

SAMPLE TEMPLATE –Incentive Faculty Retirement Plan

PRINCETON UNIVERSITY

*Dean of the Faculty
9 Nassau Hall*

DATE:

TO: Professor

FROM: Deborah A. Prentice

SUBJECT: Retirement Agreement—Faculty Retirement Incentive Plan

Dear _____:

I write to you to formalize your retirement arrangements with Princeton University. This agreement follows upon discussions with you concerning your retirement plans and your choice of the Faculty Retirement Incentive Plan, an age-based retirement incentive plan open to all retirement-eligible faculty aged 65 through 69.

My understanding is that you have decided to retire from the University effective July 1, 20__ and that you are eligible to participate in the retirement incentive plan. This retirement date includes __years of half-time teaching. Let me begin this agreement with a brief summary of the Faculty Retirement Incentive Plan.

Summary of the Faculty Retirement Incentive Plan

The Incentive plan is an age-based retirement incentive plan which offers an incentive at the time of signing (next payroll period after the agreement is signed) and also offers an opportunity to enter phased retirement for some number of years after signing. It works as follows:

When a faculty member aged 65-69 signs the agreement to retire under the Faculty Retirement Incentive Plan, a premium will be paid in the next payroll period amounting to the following multiplier of salary based on the faculty member’s age at the time the agreement was signed. This premium will apply if the faculty member retires at the end of the year in which the agreement is signed, or if the faculty member elects to continue teaching half-time according to the table below.

Faculty members age	65	66	67	68	69
Premium as a multiple of salary	1.5	1.25	1	0.75	0.5

As indicated, the faculty member will be eligible to continue teaching half time, for which they will receive half salary, up to the number of years in the following table based on their current age.

Faculty members age	65	66	67	68	69
Years of phased teaching possible	3	3	2	2	1

Under the terms of the incentive plan, a retirement-eligible faculty member between 65 but before their 70th birthday may choose to retire during the next academic year (effective July 1 or September 1, or February 1 or July 1,) or may begin a phased retirement that lasts for one to three years dependent on their age upon signing. The incentive for electing one of these options between 65 and before turning 70 is a multiple of the salary base. *(Throughout this agreement, “salary” for periods of phased retirement or for incentive payments is computed as the faculty member’s salary at the time of signing the agreement to retire or the average salary of faculty members at the same rank, whichever is higher.)*

During the up to three-year phased period, university contributions to your TIAA-CREF/ Vanguard accounts continue, based on the actual salary received, even for those faculty members who are drawing down their retirement annuities. Medical and life insurance and long-term disability insurance continue, based on FTE salary. If you participate in a Preferred Provider Organization (PPO) Plan, your co-insurance limit will be based on your FTE salary as well. Temporary disability benefits are based on the salary actually received. Participants remain eligible for health benefit/dependent care accounts. Enclosed is a summary of the status of your benefits upon retirement from the University.

Your Retirement under the Faculty Retirement Incentive Plan Guidelines

You are signing the agreement when you are __ years of age. In accordance with the Faculty Retirement Incentive Plan schedule, you will receive the retirement incentive of _____ times your salary after you have signed this agreement, in a single lump-sum, in the next payroll period after you have signed this retirement agreement.

You have elected the phased half-time teaching option for a maximum of __ years starting with the 20__-__ AY. Teaching duties each year will amount to roughly half of those currently standard in the Department, but the details must be settled with the Chair of the Department. You may be away from campus for one term each year, and may teach at another institution during a term away from campus. The FTE salary will be set in the usual way through the annual salary review process, without any penalty to serving reduced duty time or will be the average salary of all professors of the same rank in the University, whichever is larger. Your 50% salary during the phased period will be paid to you in equal payments during the 10-month academic year. You will continue on the phased teaching plan for the next __ years until July 1, 20__ when you will retire. You may of course retire earlier than the maximum phased teaching period; we just ask that the Chair of the Department and the Dean of the Faculty be notified at least one year

before you choose to end the arrangement.

After your retirement date of July 1, 20__, you will hold the title of Professor Emeritus, with all the rights and privileges associated with this status. Emeritus faculty are eligible to apply for Learned Society Travel; those in the humanities and social sciences can apply for grants from UCRH&SS; and all emeritus faculty can apply for government grants through Princeton to support up to 49% of their time. Faculty who retire under either plan will continue to have access to remaining funds in their 2000-accounts in support of ongoing academic activities. In addition, these accounts will be supplemented by a \$5,000 grant at the time of transfer to emeritus status to ease this transition.

If these arrangements are satisfactory to you as summarized in this agreement, please sign and date a copy of the agreement, and return it to my office. With your signature on this document, you agree to accept the terms of the Faculty Retirement Incentive Plan. In order to participate in the *Incentive Plan* you must sign this Retirement Agreement before your 70th birthday. You may revoke this Agreement at any time during the 7-day period immediately following the date of your signing by notifying the Dean of Faculty in writing of your revocation within that period. The Retirement Agreement and Release will only become effective and enforceable (the “Effective Date”) on the expiration of this 7-day revocation period, and only if you do not timely revoke your signature.

I wish you all the best in your future plans and pursuits.

With all best wishes,

ACCEPTED AND AGREED:

date

cc: departmental file
Department chair
enclosure