

6. Phased Retirement Program Report

Situation: Presentation of the 2013 Phased Retirement Program Report.

Background: The Phased Retirement Program was implemented by the UNC Board of Governors and approved by the North Carolina State Legislature as a program designed to “promote renewal of the professoriate” while providing flexibility for faculty members nearing retirement. Eligible participants are tenured, full-time faculty members with at least five years of service at their current UNC institution and eligible to receive state retirement benefits through approved state programs.

Assessment: Faculty continue to utilize this program to phase into full retirement and all campuses are in full compliance with UNC Policy 300.7.2. This report will be shared with the board every three years going forward.

Action: This is for information only.

The University of North Carolina
Phased Retirement Program Report
2013



The University of North Carolina
General Administration

September 2014

Overview of Phased Retirement Program

The Phased Retirement Program for Tenured Faculty (PRP) was implemented in 1998 for a five-year trial period at the 15 constituent institutions of the University of North Carolina (UNC) that award tenure.¹ In 2001, the UNC Board of Governors (BOG) voted to continue the pilot program as a benefit for UNC faculty. In 2011, the North Carolina State Legislature approved legislation to make phased retirement a permanent program (S.L. 2011-145). The program was designed “to promote renewal of the professoriate in order to ensure institutional vitality and to provide additional flexibility and support for individual faculty members who are nearing retirement.” The program has three major goals:²

1. Better personnel planning
2. Enhanced recruitment and retention
3. Increased quality of faculty

The PRP enables full-time tenured faculty who meet eligibility requirements to relinquish tenure during their last year of full-time employment and enter into a contract to work half time for 50% of their salary. Additionally, enrolled eligible faculty members may elect to receive their accrued benefits under approved retirement programs, but they are not required to do so.

To be considered eligible for participation in the program, faculty must meet the following three criteria:

1. Tenured full-time faculty member
2. At least five years of service at the current institution
3. Eligible to receive retirement benefits either through the North Carolina Teachers’ and State Employees’ Retirement System (TSERS) or under the UNC Optional Retirement Program (ORP)

BOG policy allows each institution to set caps on participation in order to ensure the quality of academic programs and to define the length of the phased retirement contract period for all faculty (contracts can range from one to five years). PRP data shows that since 2006-07, only five participants have remained in the program for longer than three years (reflecting full compliance with UNC Policy).

1 UNC School of the Arts does not award tenure to faculty.

2 UNC Policy Manual, 300.7.2.1 [G]

Phased Retirement Program Revisions

UNC PRP policy aligns with all relevant state law and rules for available retirement programs (TSERS and ORP) and incorporates restrictions and limits on available earnings. UNC PRPs, however, do operate under certain statutory and regulatory exceptions to state law. The two approved exceptions are:

1. Allowing state employees to receive retirement plan distributions prior to full retirement (if they so elect);³ and
2. Not requiring a mandatory six-month break in service before working for another State entity.⁴

Prompted by the passage of the Pension Protection Act of 2006 and changes in IRS regulations concerning in-service distributions from retirement plans, the UNC Board of Governors amended the PRP policy in September 2007.⁵ The amended policy increased the minimum age for participation in the PRP from age 50 for all participants to age 62 for TSERS members and 59 ½ for ORP participants. The data provided in this report reflects the previous policy age limit for years 2004 through 2007 and the current policy age limits for years 2008 through 2013.

