

HRURCR 1

Office of the President
May 3, 2016

Members, Board of Trustees:

PROPOSED REVISION TO ADMINISTRATIVE REGULATION:
UNIVERSITY OF KENTUCKY PHASED RETIREMENT POLICY AND PROGRAM

Recommendation: that the Board of Trustees approve the attached revision to *Administrative Regulation (AR) 3:2, Phased Retirement Policy and Program*. The recommended changes to this AR are intended to clarify procedures for application and approval of phased retirement; clarify University benefits during phased retirement; and establish a maximum full-time equivalency (FTE) of 80 percent while on phased retirement and a maximum duration of three (3) years.

Background: The University's Phased Retirement Program provides an opportunity for eligible full-time faculty and staff to transition to retirement through part-time service. The program is entirely voluntary. Eligible employees may request phased retirement, but it is granted only when in the best interest of the University. The recommended revisions to the AR include:

1. Require employees to confirm eligibility for participation with Human Resources prior to submitting a written request to their departmental administrator for phased retirement.
2. Clarify that the approval process begins with the employee submitting a phased retirement proposal to their departmental administrator for determination of the unit's ability to accommodate the request. If the departmental administrator determines the unit can accommodate the request, the application is forwarded to the appropriate dean or director for consideration. Final approval remains with the appropriate senior leader (President, Provost, or executive vice president).
3. Establish a maximum FTE of 80 percent while on phased retirement and a maximum duration of three (3) years.
4. Clarify that salary and vacation leave during phased retirement are proportional to the employee's FTE and University-provided benefits that are based on salary (such as disability, life insurance, and Accidental Death & Dismemberment (AD&D) coverage) remain at the equivalent level of the employee's full-time salary prior to entering the program.

This proposal has been reviewed by the University Senate, Staff Senate, Employee Benefits Committee, and Regulations Review Committee. The President, Provost, Executive Vice President for Finance and Administration, and Vice President for Human Resources support the revisions.

A revised copy of AR 3:2 is attached. Proposed additions are underlined; proposed deletions are lined through.

Action taken: Approved Disapproved Other _____



UNIVERSITY OF
KENTUCKY
Regulations

Administrative Regulation 3:2

Responsible Office: [Provost / Executive Vice President for Finance and Administration / Vice President for ~~Associate VP~~ Human Resources](#)

Date Effective: [DRAFT 10/16/2007](#)

Supersedes Version: [10/16/2007 6/12/2007](#)

Phased Retirement Policy and Program (Approved by the Board of Trustees)

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I. [Introduction](#) ~~Policy~~

The Phased Retirement Program (“[program](#)”) is designed to provide an opportunity for eligible full-time faculty and staff employees to make an orderly transition to retirement through part-time service. It is entirely voluntary and ~~is will be~~ implemented by written agreement between ~~the faculty or staff employees~~ and the University. The program does not create an absolute right of employees to phased retirement. A decision to request phased retirement rests entirely with the individual employee and shall be granted only when in the best interests of the University. The ~~P~~program is ongoing, but may be eliminated at any time by the University.

II. [Entities Affected](#)

This regulation applies to all employees of the University who are eligible for the program in accordance with Section III of this regulation.

III. [Eligibility](#) ~~and Approval~~

- A. The ~~Phased Retirement P~~program is available to all full-time faculty and staff employees who have completed fifteen (15) years of full-time service (in accordance with AR 3:1) at the University of Kentucky and who are age sixty (60) or older by the commencement of their phased retirement. Eligibility means the person has competed fifteen (15) years of full-time service in accordance with AR 3:1 at the University and is age sixty (60) or older by the commencement of their phased retirement. Human Resources confirmation of eligibility is not an approval of the Phased Retirement proposal or agreement.

