

West Virginia University



Voluntary Separation Incentives

A Limited Offer Voluntary Separation Plan Description

Approvals

West Virginia University Board of Governors

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PREAMBLE

West Virginia University has assessed the current state of the institution and has found a need to review all available organizational development tools in an effort to further programmatic goals, attract and retain quality personnel, compensate faculty and staff competitively with relevant market levels, and enhance the ability of the University to contribute fully to the growth, development, and quality of life of the State and its citizens. In so doing, the University realized the benefits of developing a voluntary separation incentives plan to be used as one of the available organizational development tools. Unlike previous institution-wide severance packages, this plan shall be used on an as needed basis when it has been determined that both the University and its employees would benefit from the offering of voluntary separation incentives.

The West Virginia Legislature has given institutions of higher education the authority to include in their strategic plans policies that offer various incentives for the voluntary, early or phased retirement of employees or voluntary separation from employment when necessary to implement programmatic changes. (W. Va. Code § 18B-1-1d)

In consideration of the provisions of West Virginia Code § 18B-1-1d, West Virginia University has developed the following voluntary separation incentives plan. This plan has been reviewed and approved by both the West Virginia University Board of Governors and the Legislative Joint Committee on Pensions and Retirement. The authority granted in this plan may be exercised for five (5) calendar years from the date the plan was approved by the Legislative Joint Committee on Pensions and Retirement. After this expiration date, the separation incentives outlined in this document may not be offered unless the University seeks re-approval of the plan, as required.

INTRODUCTION

The West Virginia University Voluntary Separation Incentives Plan has been designed to help meet emerging programmatic needs and circumstances by creating flexible options that may be offered and implemented by the University, as determined by the Vice President for Talent and Culture, or his/her designee, in coordination with the Vice President, or his or her designee, for the respective area.

Offer of a voluntary separation incentive is solely at the discretion of the University, and nothing herein shall be interpreted as granting a right or entitlement of any such incentive to any individual or group of individuals.

A University employee's decision to accept an offered separation incentive shall be totally voluntary, and no University employee shall be discriminated against in any way or by any means because he or she elects not to accept an offered voluntary separation incentive.

Any costs associated with any incentive offered by West Virginia University shall be borne entirely by the University and no incentive shall be granted that imposes costs on the West Virginia Teachers Retirement System ("TRS") or the Public Employees Insurance Agency ("PEIA") unless those costs are paid entirely by the University. Such additional costs to TRS shall be calculated and paid in accordance with a Memorandum of Understanding executed between the University and the West Virginia Consolidated Public Retirement Board ("CPRB"). Such additional costs to PEIA shall be calculated and paid in accordance with a Memorandum of Understanding executed between the University and the PEIA.

SECTION 1: DEFINITIONS

- 1-1 **Plan** shall mean the West Virginia University Voluntary Separation Incentives Plan as described in this document.
- 1-2 **Employee** shall mean any regular, benefits-eligible employee employed by the West Virginia University Board of Governors.
- 1-3 **Employment Obligations** shall mean the employee's obligation to fulfill the job duties outlined by the University until such time as the employee's agreed upon "exit date."
- 1-4 **Exit Date** shall mean the date agreed to by the University and the employee as the employee's last official day of employment with the University.
- 1-5 **Financial Payment Beneficiary** shall mean the individual(s), trust(s), and/or other entity named on the beneficiary form completed by the employee as a part of the Voluntary Separation Incentives Plan; provided that if no such beneficiary has been named or remains alive or in existence, then remaining benefits shall be paid to the employee's spouse, if any, otherwise to the employee's estate.
- 1-6 **Fiscal Year** shall mean the twelve (12) month period beginning July 1 of each year.
- 1-7 **Insurance Beneficiary** shall be defined by the laws and regulations applicable to the Public Employee's Insurance Agency.
- 1-8 **Plan Benefit Period** shall mean the pre-determined period that an employee will receive benefits under the plan as determined by a mutual agreement between the University and the employee, as well as any applicable state or federal law.

