ADVISORY LETTER ON RETIREMENT PROCEDURES

FOR MEMBERS OF
THE AAUP COLLECTIVE BARGAINING UNIT

UNIVERSITY OF CINCINNATI

February 20, 2015

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Faculty members frequently contact the AAUP office for guidance on retirement steps and procedures. While many of these questions must be re-directed to University Human Resources personnel, counselors from STRS, or private financial advisors, we can provide some guidance on basic issues and procedures.

This advisory letter is intended to provide Faculty Members with some general information regarding retirement, including things to consider in the years prior to retirement as well as those related to decisions at the time of retirement. It should be understood, however, that each individual's situation is different and that most individual-level questions are best answered, as noted above, by consulting with specialists in Human Resources at the University and/or at the Retirement System under which the individual will retire. Nothing in this advisory letter should be construed as legal or personal financial advice; all Faculty Members should consult with a personal financial advisor in making decisions about retirement planning.

Dave Rubin, PhD
Consultant, UC Chapter AAUP
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1. UC Board Rules and AAUP-UC Contract Articles

Contractual matters related to retirement from the Faculty at UC are covered in Articles 17 and 18 of the Collective Bargaining Agreement (CBA) between the University of Cincinnati and the UC Chapter AAUP. In addition, Article 34.2 incorporates the Rules of the Board of Trustees into the CBA, and at least three rules are applicable to this discussion. The applicable rules are Rule 3361:20-43-11 (Payroll: definition of the academic year), 3361:30-28-01 (Retirement: definitions), and Rule 3361:30-28-04 (Retirement: emeritus status). The latter rule is now also paralleled by language in Article 18.6 of the CBA.

a. **Definition of Retirement.** "Retirement" is defined in Board Rule 3361:30-28-01: "An employee whose university employment is terminated for purposes of retirement, whose retirement is approved by the president and by the board of trustees, and who applies for pension benefits from a university-sponsored retirement system and whose application for that pension benefit has been approved shall be considered to be a retiree of the university."

So, the act of retirement has three components:
(1) termination of employment for purposes of retirement;
(2) approval of retirement by the President and the Board of Trustees; and
(3) application for and approval of retirement benefits under a University-sponsored retirement plan. The second component is rather perfunctory. The first and third components require action initiated by the Faculty Member.

The same Board Rule covers Faculty Members who retirement due to a disability, and provides that "An employee who applies for a disability retirement benefit from a university-sponsored retirement system or disability plan and whose application for that benefit has been approved shall be considered a retiree of the university provided the retirement is approved by the president and by the board of trustees."

b. **Basic Retirement Procedure.** Initiation of the retirement process is described in Article 18.1 of the CBA: "Any Bargaining Unit member electing to take retirement under a retirement system identified in 18.2 of this (Collective Bargaining) Agreement should give the Dean or appropriate administrator and University Benefits Division six months' notice, in writing, of the anticipated date of retirement."

While the language in this Article is not imperative ("should" rather than "shall"), it is in the Faculty Member's best interest to give as much notice as possible for personal reasons, as well as to provide the academic unit sufficient time to identify a replacement. Early notice also allows sufficient time for the procedures which follow to ensure that retirement can take place as scheduled. Once the Faculty Member gives notice of the anticipated date of retirement – which can be done through an email or hard copy letter to the Dean – then, "Within ten (10) days after receipt of the notice, the Dean or appropriate administrator shall notify the Bargaining Unit member of the benefits available to the Bargaining Unit member and any application or other procedural requirements. After receipt of this information, the Bargaining Unit member shall have thirty (30) days to rescind in writing his or her notice of retirement. If not so rescinded, the retirement notice shall become effective according to its terms."

c. **University Retirement Plans.** In addition to allowing sufficient time for the process within the University to run its course, the Faculty Member must also apply for retirement, and receipt of retirement benefits, under the retirement system in which they were participating while employed at the University of Cincinnati. Notice of your intention to retire to the Dean (and thus, the University) does not constitute an application for retirement benefits. The University retirement plans are described in Article 18.2 of the CBA. While active on the Faculty, Faculty Members participate in and pay into one of the following five plans: State Teachers Retirement System (STRS); Ohio Public Employees Retirement System (OPERS); City of Cincinnati Retirement System; TIAA retirement system (or alternatives); Ohio Alternative Retirement Program (ARP). In addition to the Faculty Member's contribution to retirement, the University also contributes to the appropriate system.

