

Phased Retirement Program Options - Questions & Answers

Q. What is VPR?

- VPR stands for Voluntary 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 VPR program?

- If you meet VPR's requirements and would like to request it, the next step would be to explore a reduction in employment hours (generally between 50% and 80%) with an appropriate reduction in pay. During this period of reduced employment (the "VPR Period"), the University will continue its regular contribution to retirement based upon your 100% annual base pay. Also, during the VPR Period, you will qualify for all staff privileges and benefits with group insurance coverage levels and rates based upon 100% annual base pay 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 a regular retiree for the purposes of selecting any retirement payout options. In addition, participating in the VPR program may give you the transition time you've desired to pursue interests such as mentorship opportunities or finishing up projects.

Q. Who is eligible for VPR?

- 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 service, you are eligible to request a VPR arrangement. Please note: Not every type of role at the University is suited to a part time arrangement – the VPR program must be mutually agreed upon and is subject to the approval of your Organizational Unit Head. (For approval requirements, see related question below.)

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

- Yes. If you are interested in VPR, please take a look at this [sample VPR form](#). Visit your business office for assistance with completing this step. A couple [sample requests](#) are provided with basic information included.

Q. What approvals are needed during the VPR process?

- First, you would need to gain support from your supervisor and department head.
- Second your business office can assist with preparing a VPR Request Form that will be submitted to your Department Head and Responsible Executive Approver.
- Finally, Human Resources reviews the terms of the arrangement from the perspective of the VPR guidelines and benefit administration.

Phased Retirement Program Options - Questions & Answers

Q. What is the length of the VPR program?

- The maximum length you can be on the VPR program is five (5) years. Many arrangements are shorter; you will need to discuss an acceptable duration with your supervisor and department head/dean that takes into account both your retirement objectives and your unit's operational needs.

Q. Are there guidelines for planning a reduced workload?

- Yes. The VPR program provides a 100% benefit coverage for phased retirement arrangements with effort between 50 – 80%.

If you are a member of the professional, management or executive staff, the provisions of the Fair Labor Standards Act (FLSA) are also a factor as you consider reducing your work effort (and pay). Information about overtime exemption status can be found at the HR Compensation website <https://www.purdue.edu/hr/paytimepractices/wagehourpro/flsa.php>. HR team members in benefits and compensation can help you review your proposed arrangement and guide you in phased retirement options available to you. Most faculty positions are not subject to the minimum salary test. If at any time the position does not meet the minimum salary test during the VPR arrangement, the faculty or staff member will no longer be eligible to continue participation in the VPR program.

Q. Will I have access to my retirement funds once I begin the VPR 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 VPR program?

- You would treat the retirement process exactly the same as regular retirees by contacting HR's Retirement Benefits Specialist at 49-61964, or your regional campus HR benefits team a few months ahead of your separation date.

Q. Can sabbatical leave affect my eligibility?

- Yes, a request for VPR 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 VPR. The university's sabbatical policy B-11 states that sabbatical leaves are provided to faculty for the purpose of "updating and strengthening their professional skills and horizons" with the intent that this new knowledge will be shared through teaching and service. B-11 requires a minimal return to the University for One Full Year of service to realize the benefits intended by the policy. The sabbatical obligation cannot be satisfied while on VPR.

Q. How will my vacation payout work?

- If you have vacation accrued that exceeds the amount you can carry forward in your VPR appointment, your department will request a quota payout when your FTE is reduced. Faculty moving from FY to AY will receive all vacation pay due when VPR begins; no

Phased Retirement Program Options - Questions & Answers

additional vacation will be accrued. Fiscal year faculty and staff may have vacation balances that are greater than the maximum available at their reduced FTE so a quota payout is processed at the start of VPR; vacation leave accrual continues at the lower FTE rate and any remaining vacation is paid at retirement.

- Q.** “Annual Base Pay” is the amount budgeted for working my regular 100% schedule. If I get a VPR request approved to begin when the fiscal year starts, what salary is used to compute my pay?
- The Annual Base Pay in effect when you commence VPR will be used; in other words, your new fiscal year salary would be used. Just a reminder: annual base pay does not include summer session, administrative supplements, awards overloads or any additional forms of compensation.

