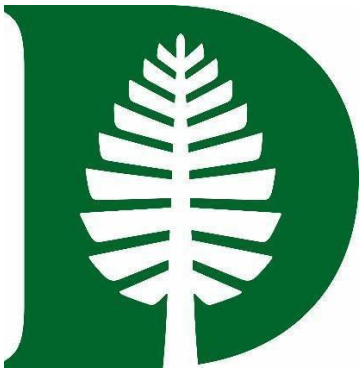


FLEXIBLE RETIREMENT OPTION (FRO) FOR DARTMOUTH FACULTY

PROGRAM DESCRIPTION

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Introduction

The Flexible Retirement Option program was originally approved by Dartmouth's Board of Trustees on November 16, 1973 and has been modified and reaffirmed to date.

Purpose of the Option

It is recognized that the pattern of full-time work until retirement, with minimal to no work immediately following retirement, is far from ideal. In some cases, it is beneficial for individuals to be able to gradually retire from a long career over a period of years.

Dartmouth 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. FRO is designed to provide a gradual transition from full-time employment to full retirement.

The FRO program allows an individual and Dartmouth to agree that the individual can 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 Dartmouth, there may also be an opportunity to perform additional services for additional compensation from Dartmouth. In addition to the FRO Base Salary, additional compensation may be earned while on FRO, according to established policies. The participant is not restricted from working outside Dartmouth for the three- year period.

Eligibility and Plan Design

Eligibility begins on the July 1st following the individual's 59th birthday and ends on the July 1st following the individual's 72nd birthday. Eligible faculty are those who are benefits-eligible and have held an appointment as an employee of Dartmouth at the rank of Professor, Associate Professor, Research/Non-tenure Track Professor, Research/Non-tenure Track Associate Professor, Instructional/Non-tenure Track Professor or Instructional/Non-tenure Track Associate Professor for 15 or more consecutive years, and who either 1) hold an appointment with tenure; or 2) are research or instructional non-tenured faculty who have obtained approval by the responsible Dean of a plan for funding the FRO. Research faculty members should consult with their grant managers if they are considering the FRO. All faculty members must obtain approval for the FRO plan through the responsible Dean. A FRO will begin on July 1st of the first year of the FRO.

Base Salary

The salary in effect on July 1st of the year in which FRO is elected will be considered the "Base Salary" for calculation purposes. As of that date, salary payments to the FRO participant will be reduced depending on age and years of eligible service, as defined below.

- **Age**
  Years of age as of the July 1st of the year in which FRO is elected.

- **Eligible Service**
  Years of service at an eligible rank (Professor, Associate Professor, etc.) as of the July 1st of the year in which FRO is elected. Years of service accrued beyond age 67 will not be recognized when calculating FRO eligibility.

Election of FRO between age 59 and 67:

The percentage factor will be 60% for a participant with 15 years of eligible service, increasing by 1% for each additional year of eligible service to a maximum of 75% for 30 or more years of eligible service. The reduced salary will be considered the "FRO Salary" and will be paid each month through the regular monthly payroll cycle.

Election of FRO between age 68 and 72:

For those electing FRO beyond age 67 (ages 68, 69, 70, 71, or 72), there will be a further 6% reduction per year for each year FRO was not elected beyond age 67. For example, if FRO is elected at age 69, with 25 years of eligible service, the FRO Salary will be reduced by an additional 12% (6% for each of the two years beyond age 67). The FRO Salary would then be 58% of the Base Salary, rather than 70% had FRO been elected between ages 59 and 67.

Years of eligible service used in the FRO eligibility calculation are capped at age 67. No additional years of eligible service are accrued beyond age 67.

FRO Salary Increases

The FRO Salary may be increased annually, on each succeeding July 1st by an amount determined each year by the President of Dartmouth. 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.

Reduced Work Requirements

In exchange for the salary reduction, Dartmouth 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 work performance aspect of the FRO must be approved by the appropriate Academic Dean.

