

**University of Puget Sound
Faculty Meeting Minutes
September 19, 2006**

1. In President Thomas's temporary absence, Academic Vice President Kris Bartanen called the meeting to order at 4:11 p.m. Forty-two voting members of the faculty were in attendance by 4:27 p.m.
2. John Finney was elected Faculty Secretary for 2006-2007.
3. Minutes of the April 11, 2006 faculty meeting were approved as posted.
4. President Thomas relieved Dean Bartanen as chair and called for announcements. There were none.
5. President Thomas reported that we were off to a great start this term. He thanked everyone involved in making the recently concluded Race and Pedagogy Conference such an extraordinary event.

He thanked science faculty and others who helped bring Harned Hall to reality, and expressed special appreciation to those who have moved into temporary quarters and classrooms as the science center project moves forward. He said he was excited about E.O. Wilson's Swope Lecture and the Harned Hall dedication upcoming next week.

President Thomas reported that the President's Advisory Committee is making good progress on recommendations to trustees next May for a comprehensive capital campaign. He said he would keep us posted.

6. Dean Bartanen reported that, while the recent fall faculty conversation highlighted several elements of the strategic plan (civic scholarship, environmental responsibility, diversity), there would be opportunity this fall to discuss other elements as well in smaller conversations with faculty that she will be organizing, particularly international education and the balance of disciplinary and interdisciplinary curriculum.

She reported that Associate Dean John Finney and Assistant Dean Carrie Washburn have announced their retirements at the end of this academic year. She invited faculty to provide her with their ideas for what might be appropriate for the dean's office in light of these retirements. Faculty wishing to provide confidential comments in this regard may take advantage of Liz Collins' offer to serve as an intermediary. She will forward messages she receives at lcollins@ups.edu to Dean Bartanen anonymously.

7. John Hanson presented the Faculty Senate report for Faculty Senate Chair Barry Anton, who was teaching a class at the time of today's meeting. Hanson reported that faculty

senators had reviewed the Faculty Bylaws at their recent retreat. More recently, senators had reviewed and approved charges to the Senate's standing committees.

8. President Thomas turned to Dean Bartanen for the first reading of a proposed amendment to Chapter V, Part D, Section 2 of the Faculty Code, dealing with the early retirement and career change benefit. Her purpose in bringing the proposed amendment to the faculty was to bring code language into line with the early retirement and career change policy that was recently revised to be consistent with new IRS rules. The new and old policies, as well as current and proposed code language, were contained in a side-by-side document that was distributed to faculty with the agenda for today's meeting. Hard copies of the document were available at today's meeting. The document is attached to these minutes. A cover memo Dean Bartanen wrote to explain the reason for the changes also accompanied the agenda, was available in hard copy at today's meeting, and is attached to these minutes.

Dean Bartanen explained that recent IRS rulings do not allow as much flexibility in shaping the form of the early retirement and career change benefit as has been our past practice. Specifically, our policy has allowed faculty to elect to receive the benefit in a lump sum or in several payments over time. Current law allows the lump sum option only. She said the university worked with two legal firms to adjust our policy to come into compliance with the law. The changes were approved in concept by the board last spring. She proposed today that she explain the changes in the policy and respond to questions about the policy, and then move the amendment to the code and explain those changes.

Bill Beardsley asked if the code amendment had been approved by trustees. Bartanen responded that it had not, because language for the code amendment was not ready for the board last May. She said the board approved in concept the change to the early retirement and career change policy (to a single lump sum early retirement benefit payment) that the law requires, with the expectation that language would be written and brought back to them.

Beardsley said he understood then that our considering the proposed amendment before the board has done so was a matter of timing, and Dean Bartanen confirmed that was the case. She added that the policy change must be implemented by the end of this calendar years.

Dean Bartanen then walked us through the policy changes on the side-by-side document. She explained that faculty hired prior to July 14, 1988 are automatically approved for the early retirement and career change benefit so long as they apply with at least 365 days notice. Faculty hired after that date have to be approved for the benefit. Another revision to our policy allows faculty to retire at the end of either fall or spring terms, rather than just at the end of the academic year. This allows one to work through fall term, yet receive the benefit payment in the next calendar year, which may be beneficial for tax purposes. She also pointed out that the early retirement or career change benefit includes other benefits in addition to salary, such as the post retirement medical plan.

