

LUTHER COLLEGE
Tenured Faculty Pre-Planned Retirement Program
Effective September 20, 2019 (“Effective Date”) Updated December 1, 2020

I. Purpose

The College offers two options for eligible tenured faculty to make an orderly transition to retirement. In this Tenured Faculty Pre-Planned Retirement Program (“Program”), eligible tenured faculty are given a choice of two pre-planned retirement options. The first option offers eligible tenured faculty members the opportunity to take a period of reduced service, during which the faculty member can reduce their teaching course load over two years. The second option is for faculty who do not want a reduced teaching load, but would like certainty regarding their retirement date. Both options provide tenured faculty members enhanced pay with benefits for pre-planning their retirement decision.

This Program offers a transparent means for tenured faculty to transition into retirement, and provides for adequate transition planning time for the academic departments.

II. Eligibility

This Program is available to each tenured faculty member at the College who (1) is between the ages of sixty (60) years of age and sixty-seven (67) years of age, and (2) has a minimum of fifteen (15) years of continuous service to the College, as of September 1 of the first academic year of the Phased Retirement or Pre-Retirement Period (defined in Section III below).

“Years of continuous service” must be without any voluntary interruptions of service. Absences due to approved leaves of absence will not constitute a break in continuous service. The anniversary date for determining years of continuous service is the eligible tenured faculty member’s first day of employment with the College. In addition, any year of approved sabbatical will count as a year of “continuous service” for the College.

Participation in this Program is on a voluntary basis only. No eligible tenured faculty member will be discriminated against, retaliated against, or harassed due to that faculty member’s participation or non-participation in the Program.

III. Terms of Pre-Planned Retirement

Full-time eligible tenured faculty members may elect to participate in either Option One or Option Two, as set forth below, for pre-planned retirement. Part-time tenured eligible faculty members with a .83 FTE or greater may elect to participate in either Option One or Option Two, as set forth below, for pre-planned retirement. Part-time eligible tenured faculty members who are less than a .83 FTE may only elect to participate in Option Two, as set forth below, for pre-planned retirement.

“Full-time” or “Part-Time” status for eligible tenured faculty members will be determined based on the eligible faculty member’s appointment in the academic year preceding the start of the Phased Retirement Period or Pre-Retirement Period.

Eligible tenured faculty who participate in the Program will be eligible for the same privileges once they retire as are generally available to retired faculty in accordance with College policies. Eligible tenured faculty members who are entering full retirement and are in good standing with the College may also be considered for emeritus status in accordance with College faculty policies.

Option One – Two-Year Phased Retirement

1. Participants may elect either a two-course or three-course reduction in teaching load for two academic years of service to the College as a tenured faculty member (the “Phased Retirement Period”), and commit to retiring effective May 31 in the second year of the Phased Retirement Period and relinquishing tenure rights. The participant must maintain an FTE status of between .67 and .5 under this Option;
2. Participants must execute an irrevocable Phased Retirement Agreement with the College prior to October 1 in the academic year preceding the start of the Phased Retirement Period (*see* Section V below);
3. Through August 25 in the second year of the Phased Retirement Period:
 - a. *Additional Salary*: The participant receives an increase in the participant’s adjusted salary during the Phased Retirement Period in the following percentage, as applicable:

Three Course Reduction = 15% additional salary calculated on participant’s Regular Base Salary for the academic year preceding the start of the Phased Retirement Period

Two Course Reduction = 10% additional salary calculated on participant’s Regular Base Salary for the academic year preceding the start of the Phased Retirement Period

Example: 1.0 FTE Faculty Member’s Regular Base Salary (preceding year): \$77,000; Year One Base Salary: \$78,000; Year Two Base Salary: \$79,000.
Year One: Faculty Member Selects Two-Course Reduction (.67 FTE) Adjusted salary of \$52,260 (at .67 FTE) + additional salary of \$7,700 (10% of Regular Base Salary) = <u>\$59,960 Year One salary</u>
Year Two: Faculty Member selects Three-Course Reduction (.5 FTE) Adjusted salary of \$39,500 (at .5 FTE) + additional salary of \$11,550 (15% of Regular Base Salary) = <u>\$51,050 Year Two salary</u>

