VOLUNTARY EARLY RETIREMENT PROGRAM FOR NON-TENURED FACULTY AND STAFF

I. GENERAL PURPOSE

The voluntary early retirement program ("the Program") of the University of Arkansas ("the University") is made available to eligible non-tenured faculty and staff, classified and non-classified, who meet qualifications set forth hereinafter ("Eligible Employees"). Under the terms of the Program, an Eligible Employee will receive certain benefits in exchange for his/her immediate retirement. Participation in the Program is voluntary and is not mandated upon either Eligible Employees or the University. Participation in the Program is not an entitlement but may be made available to Eligible Employees only when:

1) a savings to the University can be demonstrated which the Board of Trustees of the University of Arkansas ("the Board") determines will provide for more efficient operation of the University; 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 REQUEST:

The Program will only be available during certain window incentive periods approved by the President of the University. During a window incentive period, any Eligible Employee meeting the applicable minimum qualifications may initiate a request for the University to consider the Eligible Employee's participation in the Program. The request must be submitted in writing by the Eligible Employee to the head of his/her unit. Each campus (As used herein, "campus" shall include the Division of Agriculture, the Arkansas Archeological Survey and the Criminal Justice Institute and "Chancellor" shall include the Vice President for Agriculture, and the directors of these units.) will be responsible for developing and informing Eligible Employees of a time schedule for submission of early retirement requests. Participation in the Program is subject to approval of 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 Eligible Employee. 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 Eligible Employee and the head of his/her unit. Each campus may also designate one or more individuals to consult with the Eligible Employee in evaluating the Agreement although the campus representative is not authorized to furnish legal, tax or other professional advice. In developing the Agreement, each Eligible Employee 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 him/her with information to assist in making an informed decision. In all cases, the Eligible Employee should be given at least 45 days to consider his/her participation in the Program unless the Eligible Employee waives this requirement in writing. Waivers shall be in a standard form approved by the General Counsel of the University.

If the Eligible Employee 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 to the President of the University. Each Agreement must be accompanied by:

1) a statement signed by the requesting Eligible Employee, assuring University officials that the employee'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 an employee who is on leave without pay; receiving long-term disability insurance benefits; or receiving worker's compensation.

2) The Eligible Employee must be employed on a 50% or greater appointment.

3) On the effective date of an Eligible Employee's retirement pursuant to an Agreement, he/she shall be:

a) Age 55 or older; and

b) Have a minimum 15 years of continuous full-time employment (50% or greater appointment) with the University of Arkansas.

"Years of employment" will be calculated in whole year increments. In the case of an individual on 12-month appointment, fractions of years of employment that are six months or less will be rounded down to the next lowest full year and fractions of years of employment that are greater than six months will be rounded up to the next highest year. In the case of an individual on 9-month appointment, years of employment 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 employment.

Time spent in a "leave without pay" status will not be counted in computing continuous service but Eligible Employees who have no more than three (3) years in a leave without pay status are not prevented from participation in the Program as long as they can otherwise show 15 years of service.

"Employment . . . with the University of Arkansas" means employment at any of the campuses, units or divisions 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 (7) 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 an Eligible Employee 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 Eligible Employee including the employer's portion of FICA taxes;

"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 Eligible Employee;

"Retention cost" means the last annual salary and fringe benefits cost of the retiring Eligible Employee, 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 shall be an amount established by the campus, 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.

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 30% of the Eligible Employee's last full-time annual salary. If the retiring Eligible Employee plans to return to the University on a part-time basis at any time during the seven (7) 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. APPROVAL BY PRESIDENT

To implement the Program for a window incentive period, the Chancellor of any campus shall submit to the President for approval a program applicable only to Eligible Employees on that campus. Such a proposal shall provide for benefits or incentives for a limited period of time. The proposal may modify the eligibility criteria of the Program upon a demonstration of substantial necessity. Any such proposal must be consistent with Board Policy and applicable law, meet the general purposes set forth in the preamble to this University-Wide Administrative Memorandum and must be justified by the Chancellor with such substantiation as the President might direct.

August 1, 1997