

---

# Planning for Retirement: Nuts and Bolts

Wednesday, April 12, 2023

**Arberetta W. Bowles**

Executive Director  
Office of Academic Affairs

**Amy E. Collins**

Senior Director of Finance and Operations  
Provost Administrative Affairs

**Erin Rossello**

Director, Faculty Administration  
Office of Academic Affairs

**Susan Sproat**

Executive Director  
HR-Benefits

**Hosted by: Penn Association of Senior & Emeritus Faculty (PASEF)**

**Marshall W. Meyer, President**

Emeritus Professor, the Wharton School

# Agenda

---

- Overview of retirement from Penn
- Regular retirement and transition plans including phased retirement and the Faculty Income Allowance Plan (FIAP)
- Sabbatical
- **\*\*Hitchhiker's Guide to Faculty Retirement\*\***  
<https://provost.upenn.edu/pasef/hitchhikers-guide-faculty-retirement>

# What does “retirement” mean at Penn?

- Retirement at Penn = terminating with benefits
- Must meet the Rule of 75
  - minimum of 55 years of age
  - minimum of 10 years of *continuous full-time* service
  - total of age + service must equal at least 75
- Applies to benefits including health, life, dental, vision, tuition
- Access information on Human Resources website:  
<https://www.hr.upenn.edu/>

# Benefits at Regular Retirement

---

## **Benefits at retirement**

- Medical Benefits
- Group Life Insurance
- Tuition Benefits
- Vision and Dental

## **Benefits that may be continued**

- Dental Benefits
- Vision Benefits
- Group Life Insurance Conversion
- Dependent Life Insurance Conversion
- Long-Term Care—may continue on a direct bill basis
- Health Advocate—assistance with medical claims problems, complex healthcare issues, insurance-related and elder care problems

## **Benefits that are discontinued**

- Health Care Pre-Tax Expense Account
- Dependent Care Pre-Tax Expense Account

# Benefits at Retirement

---

## Medical

- Option to defer coverage **one time at time of retirement.**
- Current plans offered by Penn to retirees and eligible dependents for Non-Medicare Eligible and Medicare Eligible
- Non-Medicare eligible (under 65) may continue in a Penn plan at shared cost
- Medicare Eligible (65+)
  - Medicare is primary: premiums for Medicare Plan B supplement paid by retiree
  - Elect Medicare supplemental plan through Penn: premiums paid by Penn + retiree
    - Aetna Medicare PPO-(Medicare Advantage)
    - IBC Medigap Security 65 Standard Plan
    - IBC Medigap Security-65 Premium
  - Prescription drug plan: Caremark/Silverscript Medicare Part D

# Example Medical Benefit

---

**Faculty member plans to retire on June 30, 2023.** Faculty member is over 65, spouse is under 65. Both are enrolled in PennCare Personal Choice + CVS/Caremark Prescription Plan.

- In anticipation of retirement on June 30, faculty member contacts Medicare **3 months in advance** to enroll in Medicare Plan A (no charge) if not already enrolled, and in Medicare Plan B (premium will be calculated by Medicare) to be effective July 1, 2023.
- Faculty retiree over 65 enrolls in Medigap Security 65 Premium Plan + CVS/SILVERSCRIPT Prescription Plan = \$176/month.
- Spouse under 65 stays on PennCare Personal Choice + CVS/Caremark Prescription Plan \$266/month (not actual amount).
- Premiums for Penn health insurance are managed through outside vendor, BRI. Premiums for Medicare Part B are billed directly to retiree or deducted from Social Security check.

# External Contact Information

---

- **Health Advocate** – 866-799-2329
  - (8:00 am to 10:00 pm)
- **Medicare**
  - Medicare.gov
  - 1-800-MEDICARE (1-800-633-4227)
- **Social Security**
  - ssa.gov
  - ssa.gov/myaccount/
  - Contact local office by phone

# Other Benefits at Retirement

---

- **Group Life Insurance**

- MetLife Insurance \$10,000. Faculty member may convert some or all of the balance at the time of retirement by contacting 877-275-6387.

- **Tuition**

- Benefits for faculty member and dependents continue under same plan as when retiree was active.

- **Dental**

- Penn offers a two dental plans via Met life dental.

- **Vision**

- Penn offers a VSP vision plan for retirees.



# Benefits that **MAY** be Continued by Retiree

- **Dental Benefits**

- May enroll in one of two MetLife Retiree Dental Plans, or may continue current plan under COBRA for 18 months **OR**
- Penn Family Plan (PFP) - may continue current plan under COBRA for 18 months

- **Vision**

- Davis Vision—may continue current plan under COBRA
- VSP—may enroll in Retiree VSP vision or continue current plan under COBRA.

