

2011 Special Retirement Incentive Program Frequently Asked Questions

General Program Questions

- Q. Why is the Special Retirement Incentive Program (SRIP) being offered?
- A. The SRIP program is designed to make available a broad offering for voluntary retirements as one step in assisting the University in meeting expected State funding reductions.
- Q. Who is eligible for the program?
- A. You are able to participate in the plan if, as of June 1, 2011, you are an employee who meets the following criteria:
- Age 50 or older,
 - Have a total of 75 points (combined age and completed years of service),
 - Are a subsidized benefits eligible active employee, and
 - For non-tenured employees, at least half of your salary is paid through the general fund or one of the University auxiliary/independent operations. Non-tenured employees whose salaries are paid primarily (50% or more) by grants, gifts, or contracts are not eligible. Tenured employees whose salaries are paid primarily (50% or more) by grants, gifts, or contracts are eligible subject to meeting all other eligibility criteria.
- Q. How is service counted in determining years of service for the Special Retirement Incentive Program (SRIP)?
- A. Service that would normally be counted to determine an employee's eligibility for retiree benefits will be counted for the SRIP. Please note - this excludes service as a teaching assistant, adjunct faculty, voluntary faculty, stipends, part-time faculty, technician, temporary employee or other hourly-rated position.
- A break in service will not negate former countable service time. However, the Total Compensation & Wellness Department must be able to verify the former service in the University records. If in doubt, please call the Total Compensation & Wellness Department for assistance at 313-577-3717.
- Q. What is the process and deadline for electing to participate in the Special Retirement Incentive Program (SRIP)?
- Determine if you qualify for the program based on your age and years of service as of June 1, 2011
 - Consult with your department to determine a retirement date between June 30th and September 30th, 2011.
 - Obtain a copy of the Confidential Separation and Release Agreement. Click the following link for a copy of this Agreement:
<http://www.hr.wayne.edu/tcw/pdfs/2011-rip-separation-agreement.pdf>
 - Review and complete the Agreement if electing to participate in the program
 - Return the signed Agreement to your Department / Division and to Total Compensation and Wellness no later than May 31st, 2011

Updated 4/25/11

Updated 4/25/11

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- Complete the 2011 Special Retirement Incentive Program Payment Election Form and provide to Total Compensation and Wellness by your retirement effective date. Link to form: <http://www.hr.wayne.edu/tcw/pdfs/2011-rip-election-form.pdf>

Updated 4/25/11

- Q. Who signs the Confidential Separation and Release Agreement for Wayne State?
A. Once you have completed the Agreement, Total Compensation & Wellness will coordinate the signature process with unit heads.

- Q. If I elect the program, are there other forms beside the Separation and Release and Incentive Payment Election Form that will need to be completed?
A. Yes, other forms that would apply to any retiring employee need to be completed. Examples include retiree dental and vision enrollment forms. Please click on the following link for more information about retiree benefits and retiring from WSU <http://www.hr.wayne.edu/tcw/benefits/baretirement.php>.

Updated 4/15/11

- Q. What other benefits are available to an SRIP retiree?
A. As an SRIP retiree you have access to current retiree benefits. These include retiree dental and vision that can be elected at 100% of the program cost. Additional information on standard retiree benefits can be accessed through the following link: <http://www.hr.wayne.edu/tcw/benefits/baretirement.php>.

Added 4/26/11

- Q. What are the rules regarding employees coming back to work at WSU during the 3-year benefits period?
A. Employees can return based on the following guidelines:
- Return to a non-benefits eligible position
 - Have an appointment percent of less than 50%
 - Non-teaching assignment
 - **Based on unit needs**, SRIP retiree can work for up to one (1) year, subject to any other conditions in the existing Temporary Employee Policy (APPM 3.2.3)
 - Temporary employee hourly rate not to exceed 80% of the hourly rate at retirement
 - Teaching assignment
 - **Based on unit needs**, SRIP retiree can teach up to two courses per academic year, each one lasting one semester or less

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Added 4/26/11

- Q. What happens if I am eligible for the SRIP program, but do not elect it and my position is subsequently eliminated?
- A. The election period for this program runs from April 6, 2011 through May 31, 2011. Once the election period ends on May 31, 2011, employees will no longer be eligible to participate in and receive the SRIP program benefits.

- Q. What is the duration of the \$25,000 life insurance benefit provided by the SRIP?
- A. The WSU provided life insurance is a permanent term insurance policy and is not subject to age related reductions.

Updated 4/15/11

- Q. I have a dependent that will be a student in the Fall 2011 semester. If I retire on September 30, 2011 will the benefit for my dependent continue?
- A. The standard tuition program rules apply to SRIP participants. If you retire after classes begin, the reduced tuition benefit for your dependent will continue for the remainder of the Fall 2011 semester only. Please click on the following link for more information on the tuition assistance program:
<http://www.hr.wayne.edu/tcw/benefits/batuitasst.php>.

