



# Faculty Phased Retirement Program (PRP)

## FAQ

November 18, 2011 Update

### 1. What is the Faculty Phased Retirement Program (PRP)?

The Faculty Phased Retirement Program (PRP) is a completely voluntary one-time program which allows faculty to plan their retirement and reduce their workload over a period of up to five years. It offers health benefits and pre-agreed rates of compensation based on current pay, takes into account faculty preferences of work duties during the phase-out period, and provides substantial financial incentives to eligible faculty whose applications to participate in the program are approved. A detailed description of the PRP is contained in the *PRP Booklet – Non-clinical* and the *PRP Booklet – Clinical* found on the PRP website <http://www.hr.howard.edu/PRP/info.html>.

### 2. Why is Howard University Offering the Faculty Phased Retirement Program (PRP), and why at this time?

A high proportion of Howard's tenured faculty members are eligible to retire, and a recent survey of these faculty indicated that many intend to retire over the next six years. The PRP provides the University needed predictability about faculty availability so it can adequately plan course scheduling, hiring and faculty deployment during a period in which a significant number of Howard faculty intend to retire.

### 3. What role does the Phased Retirement Program play in Faculty Renewal and Howard's Academic Renewal more generally?

For several years, the Howard community has been engaged in a process of self-examination, planning and renewal. As a central element of Howard's academic renewal, faculty renewal encompasses retaining and supporting current faculty, professional development, faculty retirements, and faculty hiring. Faculty renewal assists in aligning faculty availability with the needs of Howard's existing academic programs and its emerging strategic priorities. Faculty is the center of any university, making faculty renewal including support of existing faculty central to Howard's academic renewal.

### 4. How were faculty involved in the design of the Phased Retirement Program? Was there a faculty survey, and how were faculty preferences factored into the design of the PRP?

The PRP was designed with substantial input from faculty, including an appointed faculty group and a survey of all retirement-eligible tenured faculty. The *Faculty Senate Budget Recommendations for AY2011-12, May 26, 2011* recommended that the University offer faculty a "robust and fair retirement incentive program" that would provide incentives to allow faculty to "gradually retire while giving academic programs an opportunity to replace senior, retiring faculty." The Faculty Senate recommended that "appropriate incentives, such as health care, tuition remission, emeritus status, access to the university's space and facilities, extra salary, at a minimum, be available to retiring faculty as a part of the retirement plan." These elements are observable within the PRP being offered to faculty, including the PRP's financial incentives and its accommodation of varying levels of readiness to retire.

### 5. Who is eligible to participate in the PRP?

Tenured, Career Status and Master Instructors faculty whose age plus years of service are 70 or greater, and who have five or more years of credited service.

### 6. How does the PRP program work? What is the process of "negotiating with my Dean"?

Any eligible faculty member who submits an *Application to Participate in the Phased Retirement Program* by November 30, 2011 initiates a three month period, extending until February 29, 2012, during which time the faculty member will meet with her/his Dean, department chair and a HR representative. The purpose of these meetings is to discuss: the faculty member's request for the number of years of further service prior to full retirement and termination of employment; the percentage of a full-time workload to be undertaken each year; and the faculty member's preferred duties or assignments during those years, including, for clinical faculty, how to allocate their workload between academic and clinical duties. These discussions may continue through the February 29, 2012 deadline in an effort to reach a mutually satisfactory understanding with the Dean concerning these matters. Following these discussions, the mutually satisfactory understanding becomes the basis of a formal written *Faculty Phased Retirement Agreement* which, when signed by the faculty member, the Dean and either the Provost or the Senior VP for Health Sciences, as appropriate, makes the faculty member a participant in the PRP. If a mutual understanding is not reached and the faculty member wishes to retire, the faculty member may retire outside of the PRP. Those who retire outside of the PRP will not receive the benefits



## Faculty Phased Retirement Program (PRP)

### FAQ

*November 18, 2011 Update*

set forth in the PRP, but rather will receive the normal benefits provided to terminating employees, including benefits under the Howard University Employees' Retirement Plan, the Howard University Savings Plan and the retiree provisions of the group health and dental plan. All PRP participants will resign their tenure, Career Status or Master instructor positions as of June 30, 2012 and become contract employees for the duration of their PRP phase-out period. Therefore, the terms of the faculty member's employment will be set forth in the *Faculty Phased Retirement Agreement* that the faculty member signs with the University.

