

VOLUNTARY EARLY RETIREMENT PROGRAM FOR TENURED FACULTY

I. GENERAL PURPOSE

The voluntary early retirement program ("the Program") of the University of Arkansas ("the University") for tenured faculty is made available to eligible tenured faculty. Under the terms of the Program, the faculty member will receive certain benefits in exchange for his/her immediate retirement and relinquishment of tenure. Participation in the Program is voluntary and is not mandated upon either tenured faculty or the University. Participation in the Program is not an entitlement but may be made available to eligible tenured faculty members when:

- 1) A savings to the University can be demonstrated, and
- 2) The terms and circumstances of the retirement would not be detrimental to the University and its programs including, but not limited to, sufficient financial and staffing resources available to the department, campus, and unit from which the individual is retiring.

II. PROCEDURES FOR SUBMITTING EARLY RETIREMENT REQUESTS:

Any tenured faculty member meeting the minimum qualifications listed below may initiate a request for the University to consider the faculty member's participation in the Program. The request must be submitted in writing by the faculty member to the head of the faculty member's unit. Each campus will be responsible for developing and informing faculty of a time schedule for submission of early retirement requests. Participation in the Program is subject to approval of the Board of Trustees of the University of Arkansas ("the Board") and shall be evidenced by a written agreement between the individual and the University. Each voluntary early retirement agreement ("the Agreement") must be approved by the Board prior to the effective date of retirement of the faculty member. The Agreement shall be in a standard form, approved by the General Counsel of the University, setting forth its terms.

Within the guidelines listed below, the terms of the Agreement should be discussed between the faculty member and the head of the faculty member's unit. Each campus may also designate one or more individuals to consult with the faculty member in evaluating the Agreement although the campus representative is not authorized to furnish legal, tax or other professional advice. In developing the Agreement, each faculty member must be apprised of his/her rights under the Age Discrimination in Employment Act and be advised to seek the advice and counsel of attorneys, accountants and others who can provide the faculty member with information to assist in making an informed decision. In all cases, the faculty member should be given at least 45 days to consider his/her 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.

If the faculty member and the head of the unit agree on an early retirement request, in accord with the Program, an Agreement should be completed and forwarded for approval through

administrative channels, together with a letter of recommendation from the appropriate Chancellor or the Vice President for Agriculture, to the President of the University. Each Agreement must be accompanied by:

- 1) A statement signed by the requesting faculty member, assuring University officials that the faculty member's participation in the Program is voluntary; and
- 2) An "early retirement worksheet," in a form substantially corresponding to the form attached to this Universitywide Administrative Memorandum.

III. MINIMUM QUALIFICATIONS

- 1) The Program is not available to a faculty member who is on leave-without-pay; receiving long-term disability insurance benefits; or receiving worker's compensation.
- 2) On the effective date of a participating faculty member's retirement pursuant to an Agreement, the faculty member shall:
 - a) Be age 55 or older, and
 - b) Have 15 years of continuous service in a tenured or tenure track faculty position with the University of Arkansas.

"Continuous service in a tenured or tenure track faculty position" means 15 consecutive years of service, subject to provisions herein for leave-without-pay status.

"Tenured or tenure track faculty position" shall be as defined 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 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. In the case of an individual on 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 nine-month appointment, years of service will be calculated with the fall and spring semester each representing half a year.

Time spent in an "off campus duty assignment" will be counted in computing continuous service.

Time spent in a "leave-without-pay" status will not be counted in computing continuous service but faculty members who have no more than three years in a leave-without-pay status are not prevented from participation in the Program as long as they can otherwise show fifteen years of service. For Example: X begins his/her appointment in the fall of 1976 and works continuously until the end of the spring term in 1986. From the beginning of the summer term 1986 until the fall term of 1988, X is in a leave-without-pay status. X returns to active status in the fall of 1988 and works until the end of the spring term of 1993. X has fifteen years of service and can participate in the early retirement program.

"Service . . . with the University of Arkansas" means service at any of the campuses or the System Office of the University of Arkansas.

IV. PROGRAM REQUIREMENTS

Before an Agreement can be approved, a "net savings in personnel costs" to the University must be identified. The cost savings must be realized within seven years of the effective date of the Agreement. A cost savings will be determined for each year of the seven-year period by subtracting the retirement cost and replacement cost from the retention cost. The fact that a cost savings is not shown in one year will not prevent a faculty member from qualifying for the Program if a total cost savings can be realized over the seven-year period. For purposes of this Program:

"Retirement cost" means the cost of all benefits, including future part-time teaching, research or other employment-related costs of the faculty member;

"Replacement cost" means the estimated salary and fringe benefits cost of the individual or individuals who will be employed to fill the position or responsibilities of the retiring faculty member;

"Retention cost" means the last 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 an Agreement.

The maximum dollar value of benefits that can be received under an Agreement is the current annual salary of the retiring faculty member or such lesser amount as is necessary to show a cost savings to the University within seven years. Current annual salary shall be based upon the academic year (for faculty members on nine-month appointment) or fiscal year (for faculty members on twelve-month appointment).

The benefits may take several forms including but not limited to:

Stipend without requiring work;

Wages for part-time work (subject to the provisions set out below);

Contribution to a designated funding sponsor under the University Retirement Plan;

Reimbursement for major medical and/or life insurance premiums;

Other arrangements.

Wages for part-time work shall not exceed 5/16 of the faculty member's last full-time annual salary. If the retiring faculty member plans to return to the University on a part-time basis at any time during the seven years immediately following early retirement, the cost of the part-time employment must be calculated as "retirement cost" for purposes of showing a cost savings to the University.

V. SPECIAL CAMPUS PROGRAM--APPROVAL BY PRESIDENT

The Chancellor of any campus may submit to the President for approval a special voluntary early retirement program applicable only to tenured faculty members on that campus. Such a proposal may provide for benefits or incentives for a limited period of time beyond the benefits set forth in this Program and may also be limited to tenured faculty members within a minimum and maximum age classification. The proposal may also modify the eligibility criteria of the Program 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 of all or a portion of continued insurance coverages. Any such proposal must be consistent with Board Policy and applicable law, meet the general purposes set forth in the preamble to this Universitywide Administrative Memorandum and must be justified by the Chancellor with such substantiation as the President might direct.

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