3 UNC Policy Manual 300.7.2

4 N.C. Gen. Stat. § 135-1(20), S.L. 2011-145 §29.24

5 UNC Policy Manual 300.7.2

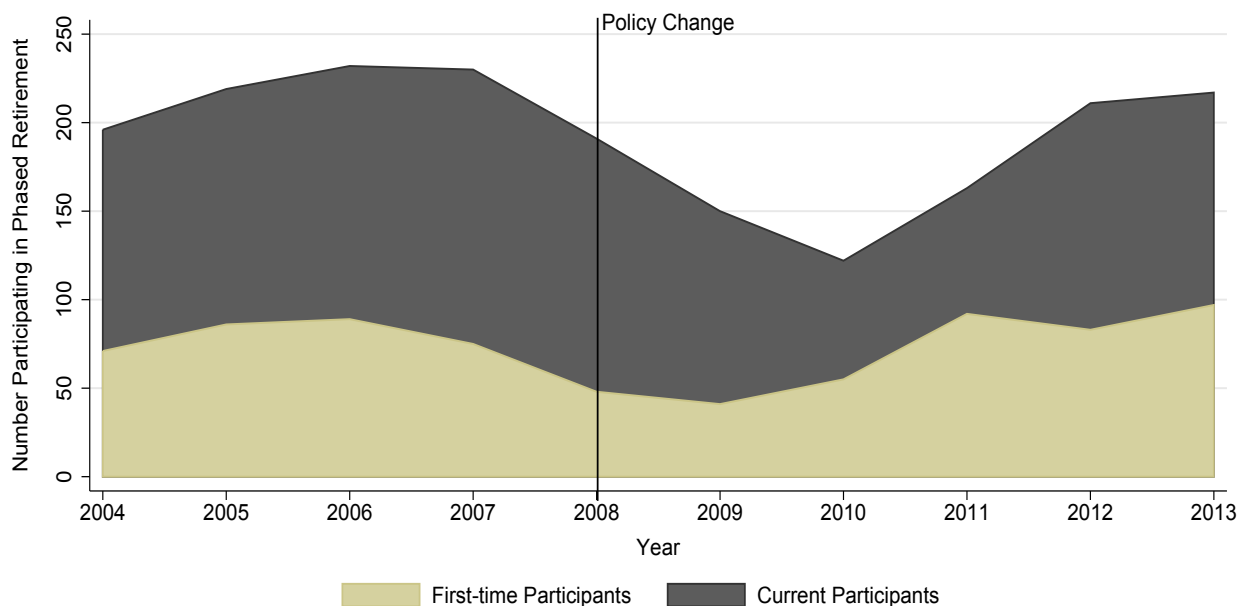
Phased Retirement Program Data - 2013

Data for the PRP are pulled from the Personnel Data File collected each year from UNC campuses on September 30 and is then reported to the Department of Education. The data for this report, referred to as the Fall Snapshot, was collected on September 30 over multiple years. These data are divided into three areas:

1. Total number of participants (first-time and continuing)⁶
2. Faculty participation rates
3. Age distribution of first-time participants

A total of 1,174 faculty have participated in the program since its inception in 1998 and the number of tenured faculty participating in 2013 increased over the previous year (data for the last ten years are presented in Appendix A). The total number of faculty in the program continues to trend upwards from a low in 2010, with the number of faculty participating for the first time in 2013 increasing 17%. The numbers for total and first-time participants are presented together in Figure 1.

Figure 1: *Total and First-Time Participants in Phased Retirement Program (2004 through 2013)*

