



**UNIVERSITY SENATE
Faculty Affairs and Personnel Committee**

Report and Recommendations on Faculty Retirement Incentives

1. THE CHARGE

S-0415: Faculty Retirement Incentives: Evaluate the desirability and feasibility of faculty retirement incentives, in particular of phased retirement plans such as the one that was being negotiated by the New Brunswick Faculty Council and the Lawrence administration in the mid-1990s and the one recently proposed by the AAUP under their Proposal for a Faculty Retirement Transition and Renewal Program.

The AAUP proposal (Appendix I) can be found on-line at:

[http://www.rutgersaaup.org/news/Retirement Transition and Renewal Program.htm](http://www.rutgersaaup.org/news/Retirement%20Transition%20and%20Renewal%20Program.htm).

The New Brunswick Faculty Council (NBFC) plan (Appendix II) is not part of formal NBFC minutes. However a letter to the faculty stemming from this process is accessible through the NBFC web page at <http://nbfc.rutgers.edu/retirement.html>.

2. SUMMARY

The Faculty Affairs and Personnel Committee (FAPC) was asked to review the desirability and feasibility of faculty retirement incentives, in particular of phased retirement plans, and to submit appropriate recommendations for the consideration and approval of the Senate. Having done so, the FAPC recommends the following actions to the University Senate:

- To recommend to the administration that laying out of the possible options under an Individually Negotiated Retirement (INR) agreement become a standard mandatory part of each post-tenure review. (See page 4, Recommendation 1.)
- To recommend to the administration that information on the possible options under an INR agreement become an integral part of any University Human Resources retirement seminar or literature. (See page 4, Recommendation 1.)
- To recommend to the administration that it commits to ordinarily return to the local unit at least part of the resources freed by the retirement of any faculty whose retirement was negotiated by the unit. (See page 5, Recommendation 2.)
- To suggest to the University administration and the AAUP that a phased retirement program would be desirable as an incentive for retirement and to urge them to continue negotiating such a program. (See page 6, Recommendation 3.)

3. REPORT AND RECOMMENDATIONS

The FAPC on its meeting of 3/11/05 tabled the charge for the Fall 2006, at which time the committee met and discussed it in five sessions, on 9/29/06, 10/27/06, 12/01/06, 1/19/07,

2/16/07. The committee heard from both the AAUP (Dr. Rudy Bell) and the University Administration (Dr. Phil Furmanski). The draft report submitted to the Senate Executive Committee was the result of interim deliberations and votes, and was circulated to the membership by e-mail prior to submission.

3.I. Background

The FAPC looked at the relevant documents mentioned above as well as other literature on Phased Retirement (Appendix III). The committee also heard from committee members that were involved in the formulation of the two plans named in the charge. One committee member was a member of the AAUP team that attempted to negotiate the AAUP proposal with the University Administration in 2004, and one of the co-chairs was involved in the formulation of the NBFC plan during the Lawrence administration.

The initial NBFC plan was developed soon after the elimination of mandatory retirement. At the time it was feared that the combination of life tenure and the absence of mandatory retirement would result in a faculty body that would experience limited renewal. In addition, older faculty are typically more highly paid so that it may be possible to hire two Assistant Professors on the same salary as one retiring Professor II, provided the lines exist. Indeed, during the first two years after mandatory retirement was abolished, the rate at which Rutgers faculty retired was practically zero. The Personnel Policy Committee (PPC) of the NBFC was charged in 1994 (and every year after that through 1999) to collaborate with the administration, in particular Vice President Jean Ambrose, to devise retirement incentives for faculty. The PPC and the Administration agreed, at the time, that the most enduring retirement incentive, one that would also allow for institutional planning, would be that of Phased Retirement (PR). The literature then, as well as now, indicated that PR alleviates the fear that faculty who postpone retirement for non-financial reasons experience. Typically faculty are concerned that “there is no life after retirement” and they are afraid of losing their identity as academics. In most cases the reluctance to retire is a result of lack of plans for after retirement. PR is designed to ease faculty into retirement and as such it has been successful. In addition, if properly balanced, a PR plan can save the University money. To understand the economics, one has to realize that:

- Faculty salary is part of the University budget.
- Faculty benefits are paid for directly by the State.
- Retiree benefits are covered by the State after 25 years of service.
- Retirement annuities come from the retirees’ fund or the State and are not part of the University budget.

The planning and negotiations went on for almost five years. It was also the case that such a program was being held back awaiting passage of the Higher Education Bill in Congress which allowed age requirements to be explicitly included in such a program that would otherwise be construed as age discrimination. The bill passed at least in part as a result of the lobbying efforts of the Rutgers administration.

