

Faculty Income Allowance Policy



Effective July 1, 2023

Last Revised November 29, 2023

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I. Introduction

This document outlines the details of a new revised Faculty Income Allowance Policy ("FIAP", or, alternatively, the "Policy"), which is effective as of July 1, 2023, and replaces the previous policy.

The Policy is designed to recognize the service that certain senior faculty members (tenured members of the Standing Faculty and Associate Professor or Professor of the Standing Faculty-Clinician Educator) have performed for the University of Pennsylvania (the "University") and to provide supplemental income for those faculty members when they terminate under the terms of the Policy.

As with all of its employee benefit policies, the University reserves the right to amend or terminate the Policy at any time and for any reason. Important information about the University's rights to amend or terminate the Policy and the other information regarding FIAP is set forth in the "Other Information" section at the end of this booklet.

II. Eligibility

This section identifies the faculty members who are eligible to participate in FIAP, the age and service requirements that faculty members must satisfy, and certain other terms and conditions that may apply.

Eligible Senior Faculty Members

Senior faculty members who are eligible to participate in the Policy are tenured members of the "Standing Faculty" and senior members ("Associate Professor" or "Professor") of the "Standing Faculty-Clinician-Educator" (as those terms are defined in the Faculty Handbook). Members of the "Associated Faculty" are not eligible for FIAP. Titles of Associated Faculty members who are not eligible for the Policy, as defined by the Faculty Handbook, include the descriptive modifiers: "Research", "Clinical", "Adjunct", "Visiting", "Visiting Executive", "Practice" or "Wistar Institute".

Age and Service Requirement

Senior faculty members who fit within one of the following age and service categories when they terminate will be eligible to receive benefits under the Policy:

a) Ages 65-72: Senior faculty members who have 10 or more years of full-time continuous service and who terminate on or after age 65 but before June 30th of the academic year in which they reach age 72 are eligible to receive FIAP benefits if they satisfy a "rule of 75" requirement (that is, the combined age and years of full-time continuous service of the faculty member equals or exceeds 75).

or

b) Age 72 or older: Senior faculty members who satisfy the 10 years of full-time continuous service and "rule of 75" requirements on or after age 72 may also receive FIAP benefits. Such senior faculty members generally must terminate as of the academic year-end (June 30) immediately following the satisfaction of the eligibility requirements. This section applies to those who do not qualify under section II.a above.

or

c) Ages 60-64 (as of June 30, 2024): Senior faculty members who have 10 or more years of full-time continuous service, who are between the ages of 60 and 64 as of June 30, 2024, and who terminate any time before June 30th of the academic year in which they reach age 72 are eligible to receive FIAP benefits if they satisfy a "rule of 75" requirement (that is, the combined age and years of full-time continuous service of the faculty member equals or exceeds 75). This section II.c preserves the eligibility of faculty who would have been eligible for FIAP as in effect prior to July 1, 2023, if the minimum age of eligibility had not been increased from age 60 to age 65. Further, this section II.c extends eligibility to faculty who would have otherwise become eligible for FIAP in the academic year in which the changes were announced, but for the increase in the minimum age of eligibility from age 60 to age 65.

Qualifying Full-Time and Continuous Service

For purposes of the age and service requirements described above, full-time continuous service is full-time service as a member of the Standing Faculty and does not include other service with the University or an affiliate in a non-faculty position (for example, service in a position with the University of Pennsylvania Health System), in part-time service, or in a faculty position that is not part of the Standing Faculty. However, any service accrued by a member of the Standing Faculty participating in the University's Phased Retirement Program (described in more detail below) is counted as full-time service for purposes of Policy eligibility. Service must be continuous. If a faculty member works for the University, leaves, and is later rehired, only the faculty member's most recent period of full-time continuous service as a member of the Standing Faculty after the rehire date is counted for purposes of determining Policy eligibility.

Termination of Employment

Senior faculty members who otherwise satisfy the age and service and other eligibility requirements to qualify for the Policy must terminate employment through FIAP in order to receive FIAP benefits. The term "termination of employment" has a special meaning for the Policy as follows:

- The senior faculty member must relinquish their tenured appointment and position as a member of the Standing Faculty upon their designated termination date; **AND**
- At the time of the termination under the Policy, the senior faculty member and the University anticipate that the faculty member will stop performing all services for the University. In particular special circumstances, a participant may be permitted to return to work for the University. Before returning to work, a participant is required to obtain the approval of their Dean as well as the Provost's office. If approved, the level of services to be performed after termination should be no more than 20% of the level of services performed before the termination. The determination of the level of services that may be performed after termination shall be based upon all available facts and circumstances and shall be made by the Dean and the Provost's office in their sole and absolute discretion.

