

VOLUNTARY RETIREMENT INCENTIVES FOR NON-TENURED FACULTY AND STAFF

I. PROGRAM DESCRIPTION

The Board of Trustees is authorized by Arkansas law¹ to offer to non-tenured faculty and staff voluntary retirement incentives (“NTFS Program Incentives”) in order to effect a net savings in personnel costs. An employee’s participation in the University of Arkansas Voluntary Early Retirement Incentives Program for non-tenured faculty and staff (the “NTFS Program”) is optional and may not be mandated. Likewise, the decision to grant or withhold NTFS Program Incentives is at the discretion of the Board.

Only non-tenured faculty and staff of a campus, unit or division of the University of Arkansas are eligible for NTFS Program Incentives. NTFS Program Incentives may be made available during a specific period of time approved by the President (the “Window Incentive Period”), when a savings to the University resulting from an eligible employee’s retirement can be demonstrated, and when the terms and circumstances of the proposed retirement would not be detrimental to the University or its programs, or to the department, campus or unit from which the individual is retiring. A retirement agreement and the NTFS Program Incentives will be evidenced by a written agreement for each participating individual (the “NTFS Program Agreement”) that includes the employee’s immediate retirement.

Each NTFS Program Agreement is subject to Board approval and shall be on a standard form approved by the General Counsel of the University.

II. MINIMUM REQUIREMENTS

To be eligible for NTFS Program Incentives, an employee must meet the following minimum requirements:

- A. May not be on leave-without-pay, receiving long-term disability benefits, or receiving workers’-compensation benefits for total disability, unless applicable law restricts or forbids consideration of one of these requirements;
- B. Is age 55 or older on the effective date of the NTFS Program Agreement; and
- C. Has at least 15 years of continuous full-time employment with the University of Arkansas or the University of Arkansas System Office on the effective date of the NTFS Program Agreement. The term “full-time employment” means appointment on at least a half-time basis.

The following apply to the determination of whether the minimum requirements are met:

¹ Ark Code Ann. § 24-7-102

“Years of service” will be calculated in whole year increments. Service time in leave-without-pay status will not be counted in computing years of service. In the case of an individual on a twelve-month appointment, fractions of years of service that are six months or less will be rounded down to the next lowest full year of service, and fractions of years of service that are greater than six months will be rounded up to the next highest year of service. In the case of an individual on less than a 12 month appointment, years of service will be calculated with the fall and spring semester each representing half a year.

“Service . . . with the University of Arkansas” means service at any of the campuses, units or divisions of the University of Arkansas or at the University of Arkansas System Office.

Service time spent in an authorized off campus duty assignment is counted in computing continuous years of service.

Authorized leave-without-pay status is not a break in continuity of service unless at the time leave begins the employee has accumulated a combined total of more than three years of authorized leave without pay during the immediately preceding 15 years of service.

III. PROGRAM REQUIREMENTS

The NTFS Program will only be available during a Window Incentive Period approved for the employees of a specific campus, unit or division. To implement the NTFS Program, the Chancellor or Chief Executive Officer of a campus, unit or division will submit to the President for approval a program applicable only to employees of the specific campus, division or unit who also meet the minimum qualifications (“Eligible Employees”). The proposal for a Window Incentive Period shall provide for benefits or incentives to be available for a limited period of time. The proposal may modify the eligibility criteria described in this policy upon a demonstration of substantial necessity. Any such proposal must be consistent with Board Policy and applicable law and must be justified by the Chancellor or Chief Executive Office of the campus, division or unit with such substantiation as the President might direct.

NTFS Program Incentives are available to an Eligible Employee only during an approved Window Incentive Period and only when the proposed NTFS Program Agreement will provide a net savings in personnel costs within seven years of the effective date of the NTFS Program Agreement. Net savings in personnel costs will be determined by aggregating the annual cost savings for each year of the seven year period.

The aggregate cost of NTFS Program Incentives that may be offered is limited by Arkansas law. In the event that requests for NTFS Program Incentives exceed this limit, requests will be considered in the order that written requests are received by the campus, unit or division human resources office.