The plan that was finally agreed to in April 1999 contained language that would permit faculty to retire and then be re-hired, either full-time or part-time, on term appointments. Retirees would have full benefits if re-hired full time. The issue of salary would be left to negotiations between

the prospective retiree, the department chair, and the dean. Two separate sets of papers would be signed at the same time to prevent a gap in employment.

It was expected that the plan would be in place in the following Fall. During the summer, however, an administrative re-organization took place: the office of the New Brunswick Provost was abolished and the status of the NBFC, which was an advisory body to the Provost, came under question. Vice President Ambrose retired and the plan was shelved. When the PPC tried to reintroduce the PR plan, the situation seemed to have changed: faculty had again started to retire, but at an age higher than that required by mandatory retirement. According to AAUP projections (see Appendix I), on July 1, 2005 there would have been 571 faculty members with at least 25 years of service drawing an aggregate salary of over \$60,000,000. The University administration decided against instituting a structured retirement incentives plan and chose instead the route of “Individually Negotiated Retirement” (INR) between prospective retirees and their chairs or deans. The NBFC drafted an information letter to the faculty that has been residing on its Web site since 1999 (Appendix II).

In December 2004, the AAUP presented a similar proposal to the administration. Its main points are as follows:

- The employee retires and is entitled to all university benefits and privileges currently accorded to retirees.
- The former employee is hired on a written contract of five years duration at 50% work for 50% pay (hereinafter called “5@50%”). The 50% work may be bundled into one semester.
- Health and life insurance is accorded under the retirement provisions of the state of New Jersey.
- Individuals retain their former academic titles, prefixed with the word “Senior.”
- Senior status academic titles do not carry tenure. Except of participation in personnel decisions they are treated as regular, voting department members.
- Senior status faculty are not eligible for FASIP or sabbaticals.

Since then, the AAUP and the University administration entered into negotiations which did not lead to an agreement and seem to have stopped.

The FAPC also examined the INR agreements that were signed at Rutgers in the past few years (with the names of the retirees deleted). While the majority of the incentives were not what could be construed as “phased retirement,” some could. Typically incentives fall within those specified in the NBFC information letter, namely:

- Release from some duties for a period before retirement.
- Release from the requirement of returning to the University for an equivalent time after completing a sabbatical leave, if they retire immediately after the leave.
- Continuing on part-time research with office and laboratory space as well as secretarial support after retirement for a specified period of time.
- Continuing on part-time teaching with office and secretarial support after retirement for some agreed-upon sum for a specified period of time.
- Office space for a specified period of time.

What the committee found particularly striking was that there was such a wide range of incentives to the extent that they believe constitutes inequity. The committee realizes that the operative words in “Individually Negotiated Retirement” are the first two. However, the committee believes that, as long as there is no standard or minimum, or at least a systematic and non-exclusive flow of information to prospective retirees, then these inequities will continue beyond what is reasonably expected from individual negotiations. In particular the committee noted significant inequities between units and saw letters from deans stressing to each prospective retiree that the deal was only applicable to him/her.

The committee subsequently attempted to separate the issue of PR, which is one particular retirement incentive, from the general issue of retirement incentives under the current era of INR.

3.II. Discussion and Recommendations on Individually Negotiated Retirements

The desirability of incentives in general is not disputed. The feasibility of incentives has also been proven in practice through the successful series of INRs. The FAPC believes that the process will be both more effective and certainly more equitable if all faculty were made aware of their rights and options. To achieve this, it is necessary to introduce a more structured approach. The committee identified an opportunity for the presentation of rights and options in the process of the already instituted post-tenure review. It would be expected of chairs to review retirement options and rights to all faculty at this time, and to report to the dean that they have done so. This would allow all faculty to be informed, whether they contemplate retirement or not, and, by making it a blanket policy, it would also leave it up to the faculty member to initiate exploration of the possibilities of an INR. Thus the chair would not be perceived as targeting specific faculty members. In addition, the options under INR should be incorporated in the process of retirement planning that is administered through University Human Resources (UHR). UHR regularly invites faculty of a certain age to seminars. These seminars, as well as UHR literature, should outline INR options and should be made readily available.

For these reasons, the FAPC offers the following recommendation for adoption by the University Senate:

Recommendation 1:

The Senate recommends to the administration that information on the possible options under an Individually Negotiated Retirement agreement become an integral part of any University Human Resources retirement seminar or literature.

In addition, the senate recommends that handing out said literature and offering to discuss the possible options under an Individually Negotiated Retirement agreement become a mandatory part of each post-tenure review, and that the chair certifies to the dean that this information has been conveyed to the faculty member for each post-tenure review report that is filed.

