ARTICLE 16
Severance Pay

Section A. Eligibility. Severance pay shall be granted to faculty members in accordance with the following provisions.

Subd. 1. All faculty members who have accrued twenty (20) years of service in the Minnesota State Universities shall receive severance pay upon separation from the Minnesota State Universities.

Subd. 2. Probationary and tenured faculty members who have fewer than twenty (20) years of service in the Minnesota State Universities shall receive severance pay upon mandatory retirement, death, permanent layoff, or receipt of separation incentive. Faculty members on non-tenure track or fixed-term appointment, other than those funded by monies from an outside jurisdiction or agency which may terminate such funding in a manner beyond the control of the Employer, who have at least ten (10) years of service in the Minnesota State Universities shall receive severance pay upon mandatory retirement, death, or discontinuance of employment. Fixed-term faculty members in positions funded by monies from an outside jurisdiction or agency which may terminate such funding in a manner beyond the control of the Employer may, after ten (10) years of service in the Minnesota State Universities, receive severance pay upon mandatory retirement, death, or discontinuance of employment to the extent the funding source permits. In the event of death, such benefits shall be made to the beneficiary designated by the faculty member under a State retirement program, or lacking any such beneficiary, to the faculty member’s estate.

Subd. 3. Faculty members who separate from the Minnesota State Universities after ten (10) years of service and whose combined years of service and age equal sixty-eight (68) shall also receive severance pay.

Section B. Computation. Severance pay shall be computed at forty percent (40%) of the faculty member’s regularly accumulated but unused sick leave balance multiplied by the faculty member’s regular daily rate of pay at the time of separation. Effective fiscal year 1996, severance pay for faculty with twenty-five (25) or more years of service shall be computed at forty-five percent (45%), with an increase of one percent (1%) per year for each additional year of service beyond twenty-five (25) years to a maximum percentage of fifty percent (50%). The base for computing severance pay shall not exceed one hundred twenty-five (125) days. Should the faculty member have less than one hundred twenty-five (125) days of regular sick leave accumulated, the difference may be transferred from lapsed sick leave for purposes of calculation of severance pay.

Section C. Reappointment. In the event a faculty member who has received severance pay is subsequently reappointed to the Minnesota State Universities, future severance pay for that individual shall be computed based upon the difference between the amount of accumulated sick leave restored to the faculty member’s credit at the time of reemployment and the amount of unused sick leave at the time of the faculty member’s subsequent eligibility.

Section D. Early Separation Incentive.
Subd. 1. **Eligibility.** In addition to the above a faculty member who has served at least fifteen (15) years in the Minnesota State Universities and is at least fifty-five (55) years of age shall be eligible for early separation.

Subd. 2. **Sunset.** Faculty members hired after June 30, 1996 shall not be eligible for this early separation incentive. (See Appendix H.)
Subd. 3. Individual Eligibility.

a. An eligible faculty member who elects early separation through resignation or early retirement by October 15, to be effective the beginning of the subsequent academic year, or a date mutually agreed upon by the faculty member and the Administration, except those faculty qualifying under paragraph b below, shall receive a payment equal to his/her base salary minus ten percent (10%) of his/her base salary for each year beyond age fifty-five (55). The faculty member shall receive this amount in two (2) equal payments; the first payment shall be made at the time of the faculty member’s separation from employment and the second payment shall be made before the earlier of the following dates i) 18 months after the date of separation, or ii) the end of the fiscal year following the fiscal year in which the separation occurred. These payments shall be deposited into the employee’s post-retirement health care savings account. If the separation payment is less than ten thousand dollars ($10,000), it will be paid to the faculty member as a lump sum cash payment at the time of separation from employment. In the event a faculty member who is otherwise eligible for the separation incentive described in this section, and has provided the advance notice of his/her intention to retire as provided in this section, dies before his/her separation date, the incentive payment shall be made to the beneficiary designated by the faculty member under a State retirement program, or lacking any such beneficiary, to the faculty member’s estate.

Part-time faculty, not including faculty on the Annuitant Employment Program or the Phased Retirement Program described in Article 15, shall receive this benefit on a prorated basis.

b. If a faculty member is older than age fifty-five (55) when she/he completes the fifteen (15) years of service requirement, the faculty member shall receive the full benefit of one year’s base salary if she/he separates from employment pursuant to the procedures set forth in paragraph a, above, by the end of the first full academic year following completion of the 15 years of service. Any faculty member eligible under this paragraph who does not elect early retirement as provided in this paragraph but chooses to retire/resign later will be compensated under the schedule set forth in paragraph a.

Subd. 4. Institutional Designation. After meeting and conferring with the Association, the President may designate departments or programs in which faculty members choosing the incentive shall receive compensation equal to their full base salary. The President’s designation will be based on reasons that are in the best interest of the university. Payments will be made in a manner consistent with Subdivision 3.

Subd. 5. Benefits Contribution. A faculty member qualifying for an early separation incentive payment(s) as provided in this section shall have an amount equivalent to the Employer contribution for one year’s health insurance premiums deposited in his/her health care savings plan at the time of separation. In the event of death, such benefits shall be made to the beneficiary designated by the faculty member under a State retirement program, or lacking any such beneficiary, to the faculty member’s estate.
Subd. 6. Persons choosing early separation shall have eligibility for early retirement payments determined in accordance with appropriate statutes and regulations.

Section E. Health Care Savings Plan.

Subd. 1. The employer shall arrange for the creation of a tax-free post-separation health care savings plan in accordance with Minnesota Statutes §§ 352.98 and 356.24. This program will be administered through the Minnesota State Retirement System.

The employer shall establish within the plan an individual account for each faculty member.

Subd. 2. Upon separation from service by a faculty member, all severance payments made pursuant to Sections A and B of this article shall be deposited into the faculty member’s Health Care Savings Plan (HCSP), as described in Subdivision 1. If the severance payment is less than $500, the amount shall be paid as a lump sum to the faculty member. In the event of the death of the faculty member eligible to receive severance under Sections A and B, payment shall be made pursuant to Section A. If an employee eligible for severance pay provides the Employer with evidence of his/her receipt of a written exception to participation in the HCSP from the Plan Administrator prior to the time that deposit of severance pay is made to the employee’s HCSP account, the employee shall receive the entire severance amount as a lump sum payment.