B. Individuals who have already taken regular retirement are not eligible for phased retirement under this program.

~~B. A decision to request a phased retirement appointment rests entirely with individual employees. Phased retirement that is requested and approved shall commence on the date agreed upon by the employee and the University and recorded in the written agreement.~~

~~C. The Phased Retirement Program does not create an absolute right of employees to a phased retirement. Phased retirement appointments must be requested by eligible employees but shall be granted only when such appointments are in the best interests of the University.~~

III. Requests for Phased Retirement

A. Faculty Requests

1. The faculty employee is responsible for confirming eligibility for participation by contacting Human Resources.
2. After obtaining verification of eligibility, A faculty employee shall submit a written request for a phased retirement appointment to the educational unit administrator outlining the proposed terms and using the Phased Retirement Agreement form (add Hyperlink to form). The request shall be submitted at least six (6) months before the date upon which the phased retirement~~such appointment~~ would become effective unless the affected educational unit administrator and the dean agree to accept a later submission. ~~The request shall include a completed, signed, and notarized phased retirement agreement and its attendant paperwork.~~
- 3.2. The educational unit administrator shall review the request and, if necessary, meet with the faculty employee to discuss whether any terms of the proposal should be modified to ensure that the phased retirement is in the best interests of the University. The educational unit administrator shall make a recommendation to the dean. The dean shall review the request and recommendation of the educational unit administrator and make a recommendation to the Provost. The Provost shall have final approval authority.
4. Once all the terms and conditions of the proposed phased retirement are agreed upon, the final Agreement shall be documented using the Phased Retirement Agreement form. The Agreement is deemed "executed" once all necessary parties have signed the Phased Retirement Agreement form.

B. Staff Requests

1. The staff employee is responsible for confirming eligibility for participation by contacting Human Resources.
2. After obtaining verification of the eligibility, A staff employee shall submit a written request for a phased retirement appointment to the supervisor of the administrative unit to which the employee is assigned using the Phased Retirement Agreement form (add Hyperlink to form). The request shall be submitted at least three (3) months before the date upon which the phased retirement ~~such appointment~~ would become effective, unless the affected supervisor and appropriate senior administrator agree to accept a later submission. ~~The request shall include a completed, signed, and notarized phased retirement agreement and its attendant paperwork.~~
- 3.2. The supervisor shall review the request and, if necessary, meet with the staff employee to discuss whether any terms of the proposal should be modified to ensure that the phased retirement is in the best interests of the University. The supervisor shall make a recommendation to the appropriate senior administrator (e.g., vice president or associate vice president). -The senior administrator shall review

the request and recommendation of the supervisor and make a recommendation to the appropriate vice president, executive vice president, Provost, or President. The executive vice president, Provost, or President shall have final approval authority.

4. Once all the terms and conditions of the proposed phased retirement are agreed upon, the final Agreement shall be documented using the Phased Retirement Agreement form. The Agreement is deemed "executed" once all necessary parties have signed the Phased Retirement Agreement form.

IV. Terms and Conditions

~~Phased retirement appointments under this Program shall be subject to the following terms and conditions:~~

- A. Phased retirement ~~appointments~~ involves a reduction of employment from full-time to part-time, but normally not less than 50 percent full-time equivalency (FTE) and not greater than 80 percent FTE. The employee's workload and schedule during phased retirement shall be determined by agreement between the employee and unit administrator as determined by the Phased Retirement Agreement. For example, phased retirement may consist of reduced course load, fewer hours per day, or fewer days per week. ~~Such appointments for faculty employees may consist of full-time work for one-half of a regular appointment period (e.g., full-time work for one semester of an academic year appointment) or half-time work for a full regular appointment period (e.g., half-time work in each of the two semesters of an academic year appointment). Instruction, research, and service assignments under such an appointment shall be determined by agreement between the faculty employee and the educational unit administrator and shall be set forth in detail in the written phased retirement agreement. Phased retirement appointments for staff employees shall normally consist of no less than 50 percent FTE throughout the fiscal year or duration of the agreement.~~
- B. The salary of an employee on ~~a~~ phased retirement ~~appointment~~ shall be reduced proportional to the reduction in FTE by 50 percent from the salary such employee would have received but for the election of phased retirement under this program. Employees participating in the program electing phased retirement appointments shall not be eligible for promotion or ~~proportional merit~~ salary increases during the period of their phased retirement ~~program~~.
- C. Phased retirement ~~under this program~~ shall not exceed ~~three~~ five (5) years in duration. A Phased Retirement Agreement may be year-to-year (renewable annually) or for a multi-year term (i.e. 2-years or 3-years), but shall not exceed three (3) years total.
- D. Employees who ~~request and receive~~ are approved for participation in the program ~~phased retirement appointments~~ shall agree in writing to accept full retirement from the University no later than the end of the phased retirement period as determined by the Phased Retirement Agreement ~~five (5) years after the commencement of reduced employment under this program.~~ The agreement to enter into phased retirement and to retire at the end of the reduced employment period is irrevocable once the Phased Retirement Agreement is executed; ~~however, the percentage of FTE reduction or work schedule during the phased retirement period may be amended by mutual agreement of the employee and unit administrator, subject to approval of the dean and the Provost or appropriate executive vice president.~~
- E. ~~except that n~~ Nothing in this regulation shall preclude employees from electing regular retirement from the University at any point in time during the phased retirement period (even though such employees may have executed an agreement requiring retirement at some point in the future). Nothing in this regulation shall preclude a post-retirement appointment of an individual following phased retirement and regular retirement ~~who has elected phased retirement under this Program.~~
- F. Faculty employees participating in the program ~~on phased retirement appointments~~ shall have the same academic freedoms as other faculty and shall be held to the same professional standards ~~responsibilities~~ as ~~other full-time~~ faculty employees.

