

**UNIVERSITY OF RICHMOND
STAFF ADVISORY COUNCIL
SUBCOMMITTEE ON
EARLY RETIREMENT PROGRAM
FINAL REPORT: MAY 2005**

Mission Statement:

Explore differences and compare retirement packages with peer institutions,
local business industries, and local not-for-profit organizations.

I. Introduction of Task

In June 2004, the University Staff Advisory Council at the University of Richmond appointed a subcommittee to prepare a report comparing early retirement options at the University against peer institutions, as well as large not-for-profit organizations and corporations of comparable size in the Richmond metropolitan area.

Council members Beverly Bradshaw, Christine D'Amour, Clovis Khoury, Lin Koch, Susan Murphy, Robert Naracon and DeAnn O'Dell volunteered to serve, with Virginia Carlson appointed as Chair.

At the subcommittee's first meeting in September 2004, members prepared both a mission statement and goals and objectives to guide them in the process. Letters of introduction from the associate vice president for human resource services would accompany the survey form to the three classifications of selected institutions, with input from the University's institutional research office.

The University's current early retirement option is a defined contribution retirement plan, a copy of which is attached for review. (See Addendum A.)

The Early Retirement Subcommittee met frequently during the 2004-2005 academic year with the goal of a final report by May 1, which follows. Members of the subcommittee were unanimous in expressing their appreciation for participation in this research project for their peers.

II. Acknowledgements

The subcommittee acknowledges assistance received from:

- Katherine Douglas, Associate Vice President Human Resource Services, for assisting the committee with the letter and survey to be sent.
- Lynn Robertson, Project/Events Coordinator Human Resource Services, for assistance in mailing the letter to survey participants and receiving and logging the responses.
- Steve RiCharde, Office of Institutional Research, Planning and Assessment, for editing and making suggestions for the final survey sent to participants.
- Subcommittee members made multiple follow-up contacts with organizations not responding within the initial response time.

III. Explanation of the Selection Process

As stated in the strategic plan, one objective of the Staff Advisory Council is to review our staff benefits and consider enhancements where feasible. The Council determined, early on, that the best way to review our staff retirement benefits was to compare them to the benefits offered at our peer/aspirant institutions. We decided to take our study one step further and compare our benefits to those of local corporations, as well as large not-for-profit agencies. By evaluating local employers, we are better able to analyze how the University's current retirement benefits compare in the local market. We selected ten peer institutions whose academic missions are similar to ours, eight local corporations and four local not-for-profit agencies:

Name	Industry Type
Bucknell University	Peer/Aspirant Institution
Davidson College	Peer/Aspirant Institution
Dartmouth College	Peer/Aspirant Institution
Colgate University	Peer/Aspirant Institution
Princeton University	Peer/Aspirant Institution
Rice University	Peer/Aspirant Institution
Wake Forest University	Peer/Aspirant Institution
Wesleyan University	Peer/Aspirant Institution
Furman University	Peer/Aspirant Institution
Anthem	Local Corporation
Capital One	Local Corporation
Dominion Resource Services	Local Corporation
Land America Financial group	Local Corporation
Lowe's	Local Corporation
Ukrops Supermarket	Local Corporation
Wal-Mart	Local Corporation
American Heart Association	Not For Profit
American Red Cross	Not For Profit
Christian's Children's Fund	Not For Profit
United Way	Not For Profit

Each sub-committee member was assigned organizations to contact. It was the Council members' task to research and compile contact information for each organization. This was done by referencing human resource Web sites and/or placing phone calls to the selected organizations.

IV. Summary of Contact Information

Survey Comparison	Contact	Title	City	State
<u>Peer Institutions</u>				
Bucknell University	Cindy Lee Bilger	Senior Associate Director, Human Resources	Lewisburg	Pa.
Colgate University	Amy Ryan	Assistant Director, Benefits and Compensation	Hamilton	N.Y.
Davidson College	Carl Sorensen	Director, Office of Human Resources	Davidson	N.C.
Dartmouth College	Rosemary Rucnicki	Director of Benefits, Office of Human Resources	Hanover	N.H.
Furman University	Susan Ziegler	Director of Personnel, Personnel Department	Greenville	S.C.

