

## Phased Retirement

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**IOWA STATE UNIVERSITY  
PHASED RETIREMENT PROGRAM JULY 1, 2007**

**I. Eligibility:**

Faculty or staff or Merit Employees of Regent universities, the special schools, and Board Office who have attained the age of 57 with at least 15 years of service with the Board of Regents are eligible to negotiate for participation in the phased retirement program.

There is no prescribed upper age limit for beginning phased retirement.

**II. Approval:**

All requests for admission to the institution's Phased Retirement Program must receive approval from the appropriate administrative offices of the institution by which they are employed. The program does not create a right for the employee and the request to enter the program may not be approved if it is not in the best interest of the institution. The Board of Regents will ratify entries into the phased retirement program as a part of the monthly Register of Personnel Changes.

**III. Schedule of Phasing:**

Years 1 through 4, an employee will work 50% to 65% of full time, as outlined in the Phased Retirement application.

Year 5, an employee will work 50% of full time.

An employee can work on Phased a maximum of 5 years with full retirement required at the end of the specified phasing period.

Once phased retirement is initiated, employees may not return to full-time appointment.

**IV. Compensation:**

Years 1 through 4, the salary received will be the Phased percent of the full time salary (50% to 65%) plus an additional 10 percent.

Year 5, an employee will receive 50% of full time income.

**V. Benefits:**

1. Years 1 through 5 institution and staff member contributions will continue for life insurance, health insurance, and disability insurance\* at the same levels that would have prevailed had the staff member continued at a full-time appointment.

2. Retirement contributions to TIAA/CREF will be based on the salary which would have been obtained had the individual continued a full-time appointment. The employee will contribute 5% of their full time salary. The University will match with 10% of the full salary.

3. As mandated by law, FICA contributions will be based on the staff member's actual salary during the Phased period. The same is true for retirement

contributions for those participating in the Iowa Public Employees Retirement System (IPERS) or Federal Civil Service System.

3. Accrual of vacation and sick leave will be based on percentage of appointment.

**I. Access to Retirement Annuity Funds:**

During the phasing period individuals may exercise their rights to access funds in their TIAA-CREF (or substitute plans) retirement accounts\* in any manner permitted either by the retirement carrier or by Board policy but not to exceed 99% of their account balances.

Access to IPERS retirement funds would not be possible under this policy.

**VII. Duration of Program:**

Subject to annual review, the program will expire on June 30, 2012, unless renewed by the Board prior to expiration.

Employees are urged to discuss these options with their supervisor and/or make an appointment with Ann Doty, the ISU Retirement Specialist.

Phased Program Reporting Requirements: An annual report will go to the Board of Regents. Individual Phased participants will be reported to the Board on the monthly Register of Personnel Transactions.

\* The date you withdraw money from the TIAA-CREF or substitute plan retirement account, your enrollment in the Disability Income Insurance plan terminates and you cease to be a participant in the Disability Income Insurance plan.

**Questions & Answers on the Phased Retirement Program**

What is the impact of going on Phased on **Vacation Accrual**?

- Vacation accrual does change to be consistent with the appointment
- If an employee is at maximum vacation accrual prior to Phased, there is no loss – the individual on Phased will retain all accrued vacation.
- When moved to Phased, there will be no further vacation accrual until they have used vacation to extent they are again eligible for accrual.

What is the impact of going on Phased on **Social Security**?

- Social Security contributions are based on actual salary and actual salary is reduced on Phased.
- The income projections employees receive from the Social Security Administration every year typically will show higher monthly income than the actual dollars received in retirement since these projections assume that the final years of employment will be at the pre-Phased salary level, not at the lower Phased income level.

What is the impact of going on Phased on **Federal Civil Service System**?

Retirement income from these plans is based on formulas that include years of highest income. Being on the Phased program reduces your year's income and may lower the amount of retirement income you receive.

How will I know if I have **been accepted into the Phased Retirement Program?**

Ask your department if they will send you a copy of your Phased Retirement Application once your request has been approved and your Dean/Chair/VP has signed the application.

- For more information on IPERS call 800-622-3849 or visit their web site at <http://www.ipers.org/members/index.html>

- For more information on the Federal Civil Service System call the Extension HR Office Room 2280 Beardshear Hall at 515-294-3283.

If you have additional questions about the Phased Retirement Program, please contact Ann Doty at 515 294-4521 or [pdoty@iastate.edu](mailto:pdoty@iastate.edu).

