

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

**1. What is the RIO program and why is it being offered?**

As part of a budget-planning response to reductions in revenues due to declining enrollments and reduced state support, Iowa State University is offering a voluntary FY 2021 Retirement Incentive Option (RIO) Program. The RIO program is one tool for managers to reduce short- and long-term personnel costs.

Upon expression of interest, and if approved for the RIO program by the manager and respective SVP/President (or delegate), the employee who opts for the program must agree to fully retire no later than June 30, 2021.

**2. What is the program criteria and eligibility?**

Eligible employees have three post-retirement benefit options to choose from: 1) two years of retirement contributions plus health and dental coverage; 2) three years of retirement contributions; or 3) three years of health and dental coverage.

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 another ISU retirement program.
- 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.

Employees already participating in a phased retirement program are ineligible for this RIO program.

**3. What are the Retirement Incentive Options?**

An employee 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.

**4. When is the program available, and what is the duration of the window program?**

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.

**5. What is the process for request and review/approval?**

An electronic "expression of interest" form will be available beginning August 3, 2020. An employee who wishes to express interest will submit the electronic form. The form will initially be received and managed by staff in the Payroll, Benefits and Tax Office, who will review to verify if an employee is eligible. Staff also will determine current employee salary and benefit costs, and a projection of the post-retirement costs — per Option 1, 2 or 3 as selected on the form by the employee. This information will then be provided to the employee's manager.

The manager and respective division head (or delegate), in consultation with the respective fiscal officer, should analyze the cost savings to determine if the request can be approved. Cost savings considerations should include whether the position would not be filled or whether the position would be filled at a lower cost. Each request must also be approved by the respective division head or their designee.

Managers will be provided with additional tools and resources to aid in the review process. Both managers and employees are encouraged to consult their respective HR Partner. The HR Partner will assist the manager in workforce planning before any decision is made regarding approval of the request.

The process will conclude with a signed retirement agreement. A standard template form will be provided, and this agreement will include waiver of claims and it will represent a binding agreement. The employee has a seven-day revocation period (a requirement for this agreement), from the date of signature.

**6. Is approval of the employee's request at my and the SVP/division's discretion? What is the basis for approval of a request?**

Meeting eligibility requirements or indicating interest does not guarantee an employee 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.

**7. Once I have received the cost/savings information and other tools and I have consulted with others, how much time do I have to respond to each request?**

Employees should receive a response within 30 days of expressing interest in the RIO program. We encourage managers to timely review, analyze and determine which requests will be approved – taking into account that a final approval will also require review and a decision by the respective SVP/President (or delegate).

**8. Should I reach out to employees who may be eligible?**

No. It is not appropriate to indicate to certain employees that you hope they will express interest in the program. Planning for retirement is a very personal choice, and the RIO program is truly voluntary. Your role is to carefully consider the information provided in an employee's expression of interest, and determine the impact of a possible approval.

An email message announcing the program was sent July 21 to all employees and included in the July 23 *Inside Iowa State*.

**9. What if an employee comes to me to seek my advice or opinion?**

Employees may turn to their managers during the consideration period. Managers should listen and be empathetic, and provide factual information on the program. But it is critical that managers do not offer guidance or advice on an employee's decision to express interest. Comments could unduly influence or be misinterpreted. Instead, direct employees to the available resources and/or the HR Partner. Also, managers should not make promises regarding approval in any initial discussions. Final approval will be determined at the SVP/division (or delegate) level.

**10. How can I support faculty and staff who may wish to express interest?**

Managers should be accessible and prepared to respond to questions and refer eligible employees to resources available to aid in their decision. Retirement planning resources are available at <https://www.hr.iastate.edu/benefits/retiree-life> and <https://www.provost.iastate.edu/faculty-and-staff-resources/emeritus-faculty-resources> (for faculty).

**11. May I negotiate the date of the full retirement?**

Yes. Approval of any RIO request involves approval of the requested date, and is contingent upon your ability to manage the transition and meet your unit’s mission or business needs. Managers should discuss the requested retirement date with the employee and 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.21 regarding “Summer Salary.”)

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

**12. Is there a limit to how many employees I can approve for the RIO program?**

No. All expressions of interest and eligible employee requests should be reviewed and analyzed.

**13. Who is tracking requests and approvals?**

HR Delivery teams will monitor to make sure employees receive timely responses to expressions of interest.

**14. I have term employees whose term appointment will expire during FY2021, and notice of intent not to renew has been given already. Am I required to approve a request from an eligible employee in this circumstance?**

No, you are not required to approve any request.

**15. Can an employee who retires under this RIO program be rehired?**

Employees who retire under the RIO program will be ineligible to be rehired at the university while receiving incentives within the terms of the program. Any exceptions to rehiring would require an employee to repay the value of the incentives received under the RIO program.

**16. Are employees on an extended leave of absence, including FMLA, eligible?**

The program criteria and eligibility apply to all employees, including those on extended absences.

Employees on FMLA who are eligible and interested in the RIO program should consult with UHR.

**17. For an employee with a large bank of unused vacation, may I require the employee to utilize some or all of the banked time off — in lieu of a payout of the unused balance?**

Absences should be discussed between the manager and employee. Yes, so as long as those days are used before June 30, 2021.

**18. For faculty approved for the RIO program, does the emeritus/a designation still apply?**

Yes. See the "[Emeritus and Retired Faculty Resources](#)" FAQ document regarding the transition for faculty into retirement.

**19. If a faculty member is approved for the RIO program, what will happen to grant/contract/gift funds? Will the university be required to return these funds to the funding agencies or donors?**

See the guidance provided in the "[Emeritus and Retired Faculty Resources](#)" FAQ document regarding the transition for faculty into retirement.

**20. May faculty currently on Faculty Professional Development Assignment (FPDA) be approved for the RIO program?**

Since there is an obligation for faculty on FPDA to remain at the University for "twice the length of the assignment" and due to the RIO program requiring full retirement by June 30, 2021, a current FPDA recipient who may express interest in the RIO program would be obligated to repay the full costs of the FPDA salary and benefits in order to express interest and be approved for the RIO program. It would then be possible for a faculty member on FPDA to be approved.

Also, a faculty member who has been approved for a future year FPDA must cancel the FPDA request if approved for the RIO program.

**21. May 9-month faculty 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.) Department Chairs should consult with the Dean's Office if this should be requested.

**22. Can I discuss the retirement with my faculty or staff member once final approval has been given?**

Yes. After final approval of a RIO request and the seven-day revocation period has ended, a manager and employee who has been approved should discuss the upcoming retirement date and a plan for transitioning work and responsibilities.

**23. Will I receive notification of an employee who expressed an interest but was determined not to have been eligible?**

Yes, you as manager will receive notification if an employee has expressed interest and was deemed to be ineligible.

**24. If an employee submits an expression of interest for the RIO program, is the 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.

**25. What financial implications are there for an individual who is paid partially or completely on a grant?**

All charges to the grant would cease when an individual retires (i.e. the grant could not pay for the retirement incentives for the period after retirement). An alternative funding source would need to be identified to cover the incentive costs. In addition, any vacation payout would be completed based on an evaluation/calculation of the vacation allocation among pay sources over the life of their employment as long as not restricted due to language on their LOI. Any vacation payout not allowable on currently active grant funds based on the evaluation/calculation would have to be paid from unrestricted funds. Please contact the Sponsored Programs Accounting office to discuss specific situations.

**26. If I still have questions about the RIO program, whom should I contact?**

Please refer your questions to the respective HR Partner.