

2007-08
SUPPORT STAFF COUNCIL
RETIREMENT INCENTIVE PAYMENT PROPOSAL

PROBLEM STATEMENT:

Indiana State University offers retirement incentives for EAP staff and Faculty but not for Support Staff. This has led to morale problems and feelings of inequity. Many Support Staff do not stay at ISU until retirement which is costly to the University in recruitment and training as well as down time.

For Support Staff retirees under Public Employees Retirement Fund, there may also be a gap of several months between the time employment ends and retirement payments begin. This incentive payment structure will assist Support Staff retirees in being able to bridge that income gap.

The Retirement Proposal submitted for review, while slightly different than what is currently offered for EAP staff and faculty, offers an immediate resolution to these issues. This proposal also recognizes the need to improve Support Staff retention and eliminate costly retraining expenditures.

RECOMMENDATION:

The Salary and Employee Benefits Committee proposes that the following retirement incentive be implemented for Support Staff at Indiana State University effective July 1, 2007.

JUSTIFICATION:

For the 2005-06 and 2006-07 fiscal years, a total of 28 support staff employees retired.

The following table shows the actual sick leave payout, the payout if this proposal was in place, and the difference. As you can see the proposal is more than five times the actual payout. The number of support staff who stay at ISU until retirement is about half or less of retiring faculty. This proposal is perceived more as an investment in Support Staff. Although this proposal will cost more, ISU should be able to retain good Support Staff to retirement under an incentive program consistent with that of Administration and Faculty.

Sick Leave Payout	Payout under Proposal	Difference
\$74,347.69	\$424,549.42	\$350,201.73

IMPLEMENTATION GUIDELINES – TIMELINES:

Guidelines

1. Based on length, the benefits eligible retiree shall qualify for retirement incentive pay if employed by the University for 20 or more consecutive years and who is age 60 or older by the date of implementation.
2. Retirement should be arranged one (1) year in advance of the requested retirement date.
3. Retirement may begin with any time following attainment of age 60 with 20 years of service.
4. The retirement incentive payment will be disbursed with the last paycheck to be received by the retiring employee. This proposal will replace payment of sick leave upon retirement that is currently in effect (Indiana State Handbook, Support Staff, and section IV-11).

Timelines

Years of Service

Percent of Last Year Salary

20 years

70 %

21-29 years

70 % Plus 1% per year for each year over 20 years

30 or more

80 % maximum