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**Subject: Voluntary Transitional Retirement Program for Tenured Faculty**

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## **1. Purpose**

This policy outlines a program to assist the university's tenured and continued-appointment faculty in their transition from full-time active service to retirement and, in some cases, to facilitate their subsequent part-time re-employment to address staffing needs or to support research efforts.

For many prospective retirees, the loss of employer-paid medical benefits can be a significant factor in their decision to postpone retirement. In addition, part-time temporary re-employment is considered a desirable option by many faculty members who would like to utilize their professorial talents but with a reduced workload. Faculty members may assume teaching roles, mentor graduate students, conduct sponsored research, or take on other part-time responsibilities where their expertise will make a significant contribution to the employing unit. By utilizing a transitional retirement program, the university hopes to make it possible for long-term faculty to remain actively involved in the life of the university while reducing their professorial responsibilities.

### **1.1 Background**

The Code of Virginia § 23-9.2:3.1 allows institutions of higher education in the Commonwealth to execute retirement incentive plans for tenured faculty who meet certain eligibility criteria. Any such program would be funded by institutional resources and must meet the applicable requirements as specified by the *Code of Virginia* and the Appropriations Act.

## **2. Policy**

The Voluntary Transitional Retirement Program (VTRP) is an enhanced retirement program for eligible tenured faculty. Participation in the plan is voluntary for both the university and the faculty member. The elements of the program are discussed in greater detail below.

## 2.1 Program Objectives

To facilitate the transition of faculty from full-time active service to retirement by continuing to pay the employer portion of medical premiums and, if mutually agreeable, to consider those faculty for transitional work assignments in areas where their expertise may be needed.

1. Continuation of the employer portion of medical premiums paid by the university until age 65 for those who retire earlier.
2. To transition full time tenured faculty into full retirement over an established timeframe, allowing faculty to reduce their full-time commitment but not abruptly sever their ties with the university.
3. To allow succession planning for filling the vacancy that will occur once the faculty member is fully retired.

## 2.2 Eligibility for Participation in the Program

The VTRP can be established over a timeframe of one (VTRP-1), two (VTRP-2) or three (VTRP-3) years. Eligibility for each of these timeframe is described in further detail below.

### 2.2.1 Eligibility for VTRP-1

Participants in the VTRP-1 agree to retire by the end of the current academic year in which the agreement is executed. Participants in the program must:

1. be at least 60 years of age;
2. be a faculty member or administrator with tenure or a contractual right to continued employment as described in the *Faculty Handbook* ([http://www.provost.vt.edu/faculty\\_affairs/faculty\\_handbook.html](http://www.provost.vt.edu/faculty_affairs/faculty_handbook.html));
3. have at least 10 years of full-time service at Virginia Tech (full-time service may include periods of leave with full or partial pay, but excludes periods of leave without pay);
4. agree to withdraw from active membership in the *Virginia Retirement System (VRS)* (<http://www.varetire.org/>), or Optional Retirement Plans. The university will cease making employer or employee contributions to VRS or optional retirement plans as of the date of retirement;
5. comply with any additional criteria established by the Board of Visitors;
6. voluntarily participate in the program.

### 2.2.2 Eligibility for VTRP-2 and VTRP-3

Participants in the VTRP-2 and VTRP-3 agree to retire by the end of two or three years (depending on the program) from the commencement of the agreement. Participants in the program must:

1. be at least 60 years of age;
2. be a faculty member or administrator with tenure or a contractual right to continued employment (as described in the *Faculty Handbook* ([http://www.provost.vt.edu/faculty\\_affairs/faculty\\_handbook.html](http://www.provost.vt.edu/faculty_affairs/faculty_handbook.html))); have at least 20 years of full-time service at Virginia Tech (full-time service may include periods of leave with full or partial pay, but excludes periods of leave without pay);
3. agree to withdraw from active membership in the *Virginia Retirement System (VRS)* (<http://www.varetire.org/>), or Optional Retirement Plans. The university will cease making employer or employee contributions to VRS or optional retirement plans as of the date of retirement;
4. comply with any additional criteria established by the Board of Visitors;
5. voluntarily participate in the program.

## 2.3 Major Program Elements

### 2.3.1 VTRP-1

The program participant agrees to retire at the end of the current academic year in which the agreement is executed. During the agreement, the participant would receive no FTE reduction, and would be expected to teach a standard teaching load as expected by the academic unit.

#### 2.3.1.1 Continuation of Medical Benefits to Age 65

Eligible faculty members who participate in the VTRP-1 program will be reimbursed for the equivalent of the employer's portion of the health insurance premium until age 65 whether they opt for complete retirement or are rehired into a non-covered position. The reimbursement amount will be adjusted by Human Resources in accordance with changes in the state's retiree health insurance rates. The request for participation in this program and for reimbursement of health care insurance premiums must be in writing. See Section 3: Procedures.

#### 2.3.1.2 Part-time temporary re-employment after retirement

VTRP-1 retirees are eligible to return to non-covered employment after a designated break in service, and may be reemployed in part-time positions where their expertise and experience are best suited.

