

## MEMORANDUM

**To:** Office of General Counsel

**Re:** Retirement and Return-to-Work Terms for Kent R. Hance R#00531515

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### Retirement and Return-to-Work Terms

As of September 30, 2016, Kent Hance will retire from Texas Tech. After one full calendar month break in service, he is eligible to be rehired as a Return-to-Work Retiree, and the following will apply:

- Employment Status
  - Title: Chancellor Emeritus
  - Classification: Return-to-Work Retiree, Tenured Faculty Member
  - FTE: .25
  - Salary: \$44,000/year, beginning November 1, 2016.
- Health Insurance
  - Move to the Retiree Health Insurance Plan – Medicare Advantage
  - Based on current legislation, benefits stay the same which means that the state will continue to pay for 100% of KH's health insurance premiums and 50% of SH's health insurance premiums
    - The only difference is that instead of SH's premiums being payroll deducted, KH will be responsible for paying the monthly premiums
  - **Both Mr. and Mrs. Hance will need to enroll in Medicare Part A and Part B**
    - Without Medicare, Hance will pay most of his medical costs out of pocket
    - <https://www.ers.state.tx.us/Employees/Life-Events/Medicare/>
- Dental Insurance
  - Will not retain MPIP dental insurance
  - Eligible to move to ERS/Humana dental insurance
  - Hance will be responsible for the premiums
    - Cost is \$53.22/month for retiree and spouse coverage
    - Premiums will not be payroll deducted; KH will pay directly to ERS.
- Vision Insurance
  - Hance is currently responsible for the premiums and will continue to be responsible for the premiums
    - Cost is \$13.38/month for retiree and spouse coverage
    - Premiums will not be payroll deducted; KH will pay directly to ERS.
- Life Insurance
  - Retaining MPIP life insurance
    - University currently pays the premiums which is a taxable fringe benefit to Hance
    - The current value of this policy is \$325,000
    - The value will reduce at age 75
    - Annual premiums will be approximately \$30,200.
    - TTUS will continue payment of premium for coverage through July 2017. Thereafter, if Hance wishes to continue coverage, cost will be his responsibility.
- ORP
  - No longer participates in ORP
  - Required minimum distributions begin immediately.
- Vacation Accrual
  - No longer accrues vacation leave

- Receives a lump sum vacation payout equal to 388 hours (\$44,767.44), which is the maximum amount that can be carried over from the date of retirement.
- Sick Leave Accrual
  - No longer accrues sick leave.
- Transition Agreement payment - \$153,603.17 (less applicable withholding). This figure is calculated as shown below:

\$ 240,000.00	July 6, 2016 through July 7, 2017 Transition Agreement Amount
(56,190.48)	Salary earned from July 6, 2016 through September 30, 2016 under TA
(30,206.35)	Salary earned from November 1, 2016 through July 7, 2017
\$ 153,603.17	Transition Agreement Lump Sum Payment