

FAQs on the Faculty Retirement Incentive Program (“FRIP”)

FRIP Transition Plan available to faculty from February 23, 2009 to August 31, 2009 with retirement no later than March 15, 2010

Can I take the FRIP Transition Plan and still participate in my school's recall program?

No. Phased retirement programs offered in some schools will immediately be closed to new participants. Faculty members who retire under the FRIP Transition Plan are not entitled to any period of recall. In exceptional circumstances, the dean may request that a faculty member be recalled to meet a specific programmatic need, fulfill grant requirements or provide another institutional benefit.

What does closing existing recall programs mean for faculty who have retired and are currently recalled?

Faculty who have retired and are currently recalled will continue to serve until the end of the agreed upon recall period.

Faculty members who recently advised their chair or dean that they will retire may still choose to be recalled for the next academic year if an agreement was reached as to a recall appointment, but they will not receive the special retirement incentive available to faculty 65 and older. Alternatively, they may retire under the FRIP Transition Plan, receive the special retirement incentive, but not be recalled.

I recently retired. Can I get the enhanced benefits under the FRIP Transition Plan?

The University will provide FRIP Transition Plan benefits to faculty who retired this academic year, but the special retirement incentives for faculty 65 and older are available only to those who are not recalled to service.

How long do I have to decide to retire?

You have until August 31, 2009 to indicate your intention to retire under the FRIP Transition Plan.

Can I wait until the very last day to make my decision?

Yes. However, the retirement process is time consuming for all parties involved. It typically takes four to eight weeks for the Benefits Office to generate the retirement calculation which confirms your eligibility for retiree benefits and the costs of your benefits. Early notice will facilitate a smooth process for you and allow the school to plan to meet programmatic needs.

How soon can I retire?

You can retire immediately, subject to resolving with your chair or dean any current service commitments that you have with respect to your school. If you retire immediately, you will receive the financial benefits immediately. If you do not wish to retire immediately, you may retire any time up to March 15, 2010.

What will I have to sign?

As under the current FRIP process, faculty members who retire under the Transition Plan will sign a standard agreement and release specifying the amount that the University will pay under the plan and the date of retirement. You in turn will confirm your intention to retire and thus give up your tenured or continuing term appointment and sign a release of claims against the University.

Am I required to retire?

No. This is a voluntary plan. You are welcome to continue working as an active faculty member. The FRIP Transition Plan is intended to provide you with an attractive retirement package should you choose to retire at this time. In light of the current turmoil in the financial markets, the Provost and Deans also have decided to offer eligible faculty the special retirement incentives described in the program statement that are not otherwise available under FRIP.

Perhaps I should wait for a “better deal.” Will the University make further enhancements to the FRIP plan?

A new FRIP plan, effective September 1, 2009, has already been designed and is discussed below. Although FRIP may be terminated or changed by the University at any time, there are no plans to add further enhancements to the new program. Faculty should not anticipate additional retirement incentives, particularly in light of current economic conditions.

Why can't we offer such a plan to staff?

Eligible staff are able to retire under the existing retirement plans available for staff. The University also provides severance benefits approximately equal to the special retirement incentive in the FRIP Transition Plan to eligible staff who are laid off. Retirement eligible staff who would like to be considered for layoff should indicate this to their supervisor, who may consider this in their budget planning.

I am on sabbatical this year but I want to take advantage of the FRIP Transition Plan. Can I still do that?

Yes. Sabbatical leave typically may not be taken during the academic year immediately preceding retirement. However, the Provost will approve an exception to this policy due to the special circumstances of the FRIP transition.

New FRIP Plan effective September 1, 2009

How does the new program work?

The new program is available to faculty aged 63-71 with 15 years of service at 50% FTE or greater. Service at the University in a staff position counts toward the service requirement; however, the last five years must be as a member of the Academic Council or the Medical Center Line or as a Hoover Senior Fellow. Sabbatical leave time counts toward the service requirement but leaves without salary are excluded.