Other types of termination – for example, a termination of employment because of disability or death or termination by the University for "Just Cause" (as defined in the Faculty Handbook) – are not covered

by the Policy.

Other Eligibility Requirements and Conditions

There are several additional requirements that a faculty member must satisfy in order to receive Policy benefits. These additional requirements are the following:

- A faculty member must continue to be a faculty member in good standing up through the date of the faculty member's termination of employment. If a faculty member voluntarily terminates employment or is terminated by the University for Just Cause (as defined in the Faculty Handbook) before their termination of employment, the faculty member shall forfeit and waive all Policy benefits.
- A faculty member must provide any transition assistance as may be reasonably requested by the faculty member's School or Department, which may include transitioning the faculty member's duties and responsibilities to another faculty member, returning all University property to the University, etc.
- A faculty member must execute a release of claims in favor of the University. More information and detail about this release is set forth in the Applying for Benefits section below.

III. Cash Incentive Benefit

Cash Benefit Formula

The Policy provides a cash benefit that equals 200% of a faculty member's academic base salary in effect as of the date that benefits commence under FIAP, subject to the Transition Period (defined below). For participants in Immediate FIAP, this is the date their employment terminates under FIAP, and for participants in Phased Work FIAP, this is the date when they commence the phased work period, subject to any merit increases that may occur during the phased work period. As noted below, individuals participating in the University's Phased Retirement Program may participate in the Policy; for these eligible faculty members, their academic base salary equals the full-time equivalent of the academic base salary received in the last year of Phased Retirement.

This benefit formula has been revised from the formula in effect under the version of FIAP in effect through June 30, 2023 (such prior benefit plan, "**Prior FIAP**"). Under Prior FIAP, the cash benefit equaled the greater of (i) 165% of a faculty member's academic base salary, and (ii) 165% of the average academic base salary for full professors in such faculty member's school; provided, that under no circumstances could the cash benefit be greater than 200% of the faculty member's actual annual compensation for the year immediately preceding their termination of employment.

This cash benefit will be paid to a faculty member in one of two ways, depending on whether a faculty member elects Immediate FIAP or Phased Work FIAP as described in section IV below.

One-Year Transition Period

For the period running from July 1, 2023, through June 30, 2024 (the “**Transition Period**”), senior faculty who are between the ages of 60 and 69 as of June 30, 2024, and who satisfy the eligibility requirements of section II, will receive a cash benefit equal to the greater of the cash benefit described in the immediately preceding subsection (Cash Benefit Formula) and the cash benefit calculated under Prior FIAP.

Definition of Academic Base Salary

For a faculty member who elects Immediate FIAP, their academic base salary is the "weighted average" of their academic base salaries during the 12 months preceding the date when benefits commence.

For a faculty member who commences benefits under Phased Work FIAP, their academic base salary during the phased work period means the academic base salary in effect on the date when they commenced the phased work period. During the phased work period, the academic base salary will be increased due to any merit increases that occur during the phased work period. Upon termination of employment under Phased Work FIAP, the remaining benefit will be calculated using the same weighted average calculation as under Immediate FIAP.

An example of this weighted average calculation is as follows:

Example: Assume that a faculty member elects to receive Immediate FIAP and terminate employment as of January 1, 2024, and their base salary is \$120,000 as of July 1, 2022, and \$150,000 as of July 1, 2023. The faculty member's weighted average academic base salary for the prior 12 months is \$135,000, determined as follows:

\$60,000 (six months of salary at an annual rate of \$120,000)

plus

\$75,000 (six months of salary at an annual rate of \$150,000)

equals

a weighted average academic base salary of \$135,000

Note that academic base salary does not include administrative stipends or any other compensation paid by an entity other than the University. For a faculty member participating in the Policy after working under the University's Phased Retirement Program, their academic base salary means the full-time equivalent of their academic base salary. Further, please note that for faculty in the Perelman School of Medicine, “academic base salary” means the salary determined under the academic salary plan for faculty in the Perelman School of Medicine.

