

FAQS FOR THE REVISED FACULTY INCOME ALLOWANCE POLICY (FIAP)

We know that retirement is a major life decision, and we encourage you to talk with your chair, your dean, and/or the Vice Provost for Faculty about your individual questions, concerns, and circumstances.

Eligible Faculty**1. Who is eligible for the FIAP?**

Only senior faculty members are eligible to participate in the FIAP. Senior faculty are tenured members of the Standing Faculty and senior members (Professor or Associate Professor) of the Standing Faculty-Clinician Educator as those terms are defined in the [Faculty Handbook](#). In order to participate, the Senior faculty member must also satisfy the "rule of 75" requirement: the faculty member's combined age and years of full-time continuous service at the University must equal or exceed 75. Members of the Associated Faculty are not eligible for the FIAP.

2. At what age may an eligible faculty member participate in the FIAP?

Senior faculty members are eligible to participate in the FIAP if they fit within one of the following age and service categories. Age is determined as of the date of employment termination.

- Ages 60-64: Senior faculty members who meet the rule of 75 and are between the ages of 60 and 64 as of June 30, 2024.
- Ages 65-72: Senior faculty members who have 10 or more years of full-time continuous service and who terminate their employment on or after age 65 but before June 30 of the academic year in which they reach age 72.
- Ages 72 and older: Senior faculty members who have 10 years of full-time continuous service on or after age 72. The faculty member must terminate employment as of June 30 in the academic year in which the eligibility requirements are satisfied.

3. Am I eligible for the revised FIAP if I am already participating in the FIAP? What if I have already elected to participate in the FIAP?

Any senior faculty member who is already participating in the FIAP – or who has submitted an irrevocable election on or before June 30, 2023 to participate in the FIAP – will continue to receive their cash benefits under that prior policy's payment option (24 equal monthly installment payments). In recognition of the additional cash benefit amount available under the revised FIAP, members of this group may be eligible for a cash "top-up" benefit that equals the additional cash amount, if any, that the faculty member would have received under the revised FIAP formula. More information about this revised FIAP formula can be found in the "New Benefit Formula" section below. Any "top-up" benefit will be paid as a lump sum and will not change the previously established monthly installment payments.

4. Am I eligible for the revised FIAP if I participate in the Phased Retirement Program?

Any senior faculty member who participates in the Phased Retirement Program (as described in the Faculty Handbook, [Section II.E.9](#)) may participate in the FIAP under the Immediate FIAP option, so long as they remain eligible for the FIAP at the conclusion of the phased retirement period. However, eligible senior faculty members may only participate in one phased work program: a faculty member who participates in the Phased Retirement Program may not also participate in the Phased Work FIAP.

5. May I take scholarly leave before participating in the FIAP?

Faculty members may take scholarly leave immediately before participating in the Immediate FIAP or the Phased Work FIAP, provided they meet the FIAP eligibility requirements at the end of the scholarly leave. The faculty member is expected to engage in scholarly study and research during the time of the leave.

Faculty members who elect to participate in Phased Work FIAP may not take scholarly leave during the phased work period.

6. May I return to work after I have participated in the FIAP?

The FIAP is a severance policy. When senior faculty members participate in the FIAP, they terminate their employment and, as such, are expected to stop performing all services for the University. However, in particular circumstances, a senior faculty member may be permitted to return to work for the University. Before returning to work, the faculty member must obtain the approval of their Dean and the Vice Provost for Faculty. The level of services to be performed, if approved, must be no more than 20% of the level of services performed before the termination (the "20% Rule").

Faculty members take on different responsibilities and roles as members of the University community. The 20% Rule will be applied based upon all available facts and circumstances, in consultation with your department chair, Dean and the Provost's office. The following activities are each separately presumed to constitute 20% of a faculty member's pre-termination level of service, and would therefore comply with the 20% Rule:

- Teaching one credit unit each year (or teaching courses, for credit or non-credit, with an equivalent workload).
- Working in a research position for the equivalent of no more than eight hours per week.
- Assisting with a defined special project for the equivalent of no more than eight hours per week.

