ADMINISTRATIVE POLICY

Retirement Incentive Option 2020

Senior Leader: Ken Horstman, Interim Vice President
Responsible University Officer: Mary Rohman Kuhl, Interim Senior Director
Policy Owner: Mary Rohman Kuhl, Interim Senior Director
Policy Contact: maryrk@umn.edu

POLICY STATEMENT

The Retirement Incentive Option 2020 is a one-time, elected benefit program provided to employees who meet the eligibility requirements as described. It is intended to assist employees in funding retirement, as well as provide salary and fringe savings to colleges and units.

Employee Eligibility

An employee who wishes to retire under this program must be eligible for retirement from the University, and, accordingly, must either be age 55 or older with five (5) Years of Service; age 50 or older with fifteen (15) Years of Service; or be any age with 30 Years of Service. An employee must meet these age and service requirements as of the earlier of a) their date of retirement or b) October 19, 2020. An eligible employee must be actively at work in an eligible appointment of 75 percent time or greater and with an appointment term of nine months or greater on the last day of their employment. In addition, an eligible employee must actively work their scheduled appointment hours through their last day of employment. The appointment type must not be one of the employee categories, classifications, or groups excluded from eligibility as described below. The employee must not have waived participation in the State of Minnesota’s Health Care Savings Plan (HCSP) and must not do so.

An employee is ineligible for participation in this program if they are:

- certain term faculty (visiting or adjunct);
- academic professional and administrative employees with an appointment term of flexible hourly only, summer research only, lump sum only, or summer session only;
- 9755 Research Specialist, 9756 Community/Clinical Preceptor, or 9757 Industrial Fellow;
- hired for one semester without a search under non-competitive appointments;
- working in a temporary appointment, unless the employee was transferred from a continuing appointment to a temporary one within the same seniority unit and without a break in service;
- working in an hourly appointment (an appointment without scheduled hours of work, not an appointment for nonexempt work);
- 95xx employees;
- not actively at work or who are receiving benefits from the Academic Disability Program;
- previous participants in a Retirement Incentive Option;
- participating in another University exit program, voluntary or involuntary, to which the University contributes or has contributed monies, including but not limited to the Phased Retirement Program, the Non-Renewal Program or the Layoff Severance Program; or
- terminated for cause.

Benefits

Under the program, the University will deposit two amounts to the employee’s HCSP account, totaling $38,000. The first payment of $19,000 will be made shortly following the last day of employment. The second payment of $19,000 will be made in July, 2021, if the employee has not been rehired at the University in any capacity between the date of retirement and July 16, 2021. Additional information on the HCSP may be found at
The $38,000 University contribution to the HCSP is based on the University subsidy amount for medical coverage (wellness rates, base plan in the Twin Cities) and dental coverage (base plan in the Twin Cities) for 2 years (52 pay periods), at family rates. The total amount has then been rounded to the nearest $1,000.

If an employee fulfills the terms of the program, retires and signs the release, but returns to University employment prior to July 16, 2021, only the first payment will be made. If an employee retires and signs the release, but returns to University employment within 6 months of retirement, the employee must repay the initial payment of $19,000 to the University, in a lump sum, within 30 days of reemployment.

If an employee fulfills the terms of the program, retires and signs the release, but dies prior to the deposit to the HCSP, a taxable cash payment equal (in gross) to the amount of the HCSP lump sum will be made to the employee’s spouse, or if none, to the employee’s estate.

Retiree Medical and Dental Coverage

Participants in the program may continue medical and/or dental coverage in force at the time of retirement as retirees, subject to the terms of the program in which they participate (either UPlan or federal). An employee may elect to change medical or dental plans in the 60 days immediately preceding the effective date of retirement. Additional information on UPlan retiree coverage may be found at https://humanresources.umn.edu/benefits/benefits-retirees. If eligible employees wish to continue UPlan coverage, additional paperwork is required. If the retirement paperwork is not completed, retiree medical and dental coverage will not be continued after retirement. If the employee chooses not to continue coverage, the employee is not able to rejoin the UPlan Retiree Group in the future. Applications for retirement may be found in the forms section.

Program Participation

If an employee elects to participate in the Retirement Incentive Option (RIO) 2020, application must be made prior to October 19, 2020, or no later than the effective date of retirement, whichever occurs first. In all events, an eligible employee will have at least 45 calendar days to consider the program. The employee’s date of retirement must be no later than January 15, 2021, and will be determined through mutual agreement of the employee and the employee’s college, campus or administrative unit, following approval procedures specified by the unit.

An employee who is on a short work break (e.g., the summer months for an employee on a 9-month appointment) may not schedule their retirement date during the break. Retirement dates must occur during the course of an employee’s regular appointment. Any Professional and Administrative (P&A) employee who has received a non-renewal notice and has elected to work until the end of the notice period must retire prior to the last day of such notice period to be eligible for the program.

