Retirement Planning:

Recommendations for Lynn University

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EXECUTIVE SUMMARY

This report is provided at the request of Lynn University administrators who asked our capstone project team to help them identify options for a more structured retirement plan that will assist the institution to achieve the goals of its strategic plan, ***Lynn** 2020*, primarily by helping older employees to "retire gracefully and with dignity" and to ensure that Lynn is able to attract the best and the brightest to its employment ranks. Specifically, Lynn administrators are interested in learning about options and best practices in the areas of early retirement buy-out and phased retirement plans, the provision of retiree health insurance, and the financial literacy and education of employees.

Lynn officials were understandably concerned about the effect that broad-based surveys and interviews might have in terms of employee expectations about changes to the existing retirement plan program. For this reason, the project team was able to conduct interviews with only a small group of individuals on campus. The findings and recommendations provided in this report stem from a review of the literature against the backdrop of the limited information we were able to glean from the small number of interviews conducted on campus, as well as the results of several large, national surveys upon which we based our own interview protocols.

Our study of early and phased retirement options finds that early retirement buy-out plans are expensive, not always effective, and not of particular interest to current Lynn employees. Phased retirement plans, on the other hand, are more easily managed, less costly and appealing to current employees, especially faculty. They are also easily blended with other types of overall retirement strategies.

Retiree health insurance plans are an important piece of the retirement decision process, especially for near-retirees. Lynn's interest in exploring options in this area was well founded. The project team examines multiple options available to Lynn in this area, ultimately deciding that the institution should continue to explore joining the Emeriti health solutions program consortium as a way to help current employees retire comfortably, while providing a financially responsible institutional advantage in a competitive employment market.

Lynn's concerns about financial literacy among its employees and the impact that has on individual's retirement decisions were, again, very valid. Results of surveys with Lynn employees show that many of them do not fully understand the benefits provided by the institution, let alone how those benefits fit into their own long-term retirement plan. These results are further backed by national surveys that have similar results. While the "problem" is not unique to Lynn, the team makes recommendations that will allow Lynn to become a leader in this area, not only in terms of the provision of financial literacy education, but also in constructing its communications and retirement planning policies and procedures to ensure the highest levels of engagement with employees.

The project team makes nine specific recommendations, all of which will help Lynn to achieve its goals in a financially responsible manner. Lynn has the potential to become an employer of choice in an increasingly competitive regional employment market. We are pleased to say that we believe this goal is easily within reach of the institution.

INTRODUCTION

Lynn University is a small, private, non-profit higher education institution in Boca Raton, Florida. From its founding as a religiously affiliated junior college in 1962 to its emergence as the doctoral granting institution it is today, Lynn has been characterized as a unique and dynamic institution. In addition to, and perhaps because of, its relative youth, Lynn operates as an entrepreneurial and nimble institution. Compared to other higher education institutions, the speed with which Lynn develops new academic programs, for example, is incredibly fast. Faculty and staff work together to quickly make changes that they believe will benefit the institution. In the face of significant competition from both the private and public sector, this nimbleness has proven to be a great strength.

Lynn's home of Boca Raton is located on the south east coast of Florida. The campus sits on "123 lushly landscaped acres with 7 freshwater lakes" (Lynn University admissions website). With approximately 150,000 residents and average household income of over $60,000 annually, Boca Raton is a wealthy community. Located in Palm Beach County, the city attracts large numbers of retirees. In addition, several other higher education institutions call the city home including Florida Atlantic University, part of the state university system of Florida with an enrollment in excess of 30,000 students.

Lynn enrolls over 2,400 students in seven schools and colleges (Aeronautics, Arts and Sciences, Business and Management, International Communication, Music, Education, and Hospitality Management), plus the Institute for Achievement and Learning, an internationally recognized program with offerings for students with learning differences. Students come from 44 states and 81 foreign countries. Lynn fields five men's and six women's varsity sports teams in the Sunshine State Conference of the NCAA Division II. The campus is highly residential—five residence halls house students including all first-year students who are required to live on campus.

Lynn has a number of unique characteristics, including a distinct leadership history. After serving as president for 35 years, encompassing most of the institution's history, Donald E. Ross was succeeded by his son, Kevin Ross, who has served as Lynn's president since July 2006. This leadership stability has created a unique culture on the Lynn campus, which will be discussed in detail as part of this report. Lynn is also part of a growing minority of institutions that hire their faculty on yearly renewable contracts—the tenure system is not in place. Finally, Lynn has a significant international student population, having been recognized for the last several years by *U.S. News & World Report* as the master's degree-granting institution in the South with the highest percentage of international students, comprising nearly 25% of enrollment.

In February of 2006 Lynn launched a 15-year strategic plan entitled, ***Lynn** 2020*. The plan calls for a focus on academic programs, a strengthening of its student body, improvements in the lives of faculty, the completion of its physical plant, and a new emphasis on fundraising. As with most strategic plans, ***Lynn** 2020* will require the reallocation of existing resources as well as securing significant new resources.

Lynn can certainly be described as an institution on the move. Its new core curriculum, *The Dialogues of Learning*, has won accolades from the American Association of Colleges and Universities which called the program "inspirational" and noted that "Lynn has created a dynamic and coherent design for the college curriculum and for student accomplishment." In addition, Lynn's academic advising program has been completely redesigned. Recent fundraising achievements are notable as well. As with all institutions during these uncertain economic times, however, Lynn has been presented with a number of challenges.

PROBLEM STATEMENT

Lynn is not immune to the current world economic downturn. The 2009-10 budget was built with a $1 million deficit, funded with cash reserves (on an overall budget of less than $100 million). Like most small, private institutions, Lynn is primarily tuition driven. In the last few years, enrollments have declined slightly. Combined with a small endowment, these factors have placed the institution under a fair amount of financial pressure, despite the fundraising successes that have been achieved in recent years—most of which have been restricted funds for capital projects.

Not unlike other higher education institutions, Lynn has an aging workforce with 31% of its employees at retirement age within the next 10 years. In fact, nine percent of employees are already over age 65 (see Appendix B for a full range of employee demographic information). Particularly for an institution that values its entrepreneurial spirit and adaptability, this could be cause for concern. There is some sense on campus that there is a strong desire to retire among those who are already over age 65, but for a number of reasons, an inability for individuals to follow through.

Lynn has a culture that puts an emphasis on taking care of its own—a spirit of patriarchy encapsulates the community. Thirty-five years of leadership by a single individual during the institution's formative years cemented this in the culture of the institution. Even now, with a policy of awarding only one-year renewable contracts to faculty, this familial attitude prevails. This cultural norm at the institution is what is driving the search for ways to, as one administrator put it, "help individuals retire gracefully and with dignity," rather than resorting to a rash of contract non-renewals.

Lynn operates in a fairly competitive environment when it comes to hiring faculty and staff. As was mentioned earlier, a number of other higher education institutions operate in the area, and there is no shortage of other employment opportunities in Palm Beach County. At the same time, Lynn does not have a solid grasp on its position relative to its competition. No formal surveys have been done to compare Lynn's salaries and other compensation (benefits) to its peers. There is a sense that for some job categories salaries are low and that the university's contribution to the institutional 403(b) defined contribution retirement plan is also low.

These factors all give rise to the focus of this project. Lynn University seeks the support of our capstone team to help evaluate options for a more structured retirement plan to assist current faculty and staff in their transition to retirement as well as attract future employees to the institution whose professional ambitions match the mission and strategic plan of the university.

PROJECT QUESTIONS

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After an initial meeting with the Lynn University team, our project team developed a series of project questions based on our understanding of the conversations during this initial meeting. Those questions and sub-questions were submitted in a scope of work document to the Lynn University team, which approved the questions and agreed that the questions captured the intent of the project. We did not need to add or eliminate questions during the course of the project, as they provided sufficient guidance throughout the project. These questions are listed below, and provide the outline for this paper.

