

Northern Arizona University
Voluntary Separation and Retirement Incentive Program
November 16, 2009 to January 15, 2010

Policy Statement

I. Purpose

The purpose of the Voluntary Separation and Retirement Incentive Program (VSRIP or “program”) at Northern Arizona University (NAU or the university) is to afford eligible tenured faculty, including those with academic administrative appointments, and academic professionals with continuing status (librarians), who desire to leave or retire from the university an opportunity to do so with additional economic incentives. Through the resulting opening of lines, the program will provide NAU with greater flexibility to redirect resources toward academic areas of emphasis and provide added budget flexibility given the uncertain economic forecast.

II. Policy Statement

- A. NAU tenured faculty, including those holding an academic administrative appointment, and academic professionals with continuing status (librarians), whose appointments are for .50 FTE or greater, and who meet the following requirements on or before June 30, 2010, are eligible for participation in the VSRIP: completion of 10 or more net years of service to NAU and attainment of age 62.

“Net years of service” is calculated by determining the total period of service (date of first employment to June 30, 2010) minus any periods of leave without pay. An academic-year employee, whether paid over 9 months or 12 months will be credited with one year of service for the purposes of making this calculation, consistent with the Arizona Board of Regents Optional Retirement Plan and the Arizona State Retirement System (ASRS).¹

- B. The VSRIP is a “window plan” offering, on a purely voluntary basis, a one-time opportunity for eligible tenured faculty and academic professionals with continuing status who wish to relinquish their employment at NAU. This program will not become an on-going feature of NAU employment. The university will accept enrollment in the VSRIP only between November 16, 2009, and January 15, 2010.
- C. Tenured faculty and academic professionals with continuing status, in the following circumstances, are not eligible to participate in the VSRIP: any person who has received, prior to the effective date of retirement or resignation, written notice of: a) termination; b) suspension with or without pay; c) initiation of dismissal proceedings; or d) who has a formally negotiated retirement agreement or settlement agreement under whose terms partial performance or complete performance has occurred. Persons participating in year 1 or 2 of the phased retirement program established by Arizona Board of Regents Policy 6-602 may

¹ The Arizona Board of Regents Optional Retirement Plan defines “year of service” as, “In determining an Employee’s continuous employment, any Employee who is under contract with an Employer for no less than an academic year shall be treated as continuously employed for the entire Plan Year in which such person’s contract is included.” Section 2.24 (b)) For ASRS members, “Service Year” means “means fiscal year, except that: (a) If the normal work year required of a member is less than a full fiscal year but is for a period of at least nine months, the service year is the normal work year.” ARS § 38-711(31).

elect to participate in the VSRIP. However, an agreement to accelerate the planned retirement date under the phased retirement program in order to participate in VSRIP must be approved in writing by the provost and vice president for academic affairs.

- D. Eligible employees do not have an absolute right to participate in the VSRIP. The president may limit participation where further enrollment in the program will substantially weaken academic quality or disrupt program sequence or is not in the best interest of the university.

III. Benefits

- A. VSRIP participants holding an academic year appointment will have a termination date of May 8, 2010. VSRIP participants holding a fiscal year appointment will have a termination date of July 1, 2010. VSRIP participants holding an appointment of 10 or 11 months will have a termination date that is in alignment with the end of the appointment.
 - 1. VSRIP participants holding academic year appointments who agree to retire or resign on May 8, 2010, will receive a cash incentive amount equal to his or her FY10 academic year base salary. The base salary does not include any sums paid for summer, overload, professional/research allowance, or other one-time payments. The cash incentive will be paid on or about June 4, 2010.
 - 2. VSRIP participants holding fiscal year appointments who agree to retire or resign on July 1, 2010, will receive a cash incentive payment equal to 9 months of his or her FY10 base salary. The base salary does not include any sums paid for summer, overload, professional/research allowance or, other one-time payments. The cash incentive will be paid on or about July 30, 2010.
 - 3. VSRIP participants holding an academic administrative appointment with an academic year salary, plus stipend for performance of those administrative duties, who agree to retire or resign on July 1, 2010, will receive a cash incentive amount equal to his or her FY10 academic year base salary. The base salary does not include any sums paid for summer, overload, professional/research allowance, or other one-time payments. The cash incentive will be paid on or about July 30, 2010.
 - 4. VSRIP participants holding an academic administrative appointment with a fiscal year base salary, who agree to resign or retire on July 1, 2010, will receive a cash incentive payment equal to 9 months of his or her FY10 base fiscal salary. The cash incentive will be paid on or about July 30, 2010.
 - 5. VSRIP participants holding an academic professional appointment with continuing status and a fiscal year base salary, who agree to resign or retire on July 1, 2010, will receive a cash incentive payment equal to his or her FY10 base fiscal salary. The cash incentive will be paid on or about July 30, 2010.
 - 6. VSRIP participants holding an appointment of 10 or 11 months who agree to retire or resign at the end of that appointment will receive a cash incentive payment equal to 9 months of his or her base FY10 base salary. The cash incentive will be paid on the pay period following the pay period in which they receive their final regular check, on or about July 30, 2010.

