MichiganTech

MICHIGAN TECHNOLOGICAL UNIVERSITY
RETIREMENT SUPPLEMENTAL VOLUNTARY PROGRAM
(RSVP)

I. Introduction

Michigan Technological University, hereafter called "the University", has adopted the Retirement Supplemental Voluntary Program, hereafter called "RSVP", to facilitate the voluntary retirement of eligible employees. The RSVP is not an early retirement program. While employees are not constrained to retire at any particular age, arrangements for retirement are a natural part of an employee's personal and professional planning. This program provides information and, in some cases, incentives, that should make retirement planning easier. The RSVP encourages continued participation by retirees in the University community.

A clear, uniform and fiscally responsible policy is to the mutual advantage of both the employee and the University. It helps the employee and their respective department plan for retirement in an orderly manner. It facilitates resource allocation while retaining the contribution of those who wish to be actively engaged.

The decision to retire is left to the discretion of the individual employee, and remains entirely voluntary. However, if an employee decides to retire, the RSVP provides several retirement options: a monetary option; a phased retirement option; a combination of the monetary and phased retirement options; and a program for employment after retirement.

Although the RSVP refers to employee benefits, such as health insurance and life insurance, it is intended that all employee benefits continue to be provided through, and governed by, the terms of the employee benefit plans maintained by the University. The University retains the right to alter, eliminate or revise the RSVP at any time in the future.

The retiree's department will be required to cover all costs associated with the RSVP. Upon retirement the retiree's department normally will retain the base budget salary support for the position, which would be used to pay for the RSVP, address budget cuts, or meet other resource needs.

Before making a final retirement decision employees are expected to contact the Social Security office and either TIAA-CREF/Fidelity or MPSERS retirement consultants. The employee should also consider consulting a financial planner, accountant or attorney before signing up for the RSVP.

For eligibility information see Section VI.

II. Monetary Retirement Option

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The monetary retirement option provides a benefit equal to 50% of the eligible employee's annual salary (9 month salary for faculty) at the time of their actual retirement date with a benefit cap of $62,898. The benefit cap will be reviewed periodically and adjusted based on the percentage increase in the contribution and benefit base amount established by the Social Security's Old-Age, Survivors, and Disability Insurance (OASDI) program.

Contribution and benefit bases, 1937-2009 can be found at:
www.ssa.gov/OACT/COLA/cbb.html

In many cases, the employee will not receive the benefit as a cash payment. The monetary benefit will be applied to the retiree's TIAA-CREF Retirement Health Benefits Plan, hereafter called "the Plan", premium.

- Payments will be pre-tax when applied to the Plan's premium.
- The percentage premium co-pay for health care will be fixed at the date of retirement as described in the Plan.
- The amount is payable to the health care premium cost until the monetary benefit is exhausted.

An employee who has post retirement health insurance benefits, for example through MPSERS, TRI-CARE, AARP etc, shall be entitled to receive the full monetary benefit on the first pay period following the retirement date, subject to applicable tax withholdings. The employee must present proof of alternate health insurance coverage to the University one month before their retirement date. See Section XI for appropriate release form.

To be eligible for the monetary retirement option, the employee must meet eligibility requirements described in Section VI.

III. Phased Retirement Option

It is sometimes to the mutual benefit of both the employee and the University to enter into an arrangement where an employee's workload is reduced as they approach retirement. Where such arrangements are possible, the employee may elect to enter into the phased retirement option.

Arrangements for participation in this option require a mutual, written agreement between the employee and their respective dean, director or department head/chair. Under the phased retirement option, the employee will be permitted to work part-time (no less than 50% effort) for up to three (3) years and in return, agrees to retire by the end of that period.

Part-time work for faculty can be achieved either by working full-time during one semester and not working the other semester or by working part-time for two semesters during an academic year. For staff part-time work will be determined based on departmental needs.

The employee receives the following benefits:

- Group Health Insurance
- Life insurance and long-term disability based on percentage of base salary earned.
- Employee education benefits – the same as full-time regular employees (at 75% effort or greater).
- Tuition Reduction Incentive Program (TRIP) – the same as full-time regular employees (at 75% effort or greater).
- Vacation and sick leave will be accrued based on the percentage of time worked.
- Retirement contribution will be based on the percentage of base salary earned.

During the phased retirement period, the employee may also supplement their part-time salary, with grant or contract support (soft money), subject to the University's compensation policy.

A faculty member who retires through this phased retirement option will be freed, if desired, from department, committee, administrative, and other duties as far as possible during the period of phased retirement.

To be eligible for the phased retirement option, the employee must meet eligibility requirements described in Section VI.

