

College Operating Procedures (COP)



Procedure Title: Retirement Incentive Program
Procedure Number: 05-0603
Originating Department: Office of Human Resources

Specific Authority:

Board Policy 6Hx6:5.02
Florida Statute 1001.65
Florida Administrative Code n/a

Procedure Actions: Adopted: 11/21/96; 01/2003, 03/01/2005, 12/2/08;
02/16/10; 06/02/2010; 11/1/10

Purpose Statement: To establish a retirement incentive for College employees who have served many years.

Guidelines:

I. Purpose:

The District Board of Trustees established this Retirement Incentive Program (RIP) to accomplish the following:

- To enhance retirement benefits in order to reward employees who have provided lengthy service to the College.
- To encourage separation of higher paid, long-term employees in order to reduce payroll costs or to free up dollars for new positions in growth areas of the College.

II. Incentives:

The College offers the following incentives to those full-time employees who qualify in accordance with the provisions of this rule:

- A. Payment for accumulated sick leave, at the employee's final daily rate of pay, based on years of creditable service, as follows:
 1. For instructional staff or educational support employees, fifty percent (50%) of accumulated sick leave for the first ten (10) years of creditable service, PLUS two and one-half percent (2½%) of accumulated sick leave for every year of creditable service beyond ten (10) years, to a maximum of twenty (20) additional years.
 2. For employees other than instructional staff or educational support employees (staff employed in full-time positions classified in the State accounting manual as Executive Management, Instructional Management, or Institutional Management):

- a. Who were hired before July 1, 2001, fifty percent (50%) of accumulated, unused sick leave for the first ten (10) years of creditable service plus two and one-half percent (2½ %) of accumulated sick leave for every year of creditable service beyond ten (10) years, to a maximum of twenty (20) additional years.
 - b. Who were hired on or after July 1, 2001, for unused sick leave accumulated on or after July 1, 2001, an amount equal to one-fourth of the employee's unused sick leave, not to exceed 60 days. For unused sick leave accumulated prior to July 1, 2001, fifty percent (50%) of accumulated, unused sick leave for the first ten (10) years of creditable service plus two and one-half percent (2½ %) of accumulated sick leave for every year of creditable service beyond ten (10) years, to a maximum of twenty (20) additional years.
- B. Payment of a one-time-only salary bonus of one of the following:
1. Ten percent (10%) of the employee's final annual salary if notification of intent to retire is provided to the College one (1) calendar year or more prior to the effective date of retirement, OR
 2. Five percent (5%) of the employee's final annual salary if notification of intent to retire is provided to the College six (6) calendar months to one (1) calendar year prior to the effective date of retirement.
- C. Payment of fifty percent (50%) of the medical/life insurance program coverage provided to employees by the College, payable for a period of thirty-six (36) calendar months after the effective date of separation.
- D. It is the policy of the College that retiring employees will be ineligible for re-employment unless a specific critical need of the College is identified by the College President or designee. Refer to College Operating Procedure 05-0606 – Retirement and Continuation of Benefits.

III. Definitions:

- A. For purposes of this Board Rule, "Normal Retirement" means the earliest date which the employee attains 10 years of service at the College, 62 years of age and vested in FRS. Employees who are participants of the Local Annuity Program or any other FRS optional plan, "normal retirement" means the earlier dates on which the employee turns 62 years old or reaches 30 years of service with an FRS-eligible employer.
- B. A faculty member's "Area(s) of Expertise" or "Teaching Area" is defined as the area(s) in which the faculty member was teaching during the final contract year prior to the date of separation.

