# VOLUNTARY RETIREMENT INCENTIVES FOR TENURED FACULTY

## I. PROGRAM DESCRIPTION

The Board of Trustees is authorized by Arkansas law[1] to offer voluntary retirement incentives (“Program Incentives”) to tenured faculty members 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 Tenured Faculty (the “Program”) is optional and may not be mandated. Likewise, the decision to grant or withhold Program Incentives is at the discretion of the Board.

Only tenured faculty members of a campus, unit or division of the University of Arkansas are eligible for Program Incentives under this policy. Program Incentives may be made available when a savings to the University can be demonstrated and 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 Program Incentives will be evidenced by a written agreement (the “Program Agreement”) which includes the faculty member’s immediate retirement and relinquishment of tenure.

Each 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 Program Incentives, a tenured faculty member 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 Program Agreement; and

C. Has at least 15 years of continuous service in a tenured or tenure track faculty position with the University of Arkansas or the University of Arkansas System Office on the effective date of the Program Agreement.

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

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[1] Ark Code Ann. § 24-7-101

"Tenured or tenure track faculty position" shall have the meaning assigned in Board Policy 405.1. For purposes of the Program, individuals who held a tenured faculty position prior to or contemporaneous with the assumption of administrative duties such as in connection with the positions of President or other System administrator, Chancellor, Vice Chancellor for Academic Affairs, Dean, or Department Head/Chair, and who continue to hold tenure throughout their employment as administrators, shall be considered as holding a tenured or tenure track faculty position during such period of administrative service.

"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 faculty member 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

Program Incentives are only available when the proposed Program Agreement will provide a net savings in personnel costs within seven years of the effective date of the Program Agreement. Net savings in personnel costs will be determined by aggregating the annual cost savings for each year of the seven-year period.

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 Program Agreement, plus the anticipated cost of compensation, benefits and other employment related costs for future part-time teaching or research of the retiring faculty member.

If the retiring faculty member 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 faculty member;

"Retention cost" means the current annual salary and fringe benefits cost of the retiring faculty member, including any increases in salary or fringe benefits approved prior to the effective date of a Program Agreement.

## IV. AVAILABLE INCENTIVES

A. The value of incentives that can be received under a Program Agreement may not exceed the lesser of the current annual salary of the retiring faculty member or the amount of the net savings in personnel costs. The faculty member'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 faculty members on twelve-month appointment).

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, provided such employment is not prohibited by law;[2]

iii. Contribution to the faculty member'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;

v. Payment to the faculty member for the cost or some portion of the cost of the faculty member's participation in the University's available retiree benefit programs. Payment will be based upon the University's costs of such program.

C. Any return to employment with any campus, unit or division of the University not specifically identified in the Program Agreement requires the written approval of the President of the University.

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

## V. VOLUNTARY RETIREMENT INCENTIVE PROGRAM PROCEDURES AND APPROVAL

A. Any tenured faculty member meeting the minimum qualifications listed in this Policy may request participation in the Program. The request must be submitted in writing by the faculty member to the head of the faculty member's department or unit. Each campus will be responsible for developing and informing faculty of a time schedule for submission of voluntary retirement incentive requests.

B. The terms of the proposed Program Agreement (which must be consistent with this policy) should be discussed between the faculty member and the head of the faculty member's department or unit. Each campus, unit or division may also designate one or more individuals to consult with the faculty member in evaluating the Program Agreement. The designated campus, unit or division representative is not authorized to furnish legal, tax or other professional advice to the faculty member.

C. In developing the Program Agreement each faculty member 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 faculty member with information to assist in making an informed decision. In all cases, the faculty member shall be given at least 45 days to consider participation in the Program, unless the faculty member waives this requirement in writing. Waivers shall be in a standard form approved by the General Counsel of the University.

D. If the faculty member and the head of the faculty member's department or unit agree on an voluntary retirement incentive request that is consistent with this policy, a Program Agreement in a standard form approved by the University's General Counsel shall be completed and forwarded for approval through the 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 Program Agreement must be accompanied by:

i. A statement signed by the requesting faculty member 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 Program Agreement must be approved by the Board prior to the effective date of retirement of the faculty member.

## VI. SPECIAL CAMPUS PROGRAM – APPROVAL BY PRESIDENT

The Chancellor or Chief Executive Officer of any campus, unit or division may submit for the President's approval a proposal for a special voluntary retirement incentive program applicable only to tenured faculty members at that campus, unit or division. Such a proposal may provide for benefits or incentives for a limited period of time beyond the benefits set forth in this policy. The proposal may also modify the eligibility criteria described in this policy and may include an option for relinquishment of tenure under a phased retirement agreement whereby the faculty member reduces workload over a period of not more than three years. Incentive payments for a phased retirement proposal may include special allowances and/or payment for all or a portion of insurance coverages. Any such proposal must be consistent with Board Policy and applicable law, must meet the general purposes set forth in this policy, and must be justified by the Chancellor or Chief Executive Officer of any campus, division or unit with such substantiation as the President might direct.

November 22, 2019

WORKSHEET FOR VOLUNTARY RETIREMENT INCENTIVES

NAME:______________________________________ BIRTHDATE:__________________

POSITION & DEPARTMENT:________________________________________________

DATE OF EMPLOYMENT: ______________ DATE OF RETIREMENT:______________

YEARS ON APPOINTMENT: _____________ AGE AT RETIREMENT:_______________

CURRENT APPOINTMENT PERIOD (9 or 12 months):_______________ SALARY (Current Year):_________________________

**COSTS AND SAVINGS**

| | | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 | YEAR 6 | YEAR 7 |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | |
| RETENTION COST: | | | | | | | | |
| Salary | | | | | | | | |
| Benefits | | | | | | | | |
| TOTAL COST | | | | | | | | |
| | | | | | | | | |
| RETIREMENT COSTS: | | | | | | | | |
| Salary | | | | | | | | |
| Benefits | | | | | | | | |
| Other | | | | | | | | |
| TOTAL COST | | | | | | | | |
| | | | | | | | | |
| REPLACEMENT COSTS: | | | | | | | | |
| Salary | | | | | | | | |
| Benefits | | | | | | | | |
| TOTAL COSTS | | | | | | | | |
| | | | | | | | | |
| COST SAVINGS | | | | | | | | |