

# Faculty Retirement Options

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# Faculty Retirement Options

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## I. FACULTY ELIGIBILITY AND GENERAL POLICIES

### 1. Retirement Eligibility Requirements

a) If you were hired on or before December 31, 2002, you are eligible to retire when you have attained age 55 and have at least 10 years of service provided you remain in a Benefits Eligible status. Should you become Non-Benefits Eligible after December 31, 2002, you will need to meet the retirement eligibility requirements stated below as letter "b".

b) If you were hired or rehired on or after January 1, 2003, you are eligible to retire when you have attained age 55, have at least 10 years of service, in a Benefits Eligible status, and at least 75 points, where points are defined as age + years of service  $\geq 75$ .

Faculty members who wish to retire from the University should notify the Chair of the Department in writing, with a clear commitment to retire at a specified date, and send a copy to the Dean of the Faculty. Retirement is normally at the end of the fall semester (effective February 1), the end of the spring semester (effective July 1), or the end of the summer (effective September 1). It is of course advisable to discuss intended retirement with the Chair of the Department as far ahead of time as possible, and any faculty members who wish to do so are more than welcome to discuss their plans with the Dean of the Faculty.

### 2. University Policy Concerning Voluntary Termination and Retirement

It is the University's policy to treat all voluntary terminations of employment where the faculty member meets the criteria for retirement as a retirement even in cases where the faculty member may be taking up a position elsewhere from Princeton. This treatment ensures that retirement-eligible faculty members will retain benefits associated with retirement even if they will be taking up another position.

### 3. Emeritus Status

Upon retirement, it is customary for the University, through its Board of Trustees, to approve the transfer of tenured professors in the ranks of Professor or Associate Professor to emeritus status. The University reserves the right to deny transfer to emeritus status.

When Faculty transfer to emeritus status and retain a professional connection with Princeton, they are expected to conduct their future research and University-related activities with the same

ethical standards currently expected from all Princeton Faculty. The University reserves the right to rescind emeritus status for conduct inconsistent with these standards.

#### **4. Benefits Generally Available to Emeritus Faculty**

Upon their request, emeritus faculty members may receive such University publications as the Princeton University Bulletin and the Princeton Alumni Weekly, as well as agendas and minutes of University Faculty Meetings. They may attend meetings of the University and departmental faculty upon invitation, but do not have votes at these meetings. Emeritus faculty members continue to receive University identification cards and to have use of the library, the athletic facilities and dining facilities on the same basis as active faculty members.

Faculty will automatically retain their University computing privileges when they are granted emeritus status. In particular, there will be no change to their existing netid@princeton.edu e-mail address upon becoming an emeritus faculty member.

Emeritus faculty members may be assigned office space as available and as needed, although they have lower priority than active members of the faculty and staff. Other facilities may be made available to them if the facilities are not needed by active faculty members and if it is possible to provide these facilities within the constraints of departmental budgets.

Emeritus faculty members do not have regular duties on a continuing basis. Retired Princeton faculty members may be appointed to teach on a part-time course-by-course basis, upon recommendation by the Chair and with the approval of the Board of Trustees for each appointment. These appointments are limited to one course per year for up to three years. Emeritus faculty members may carry to completion the supervision of those doctoral students whom they were advising before retirement, but are not expected to take on new graduate students after retirement.

Emeritus faculty members may have additional appointments as Senior Scholars if they are principal investigators on sponsored research projects. These appointments are expected to be at a small fraction of full-time duty and to involve only nominal compensation through the research grant or contract. Emeritus faculty members may accept postdoctoral fellows and other research staff to work with them. Laboratory space will continue to be made available for them so long as their research continues to be supported by outside grants and so long as their laboratory space is not needed for active faculty or staff members. Adequate notice will be given to emeritus faculty members if it necessary to reassign their laboratory space to active faculty members.