In addition the committee suggests that any successful program will have to provide incentives for the department and unit as well. It would not be reasonable to expect a chair or dean to actively urge a faculty member to retire if there were no guarantee that the vacated line and

resources would, at least in part, be returned to the department or unit. Thus the FAPC offers the following recommendation for adoption by the University Senate.

Recommendation 2:

The Senate suggests to the administration that incentives to the local units are also necessary for the success of any retirement incentives program and recommends that the administration commits to ordinarily return to the local department or unit at least part of the resources freed by the retirement of any faculty whose retirement was negotiated by the department or unit.

3.III. Discussion and Recommendation on Phased Retirement

A report on phased retirement by Leslie and Janson¹ indicated that the success or failure of the program depends on the details. A program that is too restrictive will not have significant appeal and would fail as an incentive. On the other hand, a program that is too liberal would have the potential to deplete departments and units of valuable productive faculty. Such seems to be the case in California that stands out nationally because under it retirees enjoy unusual privileges, including retaining their tenure. The FAPC suggests that putting percentage caps, such as those currently enforced on the sabbatical leave program, on individual departments or units might be a useful way of guarding against the depletion of faculty through massive retirement. Beyond that, the FAPC decided that the feasibility of such a program depends on the details that should be a subject of negotiations between the University administration and the AAUP and has simply compiled those suggestions that seemed to be the minimum for a successful program.

In terms of desirability, the FAPC finds that such a program is desirable, as an addition to the current list of options. As many as half of all colleges and universities have turned to incentives such as phased retirement to help increase retirement rates. Data from the Leslie and Janson survey showed that faculty typically plan to retire in their mid-60s – with or without incentives. At the same time though, an interesting conclusion of the survey is that one's projected retirement age increases as one gets older. Roughly half (52.4%) of tenured full-time faculty over the age of 55 reported that they would consider retiring and working part-time at their present institutions. Much fewer actually do and it seems that more faculty would elect phased or early retirement than presently do if policies were more accommodating and information about options were more clearly communicated. Phasing is seen as a way to prolong one's professional identity, commitments, affiliation with friends, and achievements. It seems that it is those best prepared economically for retirement who would nevertheless be willing to continue working part-time for reasons other than economic need.

It was also found in that survey that departments may feel they lose when “phased” positions are reallocated, or they may feel more burdened when they have to manage more part-time faculty without promise of full-time replacements for their phased retirees. These issues have to be addressed or they can become contentious.

¹ David W. Leslie and Natasha Janson: “Phasing Away: How Phased Retirement Works for College Faculty and Their Institutions”, March 2005, <http://www.wm.edu/education/Faculty/Leslie/PhasingAwayBooklet.pdf>. The report focused principally on research and comprehensive universities and used data from over 17,000 faculty.

The experiences of institutions with phased retirement do point to the need for flexibility in dealing with individual concerns. However, as desirable as individually negotiated agreements about retirement may be, there is great potential for discrimination unless these negotiations fall within a policy that clearly specifies eligibility to participate, outlines acceptable terms and conditions of employment, and establishes principles concerning pay and benefits. Otherwise, individual arrangements could be much different from department to department or even individual to individual – and based on no more than the whim of the chair or dean. This seems to be the case with the status of INRs at Rutgers. Thus flexibility in accommodating individual interests must be balanced against the need for fair and equitable treatment of all eligible retirees, as well as against the institution's goals and resources. At most institutions, the terms and conditions of an individual's assignment in phased retirement are negotiated at the department level, while the pay, benefits, and length of the arrangement are specified at the institutional level. This allows departments and individuals to play to each other's needs and strengths while preserving the overall equity of treatment among departments.

Thus the FAPC suggests that the AAUP and the University Administration meet to forge a policy and suggests the following guidelines:

- Pay, benefits, and general guidelines on length of term, workload, and other conditions such as access to office or lab space and support services should be established at the institutional level; specific details about assignments should be negotiable – subject to review and approval for consistency – at the department level.
- Individual circumstances may require special consideration and may be essential to securing an agreement. The policy should also allow for flexibility.
- To the extent possible, resources vacated by “phasing” individuals should be returned to the most affected departments.
- Limits might be set on what fraction of a department's faculty may phase at any given time.

Recommendation 3:

The Senate finds that a phased retirement program would be desirable as an incentive for retirement and urges the University administration and the AAUP to continue meeting in order to negotiate such a program.

