

Retirement Options for Continuing Academic Staff

Introduction

A staff member governed by the Faculty, Faculty Service Officer, Administrative/Professional Officer or the Librarian Agreements may apply for either a Phased Pre-Retirement Period or a Phased Post-Retirement Period of Employment.

Retirement Definitions (Article 18 of Appropriate Staff Agreement)

Normal Date of Retirement: the June 30 coincident with, or following, the attainment of age 65 (e.g. staff member turns 65 on October 1, 2017, normal retirement is considered to be June 30, 2018).

Deferred Retirement: staff member makes the decision to terminate employment beyond the normal date of retirement.

Early Retirement: staff member retires on any date after the attainment of age 55 but before the normal date of retirement.

Universities Academic Pension Plan (UAPP) Eligibility for Retirement

- Minimum age for receipt of a monthly pension is age 55, with a minimum of two years of pensionable service.
- Pension is unreduced if age plus service equals a minimum of 80 points (e.g. age 55 + 25 years of service = unreduced pension). Staff members retiring without the 80 factor will receive a reduced pension.*
- After age 60, retiring staff members will receive an unreduced pension with a minimum of two years of pensionable service.
- UAPP must commence in December of year of 69th birthday, regardless of whether an individual is working. The University and individual no longer pay pension contributions.
- The University and staff member cease to make pension contributions after 35 years.

*Pension for service from January 1, 1994, is reduced by 3% for each year an individual is under age 60 or for each year when the sum of age and years of pensionable service is less than 80, whichever gives the smaller reduction.

Transition to Retirement Options (Article 18 of Appropriate Staff Agreement)

Under the Faculty, FSO and APO Agreements, phased pre- and post-retirement periods are an entitlement. Under the Librarian Agreement, a phased retirement period is granted with the approval of the Provost.

The phased retirement periods involve a change in job responsibilities as the member reduces hours and phases toward retirement. It is recommended that the Dean/Chair/Chief Librarian provide the staff member with a written description of their responsibilities, and the Chair and staff member agree in writing on the expectations of the staff member during the phased period (see the appropriate staff agreement for details). In all cases, the staff member must provide the appropriate notice periods.

Once a staff member chooses to retire, it is irrevocable.

It is important to note that as per Canada Revenue Agency guidelines, there can be no tax deferral resulting from either the pre- or post-retirement option. In other words, **a staff member cannot delay pay for work performed from one tax year to another.**

Phased Post-Retirement Option

A faculty member or FSO retires from their position and is re-employed part-time under the Academic Teaching Staff (ATS) Agreement. An APO or Librarian retires from their position and is re-employed part-time under the Temporary Administrative and Professional Staff (TAPS) Agreement. A staff member must be at least 55 years of age to participate. The staff member is eligible to work either at 0.50 FTE for two years or 0.33 FTE for three years. A staff member must not have previously taken a phased pre-retirement period and must provide as much notice as possible (18 months is highly recommended).

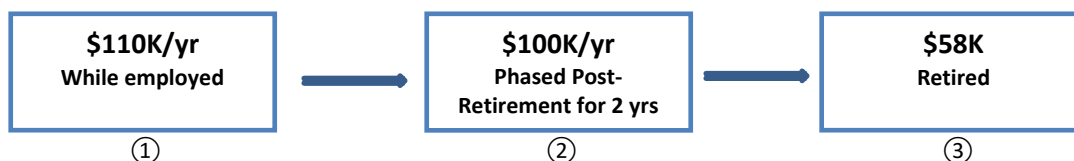
Factors to Consider for the Retiree

- Transition to retirement through reduced duties and allows for time to contemplate post-retirement plans.
- Retires from a continuing position and no longer makes UAPP contributions.
- Provides an income bridge between full employment and retirement by combining a reduced salary with receipt of UAPP benefit. Depending on the staff member's age, CPP may also commence.
- During the two or three year term, staff member receives modified employment benefits which are integrated with the Alberta Seniors Plan at age 65 (see page 3). These do not include life insurance or critical illness insurance.
- No annual report is required as staff member is no longer evaluated by FEC (LEC or PREPD).
- If the staff member is a Professor Emeritus, they can still be eligible to apply for funding and hold project, if approved by Dean.
- May co-supervise graduate students (primary supervision is subject to FGSR approval).
- Able to maintain office/lab space.
- The Across-the-Board (ATB) Salary Scale Adjustment is applied to the salary.

Example of Post-Retirement Option (each situation is unique and will vary based on personal circumstances)

Professor X is 65 years old. They have 25 years of UAPP service. On July 1, 2017, their compensation is \$170,000 per annum. Professor X is retiring on June 30, 2018 and going on a Phased Post-Retirement at 50% salary for two years.

