

# UNIVERSITY RETIREMENT PROGRAMS

American University offers options that enable full-time, tenured faculty members to pursue retirement through the Retirement Incentive Program or the Phased Retirement Program.

Both options are outlined below. **Faculty members, at any stage of their careers, who wish to discuss either of these options in confidence should contact the dean of faculty at 202-885-2125 or [deanofacademicaffairs@american.edu](mailto:deanofacademicaffairs@american.edu) to arrange a meeting.**

## RETIREMENT PROGRAM

Effective Date: November 1986

### INTRODUCTION

In accordance with the *Faculty Manual*, guidelines for the university's retirement policy are reviewed as necessary by the Faculty Senate's Committee on Academic Budget and Benefits and forwarded to the provost for consideration and action. Once approved, the guidelines are posted on the dean of faculty webpage.

The University Retirement Program consists of the retirement incentive and phased retirement programs, which serve the interests of the university in continuous renewal of its human resources. These programs provide opportunities for responding to changes in program and staffing needs and create more options for institutional development. While the university will consider individual faculty personal or professional needs in extending the privilege of retirement incentive or phased retirement, this policy is intended to facilitate actual retirement.

### QUALIFYING FOR THE RETIREMENT INCENTIVE PROGRAM

A person who has served the university as a full-time member of the teaching faculty for a period of twenty years, excluding leaves without pay, may apply for the retirement incentive program provided his or her age plus years of service (twenty or more years) are equal to at least 80.

The Retirement Incentive Program is a privilege offered by the university, not an entitled right of every faculty member. Therefore, the university may refuse any application if there is reasonable cause to do so. Among the reasonable causes are the following:

- 1) the retirement would have a substantial detrimental impact on programmatic or teaching needs of the university; or
- 2) there may be an adverse financial impact on the university.

The university may determine other reasonable causes for refusal at its discretion, and may limit the number of retirements in any given calendar or fiscal year.

### **APPLYING FOR THE RETIREMENT INCENTIVE PROGRAM**

The dean of faculty is the university administrator responsible for advising faculty members of current policies and practices.

**Individuals contemplating retirement should begin the process well in advance of the anticipated retirement date.**

The dean of faculty will meet with the faculty member for a formal consultation and with permission of the faculty member will inform, on a confidential basis, the dean of the academic unit within thirty days.

When the faculty member, in consultation with his/her teaching unit head and dean, desires to move forward with a retirement agreement, the dean of faculty will request from the appropriate dean a confidential impact statement detailing the effects the proposed retirement will have on the teaching unit and school/college.

Once the impact statement has been received, a formal retirement agreement will be prepared by the Office of the Dean of Faculty and a signing appointment scheduled with the dean of faculty and the provost. Executed agreements are irrevocable.

### **PAYMENT SCHEDULE FOR THE RETIREMENT INCENTIVE PROGRAM**

Faculty members electing the retirement incentive program who meet the age and service criteria stated above may receive the corresponding incentive payment according to the following schedule:

<u>Age when Retirement Begins</u>	<u>% of Base Salary Paid</u>
62 or below	100
63	87.5
64	75
65	62.5
66	50
67	37.5
68	25
69	12.5

Payments to faculty members are normally made in a one-year period, but other arrangements are possible.

### **BENEFITS AND CONDITIONS**

1. A distinguished professor, university professor, professor, associate professor, or assistant professor who has been a member of the full-time faculty of the university for eight years or more immediately prior to retirement may be recommended for emerita/emeritus status by their teaching or academic unit. The final decision on the awarding of this honor rests with the Provost. Please refer to the Faculty Manual section 8.c. for information about emeriti/emeritae status.

