

PHASED RETIREMENT PROGRAM CONTRACT

UNIVERSITY OF CALIFORNIA

U290 (R2/16)

PERSONAL INFORMATION		
NAME	EMPLOYEE NUMBER	LOCATION
DEPARTMENT	PAYROLL TITLE	RETIREMENT DATE
PRE-PHASED RETIREMENT APPOINTMENT PERCENTAGE	BASE ANNUAL SALARY AT ENTRY INTO PROGRAM ("PROGRAM BASE")	

I wish to participate in the Phased Retirement Program ("Phased Retirement" or "the Program").

I understand that this agreement, and the terms and conditions of the Phased Retirement Program, govern my participation in the Program.

1. I am eligible to participate in the Phased Retirement Program. I am a vested participant in the University of California Retirement Plan (UCRP) with at least five years of service credit, my appointment percentage is 60% or greater, and I am age 55 or older.
2. I understand that my department must approve my request to participate in the Program and my proposed Phased Retirement work schedule.
3. As a condition of my participation in the Program, I understand and agree that I will be required to sign a General Release of Claims at the time I terminate/retire in a form and with terms substantially equivalent to the example that is *Phased Retirement Program – General Release of Claims* (U291) to this agreement.

PARTICIPATION PERIOD AND APPOINTMENT REDUCTIONS

4. I will begin phased retirement on _____, will terminate my employment on _____, and retire on _____.
5. I understand and agree that my decision to participate in the Program and to terminate my employment and retire is irrevocable.
6. During this period of phased retirement, my appointment will be reduced by the following amounts for the following periods:
_____ to _____ a _____ % reduction in appointment;
date date
_____ to _____ a _____ % reduction in appointment;
date date
_____ to _____ a _____ % reduction in appointment;
date date
7. I understand that my appointment must be reduced by at least 10% at the time I enter into the Program. For each subsequent year in the program it must be reduced by an additional 10%, or more, each year. Each reduction must be in 10% increments.
8. I understand that the percentage of reductions in appointment agreed to for the term of this contract cannot be changed once approved.
9. I understand that my percentage appointment cannot be reduced below 50% time while I am participating in the Program. If my appointment percentage is reduced to 50% time, I must retire at the end of that year or else I will forfeit all incentive credits and will not be eligible for any lump sum cash incentive payment (described below).
10. I understand that my salary will be reduced according to the applicable reduction in appointment percentage.
11. My Program termination/retirement date can be accelerated or extended by mutual agreement between me and my Supervisor, Department Head, Vice Chancellor, and Human Resources, as reflected in an amendment to this agreement. In no event can the date be extended past December 31, 2019.

BENEFITS

12. I understand that my participation in the Program will have the following effect on certain paid time off benefits:
 - a. During each month of participation in the Program, I will accrue vacation and sick leave, or paid time off if applicable, at the same rate as my pre-Phased Retirement appointment percentage.
 - b. My holiday pay will be reduced in proportion to my reduced appointment percentage.
13. I understand that my participation in the Program will have the following effect on certain aspects of my participation in the UCRP:
 - a. I will earn UCRP service credit at my reduced Phased Retirement appointment percentage.
 - b. UCRP service credit during Phased Retirement will be reduced for periods of leave without pay or other periods of time off pay status not reflected in this agreement.
 - c. My contributions to the UCRP will continue at the appropriate rate until my retirement date, and will be based on my reduced salary.
 - d. UCRP's Highest Average Plan Compensation (HAPC), which is used to calculate monthly retirement income or lump sum cash out, does not change as a result of participation in the Program because it is based on monthly full-time equivalent compensation.
 - e. If I die or become disabled while participating in the program, the final salary used to calculate UCRP survivor and UCRP disability benefits will be adjusted to reflect the average percent of time on pay status during the preceding 36 months.
14. I understand that a number of other benefits for which I am eligible are calculated on the percentage of appointment or the actual salary I am earning at the time I become eligible for the benefit. Specifically, my participation in the Program will affect my benefits in the following ways:
 - a. Short-term and Supplemental Disability Benefit Plan premiums and benefits will be based on the reduced Phased Retirement salary, per plan provisions.
 - b. Workers Compensation disability benefits payments received pursuant to Workers' Compensation coverage will be based on my reduced Phased Retirement salary. My department will supplement these payments so that the aggregate benefit is equivalent to what would have been received if the payment was based on the pre-Phased Retirement salary. These department payments are taxable income to me.
 - c. Supplemental and Dependent Life insurance premiums and coverage are based on the full-time salary rate on January 1 of each year. I understand I may request a reduction in Supplemental Life insurance coverage and cost on a prospective basis. Basic Life coverage will be reduced in proportion to the percentage appointment, per plan provisions.
 - d. Dependent Care Flexible Spending Account (DepCare FSA) and/or Health Flexible Spending Account (Health FSA) will continue at the same level unless I change my election during a Period of Initial Eligibility (PIE), where eligible, or during an open enrollment period.

- e. My Defined Contribution Plan, 403(b) Plan and 457(b) Plan contributions will be lower if my contributions are based on a percentage of earnings. I may change my contribution amount or the percentage contributed to these plans at any time.
 - f. Future Social Security and Unemployment Benefits may be lower since these benefits are calculated based on actual earnings.
15. I acknowledge that I have been encouraged to consult with the University's benefits representatives in the Human Resources Department regarding any changes or effects on benefits that may occur as a result of my reduced appointment.

