2015 Academic Voluntary Retirement Incentive Program
Frequently Asked Questions

General Program Questions

Q. Who is eligible for the Academic Voluntary Retirement Incentive Program (AVRIP)?
A. You are able to participate in the plan if, as of January 1, 2015, you are an employee who meets the following criteria:
   - Age 65+ (Medicare eligible) with a total of 80 points (combined age and completed years of service)
   - Active full-time benefits eligible employee
   - 9 and 12 month tenured faculty
   - Academic Staff with tenure or Employment Security Status (ESS)
   - Administrators with retreat rights to a tenured faculty position

Q. How is service counted in determining years of service for the AVRIP?
A. Service that would normally be counted to determine an employee’s eligibility for retiree benefits will be counted for the AVRIP. Please note - this excludes service as a teaching assistant, adjunct faculty, voluntary faculty, stipend recipient, part-time faculty, technician, temporary employee or other hourly-rated position.

   A break in service will not negate former countable service time. However, the Total Compensation & Wellness Department must be able to verify the former service in the University records. If in doubt, please call the Total Compensation & Wellness Department for assistance at 313-577-3000.

Q. What is the process for electing to participate in the AVRIP?
   - Determine if you qualify for the program based on your age and completed years of service as of January 1, 2015.
   - Obtain a copy of the Confidential Separation and Release Agreement. Click the following link for a copy of this Agreement: [http://hr.wayne.edu/tcw/retiring/avrip-separation-agreement.pdf](http://hr.wayne.edu/tcw/retiring/avrip-separation-agreement.pdf)
   - Review and complete the Agreement if electing to participate in the program
   - Return the signed Agreement to the Total Compensation and Wellness Department no later than February 6, 2015.

Q. If I elect to participate in the AVRIP what is my official retirement date?
A. For 9 month employees your retirement date will be May 15, 2015.
For 12 month employees your retirement date will be August 30, 2015.

Q. What is the deadline to elect the AVRIP?
A. A copy of your letter of retirement and signed Confidential Separation and Release Agreement must be received by the Department of Total Compensation and Wellness by close of business on February 6, 2015.

Q. Who signs the Confidential Separation and Release Agreement for Wayne State?
A. Once you have completed the Agreement, Total Compensation & Wellness will coordinate the signature process.

Q. What other benefits are available to an AVRIP retiree?
A. As an AVRIP retiree you have access to current retiree benefits. These include retiree medical, dental and vision that can be elected at 100% of the program cost. Additional information on standard retiree benefits can be accessed through the following link: http://www.hr.wayne.edu/tcw/benefits/baretirement.php

Q. I have a dependent that will be a student in the Fall 2015 semester. If I retire under this program will the benefit for my dependent continue?
A. The standard tuition program rules apply to AVRIP participants. If you elect this program, the reduced tuition benefit for your dependent(s) will not be available for the Fall 2015 semester. Please click on the following link for more information on the tuition assistance program http://www.hr.wayne.edu/tcw/benefits/batuitasst.php

Q. What is the duration of the $25,000 life insurance benefit provided by the AVRIP?
A. The WSU provided life insurance is a permanent term insurance policy and is not subject to age related reductions.

Q. If I elect the program, are there other forms beside the letter of retirement and Confidential Separation and Release Agreement that will need to be completed?
A. Yes, other forms that would apply to a retiring employee may need to be completed. Examples include the medical, dental and vision enrollment forms. Please click on the following link for more information about retiree benefits and retiring from WSU http://hr.wayne.edu/tcw/retiring/index.php

Q. Working After Retirement - What are the rules regarding employees coming back to work at WSU during the 5-year benefits period?
A. Participants must not work in any paid capacity for the University on any day during the period that begins with the first day of retirement and ends 5 years later at the conclusion of the healthcare support period. If the participant works at and is paid by WSU during this period (is rehired), all future incentive payments and healthcare support payments shall be forfeited.
Q. Will this type of program be offered in the future by Wayne State University?
A. The University does not intend to offer a similar retirement incentive program for at least 5 years.

Incentive Payment Questions

Q. How do I compute the amount of my incentive payment?
A. You can compute the amount of your incentive payment by completing the following steps:

12 or 9 Month Employee
1. Determine your total points by adding together your age and completed years of service as of January 1, 2015.
2. Determine your incentive allocation (8, 10 or 12 months) from the table below.
3. Divide your annual base salary in effect as of January 1, 2015 by 12 and multiply by your allocated number of months. Annual salary is defined as the current base salary including all attachments.

<table>
<thead>
<tr>
<th>Combined Years of Service Plus Age (Points)</th>
<th>Months of Annual Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>As of January 1, 2015 Program Effective Date</td>
<td></td>
</tr>
<tr>
<td>80 to 94 Points</td>
<td>8 Months</td>
</tr>
<tr>
<td>95 to 109 Points</td>
<td>10 Months</td>
</tr>
<tr>
<td>110+ Points</td>
<td>12 Months</td>
</tr>
</tbody>
</table>

Q. How do I receive the incentive payment?
A. The incentive payment consists of two components, an Employer Discretionary Contribution and depending on your individual situation a Taxable Payment.

1) Employer Discretionary Contributions - Tax deferred amount allocated annually to the 403(b) plan subject to the following annual IRS regulations
   a) The lesser of:
      (i) The participants compensation for his/her most recent year of service
      (ii) IRS current annual limit ($53,000 for 2015)
   b) Installment payments spread over 1 to 5 years to comply with IRS limits.
   c) Based on age 65 requirement, participants may access funds immediately
   d) Contributions are exempt from FICA taxation.
2) Taxable Payment – Any portion of the incentive amount in excess of $265,000 less any 2015 year to date 403(b) contributions will be paid as a taxable cash payment at time of retirement.

