

# University of Nebraska-Lincoln

## Voluntary Separation Incentive Program (VSIP)

### For Retirement-Eligible Tenured Faculty

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October 14, 2019

## Questions & Answers

*These Questions and Answers are intended to provide information regarding the Voluntary Separation Incentive Plan (VSIP). Answers are not intended to provide any legal, financial, tax, accounting, or other advice of any kind. Any decision to participate in the VSIP is strictly voluntary and left to the independent judgment of faculty members as to what will be in their best individual interests.*

### TABLE OF CONTENTS

#### Eligibility

1. Who is eligible to participate in the VSIP?
2. I'm not certain that I want to participate in the VSIP this year. Can I wait until next year?
3. I turn 62 after October 14, 2019. Am I still eligible?
4. Do my years of service need to be consecutive?
5. Are all applications for participation in the VSIP approved?
6. I have an approved leave or am planning to take a faculty development leave in 2020, am I still eligible to participate?

#### Process/Timeline

7. What is the process to apply for the VSIP?
8. What is the deadline for applying for the VSIP?
9. If I decide to apply for the VSIP, when will I know if I've been accepted?
10. How will approvals for VSIP be determined?
11. If I am not approved for VSIP can I request a reconsideration of the decision?
12. What happens if I apply for VSIP, then decide I do not want to resign or retire?
13. What factors should I consider when deciding if I want to participate in the VSIP?

#### Payment/Tax

14. How is my VSIP payment determined?
15. May I have my VSIP payment made through direct deposit into a bank account?
16. When will I receive my last paycheck and VSIP payment?
17. Will my VSIP payment be taxed?

18. Can I delay receipt of the VSIP payment until the next tax year?
19. Will my future VSIP payment be payable to my heirs or beneficiaries if I die before receiving it?

## **Benefits**

20. What are the benefits of the VSIP for me?
21. Do the VSIP benefits include health insurance coverage?
22. How do I ensure continuation of my health (medical, dental and/or vision) insurance?
23. Can I make changes to my health care or dental coverage at the time I retire under the VSIP?
24. Will I be able to immediately draw retirement benefits if I participate in the VSIP?
25. How do I get information on retirement benefits?
26. How can I find out about my social security benefits?
27. What happens to accrued and unused vacation leave under the VSIP?

## **Miscellaneous**

28. I would like to continue to work on my research program, for example through an active grant or by continuing to advise graduate students. Can I still take VSIP?
  29. What options do I have for reemployment at the University?
  30. Who can answer questions about the VSIP?
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### **1. Who is eligible to participate in the VSIP?**

A UNL faculty member is eligible to participate in the VSIP only if the faculty member meets each of the three following criteria:

- a) has a continuous appointment (tenure);
- b) is at least sixty-two (62) years old at the Date of Separation; and
- c) has completed at least ten (10) years of service upon the Date of Separation, as determined by the University's Human Resources office.

The following faculty members are not eligible to participate in the VSIP:

- a) pre-tenured faculty (specific term/tenure track);
- b) non-tenured faculty (e.g. lecturers, senior lecturers, extension educators, professors of practice, research faculty);
- c) medical, veterinary or similar professional residents/interns;
- d) postdoctoral research associates;
- e) faculty already party to a phased retirement agreement; and
- f) retirees.

**2. I'm not certain that I want to participate in the VSIP this year. Can I wait until next year?**

No, the VSIP has a limited “window” for which applications will be accepted. Applications will be accepted only during the time period from October 14, 2019 through 5:00 p.m. CST on December 3, 2019.

**3. I turn 62 after October 14, 2019. Am I still eligible?**

You are eligible to participate in the VSIP if you turn sixty-two (62) years old any time before the designated Date of Separation and meet the other two criteria.

Approved faculty members will be required to separate from their University employment on June 30, 2020 for annual twelve-month appointments and August 16, 2020 for nine-month academic year appointments (“Date of Separation”).

**4. Do my years of service need to be consecutive?**

No, however, you must have ten (10) years of service with the University of Nebraska as of the Date of Separation to be eligible. Your years of service will be determined by the UNL Human Resources Benefits Office.

