

## **Staff Phased Retirement Program FAQs**

**Q: Could an employee request to serve his or her phased retirement period in a different position from the job he or she currently holds?**

A: The goal of the program is to allow an employee to move gradually into retirement from his or her current job, not to allow the employee to train in a different area of the college or work in a different job. That said, an employee may make such a request if his or her same job is open in the same division though in a different department and reporting to the same Division Leader. Whether or not to approve such a request would be entirely up to the Division Leader.

**Q: If a staff member's proposal for phased retirement is approved, who will do the remaining part of that employee's job?**

A: The redistribution or elimination of duties is at the discretion of the supervisor and Division Leader. The funds saved by the reduction to part-time are available for the Division Leader to use as needed. When another employee is hired to do the remaining part of the position, whether or not that replacement will receive benefits depends on the hours worked and the duration of the position. If it were temporary (for one year or less), the replacement would be unbenefited. If it were part-time for more than one year but less than halftime, the replacement would be unbenefited. If it were at least halftime and for more than a year the replacement would have to go on the regular payroll and would be benefitted, even if the position were defined as limited duration. The cost of those additional benefits would be carried by the department.

**Q: When can a staff employee begin phased retirement?**

A: Enrollment is quarterly, so a staff employee may begin phased retirement on the first of January, April, July or October. Staff who have at least 10 years of full-time, continuous service and who have a combined age plus service equal to or greater than 70 are eligible to begin the program on the first day of the quarter after they have met those eligibility requirements. If the staff member is at least 60 years of age at the end of the phased retirement term, he or she will retain the right to be covered under the college's retiree medical and dependent tuition benefits.

**Q: Do employees have a right to this benefit?**

A: No, employees do not have a right to this benefit. Staff phased retirement is approved at the discretion of the Division Leader.

**Q: What if the proposed arrangement would cost more than having the employee continue full-time?**

There are alternatives that would not entail benefits costs--hiring someone to work 40%, hiring someone to work 50% for no more than a year, or spreading some of the work to other team members, for example. However, if none of those will work and managing the phased retirement is going to cost more than having the employee continue to work and is not offset by advantages, or if no funds are available in the Division Leader's budget to cover any of the costs of the arrangement, then the Division

Leader can simply say no to the arrangement. The proposed policy states clearly that this is not an entitlement and that it will not work in all situations.

**Q: What are the goals of the program?**

A: People often work here a long time, and they tell us that they think about retiring but that the abrupt change scares them. The goals of this program are to help people phase into retirement and to allow the department and the Division Leader advanced notice of retirements so they have more time to figure out whether they might want to reorganize or reconfigure the position.

**Q: Why did the college institute the staff phased retirement program?**

A: This is a program that both employees and managers had been asking for. We have a similar program for faculty and want to be able to offer the same benefit to staff.

We do not expect a lot of staff employees to use this benefit, but if it helps two or three people that will be useful and worth the effort of creating a policy.

**Q: Can the employee change his or her mind after proposing and signing the phased retirement agreement?**

A: No. A critical piece of the program is that the employee commits irrevocably to retirement in a given period of time. That gives the college time to plan for covering the position. The agreement, once signed, is a legal document and can be changed only with the agreement and signatures of the employee and the Division Leader.

**Q: Will an employee who is younger than the college's official retirement age (see "Retirement-Retiree Medical" in The Employee Guide) when his or her phased retirement plan ends receive retiree medical coverage and/or dependent tuition?**

A: No. An employee who has a combined age and years of service equal to or greater than 70 may enter the Staff Phased Retirement Program and leave the college at the end of the agreed upon period of reduced employment, but if at the end of the phased retirement period the employee is below the age of 60, which is required for official retirement with benefits from the college, the employee will not be eligible for retiree medical benefits or dependent tuition or any other continued benefits associated with retirement from the college.

**Q: Will sick and vacation accruals change when an employee signs up for voluntary phased staff retirement?**

A: Yes. Sick and vacation leave accrue based on work level. An employee on voluntary phased staff retirement will have prorated accrue sick and vacation leave accruals.

**Q: How are holidays affected?**

A: Employees on phased retirement will be working a reduced schedule, and their holiday day pay will be reduced accordingly. They will still get paid holidays but at a reduced rate based on their new schedule. In other words, someone who works four hours a day will be paid for four hours on a holiday.

