Voluntary Early Partial Retirement Program (VEPR) - Questions & Answers

Q. What is VEPR?

- VEPR stands for Voluntary Early Partial Retirement Program. It’s a program that provides faculty and administrative/professional staff the opportunity to transition into retirement through a phased reduction in work over time.

Q. What are the advantages of the VEPR program?

- If you meet VEPR’s requirements and choose to enroll, you would then arrange for a reduction in employment hours (typically by 50%) with an appropriate reduction in pay. During this period of reduced employment, the University will continue its regular contribution to retirement based upon your full-time basic annual budgeted salary. During voluntary early partial retirement, you will qualify for all staff privileges and benefits with group insurance coverage levels and rates based upon a full-time salary and the University will continue its regular contributions to these programs. In addition, you will be permitted to receive cash withdrawals or annuitize up to 100 percent of your retirement accumulations. You will be considered as regular retirees for the purposes of selecting any retirement payout options. In addition, participating in the VEPR program will give you the extra time you’ve desired to pursue interests such as mentorship opportunities or finishing up various projects.

Q. Who is eligible for VEPR?

- If you are faculty or administrative/professional staff participating in the Standard Retirement and Savings Plan who is at least 55 years old with at least 10 years of continuous service, you are eligible to make a proposal for a VEPR arrangement. Please note: Not every type of role at the University is suited to a part time arrangement – the VEPR program must be mutually agreed upon.

Q. How do I go about starting the VEPR process?

- You begin by consulting with your supervisor and department head/dean to work out a reduced schedule that works for all parties involved. If a schedule is agreed upon, you would then work with the business office to structure your arrangement, complete and document required forms, and monitor your arrangement throughout the process.

Q. Is there a standard form to use when starting the VEPR process?

- Yes. If you are interested in VEPR, please take a look at this VEPR form. Also, here is a sample letter you may find helpful.

Q. What approvals are needed during the VEPR process?

- First, you would need to gain approval from your supervisor. Your supervisor would then get approval from the department head/dean. Human Resources then reviews the terms of the arrangement to verify if they fit within the VEPR policy guidelines.

Q. What is the length of the VEPR program?

- The maximum length you can be on the VEPR program is for five (5) years. After this period, you must agree to accept full retirement from the University. Of course, you will
need to arrange a length with your supervisor and department head/dean that is mutually beneficial for all parties involved.

Q. Will I have access to my retirement funds once I begin the VEPR program?
• Yes, you will be permitted to receive cash withdrawals or annuitize up to 100 percent of your retirement accumulations. You will be considered a regular retiree for the purposes of selecting any retirement payout options.

Q. When my retirement date approaches, are there any special steps I need to take if I’m enrolled in the VEPR program?
• No, you would treat the retirement process exactly the same. Please contact Susan Ince at srince@purdue.edu if you want to get the process started or have any questions about retirement.

Q. Can sabbatical leave affect my eligibility?
• Yes, a VEPR following a sabbatical leave can only be approved once the sabbatical obligation is met, i.e., the faculty member would need to return to full time status for one year following the sabbatical leave and before beginning the VEPR. The sabbatical obligation cannot be satisfied while on VEPR.

Changing an Approved Agreement

Q. Can my VEPR be extended?
• Once a written agreement has been approved, the duration of the retirement accord cannot be lengthened nor the percentage of time employed increased; however, your retirement date and/or percentage of time employed may be decreased by mutual agreement.

Q. How would I modify my schedule once this arrangement is in place?
• If academic needs or your own situation changes, and you agree to shift your schedule to teach a different semester or further reduce your workload, visit your business office. A revised VEPR form should be prepared and routed. Changing the terms of the agreement should begin with the beginning of a pay period.

Q. Who do I need to contact if I decide to retire earlier than my anticipated contract agreement?
• If you are thinking about retiring earlier than the date agreed upon in your contract, you should consult with your supervisor and department head/dean to see if the schedule change is practical. If all parties agree upon the proposed early departure, you will then coordinate with HR to amend your contract to an earlier date.

Questions Related to Benefit Deductions

Retirement Plan Contributions
Q. How is the 403b (University’s retirement contribution) calculated?
• 10% calculated against the income based on what would have been your full annual salary.

Q. How is my 401a (Mandatory contribution to the retirement plan) calculated?
• 4% calculated against the income based on only your newly reduced salary.

Q. How is the 403b (Employer contribution) applied to my account if I am off a semester?
• 10% will be applied to your account based on what would have been your full annual salary.

Q. If I contribute my own money towards the voluntary retirement savings (403b or 457b), what happens if I drop to 50% or take a semester off without pay?
• The deferral rate that you’ve established through the Fidelity recordkeeping system will automatically adjust. It will take whatever percentage you elected on your new reduced pay. If you are not paid for a semester, it will simply resume the deferral arrangement when you return to pay status. There will be no retroactive or adjusting amounts withheld on the voluntary savings plans.

Benefit arrangements during the semester with no pay
One of the most popular work reduction schedules involves working full time for one semester and then taking a semester off. Here are some details related to payroll processing that will help you plan for your VEPR transition.

Q. How do I pay for my portion of the medical, dental, life insurance and long term disability premium if I am off a semester?
• During the semester that you are working, the premiums will be added to the regularly scheduled deduction amounts. By “doubling up” the payroll deductions, you are still eligible to receive pre-tax treatment of your health benefits.

Q. How do I pay for my voluntary benefits such as a critical illness, accident, or legal etc. if I am off a semester?
• It is best to establish a direct billing arrangement with your voluntary benefit vendor. HR Customer Service can help you with contact information to get that set up before your semester away. Call 765 494-2222 if you need assistance.

Q. How is the employer Health Savings Account contribution applied to my account if I am off a semester?
• Only employer contributions will be contributed towards the Health Savings Account during time off. When you return to pay status, the employee contribution resumes. These are not adjusted to provide the full year’s employee contribution.

Q. Who do I contact if I have questions about my deductions?
• Please contact Pinnie Wallace if you have any questions about your deductions. She can be reached at pinnie@purdue.edu