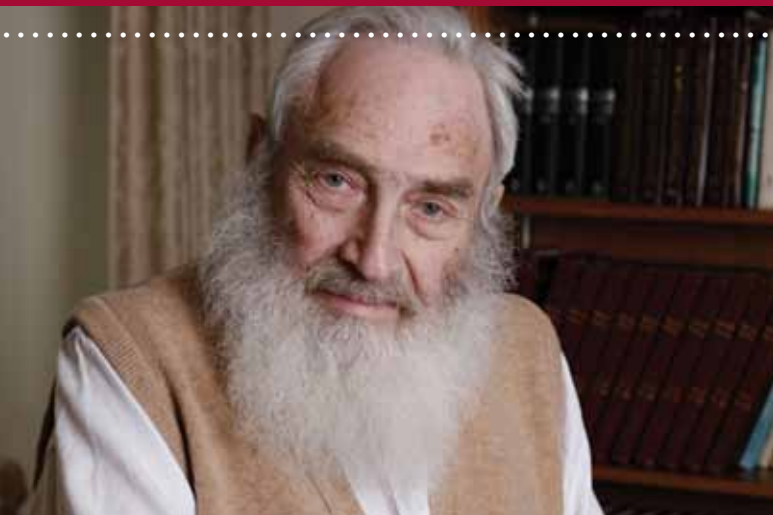




Recognizing
the
CHANGING
definition
OF
RETIREMENT





Penn
recognizes
the
C H A N G I N G
definition
O F
R E T I R E M E N T

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WHAT DOES IT MEAN FOR A PROFESSOR TO RETIRE?

We surely need a new word to describe the active engagement of colleagues who are still learning, teaching, researching, and publishing—in some cases, many years beyond their putative retirement from the University.

At Penn, we see retirement as a continuation, not an end—a vital new phase of your career and your life. One of the great benefits of being a faculty member is that you never have to stop doing the things you love; many of our professors report, in fact, that they have more to do now than they did before they retired.

We encourage faculty members to stay involved in our community, especially through PASEF (Penn Association of Senior and Emeritus Faculty) and ASEF (Association of Senior and Emeritus Faculty in the School of Medicine), which maintain active social and intellectual programs, provide useful information, and facilitate the transition from senior to emeritus status.

The following pages lay out our wide array of benefits, programs, initiatives, resources, and services for faculty in retirement or contemplating retirement. They also provide insights and suggestions from some of Penn's retired faculty members.

We hope that they will help you make the most of this vital stage of your life.

