Southern West Virginia Community and Technical College

SEVERANCE BENEFIT PLAN


Southern West Virginia Community and Technical College
Approved by the Board of Governors: February 21, 2012
Amended and Approved by Board of Governors: October 16, 2012
Approved by the Joint Standing Committee on Pensions and Retirement November 27, 2012
SOUTHERN WEST VIRGINIA
COMMUNITY AND TECHNICAL COLLEGE
FACULTY/STAFF SEVERANCE BENEFIT PLAN

INTRODUCTION

The Faculty/Staff Severance Benefit Plan has been designed to help meet emerging programmatic needs and circumstances by providing an opportunity for eligible faculty/staff members to participate in the plan during a specified period.

Participation in the plan is totally voluntary and no eligible faculty/staff member shall be discriminated against in any way or by any means if he or she elects not to participate in the plan.

The entire cost of the plan shall be borne by the institution. No incentive will be granted that imposes costs on the West Virginia Teachers Retirement System (TRS) or the Public Employees Insurance Agency (PEIA) unless those costs are paid entirely by the institution. Such additional costs to TRS shall be calculated and paid in accordance with a Memorandum of Understanding executed between the institution and the Consolidated Public Retirement Board.

The President, or his/her designee, will analyze the financial impact of offering this Severance Benefit Plan, and will be responsible for ensuring that only fiscally responsible offers are made and approved for employees. This analysis shall include an estimate, obtained from each applicable agency, of the required payment for imposed costs on TRS or PEIA, and such estimates may result in a determination that approval of any particular application for participation in the Severance Benefit Plan is not fiscally responsible. Such estimated additional costs to TRS and/or PEIA shall be calculated in accordance with a Memorandum of Understanding executed between the institution and CPRB or PEIA.

PURPOSE AND INTENT

It is the intent of Southern West Virginia Community and Technical College to enact the hereinafter described “Severance Benefit Plan” in accordance with WV Code §18B-1-1d, “Retirement and Separation Incentives” as amended.

The Southern West Virginia Community and Technical College Severance Benefit Plan (SBP) is designed to accomplish goals consistent with the College’s Institutional Compact, and to fulfill the College’s mission to serve students, constituents, and community. It also will foster sound fiscal responsibility and efficiency through use of labor resources in areas of greatest and growing demand.

Furthermore, the College finds there are a multitude of needs that are occurring in the academic arena that call for utilization and reallocation and realignment of personnel resources in order to serve our students and the citizens of the State more effectively and efficiently.

Specifically, the College intends the implementation of its SBP to allow it to reallocate funding and personnel toward the goals and initiatives of its 2010-2015 Institutional Compact for Success.
SECTION 1

DEFINITIONS

1-1 Plan shall mean the Southern West Virginia Community and Technical College Faculty/Staff Severance Benefit Plan as described in the document.

1-2 Participant shall be any faculty/staff member entering into the plan.

1-3 Eligible Participants shall be those faculty and staff as defined in Section 2-1.

1-4 Faculty/Staff Member shall mean a full-time employee whose appointment provides the expectation of continuing employment. For purposes of this plan, a “staff member” is an employee who is benefits eligible, full-time, and a regular classified or non-classified staff employee. For purposes of the plan, a “faculty member” shall include all benefits eligible full-time regular faculty and faculty equivalents (academic professionals).

1-5 Election Window Period shall mean the 90 day period designated by the president during which eligible faculty/staff may elect an entry date on which they will enter the plan. The faculty/staff member during this period will sign a participation contract as defined in 1-9. After expiration of the “Election Window Period,” there will be no retroactive considerations.

1-6 Plan Payment Period shall mean a 24 month period from the participant’s plan entry date.

1-7 Plan Entry Date(s) shall mean June 1 for each fiscal year.

