2020 TENURED FACULTY VOLUNTARY TRANSITION INCENTIVE PROGRAM (TF-VTIP)

GENERAL INFORMATION SESSION

Presented by the Provost’s Office & Human Resources

August 2019
AGENDA

• Program background
• Eligibility
• Incentive payment
• Timeline
• Financial considerations
• Medical considerations
• Lifestyle considerations
• Supplemental retiree benefits
• FAQs
• Next steps/how to apply
• Upcoming information sessions
• Questions
PROGRAM BACKGROUND

• Loyola appreciates the valuable contributions and dedication of tenured faculty to the University.
• Program is completely voluntary; no one is obliged to participate.
• Higher education trends are changing nationwide.
  – DePaul offered a similar program this spring for a June 30, 2019 departure date
• Career pathing opportunity for current faculty.
• Opportunity to align resources more efficiently to address future growth needs for the University.
• Staff VTIP in 2018 raised faculty interest in similar offering.
• Task Team discussions with University-wide representation occurred earlier this year.
• Tenured Faculty VTIP programs offered by 3 separate schools since 2010:
  – Quinlan
  – IPS
  – School of Law
ELIGIBILITY

- Age 60 or older (as of December 31, 2020).
- Ten (10) or more years of continuous benefit-eligible Loyola University Chicago service (as of December 31, 2020).
- Tenured full-time faculty only.
- All U.S. schools/colleges/campuses.
- Must be actively working and currently in good standing, and remain in good standing until June 30, 2020.
  - Performing all duties satisfactorily and under no disciplinary action per Faculty Handbook.

Eligible faculty members were notified on August 20, 2019 via email from VTIP@LUC.edu.
INCENTIVE PAYMENT

• 200% lump sum payout of base academic salary as of December 31, 2019.
  – Payout on July 15, 2020, or upon attaining 60th birthday, which must be on or prior to December 31, 2020

• Taxes (federal, state, social security & Medicare) will be taken out.
  * A flat federal tax rate % for the lump sum payout will be used. This rate is 22% for 2019 and the 2020 rate is TBD.
  * 2019 Social Security wage base limit is $132,900. 2020 is projected to rise to at least $136,800 in 2020.
  * Medicare is withheld on all wages (1.45 %). Additional Medicare tax rate is .9 % for wages in excess of $200k in a calendar year.

• No employee or employer 403(b) contributions will be taken out.

• Payout cannot be deferred or divided into multiple payments across calendar years.
## TIMELINE

<table>
<thead>
<tr>
<th>Event/Activity</th>
<th>Date</th>
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</thead>
<tbody>
<tr>
<td>Tenured Faculty Voluntary Transition Incentive Program (TF-VTIP) announcement</td>
<td>August 20, 2019</td>
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<tr>
<td>TF-VTIP Information Sessions, Get Ready to Retire Seminars, and Medicare Information Sessions for all eligible faculty</td>
<td>August 22, 2019 – September 13, 2019</td>
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<tr>
<td>TF-VTIP Participation Request Forms due</td>
<td>September 20, 2019</td>
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<tr>
<td>Notification of acceptance or non-acceptance</td>
<td>October 1, 2019</td>
</tr>
<tr>
<td>Faculty given Separation Agreements (Legal Agreement)</td>
<td>October 1, 2019</td>
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<tr>
<td>Last day faculty may return signed Separation Agreements</td>
<td>November 15, 2019</td>
</tr>
<tr>
<td>Last opportunity for faculty to revoke decision</td>
<td>November 22, 2019</td>
</tr>
<tr>
<td>Faculty departure date</td>
<td>June 30, 2020</td>
</tr>
<tr>
<td>Payouts</td>
<td>July 15, 2020</td>
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</table>

Completed Participation Request Forms are due by September 20, 2019 to [VTIP@LUC.edu](mailto:VTIP@LUC.edu).
FINANCIAL CONSIDERATIONS

• One-time lump sum payout.
  – Budget for retirement (*all income sources vs. expenses and tax considerations*)

• Social Security benefits ([www.ssa.gov](http://www.ssa.gov)).

• 403(b) retirement plan savings (required minimum distributions (RMD) after age 70 ½).
  – A RMD is money you must withdraw from tax deferred plans and pay income taxes on. To calculate your RMD, see IRS Publication 590.
    • Transamerica
    • Fidelity
    • TIAA
    • AIG (formerly VALIC)
    • Other plans – IRAs, 401ks

• Personal savings, investments and other sources of income.
MEDICAL CONSIDERATIONS

- Health Insurance:
  - If age 65 or older: Medicare (www.medicare.gov) and supplemental plans available through Via Benefits.
  - If faculty member or spouse is age 60-64: COBRA (18 months max) and/or Marketplace Health Insurance to age 65.

- Retiree Health Reimbursement Account (RHRA):
  - Accruals of $2,500 annually were added beginning at age 50, plus 3% interest. Plan was frozen to new accruals and interest as of December 31, 2018.
    - Received RHRA account balance statement in February of 2019 to home address. Request copies from benefits@luc.edu
    - Via Benefits administers all reimbursements from the RHRA approved qualified medical claims and expenses
LIFESTYLE CONSIDERATIONS

• Lifestyle change:
  – Retirement readiness
  – Post-Loyola life/career opportunities
  – Emotional impact

• Insurance (life/disability/long-term care, etc.).

