




MEMORANDUM:

TO: Account Executives, Principle Investigators and Business Officers

FROM: Barbara K. Nielsen 
Compliance Accounting and Reporting

SUBJECT: Early Retirement, Phased Retirement and the 2009 Special Retirement Program

DATE: March 20, 2009

Some reminders as you manage the costs associated with the various retirement options being made available to qualified employees:

Early Retirement and the 2009 Special Retirement Program are not entitlement programs; therefore, payments made directly to or on behalf of retirees are unallowable as a direct (or as part of a direct cost); or indirect cost to grants and contracts (Fund 5000) per OMB Circular A-21, *Cost Principles for Educational Institutions* – and subsequently, they must be marked as unallowable in the chartfield where the charge takes place.

Phased Retirement, on the other hand, has an earned portion which is allowable, and a portion which is unallowable. The earned portion may be charged to a grant or contract. The portion of the salary and associated benefits which is unearned cannot be charged to a grant or contract (Fund 5000) as a direct (or as part of a direct cost); or indirect cost, and must be marked unallowable.