Wendell Pritchett

Provost

James S. Riepe Presidential Professor of Law and Education

We see retirement as **CONTINUATION...**

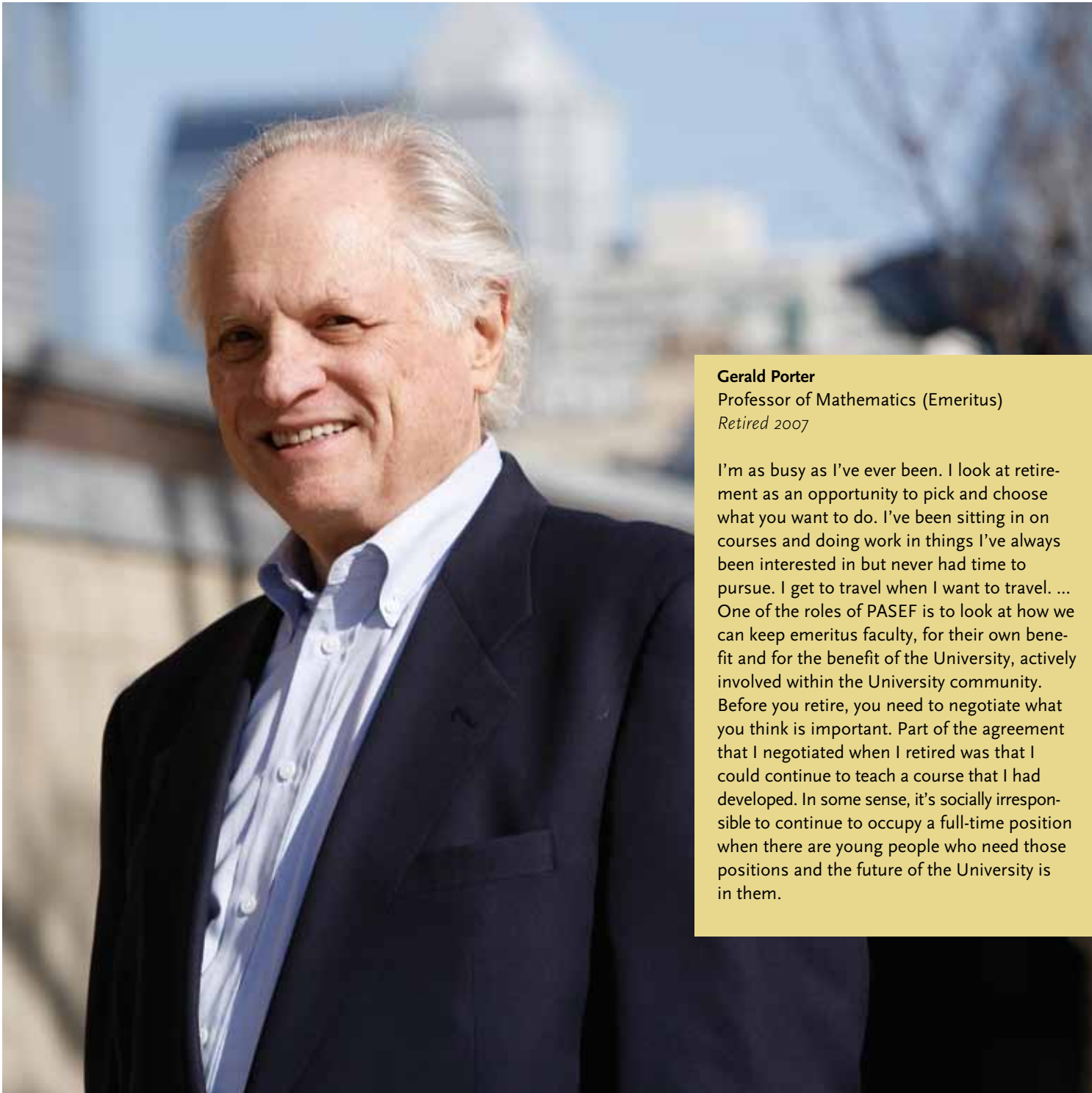
WITH PEOPLE LIVING LONGER, a healthy and happy retirement involves more careful planning than ever. Regardless of your age, you will surely have questions and concerns about retirement, ranging from health care and dependent care to financial issues.

At Penn, we are committed to helping allay these concerns, by providing faculty members with programs and support to navigate retirement with minimal stress. This brochure is one of many resources the University makes available to near-retirement and retired faculty, to arm you with the facts you'll need to make sound decisions.

The door to the Penn community does not close to you as you move into this vital phase of your life. Retired faculty continue to enjoy a wide range of benefits, participate in research and campus activities, and give back to the University.

For questions not answered in this brochure, or for more information on retiring from Penn, please call 888-PENNBEN (888-736-6236) or visit: www.hr.upenn.edu/benefits/retiring.

**AT PENN, WE SEE RETIREMENT AS A CONTINUATION, NOT AN END—
A VITAL NEW PHASE OF YOUR CAREER AND YOUR LIFE.**



Gerald Porter
Professor of Mathematics (Emeritus)
Retired 2007

I'm as busy as I've ever been. I look at retirement as an opportunity to pick and choose what you want to do. I've been sitting in on courses and doing work in things I've always been interested in but never had time to pursue. I get to travel when I want to travel. ... One of the roles of PASEF is to look at how we can keep emeritus faculty, for their own benefit and for the benefit of the University, actively involved within the University community. Before you retire, you need to negotiate what you think is important. Part of the agreement that I negotiated when I retired was that I could continue to teach a course that I had developed. In some sense, it's socially irresponsible to continue to occupy a full-time position when there are young people who need those positions and the future of the University is in them.

ELIGIBILITY

& *benefits*

IN THE PAST, the University required faculty to retire at age 70. Now, faculty may transition out of their academic positions when they choose, with financial incentives for those who retire early (see page 10 for more information).

Eligibility for retirement benefits is determined by a policy known as the "Rule of 75." Your eligibility begins when Your Age + Your Years of Service = 75 (or more). The minimum retirement age is 55.

Faculty Age 55–62

You must have at least 15 years of service and meet the requirements of the Rule of 75. For example, a 55-year-old faculty member must have 20 years of service to satisfy the requirements.

Faculty Age 62 and Older

You must have 10 years of service and meet the Rule of 75. For example, a 62-year-old faculty member must have 13 years of service to satisfy the requirements.

In recognition of faculty members' years of service and dedication, the University provides retirees with a comprehensive benefits package, including health coverage and access to Penn's resources and facilities.

