

Western State College of Colorado Tenured Faculty Voluntary Separation Incentive Plan

Frequently Asked Questions

1. What is it?

The Western State College Tenured Faculty Voluntary Separation Incentive Plan is a program that offers financial incentives to eligible tenured faculty who voluntarily decide to leave their position at WSC. Participation in the program is completely voluntary and subject to approval of the President, in consultation with the Cabinet.

2. Why is the Voluntary Separation Incentive Plan being offered?

The administration explored offering eligible faculty an opportunity to apply for participation in a voluntary separation incentive Plan (VSIP), in order to achieve budget reductions and reward long term employees. The Board of Trustees approved and authorized the plan on December 11, 2009 and the plan has the approval of the State Controller and the Governor's deputy counsel, as required.

3. Who is eligible to participate in the VSIP?

Tenured faculty members with twenty (20) or more years of service as of December 11, 2009 at Western State College are eligible for this voluntary plan. The length of service at WSC includes credit for partial years and/or temporary years at the beginning of the faculty member's service and credit for this fiscal year to date; the total is rounded down to full years. Faculty who have previously announced retirement or been approved for transitional retirement are not eligible.

4. Will every eligible faculty member be approved to participate?

No. The decision to approve or deny an application from an eligible faculty member will take into account the financial benefit gained, the impact on the College and its academic programs, and the decision will be made with the best interests of the College in mind. Final approval of any separation incentive application will be at the discretion of the College President with input from the cabinet.

5. What are the Plan Requirements

Faculty who agree to accept the terms and conditions of the VSIP will surrender their tenure status and relinquish all rights to continued employment on the agreed upon date of employment separation. If the President approves the application, the faculty member will then execute a Voluntary Separation Incentive Agreement. The individual agreement is available for you to read on the Human Resources webpage. The individual agreement contains waivers of certain rights under the law and employees are encouraged to seek legal counsel before signing it.

6. How does a faculty member apply?

Eligible faculty may apply for participation in this VSIP by submitting their application to the Director of Human Resources **no later than 5:00 pm on January 25, 2010**. The application must include the faculty member's proposed separation date, which must be on or before June 30, 2010.

7. What are the Incentives to participate in the Special Retirement Program?

- a) Separation Payment - Eligible faculty members who accept the VSIP offer will receive a separation payment equal to \$1,000 for each year of service at Western State College. Faculty will receive payment in one lump sum. Federal and state taxes will be deducted from each

payment. Payments under the agreement are offered as an inducement to separate from college employment and are not considered earned wages for retirement purposes, and will not generate contributions to any retirement plan, nor will the payments affect the highest average salary calculation for PERA benefits.

- b) **Health Insurance Subsidy** - Each eligible faculty member who accepts this VSIP offer may elect to continue participation in the College's medical insurance program and dental insurance program as COBRA eligible, for the period of time allowed under the then current COBRA law. After COBRA is exhausted, retirees under age 65 may immediately elect to participate in the CHEIBA retiree plan. Those eligible for PERACare or Medicare, may elect those health care options, as well. For a period of 24 months, the College will contribute *up to* \$300 per month for the actual cost of continued health insurance coverage, whether employee only or family and whether coverage is through continued Western State College group coverage (COBRA and retiree plans), PERACare, or Medicare. If the actual cost to the participant is less than \$300 per month, the College will subsidize only the actual cost.

8. May the faculty member return to teach at Western State College?

Participating faculty may have the opportunity to return to campus as temporary faculty under temporary salary structures and temporary employment terms. Because of PERA restrictions which protect the retiree, participating PERA faculty who retire will not be able to work at Western State College during the entire calendar month following date of retirement. Return to a temporary appointment at Western State College will be at the sole discretion of the President.

9. If I return to Western State College to teach, will I need to contribute to a retirement plan?

If you are a PERA retiree receiving PERA benefits, under today's PERA rules, you will not contribute to a retirement plan, as long as you are less than a .5 FTE. (this is subject to change). In the event a temporary appointment is .5 FTE, PERA retirees would be required to contribute to the defined contribution pension plan (DCPP).

If you are a DCPP retiree and return to teach at any FTE percentage, you will continue to contribute to the Plan, and the College will contribute an amount equal to 11.4% of your salary to your Plan.

10. I am not a PERA retiree. I contribute to the Defined Contribution Pension Plan (DCPP), TIAA CREF Fidelity, or AIG. May I withdraw funds if I accept the VSIP?

Yes. When you retire from Western State College, you are entitled to your entire DCPP account balance. Depending on the sponsor and the type of investment you have selected, you may be able to take the balance as a lump sum payment, take the balance in installments, take a partial distribution of the account, convert the balance to an annuity which provides monthly payments for life, leave the account with the investment company for a distribution at a later date, or roll the balance into another IRS-approved, tax-qualified plan. Keep in mind that the rules for distribution may change as tax laws and regulations change. It is important that you consider all income tax implications and other consequences in connection with the distribution of your DCPP account.

11. What if I can't decide by January 25, 2010? Will this incentive be offered again?

This VSIP is offered now as a result the state's current economic condition and resultant budget reductions to higher education. There is no guarantee that the incentive program will be offered again.

12. Who should I contact with questions?

You may contact the Director of Human Resources, Kim Gailey by phone at 943-3142, by e-mail at kgailey@western.edu, or in person at 209 Taylor Hall.