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**LIFE EVENTS - RETIRING FROM THE UNIVERSITY OF MICHIGAN: PHASED RETIREMENT - TYPES OF PHASED RETIREMENT PLANS**

	Phased Retirement	Retirement Furlough	Phased Retirement Furlough
<b>Plan Description</b>	Offers faculty and staff members a reduced appointment fraction, or a schedule of time off with time worked - or a combination of both. You can continue to work and have an income, but you must work less.	Allows faculty to apply for a terminal furlough year, taken as the last year preceding retirement, or in partial installments over two or three years prior to the effective date of retirement during which time the staff member is relieved of normal responsibilities and may be called upon to act in a consulting capacity to the University or to conduct research in his or her field of interest.	Offers faculty the flexibility of a combination of retirement furlough and phased retirement plans.
<b>Eligibility</b>	You are eligible if: <ul style="list-style-type: none"> <li>You are eligible to retire.</li> <li>Your department approves the phased retirement request in writing.</li> </ul>	You are eligible if: <ul style="list-style-type: none"> <li>You are a regular instructional staff member hired into a faculty position prior to January 1, 1984. You are age 62 and have worked 10 years in the processional ranks. You have not taken a sabbatical leave within the four years prior to the effective date of the furlough.</li> <li>You will retire from an eligible rank.</li> </ul>	You are eligible if: <ul style="list-style-type: none"> <li>You are eligible for retirement furlough.</li> </ul>
<b>Restrictions</b>	<ul style="list-style-type: none"> <li>You reduce your appointment to less than 100% - or less than your normal appointment percentage (can be as little as a 1% reduction). The phased retirement appointment must have a beginning and an end date. After your plan is approved and implemented, modifications can be made only with the department head's approval.</li> <li>The date on which your full retirement will take place must be specified at the beginning of phased retirement.</li> </ul>	<ul style="list-style-type: none"> <li>Furlough can be spread over no less than one year or no more than three years.</li> <li>Available to faculty members only.</li> </ul>	<ul style="list-style-type: none"> <li>Available to faculty members only.</li> <li>The date on which your full retirement will take place must be specified at the beginning of phased retirement.</li> </ul>

<b>Application</b>	Application must be in writing and must be approved by your department head.	<ul style="list-style-type: none"> <li>• Application must be in writing and must be approved by your department head.</li> <li>• Retirement furlough plans are approved and administered by the Vice President for Academic Affairs one year prior to start of the furlough.</li> </ul>	<ul style="list-style-type: none"> <li>• Application must be in writing and must be approved by your department head.</li> <li>• Retirement furlough plans are approved and administered by the Vice President for Academic Affairs one year prior to start of the furlough.</li> </ul>
<b>Salary</b>	Salary continues, but it is reduced to correspond with the reduction in your appointment.	Salary continues.	Salary continues, but it is reduced to correspond with the reduction in appointment combined with furlough salary.
<b>Social Security</b>	Refer to the <a href="http://www.ssa.gov/">Social Security website</a> for eligibility rules. <a href="http://www.ssa.gov/">http://www.ssa.gov/</a>	Refer to the <a href="http://www.ssa.gov/">Social Security website</a> for eligibility rules. <a href="http://www.ssa.gov/">http://www.ssa.gov/</a>	Refer to the <a href="http://www.ssa.gov/">Social Security website</a> for eligibility rules. <a href="http://www.ssa.gov/">http://www.ssa.gov/</a>
<b>Retirement</b>	<ul style="list-style-type: none"> <li>• Retirement contributions are based on the actual salary received. TIAA-CREF partial or full annuities may begin during phased retirement.</li> <li>• Annuities are not available from Fidelity Investments.</li> </ul>	Retirement contributions are based on the actual salary received.	<ul style="list-style-type: none"> <li>• Retirement contributions are based on the actual salary received. TIAA-CREF partial or full annuities may begin during phased retirement. Income may not begin during a straight one-year furlough.</li> <li>• Annuities are not available from Fidelity Investments.</li> </ul>

[Next: Retirement Furlough](#)

*Every effort has been made to ensure the accuracy of the benefits information in this site. However, if any provision on the benefits plans is unclear or ambiguous, the Benefits Office reserves the right to interpret the plan and resolve the problem. If any inconsistency exists between this site and the written plans or contracts, the actual provisions of each benefit plan will govern. The University of Michigan in its sole*



### **Phased Retirement Guidelines**

Washington State University Phased Retirement Plan is a program designed to give University employees – faculty and administrative professional staff who participate in the WSU-Retirement Plan- an opportunity for pre-retirement reduction of full-time service while gradually phasing into retirement over a period of years. This Plan allows eligible personnel of the university to reduce their regular appointments to pursue personal or professional interests and to continue their academic and professional lives in gainful part-time employment. This Phased Retirement Plan provides an opportunity for individual career flexibility and forms an important part of the long-range personnel resource management of the University.