2. In the event that a faculty member dies before the full retirement payment has been made, the remaining amount will be paid to the faculty member's estate unless other arrangements have been made by the faculty member. Benefits to spouses or families who elect the retirement incentive program will be continued after the death of the faculty member, if so stipulated in the Benefits Extension Plan.
3. Faculty members who accept retirement shall retain all rights that they have accrued to the Benefit Extension Plan. If such rights have not accrued, the faculty member will be eligible to remain in the medical benefit program through COBRA\*, provided that the faculty member pays the entire cost of the premium.
4. Faculty members participating in the Retirement Incentive Program must agree not to work at any other educational institution within a 200-mile radius of Washington, D.C. during the incentive payment period. If such employment is undertaken, the university may terminate payments under the agreement.
5. Emeriti faculty members who teach for the university after retirement shall be accorded the title of Emerita-/Emeritus-in-Residence. Ordinarily they may teach a maximum of two courses per year, at the discretion of the university.

**BENEFIT EXTENSION PLAN\*\***

The Benefit Extension Plan (BEP) extends optional participation in the university's group health care plans to those faculty and staff members terminating their services to the university after meeting the designated combinations (described below) of age and full-time service.

All faculty members participating in the Benefit Extension Plan must have an elected university health care plan prior to retirement, and the plan must be in effect upon the faculty member's retirement date. (Dental coverage is available at the faculty member's sole expense, if elected prior to retirement.)

**Faculty members hired on or after January 1, 1993**, are eligible to participate in the university group health plan upon their retirement. The full cost of the plan coverage will be at the retired employee's sole expense. Spouses and dependents of retired employees may likewise participate in the group health plan at their sole expense.

**Faculty members hired before January 1, 1993**, are eligible under the years of service matrix outlined below. To qualify for BEP, the faculty member must be at least fifty-five (55) years of age at time of retirement. Retiring faculty members can continue coverage for spouses and dependents at their own expense.

<u>Completed Years of Service</u>	<u>Percentage of University Contribution</u>
Less than 15	0%

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\* Consolidated Omnibus Budget Reconciliation Act

\*\* Please consult with the Human Resources office for specific information regarding the Benefit Extension Plan.

15	50%
16	55%
17	60%
18	65%
19	70%
20	75%
21	80%
22	85%
23	90%
24	95%
25	100%
26	110%
27	120%
28	130%
29	140%
30 and over	150%

University contribution for 2000 and beyond = \$180/month

**QUALIFYING FOR THE PHASED RETIREMENT PROGRAM**

To qualify for phased retirement faculty members must meet the same eligibility requirements as for the retirement incentive program (age at retirement plus years of service, excluding leaves without pay, must equal at least 80).

The application process for the Phased Retirement Program is the same as for the Retirement Incentive Program.

During the phased retirement period, medical plan contributions will continue at the same rate as for other active employees, and life insurance benefits will reflect the faculty member's 100% salary level unless he or she voluntarily elects to decrease it. Disability benefits and retirement plan contributions, however, will be based on the faculty member's actual annual base salary for the period.

The "Benefits and Conditions" described above for the Retirement Incentive Program will take effect at the end of the phased retirement period.

Phased retirement refers to a period not to exceed three years nor to extend beyond the age of seventy, during which the faculty member shall work at a reduced load for reduced pay, at the end of which time the faculty member agrees to his or her complete and irrevocable retirement from the full-time faculty. During the period of phased retirement, the faculty member is subject to the *Faculty Manual* as if a full-time faculty member. The following shall be understood:

- Reduced load shall be a fraction greater than or equal to one-half (1/2) of the customary and usual load carried by a full-time faculty member and includes, but is not limited to teaching classes; serving on dissertation, university, and college committees; and undertaking research and student advisement.

- Reduced pay shall mean the same fraction of the faculty member's base salary as the fraction of his or her negotiated reduced load.
- Base salary shall not include overload, university paid pension/retirement plan contributions, extra assignment pay, or the cost of any other employee benefit package.

Phased retirement agreements are irrevocable and may not be converted to full-time status or to the Retirement Incentive Program.

*Sept 2011*