The comprehensive benefits package is also extended to spouses/same-sex domestic partners and unmarried dependent children under age 19 (23 if they are full-time college students). Dependents must meet the requirements for eligibility as of the retiree's last day of service. Dependent children who are disabled prior to age 19 may also be covered under the University's plan. If a faculty member passes away, coverage continues for surviving spouses/same-sex domestic partners if they are not remarried.

Medical & Prescription Benefits

Penn's Benefits Office is dedicated to providing you with support if you would like to continue your medical coverage through the University. For more information, contact the Penn Benefits Center at 888-PENN-BEN (888-736-6236) or visit www.hr.upenn.edu/benefits/retiring/MedicalPrescriptionBenefits.aspx.

Medical benefits for retirees vary based on age.

Medical and Prescription Coverage (Under Age 65)

If you are under 65, you are eligible for the following medical plans, which provide the same coverage that active faculty members receive under these plans:

- Aetna HMO
- Keystone/AmeriHealth HMO
- PENNCare/Personal Choice PPO

Prescription coverage is provided by the University's retiree prescription plan through CVS Caremark.

ELIGIBILITY & *benefits*

Medical and Prescription Coverage (Age 65 and Older)

Once retired faculty reach age 65, they are eligible for Medicare supplemental plans or a Medicare HMO. The University's plans are secondary to Medicare.

Retirees and eligible dependents age 65 and older (or under 65 and Medicare-eligible) must be enrolled in Medicare Parts A and B to be able to enroll in the University's medical plans. If a retired faculty member is 65 or older, but his/her dependents are under age 65, those dependents will be enrolled in a pre-65 retiree medical plan until they are Medicare-eligible.

Retired faculty members age 65 and older also have the option of choosing prescription coverage through Medicare Part D or a University plan. If you elect coverage through the University and then discontinue it at a

later date, you can enroll in Medicare Part D without penalty. You cannot participate in both Medicare D and the University's plan.

Cost of Medical Coverage

We understand that rising health care costs are a critical concern for retirees. Penn will pay 60% of the lowest cost premium for retirees under age 65 and 60% of the lowest cost indemnity premium for the 65-plus medical plans.

If a retiree was hired on or after Jan. 1, 2006, the University's contribution for dependents who are not Medicare-eligible will be 30% of the lowest medical premiums and 30% of the lowest-cost indemnity plan premium for Medicare-eligible dependents.

Dental & Vision Coverage

Dental and vision plans are available for retirees, the costs of which are paid by the retiree. For example, at the present time, we offer two options. Vital Savings by Aetna Dental Program offers discounts on dental care

when participating providers are used. Signing up for this plan automatically enrolls you in Aetna Vision One.

MetLife Preferred Dentist Program is also available for new retirees transitioning from an active employee plan, or retirees who elected dental coverage under COBRA when they retired.

Life Insurance

When you retire, the University provides a life insurance benefit of \$5000 at no cost to you. In addition, within 31 days of retirement, you can convert basic, supplemental, and/or dependent life insurance coverage to an individual policy equal to or less than your amount prior to retirement.



Pre-Tax Expense Accounts

Retirees can continue to submit requests for reimbursements during a three-month grace period following their last day of employment, so long as the expenses were incurred before that last day of employment. Contributions to pre-tax expense accounts end with the final paycheck.

Long-Term Care Insurance

Long-term care insurance is administered by John Hancock. Retirees can apply (either while actively employed or after retiring) by contacting John Hancock directly. Other eligible family members may also apply.

Tuition

As a benefit to retirees, the University maintains tuition benefits to eligible retired faculty members at the same level for which they were eligible on their last day of employment, as well as to their eligible dependents (spouses, same-sex domestic partners, and dependent children).

Disability

Short-term and long-term disability (LTD) programs end when you retire. If you are disabled on or before your last day, LTD benefits will continue for a set period based on your age at the start of coverage:

- If your disability started on or after your 60th birthday and you are receiving benefits, payments continue for a maximum of 60 months.
- If your disability began before your 60th birthday, LTD payments continue as long as you are disabled, until age 65.

Transition from Long-Term Disability to Retirement

Eligibility when transitioning from LTD to retirement is the same as if you were still working full-time. The time spent on LTD counts towards years of service, and you will be eligible for retiree benefits once you meet the Rule of 75 requirements.

