

**FLEXIBLE RETIREMENT OPTION
(FRO)**

Purpose of the Option

Dartmouth College provides a Flexible Retirement Option (FRO) that is designed for eligible Faculty members who desire to make a gradual transition from full-time employment to retirement over a period of years.

The FRO program allows an individual to perform the equivalent of one year of full-time service over a period of three years, while receiving a more than proportional amount of salary for three years. Subject to the needs of the College, there may also be an opportunity to perform additional services for additional compensation from the College, but this additional compensation, when combined with the reduced salary under the FRO plan, can not exceed 100% of the participant's pre-FRO base pay. The participant is not restricted from working outside Dartmouth College for the three-year period.

Eligibility and Plan Design

Eligible faculty are those who are between the ages of 59 and 67 as of July 1, 2009, have held an appointment as a benefits eligible Professor or Associate Professor for 15 years or more, and who either 1) hold an appointment with tenure; or 2) have obtained approval by the responsible Dean of a plan for funding the FRO. All Faculty members must obtain approval for the FRO plan through the responsible Dean. If implemented, the FRO plan will begin on July 1, 2009 and last until June 30, 2012.

Salary

The salary in effect on July 1, 2009, will be considered the "Base Salary" for calculation purposes. As of that date, salary payments to the FRO participant will be reduced to an amount between 60% and 75% of the Base Salary depending on years of service. The percentage factor will be 60% for a participant with 15 years of eligible service, increasing by 1% for each additional year of service to a maximum of 75% for 30 or more years of eligible service. The reduced salary will be considered the "FRO Salary". The FRO Salary will be increased annually, on each succeeding July 1st, by an amount determined each year by the President of the College. The increase will be approximately

one-half of the average increase granted to active members of the Faculty who are not participating in the FRO agreement. For example:

Years of eligible service	25
Pre-FRO Salary (as of 7/1/09)	\$100,000
Year 1 FRO (reduced) Salary	\$70,000
Estimated Year 2 FRO Salary	\$71,750
Estimated Year 3 FRO Salary	\$73,544

Reduced Work Requirements

In exchange for the salary reduction, Dartmouth College will reduce the participant's work obligation to the institution. If the FRO plan is elected and implemented, the participant will be required to work one year, at full-time schedule or, if approved by the Academic Dean, the equivalent of one year spread over the three-year life of the FRO. Since the needs of the participant's department must be considered, the details of the FRO must be worked out with and approved by the Academic Dean.

Benefits

All benefits currently available to benefits eligible Faculty will continue to be available to FRO participants until expiration of the three-year FRO agreement. This is in accordance with terms and conditions of each benefit plan, including any amendments or changes generally applicable to participating faculty members that occur during the three-year FRO period. The retirement plan contribution will be 10% of the Base Salary and will remain at that constant amount, without any adjustments, during the three-year FRO period. In the event that, due to tax law limitations or restrictions, this entire amount may not be contributed to the FRO participant's plan account, the amount that cannot be contributed will be paid to the participant as a taxable payment outside the plan. In addition to the retirement plan contribution, the 7% Special Benefit and Group Life Insurance coverage will be calculated on the base salary, without any adjustment during the participant's FRO period.

Privileges

A faculty member electing the FRO will continue to have all the privileges of participating in Dartmouth activities as a regular full-time faculty member for the three years of the FRO. However, he or she will be expected to vacate offices and laboratories and will cease to have tenure when the FRO work requirement is completed. Faculty members will not be eligible for sabbatical leave after electing FRO.

Additional Compensation/Work Assignments

FRO participants will be eligible for further work assignments from the College for additional compensation, on a temporary, part-time basis, at the request of an Academic Dean when it is demonstrated that such employment is in the best interest of the College. The total combined payment from the College in any year for FRO earnings and temporary assignments shall not exceed the participant's Base Salary.

Application Procedure

To elect the FRO at this time, an agreement must be reached with the Academic Dean by March 20, 2009. After the terms of the FRO agreement are complete, the Benefits Department of the Office of Human Resources will be responsible for administering the program, including the allocation of charges to appropriate accounts. The Academic Dean will notify the Benefits Office in writing of the specific terms of the agreement, as well as provide the appropriate account strings to be charged. A contract outlining terms and conditions will be sent from the Benefits Department to the participant once the July 1 Base Salary has been set.

Faculty may contact Carol Kinghorn, Retirement Plan Administrator, at 646-0233 to discuss the various terms of the FRO agreements. Written correspondence should be directed to the Office of Human Resources, 7 Lebanon Street, Suite 203, Hanover, New Hampshire 03755-2112.

Plan Approval

The Board of Trustees approved the plan for the Flexible Retirement Option, and the Board (or the Executive Committee thereof) reserves the right to modify or revoke the FRO program at any time.

Guarantee to Participants

The Flexible Retirement Option will not be modified or revoked without notice, and no person enrolled in the FRO plan prior to modification or revocation will have his or her rights impaired under the Plan by reason of such change.