Adopted 03/14/97

Recommendations of the Committee to Study Early Retirement

[*At its meeting on March 14, 1997, the Board of Governors adopted the recommendations in the report of the University of North Carolina Committee to Study Early Retirement entitled, "Phased Retirement in the University of North Carolina." The recommendations are contained herein. The full text of the report is available at General Administration.*]

1. That the University adopt a comprehensive, phased retirement program and implement it on a five year basis as soon as possible. The essential features of the recommended plan are contained in Appendix A of the report entitled "*Phased Retirement in the University of North Carolina.*" (Note: early implementation of this program is recommended to avoid a situation in which faculty postpone making decisions concerning retirement in anticipation of the availability of this extra alternative of phased employment. Such a situation would introduce a wave in election to the program that could create a greater problem for management of faculty resources and for a true evaluation of the program during its first five years).

2. That the Board of Governors ask the General Assembly to enhance retirement benefits for employees. While reviewing materials for this report, committee members were distressed to discover that the current retirement benefits paid into the state system are not competitive with those in other states. For example, the current formula multiplier for the TSERS system is 1.75 percent, a rate that would have been considered below the median in 1994, according to a study conducted by the State of Wisconsin in that year. In addition, the final average salary in North Carolina is computed over a four-year period. Sixty-seven percent of the 85 plans reviewed in the Wisconsin study used two or three year periods as the base for computing the final average salary. Increasing the percentage in the multiplier formula and/or decreasing the number of years currently used to compute final average salary would result in increased retirement benefits, permitting more faculty to enter retirement in a timely fashion. Employer contributions in the optional retirement plan also lag behind other states (See Appendix B of the report entitled "Phased Retirement in the University of North Carolina.") Employer contributions range from a high of 15 percent in the District of Columbia to a low of 4 percent in some Oklahoma institutions. North Carolina's rate of 6.66 percent places us below 43 of the 60 institutions or systems reporting employer contributions to optional retirement plans. This is at approximately the 28th percentile.

3. That the Board of Governors encourage each campus to review and improve the amenities, courtesies, and services provided to retired faculty. Such perquisites might include departmental privileges including office space and computer access, parking permits, access to recreational/athletic opportunities, faculty listings in catalogs, identification cards recognizing retirement status, etc. This would enable retiring faculty to retain their identification with and commitment to their institutions.

4. That the UNC General Administration staff help constituent institutions develop a comprehensive retirement planning process to ensure that all faculty are well informed about their existing benefits package and about retirement-related issues, including choices available and decisions to be made. This would help faculty make more successful transitions from employment to retirement.

5. That the University not establish at this time any major, new retirement incentive program that is designed to encourage early retirement among the faculty. Rather, it should undertake a comprehensive long-range study to identify, monitor, and analyze the experiences of other universities that have used incentives to encourage early retirement. Although such a study will take time, results will be of considerable value in the future if the average age of faculty in the UNC institutions continues to increase, if the elimination of mandatory retirement by application of the ADEA results in delayed retirement, and/or if student enrollments decline substantially, making a reduction in workforce desirable.