LUMP SUM CASH INCENTIVE

16. By fulfilling the terms and conditions of the Program, I understand that I will be eligible to receive a lump sum cash incentive payment that will be based on a percentage of the salary savings realized from my phased reduction in appointment percentage using my base annual salary at the time I entered into the Program ("Program Base Salary").
17. During my participation in the Program, I will accumulate credits for each distinct period of time that I reduce my appointment percentage. These credits and my Program Base Salary will be used to calculate the lump sum cash incentive. These credits are based on percentage appointment reductions in 10% increments, as follows:

Percentage Appointment Reduction in Program Base Appointment	Credit For Period of Applicable Reduction (Using Employee's Program Base Salary)
10%	5%
20%	10%
30%	15%
40%	20%
50%	25%

For example, if I participate in the Program for two years, with a 10% reduction the first year and an additional 10% reduction the second year (i.e., 20% total reduction in the second year), I would receive a 5% credit for the first year and 10% credit for the second year. The credits, multiplied by my Program Base Salary, would determine the amount of the lump sum cash incentive. If I participate in the Program for 120 days, and reduce my appointment by 30%, I would receive a 15% credit. The credit, multiplied by my Program Base Salary for 120 days, would determine the amount of my lump sum cash incentive.

- 18. I understand that my Program Base Salary is used for calculating my lump sum cash incentive, even if I have received increases in my base salary after entering into the Program.
- 19. I understand that the lump sum cash incentive will be paid within 30 days of my retirement and is considered wages subject to appropriate withholding and reporting.
- 20. I understand that if I do not sign the General Release of Claims at the time of my termination/retirement, I will forfeit any accumulated credits and will not be eligible to receive the lump sum cash incentive payment, even if I have met the other terms and conditions of this agreement.
- 21. If I end my participation in the Program early or do not comply with the terms of the Program or this agreement, I understand that I will forfeit all incentive credits and will not be eligible for the lump sum cash incentive payment.

- 22. If I am laid off or involuntarily terminated while participating in the Program, I understand that I will be paid a lump sum cash incentive based on the credits I have accumulated for the period of time that I entered into the Program until my separation from employment, provided that I retire within 120 days of separation from employment or December 31, 2019, whichever is earlier. If I am laid off or involuntarily terminated and I do not timely retire, I understand that I will forfeit all incentive credits and will not be eligible for any lump sum cash incentive payment.
- 23. I understand that if I experience an involuntary reduction in time during my participation in the Program, I will not receive any additional incentive credits unless the involuntary reduction in appointment percentage is at least in ten percent (10%) increments. For example, a five percent involuntary reduction in time will not generate any additional incentive credits; a ten percent or twenty percent involuntary reduction in time would generate additional incentive credits.
- 24. If I transfer or am promoted to another position in the same or different department, I understand that I will forfeit all credits and will not be eligible for the lump sum cash incentive payment unless my continued participation in the Phased Retirement Program is approved, in advance, by my respective Supervisor, Department Head, Vice Chancellor and Human Resources.

PARTICIPATION REPRESENTATIONS

- 25. My participation in the Program is entirely voluntary. I have decided to participate in this Program and enter into this agreement of my own free will and with a full understanding of its requirements and their significance.
- 26. I was not induced or coerced by the University into entering into this agreement through fraud, misrepresentation, intimidation, threats, or other means.
- 27. I acknowledge that I have had sufficient time to consider my options and whether to participate in the Program.

OTHER PROVISIONS

- 28. I understand that operational needs may require at times that I forego my work arrangements to those operational needs. I agree to make every effort to adjust my schedule accordingly.
- 29. I agree that I will not engage in other paid work for the University in any capacity at any location during the time I am participating in the Program.
- 30. During Phased Retirement, my employment will be subject to all applicable University policies and procedures, except as otherwise provided for in this agreement.
- 31. If there are other normal consequences of a reduction in time not contained in this agreement, I understand that these will apply to me as well.
- 32. This agreement contains the entire agreement between me and the University with respect to its subject matter. No prior or contemporaneous agreement, written or oral, will be interpreted to alter these terms.

ELECTION

This agreement must be signed by me and the appropriate University administrator. I understand that the University must approve this agreement and the proposed retirement date and reductions in percentage appointment.

EMPLOYEE SIGNATURE	DATE	DEPARTMENT HEAD SIGNATURE	DATE
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PRIVACY NOTIFICATIONS

STATE

The State of California Information Practices Act of 1977 (effective July 1, 1978) requires the University to provide the following information to individuals who are asked to supply information about themselves.

The principal purpose for requesting information on this form, including your Social Security number, is to verify your identity, and/or for benefits administration, and/or for federal and state income tax reporting. University policy and state and federal statutes authorize the maintenance of this information.

Furnishing all information requested on this form is mandatory. Failure to provide such information will delay or may even prevent completion of the action for which the form is being filled out. Information furnished on this form may be transmitted to the federal and state governments when required by law.

Individuals have the right to review their own records in accordance with University personnel policy and collective bargaining agreements. Information on applicable policies and agreements can be obtained from campus or Office of the President Staff and Academic Personnel Offices.

The official responsible for maintaining the information contained on this form is the Vice President—University of California Human Resources, 1111 Franklin Street, Oakland, CA 94607-5200.

FEDERAL

Pursuant to the Federal Privacy Act of 1974, you are hereby notified that disclosure of your Social Security number is mandatory. The University's record keeping system was established prior to January 1, 1975 under the authority of The Regents of the University of California under Article IX, Section 9 of the California Constitution. The principal uses of your Social Security number shall be for state tax and federal income tax (under Internal Revenue Code sections 6011.6051 and 6059) reporting, and/or for benefits administration, and/or to verify your identity.