



Phased Retirement Guidelines

The Washington State University Phased Retirement Plan is a program designed to give WSU Retirement Plan (WSURP) participants an opportunity to reduce their regular appointment(s) to pursue personal or professional interests while gradually phasing into retirement over a period of time. It is intended to provide individual career flexibility, while also providing the University with a tool to address long-range personnel resource management. Participation in the plan requires the participant to enter into a phased retirement contract with WSU.

Approved participants of the Phased Retirement Plan will experience a reduction in Washington State University (WSU) pay due to the reduced appointment/effort associated with their current position and any other jobs in the university system.

Actively working WSURP participants are unable to access their retirement funds until they fully retire. However, by participating in a phased retirement contract individuals are able to address their reduced salary, if needed, by being granted the ability to take a retirement annuity payment or withdrawal from their TIAA account(s).

During the period of the contract, they will continue to maintain eligibility for employer-provided benefits, including health insurance, as well as accrue additional pro-rated retirement contributions, and applicable pro-rated leave accruals. 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 HRS Benefit professional personnel, TIAA representatives, and/or independent financial advisors.

Phased retirement is intended to support the University's excellence and ongoing business needs. It permits the University to retain the services and contributions of faculty and staff who participate in the WSURP while enabling participants to remain in their profession and to build additional financial security for the future.

The WSURP Phased Retirement Plan is a voluntary and mutually agreed upon arrangement between the University and the participant. It is a formal agreement and unalterable with the exception of making possible adjustments if all parties agree and it is in alignment with the expectations of the Phased Retirement Guidelines. (See *CONTRACT*.)

At any time, upon request by the President or designee, the Plan may be reviewed and modified without affecting already existing contracts/agreements.

All information presented in this Plan must be in alignment with legislation, laws, rules and regulations from federal, state, local and institutional governance. This Plan is subject to change in order to maintain compliance with both Internal Revenue Service and Social Security Administration rules.

ELIGIBILITY CRITERIA FOR REQUEST TO PARTICIPATE

Participation in the Phased Retirement Plan at Washington State University is voluntary and mutually agreeable to both the University and to employees of the University who participate in the WSURP and whose positions meets the specifications as identified below:

Retirement Plan:	For active participants of the Washington State University Retirement Plan (WSURP)
Status:	Have at least a 50% Full-Time Equivalency (FTE) permanent appointment with Washington State University. Non-permanent appointed individuals will be reviewed to determine if they may be able to participate.
Service:	55 years of age with at least 10 years of cumulative service to WSU.
Position:	Hold a position that can reasonably be handled on a less than full-time basis without materially altering the expectations and responsibilities inherent in the position or title, and without adversely affecting the area or program, or the cost relating thereto.
Budget:	The initial arrangement for a reduction in effort is contingent upon budgetary feasibility as determined in the annual budget preparation immediately prior to the effective date of the contract.
Academic/Administrative Impact:	No detrimental impact to Washington State University programs/students.

See the *ALTERNATIVES TO PHASED RETIREMENT* section if you do not meet the eligibility criterion.

CONTRACT

A written contractual agreement setting forth mutually agreeable terms and conditions of an individual’s phased retirement contract will be drafted by the HRS Benefits Director/Professional staff with the assistance of counsel, and then signed by the participant, the authorized Appointing Authority and applicable Executive Vice President, Chancellor and/or the Provost or President.

These are binding agreements and are only able to be modified if all parties are in agreement to make changes. Modification of contracts is not guaranteed and requests for modification may be denied by the University. However, acceptable changes could include requesting to extend the agreement if the maximum period has not been met, change the duties or reporting line of the work, further reducing the FTE, to name a few. Increasing an FTE is not acceptable and does not meet the concept of *phasing* into full retirement.

Such changes would be addressed in an Addendum to the contract, and discussed with the HRS Benefits professional personnel to initiate the Addendum, which will be drafted and routed for review, and if approved, signatures.

If a participant elects to fully retire prior to the identified end date in the phased retirement contract, they may issue a retirement notification reflecting of the earlier retirement date.

