

**NOTE: June 8, 1998 meeting was cancelled. See minutes of June 19, 1998 meeting.**

**AGENDA**

**JOINT MEETING OF  
CONSTRUCTION COMMITTEE AND FINANCE COMMITTEE**

**UNIVERSITY OF SOUTHERN INDIANA  
BOARD OF TRUSTEES**

**June 8, 1998**

**(FINANCE COMMITTEE)**

- I.** Discussion of Preliminary Report of the 1997-98 Retirement Plan Review Committee (Attachments A, B, C, and D)
- II.** Approval of recommendation to transfer funds to the VEBA Trust Account
- III.** Recommendation for Board of Trustees to approve the Capital Improvement Budget Request 1999-01 (Attachment E is a summary of the Budget Request)

**(CONSTRUCTION COMMITTEE)**

- IV.** Review of construction bids for the Science Center Renovation project
- V.** Discussion of architect selection process for the Wellness, Fitness, Recreational Facility Phase I project

# Preliminary Report

## 1997-98 Retirement Plan Review Committee

**Purpose:** The Retirement Plan Review Committee was convened in October 1997 to review the University's retirement plan for faculty and administrative staff, evaluate the current early retirement plan, and evaluate the current withdrawal and investment options available through TIAA/CREF.

- Issues:**
- a. In 1990, the Retirement Plan Review Committee reviewed new options available through TIAA/CREF for transferability and cashability of retirement funds and new investment options. The Committee recommended adoption of additional investment options, but elected not to adopt transferability and cashability at that time. The Committee recommended that the issues of transferability and cashability be reviewed at a later date.
  - b. The University's early retirement plan is available to faculty and administrative staff from age 60 to 65 upon the completion of fifteen years of service. The plan provides a final year option for employment, severance pay, and contributions to TIAA/CREF based on an employee's final year's salary on a tax-deferred basis until July 1 following age 66.
  - c. The TIAA/CREF retirement plan was reviewed and benefits were compared with the other public institutions in the state of Indiana.

**Scope of Review:** A committee of fourteen faculty and administrative staff members and one retiree are members of the committee. Several of the committee members served on the original committee in 1990. The institutional counselor from TIAA/CREF has consulted with the committee on a regular basis.

**Recommendations:** The following recommendations have been made by the committee concerning cashability and transferability, the early retirement plan, and the TIAA retirement plan.

## CASHABILITY AND TRANSFERABILITY

### a. *Cashability*

Offer cashability of an individual's total accumulation as an option with no age or service requirement. The cash option only applies to retirement accumulations in CREF. By offering this option, employees will be able to draw retirement benefits in cash, as a lump-sum, through systematic withdrawals, or fixed period payments in addition to the regular annuity options.

### b. *Transferability*

Maintain TIAA/CREF as the administrator of retirement plan for faculty and administrative staff. No alternative carrier recommended.

## EARLY RETIREMENT PLAN

The committee recommended adopting a Revised Retirement Plan with two parts to replace the current early retirement plan.

### **Plan A: "Rule of 85"**

If you are age 55, and your age at retirement plus your total years of service at the University of Southern Indiana equals 85 or more, you are eligible to retire with the following benefits:

- a. Continuation of Health Insurance
- b. Continuation of Life Insurance

### **Age/Service**

55/30  
56/29  
57/28  
58/27  
59/26

**Rationale:** Provides an opportunity for long-term employees to retire early from the University and to maintain benefits.

**Advantages:** Rewards service

Less costly than employees exercising current early retirement plan

**Plan B: "Revised Retirement Plan"**

If you are at least age 60 and have 20 years of service with the University of Southern Indiana at retirement, you are eligible to retire with the following benefits:

- a. One semester leave with full pay or half-assignment with full pay for the final academic or fiscal year with contributions to TIAA/CREF retirement plan during period of leave or reduced employment
- b. Lump sum payment equal to 1 percent of final year's salary for each year of service up to 25 years
- c. Continuation of health and life insurance during retirement

**Rationale:** Provides an additional incentive for people to retire

**Advantages:** Additional financial incentive for people to retire.

Benefit available to staff members who retire who meet the minimum age and service requirement.

The committee recommends freezing the existing early retirement plan and allowing employees to choose between the current early retirement plan or the revised retirement plan. Staff meetings would be conducted with employees to explain the options prior to asking employees to make a decision.

**TIAA/CREF RETIREMENT PLAN - CONTRIBUTIONS AND ELIGIBILITY**

The committee recommended no changes to the contributions and eligibility requirements for the current TIAA/CREF retirement plan. With recent changes to the eligibility requirements coupled with the current contribution schedule, it is an excellent benefit and should be continued.

