

Guidelines and Directives
The Washington State University Retirement Plan (WSURP)

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Purpose of Guidelines and Directives

The Washington State University Retirement Plan (WSURP) Retirement Plan Rules is the University's 403b plan document. This supplementary, yet corresponding document to the WSURP Retirement Plan Rules will address the University's policies for implementing and administering the WSURP. This document should not be read independently from the WSURP Retirement Plan Rules.

The WSURP is a retirement program offered to eligible University employees as identified in the WSURP Retirement Plan Rules. The WSURP is a defined contribution plan, and was established by the Washington State University Board of Regents on July 1, 1974.

All information presented in this document must remain aligned to the WSURP Rules, legislation, laws, rules and regulations from federal, state, local and institutional governance. This Plan is subject to change in order to maintain compliance with both Internal Revenue Service and Social Security Administration rules.

Included with this document is a *Plan Choice Matrix*, which provides an overview of new employee and reclassified employee retirement plan options.

Plan Participation

Dependent upon the employee's hire date with Washington State University (WSU), or the date of their reclassification or appointment change, different retirement plan options have been/may be offered. Section 3 of the WSURP Retirement Plan Rules and the Plan Choice Matrix identify the options.

In all referenced situations, Human Resource Services (HRS) will review each employee to determine what retirement option(s) the employee should be offered, and provide the appropriate plan election forms to the employee.

As of January 1, 2012, employees have thirty (30) days to make their irrevocable plan election, or be subject to the binding default option.

Participation for New Employees

HRS reviews all new employees to determine what retirement plan option(s) they have, dependent on prior State service, and whether they have retired under a state of Washington plan prior to their current period of employment. Although the WSURP is primarily offered to Faculty and Administrative Professional employees, there may be occasions in which Civil Service employees are eligible to participate in the WSURP.

Refer to the *Retirement Plan Choice Matrix* addendum for:

- New Administrative Professional Employees: pages I-III
- New Faculty Employees: pages IV- VI
- New Civil Service Employees: page VII

Reclassification or New Appointment of Existing WSU Employees

HRS reviews all reclassifications and new appointments for existing WSU employees to determine if the change in job classification or appointment results in the employee being eligible for a new retirement plan election.

Refer to the *Plan Choice Matrix* for:

- Reclassified/Appointed to Administrative Professional from Civil Service or PERS Hourly: page VIII
- Reclassified/Appointed to Faculty from Civil Service or PERS Hourly: page VIII

- Reclassified/Appointed to Civil Service from Administrative Professional or Faculty: page IX
- Reclassified/Appointed to Administrative Professional from Faculty: page IX
- Reclassified/Appointed to Faculty from Administrative Professional: page X - XI

Retirement under the WSURP

Regular Retirement

Employees participating in the WSURP may access their retirement accumulations at any time following their separation from the University.

WSU recognizes a WSURP participant as a retiree of the University if they meet the following criteria:

- Upon attaining age 62, regardless of years of service; or
 - This is the age in which an individual is eligible to draw an early benefit from their Social Security, and a recognized standard age for drawing retirement earnings.
- Upon attaining age 55, with at least ten (10) years of service; or
- Any age and years of service, provided the participant provides proof of drawing an annuity benefit from their WSURP retirement contributions.

Employees who meet the above criteria may be eligible for various benefits offered through the State, including retiree medical/dental insurance, and a VEBA medical expense account. Those retiring at age 62 or later with at least 10 years of service may be eligible for a Supplemental Retirement Plan (SRP) benefit. For additional information about these benefits, as well as a review of eligibility criteria, please contact HRS.

Notification of Retirement:

Notification of retirement from WSU active service is made by the employee submitting written notification of their last day of employment to his or her superior with a copy to HRS. Written notification of retirement is binding, and can only be rescinded upon approval of an Appointing Authority.

The timeframe in which notification of retirement should be provided must be in accordance with the Faculty Manual, Administrative Professional Handbook, and Business Policies and Procedures Manual.

