

**R962-1. Purpose:** To outline the programs of retirement available to OCHE personnel.

## R962-2. References

- 2.1. Policy and Procedures **R934**, Reduced Tuition Programs
- 2.2. Policy and Procedures **R937**, Insurance Programs
- 2.3. Policy and Procedures **R962**, Retirement

## R962-3. Definitions

- 3.1. **"Retirement"**: the full or partial termination of regular compensated service as an employee concurrently with the initiation of the receipt of retirement benefit payments or annuities under an applicable retirement program.
- 3.2. **"Phased retirement program"**: an arrangement for partial retirement, or retirement in planned stages, as provided in a written contract between OCHE and the employee, consistent with the provisions of this policy.
- 3.3. **"Early Retirement Incentive Program"**: an arrangement for retirement before Social Security full Retirement Age with incentives as provided in a written contract between OCHE and the employee, consistent with the provisions of this policy.
- 3.4. **"Social Security bridge maximum"**: the incentive salary, excluding benefits, which cannot exceed the employee's estimated Social Security maximum benefit at Social Security Full Retirement Age.

## R962-4. General Policy

- 4.1. **Eligibility for Retirement Benefits: General Principles:** It is the intent of OCHE to insure that its career-oriented personnel are adequately covered by the benefits of a retirement program. Participation in one of the two retirement programs offered is required by Utah State Law for those persons whose eligibility is specified. Since the vast majority of employees hold salaried positions, salaried status becomes the primary criterion for identifying career-oriented personnel.
- 4.2. **Eligibility Criteria:** Except as provided in paragraph 4.3, the following personnel are eligible to participate in OCHE's retirement programs:
  - 4.2.1. All full-time salaried or hourly staff personnel who are assigned to positions which are expected to last for more than four months. (Full-time is defined as 30 hours or more per week.)
  - 4.2.2. Staff personnel employed on a salaried or hourly basis for 20 or more, but less than 30 hours per week, who are assigned to positions which are expected to last for nine or more months.
  - 4.2.3. Persons on a partial retirement status pursuant to OCHE's phased retirement program.

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<sup>1</sup> Adopted July 19, 1983, amended March 18, 2005.

**4.3. Eligibility:** The following personnel are ineligible to participate in the retirement programs except on a voluntary basis as authorized by section 4.8 below:

**4.3.1.** Staff personnel employed on a salaried or hourly basis for 20 or more, but less than 30 hours, per week, who are assigned to positions which are expected to last for less than nine months; provided that if the individual is in fact employed in such a position for more than nine months, he or she shall be enrolled in the appropriate retirement program within 60 days after the end of the nine month period of employment.

**4.3.2.** Staff personnel employed for less than 20 hours per week.

**4.4. Continued Enrollment in a Retirement Program:** An employee who has been duly enrolled in a retirement program, but whose employment status is subsequently altered to such an extent that he is no longer eligible for that program, will not be automatically discontinued therein. Unless continuation is required by law, each such case will be independently evaluated by the employee's immediate supervisor to determine whether the continuation of the employee's enrollment in the retirement program is warranted in light of (a) the basic purpose of the retirement policy as set forth above, (b) the anticipated duration of the individual's altered employment status, (c) the length of time for which the employee has worked for OCHE, and the prospective date at which retirement benefits will become payable, and (d) the career plans and employment prospects of the employee in light of his or her age, qualifications, health, and other relevant circumstances.

**4.5. Employee Election:** An eligible individual who was in the employment of OCHE on December 31, 1978 will be enrolled permanently in the retirement plan elected by the employee on or before that date.

**4.6. Enrollment:** An eligible individual who enters employment with OCHE on or after January 1, 1979 shall (except as provided in paragraph 4.7) be permanently enrolled in (a) the Utah State Retirement System, if the employment is in a support staff job classification, or (b) the TIAA-CREF program, if the employment is in an administrative or professional job classification.

**4.7. Effect of Change of Job Classification:** Notwithstanding paragraph 4.6, (a) an eligible person first employed after January 1, 1979 and enrolled in the State Retirement System, whose employment is thereafter changed to a position with an administrative or professional job classification, may elect to remain in the State Retirement System and not to be enrolled in the TIAA-CREF program; and (b) an eligible employee first employed after January 1, 1979, and enrolled in the TIAA-CREF, whose employment is thereafter changed to a position with a support staff job classification, must be enrolled in the State Retirement System. See 49-2-204, Utah Code Annotated (1953).

