

Operating Policy and Procedure

OP 12.003 Administrative Employee Retirement Payments

DATE: May 17, 2023

PURPOSE: To identify the requirements, amounts, methods, and types of retirement payments that administrative employees are eligible for.

REVIEW: This policy will be reviewed by the Retirement Plan Oversight Cabinet in June of even-numbered years, with revisions forwarded to the Board of Trustees through the Office of the President.

POLICY/PROCEDURE

1. Voluntary Retirement Program

- a. Administrative employees are eligible for the Voluntary Retirement Program if they meet the following criteria upon their retirement from the College.
 - i. Provide the College a minimum of three (3) months' notification prior to their retirement for those in classifications Manager 1 – Professional 2. Administrative employees who work in a Director 2 position classification or higher must provide six (6) months' notice before their retirement.
 - ii. Employed at Kellogg Community College for their last fifteen (15) continuous years of service in a 0.5 FTE or higher benefits-eligible position and hold an Administrative role meeting this FTE requirement at the time of retirement.
 - iii. At least age 55 with a minimum of fifteen (15) full-time equivalent years in the workforce, or credit towards years of service in the workforce, or at least age 46 with a minimum of thirty (30) full-time equivalent years in the workforce, or credit towards years of service in the workforce.
- b. A payment will be made as an employer contribution to any of the College's eligible retirement plans, subject to the retirement plan and IRS rules, as elected by the employee according to the following schedule of years of continuous employment in a 0.5 FTE position or higher with the College:
 - i. At least fifteen (15) but less than eighteen (18) years \$3,000
 - ii. At least eighteen (18) but less than twenty-one (21) \$ 6,000
 - iii. At least twenty-one (21) but less than twenty-three (23) \$9,000
 - iv. At least twenty-three (23) but less than twenty-five (25) \$12,000
 - v. At least twenty-five (25) \$15,000
- c. Payment will be made within thirty (30) days of the retirement date. Voluntary retirement program payments are limited to a 5-year payout period. If the employee's sick payment and voluntary retirement payment together exceed the current annual IRS limitation, the remaining monies will be paid in January of subsequent years, up to the current IRS limitation, for up to five years. No taxes or FICA will be withheld from the payment unless required by the IRS. The employee may be required to pay taxes on

funds when they withdraw from the investment fund.

- d. In the event of the death of the administrative employee prior to receipt of the above payment, the payment shall be remitted to the administrative employee's beneficiary on record as of the date of retirement. In the event that no beneficiary was on record, the payment shall be made to the estate of the administrative employee. Said payment to the beneficiary or estate shall be made according to the above schedule.

2. Sick Leave Payment Program

- a. Administrative employees are eligible for the Sick Leave Payment Program if they meet the following criteria upon their retirement from the College.
 - i. Provide the College a minimum of three (3) months' notification prior to their retirement for those in classifications Manager 1- Professional 2. Administrative employees who work in a Director 2 position classification or higher must provide six (6) months' notice before their retirement.
 - ii. At the time of retirement, employed in an Administrative position of 0.5 FTE or higher and completed the preceding ten (10) consecutive years of service in a benefits-eligible position of 0.5 FTE or higher at Kellogg Community College.
 - iii. At least age 55 with a minimum of fifteen (15) full-time equivalent years in the workforce or credit towards years of service in the workforce or at least age 46 with a minimum of thirty (30) full-time equivalent years in the workforce or credit towards years of service in the workforce.
- b. An administrative employee who meets the above criteria is eligible to receive a one-time payment for up to eight hundred (800) hours of accumulated sick leave calculated on a two-hundred (200) day base at their annual rate of pay on the date of retirement. Payment for this benefit will be made as an employer contribution to any of the College's eligible retirement plans, subject to the retirement plan and IRS rules, as elected by the employee. Payment will be made within thirty (30) days of the retirement date. If the employee's sick and voluntary retirement payments together exceed the current IRS limitation, the remaining monies will be paid in January of subsequent years, up to the current IRS limitation, until the amount due is fully paid. No taxes or FICA will be withheld from the payment unless required by the IRS. The employee may be required to pay taxes on funds at the time they make withdrawals from the investment fund.
- c. In the event of the death of the administrative employee prior to receipt of the above payment, the payment shall be remitted to the administrative employee's beneficiary on record as of the date of retirement. In the event that no beneficiary was on record, the payment shall be made to the estate of the administrative employee. Said payment to the beneficiary or estate shall be made according to the above schedule.

3. Scope

- a. This policy applies to all Administrative employees.

4. Definitions

- a. 401(a) retirement plan. The College's Optional Retirement Plan ("ORP") in accordance with IRS code section 401(a).
- b. 403(b) retirement plan. The College's Optional Retirement Plan ("ORP") in accordance with IRS code section 403(b).

- c. 457(b) retirement plan. The College's Optional Retirement Plan ("ORP") in accordance with IRS code section 457(b).

5. Roles and Responsibilities.

- a. Human Resources: Calculate eligible retirement payment, collect the Retirement Payment Election or Designation Form, and provide it to the Finance Department for payment.
- b. Finance Department: make payment to the employee's account.

6. Persons/Departments Affected. All Administrative employees.

7. Forms. Retirement Payment Election or Designation Form.

8. Right to Change Policy. The College reserves the right to interpret, change, modify, amend, or rescind this policy, in whole or in part, at any time, without prior notice or the employee's consent.

9. Approval Date: May 17, 2023

10. Revision Date: June 17, 2026