

Early Retirement Incentive Proposal

1

Request for the BOV to approve a new Early Retirement Incentive Plan for tenured faculty who meet certain requirements

2

Part of this request is to ask as part of the Governor's approval to exceed the 1% general fund limit to 5%

3

Recommend the establishing of a standing policy to offer future Early Retirement Incentive Plans using the 5% limit

Rationale for the Implementation of the Plan

Management tool

- Use of salary savings to address enrollment changes in programs
- Increase flexibility for planning by the Dean's
- Develop hiring strategies to meet university strategic goals

Faculty

- Provide personal planning tool for retirement
- Provides choice in off-ramps into retirement

Proposed Plan

| Plan Features | Metrics |
|---|--|
| Financial Incentive | 3% of base salary times years of service (capped at \$100,000) |
| Medical Benefit | Offset funds for those under age 65 |
| Payment Schedule | Two-year payout |
| Estimated Uptake | 20 in year one, 10 in subsequent years |
| Year Two limited to those between 60 and 69 | Age cap after the first year |

Proposed Scenario

Eligibility and Approval Process

- Tenured Faculty
 - Approximately 126 eligible as of 2/1/24
- Age 60 with at least 10 years of service at William & Mary

Required Approvals

- Dean
- Provost
- President

Capacity Based on Percentage of General Fund

- The current 1% level of available funding via the VA Code does not provide enough capacity for participation
- The Plan requests an exception up to 5% of the general fund for the time length that the plan is in place
- Other Virginia schools have received exception approvals

| General Fund Amounts | 1% | 2% | 3% | 4% | 5% |
|----------------------------------|-----------|---------|---------|---------|---------|
| General Fund Cap—FY 24 | \$621,485 | \$1.24M | \$1.86M | \$2.49M | \$3.12M |
| Total Eligible Tenured Faculty | 126 | 126 | 126 | 126 | 126 |
| Anticipated Faculty Participants | ~ | ~ | ~ | ~ | ~ |

Proposed Timeline & Approvals



Once approved by the BOV, work to finalize the plan for submission to the OAG:

- Checklist
- Plan document review by counsel
- Criteria for participation
- Incentive plan
- Letters to OAG and Governor

Once approved by the OAG and the Governor:

- Confirm eligible faculty pool
- Communicate application process
- Review applications
- Notify approved faculty
- Faculty submit retirement plans for June 1, 2025