- b. *Group Health Coverage*: The participant remains eligible to participate in the College’s group health care insurance coverage, at the full-time benefit level with the premium based on the appropriate salary tier during the phased retirement period, as long as the participant continues to pay the employee portion of any applicable premiums and the College continues to offer such group health care insurance coverage to active employees at the same salary level;

- c. *TIAA Retirement Account*: Employer and employee contributions may continue, under the applicable terms of the plan and based on the participant’s elections. A participant may also be allowed access to their retirement funds to supplement their income under the terms and conditions of the account and approval of the plan administrator. Participants must contact the Director of Human Resources for more information.
- d. *Life Insurance Coverage*: The participant remains eligible for life insurance coverage through the College, under the applicable terms of the plan, and to the extent the College continues to make life insurance coverage available to its employees;
- e. *Disability Benefits Coverage*: The participant remains eligible for disability benefits only to the extent the Faculty member is teaching the equivalent of at least four 4-credit courses, under the applicable terms of the plan, and to the extent the College continues to make disability benefits coverage available to its employees.

The participant’s “Regular Base Salary” shall be the participant’s base salary in the academic year preceding the start of the Phased Retirement Period. “Regular Base Salary” shall not include administrative supplements, term allowances, extra service payments, and other payments not included in base salary.

Note: Salary and benefits are paid through August 25 of the second year of the Phased Retirement Period because the College pays tenured faculty on a twelve-month basis.

Option Two – Two-Year Notice of Full Retirement

1. Participants engage in two additional academic years of service to the College as a tenured faculty member (the “Pre-Retirement Period”), and commit to retiring effective May 31 in the second year of the Pre-Retirement Period and relinquishing tenure rights;
2. Participants must execute an irrevocable Full Retirement Agreement with the College prior to May 31 in the academic year preceding the start of the Pre-Retirement Period (*see* Section V below);
3. Through August 25 in the second year of the Pre-Retirement Period, participants are paid an additional 5% of their Regular Base Salary annually, and remain eligible to participate in the College’s group health insurance coverage, TIAA contributions, life insurance coverage, and disability benefits coverage under the applicable terms of the plans, and to the extent the College continues to make such benefits available to its active employees.

Example: 1.0 FTE Faculty Member’s Regular Base Salary (preceding year): \$77,000; Year One Base Salary: \$78,000; Year Two Base Salary: \$79,000.
Year One: \$78,000 (at 1.0 FTE) + additional salary of \$3,850 (5% of Regular Base Salary) = <u>\$81,850 Year One salary</u>
Year Two: \$79,000 (at 1.0 FTE) + additional salary of \$3,850 (5% of Regular Base Salary) = <u>\$82,850 Year Two salary</u>

The participant's "Regular Base Salary" shall be the participant's base salary in the academic year preceding the start of the Pre-Retirement Period. "Regular Base Salary" shall not include administrative supplements, term allowances, extra service payments, and other payments not included in base salary.

Note: Salary and benefits are paid through August 25 of the second year of the Pre-Retirement Period because the College pays tenured faculty on a twelve-month basis.

For Either Option: Participants in the Program will not be eligible for a sabbatical or other academic leave during either the Phased Retirement Period or Pre-Retirement Period.

IV. Notice of Participation

If you are an eligible tenured faculty member who wishes to participate in the Program, you must give notice to the College of your intent to participate by filling out the Notice of Participation in the Tenured Faculty Pre-Planned Retirement Program, attached as Exhibit A ("Notice Form"), by the following dates:

For Option One: By September 1 of the academic year preceding the start of the Phased Retirement Period.

