May 12, 2018

To: Thaisa Way, Faculty Senate Chair  
From: Stephan Siegel, chair, Faculty Council on Benefits and Retirement  
Re: Report and Recommendations of the Ad Hoc Subcommittee on Faculty Retirement

Dear Thaisa –

At its recent meeting on April 23, 2018, the Faculty Council on Benefits and Retirement (FCBR) discussed the attached Report and Recommendations, prepared by the Ad Hoc Subcommittee on Faculty Retirement. The subcommittee, chaired by Mícheál Vaughan, reviewed current policies and practices at the University of Washington related to retirement planning, transitioning into retirement, as well as the continued participation of retired faculty.

While several of the topics in the report have previously been discussed by FCBR, the comprehensive nature of the review as well as the specific recommendations by the subcommittee provided FCBR with a valuable opportunity to discuss retirement-related topics.

FCBR’s discussion benefitted from the participation of and input from Cheryl Cameron, Pat Dougherty, Tanya Eadie, Amy Hawkins, Mindy Kornberg, and Mike Townsend. I would summarize FCBR’s position as supportive of the following recommendations made by the Subcommittee:

- **Improve the communication and presentation of information related to retirement planning, including the material provided online by HR and AHR** (Recommendations A.1, A.3, A.7, and B.1).

  In addition, Recommendation A.6 calls for restoring and publicizing individual retirement transition agreements. Cheryl Cameron explained that since the introduction of the voluntary retirement incentive (VRI) option, individual agreements have become rare. While FCBR has not discussed whether or not they should be reintroduced, the council feels that transparency about retirement options and their specific choice variables is crucial.

  Recommendation A.8 asks HR to provide faculty with more information regarding possible supplemental retirement income prior to the retirement decision. FCBR has been working with HR on this topic for some time and hopes to have at least an approximate solution in the near future.

- **Increase the participation of AHR in the work of FCBR, such that FCBR is better informed about and can better influence policy choices, for example with respect to the VRI option, than in the recent past** (Recommendation A.5).

  As you know, AHR used to participate in FCBR meetings until the President’s designee was changed from AHR to HR. This change has made it more difficult for FCBR to be engaged in retirement related issues that fall into the domain of AHR. As previously discussed, AHR has
agreed to attend future FCBR meetings when AHR related topics will be discussed. Increased interaction between FCBR and AHR should ultimately improve Faculty retirement matters.

- **Make the voluntary retirement incentive (VRI) option a regular, as opposed to occasional, retirement option** (Recommendation B.3).

  While FCBR understands that the uncertainty with respect to the future availability of the VRI option acts as an additional retirement incentive, making the VRI option regularly available would allow faculty to better plan for retirement, while still reducing expenses for the University as some faculty choose the VRI option over the more expensive 40% reemployment option.

- **Create more opportunities for retired faculty to remain engaged with the University** (Recommendations A.2 and C.3).

  FCBR recognizes the value of the experience and institutional knowledge of retired faculty and therefore supports recommendations to employ retired faculty members, for example, as consultants for faculty members considering retirement or as members of faculty councils and other university committees.

The report also recommends revising the Faculty Code to more explicitly outline retirement options and processes as well as the status of emeritus faculty (Recommendations A.4, B.2, and C.1). FCBR plans to review these recommendations in more detail in the coming year. However, FCBR would value feedback from the SEC on the recommendation to include specific retirement options, such as reemployment or the voluntary retirement incentive, in the Faculty Code.

Finally, after the FCBR meeting, Cheryl Cameron informed FCBR that AHR already sends a formal appointment notice to newly appointed emeritus faculty members, as suggested by Recommendation C.2. Such an appointment letter could be one out of several opportunities, mentioned in the attached report, to more explicitly spell out the rights and benefits of emeritus faculty at the University.

If you and the SEC agree with the above recommendations, I ask that you convey them to the administration where appropriate, implement them as far as they relate to the Office of the Faculty Senate, or provide feedback to FCBR for the council’s future work. If you and the SEC feel that further discussion is in order, please let me know as well.

Please do not hesitate to contact me in case of any questions you might have.

Sincerely,

Stephan Siegel

Professor of Finance & Business Economics
Michael G. Foster Endowed Professor
Michael G. Foster School of Business
University of Washington