- **Long-Term Care Insurance**

- Contact current provider John Hancock OR Genworth Financial to continue insurance
- Access information on Human Resources website: [www.hr.upenn.edu](http://www.hr.upenn.edu)

# Discontinued Benefits

---

- Health Care Pre-Tax Expense Account
- Dependent Care Pre-Tax Expense Account

# Penn's Transition Programs

---

- **Phased Retirement**
  - Tenure, CE, Research, Academic Clinician
- **Faculty Income Allowance Plan (FIAP)**
  - Tenure, Clinician-Educator

# Faculty Phased Retirement\*

---

## **Eligibility: Tenure, CE, Research, Academic Clinician Track Faculty**

- Phased retirement = reduction in duties but counted as full-time service.
- Maximum of 50% reduction for maximum of 6 years
  - Check with your Faculty Affairs or Dean's office on any limits
- Benefits continue but salary related benefits are based on reduced salary
- Issues to consider during the planning process:
  - scheduling concerns, sufficient notice
  - no impact on FIAP: calculation of FIAP benefit will be based on full-time equivalent of salary (Standing Faculty only)
- Application process:
  - written request to Chief/Chair, Dean; include date of retirement
  - subject to review and approval by Chief/Chair, Dean and Provost

*\*Handbook for Faculty and Academic Administrators, II.E.9*

# Faculty Income Allowance Plan (FIAP)

## **Eligibility: Tenure, Clinician-Educator Track Faculty**

- Plan Benefit payments are subject to federal, state, city, Social Security and Medicare taxes
- Provides an opportunity for eligible senior faculty members to retire from active service:
  - Tenured members of the Standing Faculty
  - Associate/Professors of the Standing Faculty-CE
- Provides a cash payment disbursed over two years (24 payments)
- FIAP brochure: [https://www.hr.upenn.edu/docs/default-source/benefits/fiap\\_benefits\\_summary.pdf](https://www.hr.upenn.edu/docs/default-source/benefits/fiap_benefits_summary.pdf)

# FIAP

---

- When FIAP begins, the faculty member is retired. The faculty member relinquishes appointment in the Standing Faculty and the faculty appointment is converted to **Emeritus**.
- A faculty member may choose to use or **not** use the “emeritus” designation. The department must be notified by the faculty member of the election in advance of retirement.

# FIAP Benefit Eligibility

---

- Ages 60-69: Senior faculty members who have 10 or more years of *full-time continuous service* (as standing faculty members) and who terminate on or after age 60 but before June 30<sup>th</sup> of the academic year in which they reach age 69 are eligible to receive FIAP benefits if they satisfy a “rule of 75” requirement (that is, the combined age and years of full-time service of the faculty member equals or exceeds 75).

***OR ---***

# FIAP Benefit Eligibility

---

*Applies only to faculty who do not qualify under regular eligibility:*

- Age 69 or later: Senior faculty members who satisfy the 10 years of full-time continuous service and “rule of 75” requirements on or after age 69 may also receive FIAP benefits. Such senior faculty members generally must terminate as of the academic year-end (June 30) **immediately** following the satisfaction of the eligibility requirements.
- **Example:** a senior faculty member whose FT faculty appointment began at age 65 will be eligible for FIAP as of June 30 after 10 years of service at age 75. A **one time opportunity** for FIAP!



# FIAP Benefit

---

- **Equal to the greater of**
  - 165% of the faculty member's academic base salary as of date of termination **or**
  - 165% of the average academic base salary for professors in the school

*Note: In no event may a faculty member's FIAP benefit exceed 200% of the faculty's member's total compensation in the calendar year preceding the academic year of termination.*

- **Example:**  $\$150,000 \times 165\% = \$247,500$ .  
 $\$247,500$  divided by 24 months =  $\$10,312.50$  per month

- Academic base **does not include:**
  - salary attributable to CPUP, administrative stipends, or any other compensation paid by an entity other than the University of Pennsylvania
- Confirm academic base salary and FIAP benefit amount with Department Business Administrator
- Paid in 24 equal installments
- FIAP benefit paid out of University's employee benefits pool

# FIAP

---

**NOTE:** Phased retirement and sabbatical must end before FIAP or any retirement begins. Sabbatical may not be used to extend the FIAP start date beyond June 30 in the academic year in which the faculty member turns 69.