Requests to return to work after termination under FIAP should demonstrate that this engagement is required to maintain mission continuity and must be reapproved annually.

For more information about returning to work after participating in the FIAP, please consult the FIAP Booklet.

New Benefit Formula

1. What is the cash benefit in the revised FIAP?

The cash benefit in the revised FIAP is 200% of an eligible faculty member's academic base salary (defined by the academic salary plan for faculty in the Perelman School of Medicine). This is an increase from the previous FIAP benefit, which was the greater of 165% of a faculty member's academic base salary or 165% of the average academic base salary of full professors in the faculty member's school, not to exceed 200% of the senior faculty member's actual annual compensation.

For a limited number of senior faculty members, the cash benefit of the previous FIAP may be larger than the cash benefit of the revised FIAP. Accordingly, the University will provide a one-year transition period for the current academic year (July 1, 2023 through June 30, 2024). During this one-year transition period, eligible faculty members who are between the ages of 60 and 69 as of June 30, 2024 and who elect to begin benefits under the Immediate FIAP or Phased Work FIAP by June 30, 2024 will have a cash benefit equal to the larger of the benefit calculated under the previous FIAP and the benefit calculated under the revised FIAP. For more information about this one-year transition period, please consult the FIAP booklet.

2. What are the new payment options?

The FIAP has been revised to include two payment options: the Immediate FIAP, which results in immediate termination of employment, with payment spread over two calendar years, and the Phased Work FIAP, which results in a two-year phase down to retirement, with payment spread over three calendar years.

3. How does the Immediate FIAP payment option work?

If a senior faculty member elects the Immediate FIAP, the cash benefit will be paid in two installments: *first*, half of the cash benefit 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 will be paid in a lump-sum on or before March 15th of the year following termination of employment.

4. How does the Phased Work FIAP payment option work?

A senior faculty member who elects the Phased Work FIAP agrees to work for the University for a two-year phased work period during which the faculty member's workload will be reduced by 50%. This period may begin as early as age 63, provided the faculty member meets the other eligibility requirements to participate in the FIAP, and must end in an academic year in which the faculty member still remains eligible for the FIAP. Effective on the date when the phased work period concludes, the faculty member will terminate employment with the University. Faculty members should consult with their dean and/or department chair to determine workload expectations during the phased work period. The Phased Work FIAP cash benefit will be paid in two parts:

- During the two-year period of phased work, the cash benefit will be paid through continued 100% pay despite a reduction to 50% workload. (Pay is defined as the academic base salary or academic salary plan, subject to ordinary course merit increases that may occur during the two-year period.)
- On or before March 15 of the year following termination of employment, the unpaid portion of the cash benefit will be paid in a lump sum. This portion of the cash benefit will be based on the full-time equivalent of the academic base salary received in the last year of the two-year period of phased work.

5. If I take Phased Work FIAP, what level of work constitutes a 50% workload?

Faculty members take on different responsibilities and roles as members of the University community. What constitutes a 50% workload should be based upon all available facts and circumstances, in consultation with your department chair and Dean.

The following activities are each presumed to constitute a 50% workload:

- Teaching two credit units each Academic Year when the typical course load is four credit units per year.
- Working the equivalent of twenty hours per week on funded research.
- Some combination of these and other activities (e.g., clinical practice, committee service).

6. If I participate in the Phased Work FIAP, am I eligible to receive additional payments from the University during the two-year phased work period?

Yes, during the two-year phased work period, a faculty member may receive additional payments from the University such as summer research/grant funding or an administrative stipend. At the end of the two-year phased work period, the faculty member is expected to terminate employment.

7. How is the FIAP payment calculated if I participate in the University's Phased Retirement plan and then take the Immediate FIAP?

If a senior faculty member elects to participate in the University's Phased Retirement plan (as described in the Faculty Handbook) and then, at the end of that period, remains eligible for and takes the Immediate FIAP, the FIAP payment is calculated based on the full-time equivalent of the academic base salary received in the last year of Phased Retirement.