RETIREMENT *Planning*

STARTING TO SAVE FOR RETIREMENT early is crucial for reaching your future financial goals. The University assists with this process by offering retirement plans for its full-time eligible faculty and staff. For more information or questions on the University's retirement plans, visit www.hr.upenn.edu/benefits/retirement or contact the University's Retirement Call Center at 877-PENN-RET (877-736-6738).

Tax-Deferred Retirement Plan

Penn offers full-time eligible faculty a tax-deferred retirement (TDR) plan (also known as a 403(b) plan) as a way to build retirement savings. After one year of service, the University will begin to make contributions to the plan on your behalf. Faculty can invest with one or both of the approved investment carriers, TIAA-CREF and Vanguard, both of which offer a wide variety of investment options.

The TDR plan has two components: a Basic Plan and a Matching Plan. Under the Basic Plan, the University automatically contributes between 1.5% and 4% of your annual base salary after one year of service, regardless of whether or not you contribute. Under the Matching Plan, you may contribute up



to 5% of your annual base salary, which the University will match dollar-for-dollar. Faculty on leave of absence (paid or unpaid) with approval from the University can continue making contributions to the plan, and the University will continue matching those contributions. If you are on long-term disability, the University will continue to make the University basic contribution to your account based on your pre-disability salary. In addition, the University will continue to match your contributions if you choose to continue to make them. While actively employed, you can make either pre-tax or after-tax (through a Roth option) contributions. Any contributions you make while on long-term disability or unpaid leave of absence will be on an after-tax basis.

The funds you contribute immediately belong to you no matter what your hire date, but Penn's contributions follow a vesting schedule depending on when you were

hired. If you were originally hired before January 1, 2010, Penn's contributions are immediately 100% vested. If you were hired on or after January 1, 2010, Penn's contributions become vested once you've worked at Penn for at least three years.

Supplemental Retirement Annuity Plan

In addition to the TDR plan, the University also offers a voluntary Supplemental Retirement Annuity (SRA) plan to bolster your retirement savings if you contribute the maximum 5% to the TDR Matching Plan. The SRA allows faculty to invest in tax-sheltered annuities and other investment funds through contributions made with pre-tax or after-tax (through a Roth option) dollars. Vesting in the plan is immediate.

Retirement Plan Disbursement

Once you have retired, you may elect to begin receiving distributions from the retirement plans in which you invested while an active faculty member.

Faculty who invested in TIAA-CREF may contact the Retirement Call Center at 877-736-6738 to discuss distribution options. Faculty who invested in Vanguard may contact the company directly at 800-523-1188 to request distribution forms and discuss options.



Anna Meadows

Professor of Pediatrics and Senior Physician
Children's Hospital of Philadelphia
Partially Retired

For the last 10 years or so, I've been cutting back on my time. But I wasn't ready to give up a lot of the projects that I had. It gives me a feeling of freedom to be able to do what I love yet be relaxed about it. Right now, I'm mentoring four young people to take over the things that I did, helping them with their careers and nurturing them. That gives me a lot of pleasure, because it's a legacy that one can bequeath to the institution. ... When you get to be of retirement age, you should think about what you like to do, and not necessarily what other people want you to do. Devise your own individualized program. I stopped working full time because I'm a tennis addict. I play two or three times a week. On Wednesdays and Fridays, I tell everyone that I won't be here until noon and not to count on me!

RETIREMENT

Incentives

FULL-TIME FACULTY MEMBERS interested in retiring early can take advantage of the Faculty Income Allowance Plan (FIAP). This incentive program, paid over two years, also allows participants to continue some of the benefits enjoyed by active employees. After the two-year FIAP period, participants are eligible for full retirement benefits. For more information, contact the Benefits Office at 215-898-1327 or visit: www.hr.upenn.edu/benefits/retirement/fiap.aspx.

Eligibility

FIAP is an option for faculty age 60 and older who are tenured members of the standing faculty or senior clinician educators (professor or associate professor). Eligible faculty must also meet specific age and service requirements:

Faculty age 60–69

Between the ages of 60–69, faculty members who have completed 10 years of full-time service and retire before June 30th of the academic year in which they reach age 69 qualify for FIAP if they meet the Rule of 75.

Faculty age 69 and older

Faculty age 69 or older, who have completed 10 years of full-time, continuous service and meet Rule of 75 requirements, are eligible for FIAP benefits if they retire no later than the last day of the academic year in which they reach these requirements.

Eligible faculty members hired before Jan. 1, 2004, at age 54 or older, can terminate employment and receive FIAP benefits after 15 years of full-time employment.