There is NO option for participants to elect cash rather than Post Employment 403(b) contributions.

Q. What is the tax treatment for the incentive payment?
A. Under current tax rules, participants do not pay FICA taxes on the incentive amounts deposited into their 403(b) accounts, and federal and state taxes are deferred until participants withdraw funds from their 403(b) accounts. Any taxable payments will be treated as normal income and subject to taxation.

Q. How is the incentive payment allocated to my 403(b) account?
A. The incentive is allocated to the 403(b) plan in September of each year up to the IRS limits as described above. The limit amount will be allocated to the 403(b) each year until the incentive is exhausted. Examples of how different incentive amounts would be allocated are as follows:

<table>
<thead>
<tr>
<th>Participant Annual Base Salary</th>
<th>Months of Incentive</th>
<th>2015 Incentive Amount</th>
<th>2015 Incentive *</th>
<th>2016 Incentive</th>
<th>2017 Incentive</th>
<th>2018 Incentive</th>
<th>2019 Incentive</th>
</tr>
</thead>
<tbody>
<tr>
<td>$175,000</td>
<td>12</td>
<td>$175,000</td>
<td>$53,000</td>
<td>$53,000</td>
<td>$53,000</td>
<td>$16,000</td>
<td>$0</td>
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<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

* Actual 2015 Incentive amount based on participants current 403(b) plan deferrals

Q. How is the payment treated upon the participant’s death?
A. The Participant’s estate shall be paid an amount equal to the amount of the incentive that has not been contributed to Participant’s 403(b) retirement plan account. If the University does not receive notice of Participant’s death within 6 months after the date of Participant’s death, the estate shall forfeit the right to any remaining payments.

**Healthcare Benefit Questions**

Q. What is the amount of the fixed annual healthcare support payments?
A. The annual support payment is based on your coverage level as an active employee at time of retirement as illustrated in the table below:
<table>
<thead>
<tr>
<th>Coverage Level</th>
<th>Annual Healthcare Support Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single (or no active coverage with WSU)</td>
<td>$3,770</td>
</tr>
<tr>
<td>2-Person</td>
<td>$7,540</td>
</tr>
<tr>
<td>Family</td>
<td>$11,310</td>
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</table>

Q. How were the healthcare financial support payment amounts determined?
A. The fixed healthcare support payments are equal to 70% of the cost of WSU’s 2015 Medicare Advantage Plans (Aetna – Medicare Advantage and Health Alliance Plan Senior Plus).

Q. How are the healthcare financial support payments provided during the 5-year eligibility period?
A. WSU will deposit the support payments into a Health Reimbursement Arrangement (HRA) account in September of each year based on the retirees WSU medical family status at time of retirement (single, 2-person or family). Retirees that opted out of the active WSU medical coverage will receive the single financial support payment amount.

Q. If I elect to participate in the AVRIP when do my active employee benefits end?
A. For both 9 and 12 month employees, your active employee benefits end on August 31, 2015. Your initial annual medical financial support payment will be deposited into an HRA account in September 2015.

Q. If the WSU retiree were to pass away during the 5-year financially supported healthcare period could the surviving spouse continue to receive the annual payments?
A. No, any future annual healthcare support payments will not be made. The financial support payments are only available to the WSU retiree.

Q. Does the WSU retiree have to elect WSU medical insurance at the onset of retirement?
A. No, the annual healthcare financial support payments will be provided regardless of the coverage elected by the WSU retiree. Reentry into WSU medical coverage outside of open enrollment is subject to existing retiree medical plan eligibility guidelines. Under no circumstance will subsidized healthcare coverage extend beyond 5 years from the retirement date.

Q. If the retiree were to have a family status change during the 5-year financially supported healthcare period would the annual payment be adjusted?
A. Yes, the annual payment would be adjusted to reflect the change in family status (i.e. single to 2-person).

Q. What WSU medical plans are available to retirees?
A. All medical plans offered to employees are available with the exception of the Community Blue PPO and the Total Health Care HMO. In addition, for
Medicare eligible retirees, the Aetna Medicare Advantage and Health Alliance Plan Senior Plus options are also available.

Q. Upon retirement do I need to apply for Medicare?
A. If you have not signed up for Medicare, you will need to apply for Medicare Hospital Coverage (Part A) and Medical Insurance (Part B) three months prior to your retirement date. Depending upon your medical plan choice you may also need to apply for Prescription Drug Plan (Part D). For more information on Medicare benefits please contact the Social Security Administration at www.socialsecurity.gov or 1-800-772-1213.

Health Reimbursement Arrangement (HRA) Questions

Q. What is a Health Reimbursement Arrangement (HRA)?
A. A Health Reimbursement Arrangement is a tax-advantaged account designed to cover your healthcare costs. The money contributed to this account is not taxed, and you can access these funds to pay for any qualified medical expense for you or your IRS dependents for a period of up to 10 years. An HRA can be coupled with any type of health insurance plan.

Q. What is the effective date for the HRA?
A. The effective date of the HRA is September 1, 2015. Additional information on the HRA is provided on the Academic Voluntary Retirement Incentive Program web page http://hr.wayne.edu/tcw/retiring/avrip.php.

Q. If the WSU retiree were to pass away during the 10 year HRA period, what happens to any remaining balance?
A. The remaining balance would be available to any IRS dependents of the retiree subject to terms of the HRA program.

Q. What type of expenses can the HRA be used for?
A. The HRA can be used to offset healthcare related expenses including the cost of medical coverage. Please refer to the list of Qualified HRA Expenses document on the Academic Voluntary Retirement Incentive Program web page http://hr.wayne.edu/tcw/retiring/avrip.php.