



Policy: 6Hx28:3C-12

Authority: 1001.64, F.S.

Law: 1001.64, F.S.

Responsible Party: Vice President, Human Resources and Diversity

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Retirement Incentive Program

Policy Statement:

I. General

There is no mandatory retirement age at Valencia College. An employee may elect to retire at any time. However, this program has been established to provide additional benefits for those employees who are FRS members who elect to retire under the normal, early or Deferred Retirement Option Program (DROP) or who are ORP participants who elect to separate from the college in accordance with the provisions of this policy.

II. Definitions

- A. "Normal retirement" means the date which the state of Florida retirement system of which the employee is a member allows such member to receive a retirement benefit without actuarial reduction for early retirement. Currently, the Florida Retirement System (FRS) defines eligibility for normal retirement for the Regular Class member as thirty (30) years of creditable service regardless of age, or a minimum of ten (10) years of creditable service and sixty-two (62) years of age. Persons who are members of other classes or other approved state of Florida retirement systems will determine their normal retirement date in accordance with the definition under that particular system. The Teachers Retirement System has several definitional categories.
- B. For the purposes of this policy, normal retirement for ORP participants is defined as 62 years of age and any combination of a minimum of ten (10) years of service in a state of Florida retirement system plan or ORP plan defined by the state of Florida retirement system, or thirty (30) years of service regardless of age.
- C. "Full-time employee" means a person filling a regularly-established college-funded position as defined in Policies 6Hx28:3A-02.2 or 6Hx28:3A-02.4.
- D. "Terminal pay benefits" means those benefits provided under 6Hx28:3F-02 to employees who resign, retire, or otherwise terminate their employment with the College.
- E. "Retirement incentive benefits" means those benefits provided to employees who are FRS members who retire under the normal, early, or Deferred Retirement Option Program (DROP) or who are ORP participants who retire under the eligibility provisions of this policy.
- F. "Deferred Retirement Option Program (DROP)" means an alternative method for payment of retirement benefits by the Florida Retirement System for a specified and limited period, without terminating employment until the end of the DROP participation.
- G. "Optional Service" means retirement service credit that the employee elects to purchase.
- H. "Daily rate of pay" means an individual's annual contractual salary for the year of separation from the College divided by 228 for 12-month employees or 194 for 10-month employees. The contractual salary does not include shift differential, parking allowance, or other salary supplements in any form; it is not reduced by cafeteria benefit plan salary reductions.
- I. "Years of service" means the total number of years of full-time employment at Valencia College of the employee. A full-time employee is credited with one year of service when the employee has served one day more than one-half (1/2) the number of days in a contract/fiscal year or equivalent as defined in Policy 6Hx28:3C-10.
- J. "Date of separation" means the last date of employment at the College.
- K. "Effective date of retirement" means the date of retirement of the employee as defined under the state of Florida retirement system of which the employee is a member. For ORP participants effective date of

retirement is defined as the day following the date of separation from the college.

III. The Retirement Incentive Benefits

A. In addition to the normal terminal pay benefits, full retirement incentive benefits shall consist of the following payments, multiplied by a factor of 1.5:

1. Retirement Incentive Days--Seventy-five (75) days of salary at the daily rate of pay of the employee on the date of separation.
2. Retirement Incentive Sick Leave Payment for unused sick leave (in addition to the normal terminal pay amount) calculated at the rate of 2 1/2 percent for each year of service at Valencia College beyond ten (10) years up to a maximum additional benefit of fifty (50) percent times the employee's daily rate of pay on the date of separation times the number of days of unused sick leave credited to the employee on the date of separation. Payment of sick leave days to the 401(a) plan will be treated as unused sick leave for the purpose of this policy.
3. Retirement Incentive Health Insurance -- The cost of the employee's individual health insurance and spouse's health insurance each calculated at fifty (50) percent times the monthly cost of individual employee's health insurance in effect at the time the employee separates from the college multiplied by the number of months the employee is under sixty-five (65) years of age up to a maximum of ten (10) years. Single employees will receive the dollar equivalent benefit. All eligible employees will receive a minimum benefit of three (3) years.

B. In order to receive the full benefits listed above, the employee must separate from the college and retire no later than six (6) months following the first date of eligibility for normal retirement. Thereafter, benefits will be reduced as indicated below. Non-DROP participants are eligible for reduced benefits from the 7th to the 12th month only. Non-DROP and ORP participants only are eligible for early retirement incentive benefits which are paid at the 100% level. DROP participants are eligible for reduced retirement incentive benefits from the 7th to 48th month.