## **II. RETIREMENT OPTIONS**

In order to enable faculty members to make an easy and orderly transition to retirement, the University offers the following retirement options:

1. [General Retirement Plan and retirement bonus](#)
2. [Incentive Faculty Retirement Plans](#) (*new plan announced February 22, 2010*)

Two versions: Version one can include a phased ½ time teaching opportunity for up to 3 years, or the faculty can retire at the end of the current term. Version 2 is a teach full-time until 70 for a bonus of one times your salary

3. [3-Year Phased Retirement Plan](#)
4. [2-Year Phased Retirement Plan](#)

These retirement programs are voluntary programs. The University can provide you with information and answer your questions about these programs to enable you to make an informed decision, but we cannot advise you to accept or decline the various retirement options. The decision is entirely up to you.

## **1. General Retirement Plan and Retirement Bonus**

If the faculty member meets the retirement eligibility criteria, under the General Retirement Plan, they would simply retire at the end of the term agreed upon with their Chair and the Office of the Dean of the Faculty and indicated on their signed retirement agreement.

It is a great help for planning purposes, both for departments and for the University, if faculty members decide on definite retirement dates sufficiently far in advance. Recognizing this, as part of the General Retirement Plan, the University will provide a bonus to faculty members who give sufficient irrevocable notice of their decision to retire. Tenured faculty members who commit before July 1 of any year to retire from the University on July 1 of the following year will receive from the University on the date of their retirement a cash grant (which is additional taxable income) equal to the amount that the University contributes to the faculty members' TIAA retirement account during the final year of service before retirement. These grants are not available to faculty members who participate in any phased retirement plan.

## **2. Incentive Faculty Retirement Plan (a new plan announced February 22, 2010)**

Effective July 1, 2010, Princeton added an incentive retirement plan to its current offering of plans. The Incentive plan is offered to tenured faculty members from the time they turn 65 to their 70<sup>th</sup> birthday. The plan offers a maximum financial incentive of 1.5 times salary payable in the next pay period after they signed the retirement agreement. The incentive is age-based and declines by 0.25 AY salary each year from age 65 through age 69. Faculty members can retire

at the end of the semester in which they have signed the agreement. However, if a transition to retirement is desired, this plan allows faculty members to continue teaching on a ½ time basis for ½ pay for up to 3 years (6 semesters), if they so choose. The ½ pay is set at either the faculty member’s own salary or at the average of all faculty at the same rank, whichever is higher.

In addition, this plan includes an incentive for those faculty who prefer to continue full-time teaching until retirement at age 70. A faculty member can qualify for an incentive equal to one year of salary at retirement by signing a retirement agreement before he or she turns 67 and committing to transfer to emeritus status at a mutually agreed retirement date before the end of the academic year in which he or she turns 70. The faculty member will receive the incentive payment in the next pay period following their signing the retirement agreement.

Retirement-eligible tenured faculty members with at least ten years of service are eligible for the incentives offered under the Plan, provided they sign a retirement agreement and retire according to the following schedule:

<b>Age when signing</b>	<b>Incentive</b>	<b>When incentive paid</b>	<b>Years/semesters eligible to teach ½ -time</b>
65	1.5 x AY salary	Next pay period after signed	Up to 3 years/6 semesters
66	1.25 x AY salary	Next pay period after signed	Up to 3 years/6 semesters
67	1.0 x AY salary	Next pay period after signed	Up to 2 years/4 semesters
68	0.75 x AY salary	Next pay period after signed	Up to 2 years/4 semesters
69	0.5 x AY salary	Next pay period after signed	Up to 1 year/2 semesters
<b>Or, full time work until retirement:</b>			
<b>Age when signing</b>	<b>Incentive</b>	<b>When incentive paid</b>	<b>Option</b>
Between 65 <sup>th</sup> birthday and 67 <sup>th</sup> birthday	1.0 x AY salary	Next pay period after signed	Work full-time until retire before the end of the AY in which turn 70
<b>When attain 70<sup>th</sup> birthday:</b>			
<b>No longer eligible for the Incentive plan</b>			

Faculty members on long-term disability may not participate in the Plan.

