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APS 5016 - Faculty Retirement Agreements

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Policy Profile

Policy Title:	Faculty Retirement Agreements
APS Number:	5016
Effective:	July 1, 2014
Approved by:	President Bruce D. Benson
Responsible University Officer:	Vice President, Employee and Information Services
Responsible Office:	Vice President, Employee and Information Services
Policy Contact:	Office of the Vice President, Employee and Information Services
Supersedes:	February 24, 2012
Last Reviewed/Updated:	July 1, 2014
Applies to:	University-wide

Policy Snapshot

Brief Description: Authorizes the chancellors to approve retirement incentives for faculty and describes the requirements of these agreements.

Reason for Policy: Implements the 10/6/05 and 3/12/09 Board of Regents resolutions authorizing the president to expand retirement incentive options available to faculty.

I. Introduction

This policy authorizes the chancellors to approve retirement incentive agreements for faculty and describes the requirements of these agreements. The policy resulted from the work of the Ad Hoc Committee on Faculty Retirement Options (Committee). The Committee included faculty governance representatives from all campuses, system and campus administrators, and a representative from the Retired Faculty Association. The Committee issued a report on April 9, 2004, in response to concerns raised by the Faculty Council that the University of Colorado improve and expand the retirement options available to faculty. The Committee?s report recommended lowering the age and years of service requirements for both normal and early faculty retirement, expanding retirement incentives for faculty, and introducing greater flexibility into the phased retirement program.

The 2010 revision to this policy incorporates a new, 2010 incentive program for faculty, which is described in Section IV.B.7. The 2011 revision to this policy adds an additional incentive program, which is described in Section IV.B.8

On October 6, 2005, the Board of Regents passed a resolution authorizing the president to expand retirement incentive options available for faculty so long as they are consistent with regent laws and policies, university administrative policy statements, and the laws and fiscal rules of the state of Colorado.

On March 12, 2009, the Board of Regents approved a second, related resolution to authorize the president to develop retirement incentive options for faculty in addition to those in effect at that time.

II. Policy Statement

A. The chancellor of each campus is authorized to approve individual retirement incentive agreements for faculty on the chancellor?s campus who are not retiring under the Public Employees Retirement Association (PERA) retirement plan. The chancellor may delegate this authority to the campus vice chancellor for academic affairs or provost. The reference to ?chancellor? throughout this document includes the chancellor?s designee, if any.
B. An individual retirement incentive agreement is authorized only if it complies with the requirements below. The chancellor has discretion over whether to approve a retirement incentive agreement. The chancellor may limit the number of faculty on the campus entering into retirement incentive agreements in any given year based on the needs of the affected unit, the school or college, and the campus. Before approving a retirement incentive agreement, the chancellor must be satisfied that the agreement meets the overall needs of the University. No faculty member has a right to such an agreement. Except as otherwise expressly provided in the retirement incentive agreement the faculty member?s employment during the term of the agreement shall be subject to all

applicable University policies and procedures.

C. Faculty members who wish to retire with the benefits available under normal retirement policies shall not be required to execute retirement incentive agreements.

III. Eligibility Requirements for Retirement Incentive Agreements

A. Faculty entering into retirement incentive agreements must meet the eligibility requirements described in this policy.
B. A retirement incentive agreement must include the faculty member?s irrevocable agreement to retire on a specified date. For retirement incentive agreements other than under the retirement incentive program inaugurated in 2010 and described, below, in IV.7, the specified date shall not be later than five (5) years after the effective date of the agreement. A faculty member who has entered into a phased retirement incentive agreement may withdraw his or her agreement to retire or change the effective date of retirement only with the written agreement of the chancellor. A faculty member who has entered into a retirement incentive agreement may terminate the agreement early without the consent of the chancellor by resigning his/her University employment or, if eligible to retire under normal University policies, by retiring earlier than the specified retirement date. Under such circumstances, upon such resignation or retirement, the faculty member will receive only those employment or retirement benefits provided under normal University policies.
C. An individual retirement incentive agreement shall include only the retirement incentives authorized in this policy. An agreement may include more than one incentive, except for the 2010 retirement incentive program.
D. As appropriate to the faculty member?s workload assignment during the term of a retirement incentive agreement, the faculty member may be required to release in an orderly manner the research or laboratory space he or she occupies. Ordinarily, the retirement incentive agreement should include provisions for the manner and timing of this release, except for the 2010 retirement incentive program.
E. The faculty member shall agree to relinquish his/her tenure on the date which shall be specified in the retirement incentive agreement. No other waiver of rights is required for a retirement incentive agreement.
F. Each retirement incentive agreement must be signed by the faculty member and the chancellor prior to its effective date.
G. Each retirement incentive agreement must be reviewed and approved for legal sufficiency by the Office of University Counsel before being signed.
H. A copy of the completed retirement incentive agreement must be forwarded to Payroll and Benefit Services for processing prior to the effective date of the agreement.
I. Costs associated with implementing retirement incentive agreements must be funded within existing campus or unit budgets, as determined by the chancellor.