Beardsley pointed out that reference to 25 years of service on page 4 of the side-by-side document was in error, and should be 20 years. Dean Bartanen agreed this was indeed the case and said that the error would be corrected.

Regarding when the lump sum benefit is received, Dean Bartanen explained that the “after the faculty member has performed the substantial services required by the university” language on page 5 of the side-by-side document was critically important, because it prevents faculty from being taxed on the benefit as soon as they become eligible for it, rather than if and when they actually receive it. She said Director of Human Resources Rosa Beth Gibson has been working on tax deferral possibilities that may help to mitigate the tax implications of a large lump sum payment.

David Droge asked why the “normal retirement year” in the early retirement and career change policy is age 65. If it is because age 65 is when full social security benefits begins, he noted that the age for full social security benefits has increased beyond age 65. Dean Bartanen explained that Terry Cooney and Karen Goldstein researched the fiscal implication of moving the university’s normal retirement age to correspond with Social Security Normal Retirement Age. The cost of doing so is quite high. She said the issue of what our normal retirement age should be is a bigger question that could to be addressed separately from today’s proposal to come into compliance with the law. She said that, should the university in fact find the funds to support a shift in the normal retirement age, it may be there are actually other ways we would elect instead to use those funds in support of the early retirement and career change benefit.

Dean Kris Bartanen M/S/ to amend Chapter V, Part D, Section 2 of the Faculty Code as written on pages 10-11 of the side-by-side handout” (attached). Because this was the first reading of the proposal, no vote on the motion was taken at today’s meeting.

Doug Cannon asked what the current tax situation was and what the effect this code change would have. Dean Bartanen explained that in the past when someone elected payments across several years, the tax payments were lower than on a single lump sum payment. Under the new lump sum policy the income tax payment could be larger, while the FICA withholding payment could be lower because of the annual ceiling on FICA. Payments received over multiple years were liable for the full FICA charge each year. She said the two counterbalancing tax effects of the new policy don’t balance each other because the income tax hit is larger than the FICA hit. She said that the higher income tax hit of the new IRS rule is one reason mid-year retirement is now allowed, to make it possible to receive the benefit payment in the year following the end of work compensation payments.

Beardsley remembered an occasion ten or so years ago when a bleak scenario was presented to faculty concerning early retirement and faculty were urged to agree to changes. He said that back then, when the Senate hired its own lawyer to review the matter, it appeared not to be the “big whooping crisis” it was portrayed to be and the whole issue just went away. Beardsley asked, “what about this time? Are we sure this is a different situation?” Dean Bartanen responded that both legal teams have said that we have to do this.

Haltom said he understood we were simply being informed of the policy change and that he had no objection to it. But he said he wasn’t convinced of the need to amend the code. Dean Bartanen responded that the code allows for multiple methods of payment, which is no

longer possible, so we needed to change it. Haltom said that if the code conflicted with law the law took precedence. Therefore, what is the necessity for amending the code right now? He said he understood why we might want to do it, suggesting that Dean Bartanen may be saying that it's "tidier" if the code is consistent with policy. But, he said, because of the timing of events required to approve a code change, we could not possibly revise code language by December 31, 2006, the date the new policy must be implemented. He said it's the policy that needs to be changed by then, and not the code. Dean Bartanen agreed that was true and that the goal was to approve the code change in time to take it to the trustees next spring. Haltom then wondered why we couldn't consider "other things as well" if the faculty wanted to include "something else in this package of changes." Dean Bartanen responded (with a smile) that she was "just trying to do something simple for once." She added that Rosa Beth Gibson can address questions we may want to have researched.

Lisa Ferrari and John Hanson began a discussion, the theme of which was that it may be unwise to try to include the specifics of law in code language. They suggested that it was perhaps better for code language to be more general and to include some language like "in accordance with the law," so that when the law changes the code needn't necessarily. President Thomas said he concurred that this was a desirable approach. Alan Thorndike suggested we could perhaps leave existing language alone.

