



NUMBER: 349

SUBJECT: EARLY RETIREMENT INCENTIVE—BENEFITS ELIGIBLE EMPLOYEES

EFFECTIVE DATE: AUGUST 15, 2005

EFFECTIVE DATE OF LAST REVISION: JULY 1, 2007; JANUARY 24, 2011; JANUARY 26, 2015

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349.1 — PURPOSE

The purpose of the Early Retirement Incentive Policy of Bridgerland Applied Technology College (BATC), a Utah College of Applied Technology campus, is to: (1) provide benefits to retiring employees in exchange for the early termination of employment services (early retirement), and (2) to encourage some measure of staffing flexibility, consistent with overall College Campus needs. The primary theory behind this benefit is that a replacement employee will be hired at a substantial savings to the institution when a long-term, highly compensated employee reaches the point of early retirement. It is generally intended that the cost of providing this benefit will be offset by the overall savings to the institution due to accepting the application for participation in the Early Retirement Incentive Program.

Entrance into the Voluntary Early Retirement Incentive Program is strictly voluntary and is not a right or entitlement but is a privilege available to benefits eligible, salaried employees who apply for and receive approval from BATC Administration. While BATC Administration will give careful consideration to each request, the nature of the work assignment may preclude approval of the request. The criteria upon which Administration approves or disapproves an application will have a relationship to the legitimate business needs, well-being, and overall mission of Bridgerland Applied Technology College.

349.2 — POLICY

349.2.1 — Eligibility Requirements

Benefits eligible employees whose accumulated age and years of service as reported by the Utah Retirement System (URS) are equal to or greater than 75, who have worked at BATC for at least 5 years, who meet the eligibility requirements for retirement under the rules established by the Utah State Retirement System, and who actually retire prior to reaching the age of eligibility for unreduced Social Security benefits (typically age 65), are eligible to apply for participation in the Voluntary Early Retirement Incentive Program.

349.2.2 — Initiation of the Retirement Incentive Program

Entrance into the Voluntary Early Retirement Incentive Program may be requested by any eligible employee who must advise their immediate supervisor; normally the department head and the Vice President for Finance, preferably in writing, nine (9) months prior to the desired date of early retirement. This requirement may be shortened if mutually agreed upon by the department head, the Campus President, the Vice President of Finance, and the employee. The supervisor and/or the Vice President will forward a copy of the written request to the Vice President for Finance for eligibility determination.

349.2.3 — Ineligible Employees.

The following employees are not eligible for participation in the Voluntary Early Retirement Incentive Program:

349.2.3.1 — Any employee who has received a written notice of termination.

349.2.3.2 — Any employee who is retiring under the disability provisions of the Utah State Retirement Act.

349.2.3.3 — Any employee who has previously received an early retirement incentive from the College Campus.



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349.2.4 — Annual Earnings

Annual earnings are defined as the earnings of the employee as designated in the budget and the employee's annual employment agreement for their final contract year. Not included in earnings are the following: overtime and extra contractual payments, consulting fees, workshops, extension/evening classes, overseas adjustment, travel allowances, and/or any other special forms of pay.

349.2.5 —Right to Amend or Terminate Program

The Board reserves the right to amend or terminate the Voluntary Early Retirement Incentives Policy/Program at any time, but no amendment or termination shall affect any participant who has already retired under its provisions.

349.2.6 — Early Retirement Incentives

The Voluntary Early Retirement Incentive Program provides for two (2) types of incentives: (1) the Stipend Incentive, and (2) the Health Insurance Coverage Incentive as described below. However, approval for the individual incentives is independent of each type. BATC Administration has the option of approving the incentives independent of each other or may approve a mix of both incentives depending on the facts and circumstances of the individual situation consistent with the overall theory behind the availability of the incentives.

349.2.6.1 — Incentive—Stipend

Early retiree's approved for this stipend incentive will receive a lump-sum payment directly to the employee's 401(k) and/or 457 account, as an employer paid contribution, in an amount calculated as 15 percent of the employee's current annual salary divided by 12 to arrive at a monthly amount, and then multiplying that monthly amount by the number of months between the employee's actual retirement date and their first eligibility month for unreduced Social Security benefits. This benefit is limited to a maximum of 36 months and is subject to any applicable IRS limits and/or limitations imposed by the Utah State Retirement System. Any amounts in excess of these limits will be paid to the employee as taxable compensation.

349.2.6.2 — Incentive—Health Insurance Coverage Incentive

As an incentive to encourage long-term, higher-paid employees to retire early, employees approved for this Health Insurance Coverage Incentive will receive the BATC health care termination benefit for up to a maximum of 60 months or until either the covered employee (or the employee's spouse) reach the age of eligibility for full Medicare coverage (presumably age 65), whichever occurs first. The maximum length of coverage for the employee and his/her spouse run independently and expire individually upon reaching the age of eligibility for full Medicare coverage (presumably age 65). The cost to BATC for this termination benefit will be based on the unadjusted premiums. The premium to be paid will be the minimum level of coverage necessary to meet the needs of the retiree, the retiree plus one (1) dependent, or the retiree plus two (2) or more dependents, as applicable to the retiree's circumstances.

349.2.7 — Restrictions

Employees who retire under the Voluntary Early Retirement Incentive Program generally may not be reemployed at BATC, except as part-time, intermittent, substitute instructors. In situations where a benefits eligible employee has retired and then is rehired into a benefits eligible position, after the waiting period specified by the Utah Retirement System, all of the above benefits are suspended, until the employee re-retires or otherwise terminates employment with BATC. Any unused, suspended benefits will resume at the time of re-retirement or termination subject to all of the limitations and age limits



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described in the policy above. Employees who are rehired under these provisions will not generate the possibility for an additional benefit, and under no circumstances will there be an opportunity for employees to receive these benefits twice. Employees considering reapplying after the waiting period should not apply for the retirement incentive program until the time of their final re-retirement. Any amounts paid as incentive payments to an employee who is later rehired, will be subject to recapture/repayment to BATC from the respective employee.

349.2.8 — Program Administration, Review, and Termination of Benefit

The Voluntary Early Retirement Incentive Program will be administered and reviewed on a year-to-year basis to monitor its effectiveness and fiscal implications. Because this benefit is contingent upon the final approval of the Campus President or the Vice President for Finance, based on the legitimate business needs of the institution, no actuarial accrual of a liability associated with this potential benefit is expected or anticipated, except that when an application is finally accepted, the full amount of the benefit will be accrued. The Campus Board of Directors reserves the right to amend or to terminate the Voluntary Early Retirement Incentive Program at any time, but no amendment or termination will affect any participant who has reached the eligibility requirements (not including actually retiring) or has already retired under its provisions. The procedure for early retirement application, along with the necessary agreement form, can be obtained from the Accounting Department.

349.3 — RESPONSIBILITY

349.3.1 — Department Heads and Supervisors

Department heads and supervisors are responsible for obtaining a written request from applicants and immediately forwarding a copy to the Accounting Department and the Vice President for Finance.

349.3.2 — Employees

Employees intending to retire early should notify their appropriate supervisor in writing in a timely manner (refer to 349.2.2).