

**UNIVERSITY OF SOUTH FLORIDA SYSTEM  
EARLY RETIREMENT INCENTIVE PROGRAM  
FOR EMPLOYEES IN THE FACULTY PAY PLAN**

**FREQUENTLY ASKED QUESTIONS  
February 3, 2012**

1. What is the Early Retirement Incentive Program?

Voluntary retirement programs are often used by organizations who wish to enter into a mutually beneficial separation agreement by providing an incentive for employees to end their employment with the organization. Waivers of liability are usually built into these programs as well. Enrollment is strictly voluntary and, within financial constraints of the budgetary units, is available to employees who qualify based on eligibility requirements.

2. Who is eligible for the Early Retirement Incentive Program?

An employee must meet the following requirements to be eligible for the Early Retirement Incentive Program:

- a. Have a least 10 or more years of active, continuous, non-OPS salaried service as of August 6, 2011 (employed on or before August 7, 2001) in the University of South Florida system;
- b. Have a base salary with at least a portion paid from state (E&G) funds. Employees in E&G funded positions whose salary is currently bought out by external funds are also eligible to participate;
- c. Be in the faculty pay plan.

3. Which employees are excluded from participating in the Early Retirement Incentive Program?

The following employees are excluded from participating in the Early Retirement Incentive Program:

- a. Employees in their last year of participation in the DROP program.
- b. Employees who are currently enrolled in a Phased Retirement agreement.
- c. Employees who, on or before March 28, 2012, have received an offer of, or are in consideration for, future full-time employment at another institution/agency/company.
- d. Employees who have resigned prior to the program implementation and their resignations have been accepted. This includes DROP participants not in their final year who have announced a retirement date during 2012.
- e. Any employee who has received notice of termination or notice of non-renewal.
- f. Temporary ("OPS") employees.
- g. Employees hired after August 7, 2001.

4. What if I receive part of my base salary through non-E&G funds?

Employees with multiple sources of funding for their salaries are eligible for the program, but the annualized payout will be made only on the basis of that portion of the salary supported with E&G funds.

5. Will I have my choice of retirement dates?

No. A condition of the program is that the employee agrees to retire effective **May 5, 2012**. The reason is that the university cannot predict at this time whether funding to support the pay-outs will be available as we move into the next fiscal year. (See an exception in #39.)

6. How do eligible employees enroll in the Early Retirement Incentive Program?

In order to complete the enrollment process, the employee *must*:

- a. Submit a completed application form to the designated College or campus office during the specified time (see below). It is the employee's responsibility to ensure that the form is submitted during the specified period.
- b. Review and complete the Early Retirement Agreement and submit it with the application form.
- c. Retain personal copies of both documents for your files.

7. When can I submit my application?

Applications will be accepted from **Monday, March 19** and **Tuesday, March 20, 2012** (ending at 4 p.m.).

8. What if I submit my application before March 19, 2012 or after March 20, 2012?  
Any applications that are received before or after the specified application dates will not be processed.
9. Can I send my application via U.S. mail or campus mail?

The mode of delivery is your choice, but hand delivery is strongly recommended. If a delivery method is selected other than hand delivery, please be advised that there is no way to ensure that receipt will be in accordance with the specified program deadline. Any materials received on dates other than those specified above in #6 will not be processed.

10. Exactly where should the forms be dropped off?

**USF Tampa Academic Affairs (including Marine Science) and USF Health Faculty:**  
The employee's home College office.

**USF St. Petersburg Faculty:** Room BAY 206.

**USF Sarasota-Manatee Faculty:** either Room B 112 or B 113.

**USF Polytechnic Faculty:** Room OPP 3112 (downtown Lakeland office)

11. How can I assure that my paperwork was received?

Receipt of applications will be recorded in each office. Each document will be time stamped immediately upon receipt with a record of the date and time the materials were received. Employees may request a copy of their time-stamped application form.

12. How will individuals be selected once the applications are submitted?

Once the application deadline is past, applicants will be ranked ordered by years of service, and assuming eligibility, accepted to the extent that each budgetary unit's fiscal situation allows.

13. What legal agreement will be required?

The Early Retirement Agreement sets out the terms and conditions of the employee's separation from the University. Any employee participating in the Early Retirement Incentive Program must sign an Early Retirement Agreement releasing the University from any potential liability. Prior to the completion of the Agreement, the employee will be given the opportunity to review appropriate documents and they may retain personal legal counsel to assist if desired.