2. Retirement Plans

The University of Cincinnati became a part of the state university system in 1977; prior to that and since its founding, it was a city university. As a city university, Faculty Members paid into retirement either through the city retirement plan or TIAA-CREF (or a related 403b). In the transition to a state university, continuing Faculty Members could either remain in their existing plans or transfer into STRS or OPERS. All Faculty Members hired after July 1, 1977 had either STRS or OPERS defined benefits as their retirement plan. In June 1998, Ohio established another alternative, the ARP (Alternative Retirement Plan), which newly employed STRS-eligible or OPERS-eligible individuals could elect. The ARP provided more flexibility by establishing defined contribution plans. Since then, STRS and OPERS have increased the variety of their basic plans to include defined contribution plans as well as mixed defined benefit/contribution plans.

a) **State Teachers Retirement System (STRS) –**Faculty Members participating in the STRS contribute (until July 1, 2015) 12% of their salary annually. Beginning July 1, 2015, that number will rise by 1% per year until the faculty contribution is 14%. The University contributes an additional 14% of salary. The basic retirement plan is a Defined Benefit plan, but a few years ago STRS added Defined Contribution and Combined plans as options. Only newly hired Faculty Members may opt for one of the latter two options.

   The Defined Benefit plan calculates the annual retirement benefit on a formula based on age, years of service and final average salary. In the Defined Contribution plan, the 12% contribution of the Faculty Member and 9.5% (of the 14%) of the University's contribution is managed under the control of the Faculty Member and the value at retirement depends upon the effectiveness of the investments; the remaining 4.5% (subject to change) of the University's contribution goes into the STRS General Fund to help offset the Fund's unfunded liability. In the Combined plan, retirement income is based on separate retirement benefits that are paid from the defined benefit and the defined contribution portions of the Faculty Member's account; a portion of the University's contribution is set aside to help pay for the STRS unfunded liability.

The Defined Benefit plan and the Combined plan also currently include provisions for health care, although that is not mandated by law. The Defined Contribution plan does not include provision for health care.

b) **Ohio Public Employees Retirement System (OPERS) –** Library faculty at UC participate in OPERS rather than in STRS. Contribution and benefits provisions in OPERS are similar to those in STRS. Contribution rates are 10% for Faculty Members and 13.23% (of the 14%) for the University. The remaining 0.77% (subject to change) of the University's contribution goes to the OPERS General Fund to help offset the Fund's unfunded liability. The OPERS plans parallel the three in STRS — Defined Benefit, Member Directed, and Combined. The Defined Benefit and Combined Plans include provisions for health care. The Member Directed Plan does not provide health care, but does include a retiree medical account.

c) **Alternative Retirement Program (ARP) –** The ARP is administered by various private companies under the auspices of STRS and OPERS. The ARP is a defined contribution plan. Money available at retirement is dependent upon the earning history of the company funds selected. There is no associated health care. The ARP is available only to newly hired Faculty Members. The option to participate in the ARP must be exercised around the time of hiring, and participation is irrevocable. Participating STRS-eligible Faculty Members contribute 12% of annual salary to the ARP while the University contributes 9.5%. An additional 4.5% of University contribution goes to STRS to help fund that organization's unfunded liability. For OPERS-eligible Faculty Members, the Faculty Member contributes 10% of annual salary and the University contributes 13.23%. An additional 0.77% of the University's contribution goes to OPERS to help offset that organization's unfunded liability.

d) **Grandfathered TIAA –** Many Faculty Members hired prior to July 1, 1977 participated in retirement plans offered by TIAA-CREF (or Fidelity or Vanguard) and opted to remain in those plans when UC became a state university in 1977. For those Faculty Members, their contribution to the plan is 9.05% (on the first $8,000 of salary), 13.05% (on salary between $8,000 and $16,500), and 9.50% (on salary over $16,500). Faculty Members' contributions will increase 1% each July 1 through July 1, 2016. The matching University contribution rates are 12.75%, 16.25%, and 10.50%. Money available at retirement is dependent upon the earnings history of the company funds selected. There is no associated health care.

e) **City of Cincinnati –** Some Faculty Members hired prior to July 1, 1977 participated in the City of Cincinnati retirement system, and elected to remain in that system when UC became a state university. For participants in that retirement system, the Faculty

Member contributes 9% of annual salary while the University contributes 14% through June 30, 2015, subject to change. The plan is a defined benefits plan, and includes health care.

f) **Supplementary Programs –** While at UC, Faculty Members may contribute, with tax-deferred money, to one or more supplementary retirement accounts approved by the University. These include supplementary 403b accounts (such as TIAA-CREF, Fidelity, etc.) and 457(b) accounts (Ohio Deferred Compensation). Contributions may be made up to the legal limits. There are separate limits for 403b accounts and 457b accounts, so a considerable amount of money can be set aside. The University does not match these contributions.

g) **Social Security** – Faculty Members at the University of Cincinnati do **not** pay into Social Security on their earning from the University. Ohio is one of only a handful of states where public employees pay into state (or related) retirement systems **instead of** Social Security. Faculty Members are eligible for Social Security at retirement only if they have other qualifying employment for which they paid into Social Security before coming to UC, or as a result of collateral employment or non-university summer employment. To be eligible for Social Security benefits Faculty Members need to have paid into Social Security for the equivalent of 40 quarters (10 years). Regardless of eligibility for Social Security, all Faculty Members hired April 1, 1986 and thereafter must contribute 1.45% of salary to Medicare.