IV. Combined Monetary/Phased Retirement Option

Arrangements for participation in this option require a mutual written agreement between the employee and their respective dean, director or department head/chair.

The combined monetary/phased retirement option allows for the employee to select either a two-year phase out or a one-year phase out each with a monetary benefit. Movement between the options is not allowed. Under both the two year and the one year phase out, the employee works at least 50% time and will be eligible throughout the year for employee benefits. See Section III for the list of benefits.

- Two-year phase out – will receive 1/3 of the monetary benefit.
- One-year phase out – will receive 2/3 of the monetary benefit.

The monetary benefit will be provided consistent with Section II.

During the phased retirement period, the employee may also supplement their part-time salary, with grant or contract support (soft money), subject to the University's compensation policy.

A faculty member who retires through this phased retirement option will be freed, if desired, from department, committee, administrative, and other duties as far as possible during the period of phased retirement.

To be eligible for the combined monetary/phased retirement option, the employee must meet eligibility requirements described in Section VI.

V. Subsequent Employment

Subsequent employment will follow standard University hiring procedures.

Any person who participates in the RSVP forfeits any and all rights to participate in future University retirement incentive programs or other similar programs.

VI. Eligibility

To be eligible for the RSVP an employee must meet one of the following criteria, at the date of retirement:

- Age plus full time years of service (30 hours or more per week) at the University equals 80 or more or,
- Age 65 or older and ten (10) or more years of full time service (30 hours or more per week) at the University.

The employee can only elect one of the retirement options. This election is binding, therefore the employee cannot move from one option to another.

The employee is obligated to comply with all rules and regulations of the University and perform services at standards acceptable to the University. Participation in and receipt of benefits under the RSVP is conditioned on the employee continuing to be employed by the University through the agreed upon date of his or her retirement under the standards of conduct to which he or she is subject.

Eligibility is limited to those employees who retire on or after January 1, 2002.

VII. Initial Implementation

All employees who meet or exceed the RSVP participation requirements and wish to retire in calendar year 2002 will be eligible to participate in the RSVP without the required 365 day notification. They must, however, complete the RSVP election form and follow the application process. The forms must be in the Benefits office no later than 4pm EDT on Friday, June 28, 2002.

VIII. Notification Requirement

In order to participate in the RSVP, the employee must follow all application requirements.

The employee must complete the RSVP election form and follow the application process at least 365 days prior to the proposed start date for participation in the phased retirement option or the combined monetary/phased retirement option and the expected date of retirement for the monetary retirement option. Election under all retirement options is irrevocable.

There will be a reduction of 10% of the monetary benefit per calendar month for late notification to retire under the monetary or the monetary/phased retirement option. Notification must be no later than six (6) months prior to retirement.

Late notification under the phased retirement option could result in delay of the option until the 365-day requirement is met.

In addition to the eligibility requirements to participate, an employee must make an appointment with the Assistant Director of Benefits to review the employee's eligibility for the RSVP and to assist in the completion of the application process. This appointment must be scheduled before the required 365-day notice of election.

The employee has 7 calendar days after they sign the RSVP application form to revoke their decision to participate in the RSVP.

IX. Serious Health Condition

Definition of a serious health condition: illness, injury, impairment or physical or mental condition involving incapacity or treatment connected with inpatient care in hospital, hospice or residential medical-care facility; or continuing treatment by a health care provider involving a chronic or long-term condition that is incurable.

If an employee, who has completed the RSVP election process, develops a serious health condition, the employee may submit a written request to change or revoke their retirement election. If the employee's spouse or dependent develops a serious health condition, the employee may submit a written request to change or revoke their retirement election.

The request must be submitted to the Benefits office, c/o Human Resource Department. Along with the written request, a physician's statement must be included. The University has the right to request a statement from a physician of its own choosing.

The Michigan Tech Benefit Appeal Committee will review the request and provide the employee with their written decision within 30 days.

X. Death

If an employee, who has elected to retire under the RSVP and is eligible for the monetary benefit, dies before the benefit is received, their surviving spouse, beneficiary or estate will receive their monetary benefit.

If an employee, who elected to retire under the RSVP and has been applying the monetary benefit to the TIAA-CREF/Fidelity Retirement Health Benefits Plan, dies before the benefit is exhausted, the remaining amount will be paid to their surviving spouse, beneficiary or estate.

An RSVP beneficiary form must be completed as part of the application process.

XI. Lay-Off Waiver

If an employee is scheduled for an involuntary lay-off or an involuntary reduction in hours and meets or exceeds the eligibility requirements under the RSVP, but has not given the required 365-day notice, that employee would be eligible to participate without the required 365-day notification.

October 21, 2009