

# Retirement Policy

Date

8/21

Item

C.6

Make Changes

## A. Purpose

The University of Southern Indiana provides retirement plans for the faculty and staff for two purposes: (1) to help faculty and staff members and their families maintain their standards of living following retirement and to help them withstand the financial effects of illness and death and (2) to strengthen the University community by attracting individuals of excellence to the University and by freeing those individuals from financial distractions to ensure that they may devote their energies to improving the University and their respective professions.

Provisions included in the University's retirement policy are intended to comply with the 1986 Amendments to the Age Discrimination in Employment Act (ADEA). The 1986 ADEA Amendments eliminate mandatory retirement at any age except in certain situations for highly compensated executive employees.

## B. Definitions

**Regular Retirement Plan:** A retirement option available to benefit- eligible faculty, administrators, and support staff employees who are at least 60 years of age with ten years of consecutive service.

**Early Retirement Plan:** Original Plan for benefit-eligible faculty and administrators hired in eligible positions prior to January 1, 1999: A retirement option for eligible employees with at least 15 or more consecutive years of service. Plan not available to any employee hired on or after January 1, 1999.

**Early Retirement Date:** Any July 1 or January 1 following age 60 and no later than July 1 following the attainment of age 65 for full-time faculty and administrators with 15 or more consecutive years of service.

**Final Year Option:** During the final year of full-time employment immediately before the early retirement effective date, a faculty member or administrator may request a leave of absence equivalent to one semester (faculty) or one-half year (administrator) with full pay.

**Early Retirement Benefit Period:** The time period following the early retirement date during which the University will continue contributions to the retirement plan. The early retirement benefit period may not start earlier than July 1 or January 1 following the attainment of age 60 or later than July 1 following the attainment of age 65. The University retirement plan contribution beyond retirement will end at the earlier of: the end of the fiscal year in which the retiree reaches age 66 or five years.

**Rule of 85:** Effective January 1, 1999, a retirement option available to benefit-eligible faculty, administrators, and support staff employees who are at least 55 but less than 60 years of age in which years of service and age at retirement equal 85 or more. The final ten years of service at the University must be consecutive.

**Revised Retirement Plan (Effective January 1, 1999):** A retirement option available to eligible faculty members and administrators who are at least 60 years of age with 20 years of service, of which the last 10 years must be consecutive.

**Consecutive Service:** The period of time during which the employee was either working, on an approved sabbatical or on an approved leave of absence under University policy with written confirmation of such approval. In the event of the employee's termination of employment (on either a voluntary or involuntary basis) the employee must, at that time of termination, begin to receive all benefits that employee is eligible to receive.

#### C. Regular Retirement Plan

Regular full-time faculty, administrators, and support staff employees who are at least 60 years of age with ten years of consecutive service are eligible to retire under the Regular Retirement Plan.

#### D. Early Retirement—Original Plan

Regular full-time faculty members and administrators who have been employed by the University in an eligible position prior to January 1, 1999, have 15 or more consecutive years of service and who are age 60 or older may commence early retirement under the following conditions:

1. Early retirement must be arranged at least (12 months) one year before the requested early retirement date.
2. The early retirement benefit period may not start earlier than July 1 or January 1 following the attainment of age 60 or later than July 1 following the attainment age 65 and will end at the earliest of: June 30 (the end of the fiscal year) following the attainment of age 66 or five years.
3. During the final year of full-time employment, immediately before the early retirement effective date, the faculty member or administrator may request a leave of absence equivalent to one semester (six months for administrators) with full pay. As mutually arranged by the faculty member or administrator and the University, the leave may be used either as a one semester or six months' leave with pay or as one-half assignment for the final academic or fiscal year with full pay. Any accrued vacation accumulation will be paid with the final payroll check. Additional vacation time shall not accrue during the early retirement leave of absence period.
4. The early retiree shall qualify for retirement service payment based on the final year's full-time salary. The amount of the retirement service payment is one percent of the final year's full-time salary for each year of full-time, benefits-eligible service to a maximum of 25 percent. Retirement service payment shall be paid with the final payment for active service.
5. Early retirement may begin with any fiscal, academic or calendar year following attainment of age 60. Reduced employment may be arranged, by mutual agreement of the faculty member or administrator and the University administration, following the fiscal year in which the individual attains age 60 or in any subsequent year before the normal retirement age. The reduced employment under this policy will normally not exceed 50 percent. Once arranged, the percentage of time employed may be changed only by mutual agreement. A person who elects to begin early retirement more than five years before the normal retirement age agrees to accept full retirement no later than five years after beginning early partial retirement. Reduced employment, however, will continue no longer than June 30 following the attainment of age 66.
6. During the period of early retirement or reduced employment, the University will continue contributions to the USI Defined Contribution Plan for Faculty and Administrators based on the

faculty or administrator's full-time equivalent base salary and the retirement plan contribution schedule. The University retirement plan contribution beyond retirement will end at the earlier of: the end of the fiscal year in which the retiree reaches age 66 or five years.

7. The Early Retirement Plan-Original Plan is not available to any employee hired on or after January 1, 1999, nor to any eligible employee who chose the revised retirement option during the special enrollment session conducted during the 1998/99 academic year.

#### **E. Rule of 85**

Full-time faculty, administrators, and support staff members are eligible to retire from the University of Southern Indiana at age 55, if the employee's combined total of age and years of service at the University of Southern Indiana equals 85 or more. The final ten years of service must be consecutive at the University of Southern Indiana to be eligible for the Rule of 85. The employee must be less than 60 years of age at the time of retirement.

Retirement must be arranged at least one year (12 months) before the requested retirement date.