3. Planning for Retirement

Both long-term and short-term planning are important for a successful retirement.

a. Long-term Planning

i. Supplemental Retirement Accounts. Long-term planning should include consideration of whether or not to contribute funds to supplemental retirement accounts (in addition to your primary retirement plan) while employed at UC. UC offers supplemental, tax-deferred retirement plans under both 403b and 457b of the IRS Code. At the time of this writing, an individual may contribute to both types since the maximum annual deferral to each is independent of the other. Such supplemental deferrals can increase the funds available at retirement while decreasing tax liability while working at UC. Specific information about supplemental plans can be obtained from UC Human Resources.

ii. How Long to Work? Long term planning should also include consideration of how long to work before retiring. The defined benefit options of those retirement systems have benefits calculated, in part, on the number of years of credit in the system. Number of years in the system can also have an impact on the amount of health insurance subsidy provided by the system. Information about retirement system details can be obtained from each retirement system and/or from UC Human Resources. In any case, Faculty Members are encouraged to schedule a meeting with a representative of their specific retirement system at least five (5) years before the planned retirement date in order to go over such details.

iii. Health Insurance. A key element in retirement planning is health insurance for both one's self and one's dependents after retirement, and what the cost will be. Those covered by Defined Benefit or Combined Plans in the State or City retirement systems currently have coverage available to them through those systems. Those in grandfathered retirement plans must use the UC retiree plans, which may have a considerable cost, or must find outside private insurance. ARP participants, and those in Defined Contribution State Plans, have outside private coverage as the *only* option. Everyone should also understand what their coverage may or may not be under Medicare, and at what point they will be eligible for such coverage.

iv. Medicare Coverage. Faculty Members hired on or after April 1, 1986 have been contributing to Medicare (even though they don't pay into Social Security) and *may* have Medicare coverage when they retire. Faculty Members hired prior to April 1, 1986 are not paying into Medicare through the University; they will need the required credits from other employment in order to be fully covered under Medicare (although they may be partly covered otherwise). Faculty Members should schedule a meeting at a Social Security office or by phone at least five (5) years before the planned retirement date in order to go over these details.

If you *are* eligible for Medicare coverage, it is important to register on time – if you register late, you'll be assessed a penalty on the Medicare premium. Everyone must register for Medicare within three (3) months prior to your 65th birthday or within three (3) months of retiring, whichever is later. We recommend contacting Social Security within three (3) months prior to your 65th birthday <u>even if you aren't going to immediately use Medicare coverage</u>, just to be on the safe side. If you work at UC past age 65 before retiring, you will continue to be covered under the UC plans until retirement; Medicare coverage, if applicable, would then start at retirement.

v. Purchase of STRS Credits. Some Faculty Members may be eligible to purchase additional service credit in STRS or OPERS (i.e., the credit of additional years in the system). This may or may not be valuable, depending on many variables. STRS and OPERS participating Faculty Members may purchase qualifying service from when they were employed outside of the STRS or OPERS systems. Qualifying service may include such things as teaching in another state or government employment. Even work while a graduate assistant or fellow may be purchasable on a partial basis. Military service may also be purchased. Purchasable service is limited to five (5) years of military service and five (5) years of other qualifying service. Purchase of prior service may allow someone to retire earlier than they otherwise could have and/or may increase the amount per month that they receive upon retirement. The possible financial gain must be weighed against the cost of purchase; the balance varies from individual to individual.

vi. What Next? Life After Retirement. Faculty Members should begin to consider early on what you will do after retirement—not just the financial issues, but from the perspectives of professional and personal satisfaction. Are there options for continued part-time or full-time work? What role (if any) do you want to continue to play in the University community? Are there other activities in which you can start to be, or continue to be, involved? What about your family and friends—what are their thoughts and plans? These kinds of personal and professional plans are left to the side far too often in thinking about retirement planning. We recommend considering the whole picture, not just the financial picture.

B. Short-term Planning

i. When? The most obvious decision is the choice of a specific retirement date—but for most Faculty Members the selection of a specific date has ramifications and should be considered carefully. Selection of a retirement date should include consideration of when retirement benefits begin, optimizing the combination of regular University pay and retirement pay, and coordinating the retirement date with the start of replacement health insurance.