- ① Annual pre-retirement employment income of \$170,000 provides \$110,000 income after tax and required deductions (estimated).
- ② 50% of duties will provide \$85,000 of annual employment income. UAPP benefits provide \$64,000 of annual income for a combined income of \$149,000 before tax. After tax income is estimated at \$100,000. This replaces about 90% of employment income as in 1 above.
- ③ Employment income ceases at the end of the two year post-retirement. Annual UAPP income is \$64,000 which combined with Canada Pension Plan income of \$11,000 results in a total retirement income of \$75,000. After tax income is estimated at \$58,000. This replaces about 53% of employment income in 1 above. Other personal sources of income, such as RRSPs are excluded from this example.



Benefits Plan Comparisons — Fully Funded by University
May be amended from time to time

Type of Benefit	Continuing Academic Staff Benefits		Phased Post-Retirement Academic Benefits	
	Age 55 to 64	Age 65 and Over	Age 55 to 64	Age 65 and Over
AB Health Care Insurance (currently no premium cost)	Basic health (hospital and physician) services provided to all Albertans	Alberta Seniors coverage commences at age 65 (no premium cost). Provides additional coverage for prescription drugs and limited assistance for other medical and dental services.	Basic health (hospital and physician) services provided to all Albertans	Alberta Seniors coverage commences at age 65 (no premium cost). Provides additional coverage for prescription drugs and limited assistance for other medical and dental services.
Supplementary Health Care Insurance	Medical services such as prescription drugs	Plan benefits are integrated with Alberta Seniors coverage which is first payer for all eligible expenses.	Medical services such as prescription drugs	Plan benefits are integrated with Alberta Seniors coverage which is first payer for all eligible expenses.
Health Spending Account	Annual credit allocation of \$750 per calendar year	Annual credit allocation of \$750 per calendar year	Annual credit allocation of \$750 per calendar year	Annual credit allocation of \$750 per calendar year
Dental Care	100% diagnostic and preventive, 75% restorative and orthodontics services	Remains the same however is integrated with Alberta Seniors coverage which is first payer for all eligible expenses.	100% diagnostic and preventive, 75% restorative and orthodontics services	Remains the same however is integrated with Alberta Seniors coverage which is first payer for all eligible expenses.
Long Term Disability	70% of salary (to a maximum of \$22,500/month).	No coverage beyond June 30 th following 65th birthday.	No coverage	No coverage
Employee Family Assistance Program	Psychological counselling, wellness and work life services	Psychological counselling, wellness and work life services	Psychological counselling, wellness and work life services	Psychological counselling, wellness and work life services
Business Travel Accident Insurance	\$100,000 coverage for accidental death, dismemberment or specific loss indemnity while travelling on University business.	\$100,000 coverage for accidental death, dismemberment or specific loss indemnity while travelling on University business.	\$100,000 coverage for accidental death, dismemberment or specific loss indemnity while travelling on University business.	\$100,000 coverage for accidental death, dismemberment or specific loss indemnity while travelling on University business.
Academic Child Care Benefit	50% reimbursement of expenses up to a maximum of \$2,000 per child per calendar year	50% reimbursement of expenses up to a maximum of \$2,000 per child per calendar year	50% reimbursement of expenses up to a maximum of \$2,000 per child per calendar year	50% reimbursement of expenses up to a maximum of \$2,000 per child per calendar year
Compassionate Care and Emergency Leave	Periods of leave with/without pay provided in cases of catastrophic illness or where an urgent domestic situation places primary responsibility for care and support on the staff member	Periods of leave with/without pay provided in cases of catastrophic illness or where an urgent domestic situation places primary responsibility for care and support on the staff member	Periods of leave with/without pay provided in cases of catastrophic illness or where an urgent domestic situation places primary responsibility for care and support on the staff member	Periods of leave with/without pay provided in cases of catastrophic illness or where an urgent domestic situation places primary responsibility for care and support on the staff member

Type of Benefit	Continuing Academic Staff Benefits		Phased Post-Retirement Academic Benefits	
	Age 55 to 64	Age 65 and Over	Age 55 to 64	Age 65 and Over
Medical leave	6 months salary continuance	6 months salary continuance	6 months salary continuance	6 months salary continuance
Professional Expense Reimbursement (PER):	\$1,400 annual allowance for reimbursement of eligible expenses incurred for performance of professional duties.	\$1,400 annual allowance for reimbursement of eligible expenses incurred for performance of professional duties.	50% duties receive full PER of \$1,400/year. 33.3% duties receive 66% of PER (\$924/yr).	50% duties receive full PER of \$1,400/year. 33.3% duties receive 66% of PER (\$924/yr).
Tuition Remission	Equivalent of 4 single term Arts courses per year	Equivalent of 4 single term Arts courses per year	Equivalent of 4 single term Arts courses per year	Equivalent of 4 single term Arts courses per year
Critical Illness	\$10,000 lump sum benefit paid in the event of diagnosis of a covered diseases	Coverage ceases at age 70	No coverage	No coverage
Life Insurance Basic	Provides a \$100,000 lump sum payment in the event of death	Provides a \$100,000 lump sum payment in the event of death	Provides \$50,000 lump sum payment in the event of death	Provides \$50,000 lump sum payment in the event of death

