

Faculty Reinvestment Program Description **2010**

1. Purpose

Quality, experience, and expertise in emerging disciplines and pedagogical approaches are key ingredients in a university faculty. A balance between experience and innovation are essential to the advancement of the institution. The Faculty Reinvestment Program (“FRP”) is a tenured faculty voluntary separation program, which will facilitate responses to budgetary pressures and the hiring of new faculty and, thus, serve the academic mission of the University of Medicine and Dentistry of New Jersey (“UMNDJ” or “university”).

2. Description of the FRP

Faculty members who meet the eligibility criteria set forth below will have a limited opportunity to apply to participate in the FRP. Faculty members whose applications are approved will relinquish their tenure by way of resignation or retirement in exchange for payment in the amount and manner set forth below. This is a voluntary program. Eligible faculty members are free to choose whether to apply for this FRP.

The FRP will be administered by the deans at the unit level. A faculty member’s school of primary appointment will determine in which unit a faculty member’s application to participate in the FRP will be considered.

3. Eligibility for Application to Participate in the FRP

Application for participation in the FRP is available only to faculty members who meet the following criteria:

- Must be a tenured faculty member at UMDNJ as of November 1, 2010.
- Must be a member of the Alternate Benefit Program.
- Must have at least 25 years of service to UMDNJ (based upon initial paid faculty appointment date) on December 31, 2010.
- Must not have signed a written agreement to resign or retire as of November 1, 2010.

4. FRP Application and Election Period

The FRP election period shall be the period following the date on which distribution to eligible faculty of FRP documents is made, which will occur on or before November 1, 2010. Eligible tenured faculty members wishing to participate in the FRP must file the Application and Election Form and Release of Claims Form provided by the university during this period. Forms must be received by the faculty member’s dean on or before 4:30 p.m. on December 16, 2010. Deans may make exceptions to the application deadline on a case-by-case basis. However, any request for an exception to the application deadline must be made to the faculty member’s dean in writing by 4:30 p.m. on December 16, 2010. In the event that such a request is granted, the date

for calculation of benefits under the FRP will remain December 31, 2010. In addition, the final date by which you must separate from employment will not be extended.

5. University Review

The dean of the school where the faculty member holds a primary appointment shall be responsible for reviewing all Application and Election Forms and Release of Claims Forms from faculty members in the dean's academic unit. The deans are authorized on behalf of the university to approve or to disapprove applications submitted pursuant to the Faculty Reinvestment Program. The deans will communicate their approval or disapproval of applications under the FRP within 14 days after receipt of the applications.

6. Effective Date of Tenure Relinquishment

The effective date of tenure relinquishment shall be: (1) December 31, 2010; (2) between January 1, 2011 and March 31, 2011; or (3) between April 1, 2011 and June 30, 2011.

7. Tenure Relinquishment and Release

The FRP Application and Election Form shall contain: 1) an agreement that the faculty member relinquishes tenure by the date selected, which also is the effective date of the faculty member's resignation or retirement, and 2) an agreement to execute a general release in the form provided by the university.

8. Payment

Amount of Payment and Payment Cap: Subject to the payment cap set forth below, eligible faculty members who elect and are approved to participate in the FRP shall receive a total payment in the amount of 2% of the faculty member's annual academic base salary for every year of service up to 25 years, plus an additional 5% of annual academic base salary per year of service beyond 25 years, provided however that the faculty member shall immediately and permanently forfeit this payment if the faculty member dies on or prior to the date tenure relinquishment becomes effective. For purposes of the FRP, the annual academic base salary used to determine the amount of the payment shall be what the faculty member's annual academic base salary is as of December 31, 2010. In addition, if a faculty member chooses to relinquish his/her tenure and separate from the university on an effective date following December 31, 2010, his/her years of service as of December 31, 2010 still will be used for purposes of calculating his/her total payment pursuant to the FRP. The payment is taxable and the university shall make all withholdings from the payment as required by law. The payment to be made pursuant to the FRP shall be capped at 175% of the faculty member's annual academic base salary as of December 31, 2010. For purposes of the FRP, annual academic base salary shall not include any salary component other than the academic base salary assigned pursuant to the current, applicable collective bargaining agreement or the university's applicable salary scale.

Timing of Payment in Case of Approval: Payment shall be made in two successive annual installments. If a faculty member relinquishes tenure and separates from the university effective December 31, 2010, he/she will be paid 50% of the total payment during the 3rd quarter of UMDNJ's fiscal year 2011 (*i.e.*, between January 1 and March 31, 2011). He/she will be paid the second 50% of the total payment one year after payment of the first 50%. If a faculty member relinquishes tenure and separates from the university effective any date between January 1, 2011 and March 31, 2011, he/she will be paid 50% of the total payment during the 1st quarter of UMDNJ's fiscal year 2012 (*i.e.*, between July 1 and September 30, 2011). He/she will be paid the second 50% of the total payment one year after payment of the first 50%. If a faculty member relinquishes tenure and separates from the university effective any date between April 1, 2011 and June 30, 2011, he/she will be paid 50% of the total payment during the 2nd quarter of UMDNJ's fiscal year 2012 (*i.e.*, between October 1 and December 31, 2011). He/she will be paid the second 50% of the total payment one year after payment of the first 50%.

Faculty members may confer with their tax advisors with respect to the timing of the payment and other aspects of the FRP. The university cannot furnish tax advice and, therefore, cannot respond to inquiries concerning how the FRP or the payment affects a faculty member's tax liability.

9. Benefits for Tenured Faculty Who Choose to Retire

Participants in the FRP who choose to retire shall receive benefits in retirement which they otherwise are eligible to receive based upon applicable law and the rules and regulations of the New Jersey Division of Pensions and Benefits. Nothing in the FRP is intended to alter or enhance the benefits to which faculty members are entitled by virtue of their participation in the Alternate Benefit Program. UMDNJ makes no representations of any kind concerning the benefits to which a faculty member will be entitled upon retirement. The payment to faculty members pursuant to the FRP (Section 8 above) will be made by UMDNJ and will not be made by or through the Alternate Benefit Program. Faculty members are not required to retire to participate in the FRP, but must otherwise separate from the university by way of resignation, effective no later than June 30, 2011.