Incentive Payment Questions

- Q. How do I compute the amount of my incentive payment?
- A. You can compute the amount of your taxable incentive payment by completing the following steps:

12 Month Employee

1. Determine your total points by adding together your age and your completed years of service as of June 1, 2011.
2. Determine your incentive allocation (6, 8 or 10 months) from the table below.
3. Divide your annual salary in effect as of June 1, 2011 by 12 and multiply by your allocated number of months. Annual salary is defined as the permanent salary including all attachments that have been in place for at least one year as of June 1, 2011. Attachments in place for less than one year as of June 1, 2011 and any additional service assignment(s) are excluded.

Updated 4/15/11

9 Month Employee

1. Determine your total points by adding together your age and your completed years of service as of June 1, 2011.
2. Determine your incentive allocation (6, 8 or 10 months) from the table below.
3. Divide your 9-month salary in effect as of June 1, 2011 by 12 and multiply by your allocated number of months. Annual salary is defined as the permanent salary including all attachments that have been in place for at least one year as of June 1, 2011. Attachments in place for less than one year as of June 1, 2011 and any additional service assignment(s) are excluded.

Updated 4/15/11



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Combined Years of Service Plus Age (Points)	Months of Annual Salary (lump sum)	OR	Salary Continuation Period Lump Sum Spread Over... (if elected)
75 to 84 Points	6 Months		12 Months
85 to 99 Points	8 Months		16 Months
100+ Points	10 Months		20 Months

Tenured faculty who meet the eligibility requirements described above and elect the program will be eligible for an incentive equal to 10 months of annual salary, regardless of total points.

Q. What are the election options available for the incentive payment?

A. The options available for receiving the incentive payment consist of the following:

- Incentive continuation - Receive monthly incentive for a period of 12, 16, or 20 months depending on the incentive amount (see table above) without retirement plan contribution. Payments will be made on a bi-weekly basis for the duration of the salary continuation period.

OR

- Receive a one-time lump sum taxable payment without retirement plan contribution. If you elect the lump sum option, you may also choose to receive a portion (10% to 100% in 10% increments) of the one-time payment as a contribution to a tax favored 10-year Health Reimbursement Arrangement (HRA). More information on the HRA can be accessed through the following link <http://www.hr.wayne.edu/tcw/benefits/rip.php>.

Q. If I elect the incentive continuation, how do I calculate the bi-weekly amount?

A. The calculation for determining your bi-weekly incentive amount is as follows:

1. Determine your incentive amount (6, 8 or 10 months of salary) as described above.
2. Take the incentive amount and divide by the number of pays associated with your incentive level:
 - a. 6 Month Incentive – spread over 26 pays (12 months)
 - b. 8 Month Incentive – spread over 35 pays (16 months)
 - c. 10 Month Incentive – spread over 43 pays (20 months)

Q. If I elect the incentive continuation, can I allocate a portion to the HRA?

A. No - If you elect incentive continuation, you cannot utilize the HRA option.

Q. When will I receive the incentive payment if I choose a taxable lump sum?

A. The incentive payment will be paid within 30 days after your retirement date and mailed to your home address.

Q. What is the Incentive Payment Election Form?

Added 5/5/11



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- A. The Election Form is what you will need to complete in order to instruct WSU of your elected method of incentive payment and, if applicable, how to allocate your incentive payment between a taxable lump-sum payment and the tax-favored Health Reimbursement Arrangement (HRA)
<http://www.hr.wayne.edu/tcw/pdfs/2011-rip-election-form.pdf>.
- Q. When does the Incentive Payment Election Form need to be completed?
- A. The Election Form must be received by the Department of Total Compensation and Wellness by close of business on your retirement date.
- Q. Will the incentive payment reduce a retiree's Social Security retirement payments if they are started before his/her full Social Security retirement age?
- A. It is our understanding from the Social Security Administration that payments under this Special Retirement Incentive Plan are excluded from wages for Social Security coverage and are not earnings for purposes of arriving at Social Security benefits. However, we advise that you consult with a tax advisor and/or the Social Security administration on this issue.
- Q. If the WSU retiree were to pass away during the salary continuation period, would the payments continue to a beneficiary for the remainder of the salary continuation period?
- A. Yes, the payments would continue for the remainder of the individual salary continuation period to a beneficiary. If you select the salary continuation option, you will need to designate a beneficiary on the Payment Election Form.

Health Reimbursement Arrangement (HRA) Questions

- Q. What is a Health Reimbursement Arrangement (HRA)?
- A. A Health Reimbursement Arrangement is a tax-advantaged account designed to cover your healthcare costs. The money contributed to this account is not taxed, and you can access these funds to pay for any qualified medical expense for you or your IRS dependents for a period of up to 10 years. An HRA can be coupled with any type of health insurance plan.
- Q. What is the effective date for the HRA?
- A. The effective date of the HRA is based on your retirement date. Additional information on the HRA is provided on the Special Retirement Incentive Program web page <http://www.hr.wayne.edu/tcw/benefits/rip.php>.
- Q. How much of the Incentive Payment can be allocated to the HRA?
- A. You will need to make an election to allocate the incentive payment between a taxable lump sum and the tax-favored HRA. The total election amount needs to



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equal 100% and any amount between 0% and 100% can be allocated to either option. The elections must be made in 10% increments.

