MEMORANDUM

TO:          Tenured Faculty Eligible to Enter the Phased Retirement Program

FROM:    Robert A. Blouin, PharmD
           Executive Vice Chancellor and Provost

DATE:    November 17, 2020

RE:          Phased Retirement Program for Tenured Faculty

I am pleased to announce the opportunity to participate in The University of North Carolina’s Phased Retirement Program for the 2021- 2022 academic year.

To participate in the Phased Retirement program, you must:

- Be at least age 62 upon entering into the Phased Retirement Program and eligible to receive retirement benefits through the Teachers’ and State Employees’ Retirement System (“TSERS”), OR be at least age 59 ½ upon entering into the Phased Retirement Program and eligible to receive retirement benefits through the Optional Retirement Program (the “ORP”);
- Have five years of continuous full-time service at The University of North Carolina at Chapel Hill and be employed on a full-time basis for at least one semester prior to entry into the Phased Retirement Program;
- Have faculty rank with tenure;
- Resign any administrative appointment you may hold, if applicable to you, by June 30, 2021; and
- Submit your application for Phased Retirement to Academic Personnel in the Provost’s Office on or before January 29, 2021.

Our records indicate that you are eligible to participate in the Phased Retirement Program, or will become eligible on or before August 1, 2021 subject to these eligibility requirements. I have enclosed the following information to assist you in understanding the Phased Retirement Program:
Timeline for the 2020-2021 application process
Phased Retirement Program Summary;
Explanation of Deductions and Benefits for Phased Retirement;
Application and Reemployment Agreement

You can also visit the University’s website at http://facultypersonnel.unc.edu/faculty-policies-procedures/retirement/CCM1_017176 for this information. You must apply this winter to participate in the Phased Retirement Program beginning with the Fall 2021 semester.

If you are accepted into the Phased Retirement Program, you must give up tenure, terminate from your current full-time position as of June 30, 2021 and sign a release agreement. If you currently hold an administrative appointment in addition to your faculty position, you will be required to resign the administrative appointment 30 days prior to entry into the program.

The University of North Carolina at Chapel Hill will contract with you for half-time (50% FTE) re-employment for a period of three years. You negotiate individually with your department to determine your specific duties and the time frame for fulfilling them. Due to a state law and some provisions of the Affordable Care Act (ACA), phased retirees will need to maintain no more than a .75 FTE and work no more than 30 hours in any given semester. In essence, what this means is that a phased retiree cannot work all of their hours in one semester and then not work at all in the next. Half-time responsibilities and duties may vary among departments and faculty, but all re-employments will commence with the Fall 2021 semester and will not include Summer School duties.

The Phased Retirement Program is a limited opportunity for faculty employees and we encourage you to consider it, but it is not an absolute right. The availability and eligibility rules for entry into the program are subject to change from year to year. The University of North Carolina at Chapel Hill has limited the number of eligible faculty members who may participate in the program to no more than 25% of tenured faculty in any one department, and no more than 10% of tenured faculty at the institution as a whole. After receipt of all applications for participation in the Phased Retirement program, the Office of the Provost will review the applications to ensure the limits are not exceeded. All applicants will be notified of the
disposition of their application by mid-February, 2021.

You should consult with your attorney and financial advisor before making the decision to participate in the Phased Retirement Program. You can revoke your decision to participate in the Phased Retirement Program within seven (7) days of signing the General Release document. After that date, your decision to participate in the Phased Retirement Program is binding. However, the period of phased retirement may be terminated at any time upon the mutual agreement of you and The University of North Carolina at Chapel Hill.

Your Phased Retirement appointment will be effective July 1, 2021. Initially, your compensation is equal to fifty percent (50%) of your base annual salary on record just prior to your participation in the Phased Retirement Program. If your salary includes a supplement for administrative duties/title, that supplemental amount is not calculated in the 50% earnings. The salary is paid over a twelve-month period. While participating in the Phased Retirement Program, you continue to receive performance reviews. Subject to the legislative appropriations process (and, for those faculty members receiving a monthly income from TSERS, the earnings limitations imposed by TSERS), you may be eligible for salary increases and merit pay in subsequent years based on your annual performance evaluations at the discretion of your Department Chair.

While participating in the Phased Retirement Program you may begin receiving your retirement benefit from TSERS or ORP and from Social Security, if you are eligible. You may wish to consider deferring your benefits, however. To be eligible for the state retiree health insurance benefit, you must begin receiving a monthly retirement benefit from TSERS or ORP.

If you receive income from TSERS while participating in the Phased Retirement Program, the State Retirement System has strict limits on the amount you can earn in any calendar year without jeopardizing your TSERS retirement income for that year. For example, had you been eligible and elected to participate in the Phased Retirement Program in 2020, TSERS would have stopped your retirement payments from TSERS and cancelled your health insurance for the remainder of the calendar year if your earnings from Phased Retirement and any other state agency during any calendar year following your retirement exceed the greater of:

- $34,340 or
50% of your compensation, excluding terminal payments, reported to TSERS during the 12 months of service preceding the effective date of your retirement. This figure is generally indexed up each calendar year.

You should annually ascertain the amount you are allowed to earn while receiving TSERS income from the State Retirement System. It is best to obtain this figure each March. It is your responsibility to monitor these limits. If you find you are in jeopardy of exceeding the amount you are allowed to earn as determined by the State Retirement System, you must notify your department head and/or dean/chair, and the Office of Human Resources, Benefits Department at 919-962-3071. Once you exceed the amount you are allowed to earn, no corrective action can be taken and you will be subject to the penalties imposed by the State Retirement System. If you receive income from ORP while participating in the Phased Retirement Program, there is no limit on the amount you can earn from any source.

If you begin receiving Social Security benefits and have not yet attained full retirement age (Social Security defines full retirement age as 66 for those born between 1943 and 1956, consult www.ssa.gov/reitre2/retirechart.htm. The income you earn through the Phased Retirement Program or any other source of earned income, whether you are in TSERS or ORP, can affect your Social Security benefits. The Social Security earning limits are subject to change each calendar year by the Social Security Administration, but for your information, the limits for 2020 are as follows:

If you are under full retirement age when you begin Social Security benefits, $1 in benefits will be deducted for each $2 you earn above $18,240.

- In the year you reach full retirement age, $1 in benefits will be deducted for each $3 you earn above $48,600, but only for the months before the month you reach the full retirement age.
- Starting with the month you reach full retirement age, you can receive full benefits from Social Security with no limit on your earnings.

If you enroll in the Phased Retirement Program, you may participate in some employee benefit programs while eligibility for other programs will cease. Please see the enclosed information for further details on your benefits during Phased Retirement.
If you are considering participating in the Phased Retirement Program and you will also begin your TSERS retirement benefit, please contact Benefits Services at 919-962-3071 and schedule an appointment with your assigned Benefits Consultant in early March/April 2021 to obtain an estimate of the income you can expect to receive from TSERS, or you can use the benefit estimate calculator on the Retirement System website at www.myncretirement.com. If you are in ORP, please contact your ORP vendor directly for an estimate of what you can expect to receive in income. If you want an estimate of what you can expect to receive in reduced or full Social Security benefits, please contact the Social Security Administration to obtain an estimate of those benefits. All this information regarding income you can expect to receive during retirement is necessary for you to make an informed decision on whether or not to apply for participation in the Phased Retirement Program at this time.

If you have specific questions regarding the UNC-CH Phased Retirement Program, please contact the Academic Personnel Office at 919-962-1092. If you have questions regarding benefits in phased retirement, you may contact your Benefits Consultant at 919-962-3071.

RB:fl
Enclosures