- C. A "Full-time Employee" is a person filling a College position that has been defined as full-time by Board action.
- D. "Terminal Pay Benefits" means those benefits normally provided to employees who resign, retire, or otherwise terminate their employment with the College.
- E. "Retirement Incentive Program Benefits" means those benefits provided under this Board Rule to employees who retire within six (6) calendar months after reaching "Normal Retirement" eligibility as defined in this rule.
- F. "Daily Rate of Pay" means an employee's annual/contracted salary (excluding any and all salary supplements) for the fiscal year immediately preceding the employee's date of separation divided by the number of annual duty days for the employee's position.
 - 1. For Faculty, the annual/contracted salary means the base salary (exclusive of any supplemental, interim, substitute, overload, or unique or special contracts for instructional support services above and beyond the faculty member's usual contracted services to the College), and the annual duty days means the number of faculty duty days within the faculty contract.
 - 2. For Executive, Instructional Administrative, Institutional Support Exempt, and Institutional Support Non-Exempt Personnel, the annual/contracted salary means the salary for twelve months (exclusive of any overtime or other salary supplements of any kind or amount); and the annual duty days means the number of duty days for twelve-month personnel.
- G. "Creditable Years of Service" means the total number of years and parts of years worked in positions covered by an appropriate Florida retirement system, plus any additional service purchased for retirement purposes.
- H. "Years of Service at Florida SouthWestern State College" means the total number of years of full-time employment with the College. A year of service at the College is one day more than one-half ($\frac{1}{2}$) the number of days in a contract/fiscal year or equivalent.
- I. "Date of Separation" means the last day of full-time employment with the College.
- J. "Effective Date of Retirement" means the date actual retirement begins for the employee as defined under FRS of which the employee is a member or the date actual retirement begins for the employee as defined under the Local Annuity Program or any FRS optional plan.
- K. "Notification of Intent to Retire" means the completion, filing, and College approval of

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IV. Eligibility:

In order to receive benefits under this program, the employee must meet the following criteria:

- A. The employee must be full-time.
- B. The employee must have completed a minimum of ten (10) years' of full-time service with the College upon the effective date of retirement.
- C. The employee must have attained normal retirement eligibility under FRS, the Local Annuity Program or any FRS optional plan.
- D. The employee must actually retire under an approved FRS, Local Annuity Program or any other FRS optional plan within six (6) calendar months after reaching normal retirement (as defined above) and must provide proof of receipt and deposit of retirement benefit funds. If the employee does not officially retire within that time frame, he/she shall not be eligible to participate in this program. Each employee has a one-time-only "window" to retire and receive benefits under this program.

V. Restrictions:

- A. Employees electing not to take advantage of this retirement incentive program will receive terminal pay benefits upon retirement.
- B. Once an employee becomes eligible to participate in this program, elects to do so, signs the agreement, and the College signs the agreement, such employee becomes ineligible to receive such benefits at any time in the future.
- C. Should a retired employee under this retirement incentive program die prior to collecting all monies due him/her, the balance of the money due to the retired employee will be paid to his/her beneficiary, or in the absence of a beneficiary, be paid to his/her estate.
- D. No employee will be allowed to apply for this program more than three months prior to the deadlines imposed within the program. For those persons giving one year notification under section 2.b.1, this would mean that their "window" for applying would be within twelve (12) months minimum to fifteen (15) months maximum prior to that person's effective date of retirement. For those persons giving six months notification under section 2.b.2, their "window" for applying would be within a time frame of six (6) months minimum to nine (9) months maximum prior to that person's effective date of retirement.
- E. No employee will be allowed to apply for this program once the bonus "windows" have both elapsed. In other words, the final time frame for applying for this program would be six (6) calendar months prior to the effective date of retirement.

Procedures:

