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## DOC 1997-08 Faculty Voluntary Early Severance Program

University of Dayton. Faculty Affairs Committee

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## PROPOSAL TO THE ACADEMIC SENATE

TITLE: Faculty Voluntary Early Severance Program

SUBMITTED BY: Patrick F. Palermo

DATE: October 9, 1997

APPROVED BY: Faculty Affairs Committee of the  
Academic Senate

ACTION IS: Consultation

REFERENCE IS: Faculty Handbook, Pg. 48

### DESCRIPTION OF PROPOSAL:

Faculty members with 15 years of continuous service at the University of Dayton who have attained the age of 60 are eligible to participate in this program. The major benefit of this program is the one-time severance benefit of 7.5% of the "Base Faculty Salary" for each regular academic term between the effective date of severance (retirement) and the faculty member's 70<sup>th</sup> birthday. Eligible faculty members participating in this program before their 62<sup>nd</sup> birthday will have their severance package calculated as if they were 62 years of age.

This program is being extended for the period of July 1, 1997 through June 30, 2000. The University may amend or terminate this plan at its discretion. Any such action will not adversely affect participants in this program.

## FACULTY VOLUNTARY EARLY SEVERANCE PROGRAM

### I. INTRODUCTION

This Summary Plan Description has been prepared to aid faculty in understanding of the provisions of the University of Dayton Faculty Voluntary Early Severance Program (the "Plan") which was adopted by the University of Dayton (the "University"). The Summary Plan Description is intended to comply with the appropriate provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

It should be remembered that this Summary Plan Description is a summary only. It is not a substitute for the legal documents governing the Plan.

If there is an inconsistency between this summary and the legal documents, or if a question should arise which this summary does not answer, the legal documents will control. The Plan and other documents and records are available for inspection at the University's Office of Human Resources during regular business hours.

### II. ELIGIBILITY AND PARTICIPATION

To be eligible for benefits provided by this Plan, a person must be a tenured faculty member with academic rank in an academic department and must have met the following eligibility requirements by the "Effective Date of Early Severance":

1. Completed fifteen (15) years of full-time "Continuous Service" ("Continuous Service" includes and is not interrupted by authorized leaves of absence); and
2. Attained the age of 60; and
3. Applied for Plan benefits before June 30, 2000.

### III. EFFECTIVE DATE OF EARLY SEVERANCE

The "Effective Date of Early Severance" is the date on which the faculty member elects to sever employment with the University voluntarily.

December 31 and June 30 are the two dates ordinarily acceptable because they correspond with completion of a regular academic term. Only under extraordinary circumstances (such as exhaustion of sick leave) and after written authorization by the Provost, will another date be considered by the University.

The University of Dayton is committed to providing an opportunity for each faculty member to continue to contribute to the University as a faculty member until that individual freely and voluntarily decides to leave the University. Thus, the decision to apply for benefits provided by this Plan is an individual and voluntary one.

### IV. PLAN BENEFITS

#### Benefit Formula

If a faculty member elects to sever employment with the University and to receive benefits under the Plan, she/he will receive a one-time benefit calculated at 7.5% of the "Base Faculty Salary" for each regular academic term (first or second academic term, not third term) based on the following

formulations: (A) For a faculty member whose "Effective Date of Early Severance" is before age 62, his/her benefit will be calculated at 16 regular academic terms (7.5% of their "Base Faculty Salary" for a regular academic term multiplied by 16); (B) For a faculty member who is between the age of 62 and 70, the calculation begins on the "Effective Date of Early Severance" and ends on June 30 which is or immediately follows his/her 70th birthday (depending on the "Effective Date of Early Severance, the 7.5% would be calculated on between a minimum of "Base Faculty Salary" for one regular academic term to a maximum of 16 regular academic terms.)

The "Base Faculty Salary" shall mean the following:

1. For "Effective Date of Early Severance" June 30, the nine-month contract salary for the academic year just completed, even though the faculty member may have already negotiated and signed a new contract for the following year.
2. For "Effective Date of Early Severance" December 31, the nine-month contract salary for the current academic year in progress.

