

University of Nebraska-Lincoln

Voluntary Separation Incentive Program (VSIP)

For Retirement-Eligible Tenured Faculty

October 1, 2014

Questions & Answers

These Questions and Answers are intended to provide accurate and authoritative general information in regard to the VSIP. They are not intended to provide legal, financial, tax, accounting, or any other type of advice.

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1. Who is eligible to participate in the VSIP?

A member of the faculty is eligible for VSIP only if he or she:

- a) has a continuous appointment (tenure);
- b) is 62 years of age or older at the Date of Separation; and
- c) has completed at least ten (10) years of service upon the Date of Separation, as determined by the University's Human Resources offices.

The following faculty are ineligible for VSIP:

- a) pre-tenure specific term/tenure track faculty;
- b) non-tenured faculty, e.g. lecturers, senior lecturers, extension educators, professors of practice, research faculty;
- c) medical, veterinary or similar professional residents/interns;
- d) postdoctoral research associates;
- e) faculty already party to a phased retirement agreement; and
- f) retirees.

2. I'm not certain that I want to participate in the VSIP this year. Can I wait until next year?

No, VSIP has a limited "window" for which applications will be accepted. Applications will be accepted beginning October 6, 2014 and conclude November 24, 2014 at 5 p.m. CST.

3. I turn 62 after October 1, 2014. Am I still eligible?

Yes, as long as you turn 62 before the Date of Separation designated in the VSIP Agreement.

Approved faculty will be required to separate from their University employment on June 30, 2015 for annual twelve-month appointments and August 15, 2015 for nine-month academic year appointments (“Date of Separation”).

4. Do my years of service need to be consecutive?

No, however, you must have 10 years of service upon the Date of Separation at the University of Nebraska to be eligible. Your years of service will be determined by the UNL Human Resources Benefits Office.

5. Are all applications for VSIP approved?

While it is the intention of UNL to allow as many eligible faculty to participate in the VSIP as possible, UNL reserves the right to limit the total number of participants in order to preserve the viability of programs and services and the integrity of financial resources.

6. I have an approved faculty development leave or am planning to take a faculty development leave in 2015, am I still eligible to participate in the VSIP?

Yes, however, the VSIP Separation Date may not be extended to accommodate faculty development leaves that begin on or after January 1, 2015. In other words, faculty who have an approved faculty development leave that begins on or after January 1, 2015 will need to forgo the leave in order to participate in VSIP.

BOR Bylaws (3.4.3.1) require that faculty awarded a faculty development leave must return to their regular assignment at UNL for at least one academic year following the leave. Thus, faculty who elect to participate in the VSIP program with a separation date on June 30, 2015 for annual twelve-month appointments and August 15, 2015 for nine-month academic year appointments are not able to accept a paid faculty development leave in spring semester 2014-15.

7. What is the process to apply for the VSIP?

The application period for the VSIP begins on October 6, 2014 and ends on November 24, 2014. To apply for the VSIP, download and complete the VSIP Application Form. Application Forms must be hand-delivered or date stamped and mailed via US Postal Service on or before November 24, 2014 unless prior arrangements have been made with the SVCAA.

On or before December 8, 2014, VSIP applicants will be notified in writing whether or not their applications have been approved. If approved, the notification will include instructions on how to pick-up and execute the VSIP Separation Agreement. Faculty members will have no fewer than 45 days from the date in which you pick-up the Separation Agreement for review and signature.

If a faculty member decides to sign the Separation Agreement, it must be delivered to the Office of the Senior Vice Chancellor for Academic Affairs. Separation Agreements must be hand-

delivered or date stamped and mailed via US Postal Service on or before February 4, unless prior arrangements have been made with the SVCAA.

A person will not be a participant in the VSIP until the VSIP Separation Agreement has been executed.

8. What is the deadline for applying for the VSIP?

The application period for the VSIP begins on October 6, 2014 and ends on November 24, 2014. Applications submitted later than 5 p.m. CST on November 24, 2014 will not be considered.

9. If I decide to apply for the VSIP, when will I know if I've been accepted?

Following the period of review, but no later than December 8, 2014, you will be notified by UNL in writing whether or not your application has been approved. If approved, your notification will include instructions on where to pick-up your Separation Agreement.

10. How will approvals for the VSIP be determined?

Decisions to approve a voluntary separation agreement for any individual will be made by the Chancellor. The following criteria will be used:

- a. You must meet the age, service and eligibility requirements.
- b. Unit's operational needs. The separation must not hinder in the short-run the unit's ability to achieve its strategic and organizational mission.

11. If I am not approved for the VSIP, can I request a reconsideration of the decision?

You may submit a request for reconsideration directly to the Senior Vice Chancellor for Academic Affairs.

12. What happens if I apply for the VSIP, then decide I do not want to resign or retire?

An applicant may withdraw his or her Application Form at any time before an executed Separation Agreement is submitted by the applicant. To withdraw an application, download and complete the Withdrawal Form. Withdrawal Forms must be hand-delivered or date stamped and mailed via US Postal Service on or before February 4, 2015 unless prior arrangements have been made with the SVCAA.

The faculty member may revoke a submitted Separation Agreement on or within seven (7) calendar days of the date the faculty member signs the agreement. Revocation of the submitted Separation Agreement will constitute automatic withdrawal of the faculty member's application for participation in the VSIP. Revocation of the Separation Agreement must be clearly stated in writing, signed by the faculty member, and received by the Office of the Senior Vice Chancellor

for Academic Affairs. Revocations must be hand-delivered or date stamped and mailed via US Postal Service, unless prior arrangements have been made with the SVCAA.

