

### **Changes made to FIAP Booklet since the September 5, 2023 announcement**

*FIAP Program Options.* It was initially decided that the cash benefit for Immediate FIAP would be paid in one lump sum. To recognize concerns about the tax implications of this approach, the payment of FIAP cash benefits under Immediate FIAP will be split into two payments. The first half will be paid in the calendar year in which the faculty member terminates employment and the second half will be paid on or before March 15<sup>th</sup> of the year following termination of employment.

*Termination of Employment.* It was initially decided that faculty who enroll in Revised FIAP would relinquish tenure when benefits commence. For faculty who have elected Phased Work FIAP, this means they would relinquish tenure at the beginning of the two-year work down period. Based on feedback, we understand this approach would be difficult to administer and have other important implications (for example, when faculty relinquish tenure, they lose the ability to vote on promotion and tenure cases). The revised text (p. 2) reads:

- “The senior faculty member must relinquish their full-time tenured appointment and position as a member of the Standing Faculty upon their designated termination date.”

*FIAP Benefits and Death/Disability.* Previously, the sections on FIAP Benefits and Death and FIAP Benefits and Disability specified what would happen in the event of death or disability after faculty “relinquished their tenure rights.” With the change in when tenure is relinquished (as described above), these sections now specify what would happen after benefits commence.

### ***FIAP Benefits and Death***

*If a faculty member dies after they have commenced benefits [previously: relinquished their tenure rights] 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 [previously: relinquished their tenure rights] 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 [previously: relinquished their tenure rights] 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 elects to participate in FIAP but becomes disabled before they have commenced benefits [previously: relinquished their tenure rights] under this Policy, no benefits shall be provided or paid under FIAP. 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.*

The FIAP Benefits and Disability section has also been amended to specify that:

*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.*

Applying for Policy Benefits. The following paragraph was removed from the section in “Administrative Procedures” as it is not relevant (p. 12).

"The releases may include certain provisions, including, without limitation, a requirement that a faculty member agrees: (1) to keep certain information confidential and not disparage the University, (2) to return all University property, and/or (3) not to solicit the University's employees or business relationships for a certain period of time. For faculty who elect to participate in the Phased Work FIAP option, this first release of claims will also include an agreement to relinquish tenure rights at the start of the two-year period of phased work down."

In the final sentence in this section, “will” is changed to “may.” The revised text (p. 12) reads:

“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 [rather than will] be required to repay Policy benefits already received.”

*Administrative Procedures.* Mirroring the practice used for other Penn benefits, the Administrative Procedures were amended to specify that a faculty member who disagrees with a determination made with respect to their FIAP benefits may file an appeal with the Faculty Income Allowance Policy Committee.

### **Changes made to FIAP FAQ since the September 5, 2023 announcement**

*Scholarly Leave.* Under Revised FIAP, Faculty may elect a phased work option (Phased Work FIAP). Faculty have inquired whether they are permitted to use their scholarly leave during this two-year work down period. **The revised FAQ clarifies that scholarly leave may not be taken during the two-year work down period.** (p. 2 of FAQ)

*Immediate FIAP Payment Option.* Reflecting the change in the approach to the Immediate FIAP payment, the FAQ has been revised to indicate that payment for Immediate FIAP will be spread over two calendar years, with the first half paid in the calendar year in which the faculty member terminates and the second half paid on or before March 15<sup>th</sup> of the year following termination of employment. (p. 3 of FAQ). The description of the tax implications of Immediate FIAP was also changed to reflect payment in two installments. (p. 4 of FAQ)

*20% Rule.* Under FIAP, faculty have been permitted to work no more than 20% of their pre-termination level of service (the "20% Rule"). In our discussions with the Deans and other internal stakeholders, we have heard the request for guidance on the level of service that would satisfy this 20% Rule. **Based on this feedback, we revised the FAQ to offer examples of activities that would satisfy this rule: teaching one credit unit each year, working in a research position for up to 8 hours per week, or assisting with a defined special project for up to 8 hours per week.** We have further clarified that, for faculty who are permitted to return to work for research or clinical activity, it must be for a limited duration, with a transitional plan in place. We also specify the need for annual reapproval and note that no new funded research activity will be approved. (p. 2 of FAQ)

This language was further refined (10/23/2023) to remove the statement that no new funded research activity will be approved. Any new funded research activity must meet expectations of the 20% rule.

*50% Phased Work.* If a faculty member elects to take Phased Work FIAP, they agree to work a 50% reduced workload during the two-year work down period. Similar to the 20% Rule, there have been questions regarding the level of service that would constitute a 50% workload. **To clarify this requirement, we have offered examples of work that would satisfy this rule: teaching two credit units each Academic Year, working the equivalent of twenty hours per week on funded research, or some combination of these and other activities (which could include clinical practice or committee service).** (p. 3 of FAQ)

Relinquishing Tenure. It was initially decided that faculty who enroll in Revised FIAP would relinquish tenure when benefits commence. For faculty who have elected Phased Work FIAP, this means they would relinquish tenure at the beginning of the two-year work down period. Based on feedback, we understand this approach would be difficult to administer and have other important implications (for example, when faculty relinquish tenure, they lose the ability to vote on promotion and tenure cases). **Accordingly, we have revised FIAP to provide that tenure will instead be relinquished when faculty terminate employment, which is at the end of the two-year work down period.** (p. 4 of FAQ)