Beardsley asked if it would be possible for us to ask legal counsel questions about this directly. Dean Bartanen responded that the attorney is available to meet with us at our next meeting if we would like that. The consensus seemed to be that we would like that

There being no more questions or comments, we adjourned at 5:03 p.m.

Respectfully submitted,

John M. Finney
Secretary of the Faculty

September 11, 2006

TO: Faculty

FR: Kris Bartanen

RE: Faculty Early Retirement and Career Change Plan Change due to Changes in Law

The American Jobs Creation Action of 2004 added a new Section 409A to the Internal Revenue Code which is a rule that will generally tax a faculty member if the faculty member has any discretion with respect to the form of payment options under the early retirement or career change plan. Currently, faculty members may choose a lump sum payment or installment payments over a period of time, up to five years. Compliance with this new regulation requires lump sum payments to faculty members who elect early retirement or career change.

The university has consulted with two legal firms to request review of its Early Retirement Plan and Career Change Plan (“the Plan”) for compliance with Section 409A; Section 457(f) which holds tax implications for all faculty members unless the retirement benefit is subject to the performance of substantial services; FICA regulations regarding the time of taxation; and the Age Discrimination in Employment Act and the Older Workers Benefit Protection Act, which provide time frames for election of early retirement, advance notice prior to early retirement, and a seven-day revocation period. The university has sought to find a solution to the compliance issues that would require minimal change to faculty members.

The Board of Trustees in May 2006 approved the motion quoted below. We have now completed work to amend the Plan to implement (1) a lump sum payment, (2) an early January date and a June date, for end of Fall term retirements and for end of Spring term retirements respectively, for lump sum payment that align with completion of the substantial service of turning in semester grades and being available to students who may have questions about their grades, (3) time frames for applications for and approvals of early retirement, as appropriate to pre-1988 and post-1988 faculty hires, and (4) a seven-day revocation period after execution of a faculty member’s application for early retirement.

The Chair of the Faculty Senate, and the Faculty Senate, were apprised in spring 2006 of the forthcoming changes. Attached, in side-by-side form, are the Plan changes (for your information) and a proposed amendment to the Faculty Code (for your approval). Next steps are to bring final Plan language to the Executive Committee of the Board in Fall 2006, and final *Faculty Code* language to the Board in February 2007. Our Plan needs to be in compliance with Section 409A by December 31, 2006.

MSP 5/12/06: That the Academic and Student Affairs Committee recommends to the full Board acceptance in concept of the proposed changes to the Faculty Early Retirement Plan and Career Change Plan, with final Plan language to be approved by the Executive Committee and amendment to the *Faculty Code* to proceed in accord with the process outlined in Chapter I of the *Code*.

