

**RESOLUTION TO AMEND VIRGINIA TECH'S VOLUNTARY TRANSITIONAL
RETIREMENT PROGRAM FOR TENURED FACULTY
(UNIVERSITY POLICY NO. 4410)**

Documents included:

1. Resolution to Amend Virginia Tech's Voluntary Transitional Retirement Program for Tenured Faculty (University Policy No. 4410)
2. Program Overview
3. University Policy 4410 with revisions
4. Relevant Faculty Handbook section 2.11.1.1

**RESOLUTION TO AMEND VIRGINIA TECH'S VOLUNTARY TRANSITIONAL
RETIREMENT PROGRAM FOR TENURED FACULTY
(UNIVERSITY POLICY NO. 4410)**

WHEREAS, the Code of Virginia § 23-9.2:3.1 allows institutions of higher education in the commonwealth to execute retirement incentive plans for tenured faculty members who meet eligibility criteria, and

WHEREAS, the university's colleges and departments benefit from the experience of senior faculty members, and

WHEREAS, a voluntary transitional retirement program as outlined below provides flexibility to colleges, departments, and retiring faculty members as they manage the transition from full time employment to retirement, and

WHEREAS, a voluntary transitional retirement program allows departments and retiring faculty members the opportunity to design a succession plan not to exceed three years that takes into account optimum planning for and management of the transition of teaching, student supervision, research, service, and other responsibilities, and

WHEREAS, the university's faculty retirement transition program as outlined in University Policy No. 4410 Faculty Retirement Transition Program provides for the continuation of employer medical premiums to be paid by the university until age 65; and part-time reemployment by the university for faculty members after retirement; and

WHEREAS, Policy No. 4410 Faculty Retirement Transition Program is improved by including one, two, and three-year transition plans as outlined in the table below, that include, as appropriate, adjusted coverage for retirement contributions, life insurance, sick leave, and long term disability benefits,

NOW, THEREFORE BE IT RESOLVED, that University Policy No. 4410 be amended to include the revisions indicated in the attached policy, and

BE IT FURTHER RESOLVED, that the revisions will be communicated appropriately in electronic and print materials.

RECOMMENDATION:

That University Policy No. 4410 be amended to include the revisions outlined above.

April 3, 2017

Voluntary Transitional Retirement Program for Tenured Faculty

1. Purpose

To provide the opportunity for eligible faculty to retire through participation in the Voluntary Transitional Retirement Program (VTRP). The program is comprised of 2 plans, one that results in the immediate retirement of the eligible participant, but provides for healthcare benefits up to age 65 as described further below, and another plan that allows eligible participants to reduce their full-time employment to full-time retirement over a mutually-agreed upon period not to exceed three years, therefore allowing academic units the opportunity to engage in more thoughtful succession planning.

2. Policy

Eligible full time faculty members may apply to participate in the VTRP. Faculty members who occupy full-time administrative positions are not eligible to participate in the VTRP until they vacate the administrative position and return to their tenured academic appointment. Once a retirement agreement is signed by all parties, it will supersede the terms, conditions and rights of employment outlined in any other agreement to the extent such terms, conditions and rights of employment are inconsistent with the terms of the VTRP agreement.

Eligibility Criteria:

- a) Be at least 60 years of age upon commencement of the VTRP agreement;
- b) Faculty position: a faculty or administrator with tenure or a contractual right to continued employment as defined by the Faculty Handbook;
- c) Years of service criteria:
 - a. Immediate Retirement Plan: 10 years of service at Virginia Tech
 - b. Phased Retirement Plan: 20 years of service at Virginia Tech
- d) Voluntarily participate in the program;
- e) Must be approved by the dean or academic unit head and the provost or designee.

Immediate Retirement Plan (VTRP-1)	
The participant agrees to retire at the end of the academic year in which the agreement is executed.	
Program Elements: <ul style="list-style-type: none"> a) Retain full time appointment b) Teach a standard teaching load as expected in the academic unit. c) Reductions to research and service responsibilities would be made in consultation with the department head and dean and detailed in the participant's agreement. 	Benefits: <ul style="list-style-type: none"> a) Health Insurance: The participant will be reimbursed the equivalent of the employer portion of the health insurance premium until age 65

Phased Retirement Plan (VTRP-2 or VTRP-3)

The participant agrees to retire within one to three years of the commencement of the agreement, depending on the term of the agreement.

