FACULTY ASSEMBLY FACULTY AFFAIRS COMMITTEE RECOMMENDATIONS FOR PHASING OUT THE CURRENT RETIREMENT INCENTIVE PROGRAM

The Faculty Assembly Executive Committee asked the Faculty Affairs Committee to consider developing a schedule for phasing out the current practice of giving 8% and 7% raises during the last two years of a faculty member's career as a retirement incentive. The FA FAC was specifically asked to consider a fixed termination date for the current retirement incentive program such as May 2012. The FA FAC met on October 12, 2011, and reached the following conclusions:

The committee recognizes that retiring William & Mary faculty have worked tirelessly throughout their careers to promote engaged learning and build the reputation of the College as a leading liberal arts university. In recent **decades**, they have suffered severe salary compression in part because the funds for the retirement incentive are taken from the salary pool. Compressed salaries have constrained the ability of individual faculty to personally fund their own retirement. Within these constraints, faculty approaching retirement age have planned for retirement counting on 8% and 7% raises from the College in the last two years of their career. The committee was strongly opposed to termination of the current practice of giving 8% and 7% raises during the last two years of a faculty member's career until a formal, transparent and comparable alternative was in place. The committee recognizes that devising any alternative retirement incentive is a challenging task requiring a balance between the goals of achieving faculty salary levels in the 60th percentile of the state approved peer group and maintaining a reasonable age distribution of the faculty through a retirement incentive plan.

Our recommendation is that the College continue the current practice of giving 8% and 7% raises during the last two years of a faculty member's career until the College adopts a formal, transparent alternative with a comparable net benefit to retiring faculty.

SPECIFIC RECOMMENDATIONS:

1. Take the measures necessary to achieve and maintain faculty salary levels in the 60th percentile of our state approved peer group so faculty are better able to fund their own retirement through the Optional Retirement Plan. Salaries of retiring faculty after numerous years of service to the institution should be high enough to hire a junior replacement with an adequate cost savings to fund a retirement incentive.

2. The Faculty Compensation Board should develop an estimate of the net benefit enjoyed by retiring faculty as a group derived from the current practice of giving 8% and 7% raises during the last two years of a faculty member's career to those participating in VRS, based on a reasonable estimate of life expectancy.

3. The Faculty Compensation Board should develop an alternative retirement incentive program using the net cost and benefit of the current program as guides. A flat lump sum tied to a percentage of the campus-wide average faculty salary, possibly weighted by years of service, is one of several suitable models.

4. The current faculty retirement incentive program of providing 8% and 7% raises from the College in the last two years of their career should be phased out over a period of three to five years when the alternative retirement system becomes available. Decreasing the raises offered by one or two percent annually through the phase out period was viewed as an acceptable model for phasing out the current retirement incentive program once an alternative was in place.