Existing Early Retirement and Career Change Policy	Revised Early Retirement and Career Change Policy
<p data-bbox="178 287 1045 354">AMENDED AND RESTATED EARLY RETIREMENT AND CAREER CHANGE POLICY</p> <p data-bbox="178 394 317 427"><i>Preamble</i></p> <p data-bbox="178 467 1045 1122">The University of Puget Sound (the "University") Early Retirement and Career Change Policy (the "Plan") provides tenured faculty members with the opportunity to retire before <u>age 65</u> or to leave the teaching profession if they choose to do so. This document describes the terms and conditions for implementation of the early retirement (see Faculty Code Chapter V, Part D, Section 2) and career change policy. The Plan assumes that the individual will have a reduced or no social security income and that retirement income from TIAA/CREF or other University retirement programs will be less than it would be at age 65. Hence, the individual may need supplementary income in order to retire early or change careers to move away from academia and still have financial security. For faculty members hired after July 14, 1988, an application for Early Retirement or Career Change benefits is subject to the approval of the Plan Administrator. Such an application may be denied by the Plan Administrator if the Administrator determines, in its sole discretion, that such application is not in the best interests of the University.</p>	<p data-bbox="1054 287 1913 354">AMENDED AND RESTATED EARLY RETIREMENT AND CAREER CHANGE POLICY</p> <p data-bbox="1157 394 1381 427">1. Preamble.</p> <p data-bbox="1054 467 1913 792">The University of Puget Sound (the “University”) Early Retirement and Career Change Policy (the “Plan”) provides tenured faculty members with the opportunity to retire before <u>normal retirement as defined by the Faculty Code, Chapter V, Part D, Section 1, “Normal Retirement,”</u> or to leave the teaching profession if they choose to do so. This document describes the terms and conditions for implementation of the Early Retirement (“Early Retirement,” Faculty Code, Chapter V, Part D, Section 2) and Career Change (“Career Change”) policy.</p> <p data-bbox="1054 833 1913 1268">For faculty members hired after July 14, 1988, an application for Early Retirement or Career Change benefits is subject to the approval of the Plan Administrator. Such an application may be denied by the Plan Administrator if the Administrator determines, in its sole discretion, that such application is not in the best interests of the University. <u>For faculty members hired on or before July 14, 1988, an application for Early Retirement or Career Change benefits is not subject to the approval of the Plan Administrator, with the exception that approval is required if the effective date of the Early Retirement or Career Change is less than 365 days from the date of the application.</u></p>

The Plan is established and maintained by the University primarily for the purpose of providing benefits for a select group of highly compensated employees.

Effective Date.

The Plan was adopted by the University Board of Trustees on January 30, 1981. The Plan has been amended from time to time since its initial adoption. It has been restated effective January 1, 1994 to incorporate all prior amendments, and to comply with any applicable provisions of ~~the Employee Retirement Income Security Act of 1974~~ ("ERISA"). ~~It has further been~~ amended, effective January 1, 1999, to comply with the Higher Education Amendments Act of 1998.

Eligibility

Early Retirement
Tenured faculty members may take early retirement under this Plan at the end of the ~~contract year~~ in which they reach at least

The Plan is intended to qualify as a deferred compensation plan that is exempt from many of the requirements of the employee Retirement Income Security Act of 1974, as amended ("ERISA"), because it is a plan maintained for a select group of highly compensated or managerial employees, often referred to as a "Top Hat" plan under ERISA. It shall be interpreted to comply with the requirements for ERISA "Top Hat" plans and with the requirements of the Internal Revenue Code of 1986, as amended ("Code"), including but not limited to Section 409A of the Code.

2. Effective Date.

The Plan was adopted by the University Board of Trustees on January 30, 1981. The Plan has been amended from time to time since its initial adoption. The Plan was restated effective January 1, 1994, to incorporate all prior amendments, and to comply with any applicable provisions of ERISA. The Plan was further amended, effective January 1, 1999, to comply with the Higher Education Amendments Act of 1998. The Plan is now amended and restated, effective retroactively to January 1, 2005, to comply with Code Section 409A and to make minor changes to reflect the change in the University's fiscal year and to reference the University's Post Retirement Medical Benefits Plan.

3. Eligibility.

A. Early Retirement
Tenured faculty members may take Early Retirement under this Plan at the end of the academic year or semester in which they