IV. FIAP Program Options

A participant may elect between two different FIAP program options – "Immediate FIAP" (which provides for immediate participation in FIAP and splits the payment of FIAP cash benefits into two

payments) and "Phased Work FIAP" (which provides for a two-year phase down period and payment of FIAP cash benefits over time). Each of these FIAP program options is described in more detail below. In addition, the Applying for Policy Benefits section below provides more information about the process for applying to participate in FIAP and choosing one of the FIAP program options.

Immediate FIAP

A faculty member may elect Immediate FIAP. Through Immediate FIAP, a faculty member will agree to terminate employment with the University as of a mutually agreed upon date. Then, the faculty member will receive the FIAP cash incentive benefit in two installments: *first*, half of the cash benefit (equal to 100% of their academic base salary) will be paid in the calendar year in which the faculty member terminates their employment (either on their termination date, or shortly thereafter), and *second*, the unpaid portion of the cash benefit (equal to 100% of their academic base salary) will be paid in a lump-sum on or before March 15th of the year following termination of employment.

Phased Work FIAP

A faculty member may elect Phased Work FIAP. Through Phased Work FIAP, a faculty member will agree to work for the University for a two-year phase down period. During this two-year phase down period, a faculty member's workload will be reduced by 50%. Then, effective on the date when the phase down period concludes, the faculty member will terminate employment with the University. For a faculty member who participates in Phased Work FIAP, the FIAP cash incentive benefit will be paid in two parts: *first*, the cash benefit will be paid through continued 100% pay of a faculty member's academic base salary despite a reduction to 50% effort for the two-year period of phased work down, and *second*, the unpaid portion of the cash benefit (equal to 100% of their academic base salary) will be paid in a lump-sum on or before March 15th of the year following termination of employment.

FIAP Benefits and Death

If a faculty member dies after they have commenced benefits under this Policy, but before they have received any unpaid cash payment through FIAP, the residual amount will be paid in a lump sum to the faculty member's surviving spouse, or, if none, to the faculty member's estate. If a faculty member elects to participate in FIAP but dies before they have commenced benefits under this Policy, no benefits shall be provided or paid under FIAP.

FIAP Benefits and Disability

If a faculty member becomes disabled after they have commenced benefits under this Policy, but before they have received any unpaid cash payment through FIAP, the residual amount will be paid in a lump sum to the faculty member, *less* any future benefits expected to be paid pursuant to the University's Long-Term Disability Benefit plan, as amended.

If a faculty member becomes disabled before they have elected benefits under FIAP or before benefits have commenced under FIAP, they may elect to participate in this Policy at such time as they otherwise satisfy the eligibility conditions set forth in section II, above. Eligible faculty should consult the University's Long-Term Disability Benefit plan, as amended, to confirm what impact the decision to elect or commence benefits will have on continued payment of benefits under the University's Long-Term Disability Benefit plan.

As used in this Booklet, a faculty member is "disabled" if they have incurred a qualifying disability under the University's Long-Term Disability Benefit plan, as amended.

Interaction of FIAP with the University's Phased Retirement Program

In addition to FIAP, the University also maintains a Phased Retirement policy, known as the "Phased Retirement Program". This policy, which is summarized in section II.E.9.A of the Faculty Handbook for Academic Year 2022-23, permits faculty to reduce their level of effort to a maximum of 50% for up to six years.

Senior faculty members are only eligible to participate in one phased work down policy maintained by the University. Therefore, senior faculty who are working under the University's Phased Retirement Program are not eligible to participate in the Phased Work FIAP option. Senior faculty who are working under the University's Phased Retirement Program may participate in the Immediate FIAP option, so long as they remain eligible for FIAP at the conclusion of the phased work period.

Service accrued while participating in the Phased Retirement Program is counted as full-time service for FIAP eligibility.

V. Non-Cash Benefits

Commencement of benefits under FIAP may impact the availability of other employee benefits offered by the University. The benefits impact of participating in FIAP will depend on which option a senior faculty member chooses—Immediate FIAP or Phased Work FIAP. The benefits available upon commencement under either FIAP option are described below, though the actual benefits offered

(and costs of such benefits) will depend on the benefits and plans as in effect and available at the time the faculty member begins to participate in FIAP.