The Phased Retirement Plan is flexible and enables participants to have income for current financial needs - through part-time salary, retirement annuity payments, and other sources of income made possible because of the workload reduction - while allowing them to accrue additional retirement benefits that are paid upon full retirement. In planning for income needs during phased retirement, it is important to review all sources of retirement income to determine eligibility for receiving payments, the taxability of the payments, and when it would be most advantageous to begin drawing these payments. This can be done with the assistance of University officials, TIAA-CREF representatives, or independent financial advisors. Participants who retain appointments for greater than or equal to fifty percent time, continue to be eligible for applicable employee benefits including health insurance.

Phased retirement is intended to support the University's excellence. It permits the University to retain the services and contributions of senior faculty and administrative professional staff while enabling participants to continue to remain in their profession and to build additional financial security for the future.

The WSU Retirement Plan Phased Retirement Plan is a voluntary and mutually agreed upon arrangement between the University and the participant. At any time, upon request by the President, the Plan may be reviewed and modified without affecting already existing contracts.

The President may report periodically to the Board of Regents on the academic, personnel, and fiscal impact of the Phased Retirement Plan.

All information presented in this plan must remain aligned to legislation, laws, rules and regulations from federal, state, local and institutional governance. This Plan is subject to change in order to maintain compliance with both Internal Revenue Service and Social Security Administration rules.

### **ELIGIBILITY CRITERIA FOR APPLICATION TO PARTICIPATE**

Participation in the Phased Retirement Plan at Washington State University is voluntary and mutually agreeable to both the University and to employees of the University who participate in the WSU Retirement Plan (TIAA) and whose positions are reasonably able to be handled on a less than full-time basis without materially altering the expectations and responsibilities inherent in the position or title, and without adversely affecting the area or program, or the costs relating thereto.

Criteria for participation in the plan, including the above, are as follows:

- Status: at least 50% permanent employment with Washington State University
- Service: 55 years of age with at least 10 years of cumulative service to WSU
- Position: holding a position that is reasonably able to be handled on a less than full-time basis without materially altering the expectations and responsibilities inherent in the position or title, and without adversely affecting the area or program, or the cost relating thereto.
- Budget: funds allocated to position held by incumbent. The initial arrangement for a reduction in time-base is contingent upon budgetary feasibility as determined in the annual budget preparation immediately prior to the effective date of the contract.
- Academic Impact: no detrimental impact to Washington State University programs/students

### **CONTRACT**

A written agreement setting forth mutually agreeable terms and conditions of an individual's phased retirement arrangement will be signed by the participant and the authorized Vice President. It will contain the following elements:

#### **Length of contract:**

Phased retirement contracts for half-time service or more are typically limited to seven years. Extensions may be renewed on a year by year basis.

Phased retirement contracts are not available for less than half-time service.

#### **Reduction in Time-Base**

The written agreement will indicate the effective date of entry into the program. It will specify the proportion of the phased retirement appointment, e.g. - 50, 60, 75, 80 or 85 percent. All reductions must be approved in writing by the appropriate administrative unit head before being presented to the authorized Vice President.

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It is possible to either periodically reduce the percent of effort, or initially reduce the effort to a certain percent and remain at that percent of effort until full retirement.

The percent of effort may not be increased except in unusual circumstances and only with the written support by the administrative unit head and approval of the authorized Vice President.

### **Salary**

The salary during phased retirement is calculated at the appropriate percentage of the full-time base salary of the employee's position held just prior to entering phased retirement. The participant may receive periodic salary increments provided these increments follow current Washington State University policy.

## **EMPLOYEE BENEFITS**

### **Retirement Plan**

Participants in the phased retirement plan remain eligible for the University's percentage contribution to the pension plan. The University will contribute to the retirement benefits program at the same percentage as when the participant was on a full-time salary.