IV. Retirement Incentives for Tenured and Tenure-Track Faculty

A. Eligibility
   Faculty who are tenured or tenure-track and who are employed at fifty percent time or greater and meet at least the minimum combined age and years of service requirements contained in Regent Policy 11-F.3.b are eligible for retirement incentive agreements under the terms of this section.
B. Authorized Incentives
   1. Negotiated Differentiated Work Load
      a. A tenured or tenure-track faculty member who is interested in retiring may negotiate a differentiated workload for a specified period in exchange for the faculty member?s agreement to retire at the end of the period. A faculty member who is working under a negotiated differentiated workload would continue to be benefits-eligible.
      b. The following provide additional authority for this incentive: 1) Administrative Policy Statement, ?Differentiated Annual Workloads for Faculty,? July 1, 2007, which permits the assignment of differentiated workloads for faculty on an annual basis; 2) Regent Policy 11-E.I.8, ?Faculty Salary Principles,? 2009, which permits evaluation of faculty based upon the assigned proportion of effort in research/creative work and service under the differentiated workload agreements; and 3) Regent Law, Article 11.A.1.(E), ?Determination of Salaries for Faculty, Officers, and University Staff.?
   2. Post-retirement University Employment or Consulting Opportunities
      a. The chancellor may set aside one year of the faculty member?s pre-retirement base salary and agree to contract with the faculty member for consulting services after the date of retirement for a fee up to the amount of the set-aside. The consulting contract may be a multi-year contract so long as adequate funds are reserved to pay fees for the entire term of the contract and the faculty member meets the tests required to establish that the faculty member is performing consulting services as an independent contractor.
      b. The chancellor may set aside one year of the faculty member?s pre-retirement base salary and agree to enter into an employment contract with the faculty member for services after retirement. The compensation provided under the employment contract may be up to the amount of the set-aside.
         i. If the employment contract is for research services, the contract may be for a term, but generally the term should not exceed two years.
         ii. If the employment contract is for services other than research services (e.g. teaching, student advising, administering departmental or campus centers, of filling a service role), the faculty member must be an at-will employee in the post-retirement position. The chancellor may not commit to a term contract for services other than research services, and the employment contract must clearly state that the faculty member is an employee at-will.
      c. While the agreed-upon period of the post-retirement consulting or employment must be limited in the retirement incentive agreement, this limitation is not intended to preclude subsequent employment of a retired faculty member after the agreed-upon period if both the chancellor and the retired faculty member agree to such subsequent employment. Faculty

members who are employed after retirement from the University will receive benefits as retirees, not as regular employees.

3. Increases to Out-of-State Retiree Medical Insurance Contributions

   As part of a retirement incentive agreement, the University may agree to increase the eligible employer contribution (which is based on age and number of years of service at the time of retirement) to medical insurance by adding an additional 50% for those retirees who reside outside the State of Colorado and elect one of the University?s medical insurance plans. This additional contribution may continue only until the retiree and spouse, civil union partner[1], or same gender domestic partner reach the age of eligibility for Medicare. The employer contribution shall not exceed 100% of the total medical insurance premium cost. Should the retiree move back to the State of Colorado, the additional employer contribution must be eliminated until such time as the retiree again resides outside the State of Colorado, prior to reaching Medicare eligibility.
4. Increase in Base Salary.
   a. The chancellor may agree to increase the faculty member?s base academic year faculty salary for two years preceding the faculty member?s retirement date. The agreed-upon increase may be up to 6% over and above the average faculty salary increment for the faculty member?s campus.
   b. The Addendum to Regent Policy 11.B.2.f ?Compensation Principles and Policy for Faculty,? provides additional authority for this incentive.
5. Phased Retirement Program