1-8 Years of Service shall mean West Virginia state service during which the faculty/staff member was benefits eligible at the institution and actually contributing into an authorized and approved state retirement plan. Unpaid leaves of absences are not included. Military service performed between September 16, 1940 and July 1, 1973 can be credited if such service does not exceed 25% of a participant’s total service. (For every 4 years of state service, one year of military service is allowed.) The maximum military service credit cannot exceed 10 years. The military discharge form DD214 can be used to verify military service.

1-9 Participant Contract shall mean the agreement signed by the faculty/staff member during the “Election Window Period” accepting all the terms, conditions and limitations contained in the plan, including the provisions that his or her election to enter the plan is irrevocable and that the participant waives certain rights of re-employment as stated in 5.7.

1-10 Base Salary shall mean the fiscal year contract salary in effect the day immediately preceding the faculty/staff member’s plan entry date. The base salary excludes additional pay associated with administrative duties, summer school supplements, awards, overload, research incentives, externally funded supplements, other one-time supplements, overtime and staff annual increments. Receipt of severance benefit payments does not imply a continuing employment relationship beyond the severance period.
Plan Payment is the amount of money payable to a plan participant and is based on years of service and a percentage of his/her existing base salary at the time of entry into the plan. (See Appendices). The plan payment provides 48 equal semi-monthly payments.

Faculty/Staff Severance Benefit Plan Payment Period is a two (2) year period during which 48 semi-monthly payments are made to plan participants.

Fiscal Year shall mean the 12-month period beginning July 1 of each year.

Medical Insurance shall mean the West Virginia Public Employees’ Insurance Agency (PEIA) medical health coverage.

Supplemental Medical Insurance shall mean the institutional supplemental health insurance plan.

Life Insurance Plan shall mean the West Virginia Public Employees Agency (PEIA) life insurance benefits applicable to PEIA retiree policies and guidelines as described in Section 7.1.

SECTION 2

ELIGIBILITY TO APPLY FOR PARTICIPATION

Each faculty/staff member shall be eligible to apply for participation in the Severance Benefit Plan by meeting the following criteria by his or her plan entry date.

- at least 59 years of age, and at least 10 years of benefit eligible service at the institution,
- or
- at least 55 years of age, and a minimum of twenty years of benefit eligible service at the institution,
- or
- any age with at least 30 years of benefit eligible service at the institution.

Employees separated for disciplinary reasons or terminated for cause are not eligible to participate in the plan.

In some cases, faculty/staff members may not be eligible to participate in the plan if the source of funds for his or her appointment salary is more than 25% from an outside source or any other reimbursable source.
SECTION 3

ACCEPTANCE BY THE PRESIDENT

3-1 Upon proof of eligibility, the applicants’ request for acceptance into the plan shall be presented to the president of the institution for consideration.

If the president finds that acceptance of an applicant into the plan would implement programmatic changes pursuant to and consistent with the Plan’s stated objectives, he or she may, at his or her discretion, approve an applicant’s admission into the plan if he or she deems it to be in the best interest of the institution. Nothing in this plan shall be interpreted as vesting any right or entitlement to participation in the plan until such acceptance by the president.

SECTION 4

PLAN ENTRY DATE

4-1 The plan entry date for a faculty/staff member meeting the eligibility requirements shall be specified in the faculty/staff member’s participation contract. The faculty/staff member must be actively at work and employed on a full-time basis up until the plan entry date.

4-2 Once the president’s approval has been completed as indicated in Section 3, a participation contract must be signed and submitted to the appropriate administrator during the “Election Window Period.” Seven working days after submitting the participation contract, the faculty/staff member’s election to enter the plan will be irrevocable and final. However, if mutually agreed to in writing by the institution and the faculty/staff member, the latter may subsequently select an earlier, or later, entry date in the plan period for which he or she is eligible.

SECTION 5

FORM, DURATION, AND AMOUNT OF FACULTY/STAFF
SEVERANCE BENEFIT PLAN PAYMENT

5-1 Faculty/Staff Severance Benefit Plan payment is displayed in Table 1.