Example:

An employee decided to participate in the phased retirement plan at a 50% appointment.

Regular salary: \$60,000

Reduced salary: \$30,000

University Contribution (based on 10% contribution rate):  $10\% \times \$30,000 = \$3,000$ .  
Employee contribution matches employer contribution, required via payroll reduction.

### **Health and Life Insurance**

Participants with appointments of 50% or greater will continue to receive the University's, regular contributions toward health, optical, dental and life insurance plans as per all full-time employees.

Employee contributions towards disability plans may continue but benefits will be based upon the participant's reduced salary.

### **Social Security**

Those participants qualifying for Social Security retirement benefits may be eligible to draw those benefits while on phased retirement beginning at age 62 or any later date. In determining eligibility for benefits, the participant should consult a Social Security office.

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**Tuition Remission Benefits**

The participant continues to enjoy tuition remission benefits in accordance with current Washington State University policy for full-time employees.

**Vacation and Sick Leave**

For those appointees on phased retirement with titles that accrue sick leave and/or vacation leave credit, those benefits continue under the same pro rata conditions as for permanent part-time employees.

**Sabbaticals and Leaves of Absence**

Participants in the Phased Retirement Plan are not eligible for sabbaticals since that benefit is available only to full-time employees.

Participants in the Phased Retirement Plan are eligible to participate in shared leave and FMLA leave in the same pro rata conditions as for permanent part-time employees.

**UNIVERSITY STATUS OF PARTICIPANT**

**Tenure**

A tenured faculty member who participates in the Phased Retirement Plan shall continue to be deemed a tenured member of the faculty for the specific length of time indicated in the phased retirement agreement.

**Promotion**

The academic participant remains eligible for consideration for promotion. Such advancements shall be assessed on the same basis as for full-time appointees.

**Faculty Senate Voting Privileges**

Voting privileges are subject to the rules and regulations of the bylaws and constitution of the Faculty Senate.

**Non-Teaching Assignments**

For the purpose of a faculty phased retirement contract, the department chair and dean will consider non-teaching duties as well as courses taught in defining a full-time faculty load and percentages thereof. In developing the provisions of the contract, the academic participant and the Dean or other administrative unit head may negotiate the type and amount of non-teaching assignment expected of the participant, consistent with the reduced assignment.

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### **Space and Support Requirements**

Required office, laboratory space, secretarial service, computer use, and other support services may be made available. These services will be negotiable in developing the provisions of the contract.

The University's intent is to provide appropriate laboratory and office space, but exigencies of space and facilities use may not always permit this.

### **Faculty and Administrative Professional Handbooks**

The participant continues to operate under the stipulations of the appropriate Handbook, except as otherwise provided in this policy.

## **PROCEDURES**

### **Preliminary Process**

Several months ahead of the formal request, persons considering Washington State University's Phased Retirement Plan should informally discuss with their administrative unit head, the professional staff in Benefit Services, and other appropriate persons, the advantages and implications of a reduced appointment.

### **Application Process**

The University employee wishing to participate in the Phased Retirement Plan will submit a request, in writing, to the department chair and/or other administrative head. The written request should include no less than the desired percent of effort, the desired effective date and duration of the phased retirement, and an explanation of why this desired reduced effort and phased retirement would not materially alter the expectations and responsibilities inherent in the position.

### **Approval Process**

1. The department chair or other administrative unit head will consult with the applicant and other appropriate members of the department to evaluate requests in terms of planning, personnel needs, phased retirement plan costs, space and support requirements for the applicant and potential replacement (s), and other pertinent factors.
2. The chair or other administrative head will submit a report of the unit recommendation and a preliminary listing of the proposed contract terms to the Dean or other administrative officer. The applicant will receive a copy of this recommendation.
3. The Dean or administrative officer will review the proposed contract terms and the departmental or unit recommendation and will forward it, together with a

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personal recommendation, to the appropriate Vice President. The applicant will receive a copy of this recommendation.

4. The Vice President will make a determination based on the facts and merits of the recommendations. The Vice President's decision is final. Only the Vice President may authorize exception to the provisions of the Phased Retirement Plan. Any exception to the policy must be in writing and signed by both parties.

#### **Development of the Formal Contract**

If the request is approved by the authorized Vice President, the applicant will meet with the Vice President for Business Affairs or his/her designee to draw up a formal contract that will contain the provisions specified in this policy. Washington State University Legal Counsel will review all contracts.

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