## Cashability Options of TIAA/CREF Accumulations Available at Other Indiana Institutions

Information was obtained from other the other public institutions in Indiana concerning the option of cashability of the TIAA/CREF accumulations. The following is a summary of those discussions:

	Cashability	Age Requirement	Service Requirement
<b>USI</b>	No Only options for cash are the Retirement Transition Benefit - 10 % of accumulation and the Repurchase Agreement available through TIAA/CREF		
<b>Indiana State Univ.</b>	Yes 100% CREF 10 Year Payout for TIAA	Yes - depending on number of years of contributions	< 5 years of contributions - employee must be separated  > 5 years of contributions - must be 55 and separated from service
<b>Purdue Univ.</b>	Yes 100% CREF 10 Year Payout for TIAA	No Cashability at any age	
<b>Indiana Univ.</b>	Yes 100% CREF 10 Year Payout for TIAA	No Cashability at any age	
<b>Ball State Univ.</b>	Yes 100% CREF 10 Year Payout for TIAA	No Cashability at any age	Special policy for separated faculty on one-year appointments
<b>Vincennes Univ.</b>	Yes 100% CREF 10 Year Payout for TIAA	Yes	Must be eligible to retire; Rule of 85 or 10 years of service and 65

participation in the TIAA/CREF plan. A special policy was adopted for these individuals who are separated at the end of each academic year. If a faculty person on a one-year contract withdraws their accumulation in cash, they must wait out an academic year before they are rehired by the University.

There is no hardship clause for withdrawals; however, employees who are disabled can receive their accumulation.

Ball State does not know how individuals settle their accounts, because most of the employees work directly with TIAA/CREF.

### **Vincennes University:**

Cashability is available if an individual is eligible to retire either under the Rule of 85 or with 10 years of service and age 65. Employee may receive 100 percent of CREF and TIAA under the 10 year payout option.

Individuals who separate from the University and do not meet the eligibility requirements for retirement may receive their TIAA/CREF accumulations under the TIAA/CREF repurchase agreement policy.

The **TIAA/CREF Repurchase Agreement** allows an individual with less than \$4,000 in their account to obtain the accumulation in cash. The TIAA portion cannot exceed \$2,000.

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## Early Retirement Plans for Faculty and Administrative Staff at Other Public Institutions in Indiana

Institution	Age Requirement	Service Requirement	Early Retirement Benefits	Benefits After Retirement
USI	Age 60 up to Age 65	15 Years of Service	a. Final year of employment - semester leave of absence with full pay or one-half assignment with full pay for academic or fiscal year. b. Severance pay as percent of final year's salary based on length of service for 15 up to 25 years. c. Univ. contributions to TIAA/CREF based on final year's salary during ER benefit period until July 1 following age 66.	Health and life insurance during retirement with Univ. contributions.

<p><b>Indiana State Univ.</b></p>	<p><b>Old Plan - terminated 12/31/97</b></p> <hr/> <p><b>Revised Plan Effective 1/1/98 - (Item 2)</b></p> <p>Age 60</p>	<p>Same as current USI plan.</p> <p>* Transitional plan attached (Item 1)</p> <hr/> <p>20 Years of Service</p>	<hr/> <p>Revised Retirement Plan effective 1/1/98 for new staff members and current staff less than age 50 on 12/31/97 - Incentive pay paid in a lump sum based on the following:</p> <p>20 Years: 70% of final year's salary</p> <p>21-29 Years: 70% plus 1% per year</p> <p>30 or more Years: 80% (Maximum)</p>	<p>Health and life insurance during retirement with Univ. contributions.</p>
<p><b>Purdue Univ.</b></p>	<p>To participate in any of the retirement alternatives, must be at least age 55 with a combination of age and years of service which equals or exceeds 70. (Item 3)</p>		<p>Voluntary Early Partial Retirement Period - can reduce employment to 50% for up to 5 years. Individually negotiated.</p> <p>University contributions continue for retirement, health, life and disability during period of reduced employment. Retirement contributions based on final year's full-time salary.</p>	<p>Employee pays 100% for health insurance during retirement.</p> <p>Employee can pay for life insurance up to age 65.</p>



