

UNIVERSITY *of* WASHINGTON

# FACULTY RETIREMENT CASE STUDIES

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Lessons Learned in the Department of Medicine (DOM)  
THANK YOU TO KAREN SVENDSEN AND DONNA DEVINE (DOM) AND  
KAREN BROOKS (UWP), TAMMY CRAWFORD (CUMG).



## Question #1. decreasing your work FTE

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- > As you plan for retirement you want to work part time, at 0.5 FTE but plan to be rehired.
- > Which is the better option and why?
  1. Decrease to 0.5FTE
  2. Request Leave without pay at 50%



Answer: 2

- > Request LWOP at 50%
- > Why?



# Point #1: Permanent FTE Reduction

- > **Some faculty members consider reducing their FTE in the years prior to retirement**
- > **If you are considering working after retirement, your option of re-employment up to 40% will be calculated based on your FTE at the time of retirement.**
  - **Example: If you permanently reduce from 100% FTE to 50% FTE prior to retirement, you are only eligible for re-employment of 40% of your 50% FTE (=20%)**
- > **A better approach may be to consider a partial leave without pay (LWO) of 50% (which could only be approved for 2 consecutive academic years). This option may affect your retirement benefits, however, so it's best to check with UW benefits prior to implementing.**



## Question #2

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**You are a tenured professor in a basic science department, retiring and planning to teach on rehire at 40%. Which is a true statement?**

- 1. Your department will fund 40% of your base salary for instructional purposes at retirement**
- 2. Your department will fund 40% of your tenure line for instructional purposes at retirement**



**Answer: 2**

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**Your department will fund 40% of your A (tenure) line for instructional purposes. It is at the discretion of the department to fund any portion of the B**



# Point #2: Tenured Faculty and Reemployment

- > **State of Washington law permits a faculty member to be reemployed up to 40% time, after retirement.**
- > **The University of Washington has, by policy, granted to tenured faculty members the prerogative of requesting reemployment. By policy, the University has vested in tenured faculty members the right beginning at age 62, to be reemployed up to a maximum of 40% time for instructional and/or research purposes for five years after the date of retirement.**
- > **Departments are obligated to fund 40% of the faculty member's tenure value for instructional purposes. \*The department is not obligated to fund the remaining 40%.**
  - **Example: A tenured faculty member on an A/B salary structure with a full-time annual base salary of \$120,000:**
    - > **A component: tenure value = \$70,000**
    - > **B component: non-tenured value (grants, contracts, etc.) = \$50,000**
    - > **40% of A = \$28,000 for instructional work**
    - > **40% of B = \$20,000\* other activities**
    - > **(A40%) +(B40%)= 40% of total FTE**



## Question #3

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**You are WOT faculty planning rehire after retirement. What funds can be used to support your salary?**

- **A. Grants/contracts**
- **B. Other: At the discretion of the department chair, departmental funds may be used including clinical funds for providing clinical services and teaching.**
- **C. any of the above, depending on the work you will be doing.**





## Answer C, both

- > **Grants/contracts**
- > **Other: At the discretion of the department chair, departmental funds may be used including clinical funds for providing clinical services and teaching.**



# Point #3: Non-Tenured Faculty and Re-employment

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- > The University extends the five-year reemployment option to retired faculty members without tenure for reasons of funding, and to research faculty members. While the same reemployment opportunity applies, funding for reemployment must be supported by the faculty member from grant and contract research funds or other activities at the department's discretion, unless the reemploying unit has instructional needs that can be supported by state or tuition funds.
- > Reemployment may be granted on a year-to-year basis at the discretion of the Department Chair/Director and Dean/Chancellor.
- > Faculty members may be reemployed beyond the five-year period; reemployment still remains limited to a maximum of 40% time and is at the discretion of the Department/Program and School/College/Campus; and must be supported by the reemploying unit, or from research grant and contract resources.



## Question #4

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**You are clinically active and plan to continue seeing patients through CUMG/UWP after retirement, at 40% effort. Can I withdraw from all my retirement accounts?**



## Answer C

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You will be able to withdraw from your UW retirement.

You will be able to withdraw from the CUMG/UWP TDA 403(b) plan while actively employed by CUMG/UWP.

However, unless you are over 70 ½ you cannot withdraw from the CUMG/UWP Pension 401(a) plan.

Title change to Limited Associate will soon allow a withdrawal pending committee approval.



## Point #4: UWP and Retirement

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**Maintaining an employment relationship with CUMG/UWP will affect your ability to withdraw the CUMG/UWP Pension Plan retirement benefits (including rollovers)**

- If you choose re-employment option that involves patient care activities, you will be required to maintain med staff privileges and sign a CUMG/UWP Limited Associate Practice Agreement
- Currently, CUMG/UWP views these agreements as an employment contract, which makes faculty members ineligible for distribution/rollover from CUMG/UWP Pension Plan
- This is being redrafted to allow Limited Associates the ability to have access to the CUMG/UWP Pension Plan since they are no longer eligible for contributions
- **THIS DOES NOT APPLY TO UW BENEFITS** – that is a separate system