Princeton University	Ms. Alison Nelson	Manager, Benefits and Compensation	Princeton	N.J.
Rice University	Ms. Elaine Britt	Assistant Director of Human Resources, Benefits	Houston	Texas
Wake Forest University	Ralph Pedersen	Director of Human Resources	Winston-Salem	N.C.
Washington and Lee	Ms. Deborah Stoner	Benefits Coordinator, Personnel Services	Lexington	Va.
Wesleyan University	Ms. Judy Buden	Assistant Director, Employee Benefits	Middletown	Conn.

Large Not-for-Profits

American Heart Association	Ellen Vance	Vice President, Human Resources	Glen Allen	Va.
American Red Cross	Andrew Wooldridge	Human Resources Manager	Richmond	Va.
Christian Children's Fund	Vanessa Turner	Payroll and Benefits Administrator	Richmond	Va.
United Way	David White	No early retirement program		

Corporate

Anthem Headquarters	Cathy Kelaghan	Director of Benefits	Indianapolis	Ind.
Capital One	Does not participate in surveys			
Dominion Resource Services, Inc.	Ms. Robin Watkins	Manager, Benefits	Richmond	Va.
Genworth Financial	Mr. Joseph Mays	Manager, Compensation and Benefits	Richmond	Va.
Land America Financial Group, Inc.	Mr. Jonny Johnson		Richmond	Va.
Lowe's	Tracy Robinson	Employee Benefits	N. Wilkesboro	N.C.
Ukrop's Super Markets, Inc.	Ms. Beth Mann	Assistant to Benefits Manager	Richmond	Va.
Wal-Mart	M. Susan Chambers	Benefits Administrator, Rick Mgmt, Aviation and Travel	Bentonville	Ark.

Non-respondent organizations:

Colgate University
Davidson College
Dartmouth College
Furman University
Rice University
Wesleyan University

American Red Cross
Christian Children's Fund
United Way

Anthem
Capital One
Land America
Lowe's

V. Preparation of Letter of Introduction and Survey Questionnaire

The subcommittee met several times to craft the letter of introduction and to develop survey questions that would elicit the answers we were seeking. See Addendum B for a copy of the letter of introduction. See Addendum C for a copy of the questionnaire.

VI. Explanation of Survey Results

See Addendum D for graphed survey results.

VII. Recommendations

The early retirement subcommittee encourages the University of Richmond to adopt best practices in regard to employee retirement planning:

- A. This year's survey reflects current conditions. In order to keep abreast of new developments and changes in retirement benefits, the committee recommends that a survey of academic institutions, large not-for-profit organizations, and corporations be conducted every three years.
- B. The committee further suggests that the University of Richmond become more pro-active in educating its employees on the importance of planning for retirement. For example, Human Resource Services could develop a comprehensive financial planning course for members of the University community, encompassing life insurance (both voluntary and University of Richmond provided), health insurance and retirement planning options for a total overview.
- C. From the onset of a staff member's affiliation with the University, the importance of retirement planning should be stressed. Employees should be encouraged to meet annually with professionals of the University-approved retirement plans (TIAA-CREF, American and Vanguard) to discuss options, review current contributions, and verify that the employee's retirement goals and target projections are on track.
- D. Rename the University's Early Retirement plan to better describe its goals and benefits.

VIII. Conclusion

Of the eight (8) respondents, none had an early retirement program. Early retirement, in our surveyed organizations, is not an option. Further study is not warranted at this time; however, reassessments should take place on a two-to-three year cycle to ensure that the University's programs are comparable.

In summary, the University of Richmond's early retirement plan currently in place compares favorably with peer institutions.

ADDENDUM A

EARLY RETIREMENT PLAN

The University has established an Early Retirement Plan as an opportunity for certain eligible Employees to relinquish their positions in exchange for certain benefits from the University. To be eligible to elect to retire early under the Early Retirement Plan, an Employee must be classified as full-time between the ages of 60 and 65. In addition, the Employee's combined age and years of employment must equal or exceed a total of 80 by his/her retirement date.

Staff hired on or after July 1, 1992 are not eligible for the Medicare Supplement Plan provided by the University.