4. RESOLUTION

In Support of the University Senate's Faculty Affairs and Personnel Committee's Report and Recommendations:

Whereas, the University Senate Faculty Affairs and Personnel Committee has examined and reported on Faculty Retirement Incentives; and

Whereas, the University Senate has reviewed the Committee's report and its Recommendations, finding those recommendations to be sound and in the best interests of Rutgers University;

Therefore, Be It Resolved, that the Rutgers University Senate endorses the "Report and Recommendations on Faculty Retirement Incentives" and urges the Administration to implement its recommendations.

Faculty Affairs and Personnel Committee 2006-07

Gould, Ann, Cook (F), Co-Chair, Executive

Committee Liaison

Panayotatos, Paul, GS-NB (F), Co-Chair

Ally, Winston, Pharmacy (S)

Barbarese, Joseph, GS-C (F)

Boylan, Edward, FAS-N (F)

Carbone, Kristin, GSAPP (S)

Coit, David, Engineering (F)

Covey, Lori, FAS-NB (F)

Dennis, Roger, Camden Provost (A)

Deutsch, Stuart, Law-Newark Dean (A)

Finegold, David, SMLR Dean (A) -

Administrative Liaison

Gonzalez-Palmer, Barbara, MGSA (F)

Hart, Joseph, MGSA (F)

Hyman, Ronald, GSE (F)

Leath, Paul, At-Large NB (F)

Lehne, Richard, FAS-NB (F)

Lipman, Jarrett, MGSA (S)

Markert, Joseph, PTL-NB (F)

Puniello, Françoise, Douglass (F)

Rabinowitz, Samuel, SB-C (F)

Schein, Louisa, FAS-NB (F)

Schock, Kurt, NCAS (F)

Simmons, Peter, Law-N (F)

Thompson, Karen, PTL-NB (F)

Wagner, Mary, Pharmacy (F)

APPENDIX I: AAUP Proposal

AAUP Proposal for a Faculty

Retirement Transition and Renewal Program

December 15, 2004

This document was prepared by an *ad hoc* committee comprised of James W. Reed, Chair; Rudolph M. Bell, *ex officio*; Ken Carlson; P. Dennis Cate; Janet Golden; Briavel Holcomb; Ted Kruse; Steven Lawson, and Peter Simmons. Galina Moser and Patrick Nowlan served as staff support. Margaret McMahon of McMahon Consulting LLC provided external expertise on matters related to New Jersey state provisions for benefits and pensions.

Age-based mandatory retirement was abolished a decade ago. Since then, an effective means for universities to achieve the dual goals of bringing new scholars to the community while maintaining a core of experienced faculty has been transitional, or phased, retirement. The very existence of a well-articulated transitional program is a significant factor in attracting and retaining distinguished scholars. Phased retirement allows faculty members to continue their contributions to teaching, research, and service, while providing resources for the recruitment of new academics to the university. Specific advantages to Rutgers University in adopting the program we propose include:

- Providing substantial new resources for hiring tenure-track faculty, including salary dollars, benefit-bearing lines, and savings from reduced pension pay-ins at minimal cost to the state and the university.
- Retaining the talents of established faculty on a part-time basis at a fair salary.
- Encouraging mid-career faculty to remain at Rutgers because they are assured of an excellent program for phased retirement.
- Facilitating predictable, gradual adjustment by departments to changing personnel configurations, with better mentoring of graduate students and new faculty members.

Successful phased retirement programs exist within many institutions including AAU public university systems in California, Colorado, Florida, and North Carolina. Private universities also offer a wide variety of phased retirement options. Study of these plans is useful, but it is clear that the appropriate plan for Rutgers University will be one closely attuned to the legal setting in New Jersey. Fortunately, the key elements of a phased retirement plan are already in place.

- Continued health benefits (with minor modifications) are guaranteed by the state of New Jersey for all state employees who retire with twenty-five years state pension credit, regardless of age.

- Alternate Benefit Program (ABP) plans -- TIAA-CREF or other -- make the full value of an individual's pension plan accessible upon retirement, which may be taken at any age.
- ABP plans are defined contribution (not defined benefit), so that the amount of pension available is based on accumulated dollars, not on annual salary in the years immediately preceding retirement.
- ABP plan members in New Jersey are not restricted as to the amount they may earn from post-retirement employment, even if re-employment is with the same institution where the pension was earned.

In short, Rutgers is able under current law and pension regulations to encourage faculty to retire and then to rehire them. Faculty with twenty-five years of state pension credit, regardless of age, are eligible to retire while retaining health benefits, gaining access to their full pensions, and continuing to work for the university.