The following guidelines apply to the part-time, non-covered employment for VTRP-1 retirees:

- a. The faculty member must have one calendar month break in service prior to reemployment in a non-covered position;
- b. the faculty member may not return to a position that provides retirement benefits.
- c. the temporary work after retirement cannot be identical to the work performed prior to retirement. Typically this requirement can be satisfied by reemployment doing part, but not all, of the prior role – for example, only conducting research or only teaching a course.
- d. Any agreement for reemployment must be in writing, but may not be developed until AFTER retirement. The agreement should specify the nature and duration of the assignment and the amount of compensation. The reemployment agreement should be reevaluated every six months, or on a similar periodic cycle based on the assignment.
- e. Appropriate office space (perhaps shared) and reasonable access to clerical support and departmental operating resources may be furnished. Please see Policy 4405 on emeritus appointments for further information.

### 2.3.2 VTRP-2

The program participant agrees to retire from Virginia Tech within two years of the commencement of the VTRP agreement. During the agreement, the participant would receive an FTE reduction to .50, including a corresponding reduction in salary. Corresponding reductions to teaching, research, and service responsibilities would be made in consultation with the department head and dean and detailed in the participant's agreement. Modifications to benefits under VTRP-2 and VTRP-3 are described further in section 2.3.4 below.

### 2.3.3 VTRP-3

The program participant agrees to retire from Virginia Tech within three years of the commencement of the VTRP agreement. During the agreement, the participant would receive an FTE reduction to .50, including a corresponding reduction in salary. Corresponding reductions to teaching, research, and service responsibilities would be made in consultation with the department head and dean and detailed in the participant's agreement. Modifications to benefits under VTRP-2 and VTRP-3 are described further in section 2.3.4 below.

### 2.3.4 Benefits during VTRP-2 and VTRP-3 Programs

Eligible faculty members who participate in the VTRP-2 or VTRP-3 program will receive the following continuation of benefits **during their transitional appointment**:

- a. Health Insurance - The university will pay the employer portion of the health insurance benefits during the duration of the VTRP;
- b. Retirement;
  - i. ORP – employer contribution will be based on the adjusted annual salary;
  - ii. VRS – employee will continue to earn service credit;
- c. Life Insurance - will be based on the adjusted annual salary;
- d. Sick Leave – in accordance with plan rules;
- e. Long-Term Disability – benefits based on the adjusted annual salary.

#### 2.3.4.1 Benefits after VTRP-2 and VTRP-3 Programs for participants under age 65

After the conclusion of the VTRP-2 or VTRP-3 programs, if the faculty member is still under the age of 65, they will be eligible for the VTRP-1 program benefit of being reimbursed for the equivalent of the employer's portion of the health insurance premium until age 65. The reimbursement amount will be adjusted by Human Resources in accordance with changes in the state's retiree health insurance rates. The request for participation in this program and for reimbursement of health care insurance premiums must be in writing. See Section 3: Procedures.

## 2.4 Authority

The Board of Visitors reserves the right to modify, amend, or repeal the program.

## 3. Procedures

Eligible tenured faculty interested in applying for participation in the program must submit an application to their department head and dean. The provost or a designee must approve the application.

- a) To begin the program in the fall, applications must be received in the provost's office by the end of February.
- b) To begin in the program in the spring, applications must be received in the provost's office by the end of August.
- c) Faculty members have seven (7) days to revoke the agreement; participants must be given twenty-one (21) days to consider entering into this agreement; participants are advised to seek advice of an attorney. (Older Workers Protection Act, 1990)

## 4. Definitions

1. **Active Membership** -- as defined by the Virginia Retirement System, an active member works in a covered position with an employer that participates in the Virginia Retirement System (VRS) or is covered under an optional retirement plan (ORP) administered by VRS.
2. **Non-Covered Employment** -- as defined by the Virginia Retirement System, is a part-time position with a VRS-participating employer. Non-covered positions do not provide eligibility for benefits.

## 5. References

Policy 4405: Emeritus Faculty (<http://www.policies.vt.edu/4405.pdf>)

## 6. Approval and Revisions

The Faculty Retirement Transition Program was endorsed in principle by the Employee Benefits Committee and the Commission on Faculty Affairs.

Approved August 13, 1990, by the Board of Visitors.

Approved September 17, 1990, by Senior Vice President and University Provost, E. Fred Carlisle.

- Revision 1

Information about retirement counseling programs removed. Changed specific references to TIAA to "optional retirement plans" (ORP).

Indefinite continuation of the program endorsed by the Commission on Faculty Affairs.

Approved April 26, 1993, by the Board of Visitors.

- Revision 2

Addition of link to VRS web page and minor clarifications.

Approved January 22, 1999, by Executive Vice President, Minnis E. Ridenour.

- Revision 3

Revisions to the requirements for faculty retiring from VRS to comply with Virginia Retirement System restrictions on post-retirement employment, and general updating.

Approved February 11, 2004 by the University Provost and Vice President for Academic Affairs, Mark G. McNamee.

- Revision 4

September 1, 2006 – Technical revision to change name from Personnel Services to Human Resources

- Revision 5

Technical corrections to web links. Approved February 25, 2010 by Vice President for Administrative Services, Sherwood G. Wilson.

- Revision 6

Modified to incorporate two additional forms of phased/transitional retirement, and to clarify language.

Updated policy title from "Faculty Retirement Transition Program."

Approved April 3, 2017 by the Board of Visitors.

Approved April 3, 2017 by President Timothy D. Sands.