**5. Are all applications for participation in the VSIP approved?**

While UNL intends to allow as many eligible faculty members to participate in the VSIP as possible, UNL reserves the right to limit the total number of participants in order to preserve the viability of programs and services, as well to remain fiscally responsible.

**6. I have an approved faculty development leave or am planning to take a faculty development leave in 2020, am I still eligible to participate in the VSIP?**

Yes, however, the VSIP Separation Date may not be extended to accommodate faculty development leaves that begin on or after January 1, 2020. In other words, faculty who have an approved faculty development leave that begins on or after January 1, 2020 will need to forgo the leave in order to participate in VSIP.

Faculty on leave Fall 2019 will need to return January 1, 2020 and the Separation Date will be adjusted to allow for the full academic year of work required by BOR Bylaws.

BOR Bylaws (3.4.3.1) require that faculty awarded a faculty development leave must return to their regular assignment at UNL for at least one academic year following the leave. Thus, faculty who elect to participate in the VSIP program with a separation date on June 30, 2020 for annual twelve-month appointments and August 16, 2020 for nine-month academic year appointments are not able to accept a paid faculty development leave in spring semester 2019-20.

**7. What is the process to apply for the VSIP?**

The application period for the VSIP begins on October 14, 2019 and ends on December 3, 2019. To apply for the VSIP, download and complete the VSIP Application Form from <http://go.unl.edu/vsip2019> and then submit the completed form to the Office of the Executive Vice Chancellor, Voluntary Separation Incentive Program, 208 Administration Building, Lincoln, Nebraska 68588-0420, on or before the close of business (5:00 p.m. CST) on December 3, 2019, unless prior arrangements have been made with that office. Application forms that are mailed must be postmarked on or before December 3, 2019.

On or before December 16, 2019, VSIP applicants will be notified in writing whether their applications have been approved. If approved, the notification will include instructions on how to pick up and execute the VSIP Separation Agreement.

VSIP Separation Agreements will be available for pick up from December 16 to December 20, 2019. You will be granted a period of not less than forty-five (45) calendar days to review the proposed Separation Agreement before signing and submitting it.

If you elect to sign the Separation Agreement, you must submit it to the Office of the Executive Vice Chancellor on or before the close of business (5:00 p.m. CST) on February 13, 2020, unless prior arrangements have been made with that office. VSIP Separation Agreements that are mailed must be postmarked on or before February 13, 2020. You will not be allowed to participate in the VSIP until the Separation Agreement has been executed and has become effective.

## **8. What is the deadline for applying for the VSIP?**

The application period for the VSIP will begin on October 14, 2019 and will end on December 3, 2019. Applications submitted later than 5 p.m. CST on December 3, 2019 will not be considered.

## **9. If I decide to apply for the VSIP, when will I know if I've been accepted?**

UNL will notify you no later than December 16, 2019 as to whether your application has been approved. If approved, your notification will include instructions on how to obtain your Separation Agreement.

## **10. How will approvals for the VSIP be determined?**

The UNL Chancellor ultimately will decide whether to approve a voluntary separation agreement for any eligible faculty member who has applied to participate in the VSIP, taking into consideration the following criteria: (a) the faculty member has met all requisite eligibility requirements to participate in the VSIP, and (b) the faculty member's separation will not hinder the unit's ability in the short term to achieve its strategic and organizational missions.

## **11. If I am not approved for the VSIP, can I request a reconsideration of the decision?**

You may submit a request in writing for reconsideration of the decision to the Office of the Executive Vice Chancellor.

In order to be considered, any reconsideration request must be in writing and hand delivered or sent by the US Postal Service postmarked no later than thirty (30) calendar days from the date of the occurrence of the matter giving rise to dispute or disagreement, or within thirty (30) calendar days after the faculty member, through the use of reasonable diligence, could have obtained knowledge of the occurrence of the matter giving rise to the dispute or disagreement. Requests for reconsideration sent by facsimile, electronic mail, or campus mail will not be accepted.

## **12. What happens if I apply for the VSIP, then decide I do not want to resign or retire?**

You may withdraw an application to participate in the VSIP at any time prior to submitting an executed Separation Agreement. To withdraw an application, you should download and complete a Withdrawal Form and submit it to the Office of the Executive Vice Chancellor. Withdrawal Forms must be hand-delivered or date stamped and mailed via US Postal Service on or before February 13, 2020 unless prior arrangements have been made with the Office of the Executive Vice Chancellor.