1. Day of the Month. For all Faculty Members, the retirement **date** is usually the **first of a month**. Retirement on the first of the month means that the last day of the previous month was the last day of employment. For those in Defined Benefit or Combined STRS or OPERS plans, retirement on the first of the month makes it possible for them to collect their first retirement payment on that date, or retroactive to that date.

2. Month of the Year. Faculty Members on a 12 month appointment may retire at the end of ***any*** **month of the year**; the month chosen has no special implications. When Faculty Members with a 12 month appointment retire, their paycheck at the end of the month will make them whole in terms of what they have earned.

The situation is a bit different for **Faculty Members on two-semester appointment**, however. Faculty Members on two-semester appointment typically have made obligations to teach two primary semesters, and therefore typically retire at the end of one of those semesters (fall or spring or summer). The choice of a retirement month can have significant financial implications.

> **a. Fall Term Retirement:** Faculty Members with two-semester appointments retiring at the **end of the fall semester** typically retire on January 1 (meaning, the last day of employment was December 31), but can retire any day between the end of the semester and January 1. Retiring at the end of the fall semester can have significant financial implications, however, because of the way faculty pay is issued in academia.
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> Article 6.1 of the CBA, and Board Rule 3361:20-43-11 (definition of the academic year), state that Faculty on two-semester appointments earn their pay over the two semesters but are paid out in 12 equal installments. In other words, the "Payroll system" operates on a different logic than the academic year insofar as Faculty Members' workload and year-round responsibilities in teaching, research and service.
>
> What this means is that a Faculty Member with a two-semester appointment (with primary semesters of fall and spring, or fall and summer) retiring on January 1 or earlier will receive, on December 31, ALL the monies they would have received at the end of December, ***and*** January and February had they continued working. By making this payment of the January and February pay "twelfths" at the point of retirement, UC Payroll is complying with the Board Rule, by completing six payments earned for teaching in the fall term.
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> Because of this payout system for those retiring at the end of the fall term, the Faculty Member's annual income for that calendar year will

“increase” by two-twelfths of the annual salary typically earned in the past; this, obviously, can have negative tax consequences.

Questions have arisen in the past about whether a Faculty Member retiring at the end of fall semester can choose January 2 instead of January 1 as his/her retirement date, and if it is possible to have two *different* retirement dates—one for purposes of the retirement system and one for purposes of the University.

The reason for these questions? A January 2 retirement date at UC would push the January and February “twelfths” to January 31, and therefore into the next calendar year when the retired individual has less income and thus a lower tax liability.

In theory, this would be consistent with I.R.S. guidelines so long as the combined pay for January and February does not exceed the I.R.S. “safe harbor,” currently $17,500. This might be a good idea if the individual is not in a Defined Benefit plan and if the University agrees to a January 2 retirement date. However, the counter-point is that an individual retiring under one of the Defined Benefit plans and retiring on January 2 would forfeit the January retirement benefit payment.

So, to sum up: insofar as we know, it is ***not*** permissible to have one retirement date for purposes of the retirement plan and a different one for purposes of UC Payroll distribution. One single retirement date must be selected.

Insofar as whether January 1 or January 2 is the “best” date, and what the I.R.S. rules are on deferring those two-twelfths’ pay to the next calendar year, we urge Faculty Members to consult with a financial and/or tax advisor, and then, depending on their advice, run the numbers.

b. Spring or Summer Term Retirement: Faculty Members with two-semester appointments (with primary semesters of fall and spring) retiring at the end of the spring semester may retire any time between the end of the semester in late April and August 15, which is the beginning of the next academic year, without any impact on the payment of their entire academic year’s salary. Someone retiring on August 15 would continue to get equal monthly payments through the August payroll. Someone retiring on May 1 would be paid on April 30 for the payments they would have received at the end of April, May, June, July, and August. In other words, either way you get the same amount of money.

There are other things to consider when deciding on a specific date after the end of the spring semester. Some examples follow, but realize that each individual case is different and decisions should be made in consultation with Human Resources and/or Retirement System advisors. For instance, the situation regarding health coverage for dependents after retirement could be an important factor.

From the perspective of retirement benefits, it is generally advisable for someone retiring at the end of the spring semester (with primary semesters of fall and spring) under one of the Defined Benefits plans to retire on May 1 (with April 30 as the last day of employment). By retiring on May 1, Faculty Members receive their full payout from UC *and* they receive their first retirement system benefit check on or retroactive to May 1. Usually, they are also eligible to be covered by health insurance under their retirement system immediately upon retirement. In other words, generally there is no financial advantage for such individuals to extend the retirement date beyond May 1, and such extension can mean a loss of a month or more of retirement income.

On the other hand, it may be beneficial for someone retiring under the Grandfathered TIAA plan or ARP or one of the Defined Contribution plans to retire on August 15. They will get the same total payout and they will continue to be covered by University health insurance through August. In other words, they may save money on health insurance before they have to use a University retiree plan (for Grandfathered TIAA only) or purchase their own private health insurance.

