4.1.030
Early Retirement Policy

Date of last board of trustees review: March 13, 2024

The originator of this policy is People & Workplace Culture. Questions regarding this policy may be directed to the originator by calling 801-957-4210.

1. Policy

This policy provides early retirement to full-time, regular, salaried college employees who qualify under specified terms and conditions. The college reviews the early retirement plan yearly to monitor its effectiveness and fiscal implications; however, no change will reduce benefits to any participant who has already retired under this provision unless the participant is reemployed on a full-time, regular basis with the college president's approval.

2. References

Reserved

4.1.030

Early Retirement Procedure

Date of last executive cabinet review: January 9, 2024

The originator of this procedure is People & Workplace Culture. Questions regarding this procedure may be directed to the originator by calling 801-957-4210.

3. Definitions

See Personnel Definitions

4. Procedures

A. General

1. The college offers an early retirement plan to qualified employees upon approval by the college president after consultation with executive cabinet, the associate vice president ("AVP") of People and Workplace Culture ("PWC"), and the AVP of the Budget Office.

2. The early retirement plan is intended to maintain or decrease total college personnel costs.

3. The college must approve or deny early retirement applications based on the legitimate needs, well-being, and overall mission of the college.

4. Phased retirement is a type of early retirement where the employee reduces the full-time equivalent ("FTE") of their full-time position.

5. Each year of phased retirement reduces an employee's eligibility for early retirement by one year. The college limits phased retirement to two years.

6. The college may only reemploy or reinstate employees approved for early retirement to full-time, regular status upon the college president's approval. If the employee resumes full-time, regular status, the college will stop the early retirement stipend and benefits and resume the employee's regular retirement premiums.

7. If an employee dies during the early retirement period, the college will end all early retiree benefits and stipend payments at the end of the month after the date of the early retiree's death. If an early retiree dies on the last day of a month, then the early

retiree benefits and stipend payments will cease at the end of the following month.

8. The president, upon notification to the board of trustees, may open a temporary window to offer a cash incentive for qualified employees to facilitate their retirement and recover institution budgetary funds. The president must approve exceptions to this procedure.

B. Eligibility

1. Eligible employees must:

   a. be full-time, regular, salaried employees who are currently employed 75 percent FTE or more of a fiscal year;

   b. have worked at least 15 years of full-time, regular, salaried service at the college or related Utah System of Higher Education ("USHE") service; hourly service will not be credited;

   c. be at least 57 years old;

   d. be serving in a position that is reasonably assured of funding for the duration of the anticipated early retirement contract period;

   e. contact their financial advisors, retirement companies, attorneys, insurance carriers, other governmental agencies, and other relevant financial institutions before applying for the early retirement program.

2. Application

   a. To apply for early retirement, eligible employees must submit an early retirement agreement application to PWC at least 45 calendar days before their retirement date.

   b. To apply for phased retirement, eligible employees must submit a phased retirement proposal as part of their early retirement agreement application. If the college denies an employee's phased retirement proposal, the employee may withdraw their application.

   c. PWC will facilitate the retirement application process with applicants, calculate monthly retirement benefits with the Budget Office, and obtain the appropriate application signatures.

C. Stipend

1. The college pays eligible early retirees stipend payments in installments as a bridge to Social Security benefits for the shortest time period:

   a. until the retiree reaches full retirement age, defined by the Social Security

Administration; or

b. seven years.

2. Staff stipend payments are based on the lowest of the following:

a. a percent of the employee's current annual salary; or

b. the estimated single Social Security benefit available to the individual at full retirement age.

Stipend Period	Stipend
Up to 5 years	20.5 percent per year
5 – 7 years	Pro-rated: Stipend amount for 5 years divided by the number of months the employee selects to be paid.
7 years	14.3 percent per year

3. Faculty stipend payments are calculated as follows:

a. If the faculty member worked on a 12-month appointment (or a combination of nine- and three-month appointments) for at least half of their total years of service, the 12-month salary will be used to calculate the base salary.

b. If the faculty member worked on a nine-month appointment for more than half of their total years of service, the nine-month appointment will be used to calculate the base salary.

c. The College administration adjusts stipend base amounts annually, usually at the same base wage increase for faculty or staff, whichever employee group the early retiree worked under. The early retirement stipend must not exceed the estimated single Social Security benefit available to the individual at full retirement age.

D. Benefits

1. The college provides continued coverage in the group medical and dental insurance programs at the same level provided to all full-time personnel, as follows:

Benefit Period	College Pays	Early Retiree Pays

Up to 5 years	100 percent of premium	0 percent of premium + current payroll deduction
Up to 5 1/2 years	90.9 percent of premium	9.10 percent of premium + current payroll deduction
Up to 6 years	83.3 percent of premium	16.7 percent of premium + current payroll deduction
Up to 6 1/2 years	76.9 percent of premium	23.1 percent of premium + current payroll deduction
Up to 7 years	71.4 percent of premium	29.6 percent of premium + current payroll deduction

2. The college discontinues benefits at the end of the month in which the early retiree turns 65 or when the college has extended the benefit for seven years.
3. The college will pay early retirees any accrued annual leave to the maximum allowed by college policy at the time of retirement.

E. Phased Retirement Option

1. Employees may participate in the phased retirement program subject to administrative approval of the terms and conditions in their phased retirement proposal.
2. Employees cannot propose a phased retirement plan where the total period of phased and early retirement exceeds seven years.
3. Eligible staff may propose to be reduced from 100 percent FTE to no less than 75 percent FTE, up to two years before regular or early retirement.
4. Eligible, full-time faculty may propose to:
    a. be released from up to three instructional units each semester in the first year and up to six instructional units in the second year before regular or early retirement in the third year; or
    b. be released from up to six instruction units each semester in the first year and then enter regular or early retirement in the second year.
    c. Salt Lake Technical College faculty on 12-month contracts may propose to be

reduced from 100 percent FTE to no less than 75 percent FTE, up to two years before regular or early retirement.

5. Employees who enter the phased retirement program agree to a reduced FTE employment status that cannot be increased afterward.
6. Unless specific provisions to the contrary are included in an employee's phased retirement proposal, the employee will be entitled to the same status and employment benefits they earned before the proposal is effective for the duration of phased retirement. The employee will earn annual sick leave and vacation leave on a pro-rated basis according to the percent of time in phased retirement.
7. Participants in the phased retirement program are entitled to financial incentive payments to compensate for the reduced retirement contributions resulting from a reduction in the FTE assignment.
8. The financial incentive is the difference between what the college 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.
9. The participant agrees to contribute the incentive added to salary to a college-sponsored, supplemental retirement program of the participant's choice. Any amount that exceeds the IRS limits will not be required to be deferred by the participant.
10. The participant cannot begin withdrawals, payments, or annuities from the basic retirement plan during phased retirement.