Program Elements:

- a) Reduction in FTE to .50 including corresponding reduction in salary
- b) Reductions to teaching, research and service responsibilities would be made in consultation with the department head and dean and detailed in the participant's agreement.

Benefits:

- a) Health Insurance: The university will pay the employer portion of the health insurance benefits during the duration of the Phased Retirement Plan term.
- b) Retirement
 - a. ORP: employer contribution will be based on the adjusted annual salary
 - b. VRS: employee will continue to earn service credit
- c) Life Insurance: based on highest salary during active employment
- d) Sick Leave: in accordance with plan rules
- e) Long-Term Disability: benefits based on the adjusted annual salary

After the conclusion of the VTRP-2 or VTRP-3 programs, if the faculty member is still under the age of 65, they will be eligible for the VTRP-1 program benefit of being reimbursed for the equivalent of the employer's portion of the health insurance premium until age 65. The reimbursement amount will be adjusted by Human Resources in accordance with changes in the state's retiree health insurance rates. The request for participation in this program and for reimbursement of health care insurance premiums must be in writing.

Notes:

- Faculty members participating in the VTRP may continue to participate in tax shelter annuities
- Participation in the VTRP constitutes binding terms and conditions of employment between the faculty member and the university.
- Faculty members have seven (7) days to revoke the agreement; participants must be given twenty-one (21) days to consider entering into this agreement; participants are advised to seek advice of an attorney. (Older Workers Protection Act, 1990)

Example VTRP Arrangements:

EXAMPLE 1

Dr. John Doe, a tenured faculty member in the College of Liberal Arts and Human Sciences, has been with the university for 22 years, teaches 2 classes each semester, and conducts research and participates in university service per the requirements of his department. He is 64 years old is interested in entering into the VTRP-2 program. In consultation with his department head, his agreement includes:

- A reduction in teaching load to 1 class per semester for both years of the agreement;
- resignation from 2 of the 4 committees he serves on in the first year, and resignation from the remaining 2 committees by the end of the second year.
- agreement to no not take on new graduate students in the two year agreement term.
- Agreement to finish existing research projects, but not take on new projects. As he is collaborating on a research project with another faculty member, he will take the 2 year plan term to finish his portion of the research, or implement a plan for succession of his portion of the project.

Dr. Doe will continue to receive health and life insurance benefits during this phased retirement term. At the conclusion of the transition, Dr. Doe will retire in full from the university.

Savings to college:

Dr. John Doe

	Pre-Retirement	During Plan Term	After Plan Term
Salary	\$100,000	\$50,000	\$ -
Employer portion of healthcare benefits ¹	\$10,635	\$10,635	\$ -
Net savings to college²		\$39,365	\$110,635

¹based on weighted average of employer contribution for healthcare costs 2015-16

²does not include other fringe benefits that are tied to salary

3. Procedures

Tenured faculty interested in participating in either component plan of the VTRP must apply to participate. If approved by the dean and provost, participation the program will commence at the start of the academic semester.

- Apply in February to begin participation in the program by fall semester
- Apply in August to begin participation in the program by spring semester

Virginia Polytechnic Institute and State University
Policy and Procedures

No. 4410 Rev.: 56

Date: April 3, 2017

Subject: ~~Faculty Retirement Transition Program~~ Voluntary Transitional Retirement Program for Tenured Faculty

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1. Purpose

This policy outlines a program to assist the university's tenured and continued-appointment faculty in their transition from full-time active service to retirement and, in some cases, to facilitate their subsequent part-time re-employment to address staffing needs or to support research efforts.