I. Application Procedures:

- A. The employee must request a calculation of the RIP (Retirement Incentive Program) 6-month window be done by a Human Resources Specialist at least 15 months prior to attaining age 62 with 10 years of full-time employment with the College. The employee must complete an Information Request form (FR-9) for the Florida Retirement System (FRS) at this time, unless one has already been completed.
- B. The employee will choose his/her retirement date which falls within the 6-month window and confirm the date with Human Resources. Once the date is confirmed, the employee will prepare a letter of resignation to his/her supervisor stating the intent to participate in the College's RIP and state the last day of employment. The supervisor will arrange to have a Personnel Action Form (PAF) prepared for signature to accompany the letter of resignation.
- C. Once the resignation and PAF are received in the Human Resources Office, the Human Resources Specialist will contact the employee to complete the RIP Agreement (PER-24), including notarizing the employee's signature (12 months prior to retirement to receive 10% bonus and six months prior to retirement to receive a 5% bonus). The Agreement will then be forwarded to the Payroll Department, and the section titled "Worksheet of Estimated Benefits" will be completed and reviewed with the employee. The employee will sign the acknowledgment that all information is accurate. The payroll representative and Vice President, Financial Services, will also sign the document.
- D. In response to the FR-9, the Florida Retirement System will mail to the employee's home address the Estimate of Retirement Benefits (FRS-40). The employee will give a copy of the FRS-40 to the Payroll Department and the Human Resources Office.
- E. The employee must submit an Application for Service Retirement (FR-11) and birth certificates for both employee and joint annuitant (if Options 3 or 4 retirement benefits are chosen) or the completed application for benefits and supporting documents if the employee is a participant of the Local Annuity Program or the CCORP to Human Resources a minimum of six months prior to the date of retirement.
- F. The Payroll Department will complete the Final Worksheet of Benefits (PER-25) with the employee prior to the last day of employment.
- G. The Benefits Specialist will review the cost for continuation of health, life, dental and vision benefits with the employee.

H. When the employee receives the first retirement check, a copy of the check and receipt of deposit, must be brought to the Payroll Department as proof of retirement in order to process any bonus payment.

II. Payments:

- A. Terminal pay benefits for unused vacation leave are normally paid out in a lump sum upon an employee's termination of employment with the College, unless the employee is qualified to receive retirement incentive program benefits and receives approval to have such benefits added together and paid out under the provisions of the retirement incentive program.
- B. Benefits under this retirement incentive program are paid out in a lump sum upon the retired employee's providing evidence to the Vice President, Human Resources, or designee that he/she has cashed or deposited the first retirement check received from an approved State of Florida retirement system.

EXCEPTION: If the total amount of benefits to be paid exceeds \$15,000, the benefits shall be paid out as follows:

1. The first \$15,000 shall be paid out upon the retired employee's providing evidence to the Vice President, Human Resources that he/she has cashed or deposited the first retirement check received from an approved State of Florida retirement system.
2. The balance shall be paid out at \$15,000 per year (plus interest) until the total is paid out to the retired employee.
 - a. That simple interest is used when calculating the interest due on the balance of money due the retired employee after the first \$15,000 has been paid.
 - b. That there be no interest due on the first \$15,000 (or any total less than \$15,000), regardless of when the employee qualifies to receive it by presenting proof of negotiating the first retirement check.
 - c. That interest begins accumulating on the balance of money due the retired employee beyond the first \$15,000 effective on the employee's retirement date.
 - d. That interest is earned on the total balance remaining in June each year. For example, a person retires effective January 1, 1990, and has total benefits under this program of \$49,000. The retiree cashes the first retirement check February 15, 1990, and shows proof of this to the Vice President, Human Resources the same day. The College would owe the retiree \$15,000 on February 15, 1990. The College would then owe the retiree \$15,000 no later

than June 30, 1990, plus the interest for six (6) months on \$34,000. No later than June 30, 1991, the College would owe the retiree \$15,000 plus the interest for one year on \$19,000. No later than June 30, 1992, the College would owe the retiree \$4,000 plus interest for one year on \$4,000.

- e. That the interest rate to be used with each payout to the retired employee beyond the initial \$15,000 be the most current year's interest rate at the time of the payout. For example, for persons retiring during the 1990-91 fiscal year, the College would use the 91-day U.S. Treasury Bill rate from the first week in June of 1991.
3. The interest accumulated will be paid out as accrued along with the annual payment.
4. Annual payments shall be made in a lump sum on the last day of the College's fiscal year, or within one (1) calendar month prior to the last day of the College's fiscal year. It is probable that most people taking advantage of the Program will receive two checks within the same fiscal year. The closer the person retires to the end of the fiscal year, the closer together these two checks will be issued to the person by the College.