

Modifications to Policy 550 University Retirement

As part of a regular policy review, the administration has identified the need to update the policy. Specifically, the policy modifications a) removes outdated language and terminology, b) reduces the age for early retirement from 62 to 60, c) establishes a rule of 85 combining age and years of service for early retirement eligibility, and d) creates an early retirement health benefit bridge to age 65 for those hired prior to March 1, 2022 at age 60 with no eligibility for subsidized post-retirement health coverage.

The current Policy 550 University Retirement can be found at [Policy 550 University Retirement](#) . Proposed revised Policy 550 University Retirement is shown below.

550.1 Applicability

Indiana State University offers an early retirement incentive plan to faculty and staff that meet certain age and years of service criteria. The provisions contained in previous policies are no longer available nor retroactive. Provisions for previously retired faculty and staff members remain in effect.

550.2 General Provisions

550.2.1 Notification Employees must complete an election form for the Retirement Severance Plan or the Ten-Year Retirement Plan prior to their retirement date. Faculty are eligible to retire under either plan as of May 31 or December 31 upon completion of their duties for the applicable semester.

550.2.2 Ineligibility of Grant, Temporary and One-Year Employees. Grants, temporary and one-year employees are not eligible.

550.2.3 Right to Amend, Modify, Terminate, or Eliminate. The University reserves the right to amend, modify, terminate or eliminate the University Retirement Severance Plan or Ten-Year Retirement Plan without notice.

550.3 Retirement Severance Plan

550.3.1 Eligible Employees. All of the conditions set forth below must be met for an employee to be eligible for retirement under this section.

550.3.1.1 Applicability. This Section applies to all Regular Faculty, Exempt Staff, Non-Exempt Professional Staff, and Regular Non-Exempt Staff.

550.3.1.2 Age at Retirement. An employee must be age 60 or older by the retirement date to be eligible for the Retirement Severance Plan set forth in this Section with the exception of 550.3.1.4.

550.3.1.3 Consecutive Service Requirement. An employee must have at least 20 consecutive years of full-time benefits-eligible service at ISU as of their retirement date.

550.3.1.4 Rule of 85. Effective March 1, 2022, a retirement option is available to eligible faculty and staff who are at least 55 but less than 60 years of age in which years of service and age at retirement equal 85 or more. The years of service must be consecutive years of service at Indiana State University.

550.3.1.5 Required Retirement Date. The Required Retirement date is open.

550.3.1.6 Required Election Date. The Required Election Date is open.

550.3.2 Benefits.

The following benefits are available to eligible employees who retire under the University's retirement programs and meet certain eligibility criteria.

550.3.2.1 Incentive Payment. Based on hire date and years of service, eligible employees will receive a retirement incentive lump sum payment (minus applicable taxes) as follows:

1. Employees with 15 or more years of continuous service as of December 31, 2010 will receive 60% of base salary.
2. Eligible employees with less than 15 years of continuous service on December 31, 2010 will receive 40% of base salary.
3. Employees hired after December 1, 2010 receive 25% of base salary.

550.3.2.2 Post-Retirement Health Coverage.

550.3.3.2.1 Subsidized by Indiana State University. Post-retirement health coverage will be subsidized by the University if the eligible employee was enrolled on the University Health Plan prior to January 1, 2005, is enrolled at the time of retirement, and has been enrolled on the University Health Plan for a minimum of 20 consecutive years. The spouse of the eligible employee can be covered if the spouse has also been enrolled on the University Health Plan for a minimum of 20 consecutive years.

550.3.3.2.2. Health Benefits "Bridge". A health benefits "bridge" is available to employees at the age of 60 or older with at least 20 years

of consecutive service and enrolled for a minimum of 20 consecutive years in the University Health Plan who are not eligible for the post-retirement subsidized health coverage (see 550.3.3.2.1). The spouse of the eligible employee can be covered if the spouse has also been enrolled on the University Health Plan for a minimum of 20 consecutive years. Employee must be hired prior to March 1, 2022. Eligible employees for the bridge program can remain on the University Health Plan by paying the employee share of the premium until age 65.

550.3.3.2.3 No Subsidy by Indiana State University. Employees not eligible to retain the University's post-retirement health coverage under the retirement severance plan (see 550.3.3.2.1) but are enrolled in the University Health Plan and retire on or after age 65 may buy into the post-retirement coverage by paying the entire premium. A spouse may also buy into the post-retirement health coverage if, at the time the retirement is effective, the spouse is age 65 or older. There are no dental benefits with this buy-in plan.

550.3.3.3 Life Insurance. Reduced Life Insurance (\$5,000 to \$20,000 of coverage dependent upon plan chosen) will be paid in full by Indiana State University if hired prior to January 1, 2005. Remaining life insurance coverage discontinued at retirement may be converted within 31 days of retirement (retiree pays entire premium).

550.3.3.3.1 Retention of Voluntary Life Insurance. Voluntary life insurance is eligible to be retained by the retiree contacting the vendor and paying the entire premium within 31 days of retirement date.

550.3.4 Other Benefits.

- Continued use of the Student Recreation Center at no cost (spouses must pay regular usage rates unless covered under the post-retirement health coverage).
- Campus surface lot parking at no charge (does not include parking garage).
- Continued use of University Library as a retiree.

550.4 Ten-Year Retirement Plan

550.4.1 Eligible Employees. A ten-year retirement plan option is available to benefit eligible employees, who are at least age 60 at retirement and have ten (10) or more consecutive years of service.

550.4.2. Benefits.

550.4.2.1 Continued use of the Student Recreation Center free of charge (spouses must pay regular usage).

550.4.2.2 Lifetime hangtag for campus surface lot parking at no charge (does not include garage tag).

550.4.2.3 Continued use of the University Library as a retiree.

550.4.2.4 Opportunity to Convert life insurance or Port/Convert Voluntary Life Insurance if done within 31 days of the retirement date. The employee must be enrolled in these plans at the time of retirement to participate.

550.4.2.5 COBRA coverage will be made available at a rate of 102% of the total health coverage rate. Indiana State University will not subsidize this rate; it shall be borne entirely by the retiring employee.

550.4.2.6 The retiring employee may buy into the post-retirement health coverage by paying the entire premium at age 65. The retiring employee must:

- At the time of retirement be enrolled in the University Health Plan.
- Be 63 ½ or older and use COBRA to age 65 to enroll in the post-retirement health coverage.
- No dental benefits are available with this plan.