5-2 The plan payments will be paid over 48 equal semi-monthly installments which are due to begin on the first regularly scheduled pay date in the period which includes the plan entry date. The last semi-monthly installment of the Severance Benefit Plan payments payable to a participant will be paid upon completion of the plan payment period.

5-3 A participant’s Severance Benefit Plan payment will not be reduced or offset because of a receipt of any other incomes, pensions, annuities, Social Security benefits or other payments from any source.

5-4 A participant in the Severance Benefit Plan will not have retirement system contributions made and will not accrue retirement service credits during the two year plan payment period.
5-5 Severance benefit payments made to participants who are members of the West Virginia Teachers Retirement System will not be applied to calculations of the retirement benefits formula as participants have contracted to receive specified payments for severing their employment status.

5-6 In the event of the death of the participant during the plan payment period, the present value of the remaining unpaid payments will be paid to the participant’s designated beneficiary as a discounted lump-sum. The present value rate will be determined by the 30 year Treasury bond rate which is the “ask yield” * as reported in The Wall Street Journal on December 1, 2011.

*Yields are calculated on the asked quotation.

5-7 A participant in the Plan shall be ineligible for re-employment by the institution, during or after receiving benefit payments including contract employment in excess of that specified in West Virginia Code.

5-8 The institution reserves the right to set a limit on the number of faculty/staff who can participate in the plan and/or who can begin benefits in any given month. Further the institution reserves the right to limit the maximum amount paid to program participants during any year of the Plan.

SECTION 6
MEDICAL HEALTH BENEFITS AND LIFE INSURANCE PLANS

6-1 All medical health benefits and life insurance coverage for a participant and his or her eligible dependents is contingent upon eligibility guidelines of the Public Employees Insurance Agency (PEIA).

6-2 The institution will continue to provide medical health coverage through PEIA during the Severance Plan period for the participant, his or her spouse, and eligible dependent children. The institution will pay the premium amount equal to the employer’s share of the premium at the time of entering the Plan for the 24 month Plan period or less if the premium decreases due to change in dependent coverage; i.e., death, divorce, etc.. The participant is responsible for paying the applicable employee’s portion of the premium, and any additional premiums that result from changing or increasing coverage or adding eligible dependents during the Severance Plan Period. Some plan changes may result in lower premiums for the participant. Participant may change their medical health coverage options during the PEIA annual open enrollment periods and/or when a qualifying event occurs during the Severance plan period.

6-3 Severance Benefit Plan Participants who do not elect, or may not be eligible to retire at the
beginning, during, or at the conclusion of the Severance Benefit Plan payment period may elect to continue coverage under provisions of the Consolidated Omnibus Reconciliation Act (COBRA). This option requires that the participant pay 105% of the medical health coverage premium directly to PEIA for the duration of the COBRA continuation period.

6-4 For Severance Plan participants who elect to retire at the beginning, during, or at the conclusion of the Severance Benefit Plan payment period, the institution will pay the premium amount equal to the retiree premium rate at the time of entering the Plan for the remainder of the 24 month Plan payment period or less if the premium decreases due to change in dependent coverage; i.e., death, divorce, etc. The participant is responsible for paying any additional costs that result from premium rate increases, changing or increasing coverage, or adding eligible dependents during the Severance Plan period.

6-5 For the purposes of this plan, “retire” means that the participant elects to draw some form of regular benefit payments from their respective retirement plan or plans, the amount of which is not designated. Such retirement is a requirement of the PEIA to elect to use accrued years of teaching service and/or accumulated annual/sick leave balances to continue medical health coverage. The use of such years of teaching service or leave balances cannot be deferred after the end of the Severance Benefit Plan payment period for use at a later time. To “retire” under PEIA means the participant must also meet the requirements as set forth by the PEIA and the TRS/CPRB.