8. Under the revised FIAP, will I still have the option to receive 24 equal monthly installment payments?

No, the payment options under the revised FIAP are the Immediate FIAP and the Phased Work FIAP. Unless you are currently receiving FIAP payments or submitted an irrevocable election on or before June 30, 2023 to participate in the previous FIAP, you cannot receive payments of 24 equal monthly installments.

9. Why is the University making these changes?

The revised FIAP is designed to offer an improved cash benefit, while recognizing that some faculty members may be seeking to retire later and have more flexible retirement options.

10. Am I required relinquish tenure to participate in the FIAP?

Faculty are required to relinquish tenure and their position as a member of the Standing Faculty to participate in the FIAP. If you choose to participate in the FIAP, you will relinquish tenure and your Standing Faculty status on the date your employment terminates. You will submit an irrevocable election to relinquish tenure and Standing Faculty status as a condition to participate in the FIAP.

Tax Implications

1. What are the tax implications of the revised FIAP?

Benefits paid to you under the revised FIAP will be subject to all applicable Federal, state and/or local tax withholding requirements. In general, the FIAP's cash benefits are subject to Federal, state and local income taxes (inclusive of the Philadelphia Wage Tax) and to Social Security and Medicare taxes. Faculty members are responsible for all tax consequences associated with participating in the Plan.

This FAQ does not constitute tax advice, and faculty members are encouraged to speak with their accountant or tax advisor to gain a full understanding of the tax consequences of participating in the FIAP.

2. When will applicable taxes be owed on cash payments made under the revised FIAP?

Immediate FIAP. Because participants receive payment in two lump sum payments, applicable taxes are owed in full when the lump-sum payments are made.

Phased Work FIAP. For the first half of the benefit (when the faculty member has a 50% workload for two years and receives 100% of their academic base salary), applicable taxes are owed for payments as

they are received over the course of the two-year period. For the second half of the benefit, applicable taxes are owed when the remainder of the benefit is received.

3. Is FIAP eligible for Philadelphia City Wage Tax Refund or exemption?

No. If you would like more information about Philadelphia City Wage Tax Refunds, please consult the Department of Finance's list of frequently asked questions ([link](#)). You are also advised to speak with your accountant or tax advisor to gain a full understanding of the Philadelphia City Wage Tax consequences of participating in the FIAP.

Impact on Benefits

1. How does the FIAP impact my employee benefits?

Benefits depend on whether a faculty member chooses the Immediate FIAP or the Phased Work FIAP, as described below (the actual benefits offered and the costs of such benefits will depend on the benefits and plans in effect and available at the time that the faculty member begins to participate in the FIAP):

	Benefits Under Phased Work FIAP	Benefits Under Immediate FIAP
Medical Plan	Eligible for coverage as active employee during phased work period. Upon conclusion of phased work period, coverage under Retiree Medical Plan.	Coverage under Retiree Medical Plan.
Dental Plan	Eligible for coverage as active employee during phased work period. 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.	Retiree dental coverage is available with MetLife Dental or coverage may continue under the group active plan for 18 months under COBRA.
Vision Plan	Eligible for coverage as active employee during phased work period. 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.	Coverage is available via the VSP vision plan for Retirees, or, coverage may continue for 18 months under COBRA.

	Benefits Under Phased Work FIAP	Benefits Under Immediate FIAP
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 FIAP, 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 period.	Not eligible to participate.

	Benefits Under Phased Work FIAP	Benefits Under Immediate FIAP
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>

IMPORTANT DISCLOSURE

A senior faculty member's eligibility for employee benefits will be determined solely in accordance with the official plan documents, summary plan descriptions, or policies governing the terms of the particular benefit, as well as the FIAP Booklet. In the event of any inconsistency between the terms of this FAQ and

the terms of any official plan documents, summaries, or policies, the terms of the official plan documents, summaries, or policies will control. No one acting on behalf of the University or the University's employee benefit plans may verbally change or amend these official plan documents, summaries, or policies.

Although this FAQ contains information about the FIAP and the benefits provided in connection with the FIAP, it is important for eligible senior faculty members to understand that:

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