

**ACTION ITEM #3**  
Voluntary Early Retirement Incentive Program  
for  
Employees in the Washington State University Retirement Plan  
(Joan King)

TO ALL MEMBERS OF THE BOARD OF REGENTS

SUBJECT: Voluntary Early Retirement Incentive (VERI) program for eligible employees in the Washington State University Retirement Plan

PROPOSED: That the Board of Regents approve the attached Voluntary Early Retirement Incentive Program (VERI) for employees in the Washington State University Retirement Plan (WSURP), and authorize the President or his designee(s) to offer the incentive to any eligible member of the WSURP.

SUBMITTED BY: Joan King, Executive Director of Planning and Budget

SUPPORTING INFORMATION: The Board of Regents has authority pursuant to RCW 28B.30.095 and RCW 28B.30.150 to govern the affairs of the university, including the financial terms of employment of members of the WSURP. Due to continued budgetary uncertainty and projected loss of funding, adoption of such an incentive would assist the University in reducing its budget. The details of the plan are set forth in the attachment to this item.

## Voluntary Early Retirement Incentive Program for Employees in the Washington State University Retirement Program

Basic provisions of the Voluntary Early Retirement Incentive Program:

1. To be eligible for the incentive payment, the employee must be a current member of the WSURP, must have been a member of the WSURP for at least 10 years, must be 55 or older before the effective date of retirement, and must begin receiving a retirement payment as a result of their retirement if under age 62.  
  
Eligible employees who wish to receive the incentive payment must submit their application for retirement to WSU Human Resource Services and apply for the incentive no earlier than April 1, 2010, and no later than June 30, 2010. Retirement must be effective no later than August 15, 2010.
2. WSU will make a one-time payment of \$23,270 to the eligible retiring employee, which will on average, yield approximately \$18,000 of after tax benefit. Actual after tax benefit will vary based on individual tax status of the retiring employee. Participating employees may consult with their tax advisor to determine their individual after tax effect.
3. The incentive payment is not to be considered income for purposes of calculating retirement benefits, and an employee who accepts this incentive payment is not eligible for unemployment compensation.
4. Employees who prior to the adoption of this Plan had already submitted their notice of retirement or who had signed an agreement that identifies a retirement date are not eligible for the incentive unless they receive approval from the Provost and Executive Vice President to change their retirement date, and the cost savings to WSU of accelerating their retirement date exceeds the amount of the incentive.
5. An employee who applies for VERI is not automatically approved, and understands that the application will be reviewed prior to approval/denial. Denial can be issued if the cost savings to WSU is less than the incentive payment. If the application is approved, separation from service is mandatory.
6. An employee who receives this incentive payment may not return to service at WSU within five years of the date of retirement. However, employees who retire under this program may be eligible for temporary employment not to exceed .4 FTE, if such temporary employment is approved in advance by the Provost and Executive Vice President.
7. An employee's decision to participate in this program is entirely voluntary. Any employee accepting an incentive payment under this program must sign a form that states their decision to participate in this program is entirely voluntary and they fully understand the re-employment and other restrictions applicable to participation in the program.