**(In this and other questions all references to application due dates have updated to November 30, 2011; all references to the deadline for the completion of negotiations updated to February 29, 2012.)**

**7. If I submit my *Application to Participate in the Phased Retirement Program* by the November 30, 2011 deadline, am I committed to enter the PRP or retire?**

The answer is 'no.' An eligible faculty member who submits an *Application to Participate in the Phased Retirement Plan* by November 30, 2011 initiates a PRP process in which the faculty member meets with his/her Dean, assisted by the department chair. It is only if a mutual understanding is reached by February 29, 2012 and the faculty member and the University each subsequently sign the *Faculty Phased Retirement Agreement* that there is anything binding on either the individual faculty member or the University. After receiving the completed *Faculty Phased Retirement Agreement* the faculty member will be given 45 days to consider and sign it. Unless and until there is an effective *Faculty Phased Retirement Agreement* signed by both the faculty member and University, the faculty member's status remains fully as it is. Submitting an *Application to Participate in the Phased Retirement Plan* **DOES NOT** represent a commitment on the part of the faculty member.

**8. Why is it a requirement that I resign tenure as a PRP Participant?**

The PRP is an important component of the University's broader faculty renewal and development initiative. The resignation of PRP participants from tenured faculty positions enhances the ability of academic departments and schools/colleges to recruit and hire replacement faculty in tenured and tenure track faculty positions consistent with the University's strategic academic program goals and objectives.

**9. What are the financial benefits of the PRP? What will my salary be during the phase-out period?**

(1) The PRP provides a retirement incentive payment based on the length of credited service, i.e., two weeks of pay for each year of service up to a maximum of one year's pay. Faculty with 26 years of service will receive the maximum award of an extra year's pay. This retirement incentive payment applies whether the faculty member fully retires as of June 30, 2012 or, at the other end of the continuum, works full time for five years and fully retires as of June 30, 2017. Since faculty pay may vary year-to-year, the retirement incentive payment for participation in the PRP will be calculated using the faculty member's highest W-2 earnings during any of the three preceding 12-month periods: July 1, 2011 to June 30, 2012; July 1, 2010 to June 30, 2011; and July 1, 2009 to June 30, 2010. PRP participants fully retiring as of June 30, 2012 will be paid the full retirement incentive payment within 60 days of June 30, 2012.

Faculty members who will have a phase-out period may have the Retirement Incentive Payment distributed in installments, per the terms of the *Faculty Phased Retirement Agreement*, on one of the following schedules elected by the faculty member:

- For non-clinical faculty, 50% within 60 days of June 30, 2012 and the remainder in equal annual installments over the phase-out period, commencing at the end of the first year of the phase-out period; and for clinical faculty, 50% of the Academic Portion of the Incentive Payment within 60 days of June 30, 2012 and the remainder of the Retirement Incentive Payment (the other 50% of the Academic Portion and the full amount of the Clinical Portion of the Incentive Payment) in equal installments over the phase-out period, commencing at the end of the first year of the phase-out period;
- 100% of the Retirement Incentive Payment at the end of the phase-out period;
- Equal installments of the Retirement Incentive Payment at the end of each year during the phase-out period;
- 50% of the Retirement Incentive Payment at the end of each of the two final years in the phase-out period; or
- In such annual installments as are mutually agreed to by the faculty member and the University and documented in the *Faculty Phased Retirement Agreement*, provided that the latest any payment can be made is the end of the phase-out period, and the greatest payment that can be made prior to the end of the first year of the phase-out period is 50% of the



## Faculty Phased Retirement Program (PRP)

### FAQ

November 18, 2011 Update

Retirement Incentive Payment for non-clinical faculty, and 50% of the Academic Portion of the Retirement Incentive Payment for clinical faculty.

(2) For non-clinical faculty, each PRP participant's salary during the phase-out period will increase by 3% per year based on satisfactory performance, excepting any year in which there is no salary pool for increasing faculty salaries outside the PRP. Base pay will be prorated to the faculty member's agreed workload for each year. For clinical faculty, this 3% increase applies to the portion of pay based on academic duties and will be adjusted proportionate of the time devoted to academic duties. Pay related to clinical duties will continue to be determined under the methodology of the Howard Faculty Practice Plan as in effect at a given time.