Graph 1 provides an age distribution of the 571 faculty members who will have achieved 25 years of service (usually, but not always, congruent with state pension credit, which individuals must determine for themselves) by July 1, 2005. Under current pension regulations, these faculty members will retain health benefits at current cost (zero for the State Plan) or less, when they retire. Roughly one in four faculty members fall into this group, each currently occupying a slot as an active-employee in the state benefits plan that could be used instead to support the hiring of a new faculty member. The retiring faculty member would retain health coverage as a retiree with 25 years state pension credit, as provided for by the state of New Jersey. Chart 1 groups the same 571 faculty members into age cohorts and shows their projected July 1, 2005, salaries. Potential dollars available over the coming years for new hires clearly are considerable, even if a substantial fraction of the eligible 571 faculty members with 25 or more years of state pension credit may not be contemplating retirement just yet.

Graph 1

Number of faculty with 25 years of service by July 1, 2005

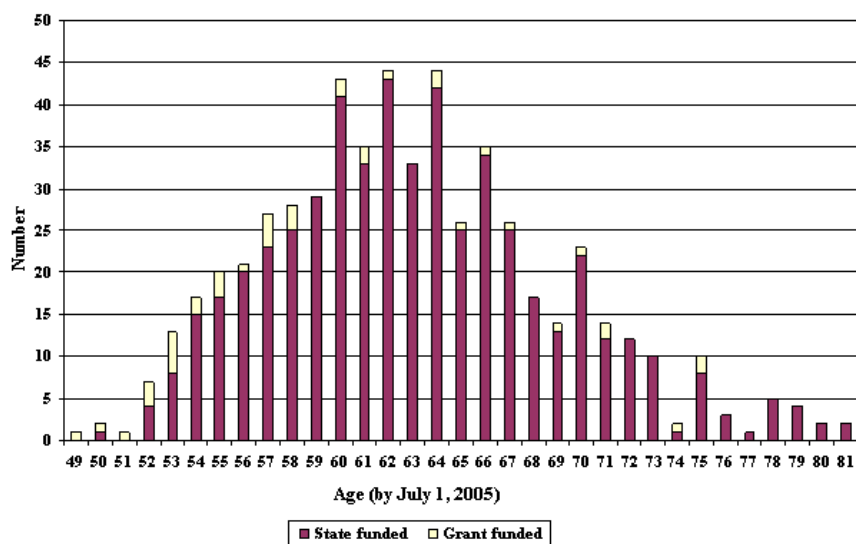


Chart 1

Salary dollars for faculty with 25 years of service by July 1, 2005

Faculty members	State funded		Grant funded		Total	
	Number	Salary	Number	Salary	Number	Salary
Age under 60:	142	\$14,786,457	24	\$2,287,044	166	\$17,073,501
Age 60 - 64:	192	\$20,347,701	7	\$665,782	199	\$21,013,483
Age 65 - 69:	114	\$12,668,689	4	\$428,277	118	\$13,096,966
Age 70 up:	82	\$9,444,067	6	\$649,315	88	\$10,093,382
Total:	530	\$57,246,914	41	\$4,030,418	571	\$61,277,332

There may well be members of the faculty with fewer than 25 years of state pension credit who do not need health benefits because they have coverage in some other way. Others would find phased retirement sufficiently attractive that they would be willing to pay for the health coverage individually (which all employees are entitled to do). Although the three favorable ABP plan features outlined in the previously bulleted points apply regardless of entitlement to health coverage, the remainder of this proposal concentrates on those faculty members who are eligible for state-supported health benefits upon retirement, regardless of age.

Re-employment Contract

Many of the 571 faculty members plotted in Graph 1 could retire now and be financially secure, with excellent health coverage. But the sharp break caused by a shift from working full time to not working at all may be unappealing for many reasons. Phased or transitional retirement is intended to meet the aspirations of active faculty who still have much to contribute but who would be comfortable with an employment situation carrying fewer obligations than a full-time position. The plan we propose is as follows:

- The employee retires and is entitled to all university benefits and privileges currently accorded to retirees, including, but not limited to, free parking and library and computer access.
- The former employee is hired on a written contract of five years duration at 50% work for 50% pay (hereinafter called “5@50%”). Subsequent contracts may be of any duration and rate of pay, as set by mutual written agreement between employee and employer.
- Health, life, and disability insurance is accorded under the retirement provisions of the state of New Jersey applicable to all state retirees and is not provided in the “5@50%” contract.
- Individuals retain their former academic titles, prefixed with the word “Senior.”
- Senior Status academic titles do not carry tenure. Nonetheless, Senior Status faculty will retain the rights, protections, obligations, and privileges of their former tenured status in all matters except participation in personnel decisions (including promotion and tenure decisions, FASIP-related committees, and votes for department chair). In all other matters they are treated as regular, voting department members.