Indiana Univ.	<p><b>Old Plan - terminated</b> 12/31/88</p> <p>Age 64</p>	<p>18 years in TIAA and 20 years of service</p>	<p>a. Univ. makes a monthly income payment to employee as if employee were receiving retirement benefit for up to 5 years, death or age 70.</p> <p>b. Continued retirement contributions to TIAA/CRREF for up to 5 years, death or age 70.</p>	<p>Employee pays 100% for health insurance during retirement.</p> <p>Receives paid up life insurance.</p>
<p><u>Revised Plan - effective 7/1/96 - for all employees hired beginning 1/1/89</u></p> <p>No age requirement</p>	<p>No service requirement</p>	<p>Enhancement to regular retirement plan.</p> <p>Univ. contributes additional 2.4% of base salary into a separate qualifies 403b plan during employees active years of employment. Benefit is vested at age 55. If employee leaves prior to age 55, contributions revert back to the Univ.</p>		
<p><b>Regular Retirement Plan</b></p>	<p>Age 55</p> <p>Age of retirement linked to years of service for eligibility for retirement benefits.</p> <p>With each additional year for age, two less years are needed for service.</p> <p>Example:</p> <p>56/28      60/20 58/24      62/16</p> <p>At age 65, 10 years of service is required.</p>	<p>30 Years of Service</p>		

Ball State Univ.	Age 55 Age 60	15 Years of Service 10 Years of Service	Severance pay equal to 15% of final academic or fiscal year salary.	Health and life insurance during retirement with Univ. contributions.
Vincennes Univ.	No formal early retirement plan. Individually designed. To be eligible for benefits during retirement: Age 55 Age 60 Age 65	30 Years of Service 15 Years of Service 10 Years of Service		Univ. pays 100% for health insurance for retiree only. Retiree pays full cost of additional coverage.

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Attachment D  
Finance Commi  
June 8, 1998



# University of Southern Indiana

## Retirement Options for Early and Regular Retirement for Faculty and Administrative Staff

5/6/98

# USI Regular Retirement Plan

- Age 60
- 10 years of Service
- Continuation of Health and Life Insurance Benefits
  - Cost and level of benefit to retiree based on
    - years of service
    - date of hire
- Retirement Contributions Cease upon Retirement

# USI Early Retirement Plan

- Must arrange one year in advance
- Available to full-time faculty and administrative staff
- Must have 15 or more consecutive years of service
- Must be at least age 60 or older to commence early retirement any July 1 following age 60
- Early retirement benefit period may not start later than July 1 following age 65 and will end June 30 following the attainment of age 66

# Example of Early Retirement Benefit with Final Year Option

- Age 60 with 25 years of service and final year's salary of \$48,000 →
  - One-Semester Leave with Pay \$24,000
  - TIAA/CREF Contribution in final year 3,384
  - Severance Pay 12,000
  - TIAA/CREF Contribution during Early Retirement Benefit period 40,608
- **Total ER Benefit - \$79,992**

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Attachment E  
Finance Committee  
June 8, 1998

## **UNIVERSITY OF SOUTHERN INDIANA 1999-01 CAPITAL IMPROVEMENT PLAN**

The Capital Improvement Budget Request for 1999-01 is detailed on Schedule A and asks approval and funding for the following projects:

### **SPECIAL REPAIR AND REHABILITATION**

No requests for Special Repair and Rehabilitation for 1999-01.

### **NEW CONSTRUCTION**

Request for Science/Education Classroom Building for 1999-01.

### **ACQUISITIONS**

No requests for Acquisitions for 1999-01.

### **MAJOR EQUIPMENT**

No requests for Major Equipment for 1999-01.

### **GENERAL REPAIR AND REHABILITATION AND INFRASTRUCTURE**

This Capital Improvement Budget Request asks for funding and approval of several general repair and rehabilitation projects totalling \$990,000. The repair and rehabilitation projects planned for completion in the 1999-01 biennium include the following:

- Repair Physical Activities Center exterior patio and concrete fascia beam
- Perform exterior repairs to the 1830 Owen House, Bodmer, Pottery Shop Cabin, and Neef House buildings in New Harmony
- Renovate Art Annex/Security Building
- Renovate lower level of Forum Wing - north end
- Replace wood floor in New Harmony Atheneum, Visitor's Center
- Renovate Forum II classroom in Wright Administration Building
- Rebuild Science Center Redwood Lobby exterior patio - south side
- Replace Boiler No. 1 in Central Utility Plant
- Upgrade exterior walkway and parking lights to metal halide
- Dredge Reflection Lake
- Replace pipe support racks in utility tunnels Phase IV and high voltage oil switches
- Replace sidewalks at Murphy Auditorium in New Harmony

The General Repair and Rehabilitation and Infrastructure funding requested, along with funds from other sources, will keep deferred maintenance to a minimum and the University and New Harmony structures/campus in a satisfactory condition.

The Capital Improvement Budget Request Schedules A through F are included on the following pages.