(3) PRP participants who are 62 or older, or as they reach 62, may elect to collect payments from the Howard University Defined Benefit Plan concurrently with being paid for on-going contractual employment with Howard.

(4) During their phase-out period, PRP participants are provided the same health care benefits as regular full-time employees and subject to the same premium cost-share arrangement and plan terms at a given time, even if they are working on less than a full time basis. Premiums will continue to be deducted from PRP participants' pay checks on a bi-weekly basis.

**(Answer updated 11/14/11)**

#### **10. What are health care benefits during the phase-out period?**

During their phase-out period, PRP participants will be covered under the same health care benefits as regular full-time employees and subject to the same premium cost-share arrangement and plan terms at a given time, even if they are working on less than a full time basis. Premiums will continue to be deducted from PRP participants' pay checks on a bi-weekly basis.

#### **11. Are faculty being encouraged to retire through the PRP?**

No. The PRP is entirely voluntary. No one representing the University, including, but not limited to Deans and department chairs, will encourage nor discourage faculty from participating in the PRP. Faculty who request to participate will work with their Dean or other designated individual to determine the number of years, general nature of duties and percentage of full time work the faculty member will perform for the phase-out period (if any). It is only when a mutually satisfactory written *Faculty Phased Retirement Agreement* has been signed by the faculty member, the Dean and the Provost or Senior VP for Health Sciences that the faculty member is a participant in the PRP. Where such an agreement cannot be reached, the faculty member can retire outside the PRP, if desired.

#### **12. What does "phasing out" mean, and when do faculty leave?**

Under the PRP faculty may be able to terminate employment from Howard as of June 30, 2012, or on any subsequent June 30 through June 30, 2017, as negotiated by the faculty member and relevant Dean in consideration of the programmatic needs of their department. For those PRP participants who do not fully retire as of June 30, 2012, "phasing out" or a "phase-out period" refers to the period, beginning July 1, 2012 and extending for the negotiated number of years (from one through five), that the faculty member will work prior to full retirement and termination of employment from Howard University. Workload during a phase-out period will be 100%, 75%, 50% or 25% of full time. The workload (i.e., negotiated percentage of a full time assignment) must stay the same or decrease year by year. The specific number of years, percentage of a full time assignment for each year and the duties requested by the faculty member for each of the years of the phase-out period will be specified in the negotiated *Faculty Phased Retirement Agreement* signed by the faculty member and the University. Workload during the phase-out period is discussed in question 6 above, and compensation in question 9.

#### **13. What are the obligations of faculty when they are in the PRP? How will life be different for faculty who participate in the PRP?**

PRP participants are expected to fulfill their assigned duties for the time period negotiated, maintain their professional competence and continue to perform as accomplished professionals, subject to the same standards as other faculty serving on a contractual basis, as stipulated in Section 2.3 ("Faculty Responsibility") of the *Faculty Handbook (1993)*, which the University may choose to amend for all faculty. As with other faculty members, PRP participants will continue to be governed by applicable University policies,



## Faculty Phased Retirement Program (PRP)

### FAQ

*November 18, 2011 Update*

including the policy on academic freedom as well as the other relevant policies in Section 2.2 (“Policies Related to Faculty Employment and Activities”) of the *Faculty Handbook*. Clinical faculty will continue to be bound by Member Practice Agreements, subject to the terms of their *Faculty Phased Retirement Agreement*.

By virtue of the contractual nature of continued employment under the PRP program, PRP participants will not be eligible to invoke the grievance procedures specified in Section 2.8 (“Grievance—Rights, Privileges, and Resolution of Disputes Governing Academic Freedom and Conduct of the Faculty”) of the *Faculty Handbook*. Since compensation throughout the phase-out period is established by the *Faculty Phased Retirement Agreement*, PRP participants do not participate in the Faculty Performance Evaluation System (FPES) process and are not subject to FPES reviews.