For Faculty Member who, in their last year of employment, have **summer as one of their primary semesters**, if s/he retires at the end of the summer semester, they may retire after the semester is over, but no later than August 15.

ii. Retirement Incentives. While the Collective Bargaining Agreement may not contain a general retirement incentive plan, Article 18.5 permits negotiations on "early" retirement to occur between a Faculty Member and the Administration (meaning, usually, the Dean of the College). While there is no obligation on the part of Administration to provide a retirement incentive, incentives are sometimes provided when it is in the best long-term financial interests of the University. Any retirement incentive "will be granted only upon the written agreement of the Bargaining Unit member, the Academic Unit Head, the Dean, and the University Contract Administrator."

iii. Final Thoughts. For those who have already initiated the process, as the planned retirement date draws near, Faculty Members should schedule follow-up consultations with both retirement system and Social Security counselors to make sure everything is on track.

Faculty Members considering retirement, but who haven't yet conveyed the official intent to retire by notifying the Dean, should consider carefully the recently enacted legislative changes to STRS and OPERS provisions. Changes relate to increasing age/service requirements for retirement, increasing cost of purchasing service; changes to the benefits formulas; changes in calculating final average salary; and changes in cost of living increases. Some of the changes are already implemented; some are being implemented in stages. For those close to retirement, you should look very carefully at whether retiring now or putting off retirement for a few years is best for your financial interests. It is advisable to consult your retirement system to determine how these changes affect you.

4. Overview: Checklist of Steps to Retirement at UC

1. **Set a date to retire**.

2. **Notify** your academic unit head, Dean, and the Benefits Division of UC Human Resources of such, in writing, six (6) months prior to that date. (If this is not possible, notify those individuals as soon as you know you will retire.)

3. Three to six months prior to retirement, **schedule a Pre-retirement Benefit Consultation**. Call (513) 556-6381 to schedule this appointment so that you can go over various benefits that are affected upon retirement and so that the retirement process can be explained to you. The Pre-retirement Benefit Consultation is held in UC Human Resources which is located in University Hall, Suite 340. (University Hall is located at 51

Goodman Drive, next door to the Marriott Kingsgate Hotel, and at the corner of Vine Street and Goodman Drive. Parking, at your expense, is available in the Kingsgate/University Hall Parking Garage.)

You should bring the following items to your Pre-retirement Benefit Consultation:

a) Letter from your Retirement System confirming your retirement date;

b) Copy of your retirement letter submitted to your academic unit head and dean;

c) Voided Personal Check or Deposit Slip to Savings Account (only if you are retiring under one of the Grandfathered plans and you are opting to purchase UC medical and/or dental coverage);

d) Copy of your application to withdraw a minimum of $1000 from your retirement plan (only if you are retiring under one of the Grandfathered plans or the ARP).

4. **If your retirement system is OPERS or STRS, begin your application process through them three (3) months in advance of your planned retirement date**. You can obtain application materials from them on-line. You will need to completely fill out the application form on-line and submit it, with all required documentation, to your retirement system. **If you are in one of the Grandfathered plans (TIAA-CREF, Fidelity, Vanguard), you must make application to withdraw a minimum of $1,000 in order for UC to finalize your retirement.**

5. You must **complete a Separation Clearance Form** which may be obtained on-line at www.uc.edu/hr/forms. The Separation Clearance Form provides the authorization for UC Payroll to issue the final check for allowable compensation for unused sick and/or vacation time. Instructions are provided with the form.

   The retiring Faculty Member must **visit each clearance location** (Public Safety and Parking Services) to obtain the necessary "sign-off." The completed form should be returned to UC Human Resources by mail (Mail Location 0039) for their sign-off. (Your academic unit enters the Retirement PCR in SAP, and UC Human Resources processes the Retirement PCR in SAP. You are then identified as a retiree in the system.)

6. **ESS and email access terminates upon retirement; your access ceases on the last day of your employment.** An exception applies to those who have been granted emeritus status. **Emeriti email accounts should remain active**. If there are questions about this, call UCit at (513) 556-4357.

5. Compensation at Retirement

a) **Regular Pay** – You can expect a final, regular paycheck based on your last day of employment. In other words, your final regular paycheck should come at the end of the month that includes your last day of employment.

b) **Vacation Payout** – Vacation leave is described in Article 19.3 of the Collective Bargaining Agreement. Vacation time is earned only by Faculty Members on 12-month appointment. At the time of this writing, Faculty Members with 12 month appointments earn one and five-sixths (1 and 5/6) days of vacation for each month worked and their earned vacation may accrue to a maximum of sixty-six (66) days. On retirement, they are compensated for any earned, but unused vacation time up to the 66 day maximum.