*** If an Employee elects to retire under the Early Retirement Plan, then he/she will receive University medical insurance benefits, until age 65, on the same basis as if he/she had continued service as an active Employee, except that he/she will be responsible for paying the full cost for the medical insurance.**

*** The medical insurance benefit will be administered in accordance with applicable medical plan documents.**

*** A retired Employee, under age 65, has the option to continue coverage for enrolled eligible dependents: spouse /same-sex domestic partner (until he/she becomes eligible for Medicare) and children (until the end of the calendar year in which the child turns 23) in a University health insurance plan as long as they were enrolled at the time the Employee retired. The retired Employee will be responsible for paying the full cost for dependent coverage.**

*** Should the Employee predecease his/her dependent(s), the eligible spouse and children will be offered COBRA for up to thirty-six (36) months.**

*** When an Employee who has elected to retire early under this plan reaches age 65, he/she will cease participation in the medical plan for active Employees.**

*** If the Employee was hired prior to July 1, 1992, then he/she will receive post-retirement medical benefits under the University Medicare Supplement Plan currently in effect for retired Employees. The University will pay up to \$2,400 per year for the Employee for this plan. If the Employee's spouse was covered at the time the Employee retired, then he/she may enroll in the University Medicare Supplement Plan upon reaching age 65. The Employee is responsible for the full cost of the premium for his/her spouse.**

*** If the Employee was hired on or after July 1, 1992, then the University's coverage will end when the Employee turns 65. At age 65, the Employee may enroll in his/her own Medicare Supplement and assume the cost.**

*** The retiree will be billed for his/her share of the monthly premium to provide the above-mentioned coverage. Cost information is available from the Department of Human Resource Services.**

Modified: 15-Mar-2005

ADDENDUM B: Letter of Introduction to the Survey

December 7, 2004

«Title» «FirstName» «LastName»
«JobTitle»
«Company»
«Address1»
«Address2»
«City», «State» «PostalCode»

Dear «Title» «LastName»:

The University of Richmond, under the direction of the University Staff Advisory Council, is currently gathering information for a research project relating to early retirement plans offered by or under consideration at selected peer academic and business institutions.

I have enclosed a short survey questionnaire relating to retirement plans, specifically early retirement options. You will also find a self-addressed, stamped envelope to be used to return the completed survey.

«WorkPhone», a member of the University Staff Advisory Council, will soon follow-up with you regarding this request.

The information gathered will be condensed into our final report and recommendations, due in May 2005. Rest assured that the information will remain strictly confidential. However, we would be happy to share our results with participants upon request.

Should you have any questions regarding this research project, please do not hesitate to contact me at (804) 289-8166.

Sincerely,



Katherine R. Douglas
Associate Vice President for Human Resource Services

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Enclosure

**University of Richmond
University Staff Advisory Council
Early Retirement Subcommittee
Survey Questions**

ADDENDUM C

Organization name

Person completing survey

Title

Mailing address

Street

City

State

Zip

Phone number

Email address (*optional*)

I. Organization description (*Please circle the best responses*):

A. Academic:

1. Private
2. Public

B. Non-academic:

1. For profit
2. Non profit

C. Number of full-time employees:

- | | |
|------------|--------------|
| 1. 1-249 | 5. 1000-1249 |
| 2. 250-499 | 6. 1250-1499 |
| 3. 500-749 | 7. 1500-1749 |
| 4. 750-999 | 8. 1750-2000 |

II. Does your organization offer an early retirement plan? Yes No

A. If yes, what were the determining factors in the organizations decision to offer an early-retirement option?

B. Is there a uniform policy for all employees governing early-retirement?

Yes No

If yes:

1. What are the rules governing early retirement?
2. Who is eligible?
3. Who is not eligible?

C. How long has your organization had an early retirement plan?

D. Or, if an early retirement plan is not offered, what factors contributed to the decision not to have an early-retirement plan?

III. What is the retirement rate of those not retiring early vs. those retiring early?

- A. Last five years _____
- B. Last 10 years _____

IV. Regarding benefits for early retirees:

A. What is the normal benefit package for all employees?

B. What benefits are continued for early retirees?

C. What benefits are reduced if an employee chooses the early-retirement option?

1. Are retirees able to continue the organization/s medical insurance?
Yes No

2. Up to what age? _____

3. Are full premiums paid by the retiree, or does the company continue to contribute? Yes No

V. For academic institutions, does an early retiree continue to have access to campus activities to the same degree as full-term retirees, such as courses, athletics, cultural, etc.?

Yes No

- VI. Do you have a formula, or algorithm, for calculating eligibility for early and regular retirement, i.e., age plus service?
- A. Age requirement for both early and full-term retirees. Yes No
If yes, what is the age? _____
- B. Years of service required for each form of retirement. Yes No
If yes, what is the number of years? _____
- VIII. Is early retirement encouraged by the organization? If yes, is there a formal written policy outlining early retirement options and reasons for its importance.
- IX. Do you ever offer early buyouts to employees who are near retirement age? If yes, what are the specific conditions making an employee eligible for a buyout?
- X. Are employees credited for unused sick and/or vacation time to qualify for early retirement?
- A. Sick: Yes No
If yes, what is the amount?
- B. Vacation: Yes No
If yes, what is the amount?