6-6 Severance Plan participants with medical health coverage through PEIA must report any changes in status that may affect his or her health coverage, (i.e., marriage, divorce, death of spouse, birth/adoption of child, etc.) A participant who fails to report a change in status that would have resulted in a lower cost to the institution will be responsible for repaying the additional cost for those premiums. If a spouse and/or dependent child ceases to be an eligible dependent, coverage may be elected under PEIA’s COBRA provision. The full cost of COBRA coverage is the responsibility of the participant’s spouse and/or dependent children. (For example, a spouse would become ineligible after divorce from the participant.)

6-7 Extension of medical health coverage provided by the Severance Benefit Plan is in addition to any extension of coverage at retirement calculated by using years of teaching service or accumulated sick and/or annual leave.

6-8 Other options for medical health coverage continuation may become available during the Severance Benefit Plan payment period due to recently enacted healthcare reform legislation or administrative directive. In the event an option for continuation of medical health coverage beyond the end of the Severance Benefit Plan payment period becomes available for those participants who do not or are not eligible to retire during or at the end of the Severance Benefit Plan payment period, the College shall offer such option or options to the participant. Costs, premiums, and the duration, of any such medical plan continuation options as may hereafter become available, shall be determined at the time of enrollment as well as any possible contribution by the College toward total premiums during the period of continuation.
SECTION 7

PEIA LIFE INSURANCE PLAN

7-1 Each participant may be covered during the faculty/staff severance benefit plan period by the PEIA basic group life insurance policy. If the participant has optional group life insurance coverage at the time of his or her entry date, the participant may elect to continue the optional coverage at the applicable rate at his/her own expense during the severance benefit plan period subject to PEIA eligibility rules.

SECTION 8

PEIA DEPENDENT GROUP LIFE INSURANCE

8-1 Dependent group life insurance may be converted to a non-group private policy at the time the faculty/staff severance benefit plan begins subject to PEIA eligibility rules and availability. The employee pays the full premium.

SECTION 9

VESTING

9-1 A participant shall become fully vested at 12:01 a.m. on the last day prior to the plan entry date.

SECTION 10

ADMINISTRATION OF PLAN

10-1 The Plan shall be administered by the institution.

SECTION 11

FUNDING

11-1 All faculty/staff severance benefit plan payments shall be made by the institution in accordance with the plan provisions.

SECTION 12

AMENDMENT

12-1 The Plan may be amended from time to time by the institution; provided, however that no such amendment shall change the amounts specified in Sections 5 through 10 for existing participants of earlier plans.
SECTION 13

NON-ALIENATION

13-1 No faculty/staff severance benefit plan payments payable under the plan shall be subject in any way to alienation, assignment, pledge, attachment, garnishment, execution, or encumbrance of any kind and any attempt to accomplish the same shall be void to the extent permitted by law.

SECTION 14

GOVERNING LAW

14-1 The plan shall be governed by the laws of the State of West Virginia and the United States of America.

14-2 If any provision of this plan is determined to be unlawful, that provision shall be severed and the remainder of the plan shall continue to force; provided, however, the total value of all benefits to the participant will not be reduced in any case. If such changes occur prior to the participant’s entry date, the participant may choose to revoke his or her participation contract.

SECTION 15

TAX CONSEQUENCES

For purposes of withholding and reporting taxes, the institution will treat severance payments as wages. They will be reported on form W-2 and will be subject to withholding of federal and state income taxes and FICA (Social Security) taxes.

The institution recommends that each faculty/staff member who is considering participating in the plan discuss the consequences of participation with his/her tax advisor or financial planner. In particular, if any faculty/staff member who is eligible for Social Security benefits should discuss with his/her advisor at his/her local Social Security Office whether payments under this program are counted as earnings which could affect the payment of Social Security benefits.

The IRS has rules which govern withholding for programs such as this one. If the IRS changes the rules, the institution will change its withholding policies accordingly.