14. Is the Agreement binding?

The Early Retirement Agreement becomes final seven (7) days after submission; it is then a legally binding contract that cannot be unilaterally rescinded or changed by either party.

15. What payment will the employee receive upon retiring from the University through the Early Retirement Incentive Program?

Participants in the program will receive:

A. An annualized base salary, minus stipends, paid in a one-time, lump sum amount, less applicable taxes and deductions. While the actual time of payment may vary by budgetary unit, it will be made no later than June 4, 2012. In most cases, this portion of the pay-out will be made earlier than that date.

B. All accrued and unused annual and/or sick leave as of May 5, 2012, paid out in accordance with Florida Law, Collective Bargaining Agreements, and applicable University Regulations and Policies that were in place at the time of the execution of the Agreement. The employee will receive the annual and/or sick leave payout after a final leave audit is conducted, which is usually approximately 30 days after the separation date.

C. NOTE: An additional \$5,000 supplemental payment was included in the earlier program. This payment is not available in the current program.

16. Can an employee who separates from the University through the Early Retirement Incentive Program be rehired by the University?

Commensurate with provisions of University of South Florida System Policy #0-614 (<http://generalcounsel.usf.edu/policies-and-procedures/pdfs/policy-0-614.pdf>), there is no

presumption of re-employment within and/or across USF System institutions. The guidelines of this policy are quite restrictive regarding full-time re-employment, especially in state funded positions. After the moratorium period specified by legislative statute (six months after state retirement benefits begin), re-employment in short-term, temporary positions such as adjunct instructing is less restrictive. For purposes of this program, those who elect to resign in lieu of retiring will be subject to the same restrictions within the USF System.

17. Will this Program be offered annually?

There is no guarantee that a program of this nature will be available in subsequent years. Declining budgets make programs of this nature increasingly difficult to fund.

18. Who can I contact to discuss my state retirement plan in relation to this program?

For more information on retirement, you may contact the USF Retirement Coordinator, Ms. Donna Pepper, at (813) 974-9357 or [dpepper@usf.edu](mailto:dpepper@usf.edu).

19. How will my lump sum annualized salary payment be taxed?

It will be taxed as a supplemental wage payment at the IRS supplemental tax rate of 25%. Additionally, Social Security and Medicare taxes will be withheld up to the taxable wage base limits. For 2012, the Social Security taxable wage base is \$110,100 and there is no limit for the Medicare taxable wage base.

20. Is there a way to delay part of the payment until a subsequent year to minimize the tax impact?

No, the payment will be made as a lump sum payment and it will be taxable in the year it is paid. (However, see question #23.)

21. Who can I contact if I have additional questions regarding the personal tax impact of the lump sum payment?

The university cannot provide individual tax or investment advice and recommends that you contact qualified tax counsel for assistance with individual questions regarding tax planning.

22. Are the lump sum payments eligible for retirement contributions and service credit?

The payments are excluded from the Division of Retirement's definition of compensation, and retirement contributions will not be made.

23. Can contributions be made to my 403(b) or 457 Deferred Compensation account(s)?

Yes, you may contribute to your 403(b) and/or 457 accounts up to the IRS annual limits on leave payouts only, but **not** the lump sum annualized salary payment. The 2012 IRS limits are \$17,000 for each type of plan (total of \$34,000). If individuals are age 50 or older, they may contribute an additional \$5,500, e.g., \$22,500 into a 403(b) account and an additional \$22,500 in a 457 account to maximize their deferrals (total of \$45,000).

minus any deferrals already made via payroll). Please contact Donna Pepper at 813-974-9357 or [dpepper@usf.edu](mailto:dpepper@usf.edu) for more information regarding deferral elections.

24. Will I be eligible for COBRA insurance?

Yes, you will be eligible for COBRA insurance continuation for a period of up to 18 months. As a retiree, you will be eligible to elect retiree health insurance through the Florida State Employees Plan or you could choose COBRA. COBRA is also available to continue your Dental and Vision insurance. Upon retirement, you will receive information in the mail from People First, the State of Florida's benefits administration vendor that will provide details of how to enroll in retiree and/or COBRA insurance.

25. When will I know if I have been accepted into the program?

The University will begin to notify people of their status in the Program as soon as possible beginning March 28, 2012.

