Phased Retirement Plan – Questions & Answers

1). Why did the University decide to implement the Phased Retirement Plan?

The phased retirement plan was a direct request from the Salary and Benefits Committee (Senate). The program is designed to provide an opportunity for eligible members to transition to retirement through reduced service over a maximum of a three-year period.

2). Phased Retirement Program outline.

<table>
<thead>
<tr>
<th>Plan Provisions</th>
<th>Phased Retirement Program</th>
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</thead>
<tbody>
<tr>
<td>Eligibility criteria:</td>
<td>Eligible for Emeritus</td>
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<tr>
<td></td>
<td>No age limitations</td>
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<tr>
<td>Expiration of Program</td>
<td>To be determined</td>
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<tr>
<td>Term of Agreement:</td>
<td>Reduce service</td>
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<td></td>
<td>Not less than 50% and no more than 75% of a full-time assignment</td>
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<tr>
<td>Length of agreement</td>
<td>Maximum of three (3) years</td>
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<tr>
<td>Benefits:</td>
<td>Continuation of Health Insurance for retiree and Spouse after retirement Yes.</td>
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<td>Health care coverage continues for life for both retiree and spouse.</td>
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<td></td>
<td>Continuation of Life Insurance coverage after retirement</td>
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<tr>
<td>Pre-Approval requirements</td>
<td>Requires completion of Request to Participate in Phased Retirement Plan and approval of Administrative head and College Dean</td>
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<tr>
<td>Other Provisions:</td>
<td>Availability of Program</td>
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<td>Ability to work for BSU after retirement</td>
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3). What are the eligibility criteria for Emeritus Status?

Eligible Faculty who retire, may, at the discretion of the President and the Board of Trustees, be awarded Emeritus Status if they meet the following criteria:

If hired prior to September 1, 1999 and are:
  • At least 50 years of age and have at least 15 years of service, or
  • At least 60 years of age and have at least 10 years of service

If hired on or after September 1, 1999, and are:
  • At least 50 years of age and have at least 15 years of service

If hired on or after July 1, 2009 and are:
  • At least 62 years of age and have at least 15 years of service
What benefits are associated with Emeritus Status?

- Continuance of health care coverage for the retiree, retiree spouse and any eligible dependents. At age 65, this coverage is converted to Medicare Part A and Part B, Ball State University Medicare Carve-out, prescription drugs, and optional dental coverage. Retirees and their spouses will continue being covered until their deaths.
- Continuance of Life Insurance. Retiree’s are entitled to retain life insurance coverage into retirement under the same group life insurance plan as active employees. The amount of coverage to which a retiree is entitled at retirement is 50% of the amount in force immediately prior to retirement or at the pre age 66 level.
- Other benefits: Tickets for a variety of art and entertainment series programs as well as tickets to athletic events if hired prior to 1997.
- Free surface parking.

Is continuation of healthcare coverage into retirement an option if I choose to participate in the Phased Retirement Plan?

Yes. The continuation of health care coverage is a benefit associated with Emeritus status. If the criteria for Emeritus status, as previously outlined, are met then a retiree, regardless of the retirement program, is able to retain health care coverage after retiring.

If I am currently over the age of 65, will I be able to keep my Ball State health care coverage when I retire and qualify for Medicare?

Absolutely. Regardless if you are 65 or older when you retire or not yet 65 when you retire, you will continue to be covered under a Ball State healthcare plan after you are covered by Medicare Part A and Part B. If you are retired and 65 or older you will elect to be covered by Medicare. When this occurs, your coverage with Ball State will change to our Medicare Carve-Out Plan which will pay any medical expenses not covered by Medicare. After age 65 Medicare will be the primary payer of your healthcare expenses and the Ball State Healthcare Plan will be your supplemental insurance plan for medical expenses.

Does this also apply to my spouse?

Yes. Your spouse and eligible dependents can continue healthcare coverage under the Ball State Plans after you retire. When your spouse turns 65, he/she will also be moved into the Medicare Carve-Out Plan with the same level of coverage as you, the retiree.

How long can my spouse and I keep our Ball State Health insurance?

You and your spouse can retain your healthcare coverage under the Ball State Plan for as long as you both live. If your die before your spouse and he/she remarries, healthcare coverage under the Ball State Plans will terminate the month of the marriage.

If I want to work one semester full time and not work the second semester of the Academic Year under the Phased Retirement Plan, do I get paid half time over the two semesters?

No, under Indiana law you cannot be paid if you are not actively at work (exception is a paid Sabbatical). You will receive full pay and full pension contributions for the semester you work full time. During the alternate semester, when you are not working, you will not receive a regular pay check nor will pension contributions be made to either TRF or the APP plan. However, the pension contributions on the grossed up wages plus the additional “grossed up wages” will equal the full pension contribution made on your full time wages.
10). **Will I continue to receive University contributions to my retirement account?**

Participants in the Phased Retirement Plan will continue to receive the University’s contribution to their University retirement plan. Your base salary will be grossed up to compensate for your participation in the Phased Retirement Program.

11). **What is the purpose of the salary gross up?**

If you request and are approved to work a reduced work schedule both semesters, as outlined in the Phased Retirement Plan, your salary will be grossed up to ensure your pension contributions are at the same level as they were when you were working full time.

12). **How do I calculate what my salary will be at the different percent course loads?**

We recommend that you meet with Sandra Clark or Stacey French in the Office of Payroll and Employee Benefits if you are considering the Phased Retirement Plan. Your pay (grossed up, if applicable) and benefits will be covered during that meeting as well as any other questions you have related to your status as a participant of the Phased Retirement Plan.

13). **I’m in the Teachers Retirement Fund, how will this Phased retirement affect my future benefit?**

While we cannot definitively say how your retirement benefits will be impacted if you participate in the Phased Retirement Plan, we provide you information on how TRF counts years of service and what earnings are used by TRF when calculating your monthly benefit. The circumstances affecting the TRF benefit can vary by individual’s circumstances so we recommend that this also be included as a topic for discussion during the one-on-one meetings with the Benefits staff.

14). **I’m in the Alternate Pension Plan, how will this change affect the contributions to this plan?**

While the Alternate Pension Plan is not as complex as TRF, there could be individual variables associated with that benefit that would be better served during the one-on-one discussions with the Benefits staff.