Section 1: Early and Phased Retirement Options

- Why the need to consider early and/or phased retirement options?
- What is early retirement buy-out? What is phased retirement?
- What do Lynn's employees think about these types of plans?
- What are Lynn's competitors doing in terms of early and phased retirement plans?
- What does the literature tell us about the effectiveness of these types of plans?
- What would be the costs of an early retirement buy-out option for Lynn?
- What would be the costs of a phased retirement option?

Section 2: Health Insurance Options for Retirees

- What role does health insurance play in retirement decisions? (Literature)
- What are options for Lynn when considering offering health insurance to retirees?
- What do those options cost?
- What, if anything, do Lynn's peers offer?
- How might the current national debate regarding the provision of health care impact Lynn's decision process?

Section 3: Financial Planning and Advice

- What role does financial planning and advice play in retirement decisions? (Literature)
- What are Lynn's peers offering?
- What do employees say would be helpful?
- What are options for Lynn, and what do they cost?

Section 4: Other Factors

- What other factors influence the retirement decision process?

METHODS

These questions were answered using a variety of methods, primarily literature review, especially with documents, policy statements and recommendations from established professional organizations including the American Association of University Professors (AAUP), the Teachers Insurance Annuity Association-College Retirement Equities Fund Institute (TIAA-CREF Institute), the Employee Benefit Research Institute (EBRI) and the College and University Professional Association for Human Resources (CUPA-HR).

Lynn University officials were hesitant to allow broad-based surveys or interviews to be administered for fear that it would create the expectation among employees that changes to the retirement plan would be forthcoming. As such, our contact was limited to a small group of thought leaders on the campus—what one campus official called "the usual suspects." This group of seven individuals was made up of faculty and academic administrators selected by Lynn officials because of their positions at the institution, their length of service, and their involvement in activities on the campus. It included deans and associate deans, department heads and faculty representatives on the President's Council, a governance committee on the campus. In addition, we were provided with a list of ten randomly selected employees (including faculty, staff and administrators), only two of whom responded to our repeated requests for voluntary participation.

We were fortunate to obtain permission from the TIAA-CREF Research Institute to use portions of a survey that they have repeatedly administered to a national sample of faculty on the topic of retirement and retirement planning. This formed the basis of our survey instrument, with additional questions added to elicit more explanatory responses and to cover additional topics that were part of the scope of this project. Of the nine responses gathered, eight were administered in person or by telephone and therefore took on a more interview-like feel, with team members asking probing questions when initial responses were not clear. The final response was gathered through an online survey tool. Throughout this report this group of data will be referred to as the Lynn individual survey responses.

Since our response rates were very low and our data could therefore be subject to selection bias, we used the small amount of data we collected as a comparison baseline with the national data from TIAA-CREF. A series of t-tests were run to see if there were statistically significant differences between key data points in the national data and the Lynn individual survey responses. While the differences between the two sets were statistically significant, the magnitude of the mean differences was not large. We feel fairly confident that using the national data as a basis for recommendations at Lynn University, with conditions where applicable, will provide an appropriate course of action (see Appendix D for sample t-test results).

Our project plan also called for surveys to be administered to three separate peer sets of institutions to assist in establishing what Lynn's competitors were doing in the area of retirement planning. The three peer sets were made up of:

1. institutions with similar characteristics to and the same Carnegie classification as Lynn University
2. non-tenure granting institutions
3. other institutions within the state of Florida

The project team consulted with Lynn officials to build lists of peer institutions that were mutually agreeable (see Appendix G). Despite multiple requests and offers of compensation to completers, response rates in all but the similarly Carnegie classified institutions were too low, so were not able to be used in any analysis or recommendations. Throughout this paper the data set from the similarly Carnegie classified institutions will be referred to as the Lynn institutional survey responses. As with the individual survey responses, we were fortunate in that the AAUP regularly administers a publicly available survey to a national sample of institutions, and those data were able to be used as a grounding point for our limited sample survey results.

Finally, our project team was given access to several high level administrators on the campus who were able to provide insights about the institution, as well as their own perspective on issues related to retirement, faculty and staff hiring, and benefits. This group included the vice presidents for finance and academic affairs, as well as the chief of staff, general counsel, academic dean and the directors of institutional research and employee services.

SECTION 1: EARLY AND PHASED RETIREMENT OPTIONS

A review of the literature on retirement suggests that early and/or phased retirement options tend to be the most popular and most effective programs within higher education (Berberet, 2008; Lusardi and Mitchell, 2009; Yakoboski, 2009). There are a number of reasons why institutions are beginning to consider early and/or phased retirement programs for faculty and professional staff. Lynn University, like many institutions across the nation, has a progressively aging professoriate and staff—a graying of the faculty. Currently, Lynn has 389 full-time faculty and professional staff members.

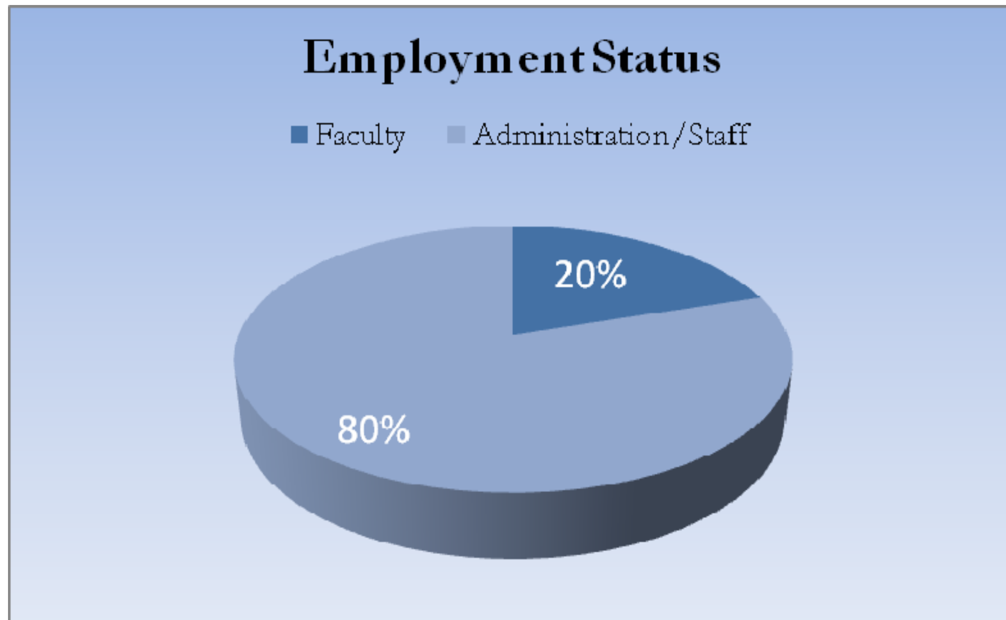


Figure 1: Employment Status

Of those 389 professionals, 119 employees, or 31% of full-time faculty and staff, will reach the age of 65 within the next 10 years. Moreover, there are currently 60 employees, or 15% of full-time faculty or staff, who are currently 62 years or older and eligible to receive social security benefits.