26. Is it allowable to retire from the University of South Florida, but defer taking my retirement benefits until a later date?

No. A condition of the program is that you will both retire from the University of South Florida and apply to begin drawing your state retirement benefits. This includes the Florida Retirement System (FRS) Pension Plan, FRS Investment Plan, and the SUS Optional Retirement Program (OPR). The reason for this is that the state of Florida does not consider you retired unless you begin to draw your retirement benefits.

27. If I elect not to draw my state retirement benefits, can I still participate in the program?

If you elect not to apply for retirement benefits, you may still participate in the program, but your separation will be recorded as your having *resigned* from the university. Any restrictions associated with this program, including post-retirement employment, will still apply.

28. If I am not accepted into the program, does my submission of an early retirement agreement form obligate me to retire anyway?

No. If not accepted into the program, any conditions of the agreement are null and void for both the employee and the university.

29. Does the early retirement agreement form need to be signed by someone in the university (other than myself) before it is submitted to the College/campus office?

No. A signature by a university official will be added if you are accepted into the program.

30. Will I receive a copy of my application and agreement form after it has been date stamped by the College/campus office?

Yes. Upon request, you will be provided with a time-stamped copy of your application form and the first page of the agreement form. However, employees are strongly encouraged to make and retain a copy for themselves prior to submission.

31. Can someone else bring my application and/or signed agreement form to the College/campus office during the submission period?

Yes. However, be sure that the person obtains a copy of the time-stamped application form and/or agreement form that will serve as your receipt.

32. Will the College/campus offices accept multiple applications from one person?

Yes, but again, it is the responsibility of the applicant to obtain a copy that verifies receipt of the application.

33. I'm still confused about the status of people with mixed sources of funding for their position. Can you clarify further?

Some employees have salaries that are paid from multiple sources of funding. In the most typical case, this involves a person with partial state funding and partial funding from external contracts/grants. For purposes of this program, the university must calculate the pay-out amount only on that portion of the salary that is supported through state funds. For purposes of this program, state funds include university auxiliary funds. As clarification, this does not apply to employees who are normally fully funded from E&G, but have bought out a portion of their workload through external sources. Their pay-out will be based on their full salary.

34. How will it be determined if I have multiple funding sources that frequently change?

An academic officer of the College/campus, in consultation with HR, will calculate the salaries to determine the official payout amounts. Because some pay sources can change frequently, we will determine, if appropriate, the average proportion of funding sources for the academic year.

35. How can I determine the amount I would receive through the program?

Your College/campus office can provide you with a good faith estimate of what your payout would be.

36. Will acceptance into the program serve as my resignation, or will I be required to submit a letter of resignation to my department?

Once you are accepted into the program, the agreement form will serve as your official resignation document. However, as a courtesy, we strongly recommend that you provide a letter of resignation with your intended date to your department chair or supervisor.

37. Will I face penalties if I retire early from the DROP program?

DROP participants can terminate from the DROP program at any time without generating penalties. However, the DROP lump sum pay-out amount will be determined by the number of months of participation in DROP. A section of the early retirement agreement form mentions the possibility of financial penalties for early withdrawals, but this should not be misinterpreted. The section was included to address the possibility of

fees, fines, etc. that might be incurred if a DROP participant violated restrictions following termination from the DROP program.

NOTE: DROP participants must begin receiving their state retirement benefit when they terminate employment; thus, they cannot elect to “resign” from the university.

38. Would time as a temporary (OPS) employee count toward the requirement of 10 years of continuous service?

No. To be eligible for participation in the program, the employee must have 10 years of continuous service in a full-time position that was benefits generating.

39. Is it possible that too many people in one department can apply for retirement at the same time?

Yes. The university retains the right to defer an individual’s retirement if it is determined that the retirement would have an adverse impact on some aspect of the university’s mission. “Defer” in this case means that the university will retain a commitment to the full terms of the retirement agreement, but will work with the individual to choose a later retirement date. Each situation determined to be potentially adverse will be dealt with on a case-by-case basis.

40. Can the university guarantee that my position in the department will be replaced if I retire?

No. Because of the uncertainty surrounding state funding for the foreseeable future, no such guarantees can be made. However, the university is committed to delivering a curriculum that meets the needs of our students, and will allocate future positions accordingly.