

# Phased Retirement Program - Questions and Answers

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## Questions on Eligibility

- Q1**            ***What are the general provisions of the Phased Retirement Program?***
- A1
  - The Phased Retirement Program is a Board of Regents approved program.
  - The program will provide approved applicants a reduced appointment for a period not to exceed two (2) years.
  - The program begins on the first day of a reduced appointment and ends on the last day of active employment.
  - The program is available to current ISU employees age 57 or older (on or before date of start of reduced appointment), with 15 consecutive years of paid BOR employment on or before the date a reduced appointment begins.
  - At no time during the phasing period may an employee hold greater than a 65 percent appointment. For phasing periods of one year or less, or after the completion of the first year of a two year phasing period, the appointment cannot exceed 50%.
  - The phasing period will be set by agreement between the institution and the employee with full retirement required at the end of the specified phasing period; approval of the phased retirement request is at the discretion of the employing unit/college/division. The final day of participation in the Phased Retirement Program is the employee's last day of active employment. Once phased retirement is initiated, employees may not return to full-time.
- Q2**            ***Am I eligible for the Phased Retirement Program?***
- A2            You will be eligible to apply if you are age 57 or older (on or before date of start of reduced appointment) and have 15 consecutive years of paid employment as an Iowa State University or BOR employee on or before you begin a reduced appointment. Fifteen years of paid employment needs to be as a benefits eligible employee.
- Q3**            ***Do my years of paid employment need to be consecutive?***
- A3            Yes
- Q4**            ***Will the Phased Retirement Program be on-going?***
- A4            The Phased Retirement Program is subject to ongoing approval by the state Board of Regents.
- Q5**            ***If I apply for the Phased Retirement Program, can I rescind my request later?***
- A5            In most cases the request and approval for this program is binding once approved. Any request to rescind would require approval by the supervisor/department chair and subsequent approvers of the initial request.

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**Q6** *If I am approved for Phased Retirement and have begun a reduced appointment, can I rescind my request at a later date and return to full time employment?*

A6 No. Board of Regents policy prohibits return to full-time employment once phased retirement has begun.

**Q7** *I originally planned to phase over a period of two years. Can I later decide to fully retire before the completion of my originally approved phasing?*

A7 You should discuss any changes in your originally approved Phased Retirement schedule of phasing with your supervisor/department chair. Changes are subject to approval.

### **Questions on Applying for Phased Retirement Program**

**Q8** *What is the process to apply for the Phased Retirement Program?*

A8 You will need to complete the application through the Workday request process. Instructions for this process are found in the [Phased Retirement: Program Overview & Request Process KBA](#). Prior to completing the request in Workday, it is strongly recommended that employees discuss program options with their supervisor and/or department chair

**Q9** *If I apply for the Phased Retirement Program, is my request to retire subject to approval?*

A9 Yes. An application for the Phased Retirement Program is subject to review and approval by your department chair/supervisor and dean/director/vice president/senior vice president/president (appointment authority). The Workday process will route for these approvals, as well as review and approval by the Provost Office (faculty only), UHR, and Fringe Benefits Accounting and Compliance. The program does not create a right for employees.

**Q10** *How will I be notified if my application is approved?*

A10 You can review the status of your application in Workday by searching "ISU My Requests". Once in the report, locate your request and check the 'Status' and 'Resolution' columns. A status of "Successfully Completed" and resolution of "Done" indicates approval. If your application is not approved, you will be notified by your supervisor/ department chair and your status will show as "Denied".

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### **Questions on Salary and Benefits**

***Q11***            ***If I elect and am approved for the Phased Retirement Program, what are the impacts to salary and benefits I receive?***

A11                During the period of your reduced appointment:

- In the first year of a two year phasing period, the salary received will reflect the reduced responsibilities plus an additional 10 percent of the budgeted salary, had the person worked full time. In the only, or last year following the initiation of phased retirement, the employee's appointment will be no greater than fifty percent, and the salary will be proportional to the budgeted salary had the person worked full-time (if faculty and approved for FISIP, the FISIP increment is excluded for purposes of the Phased Retirement Program).
- You will continue to be eligible participate in health and dental insurance coverage with contributions based on active employee rates.
- Employer contributions to the defined contribution retirement plan (TIAA) will be based on your budgeted annual salary immediately preceding the period of reduced appointment (if faculty and approved for FISIP, the FISIP increment is excluded for purposes of the Phased Retirement Program).
- Employer contributions to IPERS will be based on your actual salary received (based on your reduced appointment).
- Life insurance and disability benefits will be based on your budgeted annual salary immediately preceding the period of reduced appointment.