	Benefits Under Phased Work FIAP	Benefits Under Immediate FIAP
Medical Plan	<p>Eligible for coverage as active employee during phased work period.</p> <p>Upon conclusion of phased work period, coverage under Retiree Medical Plan.</p>	Coverage under Retiree Medical Plan.
Dental Plan	<p>Eligible for coverage as active employee during phased work period.</p> <p>Upon conclusion of phased work period, retiree dental coverage is available with MetLife Dental or coverage may continue under the group active plan for 18 months under COBRA.</p>	Retiree dental coverage is available with MetLife Dental or coverage may continue under the group active plan for 18 months under COBRA.
Vision Plan	<p>Eligible for coverage as active employee during phased work period.</p> <p>Upon conclusion of phased work period, coverage is available via the VSP vision plan for retirees or coverage may continue for 18 months under COBRA.</p>	Coverage is available via the VSP vision plan for Retirees, or, coverage may continue for 18 months under COBRA.
Group Life Insurance	<p>Eligible for coverage as active employee during phased work period.</p> <p>Upon conclusion of phased work period, basic insurance for retirees is reduced to a flat amount of \$10,000. Conversion privileges available for difference between total of basic and supplemental coverage and this amount.</p>	Basic insurance for retirees is reduced to a flat amount of \$10,000. Conversion privileges available for difference between total of basic and supplemental coverage and this amount.
Long-Term Care	<p>Eligible for coverage as active employee during phased work period.</p> <p>Upon conclusion of phased work period, if enrolled before termination under the Policy, coverage continues via direct bill.</p>	If enrolled before FIAP benefits commence, coverage continues via direct bill.
Tuition Benefits	Tuition benefits for faculty member and dependents continue under same plan as before FIAP benefits commenced.	Tuition benefits for faculty member and dependents continue under same plan as before FIAP benefits commenced.
Spending Accounts	Eligible to participate as active employee during phased work period, no longer eligible to participate upon conclusion of phased work	Not eligible to participate.

	Benefits Under Phased Work FIAP	Benefits Under Immediate FIAP
	period.	
Basic and Matching Plans	<p>Eligible for coverage as active employee during phased work period, with employee contributions calculated on 100% of eligible compensation. Elective deferrals may be made based on 100% of eligible compensation.</p> <p>Upon conclusion of phased work period and complete termination of employment, rules for terminated participants apply. No contributions can be made or received through the plans if working in an ineligible position. If rehired to an eligible position, rules for active plan participants apply.</p> <p>No employee contributions from (and no University contributions on) FIAP payments made after termination of employment.</p>	<p>Upon complete termination of employment, rules for terminated participants apply. No contributions can be made or received through the plans if working in an ineligible position. If rehired to an eligible position, rules for active plan participants apply.</p> <p>No employee contributions from (and no University contributions on) FIAP payments.</p>
Supplemental Retirement Annuity Plan	<p>Eligible for coverage as active employee during phased work period. Elective deferrals may be made based on 100% of eligible compensation.</p> <p>Upon conclusion of phased work period, and complete termination of employment, rules for terminated participants apply. No contributions can be made through the plan if working in an ineligible position. If rehired to an eligible position, rules for active plan participants apply.</p> <p>No employee contributions from FIAP payments made after termination of employment.</p>	<p>Upon complete termination of employment, rules for terminated participants apply. No contributions can be made through the plan if working in an ineligible position. If rehired in an eligible position, rules for active plan participants apply.</p> <p>No employee contributions from FIAP payments.</p>

Medical Coverage

Faculty members who elect the Phased Work Option remain eligible for coverage for themselves and their eligible dependents as an active employee during the phased work period.

Upon termination under FIAP, faculty members and their eligible dependents (at the time of termination) may elect medical coverage through the University of Pennsylvania Retiree Medical Plan. Eligible faculty members who are under age 65 may elect any of the medical coverage options available to retirees below age 65. Eligible faculty members who are 65 or older must enroll in Medicare Part B and may choose from the Medicare-eligible plans. Eligible dependents will be covered under the same coverage option elected by the faculty member unless there is an age difference. For example, the faculty member is under age 65 and the dependent is over age 65. In this case, the dependent will be eligible for the coverage options that are appropriate on the basis of their age.

- **FIAP Participants Under Age 65:** Eligible faculty members and dependents under age 65 are currently eligible for the following medical plans:
 - Keystone/AmeriHealth HMO
 - AETNA Choice POS II
 - PennCare/Personal Choice Preferred Provider Organization (PPO)

Individuals who terminate under the Policy who are under age 65 who elect medical coverage through the University will automatically be covered under the University's retiree prescription plan through CVS/Caremark. The prescription program provides benefits for a comprehensive list of generic and brand name drugs.