   The chancellor may agree to a phased retirement program for a tenured or tenure-track faculty member for a period of up to five (5) years as described in Attachment A.
6. Any of the additional benefits and salary provided to eligible faculty may result in increased taxes. The University will comply with tax withholding rules for federal, state and local government.
7. Tax-deferred Retirement Incentive Program
   a. In exchange for the tenured faculty member?s agreement to immediately retire and relinquish her/his tenure rights, the chancellor may agree to a retirement incentive equal to twice the professor?s base salary and supplemental pay, if any, at the time the agreement is executed. Such incentive payment typically shall take the form of annual university payments into a 403(b) retirement plan over a five-year period, up to annual limits established by the Internal Revenue Service.
   b. The retired faculty member forfeits the right to any benefits under his or her retirement incentive agreement if he or she subsequently becomes an employee of the university during any year in which he or she is receiving the five annual incentive contributions into his or her 403(b) retirement account (the ?Restricted Period?). No taxable income of any kind may be received by the faculty member during the Restricted Period, including accrued sick and vacation leave payments. In addition, the faculty member shall make no elective deferral into the University of Colorado 403(b) Plan that is allocable

to any calendar year during the Restricted Period.

c. These agreements are subject to numerous restrictions imposed by the IRS because they involve contributions to the 403(b) plan and, potentially, deferred compensation subject to Internal Revenue Code Section 409A. Accordingly, any requested changes must be reviewed and approved. Campus human resources offices should seek approval from the Senior Associate Vice President for Human Resources who, with the assistance of University Counsel, will review and approve any requested changes.
d. Eligibility criteria contained in III. ELIGIBILITY REQUIREMENTS FOR RETIREMENT INCENTIVE AGREEMENTS, apply to the 2010 Retirement Incentive Program unless otherwise noted.

8. Cash Payment Taxable Retirement Incentive Program
    a. In exchange for the tenured faculty member?s agreement to immediately retire and relinquish his/her tenure rights, the Chancellor may agree to a retirement incentive that shall not exceed twice the faculty member?s base faculty salary at the time the agreement is executed. Such incentive payment shall take the form of a one-time, taxable cash payment to be paid on or after the retirement date, but no later than December 31 of the calendar year in which the retirement date occurs.
    b. The incentive agreement may include the opportunity to continue after retiring in a faculty teaching, research, and/or creative activities role as needed for a defined period of time at the discretion of the Chancellor in consultation with the Provost and Dean.

V. Retirement Incentive Agreements for Non-Tenure-Track Faculty

The authorized incentive for non-tenure track faculty is the phased retirement program described in Attachment B.

VI. Information and Education

- The President?s office shall issue an annual report documenting: (1) the number of faculty retiring in the previous fiscal year; (2) the number retiring under individual retirement incentive agreements by campus; (3) the categories of faculty.
- The Office of Payroll and Benefits Services shall periodically provide educational sessions for faculty related to retirement options.

VII. Interpretation

Questions concerning the policy and its interpretation should be directed to the campus human resources, University Counsel or provost?s offices or to the Senior Associate Vice

President for Human Resources.

VIII. History

- Original policy effective July 1, 1999
- Revised January 28, 2000
- Revised June 6, 2007
- Revised July 1, 2011
- Revised February 24, 2012
- Minor revision to Attachment A effective July 1, 2014
- The term *civil union partner* was added in May 2014 to reflect new State law regarding Civil Unions.

IX. Key Words

Faculty, incentive, retirement, benefits

ATTACHMENT A - PHASED RETIREMENT PROGRAM FOR TENURED AND TENURE-TRACK FACULTY

I. Eligibility

All tenured and tenure track faculty members who are employed at fifty percent time or greater and: 1) will be at least 55 years of age by the end of the term of the phased retirement agreement; and 2) whose age and years of half time or greater service at the university total at least 65 are eligible to participate in this phased retirement program (?Program?).

II. Terms and Provisions

A. Term of the Program

The agreed term of a Program for a tenured or tenure-track faculty member may be from one semester to up to five academic years. At the joint request of the department chair (or primary unit/division head) and the faculty member, and with the concurrence of the dean (if not the primary unit/division head specified above) and the chancellor, a Program with an initial term of less than five academic years may be renewed beyond the initial term for up to a maximum of five academic years total (including both the initial term and subsequent renewals). The faculty member shall agree to relinquish his/her tenure at the end of the term of the Program. In order for the Program to be renewed beyond the initial term the chancellor and the faculty member must agree to change the previously agreed upon retirement date.

