NDSU TENURED FACULTY PHASED RETIREMENT INCENTIVE PROGRAM

PURPOSE

The purpose of the Phased Retirement Incentive Program (“Program”) is to implement a limited time incentive to eligible NDSU tenured faculty in order to achieve specific institutional objectives. These objectives include:

- Reducing salary, wage and benefit costs in anticipation of imminent funding challenges;
- Redirecting the allocation and appointment of positions at the University to maximize the University’s ability to fulfill its mission on a continuing basis in the future;
- To the extent possible, and in the context of the long-term fulfillment of the University’s mission, minimize the scope and number of involuntary terminations;
- Recognizing the invaluable contributions of its tenured faculty.

This is anticipated to be a limited-time offering by NDSU, with a defined window of opportunity for individuals to submit voluntary applications for consideration. The University leaves open the right to continue the program beyond the original schedule and initiate similar programs in the future. Participation in the program is voluntary for both the University and the tenured faculty member. Tenured faculty members are not guaranteed acceptance in the Phased Retirement Program, and the decision to approve an applicant is entirely at the discretion of NDSU.

NDSU anticipates approving as many applications as possible. The University will exercise the discretion to limit the total number of applicants approved in order to preserve the core mission of NDSU.

ELIGIBILITY CRITERIA AND LIMITATIONS

The program is not an entitlement or benefit. All tenured faculty employees who meet the minimum eligibility requirements are invited to apply; however, NDSU reserves the right to disapprove applications. In each case, the President’s decision is final. The decision to apply for participation in the program by any eligible employee is strictly voluntary on the part of the employee.

Eligibility Requirements and Limitations

Individuals meeting the following criteria are eligible by the final date of application (March 10, 2017) are eligible to apply for the Phased Retirement Program:

- The individual must be a tenured faculty member currently employed at NDSU, as defined by the North Dakota State Board of Higher Education (Policy 605.1)
- The individual must meet the Rule of 65, which is calculated as the sum of the employee’s age and total years of benefited employment in the North Dakota University System (for example, 55 years old with 10 years of benefited employment)
Exclusions
The following individuals are excluded from eligibility:

- Employees who gave written notice, prior to February 10, 2017, of intent to retire or resign;
- Employees entered into or completed a Phased Retirement agreement prior to February 10, 2017;
- Employees who are rehired retirees;
- Employees who have previously entered into an agreement with a predetermined employment end date;
- Employees who have accepted other employment in a tenured or tenure track position at another institution of higher education or accepted any other employment;
- Employees who have resigned prior to February 10, 2017 and whose resignations have been accepted;
- Any employee who has received notice of termination, notice of nonrenewal or cancellation of employment contract prior to February 10, 2017.

If you have any questions about eligibility, please contact Canan Bilen-Green in the Office of the Provost, 231-7040, canan.bilen.green@ndsu.edu. The NDSU Office of the Provost is the only official source of information and interpretations for this program. The Office of the Provost will respond to any questions in writing.

APPLICATION PROCEDURE AND REVIEW

1) **Criteria.** Review Phased Retirement Program criteria for eligibility.
2) **Application.** Complete the application, available on the Provost (https://www.ndsu.edu/provost/academic_resources/forms/) and HR (https://www.ndsu.edu/hr/empltoolbox/voluntary) websites
   
a) The application must include a description of the work to be performed over the two years of phased retirement, including a specification of teaching expectations. This description should be completed in consultation with the faculty member’s department chair or head. The department chair must sign the form as a conditional approval.

b) Applications must be signed by the Dean of the College. Signature of the dean on the application will represent conditional approval on a mutually acceptable plan of active involvement but will not be considered final until reviewed and official notification has been received.

c) Applications must be submitted to the NDSU Office of the Provost. Interested faculty members should submit applications as early as possible with the **final deadline for consideration being no later than 5:00 p.m. CST on March 10, 2017.** Applications can be submitted by hand delivering the application to the NDSU Office of the Provost, 103 Old Main, by 5:00 pm, or by email to Melissa.lamp@ndsu.edu. We will email a confirmation to the employee on receipt of the application. If such receipt is not received, please contact Melissa Lamp.

d) It is the applicant’s responsibility to ensure that their application was received by the application deadline.
3) **Phased Retirement Agreement.** If the application is approved by the Provost, the applicant will be given a phased retirement agreement for review. Conditionally-approved applicants will have forty-five (45) days from the date of receipt of the agreement to review it. If the applicant decides to proceed with the application, the signed agreement must be returned to the Office of the Provost within 45 days. Once the signed application is returned to the Office of the Provost, the applicant will have a period of seven (7) days to revoke the acceptance by notifying the Office of the Provost in writing.