For many prospective retirees, the loss of employer-paid medical benefits can be a significant factor in their decision to postpone retirement. In addition, part-time temporary re-employment is considered a desirable option by many faculty members who would like to utilize their professorial talents but with a reduced workload. Faculty members may assume teaching roles, mentor graduate students, conduct sponsored research, or take on other part-time responsibilities where their expertise will make a significant contribution to the employing unit. By utilizing a transitional retirement program, the university hopes to make it possible for long-term faculty to remain actively involved in the life of the university while reducing their professorial responsibilities.

1.1 Background

The Code of Virginia § 23-9.2:3.1 allows institutions of higher education in the Commonwealth to execute retirement incentive plans for tenured faculty who meet certain eligibility criteria. ~~The Virginia General Assembly passed legislation in Spring 1988 making it possible for institutions of higher education in the Commonwealth to propose retirement incentive plans for tenured faculty over the age of 60.~~ Any such program would be funded by ~~the institution's own~~ institutional resources and must meet the applicable requirements as specified by the *Code of Virginia* and the Appropriations Act.

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2. Policy

The Voluntary Transitional Retirement Program (VTRP) is an enhanced retirement program for eligible tenured faculty. Participation in the plan is voluntary for both the university and the faculty member. The elements of the program are discussed in greater detail below. ~~There are two major aspects to the program:-~~

- ~~1. Continuation of the employer portion of medical premiums paid by the university until age 65 for those who retire earlier.~~
- ~~2. Part time temporary reemployment for faculty members who want to reduce their full-time commitment but not abruptly sever their ties with the university.~~

2.1 Program Objectives

To facilitate the transition of faculty from full-time active service to retirement by continuing to pay the employer portion of medical premiums and, if mutually agreeable, to consider those faculty for ~~temporary~~ transitional work assignments in areas where their expertise may be needed.

1. Continuation of the employer portion of medical premiums paid by the university until age 65 for those who retire earlier.
2. ~~Part time temporary reemployment for faculty members who want to~~ To transition full time tenured faculty into full retirement over an established timeframe, allowing faculty to reduce their full-time commitment but not abruptly sever their ties with the university.
3. To allow succession planning for filling the vacancy that will occur once the faculty member is fully retired.

~~To provide the university some added flexibility in hiring new faculty members.~~

2.2 Eligibility for Participation in the Program

The VTRP can be established over a timeframe of one (VTRP-1), two (VTRP-2) or three (VTRP-3) years. Eligibility for each of these timeframe is described in further detail below.

2.2.1 Eligibility for VTRP-1

Participants in the ~~VTRP-1~~ agree to retire by the end of the current academic year in which the agreement is executed. Participants in the program must:

1. be at least 60 years of age;
2. be a faculty member or administrator with tenure or a contractual right to continued employment (~~such as librarians and Extension faculty with Continued Appointments~~ as described in the [Faculty Handbook](#));
3. have at least 10 years of full-time service at Virginia Tech (full-time service may include periods of leave with full or partial pay, but excludes periods of leave without pay);
4. agree to withdraw from active membership in the [Virginia Retirement System \(VRS\)](#), or Optional Retirement Plans. The university will cease making ~~payments~~ employer or employee contributions to VRS or optional retirement plans ~~as of the date of retirement~~;
5. comply with any additional criteria established by the Board of Visitors;
6. voluntarily participate in the program.

2.2.2 Eligibility for VTRP-2 and VTRP-3

Participants in the VTRP-2 and VTRP-3 agree to retire by the end of two or three years (depending on the program) from the commencement of the agreement. Participants in the program must:

1. be at least 60 years of age;

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2. be a faculty member or administrator with tenure or a contractual right to continued employment (as described in the *Faculty Handbook*);
3. have at least 20 years of full-time service at Virginia Tech (full-time service may include periods of leave with full or partial pay, but excludes periods of leave without pay);
4. agree to withdraw from active membership in the Virginia Retirement System (VRS), or Optional Retirement Plans. The university will cease making employer or employee contributions to VRS or optional retirement plans as of the date of retirement;
5. comply with any additional criteria established by the Board of Visitors;
6. voluntarily participate in the program.

