

FY 2021 Retirement Incentive Option (RIO) Program
Frequently Asked Questions for Employees
August 3, 2020

1. What are the general provisions of the Retirement Incentive Option (RIO)?

The RIO is a voluntary program. Eligible employees will need to meet a rule of 70, combining age and length of continuous service at the time of retirement. The minimum allowable age is 60 or older. The period of expressing interest is from August 3, 2020 through March 1, 2021. All applications are subject to approval. The program offers three options from which eligible employees may choose:

- two years of retirement contributions plus health and dental coverage;
- three years of retirement contributions; or
- three years of health and dental coverage.

2. What are my Retirement Incentive Options?

You may choose one of the following three options:

Option 1: Two Years of Retirement Contributions Plus Health and/or Dental Coverage

For two years after the Employee's Separation Date, the University agrees to pay continued monthly TIAA or AIG VALIC employer contributions equivalent to that received by active employees over the same time period as well as Employee's medical and dental coverage based on coverage as of the Separation Date, up to "self and spouse/partner" plan level, including employer and employer premiums. IPERS plans will require a one-time, up-front payout equal to two years of employer contributions equivalent to that received by active employees as of the Employee's Separation Date. Eligibility for medical and dental contribution under this option requires 5 years of continuous participation in the plans prior to retirement.

Option 2: Three Years of Retirement Contributions

For three years after the Employee's Separation Date, the University agrees to pay continued monthly TIAA or AIG VALIC employer contributions equivalent to that received by active employees over the same time period. IPERS plans will require a one-time, up-front payout equal to three years of employer contributions equivalent to that received by active employees as of the Employee's Separation Date.

Option 3: Three Years of Health and/or Dental Coverage

For three years after the Employee's Separation Date, the University agrees to pay Employee's medical and dental coverage based on coverage as of the Separation Date, up to "self and spouse/partner" plan level, including employer and employer premiums. Eligibility for medical and dental contribution under this option requires 5 years of continuous participation in the plans prior to retirement.

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3. When can I apply?

The period for expressing interest in the RIO program is from August 3, 2020 through March 1, 2021. Expressions of interest received on or after March 2, 2021 will not be accepted.

4. Am I eligible for the Retirement Incentive Option?

To be eligible for the FY 2021 RIO program, an employee must:

- Currently have a benefits-eligible appointment with the university.
- Be at least 60 years old at the determined date of retirement. The age of the employee plus his/her years of continuous service must, at minimum, equal 70 at the determined date of retirement.
- Agree to fully retire no later than June 30, 2021.
- Not already have been accepted in/participating in another ISU retirement program (e.g., phased retirement)
- Not have already received approval to retire or resign prior to the initiation of this RIO program.

Note: Participants in Options 1 and 3 must have 5 years of continuous participation in the medical/dental plans prior to retirement.

5. What is the process to apply?

A RIO webpage on the University Human Resources website will include an electronic “expression of interest” form, available beginning August 3, 2020. An employee who wishes to express interest will submit the electronic form by March 1, 2021.

6. If I submit an expression of interest for the RIO program, is my request treated as a confidential matter?

Each expression of interest will be shared with the respective manager and the division SVP/ delegate. Other persons in the unit involved in the analysis of cost/savings and workforce planning will have knowledge of the employee’s request; aside from those persons involved in the review/approval process, the request is a confidential personnel matter.

7. If I express interest, is my request subject to approval?

Yes. Meeting eligibility requirements or indicating interest does not guarantee an employee’s approval or acceptance into the RIO program. As with past RIO programs, all final decisions for RIO requests are contingent on demonstrated cost savings or efficiencies. Cost savings and efficiencies may be achieved in a number of ways, including workforce reduction, new and innovative ways of conducting business, and/or new partnerships across multiple units/areas. For example, specific retirements may facilitate consolidation, program elimination, reduction of program scope, reorganization of units and possible other actions. The full savings may be realized outside of the three year timeframe of the program’s incentive payout.

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8. Once I express interest, is there a possibility that my requested date of retirement could be changed by management?

Yes. Approval of any RIO request involves approval of the requested date, and is contingent upon your manager's ability to manage the transition and meet the unit's mission or business needs. Your expression of interest should include an estimated and desired retirement date; your manager will discuss the requested retirement date with you and may negotiate what best meets the needs of the unit before final approval. Please note that the requested retirement date should be a future date that allows time for the necessary review/approval of the request as well as the execution of the signed agreement (and revocation period). Therefore, the effective date of retirement shall be no sooner than the date that the agreement is signed, preferably at a minimum, three weeks from date of expression of interest.

For faculty requests, department chairs should only accept a date that conforms to policy in the Faculty Handbook (i.e., a 9-month faculty member should retire at the end of the semester, on December 31 or May 15). (See also Q.22 regarding "Summer Salary.")

