement incentive, are eligible to receive an enhanced medical subsidy intended to bridge coverage until Medicare eligibility.

A refund amount equal to your prorated share of the cost of the current 2021 Green Plan single coverage will be deposited into your bank account each month and is determined by retirement eligible service. For example, a retiree meeting the age 55 and 20 years of service requirement would receive the full value of up to $599 each month (certification of premium plan cost required to receive full amount). A retiree meeting the age 60 and 5 years of service would receive the plan minimum of $150 a month. The reimbursement values are fixed for the duration of eligibility (up to the lesser of 5 years or age 65). See the chart below for additional details on the proration of the enhanced incentive. When eligibility expires, the current DCP program rules and subsidy amounts ($50-$200/month) apply.

Years of Service (must be benefits eligible service with at least 5 years of continuous benefits eligible service immediately preceding retirement)	**Enhanced Monthly DCP Premium Refund** (for DCP Participants)
5	$150
6	$180
7	$210
8	$240
9	$270
10	$300
11	$329
12	$359
13	$389
14	$419
15	$449
16	$479
17	$509
18	$539
19	$569
20+	$599

Medical coverage for PERA retirees is available through PERACare as a component of PERA's defined benefit plan. PERA retirees may receive a medical subsidy from PERA to reduce the cost of coverage. Under certain retiree eligibility criteria outside of this Plan a CSU PERA subsidy may also be available. Information can be found at http://www.hrs.colostate.edu/university-retirees/fap-pera.html.

How does a faculty member apply?

To apply for the Plan, you must complete and submit the online electronic signature application. Late applications will not be considered. Receipt of submitted electronic applications will be acknowledged. The application period begins on June 1, 2021, and ends at 5 p.m., MT on June 30, 2021. At the discretion of the President, the deadline for submission may be extended.

If approved to participate in the Plan, your employment with the University will end on August 31, 2021 or December 31, 2021.

Every effort will be made to accommodate this Retirement Separation Date; however, if business needs dictate that a different Retirement Separation Date is required, you will be contacted and informed of your new Retirement Separation Date. Regardless of the Retirement Separation Date determination, your agreement to participate in the Plan is irrevocable after June 30, 2021. The link to apply is located on the Human Resources website.

If I am approved to participate in the Plan, what happens next?

You will have the opportunity to complete retirement counseling to gain an understanding of the details of the retirement incentive and to complete the required process. Human Resources will automatically provide the necessary steps and timeline to you if your application is approved.

Additionally, by law you will have at least 45 days prior to your retirement date to consider the Separation Agreement and General Release and submit it to Human Resources. The return date will be listed in the Agreement. Alternatively, you can hand deliver (if the office is open for walk-in visitors) or mail via US Postal Service first class mail your signed Agreement to the Human Resources Department, Employee Benefits Unit, 555 S. Howes Street, Fort Collins, CO 80523.

Once your documents are submitted, your employment will end on your designated Retirement Separation Date and payment will be made in accordance with the Plan and the Agreement.

If I participate in this Plan can I return to work at Colorado State University?

The University is not under any obligation to consider future employment (without tenure privileges) for any faculty member who participates in the Plan. Eligibility to return to employment with any unit of the University will be in accordance with current guidelines and applicable laws regarding employment of retirees.

Any faculty member who receives a payment under this Plan and is rehired or retained to perform services in any capacity within two (2) years of his or her Retirement Separation Date must repay such Plan payment upon the date such work or services commence. The definition of “in any capacity” includes receiving any remuneration for work or services performed at any entity of the CSU System in which employees’ payroll and benefits are processed on the University’s payroll system.

If I am approved in this plan, and I have a 9-month appointment and my salary is spread over 12 months, how will I be paid?

You will receive your normal monthly pay as of your Retirement Separation Date, which will be inclusive of any leave payouts, if applicable. The following week you will receive the balance of your 9/12 pay.

How will my leave accrual be paid out?

Accrued and unused vacation and compensable sick leave payments owed to an academic faculty member at the time of retirement from the University shall be paid in accordance with those established policies, plans and procedures as defined below.

Upon retirement, faculty are paid for ¼ of their unused **sick leave** up to a maximum of 15 days according to the following formula:

(Monthly Salary Rate/173 Hours) X 8 Hours = Daily Salary Rate
Daily Salary Rate X [the lesser of fifteen (15) days or 0.25 X unused days of sick leave] = sick leave upon retirement.

This Plan allows Academic faculty on 12-month appointments to be paid up to 24 days of accrued unused **annual leave** subject to their available annual leave balance at the date of retirement according to the following formula.

(Monthly Salary Rate / 173 Hours) X 8 Hours = Daily Salary Rate
Daily Salary Rate X unused days of annual leave

Will this program be offered again in the future?

There is no guarantee the incentive program will be offered again.

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