

UC PHASED RETIREMENT PROGRAM - FREQUENTLY ASKED QUESTIONS

January 1, 2012 – December 31, 2014

Basic Information About Participating in the Phased Retirement Program

1. Why is the University offering a Phased Retirement Program?
 - A. The Phased Retirement Program is being offered to provide an alternative to full, immediate retirement, if the location's department has needs that will fit the model.
2. Who is eligible for the Phased Retirement Program?
 - A. All policy covered staff whose appointment is 60% or greater and who are at least 55 years of age with five years of University of California Retirement Plan service credit as of their enrollment date in the program, except Senior Management Group members.
3. Are staff members that are represented by unions eligible for the Phased Retirement Program?
 - A. Eligibility for the Phased Retirement Program for staff members represented by unions is subject to collective bargaining.
4. Why should I participate in the Phased Retirement Program?
 - A. The Phased Retirement Program offers eligible UCRP members an opportunity to transition into retirement, while still providing valuable knowledge and service to the University.
5. Who should I talk to about my considering Phased Retirement?
 - A. An employee should talk with their supervisor about the potential in their department for the program. Phased Retirement will not work in every situation. Supervisors must consider a business plan to accommodate participation in the program. Supervisors, Department Heads and Vice Chancellors will need to approve employee participation in the program.
6. How long can the Phased Retirement Program last for me?
 - A. If you begin participation you can participate for a period of time from 120 days to up to three years or until the end of the year in which your appointment is reduced to 50%, whichever occurs first. The program is scheduled to end December 31, 2014. Duration cannot exceed three years.
7. What do you mean I have to sign a contract?
 - A. To participate in the Phased Retirement Program, employees sign a contract agreeing to the terms and conditions of the Program.
8. What base salary will the cash incentive be derived from?
 - A. The base salary for calculating the cash incentive will be participants' base salaries as of their approved enrollment date in the program. Any increases in base salary during participation in the program will not affect the calculation of the cash incentive.

9. What base appointment percentage will be used to determine my level of participation?

A. The appointment percentage as of the approved enrollment date in the program will be the base for the duration of the program (January 1, 2012 through December 31, 2014).

10. Since one can participate in this program for as little as 120 days, can I sign up for four months and then increase my appointment back to my original appointment percentage at the end of the 120 days?

A. No, options at the end of the contract term are for participants to request an extension of participation in the program or retire immediately. Participants must reduce their appointment percentages by at least an additional 10 percent after one year in the program or retire immediately, otherwise the incentive is forfeited. Continuation in the program beyond the original term of the contract is subject to approval by the respective Supervisor, Department Head, and Vice Chancellor.

Effect of the Phased Retirement Program on Benefits and Other Aspects of Employment

11. Will my participation in the Phased Retirement Program affect vacation and sick leave accruals?

A. No. Your vacation and sick leave accruals will accrue based on the percentage of appointment held prior to approval of enrollment into the program.

12. Will my holiday pay be affected?

A. Your holiday pay will be reduced in proportion to the reduced appointment percentage paid and, in accordance with the applicable personnel policy or collective bargaining agreement.

13. Will participation in the Phased Retirement Program have any impact on my health and welfare benefits?

A. UC health and welfare benefits (medical, dental, vision) will not be affected by participating in the Phased Retirement Program as long as an employee maintains an average regular paid time per week of 17.5 hours or greater.

14. What salary will be used to determine my Medical Contribution Base (MCB)?

A. The full-time equivalent salary rate as of January 1 of the previous year will be used to determine the MCB.

15. Does a lower salary have any impact on my disability and life insurance benefits?

A. Disability benefit payments for both the Short-term Plan and the Supplemental Plan will be reduced to reflect an employee's part time appointment. Premiums will continue to be based on an employee's full time equivalent salary. Basic life insurance coverage will be reduced in proportion to the percentage appointment per plan provisions. Supplemental life insurance premiums and coverage are based on the full time equivalent salary.

16. What happens with Workers' Compensation if I am injured on the job?

A. Disability payments received pursuant to Workers' Compensation coverage will be based on the participant's Phased Retirement Program salary. Departments will supplement these payments so that the aggregate benefit is equivalent to what you would have been received if the payment was based on the pre-Phased Retirement Salary.

