THE UNIVERSITY OF MICHIGAN

STANDARD PRACTICE GUIDE

SECTION:	Personnel	**Number:**	201.83
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SUBJECT:	Retirement	**Date Issued:**	
		Attachment(s)	0
APPLIES TO:	Regular and Supplemental Staff		
ISSUED BY:	Personnel Office and Office of the Provost and Vice President for Academic Affairs		

I. Policy

The University offers its faculty and staff members the option of retiring completely or "phasing" into retirement by various combinations of partial appointments, partial annuities, and for eligible professorial staff a partial furlough.

"Phased" retirement must have departmental approval.

II. Definitions

A. RETIREE

A retiree is a University designated title for any individual who voluntarily terminates from the University and who meets the following age and years of service requirements with a regular or supplemental appointment:

AGE	YEARS OF CONTINUOUS SERVICE AS OF LAST DAY OF PAY
50 or younger	30
51	28
52	26
53	24
54	22
55	20
56	18
57	16
58	14

59	12*
60	10*

B. 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.

C. RETIREMENT FURLOUGH (consultantship)

A retirement furlough is that period of time when a regular, professorial staff member hired prior to January 1, 1984, age 62 or older, and meeting other eligibility requirements, 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 (See SPG 201.81 for further details about the Retirement Furlough).

The furlough may be taken for the total appointment period or in installments over two or three years as part of a phased retirement program.

D. DETERMINATION OF YEARS OF SERVICE

1. Years of service are determined by counting the continuous years employed in a status that was eligible for retirement plan participation.

2. Approved leaves of absence without salary and periods of non-appointment are counted as active service and maintain continuity of service provided the staff member returns to work with a regular or supplemental appointment following each leave or period of non-appointment.

III. Regulations

A. FULL RETIREMENT

Eligible individuals selecting full retirement are terminated from active status. The benefits for those who are fully retired include:

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* The service requirement of 12 years at age 59 and 10 years at age 60 and above will apply to all staff members employed on or after October 1, 1983. The service requirements for those hired earlier are 10 and 5 respectively.

1. The retiree may begin receiving full or partial TIAA-CREF annuity payments immediately upon retirement or may defer payments according to TIAA-CREF rules and regulations.

2. Certain benefits are continued by the University for staff members whose eligibility for those benefits was maintained during all years of continuous service needed to be eligible for retirement:

   a) Group health and dental care coverage continued for retiree and eligible dependents, if any. For group health, the University's contribution will be no more than the University's contribution towards the cost of Blue Cross/Blue Shield. The University reserves the right to require co-payments by retirees and their dependents towards health insurance premiums. If, at retirement, the retiree and/or spouse is covered by group health insurance through a spouse's employer and at some later date that insurance is involuntary canceled and is no longer available even at the employee's expense, the retiree and/or spouse, if any, may transfer to corresponding University coverage. Contact the Office of Staff Benefits for rules applicable to staff members retired prior to April 1, 1981.

   b) Decreasing Term Life Insurance is continued at University expense.

   c) Retirees with a date of service on or after July 1, 1988, will pay the full cost of these plans up to the month they turn 62. A department has the option of paying the pre-age 62 cost if it wishes to encourage early retirement. On and after age 62, the University's contribution will be as specified in "a" and "b" above.

3. Periodic Health Appraisal eligibility is continued into retirement.

4. University of Michigan Record publications are sent to all retirees.

5. Medicare Part B reimbursement to the extent provided by the University, may begin once coverage begins and application is made.

6. Library privileges and Athletic Ticket discounts are continued.

7. Parking privileges may be requested.

8. Retirees age 65 and older may enroll in any university courses for which they are properly qualified and pay 50% of the announced fee. HRD programs are offered to all retirees at 50% of the announced fee.

An individual eligible to retire prior to going on a leave or layoff may retire during or at the end of the leave or layoff. Benefits available to retirees which are not continued during leave or layoff will be reinstated as of the date of retirement.

B. PHASED RETIREMENT

1. Eligible individuals selecting phased retirement must reduce time worked by electing to continue working on a partial appointment basis or schedule a combination of time off with time worked.

2. A phased retirement plan must be requested by a staff member in writing and approved by the department head at least one year prior to the start date. Once a plan is established and implemented, it should remain in effect until complete retirement. Modifications to succeeding years can be made only with the approval of the department head.

3. Either full or partial TIAA-CREF annuity payments may begin at age 59 1/2 or older.

4. Salary earned during the phased retirement period will be paid in accordance with standard payment plans.

5. Benefits during Phased Retirement:

   a) Should a faculty or staff member be placed on a leave of absence or layoff while on phased retirement, University and employee contributions towards benefits will be based on the rules regarding the leave of absence or layoff rather than phased retirement.

   b) GROUP HEALTH PLAN COVERAGE - Coverage and University contributions continue during periods without pay as well as periods with pay. The staff member must make arrangements in advance with the Office of Staff Benefits to continue staff member contributions, if any, during periods without pay.

   c) GROUP DENTAL ASSISTANCE PROGRAM - Coverage and University contributions continue during periods without pay as well as periods with pay.

   d) GROUP LIFE INSURANCE - The usual insurance amounts and usual University contributions continue during periods without pay as well as periods with pay except that when there is a reduction in base annual salary, insurance will continue at the same level for up to two years, and then adjust for salary at that time. During periods without pay, the individual must make arrangements in advance with the Office of Staff Benefits to continue staff member contributions.