#### **F. Revised Retirement Plan**

This plan was established on January 1, 1999, for all new eligible faculty and administrators hired on or after this date. Full-time faculty and administrators employed prior to January 1, 1999, may elect to retire under the Revised Retirement Plan.

Full-time faculty and administrators who are at least age 60 with 20 years of creditable service at the University of Southern Indiana are eligible to retire under the Revised Retirement Plan. The final ten years of creditable service must be consecutive at the University of Southern Indiana to be eligible for the Revised Retirement Plan.

Staff members who retire under the Revised Retirement Plan may commence retirement under the following conditions:

1. Retirement must be arranged at least one year (12 months) before the requested retirement date.
2. During the final year of full-time employment, immediately before the revised retirement effective date, the faculty member or administrator may request a leave of absence equivalent to one semester (six months for administrators) with full pay. As mutually arranged by the employee and the University, the leave may be used either as a one semester (six months for administrators) leave with pay or as one-half assignment for the final academic or fiscal year with full pay.
3. During the final year of full-time employment prior to the retirement effective date, the University will continue contributions to the USI Defined Contribution Plan for Faculty and Administrators based on the faculty or administrator's full-time equivalent base salary and the retirement plan contribution schedule. The University shall make no contributions to this plan beyond the date of retirement.
4. Any accrued vacation accumulation will be paid with the final payment for active service. Additional vacation time shall not accrue during the leave of absence period.
5. The retiree shall qualify for a retirement service payment based on the final year's full-time salary. The amount of the retirement service payment is one percent of the final year's full-time salary for each year of full-time, benefits-eligible service to a maximum of 25 percent. The retirement service payment shall be paid with the final payment for active service.
6. Retirement may begin with any fiscal, academic or calendar year following attainment of age 60.

#### **G. Benefits Following Retirement**

The following benefits will be available to eligible employees who retire under any of the University's retirement programs:

1. Life Insurance Eligibility

Employees hired on or after July 1, 2014, are not eligible to continue life insurance coverage beyond retirement. Conversion or portability may be available. Employees should contact the Human Resources Department for information about this benefit.

Employees hired in a full-time, benefits-eligible position prior to July 1, 2014, are eligible for post-retirement life insurance. This benefit is subject to age-based reduction. Please see your life insurance certificate for details. Employees hired on or after February 1, 1988, or hired earlier but who did not remain in the old life insurance plan by continuing to pay the associated premium receive a \$5,000 life insurance benefit. Employees hired prior to February 1, 1988, who elected to remain in the old life insurance plan and pay the premium receive a \$20,000 life insurance benefit or half of the face amount, whichever is lower. Retiree life insurance premiums are paid by the University.

2. Health and Dental Insurance Eligibility

Employees hired July 1, 2014, and later are not entitled to continue medical and dental insurance benefits beyond the retirement date except as provided for under COBRA regulations.

Employees hired before July 1, 2014, in a full-time, benefits-eligible position:

Employees whose age plus years of full-time, benefits-eligible service (as reflected by the Adjusted Service Date) total less than 57 as of July 1, 2014, and who have fewer than 10 years of full-time, benefits-eligible service (as reflected by the Adjusted Service Date) as of July 1, 2014, are not entitled to continue medical and dental insurance benefits beyond the retirement date except as provided for under COBRA regulations.

Employees hired before July 1, 2014, in a full-time, benefits-eligible position:

Employees whose age plus years of full-time, benefits-eligible service (as reflected by the Adjusted Service Date) equal 57 as of July 1, 2014, or who have 10 years of full-time, benefits-eligible service (as reflected by the Adjusted Service Date) as of July 1, 2014, are entitled to continue medical and dental insurance benefits during the period of retirement by paying premiums based on the following premium contribution schedule:

Years of Service University Employee/Dependents

10-14	25%	75%
15-19	50%	50%
20+	75%	25%

Retirees hired prior to 1993 were provided University medical/dental benefits at the 75% level regardless of years of service. Adjusted Service Date is the date that represents the employee's total years of full-time benefits-eligible service.

Dependent eligibility and level of subsidy (25%, 50% or 75%) is based on the retiree eligibility as illustrated. Generally, the dependents listed at the time of the employee's retirement date are eligible to elect retiree coverage for as long as they are the retiree's dependent. Coverage must continue from the retirement date without a lapse in coverage. Dependents at the time of a retiree's death may remain in the plan at the same premium subsidy (25%, 50% or 75%). If the eligible dependent is an active, benefits-eligible USI employee, the employee will continue with active coverage until the employee is no longer an active, benefits-eligible employee. At that time the dependent's coverage will resume under the retiree's coverage and align with the retiree's earned benefit.

1. **Unused Sick Leave**

Upon retirement, support staff members who are official retirees under a University plan will be paid one-half of their unused sick leave up to a maximum of 60 days. Faculty and administrative staff are not eligible to receive payment of their unused accumulated sick time.

2. **Other Benefits**

Faculty and staff retirees are eligible to maintain their USI email address, and to receive a University identification card for use in the library, a complimentary pass for all athletic events (except for men's basketball games), intramural activities card for facilities use, fee waivers for University credit classes, and special rates for University theatre productions. Retirees also are invited to University events classes, reduced rate for non-credit University and receive University publications and mailings throughout the year. By mutual agreement, office space, secretarial assistance, research grant application assistance, use of selected Information Technology Department services, and continued information of departmental activities may be provided.

3. **Terminations for Reasons Other Than Retirement**

Any individual whose appointment has been discontinued or terminated for reasons other than retirement, and who has a vested financial interest in the retirement plans, shall be entitled to the financial benefits, if any, of the respective retirement plan in which he or she has participated. Such individuals may qualify for the continuation of health insurance under COBRA (See Section C2 Health Insurance Programs).

Information about the retirement plans and insurance benefits for retirees is available in the Human Resources Department.