

**Ferris State University**  
**Employee Early Retirement Incentive Plan Description**

The Board of Trustees of Ferris State University has adopted the following Early Retirement Incentive Plan (hereinafter the “Plan”) effective as of the 26th day of February, 2018 (hereinafter the “Effective Date”).

1. Eligibility. All full-time Ferris State University (hereinafter the “University”) employees, including all full-time faculty members and employees of Kendall College of Art and Design, (hereinafter “eligible employees”), who meet the following requirements as of June 30, 2018, are eligible to apply for voluntary termination of their employment from the University under the Plan. In the case of employees who are in an employee group represented by a union, eligibility is contingent upon the University and the respective union entering into a letter of agreement.

A. Eligible employees must have completed ten (10) full years of continuous full-time employment at the University on or before June 30, 2018.

B. The University reserves the right, in its discretion, to deny applications for the following reasons, including, but not limited to:

- i. The University determines that acceptance would not result in substantial savings through the elimination of a position or an opportunity to reorganize to provide efficiency and/or savings; or
- ii. The University determines that if the employee is to be replaced it may have difficulty in replacing the employee with a similarly skilled employee at or below the compensation level of the applicant; or,
- iii. The University determines that it may have difficulty in meeting contractual, financial, legal, or other obligations; or,
- iv. The University determines that acceptance could negatively affect an audit or accreditation review or an application for accreditation; or,
- v. The University determines that acceptance would unduly disrupt the conduct of any University operation; or,
- vi. The University receives more applications than it may, in its discretion, reasonably accept.

C. The following employees are also excluded from participating in the Plan:

- i. Any employee who has accepted, or is in consideration for full-time employment at another employer before February 26, 2018.

- ii. Employees who have announced their retirement or termination of employment or requested retirement before February 26, 2018.
- iii. Any employee who has received notice of termination or notice of non-renewal.

Should any employee who receives benefits of the Plan found to be in violation of one of these exclusionary conditions the University will seek full reimbursement of the separation payment.

2. Separation Benefits.

- A. An eligible employee who applies under the Plan, and whose application is accepted, shall be paid an incentive of the greater of Ten Thousand Dollars (\$10,000) or 2% of the employee's salary multiplied by the number of full years of continuous employment at the University (hereinafter the "separation payment"), and if the eligible employee qualifies for continuing health insurance coverage under COBRA and properly elects such coverage, the University shall pay a share of the premium for COBRA coverage (equal to the amount of the premium the University would have paid if the employee were continuing employment) for up to twelve (12) months or, if earlier, such time as the employee's COBRA coverage otherwise ends; provided, however, that the eligible employee: (i) meets the eligibility requirements set forth in Paragraph 1; (ii) submits the required application by March 26, 2018; and (iii) signs the Separation and Release Agreement, attached hereto and made a part hereof, in consideration for the separation payment. For this purpose, an hourly employee's salary shall be determined by multiplying the employee's current hourly rate by 2080 and shall include shift premiums.
- B. The separation payment, less any and all applicable taxes and withholdings, will be made to the employee on or before the employee's separation date. In no event shall any payments be made under this Plan after December 31, 2018, except for the University's share of premium payments for COBRA coverage.

3. Application Deadline, Review, and Decision.

- A. Eligible employees, including Kendall employees, must submit their application, a copy of which is attached hereto and made a part hereof, to the Office of the Vice President of Administration and Finance, Prakken 157, by no earlier than the Effective Date, and no later than 5:00pm on March 26, 2018.
- B. Applications shall be reviewed by the University and will be accepted or rejected not later than April 6, 2018. Acceptance or rejection of applications shall be communicated in writing, and said communication shall be mailed, by first class U.S. Mail, to the applicant at the address provided by the applicant on the application. Any failure to accept shall be deemed a rejection. Alternatively, the written decision may be presented to the applicant in a meeting with the divisional vice president. If an

applicant should choose not to meet with the vice president, if invited, this shall be deemed a rejection.

