

AACR 5

Office of the President
June 14, 2011

Members, Board of Trustees:

PROPOSED AMENDMENT TO GOVERNING REGULATION, PART X,
(ENTREPRENEURIAL LEAVE) AND ADMINISTRATIVE REGULATION 3:1
(UNIVERSITY OF KENTUCKY RETIREMENT PLAN)

Recommendation: that the Board of Trustees approve the attached amendment to Governing Regulation X (GR X) relating to faculty leaves of absence, which was received for preliminary consideration as AACR 6 on May 3, 2011. The proposed revision creates an entrepreneurial leave for faculty employees who wish to take time off from their University position to pursue entrepreneurial activities. Based on comments received following the preliminary consideration, certain terms and conditions for entrepreneurial leave have been added to the GR for clarification.

In order to implement the revision to GR X, it is further recommended that the Board of Trustees approve the attached revision to Administrative Regulation 3:1 (AR 3:1). The revision adds entrepreneurial leave as a type of leave for which a faculty employee may make up his/her retirement contributions following the leave. In addition, Section III.D of AR 3:1 is being amended to include the 457(f) plan as another plan option for Excess Limits or Contributions. The Executive Vice President for Finance and Administration (EVPFA) will execute the plan document for the 457(f) plan.

Background: The University encourages faculty employees to engage in entrepreneurial activities and supports the efforts of faculty who wish to commercialize their discoveries. Therefore, the pursuit of entrepreneurial endeavors is a valid reason for establishing an entrepreneurial leave. Faculty employees desiring to take entrepreneurial leave must submit a proposal through the regular leave approval process. The leave must be recommended by the faculty employee's unit administrator and approved by the dean of the college and the Provost. Entrepreneurial leaves will be reported to the Board of Trustees.

The retirement plan currently allows for excess contributions to be made to 403(b) and 415(m) plans to provide retention incentives to certain University employees. Adding the 457(f) plan as another option will provide greater flexibility in providing deferred compensation arrangements for employees.

The revision to GR X has been reviewed and endorsed by the University Senate. The Provost of the University supports this revision. A revised copy of the relevant section of GR X is attached. A revised copy of the relevant section of AR 3:1 is attached. Proposed additions are underlined; proposed deletions are lined through.

Action taken: Approved Disapproved Other _____

GOVERNING REGULATION, PART X

(vii) Entrepreneurial Leave

The University encourages faculty employees to engage in entrepreneurial activities and strives to support the efforts of faculty who wish to commercialize their discoveries. Therefore, the pursuit of entrepreneurial endeavors is a valid reason for application for a faculty leave of absence.

The request for entrepreneurial leave, submitted by the faculty person to his or her unit administrator, shall be accompanied by a completed and signed "Entrepreneurial Leave" form and all attachments. The period of the leave shall not normally exceed one academic year. However, the leave may be extended for a second and final year by the Provost upon the recommendation of the dean. The Entrepreneurial Leave form enumerates additional terms and conditions of such leaves. The unit administrator shall review the proposal and forward the materials to the dean of the college along with their recommendation. The dean shall forward his or her recommendation to the Provost for approval. Entrepreneurial Leaves shall be reported to the Board of Trustees.

Time spent on entrepreneurial leave shall not apply toward eligibility for sabbatical leave or count as probationary period service unless the University in granting the leave and the individual accepting it agree to the contrary. Time spent on entrepreneurial leave shall not otherwise be considered as an interruption of continuous service,

AR 3:1 UNIVERSITY OF KENTUCKY RETIREMENT PLANS

III. Contributions and Vesting

D. Plans for Excess Limits or Contributions

Employees who reach the Internal Revenue Code (IRC) 403(b) Plan compensation and contribution limits (employee and employer contributions) each year shall participate in the IRC 401(a) Plan. Employees who reach the IRC 401(a) Plan compensation and contribution limits (employee and employer contributions) each year shall participate in the IRC Supplemental 403(b) Plan and/or IRC 415(m) Plan.

In addition to the regular contributions referenced herein, excess contributions to the IRC Supplemental 403(b) ~~Plan, 457(f)~~ and/or the IRC 415(m) plans may be made to provide retention incentives to certain University employees.

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X. Contributions during Scholarly Fellowship Leave, [Entrepreneurial Leave](#), or Uniformed Services Leave

A participant on Scholarly Fellowship Leave (*Governing Regulation, Part X*), or [Entrepreneurial Leave](#) (*Governing Regulation, Part X*), or Uniformed Services Leave (HRP&P #75) shall have the option to make up the missed employee contributions and receive the corresponding University contributions upon return from the leave. Such contributions shall be based on the employee's base salary at the time of the leave.

XI. Employment beyond Retirement

Employees who have elected to retire from University service under any of the provisions hereof shall not be eligible for reemployment except upon the specific prior action of the Board of Trustees granting approval of the appointment or to perform duties for which fee schedules have been approved. The Provost is authorized to establish fee schedules for faculty employees. Human Resources is authorized to establish fee schedules for all other employees (HRP&P #17)..Employees who have elected to retire and who have been reemployed under this provision are temporary employees.