Under the new program, eligible faculty aged 63 to 67 can retire under FRIP and then are recalled to service at 50% time for **two years** immediately following retirement. During the recall appointment, the faculty member will receive payments equal to his or her full salary at retirement, comprised of one-half in recall salary and one-half in FRIP benefit. The remaining FRIP benefit will be paid in a lump sum after completion of recall service. For example, if you are 64 and your base salary is \$100,000, you will retire and then work two years at 50% FTE and get paid \$100,000 each year. Then after completing your two years of recall service, you will receive the remaining FRIP benefit of \$100,000. You will receive a total of \$300,000 in FRIP benefit and recall salary.

Faculty aged 68 to 71 can retire under FRIP and then are recalled to service at 50% time for **one year** immediately following retirement. During the recall appointment, the faculty member will receive payments equal to his or her full salary at retirement, comprised of one-half in recall salary and one-half in FRIP benefit. The remaining FRIP benefit will be paid in a lump sum after completion of recall service. For example, if you are 71 and your base salary is \$100,000, you will retire and then work one year at 50% FTE and get paid \$100,000 for that year. Then after completing your recall service, you will get paid the remaining FRIP benefit of \$50,000. You will receive a total of \$150,000 in FRIP benefit and recall salary.

Under the program, salary means the annual salary of record and does not include supplemental compensation. The payment will be calculated on annual base pay at the time of retirement. For the School of Medicine, the FRIP calculation (other than the “special retirement incentive” under the FRIP Transition Plan) includes base pay plus the average variable pay for the three years preceding retirement.

Under the new FRIP plan will I get salary increases during my recall?

No. Your recall salary will be equal to 50% of your final salary at retirement. The amount of your FRIP benefit will be based on your full final salary at retirement.

Why is the University changing the FRIP plan?

The new program is intended to provide financial support for faculty as they retire, provide an opportunity for part time service for all faculty immediately following retirement, and allow schools to better manage the recall process. The new design provides the same overall FRIP economic benefit to the retiring faculty member, allows the faculty member to work longer before retiring under FRIP, permits eligible faculty in all schools to be recalled and earn partial salary for one or two years, and spreads the tax impact of the FRIP payment over time.

As indicated in the Faculty Handbook and the program statement, FRIP can be canceled or changed by the University at any time. Faculty do not have an entitlement to FRIP benefits until both the faculty member and the Provost have signed the Agreement and Release.

When I am recalled part-time, are there restrictions on the amount of consulting that I can do?

As with active faculty members, it is important that retired faculty who are recalled to service be regularly available to students and colleagues and participate in the educational programs of the University consistent with the percentage time commitment of their recall appointment. However, retired faculty members may engage in other activities as long as they do not detract from the faculty member's ability to fulfill his or her recall service commitment or present a conflict of interest. Questions or ambiguities should be resolved with department chairs and deans prospectively to avoid negative effects on the functions of the University. See also the Faculty Policy on Conflict of Commitment and Interest at <http://www.stanford.edu/dept/DoR/rph/4-1.html>

Will the school need to renew the recall each year for faculty eligible for a two year recall period?

No. If the recall appointment under the new FRIP plan is for two years, the faculty member can be recalled through the submission of a single Blue Form indicating a two year service period.

Can I be recalled after the period required under the new plan?

There typically will be no further recalls after the initial recall period. However, the school dean may determine that a recall is warranted on occasion due to programmatic need, grant requirements or institutional benefit. Any recall appointment recommendations should be based on department or school needs that cannot otherwise be met by regular faculty and must be approved by the dean prior to being offered to the faculty member.

Can I continue to contribute to the SCRP after being recalled?

Yes. Recalled faculty will be eligible to contribute to SCRP and receive University contributions based on their part time appointment salary (but not the supplemental FRIP benefit payment).

What is the impact on retirement plan distribution payments of being recalled to service?

Faculty who are recalled under the Program will be eligible to take in-service distributions from the SCRP.

If I do not want to be recalled, can I receive the full FRIP benefit as an immediate lump sum, as in the previous FRIP program?

No. The recall period is an integral part of the new program and cannot be waived.

What if a faculty member is unable for health reasons to complete service during the recall period?

If a faculty member is unable to complete his or her recall service due to disability, the faculty member will receive the remaining portion of the FRIP retirement benefit that has not yet been paid, but the faculty member will not receive continued salary for recall service.

