



PennState

The Pennsylvania State University Voluntary Retirement Plan

Plan Document

September 1, 2016

Faculty & Academic Administrators

Table of Contents

Introduction	3
Eligibility	3
Plan Description	4
The Plan is Voluntary	4
Application Procedure	5
Plan Payment	5
Potential Post-Retirement Activities	5
Information Regarding Other Benefits	5
Forfeiture of Tenure and Notice Rights	6
Information to be Furnished	6
Separation Agreement and General Release	6
Recommendation of Attorney Review	6
Future Employment at Penn State University	7
No Assignment of Plan Payments	7
Recovery of Plan Payments Made by Mistake	7
Representations Contrary to the Plan	7
No Employment Rights or Contract	7
Applicable Law	7
Severability	8
Nondiscrimination Statement	8
Amendment of the Plan	8
End of the Plan	8
Questions Regarding the Plan	8
Disputes Regarding the Application of the Plan	8

The Pennsylvania State University Voluntary Retirement Plan

Introduction

The Pennsylvania State University (“the University”) is pleased to offer a Voluntary Retirement Plan (“Plan”) for eligible faculty members and academic administrators at University Park and all other Commonwealth campuses. Many of these faculty members and academic administrators have dedicated the greater part of their professional careers to the University. Their collective achievements and distinguished service have provided stability to the University in achieving its overall strategic goals.

Accordingly, the University is offering an age- and service-based Voluntary Retirement Plan for eligible individuals for a limited period of time. The voluntary Plan will allow the University to provide a substantial and well-earned benefit to eligible individuals. The Plan also will allow identified units of the University to be proactive in addressing budgetary and/or ongoing workforce challenges.

This document shall serve to govern the terms of the Plan. Eligibility and payments under the Plan are governed by the terms set forth herein. Please refer to this document for information concerning any rights and obligations you may have under the Plan.

Eligibility

Eligibility for the Plan is limited solely to designated faculty members and academic administrators at University Park and all other Commonwealth campuses. This plan does not apply to faculty members and academic administrators whose positions are externally funded and not funded directly by the University.

University-wide: Except as provided below in section titled “Exclusions”, faculty members and academic administrators are eligible under the Plan if they are actively employed by the University on September 1, 2016 and who (as of September 30, 2016):

- (1) will be at least age 62; **AND**
- (2) will have a least 15 years of consecutive regular full-time service; **OR**
- (3) will have at least 35 years of consecutive regular full-time service, regardless of age.

Exclusions: The following colleges/units are not included in the University-wide eligibility criteria. Specific eligibility or ineligibility are listed for each college/unit below:

College of Engineering: Faculty members and academic administrators who are employed in the College of Engineering are eligible under the Plan if they are actively employed by the University on September 1, 2016 and who (as of September 30, 2016):

- (1) will be at least age 65; **AND**
- (2) will have at least 15 years of consecutive regular full-time service.

Applied Research Lab: Faculty and academic administrators who are employed in the Applied Research Lab are not eligible to participate in the Plan.

College of Medicine: Faculty and academic administrators who are employed in the College of Medicine are not eligible to participate in the Plan.

In addition, faculty members and academic administrators who are on approved leaves of absence or on sabbaticals and otherwise meet the applicable eligibility criteria above are eligible to participate in the Plan. A faculty member or academic administrator on paid leave of absence or sabbatical who elects to participate in the Plan shall no longer receive compensation from the University for any period of leave or sabbatical occurring after his or her Termination Date under the Plan. The provisions of *Return to Active Service Requirement*, as outlined in the University's Sabbatical Leave policy (policy H.R.17), are waived.

Faculty members and academic administrators who have already entered into the University's Voluntary Phased Retirement Program (Policy H.R. 29) are not eligible to participate in the Plan. Faculty members and academic administrators will be ineligible to participate in the Plan if such faculty member or academic administrator before September 1, 2016, has (a) entered into a written agreement to retire, resign, and/or relinquish tenure, and (b) received consideration for such written agreement.

Eligible faculty members and academic administrators who, as of September 1, 2016, have already submitted paperwork for retirement to occur after this date will be eligible for benefits under this Plan. However, the planned retirement date must coincide with the applicable Termination Date under this Plan.

Plan Description

Each eligible faculty member and academic administrator who elects to participate in this Plan and retires from the University in accordance with the Plan will receive payment equal to 100% of the employee's annual base salary as of June 30, 2016. For the purposes of this Plan, "base salary" means a faculty member's and academic administrator's base salary, regardless of source. Base salary does not include temporary stipends or other supplements given as part of a temporary assignment of administrative or other duties.

