



## Guide for Phased Retirement

Phased Retirement allows departments staffing flexibility to meet their business needs by retaining necessary expertise, as well as meeting employee's individual needs. It allows faculty and staff members to reduce the number of hours actually worked, while retaining eligibility for University benefits as a full-time employee. There are additional departmental costs when employees enter into a Phased Retirement agreement; therefore, to maintain the efficiency and financial integrity of the department, this option is subject to departmental and cognizant vice president approval.

### Minimum Requirements:

1. You must be age 55 or older.
2. You must have completed five years of continuous benefitted service at The University of Utah immediately prior to participation in the Phased Retirement Program (years of service bridged from prior service do not count toward this requirement).

### Phased Retirement Basics:

1. You must drop your FTE ("Full Time Equivalent") by at least 25%. For example, if you are currently expected to work 40 hours per week, you must drop your expected work hours by at least 10.
2. Phased Retirement Agreements are generally for a **maximum of three years**. Additional years may only be included based on department need and with approval of the cognizant vice president.
3. A formal Phased Retirement Agreement, listing the terms of the phased retirement will be prepared by Human Resources. The agreement must be approved and signed by the employee and appropriate University officers up to cognizant vice president, then returned to Human Resources.

### Special Rules for Employees Enrolled in a Utah Retirement System Plan:

1. Employees participating in the URS Retirement Program cannot receive additional years of service with URS if their FTE drops below 50%.
2. Employees who plan to begin drawing URS benefits during phased retirement, are not eligible for phased retirement under University Policy. URS has their own phased retirement rules, which include a requirement that the phased retirement can only be 50% FTE. Contact Human Resources and URS for additional information.

### Phased Retirement Benefits:

1. Phased Retirement participants may retain all benefits enrolled in at the time of the Phased Retirement at the same rates as if they were a full-time employee. Because Phased Retirees and their family members remain enrolled in the University's Employee Health Care Plan, they do not need to enroll in Medicare until the Phased Retirement ends.
2. Leave accruals are prorated based on the new FTE.
3. Benefits with premiums based on salary, such as disability plans, will be based on the new salary.
4. Retirement contributions will continue to be paid by the University. An amount equal to 14.2% of the Phased Retirement salary will be contributed to the University's 401(a) Plan. Human Resources will calculate the difference between the contribution amount you would have received at your pre-Phased Retirement salary and your post-Phased Retirement salary. The amount the University will

contribute to the 401(a) Plan will be subtracted from that amount and the balance will be added to your salary. (This does not apply for employees enrolled in a URS retirement plan.)

5. You may withdraw funds from your 401(a) Plan account. This option is not available if you are participating in a one-year trial option or enrolled in a URS Retirement plan. (Withdrawal of funds from 403(b) Plan accounts can be made by any employee age 59½ or older.)
6. At least three months before the end of your Phased Retirement, you will need to begin considering health coverage options. If you are or will be eligible for Medicare, you will need to apply for Medicare. This can take 3 months to put into place. If you will not be eligible for Medicare at the end of your Phased Retirement, you will want to look at other individual plans available through COBRA or the [Health Insurance Marketplace](#).
7. To qualify for [retiree benefits](#) through the University at the end of your Phased Retirement, you must be at least age 60 or have 30 or more years of service with the University (20 or more years of service with the University working in a position that qualifies for participation in the URS Public Safety Retirement Plan). If you will meet these qualifications, review and proceed with the [planning for retirement](#) website. Reach out to the HR retirement counselors at [retiree@utah.edu](mailto:retiree@utah.edu) with questions.

#### **Pay While On Phased Retirement:**

1. While you are on Phased Retirement, you will continue to receive pay through the University's payroll system.
2. Premiums for benefits will be deducted from your pay. In the event your pay is too low to cover the cost of benefits, please contact Human Resources to be set up on billing.
3. Under the Fair Labor Standards Act (FLSA), employees can only be paid a salary if their pay is at least above the minimum threshold and their duties meet one or more of the "duties tests". In the event your phased retirement pay (including the additional pay for the loss of retirement benefits) goes below the minimum threshold, the FLSA requires that we change your status from salaried to hourly. This means you will be required to report hours worked in [Kronos](#). In the event this occurs, HR will provide you with instructions for entering your work time.

#### **To Apply for Phased Retirement:**

\*At any point during the process, the employee and/or the department may contact the HR Retirement Counselor ([retiree@utah.edu](mailto:retiree@utah.edu)) to obtain information and ask questions regarding the Phased Retirement Program.

**\*If the retirement is denied for departmental discretionary reasons, the department is required to inform the employee.**

1. Ordinarily, upon interest the employee notifies their department of their desire to retire at least six months in advance and discusses whether the department would consider Phased as a possibility. Alternatively, if a department has interest, they may discuss the option(s) with the employee. Note that the department may only approach employees regarding retirement so long as it is in a non-discriminatory way.

- In situations where the employee has multiple positions on campus, or has a joint or shared faculty appointment, all departments for that employee must be notified of the employee's interest in retirement.
  - Only departments who contribute to the salary for the employee will participate in the Financial Approval for Consideration and signature process for the retirement.
2. If all parties agree to proceed, the department will contact the HR Retirement Counselor to determine eligibility. Alternatively, the employee may contact HR to determine eligibility.

**Process for Phased Retirement:**

1. If eligible, HR will provide the department (and employee if requested) with financial calculations for consideration. If all parties wish to proceed following review, the department is provided the Financial Approval for Consideration.
  - \*The Financial Approval for Consideration is not a final agreement/contract and must be approved at all levels before an agreement is drafted.
  - The Financial Approval for Consideration is reviewed and signed or denied by the following parties (via DocuSign):
    - \* Each level should include the appropriate financial team when reviewing
      1. Non-Academic: Supervisor / Academic: Department Chair
      2. Non-Academic: Director / Academic: Dean
      3. Cognizant VP
2. HR is notified when the Financial Approval for Consideration has been approved and prepares the agreement for review and signatures.
  - The agreement is reviewed and signed or denied by the following parties (via DocuSign):
    1. Employee
    2. Non-Academic: Supervisor / Academic: Department Chair
    3. Non-Academic: Director / Academic: Dean
    4. Cognizant VP
    5. HR Retirement Counselor
    - \*At any point during the signature process the agreement can be revised, reviewed and/or denied (for departmental discretionary reasons). The agreement is not guaranteed and in effect until approved and signed at all levels.
3. If the agreement is approved, a copy will be sent to the employee, the Supervisor/Department Chair, Director/Dean, and cognizant VP.

If you have any questions about Phased Retirement, see [University Policy 5-309](#) or contact Human Resources at [retiree@utah.edu](mailto:retiree@utah.edu).