UNIVERSITY OF SHERM INDIANA  
 SCHEDULE C  
 TEN-YEAR CAPITAL IMPROVEMENT PLAN (BUILDINGS)  
 (all amounts expressed in 1999-01 dollars)

	NEAR TERM 1999-01 Biennium			MEDIUM TERM 2001-03 Biennium			LONG TERM 2003-09 Biennium		
	Projected State Amount	Funding Other Sources	Space Change A.S.F.	Projected State Amount	Funding Other Sources	Space Change A.S.F.	Projected State Amount	Funding Other Sources	Space Change A.S.F.
I. Special R & R									
1. Chiller Replacement				\$750,000		N/A			
2. Campus Entrance/Roadway Relocation				\$4,000,000		N/A			
II. New Construction									
1. Science/Education Classroom Bldg.	\$21,600,000		74,780						
2. Student Residence Buildings		\$4,800,000 (b)	48,000		\$9,500,000 (b)	82,000		\$5,000,000 (b)	48,000
3. Student Dining Facility		\$2,600,000 (b)	11,200						
4. Library Expansion/Instructional Resource Center				\$12,000,000		50,000			
5. Physical Activities Center Addition				\$4,000,000	\$4,000,000 (d)	58,000			
6. Central Stores/Receiving Facility					\$1,500,000 (a)	32,000			
7. Performing Arts Center								\$12,000,000	\$6,000,000 (d)
8. Wellness, Fitness, Recreational Facility - Phase II								\$8,000,000 (c)	27,000
9. Parking Facilities					\$6,000,000 (c)	N/A			
III. Facilities Acquisition									
None									
IV. Lease									
None									
TOTAL	\$21,600,000	\$7,400,000	133,980	\$20,750,000	\$21,000,000	222,000	\$12,000,000	\$19,000,000	135,000

(1) Note any projects which may involve the alteration or demolition of an historic site or structure.  
 (2) Identify source of non-state (i.e. "other") funding.

(a) Institutional Plant Fund Reserves  
 (b) Rental/Board Income  
 (c) Usage Fees and Contributions  
 (d) Contributions



# PROJECT SUMMARY NEW CONSTRUCTION

**INSTITUTION:** University of Southern Indiana      **CAMPUS:** \_\_\_\_\_  
**PROJECT TITLE:** Science/Education Building      **BUDGET AGENCY NO.:** G-0-97-1-01  
\_\_\_\_\_ **INSTITUTION'S PRIORITY:** 1

**PROJECT SUMMARY DESCRIPTION (ATTACHMENT A)** Construction of a 74,780 ASF Science/Education Classroom Building to provide general and specialized classrooms, laboratories, and office space for the Schools of Science and Engineering Technology, Education and Human Services, and University Division Advising and Academic Skills.

**SUMMARY OF NEED AND NET CHANGE IN CONTRIBUTION TO EDUCATIONAL SERVICES PROVIDED BY INSTITUTION (ATTACHMENT B)** The Science/Education Classroom Building will provide essential classrooms, specialized instructional facilities, computer, multi-media, and teaching/research laboratories, and faculty office space needed to provide quality educational services to students. The building is needed due to the increased student enrollment and program expansion in science and education.

**SPACE DATA (ATTACHMENT C)**

AREA AFFECTED BY THE PROJECT:	<u>115,000</u> GSF	<u>74,780</u> ASF
PROJECT SIZE: <u>115,000</u> GSF	<u>74,780</u> ASF	<u>0.65</u> ASF/GSF
NET CHANGE IN CAMPUS ACADEMIC/ADMINISTRATIVE SPACE:	<u>74,780</u> ASF	

**TOTAL PROJECT BUDGET (ATTACHMENT D)**

TOTAL ESTIMATED COST: <u>\$21,600,000</u>	\$/GSF <u>\$187.83</u>
ANTICIPATED DATE OF PROJECT COMPLETION: <u>July, 2002</u>	

**ANTICIPATED SOURCES OF FUNDING (ATTACHMENT E)**

<u>Bonding Authority</u>	<u>\$21,600,000</u>
_____	_____
_____	_____
TOTAL BUDGET	<u>\$21,600,000</u>

**ESTIMATED CHANGE IN ANNUAL OPERATING BUDGET AS A RESULT OF THIS PROJECT (ATTACHMENT F)**

<u>\$1,031,550</u>	( X ) INCREASE	( ) DECREASE
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NOTE: SEE ATTACHMENTS FOR SUPPORTING INFORMATION REQUEST TO BE SUBMITTED WITH PROJECT SUMMARY FORM.