- For Teaching Faculty, at least two (2) months' notice

- For Principal Administrative Officers, at least four (4) months' notice
- For Administrative/Professional, at least thirty (30) days' notice
- For Civil Service, recommended thirty (30) days' notice

Upon receipt of the retirement notification, HRS will review the employee's eligibility for retirement and notify the employee and their department/college if the employee is not eligible to retire. If eligible, HRS will provide assistance and guidance to the employee regarding retiree benefits and paperwork.

Retirement Because of Health Condition

A retirement because of health condition must be approved by the President of WSU in the event a Participant has a serious health condition that prevents him or her from performing the duties of his or her Eligible Position.

Employees should contact the HRS office to discuss whether a retirement due to health should be pursued, and to discuss other benefit options they may be eligible for. If pursued, the employee will submit a written request. HRS will determine if supporting medical documentation is needed or if sufficient documentation has already been provided to the HRS office.

If approved, the employee may be eligible for the SRP benefit, provided they have at least ten (10) years of service. If eligible, the age requirement of age 62 can be waived.

Any request for retirement because of health is referred to a special board which presents its recommendation to the President. This special board consists of the Director of Health and Wellness Services; another physician of Health and Wellness Services, a member of the Faculty Affairs Committee or the equivalent Staff Committee appointed by the Committee chairperson; the Dean of the College concerned or the equivalent administrative head, and a disability services and retirement plan representative from Human Resource Services.

Retiree Reemployment

Retiree reemployment means the reemployment in any capacity, including faculty timecard, of an individual who retired under the WSURP.* Employment can be for up to forty percent (40%) of full-time equivalency following the date of retirement. Exception: If WSURP retiree is hired into a Civil Service position via a fair recruitment process, they would be able to work above forty percent (40%), since Civil Service positions are covered under a Department of Retirement Systems plan.

Such reemployment after retirement will not be counted as additional service with the WSURP, and will not result in any eligibility for increased benefits under the WSURP or the SRP. A reemployed retiree is not considered an active participant of the WSURP.

A reemployed WSURP retiree's maximum salary will be calculated by HRS and will not exceed forty percent (40%) of the retiree's average monthly basic salary paid during his or her highest two (2) consecutive years of full-time service. A reemployed retiree is not eligible for merit increases, equity adjustments, or market raises.

The recommended method of reappointing a retiree is to a salaried appointment processed through PERMS.

Request to Rehire a Retiree Process

Departments/Colleges must contact HRS when considering rehiring a retiree of a Washington State retirement plan. HRS will provide critical information regarding what rehire limitations a retiree may be under, if there are salary limits the department needs to be away of, and determine if the request for rehire can be approved by HRS, or if it will need to be reviewed by the Provost. HRS will need to know:

- What the employment need is
- What extent/length of employment will be needed
- Whether or not there are other University personnel that could perform the duty(ies)
- Proof the request has been reviewed and approved by the Dean/Vice President or Appointing Authority

If the request is approved, HRS will make an entry on the conditions statement of the PERMS action reflecting the request was approved and the appointment is within the limits of the retirement plan.

Future and extended appointments will also need to be processed through the rehire of a retiree process.

*Individuals who retire under another retirement plan other than the WSURP will also be subject to the rehire request process. Based on their plan, there could be different limits at which the retiree can be rehired. Please contact HRS whenever considering hiring a retiree of the State of Washington.

Phased Retirement Guidelines

The WSU Phased Retirement Plan is a program designed to give University faculty and administrative professional staff who participate in the WSU Retirement Plan (WSURP) an opportunity for pre-retirement reduction of full-time service while gradually phasing into retirement over a period of years. This Plan allows eligible personnel of the University to reduce their regular appointments to pursue personal or professional interests and to continue their academic and professional lives in gainful part-time employment. This Plan provides an opportunity for individual career flexibility and forms an important part of the long-range personnel resource management of the University.