- **FIAP Participants Age 65 and Over:** Eligible faculty members and dependents age 65 and over are currently eligible for the following medical plans:
 - Aetna Medicare Plan (PPO)
 - Independence Blue Cross (IBC) Medigap Security 65: Standard and Premium Plans (Medicare Supplement Plans)

FIAP participants and dependents age 65 and over who elect medical coverage through the University have a choice when it comes to prescription drug coverage. FIAP participants and dependents can choose among three options: 1) elect the University's prescription drug coverage through SilverScript, 2) opt out of the University's prescription drug coverage, or 3) elect a non-University sponsored Medicare Part D plan.

Some important points to note:

- A FIAP participant or dependent cannot enroll in the Aetna Medicare Plan PPO if the FIAP participant or dependent enrolls in a non-University sponsored Medicare Part D plan.
- A FIAP participant or dependent cannot opt out of the University sponsored Medicare Part D plan if the FIAP participant or dependent selects the Aetna Medicare Advantage plan.
- A FIAP participant or dependent cannot enroll in the University's prescription plan if the FIAP participant or dependent enrolls in a non-University sponsored Medicare Part D plan.
- Opting out of the University's prescription drug coverage is considered permanent unless the FIAP participant or dependent meets certain conditions.

For additional information please visit www.hr.upenn.edu/retirees/health/enrolling.

Dental Coverage

Faculty members who elect the Phased Work Option remain eligible for coverage for themselves and their eligible dependents as an active employee during the phased work period.

Upon termination under FIAP, eligible faculty members may be eligible to continue their existing Penn Faculty Practice Plan (PFPP) or MetLife dental benefit through COBRA for up to 18 months or enroll in one of the two retiree dental choices. For more information on COBRA, review the University's online Health and Welfare Summary Plan Description at www.hr.upenn.edu/policies-and-procedures/legal-notices/summary-plan-descriptions or contact the Penn Benefits Solution Center at Health Advocate at 1-866-799-2329.

There are two dental plans currently available to individuals who terminate under the Policy:

- **MetLife Preferred Dentist Program (PDP) Standard:** The MetLife Preferred Dentist Program (PDP) Standard for retirees provides coverage when receiving treatment from any dentist or specialist selected by the faculty member. Use MetLife preferred providers to save on out-of-pocket expenses since participating dentists agree to charge fees typically 10%-35% lower than the average charges in the faculty member's area. For more information, contact the Benefits Solution Center at (1-866-799-2329) or MetLife Dental at 1-800-942-0854.
- **MetLife Preferred Dentist Program (PDP) Premium:** The MetLife Preferred Dentist Program (PDP) Premium for retirees provides a higher level of coverage from the Standard plan, when receiving treatment from any dentist or specialist selected by the faculty member. Use MetLife preferred providers to save on out-of-pocket expenses since participating dentists agree to charge fees typically 10%-35% lower than the average charges in the faculty member's area. For more information, contact the Benefits Solution Center at (1-866-799-2329) or MetLife Dental at 1-800-942-0854.
- **Vital Savings by Aetna Dental Program:** The Vital Savings by Aetna Dental Program provides discounts (an average discount of 28%) on dental care when a participating provider is used. A faculty member automatically has access to the Aetna Vision One discount program (see below) upon enrollment in this plan. Contact Aetna at 1-877-698-4825 for more information (Promotional Code Number 882016015).

Vision Coverage

Faculty members who elect the Phased Work Option remain eligible for coverage for themselves and their eligible dependents as an active employee during the phased work period.

Upon termination under the terms of the Policy, eligible faculty members may enroll in the VSP vision plan for retirees or may choose to continue their existing vision benefit through COBRA for up to 18 months or enroll in the Vital Savings by Aetna plan. For more information on COBRA, review Penn's online Health and Welfare Summary Plan Description at www.hr.upenn.edu/policies-and-procedures/legal-notices/summary-plan-descriptions or contact the Benefits Solution Center at (1-866-799-2329).

Individuals who enroll in the Vital Savings by Aetna Dental Program (see above) will automatically have access to the Aetna Vision One discount program. Under this program, participants have access to providers in nearly 13,000 participating Vision Centers, including Sears Optical, Target Optical, Lenscrafters and private-practice providers.

