



City of Peoria Voluntary Severance Program

What is the City of Peoria Voluntary Severance Program?

The Voluntary Severance Program is a "voluntary" process that offers all benefited employees a severance package to resign between **January 1, 2011 and no later than June 30, 2011**, as an integral part of an overall budget reduction. **The application must be filed between November 8, 2010 and December 15, 2010, with no applications after that date being accepted.** No penalty is imposed on any employee that elects not to participate in the program.

Eligibility Requirements:

Eligibility to participate in the City of Peoria Voluntary Severance Program is as follows:

- You must be currently employed in a benefited full-time or part-time position with the City of Peoria.

What are the benefits to taking the Voluntary Severance Program?

For those employees who elect the voluntary severance program will receive the following benefits:

1. **Sixteen (16) weeks** of base pay - into your Section 457 Deferred Compensation Plan or cash payment.
2. Vacation Leave 100% of balance on your last day - into your Section 457 Deferred Compensation Plan or cash payment.
3. Sick Leave 50% of balance as of your last day - into your Section 457 Deferred Compensation Plan or cash payment.
4. Personal Leave & Comp Time 100% of balance on your last day - into your Section 457 Deferred Compensation Plan or cash payment.
5. \$1,200 "credit" to use towards COBRA medical and/or dental insurance (if you do not elect COBRA medical and/or dental you do not get the credit). *This will be administered separately.*

How will the Voluntary Severance Program be paid?

1. The Voluntary Severance Benefits will be paid in a separate payment along with your last regular pay check and released on the last normal regular pay day.
2. Pre 1984 ASRS members are required to have ASRS contributions withheld on all final monies before any type of disbursement.
3. Employees covered under an MOU will have payments directed in accordance with the Memorandum of Understanding.
 - a. The sixteen (16) weeks of base pay will be subject to State, Federal and FICA Income Tax. *You can choose to have the monies deposited as a lump sum payment into the City's Section 457 Deferred Compensation Plan for the benefit of the employee in accordance with existing plan requirements (subject to FICA taxes) *Employees who have exceeded their contribution limits will receive this benefit in the form of a lump sum cash payment subject to State, Federal and FICA Income Tax.*
 - b. The \$1,200 credit will be applied to your COBRA medical and/or dental insurance. *If you do not elect COBRA medical and/or dental you do not get the credit. This will be administered separately.*
 - c. The 50% cash out of sick leave balance will also be subject to State, Federal and FICA Income Tax. *You can choose to have the monies deposited as a lump sum payment into the City's Section 457 Deferred Compensation Plan for the benefit of the employee in accordance with existing plan requirement (subject to FICA taxes). *Employees who have exceeded their contribution limits will receive this benefit in the form of a lump sum cash payment subject to State, Federal and FICA Income Tax.*
 - d. Cash out of vacation leave, personal leave and comp time balance at 100% will also be subject to State, Federal and FICA Income Tax. *You can choose to have the monies deposited as a lump sum payment into the City's Section 457 Deferred Compensation Plan (ICMA) for the benefit of the employee in*

*accordance with existing plan requirements (subject to FICA taxes). *Employees who have exceeded their contribution limits will receive this benefit in the form of a lump sum cash payment subject to State, Federal and FICA Income Tax.*

- e. The City of Peoria does not warrant or guarantee the tax consequences of participation in this program. Employee should consult with a tax advisor of their choice as to any tax consequences.
- f. The City of Peoria does not warrant or determine that any of the benefits provided under this program are community property subject to equitable division. Employees should consult with a legal advisor as to any community property issues.

Waiver and Release of Claims:

Employee agrees to release the City of Peoria, Arizona, its elected officials, employees, officers and agents from all claims or demands Employee may have or may have had arising out of Employee's employment with the City, including but not limited to participation in this voluntary severance program. This release includes but not limited to:

1. Release of any claims, cause of action or damages arising under the Age Discrimination in Employment Act as amended.
2. Release of any claims, cause of action or damages arising under the Arizona Civil Rights Act, Title VII, Civil Rights Act of 1964 as amended, Family and Medical Leave Act, Older Workers' Benefit Protection Act and any other basis.
3. After this waiver is executed, this release does not apply to any claims that arise after that date. The consideration for this waiver and release is employee's participation in and receipt of benefits under this program.
4. PLEASE NOTE THAT EXECUTION OF THIS APPLICATION CONTAINING THIS WAIVER AND RELEASE OF CLAIMS MAY HAVE LEGAL CONSEQUENCES. YOU ARE ADVISED TO CONSULT WITH A LEGAL ADVISOR OF YOUR CHOICE.