The Phased Retirement Plan is flexible and enables Participants to have income for current financial needs - through part-time salary, retirement annuity payments for those over age 59 1/2, and other sources of income made possible because of the workload reduction - while allowing them to accrue additional retirement benefits that are paid upon full retirement. In planning for income needs during phased retirement, it is important to review all sources of retirement income to determine eligibility for receiving payments, the taxability of the payments, and when it would be most advantageous to begin drawing these payments. This can be done with the assistance of the Human Resource Services Benefits staff, TIAA-CREF representatives, or independent financial advisors. Participants who retain appointments for greater than or equal to fifty percent time, continue to be eligible for applicable employee benefits, including health insurance.

Phased retirement is intended to support the University's excellence. It permits the University to retain the services and contributions of senior faculty and administrative professional staff while enabling participants to continue to remain in their profession and to build additional financial security for the future.

The Phased Retirement Plan is a voluntary and mutually agreed upon arrangement between the University and the Participant. At any time, upon request by the President, the Plan may be reviewed and modified without affecting already existing contracts.

The President may report periodically to the Board of Regents on the academic, personnel, and fiscal impact of the Phased Retirement Plan.

All information presented in this Plan must remain aligned to legislation, laws, rules and regulations from federal, state, local and institutional governance. This Plan is subject to change in order to maintain compliance with both Internal Revenue Service and Social Security Administration rules.

Eligibility Criteria for Application to Participate

Participation in the Phased Retirement Plan at WSU is voluntary and mutually agreeable to both the University and to employees of the University who participate in the WSURP and whose positions are reasonably able to be handled on a less than full-time basis without materially altering the expectations and responsibilities inherent in the position or title, and without adversely affecting the area or program, or the costs relating thereto.

Criteria for participation in the Plan are as follows:

- Status: at least fifty percent (50%) permanent employment with WSU
- Service: 55 years of age with at least ten (10) years of cumulative service to WSU
- Position: holding a position that is reasonably able to be handled on a less than full-time basis without materially altering the expectations and responsibilities inherent in the position or title, and without adversely affecting the area or program, or the cost relating thereto.
- Budget: funds allocated to the position held by the incumbent. The initial arrangement for a reduction in time-base is contingent upon budgetary feasibility as determined in the annual budget preparation immediately prior to the effective date of the contract.
- Academic Impact: no detrimental impact to WSU programs/students

Contract

A written agreement setting forth mutually agreeable terms and conditions of an individual's phased retirement arrangement will be signed by the participant, the authorized Appointing Authority, a representative of the Provost Office, the Assistant Attorney General, and the participant's legal representative, should they elect to obtain counsel. It will contain the following elements:

Length of contract

Phased retirement contracts for half-time service or more are typically limited to seven (7) years. Extensions may be renewed on a year by year basis.

Phased retirement contracts are not available for less than half-time service.

Reduction in Time-Base

The written agreement will indicate the effective date of entry into the program. It will specify the proportion of the phased retirement appointment, e.g. - 50, 60, 75,

80 or 85 percent. All reductions must be approved in writing by the appropriate administrative unit head before being presented to the authorized Appointing Authority.

It is possible to either periodically reduce the percent of effort, or initially reduce the effort to a certain percent and remain at that percent of effort until full retirement.

The percent of effort may not be increased except in unusual circumstances and only with the written support by the administrative unit head and approval of the authorized Appointing Authority.

Salary

The salary during phased retirement is calculated at the appropriate percentage of the full-time base salary of the employee's position held just prior to entering into a phased retirement. The participant may receive periodic salary increments provided these increments follow current WSU policy.

Employee Benefits

Retirement Plan

Participants in the Phased Retirement Plan remain eligible to contribute to the WSURP. The University will continue to contribute to the WSURP at the same percentage as the participant.

Example:

An employee decided to participate in the phased retirement plan at a 50% appointment.

Regular 100% salary: \$60,000

Reduced 50% salary: \$30,000

Employee WSURP Contribution (based on 10% contribution rate): $10\% \times \$30,000 = \$3,000$.

