

IU 18/20 Retirement Plan

Retention Incentive Pay

Updated 9/24/2021

A. SUMMARY

An opportunity for departments to retain productive Academic and Staff employees who would otherwise terminate and begin receiving 18/20 Plan payments.

Department-designated individuals, who are potential 18/20 Plan recipients, would receive the following Retention Incentive Pay allocation/payment:

- At age 64, a \$5,000 allocation for research and professional development – see section C for details.
- From age 65 to 70, a 20% of base salary supplemental payment – see section D for details.

B. 18/20 PLAN ELIGIBILITY

To receive 18/20 Plan benefits, an individual must meet the following criteria:

- have at least 18 years of participation in the IU Retirement Plan 15% Level, and
- have at least 20 years of full-time Appointed IU service, and
- be at least 64 years of age.

At age 65, it is possible for an individual to receive a full 60-months of 18/20 Plan benefits.

After initiating 18/20 Plan benefits, such payments cease on the earliest of the following dates: after 60 months of benefits, the recipient's 70th birthday, or the recipient's death.

C. RESEARCH AND PROFESSIONAL DEVELOPMENT ALLOCATION

This is a one-time allocation for individuals who would otherwise terminate and receive 18/20 Plan payments at age 64:

- \$5,000 would be allocated by the respective department, for the employee to use for expenses related to research, personal development or other activities that would mutually benefit the department and employee.
- related expenses would be charged to or reimbursed from department budgets in the same manner as other associated expenses (It is intended that these expenses would qualify as "business expenses" under all applicable internal and external regulations.)
- the "\$5,000 allocation" can be used anytime during the period the employee is receiving Retention Incentive Pay
- any remaining balance of the "\$5,000 allocation" at the time the employee terminates or obtains age 70, is returned to the department
- funding of the "\$5,000 allocation" is the responsibility of the associated department

Procedure for initiation of Research/Professional Development Allocation:

1. Deans, Chairs or Directors should obtain approval from the respective Chancellor or Vice President, using email or memo format to document such request and approval.

(It is not intended that this "allocation" be automatic, but rather departments would identify a productive individual to retain when that individual could otherwise terminate and initiate 18/20 Plan benefits.)

Note that not every individual is eligible for 18/20 Plan benefits at age 64, as other criteria applies – see above eligibility criteria for 18/20 Plan benefits.

2. A copy of the approval from the respective Chancellor or Vice President should be sent to IU Human Resources at:

IU Human Resources
ATTN: Retention Incentive Plan
420 N. Walnut Street
Bloomington, IN 47404

This documentation should identify: employee, department/campus and effective date. (IU Human Resources will use this documentation to maintain university-wide records of this Retention Incentive “allocation” and to prepare institutional reports for analysis and evaluation.)

3. The Dean, Chair or Director should notify the associated employee of the Retention Incentive Pay “allocation”, after approval is obtained in step 1.

D. SUPPLEMENTAL PAYMENT

This is a monthly payment for department-designated individuals who would otherwise terminate and receive 18/20 Plan benefits between age 65 and 70:

- 20% of base salary would be paid to the employee as a supplemental payment
- the “supplemental payment” would be treated as wages, subject to normal income and employment taxes
- the “supplemental payment” would not impact life, LTD or other insurance plans or IU Retirement Plan contributions; however, the University will make FICA contributions on these payments, as required by federal regulations
- IU Human Resources will generate these supplemental payments on a monthly basis, to coincide with base salary payments
- funding for these supplemental payments will be generated from a University Administration account
- “supplemental payments” shall be initially approved for up to a 12-month period, with extensions on an annual basis

Procedure for initiation and approval of Supplemental Pay:

1. Deans, Chairs, or Directors, should prepare a short memo requesting Retention Incentive Supplemental Pay for a specific individual, including a brief statement that indicates how the department will benefit from that individual’s retention. This memo should also indicate the effective date for the Retention Incentive Pay.
2. The request should be directed to the respective Chancellor or Vice President for review and approval.
3. The request should then be directed to the President of the university for review and approval.
4. Upon approval, the request and approvals should be sent to IU Human Resources at:

IU Human Resources
ATTN: Retention Incentive Plan
420 N. Walnut Street
Bloomington, IN 47404
5. IU Human Resources will verify the individual’s eligibility for 18/20 Plan benefits, and return confirmation to the respective unit head.
6. Upon receipt of confirmation from IU Human Resources, the Dean, Chair or Director should notify the associated employee of the Retention Incentive Pay approval.
7. As it is assumed that the Dean/Chair/Director had discussed the Retention Incentive Pay offer with the associated employee prior to submitting a request for approval to the respective Chancellor or Vice President. (IU Human Resources should be notified of any employee rejections or change of status associated with this Retention Incentive Pay.)
8. IU Human Resources will generate the appropriate monthly transaction for the employee’s supplemental payment. (Payments will be at the time of normal base salary payments, and will be processed in the same manner as those payments -- direct deposit.)
9. After the first 12-month period, the Dean, Chair or Director needs to inform IU Human Resources of extensions of previously approved Retention Incentive Pay. These extensions shall be for 12 months at a time, but shall not extend beyond such time as the employee would otherwise qualify for 18/20 Plan benefits. Indication of an extension can be sent to IU Human Resources by memo or email.

Questions about these provisions should be directed to:

IU Human Resources Retirement Programs
askhr@iu.edu or 812-856-1234