

VCU FACULTY EARLY RETIREMENT INCENTIVE PROGRAM (FERIP)

I. PREAMBLE

A. Principles, Purposes, and Goals

1. The purpose of the Faculty Early Retirement Incentive Program (FERIP), as described in this document, is to provide a financial early retirement incentive for certain tenured faculty that will facilitate the release of tenured faculty resources for budget reallocation or reduction in accordance with the university Strategic Plan goals, changes in enrollment, and other university needs. This program is not designed to be a faculty fringe benefit program; it is a management tool.
2. Flexibility in the faculty early retirement incentive plans and agreements is both desirable and necessary. This university faculty early retirement program, therefore, is a framework for management guidance rather than a prescription for specific action.

B. General Provisions and Framework

1. Early retirement incentive plans, policies and practices must comply with state law and regulations as specified by the General Assembly of Virginia.
2. Early retirement agreements, as used in the context of this document, apply only to tenured faculty (including both tenured instructional faculty and administrative or professional faculty who have tenure due to academic appointments).
3. The university's early retirement incentive program provides an incentive plan for immediate separation (or retirement) of faculty from full-time employment with the university.
4. Early retirement agreements must be mutually agreeable. A faculty member is not automatically entitled to benefits for which provision is made in this early retirement program and the university cannot require a tenured faculty member to accept early retirement.
5. In the event a faculty member becomes permanently and totally disabled after a FERIP agreement is signed, but before its effective date, the university, nevertheless, will be responsible for providing payments for which provision is made in the agreement. In the event a faculty member dies after a FERIP agreement is signed, but before its effective date, the university will not be responsible for any payments under the agreement and such agreement shall be considered null and void.

6. Subject to the approval requirements imposed by law, the Virginia Commonwealth University Board of Visitors has the authority to modify, amend or repeal this FERIP program. Faculty who retire under an executed FERIP agreement, however, will continue to be subject to the terms of the program in effect at the time of retirement.
7. The FERIP program must be reviewed for legal sufficiency and approved by the Attorney General and the Governor of Virginia prior to its adoption, modification, amendment or repeal.

C. Implementation and Approval Process

1. The university President, in consultation with the Vice President for Academic Affairs and the Vice President for Health Sciences, will determine during the spring semester of each academic year whether the program will be offered for the ensuing academic year. Provision will be made for the notification to the faculty of the availability or unavailability of the program.
2. FERIP agreements will be reviewed and evaluated within a coordinated university-level process of faculty resource utilization planning and management to address Strategic Plan goals and other university priorities as stipulated in the Implementation Guidelines.
3. No central university resources will be set aside to fund FERIP agreements. Funds to support the program must be identified within existing school/college resources. The total annual costs for this program shall not exceed three percent of the university's general fund appropriation for faculty salaries and associated benefits.
4. The dean of the appropriate school or college must approve and recommend each FERIP agreement prior to its consideration by the appropriate vice president.
5. Each vice president will make recommendations to the President for final approval.
6. Guidelines for preparation, review and approval of FERIP agreements are provided in the document "VCU Faculty Early Retirement Incentive Program (FERIP) Implementation Guidelines."

II. COMPONENTS OF THE PLAN

A. Financial Incentive

1. If selected for the participation in the FERIP program, and in exchange for a faculty member's agreement to retire or separate from full-time employment

immediately (i.e. within 12 months from the date of the application), the faculty member will be entitled to participate in the Virginia Commonwealth University Supplemental Retirement Plan for Faculty (the "Plan"). The Plan will provide the faculty member with a payment equal to 100%¹ of the average university salary of the teaching and research faculty who potentially would be eligible for participating in FERIP as of July 1 of each calendar year.² Payments will be made over five years in equal monthly payments. The Plan is intended to be a qualified defined benefit plan pursuant to the Internal Revenue Code of 1986, as amended. Payments under the Plan are intended to supplement any retirement benefits the faculty member may be receiving from the VRS and/or the Optional Retirement Program.