# FIAP Eligibility and Application Process

- Annually (in the spring), the Vice Provost for Faculty Office will send out confirmation of eligibility letters to those faculty entitled for FIAP in the upcoming academic year.
- Faculty members considering FIAP should speak to a representative of their school at least one year prior to the date of intended retirement
- At a minimum, Faculty will need to complete a FIAP election form noting their intent to retire on FIAP. This election form should be given to your school's Faculty Affairs Office. The Faculty member may also enter into a written agreement with the school, which includes mention of the FIAP election, and other aspects of the faculty member's post-retirement relationship with the School
- ***\*\*Hitchhiker's Guide to Faculty Retirement\*\****  
<https://provost.upenn.edu/pasef/hitchhikers-guide-faculty-retirement>

# Benefits during FIAP

---

## **Benefits at retirement—same as regular retirement benefit**

- Medical Benefits
- Tuition Benefits
- Long-Term Care - may continue on a direct bill basis

## **Enhanced Benefits during FIAP (Standing Faculty):**

- Group life insurance—one times base salary paid by Penn
- Dental Benefits-premiums for single or family coverage paid by Penn
- Vision Benefits-premiums for single or family coverage paid by Penn

***Note: Contributions to basic or supplemental retirement plans by faculty member and Penn end***

- When FIAP ends, regular retirement benefits begin

# Employment beyond retirement

## Eligible: Full-time Associated Faculty: Academic Clinician & Research Track

- Faculty retiring under **regular retirement** (i.e., Not FIAP Eligible), that faculty member may be employed with compensation up to 50% of the level of services performed before retirement.

## Eligible: Standing Faculty - Tenure & Clinician-Educator Track (if meet FIAP eligibility requirements)

- If faculty member retires under **FIAP**, the level of services to be performed after retirement should be no more than 20% of the level of services performed before retirement. This 20% limitation **is permanent**, and it therefore continues **indefinitely after FIAP payments end**.
- Contributions to the retirement plans may be made by the emeritus faculty and University.

# Sabbatical Before Retirement

---

Eligible: Tenure, Clinician-Educator, Research Track

*Any credits for sabbatical leave must be used before regular retirement begins or FIAP.*

*There is no cash payment for unused scholarly leave credits.*

# Sabbatical

---

## Eligible: Tenure, Clinician-Educator, Research Track

- Leave credits accrue at a rate of one credit per completed semester of full-time service:
  - maximum 24 credits = 1 year sabbatical
- Sabbatical benefit is based on academic salary. Does not include:
  - salary attributable to CPUP, administrative stipends, or any other compensation paid by an entity other than the University of Pennsylvania
- Sabbatical benefit paid out of University's employee benefits pool
- Application process:
  - written request to Chief/Chair, Dean
  - subject to review and approval by Chair, Dean and Provost

# Types of Sabbaticals

---

- Traditional
- Compressed (PSOM)\*
  - Designed to allow eligible faculty with CPUP/CHOPPA supplements some flexibility regarding leave time and some financial protection

*\* Questions regarding compressed sabbatical should be directed to Erin Rossello, Director, Faculty Administration, Office of Academic Affairs, PSOM at [erinro@upenn.edu](mailto:erinro@upenn.edu)*



# Post Retirement

---

- Employment or volunteer activities beyond retirement
  - Several examples: teaching, clinical activities, participation in graduate groups, administrative responsibilities
  - Discuss with Chief/Chair, Dean regarding School policies
  - Participate in PASEF/ASEF activities
  - Reminder: Faculty members who retire under **FIAP**, the level of services to be performed after retirement should be no more than 20% of the level of services performed before retirement. This 20% limitation **is permanent**, and it therefore continues **indefinitely after FIAP payments end.**

## Retired Faculty (All Tracks)

---

- “*Rights and Privileges of Retired Faculty Members*”  
*Handbook for Faculty and Academic Administrators, II.E.9, C*
  - Office and research space and support staff: as available and not required by members of Standing and Associated faculties.
  - May attend meetings of their school faculties and participate in committee work, if invited
  - Continue as members of the Faculty Senate, but may not vote
  - Entitled to retain a Penn Card with privileges that include admission to libraries and recreational facilities; spouse also eligible (fee)
  - Email account
  - See <https://catalog.upenn.edu/faculty-handbook/ii/ii-e/> for additional details
  - Currently, parking available at reduced cost
  - Review: PASEF’s Hitchhiker’s Guide to Faculty Retirement

# Retirement

---

## Questions?

### Contacts:

Retirement Benefits: HRBenefits @HR.upenn.edu – to schedule and appointment

FIAP Eligibility: Amy Collins, Senior Director of Finance and Operations, Provost Administrative Affairs

PSOM Faculty with General Questions: Arberetta W. Bowles, Executive Director, OAA, PSOM; awbowles@upenn.edu

PSOM Faculty - General & Leave Questions: Erin Rossello, Director, Faculty Administration, OAA, PSOM; erinro@upenn.edu

# Disclaimer

---

The policies, procedures, standard practices, and plans referenced in this presentation are for informational purposes.

Policies, procedures, standard practices, and plans referenced in this presentation are subject to change.

This presentation provides general information only and is not intended as legal advice. In the case of any inconsistencies between the information presented here, policies, procedures, and plan documents, the plan documents prevail.