<p>age 55. Faculty members in their tenth year or more as full Professor may retire under this Plan at any age. Retirement means the faculty member leaves the permanent, full-time work force.</p> <p>Career Change</p> <p>Tenured faculty members may change careers to move away from academia at any age under this Plan if they are in their seventh year or more as an assistant professor, or in their seventh year or more as an associate professor, or in their tenth year or more as a full professor. That is, faculty members who make a change from the University of Puget Sound to another college or university will not be eligible for benefits under this Plan, or if they leave higher education to return later, they will be eligible for only those years outside of colleges or universities.</p> <p><i>Amount of Early Retirement or Career Change Benefits</i></p> <p>The scheduled amounts of early retirement or career change benefits for eligible faculty members are as follows: For each year by which early retirement or career change precedes age 65, up to a maximum of five years, the faculty member will receive compensation based upon a percentage of the amount specified on the main campus salary schedule for persons of the same rank and level as the individual electing early retirement or a career change. Thus, early retirement or career change payments for one year would be made to those choosing to retire or change careers at age 64, payments for two years</p>	<p>reach at least age 55. Faculty members in their tenth year or more as a full professor may retire under this Plan at any age. Retirement means the faculty member leaves the permanent, full-time work force.</p> <p>B. Career Change</p> <p>Tenured faculty members may change careers to move away from <u>higher education</u> at any age under this Plan if they are in their seventh year or more as an assistant professor, or in their seventh year or more as an associate professor, or in their tenth year or more as a full professor. That is, faculty members who make a change from the University of Puget Sound to another college or university will not be eligible for benefits under this Plan, or if they leave <u>the University of Puget Sound and return to higher education at a later date, they may be required to repay all or a portion of the Career Change benefit previously received.</u></p> <p>4. Amount of Early Retirement or Career Change Benefit.</p> <p>[Section rewritten; substantive change is underlined.]</p> <p>The Early Retirement or Career Change benefit is based on a percentage of Total Compensation. The percentage is 30% for tenured faculty members with fewer than 20 years of service at the University, and the percentage is 35% for tenured faculty members with 20 or more years of service at the University. Total Compensation is the salary specified on the faculty salary schedule for persons of the same rank and level as the faculty member who is retiring early or changing careers, <u>adjusted to include the value of certain associated benefits, as determined by</u></p>
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would be made for those choosing to retire or change careers at age 63, etc., with payments for five years being made for those choosing to retire or change careers at age 60 years or younger. Levels of compensation will be calculated on the basis of years of service. Tenured faculty members with fewer than 20 years of service at the University will receive for each year the faculty member is entitled to benefits 30% of the amount specified on the main campus salary schedule for persons of the same rank and level, plus 30% of the value of associated benefits. Tenured faculty members serving at the University for 20 years or more will receive compensation at 35% per year on the same terms.

the Plan Administrator. Faculty members taking Early Retirement under this Plan are eligible for the Post Retirement Medical Benefits Plan, which is hereby incorporated by reference, and faculty members who elect to participate in the Post Retirement Medical Benefits Plan will have their Total Compensation adjusted in accordance with rules and procedures adopted by the Plan Administrator. The Plan Administrator has the sole discretion to determine Total Compensation, and the adjustments thereto, provided such determination is made on a uniform and nondiscriminatory basis.

The dollar amount of the Early Retirement or Career Change benefit is the percentage (either 30% or 35% based on length of service) applied to the dollar amount of Total Compensation and multiplied by the number of academic years and half academic years that the Early Retirement or Career Change precedes Normal Retirement, to a maximum of five years. Thus, a tenured faculty member with 25 years of service at the University who chooses to retire or change careers five or more years before Normal Retirement would receive a lump sum payment equal to 35% of Total Compensation multiplied by five. If such faculty member chooses to retire or change careers three years before Normal Retirement, the faculty member would receive a lump sum payment equal to 35% of Total Compensation multiplied by three. If the faculty member had fewer than 20 years of service at the University and chose to retire or change careers three years before Normal Retirement, the faculty member would receive a lump sum payment equal to 30% of Total Compensation multiplied by three.

Time of Payment

Following an eligible faculty member's early retirement or career change, early retirement or career change benefits determined in accordance with Paragraph 4 above will be paid ~~according to the payment method chosen by the faculty member and as elected in their application for benefits~~. All early retirement or career change benefits are subject to required withholding and payroll taxes. All payments will be sent to the last known address of the faculty member on file with the University. In the event a faculty member ~~receiving early retirement or career change benefits~~ dies before receiving all the payments, the early retirement or career change ~~benefits~~ will be paid to the faculty member's estate.

Application for Benefits

An eligible faculty member must submit an application, in the form and manner approved by the Plan Administrator, which is hereby incorporated by reference, for early retirement benefits or career change benefits at least 365 days prior to ~~the date that benefits are to commence~~.