The phased retirement contract will contain the following elements:

Length of contract:

Phased retirement contracts can be for no less than a 50% FTE and are limited to seven years. Extensions of shorter initial agreements may be reviewed and renewed on a year-by-year basis if agreed to by all parties. Request for extension are not guaranteed and may be declined by the University. An approved extension would be formalized via an drafted Addendum coordinated by the HRS Benefits Director or professional staff.

Reduction in Appointment

The phased retirement contract will indicate the effective date of entry into the program, and what the appointment will be reduced to throughout the agreement. A meaningful reduction in effort is required in order to qualify under a phased retirement contract. It will specify the proportion of the phased retirement appointment in FTE and/or term, e.g. - 50, 60, 75, 80, or 85 percent, and/or 9, 10, or 11 months. All reductions must be approved in writing by the appropriate Appointing Authority before being presented to the authorized Vice President, Chancellor, or the Provost or President.

It is possible to specify in the contract periodic reductions in the percent of effort or length of appointment, or initially reduce the effort to a certain percent or length of appointment and remain at that level until full retirement. The appointment cannot go below 50% FTE.

As previously referenced, a phased retirement agreement is a reduction in effort as one moves towards full retirement. It does not allow for an increase in effort during the agreement.

Salary

The salary during a phased retirement is calculated at the appropriate percentage (based on FTE) of the base salary of the employee's position just prior to entering phased retirement. The participant may receive periodic salary increments, such as mass salary increases, provided these increments follow current Washington State University policy.

PROCEDURE

Preliminary Process

Several months ahead of the formal request, employees considering the WSU's Phased Retirement Plan should informally discuss with their direct supervisor, HRS Benefits Director/Professional staff, and other appropriate persons, the advantages and implications of a reduced appointment and entering into a phased retirement contract.

Request Process

Following the conversation with their supervisor, the faculty member or employee will submit a written request to their department chair, director and/or other administrative head. The written request should be reflective of the previously verbally discussed plan and include the desired percent of effort, the desired change in appointment term, if applicable, the desired effective date and duration of the phased retirement with the final full retirement date, and an explanation of why this desired reduced effort and phased retirement would not materially alter the expectations and responsibilities inherent in the position.

Approval Process

1. The department chair, director or other administrative unit head will consult with the requesting employee and other appropriate members of the department to evaluate the request in terms of planning, personnel needs, phased retirement plan costs, space and support requirements for the applicant and potential replacement(s), and other pertinent factors.
2. The chair, director or other administrative head will then forward the request to the authorized Appointing Authority, providing a written statement of support/recommendation.
3. The authorized Appointing Authority will review the proposed contract terms and the departmental or unit recommendation and will make a determination based on the facts and merits of the recommendations. The request, which should reflect the support of the request from the authorized Appointing Authority, is then sent to the HRS Benefits Director/Professional staff who reviews the request to ensure the individual and proposal agreement meet the Phased Retirement Plan criteria.
4. The HRS Benefits Director/Professional staff will coordinate the WSU Division of the Attorney General's Office to draft the formal Phased Retirement Contract containing the provisions specified in this policy. The contract is then routed for final review and signatures:
 - a) Participating employee, who must have their signature notarized. If desired, they can have the document reviewed by an attorney.
 - b) Authorized Appointing Authority will sign the contract as the *recommending party*.
 - c) The applicable Provost and/or Chancellor (for faculty agreements), Chancellor and/or Executive Vice President (for administrative professional agreements) and in some cases the President, will sign the document as the *approving party*.
 - d) Counsel from the WSU Division of the Attorney General's Office will sign to confirm they have reviewed the contract in regards to the form of the agreement.

Only the authorized Appointing Authority, Provost or President, or applicable Chancellor and/or Vice President may authorize exceptions to the provisions of the Phased Retirement Plan. Any exception to the policy must be discussed with HRS Benefits Director/Professional Staff, and in consultation with the Attorney General's Office if necessary, and if acceptable will be referenced in writing and signed by all parties.

5. The fully signed contract is returned to HRS Benefits who will then route the finalized document to all parties for their permanent records and a copy is placed in the employees' HRS Personnel File.