<u>Months from Normal Retirement</u>	<u>Retirement Incentive Benefit</u>
Early Retirement (non-DROP and ORP).....	Full benefit
1 - 6.....	Full benefit
7 - 12.....	15% reduction
13 - 24.....	30% reduction
25 - 36.....	50% reduction
37 - 42.....	65% reduction
43 - 48.....	80% reduction
49 - or more.....	No incentive benefits

IV. Eligibility for Employees Reaching Normal Retirement on or after July 1, 1998

A. Normal Retirement -- An eligible full-time employee reaching normal retirement on or after July 1, 1998 has twelve (12) months following the date on which he/she first reaches normal retirement date or age to begin retirement or to elect participation in the DROP in order to receive the retirement incentive benefits under this policy. Also, at the time of separation the employee must have a minimum of seven (7) years of service at Valencia College in a regularly-established college-funded position as defined in Policies 6Hx28:3A-02.2 or 6Hx28:3A-02.4. These benefits are in addition to the normal terminal pay benefits provided in accordance with Policy 6Hx28:3F-02. FRS members may elect to include or exclude any optional service retirement credit purchased from the total service used to establish the normal retirement date.

B. Early Retirement -- Although there will be substantial actuarial reductions in benefits payable to the employee who retires before normal retirement under the state of Florida retirement system of which the employee is a member, a full-time employee who retires from Valencia College no earlier than seven years prior to normal retirement and who has accrued a minimum of seven (7) years of service at Valencia College in a regularly-established college-funded position as defined in Policies 6Hx28:3A-02.2 or 6Hx28:3A-02.3 shall be eligible to receive the full retirement incentive benefits under this policy applicable to normal retirement in addition to the normal terminal pay benefits provided in accordance with Policy 6Hx28:3F-02. Note: Non-Drop and ORP participants only are eligible to receive early retirement incentive benefits.

V. Eligibility for Employees Reaching Normal Retirement prior to July 1, 1998

Employees who first reached normal retirement prior to July 1, 1998 may apply for retirement incentive benefits under the previous version of this policy, dated November 18, 1992. However, they must still meet the eligibility requirements and all other requirements specified in that policy. Or, if eligible, they may elect to receive benefits under this amended policy, effective July 1, 1998 if twelve (12) months have not elapsed since first reaching normal retirement eligibility. An employee may elect to include or exclude any optional service retirement credit purchased from the total service used to establish the normal retirement date.

VI. Application Procedure for the Retirement Incentive Benefits

A. In order to receive the retirement incentive benefits, the employee who is a FRS member must:

Complete a letter of resignation and an application for retirement in the human resources office. Non-DROP participants must complete the application at least three (3) months prior to the effective date of separation of the employee. DROP participants must submit the application prior to the date and give the college at least three (3) months notice prior to the effective date of separation. Teaching faculty must submit applications with an effective date of separation at the end of an academic session.

B. In order to receive the retirement incentive benefits, the employee who is an ORP participant must:

Complete a letter of resignation in the human resources office at least three (3) months prior to the effective date of separation of the employee. Teaching faculty must submit applications with an effective date of separation at the end of an academic session.

VII. Payments to 401(a) Qualified Retirement Plan

Effective March 31, 1999, retirement incentive payments made to eligible participants as defined in 6Hx28:3C-14, 401(a) Qualified Retirement Plan, are required to be contributed to the 401(a) plan to the maximum extent permitted by Federal tax laws and college policy. Retirement incentive calculations are based on the health insurance premiums and/or the employees leave balances and salary in effect on the date of the mandatory payments. These mandatory payments include:

A. Retirement Incentive Days

1. Payments made to eligible participants as of the date the retirement application and/or letter of resignation is notarized and accepted by the human resources office.
2. Remaining payments made to eligible participants on the date of separation.

B. Retirement Incentive Health Insurance

1. Payments made to eligible participants as of the date the retirement application and/or letter of resignation is notarized and accepted by the human resources office.
2. Remaining payments made to eligible participants on the date of separation.

C. Retirement Incentive Sick Leave

1. Payments made to eligible participants on the date of separation.

After the maximum contributions have been paid into the 401(a) plan for the plan year, remaining retirement incentive balances will be carried over for payment in a subsequent plan year, unless the employee separates from the college. If the employee does separate from the college, payments for remaining sick and vacation leave balances will be made directly to the employee subject to FICA and federal income taxes.

Related Items

- See Policy 6Hx28:3A-02.2 "Definition of Full-Time Employment—Instructional and Administrative Employees"
- See Policy 6Hx28:3A-02.4 "Definition of Full-Time Employment for Career Service Employees"
- See Policy 6Hx28:3F-02 "Terminal Pay"
- See Policy 6Hx28:3C-10 "Time of Service for Work Credit"
- See Policy 6Hx28:3C-14 "401(a) Qualified Retirement Plan"

Policy History

Adopted: 6-15-88; Amended 11-18-92; Amended 5-20-98; Amended 3-17-99; Formerly 6Hx28:07-35

Procedure Effective Date: 03/17/1999

Procedure Statement:

- A. Employees will call the human resources office for an appointment to complete the necessary application materials to receive retirement incentive benefits.
- B. Retirement incentive payments to employees separating from the college will be made after the employee completes outprocessing in accordance with Policy 6Hx28:3F-01 Outprocessing of Employees.

Procedure Related Items

- See Policy 6Hx28:3F-01 "Outprocessing of Employees"

Procedure History

Adopted: 6-15-88; Amended 11-18-92; Amended 5-20-98; Amended 3-17-99; Formerly 6Hx28:07-35