5. Time of Payment.

Following an eligible faculty member's Early Retirement or Career Change, Early Retirement or Career Change benefits determined in accordance with Paragraph 4 above will be paid in a single lump sum payment after the faculty member has performed the substantial services required by the University. All Early Retirement or Career Change benefits are subject to required state and federal taxes, including but not limited to Federal Income Tax withholding, Social Security taxes, and Medicare taxes. All payments will be sent to the faculty member's last known address on file with the University. In the event a faculty member whose Early Retirement or Career Change application has been submitted and approved (when approval is required) dies before receiving the benefit payment, the Early Retirement or Career Change benefit payment will be paid to the faculty member's estate.

6. Application for Benefits.

An eligible faculty member must submit an application, in the form and manner approved by the Plan Administrator, which is hereby incorporated by reference, for Early Retirement benefits or Career Change benefits at least 365 days prior to Early Retirement or Career Change. The effective date of any Career Change or Early Retirement will either be the month of June or the month of January and eligibility for benefit payment is conditioned upon the applicant performing the substantial services required by the University through such date. Such application is also subject to approval of the University if the

At the direction of the faculty member the application time period may be shortened to no less than 180 days prior to the effective date of such application.

The application form shall specify that the application and method of payment are irrevocable and that the faculty member shall be obligated to repay ~~payments previously made~~ if such faculty member re-enters the permanent full-time work force (in the case of an early retirement benefits) or re-enters ~~academia~~ (in the case of a career change benefit), within the time period specified in the application. The faculty member must further agree to provide the Plan Administrator with at least thirty (30) days prior written notice of such intention to re-enter the permanent full-time work force or to re-enter ~~academia~~.

Plan Administrator

The Plan is administered by the University of Puget Sound (the "Plan Administrator"). The Plan Administrator will have discretionary authority (a) to determine whether and to what extent Participants and beneficiaries are entitled to Plan benefits; and (b) to construe the Plan terms. The Plan Administrator will be deemed to have properly exercised such discretionary authority unless the Plan Administrator has abused his or her discretion hereunder by acting arbitrarily and capriciously.

Inquiries to the Plan Administrator should be addressed to the Human Resources Department, University of Puget Sound, 1500 North Warner Street, Tacoma, Washington 98416.

applicant was hired after July 14, 1988. At the direction of the faculty member and with the approval of the University for all applicants, regardless of date of hire, the application time period may be shortened to no less than 180 days prior to the effective date of such application. The application form shall specify that the application is irrevocable and that the faculty member shall be obligated to repay some or all of the benefit if such faculty member re-enters the permanent full-time work force (in the case of Early Retirement) or re-enters the higher education work force (in the case of Career Change) within the time period specified in the application. The faculty member must further agree to provide the Plan Administrator with at least thirty (30) days prior written notice of such intention to re-enter the permanent full-time work force or to re-enter the higher education work force.

7. Plan Administrator.

The Plan is administered by the University of Puget Sound (the "Plan Administrator"). The Plan Administrator will have discretionary authority: (a) to determine whether and to what extent Participants and beneficiaries are entitled to Plan benefits; and (b) to construe the Plan terms. The Plan Administrator will be deemed to have properly exercised such discretionary authority unless the Plan Administrator has abused discretion hereunder by acting arbitrarily and capriciously.

Inquiries to the Plan Administrator should be addressed to the Human Resources Department, University of Puget Sound, 1500 North Warner Street #1064, Tacoma, Washington 98416-1064.

Plan Sponsor

The sponsor of this Plan is the University of Puget Sound, 1500 North Warner Street, Tacoma, Washington 98416.

Plan Year

The Plan year is the fiscal year ~~September 1 through August 31~~. All records of the Plan are maintained on the Plan Year.

Claims Procedures

If a Participant disagrees with a response to a claim for benefits under this Plan, the Participant may make a claim to the Plan Administrator. This claim should be in the form of a letter stating why the Participant disagrees and should include all facts and information the Participant wants the Plan Administrator to consider. The Participant will be advised of the acceptance or rejection of his or her claim within 90 days after the claim is received, unless special circumstances require an extension of time for processing the claim. If the Plan Administrator requires an extension, written notice of the extension will be furnished to the Participant prior to the end of the initial 90-day period. The extension will not exceed an additional period of 90 days. The extension notice from the Plan Administrator will state the special circumstances requiring the extension of time and the date by which the Plan Administrator expects to make a final decision. In the event the Participant's claim is denied, it must be denied in

8. Plan Sponsor.

The sponsor of this Plan is the University of Puget Sound, 1500 North Warner Street, Tacoma, Washington 98416.