Period for Review:

Employees have between **November 8, 2010 and December 15, 2010** to review and consider entering into this "Voluntary Severance Program". Election to participate in the "Voluntary Severance Program" is entirely voluntary and employees are under no obligation to elect participation.

Right to Revoke Agreement:

Employee may revoke this Agreement **within seven (7) business days** of Employee making the election. Revocation must be made in writing and received by the Director of Human Resources no later than close of business of the seventh (7th) business day after Employee makes the election.

Termination of Employment:

By electing the "Voluntary Severance Program", Employee agrees to the following conditions:

- Employee will be ineligible to apply for employment with or to return to work as an employee or a contract worker, with the City of Peoria for a **period to two years** measured from the date of termination.
- Employee must resign his/her position with the City of Peoria between **January 1, 2011 – June 30, 2011**.
- Employee understands for acceptance of the application for voluntary severance employee is required to maintain a satisfactory performance. Failure to do so may result in discipline up to and including termination.

Application Process:

Employees who elect to participate in the Voluntary Severance Program are required to complete the "Voluntary Severance Program Application and accept the terms of the program. **The application period will begin at 12:00am, November 8, 2010 and end at 6:00 pm December 15, 2010.**

Employees should review **all** program documents provided in order to make an informed election.

Please feel free to contact the Human Resources Benefits Department at (623-773-7554) if you have any further questions concerning the City of Peoria Voluntary Severance Program.



City of Peoria "Voluntary Severance Program"
Application for Participation
Application Deadline: December 15, 2010 at 6:00pm

Eligibility to participate in the City of Peoria Voluntary Severance Program is as follows:

- You must be currently employed in a benefited full-time or part-time position with the City of Peoria.

To Be Completed by Employee:

Please Print

Employee Name: _____
First Middle Last

Employee Number: _____ Employee SSN: _____ Date of Hire: _____

Date of Birth: _____ Job Title: _____ Department/Division: _____

Supervisor: _____

Resignation date - last day of work: _____ *Will you be retiring?* Yes No
(must be between January 1, 2011 and no later than June 30, 2011)

I understand the voluntary severance monies will be a separate payment along with my last regular pay check and paid on the normal last regular pay day. I also acknowledge that pre 1984 ASRS members are required to have ASRS contributions withheld on all final monies before any dispersements.

I elect to have my voluntary severance monies paid in the following manner:

Please place an "X" by your selection.

16 weeks of base pay: Cash Pay *or* Deposit into 457 Deferred Comp Plan*

Vacation 100%: Cash Pay *or* Deposit into 457 Deferred Comp Plan*

Personal Leave 100%: Cash Pay *or* Deposit into 457 Deferred Comp Plan*

Sick Leave 50%: Cash Pay *or* Deposit into 457 Deferred Comp Plan*

Comp Time 100%: Cash Pay *or* Deposit into 457 Deferred Comp Plan*

\$1,200 credit towards COBRA Health Insurance:

Yes, I will be electing COBRA medical coverage and will complete the required COBRA election forms.

No, I will not be electing COBRA and therefore, waive the \$1,200 credit.

Keep current direct deposit for final paycheck *or* Pick-up my last paycheck in payroll

*** Complete a 457 Deferred Comp "Change Request Form" and attach it to this application.**

I understand that the City of Peoria Voluntary Severance Program is voluntary and I verify that I am making this request voluntarily and on my own. I further understand that this voluntary severance program will be administered in accordance with policies and procedures established for this program and that I have received and understand terms of the program. **I further understand that in exchange for acceptance of my application for voluntary severance I am required to maintain a satisfactory performance. Failure to do so may result in discipline up to and including termination.** I understand that I may revoke this Agreement within seven (7) business days of signing it. *Revocation must be made in writing and received by the Director of Human Resources no later than close of business of the seventh (7th) business day after Employee signs the agreement.*

Signature of Employee

Date

Application must be received in Human Resources no later than 6:00pm December 15, 2010.