**Q: How will accrued vacation be managed when a staff employee begins phased retirement?**

A: Since the maximum accruals for half-time employees are half of the maximum accruals for full-time employees with the same number of years of service, an employee moving from a full-time to a half-time position whose accrued vacation is not above the half-time maximum will see no change except that the accruals will stop at a lower maximum. For an employee moving from a full-time to a half-time position whose accrued vacation is above the half-time maximum, the college will cash out accrued vacation in excess of the part-time maximum at the time of the change to part-time work.

**Q: Is there a deadline to apply?**

A: No. The faculty phased retirement is tied to the academic year, but staff positions start and stop throughout the year. Staff may apply for the phased retirement program at any time in the year, with approval from the Division Leader. However, the employee needs to apply at least 60 days before he or she wishes to begin the phased retirement, and must actually enter phased retirement on the first day of a quarter.

**Q: Can an employee sign up now to begin a phased retirement a year from now?**

A: That would be up to the Division Leader, but HR does not recommend it. Staff phased retirement is a binding contract, and entering into an agreement too far in advance of the actual start of the phased retirement can be a problem because business needs could change.

**Q: Is this plan being offered just for one year?**

A: No. Though the college reserves the right to change benefit programs at any time, this is intended to be an ongoing benefit program.

**Q: Is 20 hours the only amount of time that is available?**

A: No. Beginning July 2019 we have made the following changes to allow more flexibility for staff phased retirement.

For non-exempt positions originally budgeted at 40 hours per week and for all exempt positions:

- 20 hours per week, with the expectation of performing 50% of regular job duties. Pay will be 50% of full-time salary.
- 25 hours per week, with the expectation of performing 62.5% of regular job duties. Pay will be 62.5% of full-time salary.
- 30 hours per week, with the expectation of performing 75% of regular job duties. Pay will be 75% of full-time salary.

For non-exempt positions originally budgeted for 37.5 hours per week:

- 20 hours per week, with the expectation of performing 53% of regular job duties. Pay will continue at hourly rate.
- 25 hours per week, with the expectation of performing 66% of regular job duties. Pay will continue at hourly rate.)
- 30 hours per week, with the expectation of performing 80% of regular job duties. Pay will continue at hourly rate.

**Q: Can an employee electing a phased retirement work schedule of fewer than 30 hours per week convert the college-paid life insurance policy since the college-paid benefit is being discontinued when the employee enters phased retirement?**

A: Yes, an employee who goes from full-time to a part-time schedule of fewer than 30 hours per week can convert the college-paid life to a personal policy and pay the full premiums directly.

**Q: Do benefit costs change when an employee becomes a part-time employee through phased retirement?**

A: No. The college's contribution for employees on the phased retirement program will remain the same as for full-time employees. This is one of the largest advantages of the program.

**Q: Does the college contribution to the HSA change when an employee goes on phased retirement?**

A: The college will continue to contribute to benefits that are still available to the employee as though the employee were still full-time, with the exception of college-paid life insurance and college-paid disability insurance and the retirement contribution (which are calculated as the same percentage of pay, but which will be lower because the pay will be lower).

**Q: Does an employee have to work every day during phased retirement or could the employee work a different schedule, such as three days a week?**

A: The work schedule has to be for the agreed upon hours and for 12 months per year, but the schedule of hours per week during phased retirement will depend on business need and the approval of the department management and Division Leader.

**Q: What are the regular retiree benefits when one fully retires from the college (not during phased retirement)?**

A: Retirement benefits for those eligible to retire from the college are outlined in the Employee Guide (see "Retirement – Retiree Medical" in the Employee Guide) and <https://www.davidson.edu/offices-and-services/human-resources/retirement/retiree-medical>.

**Q: What procedure does the manager follow when the employee requests phased retirement?**

A: The manager should alert the Division Leader and HR when an employee submits an Expression of Interest form.

**Q: If the department has to hire a new person to do the work once an employee becomes part-time under phased retirement, are funds available?**

A: Arrangements to cover work left undone by a phased retirement arrangement must be covered by the department or division. The intent is that the new arrangement cannot cost more than the employee's original full-time position. Hiring of an additional employee to cover a phased retirement must total less than the original cost and meet the business need. The Division Leader has the final say on whether a proposed phased retirement work arrangement is in the best interest of the college and should be approved.

**Q: Can the grounds crew work full-time for six months through the summer and not work at all in the winter?**

A: While many of us would enjoy that schedule (or the opposite) the phased retirement program requires the employee to work 12 months of the year. Because of insurance contracts we cannot maintain benefits for an employee working only six months of each year.

Updated 8/23/2019