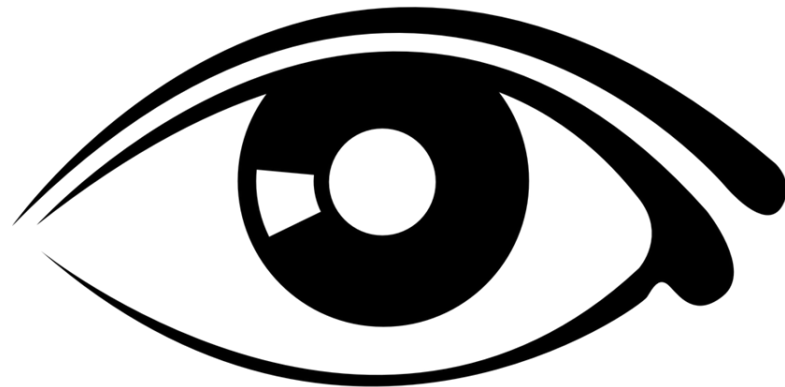


## Question #5

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**Flexible spending account (FSA) funds are allotted from Jan 1 thru December 31 of a calendar year. At open enrollment you elect \$2,700.**

**You are retiring June 30, 2020 and planning to have refractive eye surgery in August after you leave. Will those FSA funds be available for this expense?**



Answer: No, but yes if you elect COBRA



(so plan the surgery appropriately or plan to buy a lot of eligible medical items at the drug store....)

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## **Point #5: Flexible Spending Accounts**

- > If you are considering retirement during a given calendar year (Jan. 1- Dec. 31), when choosing the amount of FSA funds you allocate in January, take into account your last day of service.**
- > You will need to incur any expenses for all of the funds allotted to your FSA prior to retirement, or you will lose the balance.**
- > However, if you elect COBRA for your FSA, and therefore pay the full annual election, you are entitled to submit claims for the entire plan year.**







## Question #6

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**If I am retiring end of June, am I allowed to contribute the full annual IRS limit during those 6 months or only a prorated amount to my 403(b) TDA?**



# Answer #6: CUMG/UWP 403(b) TDA Contributions

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**You can contribute the entire annual limit prior to mid-year retirement**

- 403(b) TDA has an annual IRS limit (not prorated for months worked)
- If your CUMG/UWP title changes to Limited Associate, you can still contribute to the 403(b) TDA but will no longer be eligible for 401(a) Pension contributions





## Question #7

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**When I turn 70 ½, am I required to take a Required Minimum Distribution (RMD) from my CUMG/UWP Retirement plan?**



# Answer #7: CUMG/UWP and Retirement

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Although Required Minimum Distributions (RMDs) are required after age 70 ½ ...

You may waive RMDs if actively employed and compensation continues through CUMG/UWP





## Point #7: CUMG/UWP and Retirement

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**As an active employee you are generally not required to take an RMD from that employer's plan.**

**However, if you no longer receive pay from that employer then the IRS may look at you as a terminated employee. Even if you are still getting paid from the UW, your CUMG/UWP retirement plans may need an RMD.**

**Remember, any personal accounts outside of your work will likely need an RMD as well.**



Help, this is overwhelming.....

> Where do I go for



## Going Straight to the Source

- > Faculty should always consult the UW, UWP and CUMG benefits offices when considering retirement to ensure they are receiving the most current and accurate information – they are the experts!
  - UW
    - > Phone: 206-543-4444
    - > Email: [totalben@uw.edu](mailto:totalben@uw.edu)
    - > Home Page: <http://hr.uw.edu/benefits/>



# Going Straight to the Source

- **UWP Benefits Office**

- > Phone: 206-520-5308

- > Email: [uwpben@uw.edu](mailto:uwpben@uw.edu)

- > Home Page: <https://one.uwmedicine.org/sites/UWP/>

- **CUMG Benefits Office**

- > Phone: 206-987-8468

- > Email: [cumgbenefits@seattlechildrens.org](mailto:cumgbenefits@seattlechildrens.org)

- > Child: [Resources and Information/For Providers/CUMG](#)





THANK YOU...



**KEEP  
CALM  
AND  
ENJOY  
RETIREMENT**

## Point #8. Emeritus status– not a given

- > Emeritus is an honorary title; you may be rehired as a retiree without Emeritus title
- > Make request to department chair
- > General criteria for emeritus appointment are at least ten years of prior service as a member of the faculty and achievement of the rank of professor or associate professor. More detailed information can be found in the Faculty Code, Section 24-34, B-13:  
<http://www.washington.edu/admin/rules/policies/FCG/FCCH24.html>
- > Requires a vote of all voting faculty in your department

emeritus



# Point #9: Tenured Faculty and VRI

- > **Voluntary Retirement Incentive Option (VRI) when available, is an alternative retirement benefit available to TENURED faculty**
  - Faculty forego their vested right to 5 years of partial (40%) reemployment in exchange for a tax free health reimbursement
    - > One-Time lump sum payment
    - > Established at time of retirement – generally equal to 50% of the faculty member's tenure value
    - > For 100% tenured faculty: \$25K minimum and \$100K maximum. Proportional contribution limits will apply to faculty members with partial tenure
  - VRI application is independent from applying for retirement from UW – Contact Academic HR: NOTE: Current Enrollment window below– if you miss the deadline you miss the one-time opportunity to apply for this benefit
  
- > Open election period
- > April 1, 2018 – September 28, 2018
- > Retirement Window
- > April 1, 2018 – June 30, 2019