• Relinquish tenure, however, future ability to:
  – Teach courses (on an adjunct basis)
  – Advise students
  – Stay connected to Loyola community
  – *(Six month service break from June 2020 required)*
SUPPLEMENTAL RETIREE BENEFITS

- Retiree Health Reimbursement Account (age 60 with 10 years of service).
  - Accruals of $2,500 annually were added beginning at age 50, plus 3% interest. Plan was frozen to new accruals as of Dec. 31, 2018.
- Emeritus status, if eligible. *(See p.33 of Faculty Handbook)*
- Keep Loyola University Chicago Photo ID.
- Library privileges and access, with Loyola ID.
- Loyola universal computing resources such as access to computing labs and Exchange (Outlook) email extended upon request.
- Loyola Retiree Association
- Opportunity to mentor/advise students.

- Tuition benefits for eligible retired faculty and their dependent children.
- Prices and discounts at campus bookstores, recreation centers, Loyola athletics and cultural events, with Loyola ID.
- Annual Invitations to University events such as Christmas Party, Picnic and Service Day.
- Copies of faculty and staff communications.
  - *Build a retiree community to keep retirees engaged/recognized for their longstanding contributions.*
FAQS

• **What if I submit the Participation Request Form and later change my mind?**
  Submitting the form showing interest in the program is not the final step. After submitting the form, the Provost and Human Resources will confirm your eligibility. You will then have a 45 day window from October 1 to November 15 in which to make your final decision.

• **Is June 30, 2020 the only departure date?**
  The departure date for this program is June 30, 2020. In some cases, mission critical faculty may be asked to delay their departure date until December 31, 2020.

• **Why is the incentive payment one lump-sum?**
  The timing of the payment is related to the end of your service at Loyola, which is June 30, 2020. There is not a justification from a tax perspective for pushing a portion of the payment into a subsequent calendar (i.e. tax) year, especially as no further service is being performed post June 2020. The committee did evaluate other payment options and a lump-sum payment option was decided for the plan design of this Program. As a reminder, the LUC 2018 staff plan was also structured as a lump-sum payment, and other institutions also structured their programs in this manner.

• **Are non-tenured faculty included in this offering?**
  The University does not have a plan to introduce a program for non-tenured faculty at this time.
NEXT STEPS/HOW TO APPLY

• Visit www.luc.edu/hr/vtip for more information.
  • Review August 20th email received from VTIP@LUC.edu
• Talk with representatives from Human Resources, your retirement plan providers, and your tax advisor.
  • Get Ready to Retire seminars
  • Medicare information sessions
• Return Participation Request Form, if you are interested, by September 20.
  • Participants required to personally sign form
  • Signatures needed from Chair/Academic Supervisor and Dean
• Review and sign the Separation & Release Agreement.
  • Decision window: October 1, 2019 – November 15, 2019
  • Final day to revoke decision: November 22, 2019 (or 7 days after submitting the Agreement, whichever is sooner)
# UPCOMING INFORMATION SESSIONS

## 2020 Tenured Faculty Voluntary Transition Incentive Program (TF-VTIP)

### Information Sessions

<table>
<thead>
<tr>
<th>DATE</th>
<th>TIME</th>
<th>LOCATION</th>
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<tbody>
<tr>
<td>Thursday, August 22, 2019</td>
<td>5:30 PM – 7:00 PM</td>
<td>LSC, Cuneo Hall Rm 109</td>
</tr>
<tr>
<td>Monday, August 26, 2019</td>
<td>1:30 PM – 3:00 PM</td>
<td>HSC, SSOM Rm 170</td>
</tr>
<tr>
<td>Wednesday, August 28, 2019</td>
<td>12:00 PM – 1:30 PM</td>
<td>WTC, Lewis Towers, Beane Hall</td>
</tr>
<tr>
<td>Thursday, September 5, 2019</td>
<td>9:30 AM – 11:00 AM</td>
<td>WTC, Lewis Towers, Beane Hall</td>
</tr>
<tr>
<td>Friday, September 6, 2019</td>
<td>1:00 PM – 2:30 PM</td>
<td>LSC, Damen MPR South</td>
</tr>
<tr>
<td>Friday, September 13, 2019</td>
<td>2:30 PM – 4:00 PM</td>
<td>HSC, SSOM Rm 150</td>
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### "Get Ready to Retire" Seminars*

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<tr>
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<tbody>
<tr>
<td>Thursday, August 22, 2019</td>
<td>1:00 PM – 3:00 PM</td>
<td>LSC, IES Building, Rm 110</td>
</tr>
<tr>
<td>Tuesday, August 27, 2019</td>
<td>10:00 AM – 12:00 PM</td>
<td>HSC, SSOM Rm 150</td>
</tr>
<tr>
<td>Wednesday, September 4, 2019</td>
<td>3:00 PM – 5:00 PM</td>
<td>WTC, Lewis Towers, Regents Hall</td>
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*Please RSVP on the [Transamerica website](#)

## Medicare Information Sessions

### Presented by Via Benefits

<table>
<thead>
<tr>
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<th>TIME</th>
<th>LOCATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monday, September 9, 2019</td>
<td>1:30 PM – 3:00 PM</td>
<td>HSC, SSOM Rm 160</td>
</tr>
<tr>
<td>Tuesday, September 10, 2019</td>
<td>10:00 AM – 11:30 AM</td>
<td>LSC, Damen MPR South</td>
</tr>
<tr>
<td>Tuesday, September 10, 2019</td>
<td>2:00 PM – 3:30 PM</td>
<td>WTC, Lewis Towers, Regents Hall</td>
</tr>
</tbody>
</table>
QUESTIONS?

Feel free to route program-related questions to VTIP@LUC.edu.

Visit www.luc.edu/hr/vtip for a copy of today’s presentation.
Thank You

Preparing people to lead extraordinary lives