9. Plan Year.

The Plan year is the fiscal year July 1 through June 30. All records of the Plan are maintained on the Plan Year.

10. Claims Procedures. [**Section rewritten; no substantive change**]

A. Claim. Any person claiming a benefit, or requesting an interpretation or ruling under the Plan, or requesting information under the Plan, shall present his or her request in writing to the Plan Administrator.

B. Denial of Claim. Whenever a request for benefits under the Plan is wholly or partially denied, the Plan

writing and the denial must state in detail the specific reasons for the denial, the specific Plan provisions upon which the denial is based, any additional material or information which the Participant may provide which would entitle him or her to the benefits claim, and an explanation of why such material or information is necessary. The notice of denial must also explain the steps to be taken if the Participant or his or her beneficiary wishes to submit a claim for review. If notice of denial of the initial claim is not furnished within the time period allowed above, the Participant's claim will be deemed denied and the Participant may proceed to require a review of the denied claim.

If the Participant chooses to submit a claim for review by the Plan Administrator, then within 60 days after the date the claim is denied, the Participant or his or her authorized representative must make a written request to the Plan Administrator for review. The Participant's request for review of a denied claim should include a statement of the reasons the claim should be allowed. The Participant or his or her representative may examine any relevant documents the Plan Administrator has in its files that relate specifically to the Participant's claim. The Participant may also submit additional written comments to the Plan Administrator which support the Participant's claim. The Plan Administrator will advise the Participant of the decision

Administrator shall notify the person claiming such benefits of its decision in writing. Such notification shall contain (1) specific reasons for the denial of the claim, (2) specific reference to pertinent Plan provisions, (3) a description of any additional material or information necessary for such person to perfect such claim and an explanation of why such material or information is necessary, and (4) information as to the steps to be taken if the person wishes to submit a request for review. Such notification shall be given within 90 days after the claim is received by the Plan Administrator (or within 180 days, if special circumstances require an extension of time for processing the claim, and if written notice of such extension and circumstances is given to such person within the initial 90-day period). If such notification is not given within such period, the claim shall be considered denied as of the last day of such period and such person may request a review of his or her claim.

C. Review Procedure. Within 60 days after the date on which a person receives a written notice of a denied claim (or, if applicable, within 60 days after the date on which such denial is considered to have occurred), such person (or his or her duly authorized representative) may (1) file a written request with the Plan Administrator for a review of his or her denied claim and of pertinent documents and (2) submit written issues and comments to the Plan Administrator. When requesting a review, a person or his or her representative, may examine any relevant document in the Plan Administrator's possession that relate specifically to such person's claim. The Plan Administrator shall notify such person of its decision in writing. Such

in writing within 60 days following receipt of the Participant's request for review, unless special circumstances require an extension of time for processing. If an extension is necessary, a decision will be made as soon as possible, but not later than 120 days after the Plan Administrator receives the Participant's request for review. If an extension of time for review is required because of special circumstances, written notice of the extension and the Plan Administrator's reasons for the commencement of the extension. The decision on review will be in writing and will include specific reasons for the decision, as well as specific references to the Plan provisions upon which the decision is based. The Plan Administrator has the sole discretion to decide all issues of fact or law. The decision of the Plan Administrator will be final and will be subject to no further appeal or review.

Right to Amend or Terminate Plan

The University intends this Plan to be a continuing program but reserves the right to amend or terminate this Plan at any time and to terminate benefits thereunder. This Plan may be amended or terminated by action of the Board of Trustees of the University. This right for action by the Board of Trustees does not extend, however, to provisions of this Plan included in the Faculty Code. Changes in the Faculty Code portion can only be made through the established process for Code revisions.