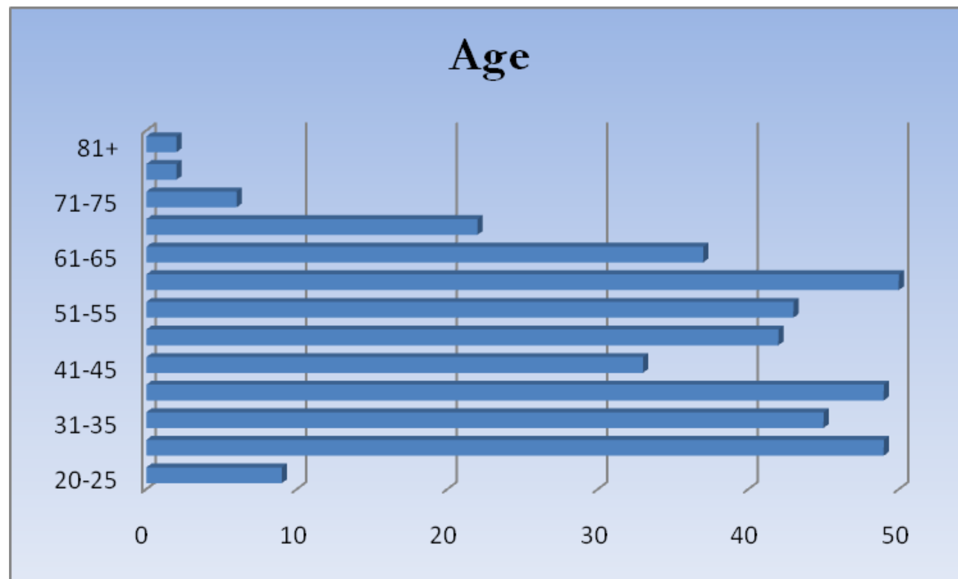


Figure 2: Employee Age

Faculty studies and surveys suggest that younger faculty and staff members tend to be more engaged with and committed to the institutions they serve (Berbet, 2008; Hermanowicz, 2009). At Lynn, executive administrators have discussed a need to increase the institutional vibrancy of the faculty and staff as well as increase productivity levels in terms of research and service. As such, Lynn University has committed to seek out new faculty members as part of the ***Lynn** 2020* strategic plan. Through this initiative, Lynn will seek to attract more faculty with terminal degrees, rather than continuing the trend of hiring faculty members with less than a doctorate. Currently, Lynn employs only 57% of faculty members with terminal degrees. As higher education institutions continue to decrease, the competitive nature of faculty recruitment will be a challenge for Lynn:

> "Faculty replacements for the baby boom generation have yet to be identified in adequate numbers as graduate program enrollments remain flat and government and industry attract a growing share of new doctorates. Schools already report attracting weak faculty candidate pools in some fields, a trend that is likely to intensify" (Berberet, 2008, p. 3).

Indeed, as Lynn University continues to strive for innovation and to increase the productivity and vibrancy of its workforce, many faculty and professional staff members have no intentions of leaving the institution. According to university administrators, a problem facing Lynn, unlike many institutions, is location. For many faculty and staff, Boca Raton will be their ultimate retirement location and working at Lynn is considered a second career. The plush greenness, swaying palm trees, rolling tides, and moderate temperatures attract a myriad of people to the area both as tourists and as a final destination for the geriatric population. In other terms, some faculty and staff view their current job at Lynn as what they plan to do in retirement. As stated by one respondent, "I have a family and I love what I do. I can't imagine retiring."

What is early retirement buy-out? What is phased retirement?

Defining Early Retirement Buy-Out. Utilizing the American Association of University Professors (AAUP) survey, the Lynn individual survey respondents were provided with the following definition of early retirement buy-out: "a financial incentive to retire within a limited window of opportunity." Thus, years before a faculty or staff member had planned to retire, an institution would compensate the individual provided that with such compensation, the individual would then retire from the institution—opening up the possibility for another faculty or staff member, or to close the position and/or gain the ability to restructure the position.

Defining Phased Retirement. Again utilizing the AAUP survey, faculty and staff respondents were provided with the following definition of phased retirement: "an arrangement that allows you to reduce the number of hours you work over a period of several years rather than stopping all at once. Salary is reduced proportionate to the work reduction during this period." Rather than progressing from full-time to a full stop of employment at an institution, phased retirement allows a faculty or staff member to reduce course load or work hours over a fixed period of time. In turn, compensation to the individual is reduced over time. Phased retirement allows for a gradual transition for both the institution and the individual faculty or staff member. In such transitions, the institution could hire another faculty or staff member or restructure the position to adapt for institutional or programmatic changes.

What do Lynn's employees think about these types of plans?

Early Retirement Buy-Out. According to Yakoboski (2009, p. 1), in existing research conducted on retirement incentive programs at colleges and universities, most faculty members "are less enthused about early retirement buy-out programs; 22% of faculty report being very likely to take advantage of such a program if available a few years before their planned retirement." Survey results of thought leaders at Lynn have a similarly low level of enthusiasm—no faculty or staff member was very likely to take advantage of an early retirement buy-out program. Additionally, the majority of respondents (77%) were only somewhat likely or not too likely to take advantage of an early retirement buy-out option.

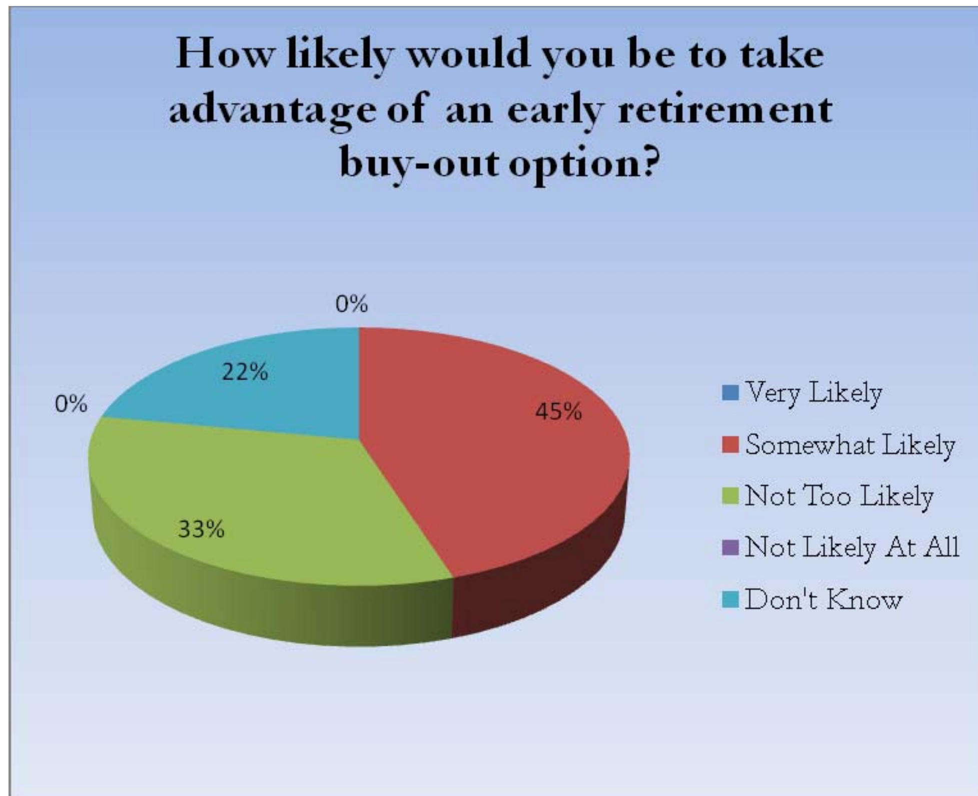


Figure 3: Early Retirement Buy-Out Option

Phased Retirement. Thirty-two percent of institutions surveyed by Yakoboski (2009, p. 1) currently execute a phased retirement program. In addition, of those institutions, one-third has implemented a phased retirement program in the last 10 years (Yakoboski, 2009). The phased retirement option, both in the national survey and with our institutional survey, garners greater interest as a retirement incentive. Nationally, 40% of faculty surveyed stated "they would be very likely to take advantage of a phased retirement option and an additional 29% say they would be somewhat likely" (Yakoboski, 2009, p. 1). At Lynn, 100% of faculty and staff members surveyed said they would be very likely or somewhat likely to take advantage of a phased retirement option.