Retirement Income Incentive

FIAP's financial incentive is the greater of:

- 165% of a faculty member's academic base salary on his or her last day of employment; or
- 165% of the average academic base salary for full professors in the faculty member's school during the academic year preceding retirement.

The FIAP financial benefit is paid in 24 equal installments following the last day of employment. Since FIAP is considered severance pay, it is subject to federal, state, and local income taxes, as well as Medicare and Social Security.

Benefits

Faculty members who elect the FIAP are granted emeritus status and given the same privileges granted to all retired faculty. In addition to a financial incentive, FIAP also provides comprehensive benefits, some of which mirror those of the full-time faculty.

Medical

During the two years of FIAP, you may elect medical and prescription drug coverage through Penn's retiree medical plans. When FIAP ends, comprehensive coverage remains available through Penn's retiree medical plans.

Dental & Vision

During the two years of FIAP, the University pays the full cost of dental and vision coverage. Once FIAP ends, you can continue dental and vision coverage through COBRA for up to 18 months, or enroll for retiree dental and vision coverage.

Group Life

The University pays for basic Group Life Coverage, which equals your benefits base salary before FIAP, to a maximum of \$300,000. You can also purchase supplemental insurance. At the end of FIAP, coverage reverts to the retired employee flat rate of \$5000.

Long-Term Care

During FIAP, you can apply for long-term care coverage at any time. The rate for coverage depends on your age when you apply. FIAP participants pay the full premium.