The RIO program requires a full retirement date no later than June 30, 2021.

9. How will I know if my request is approved or denied?

Employees will receive notification within 30 days of submitting the expression of interest form. If your request is approved, you will be asked to sign a retirement agreement:

<https://www.hr.iastate.edu/sites/default/files/hr-managed-file/benefits/generic-usage/713/rio-agreement-and-release-example-2020-08-03-1723.pdf>.

The date of retirement must be mutually agreed upon with your supervisor. If your request is denied, you will be notified.

10. If I am approved for Retirement Incentive Option, can I be rehired in the future?

You would not be eligible to be rehired at the university while within the terms of the option you chose and its incentive period. Any exceptions would require you to repay the value of the RIO incentives you've received.

11. I work for Ames Laboratory. Can I express an interest in the RIO?

ISU employees with a home department of Ames Laboratory are not permitted to participate in the FY21 RIO Program.

12. After my retirement incentive ends, what are my options for health and dental insurance coverage?

When your RIO period ends, you can choose to continue participating in the health and dental insurance coverage available to other university retirees. In that event, you will be responsible for insurance premium payments in the same manner as existing retirees.

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Note: This assumes that existing policies for retirees remain in force; policies can and do change.

13. I have only been in the medical plan for 5 continuous years prior to my retirement, but not the dental plan. Am I still eligible?

Yes, but you would only be eligible to participate in the ISU Retiree medical plan, not the dental plan.

14. If I select Option 2, can I still join the ISU Retiree plan for medical and/or dental coverage at my own cost?

Yes, provided that you meet the eligibility of 5 years of continuous participation in the applicable plans prior to your retirement.

15. What happens when I (or my enrolled spouse/dependent) become eligible for Medicare?

If continuing the ISU medical plan, eligibility for Medicare requires enrollment in Medicare A&B as primary insurance as well as the ISU Group Part D Prescription Drug Plan. The incentive does not include the cost of any applicable Medicare Part A or B premiums or B and D income-related monthly adjustment amount.

16. What happens to my RIO benefits if I pass away?

The university's obligation to pay the RIO benefit will cease on the first day of the month following your date of death. Your surviving spouse or dependent(s) may elect to continue available health and dental insurance coverage at their own expense, as provided by other university policies or by law.

17. What else should I be aware of – such as taxes?

We encourage all employees who are considering retirement — the RIO or otherwise — to visit with a financial professional to understand potential impacts applicable to their situation. Employees are responsible for any tax consequences resulting from retirement decisions.

18. I participate in the defined contribution plan (TIAA). Will I have access to my retirement funds while I am still receiving contributions through RIO?

Yes. You will have access to your retirement plan funds (up to 99% of balances). You are encouraged to visit with your TIAA representative to understand your options for taking distributions.

19. Who can I contact if I have more questions on the Retirement Incentive Option?

Questions about	Contact
<i>Your participation in the RIO</i>	Your manager
<i>Health and Dental Insurance in Retirement</i>	ISU Benefits Office: 515-294-4800 or benefits@iastate.edu
<i>Assistance with retirement plan limitations and impacts to payroll and associated deductions and taxes</i>	Payroll, Benefits and Tax 515-294-7662 or fbac@iastate.edu

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Assistance with Retirement Planning and Investment Options if in TIAA	Ames TIAA Office: 800-732-8353
Assistance if you are in IPERS	IPERS: 800-622-3849 or www.IPERS.org

Faculty Specific Questions

20. For faculty approved for the RIO program, could the emeritus/a designation still apply?

Yes. See the “Emeritus and Retired Faculty Resources” FAQ document regarding the transition for faculty into retirement <https://www.provost.iastate.edu/faculty-and-staff-resources/emeritus-faculty-resources>.

21. I’m a faculty member currently on Faculty Professional Development Assignment (FPDA). Can I be approved for the RIO program?

Faculty on FPDA are obligated to remain at the university for “twice the length of the assignment” after the FPDA ends. Because the RIO program requires full retirement no later than June 30, 2021, a current FPDA recipient who wishes to express interest in the RIO program would be required to pay back the full costs of the FPDA salary and benefits. It would then be possible for the faculty member to be considered for RIO approval. Also, a faculty member who has been approved for a future-year FPDA has the option to cancel the FPDA request in order to express interest and be considered for approval for the RIO program.

22. I’m a 9-month faculty member. Will I be paid summer salary if approved for the RIO program?

If the Department Chair approves a summer appointment/salary then a retirement date of June 30, 2021 would be allowed for a 9-month faculty member. (Per the *Faculty Handbook*, ordinarily 9-month faculty must retire at the end of the academic semester.)