IN WITNESS WHEREOF, the University of Puget Sound has caused this Early Retirement and Career Change Policy to be executed to be effective as of January 1, 1999.

notification shall be written in a manner calculated to be understood by such person and shall contain specific reasons for the decision as well as specific references to pertinent Plan provisions. The decision on review shall be made within 60 days after the request for review is received by the Plan Administrator (or within 120 days, if special circumstances require an extension of time for processing the request, such as an election by the Plan Administrator to hold a hearing, and if written notice of such extension and circumstances is given to such person within the initial 60-day period). The Plan Administrator has the sole discretion to decide all issues of fact or law. The decision of the Plan Administrator will be final and will be subject to no further appeal or review.

11. **Right to Amend or Terminate Plan.**

The University intends this Plan to be a continuing program but reserves the right to amend or terminate this Plan at any time and to terminate benefits thereunder. This Plan may be amended or terminated by action of the Board of Trustees of the University. This right for action by the Board of Trustees does not extend, however, to provisions of this Plan included in the Faculty Code. Changes in the Faculty Code portion can only be made through the established process for Code revisions.

IN WITNESS WHEREOF, the University of Puget Sound has caused this Early Retirement and Career Change Policy to be executed this _____ day of _____, 2006.

Existing Faculty Code language (Chapter V)	Proposed Faculty Code language (Chapter V)
<p>Part D - Retirement</p> <p>Section 1 - Normal Retirement Normal retirement for a faculty member is at the end of the contract year in which age 65 is attained.</p> <p>Section 2 - Early Retirement Tenured faculty members may retire at the end of the contract year in which they reach at least age 55 and receive early retirement compensation. Faculty with 10 years in the rank of Professor may retire at any age.</p> <p>For each year by which early retirement precedes age 65, up to a maximum of five years, the faculty member will receive compensation based upon a percentage of the amount specified on the main campus salary schedule for persons of the same rank and level as the individual electing early retirement. Thus, early retirement payments for one year would be made to those choosing to retire at age 64, payments for two years would be made for those choosing to retire at age 63, etc., with payments for five</p>	<p>Part D - Retirement</p> <p>Section 1 - Normal Retirement Normal retirement for a faculty member is at the end of the contract year in which age 65 is attained.</p> <p>Section 2 - Early Retirement Tenured faculty members may retire <u>and receive early retirement benefits</u> at the end of the <u>academic year or semester provided they have at least attained the age of 55, as of that date.</u> <u>Tenured</u> faculty members with ten academic years in the rank of professor may retire <u>and receive early retirement benefits at the end of any academic year or semester regardless of age.</u></p> <p>[Next section rewritten; no change in benefit. Substantive changes underlined.]</p> <p>The early retirement benefit is based on a percentage of total compensation and such percentage is multiplied by the number of academic years <u>and half academic years</u> by which early retirement precedes normal retirement, up to a maximum of five years. Tenured faculty members with fewer than 20 years of service at the university will receive 30% of total compensation multiplied by the number of academic years or half academic years by which early retirement precedes normal</p>

years being made for those choosing to retire at age 60 years or younger.

Levels of compensation will be calculated on the basis of years of service. Tenured faculty members with fewer than 20 years of service at the University of Puget Sound will receive for each early retirement year 30% of the amount specified on the main campus salary schedule for persons of the same rank and level, plus 30% of the value of associated benefits. Tenured faculty members serving at the University of Puget Sound for 20 years or more will be eligible for compensation at 35% per early retirement year on the same terms.

The retiree may make arrangements with the university for methods of payment which would be most beneficial to the individual.

retirement, to a maximum of five years. Tenured faculty members with 20 or more years of service at the university will receive 35% of total compensation multiplied by each such year, to a maximum of five years.

Total compensation is calculated using the contract salary amount specified on the faculty salary schedule for persons of the same rank and level as the individual electing early retirement and such value includes the value of certain associated benefits.

All early retirement benefits will be paid in a single lump sum payment after the semester has ended and the faculty member has performed the substantial services required by the university.