

VOLUNTARY EARLY RETIREMENT INCENTIVES PROGRAMI. Purpose

The purpose of this policy is to establish requirements and procedures regarding voluntary early retirement incentives offered to faculty and staff of the University of Arkansas System as allowed by Arkansas law.

II. Program Description and Requirements

The Board of Trustees is authorized by Arkansas law¹ to offer voluntary retirement incentives (“Program Incentives”) to faculty and staff. An employee’s participation in the University of Arkansas Voluntary Early Retirement Incentives Program (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.

All faculty and staff of a campus, division, or unit of the University of Arkansas are eligible for Program Incentives under this policy. Program Incentives may be made available when:

- A. A tenured faculty member meeting the minimum requirements listed in this policy requests participation in the Program; a net savings in personnel costs within seven years of the effective date of the Program Agreement 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;
- B. A campus, division, or unit of the University of Arkansas determines that it is in the best interest of the University based on a net savings in personnel costs or another reason to offer participation in the Program to a faculty or staff member; or
- C. As described in Section III of this policy, a specific period of time has been 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 Program Incentives will be evidenced by a written agreement (the “Program Agreement”) that includes the faculty or staff member’s immediate retirement and, in the case of tenured faculty, relinquishment of tenure. Each

¹ Ark Code Ann. § 24-7-101 and Ark Code Ann. § 24-7-102

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

III. Minimum Eligibility Requirements

To be eligible for Program Incentives, a faculty or staff 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; and

Must meet the retirement requirements for a state-sponsored retirement program and any additional criteria to be established by the President.

IV. Early Retirement Window Incentive Program Requirements

To implement a Voluntary Early Retirement Window Incentive Period pursuant to Section II.C. of this policy, the Chancellor or Chief Executive Officer of a campus, division, or unit 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 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.

Program Incentives are available to an Eligible Employee only during an approved Window Incentive Period and only when the proposed Program Agreement will provide a net savings in personnel costs within seven years of the effective date of the Program Agreement.

The maximum dollar value of benefits that can be received under a Program Agreement shall be an amount established by the campus, division, or unit 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 years.

V. Available Incentives

- A. The value of incentives that can be received under a Program Agreement may not:
 - i. Exceed the lesser of the current annual salary of the retiring tenured faculty or the amount of the net savings in personnel costs when a tenured faculty member meeting the minimum requirements listed in this policy requests participation in the Program pursuant to Section II.A.

- ii. Exceed the current annual salary of the retiring faculty or staff member when a campus, division, or unit of the University of Arkansas determines that it is in the best interest of the University to offer participation in the Program pursuant to Section II.B.
 - iii. Exceed the lesser of the current annual salary of the retiring faculty or staff member or the amount of the net savings in personnel costs when the President approves a Window Incentive Period for a campus, division, or unit pursuant to Section II.C.
- B. For purposes of this policy, 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 12-month appointment).
- C. 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 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;
 - 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 program.
- D. Any return to employment with any campus, division, or unit of the University not specifically identified in the Program Agreement requires the written approval of the President.

VI. Program Participation

- A. Pursuant to Section II.A., a tenured faculty member meeting the minimum qualifications listed in this policy may request participation in the Program in order to effect a net savings in personnel costs within seven years of the effective date of the Program Agreement. The request must be submitted in writing by the tenured faculty member to the head of the tenured faculty member's department or unit. Each campus will be responsible for developing and informing tenured faculty of a time schedule for submission of voluntary retirement incentive requests.

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

- B. Pursuant to Section II.B., if a campus, division, or unit determines that it is in the best interest of the University to offer participation in the Program to a faculty or staff member, the University may notify the eligible faculty or staff member of the determination. Following such notification, the faculty or staff member may request participation in the 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, division, or unit human resources office. Each campus, division, or unit will be responsible for developing and informing the eligible faculty or staff member of a time schedule for submission of voluntary retirement incentive request.
- C. Following the announcement of an approved Window Incentive Period pursuant to Section II.C., an Eligible Employee may request participation in the 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, division, or unit human resources office. Each campus, division, or unit will be responsible for developing and informing employees of a time schedule for submission of voluntary retirement incentive requests.

VII. Program Agreements

- A. If the University desires to proceed following a request to participate pursuant to Section VI, the terms of the proposed Program Agreement (which must be consistent with this policy) should be discussed between the faculty or staff member and the head of the faculty or staff member's department or unit. Each campus, division, or unit may also designate one or more individuals to consult with the faculty or staff member in evaluating the Program Agreement. The designated campus, division, or unit representative is not authorized to furnish legal, tax or other professional advice to the faculty or staff member.
- B. In developing the Program Agreement, each faculty or staff 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 or staff member with information to assist in making an informed decision. In all cases, the faculty or staff member shall be given at least 45 days to consider participation in the Program, unless the faculty or staff member waives this requirement in writing. Waivers shall be in a standard form approved by the General Counsel of the University.
- C. If the faculty or staff member and the head of the faculty or staff 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. Each Program Agreement must be accompanied by:

- i. A statement signed by the requesting faculty or staff member assuring University officials that the faculty or staff member's participation in the Program is voluntary; and
- ii. A written explanation of why the voluntary retirement incentive is in the best interest of the University or, when the rationale is a net savings in personnel costs, a voluntary retirement incentive "early retirement worksheet," in a form to be established by the President.

D. Each Program Agreement must be approved by the Board prior to the effective date of retirement of the faculty or staff member.

VIII. Special Campus Program

The Chancellor or Chief Executive Officer of any campus, division, or unit 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, division, or unit. 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.

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