Phased Retirement Program

POLICY STATEMENT

The University's Phased Retirement Program is a voluntary internal retirement program provided to tenured faculty members and academic professionals with continuous appointment. The Phased Retirement Program is designed to facilitate change within units by providing compensation in return for tenure or continuous appointment resignation. This program requires the faculty or academic professional to reduce their work effort for a period of between one and five years. Based on an annual 100 percent appointment, the leave without salary during the phased retirement must be for at least 25 percent and not more than 75 percent time. The individual must terminate employment and surrender tenure or rights to continuous appointment no earlier than one year and no later than five years after the commencement of the phased retirement. Permission to offer this option must be obtained from the unit administrator, dean or other appropriate senior leader and the Office of Human Resources.

Eligibility

Only tenured faculty members (94xx; P appointment type) and academic professionals (97xx, 9621-9630; G appointment type) with continuous appointments of at least 75 percent on a nine-month or greater basis are eligible for the program. Employees must be at least 52 years of age on their Last Day of Employment. Tenured faculty and academic professionals with continuous appointment who are on federal appointment with federal health benefits are not eligible for this program.

Termination of Employment

The individual must terminate employment and surrender tenure or rights to continuous appointment no earlier than one year and no later than five years after the Last Day of Regular Appointment. The Last Day of Employment must be specified in writing and must be mutually agreed upon by the faculty member or continuous academic professional, the unit administrator, dean or other appropriate senior leader and the Director, Retirement Programs (Office of Human Resources).

Benefits

A. Benefits Offered through the Phased Retirement Program:
   1. Medical and Dental Benefits
      The University's contributions to the University-sponsored medical and dental
insurance plans continue during the phased retirement period, provided that these plans continue to be offered to regular benefits-eligible employees of the University. The University's contribution will be based on the employee's work location and permanent residence. In addition, at the end of the phased retirement period, the University contribution for medical and dental coverage will continue for the level of coverage (employee-only or family) currently in effect until the later of:
- A minimum of 24 months, regardless of Medicare eligibility; or
- The last day of the month in which the employee becomes eligible for Medicare.

Post-retirement, the University contribution will be based on the employee’s work location and permanent residence on the Last Day of Employment. In no event will coverage extend past 48 months or the 31st day following the date on which the employee becomes eligible for other group medical and/or dental coverage subsidized by another employer, whichever is earlier. In all cases, coverage will not continue unless the required employee contributions have been paid. In the event that an employee dies while covered under this Agreement, dependent medical and dental coverage in effect on that date will be continued with the University contribution under the same terms as if the employee had lived.

If an employee, employee's spouse, or registered same-sex domestic partner is age 65 or older on or after the Last Day of Employment, immediate application must be made for Medicare Part B. Medicare then becomes primary with the UPlan secondary for these individuals. Dependent coverage may be added at the expense of the employee while covered by this program during open enrollment time or if there is a change in the employee's family status. If medical and/or dental coverage are canceled or dropped for any reason during the time that the University is contributing towards the coverage, then the University will not be responsible for any further compensation to or on behalf of the employee in connection with these coverages.

2. **Faculty Retirement Plan Contributions**
Under the program, the University’s contributions to the Faculty Retirement Plan continue during phased retirement, regardless of the percentage of leave without salary in effect at any time during the phased retirement. Contributions to the individual's Faculty Retirement Plan account will be based on the individual's unreduced salary, subject to contribution limits imposed by law. Faculty Retirement Plan contributions will cease as of the last day of employment.

3. **Other Retirement Plan Benefits**
All contributions to University-sponsored retirement plans will cease as of the last day of employment. After the last day of employment, the individual will have such access to retirement plan accounts as provided by the various plan documents and investment contracts.

4. **Life Insurance**
The University's contribution to life insurance coverage continues under this program, regardless of the percentage of leave without salary in effect at any time during the phased retirement. Life insurance coverage will continue during the phased retirement period, based on unreduced salary, subject to the terms of the group insurance policy.

5. **Academic Disability Program**
The University's contributions to the Academic Disability Program continue under the program, regardless of the percentage of leave without salary in effect at any time during the phased retirement. In the event of certification of disability, payments may not exceed the level of the phased retirement actual salary. Coordination of benefits between the Academic Disability Program and the Phased Retirement Program is detailed under BENEFITS Section C.3. Integration of Academic Disability Program Benefits and Phased Retirement, below.
Contributions to the Academic Disability Program end on the Last Day of Employment.

6. **Vacation**
   Vacation will accrue for individuals on a 12-month appointment of 67 percent or greater. Individuals are encouraged to use vacation prior to reducing their appointment below 67 percent. Payment for unused vacation days accrued with the 12 months immediately preceding the Last Day of Employment will be made shortly after that date, provided that proper documentation is provided. Accumulated vacation is lost if not used within 12 months of the date on which it was accrued.

B. **Benefit Cessation**
   All benefits not listed under A. Benefits Offered through the Phased Retirement Program are continued at the individual’s expense under the Consolidated Omnibus Budget Reconciliation Act (COBRA), will cease on the individual’s Last Day of Employment.

C. **Relation to Other Benefits Programs**

1. **COBRA**
   The continuance benefits coverage under COBRA runs concurrently with the benefits extended after the last day of employment under the Phased Retirement Program. In addition to medical and dental coverage, COBRA coverage is available following the last day of employment for life insurance benefits.

2. **Other Programs**
   The Phased Retirement Program is not available to any individual who participates in another University exit program, voluntary or involuntary, to which the University contributes or has contributed monies (including the Academic Disability Program, the Terminal Agreement Program, and the Federal Terminal Agreement Program).