Life Insurance – MetLife

Faculty members who elect the Phased Work Option remain eligible for coverage for themselves and their eligible dependents as a part-time active employee during the phased work period.

Upon termination under FIAP, basic coverage is limited to a flat amount of \$10,000. Conversion privileges are available for the difference between the total of basic and supplemental coverage and this flat amount.

Long-Term Care Insurance

The long-term care insurance plan is administered by Genworth. Faculty members who elect the Phased Work Option remain eligible for coverage for themselves and their eligible dependents as an active employee during the phased work period.

Upon termination under FIAP, this benefit may be continued if the faculty member was enrolled prior to termination under FIAP. For more information please contact Genworth at 1800-416-3624 or www.genworth.com/groupptc. Participants may have purchased a plan provided by John Hancock, individuals who terminate under the Policy may continue this policy as well.

Tuition Benefits

Tuition benefits (as in effect when the faculty member starts receiving FIAP benefits) are provided to faculty members and their eligible dependents under the same terms as generally in effect for active employees of the University. For more information, please visit the website at www.hr.upenn.edu/tuition.

Pre-Tax Expense Accounts

Participation in the Pre-Tax Expense Accounts ends as of the effective date of a faculty member's termination of employment under FIAP. This includes the Health Savings Account (HSA). No further contributions are allowed. Requests for reimbursements of eligible expenses may continue to be submitted after this date through the end of the three-month grace period after the end of the plan year (September 30th). All eligible expenses must have been incurred prior to participation in FIAP. For more information please contact WageWorks/Health Equity at www.wageworks.com or at 1-877-924-3967. If a faculty member is enrolled in the Health Savings Account, the faculty member is no longer eligible to make contributions or receive employer contributions once enrolled in Medicare. However, a faculty member may continue to use the funds in the HSA for out-of-pocket health care expenses.

Retirement Savings Plan Considerations

Faculty members who elect to participate in FIAP may wish to make choices regarding their

retirement plan accounts. The impact of FIAP on these retirement plan accounts may depend on the program option that a faculty member elects under FIAP. Faculty members who elect the Phased Work Option remain eligible to participate in the Basic, Matching, or SRA Plans as an active employee during the phased work period. During this work down period, a faculty member's compensation under the plans will be based upon 100% of their eligible compensation. This means that the amount of the employer contribution to the Basic and Matching Plans and the amount eligible for elective deferral under the Matching and SRA Plans will be based upon 100% of a faculty member's eligible compensation.

Upon termination under FIAP, participating faculty members who were participating in the Basic, Matching or SRA Plans may not make contributions from FIAP cash benefits. If otherwise employed and receiving compensation from the University, faculty members may be eligible to make contributions from that compensation and receive University contributions on that compensation. However, eligibility to make or receive contributions will depend on the nature of the faculty member's employment and the terms of the Basic, Matching, or SRA Plan. Not all employment will entitle a faculty member to make or receive contributions.

Terminated employees may be eligible to elect to receive a distribution of their retirement plan accounts. Those who were investing in TIAA should call the Retirement Call Center at 1-877-736-6738, to discuss distribution options. It is recommended that individuals who terminate under the Policy consult a tax advisor before making distribution or withdrawal decisions.

Other Benefits

Faculty members who elect to participate in the Policy are eligible for privileges outlined for retired faculty in the *Handbook for Faculty and Academic Administrators*.

VI. Administrative Procedures

Applying for Policy Benefits

Faculty members considering the Policy should speak to their Dean or Department chair. Faculty members who decide to participate in the Policy must complete an election form and release of claims in favor of the University, on the University's preferred form. In addition, a faculty member must complete and submit a second release of claims in favor of the University on the faculty member's designated termination date.

Once a faculty member completes an election form that is accepted by the University, the agreement is irrevocable and the faculty member's termination date is fixed. To receive Policy benefits, execution of both the election form with release *and* the second release is required. A faculty member who fails to execute the release within the applicable consideration period established by the University (or who revokes the release within any available revocation period) will forfeit all rights to Policy benefits. Further, if a faculty member violates the terms of the release, all benefits provided through the Policy will cease immediately and the faculty member may be required to repay Policy benefits already received.