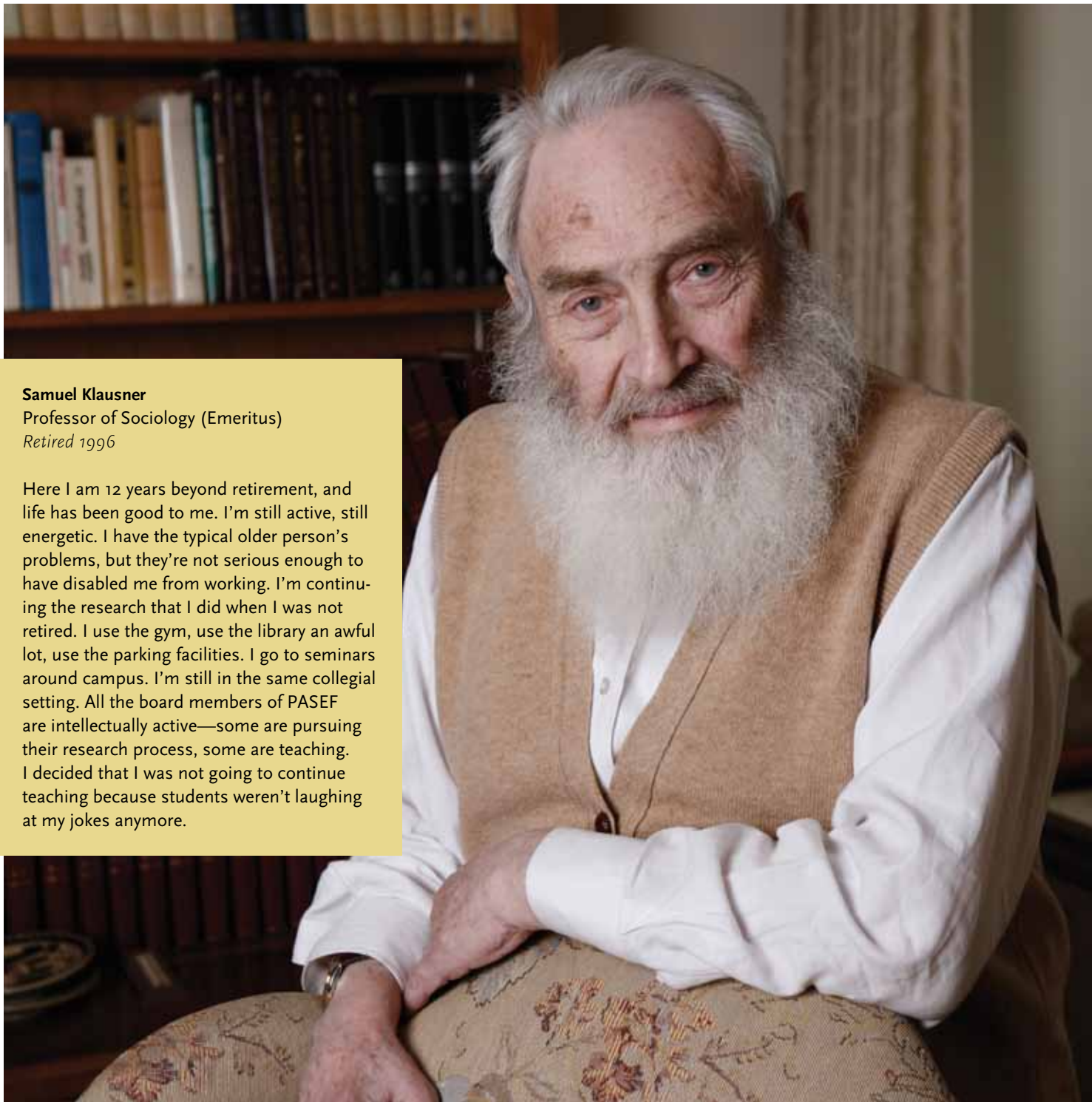
Tuition

Tuition benefits for you and your dependents continue as if you were an active faculty member.

Returning to Work at the University

If a retired faculty member returns to Penn in a full-time capacity, s/he is automatically returned to full-time status and receives active faculty benefits. Once s/he returns to retired status, retiree policies, premiums, policies, and procedures in effect at that time will apply.

Faculty who participate in Medicare A or B must notify the Medicare administration of their change in status.



Samuel Klausner
Professor of Sociology (Emeritus)
Retired 1996

Here I am 12 years beyond retirement, and life has been good to me. I'm still active, still energetic. I have the typical older person's problems, but they're not serious enough to have disabled me from working. I'm continuing the research that I did when I was not retired. I use the gym, use the library an awful lot, use the parking facilities. I go to seminars around campus. I'm still in the same collegial setting. All the board members of PASEF are intellectually active—some are pursuing their research process, some are teaching. I decided that I was not going to continue teaching because students weren't laughing at my jokes anymore.

Penn COMMUNITY

WE ARE COMMITTED to providing a voice and a role for retired faculty members in the Penn community—as well as to providing some of the same benefits you enjoyed as an active faculty member.

PASEF

PASEF aims to keep retired faculty members connected with each other and engaged in Penn's intellectual and community life. The group organizes lectures, discussions, dinners, and other social functions, as well as coordinating ways in which retirees can provide volunteer service to the University and its surrounding community. It also serves as a resource for faculty members on issues and concerns pertaining to their transition into retirement from academic life.

ASEF

ASEF (Association of Senior and Emeritus Faculty) in the School of Medicine serves similar functions to PASEF, encouraging emeritus faculty to remain part of the SOM community through a wide range of social,

volunteer, and educational opportunities. It also serves senior SOM faculty by raising awareness of the full range of retirement options available to them, no matter where they are in their retirement planning.

Faculty Senate & Faculty Meetings

Emeritus and retired faculty are encouraged to attend Faculty Senate meetings as non-voting members. They may also be able to attend their school's faculty meetings and participate in faculty committees.

PennCard

Retired faculty are eligible for a PennCard, at no charge. To obtain one, you must complete a Human Resources form confirming your retiree status, then bring that form and your current PennCard to the PennCard Center.

Office Space

If you are continuing your academic research, the University will make every effort to accommodate you with office space on campus and other resources that you might require.



Research and Travel Grant Applications

Retired faculty are welcome to apply for research and travel grants, with the consent of the appropriate Chair or Dean. Grants are approved if the Vice Provost for Research considers projects to be of significance and have the potential for completion. Required office or lab space must also be available.