B. Workload and Duties

1. Workload commitments and duties during the term of the Program must be described in the retirement incentive agreement.
2. Pay level and workload must remain at an average of 25% or higher over the term of the Program. Additionally, the faculty member must be paid at least 25% of full-time salary for each semester. The following are examples of acceptable pay and workload agreements.
    a. The faculty member may work 25% time at 25% pay during each academic year of the Program.
    b. The faculty member may work 50% time in year one, 0% time in year two and 25% time in year three at 25% of pay each academic year during a three-year term. (Under such an arrangement, the faculty member must be paid at 25% of full-time salary for each academic year. The faculty member may not be paid 50% in year one and 0% in year two).
    c. The faculty member may work 75% time each academic year at 75% pay.
    d. The faculty member may work full time (100%) in the fall semester and be relieved of all responsibilities during the spring semester, averaging a 50% workload and 50% pay over the academic year. (Under such an arrangement, the faculty member would be paid at 50% of full pay for the entire academic year. The faculty member may not be paid 100% in the fall semester and 0% in the spring semester.)
3. Faculty members may not be paid in advance for work not yet performed. For example, the faculty member may not work 0% time in the first academic year of the Program and 100% time during the second academic year and be paid at 50% of full-time salary for the first year. In any case where the faculty member receives a greater percentage of pay than workload for any semester or year, the faculty member must have had a corresponding greater percentage of workload than pay in a previous year or semester.
4. Agreed-upon duties may include teaching, clinical, research, and service/administrative duties. Ordinarily, duties should include both classroom teaching and service duties.
5. Workload commitments and duties during the term of the Program must be approved by the department chair (or primary unit/division head), the dean of the academic unit (if not the primary unit/division head specified above), and the chancellor. The percent workload and agreed upon duties may be renegotiated on an annual basis with the consent of the faculty member, the chancellor, the department chair (or primary unit/division head), and the dean of the academic unit (if not the primary unit/division head specified above). The retirement incentive agreement must be modified to reflect agreed upon changes to the percentage of workload and duties.
6. Faculty members who otherwise meet the eligibility requirements for a sabbatical assignment under Regent Law Article 5.B.3(C) may, with the approval of their department chair (or primary unit/division head), the dean of the academic unit (if not the primary unit/division) and the chancellor, include a sabbatical as part of their proposed workload commitments and duties during the term of the Program. The same processes and criteria for approval of sabbaticals shall apply as

enumerated in Regent Policy 5-A. Similarly, rules and procedures contained in Regent Policy 5-A. Similarly, rules and procedures contained in Regent Policy 5-A and Regent Action 2/24/68: amended 3/17/88, 1/20/94 and 10/20/94 shall apply. The one difference in treatment of faculty on sabbatical as part of the Program is that instead of the requirement that the faculty member return to the university for a least one full year after the sabbatical, a faculty member in the Program shall return for as many years as required to complete the equivalent of one year of full time work following the sabbatical.[3]

C. Benefits
    1. The retirement plan contributions by the university (ordinarily 10% of full-time salary) will be paid to faculty in Programs at two times the negotiated workload percentage (e.g., a faculty member working at a reduced workload of 40% will receive a university retirement contribution based on 80% of salary, equaling an 8% university contribution). In no case will a faculty member receive an employer contribution in excess of 10% of full-time salary.[4]
    2. University contributions to group insurance plans (including health, dental, and life insurance provided by the university) during the term of the Program shall continue as if the faculty member were at 100% time.
    3. Upon reaching age 59½, when entered in a Program, the employee may begin retirement plan distributions as permitted under the terms of the retirement plan and IRS regulations.

D. Additional Terms and Conditions
    1. A request for participation in a Program should be filed with the department chair (or primary unit/division head) by December 1 for a Program to begin in the following fall semester. A request should be made by May 1 for a Program to begin the following spring semester. The chancellor should notify the faculty member whether the request is granted or denied by no later than March 31 for the fall semester or September 30 for the spring semester (or later for requests not filed by the due dates). Requests filed after the due dates may be considered untimely.
    2. During the term of a Program, the university must continue to be the faculty member?s primary professional commitment. A faculty member on phased retirement may not accept a full-time position with another employer or a tenured part-time position at another education institution.
    3. Faculty in Programs must continue to participate in annual evaluations, post-tenure review (unless waived in the retirement agreement), and other applicable faculty personnel processes.
    4. Should a program be terminated prior to the end of its term, the faculty member shall be compensated for work already performed if in excess of salary received but shall not receive additional compensation or benefits under the Program.

ATTACHMENT B - PHASED RETIREMENT PROGRAM NON-TENURE-TRACK FACULTY

I. Eligibility

All non-tenure-track faculty members who are employed at fifty percent time or grater and: 1) will be at least 55 years of age by the end of the period of the phased retirement program (?Program?); and 2) whose age and years of half time or greater service at the university total at least 65 are eligible to participate in the Program.

II. Terms and Provisions

A. Term of the Agreement.

   The agreed term of a Program for a non-tenure-track faculty member may be from one semester to up to one academic year.

