TO: Vice Presidents, Chancellors, and Core Campus Deans
FROM: Daniel Rives, Associate Vice President for Human Resources
DATE: March 11, 2011
SUBJECT: Early Retirement Incentive Plan

As you know, Indiana University is confronted with a series of fiscal constraints. For example, the University could experience a reduction in State appropriations for FY 2011/2012, 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 managers in meeting the above challenges, the University will offer certain employees a one-time separation incentive 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 3) to avoid or minimize future involuntary reductions in personnel.

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

An employee’s application for the ERIP is strictly made on a voluntary basis and unit managers are not to initiate discussions that encourage employees to apply.

Following a review by University HR to verify eligibility, applications for the ERIP will be routed as follows:
- 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

The above administrator or delegate 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 routed for review as follows:
- IU Bloomington – to Provost Hanson
- IUPUI – to Chancellor Bantz
- Regional Campuses – to Vice President Applegate

All applications approved by the above administrators will then be sent to the President’s office for final review. The ERIP is not intended to be an employee entitlement and it is anticipated that some applications will not be approved.
Units are responsible for funding the ERIP benefits, as outlined below. For units that do not have the funds to cover ERIP costs, Neil Theobald, Vice President and Chief Financial Officer, will establish a process for an “internal loan” to cover such costs. His office will provide details to campus and RC fiscal officers in the near future.

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 December 31, 2011, separation date alternative requires approval of the President’s office.

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 employee 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 $5,000 to $14,500 per year.

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 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 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

Units are responsible for funding the Income Replacement Payment, HRA contributions, and payment of unused paid time-off and compensatory time.

Eligible employees may apply through an on-line portal, starting April 18, 2011, through midnight of May 13, 2011. As applications are submitted, University HR will verify employee eligibility before routing the application as outlined above. The President’s office will be the final reviewer. In the event that an initial reviewer denies an employee’s ERIP application, the employee would have the option of requesting reconsideration by that reviewer, who would make a final determination. 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.

Within the next week, all eligible employees will be sent a cover letter and a plan document with significant details, sent to home addresses via U.S. mail. The University HR office will schedule information sessions at each campus location and will deploy a website that will include: an application portal, plan details, FAQs, references for initiating retirement benefits, deferral of salary into a supplemental retirement plan, email address for questions, and other references to assist employees. The website is hr.iu.edu/erip.

We hope that separations under this Early Retirement Incentive Plan provide meaningful opportunities for your unit in meeting the above institutional objectives.