EXECUTIVE ADMINISTRATORS (NON-BANDED)
PHASED RETIREMENT INCENTIVE PROGRAM

I. PURPOSE

Upon entering phased retirement, the employee will be permitted to reduce their workload for up to two academic years and, in return, voluntarily agrees to retire by the end of that period. The employee may retire after fewer than two academic years. The choice of how to achieve a reduced workload will be made by mutual agreement of the employee and their supervisor, subject to approval of the President. Employee’s base salary (calculated as of January 18, 2017) will be reduced according to the percentage in workload reduction and paid according to UND’s regular payroll schedule.

As part of this Phased Retirement Incentive Program, UND is offering an Incentive Payment during the first year of the phase down period for those employees who apply by February 15, 2017 at 4:30pm and are accepted to participate in this program by March 15, 2017. Accepted employees will receive twenty-five (25) percent of their regular FTE salary over their proportionally reduced salary for the first year of the phase down period (less all required federal and state taxes and deductions as required by law). Employees will receive payment commensurate with reduced workload for the remaining years of the phase down period.

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

A. Reducing salary, wage and benefit costs in anticipation of imminent funding challenges.

B. 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.

C. To the extent possible, and in the context of the long-term fulfillment of the University’s mission, minimize the scope and/or number of involuntary terminations.

This is anticipated to be a unique and limited offering by UND, with a 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/or initiate similar programs in the future. Participation in the program is voluntary for both the University and the Executive Administrators. Executive Administrators are not guaranteed participation in the Phased Retirement Program, and the decision to approve an applicant is entirely at the discretion of UND.
UND anticipates approving as many applications as possible. The University has discretion to limit the total number of applicants approved for reasons, including but not limited to, preserving the vitality of the affected programs and services, as well as the integrity of financial resources.

II. ELIGIBILITY CRITERIA AND LIMITATIONS

Phased-Retirement is not an entitlement or benefit. It is intended to be a tool for UND to meet both the imminent funding challenges and to meet the long-term fulfillment of the University’s mission, with a specific focus on budget reduction. It is also an attempt by the University to offer specific phased retirement terms that recognize the invaluable contributions of its Executive Administrators while operating under the University’s current financial constraints.

All employees who meet the minimum eligibility requirements are invited to apply; however, not every individual meeting the minimum requirements and submitting an application may be approved. Proposed “phase-down” terms will be negotiated by the supervisor in consultation with the respective Vice President/President. The Vice President/President may determine that they cannot recommend an applicant’s proposed phase-down terms for approval based on budgetary and programmatic demands. If the applicant is not a Vice President, the appropriate Vice President, will make a recommendation to approve or deny each application to the President. For Vice President applications, the President retains the sole discretion over the eligibility and approval of any phased retirement application.

The decision to apply for participation in the program by any eligible employee is strictly voluntary on the part of the employee.

A. Eligibility Requirements and Limitations

Individuals meeting the following criteria are eligible to apply for the Phased Retirement Program:

1. The individual must be a non-banded Executive Administrator currently employed at UND. Non-banded staff is defined as including: Presidents, executive deans, vice presidents, provosts, deans and other officers responsible for a major unit of an institution who report directly to a president, vice president, provost, or executive dean.

2. The individual meets 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 (e.g. 55 years old with 10 years of benefited employment)

3. The individual must meet these eligibility criteria not later than February 15, 2017.
4. The individual must review and acknowledge the Phased Retirement Program Guidelines and Application for participation prior to February 15, 2017 at 4:30pm.

B. Exclusions

The following individuals are NOT eligible for participation, even if they meet the criteria in Section A above:

1. Employees who have given written notice of their intent to retire or resign prior to January 18, 2017;
2. Employees who have participated or are currently participating in a Phased Retirement prior to January 18, 2017;
3. Employees who are rehired retirees;
4. Employees who have previously entered into an agreement with a predetermined employment end date;
5. Employees who have accepted other employment at another institution of higher education or any other employment;
6. Employees who have resigned on or before the program implementation (January 18, 2017) and whose resignations have been accepted;
7. Any employee who has received notice of termination, notice of non-renewal or cancellation of employment contract on or before January 18, 2017.

C. Application Procedure and Review

1. Review Phased Retirement Program criteria for eligibility. If you have questions regarding your eligibility, please contact the UND Office of Human Resources by email at: und.hr.VSI@und.edu. Please note: the UND Office of Human Resources is the only official source of information/interpretation for this program. Any questions received will be responded to in writing by a representative of the UND Office of Human Resources.

2. Applications will be made available at the UND Office of Human Resources located in Twamley Hall Room 313. Applications can also be found online at: http://und.edu/finance-operations/human-resources-payroll/phased-retirement.cfm.

3. As part of the application process, the eligible individual employee and their supervisor will each make a good faith effort to develop a mutually acceptable plan of reduced workload by the eligible employee during the period of phased retirement.

4. Eligible employees are required to obtain conditional approval of the mutually acceptable plan of reduced workload by the eligible employee from their respective supervisor/Vice President. Signature of supervisor on the application will represent conditional approval on a mutually acceptable plan of active involvement but will not be considered final until reviewed and accepted by the President.
5. Eligible employees must submit completed applications for consideration in the Phased Retirement Program to the UND Office of Human Resources. Applications are encouraged as early as possible with the **final deadline for consideration being no later than 4:30 p.m. CST on February 15, 2017**. Applications can be submitted in one of two ways:
   a. Hand Delivered to UND Office of Human Resources, Twamley Hall Room 313, or
   b. Sent via email to: und.hr.VSI@und.edu.