2.3 Major Program Elements

2.3.1 VTRP-1

The program participant agrees to retire at the end of the current academic year in which the agreement is executed. During the agreement, the participant would receive no FTE reduction, and would be expected to teach a standard teaching load as expected by the academic unit.

2.3.1.1 Continuation of Medical Benefits to Age 65

~~For many prospective retirees, the loss of employer paid medical benefits can be a significant factor in their decision to postpone retirement.~~ Eligible faculty members who participate in the VTRP-1 program will be reimbursed for the equivalent of the employer's portion of the health insurance premium until age 65 whether they opt for complete retirement or ~~are rehired into a non-covered position return at a later time for temporary employment.~~ The reimbursement amount will be adjusted by Human Resources in accordance with changes in the state's retiree health insurance rates. The request for participation in this program and for reimbursement of health care insurance premiums must be in writing. See Section 3: Procedures.

2.3.1.2 Part-time temporary re-employment after retirement

VTRP-1 retirees are eligible to return to non-covered employment after a designated break in service, and may be reemployed in part-time positions where their expertise and experience are best suited.

~~Part-time temporary re-employment is considered a desirable option by many faculty members who would like to utilize their professorial talents but with a reduced workload. A primary criterion in the approval of an employment arrangement must be the enhancement of the academic or research program of the department.~~

The following guidelines apply to the part-time, ~~non-covered temporary~~ employment for VTRP-1 retirees:

- a. The faculty member must have one calendar month break in service prior to reemployment in a non-covered position;
- b. the faculty member may not return to a position that provides retirement benefits.
- c. the temporary work after retirement cannot be identical to the work performed prior to retirement. Typically this requirement can be satisfied by reemployment doing part, but not all, of the prior role – for example, only conducting research or only teaching a course.
~~Part-time employment following retirement is not a faculty right, but may be arranged on mutual agreement of the faculty member and the department head, with the approval of the dean.~~
- d. Any agreement for reemployment must be in writing, but may not be developed until AFTER retirement. The agreement should specify the nature and duration of the assignment and the amount of compensation. The reemployment agreement should be reevaluated every six months, or on a similar periodic cycle based on the assignment.

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- e. Appropriate office space (perhaps shared) and reasonable access to clerical support and departmental operating resources may be furnished. Please see Policy 4405 on emeritus appointments for further information.

2.3.2 VTRP-2

The program participant agrees to retire from Virginia Tech within two years of the commencement of the VTRP agreement. During the agreement, the participant would receive an FTE reduction to .50, including a corresponding reduction in salary. Corresponding reductions to teaching, research, and service responsibilities would be made in consultation with the department head and dean and detailed in the participant's agreement. Modifications to benefits under VTRP-2 and VTRP-3 are described further in section 2.3.4 below.

2.3.3 VTRP-3

The program participant agrees to retire from Virginia Tech within three years of the commencement of the VTRP agreement. During the agreement, the participant would receive an FTE reduction to .50, including a corresponding reduction in salary. Corresponding reductions to teaching, research, and service responsibilities would be made in consultation with the department head and dean and detailed in the participant's agreement. Modifications to benefits under VTRP-2 and VTRP-3 are described further in section 2.3.4 below.

2.3.4 Benefits during VTRP-2 and VTRP-3 Programs

Eligible faculty members who participate in the VTRP-2 or VTRP-3 program will receive the following continuation of benefits **during their transitional appointment**:

- a. Health Insurance - The university will pay the employer portion of the health insurance benefits during the duration of the VTRP;
- b. Retirement;
 - i. ORP – employer contribution will be based on the adjusted annual salary;
 - ii. VRS – employee will continue to earn service credit;
- c. Life Insurance - will be based on the adjusted annual salary;
- d. Sick Leave – in accordance with plan rules;
- e. Long-Term Disability – benefits based on the adjusted annual salary.

2.3.4.1 Benefits after VTRP-2 and VTRP-3 Programs for participants under age 65

After the conclusion of the VTRP-2 or VTRP-3 programs, if the faculty member is still under the age of 65, they will be eligible for the VTRP-1 program benefit of being reimbursed for the equivalent of the employer's portion of the health insurance premium until age 65. The reimbursement amount will be adjusted by Human Resources in accordance with changes in the state's retiree health insurance rates. The request for participation in this program and for reimbursement of health care insurance premiums must be in writing. See Section 3: Procedures.