17. What happens with my UCRP retirement service credit?

A. Prospective University retirement service credit will be earned at the reduced rate of appointment.

18. May a participant in the program buy back the UCRP retirement service credit that I would have accrued if I didn't participate in the program?

A. Buyback of UCRP service credit applies to leaves of absence. There is no provision in UCRP for buying back service credit for reductions in time.

19. Will my Phased Retirement Program reduction in time affect my Highest Average Plan Compensation (HAPC) used for calculating my retirement benefit?

A. Monthly retirement income and lump-sum cashout is calculated using the Highest Average Plan Compensation (HAPC) based on the monthly full-time equivalent compensation.

20. What effect will my participation in the Phased Retirement Program have on UCRP survivor income or disability benefits?

A. UCRP survivor income or disability benefits are generally based on the monthly full-time equivalent compensation on the date of an employee's death or disability.

21. What is the impact of Phased Retirement on my 403(b) Plan and 457(b) Plan?

A. Employees' maximum annual contribution (MAC) to the plans may be affected by participation because one of the applicable limits is based on the adjusted gross salary. Upon separation, Phased Retirement participants may be eligible to have their incentive paid as a 403(b) Plan and/or 457(b) Plan contribution in accordance with plan eligibility and maximum contribution limits.

22. What is the impact of Phased Retirement on my Health Flexible Spending Account (Health FSA) and Dependent Care Flexible Spending Account (DepCare FSA)?

A. Your health FSA and DepCare FSA account contributions will continue at the same level until the next open enrollment period or a Period of Initial Eligibility, where applicable.

Changes in my Contract Once I Am Participating

23. What effect will participation in the Phased Retirement Program have on Social Security and Unemployment Insurance benefits?

A. Social Security and Unemployment Insurance benefits may be lower since these benefits are calculated based on earnings.

24. What if I change my mind about participating in the Phased Retirement Program?

A. By signing the Phased Retirement Program contract, you agree to the terms and conditions of the program. An employee who ends his or her participation in the program before completing the terms of their contract will forfeit the cash incentive.

25. Do I have protection from being laid off if I participate in the Phased Retirement Program?

A. The Phased Retirement Program does not provide protection from layoffs or involuntary reduction in time. If an employee is laid off while participating in the program, cash incentive credit accruals will be paid as a lump sum upon the participant's retirement.

26. What happens to my seniority for purposes of layoff?

A. Seniority will be calculated in accordance with the applicable personnel policy or collective bargaining agreement.

27. May a participant in the program buy back the UCRP retirement service credit that I would have accrued if I didn't participate in the program?

A. Buyback of UCRP service credit applies to leaves of absence. There is no provision in UCRP for buying back service credit for reductions in time.

28. Can I continue my participation in the Phased Retirement Program if I transfer or if I am promoted to another position in the same or different department?

A. An employee who transfers or is promoted to another position must obtain the approval of his or her Supervisor, Department Head, and Vice Chancellor to continue to participate in the program.

29. Can I increase my percentage of time during the Phased Retirement contract period?

A. By entering into the Phased Retirement Program, participants are agreeing to retire at the end of the term of their contract. Approval of a second and third year of participation in the program requires a participant to reduce his or her appointment percentage by an additional 10 percent for the second year and an additional 10 percent for the third year. The percentage of time reductions agreed to for the term of the contract cannot be changed once approved.

30. If I retire through the Phased Retirement Program, am I eligible for reappointment under the University's policy for reappointment of retirees?

Reappointments of employees who retire through the Phased Retirement Program are subject to approval of their respective Vice Chancellor and must be based on extraordinary circumstances of an exigent nature. Reappointments must be pursuant to the Policy on Reemployment of UC Retired Employees into Senior Management Group and Staff Positions, and reappointments of Phased Retirement Program participants are to be included in the semi-annual reports to Office of the President required under that policy. Locations must identify any reemployed Phased Retirement Program participants in the semi-annual reports, and provide documentation that required approvals were obtained.