

NUMBER: **1440***

TITLE: **Retirement Incentive Program for Faculty**

APPROVED: **January 14, 1991; Revised September 22, 1994**

Objective and Intent:

The Old Dominion University Retirement Incentive Plan for Faculty has been designed to provide incentives for voluntary retirement of faculty. The needs of the University in a given year will determine whether or not funding for retirement incentives will be allocated. Only non-classified teaching and research faculty are eligible to participate in the plan, and participation is entirely voluntary. The program will be evaluated annually. There is no assurance that the program will be extended beyond any given year. Moreover, the program is neither to be construed as a fringe benefit, nor as an entitlement for faculty; rather, it is intended primarily as a benefit for the University. The Board of Visitors reserves the right at any time to adopt, modify, amend or repeal the plan. No changes, if any are made, shall apply to individuals who retire prior to the action to adopt, modify, amend or repeal. This plan is further subject to such changes, as may be required by law or policy of the Commonwealth, as same shall be in effect from time to time, notwithstanding anything as may be to the contrary in this plan.

It is the responsibility of the participant to determine how the election of this retirement plan will affect his or her retirement benefits. Participants should contact the University Benefits manager in the Department of Human Resources for assistance in retirement planning.

I. Objectives

- A. To provide the university with increased flexibility in the allocation of faculty positions among the disciplines in order to accommodate enrollment demands.
- B. To facilitate the hiring of new faculty members who have credentials and experiences which will best support and enhance the current mission of the university.
- C. To accommodate the needs of the University in terms of the faculty members' specialties and contributions to their programs, departments and colleges.
- D. To help alleviate the financial hardship of retirement which currently prevents some faculty who would like to do so from retiring early.

II. Participation Eligibility

To be eligible to participate in this retirement plan, a participant must:

- A. be at least fifty-five (55) years of age on the date of retirement;
- B. be tenured;
- C. have at least ten (10) years of full-time service at Old Dominion University; and
- D. occupy a position in a college, academic department, discipline, or specialization where enrollment changes make it desirable to reallocate faculty positions.

Retirement under this plan shall be subject to the above eligibility criteria and shall mean the conclusion of full-time employment with the university by the participant, and such conclusion shall require: (1) the withdrawal from active membership in the Virginia Retirement System (VRS) by VRS members, or (2) the cessation of contributions to the Optional Retirement Plan (ORP) authorized by Section 51.1-126 of the Code of Virginia.

III. Selection of Participants

Tenured faculty members who are at least fifty-five years of age, have at least ten years of full-time service at Old Dominion University, and have been certified by their college dean as occupying a position where enrollment changes require reallocation of faculty positions will be eligible for consideration. A three-week enrollment period plus a five-week decision period will be provided. Applications for the requirement incentive program must be reviewed by the college dean for recommendation to the Provost. In the review process, the dean must consider the needs of the college in terms of the faculty member's specialty and contributions to the college. The Provost will forward his/her recommendations to the President. Following his/her review of the applications and recommendations, the President, based upon institutional needs, will select the faculty members for participation in the plan. The President's decision shall be final.

IV. Retirement Decision Contract

The Retirement Decision Contract permits eligible faculty members to enter into an agreement to retire at a specified date in return for which the university will provide the individual a retirement incentive. The contract conditions are as follows:

- A. Faculty members may select any of the available early retirement incentive options which are offered; however, University resources for this purpose are limited. Thus, selection for this program may be dependent, in part, upon the costs of the options selected by the applicant. The total value of the options selected by a participant may not, in any case, exceed 150 percent of the salary of that individual.

Incentive Options

1. Lump Sum Payment - A cash payment based upon a percentage of the final base salary.
 2. Purchase of VRS Service Credit - when the individual retiree is eligible, payment of funds to purchase Virginia Retirement System credit.
 3. Purchase of Health Care Insurance - payment to the retiree funds to purchase health care insurance until age sixty five (65).
 4. Part-time Employment - when the workload of a college requires it, assignment of a specified workload for a prescribed period after officially retiring. Remuneration for part-time employment after retirement will be established by the college dean and will not be included as part of the 150% incentive.
 5. Supplemental Annuity - providing a retiree with an annual payment for a specified number of years which supplements the VRS retirement benefit to equal what would have been received with an additional five years of service credit.
 6. When possible, provide office space to a retiree for a specified number of years after retirement.
- B. The participant will retire at an age not earlier than age 55. Retirement will take place at the end of the 1994-95 academic year.
- C. Eligible faculty members may submit an application for the retirement incentive within the three-week application period. The retirement contract must be signed by the applicant within five weeks of the notification of approval. Once the contract is signed it is irrevocable.
- D. In the event the faculty member becomes permanently and totally disabled after signing the retirement contract but before actual retirement, the University will be responsible for providing the retirement incentives beginning at the time of retirement agreed to in the contract. However, in the event a faculty member dies after signing the retirement contract but before the actual retirement, the University shall not be liable for any retirement incentives under the contract.

V. Source of Funds and Annual Cost

For the 1995-96 retirement incentive plan, a total of \$_____ will be budgeted for the payment of incentives. Funds from the University's Education and General Fund appropriation (\$_____), and from non-Educational and General funds such as Quasi-Endowment and Gift Accounts (\$_____) will be used.

The individual retirement incentive payments will be up to 150 percent of the participant's base salary during the year immediately preceding the date of retirement. The retirement incentive will be paid over a minimum of two years. Payments are subject to federal, state and FICA tax withholding.

VI. Collegial Privileges

A retiree remains a respected member of the university community retaining many of the collegial privileges that were available while still employed full time. For example, faculty would retain their academic title(s), library privileges, entitlement to purchase a parking decal, use of university facilities requiring a valid university identification card, university identification card reflecting their retired status, and other non-pecuniary benefits.

This policy must be reviewed by the Office of the Attorney General and approved by the Governor as authorized by the Code of Virginia, Section 23-9.2:3.1.