What if the faculty member signs up for the new plan and then is unwilling to fulfill the recall duties?

The faculty member will not receive further salary for the recall, and will not receive any further FRIP benefits. The terms of this arrangement will be in the Agreement and Release signed by the faculty member before retirement.

What if the faculty member signs up for the new plan and then terminates employment?

The faculty member will not receive any outstanding FRIP payments or further salary for the recall. The terms of this arrangement will be in the Agreement and Release signed by the faculty member before retirement.

General Questions about Emeriti status under either FRIP plan

What are my rights to participate in departmental decision making?

Faculty members who become official University retirees receive the emeritus or emerita title and become senior members of the Academic Council with privileges of the floor and of service on committees, but without the right to vote or hold office. Each school and/or department is responsible for determining the extent of the individual's participation in departmental affairs, which will vary from department to department. By its nature, however, an emeritus recall appointment does not permit the same status within departments as does a regular faculty appointment. For example, retired faculty, whether recalled or not, are not asked to vote on appointments, reappointments or promotions. If it is in the department's interest to have them participate in such a decision, it should be in an advisory role.

May I continue to advise graduate students?

Emeriti faculty may serve on doctoral dissertation reading committees without being recalled to active duty. They may also serve as the principal dissertation adviser with a regular member of the Academic Council as a co-adviser.

What about my grants?

Emeriti faculty recalled to active duty are eligible to act as principal investigators on sponsored projects, provided such activities are within the department's intended role for the individual. The project must not exceed the duration of the recall period and the department must be willing to accept responsibility for meeting obligations to students and staff associated with the research, as well as the contractual obligations, in the event of the principal investigator's inability to do so.

What happens to my office?

Allocation of office or laboratory space and/or secretarial services varies by department and school. Individual schools and departments may have their own policies and practices with regard to available space and other resources. Questions should be addressed to the department chair or dean.

Can I keep my endowed chair title?

Yes, you may keep the endowed chair title followed by the "Emeritus" or "Emerita" designation. After your retirement, the chair will be assigned to an active faculty member.

What happens to my benefits?

Retired faculty holding a 50% recall appointment will be eligible for active employee medical coverage and many other benefits for active employees.

After faculty cease to be eligible for active employee medical coverage, the University offers a generous medical insurance program for faculty who meet the program's eligibility requirements (you share the cost of coverage with the University). Eligibility is based on your age, the date you were hired, plus the number of eligible years of service you accrue. You should contact Stanford Benefits in order to determine your personal eligibility. Stanford Benefits prepares a calculation to determine if you are eligible for medical and dental benefits in retirement and what portion of the coverage cost you will share with the University. You will be notified by the Stanford Benefits service center of the outcome. The calculation takes about four to eight weeks. Call 650-736-2985, Option #9 and request a retirement calculation.

Retirement benefits include free campus parking privileges, use of the libraries, and access to other facilities and services of the University. Eligible emeriti may also use the Tuition Grant Plan for any eligible children. Emeriti may retain a campus home but should contact the Housing Office (fshousing@stanford.edu) to discuss the impact, if any, on any outstanding loans.

I need help thinking through my options.

We encourage you to contact your personal financial advisor. While the University cannot give financial advice, the resources identified below are available.

For purposes of personal financial planning, the University will provide Academic Council and Medical Center Line faculty and Hoover Institution Senior Fellows up to \$500 for reimbursement for the services of financial planners or consultants. This reimbursement, which is treated as taxable income to the faculty member, is available only once in an individual's career and requires the submission of a receipt to the Faculty Affairs Group of the Provost's Office. Please contact the Faculty Affairs Group (facultyaffairs@stanford.edu) of the Provost's Office for more information about this reimbursement.

You may sign up for a financial education class presented by Financial Knowledge. Class descriptions and information are available on the Benefits Web site and enrollment for active employees is through STARS. You may also consider scheduling a free confidential financial consultation with one of the investment providers (Fidelity, TIAA-CREF and Vanguard). To help you decide which options are right for you, find a list of dates and locations on the Benefits Web site at <http://benefits.stanford.edu>. Click on *Retirement*.

For faculty in the School of Medicine, please contact Ellen Waxman at 724-7743 or ewaxman@stanford.edu.