### **3. 3-Year Phased Retirement Plan (Basic): For retirement-eligible tenured faculty members aged 55 and over**

The goal of the 3-Year Phased Retirement Plan is to permit tenured faculty members to embark upon a period of reduced service, during which it would be possible to bring to completion the supervision of graduate theses and to begin withdrawing from departmental administrative obligations while continuing to teach on a reduced schedule. The Dean of the Faculty is available to meet with any faculty member considering retirement to discuss these plans as well as individual concerns regarding retirement.

The basic plan involves half-time duty for a period of up to three years, with the formal agreement of the participating faculty members to retire from the University at the end of that period. During that three-year period, participating faculty members receive half of their full-time-equivalent (FTE) salaries. The FTE salaries either will be set through the usual process of annual review based upon the faculty member's salary at the beginning of the period and without any penalty for serving reduced duty time, or alternatively will be the average salary of all professors of the same rank in the University, whichever is larger. Departments will be charged 0.50 FTE on the teaching budget for those faculty members who participate in this program.

Half-time duty during a particular academic year may take the form of full-time duty during one semester and no duty (nor required presence on campus) the other semester, or half-time duty (with required presence on campus) for the full year. Teaching duties normally will not be reduced below a half-time basis. Faculty members will be permitted to teach at other institution during those semesters that they have no duties here. The period of participation in this plan is envisaged as a period in which faculty members see to completion the work of doctoral students they had been supervising before entering into the plan, so they are not expected to begin working with new doctoral students during this period. Participating faculty members can expect to begin to be freed from longer-term departmental commitments and from committee work and other administrative duties to the extent possible during their participation in this plan. In all cases, the details of half-time duty must have the approval of the Chair of the Department and the Dean of the Faculty each year, and approval requires that departmental teaching and other needs can be met. Participating faculty members can take one or two semester(s) of accrued leave in lieu of teaching semesters. Faculty can continue to accrue additional semesters of service towards a leave only if they teach consecutive semesters.

During this period the University will continue to make contributions to the faculty members' TIAA retirement account under the formula of the Princeton University Retirement Plan based on the salaries the faculty members actually receive, half of their FTE salaries. Life insurance

and long-term disability insurance coverage based on the FTE salary will continue. For those faculty members who participate in the Princeton Health Plan (PHP), AETNA HMO or Consumer Driven health plan (CDHP), the co-insurance limit will be based on the FTE salary as well. Temporary disability benefits will also continue, although since it is a salary-replacement plan benefits will be based on the salaries actually received, half of the FTE salaries. Participating faculty members will remain eligible for employee health benefit expense accounts and dependent care expense accounts during this period.

#### **4. 2-Year Phased Retirement Plan (Enhanced): For retirement-eligible tenured faculty members aged 55 and over**

A modification of the 3-Year plan is offered to provide tenured faculty members with a higher base salary during the period of part-time duty. The modification provides for half-time service for a period of up to two years, with the formal agreement of the participating faculty members to retire from the University at the end of that period. During this period the faculty members will receive two-thirds of their full-time-equivalent (FTE) salaries rather than just half of their FTE salaries. Again, the FTE salaries either will be set through the usual process of annual review based upon the faculty members' salaries at the beginning of the period and without any penalty for serving reduced duty time, or will be the average salary of all professors of the same rank in the University, whichever is the larger. Departments will be charged 0.67 FTE on their teaching budgets for faculty members who participate in this program.

Faculty members participating in this plan are expected to be in residence for the full academic year during each of the two years. Although formal course teaching might take place just in one term, participating individuals may be expected to supervise independent work or to engage in some other departmental activities throughout the academic year. The period of participation in this plan is envisaged as a period in which faculty members see to completion the work of doctoral students they had been supervising, so they are not expected to begin working with new doctoral students during this period. Participating faculty members can expect to begin to be freed from longer-term departmental commitments and from committee work and other administrative duties to the extent possible during their participation in this plan. In all cases, the details of half-time duty must have the approval of the Chair of the Department and the Dean of the Faculty each year, and approval requires that departmental teaching and other needs can be met.

