



Arizona State University
OPTIONAL RETIREMENT PLAN
PHASED RETIREMENT PROGRAM

The Arizona Board of Regents has approved a new, voluntary Phased Retirement Program for Optional Retirement Plan (ORP) participants with AIG Retirement, Fidelity or TIAA-CREF. The program, which takes effect July 1, 2008, allows vested participants age 62 or older to gradually transition into retirement—with the consent of their Deans or Vice Presidents.

QUESTIONS?
HR Faculty Services Line
480.727.9900
 (Ext. 7.9900)

Participants will be able to reduce their work schedules for a maximum of three years, while supplementing their incomes with ORP Plan distributions during employment. Participants will now also have the option, for the first time, to return to work immediately after retirement, if positions are available.

Anyone considering this new program first should review the Frequently Asked Questions before making any retirement plans. The **HR Faculty Services Line (480.727.9900)** is available for assistance and can supply the Agreement and Release if you decide to proceed with the program.

FREQUENTLY ASKED QUESTIONS: PHASED RETIREMENT

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ELIGIBILITY AND PARTICIPATION

Am I eligible to participate in this Phased Retirement Program?

This program is available to contributing Optional Retirement Plan participants who:

- are at least 62 years old;
- are fully vested in the Optional Retirement Plan; and
- sign an irrevocable, written legal agreement and release with ASU.

IMPORTANT NOTE: Faculty and staff who meet the eligibility criteria but who have an existing agreement to retire cannot rescind the existing agreement.

How long does it take to become vested in the Optional Retirement Plan (ORP)?

Participants usually are fully vested after five (5) years of service. To find out if you qualify for immediate vesting, see page 4 of the ORP Guide: www.asu.edu/hr/benefits/documents/orpguide.pdf.

What are the benefits of participating in the Phased Retirement Program?

You can reduce your workload and salary and make withdrawals from the Optional Retirement Plan for up to three years. A reduced workload will give you the opportunity to spend more time with your family and friends or have more time to pursue your favorite leisure activities.

IMPORTANT NOTE: Your reduced schedule is subject to negotiation and agreement between you and your dean/vice president.

How much can I reduce my work schedule?

You and your dean/vice president must decide together, based on the academic and business needs of your department, how much you can reduce your work schedule. In your written agreement, you must document the dates and percentages of your reduced work schedule. You can specify different percentages for different periods of your phased retirement. The standard range will vary between 50% and 95% time (FTE).

IMPORTANT NOTE: If you reduce your schedule to less than 50% FTE, you will lose your group insurance benefits. To retain group insurance under the benefits program, you must work 50% FTE or more. You also must be appointed 50% or more FTE to continue contributions to the Optional Retirement Plan.

How long can I participate in the Phased Retirement Program?

You may request up to a maximum of three (3) years. The length of the phased retirement is subject to negotiation and agreement between you and your dean/vice president.

Can I change my Phased Retirement Program agreement after it is signed?

In general, the terms are irrevocable. However, if a participant and their dean/vice president mutually agree to either accelerate retirement or amend the reduced work schedule, the agreement can be altered. This option allows for unforeseen circumstances such as a change in health or the ability to fulfill the responsibilities of the negotiated phased retirement period.

You should contact your dean or vice president as soon as possible if you need to accelerate your retirement date or amend your reduced work schedule, so the change does not adversely affect your department.



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How will participation in this program affect my tenure status if I am tenured faculty or an academic professional with continuing status?

Tenured faculty or academic professionals with continuing status irrevocably relinquish all status rights at the end of the phased retirement period.

How does participation in this program affect my contract renewals if I am an administrator, service professional, or academic professional not on continuing status?

You will continue to be subject to regular employment contract renewals during the phased retirement period. Participation in the Phased Retirement Program does not create a guarantee or implied agreement of continuous employment.

ARIZONA STATE RETIREMENT SYSTEM (ASRS)

Are ASRS participants eligible for this Phased Retirement Program?

No. This voluntary program is limited to contributing Optional Retirement Plan participants and is designed to allow participants to collect ORP benefits while working less than 100% FTE.

If I contributed to ASRS prior to joining the Optional Retirement Plan, will I be able to begin collecting ASRS benefits during the phased retirement period?

No. You only can begin distributions from ASRS (current system and previous plan) as defined under the plans when you terminate or retire from all ASRS participating universities and employers.

I am currently an ASRS participant, but have an ORP account. Am I eligible for the Phased Retirement Program?

No. Only active Optional Retirement Plan participants are eligible.

BENEFITS AND RETIREMENT DURING PHASED RETIREMENT

How do I withdraw from my Optional Retirement Plan account?

Please allow 10 business days for your agreement to be submitted to Human Resources and your investment company to be notified you will participate in the Phased Retirement Program. Then you can contact your investment company to begin withdrawals. It could take up to three weeks for the investment company to process withdrawals.

INVESTMENT COMPANY CONTACT NUMBERS

AIG Retirement	800.448.2542
(formerly AIG Valic)	
Fidelity	800.343.0860
TIAA-CREF	866.548.3705

Do I have to continue to contribute to the Optional Retirement Plan during the phased retirement period?

Yes, if you are appointed 50% time or more. Both employee and employer contributions continue until your retirement date in accordance with Arizona Revised Statutes 15-1628C and the Optional Retirement Plan. Both contributions—your seven percent and the ASU matching contribution—will be taken based on your reduced salary.



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Will I continue to receive benefits during my phased retirement?

