

**Policy 1333**  
**Retirement Incentive Plan for Faculty**  
**Date of Current Revision: October 2008**  
**Responsible Officer: Director of Human Resources**

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**1. PURPOSE**

This policy exists to describe the James Madison University Retirement Incentive Plan for Faculty.

**2. AUTHORITY**

This plan has been created under the direction of the Board of Visitors and is in accordance with the [University Faculty Handbook](#).

**3. DEFINITIONS**

**Early Retirement**

The offer of certain compensation and benefits associated with a faculty member retiring prior to what would be considered 'normal' retirement in terms of age and/or length of state service.

**Contractual Right to Employment:**

For the purposes of this policy, a contractual right to continued employment refers to a faculty member who has a contract with a termination date more than one year in the future.

**4. APPLICABILITY**

To be eligible to be a participant under the plan, a person must:

1. Be at least fifty (50) years of age, and;
2. Be tenured or have a contractual right to employment as defined above, and;
3. Be a full-time employee employed in a non-classified instructional faculty position (or be on leave from such full-time status) with at least 10 years of full-time service with the university; and,
4. Satisfy any additional criteria established by the president or Board of Visitors of the university relating to participation under the plan.

**5. POLICY**

The James Madison University Retirement Incentive Plan for Faculty is a voluntary plan, on the part of both the university and the particular faculty member, which provides supplemental retirement benefits to faculty members in order to meet certain university objectives.

At its discretion, and at the approval of the President, the university may at times choose to extend an offer of early retirement to a faculty member meeting the criteria of this policy when such an offer is advantageous to the university's performance of its mission and objectives.

**The objectives of such a plan include:**

1. To provide the university with increased flexibility in the allocation of faculty positions among programs in order to better meet enrollment demands and curricular needs.
2. To facilitate the hiring of new faculty members who have credentials and experiences that will best support and enhance the mission of the university

3. To help alleviate the financial strain of retirement that may prevent some faculty who would like to do so from retiring.

## **6. PROCEDURES**

### **6.1 Selection of Participants**

Criteria for selecting participants from among the eligible applicants will be established from time to time by the university based upon policy objectives. Selected participants will be recommended by the deans to the President and the Board of Visitors for final approval.

### **6.2 Retirement Contract**

The university and each participant will enter into a retirement contract that will include provisions covering the following matters:

1. The participant's retirement date. Retirement will result in the participant's
  - a. Permanent conclusion of full-time employment with the university
  - b. Permanent withdrawal from active membership in the Virginia Retirement System (VRS) by the VRS member (which does not adversely affect the participant's right to receive payments or other benefits attributable to the period prior to the retirement date).
  - c. Permanent ineligibility for active VRS membership on account of employment by the university or any other agency of the Commonwealth of Virginia, and
  - d. Permanent ineligibility for contributions to the accounts of optional retirement program participants by the university or any other agency of the Commonwealth of Virginia.
2. The amount of the early retirement benefit, which will be one hundred fifty percent (150%) of the participant's final base salary as reflected in the records of the university, and the schedule of payments for such benefit, which will be over a minimum of two years and a maximum of five years.
3. The payments will be made pursuant to the Supplemental Retirement Plan for Faculty described in 6.4 below. Such payments will be made if the participant becomes disabled prior to the retirement date, or if the participant dies on or after the retirement date. However, such payments will not be made if the participant dies prior to the retirement date.
4. The participant has full responsibility for evaluating all factors relating to ending full-time employment at the university, including retirement income, health insurance and tax considerations.

### **6.3 Annual Payments**

Aggregate payments pursuant to this Policy in any year may not exceed five percent (5%) of the university's educational and general fund appropriation for faculty salaries and benefits for that year. However, the actual amount allocated by the university for payments pursuant to this policy in any year will be determined by the needs of the university, and the university will not be obligated to allocate the maximum amount described in the preceding sentence.

### **6.4 Qualified Defined Benefits Plan**

Benefits under this policy will be provided through the James Madison University Supplemental Retirement Plan for Faculty (SRPF). The SRPF is intended to be a qualified defined benefit plan pursuant to the Internal Revenue Code of 1986, as amended. Benefits under the SRPF are intended to supplement any retirement benefits the participant may be receiving from the VRS and/or the optional retirement program and to help alleviate the financial strain of retirement. By

adopting this policy, the university's Board of Visitors (Board) hereby adopts the SRPF provided that its terms are consistent with this policy. The Board hereby gives the President of the university the authority to execute the SRPF and any amendments required by the Internal Revenue Service in order for the SRPF to gain qualified status, provided said amendments are consistent with this Policy.

## **7. RESPONSIBILITIES**

The President and Board of Visitors are responsible for final approval of this policy as well as individual early retirement offers.

Deans and division heads are responsible for identifying candidates for the Retirement Incentive Plan.

The Human Resources Benefits Team is responsible for managing contracts and providing one-on-one counsel with applicable faculty members.

## **8. SANCTIONS**

Sanctions will be commensurate with the severity and/or frequency of the offense and may include termination of employment.

## **9. EXCLUSIONS**

This policy excludes any and all employees who do not meet the criteria as established in Section 4 above.

## **10. INTERPRETATION**

The authority to interpret this policy rests with the president, and is generally delegated to the Director of Human Resources.

Previous Version: April, 2007

Approved by the President: April, 2002

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### **Index of Terms**

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