> "Phased retirement would allow me to continue interacting with a fine university and at the same time continue to make the contributions to the students that I feel I am currently making." *Lynn University individual survey respondent.*

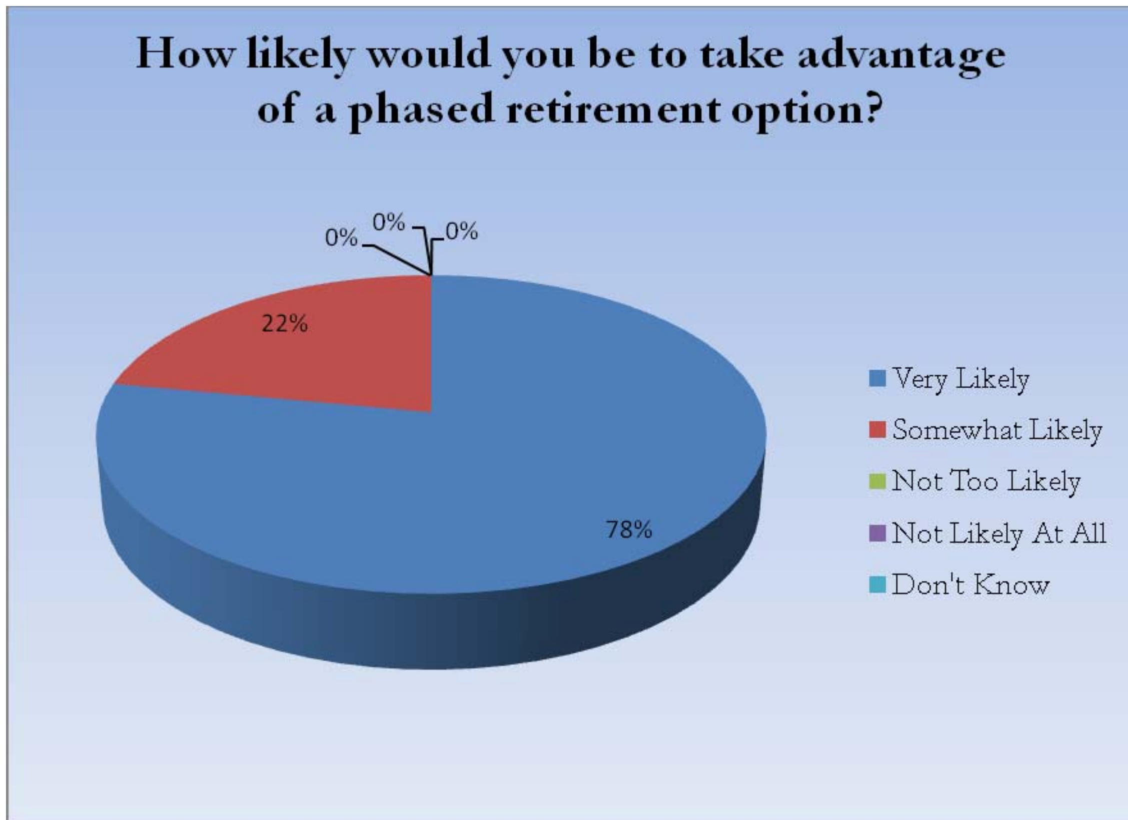


Figure 4: Phased Retirement Option

Respondents provided a number of reasons for showing more interest in a phased retirement program versus an early retirement buy-out. First, the majority of Lynn respondents stated they would like to continue to work, but to decrease the number of hours spent in the classroom or on campus:

"Phased retirement would allow me to continue interacting with a fine university and at the same time continue to make the contributions to the students that I feel I am currently making."

In addition, respondents stated that a phased retirement option would also allow the flexibility of more free time for professional development opportunities or more time dedicated to leisure, travel, or to spend with family:

"[Phased retirement would provide me with] more free time to do some of the things I'd like to do with my life. It's not the job itself. The job I enjoy. Having more time to do things with my wife and [to do things] I always wanted to do."

What does the literature tell us about the effectiveness of these types of plans?

Early Retirement Buy-Out. While the majority of faculty or staff thought leaders interviewed would prefer a phased retirement option, there are some individuals nationally that would embrace an early retirement buy-out. However, there are a number of challenged that may prevent an early retirement buy-out option from being effective.

First, an early retirement buy-out option "presents the challenge of the 'wrong' faculty accepting the buyout to retire" (Yakoboski, 2009 p. 4). How an institution defines "wrong" may vary, but could "include individuals who are highly productive and valued, as well as individuals in departments and programs that are in high or increasing demand by students" (Yakoboski, 2009. p. 4). For Lynn, this could mean losing some of the most influential faculty that are considered essential to increasing the productivity momentum, continuing to seek innovation, and attracting new faculty with similar characteristics.

Second, the option of an early retirement buy-out has become more expensive over time. As institutions have rolled out early retirement buy-out options, the AAUP study found that some faculty members were holding out for a higher buy-out offer: "the generosity of the offer appears to be increasing over time and notes that this may actually create the perverse incentive for individuals to wait since a better offer may be presented in the not too distant future" (Yakoboski, 2009, p. 4).

"This may actually create the perverse incentive for individuals to wait since a better offer may be presented in the not too distant future" (Yakoboski, 2009, p. 4)

Third, in connection with the second challenge, university administrators must critically evaluate the size of an early retirement buy-out. While buy-out options in the past may have been an attractive option, as time has progressed, "the size of the buy-out necessary to induce interest has surely risen for many of those in or approaching ages commonly considered as retirement age" (Yakoboski, 2009 p. 3). Leaving an institution early goes against the grain for many faculty and staff members for two main reasons. First, among those individuals surveyed nationally who expected to work past age 65, two-thirds, or 67% of respondents stated that they planned to continue to work because "they enjoy working" (Yakoboski, 2009, p. 2). Second, 24% of national respondents stated that they planned to work beyond age 65 because "they will need the income" (Yakoboski, 2009, p. 2).

Phased Retirement. The majority of faculty member respondents nationally, as well as all faculty and staff respondents at Lynn University, stated they would be very likely or somewhat likely to take advantage of a phased retirement plan. There are a number of benefits to a phased retirement plan in comparison to an early retirement buy-out option.

First, a phased retirement allows for administrative control and oversight over those involved in the plan, rather than allowing all faculty and staff to participate in an early retirement buy-out option based on age and/or years of service: "phased retirement programs typically require administrative approval to participate" (Yakoboski, 2009, p. 1). Seventy-seven percent of institutions surveyed required some type of approval in order to participate in a phased retirement program (Yakoboski, 2009).

Second, a phased retirement option has flexibility. According to the AAUP survey, most plans are either five years (38% of programs) or three years (35% of programs) (Yakoboski, 2009). During this three- to five-year phase, faculty and staff members would transition from full-time status to part-time, eventually leading to full retirement. Throughout this time, the salary of individuals would be decreased proportionately but university benefits would continue.

Third, a phased retirement provides "a degree of institutional control over faculty retirement patterns" (Yakoboski, 2009, p. 1). Thus, rather than having a mass exodus of faculty or staff, university administrators can be intentional about replacing various faculty and staff members to assist in institutional sustainability and strategic planning efforts. The common minimum age of offering a phased retirement option is 55 years old, with the common maximum age varying from 63 to 65 years old (Yakoboski, 2009).

What are Lynn's competitors doing in terms of early and phased retirement plans?

In surveying other institutions similar to Lynn University, both in Carnegie classification as well as in terms of location in the state of Florida, all institutions offered some type of retirement plan and had not differentiated offerings for the most part between faculty and professional staff members. Of the institutions surveyed, two-thirds offered some type of financial incentive program that encouraged faculty or professional staff members to retire prior to age 70. Of those institutions, two-thirds were automatically eligible to benefit from the program versus requiring administrative approval for eligibility. The majority of these financial incentive programs were open for a short window, a limited period of time where employees could take advantage of the program. Most plans called for a minimum of at least two years service and a minimum age of 59 ½ (with the exception of one institution where the minimum age was 21).

Table 1: Peer Institution Retirement Plan Requirements

Minimum Years of Service	**Minimum Age Requirement**
Age Plus Service Must Equal 75	60
2	21
5	65
6	62
10	59 ½

Early Retirement Buy-Out. Four of the financial incentive programs at comparable institutions also provided a one-time additional cash payment—or an early retirement buy-out—that ranged from 12 months to 60 months salary. Only one financial incentive plan called for increased retirement benefits:

> During the employee's Deferred Optional Retirement Program (DROP) participation, the employee continues to work up to five years. There is no additional creditable service added; however, the monthly pension benefit is deferred in an account earning 6.5% guaranteed interest. At the end of five years, the DROP balance is paid out and the retired member begins to collect a monthly pension benefit.