Penn COMMUNITY



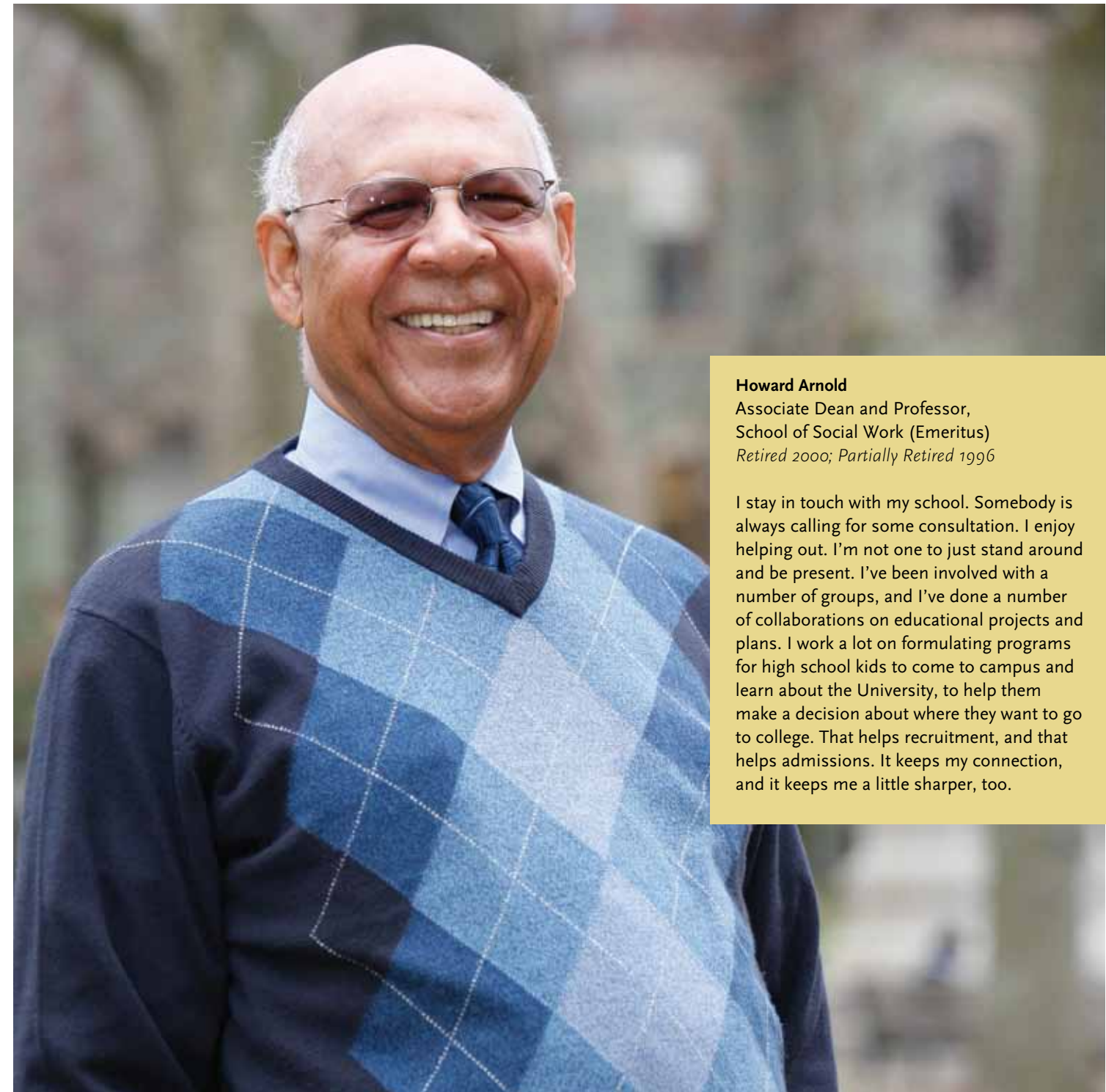
Mail/Email/Telephone

Retired faculty maintain their Penn email accounts (which can be forwarded to private email accounts) and can continue to receive mail at the University and be listed in the phone directory. They are included on all University mailings sent to standing faculty, as well as on all relevant email lists and listservs.

Additional Benefits

- Campus Recreation: With a PennCard, retired faculty can continue their free membership to Hutchinson Gym, as well as access to basketball courts, squash courts, day lockers, and shower facilities. Participation in exercise classes and health seminars is also open to retired faculty at the discounted full-time faculty rate. For more information, visit: www.upenn.edu/recreation.

- Credit Union: Membership in the University of Pennsylvania Federal Credit Union is available for retired faculty members and their families. For more information, visit: www.uofpfcu.com.
- University Club: Emeritus and retired faculty and staff are eligible for membership at the University Club, at rates discounted beyond active faculty rates. Membership includes complementary morning refreshments, access to Harris Room buffet lunch, facility use for private events, special-event dinners, and access to 100-plus faculty clubs in the United States.
- Subscription to the *Almanac*.
- On-campus parking permits.



Howard Arnold
Associate Dean and Professor,
School of Social Work (Emeritus)
Retired 2000; Partially Retired 1996

I stay in touch with my school. Somebody is always calling for some consultation. I enjoy helping out. I'm not one to just stand around and be present. I've been involved with a number of groups, and I've done a number of collaborations on educational projects and plans. I work a lot on formulating programs for high school kids to come to campus and learn about the University, to help them make a decision about where they want to go to college. That helps recruitment, and that helps admissions. It keeps my connection, and it keeps me a little sharper, too.



WE ARE PROUD OF THE CONTRIBUTIONS OF RETIRED FACULTY TO OUR CAMPUS.

