Staff Retirement Incentive Program – June 30, 2019 through August 31, 2019

(FAQs for WebSite)

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1) Background

Why is the University offering this program?

The University is offering a Staff Retirement Incentive Program for full-time exempt and non-exempt employees who meet the criteria to participate. This voluntary incentive program will give some employees the ability to retire earlier and will allow the University the opportunity to review staffing levels.

Who is eligible for this Staff Retirement Incentive Program?

The Staff Retirement Incentive Program (“Program”) is offered by the University of Notre Dame to regular full-time (according to e-class; 30 hrs. or more) exempt and non-exempt non-faculty employees who are not under a written employment contract with the University, nor a member of a religious congregation or order, and either:

1. Have attained at least age 62 as of January 1, 2019, and will have at least ten (10) Years of Service at the University as of June 30, 2019; or
2. Have attained at least age 55 as of January 1, 2019, and will have at least fifteen (15) Years of Service at the University as of June 30, 2019

What is the Incentive?

The amount of the incentive payment is determined by the following formula: 4% of the employee’s final annual salary, multiplied by the employee’s years of service. The incentive payment shall in no event exceed the employee’s final annual salary. “Final Annual Salary” means the employee’s rate of annual base salary in effect on July 1, 2018. The incentive payment will be paid in a lump sum within 30 days of the employee’s date of retirement, reduced by withholding for federal, FICA/Medicare, state and local taxes.
Will we be offering another retirement incentive for those who just missed out on this opportunity?

This is a window opportunity and not sure when or if it would be offered again. The last time a voluntary program was offered was in 2011.

Can eligible employees be forced to accept the program?

No, it is a voluntary program. If the employee says that they are getting pressure to retire or not retire, please refer them to their HR Consultant to discuss.

2) Timeline

When and how will the individuals who are eligible for this incentive be notified?

The employees eligible for the program will be notified by letter no later than February 1, 2019. The letter will include details about the incentive for which they will be eligible and the election process.

Will there be special information sessions for eligible employees?

There will be several information sessions available for eligible employees. During February and March, there will be information sessions to review the details of the program, retiree benefits available upon retirement, and other information to be considered as one reflects on whether this is the appropriate time to retire. During February through April, one-on-one meetings with retirement vendors will be available to review investments and distribution options upon retirement. Ongoing sessions of NDRetire will also be available. There will also be opportunities for those employees to have individual meetings about their pension benefit.

When will eligible employees need to declare that they are interested in retiring as part of this program?

To be eligible for the incentive payment, an eligible employee must make an election to retire under the Program. An employee makes the election by completing the election form and returning it to the Office of Human Resources (specifically, Kevin Mospan) no later than April 30, 2019. After completing the election form, the employee will retire (i.e., voluntarily terminate employment) on one of the following dates as specified in the election form: June 30, July 31, or August 31, 2019. If the employee voluntarily resigns from employment with the University, is terminated from employment by the University, or dies prior to retiring from the University under this Program, the employee shall not be entitled to and shall not receive the incentive payment.

Do employees have to wait until the retirement period or can they leave earlier?

The retirement dates of the incentive program are June 30, July 31, and August 31, 2019. Only employees retiring on these dates with an executed separation agreement will be eligible for the incentive (and executing the program election form by April 30, 2019).
Are employees who retire eligible to be rehired?

Employees will not be eligible to be rehired by the University as a regular employee. They can be eligible for hire by the University only as a temporary or on-call employee after 90 days have elapsed following the date of retirement.

3) Supervisors/Managers

How will supervisors/departments know that they have employees who will be offered this incentive?

Department managers and supervisors will be provided the names of the employees eligible for the program. Eligibility will be finalized and communicated no later than February 1, 2019.

What is the impact on departments?

The incentive for the employees retiring is being funded centrally by the University so there is no cost to the department for the employee who is retiring. The department will lose 50% of the total funding of the position that is vacated by the employee retiring. For example, if the employee was earning $30,000 and decides to retire, the department retains $15,000. While the department does retain 50% of the savings, the new position management process still requires any replacement or new position to be approved.

Where can employees see a list of those who are/aren’t eligible for the Staff Retirement Incentive Program?

There will be a list posted on the website by title (not name) of those eligible and ineligible. The list will also be available in paper form upon request.

4) Pension/Retirement Plans

If employees are under age 59-1/2 can they get access to their 403(b) money without penalty?

Yes. Retirement is a separation from employment which permits a distribution (withdrawal of funds) from the 403(b) Plan. They should be advised to discuss with their retirement vendor.

Where can the employee get a pension estimate? Can they get help with Your Pension Resources (YPR)?

Employees who are active participants in the Pension Plan can access YPR to informally get their pension estimate. Those who may not be able to access YPR (such as employees with breaks in service or who have transferred between exempt and non-exempt status) will be provided with statements communicating their accrued benefits. Human Resources will request a pension kit for anyone who elects retirement under the voluntary program.
Can the employee start taking Social Security now?

The earliest an employee can collect Social Security (unless they are eligible for disability benefits) is age 62. Employees should be advised to meet with a representative at the local Social Security Office to find out the specifics of their Social Security benefit.

5) Retiree Benefits

Will the employees get all the ND retiree benefits?

Yes. As retirees, they would be eligible for the retiree benefits that other retirees are eligible to receive.

What are the retiree benefits?

See benefits listed on website.

Educational Benefit – will the employee’s child continue to receive the benefit?

The education benefit continues only if the employee has 25 or more years of consecutive full-time employment.

6) Miscellaneous Questions

How will vacation be treated for employees who retire under the program?

All of the retirees will also receive a payout of any unused vacation time in addition to the incentive payment. The vacation payout is funded by the department.

What types of things should the employee consider when looking at this program?

- tax implications
- are you emotionally ready?
- are you financially ready?
  - retirement income
  - current or expected debt
- can you afford medical coverage?

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