Date Received in HR: _____

Processed by: _____ Date: _____ Payroll: _____ Date: _____

City of Albany

Voluntary Separation Incentive Program Guidelines 2011

- Program Purpose
 - Helps reduce payroll costs
 - Supports a sustainable budget
 - Provides for employees to separate voluntarily
 - Avoids (or reduces need for) involuntary layoffs

- Eligibility
 - Eligible
 - Employees with at least five years of continuous, regular-status City service as of the date they separate from City employment (which cannot be later than December 31, 2011).
 - Non-Bargaining and Union Represented (unless exempted by department director)
 - Full or Part Time
 - Not Eligible
 - Seasonal/Temporary
 - Employees with less than five years of continuous City service
 - Positions exempted by department director because position is critical to delivery of services or a lack of substantial savings

Incentive Amounts

Incentive will be based on complete years of regular-status service as of date employee separates	
<p>Note: Severance pay outs can be cash or health insurance contribution up to the maximum shown below. Health insurance contributions can only be made for employees remaining on a City health insurance plan or a PERS plan.</p> <p>Cash pay out will be a lump sum included with the employee's final pay check or as negotiated with Department Director.</p>	
<p>If incentive is taken as a cash lump sum:</p> <p>\$5000 plus \$500 for each year of completed regular-status service with the City up to a maximum of 30 years.</p>	
<p>If incentive is taken as a health insurance subsidy:</p> <p>\$5000 plus \$650 for each year of completed regular-status service with the City up to a maximum of 30 years.</p>	
<p>Part-time employees will receive a proration of above amounts based on FTE.</p>	
<p>Last day of work must be no later than December 31, 2011.</p>	
<p>Employee waives right to be rehired by City within three (3) years of separation. (NOTE: At department director's discretion, an employee may be offered a temporary position not to exceed 1039 hours. Such temporary appointments must be completed within 12 months or by June 30, 2012, whichever occurs first. Three-year period of no rehire begins at end of temporary appointment.)</p>	

- Examples:

1. Antoinette has 17 years of regular-status service with the City when she voluntarily separates on June 30, 2011. She chooses to receive the incentive as a cash lump-sum. She will receive:

$$17 \text{ years} \times \$500 = \$8500 + \$5000 = \$13,500$$

2. Guido has 34 years of regular-status service with the City when he voluntarily separates on June 30, 2011. He chooses to receive the incentive as a health insurance subsidy. He will receive:

$$30 \text{ years (maximum)} \times \$650 = \$19,500 + \$5000 = \$24,500 \text{ as a health insurance subsidy}$$

3. Wilhelm has 9 years of regular-status service with the City when he voluntarily separates on April 30, 2011. He is a part-time employee at 0.625 FTE. He chooses to receive the incentive as a cash lump-sum. He will receive:

$$9 \text{ years} \times \$500 = \$4500 + \$5000 = \$9500 \times 0.625 \text{ FTE} = \$5937.50$$

- Separation Program Timelines and Process Steps

- Employee Applications Due to HR by 5:00 p.m. on **November 3, 2010** (no extensions)
 - *(Application may be denied based on business needs)*
- Department and employee finalize details by November 10, 2010
- City sends separation agreement to employees by approximately November 17, 2010
- Employee returns signed Agreement to City by 5:00 p.m. on **January 7, 2011**
- Employee's last date of regular-status work is date mutually agreed upon, but no later than December 31, 2011

- Separation Agreements

- Standard City-wide format
- Separation incentive, if paid as cash, will be subject to payroll taxes and ordinary deductions (Employees may want to adjust their withholdings by completing a new W-4)
- Employees have at least 45 calendar days to review and sign Separation Agreement
- **Employees are encouraged to consult with an attorney prior to signing**
- By signing Agreement, employee is waiving considerable rights under a variety of State and Federal laws
- Employee has 7 calendar days from date the agreement is signed to revoke agreement
- Agreement becomes irrevocable on the 8th calendar day after the date the employee signs agreement

- General Incentive Information

- Employee receives monetary incentive based on years of service, as noted above
 - Employee may elect to receive monetary incentive in lump sum or applied towards health insurance premiums. Monetary incentive paid on last pay check as regular employee or as negotiated with Department Director
 - Health insurance premium option is available only to those employees remaining on the City's health insurance (COBRA or Sick Leave Retirement Benefit) or a PERS health insurance program
 - **If you choose to apply the VSIP funds towards health insurance, those funds will be comingled with your sick leave retirement benefit, if any, and will become subject to the terms and conditions of the sick leave retirement benefit program. Please note that upon a retiree's death, a surviving spouse or dependent whose health insurance is being funded by those funds, may continue drawing on those funds for the City's or PERS' insurance plans as long as the spouse or dependent remains eligible. However, there is no entitlement to cash by the surviving spouse or estate.**
- If health insurance contribution is not chosen as part of the separation agreement
 - Insurance ends the last day of month in which employee worked
 - However, employee may be eligible for COBRA or retiree health benefits

