

Queen's-QUFA Voluntary Phased Retirement Program: Highlights and Hard Rules

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We are very pleased to share with you the letter of agreement (LOA) that governs the Voluntary Phased Retirement Program (the “Program”) that now forms part of the collective agreement between Queen’s University and QUFA. I wish to give you a high-level overview of the Program, and alert you to some hard rules around eligibility and designing your own plan to phase out work in preparation for retirement.

This document is a companion to, and not a substitute for, the LOA and its appendix, which outline the details and requirements of the Program more completely. The LOA takes precedence should this document give rise to any confusion over the rules and conditions of the Program.

Program Objective

The goal of the Program is to make committing to a retirement date advantageous to Members by ensuring that they do not lose the accrual of pension benefits and that they can plan a gradual reduction of responsibilities in their final years of work. The Program permits Members to take earned academic leaves during those years and, for those who have not yet triggered their Queen’s pension, there is a retirement supplement payable during the Program or when the Member retires.

The advantage to the University is that Members in the Program commit to a fixed and irrevocable retirement date. Because this certainty is valuable for planning and faculty renewal, Queen’s has made this Program available to QUFA Members *regardless of whether the University Pension Plan (UPP) begins operations in 2021*. Eligible Members can apply to the Program as soon as this coming 1 July 2020 so that they can begin to phase out their work on 1 July 2021 if they are approved.

Term and Timing

The Program is for a three-year period, no exceptions. It must begin on 1 July and end with your retirement on 30 June, three years later. This is not negotiable.

Retirement Supplement

The supplement is a monetary incentive to retire, and only those who have not already triggered their pensions are entitled to it. The supplement is 75% of the regular salary you are earning the year you commence the phased period. Regular salary does not include stipends or overload, and is pro-rated to the full-time equivalency (FTE) that you are working—it is not nominal salary (please see the scenarios below for examples). If you do not complete the Program for any reason (disability, retirement, termination, death), you or your estate are entitled to the pro-

rated amount of the supplement you earned up to the date you exited the Program. There are many options for how you can receive the supplement, and you will want financial advice on how best to proceed.

Eligibility

Eligibility is determined by type and intensity of appointment, years of service, and age.

Tenured faculty, librarians, and archivists with at least 75% responsibility appointments (0.75 FTE) in each of ten years of service are eligible. Continuing adjuncts with at least 50% (0.5 FTE) appointments in each of ten years of service are eligible.

There are lower and upper age requirements for the Program, and it cannot be combined with early retirement (before age 65). You must have attained age 65 by 30 June of the third year of the Program when you have committed to retire. This means that if you are born between 1 January and 30 June, you can apply for the Program the year you turn age 61, begin the three-year phased period the year you turn age 62, and retire the year you turn age 65. Because the Program runs in academic years, if you are born 1 July to 31 December, you can apply for the Program when you are age 62, begin the phased period when you are age

63 and retire at age 65 in the year you turn age 66.

The Income Tax Act requires that you must begin to take any pensions by the end of the year in which you turn age 71. The Program is a mandatory three-year term. The supplement payment is contingent on Members not collecting their Queen's pension. Putting all of this together means that the last opportunity you have to apply for the Program is the year you turn age 67. You would then begin the three-year phased period the year you turn age 68, and complete it and retire the year you turn age 71.

If you are already too close to age 71 to apply for the Program, you have the option under the CA to request a reduced-responsibility appointment for up to two years. You would not be eligible for a supplement payment in that case.

If you meet the age, service, and appointment requirements above, but have already begun to take your Queen's pension, you may apply for the phasing of your workload, but you are not eligible for the supplement payment.

Application

Members need to apply to initiate the Program at least one calendar year before they want the Program to start. Their application, outlining their intended plan of work and any academic leaves they intend to take, has to be both feasible and compatible with unit interests. If many Members under age 65 apply in one year, the University may defer some applications to the following year, but once deferred, a Member with a feasible plan cannot be denied entry to the program a second time. Members who have already attained the normal retirement age of 65 cannot be denied entry to the Program.

You will find an appendix attached to the LOA which is the initial application form Members need to fill out when they apply for the Program. Working through it will give you a sense of what you need to figure out to have a viable application.

Work Responsibilities During the Program

You must continue to perform the full range of responsibilities (teaching, professional practice, service, research) of your appointment in each of the three years of the Program. This creates minimum workload requirements that are calculated based on appointment type and unit teaching requirements. Some examples will illustrate the principle for tenured, full responsibility faculty:

- In a unit with a teaching workload of two full-course equivalents (FCEs), you would have to maintain a minimum commitment of 25% in order to teach a 0.5-unit course and perform a pro-rated amount of service and research work;
- In a unit with a teaching workload of 1.5 FCEs, you would have to maintain a minimum commitment of 33% to achieve the same end.