SECTION 16

REPORTING

Once a Faculty/Staff Severance Benefit Plan is implemented at Southern West Virginia Community and Technical College, the College will report the results of implementation on an annual basis to the Chair of the Joint Legislative Committee on Pensions and Retirement as well as to the Chancellor of the Community and Technical College System of West Virginia. At a minimum, the following information will be provided:
1. A listing of the faculty and staff positions, including base salaries, participating in the plan.
2. The severance payment attributed to each of the participating positions.
3. The plan implementation date for each of the participants.
4. Replacement status, and cost where applicable, for each of the positions.
5. A five year financial forecast on results expected, based on actual participation and projected levels of replacement.
<table>
<thead>
<tr>
<th>YEARS OF SERVICE</th>
<th>PERCENT OF BASE SALARY PAID</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>40</td>
</tr>
<tr>
<td>11</td>
<td>42</td>
</tr>
<tr>
<td>12</td>
<td>44</td>
</tr>
<tr>
<td>13</td>
<td>46</td>
</tr>
<tr>
<td>14</td>
<td>48</td>
</tr>
<tr>
<td>15</td>
<td>50</td>
</tr>
<tr>
<td>16</td>
<td>52</td>
</tr>
<tr>
<td>17</td>
<td>56</td>
</tr>
<tr>
<td>18</td>
<td>60</td>
</tr>
<tr>
<td>19</td>
<td>64</td>
</tr>
<tr>
<td>20</td>
<td>68</td>
</tr>
<tr>
<td>21</td>
<td>72</td>
</tr>
<tr>
<td>22</td>
<td>76</td>
</tr>
<tr>
<td>23+</td>
<td>80</td>
</tr>
</tbody>
</table>
SEVERANCE BENEFIT PAYMENT ILLUSTRATION

Participant “A”

Date of Birth: 03/01/51
Plan Payment Period: 07/01/2012 through 6/30/2014
Age as of Entry Date: 60
Contract Salary: $35,000
Years of Service: 18
Percent of Base Salary: 60%
Total Payout Over Two Years: 60% x $35,000 = $21,000
Semi-Monthly Payment: $21,000 / 48 pays = $437.50

Note: The above illustration does not reflect Income Tax and Social Security Tax calculations.
SEVERANCE BENEFIT PAYMENT ILLUSTRATION

Participant “B”

Date of Birth: 07/01/48
Plan Payment Period: 07/01/2012 through 6/30/2014
Age as of Entry Date: 63
Contract Salary: $49,000
Years of Service: 24
Percent of Base Salary: 80%
Total Payout Over Two Years: 80% x $49,000 = $39,200
Semi-Monthly Payment: $39,200 / 48 pays = $817

Note: The above illustration does not reflect Income Tax and Social Security Tax calculations.
SOUTHERN WEST VIRGINIA COMMUNITY
AND TECHNICAL COLLEGE

Faculty/Staff Severance Benefit Plan
Participant Contract

WHEREAS: Pursuant to the findings, directives, goals, and objectives of the West Virginia Legislature set forth in W. Va. Code §18B-1-1a, and the provisions concerning retirement and separation incentives set forth in §18B-1-1d, Southern West Virginia Community and Technical College has determined that a policy offering incentives for voluntary early retirement of employees, or voluntary separation from employment, is necessary to effectively implement programmatic changes.

WHEREAS: In consideration of the aforementioned legislative provisions, Southern West Virginia Community and Technical College has created a Faculty/Staff Severance Benefit Plan, which has been approved by the Board of Governors and the Legislative Joint Committee on Pensions and Retirement and has been adopted as part of the institutional Master Plan and Compact for Success of Southern West Virginia Community and Technical College.

WHEREAS: _______________________(hereinafter “Participant”) has submitted an application to participate in the Southern West Virginia Community and Technical College Faculty/Staff Severance Benefit Plan (hereinafter “Plan”).

WHEREAS: Because the President of Southern West Virginia Community and Technical College has determined that acceptance of Participant into the Plan would implement programmatic changes effectively pursuant to the expressed intent of the West Virginia Legislature set forth in the above-referenced statutory provisions, and has deemed such acceptance to be in the best interest of Southern West Virginia Community and Technical College, the President has approved Participant’s application to participate in the Plan. Participant understands that there is no entitlement or right to participate in such Plan until such acceptance and approval of the institutional president.