- Separation Incentive may be applied toward Deferred Compensation (up to annual limits). Contact Payroll to make adjustments.
- Leave Accruals
 - Paid out according to City policy or collective bargaining agreement on last pay check as a regular employee
- Rehire Eligibility
 - Except for 1039-hour appointment which may be granted at the discretion of the department director, as a provision of the separation agreement, employee waives right to be rehired by City, in any capacity, within three years of their last day worked
 - After three-year period, employee may apply for employment pursuant to the City's regular application process for external recruitments
 - If rehired after three-year period, seniority and leave accruals will not be reinstated
 - Employee will serve a new training/probationary period
- Retirement
 - Employees who wish to retire under Oregon PERS should inform Payroll and contact PERS immediately
 - Employees can go to Oregon PERS webpage at <http://oregon.gov/PERS/> for additional retirement information

Additional Questions?

General Questions

- David Shaw 917-7506

Benefits Questions

- Danette DeSaulnier 917-7512

Payroll Questions

- Marilyn Monson 917-7516



Birmingham City Council approves early retirement package

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on August 24, 2010 at 7:02 PM, updated August 25, 2010 at 6:46 AM

The Birmingham City Council today unanimously approved a plan to offer an early retirement package to about 10 percent of the city's work force. About 430 of the city's 4,200 employees qualify for the program that could save the city up to \$28 million.

Council members were briefed in a special work session last week, in which officials from Mayor William Bell's office explained how the plan would save the city money in the long term. Salaries add up to more than 70 percent of the city's operating budget.

The buyout period begins Sept. 1 and closes Sept. 17. The last employees would be off the city's payroll by Dec. 3.

The program includes a cash incentive based on the number of years worked, reimbursement for unused sick time up to 160 hours, and a city-subsidized insurance plan.

"We've talked for some time now about ways to reduce the city's expenditures and one of the key components is to reduce the size of city government," Bell said later. "We have been working on our plan since I arrived here as mayor. It's up to the individual employee to look at it and determine whether it's in their family's interest."

The city will pay for the program from a little-known pension fund set up for firefighters in the early 1900s that contains about \$9 million, held in a money market account. Only one member of the fund remains, an 88-year-old widow. The city would establish an insurance plan for former employees not yet eligible for Medicare and would pay 80 percent of the cost.

A council resolution in April asked Bell to evaluate options for a buyout program to save money. Councilwoman Carole Smitherman, sponsored that resolution and had made similar requests in 2006 and 2007.

In other business, the council approved a four-year, \$900,000 agreement to buy UAB football season tickets. The contract calls for 5,000 season tickets a year at \$225,000. The tickets are distributed to city employees, youth groups and neighborhood associations. The unanimous vote came nearly a week after UAB officials

agreed to allow youth football players to use to a strip of land the university owns near Memorial Park in Titusville.

UAB officials met with Birmingham's Park and Recreation Board Wednesday and reached an agreement to allow the Titusville Knights youth football team to use the land, which is owned by the UAB Education Foundation.

The council had delayed voting to buy the UAB tickets at the request of Smitherman, who said she needed leverage to get university officials to negotiate with her on the land use. The contract is a long-standing agreement between the city and the university to support its athletics program. Attendance at UAB's games averaged about 18,000 last year.

"I believe the issue was trying to get UAB to be more responsive to council members' inquiries and concerns," said Council President Roderick Royal. "I don't think there was ever any doubt that the item would pass."

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City Council approves early retirement program

The Bond Buyer

BYLINE: Keeley Webster

3/19/2012

Officials in Downey, Calif., a city of 110,000 just southeast of downtown Los Angeles, hope that an early retirement plan will help shore up budget shortfalls they say were created by the state's dissolution of redevelopment agencies and federal cutbacks.

The City Council on Tuesday unanimously approved the early retirement program for city employees over age 55 who have a minimum of five years service.

The city would put 60% of the employee's salary into an account over a five-year period that would then be paid over time to employees who participate in the program, according to report to the council by finance director John Michicoff.