3. **Integration of Academic Disability Program Benefits and Phased Retirement Benefits**
   If a faculty member or continuous academic professional becomes totally disabled on or before his or her last day of regular appointment prior to the beginning of his or her phased retirement, the phased retirement agreement is void. In this situation, only disability benefits apply, under the terms and conditions of the faculty member’s regular appointment.

   If a faculty member or continuous academic professional becomes totally disabled at any time during the term of the phased agreement, the agreement will end on the original ending date. After the Last Day of Employment, the faculty member or continuous academic professional will have no further employment claims on the University and will surrender all tenure rights.

   If the faculty member or continuous academic professional continues to be totally disabled past the end date of the phased retirement agreement, the continuing disability benefit will be based upon his last actual salary amount until the end of the normal disability benefit period.

   During the term of the phased agreement, the faculty member or continuous academic professional will receive Faculty Retirement Plan contributions based on his full, unreduced base salary. For the period of time during which such faculty member is totally disabled, the retirement plan waiver in the disability plan will fund those contributions.

   A faculty member’s or continuous academic professional’s health insurance subsidy will follow the provisions of the phased agreement, regardless of disability status. Health insurance subsidy is limited to a maximum of 9 years (a maximum of 5 years of phased retirement plus a maximum of 4 years following the end of the phased agreement).
REASON FOR POLICY

This policy implements Board of Regents Policy: Faculty and Staff Retirement. The Phased Retirement Program is offered by the University to eligible tenured faculty and to continuous academic professionals in an effort to support the facilitation of change within the collegiate and administrative units.

PROCEDURES

- Implementing the Phased Retirement Program

FORMS/INSTRUCTIONS

See appendices for a packet of supporting Forms/Instructions.

APPENDICES

- Benefits Election Form (Phased Retirement Program) (PDF)
- Benefits Information Supplement (Phased Retirement Program) (PDF)
- Initial Release (Phased Retirement Program) (PDF)
- Phased Retirement Agreement (PDF)
- Subsequent Release (Phased Retirement Program) (PDF)

FAQ

Phased Retirement Program FAQ

ADDITIONAL CONTACTS

<table>
<thead>
<tr>
<th>Subject</th>
<th>Contact</th>
<th>Phone</th>
<th>Fax/Email</th>
</tr>
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<tbody>
<tr>
<td>Employee Benefits</td>
<td>Benefits Service Center</td>
<td>612-624-8647</td>
<td>612-626-0808 (fax)</td>
</tr>
<tr>
<td>General Information or Procedural Assistance</td>
<td>Primary: Responsible administrator/ supervisor</td>
<td>800-756-2363</td>
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<tr>
<td></td>
<td>Secondary: Local campus, college, or administrative unit HR administrator</td>
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<tr>
<td></td>
<td>Other (as needed): Office of Human Resources specialist</td>
<td>Office of Human Resources Specialist and Consultant List</td>
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DEFINITIONS

Last Day of Employment
The last day of work as a tenured faculty member or continuous appointment academic professional and the last day of the Phased Retirement period.

Last Day of Regular Appointment
The last day in unreduced appointment prior to the beginning of the phased retirement.

Senior Leader
Individuals specified as senior leaders in Board of Regents Policy: Reservation and Delegation of Authority. This includes senior vice presidents, chancellors, vice presidents, provost, general counsel, University librarian, the director of audits, deans (on all campuses), athletic director (Twin Cities), and others as directed by the Board to include the Executive Director and Corporate Secretary, Board of Regents, and the Chief of Staff (Office of the President).

Unit Administrator
The department, unit, or division head, as appropriate.

RESPONSIBILITIES

Tenured faculty member or continuous appointment academic professional
- Review all program documentation, forms, policy, and procedure.
- Consult legal counsel as appropriate.
- Schedule the leave without pay percentages and the last day of employment with the unit administrator, dean or other appropriate senior leader and the Director, Retirement Programs (Office of Human Resources).
- Execute the Phased Retirement Agreement and the Initial Release.
- At the end of the Phased Retirement, execute the Subsequent Release and forward it to Employee Benefits. Complete retiree enrollment or COBRA election forms to continue benefits post-retirement and return them to Employee Benefits.

Responsible administrators/supervisors
- Review all program documentation, forms, policy, and procedure.
- Schedule the leave without pay percentages and the last day of employment with the tenured faculty member or continuous academic professional, dean or other appropriate senior leader and the Director, Retirement Programs (Office of Human Resources).
- Follow procedures as outlined under Administrative Procedure: Implementing the Phased Retirement Program.

Director, Retirement Programs (Office of Human Resources)
- Advise administrators/supervisors on documentation, form, policy, or procedure interpretation.
• Schedule last day of employment with the tenured faculty member or continuous academic professional, and the unit administrator, dean, or other appropriate senior leader.
• Approve and sign all Phased Retirement Agreements.
• Ensure all payment of all benefits under the Phased Retirement Program, according to policy.
• Any arrangement must be in writing and signed by the faculty member or continuous academic professional, the unit administrator, dean or other appropriate senior leader and the Director, Retirement Programs (Office of Human Resources).

RELATED INFORMATION

• Board of Regents Policy: Faculty and Staff Retirement
• Business Process: Ending an Appointment for Employee Receiving a Severance Package
• Academic Appointment Types

HISTORY

Amended:
December 2012 - Incorporated senior leader terminology. The Office of Human Resources required signature redirected to Director, Retirement Program.

Amended:
May 2008 - Policy converted to the new University-wide format for administrative policies.

Adopted:
March 1982

Effective:
January 2003