You also may revoke a submitted Separation Agreement within seven (7) calendar days following the date that you sign the agreement. Revocation of the Separation Agreement must be clearly stated in writing, must be signed by you, and must be received by the Office of the Executive Vice Chancellor within the revocation period. Revocations must be hand-delivered or date stamped and mailed via US Postal Service. Revocation of the Separation Agreement will constitute an automatic withdrawal of your application to participate in the VSIP.

## **13. What factors should I consider when deciding if I want to participate in the VSIP?**

Consultation with a financial planner and/or tax advisor is very important. The VSIP offers a very significant financial incentive, and the university is committed to maintaining opportunities for voluntary on-going academic, social, and intellectual connections for retirees.

At the same time, it is critical that each eligible employee consider the financial and personal impact of this date of retirement or resignation rather than a later date. Such impacts include a potential change in retirement and social security income and possibly significantly higher premiums for health and dental coverage. For many eligible employees, these changes would have taken place in the near future, regardless of an incentive plan.

The plan therefore provides an opportunity to enhance resources for an imminent retirement or resignation. For those individuals who had not planned to retire or resign in the next few years, these impacts need to be weighed against the opportunities presented by a significant income infusion and full retirement.

## **14. How is my VSIP payment determined?**

Approved faculty members who have fulfilled the requisite terms for participating in the VSIP will receive a lump-sum payment that is equivalent to eighty percent (80%) of faculty member's annual base salary as of October 1, 2019, less any required deductions. The faculty member's base salary is the base salary associated with the faculty member's appointment and does not include any other payments, such as additive pay or stipends. This VSIP incentive pay is not

eligible for employee retirement deduction or an employer retirement contribution.

The base salary is the “9 months over 12” or 12-month faculty salary in effect at October 1, 2019, and does not include any other payments such as summer sessions, overloads, or other additional payments, such as professorship or administrative stipends.

To obtain an individualized calculation of the estimated VSIP Incentive Payment, please contact:

Jo Bialas  
Director of Business Operations (402) 472-8611  
[jbialas2@unl.edu](mailto:jbialas2@unl.edu)

#### **15. May I have my VSIP payment made through direct deposit into a bank account?**

Yes, UNL will automatically deposit the participant’s VSIP payment into the same direct deposit account used for the participant’s regular paycheck.

If a participant’s bank account changes following the Date of Separation, but prior to receipt of the incentive payment, the participant must notify UNL Payroll of the change in direct deposit information.

#### **16. When will I receive my last paycheck and VSIP payment?**

VSIP payments for 12-month faculty will be made on July 31, 2020. VSIP payments for 9-month faculty will be made on August 31, 2020.

#### **17. Will my VSIP payment be taxed?**

Yes, because the VSIP incentive payment constitutes income to the participant, all applicable payroll deductions will be withheld from that payment (including federal income tax, Nebraska state income tax, and FICA). UNL encourages participants to consult with their tax and financial advisors, as well as with representatives of their retirement plans. VSIP participants may modify both their federal income tax and Nebraska state income tax withholding rates through Firefly if they deem it necessary.

This VSIP incentive pay is not eligible for employee retirement deduction or an employer retirement contribution.

#### **18. Can I delay receipt of the VSIP (retirement lump sum payment) until the next tax year?**

No, the Internal Revenue Service regulations preclude the deferral of the VSIP incentive payment to another tax year.

#### **19. Will my future VSIP payment be payable to my estate if I die before receiving it?**

A participant may designate a beneficiary to receive the VSIP incentive pay should the faculty

member die before the VSIP incentive pay is distributed. This designation will be reflected within the Separation Agreement signed by the participant.

## **20. What are the benefits of VSIP for me?**

The primary benefit to an eligible faculty member who chooses to voluntarily relinquish his or her employment, tenure, and continuing employment status at the University through retiring, is that the faculty member will receive a cash incentive payment that otherwise is not available.

The decision to participate in the VSIP is solely that of the eligible employee subject to certain limitations stated in the VSIP Program Summary.