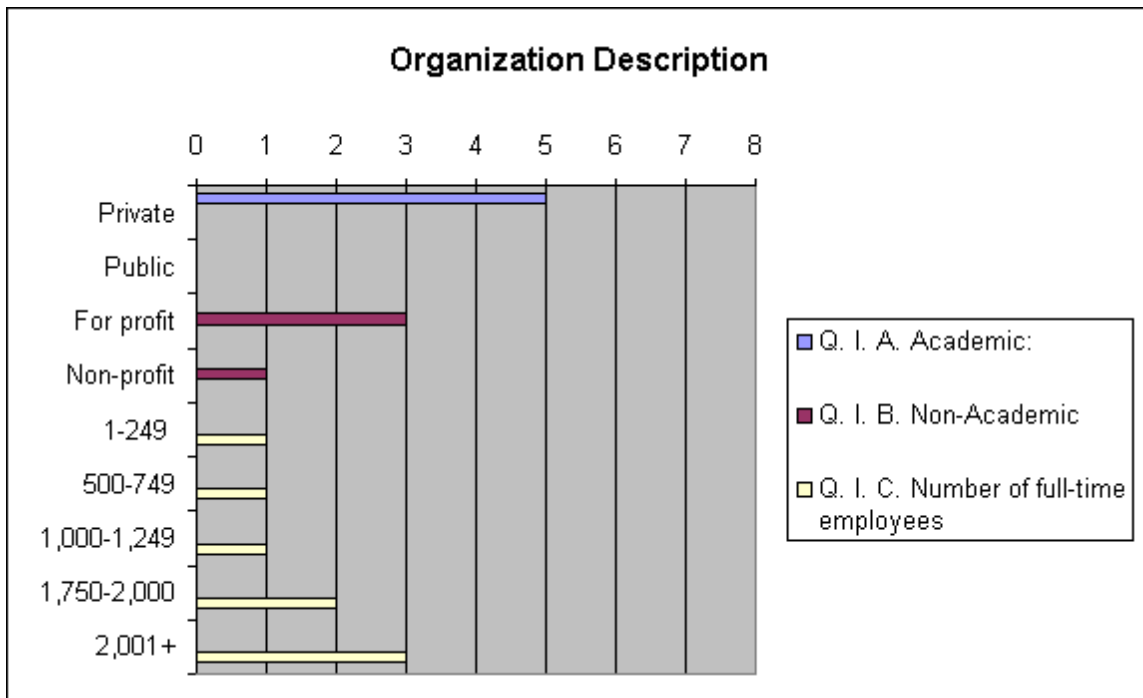
Thank you for your participation.

ADDENDUM D: Explanation of Survey Results

Question I. Organization description.

We asked respondents to describe their organizations. A majority of responses were from private academic institutions; one non-academic response was from a not-for-profit organization; and the remaining responses were from for-profit organizations.