University Matching WSURP Contribution: \$3,000

Health and Life Insurance

Phased Retirement Participants will continue to receive the University's regular contributions toward health, dental, life and long term disability plans, since their appointments will be at 50% or greater.

Employee contributions towards disability plans may continue but benefits will be based upon the participant's reduced salary.

Social Security

Those participants qualifying for Social Security retirement benefits may be eligible to draw those benefits while on phased retirement, beginning at age 62 or any later date. In determining eligibility for benefits, the participant should consult a Social Security office.

Tuition Remission Benefits

The Participant continues to enjoy tuition remission benefits in accordance with current WSU policy.

Vacation and Sick Leave

For those appointees on phased retirement with titles that accrue sick leave and/or vacation leave credit, those benefits continue under the same pro rata conditions as for permanent part-time employees.

Sabbaticals and Leaves of Absence

Participants in the Phased Retirement Plan are not eligible for sabbaticals since that benefit is available only to full-time employees.

Participants in the Phased Retirement Plan are eligible to participate in shared leave and FMLA leave in the same pro rata conditions as for permanent part-time employees, provided they meet other eligibility criteria.

University Status of Participant

Tenure

A tenured faculty member who participates in the Phased Retirement Plan shall continue to be deemed a tenured member of the faculty for the specific length of time indicated in the Phased Retirement Agreement.

Promotion

The academic participant remains eligible for consideration for promotion. Such advancements shall be assessed on the same basis as for full-time appointees.

Faculty Senate Voting Privileges

Voting privileges are subject to the rules and regulations of the bylaws and constitution of the Faculty Senate.

Non-Teaching Assignments

For the purpose of a faculty phased retirement contract, the department chair and dean will consider non-teaching duties as well as courses taught in defining a full-time faculty load and percentages thereof. In developing the provisions of the Contract, the academic participant and the Dean or other administrative unit head may negotiate the type and amount of non-teaching assignment expected of the participant, consistent with the reduced assignment.

Space and Support Requirements

Required office, laboratory space, secretarial service, computer use, and other support services may be made available. These services will be negotiable in developing the provisions of the Contract.

The University's intent is to provide appropriate laboratory and office space, but exigencies of space and facilities use may not always permit this.

Faculty Manual and Administrative Professional Handbook

The participant continues to operate under the stipulations of the appropriate Manual or Handbook, except as otherwise provided in this policy.

Procedures

Preliminary Process

Several months ahead of the formal request, persons considering WSU's Phased Retirement Plan should informally discuss with their administrative unit head, the professional staff in Human Resource Services, and other appropriate persons, the advantages and implications of a reduced appointment.

Application Process

The University employee wishing to participate in the Phased Retirement Plan will submit a request, in writing, to the department chair and/or other administrative head. The written request should include no less than the desired percent of effort, the desired effective date and duration of the phased retirement, and an explanation

of why this desired reduced effort and phased retirement would not materially alter the expectations and responsibilities inherent in the position.

Approval Process

1. The department chair or other administrative unit head will consult with the applicant and other appropriate members of the department to evaluate requests in terms of planning, personnel needs, phased retirement plan costs, space and support requirements for the applicant and potential replacement(s), and other pertinent factors.
2. The chair, or other administrative head, will submit a report of the unit recommendation and a preliminary listing of the proposed contract terms to the Dean/Appointing Authority. The applicant will receive a copy of this recommendation.
3. The Dean/Appointing Authority will make a determination based on the facts and merits of the recommendations. The Dean's/Appointing Authority's decision is final. Only the Dean/Appointing Authority may authorize exception to the provisions of the Phased Retirement Plan. Any exception to the policy must be in writing and signed by both parties.

Development of the Formal Contract

If the request is approved by the authorized Appointing Authority, the applicant will meet with the Appointing Authority or his/her designee to draw up a formal contract that will contain the provisions specified in this policy. Washington State University Legal Counsel will review all contracts.