

General Policy - Early Retirement Agreements

Policy:

Entering into an early retirement agreement is for the mutual benefit of the employee and Bismarck State College. An early retirement agreement is not an entitlement, but requires mutual agreement and consent of both the employee and administration.

Eligible Employees:

This policy, 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.

Application Procedure:

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.

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.)
 - a. 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 ($\$26,000 * 25\%$).

The President may negotiate other early retirement agreement terms in special circumstances where an agreement would further financially or operationally benefit the college.

Upon approval by the President of an early retirement request, both parties shall enter into 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.

Reference:

SBHE Policy 703.1

<http://www.ssa.gov/planners/retire/retirechart.html>

Age To Receive Full Social Security Benefits

(Called "full retirement age" or "normal retirement age.")

Year of Birth *	Full Retirement Age
1937 or earlier	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943--1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67

**If you were born on January 1st of any year you should refer to the previous year. (If you were born on the 1st of the month, we figure your benefit (and your full retirement age) as if your birthday was in the previous month.)*

History of This Policy:

Policy first drafted 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.