

**RECOMMENDATION TO THE BOARD OF TRUSTEES
UNIVERSITY OF LOUISVILLE
CONCERNING RETIREMENT INCENTIVE PLAN**

Board of Trustees – November 13, 2008

RECOMMENDATION:

The President recommends that the Board of Trustees approve a one-time Retirement Incentive Plan (the "Plan") to be offered to regular full-time tenured faculty at the University who will have a combination of age and years of service equal to or greater than 91 as of June 30, 2009.

That the President, or his designee, is authorized to enter into binding agreements and take other steps needed to effect the Plan; and

That the following apply:

- Service, though it need not be continuous, must be as a result of a regular full-time faculty appointment at the University of Louisville. The faculty member's status on June 30, 2009 will determine eligibility for the Plan. Employees who select to separate under the Plan must remain in a full-time employment status until June 30, 2009.
- Employees who for any reason fail to remain in a full-time employment status until the above date will not be eligible for any payment under the Plan even though they may have submitted a written election. Employees who die or become medically disabled during the period prior to June 30, 2009, shall not be eligible for any payments under the Plan.
- Separations under the Plan must be scheduled to occur on June 30, 2009. In order to be eligible for the Plan, employees must make a written election through appropriate administrative channels in the prescribed form no later than two months prior to the elected date (April 30). Once an employee has been approved for participation in the Plan and an agreement has been executed, subject only to the exceptions for failure to maintain full-time employment status, death or disability, the election shall be irrevocable unless written notice of revocation is received within seven days of the date of execution of the agreement.
- The university will pay to the eligible individual faculty member an amount equal to 100% of the faculty member's faculty annual base salary exclusive of any supplementary or overload pay, x-pay amounts, and summer teaching pay. One half of this amount will be paid to the faculty at the time of separation, the other half in the following fiscal year.
- For retirees younger than age 65 the university will provide an additional payment equal to the amount of monthly employer contribution towards university health insurance times the number of months until age 65. One half of this payment will be paid to the faculty at the time of separation, the other half in the following fiscal year. Retirees 65 and over will be eligible for regular benefits provided for any retiree age 65 and over.

- The total payments by the university under the Plan are not to exceed 5 million dollars. In the event this total is over subscribed, priority will be determined by ranking applicants in each academic unit on the combined years of age and service from highest to lowest within unit allocations as determined by the president. In the event of a tie with age and service then the length of service is the determining factor. The University reserves the right to increase funding to the Plan.
- As a condition of participating in the Plan, each faculty member will agree not to apply for or accept employment with the University after his or her retirement date, excepting only term or part-time employment if requested by the university.
- These payments are taxable wages and will be administered as x-pays through Payroll.

This plan supersedes and replaces any previous plans, arrangements or customs regarding retirement incentives previously used in any University unit.

BOARD ACTION

PASSED _____
DID NOT PASS _____
OTHER _____

Kathleen M. Smith
ASSISTANT SECRETARY