   If the retiring Faculty Member has completed and returned the Separation Clearance Form timely, he/she will receive payout for unused vacation time in the pay period following issuance of their final regular paycheck. If he/she has not timely completed and returned the Separation Clearance form, payout for unused vacation time will be delayed by an additional pay period.

c) **Sick Leave Payout** – Sick leave is described in Article 17 of the Collective Bargaining Agreement. Sick leave is earned by all Faculty Members at the rate of fifteen (15) days per year, pro-rated on a monthly basis.

   At the time of this writing, Article 17.13.1 provides: "At the time of retirement from active service, Bargaining Unit members who are members of a retirement system and who meet the age and service or disability requirements to be eligible for retirement under the applicable system, and have applied for and will begin drawing a pension benefit from the applicable retirement plan, and with ten or more years' service with the University, the State, or any of its political subdivisions, may elect to be paid in cash for one-fourth of the value of unused, accrued sick leave credit, up to a maximum of thirty (30) days." In other words, if you have at least 120 days of accrued sick time at the time of retirement, you will be paid out for 30 days. If you have something less than 120 days of accrued sick time, your payout will be proportionately lower.

   Faculty Members who were initially employed prior to July 1, 1977, and have at least 25 years of continuous service with the University immediately preceding retirement, get paid out for one-half of their accrued sick time up to a maximum of sixty (60) days. (Article 17.13.2) In other words, if you were hired prior to July 1, 1977 and you have at least 120 days of accrued sick time, you will be paid out for 60 days.

For Faculty Members on two-semester appointments, the “sick leave payout at retirement” calculation is based on Board Rule 3361:20-43-11 (Payroll: definition of academic year) which defines the “work year,” <u>for purposes of Payroll only</u>, as consisting of 160 days.

If someone is paid out 30 days, the calculation is:

(Base Annual Salary x 30) ÷ 160

If someone is paid out 60 days, the calculation is:

(Base Annual Salary x 60) ÷ 160

(These calculations do not apply to Faculty Members with 12 month appointments.)

If the retiring Faculty Member has completed and returned the Separation Clearance Form timely, he/she will receive payout for unused sick time in the pay period following issuance of their final regular paycheck. If he/she has not timely completed and returned the Separation Clearance form, payout for unused sick time will be delayed by an additional pay period.

d) **Retirement Incentive** –If a retirement incentive has been granted, payment will be in accordance with the terms of the incentive agreement, with payout usually (but not necessarily) occurring in the pay period *following* the last regular payment.

e) **Taxes on Payouts at Retirement**– Taxes on regular pay will continue to be withheld from final regular pay at the same rates as previously withheld. On severance payments (sick time payout, vacation time payout, retirement incentive) at retirement, at the time of this writing, Federal income tax is withheld at the 25% tax bracket while Ohio income tax is withheld at 3.5%; any other applicable taxes are withheld as required by law.

f) **Retirement System Contributions at the time of Retirement** – For those whose retirement system is STRS or OPERS, contributions by both the Faculty Member and University are made only on the regular pay provided at retirement. For those in the “Grandfathered” plans, they have always had the option of having retirement contributions made on just annual **base** salary or on **all** compensation (including such pay as overload, summer, etc.). If they have chosen the “base” option, contributions will be made only on the regular base salary provided at retirement. If they have chosen the "all" option, contributions will be made on all pay (including sick and/or vacation time payouts) provided at retirement. Those on the "base" option can change to the "all" option before retirement. By doing so, they will increase the amount of money contributed by the University to the retirement plan.

g) **Other Deferred Contributions at the time of Retirement** – All retiring Faculty Members may (continue to) make voluntary deferred payments to supplementary retirement plans, such as 403b plans, from their regular base salary provided at retirement. They may also make deferrals from sick and/or vacation time payouts but **not** from retirement incentive payments. Faculty Members may also make separate deferrals to "Ohio Deferred Compensation." This latter option effectively doubles the amount of money that may be deferred under IRS regulations.

6. Health Insurance and Related Matters, After Retirement

a) **Medical Insurance** – Eligible retirees under State (Defined Benefit or Combined Plans) and City retirement systems currently have medical coverage available through those systems. **Only** Faculty Members who retire under the Grandfathered TIAA/Fidelity/Vanguard option may continue to participate in University group medical plans after retirement as long as financial arrangements are made with Human Resources. Other retiring Faculty Members must purchase private insurance if they want coverage.

Plans available for retirees are not identical to the plans available for active Faculty Members, and retirees pay all of the premium cost. Details are available from Human Resources and retirees under the Grandfathered option should discuss medical coverage with Human Resources prior to retirement.