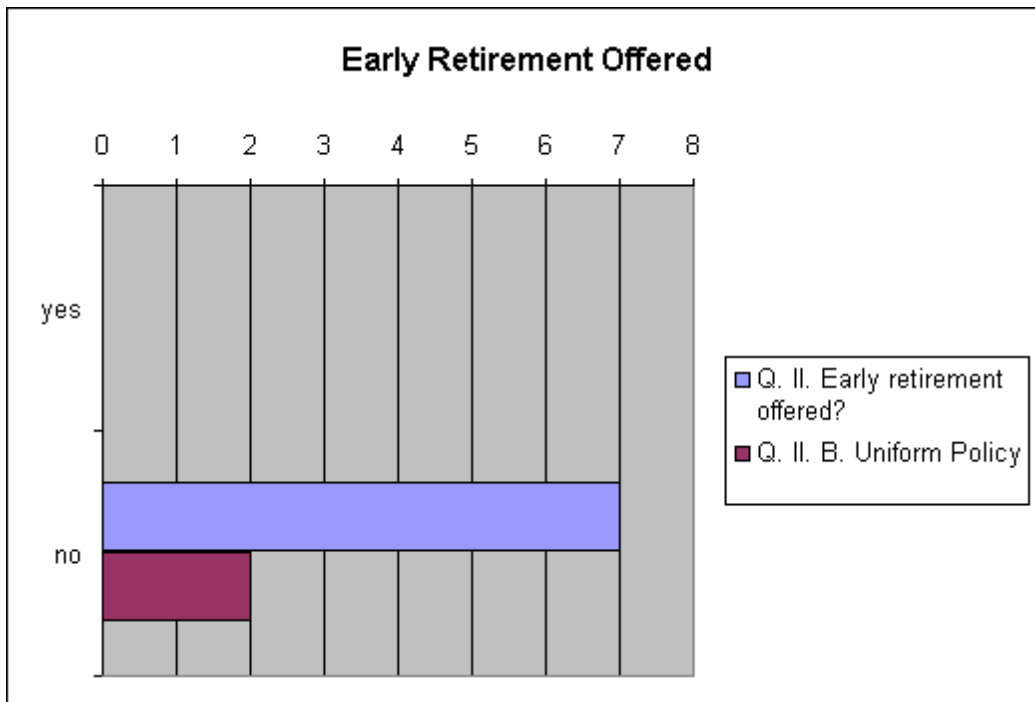
	Q. I. A. Academic:	Q. I. B. Non-Academic	Q. I. C. Number of full-time employees
Private	5		
Public	0		
For profit			3
Non-profit		1	
1-249			1
500-749			1
1,000-1,249			1
1,750-2,000			2
2,001+			3



Question II. Does your organization offer an early retirement plan?

None of the respondents had an early retirement plan.

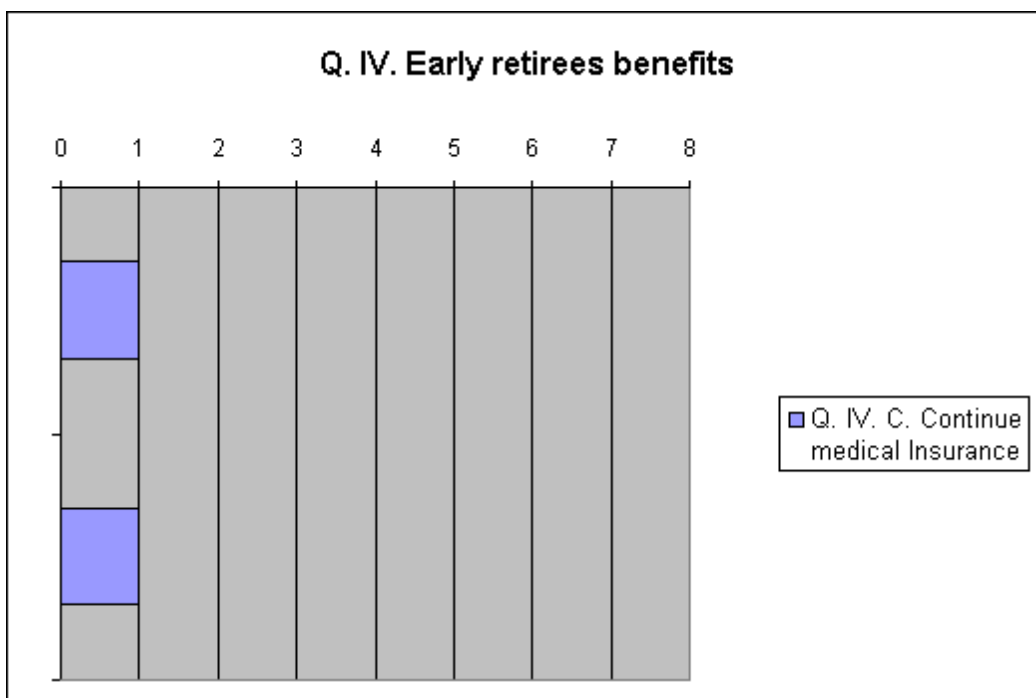
	yes	no
Q. II. Early retirement offered?	0	7
Q. II. B. Uniform Policy	0	2



Question IV. Regarding benefits for early retirees:

One respondent allowed early retirees to continue the organization's medical insurance, and one did not.

	1	1
Q. IV. C. Continue medical Insurance	1	1



Question VI. Do you have a formula, or algorithm, for calculating eligibility for early and regular retirement, i.e., age plus service?

One respondent did not have an age requirement and one did. One respondent did not have a years of service requirement, and one did.

	yes	no	
Q. VI. A. Age Requirement	1	1	1
Q. VI. B. Years of Service	1	1	1