## **21. Do the VSIP benefits include health insurance coverage?**

No, faculty members electing to participate in the VSIP will no longer be able to participate in the University's health insurance plans except to the extent permitted through the University of Nebraska's retiree insurance program or to the extent permitted under the Consolidated Omnibus Budget Reconciliation Act ("COBRA").

## **22. How do I ensure continuation of my health (medical, dental and/or vision) insurance?**

Faculty members participating in the VSIP will have their elected insurance coverage continued through the date of their last regular paycheck. (VSIP payments for 12-month faculty will be made on July 31, 2020. VSIP payments for 9-month faculty will be made on August 31, 2020.)

To discuss continuation of your insurance coverage through the University of Nebraska benefit plans, please contact the UNL Benefits Office, (402) 472-2260, prior to retirement.

## **23. Can I make changes to my health care or dental coverage at the time I retire under the VSIP?**

You can make changes during the University of Nebraska open enrollment period during November 2019 and effective January 1, 2020. At the time of retirement, you may change who is covered under your insurance plan.

## **24. Will I be able to immediately draw retirement benefits if I participate in the VSIP?**

Yes, the normal rules governing retirement distribution will apply to you following your separation from employment under the VSIP. The rules affecting how much and when a participant may begin receiving retirement payments are completely independent of the VSIP. This is true for all retirement plans.

Before enrolling in the VSIP, participants are encouraged to contact a retirement plan representative (TIAA or Fidelity) and the UNL HR Benefits office to find out more about retirement benefits.

## **25. How do I get information on retirement benefits?**

An estimate of retirement benefits can be obtained by contacting a representative with the employee's selected retirement plan.

The following contacts for the two University of Nebraska retirement benefit providers are:

**TIAA**

1-800-732-8353

To schedule a one-on-one session with a TIAA representative

**Fidelity**

1-800-642-7131

To schedule a one-on-one session with a Fidelity representative

**26. How can I find out about my social security benefits?**

Contact the Social Security Administration (<http://www.ssa.gov>). The general toll-free phone number for the Social Security Administration is 1-800-772-1213. The Lincoln office is located at 100 Centennial Mall N, Room 240, Lincoln, Nebraska 68508.

**27. What happens to accrued and unused vacation leave and floating holidays for 12-month tenured faculty under the VSIP?**

Participating faculty members who have a balance of vacation hours and floating holidays will receive a lump sum payment of the accrued balances in their final paycheck. Payment is made at the individual's current rate of pay as of the Date of Separation.

**28. I would like to continue to work on my research program, for example through an active grant or by continuing to advise graduate students. Can I still take VSIP?**

VSIP participants have voluntarily retired from their tenured positions in exchange for a financial incentive. All VSIP participants are ineligible for rehire in any position, at any FTE and from any funding source during their VSIP payout year. The general assumption is that VSIP participants will not be reemployed at the university again in the future. However, there are many ways to engage as a retiree or emeritus faculty member. Learn more at <https://emeriti.unl.edu/>

Participating faculty members with active grants should contact the Becky Zavala, Assistant Vice Chancellor in the Office of Research and Economic Development at [rzavala2@unl.edu](mailto:rzavala2@unl.edu) or (402) 472-0735 related to options with the grant. For information about maintaining your involvement and membership on graduate student committees, contact Dr. Tim Carr, Associate Vice Chancellor and Dean of Graduate Education at [tcarr2@unl.edu](mailto:tcarr2@unl.edu) or (402) 472-7940.

**29. What options do I have for reemployment at the University?**

VSIP participants have voluntarily retired from their tenured positions in exchange for a financial incentive. All VSIP participants are ineligible for rehire in any position, at any FTE and from any

funding source during their VSIP payout year. The general assumption is that VSIP participants will not be reemployed at the university again in the future. There are many ways to engage as a retiree or emeritus faculty member. Learn more at <https://emeriti.unl.edu/>

### **30. Who can answer questions about the VSIP?**

#### **CONFIDENTIAL RESOURCE FOR ALL FACULTY QUESTIONS**

Marjorie Kostelnik

*Special Assistant to the EVC*

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(402) 472-9385

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