**4.8. Part-Time Employees:** OCHE personnel who meet all eligibility standards for enrollment in a retirement program, except that they are employed for less than 50% of full-time effort, may enroll on a voluntary basis in an appropriate retirement program with the employee paying the full cost of retirement participation through payroll deduction.

## **R962-5. Utah State Retirement System**

**5.1. Contributions:** Except for voluntary enrollments under Section 4.8, above, OCHE and the employee share in the payment of the employer's and the employee's contributions to the Utah State Retirement System in accordance with schedules and subject to limits established by law.

**5.2. Retirement benefits:** Retirement benefits are available under the State Retirement System only to employees with four or more years of service credit as a member of the system. The retirement benefits received upon retirement by an individual in the State Retirement System are governed by statutory provisions which take into account:

5.2.1. The accumulated contributions credited to the employee's account, including earnings thereon in accordance with law.

5.2.2. The number of years of service.

5.2.3. The payment plan selected at the time of retirement.

**5.3. Participant Leaving Employment:** A participant leaving the employment of OCHE before retirement may leave his/her contributions in the retirement account intact (provided the employee has been enrolled in the State Retirement System for four years or more) or may request a refund of the employee's share of accumulated contributions and earnings to the extent authorized by the Utah State Retirement Act.

## **R962-6. Teachers Insurance and Annuity Association (TIAA-CREF)**

### **6.1. General Provisions**

6.1.1. Except for voluntary enrollments under Section 4.8, above, OCHE and the employee share in the payment of the employer's and the employee's contributions to the individual's TIAA-CREF account, in accordance with schedules and subject to limits established by law.

6.1.2. Participants of the TIAA-CREF program may request refund of the employee's share of the accumulated contributions in their account if they have been in the plan less than five years or the total contribution is less than \$2,000, and they are neither employed at nor transferring to an institution having a TIAA-CREF retirement plan.

6.1.3. After five years, the accumulated contributions in the employee's account under the TIAA-CREF retirement plan are frozen in the account until retirement payments begin.

6.1.4. Additional amounts may be contributed to TIAA-CREF by the employee under approved tax shelter programs. The University of Utah Benefits Office will assist in advising OCHE's personnel as to the maximum allowable contributions that will satisfy Internal Revenue Service requirements and as to the relative advantages and disadvantages of tax shelter options.

**6.2. Teachers Insurance and Annuity Association (TIAA):** TIAA is a fixed annuity-type program under which contributions are invested almost exclusively in interest producing securities, such as bonds and mortgages, to provide a guaranteed retirement income. Contributions earn compound interest as declared annually by the TIAA Board of Trustees.

6.2.1. **Monthly Retirement Income:** Upon retirement, the individual's monthly income derived from TIAA will be determined by:

6.2.1.1. The total contributions to the account of the employee, together with earnings thereon,

6.2.1.2. The payment plan selected by the individual at the time of retirement.

### 6.3. College Retirement Equities Fund (CREF)

**6.3.1. Participation:** The CREF Retirement Program may be participated in only by holder of the TIAA contract.

**6.3.2. Variable Annuity Program:** CREF is a variable annuity-type program based on investments in common stocks and other equity investments and is designed to complement the TIAA fixed-dollar plan. The value of contributions in CREF will vary with changes in the market value of the securities and other investments held by CREF.

**6.3.3. Contributions:** The percentage of total retirement contributions which the employee may direct to be invested in CREF is determined by the policies of TIAA-CREF as formally approved from time to time.

**6.4. Information on Related Benefits:** Additional information on retirement plans may be obtained from the University of Utah Benefits Office, including:

**6.4.1.** Death benefits that are available as part of each of the retirement programs.

**6.4.2.** Additional optional participation, with the full contribution cost being paid by the employee, in a tax sheltered supplemental retirement program authorized by OCHE in which accumulated contributions and earnings thereon may be withdrawn from time to time, subject only to loss of proportionate benefits. Participation in a supplemental retirement program is open to all eligible personnel, whether enrolled in the State Retirement System or in TIAA-CREF.

### R962-7. Early Retirement Incentive Program

**7.1. Availability:** The Early Retirement Incentive Program (ERIP) is available to full-time OCHE staff who qualify under the criteria outlined below and obtain administrative approval (as described in paragraph 7.5, below).

