

**UNIVERSITY OF SOUTH FLORIDA SYSTEM  
EARLY RETIREMENT INCENTIVE PROGRAM FOR  
EMPLOYEES IN THE FACULTY PAY PLAN**

**FREQUENTLY ASKED QUESTIONS  
January 25, 2010**

1. What is the Early Retirement Incentive Program?

Voluntary retirement programs are often used by organizations who wish to enter into a mutually beneficial separation agreement by providing an incentive for employees to end their employment with the organization. This is often used strategically to reduce the recurring portion of the operating budget, and can be effective in preventing other actions such as lay-offs and/or furloughs. Waivers of liability are usually built into these programs as well. Enrollment is voluntary and is available to employees who qualify based on eligibility requirements.

2. Who is eligible for the Early Retirement Incentive Program?

An employee must meet the following requirements to be eligible for the Early Retirement Incentive Program:

- a. Have a least 10 or more years of active, continuous, salaried service as of August 6, 2010 (employed on or before August 7, 2000) in the University of South Florida system;
- b. Have a base salary paid from state (E&G) funds. Employees in E&G funded positions whose salary is currently bought out by external funds are also eligible to participate.
- c. Be in the faculty pay plan of USF Tampa (Academic Affairs and USF Health), USF St. Petersburg, and USF Sarasota-Manatee.

3. Which employees are excluded from participating in the Early Retirement Incentive Program?

The following employees are excluded from participating in the Early Retirement Incentive Program:

- a. Employees in their last year of participation in the DROP program.
- b. Employees who are currently enrolled in a Phased Retirement agreement.
- c. Employees who, before March 29, 2010, have received an offer of, or are in consideration for, future full-time employment at another institution/agency/company.
- d. Employees who have previously entered into an agreement with a predetermined employment end date during calendar year 2010.
- e. Employees who have resigned prior to the program implementation and their resignations have been accepted (excluding DROP participants not in their final year).
- f. Any employee who has received notice of termination or notice of non-renewal.
- g. Temporary ("OPS") employees.

4. What if I receive part of my salary through non-E&G funds?

Employees with multiple sources of funding for their salaries are eligible for the program, but the annualized payout will be made only on the basis of that portion of the salary supported with E&G funds.

5. How do eligible employees enroll in the Early Retirement Incentive Program?

In order to complete the enrollment process, the employee *must*:

- a. Submit a completed application form to the HR Office of his/her home campus during the specified time (see below). It is the employee's responsibility to ensure that the form is received in Human Resources by the specified deadline.
- b. Review and complete the Early Retirement Agreement and submit it with the application form.
- c. Retain personal copies of both documents for your files.

6. When can I submit my application?

Applications will be accepted from **Monday, March 15, 2010** (beginning at 8 a.m.) through **Wednesday, March 17, 2010** (ending at 4 p.m.).

7. What if I submit my application before March 15<sup>th</sup> or after March 17<sup>th</sup>?

Applications will not be accepted prior to 8 a.m. on March 15, 2010. Furthermore, any applications that are received after 4 p.m. on March 17, 2010 will not be considered.

8. Can I send my application via U.S. mail or campus mail?

The mode of delivery is your choice, but hand delivery is strongly recommended. If a delivery method is selected other than hand delivery, please be advised that there is no way to ensure that receipt will be in accordance with the specified program deadline. Any materials received before or past the dates specified in above (item 6) will not be accepted.

9. Where are the HR Offices where forms may be dropped off?

**USF Tampa's** (serving Academic Affairs and USF Health) is located in SVC, Room 2172. HR has a courtesy reserved parking spot for all guests. If you are interested in reserving the HR parking spot, please call (813) 974-2970.

Applications can be submitted on the **USF St. Petersburg** in Room BAY 206.

Applications can be submitted at **USF Sarasota-Manatee** in either Room B 112 or B 113.

10. How can I assure that administration is aware of when my paperwork was received?

Receipt of applications will be recorded by the HR Office. Each document will be time stamped immediately upon receipt with a record of the date and time the materials were received. Employees may request a copy of their time-stamped application form.

11. How will individuals be selected once the applications are submitted?

Applications will be processed on a "first come, first served" basis. They will, in essence, be processed in the order that they were time stamped in the HR Office.

