Questions on Eligibility

Q1  What are the general provisions of the Phased Retirement Program?
A1  
- The Phased Retirement Program is a Board of Regents approved program. The current program expires on June 30, 2017.
- The program will provide approved applicants a reduced appointment for a period not to exceed 5 years.
- The program begins on the first day of a reduced appointment and ends on the last day of active employment.
- The program is available to current ISU employees age 57 or older (on or after date of start of reduced appointment), with 15 years of paid employment on or before the date a reduced appointment begins. The last day to apply for the Phased Retirement Program and begin a reduced appointment is June 30, 2017.
- The reduced appointment must be between 50% and 65% of a full-time appointment for years 1-4. The reduced appointment in year 5 can be no more than 50% of a full time appointment.

Q2  Am I eligible for the Phased Retirement Program?
A2  You will be eligible to apply if you are age 57 or older (on or after date of start of reduced appointment) and have 15 years of paid employment as an Iowa State University employee on or before you begin a reduced appointment. Fifteen years of paid employment needs to be as a Faculty, Professional and Scientific, Supervisory Merit, or Non-Supervisory Merit employee.

Q3  Do my years of paid employment need to be consecutive?
A3  No. However you must have a total of 15 years of paid employment at Iowa State University to be eligible.

Q4  Will the Phased Retirement Program be on-going?
A4  The Phased Retirement Program is subject to ongoing approval by the state Board of Regents. The current program was renewed in 2011 for a period of 5 years. The current program expires on June 30, 2017.

Q5  If I apply for the Phased Retirement Program, can I rescind my request later?
A5  No. The request and approval for this program are binding once approved.

Q6  If I am approved for Phased Retirement and have begun a reduced appointment, can I rescind my request at a later date and return to full time employment?
A6  No. Board of Regents policy prohibits return to full-time employment once phased retirement has begun.
Q7  I originally planned to phase over a period of five years. Can I later decide to fully retire before the completion of my originally approved phasing?
A7  You should discuss any changes in your originally approved Phased Retirement schedule of phasing with your supervisor/department chair. Changes are subject to approval.

Questions on Applying for Phased Retirement Program

Q8  What is the last date that I can apply for the Phased Retirement Program?
A8  The current Phased Retirement Program expires on June 30, 2017. You will need to apply, receive approval, and begin a reduced appointment by June 30, 2017.

Q9  What is the process to apply for the Phased Retirement Program?
A9  You will need to complete an application form that is available on the Human Resource Benefits web site. You can also call the Human Resources at 515-294-4800 to have an application mailed to you. Complete the application and forward it to your supervisor/department chair.

Q10  If I apply for the Phased Retirement Program, is my request to retire subject to approval?
A10  Yes. An application for the Phased Retirement Program is subject to review and approval by your department chair/supervisor and dean/director/vice president. The program does not create a right for employees.

Q11  How will I be notified if my application is approved?
A11  If your application is approved, you will receive a confirmation letter from Human Resources along with a copy of your application. If your application is not approved, you will be notified by your supervisor/department chair.

Questions on Salary and Benefits

Q12  If I elect and am approved for the Phased Retirement Program, what are the impacts to salary and benefits I receive?
A12  During the period of your reduced appointment:
   • Your salary will be based on your phased appointment (50% - 65%) plus an additional 10% of budgeted annual salary immediately preceding the period of reduced appointment (if faculty and approved for FISIP, the FISIP increment is excluded for purposes of the Phased Retirement Program).
   • You will continue to be eligible participate in health and dental insurance coverage with contributions based on active employee rates.
• Employer contributions to a defined contribution retirement plan (TIAA-CREF or VALIC) will be based on your budgeted annual salary immediately preceding the period of reduced appointment (if faculty and approved for FISIP, the FISIP increment is excluded for purposes of the Phased Retirement Program).
• Employer contributions to IPERS will be based on your actual salary received (based on your reduced appointment).
• Life insurance and disability benefits will be based on actual salary.

Q13  I currently have IPERS as my retirement plan. Will I be able to receive an IPERS benefit during my reduced appointment?
A13  No. IPERS is a defined benefit retirement plan that does not permit you to receive benefits while still actively employed.

Q14  I participate in the defined contribution retirement plan (TIAA-CREF or Valic). Will I have access to my retirement funds during my Phased period even though I’m still receiving contributions?
A14  Yes. You will have access to your retirement plan funds (up to 99% of balances). You should visit with TIAA-CREF to understand your options for taking distributions.