Two institutions no longer provide this financial incentive plan, citing that the plan was only open for a short window or that the institution implemented a one-time reduction in force. However, three institutions comparable to Lynn University continue to operate an early retirement buy-out incentive for eligible faculty and professional staff members.

Phased Retirement. Of the nine total institutions comparable to Lynn in Carnegie classification or in state geography, four offered a phased retirement plan for eligible employees. Administrative approval was required by all institutions, rather than across-the-board eligibility for faculty and professional staff members. Special financial benefits for phased retirees included a full contribution to their health insurance premium at two institutions and the ability to receive partial retirement benefits in addition to their salary at another institution.

The phased range for these institutions mirror what is found in national trends—three to five years, moving from full-time employment, to part-time employment, to retirement. No institution invoked a window where the phased retirement option would no longer be available to eligible employees, similar to that of an early retirement buy-out option. Thus, once administrative approval was granted from administrators, the opportunity for phased retirement would continue to be available as no maximum age requirement was reflected. It is important to note, however, that at one institution, a phased retirement option was only available for faculty members.

In addition, all institutions utilizing a phased retirement option allowed retired faculty members to continue to teach on a part-time basis. Four institutions out of nine allow some employees to negotiate part-time instruction as part of their condition of retirement. Seven institutions allow for part-time instruction paid faculty similar to other part-time faculty and staff, but at one institution, retired faculty or staff are provided more compensation than other part-time employees. Five institutions also confer the title of "emeritus professor" on retired faculty—subject to the discretion of the university administration.

What would be the costs of an early retirement buy-out option for Lynn?

While not the most popular with many institutions or respondents, an early retirement buy-out is one potential option to assist Lynn with building a world-class faculty and professional staff. If an early retirement buy-out is to be utilized, three critical concerns must be addressed with this option.

First, Lynn must fight attracting the "wrong" employees to accept an early retirement buy-out. Thus, the most promising professors and professional staff need to remain at the institution. Through administrative approval, certain faculty and professional staff members could be targeted based on selective criteria, such as years of service at Lynn plus age. Another criterion would be to utilize performance reviews for professional staff members and/or Faculty Performance Effectiveness Reviews (FPERs) (See Appendix E). Those that meet the criteria, and those individuals Lynn would like to see be replaced or removed the most, could be gently nudged during these reviews by administrative supervisors.

Second, Lynn must offer an early retirement buy-out option within a limited window to combat faculty or professional staff from holding out for higher or better future offers. Offer the buy-out option, use gentle prodding by supervisors, and then close the window. The limited nature of a window option also provides critical expense control if the institution continues to be concerned about costs as has been the case in recent years.

Third, an early retirement buy-out option must be financially large enough to be attractive to faculty or professional staff members. At peer institutions, buy-out options have ranged from one year base salary up to five years base salary. Some institutions also include additional retirement or health insurance options as part of the package.

At peer institutions, buy-out options have ranged from one year base salary up to five years base salary.

Early Retirement Buy-Out Model. If Lynn were to set a minimum age requirement of 60 years and a minimum service requirement of 5 years, 63 employees would be eligible for an early retirement buy-out option (18 faculty and 45 professional staff). The average service time for professional staff using this criteria is 13.2, whereas with faculty members in this sub-population, the average years of service is 14.7. The average salary for professional staff over 60 with a minimum five years experience is $50,126 and the average salary for faculty over 60 with a minimum five years experience is $68,972.

If Lynn were to seek a 5% reduction in current faculty or professional staff members that meet the minimum age requirement of 60 years and a minimum service requirement of 5 years, the institution would look to offer an early retirement buy-out option to a total of three faculty and/or professional staff members. Utilizing the average salary for faculty and professional staff, the chart below articulates how much base salary Lynn would, on average, need to provide for a retirement buy-out:

Table 2: Early Retirement Buy-Out Model

	1 Year	**2 Years**	**3 Years**	**4 Years**	**5 Years**
Faculty Buy-Outs*:					
1 headcount	$68,972	$137,944	$206,916	$275,888	$344,860
2 headcount	$137,944	$275,888	$413,832	$551,776	$689,720
3 headcount	$206,916	$413,832	$620,748	$827,664	$1,034,580
Staff Buy-Outs:**					
1 headcount	$50,126	$100,252	$150,378	$200,504	$250,630
2 headcount	$100,252	$200,504	$300,756	$401,008	$501,260
3 headcount	$150,378	$300,756	$451,134	$601,512	$751,890

*Faculty Salary: Minimum: $48,566; Mean: 68,972; Maximum: $89,250
**Staff Salary: Minimum: $18,989; Mean: $50,126; Maximum: $160,000

Overall, utilizing mean salaries for both faculty and staff members, Lynn could spend as little as $50,126 for a one-year, one professional staff member early retirement buy-out (base salary only). This would not achieve a 5% reduction in current professional staff members. At the same time, Lynn could spend as much as $1,034,580 and replace three faculty members with a five-year early retirement buy-out option (base salary only). Utilizing this option, Lynn would meet its 5% reduction goal, but is the most expensive option. Much like retirement decisions in general, these amounts could fluctuate depending upon the individual faculty or professional staff member salary and the length of the early retirement buy-out option offered.

What would be the costs of a phased retirement option for Lynn?

Phased retirement has been utilized more often by Lynn University's peer institutions and was more likely to be selected as a retirement option by Lynn University respondents. Like early retirement buy-out options, however, phased retirement also has a number of caveats required for successful implementation.

First, administrative approval should be required for any faculty or professional staff member to be eligible for a phased retirement. Through administrative approval, certain faculty and professional staff members could be targeted based on selective criteria, such as years of service at Lynn plus age. In addition, performance reviews and FPERs can provide institutional administrators the cue to selectively offer phased retirement options for those that are more likely to accept the offer based on age and service, and/or based on reviews and FPERs.

Second, Lynn administrators must select whether they would prefer a three-year or a five-year phase out for faculty and/or professional staff members. Along this time continuum, these employees would move from full-time status, to part-time, to full retirement. During this reduction in time, base salary would also decrease proportionally to the amount of time spent at Lynn. Faculty members have the ability to adjust teaching, research, and/or service hours required, whereas professional staff members would adjust weekly work hours provided to the institution.

Third, there should be no window offered for a phased retirement. When a faculty or professional staff member qualifies for phased retirement, the option should remain available and the employee should retain eligibility to access this option. If an employee does not wish to take the phased retirement option at the time offered, supervisors could revisit the conversation upon yearly performance evaluations.

Finally, Lynn has the option to evoke meritorious status upon faculty and professional staff members that have been instrumental in supporting the institutional mission. Like other peer institutions, for those faculty or professional staff members who have served well, the title of Emeritus Professor or Emeritus Professional could be part of the phased retirement option—that at the end of three or five years, faculty and/or professional staff members earn an honor of distinction that is bestowed only upon select individuals. According to one Lynn University administrator, salary is not what is keeping faculty and professional staff members at Lynn:

> *"Working conditions keep people here. The community keeps people here. The kinds of things we do, the keen interest in teaching keeps people here. People are here who want to teach first and research second. There are one or two who are more interested in research than teaching. Still, this is really a teaching institution. The location obviously helps—and the size."*

By offering the emeritus honor, there is potential for increased interest in taking a phased retirement option. According to the same administrator,

> *"The worst feeling you can have is to feel obsolete. This is home, a social life. A connection. We should create a special appointment for senior faculty. Not to do charity, but to give meaningful, constructive work to faculty. You will be employed, and you will have good work to do. If you're willing to do that, we'll give you the time to get there."*

Phased Retirement Model. If Lynn were to set a minimum age requirement of 60 years and a minimum service requirement of 5 years, 63 employees would be eligible for a phased retirement option (18 faculty and 45 professional staff). The average service time for professional staff using this criteria is 13.2, whereas with faculty members in this sub-population, the average years of service is 14.7. The average salary for professional staff over 60 with a minimum five years experience is $50,126 and the average salary for faculty over 60 with a minimum five years experience is $68,972.