- C. In the event the University accepts an application, the eligible employee shall have forty-five (45) calendar days from the date of the letter to deliver a signed and notarized Separation and Release Agreement, attached hereto and made a part hereof. In the event that the employee fails to deliver a signed and notarized Separation and Release Agreement to the University by the aforementioned deadline, the University may withdraw, without notice, its acceptance of an application, or deem the eligible employee's application as withdrawn, at the University's discretion.
- D. Upon receipt of the signed and notarized Separation and Release Agreement, the University will authorize the signing of the Separation and Release Agreement, and the separation payment shall be made in accordance with Paragraph 2 of this Agreement.
- 4. Withdrawal of Application. An eligible employee whose application is accepted by the University may withdraw his or her application within seven (7) calendar days from the date that the eligible employee delivers to the University the signed and notarized Separation and Release Agreement; provided, however, that the eligible employee's withdrawal is in writing and is delivered to the Office of the Vice President of Administration and Finance, Prakken 157, by 5:00pm, not later than the seventh day after the date that the eligible employee delivered the Separation and Release Agreement. "Delivery" shall be considered made either by hand delivery or by first class U.S. Mail, with the postmark date provided by the United States Postal Services serving as the date of delivery.
- 5. Applicable Taxes. The University shall withhold from the separation payment any and all applicable taxes and any other mandatory and/or employee directed withholdings.
- 6. Separation Date.
  - A. An eligible employee whose application is accepted under this Plan and who executes the Separation and Release Agreement shall sever employment from the University as of the date specified in the Separation and Release Agreement (the "separation date"). The eligible employee's separation date shall be no later than June 30, 2018, unless otherwise agreed by the University and the employee.
  - B. As of the separation date, the eligible employee shall cease to be an employee of the University and shall be deemed to have resigned. The University will not re-employ any employee who severs employment with the University under the Plan, unless a special exception is made by the University President.
- 7. Accumulated Sick and Vacation Leave.
  - A. If otherwise eligible under the University policies or collective bargaining agreement, the eligible employee will be paid fifty percent (50%) of the cash value, less applicable taxes and normal withholdings, of accumulated sick leave, up to a maximum of two

hundred (200) days, computed at the eligible employee's rate of pay at the time of severance. The maximum amount payable will be the cash value equivalent of one hundred (100) days pay. ~~Employees who opted for the University's Short-Term Disability Program ("STD") will not be paid for any remaining sick days in the current year.~~

- B. Accrued and unused vacation pay shall be paid through the separation date.
- C. Payment for accumulated sick and vacation leave shall be made to the eligible employee with the separation payment.
- 8. Unemployment compensation. The eligible employee's unemployment as a result of his/her separation and resignation is voluntary, without good cause attributable to the University. **The eligible employee should recognize prior to submitting an application that because his/her resignation is voluntary, (s)he is disqualified for unemployment benefits under Section 29(1)(a) of the Michigan Employment Security Act.**
- 9. Separation and Release Agreement. Attached is a Separation and Release Agreement, the terms of which are incorporated herein. The Separation and Release Agreement should be reviewed with legal counsel before the application is submitted, because it contains important details about an eligible employee's rights and responsibilities.
- 10. Retirement Plan Contributions. If the eligible employee participates in the University's 403(b) or 457(b) retirement plans, the employee may, subject to the rules and limitations of the retirement plans, elect to contribute to the retirement plans a portion of the payments received under this Plan. In accordance with the rules of those plans, an eligible employee shall notify the University of any deferral election the employee wishes to make prior to receiving any payments under this Plan.
- 11. Status of Plan. This Plan is not intended to be a deferred compensation plan within the meaning of sections 409A and 457 of the Internal Revenue Code. As such, no payments shall be made under the Plan (other than COBRA premium payments) after the current tax year ends on December 31, 2018.