- Reductions of workload below 50% during the five years, and a corresponding reduction of pay, may be made by mutual written agreement, taken as leave-without-pay or as a reduction-of-work-with-less-pay.
- The 50% work may be bundled into a semester if the Senior Status faculty member wishes, but must be completed within each academic year.
- Senior Status faculty are not eligible for FASIP salary adjustments, but their base pay will be adjusted to match the salary increases (both across-the-board and average FASIP) for their rank, as specified in the University/AAUP contract for full-time faculty.
- Senior Status faculty are not eligible for sabbaticals.
- Work assignments at 50% shall be based on the individual's usual work assignment over the three years immediately preceding retirement, excluding semesters when the individual was on leave or on special assignment with reduced teaching or other specific and temporary work reductions. Where the resulting calculation produces unwieldy fractions, such as dividing a 3/2 teaching responsibility in half, the issue should be resolved by mutual written agreement at the unit level. Assignments of office space, secretarial support, travel funds, and other matters of this sort also shall be left to mutual written agreement within the individual's unit. In any instance where mutual written agreement is not reached, Senior Status faculty shall retain their former rights to unit-based arrangements for resolution and to contractual University/AAUP grievance processes.
- Pre-existing individual emoluments and perquisites, financial or otherwise, shall be continued at the rate of 50% for the duration of the "5@50%" contract.
- Senior Status faculty shall continue as members of the full-time AAUP bargaining unit.

Pension and Benefit Issues

Under New Jersey state law, faculty members upon retirement gain unrestricted access to their full ABP accounts, regardless of age. The law requires that individuals make at least some withdrawals from their pension funds in order to be classified as retired and therefore eligible for retiree health benefits. Individuals must judge their financial circumstances on a personal basis and manage their money accordingly. It will often be the case that faculty members with over 25 years of state pension credit who opt for Senior Status at 50% pay will have more disposable income during their years in Senior Status than they did before retiring, because the amounts they withdraw from their pension turn out to be less than the amounts of increase to the base from interest and growth. Since the faculty member is retired, however, there will be no further contributions to the ABP account by the employer. Individuals are still free, of course, to invest in any investment plan that they find suits their needs. Faculty members considering phased retirement are urged to consult with a financial counselor before making any commitments to retire.

Under New Jersey state law, faculty members with 25 years of state pension credit upon retirement continue to be covered by the provisions of their health plan immediately prior to retirement, regardless of age. When individuals become eligible for Medicare, usually at age 65, then Medicare Part A and Medicare Part B become primary providers. This change affects the

way care is paid for but not the breadth of coverage itself (except for Medicare restrictions, which also apply to nonretirees). Individuals who have opted for the Traditional Plan (Blue Cross, Blue Shield) and achieved 25 years of state pension credit prior to July 1, 1997, will see a gain since they will no longer have to pay their regular monthly co-premiums. Others in the Traditional Plan will continue to pay monthly co-premiums, while those in the State Plan will not, just as is the case for nonretirees. Different health benefit plans offer retirees different options concerning vision care, dental plans, and prescription drug coverage. Individuals will want to consult the rules of their chosen health plan before deciding whether to retire and opt for Senior Status.

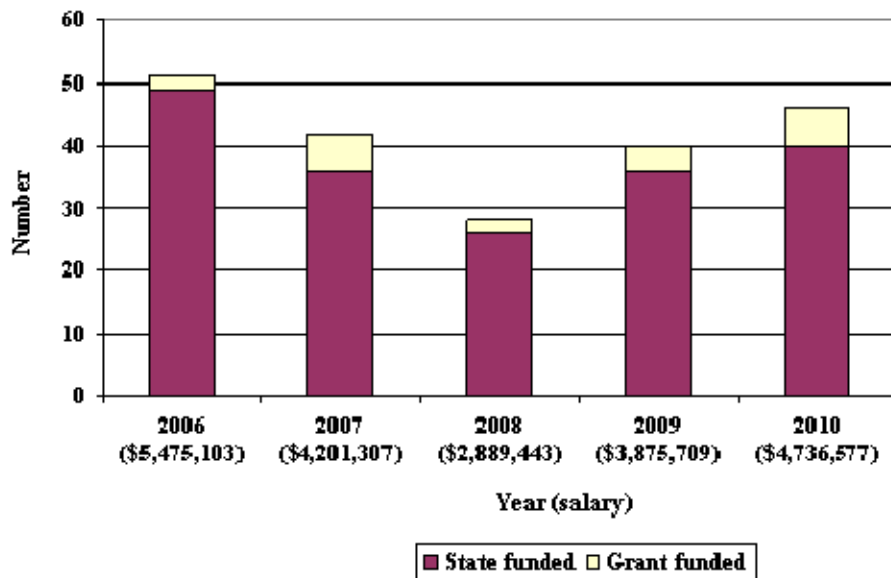
Life insurance coverage will be reduced in accord with state provisions for retired persons, including eligibility to purchase additional continued coverage. The state does not provide disability coverage for retirees.