If Lynn were to seek a 5% reduction in current faculty or professional staff members that meet the minimum age requirement of 60 years and a minimum service requirement of 5 years, the institution would look to offer a phased retirement option to a total of three faculty and/or professional staff members. Utilizing the average salary for faculty and professional staff, the chart below articulates how much base salary Lynn would, on average, need to provide for a phased retirement option:

Table 3: Three-Year Phased Retirement Model

	Year 1	**Year 2**	**Year 3**	**Total Cost:**
	4-4 Load (100%)	*2-2 Load (50%)*	*1-1 Load (25%)*	
Faculty Buy-Outs*:				
1	$68,972	$34,486	$17,243	$120,701
2	$137,944	$68,972	$34,486	$241,402
3	$206,916	$103,458	$51,729	$362,103
	40 Hours (100%)	*20 Hours (50%)*	*10 Hours (25%)*	
Staff Buy-Outs:**				
1	$50,126	$25,063	$12,532	$87,721
2	$100,252	$50,126	$25,063	$175,441
3	$150,378	$75,189	$37,595	$263,162

*Faculty Salary: Minimum: $48,566; Mean: 68,972; Maximum: $89,250
**Staff Salary: Minimum: $18,989; Mean: $50,126; Maximum: $160,000

Table 4: Five-Year Phased Retirement Model

	Year 1	Year 2	Year 3	Year 4	Year 5	Total Cost:
	4-4Load (100%)	*4-3/3-4 Load (85%)*	*3-3 Load (75%)*	*2-2 Load (50%)*	*1-1 Load (25%)*	
Faculty Buy-Outs*:						
1	$68,972	$58,627	$51,729	$34,486	$17,243	$231,237
2	$137,944	$117,252	$103,458	$68,972	$34,486	$462,112
3	$206,916	$175,879	$155,187	$103,458	$51,729	$693,169
	40 Hours (100%)	*30 Hours (75%)*	*20 Hours (50%)*	*10 Hours (25%)*	*5 Hours (12.5%)*	
Staff Buy-Outs:**						
1	$50,126	$37,595	$25,063	$12,532	$6,266	$131,582
2	$100,252	$75,189	$50,126	$25,063	$12,532	$263,162
3	$150,378	$112,784	$75,189	$37,595	$18,797	$394,743

*Faculty Salary: Minimum: $48,566; Mean: 68,972; Maximum: $89,250 **Staff Salary: Minimum: $18,989; Mean: $50,126; Maximum: $160,000

When comparing early retirement buy-out and phased retirement figures, it is clear that a phased retirement option is more cost-effective for Lynn. The least expensive option for a three-year early retirement buy-out compared to the least expensive option for a three-year phased retirement garners a cost premium of $86,215—much more than the mean yearly salary for a new professional staff member. Furthermore, the most expensive five-year early retirement buy-out option, a venture that would cost Lynn over $1 million dollars, compared to a five-year phased retirement garners a cost premium of $357,147.

Neither option completely offsets the cost of replacing faculty and/or professional staff members. However, phased retirement does provide a more fiscally viable opportunity for hiring and training of new employees while also providing flexibility for partially retired employees. It allows the university to reduce labor costs gradually if the phasing out positions are not replaced, and provides a lower phase-out cost if the positions are backfilled.

Table 5: Cost Differential Between Early Retirement Buy-Out and Phased Retirement*

	Early Retirement Buy-Out		*Phased Retirement*	***Cost Differential***
Three-Year Plan				
Faculty				
1	$206,916		$120,701	$86,215
2	$413,832		$241,402	$172,430
3	$620,748		$362,103	$258,645
Staff				
1	$150,378		$87,721	$62,657
2	$300,756		$175,441	$125,315
3	$451,134		$263,162	$187,972
Five-Year Plan				
Faculty				
1	$344,860		$231,237	$113,623
2	$689,720		$462,112	$227,608
3	$1,034,580		$693,169	$341,411
Staff				
1	$250,630		$131,582	$119,048
2	$501,260		$263,162	$238,098
3	$751,890		$394,743	$357,147

*Based upon mean faculty salary of $68,972 and mean staff salary of $50,126

SECTION 2: HEALTH INSURANCE OPTIONS FOR RETIREES

What role does health insurance play in retirement decisions?

As Lynn considers its overall retirement plan, special consideration needs to be paid to the issue of retiree health insurance. In a TIAA-CREF Research Institute national survey, 61 percent of faculty indicated that their biggest concern about retirement was either a long period of poor health or frailty or having to pay for health care and prescription drugs. From the Lynn individual survey data, seventy eight percent of faculty and staff indicated that this was their biggest concern (17 points higher than the national rate). The fact that Lynn does not currently offer a post-retirement health plan would be one of the reasons for the increased level of concern among faculty and staff.

