



POLICY MANUAL

GENERAL

Number 368

Subject: Phased Retirement Program

Date of Origin: September 1, 2002

I. PURPOSE

The purpose of the Phased Retirement Program of Utah State University is (1) to encourage staffing flexibility, consistent with overall University and individual department needs, and (2) to provide faculty and staff an opportunity to devote increased time to personal interests by partially retiring, or retiring in planned stages, while continuing to provide service to the University in their area of greatest expertise.

II. REFERENCES

University Policy Manual [#361, Retirement](#)

University Policy Manual [#349, Early Retirement](#)

Utah Code Title 49-2-206 "Higher Education Employees" Eligibility Requirements

III. GENERAL POLICIES

A. The Phased Retirement Program is available to "benefit eligible" employees of the University who are at least 58 years of age and have completed at least five years of continuous service for the University immediately prior to participation in the Phased Retirement Program. The term of the phased retirement period will be clearly defined in the Phased Retirement Agreement, but will in no case extend beyond the individual's Social Security Full Retirement Age (SSFRA) as defined by federal law.

B. Participation in the Phased Retirement Program is **not an entitlement or a right** automatically available to all persons who meet the eligibility criteria, but is subject to administrative approval. The terms and conditions reflected in a written Phased

Retirement Agreement specifying the arrangements under which the individual will be placed in phased retirement status also requires administrative approval.

While University administrators will give consideration to all requests to participate in the Phased Retirement Program, the nature of the working assignment of the individual may not lend itself to a reduced schedule or a reduction in responsibilities, and other practical considerations (e.g., impact of existing phased retirement participants on the unit or department, lack of office space or laboratory facilities, funding considerations, etc.) may preclude approval of Phased Retirement proposals.

C. The individual who enters the Phased Retirement Program on a permanent basis must agree to a reduced FTE (Fulltime equivalent) employment status with the University, with the clear understanding that the total FTE percentage for all services performed for the University as an employee cannot thereafter be increased, although it may be decreased.

IV. TIME AND EFFORT REQUIREMENTS

For an individual to enter a Phased Retirement Program, on either a one-year trial basis (see Section VI. below) or a permanent basis, the FTE percentage assignment for that employee must be reduced by at least one-fifth (i.e., to a level of .80 FTE or less, depending on current FTE) over the same or a reduced appointment base period (i.e., a academic year base[nine month] appointment may not be extended to 10, 11, or 12 months, but a fiscal year base [12 month] appointment may be reduced to nine months). University assignments in addition to the appointment base period (i.e. one or two month summer semester assignments, extra contractual assignments paid by the University, extension course assignments, and any other ancillary assignment) will NOT be considered as part of the base period assignment for calculation of the Phased Retirement incentives described below. The FTE level initially agreed upon may later be reduced in decrements of .20 FTE or as agreed by an addendum to the contract. The FTE level cannot be increased. Exceptions to the limitations specified in this paragraph must have the approval of the cognizant dean and Provost, or vice president.

V. PHASED RETIREMENT INCENTIVES

A. *Employee Benefits*: Unless specific provisions to the contrary are included in an individual's Phased Retirement Agreement with the University, that person will be entitled, for the duration of the agreement, to the same status and employment related benefits at the same level he/she had attained prior to the effective date of the agreement, except annual and sick leave will be earned on a pro-rata basis according to the percent of time in the phased retirement agreement.

B. *Financial Incentive*: Participants in the Phased Retirement Program are entitled to financial incentive payments to compensate for the reduced retirement contributions resulting from a reduction in the FTE assignment. The financial incentive is the

difference between what the University contributes to the participant's retirement fund on the appointment base period, as defined above in Section IV, before and after the phased retirement takes effect. The financial incentive will be in the form of additional salary payment to be contributed by agreement to a University sponsored supplemental retirement account of choice for the individual participant. Phased retirements that drop below the .50 FTE level will only be eligible for this incentive for one year from the time of reduction to below .50 FTE. The financial incentive amount will become part of the phased retirement agreement and will not be adjusted because of any subsequent salary increases unless a new formal agreement between the parties is executed. The phased retiree will also be allowed to begin withdrawals and/or payments or annuities from the retiree's basic retirement plan where such an arrangement is allowable under state and federal law.

C. In unusual situations, and with the specific approval of the cognizant dean, vice president or Provost, an additional financial incentive amount may be granted to the employee in return for an accelerated phased retirement program. Such additional incentive amounts will not be treated as salary increases as referred to in paragraph B above.

D. *Salary Payments:* Salary payments during the phased retirement period will be comprised of two components. The first is base salary (computed using the salary base defined above in Section IV) just prior to phased retirement multiplied by the FTE percentage defined in the Phased Retirement Agreement. This portion of the salary may be increased during the period of phased retirement based on University guidelines for annual salary increases.

The second salary component is the financial incentive defined above in paragraph B. This component may not be increased during the period of phased retirement, except as covered in paragraphs B and C above.

E. *Limitations on Additional Earnings:* The salary components as defined above in paragraph D cover the phased retiree's total assignment for all services rendered to the University, regardless of funding source. However, the phased retiree will NOT be limited in salary payments or time spent for sporadic and/or occasional activities not related to the primary assignment, such as teaching extension courses.

VI. ONE-YEAR TRIAL OPTION

Phased Retirement may be approved on a one-year trial basis in the form of a partial leave of absence at reduced pay with the incentive and benefits described above. In such cases, however, the faculty or staff member will not be permitted to initiate payment or withdrawal of retirement benefits from the basic retirement program. The payment of the retirement benefits may be initiated only when the faculty or staff member enters upon either full or partial retirement on a permanent basis.

VII. PROCEDURES

A. An individual who wishes to be considered for participation in the Phased Retirement Program must submit a written request to the department head or director at least six months in advance of the date upon which partial retirement is to be initiated. After consultation with the cognizant dean and/or vice president, the department head or director will advise the applicant whether the request has tentative approval. Denial of a request does not preclude the approval of a subsequent request. If it appears reasonably likely that the request will be approved, the applicant should be encouraged to proceed with the application.

B. In the case of joint appointments, all appropriate department heads/directors must receive the written request and consult with their cognizant dean or vice president.

C. Upon receiving tentative approval, the applicant should make an appointment with the Office of Human Resources to obtain complete details of the Phased Retirement Program, including the various retirement options that may be elected. With the assistance of the Office of Human Resources, a formal request may be made to the appropriate retirement program (TIAA/CREF or Utah State Retirement) for specific financial estimates as to the amounts of retirement income under the option chosen.

D. Upon receipt of the necessary retirement data, the applicant should initiate discussions with the Office of Human Resources and the cognizant department head or director for the purpose of drawing up a contractual agreement between the individual and the University for phased retirement. Human Resources will provide a "template" Phased Retirement Agreement. The Phased Retirement Agreement should specify the percent of time (FTE), specific length of the contract, and include a specific work plan of how the time in position will be used.

E. Upon completion of the discussions described in paragraphs C and D above, a tentative contract should be completed. The tentative contract should then be submitted through reporting channels to the cognizant dean and Provost, or vice president for review and approval or modification.

F. After such modifications as may be necessary to obtain dean or vice presidential approval, a formal contractual agreement will be signed by the individual, the department head/director, and the cognizant dean and Provost, or vice president.

G. The agreement, or any subsequent amendments to the agreement, must receive the signed approval of the Provost, for faculty positions, or the Vice President for Business and Finance, for staff positions, as the final approval step before it can be initiated.