

ERP Enhanced Retirement Options

<p>Outline</p>	<p>Staff members can put forward their expression of interest in the University's enhanced retirement options:</p> <ul style="list-style-type: none"> - Early retirement - Pre retirement - Phased retirement <p>Staff entering into any of the above retirement options with written agreement in place by 31 December 2009 to cease employment by 30 June 2011 will receive a lump sum incentive payment of \$10,000 gross (subject to signing a deed of release) in addition to the normal benefits.</p> <p>Under the ERP the phased retirement eligibility requirement for 10 continuous years of service has been removed</p>
<p>Eligibility</p>	<p>Academic and professional staff members employed in continuing positions who have been confirmed. Staff with a pre-existing retirement or other cessation agreement are ineligible for participation.</p>
<p>How to apply</p>	<p>Employees interested in the enhanced retirement options can complete an Expression of Interest (EOI) form which can be found on the ERP web site.</p>
<p>Expressions of Interest OPEN</p>	<p>Monday 7 September 2009</p>
<p>Submission period closes</p>	<p>Monday 30 November 2009</p> <p>NOTES:</p> <p>1. Please note that these retirement options, which are generally available under the University's policies and procedures, will continue to be available throughout 2010 and beyond. However in order for employees to be eligible for the ERP incentive payment of \$10,000 (gross) they must submit their Expression of Interest by 30 November 2009 to allow the written agreement to be prepared and signed prior to 31 December 2009, and they must have an agreed cessation date of no later than 30 June 2011.</p> <p>2. For any RDM affected professional staff that may not be in a position to submit an Expression of Interest by 30 November 2009, approval of an extension may be granted by the Vice-Principal (Human Resources) to allow submissions of EOI's on a date to be determined after the 30 November 2009 but prior to 31 December 2009.</p>

Overview

The University currently provides retirement options for its employees and through the ERP program is providing enhancements to retirement options for those employees who agree in writing prior to 31 December 2009 to cease their employment effective no later than 30 June 2011.

The enhancements include a lump sum incentive payment of \$10,000 gross subject to signing a deed of release. The deed of release prohibits the employee from seeking further employment with the University for a period of two years following the employee's departure.

Re-employment by the University will not be permitted for a period of 2 years following cessation on a permanent (continuing), fixed term contract, casual (with the exception of future sessional (casual) employment by academic staff, which will be considered on a case by case basis) or independent contractor basis.

Under the ERP, the University has removed the eligibility requirement for 10 years of continuous service with the University. (See PPP Chapter 7). Staff with a pre-existing retirement or other cessation agreement are ineligible for participation.

Explanations of the various retirement options:

Early Retirement is an agreement to retire with a short time frame (usually no more than 6 months after the date on which the agreement is entered into). Early retirement carries a non-superannuable, lump-sum incentive equivalent to 60% of gross annual salary.

Example: Mr Jack West has decided to retire from and enters into a retirement agreement with the University in August 2009 with an agreed cessation rate of 31 December 2009. In exchange for this agreement, Jack will be paid a lump sum incentive payment of 60% of his annual salary (HEW Level 6.5 being \$64,683) which is \$38,809.

Additionally, as Jack has satisfied the ERP timelines, he is entitled to the ERP \$10,000 lump sum incentive payment.

Jack's total payment on ceasing employment on 31 December 2009 will therefore be \$48,809, plus his accrued annual leave and long service leave (if applicable) entitlements.

A Pre-retirement contract is an agreement to retire within a maximum period 3 years of the agreement being entered into. Pre-retirement contracts carry an annual loading of 20% of your annual gross salary, which is paid fortnightly across the period of the agreement. The fortnightly loading is taxed at your marginal taxation rate. In order to supplement superannuation entitlements which will be accessed after retirement, some staff elect in advance to salary sacrifice the 20% loading directly into their superannuation fund. Further information is available at: <http://www.unimelb.edu.au/ppp/docs/7.html#7.5>.

Example: Professor Harriet Black has decided to retire during 2011. Harriet enters into a pre-retirement contract with the University agreeing to retire on 30 June 2011. For the period from 1 January 2010 through until 30 June 2011, Harriet will be paid an additional loading of 20% of her gross annual salary to be paid each fortnight on top of her normal annual salary (\$140,335 p.a. for Level E.1). The loading is calculated as 20% X \$140,335 p.a. = \$28,067 p.a., which is paid as an extra \$1,075.80 per fortnight.

Prior to the commencement of the pre-retirement contract, Harriet provides a written instruction to Human Resources to advise that she wishes to salary sacrifice the additional amount of \$1,075.80 directly into her Unisuper superannuation account each fortnight, in order to top up her superannuation across the period prior to her retirement.

Phased retirement is an agreement to retire within a maximum period 3 years of the agreement being entered, but with a reduced time fraction (minimum of 50% FTE) over the remaining period of employment. Phased retirement carries the incentive that the University will continue to pay superannuation at the staff member's full-time rate (ie 100%). This is of particular interest to staff members who have elected the Unisuper Defined Benefit Scheme, as the final payout is calculated under a formula which includes time fraction as one of the factors. Further information is available at: <http://www.unimelb.edu.au/ppp/docs/20.html#20.7>.

NOTE: *Under the ERP the University has removed the eligibility requirement for the staff member to have been continuously employed for over 10 years and must have worked in a full-time capacity immediately prior to entering into this agreement.*

Example: Dr Liz Scofield has been employed at the University on a full-time basis since 1 January 2003. Liz is not ready to retire now but would like to gradually scale

down her hours and to retire during 2011. Liz enters into a phased retirement agreement under which she will reduce her time fraction to 80% (ie 4 days per week) during 2010 and to 60% (ie 3 days per week) up until retirement in 2011. Liz's superannuation is maintained by the University at 100% throughout the period until her retirement on 30 June 2011.

Under ERP, there is also a \$10,000 lump sum incentive payment for staff who enter into a written retirement agreement (early, pre- or phased retirement) by no later than 31 December 2009 and who agree to cease employment by no later than 30 June 2011. Under early retirement, the lump sums do not attract concessional tax. Further information is available at: <http://www.unimelb.edu.au/ppp/docs/7.html#7.5>.

Selection Criteria:

In considering Expressions of Interest for retirement options the following criteria will be used by Heads of Budget Division:

- The request does not impact upon maintaining high quality teaching, learning or research outcomes
- The request does not impact upon the provision of high standards of student support
- The request does not impact upon the ongoing service quality and operations of the department
- The request incurs workload consequences for other staff members that cannot be reasonably managed.

Withdrawal and/or opt out:

Employees should ensure that they are making an informed decision when entering into a retirement agreement. Employees who may be contemplating retirement are encouraged to seek independent financial advice and/or an individual consultation with Unisuper (or other applicable superannuation provider) prior to entering into an agreement. The Frequently Asked Questions (FAQs) below will help to answer any questions you may have regarding the employment options.

Under the retirement options the employee is entering into a contractual agreement with the University. Once this contractual agreement has been signed, the employee cannot elect to withdraw from the agreement. Any variation to the agreed cessation date requires approval of the Head of Budget Division (Dean).

Additionally, for those employees interested in retirement options it is strongly recommended that you attend one of the information sessions the University has scheduled. These sessions are designed to assist interested employees to better understand departure options. A list of dates and time for the information sessions will be on the ERP web site at <http://www.unimelb.edu.au/erp/>