2.4 Authority

The Board of Visitors reserves the right to modify, amend, or repeal the program.

3. Procedures

~~Prior to retirement, a written request for continuation of the employer-paid portion of health care premiums and/or reemployment should be initiated by the employee and approved by the department head and dean. A copy of the approved request must be sent to Human Resources in order to initiate procedures for reimbursement of the health insurance premium.~~

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~~An agreement for reemployment may only be negotiated after retirement. The reemployment agreement should be approved by the department head and the dean. The department must complete a Part Time Faculty Authorization for Payment (P14A) and enter in Banner HR to initiate part time reemployment. Reemployment may not begin until there is at least a 30-day break in service following the official retirement date. Normally the percent appointment will not exceed .50 FTE. If the retiree is teaching, the FTE will count against the department's teaching position allocation.~~

Eligible tenured faculty interested in applying for participation in the program must submit an application to their department head and dean. The provost or a designee must approve the application.

- a) To begin the program in the fall, applications must be received in the provost's office by the end of February.
- b) To begin in the program in the spring, applications must be received in the provost's office by the end of August.
- c) Faculty members have seven (7) days to revoke the agreement; participants must be given twenty-one (21) days to consider entering into this agreement; participants are advised to seek advice of an attorney. (Older Workers Protection Act, 1990)

4. Definitions

1. **Active Membership** -- as defined by the Virginia Retirement System, an active member works in a covered position with an employer that participates in the Virginia Retirement System (VRS) or is covered under an optional retirement plan (ORP) administered by VRS.
2. **Non-Covered Employment** -- as defined by the Virginia Retirement System, is a part-time position with a VRS-participating employer. Non-covered positions do not provide eligibility for benefits.

5. References

Policy 4405: Emeritus Faculty (<http://www.policies.vt.edu/4405.pdf>)

6. Approval and Revisions

The Faculty Retirement Transition Program was endorsed in principle by the Employee Benefits Committee and the Commission on Faculty Affairs.

Approved August 13, 1990, by the Board of Visitors.

Approved September 17, 1990, by Senior Vice President and University Provost, E. Fred Carlisle.

- Revision 1

Information about retirement counseling programs removed. Changed specific references to TIAA to "optional retirement plans" (ORP).

Indefinite continuation of the program endorsed by the Commission on Faculty Affairs.

Approved April 26, 1993, by the Board of Visitors.

- Revision 2

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Addition of link to VRS web page and minor clarifications.

Approved January 22, 1999, by Executive Vice President, Minnis E. Ridenour.

- Revision 3

Revisions to the requirements for faculty retiring from VRS to comply with Virginia Retirement System restrictions on post-retirement employment, and general updating.

Approved February 11, 2004 by the University Provost and Vice President for Academic Affairs, Mark G. McNamee.

- Revision 4

September 1, 2006 – Technical revision to change name from Personnel Services to Human Resources

- Revision 5

Technical corrections to web links. Approved February 25, 2010 by Vice President for Administrative Services, Sherwood G. Wilson.

- Revision 6

Modified to incorporate two additional forms of phased/transitional retirement, and to clarify language.

2.11.1.1 **Voluntary Transitional Retirement ~~Transition~~ Program for Faculty with Tenure or Continued Appointment**

Tenured faculty members (or those with a continued appointment in the library or Virginia Cooperative Extension) who are at least 60 years of age and have at least 10-20 years of full-time service at Virginia Tech are eligible for the university's voluntary transitional retirement program. ~~faculty retirement transition program~~. The program allows the university to make it possible for long-term faculty to remain actively involved in the life of the institution while reducing their professorial responsibilities as they transition towards full retirement. Further details of the programs are provided in University Policy 4410. ~~has two major benefits: employer paid medical benefits to age 65 and, where mutually agreeable, part time employment following retirement.~~