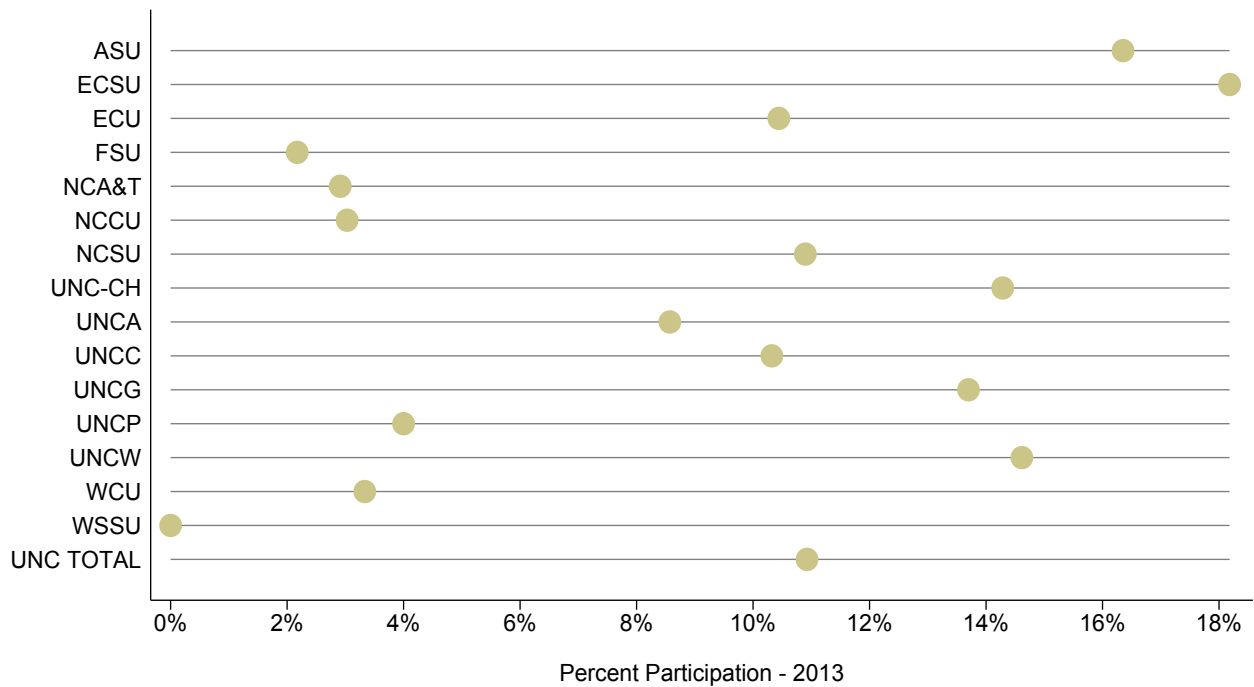


Source:UNC-GA IRA/PDF.CH239.B/15JUL14

⁶ Faculty remain in the program enrollment count while phasing into full retirement.

At the time of the Fall Snapshot, 10.9% of eligible faculty were participating in the PRP.⁷ See Figure 2 below for campus participate rates and Appendix A for a detailed table.

