

FACULTY EARLY RETIREMENT INCENTIVE PROGRAM (FERIP) FREQUENTLY ASKED QUESTIONS

1. What is FERIP?

FERIP is an acronym for VCU's Faculty Early Retirement Incentive Program, which is a financial early retirement incentive for certain tenured faculty. FERIP is designed to facilitate the release of tenured faculty resources for budget reallocation or reduction in accordance with VCU's Strategic Plan goals, changes in enrollment and other University needs. For more information, see the [FERIP](#) program documents.

2. What is the monthly FERIP payment?

Faculty who are accepted into FERIP receive a FERIP Agreement, which indicates the amount of monthly payment. Faculty who have questions may contact the FERIP Program Coordinator for their campus, as noted in #9 below.

3. If approved for FERIP, what are the next steps?

- Faculty have 30 days from the date of FERIP notification to execute their agreement. This includes submitting a letter of retirement or resignation from their tenured position.
- **Immediately** plan to attend a session on either "How to Retire With VRS" or "How to Retire with ORP," if you are retiring. These sessions are offered regularly by VCU HR and cover the process of initiating retirement. Please log into [Talent@VCU](#), click on the "Learning Center" tile, and search for the applicable session title to enroll. Once you have completed the seminar, prepare your election forms and return them to VCU Human Resources. You may schedule an individual appointment with VCU Human Resources to review your retirement paperwork upon request. If you are separating under FERIP *without* retiring¹, please consult VCU Human Resources for instructions.
- Virginia Retirement System (VRS) forms should be returned to VRS *no later than* 60 days prior to the effective date of retirement. VCU Human Resources can return these on your behalf, or you may return them directly to VRS.
- Retirees in the VCU Optional Retirement Plan (ORP) should submit completed paperwork to VCU Human Resources, Benefits Administration no later than 30 days prior to retirement. If planning to draw income from the ORP, the retiree must make an election directly with their ORP account provider (TIAA or Fidelity Investments).
- On-campus counselors from each participating ORP account provider are available to assist. Appointments may be scheduled using the information at [this URL](#).

4. What other information about benefits is relevant to participation in FERIP?

- Faculty who retire* with 15 or more years of State service covered by VRS or an ORP are eligible for a monthly health insurance credit to assist with payment of retiree health coverage premiums. The health insurance credit is a state benefit that is separate from the FERIP health care supplement. Retirees are also eligible for VCU-paid life insurance and a number of other benefits that VCU Benefits will coordinate.
- FERIP participants who are eligible for VRS retirement but defer receipt of their VRS benefit are not eligible to participate in the State Health Benefits Program for Retirees; however, they may elect Extended Coverage (COBRA) for up to 18 months. They may be eligible for VCU-paid life insurance if they meet minimum age and service requirements for retirement.
- All FERIP participants must complete Plan election forms to indicate the manner in which the incentive (and health care supplement, if applicable) is to be paid.

*The term "to retire" is defined as immediately accepting, and not deferring, a monthly retirement benefit from the VRS or separating from an ORP-covered position having met the same age and service thresholds required to retire under the VRS plan for which they would have been eligible at the time they elected the ORP.

Meeting this definition of retirement is a requirement to participate in the State Health Benefits Program for Retirees.

- All FERIP participants must complete Plan election forms to indicate the manner in which the incentive (and health care supplement, if applicable) is to be paid.
 - Participants may choose to have all or part of the incentive (and health care supplement, if applicable) rolled over to a tax-favored plan such as an Individual Retirement Account (IRA) or paid directly to the participant.
 - Each participant is issued a “Special Tax Notice” that describes the tax implications of payment choices.
 - All payments under the Plan are made electronically using account information supplied by the participant. Participants are free to change their payment election (and revoke previous elections) at any time.

5. Can life insurance be maintained without taking a distribution from retirement funds?

Yes. Note also the following:

- ORP participants hired prior to July 2010 qualify for retiree group life insurance at no cost, whether or not they take a periodic distribution from the ORP, if they terminate employment with the Commonwealth of Virginia (1) at age 55 or older with at least five years of service, or (2) between the ages of 50 and 54 with at least 10 years of service.
- VRS participants who meet age and service requirements to retire under a VRS defined benefit plan when they terminate employment, but defer receipt of defined retirement benefits, are also eligible for continuation of group life insurance at no cost.
- A 25 percent reduction in the amount of group life insurance coverage begins on January 1 following the first full calendar year after termination of employment. This reduction continues each January 1 until the amount of coverage is 25 percent of the value of the natural death coverage at termination of employment.

6. What happens to my balances, if any, in the Tax-Deferred Annuity (TDA/403b) Plan, Virginia Deferred Compensation Plan (DCP/457) and Cash Match Plan (401a)?

Contributions to these plans stop upon retirement. Balances may remain in the TDA and DCP; however, the IRS requires a minimum distribution at age 72. VCU Cash Match funds should be withdrawn or rolled over to another plan *within 90 days* of termination of employment.

7. What is the potential tax impact of FERIP payments on my Social Security payments?

Please consult with your personal tax advisor regarding tax implications, if any.

8. Does FERIP restrict my re-employment with VCU?

Participation in FERIP will not preclude you from some future employment with VCU or with another Virginia agency or institution **on a part-time, temporary basis** (in a position not eligible for participation in the VRS or ORP). However, any reemployment must be in accordance with the criteria and procedures outlined in VCU’s [Procedures for Part-Time Employment of Retirees](#). Criteria include the following:

- Position duties must not be identical to those performed prior to retirement.
- Whether you are retiring or separating, re-employment with VCU is not permitted until at least 26 weeks have elapsed since the last day of benefits-eligible employment in a state faculty position.
- If you retire, re-employment with any other Commonwealth of Virginia employer must be after a bona fide break in service has occurred. A bona fide break in service must be at least one full calendar month during a period when you would normally have worked in the job from which you separated or retired. Employment agreements shall not be arranged prior to the completion of the required separation period.

Under no circumstances should employment agreements be discussed prior to the retirement date (always the 1st of a month).

- The re-employment agreement must be for a limited term. The retiree cannot work more than 29 hours, on average, per week to comply with the Commonwealth of Virginia's Manpower Control Program.

9. Where can I find more information about FERIP?

- Visit the [FERIP](#) program documents
- Contact the **FERIP Program Coordinator** for your campus:
 - *Monroe Park and VCUQ Campuses:* Jess Hill, Exec. Director of Faculty Human Resources, jshill2@vcu.edu
 - *MCV Campus:* Angie Johnson, Exec. Director of Human Resources, johnsona60@vcu.edu

Additional Resources

For more information about VCU benefits and retirement, please visit the following websites:

- <https://hr.vcu.edu/benefits/all-benefits/> (VCU Faculty Benefits)
- www.varetire.org (Virginia Retirement System and Virginia Deferred Compensation Plan)
- <https://hr.vcu.edu/benefits/all-benefits/retirement/optional-retirement-plan-orp/> (VCU Optional Retirement Plan for Faculty)