Phased Pre-Retirement Option

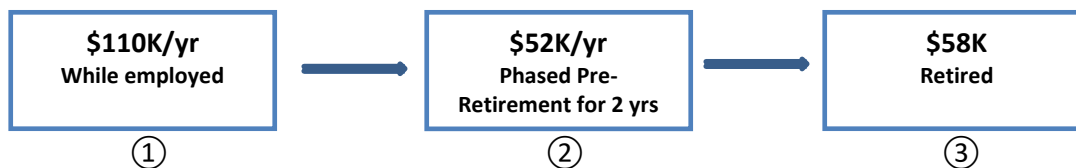
A staff member works half-time for two years or one-third time for three years and retires at the end of that period. A staff member must be at least 53 years of age to participate in the two year term and at least 52 for the three year term. A staff member must provide at least six months written notice to the Dean/Chair/Chief Librarian, as appropriate.

Factors to Consider for the Retiree

- Provides a transition to full retirement and time to consider other options.
- Remains in current position and continues to build UAPP service at the full-time salary rate (both staff member and University continue contributions on unreduced salary) subject to eligible leave room (UAPP has a career leave maximum of five years as per the Income Tax Act).
- Retains one-half or one-third of salary; however, income is significantly decreased as full salary UAPP contributions are required (see example below).
- May engage in work outside the University.
- All continuing staff employment benefits apply with the exception of the Professional Expense Reimbursement (PER) program, which is prorated to 66% (\$924/yr) during the three-year option.
- Subject to FEC (LEC or PREPD) during the two or three year's pre-retirement period.
- The Dean/Chair/Chief Librarian and staff member may negotiate a reassignment of responsibilities.

Example of Pre-Retirement Option (each situation is unique and will vary based on personal circumstances)
Professor X is 63 years old. They have 23 years of UAPP service. On July 1, 2017, their compensation is \$170,000 per annum. Professor X is going on a Phased Pre-Retirement at 50% salary for two years effective July 1, 2012 and will retire on June 30, 2020. At retirement, they have 25 years of UAPP service.

- ① Annual employment income of \$170,000 provides \$110,000 income after tax and required UA deductions (estimated).
- ② 50% duties will provide \$85,000 of annual employment income. After tax and required UA deductions (including UAPP), their estimated income is \$52,000. This replaces about 47% of employment income as in 1 above.
- ③ Employment income ceases at the end of the two year phased pre-retirement. Annual UAPP income is \$64,000 which, combined with Canada Pension Plan income of \$11,000, results in total retirement income of \$75,000 per year. After tax income is estimated at \$58,000. This replaces about 53% of employment income as in 1 above. Other personal sources of income, such as RRSPs, are excluded from this example.



Resources

There are also several programs currently available to Academic staff by Organization Health & Effectiveness and Pension & Benefits Services:

- *Pre-Retirement Planning Workshop* – this is a comprehensive two-day workshop covering financial and estate planning, sources of retirement income, budgeting, and retirement life challenges. Email benefits@ualberta.ca or org.health@ualberta.ca for additional information.
- *“What’s Next? Life Planning for Midlife and Beyond”* – this is specifically geared towards supporting academic staff in preparing for the transition to retirement. These full day sessions are offered throughout the year. Email hpaws@hrs.ualberta.ca to register or for additional information.
- Financial Consultation Services – up to two hours of personal financial consultation, as well as a retirement consultation, is available at no cost through the Employee and Family Assistance Program.

Benefits Following Expiry of Post-Retirement Contract

There are many insurance companies that offer benefits for retired staff. Eligibility for coverage and premiums will vary according to individual circumstances.

Some questions to consider are:

- What are the timelines for applying for coverage without having to submit medical evidence?
- What is the effective date of coverage?
- Does the plan offer coverage for pre-existing conditions?
- Are there any waiting periods applied to benefits (e.g. health and dental)?
- If staff member chooses not to apply for coverage now, can they opt in at a later date?

The following is a list of a few organizations that offer retiree benefits:

Alberta Health & Wellness – Non-group Coverage

1-780-427-1432 (Edmonton and Area); Toll Free for Alberta residents living outside of the Edmonton area please call (your area code) 310-0000 and then 780-427-1432 <http://www.health.alberta.ca>

Alberta Blue Cross Personal Choice Plans

Individual Health, Dental and Travel Coverage 1-800-661-6995 <https://www.ab.bluecross.ca>

The Alberta Retired Teachers' Association (ARTA)

1-855-444-ARTA (2782) ARTA Plan Administrator – Alberta School Employee Benefit Plan
<http://www.asebp.ab.ca>

Sun Life – My Health Choice

My Health Choice - Sun Life’s My Choice Plans suite of Products is designed as a transition solution for plan members leaving their University of Alberta group coverage. 1-877-893-9893