e) SOCIAL SECURITY - Payments can begin as early as age 62 for any month that the individual does not earn more than the Social Security monthly limit. The year in which Social Security benefits begin is "the year of retirement." After "the year of retirement," eligibility for monthly Social Security payments is based on an annual earnings test rather than a monthly earnings test. Contact your Social Security Office for details.

f) LONG TERM DISABILITY - Disability Plan protection during leaves without salary will normally continue for up to twelve months. During leaves without salary or reduced effort, disability benefits will be based upon the average salary including furlough income, if any, for the remainder of phased retirement. The salary base for such determination of disability salary and benefits will not exceed the University paid base amount unless individual's contributions, if any, have been continued. Disability benefits will begin after the exhaustion of sick and vacation pay and will cease at the end of the previously scheduled phased retirement period.

g) VACATION BENEFITS - Non-Instructional staff must have at least a 20% appointment (50% for Trades and IUOE) to accrue vacation and holiday pay. Those who are participating in phased retirement by reducing their hours of appointment will be paid for all accrued vacation in excess of the maximum accrual eligibility for the reduced appointment. Anyone participating in phased retirement by taking a leave of absence for a fixed period of time will maintain vacation hours accrued not to exceed the maximum eligibility. Vacation hours do not accrue during the period of the leave of absence. Faculty on a one month in twelve vacation plan will use vacation during periods of work assignments.

C. COMPULSORY RETIREMENT AGE

No faculty or staff member has a compulsory retirement age.

D. PREPARING FOR RETIREMENT PROGRAMS

Periodically the University Human Resource Development Office and the Medical Center Training and Development Office offer "Preparing For Retirement" seminars to all regular faculty and staff members who wish to enroll in the seminars.

E. RE-EMPLOYMENT OF UNIVERSITY RETIREES

An emeritus faculty member may be reappointed for a period not exceeding one year by express action of the Regents. Such appointments may be renewed only be action of the Regents. Any other retiree may be re-employed as a regular or temporary

faculty or staff member based on the nature of the position involved (Please see SPG 201.49 Rehire/Reinstatement and SPG 201.57 Temporary Employment).

IV. Procedure

A. PHASED RETIREMENT

RESPONSIBILITY		ACTION
Faculty or Staff Member	1.	Submit written request indicating plans and effective date of complete retirement to department head at least one year prior to beginning date of phased retirement plans.
	2.	If Social Security benefits are to begin, the local Social Security Office should be contacted.
Department Head	3.	Contact Dean or Administrative Head to determine feasibility of partial appointment.
Dean or Administrative Head Unit	4.	Review and, if appropriate, approve in writing to department head and faculty or staff member, with a copy to the Office of Staff Benefits.
Department Head	5.	Notify staff member of decision and process appropriate appointment change request to the appropriate Employment Office or to the Faculty and Staff Records Office no later than two months prior to effective date (see the Forms Guide for sample Appointment Change Request [Turnaround Document TAD Form 36701] and Appointment Change Request [Form 36700] for AFSCME, IUOE and Trades staff).
Faculty or Staff Member	6.	Contact Office of Staff Benefits. Arrange for direct payment of TIAA-CREF contributions and staff member portion of health and life insurance premiums during phased retirement and LWOS. Contact the Benefits Office also, if an appointment is being reduced below 50%, or for annuity estimates.

Faculty and Staff Records or Medical Campus Staff Records Office	7.	Process Appointment Change Request, send notice to appropriate departments and faculty or staff member.

B. COMPLETION OF PHASED RETIREMENT PROGRAM

RESPONSIBILITY		ACTION
Department Head	1.	Sixty days prior to retirement effective date, complete and forward Termination Request, attach TAD and Retirement Memoir, if applicable, through Dean, Director or Administrative Head to the Faculty & Staff Records Office or the Medical Campus Staff Records Office. (See SPG 201.80 Emeritus Professors regarding requests for emeritus status.)
Faculty and Staff Records or Medical Campus 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, if applicable.
	3.	After Memoirs have been adopted by the Board of Regents, record emeritus status on faculty and staff database.

C. FULL RETIREMENT (no furlough)

RESPONSIBILITY		ACTION
Faculty or Staff Member	1.	Submit written request to department head as early as possible prior to the retirement date. One year notice is recommended for instructional staff and three months for other staff.
	2.	Contact the Office of Staff Benefits concerning retirement benefits and procedures at least three months before expected retirement date.
Department Head	3.	Sixty days prior to retirement effective date, complete and forward Termination Request, attached TAD and Retirement Memoir if applicable through Dean, Director or Administrative Head to the Faculty and Staff

RESPONSIBILITY		ACTION
		Records Office or the Medical Campus Staff Records Office (See SPG 201.80 regarding requests for emeritus status).
Faculty and Staff Records or Medical Campus Staff Records Office	4.	Process Termination Request and send notice to appropriate departments. Forward Retirement memoir and personnel file to the Secretary of the University, if applicable.
	5.	After memoirs have been adopted by the Board of Regents, record emeritus status on faculty and staff database.

D. FULL RETIREMENT (upon completion of furlough by professional staff)

RESPONSIBILITY		ACTION
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.