

VOLUNTARY SEPARATION INCENTIVE PROGRAM ANNOUNCEMENT
February 25, 2013

As President Ramsey announced in his 21st Century Status Report to the University community, the University of Louisville is considering a Voluntary Separation Incentive Program (VSIP) that would provide eligible faculty and staff a financial incentive to separate from employment status. This is a one-time opportunity; we do not anticipate offering similar incentive plans in the future. In order to determine the level of interest in such an incentive and the feasibility of offering the program, we need to know how many individuals are likely to take advantage of it.

Please review the proposed eligibility criteria and benefits outlined in this announcement. Then, if you qualify and are interested in the program, please complete the confidential expression of interest at www.louisville.edu/hr/VSIP by Friday, March 15. **The expression of interest is non-binding and does not obligate you** to accept the incentive or to separate from employment. You do not need to disclose your interest to your department chair or director at this time. However, we will base our decision to move ahead with the incentive on the number of people who express interest by March 15.

Eligibility Criteria

- Minimum of seven years of service in a retirement-eligible position at UofL.
- Any combination of years of service and age that totals at least 75.
- Any partial year of service counts as a full year of service.
- Age is attained age as of December 31, 2013.
- Must be in active employment status as of the “program effective date” on May 1, 2013 and hold a continuing appointment, not subject to a specific termination date.
- Term faculty and temporary employees are not eligible.

Note: An employee must be in active employment status and hold a continuing appointment as of the “program effective date” of the Voluntary Separation Incentive Program on or about May 1, 2013 in order to be eligible. Selected examples of the effective date on employee eligibility include:

- An employee who has announced plans to retire (or to participate in the Phased Retirement Program), but who would otherwise be eligible and who has not yet retired as of the effective date, remains in active employment status and would remain eligible to participate in the VSIP.
- A faculty member who is already participating in the Phased Retirement Program has already tendered a resignation from his or her tenured faculty appointment and is subject to a specific employment termination date. These faculty would not be eligible to participate in the VSIP.

- An employee who is on Family Medical Leave or Temporary Medical Disability remains in active employment status (although they may be on leave without pay), holds a continuing appointment, and would remain eligible to participate in the VSIP.
- An employee who has received a Reduction-in-Force notice or whose employment letter includes a specific employment termination date does not hold a continuing appointment. These employees would not be eligible to participate in the VSIP.

Incentive Program

- The basic incentive for board-appointed administrators and staff employees will be six months of annual base salary (excluding salary supplements).
- The basic incentive for tenured faculty will be 12 months of annual base salary (excluding salary supplements). Faculty who hold board-appointed positions will be governed by faculty eligibility. The additional incentive for tenured faculty recognizes the property-right equivalent of tenure.
- The incentive may be paid as a one-time lump sum payment upon separation or paid in six or 12 equal installments (equal to the number of months of incentive payment) at the election of the employee. Incentive payments will not include retirement matching or other benefits.
- While faculty relinquish tenure upon separation, voluntary separation incentive program participants remain eligible for such continuing association with their home academic departments as routinely and customarily extended to retirees, including the ability to teach on a part-time, contract basis.
- All employees who have not reached age 65 may continue to participate in the University's health plan until they become Medicare eligible. As part of the voluntary separation incentive program, the University will pay 50% of the health plan subsidy that applies to regular full-time employees for up to three years. After three years, the University will pay the regular retiree health subsidy (described below).

Continuing Affiliation with the University

The University believes strongly that faculty and staff who are interested can and should have a continuing role within their department or school following their formal departure from the University. Our University would like to encourage faculty members who are interested in having a continued affiliation with the University to discuss with their dean the ways in which they can continue to support their department, school, or college. Examples might include having shared office space, participation in departmental meetings, access to U of L internet service, access to University events and facilities, etc.

Regular Retirement Benefits

In addition to the separation incentives above, regular retirement benefits will continue to be extended to program participants:

- Administrators and staff who earn vacation leave may be paid for accumulated leave up to two times their annual leave accrual amount, up to a maximum of 44 days, paid as a lump sum upon separation or by remaining in pay status.
- Staff who earn sick leave may be paid for up to 30 days of accumulated sick leave, paid in a lump sum upon separation or by remaining in pay status.
- Retirees who are not Medicare eligible, but who have used their three-years of VSIP enhanced-subsidy retiree health, will remain in the UofL health plan and receive a subsidy of \$108.10 per month for themselves and an additional \$108.10 per month for a spouse or partner.
- Retirees who are enrolled in Medicare will receive a stipend of \$108.10 per month for themselves and an additional \$108.10 per month for a spouse or partner toward the purchase of a Medicare supplement insurance policy purchased through AARP.
- Retirees with dependent children will continue to be eligible for dependent tuition remission, consistent with the tuition remission policy in effect at the time of application.
- For other retirement benefits, see <http://louisville.edu/hr/benefits/retirement/retirees/>

Separation Date

- The activation date for the Voluntary Separation Incentive Program will be May 1, 2013.
- The employee's actual last day of employment will be agreed upon between the faculty or staff member and his or her supervisor and will generally occur within six or 12 months of the activation date, depending on the employee's employment status.
- Board-appointed administrators and staff employees will generally separate from employment within six months or by October 31, 2013.
- Faculty will generally separate from employment within 12 months or by the end of Spring Semester 2014.

General Information Open Forums

Human Resources staff will conduct general information open forums for interested employees on the following dates and times:

Belknap Campus, Ekstrom Library, Chao Auditorium

- Tue, Feb 26 1:00p – 2:30p
- Wed, Feb 27 11:00a – 12:30p

Belknap Campus, HR Training Room, 1980 Arthur St.

- Tue, Mar 5 11:00a – 12:30p

Health Sciences Center, Kornhauser Auditorium

- Wed, Feb 27 9:00a – 10:30a
- Thu, Feb 28 3:00p – 4:30p

Health Sciences Center, Abell Administration Building, Room 110

- Tue, Mar 5 3:00p – 4:30p

Shelby Campus, Founder's Union Building, Room 15

- Fri, Mar 1 3:00p – 4:30p

Individual Retirement & Benefit Counseling

Individual retirement and benefit counseling from TIAA-CREF and Fidelity Investments will be available by appointment beginning immediately. To schedule an appointment, please call Fidelity Investments at 1-800-642-7131 or TIAA-CREF at 1-800-732-8353.

Final Decision Deadline

While the Voluntary Separation Incentive Program remains contingent on approval by the Board of Trustees, upon the recommendation of the President and the Provost, your submission of the expression of interest will help the University determine if there is sufficient interest among staff and faculty and that it is financially feasible to offer this benefit. So, please help us with this planning effort by submitting your non-binding, confidential expression of interest form to Human Resources by Friday, March 15, 2013. The expression of interest form is available at www.louisville.edu/hr/VSIP.

If the Voluntary Separation Incentive Program moves forward, employees who have submitted an expression of interest will receive a draft Separation Agreement. Employees will then have at least 21 calendar days in which to consider the Separation Agreement and make a final decision regarding program participation. We expect that draft Separation Agreements will be distributed by April 1 and must subsequently be returned to Human Resources by May 1, 2013.

For additional information regarding the proposed Voluntary Separation Incentive Program, please attend one of the open information sessions listed above or check out the VSIP Frequently Asked Questions (FAQ's) at www.louisville.edu/hr/VSIP. If you have other questions, you are welcome to contact Lisa London at 852-4972, Lois Templin at 852-7735, or send an email to HRAdmin@louisville.edu. Thank you.

Sam Connally
Vice President for Human Resources