***Q12***            ***I currently have IPERS as my retirement plan. Will I be able to receive an IPERS benefit during my reduced appointment?***

A12                No. IPERS is a defined benefit retirement plan that does not permit you to receive benefits while still actively employed.

***Q13***            ***I participate in the defined contribution retirement plan (TIAA). Will I have access to my retirement funds during my Phased period even though I'm still receiving contributions?***

A13                Yes. You will have access to your retirement plan funds (up to 99% of balances). You should visit with TIAA to understand your options for taking distributions.

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***Q14***      ***What is the impact to my current vacation balances if I go on Phased Retirement?***

- A14
- Vacation accrual (if applicable) does change to be consistent with the appointment (FTE).
  - If you are at the maximum vacation accrual prior to Phased, there is no loss – you will retain all accrued vacation.
  - When moved to Phased, there will be no further vacation accrual until you have used vacation to extent that you are again eligible for accrual.

***Q15***      ***What is the impact to Social Security if I go on Phased Retirement?***

- A15
- Social Security contributions are based on actual salary received. Actual salary is reduced per terms of the Phased Retirement agreement.
  - Social Security income projections received during Phased Retirement may show higher monthly income projections. These projections assume that the final years of your employment will be at the pre-Phased Retirement salary level, not at the actual lower Phased Retirement income level. You should contact your local Social Security Administration office with questions.

***Q16***      ***After my reduced appointment ends, what are my options for health and dental insurance coverage?***

- A16
- Subject to existing policies, you will be allowed to participate in health and dental insurance coverage available to retirees at the time your participation in the Phased Retirement Program ends. Assuming existing policies are in force, you will be responsible for insurance premium payments in the same manner as existing retirees. You will not be permitted to participate in retiree plans that you are not enrolled in at the time of full retirement.

***Q17***      ***What other benefits are impacted when I fully retire?***

- A17
- Life Insurance – if you have been previously covered for life insurance, you will also have the option for conversion or portability of existing coverage under existing life insurance guidelines.
  - Voluntary Vision plan – terminates the first day of the month following retirement. You may continue under COBRA provisions.
  - Long-term Care Insurance – may be continued by making arrangements to pay directly to the provider.

***Q18***      ***What happens to my benefits in the event of my death?***

- A18
- Salary and contributions to retirement are terminated.
  - The employee's surviving spouse or dependent(s) may elect to continue available health and dental insurance coverage as provided by other university policies or by law.

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- Q19**      ***What happens to my accumulated sick leave and vacation when I fully retire?***
- A19
  - During the reduced appointment, you continue to earn vacation (if applicable) and sick leave based on your reduced appointment.
  - Per ISU policy, sick leave balances will be paid to you up to a maximum of \$2000.

The value of your unused vacation bank, up to the policy maximum, will be paid to you unless your Letter of Intent (LOI) specifies otherwise.
- Q20**      ***What else should I be aware of – such as taxes?***
- A20      Employees are responsible for any tax consequences resulting from retirement decisions. As an example, employees who are over age 70 ½ are subject to Minimum Required Distributions (MRD) from their retirement plan and the amount of the MRD can be impacted by the actual last day of active employment. We encourage all employees who are considering Phased Retirement to visit with a financial professional to understand potential impacts applicable to their situation.
- Q21**      ***Who can I contact if I have more questions on the Phased Retirement Program?***
- A21
  - Your department chair or director – with questions on participation in the Phased Retirement Program
  - University Human Resources Benefits Office – can help you with questions on health and dental insurance coverage in retirement. Office phone is 515-294-4800 or on-line [benefits@iastate.edu](mailto:benefits@iastate.edu)
  - TIAA – for assistance with retirement planning and investment options. Local office in Ames. Call 800-732-8353 for local appointments or speak with a national TIAA representative by calling 800-842-2776
  - Iowa Public Employees Retirement System (IPERS) – for assistance if you are participating in IPERS. Telephone is 800-622-3849. On-line at [www.IPERS.org](http://www.IPERS.org)
  - Extension HR Office, 1110 Extension 4-H Building, 1259 Stange Road, Ames, IA - for questions if you are a participant on the Federal Civil Service System. Telephone: 515-294-3283