**7.1.1.** Participation in ERIP is not an entitlement or a right automatically available to all persons who meet the eligibility criteria. OCHE reserves the right to limit the total number of participants in ERIP in order to preserve the viability of a employee unit's basic programs and the integrity of its financial resources.

**7.1.2.** When a staff member receives approval to participate in ERIP, thirty (30) percent of the position salary (or the Social Security bridge maximum plus 10 percent of the salary before retirement) will be set aside by OCHE to cover the retirement incentive payment, related payroll expenses, and health benefits. The cognizant associate commissioner (as is the case with any vacant position), shall determine whether the employing unit will be allowed to retain the remaining salary.

**7.2. Eligibility Criteria and Limitations:** Persons with an OCHE appointment of 75 percent of full-time or greater whose age combined with years of service at OCHE totals 75 or more, provided they have reached a minimum age of 60, are eligible for the ERIP. Participants in the OCHE Phased Retirement Program are eligible for ERIP although the incentive payment will be based on the phased retirement salary at the time of early retirement.

**7.2.1.** An "OCHE appointment" is interpreted to mean an appointment in categories as defined in R901.

7.2.2. "Years of service" at OCHE need not be continuous, but an individual must have worked at OCHE at least five years in succession immediately prior to the proposed date for early retirement. Only those years in which the individual has worked 75 percent full-time or greater will qualify for credit in ERIP.

7.2.3. Approved leaves of absence with pay will qualify for eligibility credit.

7.2.4. Persons in the following circumstances are not eligible for participation in the ERIP:

7.2.4.1. Any person who has received notice of termination, notice of non-renewal of contract, or notice of suspension during the previous twelve months.

7.2.4.2. Any person who is retiring under the disability provisions of OCHE's long-term disability program.

### 7.3. Cash Incentives

7.3.1. Persons eligible and approved for ERIP will receive an annual cash incentive payment until the earlier attainment of Social Security full Retirement Age or for sixty (60) months. Payments will be made in installments twice each month.

7.3.2. The cash incentive will be the lesser of 20 percent of the participant's annual OCHE salary at the time of early retirement or the estimated Social Security bridge maximum benefit for which the employee will be eligible at Social Security Full Retirement Age. If the employee is on a phased retirement, the incentive payment will be based on the phased retirement salary at the time of early retirement.

7.3.3. The incentive payment shall be increased annually by the average percentage increase in OCHE's education and general personal services budget appropriated by the legislature subject to the estimated Social Security maximum benefit for which the employee will be eligible at Social Security full Retirement Age.

### 7.4. Benefits

7.4.1. OCHE will provide health insurance coverage to the ERIP participant and his/her dependents equal to the coverage provided to full-time-employees for up to five years after the date of early retirement or until Social Security Full Retirement Age.

7.4.2. No further contribution will be made by OCHE to the employee's TIAA-CREF or State Retirement account.

7.4.3. No further contribution will be made by OCHE to the retiree's life insurance. The retiree may convert the group life insurance coverage to a private plan without a physical examination by applying directly to the life insurance carrier and paying the required premium.

7.4.4. Retirees under the ERIP are ineligible for disability benefits funded by OCHE.

7.4.5. Individuals participating in ERIP are eligible for those benefits given to staff members who retire at Social Security Full Retirement Age or later as described herein.

7.4.6. Accrued annual vacation leave will be paid in lump sum at the time of early retirement.

7.4.7. Any remaining financial incentives will end thirty days after the death of the retiree. Health insurance coverage and tuition benefits will be extended to surviving spouses and eligible family members in accordance with established OCHE policies (see R934 and R937).

## 7.5. Procedures

7.5.1. Eligible employees who wish to participate in ERIP must submit a written request at least nine months prior to the proposed date of early retirement. This notice provision may be waived by mutual agreement of the unit head, the cognizant associate commissioner, and the staff member.

7.5.2. The unit head will obtain confirmation of eligibility from the Office of Human Resources (HR). Recommendations from supervisors will be forwarded to the cognizant associate commissioner for recommendation to the commissioner for approval.

7.5.3. HR is responsible for administration of the ERIP including counseling with those interested in the program, responding to requests for information and advice from supervisors and administrators, setting incentive adjustments due to salary budget increases, determining Social Security bridge maximum adjustments, and records keeping.