Changing an Approved Agreement

- Q.** Can my VPR be extended?
- Once a written agreement has been approved, its duration cannot be lengthened nor the percentage of time employed increased; however, you can opt for an earlier retirement date and/or reduce the percentage of time employed by mutual agreement. Any exceptions require the approval of the Vice President of Human Resources. Note that the VPR program provides a 100% benefit package for phased retirement arrangements with effort between 50 – 80%.
- Q.** How would I modify my schedule once this arrangement is in place?
- If operational needs of your department or your own situation changes, and you agree to shift your schedule or further reduce your workload, visit your business office. Changing the terms of the agreement should begin with the beginning of a pay period. Although changes don't require approval from your Dean/VP/Chancellor, it is important to process a revised VPR form through your business office routed through to HR so that you get the full benefit of the program and no unexpected premium payment invoices.
- Q.** Who do I need to contact if I decide to retire earlier than my anticipated VPR agreement?
- If you are thinking about retiring earlier than the date agreed upon in your original VPR agreement, you should consult with your supervisor and Department Head. Again to avoid unintended benefit issues, alert HR via the submission of a revised VPR form (no Dean/VP/Chancellor approval needed).

Questions Related to Benefit Deductions

Retirement Plan Contributions

- Q.** How is the 403b (University's retirement contribution) calculated?
- 10% calculated on your 100% annual base salary.
- Q.** How is my 401a (Mandatory contribution to the retirement plan) calculated?
- 4% calculated on your newly reduced salary.

Phased Retirement Program Options - Questions & Answers

Q. How is the 403b (Employer contribution) applied to my account if I am off a semester?

- 10% will be contributed to your account based on what would have been your full annual salary.

Q. If I contribute my own money toward 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 for faculty 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 VPR 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, your contribution resumes. Employee contributions 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 HR Benefits Coordinator if you have any questions about your deductions. Call 765 494-1686.

Phased Retirement Program Options - Questions & Answers

Supervisor or Organizational Unit Approver Questions

The VPR program must be flexible to allow it to serve the diverse and complex Purdue community. These questions reflect the discretion that organizational unit leaders can exercise in crafting arrangements that suit the needs of faculty and staff while serving the mission of the university.

Q. If an individual is eligible for the VPR program but has responsibilities that are not compatible with the work schedule proposed, am I required to approve the VPR arrangement?

- No. A VPR arrangement must align with the needs of the organization unit. There is no requirement to approve a request. Discussions about work assignments and availability of other resources to maintain programs and operations are essential before an agreement is endorsed and approved.

Q. If an individual begins a VPR but there are problems, is there any possibility to adjust the arrangement?

- The terms of the VPR are subject to an annual review. Issues with funding, completion of assignments and scheduling may require a discussion and revision of terms.

Q. How are the VPR fringe benefits funded?

- For retirement, life insurance, and long-term disability, departmental fringe benefit accounts will be charged amounts based on 100% of the VPR participant's annual base salary.

Q. If we need a faculty member to teach a section after the VPR period ends, can we reemploy him or her?

- Returning to a paid Purdue position is possible, however at least a 30-day break in employment is required and arrangements for post-retirement employment cannot be made prior to, or as a part of, a VPR agreement. Continuing in a temporary or non-benefits eligible position does not constitute a break in employment. The IRS can also disallow favorable tax treatment of retirement benefits provided when employment continues or recommences under a pre-arrangement; penalties have been assessed in these situations.

Q. How do we manage an exempt arrangement that calls for intermittent periods of work and time away?

- As work arrangements are considered, the goal is to agree upon duties and responsibilities equivalent to FTE over a particular semester or work period. A schedule requiring frequent adjustments to payroll that correspond to actual days worked/days off should not be approved for an exempt faculty or staff member.

Phased Retirement Program Options - Questions & Answers

Q. With a part-time appointment where the schedule is variable, how are holidays managed?

- If a holiday falls on a regularly scheduled day off, you would re-designate the holiday to another normally scheduled workday within the same workweek.

Q. For work arrangements that are scheduled year round, but with fewer hours per week, are there guidelines for handling holidays?

- Yes, the Compensation website has information about holidays for individuals with reduced work schedules at this site:

https://www.purdue.edu/hr/Compensation/policies/pdf/University_Holiday_Pay_Procedures.pdf