Figure 2: *Faculty Participate Rates in Phased Retirement Program (2013)*

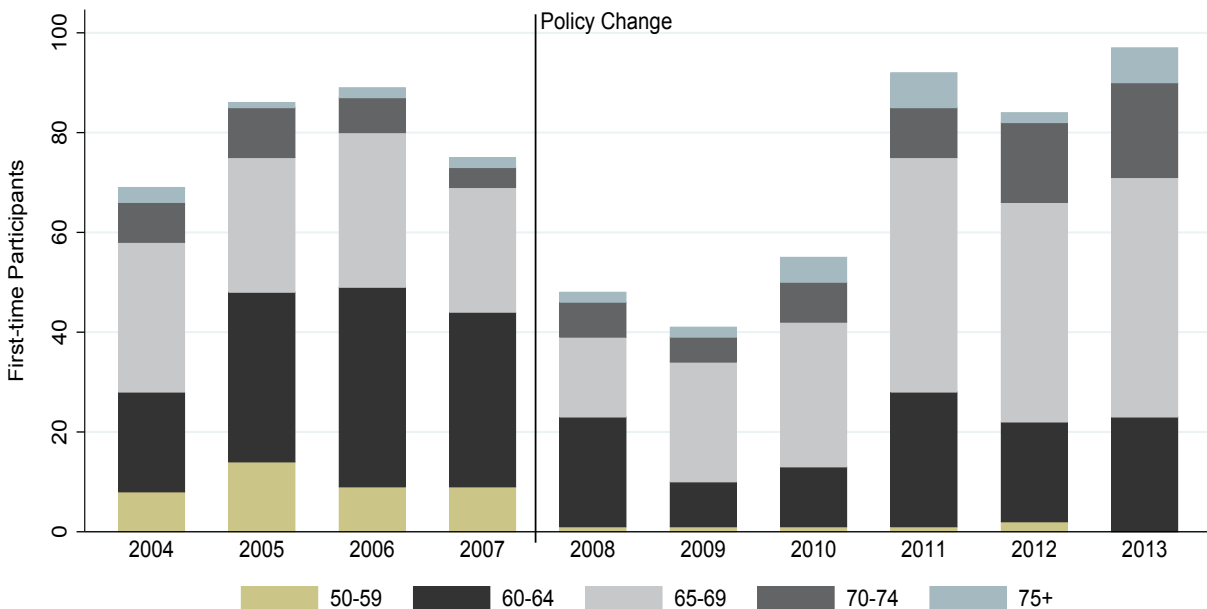


Source:UNC-GA IRA/PDF.B097/15JUL14

7 Eligible faculty for years 2004 through 2007 were those with tenure, at least five years of service at their current institutions, and at least 50 years old (for both ORP and TESRS). Eligible faculty for years 2008 through 2013 are those with tenure, at least five years of service at their current institutions, and at least 59 1/2 (ORP) or 62 (TESRS) years old. These are the minimum UNC Policy eligibility requirements, UNC campuses may have additional eligibility requirements. Participation rates are only presented to offer a general idea regarding faculty participation in the PRP.

Due in part to the policy changes governing the age at which faculty can participate in the PRP, the number of faculty younger than 60 in the program has declined and the average age of participants has trended upward, from 64 in 2004 to 68 in 2013 (see Appendix B for data on first-time participants and participation rates of eligible faculty). Figure 3 presents this information for the past ten years.

Figure 3: Age of First-Time Participants in Phased Retirement Program (2004 through 2013)



Source: UNC-GA IRA/PDF.CH239.B/15JUL14

Conclusion

The PRP is an important tool for retaining the talents and contributions of faculty members after their retirement. Although many retiring faculty members will be replaced by new hires, UNC institutions still benefit from the accumulated experience and expertise of their retiring faculty members, an outcome that the PRP is specifically designed to accomplish.

Appendix A. Phased Retirement Program Participants¹ and Participation Rate of Eligible Faculty²