WHEREAS: The institution, Southern West Virginia Community and Technical College, and Participant have reached an agreement to allow Participant to participate in the Plan. This Faculty/Staff Severance Plan Participant Contract between the College and Participant embodies the terms and conditions upon which Participant shall participate in the Plan, effective the ________ day of ________, in the year ________.

WHEREAS: The Faculty/Staff Severance Plan Participant Contract expressly incorporates herein the definitions, terms, and conditions set forth in Section 1 of the Plan.

WHEREFORE, in consideration of the above, Southern West Virginia Community and
Technical College and Participant agree as follows:

1. Election. In consideration of the benefits that Participant will receive under the Plan, Participant hereby accepts and agrees to participate therein, subject to all the terms, conditions, and limitations contained therein. Participant hereby acknowledges receipt of Participant’s copy of the plan, and acknowledges that Participant’s Plan Entry Date is the _________day of ________, in the year _______.

2. Voluntary Agreement. Participant has read and fully understands this Participant Contract and has had an adequate opportunity to ask questions about the Plan. Participant has been advised in writing to discuss the consequences of participation in the Plan with participant’s tax advisor or financial planner and to seek legal counsel in connection with participation in the Plan. Participant is acting voluntarily of his or her own free will in executing this Participant contract. Participant acknowledges that at least twenty-one (21) days have passed since receiving the above-referenced written advice.

3. Irrevocability. Participant understands that seven working days after execution of this Participant Contract, Participant’s election to enter the Plan will be irrevocable and final. Participant also understands that he or she may revoke this election to enter the Plan any time prior to the passing of seven working days from the execution of the Participant Contract. However, if mutually agreed to in writing by Southern West Virginia Community and Technical College and Participant, Participant may subsequently select an earlier or later Entry Date in the Plan Period for which Participant is eligible.

4. Waiver. Participant agrees that by participating in the Plan, Participant shall be ineligible for re-employment by the institution during or after receiving severance benefit payments. Participant agrees that by participating in the Plan the participant has contracted to receive specified payments for severing their employment status during or at the conclusion of the severance payment period.

5. Release and Waiver: As consideration for participation in the Plan, Participant knowingly and voluntarily releases and waives any rights, claims or causes of action arising out of Participant’s employment with Southern West Virginia Community and Technical College, including, but not limited to, claims under Title VII of the Civil Rights Act of 1964, as amended, the Age Discrimination in Employment Act of 1967 (ADEA) and its 1990 amendments effected by the Older Worker Benefit Protection Act (OWBPA), the West Virginia Human Rights Act, and other federal, state, and local statutes, ordinances, executive orders and regulations prohibiting discrimination in employment covering a period of time up to the date of this Participant Contract. Provided, however, nothing set forth herein shall constitute a release or waiver by Participant of any claims that have been filed and that are formally pending as of the date of this agreement. Participant does not waive rights or claims that may arise after the date Participant signs the Participant Contract. Note: This paragraph involves important legal rights. The Participant is advised to consult an attorney prior to signing the Participant Contract. By signing this Participant Contract, Participant acknowledges that a period of 21 days have
been afforded to consider the terms of the Participant Contract. Participant may revoke the decision to enter into the Participant Contract within a period of 7 days after the Participant Contract has been signed by Participant. The Participant Contract shall not become effective or enforceable until the revocation period has expired.

6. Designated Beneficiary. In the event of Participant’s death during the Plan Payment Period, the Participant’s designated beneficiary is ______________________________.

Executed by the undersigned this _______day of ________________________, 20____.

___________________________________  
(Participant Name - Please Print)

___________________________________  
Participant’s Signature

___________________________________  
(Social Security Number)

___________________________________  
Signature Chief Financial Officer

___________________________________  
Signature President - Southern West Virginia Community & Technical College