Q15  I currently have a Health Care Spending Account. What is the impact to me if I take the Phased Retirement Plan option?
A15  Health Care Spending Accounts are funded with deferrals from your salary. During your phased period of reduced appointment, you can continue to participate in the spending accounts.

Upon your full retirement, you no longer have a salary and your Health Care Spending Account will end. Only eligible expenses incurred by you or a family member until the end of the month in which your salary deferral ends can be reimbursed. Contact the ISU Benefits office if additional information is needed.

Q16  What is the impact to my current vacation balances if I go on Phased Retirement?
A16  • Vacation accrual (if applicable) does change to be consistent with the appointment (FTE).
• If you are at the maximum vacation accrual prior to Phased, there is no loss – you will retain all accrued vacation.
• When moved to Phased, there will be no further vacation accrual until you have used vacation to extent that you are again eligible for accrual.
Phased Retirement Program - Questions and Answers

Q17 What is the impact to Social Security if I go on Phased Retirement?

A17

- Social Security contributions are based on actual salary received. Actual salary is reduced per terms of the Phased Retirement agreement.
- Social Security income projections received during Phased Retirement may show higher monthly income projections. These projections assume that the final years of your employment will be at the pre-Phased Retirement salary level, not at the actual lower Phased Retirement income level. You should contact your local Social Security Administration office with questions.

Q18 After my reduced appointment ends, what are my options for health and dental insurance coverage?

A18 Subject to existing policies, you will be allowed to participate in health and dental insurance coverage available to retirees at the time your participation in the Phased Retirement Program ends. Assuming existing policies are in force, you will be responsible for insurance premium payments in the same manner as existing retirees. You will not be permitted to participate in retiree plans that you are not enrolled in at the time of full retirement.

Q19 What other benefits are impacted when I fully retire?

A19

- Life Insurance – if you have been previously covered for life insurance during the past 10 years, you are eligible for a continued $4000 benefit at retirement. You will also have the option for conversion or portability of existing coverage under existing life insurance guidelines.
- Voluntary Vision plan – terminates the first day of the month following retirement. You may continue under COBRA provisions.
- Long-term Care Insurance – may be continued by making arrangements to pay directly to the provider.

Q20 What happens to my benefits in the event of my death?

A20

- Salary and contributions to retirement are terminated.
- The employee’s surviving spouse or dependent(s) may elect to continue available health and dental insurance coverage as provided by other university policies or by law.

Q21 What happens to my accumulated sick leave and vacation when I fully retire?

A21

- During the reduced appointment, you continue to earn vacation (if applicable) and sick leave based on your reduced appointment.
- Per ISU policy, sick leave balances will be paid to you up to a maximum of $2000. You must apply to receive sick leave payout.
- The value of your unused vacation bank, up to the policy maximum, will be paid to you unless your Letter of Intent (LOI) specifies otherwise.
- Effective with Phased Retirement applications received on or after March 1, 2011, calculation of the payout of unused vacation will exclude the 10% incentive (if faculty and approved for FISIP, the FISIP increment is
excluded for purposes of the Phased Retirement Program).

Q22  What else should I be aware of – such as taxes?
A22 Employees are responsible for any tax consequences resulting from retirement decisions. As an example, employees who are over age 70 ½ are subject to Minimum Required Distributions (MRD) from their retirement plan and the amount of the MRD can be impacted by the actual last day of active employment.
We encourage all employees who are considering Phased Retirement to visit with a financial professional to understand potential impacts applicable to their situation.

Q23  Who can I contact if I have more questions on the Phased Retirement Program?
A23 • Your department chair or director – with questions on participation in the Phased Retirement Program
• ISU Benefits office – can help you with questions on health and dental insurance coverage in retirement. Office phone is 515-294-4800 or on-line benefits@iastate.edu
• ISU Retirement Office – can provide general information on retirement programs (IPERS and TIAA-CREF) Office phone is 515-294-4800 or on-line benefits@iastate.edu TIAA-CREF – for assistance with retirement planning and investment options. Local office in Ames. Call 800-732-8353 for local appointments or speak with a national TIAA-CREF representative by calling 800-842-2776
• Iowa Public Employees Retirement System (IPERS) – for assistance if you are participating in IPERS. Telephone is 800-622-3849. On-line at www.IPERS.org
• Extension HR Office – for questions if you are a participant in the Federal Civil Service System. Telephone is 515-294-3283