

Phased Retirement for Faculty

Key Information

This is for educational purposes only. In the event of an inconsistency with the Faculty Collective Agreement, the Collective Agreement language prevails.

References are to the Retirement and Resignation article (RR), the Letter of Understanding Phased Retirement (LU PR), and the Letter of Understanding Phased Retirement End Dates (LU PRED).

General

Notice of retirement is irrevocable, except by mutual agreement of the Member and the Dean (RR 2.1.1)

Normal Retirement Date is the July 1 that coincides with or follows the Member's 65th birthday (RR cl. 2.1). Where a member is retiring at their normal retirement date and participated in the pension plan prior to 1987, they may choose to retire one day early (June 30) to unlock eligible pension contributions. (RR 2.3)

A Member on Phased Retirement shall not undertake any other University employment (including, but not limited to, a Limited Duties Appointment) during the Phased Retirement period (RR 4.3.5)

A Member on Phased Retirement cannot begin taking his or her pension derived from regular contributions to the University's Academic Pension Plan during the Phased Retirement period and while they remain an active member of the pension plan. (RR 4.3.6)

Active Pension Plan membership (where the Member and the University make on-going contributions) ceases on the earlier of actual retirement and December 31st of the year the member reaches age 69. They become a Former member at this point and may leave their pension accumulation in the plan but they must convert their pension account to an income no later than the end of the year the member reaches age 71 and must commence receiving an income the following year.

Eligibility

A Member is eligible to retire any time within ten years before his/her Normal Retirement Date, or on any July 1 or January 1 coincident with or subsequent to Normal Retirement Date. (RR cl.2.2, LU PRED)

The following faculty, who have at least ten years of full-time service, shall have a right to phase their retirement using the provisions of the article *Reduced Workload*

- a) Full-Time Probationary and Tenured Members;

- b) Members in a Limited-Term Appointment created under cl. 1.1 of the Article *Transition Provisions* in the 1998-2002 Faculty Collective Agreement (Permanent Members);
- c) Members on a Limited-Term Appointment without a specified end date. (RR cl. 4)

To phase retirement for a period of two or three years, an eligible faculty member must also be within ten years before their Normal Retirement date. Eligible faculty beyond their Normal Retirement Date may elect phased retirement for one year only.

Notice

Notice of intention to take Phased Retirement must be given by the Member to his/her Dean in writing at least twelve months in advance of the date upon which the Member plans to begin Phased Retirement (July 1 or January 1). This notice period may be waived on mutual agreement of the Member and the Employer. (RR 4.1, LU PRED). To receive Post-Retirement benefits, retirement must occur on January 1 or July 1 and with at least twelve months notice; these requirements may be waived by the Provost on recommendation of the Dean on compassionate grounds. (RR 3.2)

Terms of Phased Retirement

Phased Retirements may occur over a 1, 2 or 3 year period under the following conditions:

1 year Phased Retirement:

- Responsibilities shall be a maximum of 75% and a minimum of 25% of Normal Workload for Full-Time faculty.
- Phased Retirement Supplement equal to a minimum of one sixth of the Member's Base Salary*

2 year Phased Retirement:

- Member cannot be beyond his or her Normal Retirement Date at start of Phased period.
- Responsibilities shall be a maximum of 75% and a minimum of 25% of Normal Workload for Full-Time faculty in each of the two years.
- Phased Retirement Supplement equal to a minimum of one third of the Member's Base Salary*

3 year Phased Retirement:

- Member cannot be beyond his or her Normal Retirement Date at commencement of Phased period.
- Responsibilities over the period shall be between 150% and 200% of the Full-Time annual Workload, with a maximum of 75% and a minimum of 25% Workload in each of the years. (RR 4.2)
- Phased Retirement Supplement equal to a minimum of 50% of the Member's Base Salary*

Phased Retirement arrangements are subject to the provisions of the *Reduced Workload* and *Alternative Workload* articles in the Faculty Collective Agreement and include a determination of workload reduction, salary reduction, workload balance, Sabbatical Leave accrual and pay, pension contributions and benefits coverage, and an agreed upon arrangement for payment of the Phased Retirement Supplement. (RR cl. 4.3, 4.3.1, 4.3.2.1)

*Member's Base Salary is calculated as of the day immediately before commencement of the Phased Retirement (eg. on June 30 for a July 1 phased start, and December 31 for a January 1 phased start).

Early Termination

Arrangements, once approved, are irrevocable, except by agreement of the Member and his or her Dean (RR 4.3.2).

A retirement date in advance of completion of a Phased Retirement may be approved by the Dean on compassionate grounds on request of the Member (RR cl. 4.3.2.2).

A Phased Retirement shall normally end on a July 1, but may end on a January 1 on mutual agreement of the Member and the Employer (LU PRED).

Group Benefits

Group Benefit coverage for the Active Faculty Plan continues as if the Member were not in a Phased Retirement, provided the average reduction of workload does not exceed 50%, except that Long Term Disability is based on the Member's reduced salary (excluding Phased Retirement Supplement) and is only payable until the earliest of the end of the Phased Retirement or the Member's Normal Retirement Date. (Reduced Workload, cl. 10.1, cl. 11)

If the workload average over the course of the Phased Retirement is below 50%, then any year in which the workload falls below 50% will result in a discontinuation of group benefit coverage for the Active Faculty Plan, unless the Member elects to purchase benefits at his or her own cost. In such a case, Long Term Disability coverage is not available. (Reduced Workload, cl. 10.2, 11.2)

An exception exists where a faculty member has reached January 1 the year following their 69th birthday and has been transferred to the Retired Faculty Benefits Plan, in which case coverage shall continue without cost to the Member.

Phased Retirement Supplement

The Phased Retirement Supplement can be paid by one of the following methods, at the election of the Member:

- a) As a Retiring Allowance paid at the end of the Phased Retirement period and sheltered to the extent possible under *Income Tax Act* Retiring Allowance transfer regulations;
- b) As a Retiring Allowance paid at the end of the Phased Retirement period in an amount equal to the maximum amount transferable to an RRSP under *Income Tax Act* Retiring Allowance regulations, with the balance paid as T4 income in equal installments at the beginning of each year of the Phased Retirement period (ie July 1 or January 1).
- c) As T4 income in equal installments at the beginning of each year (July 1 or January 1) of the Phased Retirement Period. (RR cl. 4.3.4)

Vacation and Sick Leave

Faculty on Phased Retirement are entitled to vacation and sick leave on a *pro rata* basis. (Reduced Workload cl. 12)

For more information regarding pension and benefits during or following Phased Retirement contact:

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