

**FLEXIBLE RETIREMENT OPTION (FRO) GUIDELINES  
2018**

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. In addition to the Base Salary, additional compensation may be earned while on FRO, according to established policies. The participant is not restricted from working outside Dartmouth College for the three-year period.

Eligibility and Plan Design

Eligibility begins on the July 1<sup>st</sup> following the individual's 59<sup>th</sup> birthday and ends on the July 1<sup>st</sup> following the individual's 72<sup>nd</sup> birthday. Eligible faculty are those who are benefits-eligible and have held an appointment as an employee of Dartmouth College at the rank of Professor, Associate Professor, Research/Non-tenure Track Professor, or Research/Non-tenure Track Associate Professor for 15 or more consecutive years, and who either 1) hold an appointment with tenure; or 2) are research/non-tenured faculty who 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, 2018 and last through June 30, 2021.

Salary

The salary in effect on July 1, 2018, will be considered the "Base Salary" for calculation purposes. As of that date, salary payments to the FRO participant will be reduced based on age and years of eligible service, as defined below.

### *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 service to a maximum of 75% for 30 or more years of 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 service are accrued beyond age 67.

### *Salary Increases*

The FRO Salary may 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.

### 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 work performance aspect of the FRO must be worked out with and approved by the appropriate 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 College's contribution toward retirement plan(s) will be paid in accordance with College policy in effect as of the effective date of FRO. The contribution amount will remain constant, 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, benefits 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. Compensation, in addition to the Base Salary, may be earned while on FRO, in accordance with established policies.

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 elect the FRO at this time, an agreement must be reached with the Academic Dean by March 31, 2018. 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 Manager, 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.