#### **14. What rights will I have to serve on department and school/college APT committees as a PRP participant during the phase-out period?**

Subsequent to resigning from their tenured position, each faculty PRP participant, for each year in which they are serving full-time during their agreed 1 to 5 year phase-out period, shall be eligible to serve on departmental and school/college Appointment, Promotion and Tenure committees with the full rights and responsibilities held prior to entering the PRP. Regardless of the percentage of full-time workload, faculty in a phase-out period will also remain eligible to participate as voting members on departmental, school/college and university committees for which tenure is not required as consistent with each committee’s policies and procedures.

**(Question and answer added 10/12/11.)**

#### **15. Will everyone who is eligible and applies to participate in the PRP be included?**

Participation in the PRP is neither automatic nor guaranteed, though the goal is to include all faculty who wish to participate. There are approximately 450 faculty eligible to apply to participate in the PRP. With such a large number of eligible faculty, to maintain the integrity of its academic and clinical programs, the University reserves the right to approve or deny participation subject to written guidelines that apply to all programs, if it is determined that a faculty member’s participation would impair the continued effective or efficient operation of a University academic or clinical program.

#### **16. Please explain the appeal process for faculty who are denied participation in the PRP?**

Denial of participation in the PRP is based on written non-discriminatory guidelines that apply to all programs. The PRP is a program under the Employee Retirement Income and Security Act (ERISA) and will have appeal procedures consistent with ERISA requirements. Therefore if a faculty member is denied participation that decision may be appealed under the ERISA appeal procedures. (For additional information about the Employee Retirement Income Security Act, see: <http://www.dol.gov/dol/topic/health-plans/erisa.htm>.) The University is committed to try to offer participation to each eligible faculty member who wishes to participate in the PRP. In the event an offer cannot be made consistent with the effective and efficient continued operation of a University academic or clinical program, the faculty member will be notified in writing and may appeal.

#### **17. What are the timelines and key deadlines that I need to follow?**

A detailed schedule is provided in the package of information that each eligible faculty member has received or will receive. The detailed schedule is also available on the PRP web site. All deadlines should be observed, but two in particular deserve special attention.

First, an eligible faculty member applies to participate in the PRP by completing the *Application to Participate in the Phased Retirement Program* and submitting it, signed, to their Dean’s office by November 30, 2011. The faculty member should receive a copy of what she/he submitted from the Dean’s office for her/his records. If an eligible faculty member does not meet the November 30, 2011 submission deadlines, her/his application will not be considered.



## Faculty Phased Retirement Program (PRP)

### FAQ

November 18, 2011 Update

Second, each faculty member who submits a timely application should participate in meetings with his/her Dean, department chair and a HR representative, and seek to conclude a mutually satisfactory understanding by February 29, 2012 concerning participation in the PRP. Following this understanding, the faculty member will be provided with a completed *Faculty Phased Retirement Agreement*. The faculty member will have 45 days to consider, sign and submit this agreement, and following signature, the faculty member will have a 7 day period in which the agreement may be revoked if desired. All revocations must be in writing and submitted within the 7 day period following signing. The agreement does not go into effect until signed by the faculty member, Dean and Provost or Senior VP for Health Sciences, as appropriate, and the revocation period has expired without revocation.

#### **18. Is there anything different in the PRP for faculty at least part of whose income is earned through the Faculty Practice Plan (i.e., “clinical faculty”)?**

Question 9 above describes the disbursement of the retirement incentive payment and compensation during a phase-out period (if any) for clinical faculty.

#### **19. Will the PRP be offered in the future? If I do not sign up during the Fall 2011 window, can I join the PRP program later?**

The PRP is intended as a one-time program. Faculty should not expect that any program similar to the PRP will be offered in the future. Faculty who are interested in participating, or are considering participation, must submit to their Dean a signed *Application to Participate in the Phased Retirement Program* by November 30, 2011. Submitting an application begins a process in which the faculty member negotiates an understanding with his/her Dean concerning the number of years of any phase-out period and the proportion of full time work, and states the faculty member’s preferred duties. A mutually satisfactory understanding must be reached by February 29, 2012 and thereafter becomes the basis of a formal written *Faculty Phased Retirement Agreement*. Eligible faculty who fail to meet these deadlines will NOT become PRP participants and CANNOT join the Program later.

(Answer updated 10/12/11.)