## R962-8. Phased Retirement Program

8.1. **Availability** The Phased Retirement Program is available to employees of OCHE who are at least 55 years of age and have completed at least five years of continuous service for OCHE immediately prior to participation in the Phased Retirement Program, and who are eligible for and enrolled in one of the retirement programs offered by OCHE.

8.1.1. Participation in the Phased Retirement Program is not an entitlement or a right automatically available to all persons who meet the eligibility criteria, but is subject to administrative approval and approval of the terms and conditions reflected in a written contract specifying the arrangements under which the individual will be placed in phased retirement status.

8.1.2. While OCHE administrators will give consideration to all requests to participate in the Phased Retirement Program, the nature of the working assignment of the individual may not lend itself to a reduced schedule or a reduction in responsibilities, and other practical considerations (e.g., lack of office space) may preclude approval of Phased Retirement proposals.

8.1.3. The individual who enters the Phased Retirement Program on a permanent basis must agree to a reduced FTE (full time equivalent) employment status with OCHE, with the clear understanding that the total FTE percentage for all services performed for OCHE as an employee cannot thereafter be increased, although it may be decreased.

8.1.4. For an individual to enter a Phased Retirement Program, on either a one-year trial basis (see paragraph 8.2 below) or a permanent basis, the FTE percentage assignment for that employee must be reduced by at least one-fourth (i.e., to a level of .75 or less, depending on current FTE) over the same or a reduced appointment period (i.e., a nine-month appointment may not be extended to twelve months, but a twelve-month appointment may be reduced to nine months). The FTE level initially agreed upon may later be reduced in decrements of .25 FTE or more by an addendum to the contract. Exceptions to the limitations specified in this paragraph must have the approval of the cognizant vice president.

8.1.5. Unless specific provisions to the contrary are included in an individual's Phased Retirement Agreement with OCHE, that person will be entitled, for the duration of the agreement, to the same status and employment related benefits as he/she had attained prior to the effective date of the agreement.

8.1.6. Participants in the Phased Retirement Option Program are entitled to financial incentive payments to compensate for the reduced retirement contributions resulting from a reduction in the FTE assignment. The financial incentive is the difference between what OCHE contributes to the participant's retirement fund before and after the phased retirement takes effect. The financial incentive amount will become part of the phased retirement agreement and will not be adjusted because of any subsequent salary increases unless a new formal agreement between the parties is executed.

8.1.7. In unusual situations, and with the specific approval of the cognizant vice president, an additional financial incentive amount may be granted to the employee in return for an accelerated phased retirement program. Such additional incentive amounts will not be treated as salary increases as referred to in paragraph 8.1.6 above.

8.2. **One-Year Trial Option:** Phased Retirement may be approved on a one-year trial basis in the form of a partial leave of absence at reduced pay. In such cases, however, the staff member will not be permitted to initiate payment of full retirement benefits from a retirement program. The payment of the retirement benefits may be initiated only when the staff member enters upon either full or partial retirement on a permanent basis.

### 8.3. Procedures

8.3.1. Ordinarily, an individual who wishes to be considered for participation in the Phased Retirement Program should submit a written request to the unit head at least six months in advance of the date upon which partial retirement is to be initiated. After consultation with the cognizant associate commissioner, the unit head will advise the applicant whether the request has tentative approval. Denial of a request does not preclude the approval of a subsequent request. If it appears reasonably likely that the request will be approved, the applicant should be encouraged to proceed with the application.

8.3.2. In the case of joint appointments, both unit heads must receive the written request and consult with their cognizant associate commissioners.

8.3.3. Upon receiving tentative approval, the applicant should make an appointment with HR to obtain complete details of Phased Retirement, including the various retirement options that may be elected. With the assistance of HR a formal request should be made to the appropriate retirement program (TIAA/CREF or Utah State Retirement) for specific financial estimates as to the amounts of retirement income under the option chosen.

8.3.4. Upon receipt of the necessary retirement data, the applicant should initiate discussions with HR and the cognizant unit head for the purpose of drawing up a contractual agreement between the individual and OCHE for phased retirement.

8.3.5. Upon completion of the discussions described in paragraph 8.3.3 above, a tentative contract should be completed. The tentative contract should then be submitted through reporting channels to the cognizant associate commissioner for review and approval or modification.

**8.3.6.** After such modifications as may be necessary to obtain Commissioner approval, a formal contractual agreement will be signed by the individual, the unit head, and the cognizant associate commissioner.