



Policy: 3C-12

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Responsible Party: Vice President, Organizational Development and Human Resources

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Volume 3C - Human Resources, Hours of Work, Compensation, Retirement, and Benefits

Retirement Incentive Programs

Procedure Effective Date: 09/23/2015

Procedure:

I. Definitions

- A. "Normal retirement for Florida Retirement System members" means the date which the state of Florida retirement system of which the employee is a member allows such member to receive a retirement benefit without actuarial reduction for early retirement. Currently, the Florida Retirement System (FRS) defines eligibility for normal retirement for the Regular Class member as thirty (30) years of creditable service regardless of age, or a minimum of six (6) years of creditable service and sixty-two (62) years of age. Persons who are members of other classes or other approved state of Florida retirement systems will determine their normal retirement date in accordance with the definition under that particular system. The Teachers Retirement System has several definitional categories.
- B. "Normal retirement for ORP participants" is defined as 62 years of age and any combination of a minimum of six (6) years of service in a state of Florida retirement system plan or ORP plan defined by the state of Florida retirement system, or thirty (30) years of service regardless of age.
- C. "Full-time employee" means a person filling a regularly-established college-funded position as defined in Policies 6Hx28:3A-02.2 or 6Hx28:3A-02.4.
- D. "Terminal pay benefits" means those benefits provided under 6Hx28:3F-02 to employees who resign, retire, or otherwise terminate their employment with the College.
- E. "Retirement incentive benefits" means those benefits provided to Eligible Employees who are FRS members who retire under the normal, early, or Deferred Retirement Option Program (DROP) or who are ORP participants who retire under the eligibility provisions of this policy.
- F. "Deferred Retirement Option Program (DROP)" means an alternative method for payment of retirement benefits by the Florida Retirement System for a specified and limited period, without terminating employment until the end of the DROP participation.
- G. "Optional Service" means retirement service credit that the employee elects to purchase.
- H. "Daily rate of pay" means an individual's annual contractual salary for the year of separation from the College divided by 228 for 12-month employees or 194 for 10-month employees. The contractual salary does not include shift differential, parking allowance, or other salary supplements in any form; it is not reduced by cafeteria benefit plan salary reductions.
- I. "Years of service" means the total number of years of full-time employment at Valencia College of the employee. A full-time employee is credited with one year of service when the employee has served one day more than one-half (1/2) the number of days in a contract/fiscal year or equivalent as defined in Policy 6Hx28:3C-10.
- J. "Date of separation" means the last date of employment at the College.
- K. "Effective date of retirement" means the date of retirement of the employee as defined under the state of Florida retirement system of which the employee is a member. For FRS Investment Plan and ORP participants, effective date of retirement is defined as the day following the date of separation from the college.

II. Application Procedure for the Retirement Incentive Benefits for Eligible Employees in the Transition Period

- A. In order to receive the retirement incentive benefits, the Eligible Employee who is a FRS member must:

Complete and submit to human resources a notarized letter of resignation and an application for retirement. Non-DROP participants must complete the application at least three (3) months prior to (but not later than April 1, 2016) the effective date of separation of the employee. DROP participants must submit the application prior to the date and give the college at least three (3) months' notice prior to (but not later than April 1, 2016) the effective date of separation. Teaching faculty must submit applications with an effective date of separation at the end of an academic session.

The Extended Transition Employee who is a FRS member must:

Complete and submit to human resources a notarized letter of resignation and an application for retirement. Participants must complete the application at least three (3) months prior to (but not later than April 1, 2017 for Extended Transition Period A and not later than April 1, 2018 for Extended Transition Period B) the effective date of separation of the employee and the Extended Transition Program is not available to employees in DROP. Teaching faculty must submit applications with an effective date of separation at the end of an academic session.

- B. In order to receive the retirement incentive benefits, the Eligible Employee who is an ORP participant must:

Complete and submit to human resources a notarized letter of resignation at least three (3) months prior to (but not

later than April 1, 2016) the effective date of separation of the employee. Teaching faculty must submit applications with an effective date of separation at the end of an academic session.

The Extended Transition Employee who is an ORP participant must:

Complete and submit to human resources a notarized letter of resignation at least three (3) months prior to (but not later than April 1, 2017 for Extended Transition Period A and not later than April 1, 2018 for Extended Transition Period B) the effective date of separation of the employee. Teaching faculty must submit applications with an effective date of separation at the end of an academic session.

III. Payments to 401(a) and 403(b) Qualified Retirement Plans

Retirement incentive payments made to eligible participants as defined in 6Hx28:3C-14, 401(a) Qualified Retirement Plan, and 6Hx28:3C-15, 403(b) Qualified Retirement Plan, are required to be contributed to the 401(a) and 403(b) plan to the maximum extent permitted by Federal tax laws and college policy. Retirement incentive calculations are based on the health insurance premiums and/or the employees leave balances and salary in effect on the date of the mandatory payments. These mandatory payments include:

A. Retirement Incentive Days and Retirement Incentive Health Insurance

1. Payments made to eligible participants as of the date the retirement application and/or notarized letter of resignation is accepted by the human resources office.
2. Remaining payments made to eligible participants on the date of separation or as soon as is administratively practical

B. Retirement Incentive Sick Leave

1. Payments made to eligible participants on the date of separation or as soon as is administratively practical.

After the maximum contributions have been paid into the 401(a) plan and, where applicable, to the 403(b) Special Pay Plan for the plan year, remaining retirement incentive balances will be carried over for payment into such plans in a subsequent plan year, unless the employee separates from the college during the year in which contribution maximums are reached. If the employee does separate from the college during the year in which contribution maximums are reached, payments for remaining sick and vacation leave balances will be made directly to the employee subject to applicable deductions including FICA and federal income taxes.

Procedure Related Items

- [See Policy 6Hx28:3C-14 "401\(a\) Qualified Retirement Plan"](#)
- [See Policy 6Hx28:3C-15 "403\(b\) Qualified Retirement Plan"](#)