The University will continue to make contributions to faculty members' TIAA retirement account under the formula of the Princeton University Retirement Plan during this period, based on the salaries the faculty members actually receive, two-thirds of their FTE salaries. Life insurance and long-term disability insurance coverage based on the FTE salary will continue. For those faculty members who participate in the Princeton Health Plan (PHP), AETNA HMO or Consumer Driven health plan (CDHP), the co-insurance limit will be based on the FTE salary as

well. Temporary disability benefits will also continue, although since it is a salary-replacement plan benefits will be based on the salaries actually received, two-thirds of the FTE salaries. Participating faculty members will remain eligible for employee health benefit expense accounts and dependent care expense accounts during this period. Participating faculty members will remain eligible for employee health benefit expense accounts and dependent care expense accounts during this period.

## 5. Leaves

Faculty on phased retirement plans are eligible for sabbatical leaves per the leave policy (<http://dof.princeton.edu/policies-procedure/policies/leaves-scholarship>). As stated in the policy, tenured faculty need to have five consecutive semesters of active full time service to earn one semester of sabbatical leave. For faculty on phased retirement, one or two semester(s) of accrued leave may be taken in lieu of teaching semesters. Faculty can continue to accrue additional semesters of service towards a leave only if they teach full time in consecutive semesters. Faculty who think they may be eligible for leave during phased retirement should discuss the question with the Office of the Dean of the Faculty and with their department chair.

## III. POST-RETIREMENT

### 1. Office Space

Faculty members are expected to relinquish their office and laboratory space upon their retirement date. Arrangements for office space following retirement vary tremendously by department. The University has a very limited stock of space outside of the respective departments to accommodate retired faculty needs. Retiring faculty members should discuss the need for office space with their department chair (and Dean of the Faculty) as soon as they have made their retirement decision.

### 2. Research Funds

**Unexpended research funds:** These funds may be eligible to be rolled forward for use after your retirement. Please consult with your department chair and the Office of the Dean of the Faculty.

### 3. Appointment to the Research Staff as Senior Scholar

Emeritus Princeton faculty members may be appointed as Senior Scholar if they serve as principal investigators on sponsored research projects and/or maintain active research programs at the University. Senior (by discipline) normally have no specific responsibilities in teaching or research but are encouraged to participate in department, center and/or institute

programs and to interact with faculty members, researchers, and students in informal settings. They ordinarily do not receive salaries from the University. However, on those occasions when a Senior (by discipline) is asked to provide a specific service to the University arrangements must be made in advance, through the Office of the Dean of the Faculty, to compensate him/her appropriately. Such compensation will normally be provided through a research project grant (when the service involves participation in a sponsored research project). Senior (by discipline) are not eligible for stipend payments from the University. Appointments/reappointments to the rank of Senior (by discipline) are normally for renewable one year terms. The appointments of emeritus Princeton University faculty may be renewed annually by the Dean of the Faculty on the recommendation of the sponsoring department. When initially appointed, the 12 month FTE salary will be the 12 month equivalent of the faculty member's final academic year salary plus 2.5 summer 9ths of salary, corresponding to 1.278 times the academic year salary. Annual salary increases will be awarded through the regular merit process.

#### **4. Appointment to the Faculty as Lecturer with the rank of Professor**

Emeritus Princeton faculty members may be appointed to teach on a part-time course-by-course basis, upon recommendation by the Chair and with the approval of the Board of Trustees for each appointment. Post-retirement teaching duties normally amount to at most a single course during any academic year. Post-retirement teaching is limited to an overall cumulative total of three courses during retirement. These teaching appointments carry the additional title of Lecturer with the rank of Professor, and are paid at the Visiting Professor rate.

