



VCU

FACULTY EARLY RETIREMENT INCENTIVE PROGRAM (FERIP)

FREQUENTLY ASKED QUESTIONS

1. What is FERIP?

FERIP is an acronym for VCU's Faculty Early Retirement Incentive Program, which is a financial early retirement incentive for certain tenured faculty. FERIP is designed to facilitate the release of tenured faculty resources for budget reallocation or reduction in accordance with VCU's Strategic Plan goals, changes in enrollment and other University needs. For more information, see the program documents at <http://www.provost.vcu.edu/faculty-resources/pa-resources/retirement-programs/>.

2. What is the monthly FERIP payment?

Faculty who are accepted into FERIP receive a FERIP Agreement, which indicates the amount of monthly payment. Faculty who have questions may contact the FERIP Program Coordinator for their campus, as noted in #9 below.

3. If approved for FERIP, what are the next steps?

- Faculty have 30 days from the date of FERIP notification to execute their agreement. This includes signing the agreement before a Notary and submitting a letter of retirement or resignation from their tenured position to their Dean.
- **Immediately** plan to attend a session of either "How to Retire With VRS" or "Retiring With the VCU Optional Retirement Plan" if you are retiring. These sessions are offered regularly by VCU HR and cover the process of initiating retirement. The schedule and online registration are located at [http://www.hr.vcu.edu/benefits/benefits-list/retirement/individual-counseling/...](http://www.hr.vcu.edu/benefits/benefits-list/retirement/individual-counseling/) Once you have completed the seminar, prepare your election forms and schedule an appointment with VCU Benefits to review and process your retirement. If you are separating under FERIP *without* retiring¹, please consult VCU Benefits for instructions.
- Virginia Retirement System (VRS) forms should be submitted to VCU Benefits *no later than* 90 days prior to the effective date of retirement.
 - Retirees in the VCU Optional Retirement Plan (ORP) must initiate the retirement process by arranging a retirement distribution with their ORP investment company, and then present the distribution to VCU Benefits for approval and signature.

4. What other information about benefits is relevant to participation in FERIP?

- Faculty who retire¹ with 15 or more years of State service are eligible for a monthly health insurance credit to assist with payment of retiree health coverage premiums. Retirees are also eligible for VCU-paid life insurance and a number of other benefits that VCU Benefits will coordinate.
- FERIP participants who defer receipt of their VRS benefit or do not elect an immediate periodic distribution from their ORP account are not eligible to participate in the State Health Benefits Program for Retirees; however, they may elect Extended Coverage (COBRA) for up to 18 months. They may be eligible for VCU-paid life insurance if they meet minimum age and service requirements for retirement.
- All FERIP participants must complete Plan election forms to indicate the manner in which the incentive (and health care supplement, if applicable) is to be paid.
 - Participants may choose to have all or part of the incentive (and health care supplement, if applicable) paid into a tax-favored plan such as an Individual Retirement Account (IRA) or paid directly to the participant.
 - Each participant is issued a "Special Tax Notice" that describes the tax implications of payment choices.
 - All payments under the Plan are made electronically using account information supplied by the participant. Participants are free to change their payment election (and revoke previous elections) at any time.

¹ The term "to retire" is defined as immediately accepting, and not deferring, a monthly retirement benefit from the VRS or electing an immediate periodic distribution from the faculty member's ORP account. Meeting this definition of retirement is a requirement to participate in the State Health Benefits Program for Retirees.

5. Can life insurance be maintained without taking a distribution from retirement funds?

Yes. Note also the following:

- ORP participants hired prior to July 2010 qualify for retiree group life insurance at no cost, whether or not they take a periodic distribution from the ORP, if they terminate employment with the Commonwealth of Virginia (1) at age 55 or older with at least five years of service, or (2) between the ages of 50 and 54 with at least 10 years of service.
- VRS participants who meet age and service requirements to retire under a VRS defined benefit plan when they terminate employment, but defer receipt of defined retirement benefits, are also eligible for continuation of group life insurance at no cost.
- A 25 percent reduction in the amount of group life insurance coverage begins on January 1 following the first full calendar year after termination of employment. This reduction continues each January 1 until the amount of coverage is 25 percent of the value of the natural death coverage at termination of employment.

6. What happens to my balances, if any, in the Tax-Deferred Annuity (TDA/403b) Plan, Virginia Deferred Compensation Plan (DCP/457) and Cash Match Plan (401a)?

Contributions to these plans stop upon retirement. Balances may remain in the TDA and DCP; however, the IRS requires a minimum distribution at age 70½. VCU Cash Match funds should be withdrawn or rolled over to another plan *within 90 days* of termination of employment.

7. What is the potential tax impact of FERIP payments on my Social Security payments?

Please consult with your personal tax advisor regarding tax implications, if any.

8. Does FERIP restrict my re-employment with VCU?

Participation in FERIP will not preclude you from some future employment with VCU or with another Virginia agency or institution **on a part-time, temporary basis** (in a position not eligible for participation in the VRS or ORP). However, any reemployment must be in accordance with the criteria and procedures outlined in VCU's "Procedures for Part-Time Employment of Retirees" at http://www.hr.vcu.edu/media/hr/documents/Re-Hiring_Retirees.doc Criteria include the following:

- Position duties must not be identical to those performed prior to retirement.
- Re-hire date must be after a bona fide break in service has occurred. A bona fide break in service must be at least one full calendar month during a period when you would normally have worked in the job from which you separated or retired.
- Employment agreements shall not be arranged prior to the completion of a bona fide break in service. Under no circumstances should employment agreements be discussed prior to the retirement date (always the 1st of a month).
- The re-employment agreement must be for a limited term. The retiree cannot work more than 29 hours, on average, per week to comply with the Commonwealth of Virginia's Manpower Control Act.

9. Where can I find more information about FERIP?

- Visit <http://www.provost.vcu.edu/faculty-resources/pa-resources/retirement-programs> for the FERIP program documents
- Contact the **FERIP Program Coordinator** for your campus:
 - *MCV Campus:* Ms. Carol Ann Irby, Health Sciences HR Executive Director, (804) 828-9776 or irbyca@vcu.edu
 - *Monroe Park and VCUQ Campuses:* Ms. Amy Unger, Executive Director of Faculty Personnel Administration, (804) 828-1484 or ajunger@vcu.edu

Additional Resources

For more information about VCU benefits and retirement, please visit the following websites:

- <http://www.hr.vcu.edu/benefits.html>
- www.varetire.org (Virginia Retirement System and Virginia Deferred Compensation Plan)
- <http://www.hr.vcu.edu/benefits/benefits-list/retirement/optional-retirement-plan/> (VCU Optional Retirement Plan for Faculty)