Yes, if you are appointed at 50% or more time, you may continue or elect participation in all ASU, ABOR and State of Arizona benefits plans—medical, dental, vision, basic and supplemental life, short-term and long-term disability, flexible spending accounts, and other voluntary benefit plans (such as home/auto and long-term care). All benefits election changes, additions and cancellations are subject to open enrollment and qualified life event rules.

ASU will base disability and supplemental life insurance benefits on your reduced salary.

Am I allowed to contribute to the supplemental retirement plans?

Yes. You may continue or begin participating in the Tax-Sheltered Annuity 403(b) Plan and/or 457 Deferred Compensation Plan. You also can change your biweekly (flat rate) contributions to these plans.

Does phased retirement affect my sick and, if eligible, vacation leave accruals?

Accruals will be pro-rated, based on your reduced FTE percentage.

How does phased retirement affect my benefits under the Retiree Accumulated Sick Leave (RASL) Program?

It does not affect the hourly rate of pay used to calculate the benefit; however, you will accrue sick leave at a reduced rate. Here is the RASL formula:

RASL FORMULA

Multiply your **hourly rate at the date of retirement** by the **number of unused sick leave hours** (500 to 1,500 hours) at retirement.

Then multiply that number by **one** of the following percentages:

- **25%**; (at least 500 but less than 750 sick leave hours); or
- **33%**, (at least 750 but less than 1,000 sick leave hours); or
- **50%**, (at least 1,000 up to the maximum of 1,500 sick leave hours).

If I am eligible for vacation, will my reduced work schedule or FTE affect my vacation payout upon retirement?

Yes. A cash payment for accrued vacation leave is based on your current rate of pay and reduced accrual rate (determined by FTE) upon termination.

You are encouraged to use your vacation during your phased retirement period.

Will I be eligible for retiree health insurance at the end of the phased retirement period?

Yes, but you must still satisfy the eligibility requirements for the State of Arizona retiree health insurance programs.



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RETURN TO WORK

Am I allowed to work for ASU after the phased retirement period ends?

Any Arizona State Retirement System (ASRS) retiree who is considering returning to work for ASU or another ASRS employer should seek ASRS counsel before making any re-employment decisions. For information and assistance:

- Visit the ASRS website
www.azasrs.gov/content/pdf/fact_sheets/Working_After_Retirement.pdf
- Call the ASRS at 602.240.2000
- Send an email to the ASRS at AskMac@azasrs.gov

If I return to work after my phased retirement, will ORP distributions continue?

Yes, as long as distributions began before your return-to-work date.

If I return to work after my phased retirement period, am I allowed to contribute to the ORP or ASRS retirement plans?

Yes. In fact, you must contribute to the retirement plan that applies to your new job classification if you return to work at 50% or more time (FTE) with the intent of working 20 weeks or more in the fiscal year. (This assumes you are not collecting ASRS pension benefits.)

View retirement eligibility information at www.asu.edu/hr/benefits.

If I am collecting ASRS pension benefits and return to work after my phased retirement period, am I allowed to contribute to the ORP or ASRS retirement plans?

If your ASRS pension benefits have begun, these return-to-work rules apply:

RETURN TO WORK RULES					
		First Year of Retirement		After One Year of Retirement	
		Normal Retirement	Early Retirement	Normal Retirement	Early Retirement
Less than 50% appointment (not benefit-eligible status)		No retirement participation permitted			
50% or more appointment	Continuing ASRS pension	No retirement participation permitted *		May enroll in the ORP plan, if eligible	No retirement participation permitted until Normal Retirement date is reached **
	Suspending ASRS pension	Must enroll in ASRS only		May enroll in either ASRS or, if eligible, the ORP plan	May enroll in either ASRS or, if eligible, the ORP plan
<p>* Normal and Early Retirees: During the first year of retirement, you may work 20 or more hours per week for no longer than 19 weeks within each fiscal year. If you work more than that, your ASRS pension must be suspended and you must begin contributing to the ASRS plan again.</p> <p>** Early Retirees: Until you reach your normal retirement date, you are allowed to work 20 or more hours per week for no longer than 19 weeks within each fiscal year. If you work more, your ASRS pension must be suspended and you must begin contributing to the ASRS plan again</p>					



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Will I be able to participate in the benefits program at ASU if I return to work?

Yes, as long as you are appointed at least 50% time for six months or more, you can participate in all ASU, ABOR, and State of Arizona benefits plans: medical, dental, vision, basic and supplement life, short-term and long-term disability, flexible spending accounts, and other voluntary benefits plans, such as home/auto and long-term care.

May I re-enroll in the employee health plan if I have chosen the retiree health coverage?

Yes. If you already have enrolled in a State of Arizona retiree health insurance program, you can suspend your retiree health coverage and enroll in ASU health benefits. When you retire again, you must re-enroll in a State of Arizona retiree health insurance program within 31 days of your new retirement date.

FURTHER ASSISTANCE

Where can I get answers to phased retirement and other retirement questions?

The Human Resources Benefits Design & Management Department has scheduled weekly Phased Retirement Program meetings on all campuses to assist you with your retirement plans. You can find a schedule of meetings online:

www.asu.edu/hr/benefits/retirement_info.html

When should I attend other pre-retirement meetings?

Here are the steps to ensure a successful transition into retirement:

Three months before you retire

Contact the Social Security Administration (www.ssa.gov) to apply for Medicare and Social Security retirement benefits, if applicable.

30 days before you retire

Attend an ASU retirement meeting conducted by the HR Benefits Design & Management Department for information on your retiree benefits options and administration.

Call 480.727.9900 to schedule a date.

www.asu.edu/hr/benefits/retirement_info.html

Contact your ORP investment company for any changes in your distributions:

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Fidelity	800.343.0860
TIAA-CREF	866.548.3705