12. What legal agreement will be required?

The Early Retirement Agreement sets out the terms and conditions of the employee's separation from the University. Any employee participating in the Early Retirement Incentive Program must sign an Early Retirement Agreement releasing the University from any potential liability. Prior to the completion of the Agreement, the employee will be given the opportunity to review appropriate documents and they may retain personal legal counsel to assist if desired.

13. Is the Agreement binding?

After the Early Retirement Agreement becomes final seven (7) days after submission, it is a legally binding contract which cannot be unilaterally rescinded or changed by either party.

14. What payment will the employee receive upon retiring from the University through the Early Retirement Incentive Program?

Participants in the program will receive:

A. A fully annualized one-year base salary paid in a one-time, lump sum amount, less applicable taxes and deductions. If the individual is receiving a stipend at the time of the Early Retirement Agreement, the stipend will not be included in the annualized calculation, but will be included in the lump-sum payment, less taxes and other deductions.

B. A one-time additional lump-sum payment of \$5,000, less applicable taxes, from non-state funds.

C. All accrued and unused annual and/or sick leave, paid out in accordance with Florida Law, Collective Bargaining Agreements, and applicable University Regulations and Policies that were in place at the time of the execution of the Agreement. The employee will receive the annual and/or sick leave payout after a final leave audit is conducted, which is usually approximately 30 days after the separation date.

15. Can an employee who separates from the University through the Early Retirement Incentive Program be rehired by the University?

Commensurate with provisions of University of South Florida System Policy #0-614 (<http://generalcounsel.usf.edu/policies-and-procedures/pdfs/policy-0-614.pdf>), there is no presumption of re-employment within and/or across USF System institutions. The guidelines of this policy are quite restrictive regarding full-time re-employment, especially

in state funded positions. After the moratorium period specified by legislative statute (six months), re-employment in short-term, temporary positions such as adjunct instructing is less restrictive.

16. Will this Program be offered annually?

There is no guarantee that the Program will be available in subsequent years.

17. Who can I contact to get more information about the Program?

Application forms and general Program information have been included with the e-mail announcing the program. For more information on retirement, you may contact the USF Retirement Coordinator, Donna Pepper, at (813) 974-9357.

18. How will my lump sum annualized salary payment be taxed?

It will be taxed as a supplemental wage payment at the IRS supplemental tax rate of 25%. Additionally, Social Security and Medicare taxes will be withheld up to the taxable wage base limits. For 2010, the Social Security taxable wage base is \$106,800 and there is no limit for the Medicare taxable wage base.

19. Will the additional lump sum payment of \$5,000 be taxed?

Yes, it will be taxed like the lump sum annualized salary payment.

20. Is there a way to delay part of the payment until a subsequent year to minimize the tax impact?

No, the payment will be made as a lump sum payment and it will be taxable in the year it is paid. (However, see question #23.)

21. Who can I contact if I have additional questions regarding the personal tax impact of the lump sum payment?

The university cannot provide individual tax or investment advice and recommends that you contact qualified tax counsel for assistance with individual questions regarding tax planning.

22. Are the lump sum payments eligible for retirement contributions and service credit?

The payments are excluded from the Division of Retirement's definition of compensation, and retirement contributions will not be made.

23. Can contributions be made to my 403(b) or 457 Deferred Compensation account(s)?

Yes, you may contribute to your 403(b) and/or 457 accounts up to the IRS annual limits. The 2010 IRS limits are \$16,500 for each type of plan (total of \$33,000). If individuals are age 50 or older, they may contribute an additional \$5,500, e.g., \$22,000 into a 403(b) account and an additional \$22,000 in a 457 account to maximize their deferrals (total of \$44,000). Please contact Donna Pepper at 813-974-9357 or [dpepper@admin.usf.edu](mailto:dpepper@admin.usf.edu) for more information regarding deferral elections.

24. Will I be eligible for COBRA insurance?

Yes, you will be eligible for COBRA insurance continuation for a period of up to 18 months. As a retiree, you will be eligible to elect retiree health insurance through the Florida State Employees Plan or you could choose COBRA. COBRA is also available to continue your Dental and Vision insurance. Upon retirement, you will receive information in the mail from People First, the State of Florida's benefits administration vendor that will provide details of how to enroll in retiree and/or COBRA insurance.

25. When will I know if I have been accepted into the program?

The University will begin to notify people of their status in the Program beginning March 29, 2010.