

# Phased Retirement

## 1. **Phased Retirement for Bargaining Unit Members in the Optional Retirement Program (2/25/10 Announcement)**

In recognition of the fact that some members of the faculty may wish to phase into retirement gradually, and that such a transitional period may be helpful to the University's planning efforts, the University and the MSP have agreed to a new phased retirement program.

Effective immediately, bargaining unit members in the Optional Retirement Program are eligible to participate in a phased retirement program under which a bargaining member may, for no less than two and no more than five years prior to separation from the University, reduce in time, ordinarily to no less than 25% and no more than 50% time, with a corresponding reduction in salary and an agreed-upon definition of their reduced responsibilities.

**At the time of approval of any such arrangement, the bargaining unit member shall be required to provide a non-rescindable resignation effective at the end of the agreed- upon term of the reduced appointment.**

All such arrangements shall be subject to prior approval by the department head/chair, dean, and the Provost, and decisions shall not be grievable under the MSP/FSU contract. Faculty members on phased retirement appointments will continue to be members of the bargaining unit.

An application form for phased retirement is available at <https://www.umass.edu/provost/other-faculty-benefits> along with an overview of the effects on various benefits of phased retirement appointments. Faculty members considering phased retirement should consult with Human Resources (545-1478, 545-6115, 545-6121) regarding the impact of various percentages of appointment and decisions about drawing from their ORP accounts.

## 2. **Phased Retirement Benefits and Impact**

MSP – Phased Retirement for Optional Retirement Program (ORP) Members

<u>Benefit</u>	<u>50% benefited position</u>	<u>Less-than 50% position: non-benefited</u>	
		<u>Draw from your ORP account in a systematic way (ie, "retire" from the ORP)</u>	<u>Do not draw from your ORP account</u>
<u>GIC Insurances</u>	Your GIC insurances (health, basic life, optional life, long-term disability) continue through your benefited University employment.  The value of your GIC optional life insurance will not change based on a reduction in annual salary. You may voluntarily reduce this coverage by completing the necessary forms in Human Resources (325 Whitmore).  GIC long-term disability (LTD) is reduced as a result of reduced annual salary.  * Note: if you have GIC LTD coverage in addition to your ORP LTD you may wish to evaluate the value of duplicate coverage as the two payments will <i>offset</i> one another (more information available on-line at: <a href="http://www.mass.edu/foremployees/orp/insflag.asp#gicdisability">www.mass.edu/foremployees/orp/insflag.asp#gicdisability</a> )	You may continue GIC health, basic and optional life insurances by:  1. Meeting ORP & GIC retiree eligibility requirements.  • ORP sufficiency of income test (with ORP provider), and  • Having contributed to the ORP and/or SERS a MA retirement fund for 10+ FTE years <i>and</i> being 55+ years of age <i>or</i> having contributed the ORP and/or SERS for 20+ FTE years  2. Beginning to draw off from your ORP account in a systematic way that will allow your GIC premiums to be deducted from a monthly withdrawal.  The ORP "retiree" must complete a GIC "Form 1" in Human Resources (rm 325 Whitmore) in order to transition to retiree GIC benefits. In some circumstances the GIC will require a retiree to change to a Medicare supplement health insurance plan.  The cost of GIC optional life insurance will increase upon retirement and periodically thereafter.  <a href="http://www.mass.edu/foremployees/orp/dbgicretireeincome.asp">www.mass.edu/foremployees/orp/dbgicretireeincome.asp</a>	<ul style="list-style-type: none"> <li>If you meet the GIC retiree eligibility criteria (definition at left) but choose <i>not</i> to draw from your ORP account, you may continue your GIC health and basic life insurance coverages as a <i>deferred retiree</i> by paying 100% of the premium for those coverages. You must complete a "Form 1" in Human Resources (rm 325 Whitmore) to "register" as a deferred retiree.</li> </ul> <p>In this instance if you choose not to maintain your GIC health insurance it is recommended that you maintain your GIC basic life insurance in order to preserve rights to future GIC benefits.</p> <ul style="list-style-type: none"> <li>If you do <i>not</i> meet the GIC retiree eligibility criteria (definition at left) you may continue your GIC health insurance coverage for up to 18 months under COBRA by paying 102% of the premium for that coverage.</li> </ul> <p>In both instances the GIC will send a COBRA notice to your home offering continued coverage. If you do not return the form and premiums to the GIC in a timely fashion, GIC coverages will be discontinued.</p>

Please note: this document is intended to provide an overview of the impact of various employment decisions on University benefits and is not a comprehensive summary of the various laws, policies and plans that define the benefits available to University employees and retirees. In all cases MGI, GIC policy/procedure, policy/procedure of the MA Department of Higher Education, etc. supersedes the information in this document.

