

Date: July 21, 2020
To: Iowa State employees
From: Pam Cain, Interim Senior Vice President for Operations and Finance
Kristi Darr, Interim Vice President for University Human Resources
Subject: Proposed New Retirement Incentive Option (RIO) Program

In her [July 10 budget message](#), President Wintersteen stated Iowa State would submit a proposal to the Iowa Board of Regents for a new voluntary retirement incentive program. The proposal was submitted and will be considered for approval at the board's July 29 meeting.

We want to share information about what is in the proposal, including incentives, eligibility requirements and next steps. Again, this remains a proposal only until Regents' approval.

As outlined by the President, our current financial outlook requires us to identify ways to reduce short- and long-term expenditures. During previous periods of declining budgets, the university has provided different kinds of voluntary retirement incentives. An RIO program gives university leaders another option to help align future expenses with projected revenues.

The RIO proposal for 2020-21 was developed by a task force with members representing the Institutional Budget Management Team, University Human Resources, the Provost's Office, Payroll, Benefits and Tax, and Information Technology.

What are the Retirement Incentive Options?

In the proposed RIO program, eligible employees would choose one of three options:

Option 1: Two Years of Retirement Contributions Plus Health/Dental Coverage. Two years of continued monthly TIAA or AIG VALIC employer contributions equivalent to that received by active employees over the same time period. IPERS plan participants will receive a one-time payout equal to two years of employer contributions equivalent to that received by active employees at time of retirement. Also, two years of medical and dental coverage based on coverage as of the date of retirement, up to "self and spouse/partner" plan level, including employer and employee premiums. Eligibility for medical and dental contribution under this option requires 5 years of continuous participation in the medical/dental plans prior to retirement.

Option 2: Three Years of Retirement Contributions. Three years of monthly TIAA or AIG VALIC employer contributions equivalent to that received by active employees over the same time period. IPERS plan participants will receive a one-time payout equal to three years of employer contributions equivalent to that received by active employees at time of retirement.

Option 3: Three Years of Health/Dental Coverage. Three years of medical and dental coverage based on coverage as of the date of retirement, up to “self and spouse/partner” plan level, including employer and employee premiums. Eligibility for medical and dental contribution under this option requires 5 years of continuous participation in the medical/dental plans prior to retirement.

Who is Eligible?

Eligibility for the RIO will be determined by the following criteria:

- The employee must currently have a benefits-eligible appointment with the university.
- The employee must be at least 60 years old at the determined date of retirement. The age of the employee plus his/her years of continuous service must, at minimum, equal 70 at the determined date of retirement.
- The employee must agree to fully retire no later than June 30, 2021.
- The employee must not already have been accepted in another ISU retirement program.
- The employee must not have already received approval to retire or resign prior to the initiation of this RIO program.

Employees already participating in a phased retirement program are ineligible for this RIO program.

Please note: Meeting eligibility requirements or indicating interest does not guarantee approval or acceptance into the RIO program. As with past RIO programs, final approval will be at the discretion of divisional leadership or their designee. Approval will be contingent on clearly demonstrated cost savings, and must allow departments to continue to accomplish mission critical work. These considerations will vary for individual departments.

Employees who retire under the RIO program would be ineligible to be rehired at the university while receiving incentives within the terms of the program.

What's the Process?

Following Board of Regents' approval, a website will be available to provide specific process information, answer Frequently Asked Questions and provide instructions for indicating interest in the program. There will also be additional tools and resources provided to supervisors and others who are part of the review process.

What are the Deadlines?

Contingent on Regents' approval at their July 29 meeting, the new RIO program would begin to accept employees' expressions of interest in the program on August 3, 2020.

Deadline for expressing interest in RIO participation is March 1, 2021.

The latest retirement date allowed will be June 30, 2021.

After the Regents' decision, we will provide more details, a website and resources to guide you through this new process.