- Q. If the WSU retiree were to pass away during the 10-year HRA period, what happens to any remaining balance?
- A. The remaining balance would be available to any IRS dependents of the retiree subject to the terms of the HRA program.

Added 5/5/11

- Q. Can dependents of the WSU retiree (spouse, partners, and children) file claims under the HRA plan?
- A. IRS dependents of the WSU retiree are able to file claims under the HRA plan.

- Q. What type of expenses can the HRA be used for?
- A. The HRA can be used to offset medically-related expenses including the cost of medical coverage. Please refer to the list of Qualified HRA Expenses document on the Special Retirement Incentive Program web page <http://www.hr.wayne.edu/tcw/benefits/rip.php>.

Financially Supported Medical Insurance Questions

- Q. How is the financial support for the medical insurance administered?
- A. For pre-age 65 retirees, medical costs will be an amount that is equivalent to the active employee contribution. For post 65 retirees, the University will provide an annual payment of \$2,000 per year to offset health care expenses.

Updated 4/15/11

If a retiree turns age 65 during the 3-year financially supported medical period, then the financial support will change from the active employee rate to the \$2,000 annual payment prorated for the remainder of the 3-year period. The retiree can choose to enroll in one of the WSU retiree medical insurance plans at full retiree rates or enroll in non-WSU medical insurance.

Financial support for medical coverage will be discontinued if the retiree becomes eligible for another employer's group medical coverage.

Updated 4/15/11

- Q. What WSU medical plans are available to retirees?
- A. All medical plans offered to employees are available with the exception of the Community Blue PPO and the Total Health Care HMO. In addition, for Medicare eligible retirees, the Aetna Medicare Advantage and HAP Senior Plus options are also available.

- Q. How is payment of medical insurance made if the SRIP participant enrolls in WSU medical coverage during the 3-year subsidized medical period?
- A. Payment is made as follows:

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- Participant elects a lump sum payment and is under age 65 – Participant is billed for an amount that is equivalent to the active employee contribution (for the term of the university-supported medical period) on a monthly basis by the University’s billing agent, Automated Benefits Services.
- Participant elects a lump sum payment and is over age 65 – Participant is billed for the cost of coverage at the full retiree rate on a monthly basis by Automated Benefits Services.
- Participant elects the incentive continuation option and is under age 65 – Pre-tax deductions are made from the incentive continuation payments for an amount that is equivalent to the active employee contribution. Once the incentive continuation period ends, the participant is billed for the cost of coverage on a monthly basis by Automated Benefits Services.
- Participant elects the incentive continuation option and is over age 65 – Participant is billed for the cost of coverage at the full retiree rate on a monthly basis by Automated Benefits Services.

Q. How are the \$2,000 lump sum payments administered during the 3-year financially supported medical period?

A. The \$2,000 lump sum payments will be processed in the following manner:

- For retirees age 65+ at retirement
 - The initial payment will be made within 30 days of your retirement date
 - Subsequent payments will be made annually in October 2012 and October 2013
- For retirees who retire prior to reaching age 65 and turn age 65 during the 3-year financially supported medical period
 - The initial prorated payment will be made within 30 days of turning age 65
 - Subsequent annual payments for the duration of the 3-year period will be made in October 2012 and/or October 2013 as appropriate.

Q. If the WSU retiree is enrolled in medical insurance and were to pass away during the 3-year subsidized medical period could the surviving spouse continue to receive financial support for medical insurance?

A. No, financially supported medical insurance is available only through the WSU retiree.

Q. Does the WSU retiree have to elect financially supported medical insurance at the onset of retirement?

A. The WSU retiree may elect to participate in the medical coverage at any time during the 3-year period. Reentry into WSU medical coverage outside of open enrollment is subject to existing retiree medical plan eligibility guidelines. Under



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no circumstance will WSU financial support for medical coverage extend beyond 3 years from the retirement effective date.

Q. If the retiree were to marry during the 3-year subsidized medical period could a spouse be added to the subsidized medical insurance?

A. Yes, a spouse could be added to the coverage per existing retiree medical plan eligibility guidelines. The retiree would then be responsible for the cost of 2-person coverage.

Q. If I am a 9-month employee, when do my active employee benefits end?

A. Your active employee benefits end on the later of August 31, 2011 or your retirement date.

Q. If I am a 12-month employee, when do my active employee benefits end?

A. Your active employee benefits end based on your retirement date.

Q. If the retiree's spouse is Medicare eligible, must he/she enroll in Medicare?

A. Yes. If a retiree's spouse is age 65 or older at the date of retirement, it is important for the spouse to get Medicare Hospital (Part A) and Medical (Part B) Insurance effective the first of the month following the date of retirement. If a retiree's spouse turns 65 at any time during the three-year university-supported period, the spouse must enroll in Medicare effective the first of the month of his/her birthday. Medicare is then primary insurance and any supplemental plan is secondary. Retiree can continue to cover spouse and will continue to pay two-person active employee amount for University medical insurance as specified in program summary.

Q. If I am currently receiving Cash-In-Lieu of medical, will this benefit continue during the 3 year subsidized medical period?

A. No - the cash-in-lieu benefit is not available to SRIP participants.