The calculations are adjusted for continuing adjuncts because they normally have a different range of responsibilities and a doubled teaching expectation. Continuing adjuncts must maintain a minimum teaching workload of 1.0 FCE.

In all cases, the proposed plan of work has to be feasible (you can't propose to teach a fraction of a course that doesn't exist in your unit, you can't be a partial member of a committee, etc.), and has to be compatible with unit interests.

Academic Leaves

You can take academic leaves during the Program and continue to earn academic leave credit during the Program with a few restrictions. You must maintain a 50% workload to continue to earn full academic leave credit. If you work less than 50% in a year, you will earn no credit towards academic leave for that year. Faculty members can take six- or twelve-month leaves in the normal fashion; they cannot split a twelve-month leave into two six-month leaves. You can take a leave in the final year of the Program. While you are on leave, your workload is presumed to be 100%: a twelve-month leave counts as 100% workload; a six-month leave counts as 50% of a full workload. This is relevant in figuring out how you will reduce your workload (by 33% or 50%) over the period, and how you will manage your salary and supplement payments.

Irrevocable Commitment

Once your application to initiate the Program is accepted, it is an irrevocable commitment to reduce work over three years and then retire. This cannot be stated strongly enough: irrevocable is irrevocable. The Program is advantageous to you in many respects so that Queen's has certainty with respect to your plans; they will not both pay for certainty and then give it up.

If you apply for the Program, be very certain that you can live with the outcome regardless of changing life or world circumstances. You would be wise to seek the advice of a financial or retirement consultant if you have any doubts about making this commitment.

And just in case that was unclear, if you agree with Queen's that you will retire on a specific date by entering this Program, you must comply with that commitment. QUFA can do nothing if you later decide that you

wish or need to continue your current appointment.

Additional Guidance

In addition to the illustrative scenarios below, QUFA staff and pension volunteers can help with a practical understanding of the Program, but we cannot advise you on the financial, professional, or familial advisability of joining, or the tax implications of different options. We also cannot speak to the feasibility or compatibility of your plan with your unit. QUFA will be monitoring the Program for equitable management within units, but we cannot force your unit to change its normal operations to accommodate your choices. Please do advise us if you experience problems, and if we can help we will, as always!

Happy (irrevocable) retirement planning!

Appendix: Scenarios to Illustrate Workload, Salary, and/or Supplement Calculations

Assumptions for all scenarios:

- Nominal Salary increases by 2% per annum.
- Pension contributions are made on regular salary throughout the period: the Member contributes on their Actual salary, the employer contributes their share on regular salary and makes up the difference in the Member's contributions between actual and regular salary levels.
- Nominal and regular salary do not include administrative stipends or overload payments. Actual salary may include the latter, but as they are not pensionable earnings, they are not modelled here.

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Scenario 1: Tenured Faculty Member Working Full time (1 FTE Appointment)

	Year 1	Year 2	Year 3
Nominal Salary	\$150,000	\$153,000	\$156,060
Regular Salary	\$150,000	\$153,000	\$156,060
Actual Salary	\$75,000	\$130,050	\$37,515
Workload = 175%	50%	100%	25%
Academic Leave	Full credit earned	twelve-month leave paid at 85%	No credit earned
Retiring Supplement (75% of Regular Salary in Year 1)	-	-	112,500

Scenario 2: Tenured Faculty Member on Reduced Responsibility (0.75 FTE Appointment)

	Year 1	Year 2	Year 3
Nominal Salary	\$150,000	\$153,000	\$156,060
Regular Salary	\$112,500	\$114,750	\$117,045
Actual Salary	\$75,000	\$76,500	\$78,030
Workload = 150%	50%	50%	50% (fully absorbed by the academic leave)*
Academic Leave	Full credit earned	Full credit earned	six-month leave paid at 100%
Retiring Supplement (75% of Regular Salary in Year 1)	-	-	84,375

**Note that in this scenario, the Member does no work for the six months they are not on leave in Year 3; they could have their salary averaged over twelve months to avoid an unpaid period.*

Scenario 3: Continuing Adjunct Faculty Member (0.50 FTE Appointment)

	Year 1	Year 2	Year 3
Nominal Salary	\$150,000	\$153,000	\$156,060
Regular Salary	\$75,000	\$76,500	\$78,030
Actual Salary	\$75,000	\$38,250	\$39,015
Workload = 100%*	50%	25%	25%
Academic Leave	n/a	n/a	n/a
Retiring Supplement (75% of Regular Salary in Year 1)	-	-	56,250

**Note that a continuing adjunct has to reduce their work over the period by 33% or 50%. At a 0.5 FTE or a total regular workload of 150% over three years, that means working between 75% and 100% in total.*