B. Workload and Duties.
   1. Workload commitments and duties during the term of the Program must be described in the retirement incentive agreement.
   2. Pay level and workload must remain at an average of 25% or higher over the term of the Program. Additionally, the faculty member must be paid at 25% of full-time salary for each semester. The following are examples of acceptable pay and workload agreements.
      a. The faculty member may work 25% time at 25% pay during each semester.
      b. The faculty member may work 50% time in the first semester and 0% time in the second semester (Under such an arrangement, the faculty member must be paid at 25% of full-time salary during each semester. The faculty member may not be paid 50% in the first semester and 0% in the second semester).
      c. The faculty member may work 75% time each semester at 75% pay; or
      d. The faculty member may work 100% time in the fall semester and be relieved of all responsibilities during the spring semester, averaging a 50% workload and 50% pay over the academic year. (Under such an arrangement, the faculty member must be paid at 50% of full-time salary for the entire academic year. The faculty member may not be paid 100% in the fall semester and 0% in the spring semester.)
   3. Faculty members may not be paid in advance for work not yet performed. For example, the faculty member may not work at 0% in the fall semester and 100% in the spring semester and be paid at 50% of full-time salary in the fall semester. In any case where the faculty member receives a greater percentage of pay than workload for any semester, the faculty member must have had a corresponding greater percentage of workload than pay in a previous semester.
   4. Unless falling within a specific exception described in Colorado law, Colorado law requires that non-tenure-track faculty be at-will employees. All retirement incentive agreements for non-tenure-track faculty must explicitly state those facts and reserve the university?s right to terminate at-will faculty members? employment and their Programs at any time.
   5. Workload commitments and duties during the term of the Program must be approved by the department chair (or primary unit/division head), the dean of the academic unit (if not the primary unit/division head specified above), and the chancellor.

C. Benefits

1. The retirement plan contributions by the university (ordinarily 10% of full-time salary) will be paid to faculty in Programs at two times the negotiated workload percentage (e.g., a faculty member working at a reduced workload of 40% will receive a university retirement contribution based on 80% of salary, equaling an 8% university contribution). In no case will a faculty member receive an employer contribution in excess of 10% of full-time salary.
2. University contributions to group insurance plans (including health, dental, and life insurance provided by the university) during the term of the Program shall continue as if the faculty member were at 100% time.
3. Upon reaching age 59½, when entered in a Program, the employee may begin retirement plan distributions as permitted under the terms of the retirement plan and IRS regulations.

D. Additional Terms and Conditions

1. A request for participation in a Program should be filed with the department chair (or primary unit/division head) by December 1 for a Program to begin in the following fall semester. A request should be made by May 1 for a Program to begin the following spring semester. The chancellor should notify the faculty member whether the request is granted or denied by no later than March 31 for the fall semester or September 30 for the spring semester (or later for requests not filed by the due dates). Requests filed after the due dates may be considered untimely.
2. Non-tenure-track faculty in Programs must continue to participate in annual evaluations and other applicable faculty personnel processes.
3. Should a retirement incentive agreement be terminated prior to the end of the term of the Program, the faculty member shall be compensated for work already performed if in excess of salary received but shall not receive additional compensation or benefits under the program.

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1. The term *civil union partner* was added in May 2014 to reflect new State law regarding Civil Unions.
2. The faculty member is only eligible to retire once her/his combined age and years of service total at least 70. If the phased retirement period ends prior to the individual?s age and years of service totaling 70, the faculty member will not receive the University of Colorado retirement benefits available to those who do meet the minimum established age and years of service requirements.
3. The normal post sabbatical commitment states that: ?In accepting a sabbatical assignment, the faculty member shall agree to return to the university for at least one year thereafter. In case the faculty member is responsible for terminating his/her connection with the university within the period of one year after expiration of the sabbatical, the individual shall refund the sabbatical remuneration to the university on a prorated basis, except in exceptional circumstances, including permanent disability or death, wherein neither the individual nor the heirs shall be obligated to refund any part of the amount paid while on sabbatical.? Regent Action 2/24/68; amended 1/20/94.
4. If the salary for the faculty member is paid from grant funds, this benefit is not guaranteed and will be paid only if permitted and funded by the funding agency.
5. The faculty member is only eligible to retire once her/his combined age and years of service total at least 70. If the phased retirement period ends prior to the individual?s age and years of service totaling 70, the faculty member will not receive the University of Colorado retirement benefits available to those who do meet the minimum established age and years of service requirements.

Attachments:
Video:
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