The Future

This plan is not a buyout or a one-time offer. The stability and permanence of the plan should provide faculty members not yet ready to retire with an important incentive to stay at Rutgers and further their careers here, knowing precisely when they will have access to its options. There may be adjustments to the plan based on experience in the initial years, but the basic foundation seems solid. Graph 2 looks ahead to the faculty members (and their salary dollars as of July 1, 2005) who will achieve 25 years of service in the period from 2006 to 2010. These faculty members are in addition to the 571 included in Graph 1.

Graph 2

Total 2005 salary and number of faculty members with 25 years of service by 2006 - 2010



Renewal of the Faculty

We recognize that under current law, the hiring of new faculty is not subject to negotiation with the AAUP. Nonetheless, we think everyone recognizes that the replacement of retiring tenured faculty with newly hired tenure-track faculty is essential to the academic future of the university. Therefore, we call on the university administration to commit to the renewal of the faculty by hiring tenure-track faculty in numbers equal to the number of faculty members who choose Senior Status, as soon as possible, in order to maintain the university's faculty at full strength overall. We call for a pledge to spend 100% of the dollars saved under this proposal on tenure-track faculty hiring, both the dollars from the 50% salary reductions for Senior Status faculty and from the additional savings that come from not paying into a pension plan for them. Such new hires would be further facilitated as Senior Status faculty members give up their state benefit packages as active employees and enroll instead in plans for retirees. This is truly a win-win-win proposal for students, faculty, and the administration. It is in that spirit that we urge its adoption in the very near future.

Resources:

For a service credit audit to determine how the state of New Jersey has recorded your years of pension credit, write to: New Jersey Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, N. J. 08625-0295.

For the Rutgers University gateway on retirement issues, go to:
<http://uhr.rutgers.edu/life-events/retirement.html>

For the New Jersey Division of Pensions and Benefits home page, go to:
<http://www.state.nj.us/treasury/pensions/index.html>

For the TIAA/CREF home page, go to:
<http://www.tiaa-cref.org/>

For an assessment on phased or transitional retirement nationwide, see:

Ronald G. Ehrenberg (Irving M. Ives Professor of Industrial and Labor Relations and Economics, Cornell University), "The Survey of Changes in Faculty Retirement Policies," American Association of University Professors (updated Jan., 2003).

John H. Pencavel (Department of Economics, Stanford University), "Faculty Retirement Incentives by Colleges and Universities," TIAA-CREF Institute, Working Paper Series 24-040104 (May, 2004).

APPENDIX II: NBFC Letter on Retirement



5/7/99

TO: New Brunswick Faculty Members
FROM: New Brunswick Faculty Council Personnel Policy Committee
Re: Individually Negotiated Retirement

Dear colleague,

This communication is intended for faculty who might be contemplating retirement. The New Brunswick Faculty Council, an elected faculty governance body, has approved this "Dear colleague" letter as a service to its constituency during its meeting of 5/7/99. While the information compiled in this letter has been provided in good faith, the NBFC cannot accept direct responsibility for any errors or omissions. Please also note that the University Administration has not reviewed this letter.

The New Brunswick Faculty Council in general and the Personnel Policy Committee in particular have been working on the issue of retirement incentives for the past several years and have passed several resolutions calling on the University Administration to implement a formal phased retirement plan. During our deliberations and sharing the experiences of colleagues from other Universities it was realized that in most cases the reluctance to retire is a result of lack of plans for after retirement and that one could ease into retirement much easier in a transitional manner. It was expected that such a program was only being held back awaiting passage of the Higher Education Bill in Congress which allowed age requirements to be explicitly included in such a program that would otherwise be construed as age discrimination. The bill passed (at least in part as a result of our University Administration's lobbying efforts) but we understand that the University has nevertheless decided not to formulate such a program explicitly. On the other hand, the University has indicated both that individual agreements between prospective retirees and their Chairs/Deans are being approved and that the vacated lines in New Brunswick will remain with the Deans so that there is incentive on both sides to pursue individual agreements. The NBFC still believes that a formal phased retirement program would best serve the University but, in the absence of such a program, we would like to inform the faculty of both the benefits that are available to them after retirement as a matter of course as well as some ways they can formulate their own "individually negotiated phased retirement program" in negotiation with their Chair and Dean.