### **IV. BENEFITS**

Princeton University provides a wide variety of retiree benefits to faculty members upon their retirement from Princeton. To guide you through this important stage in your life and career, members of the Human Resources Benefits Team are available to assist you and can be reached at (609) 258-3302 or by sending an email to [benefits@princeton.edu](mailto:benefits@princeton.edu). The following paragraphs provide a brief summary of some of the major benefits but is not intended to replace a meeting with the Benefits Team.

#### **1. Health Insurance**

If you are enrolled in a medical plan as an active employee your coverage ends on your retirement date. Under COBRA, a federal law, you and/or your enrolled dependents may continue to participate in this plan for up to 18 months. However, you will be required to pay the full cost of the plan plus a 2% administrative fee. You will receive further information from Pay Flex.

If you are under age 65 at the time you retire, and you meet the eligibility requirements, you may elect to participate in a retiree health care plan for yourself and your eligible dependents. The plans offered are the same as those offered to active employees. To elect coverage, you must complete the “Princeton Healthcare Election form” by the last business day of the month in which you are employed by the University. No dependents may be added to your coverage after your retirement date. Upon attainment of age 65, your health care coverage will be provided under the Princeton Medicare Plan.

If you are age 65 or older at the time that you retire, and you meet the eligibility requirements, your health care coverage will be provided under the Princeton Medicare Plan. To enroll, you must complete the “Princeton Healthcare Election form” by the 15<sup>th</sup> of the last month in which you are employed by the University (15 days before your retirement). No dependents may be added to your coverage after your retirement date.

Also, upon attainment of age 65, Medicare becomes your primary medical insurance plan and the Princeton Medicare Plan will provide secondary coverage. The Princeton Medicare Plan assumes, and pays as if you are enrolled in both Parts A & B of Medicare. Three months prior to age 65, you and/or your spouse may enroll in Medicare, Parts A & B. For information on Medicare, contact the Social Security Administration at 1-800-772-1213.

For more detailed information about the retiree health benefits, including retiree vision benefits, you may wish to visit: <http://www.princeton.edu/hr/benefits/retiree/>.

## **2. TIAA Retirement Account**

Faculty members who are between the ages of 55 and 69½ may begin to draw down the interest on the total accumulations invested in their TIAA contracts through the TIAA Interest Payment Retirement Option (IPRO). Those faculty members who are on active service and are drawing down their TIAA account continue to receive University contributions to these accounts based upon the University retirement plan. Both salary and annuity payments are considered as taxable income. Please note, the Interest Payment Retirement Option (IPRO) is not available through Vanguard. Faculty members who are planning to retire should consult the Office of Human Resources for more detailed information about the procedures and about their own retirement accounts. For more information about their own accounts and for projections of their retirement income, faculty members may visit the TIAA website <http://www.tiaa.org/>), call the TIAA Telephone Counseling Information Center directly (800-842-2776). If faculty members would like to meet a TIAA consultant on the campus, they can also call the TIAA Princeton Office (800-842-8412) to set up an individual appointment.

## **3. University Mortgages**

University mortgages and the tenancy-in-common (co-ownership) program continue for those faculty members holding mortgages at the time of their retirement, so long as the mortgaged property remains the primary residence. After retirement, mortgage payments are made by direct payments rather than by salary deduction. New mortgages are not granted to retired faculty members.

Please refer to the Human Resources website, [“Benefits Upon your Retirement”](#) for a complete listing of University benefits upon retirement. The University reserves the right to change these benefits as necessary.

## V. SUMMARY

The following chart summarize the retirement options discussed here. Note that these programs are subject to review and change, so this description should not be viewed as an unchanging commitment or contract. Faculty members who have any questions about these plans or related issues are invited to discuss them with the Dean of the Faculty.

