

## 703.1 - Early Retirement Agreements

### Purpose:

The purpose of the Early Retirement Agreements Operational Procedure is to establish and outline the process for those requesting an early retirement agreement. An early retirement agreement is not an entitlement but requires mutual agreement and consent of both the employee and administration.

### Eligible Employees:

This operational procedure, in conformance with State Board of Higher Education Policy 703.1, applies to tenured faculty, the president, vice presidents, deans, and other officers responsible for a major unit of an institution who report directly to a President, Vice President, Executive Dean and who are members of TIAA.

### Procedure:

1. Employees shall submit requests for an early retirement agreement to the President's Office no later than October 15 of the year prior to the year in which the person plans to retire. The President shall provide notice of a decision on early retirement requests no later than November 15 of that same year. The employee must respond in writing to the President by December 15 of that same year regarding acceptance of the decision. The President may, in the best interest of the college, approve exceptions to the deadline dates.
2. Generally, early retirement agreements should demonstrate anticipated financial and other benefit to the College within the first year. Generally, agreements will not be negotiated for individuals below age 58. The following options may be considered:
  - a. Phased retirement to allow employee to work part-time for up to two years, with benefits, if employee maintains minimum status of 50%.
  - b. Lump sum payment of up to 25% of final year base salary.
  - c. In determining lump sum amount, 20% of the final year base salary will be subtracted for each year of employment above the age to receive full social security benefits. (Refer to chart below.)
    - i. For example, an individual whose full social security benefits age is 66 who wishes to retire at age 69 with a base salary of \$65,000, will have their base salary reduced by 60% to \$26,000 for the lump sum payment



calculation. Assuming criteria of demonstrated financial benefit is met, the lump sum payment in B. would be \$6,500 ( $\$26,000 * 25\%$ ).

3. The President may negotiate other early retirement agreement terms in special circumstances where an agreement would further financially or operationally benefit the college.
4. Upon approval by the President of an early retirement request, both parties shall enter a contractually binding, written agreement which shall set forth all terms and conditions of the early retirement including, but not limited to, the amount of payment, the payment date(s), and a waiver of all continuing and nonrenewable rights and recall rights.

**References:**

SBHE Policy 703.1 [Early Retirement.docx \(sharepoint.com\)](#)  
<http://www.ssa.gov/planners/retire/retirechart.html>

**History of This Procedure:**

First procedure: April 1, 1996, policy approved by the President's Cabinet May 13, 1996 (policy will take effect July 1, 1996).

Revisions – February 12, 1997; February 14, 2006; approved by the Executive Council on August 3, 2015 (**effective July 1, 2016**); October 21, 2016; approved by the President on September 14, 2018; February 28, 2019.

Approved by the President on August 16<sup>th</sup>, 2023.