Ball State University

Policy on Phased Retirement



INTRODUCTION

The Ball State University Phased Retirement Plan is a program designed to give University faculty members who participate in a BSU Retirement Plan an opportunity for pre-retirement reduction of full-time service while phasing into retirement over a period of years. This Plan allows eligible faculty members 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.

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, representatives of retirement fund managers, or independent financial advisors. Participants in the Plan continue to be eligible for applicable and allowable employee benefits, including health insurance.

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

The BSU Phased Retirement Plan is a voluntary and mutually agreed upon arrangement between the University and the participant. Changes to the Plan's administrative provisions and procedures may be made by the President or the President's designee at any time; however, termination or substantive modifications of the Plan must be approved by the Board of Trustees. Any such termination or substantive modification will be prospective only and will not affect existing phased retirement agreements, except, as stated below, where a retroactive change is necessary in order for the Plan to maintain compliance with applicable federal and state rules and regulations.

The President may report periodically to the Board of Trustees 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 at any time, even retroactively, in order to maintain compliance with Internal Revenue Service, Social Security Administration, and other applicable federal or state rules and regulations. If the Plan is changed retroactively in a manner that materially adversely affects a participant, the participant may elect to return to full-time employment for the remainder of the term of his or her phased retirement agreement.

ELIGIBILITY CRITERIA FOR APPLICATION TO PARTICIPATE

Participation in the Phased Retirement Plan is voluntary and requires the mutual agreement of the University and the participating employee. Only employees who hold positions that can reasonably be performed on a less than full-time basis without materially altering the expectations and responsibilities inherent in the position, without adversely affecting the area or program, and without significantly increasing the costs relating thereto, may participate.

Additional criteria for participation in the Plan are as follows:

Status: The program is designed primarily for regular, full-time

tenured faculty. Participation by contract full-time faculty who have at least 15 years of employment in full-time positions eligible for health care will be limited and

considered on a case-by-case basis.

Service: Applicants must be eligible for emeritus status (tenure track

faculty) or end of service status (contract faculty), as defined

in the Benefits Handbook.

Position: Applicants must hold a position that can reasonably be

performed on a less than full- time basis without materially altering the expectations and responsibilities inherent in the position, without adversely affecting the area or program, and without significantly increasing the costs relating thereto. For faculty members in administrative positions this requirement

will significantly limit opportunities to participate.

Budget: Budgeting will be based on the funds allocated to the position

held by the applicant. If the applicant is a faculty member in an administrative position, the available funds will be the funds available for that person as a non-administrative, academic-year faculty member. The initial arrangement for a reduction in time-base is contingent upon budgetary feasibility based on the annual budget in effect on the effective date of the phased retirement agreement. Final approval for participation must be given by both the Provost and Vice President for Academic Affairs and the Vice President for

Business Affairs and Treasurer.

Academic Impact: Participation must not have a materially detrimental impact on

University academic programs or students

PHASED RETIREMENT AGREEMENT

The participant and the Vice President for Business Affairs and Treasurer will sign a written agreement setting forth mutually agreeable terms and conditions of the participant's phased retirement arrangement. The agreement will contain the following elements:

Term of Agreement:

The phased retirement agreement must provide for not less than 50% and not more than 75% service and be limited to a maximum of three (3) years. The term will commence on the first day of classes of the semester the participant enters the phased retirement program. The participant may cease participation in the phased retirement program at the end of the first, second, or third year. After the participant enters the phased retirement program, he or she has no right to return to full-time regular status; however, in extraordinary cases, if determined to be in the University's best interests, a phased retirement agreement may be terminated (thus allowing the participant to return to full-time regular status) upon written request by the participant setting forth the basis for the request, but any such termination of the phased retirement agreement shall require the written approval of the President – which may be denied without stating any reason for such denial. A participant may also return to full-time regular status for a limited period of time under the circumstances described in the last paragraph of the Introduction to this Policy.

At the sole discretion of the participant, the term of an agreement may be accelerated (i.e., the participant may retire earlier than scheduled under the agreement) with at least sixty (60) days' prior written notice to the participant's administrative unit head and the Vice President for Business Affairs and Treasurer.

