

Utah Tech University Policy

359: Early and Phased Retirement



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I. Purpose

- 1.1 To define Utah Tech University's ("the University") Early Retirement and Phased Retirement programs for Full-Time Employees with associated eligibility criteria and procedures.

II. Scope

- 2.1 In accordance with Utah Code Annotated 53B-2-106, the University offers eligible Employees the opportunity to request Early Retirement if they wish to terminate active employment with the University prior to Full Retirement Age, and/or Phased Retirement if they wish a reduction in workload prior to Full Retirement and/or Early Retirement.

- 2.1.1 The Early Retirement and Phased Retirement programs are reviewed on an annual basis to monitor effectiveness and fiscal implications. The University Board of Trustees reserves the right to amend or terminate Early Retirement and/or Phased Retirement programs at any time.

- 2.1.1.1 An amendment or termination of either program by the Board of Trustees will not affect any participant who has already been approved for, or has entered, that program.

- 2.2 The Early Retirement and/or Phased Retirement programs are neither an entitlement nor a right available to all Full-Time Employees who meets the eligibility criteria. Each request is subject to administrative and Board of Trustees approval of the terms and conditions (i.e., submission date of request and proposed retirement date vs. timing of required approvals, budget impact and funding availability, funding mechanism of Full-Time Employee's base position [e.g., institutional vs. grant or revenue-based])

allowing for Early and/or Phased Retirement, etc.) specifying the arrangement under which the Employee is approved for Early Retirement or Phased Retirement. Each request will be reviewed individually and as a separate case. Criteria will have a rational relationship to the legitimate needs, well-being, and overall mission of the University.

- 2.3 Phased Retirement is a reduction in a Full-Time Employee's work responsibilities during a period of time not to exceed two (2) years. While all requests to participate in Phased Retirement will be considered, the nature of an individual's work assignment may not lend itself to a reduced schedule or reduction in responsibilities.

III. Definitions

- 3.1 **Base Salary:** Amount of money paid to a Full-Time Employee in return for work required in a specific position performed within a fiscal year. Base Salary does not include overtime, overload, contracted service, or any other remuneration for extra services.
- 3.2 **Early Retirement:** An arrangement between the University and a Full-Time Employee allowing for retirement before Full Retirement Age, with incentives consistent with the provisions of this policy.
- 3.3 **Full-Time Equivalent (FTE):** The percentage of a position's workload relative to the normal and expected working time and effort for a Full-Time Equivalent position.
- 3.4 **Full Retirement Age:** The age at which a Full-Time Employee is eligible for 100% of their full (non-reduced) Social Security benefit.
- 3.5 **Full-Time Employee:** An individual whose employment status is expected to last nine (9) consecutive months or longer, working 75 percent or more of the normal possible annual working hours for that position. See Policy 301.
- 3.6 **Phased Retirement:** An arrangement between the University and a Full-Time Employee, allowing for the Employee to work for a defined period of time prior to full retirement with a reduction in FTE.
- 3.7 **Qualifying Years of Service:** All years of full-time employment at the University, combined with any years of full-time employment at another Utah Board of Higher Education institution, as verified by said institution and documented with Utah Tech University's Human Resources Department.

IV. Policy

- 4.1 A Full-Time Employee who wishes to request Early Retirement must meet all of the following criteria:
 - 4.1.1 Be employed in a full-time position at the University, serving in a position that is reasonably assured of funding for the duration of the anticipated Early Retirement period; and
 - 4.1.2 Have at least five (5) years of continuous service at the University immediately prior to the date on which Early Retirement would begin; and
 - 4.1.3 The Employee's age must be at least 57, and that age added to the Employee's Qualifying Years of Service must be equal to or greater than 75.
- 4.2 If approved by the University's administration and Board of Trustees, and the Full-Time Employee elects Early Retirement, the Employee will receive an annual financial incentive based on the lesser of two amounts: 20% of the Employee's Base Salary at the time the Employee enters the Early Retirement program OR the predicted Social Security benefit the employee will receive at Full Retirement Age.
 - 4.2.1 The incentive may be increased based on legislative appropriated Cost of Living Adjustments (COLA), but the incentive must not exceed the maximum allowable Social Security benefit for a single individual beginning retirement at Full Retirement Age in that year.
 - 4.2.2 Incentive payments will be made according to the Contracted Employee payroll schedule. See Policy 342.
 - 4.2.3 Incentive payments will cease on the earlier of two dates: the last day of the month in which the Employee reaches Full Retirement Age OR the last day of the 60th month (5 years) after the Employee enters the Early Retirement program.
 - 4.2.4 Should the Employee's death occur prior to the scheduled end of the Employee's Early Retirement incentive period, the incentive payments will cease two (2) pay periods after the Employee's date of death.
- 4.3 If approved by the University's administration and Board of Trustees and the Full-Time Employee elects Early Retirement, the Employee is eligible to receive the same coverage type (single, double, family) of medical, dental,

and vision insurance on the University's group plans that the Employee was receiving prior to entering Early Retirement.