They hope 17 employees will take advantage of the buyout plan, saving the city about \$4.3 million over five years, according to a report by Keenan & Associates, the retirement consulting firm that helped the city draft the plan.

Downey officials, who anticipate a \$2 million budget shortfall, have announced they will lay off about 12 employees as of July 1.

City officials attributed the shortfall to the state's dissolution of redevelopment agencies and federal cuts to Federal HOME funds and Community Development Block Grant funds.

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City of Kalamazoo lays out early-retirement plan in effort to reduce size of workforce

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By Paula M. Davis | Kalamazoo Gazette

KALAMAZOO — Kalamazoo city administrators plan to offer an early-retirement incentive in an effort to cut the payroll by 80 positions — more than 10 percent of the workforce — as part of addressing the city's structural deficit.

"We have to have a smaller government because people will not pay — people cannot pay — for the size of government they used to have," Vice Mayor Hannah McKinney said.

The city projects that its expenses will exceed its revenues by \$6 million over the next two fiscal years. While the city's operating funds will take a \$4.4 million hit over a five-year period to pay for the retirement program, city officials say that if 80 employees accept the offer the deal will pay for itself and put the city in a better financial position in coming years.

City administrators were scheduled to lay out the plan to city commissioners during a work session this morning. The first public reading of an ordinance required to make the incentive a reality will come before the City Commission at 7 p.m. Monday.

By the Numbers

- 80:** workers city seeks to cut workforce by
- 740:** current size of workforce
- \$6 million:** projected deficit over next two years
- \$12.7 million:** cost of early retirement program
- \$2.5 million:** projected annual savings, starting in 2013

If approved by the commission, the retirement incentive would be made available to 265 of the city's 740 employees. To qualify, the employees must have 21 years of service by the end of this year. Those employees would be eligible to receive their full pensions regardless of how old they are.

Normally, a worker in most cases must have 25 years of service and be at least 57 years old to qualify for a full city pension. A public-safety officer, however, can collect a full pension at any age after 25 years of city employment.

In general, a full city pension is worth 50 to 60 percent of an employee's final salary but that varies depending on their union's contract and their years of service, according to Deputy City Manager Jerri

Barnett-Moore.

Workers must decide by Dec. 31 of this year whether they accept the offer. They would begin to leave in April, with most of the workers leaving the payroll by the end of 2012. The expected annual savings of \$2.5 million from the plan would start to be realized in 2013.

"It's either 80 layoffs or it's early retirements," McKinney said. "It's so much more humane and such a better alternative to do this (offer the incentive) than to lay off, given that we have to get smaller."

The plans will offer full pension benefits to city employees who would have had 25 years of service by the end of 2015 — regardless of age — plus a one-time payment that is equal to 1 percent of the final average compensation multiplied by their years of service.

For example, an employee who earns \$50,000 annually and worked for the city for 30 years would get a \$15,000 payout. City officials say that for the average retiree, the one-time incentive will be about \$17,000.

The program will cost \$12.7 million. Officials plan to pay for it by using \$8.3 million from the city's half-billion-dollar pension fund. The other \$4.4 million will come out of city operating funds over five years.

But officials say that as a result of employing fewer people and paying new hires less, the city's long-term operating costs will be reduced by an estimated \$60 million over 40 years.

Though this plan would take a \$8.3 million bite out of the pension fund now, Kalamazoo City Manager Ken Collard said the pension — which officials say is healthy and over-funded — will ultimately be restored because the workforce is shrinking.

"We won't be incurring liabilities that we would otherwise have and we will, in essence, save \$8.3 million," he said.

Apart from the retirement incentive, city administration also recommends cutting a total of 11 positions from five departments by April 1 for an additional annual savings of \$770,000.

But officials say the total number of layoffs won't be known for a while since some of the 11 workers targeted for layoff may be eligible for the early-retirement program. Others could be reassigned to some of the jobs left vacant following the expected wave of retirements.

City officials say that the laid-off workers have two alternatives — take 60 days of severance pay or forgo severance and get an "internal candidate hiring preference" for positions that become open over the next two

years.

Contact Paula M. Davis at 269-388-8583 or pdavis@kalamazoogazette.com.

[Download the Early Retirement Incentive Plan presented by City of Kalamazoo Human Resources/Labor Relations Director Jerome Post on Oct. 14, 2011](#)

[Download the Fiscal Plan presented by City of Kalamazoo Director of Management Services/CFO Thomas C. Skrobola on Oct. 14, 2011.](#)

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