#### **20. How can I stay involved with Howard after I fully retire?**

Faculty members are encouraged to stay involved with the University after they retire. Retired faculty attend University events and participate in the Howard University Retiree Association. Faculty retirees may stay involved related to their faculty role. Under the provisions of the *Faculty Handbook (1993)*, retired faculty members with ten years or more years of service are entitled to Emeritus status. With the specified approvals, they may teach and conduct research. They may participate in faculty meetings at all levels (including the Faculty Senate) and, may in certain circumstances, also vote. One of the most important ongoing contributions that retired faculty members may make to the success of the University’s academic programs is through mentoring students and junior faculty colleagues. Many retirees contribute to the University’s Annual Fund.

#### **21. How can I get answers to questions about the general provisions or operation of the PRP?**

For more information regarding the PRP, please visit <https://www.hr.howard.edu/prp/info.html>. If you have additional questions, please e-mail them to [PRP@Howard.edu](mailto:PRP@Howard.edu). If you require immediate assistance, please contact the PRP Information Line at (202) 806-1259.

#### **22. Faculty may have questions about their individual circumstances, such as whether they are eligible to request participation in the PRP, their years of service, what their retirement incentive payment would be, their pay during the phase-out period, and so on. How do faculty get answers to questions about their individual circumstances?**

Each eligible faculty member has received or will receive a mailed package of information from the Office of Human Resources. Within this package is an individualized *Retirement and PRP Benefits Statement* with information concerning benefits and payouts during participation in the PRP and thereafter. This *Statement* also shows the status of all current benefits.

Any faculty member who has questions about the years of service calculation used to determine eligibility to participate in the PRP, or other individual questions concerning benefits, may call the PRP Information Line at (202) 806-1259.



## Faculty Phased Retirement Program (PRP)

### FAQ

November 18, 2011 Update

A faculty member may receive a duplicate copy of her/his individualized *Retirement and PRP Benefits Statement* by contacting the Benefits Office.

#### **23. How do I access financial planning assistance?**

The information package mailed to eligible faculty by the Office of Human Resources describes retirement and financial planning assistance available to all faculty eligible to participate in the PRP, whether they expect to participate in the PRP or not. Planning assistance is provided by independent, certified third-party providers for the purposes of helping faculty understand financial and retirement issues and make informed choices, including participation in the PRP. Faculty may select and utilize their own established, professional financial or retirement planner and have that provider directly reimbursed by the University for planning services, up to \$400.

#### **24. If I am Principal Investigator on a sponsored project, may I continue to serve in that capacity? May I continue serving as major advisor to doctoral students and other students?**

Yes, you may continue during the phase-out period to serve as principal investigator or other participant on a sponsored research project and continue to supervise the work of doctoral students and advise students, subject to the consent of your department, agreement of your Dean, and any additional restrictions that a sponsoring agency may apply regarding a sponsored project.

#### **25. I am at least age 62 and would be eligible to begin receiving a pension under the Howard University Employees' Retirement Plan (Defined Benefit) during the Phased Retirement Period. How will my pension be impacted if I elect to receive an immediate benefit or defer it until a later date?**

Pension payments under the Howard University Employees' Retirement Plan are considered full or unreduced as of your Normal Retirement Date, i.e., the June 30<sup>th</sup> on or after your 65<sup>th</sup> birthday. If you begin receipt of your pension prior to this date it is considered early and the benefit is reduced. If you begin receipt of your pension after the Normal Retirement Date, which is considered delayed; the benefit is increased since payments would be made over a shorter period of time based on your life expectancy. Two illustrations are noted below and reflect the Single Life payment option; paid to you only for your lifetime.

- PRP Participant A was born May 25, 1950 and will be age 62 as of June 30, 2012. Participant A's Normal Retirement Date is June 30, 2015. If Participant A elects a 5-year phase out period and begins receiving his/her pension benefit as of July 2012 which is prior to their Normal Retirement Date, the benefit would be \$800/month. If Participant A defers the receipt of the pension benefit until the third-year of their phase out period on July 1, 2015 (Normal Retirement-unreduced), the benefit would be \$1,000/month.
- PRP Participant B was born May 25, 1948 and will be age 64 as of June 30, 2012. Participant B's accrued pension benefit as of July 1, 2012 is \$930/month. Participant B has elected to defer the receipt of his/her pension until age 69 or July 1, 2017, the end of their 5-year phase out period. The pension payable as of July 1, 2017 would be \$1,517.40/month.