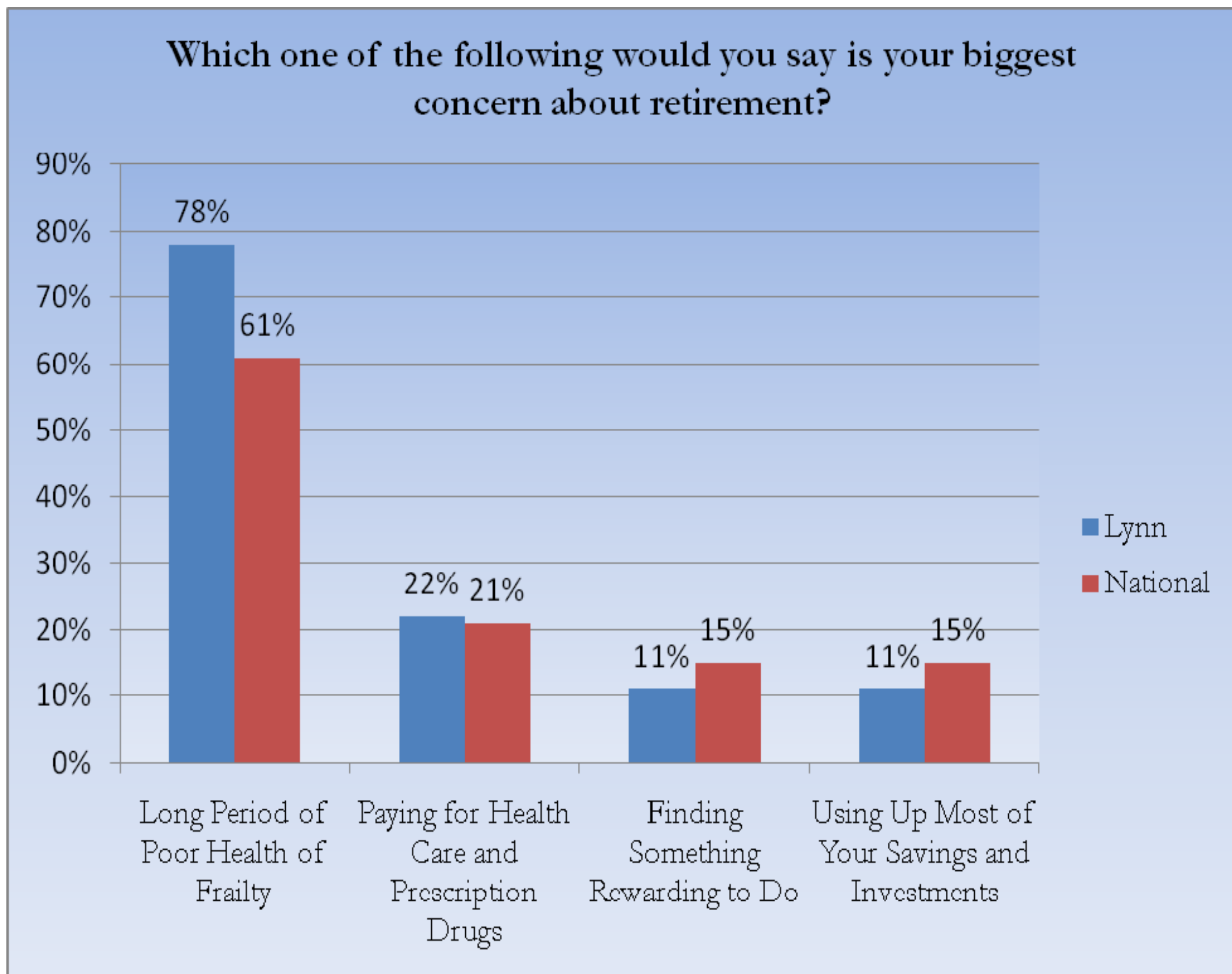


Figure 5: Biggest Concerns About Retirement

Why should Lynn be concerned about whether or not retirees have access to a health plan in retirement? The literature indicates that "some companies are finding that employees cannot afford to retire without access to coverage (particularly those aged under 65 years), and although they would prefer not to provide coverage, they are concerned about the impact on their business of having employees unable to retire" (Rappaport and Malone, 1994). Certainly, "employers and

employees tend to be dissatisfied in situations in which early retirement must be delayed" (Rappaport and Schieber, 1994). As an institution that would like to see some of its older faculty and staff retire to allow for the hiring of new employees, the fact that near-retirees are concerned about access to health benefits in retirement should be of paramount concern to Lynn officials.

Near-retirees' concerns about post-retirement medical expenses are justified. It is estimated that an "individual retiring today at age 65 could easily need $200,000 or more in savings to pay premiums for insurance to supplement Medicare, as well as to cover co-payments, deductibles and other out-of-pocket expenses throughout retirement" (Fronstin, Salisbury and VanDerhei, 2008). However, there is a general lack of knowledge about annual costs for health care in retirement. "Thirty-five percent of near-retirees in higher education say they do not know how much the typical retiree spends and an additional 34% think it is $5,000 or less; the actual amount averages $10,000" (Yakoboski, 2009).

The situation for those under age 65 is even more troubling. The cost of obtaining health insurance increases with the age of the policyholder. In 2004, the average health care costs for employers for a 25 to 34 year old employee was $1,519, while for 55 to 64 year olds the average was $3,262, more than double that of the younger group (U.S. Department of Labor, Bureau of Labor Statistics 2006, as quoted in Forman, 2007).

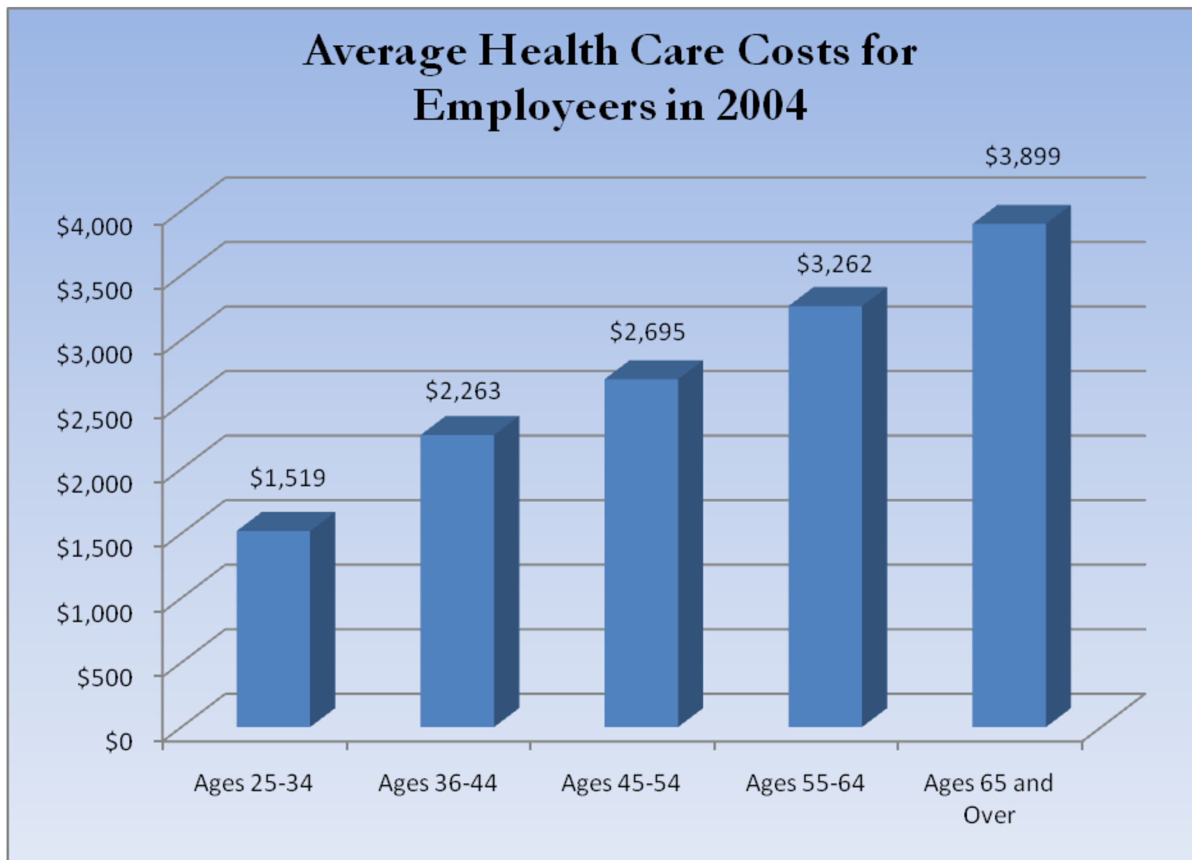


Figure 6: Average Healthcare Costs for Employers 2004

This translates into higher insurance premiums for retirees who are not yet Medicare eligible. Indeed, in some markets, early retirees are not able to purchase insurance at all, because insurance providers have opted not to assume the risk associated with insuring older individuals. Looking at retiree-only comparisons, one finds similar disparities. A Kaiser Family Foundation and Hewitt Associates survey in 2006 "found that the annual cost of retiree premiums was $6,624 for a pre-65 retiree and $3,240 for a new age 65 and above retiree" (Moon, 2007).

Due to a decline in the number of employers offering health insurance to retirees (whether Medicare eligible or not), the issue of being able to pay for health care expenses in retirement is expected to become more troublesome for a larger portion of the population. In a Hewitt Associates survey of larger employers, the percentage offering retiree health benefits has declined from 88 percent in 1991 to 68 percent in 2003. The Employee Benefit Research Institute (EBRI) believes that this trend is likely to continue and is due to two primary factors: (1) current employers are terminating their existing retiree health benefit plans, and (2) new employers and those not previously offering retiree health benefits are opting not to offer the benefit at all (EBRI, 2005).

These changes in the labor and health care markets increase the importance of the availability of health insurance in potential retirees' decisions about when to retire. A fair amount of research has been done in the last two decades on the effect of health insurance and health insurance costs on retirement decisions. The research stems from earlier work on the effects of various programs on retirement, including social security, pensions, health status and disability insurance. The research on the availability of health insurance on retirement decisions begins to take shape in the early 1990s with a series of studies that build on findings from previous studies, producing more complete and more generalizable findings.

Lumsdaine, Stock and Wise (1994): This study attempted to determine the affect of Medicare eligibility on retirement, but it was conducted on a dataset made up of individuals from a single firm that also happened to offer retiree health benefits. It was not surprising, therefore, to learn that Medicare did not have an effect on retirement. The findings of this study were also not able to be generalized beyond individuals who worked at this firm or other firms very similar to it.