									Policy Change											
	2004		2005		2006		2007		2008		2009		2010		2011		2012		2013	
	n	%	n	%	n	%	n	%	n	%	n	%	n	%	n	%	n	%	n	%
ASU	13	12.7%	16	14.5%	18	15.9%	25	20.2%	18	14.6%	14	11.2%	18	13.5%	21	15.2%	27	17.2%	26	16.4%
ECU	11	8.3%	18	13.0%	23	14.8%	33	18.0%	22	11.3%	17	8.5%	14	6.3%	18	7.4%	22	9.4%	26	10.4%
ECSU	3	23.1%	4	28.6%	3	23.1%	3	17.6%	2	11.8%	1	5.6%	.	.	5	22.7%	5	20.0%	4	18.2%
FSU	.	.	3	11.5%	2	8.0%	1	3.6%	1	3.4%	2	5.9%	6	15.8%	5	11.4%	4	8.3%	1	2.2%
NCA&T	.	.	.	.	.	.	.	.	4	5.3%	6	7.5%	3	3.5%	5	5.4%	4	4.1%	3	2.9%
NCCU	8	21.1%	11	26.8%	6	13.6%	3	6.3%	7	14.0%	5	8.9%	4	7.4%	3	5.7%	2	3.3%	2	3.0%
NCSU	30	12.8%	39	14.4%	43	16.1%	48	16.6%	32	10.4%	21	6.5%	16	4.8%	17	4.9%	28	9.2%	34	10.9%
UNCA	1	5.3%	1	5.6%	2	9.1%	1	6.7%	2	10.5%	1	4.8%	0	0.0%	0	0.0%	5	16.7%	3	8.6%
UNC-CH	49	16.2%	60	17.9%	70	18.3%	56	13.7%	49	11.4%	34	7.6%	29	6.2%	43	8.8%	56	13.6%	59	14.3%
UNCC	19	17.9%	15	14.0%	14	11.9%	17	13.4%	17	12.1%	14	9.4%	15	9.8%	16	10.5%	20	13.4%	16	10.3%
UNCG	11	16.7%	11	15.9%	8	11.0%	9	10.8%	6	7.1%	10	9.6%	4	3.5%	11	8.4%	15	11.8%	20	13.7%
UNCP	9	34.6%	7	28.0%	9	32.1%	6	21.4%	6	15.0%	5	12.2%	2	4.7%	2	4.2%	2	3.7%	2	4.0%
UNCW	10	21.3%	11	19.3%	16	23.2%	17	20.5%	16	18.0%	12	12.4%	6	6.1%	11	10.3%	17	13.9%	19	14.6%
WCU	32	55.2%	23	46.9%	18	35.3%	11	25.6%	9	20.9%	8	14.3%	4	7.3%	5	7.8%	4	6.7%	2	3.3%
WSSU	.	.	.	.	.	.	.	.	.	.	.	1	3.7%	1	2.8%	.	.	.	.	.
UNC Total	196	16.1%	219	16.8%	232	16.2%	230	14.8%	191	11.5%	150	8.4%	122	6.5%	163	8.2%	211	11.0%	217	10.9%

Source:UNC-GA IRA/PDF.CH239.B/15JUL14

- 1 Total Phased Retirement Program participants include first-time and continuing participants during the indicated year.
- 2 Eligible faculty for years 2004 through 2007 were those with tenure, at least five years of service at their current institutions, and at least 50 years old (for both ORP and TESRS). Eligible faculty for years 2008 through 2013 are those with tenure, at least five years of service at their current institutions, and at least 59 1/2 (ORP) or 62 (TSERS) years old. These are the minimum UNC Policy eligibility requirements, UNC campuses may have additional eligibility requirements. Participation rates are only presented to offer a general idea regarding faculty participation in the PRP.

Appendix B: Age Distribution of First-Time Phased Retirement Program Participants & Eligible Faculty Participation

Average Age	2008			2009			2010			2011			2012			2013		
	65			67			67			67			67			68		
Age Category	# eligible	# participating	% eligible faculty participating	# eligible	# participating	% eligible faculty participating	# eligible	# participating	% eligible faculty participating	# eligible	# participating	% eligible faculty participating	# eligible	# participating	% eligible faculty participating	# eligible	# participating	% eligible faculty participating
50 - 59	96	1	1.0%	94	1	1.1%	86	1	1.2%	111	1	0.9%	82	2	2.4%	84	0	0.0%
60 - 64	843	22	2.6%	894	9	1.0%	940	12	1.3%	950	27	2.8%	862	20	2.3%	872	23	2.6%
65 - 69	411	16	3.9%	498	24	4.8%	549	29	5.3%	592	47	7.9%	557	45	8.1%	579	48	8.3%
70 - 74	91	7	7.7%	106	5	4.7%	130	8	6.2%	135	10	7.4%	156	14	9.0%	176	19	10.8%
75 or older	27	2	7.4%	35	2	5.7%	41	5	12.2%	42	7	16.7%	49	2	4.1%	58	7	12.1%
Total First-Time Participants	1,468	48	3.3%	1,627	41	2.5%	1,746	55	3.2%	1,830	92	5.0%	1,706	83	4.9%	1,769	97	5.5%

Sources: UNC-GA IRA/PDF.CH239.B/15JUL14 & UNC-GA IRA/PDF.BR097A/20AUG14