TO: Vice Presidents, Chancellors, and Deans  
FROM: Daniel Rives, Associate Vice President, University Human Resources  
DATE: July 12, 2013  
SUBJECT: Early Retirement Incentive Plan 2013 (ERIP-2013)

As you know, Indiana University is committed to providing students with an affordable, high-quality education. This can be challenging in today’s environment, especially when the University continues to be confronted with rising costs.

To support the University’s commitments and to assist administrators in responding to various fiscal and organizational challenges, Indiana University is providing a limited-time incentive for certain employees to retire earlier than otherwise expected. Separations under this plan are intended to achieve specific institutional objectives: 1) reduction in salary/wage expenses, 2) avoidance of involuntary RIFs and furloughs, and/or 3) strategic reallocation of resources to support institutional priorities. (Employees will be informed that not every application will be approved.)

An employee’s application for the ERIP-2013 is strictly voluntary, and managers are not to pressure employees to apply for the incentive in any manner.

**ERIP-2013 Eligibility**

Full-time Academic and Staff employees, who meet the following eligibility criteria by June 30, 2013, may apply:

- **Active employees who are at least age 60 with at least 15 years of full-time IU service as of June 30, 2013.**

**ERIP-2013 Separation Dates**

Separations are to be effective December 31, 2013, or May 31, 2014. The department head determines the actual separation date, based on the date that is in the best interest of the University.

**ERIP-2013 Benefits**

The ERIP-2013 provides three benefits not normally provided to separating employees, as highlighted below.

1. **Income Replacement Payment** – a single lump sum payment; paid in the month following separation:
   - Staff employees: equal to 6-months base salary/wages
   - Academic employees: equal to annual base salary, with 10-month appointments receiving equivalent of 10-month base salary
   - Potential recipients of the 18/20 Early Retirement Plan or the Replacement Retirement Plan: equal to two times annual base salary

2. **Health Reimbursement Account (HRA)** – five years of annual contributions to an account that reimburses for some healthcare expenses, such as premiums, deductibles, and copays. The annual amounts will range from $7,400 for Employee Only coverage to $20,300 for Family coverage; with reduction to $7,400 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, 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
- Payment for unused paid time-off and compensatory time; Staff employees only

**ERIP-2013 Approval Process**

Eligible employees may apply through an on-line portal located at hr.iu.edu/early_retire2013, starting on July 22, 2013, through midnight of August 19, 2013. As applications are submitted, University HR will verify eligibility before routing the application for unit review:

- 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

Regional campus chancellors and deans 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 EVP & Provost Lauren Robel
- IUPUI: to EVP & Chancellor Charles Bantz
- Regional Campuses: to EVP John Applegate

(A brief statement that demonstrates how institutional objectives will be met by approval of the ERIP-2013 application is required. For “reductions in salary/wage expenses,” at least 33% of the applicant’s annual base salary needs to be reallocated within the unit.)

After the above approvals are assembled, University HR will forward applications to the President’s office for final review. The ERIP-2013 is not intended to be an employee entitlement and it is anticipated that some applications will not be approved.

In the event that an initial reviewer denies an employee’s ERIP-2013 application, the employee would have the option of requesting reconsideration by that reviewer, who would make a final determination. After all ERIP-2013 approvals, 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-2013 become final.

**ERIP-2013 Funding**

Units are responsible for funding the Income Replacement Payment, HRA contributions, and payment of unused paid time-off and compensatory time; except that for potential recipients of 18/20 Early Retirement or Replacement Retirement Plan benefits, funding for Income Replacement Payment and HRA contributions will be provided by university administration.

Within the next couple of days, all eligible employees will be sent a cover letter and a plan document with significant details, to home addresses. The University Human Resources office will schedule group information sessions and webinars, and will deploy a website that with a variety of resources to assist employees. The website is hr.iu.edu/early_retire2013.

University HR will send campus and school fiscal officers a list of associated eligible employees.

We hope that separations under this Early Retirement Incentive Plan 2013 provide meaningful opportunities for your unit in meeting the institutional objectives.