

University Senate of Michigan Technological University

Proposal 20-94

Senate Recommendation for an Optional Retirement Furlough Program

The University Senate recommends that the administration implement the Optional Retirement Furlough Program as described below.

I. POLICY

Michigan Technological University will permit departments and schools to offer eligible faculty the option of Retirement Furlough if the eligible requirements are met. The optional retirement furlough may be taken the last year preceding retirement during which time the faculty member is relieved of normal responsibilities in his/her field of interest. This is a pilot program to be reassessed for continuation in the Fall of 1996. *The election to participate in the Optional Retirement Furlough program is irrevocable. Once eligible faculty elect the benefits of this program the retirement from Michigan Technological University cannot be retracted.*

II. REGULATIONS AND DEFINITIONS

A. Eligibility

1. The individual holds a tenured faculty appointment.
2. The individual has a total of at least 78 points which is age plus years of service at Michigan Tech or age 65 with 10 years of service.
3. The individual must have been employed by Michigan Tech with at least 10 consecutive years of active service prior to the effective date of furlough.
 - a. Approved leaves of absence with or without salary are counted as active service and maintain the continuity of service.
 - b. The individual is in active work status at the time the furlough is requested. An optional retirement furlough may not be requested while on extended sick leave or long-term disability
4. Eligible faculty must apply in writing to the department head/chair one year prior to furlough. Approval from the department head/chair through appropriate channels to the Executive Vice President/Provost is necessary. Exceptions to the one year advance requirement may be granted in the first year of the program.

B. Duration and Compensation

1. An optional retirement furlough may be granted for the total annual appointment period at one-half salary. With departmental concurrence, this furlough may be phased over a two-year period so long as the total benefit does not increase. Payments for

optional retirement furlough may be made in accordance with standard payroll payment procedures. Payments will not be made in a lump sum. If however, the faculty member chooses the one year option, he/she may choose to take their salary in the first calendar year of the furlough or may choose to spread the payments over the academic year.

2. An individual granted the optional retirement furlough will receive payments at the half-salary rate (9-month academic salary) paid in the previous academic year's appointment.

C. Benefits During Optional Retirement Furlough

The following university provided benefits will be continued during the optional retirement furlough *subject to the terms and conditions as active MTU employees:*

- Health Insurance
- Life Insurance
- Long-term disability
- Educational Assistance

D. Retirement Plan

University retirement plan contributions will be continued during the optional retirement furlough at prorated salary.

- *MPERS retirees will receive an annuity with TIAA-CREF at Tech's current TIAA-CREF retirement contribution level .*

E. Social Security Benefits and Taxes

Social Security benefits are governed by federal law. Eligibility during the retirement furlough should be determined by the direct discussion and arrangements made with the Social Security office. Social Security Taxes will be withheld on all amounts paid.

F. Sick Leave and Vacation Leave

Sick and vacation leave benefits will not accrue.

G. Death During Retirement Furlough

If a faculty member dies during his/her furlough, the remainder of his/her furlough benefits will be paid to the faculty member's beneficiary (including life insurance).

H. Incapacity During Retirement Furlough

If an individual is incapacitated during the optional retirement furlough, the furlough will continue. If the individual is incapacitated after the optional retirement furlough has been approved and scheduled, but before it has begun, the furlough will be honored.

I. Completion of Optional Retirement Furlough

Upon completion of the furlough, the individual will be in retirement status.

III. PROCEDURES

1. Faculty should check with the Benefit department to determine eligibility for Michigan Tech's furlough and retirement program.
2. Eligible faculty must apply in writing to the department head/chair one year prior to the furlough. Exceptions to the one year advance requirement may be granted in the first year of the program.
3. Application for the Optional Retirement Furlough program must be signed by the faculty before final approval (Forms in the Benefits Office).
4. Faculty Change of Status Recommendation form must be completed by departments and sent to the Provost Office along with a copy of the Optional Retirement Furlough form.
5. Once all forms have been completed, the faculty will be notified of approval by the Benefit Department.

Adopted by Senate: April 20, 1994

Approved by President: May 11, 1994