If regular service is beyond the normal academic year (i.e., August 16 - May 15), the "Base Faculty Salary" shall be computed from the total salary adjusted to nine months, as follows:

$$\text{Total Salary} \times 9/12 = \text{"Base Faculty Salary"}$$

*Example:* \$50,000 x 9/12 = \$37,500

#### Counseling Benefits

The University Office of Human Resources regularly provides two types of personal counseling to faculty members considering voluntary early severance. General counseling services are available in planning for termination of employment. Specific counseling services are also available to assist in understanding the timing or amount of benefits provided under this Plan.

### **V. APPLICATION FOR BENEFITS**

If faculty desire to receive benefits under this Plan, they must submit an Application for Voluntary Early Severance and indicate the "Effective Date of Early Severance" on such form. The form must be submitted first to the Department Chairperson. It is then routed by the Chairperson to the Dean, followed by the Dean to the Associate Provost for Faculty and Academic Affairs. Application forms are available in the Office of Human Resources or in the Office of the Associate Provost for Faculty and Academic Affairs.

### **VI. EFFECT OF PLAN ELECTION**

#### Decision to Sever Employment

The decision to accept benefits under the University of Dayton Faculty Voluntary Early Severance Program is a serious one. Once a faculty member has opted for early termination of employment, the decision cannot be reversed and constitutes a full waiver and release of tenure.

#### Reemployment

The decision to terminate full-time employment will not preclude part-time employment at the University. Subject to its operating needs and requirements and the provisions of its general policy (as set forth in the *Faculty Handbook*), officers of the University will offer every reasonable assistance for those seeking part-time employment at the University or seeking placement in any other type of

position at the University.

To avoid any misunderstandings, however, faculty are encouraged to seek explicit agreements with the appropriate University official prior to completion of the Application for Voluntary Early Severance. Except for the convenience of the University and for a stipulated period of time, once a faculty member has opted for benefits under this Plan she/he may not be employed more than half-time.

#### Retirement Benefits

This Plan is not intended as a program to provide retirement income, nor does it replace or alter in any way the retirement plan or plans sponsored by the University. The election to terminate employment with the University and to receive benefits under this Plan will not reduce benefits provided under the University retirement program faculty would otherwise be eligible to receive at normal retirement.

### **VII. PAYMENT ARRANGEMENTS**

In order to provide maximum flexibility, faculty may elect from the following optional types of payment under the Plan:

1. Receive the benefits in a single cash payment payable on the first regularly scheduled pay date of the month following the "Effective Date of Early Severance."
2. Receive the total benefit in a series of payments not to extend beyond two years after the "Effective Date of Early Severance."

Regardless of the payment option selected, federal and state income taxes will be payable on the full amount of the benefit in the year that the faculty member qualifies for receipt of the benefit. Payments will be subject to appropriate statutory deductions as required by law.

### **VIII. CLAIMS PROCEDURE**

If a faculty member applies for Plan benefits, the University shall accept, reject, or modify such request and shall notify him/her in writing setting forth the response of the University and in the case of a denial or modification the University shall:

1. State the specific reason or reasons for the denial,
2. Provide specific references to pertinent provisions of the Plan on which the denial is based,
3. Provide a description of any additional material or information necessary to perfect the claim and an explanation of why such material or information is necessary, and
4. Explain the claim review procedure as described below.

In the event the request is rejected or modified, the faculty member may, within 60 days following receipt of such rejection or modification, submit a written request for review by the University of its initial decision. Within 60 days following receipt by of such rejection or modification, the faculty member may submit a written request for review by the University of its initial decision.

### **IX. AMENDMENT OR TERMINATION OF PLAN**

The University, at its discretion, may amend or terminate the Plan, provided that such amendment or termination does not revoke or diminish any rights or interests of any participant in the Plan.