Faculty Members who are covered by Medicare should also make sure they have appropriately signed up for Medicare, and are coordinating insurance options with Medicare coverage. Faculty Members hired on or after April 1, 1986 have been contributing to Medicare (even though they don't pay into Social Security) and should have Medicare coverage when they retire. Faculty Members hired prior to April 1, 1986 are not paying into Medicare through the University; they will need the required credits from other employment in order to be fully covered under Medicare (they may be partly covered otherwise).

Faculty Members who are retired, and younger than 65, should register for Medicare at least three (3) months prior to their 65th birthday. Faculty Members who retire after age 65 can wait until three months before their retirement date in order to sign up for Medicare; however, it is strongly recommended that everyone contact Social Security in the three months prior to the 65th birthday.

b) **Dental Insurance** - Eligible retirees under State (Defined Benefit or Combined Plans) and City retirement systems currently have dental coverage available through those systems. **Only** Faculty Members who retire under the Grandfathered TIAA/Fidelity/Vanguard option may continue to participate in University group dental plans after retirement as long as financial arrangements are made with Human Resources. Other retiring Faculty must purchase private insurance if they want coverage.

   Plans available for retirees are not identical to the plans available for active Faculty Members, and retirees pay all of the premium cost. Depending on the plan, the maximum annual benefit is $500 or $1,000 per person; retiring Faculty Members should investigate to see if it is better to self-insure rather than participate in the University's retiree dental plans. Details on the University plans are available from Human Resources and retirees under the Grandfathered option should discuss dental coverage with Human Resources prior to retirement.

c) **Long-Term Disability Insurance** – Long-term disability insurance is designed to protect your salary before you retire. If you are participating in long-term in disability insurance while employed, it will cease upon retirement. It is not available after retirement.

d) **Life Insurance** (including family life insurance) – Eligible retirees may convert the amount of their current term life insurance (through the University) and that of their eligible dependents to a private insurance policy. Application to convert without proof of insurability must be made within 31 days of termination of coverage (retirement). Life insurance coverage is continued for disability retirees if a waiver of premium application is completed and submitted within one (1) year from the last day worked, contingent upon approval by the insurance company.

e) **Flexible Spending Accounts** – Flexible spending accounts are closed out upon retirement. In planning for retirement, **do not have withheld for flexible spending amounts more than what you expect to spend up until the date of retirement**, which, depending on the retirement date, may be a partial year rather than the full year. **Any amount withheld but not spent will be forfeited upon retirement.**

f) **Health Savings Accounts** – Health savings accounts are closed out for pre-tax contributions upon retirement. You may contribute on an after-tax basis after retirement. **You own the health savings account and may continue to use the account for eligible expenses**. *NOTE*: You are only eligible for the health savings account if you were enrolled in the High Deductible Health Plan (HDHP) while an active University Faculty Member.

g) **Long-Term Care Insurance** – Eligible retirees and their spouses may apply for Long-Term coverage contingent upon insurance company approval.

If you have Long-Term Care coverage at the time of retirement, you, your spouse, and eligible parents and parents-in-law may continue this coverage through a bill-at-home policy.

7. Other Benefits Accorded to Retirees by the University

At the time of this writing, the following benefits are accorded retired Faculty Members:

a) Tuition Remission after Retirement

Tuition remission benefits for Faculty Members are covered in Article 11 of the UC/AAUP Collective Bargaining Agreement. Section 11.1.3 states that "Retired Faculty Members who have begun to draw a pension benefit continue to be eligible for the same tuition remission benefits for which they were eligible before retirement." This means that they can take up to six (6) credit hours per semester, at the undergraduate or graduate/professional level, and have those hours covered by tuition remission. If they are retired from a full-time faculty position and are enrolled in a clearly defined graduate or professional program, they are eligible for remission of all courses "taken within the limits imposed by the appropriate Academic Unit Head, Dean, or provost."

With regard to tuition remission benefits for dependents, they also continue. Tuition remission benefits for dependents also apply to "spouses, domestic partners and unmarried dependents of former Faculty Members who have retired and have begun to draw a retirement benefit." (Section 11.2.2)

b) Parking – Retirees may obtain limited parking (3 hours at a time) upon presentation at Parking Services of a valid UC Retiree I.D. card. For restrictions and limitations, contact Parking Services at (513) 556-2283.

c) Ticket purchase – The same discounts that apply to Faculty Members also apply to retirees. For information regarding ticket purchase for athletic events, contact 1110 Edwards Center,

(513) 556-2287, www.UCBearcats.com. For information regarding ticket purchase for cultural events, contact CCM Box Office, 513-556-4183, www.CCDM.uc.edu.

d) ID cards – Retirees may obtain identification cards from Public Safety to continue eligibility for discounts. Public Safety may be contacted at (513) 556-4900. They may also obtain a GCLC (Greater Cincinnati Library Consortium) card from the Langsam Library Circulation Desk in order to allow direct borrowing of UC library books. Langsam Library may be contacted at (513) 556-1424.