The opportunity for eligible employees to apply for the Plan is limited. **The application period begins on September 1, 2016 and ends on September 30, 2016, 5 p.m., ET.** Participating faculty members and academic administrators will have to separate from the University no later than the designated Termination Date as defined below. Participating faculty members and academic administrators will be required to sign a Separation Agreement and General Release ("Agreement"), described later in this document.

The Plan is Voluntary

You are encouraged to consider the Plan and determine if it is the right opportunity for you; however, no one can require you to apply or not apply to the Plan. Submitting an application to participate in the Plan shall be on a voluntary basis for all eligible faculty members and academic administrators.

The Plan does not in any way change your current employment relationship with the University. You should understand that if you are eligible and decline to participate, you will not be treated any differently than any other similarly situated faculty members and academic administrators with respect to future terms and conditions of employment.

Application Procedure

The application period begins on September 1, 2016 and ends at 5:00 p.m., ET on September 30, 2016.

Eligible faculty members and academic administrators electing to participate in the Plan will retire on June 30, 2017.

To apply for the Plan you must complete and submit the enclosed application form. Applications received later than 5:00 p.m., ET on September 30, 2016, will not be considered. Faxes are accepted at 814-865-6820 and receipt of applications will be acknowledged electronically.

When you apply for the Plan, you will receive an Agreement that must be signed and returned for you to be included in the Plan. The timing requirement for the Agreement is outlined later in this document. You may withdraw your application form at any time before 5 p.m., ET on September 30, 2016. Your application may not be withdrawn or revoked after 5 p.m., ET on September 30, 2016.

Plan Payment

Each eligible faculty member and academic administrator who elects to participate in the Plan and who executes (and does not later revoke) a Separation Agreement and General Release (see below) will receive **one lump-sum payment** equal to 100% of annual base salary determined as of June 30, 2016, less applicable deductions as required by law.

The lump-sum payment will be made during the month following his or her Termination Date under this Plan. All legally required taxes and other withholding will be deducted from payments made under the Plan. The Plan payment does not count as “earnings” for any benefit purposes, including the University’s retirement programs. Therefore, these payments will not be eligible for pretax deferral under the University’s retirement programs.

Potential Post-Retirement Activities

The University may agree to additional provisions such as potential involvement in post-retirement activities in the Participating Units and access to campus facilities and resources, including libraries. Such provisions, if any, must be approved and set forth in advance.

Information Regarding Other Benefits

Other benefits will be provided as they would for any faculty members and academic administrators leaving employment from the University. The University benefits, as outlined in Human Resources Policy 54 “Continuation of Group Insurance After Age 60, Age 65, and After Retirement or Death,” will be continued according to the established policy and procedure, if conditions are met. Please note that the criteria to retire with the medical plan are not the same eligibility criteria for participation in the Voluntary Retirement Plan.

Any applicable accrued and unused vacation and compensable sick leave payments owed to an employee at the time of separation from the University shall be paid in accordance with those established policies, plans and procedures.

For more information about Continuation of Group Insurance, please refer to <http://guru.psu.edu/policies/OHR/hr54.html>

Forfeiture of Tenure and Notice Rights

Tenured faculty members and academic administrators who participate in this Plan will relinquish their indefinite tenure statuses on their Termination Dates. Faculty members and academic administrators eligible for emeritus status will be afforded such status upon retirement according to Policy H.R. 25. Please refer to <http://guru.psu.edu/policies/OHR/hr25.html>.

Information to be Furnished

Faculty members and academic administrators who apply, upon request, shall furnish to the University such documents, data or other information as the University considers necessary for administering the Plan.

Separation Agreement and General Release

If you elect to participate in the Plan, you must hand deliver or mail via US Postal Service first class mail your signed Agreement to the Office of Human Resources, Employee Benefits Division, 4th Floor, James M. Elliott Building, University Park, PA 16802 no earlier than **June 30, 2017, and postmarked no later than July 10, 2017, ten (10) days after your Termination Date**. Failure to return a fully executed Agreement during the applicable time period will result in no payment of benefits under this Plan.

Individuals will have at least forty-five (45) days before their designated Termination Date to consider the Agreement. You may revoke a submitted Agreement within seven (7) calendar days of the date the executed Agreement is returned.

Revocations must be hand-delivered or mailed via US Postal Service first class mail to:

Office of Human Resources
Employee Benefits Division
James M. Elliott Building, 4th Floor
University Park, PA 16802

Revocations sent by any other delivery method will not be accepted. All revocations must be received or postmarked as outlined above in order to be accepted. If you do not revoke your submitted Agreement within seven (7) calendar days of the date the executed Agreement is submitted, your employment will end on your designated Termination Date and payment will be made in accordance with the Plan and the Agreement.