If a faculty member disagrees with a determination made with respect to their Policy benefits, the faculty member may file an appeal with the Faculty Income Allowance Policy Committee, a committee

established to review and evaluate disputes and claims for benefits arising under FIAP.

Medical Coverage Considerations

Faculty who decide to elect FIAP must elect or defer retiree health coverage within the 90-day period prior to their last day of service for themselves and their existing eligible dependents.

- **Electing Coverage:** To elect coverage under the University's retiree health benefits, senior faculty must list themselves and the eligible dependents they would like to cover in the Workday benefits enrollment system. For assistance with this process senior faculty may call the Benefits Solution Center at 866-799-2329.
- **Deferring Coverage:** Senior faculty may choose to defer medical/prescription drug coverage for themselves and for their existing dependents (those who meet the eligibility requirements on their last day of service, and at the time of election of coverage). This means that senior faculty can postpone enrolling in the University's medical/prescription drug coverage now and then elect it at a future date. If senior faculty or their eligible dependents do not wish to enroll at the time of their termination, because they have coverage under another plan, senior faculty must list themselves and their eligible dependents in the Workday Enrollment System. Note that in order for their dependents to enroll at some future date, senior faculty must also be enrolled at that same time. At that future date, senior faculty and/or their dependents need to be qualified dependents under the plan, and will need to provide proof of coverage prior to enrolling in the University's plan. Deferring coverage is only available at the time of retirement, a faculty member cannot elect coverage and later defer the coverage.
- **Waiving Prescription Drug Coverage:** If senior faculty are eligible for and have decided to enroll in a non-University sponsored Medicare Part D plan, they must select the Waive box for prescription drug coverage in the Workday enrollment system. Senior faculty cannot enroll in the University's prescription plan if they enroll in an individual Medicare Part D plan. If this occurs, the Centers for Medicare & Medicaid Services (CMS) will disenroll the senior faculty member from the University's prescription drug coverage.

Waiving the University's prescription drug coverage is considered permanent. This means a senior faculty member will not be able to obtain this coverage in the future unless Medicare's change in policy adversely affects their coverage. Under this circumstance, they must notify the Penn Benefits Center immediately.

For more information about medical and prescription drug benefits, please visit the website at www.hr.upenn.edu/retiree/health.

Coordination with Medicare (Individuals Age 65 and Over)

Medicare Part A. Eligibility for premium-free Medicare Part A starts: (1) when a senior faculty member is age 65 or over and (2) they are eligible for Social Security. If a senior faculty member is receiving Social Security, enrollment in Medicare Part A is automatic. If they are eligible for Social

Security but have opted not to start receiving the benefit, they should still enroll in Medicare Part A. This enrollment establishes a senior faculty member's entitlement with the Social Security Administration (SSA). **If a senior faculty member is enrolled in the Aetna High Deductible Health Plan with the HSA, prior to terminating under the Policy they should not enroll in Medicare (Part A or Part B), and should not contribute to the HSA in the year they terminate under the Policy.**

Medicare Part B. If a senior faculty member is covered by a group health plan sponsored by their employer or their spouse's employer while either of them is in active employment, they need **not** enroll in Medicare Part B. Since an individual's enrollment in Medicare Part A makes enrollment in Part B automatic, they must notify the SSA that they want to decline Part B because of other coverage. When the senior faculty member loses their coverage under the group health plan, the SSA will allow them to sign up for Part B during a Special Enrollment Period without any penalty. Details on the SSA's enrollment periods can be obtained from www.ssa.gov or by calling the Social Security Administration at 1-800-772-1213.

Individuals who terminate their employment under the Policy and eligible dependents age 65 and over must be enrolled in Medicare Parts A and B in order to remain in the University's retiree medical plans. The University's medical plans are secondary to Medicare. Faculty members should apply for Medicare at their local Social Security office 90 days prior to reaching age 65 in order to give Social Security time to process the application.

Individuals who terminate under the Policy and who are age 65 or over with dependents who are not eligible for Medicare should note that their dependents will be enrolled in a pre-65 Retiree Medical Plan until becoming eligible for Medicare. Then the dependent(s) must enroll in Medicare Parts A and B and the senior faculty member must select a Medicare-eligible plan for them. Social Security should be contacted 90 days prior to the dependent's 65th birthday to avoid coverage delays and late enrollment penalties.

