

Policy 1333
Retirement Incentive Plan for Faculty

Date of Current Revision: April 2018
Primary Responsible Officer: Director of Human Resources

1. PURPOSE

This policy exists to describe the university's retirement incentive plan for faculty. The James Madison University Supplemental Retirement Plan for Faculty (SRPF) provides supplemental retirement benefits to participating faculty members to meet critical university objectives. The objectives of the plan include:

1. Providing the university with increased flexibility in the allocation of faculty positions among programs in order to better meet enrollment demands, curricular needs, and other university objectives.
2. Facilitating the hiring of new faculty members who have credentials and experiences that will best support and enhance the mission of the university.
3. Helping alleviate the financial strain of retirement that may prevent some faculty members who would like to do so from retiring.

2. AUTHORITY

The Board of Visitors has been authorized by the Commonwealth of Virginia to govern James Madison University. See Code of Virginia § 23.1-1600; § 23.1-1301. The Board has delegated the authority to manage the university to the president.

STATE OR FEDERAL STATUTE AND/OR REGULATION

The university's Board of Visitors has adopted the James Madison University Supplemental Retirement Plan for Faculty (SRPF), and its terms are consistent with this policy. The board has given 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.

3. DEFINITIONS

Administrative & Professional Faculty (A&P faculty)

Administrative faculty and professional faculty are normally referred to collectively, as both require advanced learning acquired by prolonged formal instruction and/or specialized training and work experience; however, the university recognizes administrative faculty and professional faculty as distinct position types.

Administrative Faculty positions are generally senior administrators who perform work related to the management of the educational and general activities of the university, for at least fifty percent of their work. Typically, administrative faculty serve in executive leadership roles such as vice president, provost, vice provost, dean, assistant or associate vice president, assistant or associate vice provost, or assistant or associate dean. Other administrative faculty roles can include (1) those responsible for the administrative direction of separately designated divisions or departments of institutional activity; (2) positions whose primary responsibility is to attract external funds; or (3) positions that are characterized by active, continuing involvement in formulating, interpreting and implementing institutional policy and exercise substantial independence, authority and discretion in areas such as program planning, design, and allocation of resources. The organizational reporting

relationship for administrative faculty is normally not lower than three levels below Executive Council positions. For Academic Affairs, this would include: Vice Provost/Dean (level 1), Academic Unit Head/Director (level 2) and Associate Director (level 3).

Professional Faculty require advanced learning and experience acquired by prolonged formal instruction and/or specialized work experience. Typical professional faculty positions are librarians, counselors, coaches, physicians, lawyers, engineers and architects. Other professional positions may support education, research, university life and other such activities. Professional faculty positions must require the incumbent to regularly exercise professional discretion and judgment and to produce work that is intellectual, varied, and not standardized.

Contractual Right to Continued Employment

For the purposes of this policy, a contractual right to continued employment refers to a faculty member who has a contract with no termination date (tenure) or with a termination date more than one year in the future.

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. There is no maximum age or maximum length of service that would disqualify a faculty member's participation under this policy, if the president determines that an offer under this policy is in the best interest of the university.

Instructional Faculty

Instructional faculty members have responsibilities that include teaching, research and service as the majority of their duties.

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.

Years of Service

To qualify, instructional faculty must have 120 months of full-time employment and A&P faculty must have 240 months of full-time employment under this policy. There may be breaks in service and the service years may consist of any combination of full-time classified, instructional and A&P employment. Periods of part-time employment are not counted.

4. APPLICABILITY

This policy applies to instructional and A&P faculty members. To be eligible to be a participant under the SRPF, the employee must:

1. Be a full-time employee employed in a non-classified instructional or A&P faculty position (or be on leave from such full-time status) at the time the offer to participate is made, and at the time of retirement.
2. Be at least fifty (50) years of age.
3. Satisfy any additional criteria established by the president or board relating to participation under the SRPF.
4. Qualify under one of the following criteria:
 - Be tenured and have at least 10 years of full-time service with the university at the time of retirement.

- Be in an instructional position without tenure, but with a contractual right to continued employment as defined herein, and have at least 10 years of full-time service with the university at the time of retirement.
- Be in an A&P position without tenure, but with a contractual right to continued employment as defined herein, and have at least 20 years of full-time service with the university at the time of retirement.

5. POLICY

Participation in the SRPF is voluntary for both the university and the faculty member. Faculty members are not entitled to participation in the SRPF, and the offer to participate is entirely at the discretion of the university.

With the approval of the president, the university may exercise its discretion to extend an offer of early retirement to an eligible faculty member when such an offer is deemed strategically advisable to enhance the university's achievement of its mission.

6. PROCEDURES

6.1 Selection of Participants

Criteria for selecting participants from among the eligible applicants are established by the university based upon critical university objectives as indicated above. Participants will be recommended by the deans, associate and assistant vice presidents, and directors to the appropriate vice president, who will confer with the other vice presidents, and make recommendations to the president for final approval. The president may offer participation in the SRPF under the terms of this policy to any eligible faculty member if it is in the best interest of the university, with or without a recommendation from a vice president. For faculty members not reporting under a vice president, the president will determine whether to offer participation in the SRPF.

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:
 - Permanent conclusion of full-time employment with the university.
 - Permanent withdrawal from active membership in the Virginia Retirement System (VRS) by the VRS member.
 - Permanent ineligibility for active VRS membership on account of employment by the university or any other agency of the Commonwealth of Virginia.
 - Permanent ineligibility for contributions to the accounts of ORP (Optional Retirement Plan) program participants by the university or any other agency of the Commonwealth of Virginia.
2. The total amount of the early retirement benefit will be one hundred fifty percent (150%) of the participant's final one-year base salary as reflected in the records of the university, and the schedule of payments of that amount for such benefit will be over a period of five years in quarterly increments. The schedule of payments for this total distribution will be in twenty equal payments over the five-year period. Under exceptional circumstances, the university and the participant may agree to accelerate the distribution of the participant's benefit. If the university and the participant agree, the participant shall receive his or her total benefit over a two (2) to four (4) year period, in lieu of a five (5) year period.
3. The payments will be made pursuant to the SRPF 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. 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 SRPF. 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 (ORP) and to help alleviate the financial strain of retirement.

7. RESPONSIBILITIES

The president is responsible for approving individual early retirement offers.

Deans, directors, assistant and associate vice presidents, and vice presidents are responsible for identifying candidates for the SRPF and making recommendations to the president.

The Human Resources Benefits Team is responsible for managing the SRPF contracts and providing one-on-one counseling with individual faculty members.

All departments, offices and employees that generate, receive or maintain public records under the terms of this policy are also responsible for compliance with Policy [1109-Records Management](#).

8. SANCTIONS

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

9. EXCLUSIONS

Employees who do not meet the criteria as established in Section 4 above are not eligible for participation in the SRPF.

10. INTERPRETATION

The authority to interpret this policy rests with the president, and is generally delegated to the director of human resources.

Previous Version: September 2015
Approved by the President: April 2002