Reduction in Time-Base

The phased retirement agreement will set forth the effective date of the participant's entry into the program and the participant's reduced assignment (between 50% and 75% of a full-time assignment). A multi-year phased retirement agreement may provide for varying annual percentages. All reductions must be approved in writing by the appropriate administrative unit head, the Provost and Vice President for Academic Affairs, and the Vice President for Business Affairs and Treasurer.

The participant may elect to distribute the annually agreed workload over one or both semesters, with the written approval of the administrative unit head, the College Dean, the Provost and Vice President for Academic Affairs, and the Vice President for Business Affairs and Treasurer. In addition to the teaching responsibilities described in the phased retirement agreement, faculty member participants may have the opportunity to participate in supplementary teaching, including summer, overload, and extended education teaching, to the same extent as if they were full-time regular tenured faculty members in their unit. When participating in supplemental compensation activities, a participant's compensation will be based on his or her full-time equivalent base salary.

Salary

A participant's salary during phased retirement is calculated at the appropriate percentage, between 50% and 75%, of the participant's full-time base salary (converted to an academic year salary for a faculty member formerly serving in an administrative position) just prior to entering phased retirement. As described below, the percentage will be increased by an additional multiplier, depending on the University retirement plan in which the participant is participating when the agreement becomes effective. The participant will be eligible for increases in full- time base salary (which will then be used to recalculate the reduced salary during phased retirement) following the same procedures and criteria applicable to other tenured faculty in the participant's unit.

EMPLOYEE BENEFITS

Retirement Plan

Participants in the Phased Retirement Plan will continue to receive the University's contribution to their University retirement plan. Their base salary will also be "grossed up" in consideration of the reduced contributions to their retirement plan resulting from their participation in the phased retirement program and as an additional incentive to participate in the program. The amount of the "gross up" will be calculated by the Office of Payroll and Benefits and will depend on the participant's salary, retirement plan and

percentage load under the phased retirement agreement. The amount will differ for participants in the Alternate Pension Plan (APP) and the Indiana State Teachers Retirement Fund (TRF), in an effort to equalize the value of the "gross up" under these two very different retirement plans.

For example, if an employee with a base salary of \$100,000 who is participating in the APP elects phased retirement in 2012 at a 50% load, the "gross up" multiplier would be 10.929%. The participant's revised base salary would thus be \$110,929 (\$100,000 x 1.10929), resulting in a salary of \$55,464.50 (\$110,929 x 50%) during phased retirement, and an APP contribution of \$6,805.50 (\$55,464.50 x 12.27%).

The \$6,805.50 contribution to the APP plus the \$5,464.50 "gross up" in base pay totals \$12,270 – which would have been the amount of the University's contribution to the APP on the participant's behalf had he or she continued to receive a base salary of \$100,000.

The "gross up" multipliers for each retirement plan and percentage load (between 50% and 75%) will be maintained by the Office of Payroll and Benefits, and employees considering phased retirement are encouraged to discuss their particular situation with this office.

Insurance

Participants in the Phased Retirement Plan will continue to receive the University's regular contributions toward health and life insurance plans as if they were full-time employees. However, the face value of their life insurance policies will be based on their reduced salary.

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

Tuition Remission Benefits

Participants retain tuition remission benefits in accordance with the current University policy for full-time employees.

Vacation and Sick Leave

Participants in the Phased Retirement Plan will continue to accrue vacation and sick leave benefits under the same *pro rata* conditions as apply to permanent part-time employees as described in the Faculty and Professional Personnel Handbook.

UNIVERSITY STATUS OF PARTICIPANT

Tenure

A tenured faculty member who participates in the Phased Retirement Plan will continue to be deemed a tenured member of the faculty for the specific length of time indicated in the phased retirement agreement. Each year the participant is involved in the phased retirement program will count as one year of service at Ball State University.

Promotion

Participants in the phased retirement program will no longer be eligible for promotion.

University Senate Voting Privileges

University Senate voting privileges for participants in the phased retirement program are subject to the Senate's constitution and bylaws.