Benefits While on FRO

All benefits currently available to benefits-eligible faculty will continue to be available to FRO participants until expiration of the 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 FRO period.

Health and Welfare Plans

FRO recipients will continue to be eligible to participate in Dartmouth's Health and Welfare plans. Changes may be made during the annual open enrollment period as for any other faculty member.

Life Insurance

Dartmouth group life insurance amount will be dictated by the insurance election in place, according to Dartmouth policy, through the end of FRO. The plan also provides accidental death and dismemberment (AD&D) insurance equal to the amount of life insurance in force (up to a maximum of $250,000) through the end of FRO.

Travel Accident Insurance

While on FRO the faculty member will continue to be covered by Dartmouth's travel and accident insurance plan at no cost, while traveling on Dartmouth business or on business related to and serving to further the interest of Dartmouth, regardless of what organization pays the travel expenses. This insurance terminates at retirement.

Retirement Plans

Dartmouth's contribution toward a FRO recipient's retirement plan(s) will be paid in accordance with Dartmouth policy in effect as of the effective date of the FRO. The contribution amount will remain constant, without any adjustments, during the three- year FRO period. In the event that this entire amount may not be contributed to the FRO participant's plan account due to tax law limitations or restrictions, the amount that cannot be contributed will be paid to the participant

as a taxable payment outside the plan. Retirement plan contributions will be calculated on the Base Salary, without any adjustment during the participant's FRO period.

Privileges

A faculty member participating in the FRO will continue to have all the privileges of participating in Dartmouth activities as a regular full-time faculty member during 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 Dartmouth for additional compensation, on a temporary or part-time basis, at the request of an Academic Dean when it is demonstrated that such employment is in the best interest of Dartmouth. Compensation, in addition to the Base Salary, may be earned while on FRO, in accordance with established policies.

Termination of Employment by Death, Total Disability, Resignation, or Discharge for Cause

Upon termination of employment at Dartmouth by death, total disability, resignation, or discharge for cause, salary and benefits due during the FRO will be modified as follows:

Salary

If the equivalent of the full-time work requirement for one year has been completed at the time of termination, the unpaid balance of the FRO salary will be payable in equal monthly installments or in a lump sum equal to the present value of said balance as of the date of termination of employment from Dartmouth.

If less than the equivalent of the full-time work requirement has been completed at the time of termination, the unpaid balance of the FRO salary will be pro-rated according to the proportion of the unfulfilled work requirement. Any unpaid balance due will be payable in equal monthly installments or in a lump sum equal to the present value of said balance as of the date of termination of employment from Dartmouth.

Benefits

Death

In the event of death, benefits and retirement plan contributions will cease according to plan documents, except for the benefits payable as a result of death.

Total Disability

In the event of total disability (as defined by the plan's document), benefits and retirement plan contributions to the 401(a) Plan will continue per plan regulations through the duration of the FRO, at which point active benefits will cease and any applicable retiree benefits will begin.

Resignation or Discharge for Cause

In the event of resignation or discharge for cause, benefits, and retirement plan contributions will cease upon termination of employment from Dartmouth, per plan regulations.

Completion of FRO/Post-FRO Re-Employment

Upon completion of FRO, the faculty member will be a retiree and eligible for retiree benefits in effect at the time of retirement. Arrangements must be made with Human Resources for the completion of any applicable retiree paperwork.

Any work post-FRO must remain less than half-time and not be benefits-eligible.

Application Procedure

To participate in the FRO, an agreement must be reached with the Academic Dean by May 15. After the terms of the FRO agreement is complete, the Benefits Office 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 Office to the participant once the July 1 Base Salary has been set.

Faculty may contact the Benefits Office through the Office of Human Resources at (603) 646-3588 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 or human.resources.benefits@dartmouth.edu.

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 FRO Plan by reason of such change.