7. All payments are subject to all income-related taxes and appropriate withholding when paid. Receipt of payments following retirement or resignation does not make the VSRIP participant eligible for employment-related benefits such as accrual of vacation leave, sick leave, health insurance benefits, retirement contributions or deductions or additional credit for length of service.
- B. Participants will be required to sign an agreement and release signifying their agreement to abide by the terms of the VSRIP, including the relinquishment of tenure or continuing status, and the release of the university from certain types of legal liability.
 - C. Eligible employees electing to participate in the VSRIP will not be considered for re-employment at the university for a period of one (1) year following their final date of employment, in any capacity. Exceptions to this provision will be permitted only upon the written approval of the provost and president. Re-employment with NAU after one (1) year following the final date of employment requires the approval of the provost and president.

Participants in the VSRIP do not have any right to or expectation of re-employment or future employment with the university. Moreover, each of the retirement plans has certain stated restrictions concerning a participant's ability to secure future employment with the university or receive retirement benefits while being employed or re-employed by the university, which is briefly summarized below:

1. Optional Retirement Plan: Collection of retirement benefits under the Arizona Board of Regents Optional Retirement Plan prohibits the existence of any form of agreement or arrangement, whether formal or informal, between the university and the participant concerning re-employment with NAU. "The determination of whether a Participant has terminated employment with all Employers² shall be based on all the facts and circumstances in connection with such termination (e.g., the existence of a written or oral arrangement providing for the Employee's re-employment at some date in the future will be evidence that termination of employment has not occurred, etc.)." "In no event shall a Participant be considered as having terminated employment if, as of such date of termination, the Participant has entered into an express or implied contract (whether written or oral) for re-employment of the Participant with any Employer at some future date." Arizona Board of Regents Optional Retirement Plan at Section 2.20(c).
2. Arizona State Retirement System³: For employees retiring under the ASRS definition of "normal retirement", there are restrictions on the amount of work that can be performed (e.g., working 20 hours or more per week for 20 weeks or more in any fiscal year will cause the member to return to active status in the ASRS plan). A member who has been retired for 12 months (while

² The Arizona Board of Regents Optional Retirement Plan provides at Section 2.11 the following definition: "Employer. 'Employer' or 'Employers' means the employing unit(s) under the jurisdiction of the Board which employ the Employees electing to participate under the Plan." The units under the jurisdiction of the Board are: Northern Arizona University, University of Arizona and Arizona State University.

³ Terms such as 'Normal Retirement' are as defined by the Arizona State Retirement System guidelines.

not meeting the conditions for ASRS active membership) may return to work or continue to work any amount of time and continue to receive pension benefits (he or she will not have retirement contributions withheld from his or her pay, and will not accrue additional credited service or long term disability (LTD) benefits). ARS §§ 38-764I, 38-766 and 38-766.01; See also pp. 33-35 of *Getting Ready for Retirement* handbook published by ASRS at www.asrs.state.az.us/content/pdf/Get_Ready_Retire.pdf.

IV. Procedures

- A. The provost will administer the VSRIP. The administrative interpretations and determinations of the provost and president, or designee, on all issues, including but not limited to, eligibility to participate and limits on participation under Section II, paragraph D, shall be final and conclusive. The Human Resources Department will provide benefits and retirement related information and services. Information about the VSRIP will be available on the NAU Office of the Provost website at www.NAU.edu/provost and on the NAU Human Resources website at <http://hr.nau.edu/m/>.
- B. The enrollment period for VSRIP is November 16, 2009, to January 15, 2010.
- C. Except by reason of death or disability, eligible employees electing to participate in the VSRIP must remain in good standing and perform their job responsibilities until the effective date of resignation or retirement in order to maintain eligibility to participate in this program. Participants are expected to work cooperatively with their chairs, directors and/or and deans to ensure the smooth transfer of on-going responsibilities to others.
- D. The authority to establish this policy is granted to the president by Arizona Board of Regents Policy 6-607. Modifications or exceptions to this policy may only be made by the president. The university may amend or terminate the VSRIP at any time and for any reason before any acceptance decisions are made. Acceptance into the VSRIP is considered final once signed by the president.

V. Miscellaneous

- A. The list of Frequently Asked Questions that has been prepared to assist potential participants is incorporated into the VSRIP Policy. If a conflict arises between the VSRIP policy and related documents, including the Frequently Asked Questions, and the Arizona Board of Regents Optional Retirement Plan (ORP) or the Arizona State Retirement System (ASRS) documents, the ORP and ASRS documents will govern, followed by the VSRIP Policy.