13. Are there any other considerations I should take into account when deciding if I want to participate in the VSIP?

Consultation with a financial planner and/or tax advisor is very important. The VSIP offers a very significant financial incentive, and the university is committed to maintaining opportunities for voluntary on-going academic, social, and intellectual connections for retirees.

At the same time, it is critical that each eligible employee consider the financial and personal impact of this date of retirement or resignation rather than a later date. Such impacts include a potential change in retirement and social security income and possibly significantly higher premiums for health and dental coverage. For many eligible employees, these changes would have taken place in the near future, regardless of an incentive plan.

The plan therefore provides an opportunity to enhance resources for an imminent retirement or resignation. For those individuals who had not planned to retire or resign in the next few years, these impacts need to be weighed against the opportunities presented by a significant income infusion and full retirement.

14. How is my VSIP payment determined?

Each approved applicant, who submits (and does not revoke) an executed Separation Agreement, will receive a lump-sum cash payment equal to 90% of his/her annual base salary as of October 1, 2014, less required deductions.

The base salary is the “9 months over 12” or 12-month faculty salary in effect at October 1, 2014, and does not include any other payments such as summer sessions, overloads, or other additional payments, such as professorship or administrative stipends.

To obtain an estimated individualized calculation of the estimated VSIP Incentive Payment, please contact:

Jo Bialas
Director of Business Operations
(402) 472-8611
jbialas2@unl.edu

15. May I have my VSIP payment made through direct deposit into a bank account?

Yes, the university will automatically send the participant’s VSIP payment to the same direct deposit account used for the participant’s paycheck.

If a participant's bank account changes after the separation date, but before receipt of the incentive payment, the participant must notify UNL Payroll of the change in direct deposit information.

16. When will I receive my last paycheck and VSIP payment?

VSIP payments for 12-month faculty will be made on July 31, 2015. VSIP payments for 9-month faculty will be made on August 31, 2015.

17. Will my VSIP payment be taxed?

Yes, UNL will withhold all applicable federal income tax, Nebraska state income tax, and FICA (Medicare and Social Security) taxes from the VSIP payment. VSIP participants can make changes to both federal income tax withholding rates and Nebraska state income tax withholding rates should his or her tax advisor recommend such a change. Changes should be made through employee self-service in Firefly.

It is strongly encouraged that participants consult with a tax or financial advisor and a representative of his or her retirement plan. Fidelity and TIAA-CREF have been notified about the VSIP program.

18. Can I delay receipt of the VSIP (retirement lump sum payment) until the next tax year?

No, delayed payment is not permitted under IRS regulations.

19. Will my future VSIP payment be payable to my estate if I die before receiving it?

Yes, the Separation Agreement will provide for a beneficiary designation. If a faculty member dies prior to receiving the VSIP payment, the entire VSIP payment will be made to the beneficiary.

20. What are the benefits of VSIP for me?

The primary benefit to an eligible employee who chooses to voluntarily relinquish his or her employment, tenure, and continuing employment status at the university through retiring, is that he or she will receive a cash incentive payment that otherwise is not available. The decision to participate in the VSIP is solely that of the eligible employee subject to certain limitations stated in the VSIP Program Summary.

21. Do the VSIP benefits include health insurance coverage?

No, UNL faculty electing to participate in the VSIP may continue health insurance coverage under the University of Nebraska's retiree insurance program, opt for their own coverage elsewhere, or elect to take the COBRA option for 18 months.

22. How do I ensure continuation of my health (medical, dental and/or vision) insurance?

UNL faculty will have their University insurance paid through the date of their last paycheck from UNL. (VSIP payments for 12-month faculty will be made on July 31, 2015. VSIP payments for 9-month faculty will be made on August 31, 2015.)

Faculty may enroll for continuing insurance coverage with the University of Nebraska by contacting the UNL Benefits Office, (402) 472-2260, prior to retirement.

23. Can I make changes to my health care or dental coverage at the time I retire under the VSIP?

You can make changes during the University of Nebraska open enrollment period during November 2014 and effective January 1, 2015. At the time of retirement you may change who is covered under your insurance plan.

24. Will I be able to immediately draw retirement benefits if I participate in the VSIP?

Yes, after you separate, normal rules governing retirement distribution apply. The rules affecting how much and when a participant may begin receiving retirement payments are completely independent of the VSIP. This is true for all retirement plans.

Before enrolling in the VSIP, participants are strongly encouraged to contact a retirement plan representative, TIAA-CREF or Fidelity, and the UNL HR Benefits office to find out more about retirement benefits.

25. How do I get information on retirement benefits?

An estimate of retirement benefits can be obtained by contacting a representative with the employee's selected retirement plan.

The following contacts for the two University of Nebraska Retirement companies are:

TIAA-CREF

1-800-732-8353

To schedule a one-on-one session with a TIAA-CREF representative

Fidelity

1-800-642-7131

To schedule a one-on-one session with a Fidelity representative

25. How can I find out about my social security benefits?

Contact the Social Security Administration [<http://www.ssa.gov>]. The general toll-free phone number for the Social Security Administration is 1-800-772-1213. The Lincoln office location is:

Room 240
100 Centennial Mall N
Lincoln, NE. 68508

26. What happens to accrued and unused vacation leave and floating holidays for 12-month tenured faculty under the VSIP?

Faculty having a balance of vacation hours and floating holidays will receive a lump sum payment of the accrued balances in the final paycheck. Payment is made at the individual's current rate of pay at Date of Separation.

27. Who can answer questions about the VSIP?

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