A. Annual cost savings for each year will be calculated using the following formula:

Annual cost savings= Retention Cost - (Retirement Cost + Replacement Cost). For purposes of this calculation:

“Retirement Cost” means the cost of all employee compensation and any other benefits to be paid under the NTFS Program Agreement, plus the anticipated cost of compensation, benefits and other employment related costs for future part-time teaching or research of the employee.

If the employee proposes to continue in or return to employment in any capacity with the University at any time during the seven years immediately following retirement, the proposed work schedule and duty assignments must be identified when calculating Retirement Cost.

“Replacement Cost” means the estimated salary, fringe benefits and other employment related costs of the individual or individuals who will be employed to fill the position or responsibilities of the retiring employee;

“Retention cost” means the current annual salary and fringe benefits cost of the retiring employee, including any increases in salary or fringe benefits approved prior to the effective date of an NTFS Program Agreement.

- B. The maximum dollar value of benefits that can be received under an NTFS Program Agreement shall be an amount established by the campus, unit or division for a Window Incentive Period and approved by the President, or such lesser amount as is necessary to show a cost savings to the University within seven (7) years.

IV. AVAILABLE INCENTIVES

- A. The value of incentives that can be received under an NTFS Program Agreement may not exceed the lesser of the current annual salary of the retiring employee or the amount of the net savings in personnel costs. For the purpose of this calculation, the employee’s current annual salary shall be based upon the academic year (for faculty members on less than a 12-month appointment) or fiscal year (for employees on twelve-month appointments).
- B. Available benefits may take several forms including, but not limited to:
 - i. Stipend without requiring work;
 - ii. Wages for part-time work, not exceeding 19 hours per week;²
 - iii. Contribution to the employee’s account in the University of Arkansas 403(B) Retirement Plan;
 - iv. Eligibility for continued participation in such University benefits programs as are available to similarly situated retirees;

² Wages for part-time work are included in Retirement Cost when calculating Annual Cost Savings.

- v. Payment to the employee for the cost, or some portion of the cost, of the employee's participation in the University's available retiree benefit programs. Payment will be based upon the University's costs of such programs.
- C. Any return to employment with any campus, unit or division of the University not specifically identified in the NTFS Program Agreement requires the written approval of the President of the University.

V. VOLUNTARY RETIREMENT INCENTIVE PROGRAM PROCEDURES AND APPROVAL

- A. Following the announcement of an approved Window Incentive Period an Eligible Employee may request participation in the NTFS Program. The request must be submitted in writing by the employee to the head of the employee's department or unit and to the campus, unit or division human resources office. Each campus, unit and division will be responsible for developing, and informing employees of, a time schedule for submission of voluntary retirement incentive requests.
- B. The terms of the proposed NTFS Program Agreement (which must be consistent with this policy) should be discussed between the employee and the head of the employee's department or unit. Each campus, unit or division may also designate one or more individuals to consult with the employee in evaluating the NTFS Program Agreement. The designated campus, unit or division representative is not authorized to furnish legal, tax or other professional advice to the employee.
- C. In developing the NTFS Program Agreement each employee must be apprised of any rights under the Age Discrimination in Employment Act and the Older Worker's Benefit Protection Act, and must be advised to seek the advice and counsel of attorneys, accountants, tax professionals and others who can provide the employee with information to assist in making an informed decision. In all cases, the employee shall be given at least 45 days to consider participation in the NTFS Program, unless the employee waives this requirement in writing. Waivers shall be in a standard form approved by the General Counsel of the University.
- D. If the employee and the head of the unit agree on an voluntary retirement incentive request that is consistent with this policy, an NTFS Program Agreement in a standard form approved by the University's General Counsel shall be completed and forwarded for approval through the department or unit's administrative channels, together with a letter of recommendation from the appropriate Chancellor or Chief Executive Officer, to the President of the University. Each NTFS Program Agreement must be accompanied by:
 - i. A statement signed by the requesting employee assuring University officials that the faculty member's participation in the Program is voluntary; and

- ii. A voluntary retirement incentive “early retirement worksheet,” in a form substantially corresponding to the form attached to this policy.
- E. Each NTFS Program Agreement is contingent on approval by the Board prior to the effective date of the employee’s retirement.

Effective _____.