4) **Seek Advice.** All applicants are encouraged to seek advice from appropriate financial, legal and tax counselors and to contact the Office of the Provost with questions about the plan. Final approval of an applicant is conditioned on execution of an unmodified phased retirement agreement and only the President may approve a phased retirement agreement. The application is not considered final until signed by the President of NDSU.

5) **Irrevocable retirement agreement.** By entering into a retirement agreement, the employee waives all tenure or other rights to continued employment except as may be provided in the agreement. Additionally, by entering into a retirement agreement, the employee is irrevocably agreeing to separate employment as determined by the retirement agreement.

**INCENTIVES**

On entering phased retirement, the employee irrevocably agrees to reduce his or her workload to 50% FTE for up to two academic years, retiring at the end of the period defined in the Retirement Agreement. The employee may retire prior to the end of the term of this agreement. The employee’s base salary (calculated as of February 10, 2017) will be reduced to 50% of base pay; in addition, the faculty member will receive an incentive payment of 10% of base salary for each of the two years of phased retirement. To receive the 10% incentive payment, the employee must apply by 5:00 pm on March 10, 2017 and must be accepted into the program. Employees qualifying for the incentive payment will receive 60% of base salary, less all required benefit and tax payments.

1) Salary will be adjusted for all required federal and state taxes and deductions as required by law;
2) Employee will be compensated according to the regular payroll schedule;
3) The phased retirement period will commence on July 1, 2017 and end no later than June 30, 2019 (“Retirement Date”), in accordance with the phased retirement agreement. Participating faculty members will receive a graduated scale of pay for reduced workload;
4) Employee will separate from the University on their Retirement Date, unless Employee chooses to retire or resign at an earlier date or the Employee is terminated for cause;
5) Faculty members will be eligible for emeritus status according to NDSU Policy 361;
6) During the phased retirement period, the faculty member will not receive and is not eligible for salary increases or promotions;
7) A faculty member in the phased-retirement program may request full retirement at any time. Whenever possible, notification of this intent should be given at or before the time of contract renewal for the subsequent year;
8) As long as the faculty member maintains at least a 50% workload or compensation rate during a contract period, the faculty member in phased retirement will continue to be eligible for all University benefits available to full-time faculty, with the understanding that salary-sensitive benefits such as retirement contributions and life insurance coverage are based on one’s actual rate of compensation. Faculty dropping below 50% will no longer be eligible for University benefits. Any
pay and benefits received as a result of employment with NDSU will terminate or cease in accordance with the terms of those established laws, policies, plans and procedures.

TAX AND FINANCIAL CONSEQUENCES OF PARTICIPATION IN THE PROGRAM
Eligibility to participate in the Phased Retirement Program does not automatically make the employee eligible for retirement benefits under the North Dakota Public Employees Retirement System (NDPERS) or the Defined Contribution Retirement Plan (TIAA) or any other institutional, state or federal retirement program. The employee is solely responsible for consulting with his/her retirement program to determine eligibility for and the amount of any annuity, if any, and applying for such benefits, if any, in accordance with state and federal law. It is the employee’s responsibility to submit the required application and information to NDPERS or TIAA or any other retirement program financial provider, whichever is applicable, for processing within the required timelines of the program.

In all cases, each individual participating employee is responsible for consulting with a personal tax advisor as to the potential tax consequences of the employee’s participation in the Phased Retirement Program.

No employee of NDSU is authorized by NDSU or the North Dakota University System to provide tax and/or financial advice to employees. Information sessions and material are for general information only and should not replace the advice of a competent financial and/or tax advisor.

CONDITIONS
Not every individual application may be approved. Nothing in this program shall be construed to create a right or entitlement to any employee. The approved applicant will separate from all employment at NDSU no later than June 30, 2019. In consideration for participation in the Program and the receipt of incentives described herein, accepted applicants must voluntarily accept and irrevocably agree to a phased retirement agreement. Tenured faculty members electing to participate in the program will be required to execute a formal agreement and release of claims concerning all continuing employment rights and any and all claims against the North Dakota State University and the North Dakota University System, including but not limited to any claim against their officers, employees, agents, attorneys, insurers and/or their assignees against the University and including claims arising under the Age Discrimination in Employment Act.