THE UNIVERSITY OF MICHIGAN

STANDARD PRACTICE GUIDE

SECTION:	Human Resources	**Number:**	201.81
		Revised:	1/12/01
SUBJECT:	Retirement Furlough	**Date Issued:**	
		Attachment(s)	0
APPLIES TO:	Regular Instructional Staff (Professorial Ranks Only)		
ISSUED BY:	Human Resources and Affirmative Action and the Office of the Provost and Executive Vice President for Academic Affairs		

I. Policy

A regular, instructional staff member of professorial rank hired prior to January 1, 1984, who meets the eligibility requirements is eligible for a terminal furlough year that may be taken as the last year preceding retirement or in partial installments over two or three years prior to the effective date of retirement, during which time the staff member is relieved of normal responsibilities and may be called upon to act in a consulting capacity to the University or to conduct research in his/her field of interest.

II. Regulations and Definitions

A. ELIGIBILITY

1. Professorial staff members are eligible for a retirement furlough provided:

a) The individual holds a regular appointment as an assistant professor, associate professor or professor. Any appointment fraction, including zero qualifies.

b) The individual was employed by the University in a regular instructional capacity prior to January 1, 1984, and has been employed by the University in any regular instructional or non-instructional position for at least ten consecutive years of active service prior to the effective date of the beginning of a full or phased retirement furlough.

(1) Years of service are determined by the number of annual appointment periods (i.e., ten twelve-month appointments, or ten University-year appointments, or a combination of the two totaling ten).

(2) Approved leaves of absence without salary are not counted in determining the ten-year eligibility requirement of active service. Approved leaves of absence without salary, however, do maintain the continuity of service.

(3) Approved leaves of absence with salary are counted as active service and maintain the continuity of service.

c) The individual has reached his/her 62nd birthday. The individual may not begin a furlough year until the beginning of the next academic term following his/her 62nd birthday.

d) The individual has not taken sabbatical leave during the four years preceding the beginning date of the retirement furlough.

e) The individual is in an active work status at the time the retirement furlough is requested. A retirement furlough may not be requested while on extended sick leave or long term disability.

B. DURATION AND COMPENSATION

1. A retirement furlough may be granted for the total annual appointment period or in partial installments of at least a term's duration over two or three consecutive years. The annual appointment period is defined as either a twelve-month or a University-year period.

   Payments for retirement furlough will be made in accordance with standard Payroll payment procedures. Payments will not be made in a lump sum nor will they be deferred to some period after the retirement furlough is actually taken.

2. An individual granted a retirement furlough for a total annual appointment period without installments shall receive payments at the salary rate paid in the previous appointment period.

   The staff member granted a retirement furlough in partial installments supplemented with work assignments shall receive appropriate merit salary adjustments on the work assignment and furlough portions, if any, up to the year preceding full retirement. The salary and furlough rates during the final year will be equal to the salary rate in the previous appointment period.

3. The amount of retirement furlough benefit to which a person is entitled is determined by the average of appointment fractions existing during the ten years of service preceding the beginning of a furlough.

   NOTE: Individuals who were previously full-time but hold part-time appointments as part of a formally approved phased retirement program which has been approved in advance in writing prior to the implementation of a full or phased retirement furlough, are entitled to furlough benefits based on the use of their pre-phased retirement appointment fraction for the phased retirement period.

C. PHASED RETIREMENT

Phased retirement refers to reduced appointments which may be combined with full or partial annuities and partial retirement furlough, if applicable, to assist an individual in preparing for retirement.

The individual must be eligible to retire prior to beginning phased retirement.

1. Eligible individuals may begin furlough payments in conjunction with part-time work or phased retirement leave without salary. Either full or partial TIAA-CREF annuity payments may begin. Up to three different starting dates may be chosen for each contract. For further information, contact the Office of Staff Benefits.

2. A "phased retirement leave without salary" will be issued to cover normal work periods when the person is not working.

3. The combination of partial retirement furlough and reduced working appointment may not exceed a total appointment fraction of 100% for the normal appointment period.

   NOTE: The rationale for establishment of the phased retirement program was to allow the staff member to reduce the normal workload as complete retirement approaches. Retirement furlough appointments are not granted during normal non-work periods, such as between terms of the University year.

