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IOWA STATE UNIVERSITY PROPOSED SPECIALIZED RETIREMENT INCENTIVE PROGRAM

Action Requested: Consider approval of a Specialized Retirement Incentive Program as proposed by Iowa State University. Direct the university to submit a report detailing the participation and cost savings of the program at its September 2023 meeting.

Executive Summary: As part of a plan for reimagining the future for the College of Liberal Arts and Sciences, the university is proposing to offer a Specialized Retirement Incentive Program (SRIP) to eligible tenured faculty.

The proposal would offer two options for eligible faculty to consider:
1) two years of retirement contributions plus health and dental coverage, or
2) three years of retirement contributions

Eligible employees will need to meet a rule of 70, combining age and continuous length of service at the time of retirement. The minimum allowable age for this program is 60 years or older at time of retirement. The period for expressing interest would run from October 3, 2022, through December 2, 2022, with retirement date parameters established by administration to facilitate continuity of services, but no later than June 30, 2023.

The decision to approve requests to participate will be at the discretion of the Dean of Liberal Arts and Sciences (LAS) or the Dean of the College of Agriculture and Life Sciences (CALS) for dually administered departments associated with both LAS and CALS. The full program is described below in attachment A.

According to the parameters defined, approximately 127 tenured faculty will meet the eligibility requirement for the SRIP. Savings to the university would be dependent upon the number of approved participants. The incentive cost would vary depending on the specifics of each individual, including current medical/dental plans, salary and age. Based upon current health premiums and retirement plan contributions a conservative estimate of incentive cost would be $22,200 annually for Option 1 and $12,700 annually for Option 2, per participant. The average salary and fringe benefit costs of the eligible group is $127,166 and $33,445, respectively.

BOARD OF REGENTS STATE OF IOWA

Terms and Conditions

Iowa State University Specialized Retirement Incentive Program

College of Liberal Arts and Sciences

including dually administered departments with the

College of Agriculture and Life Sciences

1. **Eligibility**
   Effective with approval of this program, an active employee of the university will be eligible based on meeting the entirety of the following criteria:

   - The employee must have a primary academic appointment in the College of Liberal Arts and Sciences (LAS) or in the College of Agriculture and Life Sciences (CALS) provided the CALS faculty member's appointment resides in a dually administered department with LAS[1];
   - The faculty member must hold a tenured appointment in the College of Liberal Arts and Sciences or College of Agriculture and Life Sciences in a dually administered department with LAS;
   - The employee must currently have a medical benefits-eligible appointment with the university;
   - The employee must have continuous service and age that is equal to 70 and be at least sixty (60) years of age at the time of retirement;
   - The employee must not have already communicated and received approval to retire or resign prior to the announcement of the SRIO program.
   - The employee must not already be participating in another ISU retirement program (e.g., phased retirement);
   - The employee must submit an election form indicating interest no later than December 2, 2022;
   - The employee agrees to fully retire within the parameters established for continuity of service, but no later than June 30, 2023.

2. **Approval of Retirement Incentive**
   Any eligible employee may submit an election form indicating interest for the specialized retirement incentive. The decision to submit the election form is voluntary and initiated by the employee. Approval is at the discretion of the Dean of Liberal Arts and Sciences or the Dean of the College of Agriculture and Life Sciences, based on the tenure home of the faculty member. Employees approved for the retirement incentive program would not be eligible to be

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[1] Dually Administered Departments between LAS and CALS are: Roy J. Carver Department of Biochemistry, Biophysics and Molecular Biology; Department of Ecology, Evolution and Organismal Biology; Department of Economics; Department of Genetics, Development and Cell Biology; Department of Sociology; and Department of Statistics.

rehired at the university while within the terms of the program and its incentive period. Any exceptions to the rehire parameter during this time would require an employee to repay the value of the incentives received.

3. **Incentive Benefit**
   Eligible employees would elect one of two retirement incentive options in the proposal:

   <u>Two Years of Retirement Contributions Plus Health/Dental Coverage</u>. Two years of continued monthly TIAA or AIG VALIC employer contributions equivalent to the percentage match received by active employees over the same time period. IPERS plan participants will receive a one-time, up-front payout equal to two years of employer contributions equivalent to that received by active employees at time of retirement. Also, two years of medical and dental coverage based on coverage in place when approval for participation in the program is provided, up to "self and spouse/partner" plan level, including employer and employee costs. Eligibility for medical and dental contribution under this option requires five (5) years of continuous participation in the medical/dental plans prior to retirement.

   <u>Three Years of Retirement Contributions</u>. Three years of monthly TIAA or AIG VALIC employer contributions equivalent to the percentage match received by active employees over the same time period. IPERS plan participants will receive a one-time, up-front payout equal to three years of employer contributions equivalent to that received by active employees at time of retirement.

   In the event of the employee's death, the university's obligation to pay the benefit will cease on the first day of the month following the date of death. In the case of medical coverage, the employee's surviving spouse or dependent may elect to continue coverage at their expense.

4. **Implementation Process**
   Subject to the Board approving this proposal, the university will develop detailed procedures to implement the program.