SECTION 2: ELIGIBILITY

- 2-1 Eligibility to participate in the plan is limited to employees who have received a voluntary separation incentives offer, signed by the Vice President for Talent and Culture, or his or her designee, as well as the respective Vice President, or his or her designee, to whom the employee reports.
- 2-2 Continued eligibility to participate in the plan is conditioned upon the employee's fulfillment of all employment obligations, as outlined by the University. Failure to fulfill employment obligations through the employee's exit date may result in forfeiture of voluntary separation incentives, as determined by the University.
- 2-3 To participate, the employee must agree to separate from employment with the West Virginia University Board of Governors, but there is not a requirement that an employee commence his/her pension or otherwise retire from active employment. Following separation from service with the University, the employee is free to accept full or part-time employment with another employer.
- 2-4 Any employee granted incentives under this plan shall be ineligible for reemployment with any West Virginia State institution of higher education during or after his/her plan benefit period concludes, including contract employment in excess of five thousand dollars (\$5,000) per fiscal year, unless W. Va. Code §18B-1-1d is amended to provide for reemployment. The agreement between the University and the employee shall explicitly incorporate these provisions.
- 2-5 Employees separated for disciplinary reasons or terminated for cause are not eligible for voluntary separation incentives.

SECTION 3: VOLUNTARY SEPARATION INCENTIVES

- 3-1 The University shall be authorized to offer one or more of the following voluntary separation incentives to its employees:
 - 1. Payment of a lump sum to an employee to separate;
 - 2. Continuation of full salary to an employee for a predetermined period of time prior to the employee's separation and a reduction in the employee's hours of employment during the predetermined period of time;
 - 3. Continuation of insurance coverage pursuant to the provisions of W. Va. Code §§ 5-16-1 et seq., for a predetermined period of time. Provided, however, that any rights to continuation of insurance coverage shall be controlled by the laws and regulations governing PEIA, and acceptance of a separation incentive offer shall not create any

rights, privileges or expectations of continued insurance coverage beyond the offer outlined in the employees individual agreement with the University;

4. Continuation of full employer contributions to an employee's retirement plan during a phased retirement period; and/or
5. That an employee retiring pursuant to an early or phased retirement plan may begin collecting an annuity from the employee's retirement plan prior to the statutorily designated retirement date without terminating his or her service with the institution.

3-2 The University may offer voluntary separation incentives when a review of programmatic needs or organizational development indicates that the University and the employee would benefit from such an offer. When developing a voluntary separation incentives offer, the University will consider the circumstances necessitating organizational change, any relevant financial aspects of the situation, as well as the specific needs or circumstances of the employee to whom the offer is made. All offers of voluntary separation incentives will be made without regard to age, ethnicity, disability status, national origin, race, religion, sex, sexual orientation or veteran status unless otherwise prohibited by applicable law.

3-3 The specific details of the offered incentives shall be documented by an individually drafted agreement between the University and each employee.

3-4 In each case, the University shall analyze the financial impact of any offered voluntary separation incentive, and the University shall be responsible for ensuring that only fiscally responsible offers are made to its employees. This analysis shall include an estimate, obtained from each applicable agency, of the required payment for imposed costs on TRS or PEIA, and such estimates may result in a determination that a voluntary separation incentive is not fiscally responsible. Such estimated additional costs to TRS shall be calculated in accordance with a Memorandum of Understanding executed between the University and the West Virginia Consolidated Public Retirement Board ("CPRB"). Such estimated additional costs to PEIA shall be calculated and paid in accordance with a Memorandum of Understanding executed between the University and the PEIA.

SECTION 4: ELECTION PERIOD & PROCEDURE

4-1 The University shall provide the employee with a voluntary separation incentives offer. This offer shall include a designated date by which the employee must deliver a written acceptance or rejection of the offer. Late submissions will not be accepted.

4-2 Once the employee signs, dates and returns the offer to the University, the employee shall have seven (7) additional calendar days from the effective date of his/her signature to revoke his/her decision to separate from employment with the West Virginia University Board of

Governors. If that decision is not revoked in writing within seven (7) calendar days following the effective date of the employee's signature, the decision to separate becomes final and binding on the employee.

- 4-3 The designation of an employee's exit date shall not create any contract entitling the employee to work through the specified exit date, and the University continues to reserve the right to terminate or lay off an employee, subject to applicable law, policy and procedure.