G. Faculty and staff employees participating in the program ~~on-phased retirement appointments~~ are subject to all University regulations and policies and ~~will~~ have access to all grievance and appeal procedures available to other employees.

VI. Retirement and Other Employee Benefits

A. Retirement Contributions

The University's and employee contributions to University retirement plans ~~for an employee on-phased retirement appointment, and the employee's contributions as well,~~ shall be based upon their employee's actual (i.e., reduced) salary ~~ies~~ during the period of reduced employment. Employees participating in the ~~electing the Phased Retirement P~~ program may access their retirement plan funds, ~~without separating from the University,~~ after the ~~effective start~~ date of ~~initiating~~ their phased retirement ~~participation in this program.~~

B. Disability Benefits

The calculation of disability benefits for an employee on a phased retirement appointment shall be based on the equivalent of the employee's full-time salary ~~at the onset~~ prior to entering the program ~~of the phased retirement appointment.~~

C. Life Insurance and Accidental Death & Dismemberment (AD&D)

The calculation of policy coverage for basic or optional life insurance and basic AD&D coverage shall be based on the equivalent of the employee's full-time salary prior to entering the program.

D~~G.~~ Vacation and Other Leave

The vacation and other leave for an employee on phased retirement shall be reduced proportional to the reduction in FTE. ~~Faculty employees on-phased retirement appointments are entitled to fifty percent (50%) of the paid vacation leave to which they would have been entitled had they not elected phased retirement under this Program. Staff members shall accrue temporary disability leave and vacation leave in proportion to their reduced full-time equivalency (FTE).~~

E. Faculty employees participating in the program are ineligible for sabbatical leave.

E~~D.~~ Other Benefits

In all other respects, employees participating in the program ~~on-phased retirement appointment shall be~~ are entitled to the employee benefits normally offered to regular full-time employees. Employee privileges, such as parking and reduced-cost athletic tickets, ~~shall~~ will be made available to employees participating in the program ~~on-phased retirement appointments~~ as if they were ~~on~~ regular full-time ~~employees~~ appointments. Requests for travel expenses and support services for employees in the program ~~on-phased retirement appointments~~ shall be considered and evaluated under normal processes. An employee's use and occupancy of office or lab space shall not be adversely affected during the phased retirement period ~~by electing to accept a phased retirement appointment.~~

For more information about Phased Retirement, please review the FAQ.

VI. References and Related Materials

KRS 164.220, Appointment, salaries and retirement benefits of university personnel

[GR II, Governance of the University \(Board of Trustees\)](#)

AR 3:1, University of Kentucky Retirement Plans

Revision History

~~AR II-1.6-2:~~ 4/30/1996, 3/4/1997, 12/10/2002, 6/12/2007, [10/16/2007](#)

For questions, contact: [Office of Legal Counsel](#)