MSP – Phased Retirement for Optional Retirement Program (ORP) Members

<b>Benefit</b>	<b>50% benefitted position</b>	<b>Less than 50% position: non-benefitted</b>	
		<b>Draw from your ORP account in a systematic way (ie, "retire" from the ORP)</b>	<b>Do not draw from your ORP account</b>
<u>Dental insurance</u>	Dental insurance continues through your benefitted University employment.	You may continue your current dental insurance under COBRA for up to 18 months after transitioning to a non-benefitted position. You are responsible for paying 100% of the COBRA premium charged by the dental plan administrator, McKenzie & Company. McKenzie & Company will contact you, in writing at your home, regarding enrollment in COBRA.  If you are eligible for retiree benefits through the GIC (as defined above) you may enroll in the GIC retiree dental plan upon: retirement, loss of coverage under another plan (eg, termination of COBRA coverage) or during an open enrollment following ORP retirement.	You may continue your current dental insurance for up to 18 months under COBRA after transitioning to a non-benefitted position. You are responsible for paying 100% of the COBRA premium charged by the dental plan administrator, McKenzie & Company. McKenzie & Company will contact you, in writing at your home, regarding enrollment in COBRA.
<u>Retirement</u>	<ul style="list-style-type: none"> <li>The value of your ORP LTTD and life insurances are reduced based on the reduction in your annual salary.</li> <li>Faculty and employer contributions to the ORP are reduced based on the reduction in your annual salary.</li> </ul>	As a non-benefitted employee drawing from your ORP account you will not be required to contribute OBRA funds from your post-retirement University earnings ("OBRA" contributions of 7.5% of your earnings).	As a non-benefitted employee <i>not</i> drawing from your ORP account (ie, not an ORP retiree) you will be required to contribute 7.5% of your University income to a pre-tax OBRA account, currently administered by Great West Retirement Services. <a href="http://www.mass.gov/smartplan/participate/obrainfo.htm">www.mass.gov/smartplan/participate/obrainfo.htm</a>
<u>Longevity Payment</u>	N/A until you begin drawing off your ORP account within three years of leaving benefitted UMass Amherst employment.	If you have established 10+ FTE years in ORP and/or SERS and you are 55+ years of age <i>or</i> you have established 20+ FTE years of service toward retirement in the ORP and/or SERS – you are eligible for a longevity payment equal to 1.5 days of salary for each full FTE year of service to the University <i>if</i> you begin drawing from your ORP account within 3 years of leaving your benefitted University position.  The MA Department of Higher Education must provide the University confirmation that you have begun drawing from your ORP account in order for the longevity payment to be generated.	

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MSP – Phased Retirement for Optional Retirement Program (ORP) Members

<b>Benefit</b>	<b>50% benefited position</b>	<b>Less-than 50% position: non-benefited</b>	
		<b>Draw from your ORP account in a systematic way (ie, “retire” from the ORP)</b>	<b>Do not draw from your ORP account</b>
<u>Continued University employment</u>	N/A – benefited employment continues.	<p>Post-retirement employment forms must be completed in Human Resources by the MSP member.</p> <p>There is no limit (under MGL) to the number of hours you may work for, or the amount of money you may earn from, the Commonwealth as an ORP retiree.</p>	<p>Post-retirement employment forms must be completed in Human Resources by the MSP member.</p> <p>There is no limit (under MGL) to the number of hours you may work for, or the amount of money you may earn from, the Commonwealth as an ORP retiree.</p>

Please note: this document is intended to provide an *overview* of the impact of various employment decisions on University benefits and is not a comprehensive summary of the various laws, policies and plans that define the benefits available to University employees and retirees. In all cases MGL, GIC policy/procedure, policy/procedure of the MA Department of Higher Education, etc. supersede the information in this document.

# 1. Phased Retirement Application

## Application for Phased Retirement Appointment

Name: \_\_\_\_\_  
Empl ID: \_\_\_\_\_  
Department: \_\_\_\_\_  
Title: \_\_\_\_\_

Date of departure from benefited University employment (date employment will fall below 50%): \_\_\_\_\_

Start date of phased retirement appointment: \_\_\_\_\_

End date of phased retirement appointment: \_\_\_\_\_

Percentage of time to be worked (with dates of changes and new percentages, if applicable): \_\_\_\_\_

Biweekly compensation: \_\_\_\_\_

Duties and responsibilities: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Office/Space Assignment: \_\_\_\_\_

I understand that, in order to receive the longevity payments provided to retirees under the MSP contract, I must begin drawing from my ORP account within three years of my departure from benefited University employment.

I understand that if any portion of my phased retirement appointment is at less than 50%, I will no longer hold a benefited position with the University and must contact Human Resources to arrange for continuation of benefits, including, but not limited to, health insurance through the Massachusetts Group Insurance Commission.

I understand that I have seven days from the date I sign this application to rescind my application.

**I understand that by signing this application, I am, in return for the University's agreement to grant the phased retirement appointment for which I have applied, submitting my non-rescindable resignation from the University of Massachusetts Amherst effective the above "End date of phased retirement appointment" and forfeiting any rights to employment by the University beyond that date.**

Signature of applicant: \_\_\_\_\_

Date: \_\_\_\_\_

Approval of department head/chair: \_\_\_\_\_

Date: \_\_\_\_\_

Approval of dean: \_\_\_\_\_

Date: \_\_\_\_\_

Approval of Provost: \_\_\_\_\_

Date: \_\_\_\_\_

cc: MSP Office