SECTION 5: DEATH OR DISABILITY

- 5-1 If the University and the employee enter into a binding agreement under this plan and the employee dies, all remaining financial payment incentives, as outlined in the agreement, shall be paid to the employee's financial payment beneficiary. Any incentives regarding continued insurance coverage shall be administered according to the laws and regulations controlling PEIA. Financial payment incentives will be made to the employee's beneficiary only upon proper proof submitted to and accepted by the Vice President for Talent and Culture, or his/her designee, establishing legal entitlement to be paid. Financial payment beneficiary designations shall be effective upon execution and filing in accordance with instructions on the designation form. Financial payment beneficiary designations may be revoked and changed before the employee's death only by the filing of a new designation form by the employee.
- 5-2 If the University and the employee enter into a binding agreement under this plan and the employee becomes disabled (so that in the opinion of a physician acceptable to the University, the employee will be unable to fulfill his/her employment obligations, as outlined by the University) then the employee shall receive all remaining incentives as outlined in the agreement. Such a disability will not be considered failure to fulfill employment obligations, as outlined by the University.

SECTION 6: WAIVER OF RIGHTS TO EMPLOYMENT & BENEFITS

- 6-1 In consideration of the incentives to be received under this plan, the employee shall waive, effective on his/her exit date, the following rights:
- future employment rights;
 - all entitlement to future wage and benefits increases; and
 - all rights to participate in any University-sponsored employment benefits plans as an employee.

However, the employee shall not be required to waive the following rights:

- the right to payments under this voluntary separation incentives plan;
- the right to purchase continuation of health, dental, and vision benefits under COBRA;

- or
- any rights associated with entering retirement immediately upon separation of employment.

SECTION 7: FUNDING

- 7-1 The University shall be responsible for securing the funding for all voluntary separation incentives.

SECTION 8: NON-ALIENATION

- 8-1 No voluntary separation incentive under the plan shall be subject in any way to alienation, assignment, pledge, attachment, garnishment, execution, or encumbrance of any kind, and any attempt to accomplish the same shall be void to the extent permitted by law.

SECTION 9: GOVERNING LAW

- 9-1 The plan and any related documents shall be governed by the laws of the State of West Virginia and the United States of America.
- 9-2 If any provision of this plan is determined to be unlawful, that provision shall be severed and the remainder of the plan shall continue in force; provided, however, the total value of all incentives to the employee will not be reduced in any case. If such change occurs prior to the employee's exit date, the employee may choose to revoke his/her agreement with the University.

SECTION 10: TAX CONSEQUENCES

- 10-1 For purposes of withholding and reporting taxes, the University will treat employee voluntary separation incentive payments as wages. Such payments will be reported on Form W-2 and will be subject to withholding of federal and state income taxes and FICA (Social Security) taxes. For purposes of employees who participate in TRS, whether such payments are considered a part of salary or compensation related to retirement benefits will be made on a case-by-case basis by the CPRB, based on applicable law.
- 10-2 The University recommends that each employee who is considering participating in the plan discuss the consequences of participation with his/her tax advisor or financial planner. In particular, any employee who is eligible for Social Security benefits should discuss the offer with the advisor of his/her local Social Security Office as to whether or not the payments under this plan are counted as earnings which could affect the payment of Social Security benefits.

SECTION 11: REPORTING

11-1 The Vice President for Talent and Culture, or his/her designee, shall submit an annual report to the Legislative Joint Committee on Pensions and Retirement regarding the employees who accepted voluntary separation incentive offers during the previous fiscal year. At a minimum, the following information will be provided:

1. A listing of the employee positions, including base salaries, for the employees who accepted voluntary separation incentive offers during the previous fiscal year.
2. The voluntary separation incentives attributed to each of the listed participating employees.
3. The exit date for each of the listed participating employees.
4. Replacement status, and cost where applicable, for each of the listed positions.
5. An explanation of the projected or actual savings/results for the employees who accepted voluntary separation incentives in the previous fiscal year.

SECTION 12: INTERPRETATION & ADMINISTRATION

- 12-1 Responsibility for interpretation of this document rests with the Vice President for Talent and Culture, or his/her designee, except with respect to provisions impacting TRS or PEIA, which shall be interpreted in accordance with applicable state and federal laws. The Vice President for Talent and Culture, or his/her designee, may develop any procedures or other documents necessary for the administration of the incentives outlined in this document.
- 12-2 The calculation of additional costs to TRS resulting from the offer of any incentive outlined in this document shall be performed by CPRB's actuary in accordance with a Memorandum of Understanding between the University and CPRB, and shall not be subject to interpretation or challenge by any party.
- 12-3 The calculation of additional costs to PEIA resulting from the offer of any incentive outlined in this document shall be performed by PEIA in accordance with a Memorandum of Understanding between the University and PEIA, and shall not be subject to interpretation or challenge by any party.