For Option Two: By April 30 of the academic year preceding the start of the Pre-Retirement Period.

Notice Forms may be delivered electronically or via mail or hand-delivery on or before the above-referenced date to the Director of Human Resources, whose office is located at 29 Main.

V. Irrevocable Phased/Full Retirement Agreement

If you are an eligible tenured faculty member and timely submit your Notice Form, you will be provided either a Phased Retirement Agreement or Two-Year Notice of Full Retirement Agreement to execute with the College (collectively, an "Agreement"). The Agreement is irrevocable, and sets forth in detail the terms and conditions of your pre-planned retirement, based on whether you have elected Option One or Option Two.

The Agreement, which shall be in a form prescribed by the College, shall contain (1) an irrevocable written commitment to relinquish your tenure and to retire following the Phased Retirement Period or the Pre-Retirement Period; (2) a commitment to teach the assigned teaching load and to perform assigned administrative responsibilities; (3) a release of claims; and (4) an agreement not to receive any benefits under any other early or pre-planned retirement plan or program provided by the College.

Even after execution of the Agreement, the faculty member's continued employment at the College remains subject to all applicable College and/or faculty policies and procedures, except as otherwise provided for in the Agreement. Should the faculty member fail to fulfill or satisfactorily perform any of the responsibilities of the Agreement, or be unable or unwilling to complete the terms of the Agreement for any reason, the faculty member will waive any rights to any additional

compensation or benefits beyond that owed to the faculty member for work specified in the Agreement that the faculty member has already performed.

VI. Program Continuation, Amendment, or Modification

The College shall have the right to amend or terminate the Program at any time prospectively or retroactively, and in whole or in part, in its sole discretion including, but not limited to, an amendment or a termination that the College determines is necessary or appropriate to comply with any federal or state law, regulation, or other interpretation thereof. Any amendment or termination shall impose no obligation or liability on the College with respect to any faculty member, whether or not the faculty member has applied to become a participant, prior to the time when the Phased/Full Retirement Agreement has been signed by the faculty member and received by the College.

In the event that the Program is amended or terminated in a manner that materially affects its terms or benefits, the irrevocable commitment to retire by each faculty member who has previously entered into a Phased/Full Retirement Agreement, but who has not yet actually retired, shall continue in full force and effect.

VII. Interpretation and Other Conditions

The provisions of this Program shall be construed and enforced according to the laws of the State of Iowa.

Participation in this Program shall preclude participation in any other early or phased retirement plan or program provided by the College.

Any obligations arising under the Program shall be paid from the general assets of the College, and nothing contained in the Program shall be deemed to create an obligation of the College to set aside or earmark funds. This Program is unfunded. This Program is intended to constitute a voluntary retirement incentive plan within the meaning of 29 U.S.C. § 623(m).

VIII. Administration

The Program shall be administered by the College. As part of its administrative rights and duties, the College shall make decisions which shall be final and binding upon every person regarding all aspects of the Program, including, but not limited to, as follows: eligibility to participate; loss of eligibility to participate; requirements to submit waivers of employment claims, or other forms, as a condition of participation; entitlement to and calculation of benefits set forth hereunder; teaching and administrative responsibilities, including transition of responsibilities, prior to full retirement, including during any Phased or Pre-Retirement Period; and resolution of disputes, claims or questions. Changes to the offered terms, as provided under the Program, of a Phased Retirement Agreement or Two-Year Notice of Full Retirement Agreement under Section V may be made by the College on an individual basis for special circumstances, where the College determines that such changes serve the best interests of the College.

Whenever the College, under the terms of the Program, is permitted or required to do or perform any act, make any rule, or decide any issue, the same may be done by any duly authorized Officer or administrator of the College.

Any disagreement or dispute by any person claiming a benefit under the Program regarding any aspect of the Program or its implementation or administration shall be presented in writing to the Director of Human Resources, and the College's determination shall be final and binding.