D. COMPLETION OF RETIREMENT FURLOUGH

Upon completion of the retirement furlough or of a phased retirement program which utilizes a retirement furlough, the individual will be placed on retirement status. (See SPG 201.83, Retirement, and SPG 201.80, Emeritus Professors.)

E. STAFF BENEFITS DURING RETIREMENT FURLOUGH

Coverage provided by the Group Health Care Programs, Dental Assistance, and the Group Life Insurance Plan is continued during the retirement furlough. For those who elect a phased retirement program, the University's contributions to the above plans will continue during all periods of the phased retirement program--those shown as leave without salary as well as during periods with pay when there are work assignments or retirement furlough. Individuals must make arrangements in advance with the Office of Staff Benefits to continue any necessary staff member contributions during periods without salary.

F. RETIREMENT PLAN (TIAA-CREF)

University retirement plan contributions will continue during periods with pay (i.e., work or furlough periods) for individuals who elect a phased retirement program, and during the entire year for individuals who elect one annual appointment year furlough. During phased retirement leave without salary, the staff member may continue retirement plan contributions though the University will not contribute.

G. SOCIAL SECURITY BENEFITS AND TAXES

Social Security benefits are governed by federal law. Eligibility during the retirement furlough should be determined by direct discussion and arrangements with the local Social Security Office. Withholding for federal and state income tax and social security tax will be taken from furlough earnings.

H. SICK LEAVE PLAN

Individuals electing a retirement furlough in partial installments supplemented with work assignments are covered by sick leave benefits during the work assignment portion of the appointment only. No sick leave benefits are available during the retirement furlough portion.

I. VACATION BENEFITS

1. Accrued vacation benefits, if any, must be exhausted prior to the initiation of a full or partial retirement furlough program. Vacation benefits not exhausted will be lost.

2. Vacation benefits do not accrue during the period of a full retirement furlough.

3. Staff members electing a retirement furlough in partial installments supplemented with work assignments accrue vacation benefits, if eligible, during the work assignment portion of the appointment only. The vacation benefits must be exhausted prior to the beginning of the next retirement furlough installment or be forfeited.

J. DEATH DURING RETIREMENT FURLOUGH

Retirement furlough benefits cease upon the date of death of the staff member.

K. INCAPACITY DURING RETIREMENT FURLOUGH

If a staff member is incapacitated during a retirement furlough, the furlough will continue. If a staff member is incapacitated after a retirement furlough is approved and scheduled, but before it has begun, the retirement furlough will be honored unless there is mutual agreement between the individual and the affected operating units to alter the plan.

III. Procedure

A. REQUEST FOR RETIREMENT FURLOUGH

RESPONSIBILITY		ACTION
Professorial Staff Member	1.	Submit written request indicating specific plans and effective date of complete retirement to appropriate chairperson and dean not less than twelve months preceding the anticipated retirement furlough effective date.
	2.	Contact the Office of Staff Benefits concerning retirement procedure.
Chairperson and Dean	3.	Review the retirement program request to determine eligibility and appropriateness.
	4.	If approved, send a letter of approval to the staff member.
Chairperson	5.	Two months prior to beginning date of the retirement furlough or a phased retirement furlough, the chairperson completes an Appointment Change Request TAD (see Forms Guide for a sample) and forwards it to the office of the dean.
Dean	6.	Review, approve, sign and forward TAD to the Faculty and Staff Records Office.

RESPONSIBILITY		ACTION
Faculty and Staff Records Office	7.	Review and process TAD and distribute notice of appointment to appropriate departments and staff member.
Chairperson and Dean	8.	If on phased retirement, submit salary or other changes as appropriate during the phased retirement program.

B. COMPLETION OF RETIREMENT FURLOUGH

Chairperson and Dean	1.	Sixty days prior to retirement effective date, complete and forward Termination Request, attach TAD and Retirement Memoir through Dean, Director or Administrative Head to Faculty and Staff Records Office (See SPG 201.80 regarding request for emeritus status).
Faculty and Staff Records Office	2.	Process Termination Request and send notice to appropriate departments. Forward Retirement Memoir and Personnel file to the Secretary of the University.
	3.	After memoirs have been adopted by the Board of Regents, record emeritus title on faculty and staff database.