

IU Early Retirement Incentive Draft Plan
reviewed by the
IFC Fringe Benefits Committee
March 8, 2011

General comment: The proposed Early Retirement Incentive Plan (ERIP) is only a temporary solution and does not address the issue of an aging workforce at IU. The IFC Fringe Benefits Committee believes that the university needs to put in place a long-term plan designed to ensure that older employees, particularly faculty, will find it financially attractive to voluntarily retire once they reach a certain age. ERIP is a short-term measure that will only appeal to employees who are currently contemplating retirement.

Specific comments:

1. Timing. The implementation of this policy appears to be rushed. When will employees be notified of this opportunity? Will schools/units have time to plan and arrange for replacements? The short timeframe will not allow senior employees who have not considered immediate retirement to assess their financial situation and make an informed decision.
2. Exclusion of Phased Retirement. What is the rationale for excluding employees with Phased Retirement? Would it be too expensive for units to transition the employees to ERIP?
3. Extent of Interest. Is it possible to survey the 3,600 ERIP-eligible employees to gauge their interest in this plan? This data may be very helpful to schools/units who are mostly affected.
4. Exclusion? A statement needs to be added that ERIP should not be used by employers or employees who are engaged in any type of legal dispute (ethics violations, labor law violations, sexual harassment, etc). This plan should not facilitate discharge of employees with complaints pending.
5. Savings. Since newly hired employees have higher base salaries today, cost-savings may be temporary at best unless employees are replaced by part-timers.
6. Eligibility. What happens to people who already have given retirement notice prior to the announcement of ERIP? Are they ineligible?
7. Healthcare incentives. It needs to be emphasized that employees who take advantage of this ERIP and are younger than 60 years of age at the time of separation will only receive health care benefits for 5 years and will then be on their own until Medicare kicks in at age 65.