**Table: Comparison of Retirement Options**

Plan	Incentive Plan (offered 7/1/2010 and forward)	Incentive Plan-- Teach Full-time until 70 (offered 7/1/2010 and forward)	Basic (3- Year) Phased Retirement Plan (ongoing)	Enhanced (2- Year) Phased Retirement Plan (ongoing)	General Retirement Plan
<b>Who is eligible?</b>	Retirement-eligible tenured faculty members from the time they turn 65 until they turn 70.	Retirement-eligible tenured faculty members from the time they turn 65 until the day before they turn 67.	Retirement-eligible tenured faculty members.	Retirement-eligible tenured faculty members.	Retirement-eligible tenured faculty members.
<b>Retirement Incentive</b>	Incentive of up to 1.5 x AY salary (their salary or average whichever is higher), payable after signing.	Incentive of 1.0 x AY salary (their salary or average whichever is higher), payable after signing. Must sign a retirement agreement before he or she turns 67 which commits them to transfer to emeritus status at a mutually agreed retirement date no later than the end	None.	0.17 FTE salary for up to 2 years.	The faculty member simply retires at the end of the term agreed to with the department chair and the DoF. See special feature for description of incentive for advance notification.

of the academic year in which he or she turns 70. May retire early if later decide.

<b>Phased Teaching Period</b>	Allows faculty members to continue teaching on a ½ time basis for ½ pay for up to 3 years (6 terms), if they so choose.	Teach full-time	UP TO 3 YEARS. Participation requires a commitment to retire by the end of the period.	UP TO 2 YEARS. Participation requires a commitment to retire by the end of the period.	N/A
<b>Salary</b>	50% if choose phased teaching. FTE salary is either as set in the normal way through the annual review process, or is equal to the University average salary at the rank, whichever is the larger.	Their AY salary set in the normal way through the salary review process	50% of FTE salary. FTE salary is either as set in the normal way through the annual review process, or is equal to the University average salary at the rank, whichever is the larger.	67% of FTE salary. FTE salary is either as set in the normal way through the annual review process, or is equal to the University average salary at the rank, whichever is the larger .	Faculty member's FTE salary
<b>Department FTE Charge</b>	0.50 FTE	1.0 FTE	0.50 FTE	0.67 FTE	N/A
<b>Duty-time</b>	50%: Participants may be away from campus for one semester each year, and may teach at another institution during a semester away from campus.	100%	50%: Participants may be away from campus for one semester each year, and may teach at another institution during a semester away from campus.	50%: Participants must be on campus for the full year; teaching duties may be in one semester only, but other duties extend throughout the year.	100%
<b>Special features</b>	1/2 time salary if opt to teach half-time for designated period is set at either half the faculty member's salary or half the average of all full professors salary, whichever is higher.	1/2 time salary if opt to teach half-time for designated period is set at either half the faculty member's salary or half the average of all full professors salary, whichever is higher.	1/2 time salary if opt to teach half-time for designated period is set at either half the faculty member's salary or half the average of all full professors salary, whichever is higher.	1/2 time salary if opt to teach half-time for designated period is set at either half the faculty member's salary or half the average of all full professors salary, whichever is higher.	There is a small incentive to encourage a year's notice. If the faculty member commits before July 1 of any year to retire from the University on July 1 of the following year they will receive from the University on the date of their retirement a cash grant (which is additional taxable income) equal to

the amount that the University contributes to the faculty members' TIAA-CREF or Vanguard retirement accounts during the final year of service before retirement.

Faculty are eligible for sabbatical leaves per the leave policy (<http://dof.princeton.edu/policies-procedure/policies/leaves-scholarship>). As stated in the policy, faculty need to have five consecutive semesters of active full time service to earn one semester of sabbatical leave. For faculty on phased retirement, one or two semester(s) of accrued leave may be taken in lieu of teaching semesters. Faculty can continue to accrue additional semesters of service towards a leave only if they teach full time in consecutive semesters.