VII. Other Information

Tax Consequences/Social Security Income

FIAP's cash benefits are subject to federal, state and local income taxes and to Social Security and Medicare taxes. As to the impact of Policy benefits on a faculty member's Social Security benefits, the Social Security Administration does not count many types of special post-termination payments as earnings that would reduce Social Security retirement income payments. However, faculty members are encouraged to contact their local Social Security Administration Office or call 1-800-772-1213 for an estimate of their Social Security income benefits and for more information about the possible impact of Policy benefits on the determination of Social Security income benefits. Documentation, including proofs of age, marriage and earnings may be required. More information about Social Security benefits can be found on their website at www.ssa.gov.

In all cases, faculty members are responsible for the tax and Social Security consequences of electing to participate in FIAP. Faculty members who are considering participation in the Policy should consult with their accountant or other tax advisor regarding the tax and other consequences of participating in the Policy.

Amendment or Termination of the Policy

The University reserves the right to amend or terminate the Policy, in whole or in part, at any time. While any such amendment or termination will not affect the FIAP benefits that a faculty member has already received or cash benefits that are due to be paid to any faculty member who has elected to participate in the Policy, the University reserves the right to amend or terminate the Policy in all other respects.

Important Legal Disclosures

This booklet is the official Policy document for the Policy and the benefits provided through the Policy, and it is therefore important for FIAP participants to understand that:

- If there is any difference between the terms of this Policy document and any other materials, this Policy document will govern.
- Benefits provided through the Policy are not guaranteed for any particular time and/or at any particular cost.
- Nobody speaking on behalf of the Policy or the University can alter the terms of the Policy.
- The University reserves the right to amend or terminate the Policy (or any benefit provided through the Policy) at any time and for any reason.

Similarly, please keep in mind that certain benefits provided pursuant to the Policy are subject to the terms and conditions of other plan documents and other University policies (for example, medical benefits are provided through the University's Retiree Health Plan and tuition benefits are provided pursuant to the University's tuition policies). The Policy is not intended to amend or change these other plans and policies.

Non-Discrimination Policy Statement

The University of Pennsylvania values diversity and seeks talented students, faculty and staff from diverse backgrounds. The University of Pennsylvania does not discriminate on the basis of race, color, sex, sexual orientation, gender identity, religion, creed, national or ethnic origin, citizenship status, age, disability, veteran status or any other legally protected class status in the administration of its admissions, financial aid, educational or athletic programs, or other University-administered programs or in its employment practices.

Questions or complaints regarding this policy should be directed to the Executive Director of the Office of Affirmative Action and Equal Opportunity Programs, Franklin Building, Philadelphia, PA 19104; or (215) 898-6993 (Voice) or (215)898-7803 (TDD).

Appendix A: Contact and Carrier Information

The Benefits Solution Center <i>(Health Advocate)</i>	1-866 788-2329
MEDICAL PLANS	
Aetna Medicare Plan (PPO)	Member Service: 800-282-5366 Pre-Enrollment Information 1-800-307-4830 www.aetna.com
IBC Medigap Security 65 Plans Standard Premium	www.ibx.com 1-800-ASK-BLUE or 1-800-275-2583 1-800-ASK-BLUE or 1-800-275-2583
Aetna Choice POS II	888-302-8742 www.aetna.com
Keystone/AmeriHealth HMO	1-800-ASK-BLUE or 1-800-275-2583 www.ibx.com
PennCare/Personal Choice	1-800-ASK-BLUE or 1-800-275-2583 www.ibx.com
PRESCRIPTION DRUG	
SilverScript	866-494-9829
CVS Caremark	844-833-6390 www.caremark.com
BEHAVIORAL HEALTH	
PennCare/Personal Choice	Quest Behavioral Health 1800-364-6352 www.questbh.com
Aetna POS II	1-800-424-4047

Keystone HMO	Magellan Network – 1-800-688-1911
GROUP LIFE INSURANCE	
Met Life	800-638-6420
DENTAL	
MetLife	1-800-942-0854 www.metlife.com/dental
Penn Family Plan	www.mypenddentist.org 215-898-4615 – Locust Walk 215-573-8400 -University City
VISION	
Davis Vision	1-800-ASK-BLUE (1-800-275-2583) 1-888-393-2583(claims/benefits questions)
VSP	1-800-877-7195 www.vsp.com
LONG-TERM CARE	
Genworth Financial	1-800-416-3624 www.genworth.com/groupltc