The University provides benefits to retirees, among them the following of which faculty are not necessarily aware:

* Retired faculty can keep their university computer account

- * Retired faculty can keep their library privileges
- * Retired faculty should soon be listed in the Faculty/Staff directory
- * Retired faculty with 20 years of service can obtain parking privileges
- * Retired faculty have access to the recreational facilities, Rutgers Club and Personnel

Counseling Services

- * Retired faculty may qualify for tuition remission for themselves and their dependent children subject to certain service duration requirements

A flyer containing fuller information is available from Human Resources (5-3020)

In terms of the negotiated arrangements, the possibilities can significantly vary depending on the particular needs and resources of each unit. The following, however, could be negotiated in order to facilitate an "individually negotiated phased retirement program" and have on occasion been granted in the past in return for voluntary retirement:

- * release from some or all duties for a period of one or two semesters before retirement,
- * dropping of the requirement of returning to the University for an equivalent time after completing a FASP leave, if they retire immediately after the FASP leave
- * continuing on part-time research with office and laboratory space and secretarial support after retirement for a specified period of time
- * continuing on part-time teaching with office and secretarial support after retirement for some agreed-upon sum for a specified period of time
- * continuing on part-time service by participation on certain departmental committees as a non-voting member
- * office space for a specified period of time

The third and fourth items above, which may carry a salary, deserve some further clarification: In terms of part-time research, the retired faculty can participate in funded or unfunded research with or without salary. Retired faculty can be co-investigators in funded projects, in which case they can be paid as consultants or can submit proposals as PI's and be paid through their department as type 4 employees.

In terms of part-time teaching, retired faculty can be hired as PTLs or under other appropriate part-time titles.

In either case, in terms of benefits, faculty who retire with over 25 years of full-time pension-benefited service accumulated by 6/30/97, regardless of when they retire, are eligible for full medical benefits even if rehired on a part-time basis. Faculty who retire with the above 25 years accumulated after 6/30/97 will be eligible for whatever medical benefits are currently available under state law with premium sharing same as for active employees. Faculty who retire with under 25 years of service would probably want to continue their medical benefits by paying themselves for state health benefits.

Hopefully the above is helpful in starting the negotiating process between prospective retirees and their Chairs. The return of the resources to the department is a matter of negotiations between the chair and the dean.

APPENDIX III: Relevant Documents

In addition to documents in Appendices I and II, the following were also used as sources:

Allen, S. G. 2004. The value of phased retirement. National Bureau of Economic Research Working Paper 10531. <http://www.nber.org/papers/w10531>

Ashenfelter, O., and Card, D. 2001. Did the elimination of mandatory retirement affect faculty retirement flows? National Bureau of Economic Research Working Paper 8373. <http://www.nber.org/papers/w8378>

Ehrenberg, R. G. 2000. The survey of changes in faculty retirement policies. American Association of University Professors. <http://www.aaup.org/AAUP/issued/retirement/2000retirement-survey.htm>

Ghent, L. S., Allen, S. G., and Clark, R. L. 2001. The Impact of a New Phased Retirement Option on Faculty Retirement Decisions. *Research on Aging* 23(6):671-693. DOI: 10.1177/0164027501236003

Hutchens, R., and Grace-Martin, K. 2004. Who among white collar workers has an opportunity for phased retirement? Institute for the Study of Labor, Discussion Paper Series IZA DP No. 1155. Can be accessed at the following address: http://wfnetwork.bc.edu/links_template.php?id=2992&topic=13&linktype=suggested&rea=All

Leslie, D. W., and Janson, N. 2005. Phasing away: How phased retirement works for college faculty and their institutions. College of William and Mary for the Alfred P. Sloan Foundation. <http://www.wm.edu/education/Faculty/Leslie/PhasingAwayBooklet.pdf>

Pencavel, J. 2004. Faculty retirement incentives by colleges and universities. TIAA-CREF Institute, Working Paper Series 24-040104 (May, 2004). <http://www.tiaa-crefinstitute.org/research/papers/docs/040104f.pdf>

Penner, R. G., Perun, P., and Steuerle, E. 2002. Legal and institutional impediments to partial retirement and part-time work by older workers. The Urban Institute. <http://www.urban.org/url.cfm?ID=410587>

U.S. Department of Labor. 2006. Report of the working group on phased retirement, Nov. 14, 2000. Employee Benefits Security Administration. <http://www.dol.gov/ebsa/publications/phasedr1.htm>