If there is any discrepancy between the express terms of this Plan document and of your Agreement, the terms of the Agreement shall control.

Recommendation of Attorney Review

It is recommended that eligible faculty members and academic administrators contact an attorney to discuss the Plan and to review the Agreement. Use of an attorney is at the expense of the faculty member or academic administrator utilizing the attorney.

Future Employment at Penn State University

The University is not under any obligation to consider future employment for any employee who participates in the Plan. Eligibility to return to employment with any unit of the University will be in accordance with current guidelines and applicable laws regarding employment of retirees.

Any faculty member or academic administrator who receives a payment under this Plan and is rehired full-time by the University within two (2) years of his or her Termination Date must repay such Plan payment upon his or her rehire.

No Assignment of Plan Payments

Under no circumstances may a Plan payment be subject to assignment, garnishment, lien or other encumbrances, and any attempt to cause any such payments to be so subjected shall not be recognized, except to such extent as may be required by law.

Recovery of Plan Payments Made by Mistake

An eligible employee must return to the University the Plan payment or other consideration, or portion thereof, made by a mistake of fact or law or paid contrary to the terms of the Plan.

Representations Contrary to the Plan

No employee, officer, director or agent of the University has the authority to alter, vary or modify the terms of the Plan. Changes to the Plan can only be made by an authorized written amendment to the Plan approved by Ms. Susan McGarry Basso, Vice President for Human Resources. No verbal or written representations contrary to the terms of the Plan and its written amendments shall be binding upon the University.

No Employment Rights or Contract

The Plan does not confer employment rights upon any person. Nothing contained in the Plan shall be construed as a contract of any kind between the University or any related entity and any person. No person shall be entitled by virtue of the Plan to remain employed by the University and nothing in the Plan shall restrict the right of the University to terminate the employment of any eligible employee.

Employees participating in the Plan who are terminated by reason of unacceptable performance or because of a violation of the University rules or policies prior to the Termination Date will not be entitled to any payment or other consideration under the Plan.

Applicable Law

The conditions of the Plan are fixed and not subject to negotiation or substitution. Benefit programs are regulated by law to ensure equity among all participants.

The Plan shall be governed and construed in accordance with the laws of the Commonwealth of Pennsylvania, without reference to its conflicts of law provisions.

Severability

If any provision of the Plan is found, held or deemed by a court of competent jurisdiction to be void, unlawful or unenforceable under any applicable statute or other controlling law, all of the remaining provisions of the Plan shall continue in full force and effect.

Nondiscrimination Statement

The University will not discriminate against any person because of race, color, religion, sex, national origin, ancestry, age, marital status, disability, sexual orientation including gender identity, unfavorable discharge from the military or status as a protected veteran and will comply with all federal and state nondiscrimination, equal opportunity and affirmative action laws, orders and regulations. This nondiscrimination policy applies to employment and access to the University's programs and activities.

Amendment of the Plan

The Plan may be terminated or amended in any respect at any time at the discretion of the University. Notwithstanding the foregoing, no amendment of the Plan may reduce the Plan payment or other consideration previously provided under the Plan.

End of the Plan

The Plan will terminate when all payments described herein have been provided.

Questions Regarding the Plan

This Plan is being administered by the Office of Human Resources. Ms. Susan McGarry Basso, Vice President for Human Resources shall have the discretionary authority to determine eligibility for the Plan payment and other consideration and to construe the terms of the Plan, including the making of factual determinations. The decisions of the Vice President for Human Resources shall be final and conclusive with respect to all questions concerning the administration of the Plan.

All questions regarding this Plan should be emailed to VRP2016@psu.edu.

Disputes Regarding the Application of the Plan

If for any reason you dispute or disagree with the application of the Plan to your situation, please contact the Vice President for Human Resources. Ms. Susan McGarry Basso will attempt to resolve any disputes. In order to be considered, any dispute or disagreement must be in writing and either hand delivered or postmarked to the Office of Human Resources, James M. Elliott Building, 5th Floor, University Park, Pennsylvania, 16802 not later than thirty (30) calendar days from the date of the occurrence of the matter giving rise to dispute or disagreement or within thirty (30) calendar days after you, through the use of reasonable diligence, could have obtained knowledge of the occurrence of the matter giving rise to the dispute or disagreement. Written disputes or disagreements sent by facsimile, electronic mail, or campus mail will not be accepted.

25822113.2