2. With each new FERIP program offering, the average university salary of the teaching and research faculty who are eligible for FERIP will be recalculated based upon those who are identified as meeting the eligibility criteria as of July 1 of each calendar year.
3. In addition to the salary incentive component of the Plan, the university also will provide a health care benefit supplement until the participant becomes Medicare eligible (currently age 65) or up to 18 months of COBRA benefits paid through the Plan, as is more specifically defined in the "Implementation Guidelines."

B. Eligibility Criteria

To be eligible to apply for participation in the FERIP program, a faculty member must be tenured and either (1) must be at least 60 years of age and have at least 10 years of service with the university, or (2) if the faculty member is 55 through 59 years of age, the sum of his/her age and years of service must be at least 80. Participants must agree to withdraw from active membership in the VRS and/or an Optional Retirement Plan (ORP). If the faculty member retires or separates under this FERIP program, the university will cease contributing to the faculty member's VRS or Optional Retirement Plan account.

¹ Not to exceed 150% of the individual faculty member's "base annual salary," per Section 23-9.2.3.I.D. *Code of Virginia (1950)*, as amended.

²The average university salary of the eligible teaching and research faculty will be determined by (1) identifying all tenured teaching and research faculty, except for administrative faculty who have faculty tenure, who meet the age and service criteria for that year, (2) totaling the respective salaries of all such faculty members from university resources, and (3) dividing the total number of potentially eligible faculty into the total aggregate salary.

C. Selection Criteria

1. The purpose of this early retirement incentive plan is to supply the university with a management tool to provide incentives for the release of tenured faculty position-based resources for reallocation or reductions, in accordance with university strategic plan goals, changes in enrollments, and other university needs.
2. Applications will be considered in the context of the criteria that are in the best interests of the university. They include, but are not limited to: the goals of the university's Strategic Plan, especially those areas identified for diminution; the tenure profile of the department; the proportion of potential applications for participation in the program in a unit/department and the workload of the department; changes in enrollments; the demand for an applicant's expertise; general availability, cost and need for replacement faculty; and the savings to be realized by the retirement or separation.

D. Administrative Structure

The Virginia Commonwealth University Supplemental Retirement Plan for Faculty (the "Plan") will be administered through the university. All payments under the Plan will be made through the Plan's trust, pursuant to the provisions of the Plan. The health insurance payments will be made by the university to the faculty member to continue the employee's participation in the state health care plan or in a comparable federal Consolidated Omnibus Budget Reconciliation Act (COBRA) plan or program.

E. Program Cost and Limitations

No central university resources will be set aside for FERIP agreement costs; funds to support agreement requirements must be identified within then-existing school/college resources. The dollar cap per fiscal year is equal to three percent of the university's general fund appropriation for faculty salaries and associated benefits.

F. Application Period

An annual application period will be established by the university administration each year in which the program will be offered.

G. Other

1. Participation in this early retirement incentive program will not preclude the faculty member from some continued employment with the university or with another Virginia agency or institution on a part-time basis (in a position not eligible for Virginia Retirement System or Optional Retirement Plan), subject to the needs and approval of the appropriate unit of the university or

other Virginia agency or institution. Possible opportunities at VCU may include adjunct teaching and other instructional and research activities. The faculty member will be required, however, to withdraw from active participation in the Virginia Retirement System (VRS) and/or an Optional Retirement Plan (ORP) and may not be employed in any position or capacity that requires participation in the VRS or ORP.

2. The Internal Revenue Service (IRS) requires a retiree who returns to work in a part-time position with the same employer to have a bona fide break in service (at least 30 days is recommended). To comply with this IRS requirement, VCU departments should avoid contracts or pre-determined reemployment agreements prior to the employee's retirement. Also, departments should ensure that the reemployed individual does not perform substantially the same duties that he/she worked in the former job.
3. Every three years, the VCU Faculty Early Retirement Incentive Program, with its accompanying Implementation Guidelines and Supplemental Retirement Plan, will be reviewed by an *ad hoc* committee appointed by the university President or his/her designee. The committee will include faculty representation.