e) Faculty Club Membership – Retirees who were active members of the Faculty Club for the five years preceding the date of their retirement may continue such membership for free. Any retiree not previously a Faculty Club member is eligible for such membership at regular dues rates. The Faculty Club may be contacted at (513) 556-4154.

f) Invitation to Academic Events – Retirees receive invitations to University academic events in the same manner as Faculty Members on active status, and are welcome to participate in academic processions of the University.

g) Service on committees – Retirees may serve as consultant to various standing and ad hoc committees of the University when called upon by a committee chairperson. Individual academic units and College have internal rules regarding emeriti or retiree participation in committees.

8. Emeritus Status

"Emeritus rank" is defined as a non-salaried academic title of honor of a retired Faculty Member, usually corresponding to the rank held by the Faculty Member just prior to retirement. Appointment of a retired Faculty Member to emeritus rank is based on a recommendation initiated by the Faculty of the Faculty Member's academic unit. That recommendation is subject to approval by the Dean and the Provost. Final granting of emeritus rank is by the UC Board of Trustees.

At the time of this writing, these are the provisions for those with emeritus status (in addition to those listed above for retired Faculty):

a) **Parking** – Retired Faculty Members who are granted Emeritus status, and who paid for University parking immediately prior to retirement, can continue to park at the University (same decal/pass) without charge. The decal/pass must still be obtained and renewed at University Parking Services. For details, contact Parking Services at (513) 556-2283.

b) **Email accounts** – Retired Faculty Members who are granted Emeritus status can retain their UC email account and continue to use UC email services.

c) **Office space** – Retired Faculty Members who continue to teach, perform scholarly work, and/or provide service to UC may be provided with office space depending on the availability of appropriate space and the needs of the academic unit. Requests for office space should be made through the academic unit head.

9. Re-employment Guidelines

Any re-employment after retirement must be mutually agreed upon by the retiree and the University. At the time of this writing, per state law, retirees of the City of Cincinnati, State Teachers Retirement System of Ohio, and the Ohio Public Employees Retirement System have a waiting period of two (2) months before re-employment. If re-employment occurs prior to the expiration of the waiting period, the retiree forfeits retirement benefits for each month of early re-employment. Faculty Members who retire under the Grandfathered TIAA Plan or the Alternative Retirement Plan (ARP) have no waiting period.

Re-employed retirees who work part-time are required to contribute to either STRS or OPERS, depending upon their position. Re-employed retirees working full-time are required to contribute to STRS, OPERS, or the ARP, depending upon their position.

10. Retirement Seminars

As provided in Article 18.3 of the CBA, each year the AAUP and University Human Resources jointly sponsor at least one Retirement Seminar. These seminars cover the basic financial aspects of the retirement process, including tax implications and health insurance options. They also cover various other benefits and provisions such as emeritus status, parking, library use, etc. Faculty Members thinking of retiring should seriously consider attending one of these seminars early enough to make full use of the information in long-term retirement plans.

11. Contacts/Websites

a) Retirement Systems

1. State Teachers Retirement System (STRS)
   275 E. Broad Street, Columbus, OH 43215-4090
   1-888-227-7877 or (614) 277-4090
   www.strsoh.org

2. Ohio Public Employees Retirement System
   277 East Town Street, Columbus, OH 43215-4642
   1-800-222-7377 or (614) 466-2085
   www.opers.org

3. Alternative Retirement Program – contact the representative of the company you have selected to make arrangements concerning your retirement funds

4. (Grandfathered) Teachers Insurance and Annuity Association (TIAA-CREF)
   730 Third Avenue, New York, NY 10017
   1-800-842-2776
   www.tiaa-cref.org

5. (Grandfathered) Fidelity Investments
   P.O. Box 1823, Boston, MA 02105
   1-800-343-0860
   www.fidelity.com

6. (Grandfathered) Vanguard Fiduciary Trust Company
   Att: Retirement Plan Department
   P.O. Box 2600, Valley Forge, PA 19482
   1-800-345-1172
   www.vanguard.com

7. City of Cincinnati Employees Retirement system (CRS)
   City of Cincinnati Retirement System
   801 Plum Street, Room 240, Cincinnati, OH 45202
   (513) 352-3227
   www.ci.cincinnati.oh.us/finance/pages/-7388-/

b) UC Human Resources
51 Goodman Drive (University Hall) – Suite 340
(513) 556-6381
www.uc.edu/hr

c) UC Office of Payroll Compliance
Office of the Treasurer, ML 0641
(513) 556-2467

d) Long-term Care Insurance
Legacy Services, Inc.
Brad Winnekins
1-800-230-3398, ext. 700