Non-Teaching Assignments

For the purpose of a faculty member's phased retirement agreement, the course loading will normally be based on his or her load in the academic year immediately preceding entry into phased retirement. If any part of the agreed time is assigned to scholarly activities, the assignment must be productive and justified and approved in advance and annually during the term of the phased retirement agreement by both the College Dean and the Provost and Vice President for Academic Affairs. A reasonable amount of active, scholarly research that is a benefit to the University will generally be approved. However, reductions in course loading for administrative assignments will normally not be continued during phased retirement.

Space and Support Requirements

Office, laboratory space, secretarial service, computer use, and other support services may be made available at the reasonable discretion of the University. The extent of the availability of these facilities and services will be described in the phased retirement agreement.

The University's intent is to provide appropriate laboratory and office space, but exigencies of space and facilities use may not always permit this. Also, circumstances may change, resulting in reassignment of the space and/or facilities during the term of the phased retirement.

Faculty and Professional Personnel Handbook

The provisions of the Faculty and Professional Personnel Handbook will continue to apply to participants in the Phased Retirement Plan, except as otherwise provided in this policy and the participant's phased retirement agreement.

PROCEDURES

Preliminary Process

Several months ahead of the formal application for participation, persons considering the University's Phased Retirement Plan should informally discuss the advantages and implications of phased retirement with their administrative unit head, the professional personnel in Benefit Services, and other appropriate persons.

Application Process

After consulting with his or her administrative unit head, a faculty member wishing to participate in the Phased Retirement Plan will submit a request, in writing, through the faculty member's dean to the Provost and Vice President for Academic Affairs. Because each department must assess if participation would adversely affect an area or program (including an assessment of the cost impact), faculty members from various departments or areas may not be able to participate in any given year. Phased retirement agreements may start at the beginning of the fall or spring semester, as long as the unit head has sufficient time to make the appropriate arrangements. The written request must include the desired load percentage, the desired effective date, and the proposed duration of the phased retirement.

In consultation with the appropriate academic dean, each administrative unit head must annually estimate the number of faculty phased retirements, if any, in his or her unit (broken down by disciplines and subdisciplines where appropriate) that can be maintained in the following year under the then existing circumstances. If approved by the Provost and Vice President for Academic Affairs, this number will be published to tenured faculty members by June 30 of each year. However, due to the unpredictability of factors that may influence the availability of phased retirement opportunities, such as unanticipated retirements or resignations, course requirements, enrollment fluctuations, and costs, the actual number of phased retirements permitted may be more or less than the estimated number. The final number

shall be subject to the Provost and Vice President for Academic Affair's approval and may be reviewed by the President at the President's discretion.

Employees may submit a request to participate in the Phased Retirement Plan at any time. However, priority will be given for requests which are submitted prior to February 1 for the following fall semester and by September 1 for the following spring semester. For those applications submitted by the deadline, priority will be further applied as follows: first, by academic rank; then by months of service within that rank; and finally by total months of service at Ball State University. Applications received after the priority deadline (February 1 or September 1 for the next fall or spring semester, respectively) will be considered in the order they are received but only if there are still openings in an administrative unit after all applications received before the priority deadline have been considered.

Approval Process

The Provost and Vice President for Academic Affairs will make a determination based on the applicant priorities listed above and the approved number of faculty phased retirements in each unit. The decision by the Provost and Vice President for Academic Affairs is final. Any exceptions to the policy must be requested in writing and signed by all parties. Only the Provost and Vice President for Academic Affairs may authorize an exception to the provisions of the Phased Retirement Plan for faculty members.

Procedures for Contract Faculty

The application and approval process for participation in the Phased Retirement Plan by contract faculty will be determined on a case-by-case basis. The Provost and Vice President for Academic Affairs will decide whether to approve participation by eligible contract faculty, including the terms for such participation. The decision by the Provost and Vice President for Academic Affairs is final.

Development of the Formal Agreement

If a request for participation in the Phased Retirement Plan is approved by the Provost and Vice President for Academic Affairs, the applicant will meet with the Vice President for Business Affairs and Treasurer or his/her designee to create a formal agreement that will contain the provisions specified in this policy. The final agreement will be coordinated through the applicable dean, the Provost and Vice President for Academic Affairs, and the University's Legal Counsel prior to execution by the participant and the Vice President for Business Affairs and Treasurer.