## **X. ERISA RIGHTS**

The University of Dayton intends the Plan terms, including those relating to coverage and benefits, to be legally enforceable. The Plan is maintained for the exclusive benefit of faculty of the University of Dayton.

As a participant in the Plan, a faculty member is entitled to certain rights and protection under the Employee Retirement Income Security Act of 1974 ("ERISA"). ERISA provides that all Plan participants shall be entitled to:

1. Examine, without charge, at the University's Office of Human Resources, all Plan documents and copies of all documents filed by the Plan with the U.S. Department of Labor such as annual reports and Plan descriptions.
2. Obtain copies of all Plan documents and other Plan information upon written request to the University. The University may make a reasonable charge for copies.

In addition to creating rights for the Plan participant, ERISA imposes duties upon the people who are responsible for the operation of the Plan. These people, called "fiduciaries," have a duty to administer the Plan prudently and to act in the interest of Plan participants and beneficiaries. No one may discriminate against the claimant in any way to prevent her/him from receiving benefits or exercising her/his rights under ERISA.

If a claim for a benefit under the Plan is denied in whole or in part, the claimant must receive a written explanation of the reason for denial. The claimant has the right to have the Plan administrator review and reconsider a claim.

**FACULTY VOLUNTARY EARLY SEVERANCE PROGRAM  
APPLICATION FORM**

The undersigned has thoroughly reviewed and understands entirely the terms of the University of Dayton *Faculty Voluntary Early Severance Program*. The terms of the Program have been thoroughly explained to me, I have been counseled fully as to its meaning and interpretation, and normal retirement benefits have also been explained to me. I have also had the opportunity to ask whatever questions I have about the Program and thoroughly understand the answers given to me about it.

In deciding to accept the early severance benefits under the University of Dayton *Faculty Voluntary Early Severance Program* set forth on the preceding pages, I acknowledge that it is my decision to terminate employment early, and that I have had appropriate time and information to make my decision.

I also understand and agree that my decision to terminate employment under the terms of this Program is a complete, irrevocable and voluntary release and waiver of all my tenure rights, including all property rights of ownership in tenure, and I knowingly understand and accept this release and waiver. The effective date of the termination of my full-time employment is \_\_\_\_\_, 19\_\_\_\_.

In addition, I hereby freely waive and release the University of Dayton, its Board of Trustees, officers, administrators and employees from any and all claims or causes of action arising under federal or state statutes, including Age Discrimination in Employment Act and involving my employment or my decision to terminate my employment.

This waiver and release is knowing and voluntary and is made after reading and understanding the University of Dayton *Faculty Voluntary Early Severance Program*. This waiver and release applies only to claims which may arise up to the effective date of execution of this Application. The waiver and release is for consideration which is in excess of anything of value to which I am otherwise entitled as a faculty member of the University of Dayton.

This waiver and release is given in conjunction with an exit incentive program offered to a group or class of employees and have been given a period of forty-five (45) days within which to consider this *Faculty Voluntary Early Severance Program*.

I also understand I have a period of seven (7) days after execution of this application form to revoke it. The application will not become effective and enforceable until approved as set forth in the application until seven (7) days have passed since I executed it. I understand I have the right to consult with an attorney of my choosing if I so desire.

I elect to receive my voluntary early severance benefit in the following manner:

\_\_\_\_\_ A single cash payment of \$ \_\_\_\_\_ payable on the first regularly scheduled pay date of the month following my effective date of termination.

\_\_\_\_\_ A cash payment of \$ \_\_\_\_\_ payable in a series of payments not to extend beyond two (2) years.

Other terms upon which my application is contingent: \_\_\_\_\_

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WITNESS MY SIGNATURE this \_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

\_\_\_\_\_  
Applicant

\_\_\_\_\_  
Witness

**APPROVED:**

\_\_\_\_\_  
Department Chairperson Date

\_\_\_\_\_  
Dean Date

\_\_\_\_\_  
Provost Date