   **It is the applicant’s responsibility to ensure that their application was received by the application deadline. UND encourages applicants to contact the Office of Human Resources to confirm receipt of their application.**

6. The Office of Human Resources will assure accuracy, completeness and verify eligibility for each application. The Vice President and President, will evaluate the applications received in relation to the objectives of the phased retirement program and specifically document that information. The President will determine the conditional approval or denial.

7. Conditionally approved applicants will be provided with a phased retirement agreement for their review. Conditionally approved applicants will have forty-five (45) days, from the date of the agreement is made available to the approved applicant, to review, consider and accept. Once acceptance of the agreement is submitted, approved applicants will have a period of seven (7) days to revoke their acceptance. During this time, approved applicants are encouraged to seek advice from their financial, legal and/or tax counselors and to contact the office of Human Resources with their 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.

8. The President’s decision on each application will be communicated to the applicants as soon as practicable.

9. **There is no expectation that all Phased Retirement Program applications will be approved.**

10. Employees waive all associated rights to continued employment as part of participation in the phased retirement program at the time of acceptance of the phased retirement agreement.

D. **Incentives**

1. Approved applicants will reduce their workload and have their annual base salary proportionately reduced but will receive twenty-five (25%) percent of their regular FTE salary over the proportionately reduced salary for the first year, less all required federal and state taxes and deductions as required by law. During the second year, approved applicants will receive a salary
commensurate with their reduced workload, less all required federal and state taxes and deductions as required by law. (Year one and two compensation referred to jointly as “graduated scale of pay”). The phased retirement will be executed as follows:

a. Employee will be compensated according to the regular payroll schedule;

b. The phase-down 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 eligible employees will receive a graduated scale of pay for reduced workload. All other rights related to employment will be relinquished at the time of acceptance of a phased retirement agreement.

c. Employee will separate from the University on their Retirement Date.

2. No change in base salary within the ninety (90) days prior to January 18, 2017 will be taken into account in determining the employee’s base salary for use in the incentive calculations. Additionally, during the phase-down period, eligible employees will not receive and are not eligible for salary increases or promotions—merit-based or otherwise.

3. An eligible employee 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.

4. As long as the eligible employee maintains at least a 50% workload/compensation rate during a contract period, an eligible employee in phased retirement will continue to be eligible for all University benefits available to full-time employees, with the understanding that salary-sensitive benefits such as retirement contributions and life insurance coverage are based on one’s actual rate of compensation. Employees dropping below 50% will no longer be eligible for University benefits. Any pay and benefits received as a result of employment with UND will terminate or cease in accordance with the terms of those established laws, policies, plans and procedures.

5. As of the start date of the Phased Retirement Agreement, the employee may be eligible to access their TIAA retirement funds, according to the plan document and applicable federal rules and regulations.

E. Tax and Financial Consequences of Participation in the Phased Retirement Program

1. 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/CREF) 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/CREF or any other retirement program financial provider, whichever is applicable, for processing within the required timelines of the program.

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

3. No employee of UND is authorized by UND 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.

F. Conditions

1. Not every individual application may be approved. The President has sole discretion over the determination of eligibility and approval or denial of any individual application to the Phased Retirement Program in order to achieve specific institutional objectives. Nothing in this program shall be construed to create a right or entitlement to any employee.

2. The approved applicant will separate from all employment at UND no later than June 30, 2019.

3. In consideration for participation in the Phased Retirement Program and the receipt of incentives described herein, accepted applicants must voluntarily accept and sign a phased retirement agreement that contains a release of all continuing employment rights and any and all claims against the University of North Dakota and/or North Dakota University System, including but not limited to any claim against their officers, employees, agents, attorneys, insurers and/or their assignees.

4. Eligible employees who are not accepted for the Program will be given notice of that decision and have 60 days to submit an appeal to the Administrator, the Office of Human Resources.

5. Eligible employees electing to participate in the program will be required to execute a formal agreement and release of claims against the University, including claims arising under the Age Discrimination in Employment Act, and must be given at least forty-five (45) days within which to consider the agreement. In addition, such eligible employees must be given a period of
seven (7) days after executing such a waiver to revoke her/his acceptance of the waiver.

III. Schedule for the Incentive Program.

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
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<tbody>
<tr>
<td>Materials sent to all eligible employees, including a letter to the employees, a program description, frequently asked questions and answers, an application for participation, and work plan request form</td>
<td>January 15</td>
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<tr>
<td>Application Deadline</td>
<td>February 15</td>
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<tr>
<td>Decision on Application</td>
<td>March 15</td>
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<tr>
<td>Agreement letter delivered to eligible employees accepted for program</td>
<td>April 15 preceding phase-down period</td>
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<tr>
<td>Signed agreement due back from employees</td>
<td>May 31</td>
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<tr>
<td>Revocation period ends</td>
<td>June 7</td>
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<tr>
<td>Phase-down period begins</td>
<td>July 1</td>
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<tr>
<td>Phase-down period ends, Retirement date</td>
<td>June 30 [Maximum 2 years] following commencement of the phase-down period</td>
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