TO: Potential Employee Applicants  
FROM: Daniel Rives, Associate Vice President for Human Resources  
DATE: March 14, 2011  
SUBJECT: Early Retirement Incentive Plan

Indiana University is confronted with a series of fiscal constraints for FY 2011/2012, including a potential reduction in State appropriations, while healthcare and retirement benefits, utility, and other expenses are increasing. The University is also undertaking several reviews to optimize the efficiency of administrative and academic support units.

To assist administrators in responding to various fiscal and organizational challenges, Indiana University is providing a one-time incentive for certain employees to retire earlier than otherwise expected. Separations under this plan are intended to support units in achieving specific institutional objectives: 1) reduction in salary/wage and benefit expenses, 2) redirecting positions to focus on higher priorities, and/or 3) to avoid or minimize future involuntary reductions in personnel.

This separation incentive – the Early Retirement Incentive Plan (ERIP) is not a benefit to which employees are entitled. Instead, the University will require that units only approve applications that specifically support one or more of the above institutional objectives. Units will also be responsible for funding separation incentive benefits. Not every application to participate in the ERIP will be approved.

Application for the ERIP is strictly voluntary, and managers are not to initiate discussions that encourage employees to apply.

A preliminary review of the University’s records indicates that you may be eligible to participate in the ERIP. At the time of application, eligibility will be verified based on your age and IU service as of June 30, 2011. Full-time Academic and Staff employees who meet the following eligibility criteria by June 30, 2011, may apply for the IU Early Retirement Incentive Plan (ERIP):

- satisfy age and service requirements for IU Retiree Status (earliest is age 55 with 30 years of IU service, with a declining service requirement as age increases) or
- at least age 60 with at least 10 years of full-time IU service.

ERIP separations are intended to be effective June 30, 2011; with two alternative dates that may be designated by unit heads when in the best interests of Indiana University: August 31, 2011, for any ERIP participant and December 31, 2011, for Academic employees.

The ERIP provides three benefits not normally provided to separating employees, as highlighted below.

1. **Income Replacement Payment** – equal to 10-months pay for tenured faculty, clinical faculty, and librarians and equal to 6-months pay for any other Academic employees and all Staff employees.

2. **Health Reimbursement Account (HRA)** – five years of annual contributions to an account that reimburses employees for some healthcare expenses, such as premiums, deductibles, and copays. These annual HRA contributions will be based on the employee’s current medical plan enrollment, from $6,000 for Employee Only coverage to $14,500 for Family coverage; with reduction to $5,000 annually at Medicare age (65).
3. **Medical Coverage until Medicare Age (65)** – continuation in an IU-sponsored medical plan until age 65, by paying the full premium. (Employees with IU Retiree Status may participate in a post-65 Medicare supplement medical plan.)

Other benefits for ERIP participants, which are the same for all separating employees with requisite criteria, include:

- COBRA continuation in medical and dental plan coverage
- IU Retiree Status benefits, for those who meet age and IU service requirements: Term Life Insurance, IU Tuition Assistance, continuation in pre and post age 65 medical coverage by paying the full premium, and IU Voluntary Benefits
- Payment for unused paid time-off and compensatory time; for Staff employees only

Eligible employees may apply through an on-line portal located at [hr.iu.edu/erip](http://hr.iu.edu/erip), starting April 18, 2011, through midnight of May 13, 2011. Applications submitted later than midnight on May 13, 2011, will not be accepted. As applications are submitted, University HR will verify eligibility before routing the application to:

- IU Bloomington and IUPUI campuses – to RC heads (e.g. deans of academic RCs)
- Regional campuses – to chancellors
- University Administration & School of Medicine – to vice presidents

Administrators will be asked to substantiate how the applicant’s separation will support the unit in meeting the above institutional objectives (i.e. reduction in expenses, redirecting position to higher priority use, and/or avoidance of RIFs). If the application is approved, it will then be sent to the respective vice president for consideration. Final review and approval will be with the President’s office.

After all ERIP approvals are obtained, the employee will be provided a Separation Agreement for signature. Only after that agreement has been fully executed and the seven-day revocation period has expired, will the voluntary separation under the ERIP become final.

An applicant for the ERIP may withdraw their application up to seven days after signing a Separation Agreement, through an on-line portal located at [hr.iu.edu/erip](http://hr.iu.edu/erip).

Attached is a document that serves as the ERIP’s official provisions. You are encouraged to carefully consider these details, especially the Separation Agreement located in Appendix I.

Information sessions to provide employees an overview of ERIP provisions will be held from 10am to 11:30am and 1pm to 2:30pm at the following dates and locations:

<table>
<thead>
<tr>
<th>Date</th>
<th>Location</th>
<th>Date</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 28</td>
<td>Bloomington: IMU Whittenberger Auditorium</td>
<td>April 4</td>
<td>Northwest: Library Conference Ctr.</td>
</tr>
<tr>
<td>March 29</td>
<td>Indianapolis: Univ. Place Conference Ctr. Auditorium</td>
<td>April 5</td>
<td>South Bend: Student Activities Center</td>
</tr>
<tr>
<td>March 30</td>
<td>Southeast: Conference Ctr. UC 127</td>
<td>April 6</td>
<td>Bloomington: IMU Whittenberger Auditorium</td>
</tr>
<tr>
<td>March 31</td>
<td>East: Whitewater Hall Community Room</td>
<td>April 7</td>
<td>Kokomo: Kelley Center 221</td>
</tr>
<tr>
<td>April 1</td>
<td>Indianapolis: Univ. Place Conference Ctr. Auditorium</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The following website includes many references for the ERIP, such as the application portal, plan details, FAQs, references for initiating retirement benefits, salary deferral to a supplemental retirement plan, email address for questions, and other references to assist employees: [hr.iu.edu/erip](http://hr.iu.edu/erip).

You are encouraged to carefully review ERIP provisions, including the Separation Agreement to be signed if an ERIP application receives final approval.

Attachment: IU Early Retirement Incentive Plan Document