The employing department/area is responsible for making applicable adjustments to the appointment throughout the phased retirement contract, and for submitting the final Workday retirement action.

EMPLOYEE BENEFITS DURING PERIOD OF AGREEMENT

Retirement Contributions

Participants in the phased retirement plan will continue to contribute to the WSURP defined contribution plan, and receive the University's matching contributions. Both parties will contribute to the retirement benefits program at the same contribution rate as when the participant was on a full-time salary.

Example:

An employee is approved to participate in the Phased Retirement Plan at a 50% appointment.

Regular salary: \$60,000

Reduced salary: \$30,000

WSURP Contribution (based on 10% contribution rate) made by both the University and Participant: $10\% \times \$30,000 = \$3,000$

Medical, Dental, Life and Disability Insurance

All participants will continue to be eligible for the Public Employees Benefit Board (PEBB) benefit package, and be responsible for making the applicable premium payments.

Social Security

Contributions to Social Security will continue on the reduced appointment. Those participants qualifying for Social Security retirement benefits may be eligible to draw those benefits while on phased retirement beginning at age 62 or any later date. To determine eligibility for benefits, the participant should consult with Social Security Administration.

Tuition Waiver Benefits

The participant continues to enjoy tuition remission benefits in accordance with current Washington State University policy for full-time employees. [BPPM 60.70]

Annual and Sick Leave

Pro-rated leave accruals will continue for sick leave, and annual leave, for eligible individuals.

Professional Leave and Leaves of Absence

Participants in the Phased Retirement Plan are not eligible for Professional Leave (sabbaticals) since these are available only to full-time (100% FTE) employees.

Participants in the Phased Retirement Plan are eligible to participate in shared leave, Family Medical Leave, and other leave provisions in the same pro rata conditions as for permanent part-time employees.

UNIVERSITY STATUS OF PARTICIPANT

Tenure

A tenured faculty member who participates in the Phased Retirement Plan shall continue to be deemed a tenured member of the faculty for the specific length of time indicated in the phased retirement contract.

Promotion

The academic participant remains eligible for consideration for promotion. Such advancements shall be assessed on the same basis as for full-time appointees.

Faculty Senate Voting Privileges

Voting privileges are subject to the rules and regulations of the department/school bylaws and the bylaws of the Faculty Senate.

Non-Teaching Assignments

For the purpose of a faculty phased retirement contract, the department chair/school director (administrative unit head) and dean will consider non-teaching duties as well as courses taught in defining a full-time faculty load and percentages thereof. In developing the provisions of the contract, the academic participant, administrative unit head, and the Dean (or designee) may negotiate the type and amount of non-teaching assignment expected of the participant, consistent with the reduced assignment.

Space and Support Requirements

Required office, laboratory space, administrative/lab support, computer use, and other support services may be made available. These services will be negotiable in developing the provisions of the contract.

The University's intent is to provide appropriate laboratory and office space, but exigencies of space and facilities use may not always permit this.

Employment Policies and Procedures

The participant continues to operate under the stipulations of the employment policies and procedures for their employment type, except as otherwise provided in this policy.

ALTERNATIVE TO PHASED RETIREMENT

There are times when an employee or management may not wish to set up a formal phased retirement contract. Examples of this would be:

- Individuals who participate in a Department of Retirement Systems Plan (PERS, TRS, LEOFF) who are not eligible for the phased retirement program, or
- WSURP participants who do not meet the eligibility criteria of the phased retirement program, or
- WSURP participants who wish to have flexibility in a reduced appointment or do not wish to identify a full retirement date.

In these cases, an employee could request an employment action referred to as an *employee requested reduction in FTE*, which is addressed within their employing area and does not need to be set up as a formal contract. Employees who take this approach are not eligible to access their WSURP retirement contributions during the period of reduced FTE, which is allowed under a formal phased retirement contract. It is important to ensure these arrangements are not referred to as a phased retirement, since they are not and should not be misconstrued to have the benefits/entitlements of a formal contract/agreement.

Questions about the differences between phased retirement vs. employee requested reduction in FTE should be directed to the HRS Benefit Director/Professional Benefits staff, by calling 509.335-4521 or email hrs.benefits@wsu.edu