Today, retirement brings entry into a new relationship with Penn, not the severing of all ties with the university. We are committed to helping those who wish to do so remain active members of the Penn community.

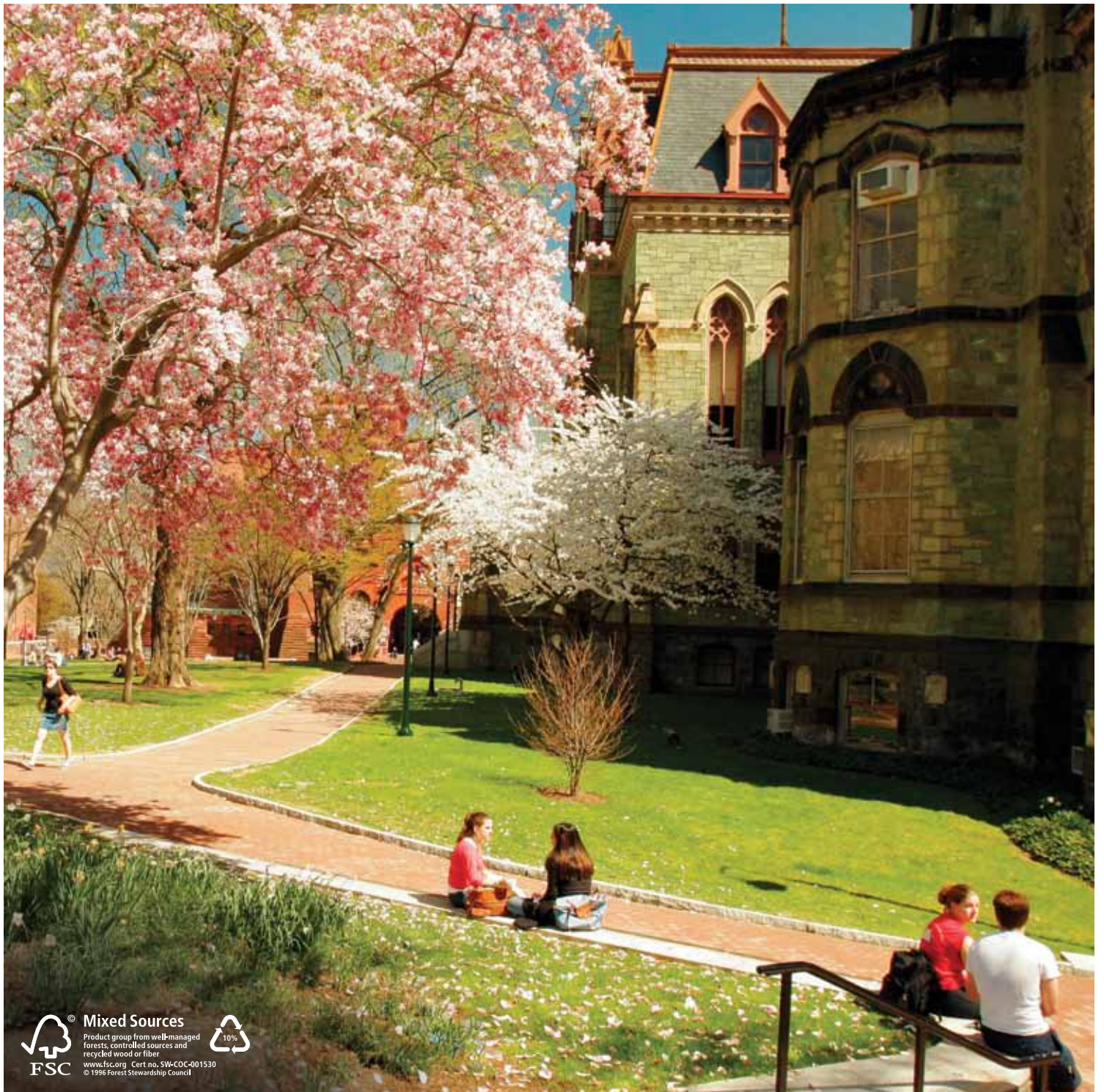
As you consider your plans for the next phase of your faculty life, I encourage you to take advantage of retirement planning consultation, consider getting involved with PASEF or ASEF, or talk to your chair about how you can stay engaged in your department as an emeritus professor.

Wherever you are in your planning, please let us know how we can help you make the most of all the options and opportunities that lie ahead.

Laura Perna

Vice Provost for Faculty

GSE Centennial Presidential Professor of Education



Mixed Sources

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