In exchange for participating in this program, the employee signs a release of all potential claims against the University. The employee may, however, rescind the University of Minnesota Retirement Incentive Option 2020 Release (Release) agreeing to participate in this program within 15 calendar days following their execution of the Release. Such rescission, as specifically provided for in the Release, must be made in writing and forwarded to the Total Compensation Department within the 15-day period. Any employee who rescinds a Release forfeits any benefit to the program; however, such employee’s termination remains irrevocable. An employee who rescinds a Release is not entitled to any future employment at the University of Minnesota.

Return to University Employment

An employee may not resume employment at the University of Minnesota in any capacity for a minimum of 6 months following the date of retirement. Any employee who participates in the RIO Program may only return to University employment in a position of no more than 19.5 hours per week (49% work effort). These positions are compensation-only positions; that is, they are not eligible for University benefits. No other reemployment is
permitted. Any RIO participant who returns to University employment prior to July 16, 2021 will forfeit all rights to the second HCSP payment of $19,000.

REASON FOR POLICY

This policy implements the resolution adopted by the Board of Regents on July 7, 2020. The Retirement Incentive Option 2020 is offered by the University to eligible employees in an effort to facilitate change within the collegiate and administrative units, as well as provide funds to help employees to pay for retiree health expenses.

PROCEDURES

RIO 2020 Procedure

FORMS/INSTRUCTIONS

RIO 2020 Agreement
RIO 2020 Release
Application for University Retirement

APPENDICES

ADEA Statistics
Special Considerations Chart

FREQUENTLY ASKED QUESTIONS

FAQ

ADDITIONAL CONTACTS

<table>
<thead>
<tr>
<th>Subject</th>
<th>Contact</th>
<th>Phone</th>
<th>Fax/Email</th>
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<tbody>
<tr>
<td>Total Compensation – For questions on how the program works or to discuss personal situations, including document processing</td>
<td>OHR Service Center</td>
<td>612.624.8647 or 800.756.2363</td>
<td><a href="mailto:benefits@umn.edu">benefits@umn.edu</a></td>
</tr>
</tbody>
</table>
| General Information or Procedural Assistance | Primary: Responsible administrator/supervisor  
2. Secondary: Local campus, college or administrative unit HR administrator  
3. OHR consultant (found at https://humanresources.umn.edu/employee-relations/hr-consultants) |                      |                    |

DEFINITIONS
Actively at Work

Working to the end of the regularly scheduled day and in a physical and mental condition to continue to work a full scheduled appointment for the foreseeable future. Actively at work does not include any form of leave of absence (full or partial), including, but not limited to vacation, personal leave, FMLA, or medical leave.

HCSP

An employer-sponsored program authorized by Minnesota State Statute, 352.98 and administered by the Minnesota State Retirement System. Employees invest in a tax-free medical savings account while employed by a Minnesota public employer (including a city, state, county, school district, or governmental subdivisions). Additional information may be found at https://www.msrs.state.mn.us/about-hcsp.

Retirement Incentive Option 2020 (RIO)

A one-time, elected benefit program provided by the University of Minnesota to employees who meet the eligibility requirements as described. It is intended to assist employees in funding retirement, as well as provide salary and fringe savings to colleges and units.

Year of Service

One full year of service is credited for each anniversary from the employee’s original date of hire through the last day of employment. A Year of Service will only include years in which the employee held an appointment percentage of 50 percent or greater.

RESPONSIBILITIES

Campus, College or Administrative Unit

- Provide RIO 2020 materials to eligible employees.
- Certify employee eligibility and determine years of service.
- Provide information to participating employees regarding the age distribution of eligible employees within unit and job class. (Refer to ADEA Statistics at www.umn.edu/ohr/benefits/rio.)
- Obtain necessary signatures on the RIO 2020 Agreement and, on the last day of employment, the RIO 2020 Release. Ensure that a correct EFS account number is provided to fund HCSP deposits.
- Enter appropriate information into the Human Resource Management System (HRMS)
- Ensure that requests to fill vacancies created by those employees selecting the RIO 2020 program are approved by the offices of the appropriate senior vice president, vice president, or chancellor.

Total Compensation Department

- Verify division/department calculation of years of service.
- Assist division/departments when questions arise concerning eligibility and determination of years of service.
- Meet with employees who are retiring to complete retirement paperwork, where appropriate.

Employee

- Timely notify the division/department of choice to accept the terms of RIO 2020.
- Complete and sign the required documentation within the specific timeframe and return it to the designated department contact.
- Contact the OHR Service Center at 612-624-8647, or 800-756-2363, with questions.
RELATED INFORMATION

State of Minnesota Health Care Savings Plan

HISTORY

Amended:
July 8, 2020