- 4.3.1 Such health insurance coverage continues until the earlier of two dates: the last day of the month in which the Employee reaches 65 years of age OR the last day of the 60th month (5 years) after the Employee enters the Early Retirement program.
 - 4.3.2 If the Employee's death occurs prior to the scheduled end of the Employee's Early Retirement benefit continuation, health insurance coverages will cease at the end of the month in which the Employee died.
 - 4.3.3 The coverage type (single, double, family) may be reduced by a qualifying event during Early Retirement, but will not be increased after the Employee enters the Early Retirement program.
 - 4.3.4 An Employee in the Early Retirement program will have applicable health insurance premiums deducted from the Early Retirement incentive on the same basis as non-retired (active) employees.
 - 4.3.5 Under the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), an Employee or an Employee's spouse who is under age 65, and/or a dependent child who is under the age of 26, can choose to continue insurance coverage when the Employee's benefits cease or when a qualifying event occurs.
 - 4.3.6 An Employee in the Early Retirement program is ineligible for continuation of disability or life insurance benefits, and no contributions to the Employee's retirement plan will be made after Early Retirement begins.
- 4.4 Phased Retirement allows for one of the following reductions in work responsibilities, with a commensurate reduction in pay:
- 4.4.1 An eligible Full-Time Staff Employee may propose to be reduced from 1.0 FTE to not less than 0.75 FTE.
 - 4.4.2 An eligible Full-Time Faculty Member may propose to be released up to three (3) workload credits, insofar as the total FTE is not less than 0.75 of faculty workload.
- 4.5 An Employee requesting Phased Retirement must meet all of the following criteria:

- 4.5.1 Be employed in a full-time position at the University, serving in a position that is reasonably assured of funding for the duration of the anticipated Phased Retirement period; and
- 4.5.2 Have at least five (5) years of continuous service immediately prior to the date on which Phased Retirement would begin; and
- 4.5.3 The Employee's age must be at least 55, and their age added to the Qualifying Years of Service must be equal to or greater than 73.
- 4.6 Unless a specific provision to the contrary is included in the request for Phased Retirement and/or included in the agreement approving Phased Retirement, the Employee in Phased Retirement receives a financial incentive payment to compensate for the reduced retirement contribution resulting from a reduction in the Employee's FTE.
 - 4.6.1 The financial incentive is the difference between what the University contributed to the Employee's University retirement program before and after the Phased Retirement takes effect. Such incentives are paid quarterly to the Employee and facilitated by Human Resources.
 - 4.6.2 The financial incentive will be part of the Phased Retirement agreement and will not be adjusted because of any future salary increase.
- 4.7 Because a Phased Retirement Employee is still full-time and working, employee benefits continue at the level and under the conditions of Full-Time employment. See Policy 343.
- 4.8 Once an Employee's FTE is decreased through Phased Retirement, it can only be increased at the discretion of the University.
- 4.9 If an Employee chooses to participate in Phased Retirement prior to Early Retirement, the Employee's Early Retirement Base Salary will be determined using the Employee's FTE prior to Phased Retirement.

V. References

- 5.1 University Policy 301: Personnel Definitions and Classifications
- 5.2 University Policy 342: Payroll
- 5.3 University Policy 343: Benefits, Payroll Deductions, and Workers Compensation

- 5.4 Utah Board of Higher Education Policy R962: Retirement Programs
- 5.5 Utah Code Annotated 53B-2-106 (<https://le.utah.gov>)

VI. Procedures

- 6.1 A Full-Time Employee who wishes to request Early Retirement must submit a written request to Human Resources that specifies the Employee's eligibility criteria and the proposed date of Early Retirement. Template letters are available upon request from Human Resources.
- 6.2 A Full-Time Employee who wishes to request Phased Retirement must submit a written request to Human Resources that specifies the Employee's eligibility criteria, the proposed specific terms of reduction in work responsibilities, and the proposed date of Phased Retirement. Template letters are available upon request from Human Resources.
- 6.3 The Employee must submit the request early enough to allow for a reasonable review cycle, including approval by the Board of Trustees. Typically, an Employee should allow at least four to six (4-6) months for processing, review, and required approvals.
 - 6.3.1 A Full-Time Staff Employee may begin Early or Phased Retirement on the first day of any month.
 - 6.3.2 A Full-Time Faculty Member may begin Early or Phased Retirement on July 1 or January 1.
- 6.4 Accrued vacation leave and/or compensatory time will be paid in a lump sum at the time Early Retirement begins. Such payout will be at the same compensation rate as the Employee is receiving on the last day of employment prior to Early Retirement. Employees on Phased Retirement will have any accrued vacation leave and/or compensatory time paid in a lump sum at the conclusion of Phased Retirement (e.g., full retirement from the University).
- 6.5 Human Resources is responsible for administering the Early and Phased Retirement programs, including counseling with those Full-Time Employees interested in the programs; responding to requests for information and advice from supervisors, deans, and directors; making COLA incentive adjustments on Early Retirement; making financial incentive payments on Phased Retirement; making Social Security benefit adjustments on Early Retirement; and general recordkeeping.

VII. Addenda – N/A

Policy Owner: Executive Director of Human Resources
Policy Steward: Executive Director of Human Resources

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