Karoly and Rogowski (1993): This study uses the 1984 Survey of Income and Program Participation as a basis for determining the likelihood that an individual retires over a two year period based on the probability that they have retiree health insurance. While they do find that retiree health insurance increases the percentage of people who retire at a given age (the retirement hazard rate) by 50 percent, the study is very weak because of the way that retiree health insurance probability was determined. Karoly and Rogowski used the size of the firm the individual worked for and the industry that firm was in as a proxy for determining whether the individual was likely to have retiree health insurance. This is highly flawed, because these two variables affect other factors that impact retirement decisions also, including the availability of pensions.

Gruber and Madrian (1993): This study uses COBRA health insurance data to look at the effect that the availability of health insurance has on retirement. They find that each year of health insurance continuation increases retirement rates by 20 percent, but the findings cannot be fully generalized to all types of health insurance coverage, because COBRA continuation provisions are only in effect for 18 months.

Gustman and Steinmeier (1993): This study used a more complex data set based on the Retirement History Survey to look at the value of health insurance benefits and pensions in a model to predict retirement decisions. They find that health insurance has a small impact on retirement decisions, but their data model assumes that retiree health insurance and pension eligibility are tied together. This is later determined to be true in only 25 percent of cases. The study results are, therefore, inconclusive.

Madrian, Burtless and Gruber (1994): These researchers set out to build a regression model, using multiple data sets, that isolates the effect of retiree health insurance benefits on retirement decisions, controlling for factors such as social security benefit amounts, pension amounts, defined contribution plan availability and age. "Overall, the results…support the conclusion that retiree health insurance is a strong predictor of early retirement. Having such health insurance significantly increases the probability of retiring before age 65. It also decreases the age at retirement by…about 1 year" (Madrian, Burtless and Gruber, 1994).

Johnson, Davidoff and Perese (2003): This study takes the research one step further by looking at the premium differentials paid in retirement by individuals aged 51 to 61. They conclude that "a $1,000 increase in the net present value of health insurance premium costs reduces the probability of early retirement by 0.17 percentage points for men and 0.24 percentage points for women" (Johnson, Davidoff and Perese, 2003). They also predict that if the Medicare program were to provide subsidized coverage to those aged 62 to 64, there would be a 7 percent increase in overall retirement rates.

Clearly, the availability of health insurance in retirement has been shown to have some effect on retirement decisions. In most cases, however, the effect has been shown to be small. In that sense, retiree health benefits should not be viewed as a single source solution for encouraging older employees to retire early.

What are options for Lynn when considering offering health insurance to retirees?

In making a decision about whether to offer health insurance to retirees, Lynn has a number of options from which to choose:

- Make no change – do not offer a health insurance option to retirees
- Allow retirees to access the existing health insurance options in place at the University (with or without institutional subsidies)
- Set up a separate group plan for retirees with the current insurance provider or with another plan provider
- Contract with a full-service retirement health solutions provider

Make no change. Lynn would certainly not be alone in the marketplace if it were to choose not to offer a plan for retirees to access health care. In fact, one could argue that not having offered a plan in the past has not had a significantly negative impact on the institution's ability to thrive. However, 71 percent of the similarly-Carnegie classified institutions from the Lynn institutional survey data set do offer some type of health care benefit to retirees beyond that required by COBRA. An AAUP national survey in 2007 indicated that 82 percent of faculty continued to be eligible for group health insurance in retirement beyond what is required by law through COBRA (Conley, 2007).

Allow access to existing plans. Lynn could simply extend its current health care programs to "eligible" retirees (eligibility would be defined by Lynn, and is typically a combination of age and years of service). This type of arrangement would be easy to implement, from an administrative standpoint, and would be easy for retirees to understand. Centralized administration would ease any burden that might be created by the introduction of another benefit to be managed by Employee Services. Challenges would include increased costs. In addition to the financial burden of continuing to carry retirees on the current health plans, Lynn would likely experience higher premium increases due to the higher health care expenses typically associated with older individuals. As the number of post-retirement aged individuals increased, the medical expenses upon which the plan pricing was built would likely increase. Additionally, if Lynn were to require retirees to continue to pay the active employee share of insurance premiums, a mechanism would need to be developed for billing and collecting those premiums from retirees. This is thought to be a major reason why many retiree health insurance plans have no retiree contribution requirement, especially with employers offering defined contribution retirement plans, as opposed to defined benefit or pension plans.

A key question with this option is whether or not simply offering access to a plan would be sufficient as a tool for encouraging older faculty and staff to retire earlier. The survey we administered to the Lynn individual survey group did ask about whether or not access to a plan would be important. Interestingly, in all cases respondents focused only on insurance options after age 65, and therefore focused on issues related to Medicare supplements:

> *"Medicare plus a private supplement. I assume I would have to purchase this, as we don't have this available through Lynn."*
>
> *"Supplemental insurance after 65 after Medicare. Supplemental would make a tremendous difference."*
>
> *"Security of having some fallback as you get older. The more you need to rely on something like that. The security of some health plan after retirement beyond Medicare."*

71 percent of the similarly-Carnegie classified institutions from the Lynn institutional survey data set do offer some type of health care benefit to retirees beyond that required by COBRA.

The literature on the impact of health insurance on retirement decisions, as reviewed earlier, does provide some context in which to view these comments. However, it is important to keep in mind that Lynn has several previously noted unique factors that will influence the direct translation of these principles to their situation. These factors were discovered during interviews with employees:

- Lynn has a number of employees (especially faculty) who have come to their current position through a career change. Many of them view their current role as faculty as a "retirement job."
- Boca Raton is a retirement community. As such, many faculty and staff are quite happy to continue to work later in life, having already committed to stay in their current geographic location after retirement.

Set up a separate group plan. Lynn could set up a separate group health plan for retirees, either through its existing insurance providers or another provider. The reality is that it would be difficult to find a provider who would be willing to set up such a plan, because the pool of eligible participants would be relatively small and from a medical insurance perspective, would be made up of high risk individuals. The absence of younger, healthier participants would concentrate the risk. Especially for pre-Medicare eligible retirees the costs are high: about two-and-one-half times as much as they are for younger active workers (Rappaport and Schieber, 1994). Unless Lynn were to offer plans for which retirees would pay 100% (or at least a very large percentage) of the premium, the costs are likely to be prohibitively high. As was noted above, the cost and administrative burden of collecting insurance premiums from retirees is also something that would need to be considered.

Contract with a retirement health solutions provider. While there are a number of benefits specialists and brokers who could assist with the development of a retiree health plan, we found only two providers who tailor their products specifically for the higher education market and bring a comprehensive solution that includes funding and savings mechanisms as well as group rate health insurance plans for retirees: Emeriti and TIAA-CREF.

Emeriti, which bills itself as a "retirement health solution", traces its roots to the Mellon College Retirement Project (MCRP), which sought to define how faculty retirement patterns had changed following the expiration of a provision in the Age Discrimination in Employment Act which allowed higher education institutions to continue to require faculty to retire at age 70. That exemption ended in 1994. MCRP discovered that institutions were facing an aging workforce, slowing retirement patterns, and rapidly increasing health care costs. Faculty, they learned, were becoming increasingly concerned about how they would afford healthcare costs in retirement and that their concerns were playing a major role in their decisions about if and when to retire. The rest, as they say, is history:

> "The MCRP brought together experts from a wide range of professional fields to explore potential consortial approaches for providing supplemental health insurance for retiring faculty and staff of national liberal arts colleges, and drew up a plan, based on a defined contribution model and a program of retiree health insurance options based on the foundation of Medicare, to make it happen. This became the Emeriti Program." (www.emeritihealth.org)

The Emeriti program provides a comprehensive retirement health solution for its member institutions. Institutions agree to pay a minimal percentage of their overall payroll expenses into the plan (currently ½ percent). Those funds are invested in a tax-advantaged trust called a VEBA (Voluntary Employees Beneficiary Association). Institutions are able to set vesting requirements on the funds and are also able to specify the age at which they will begin making contributions for their employees. All contributions made by institutions are tax-free to individual beneficiaries.

Individuals may also have the ability to contribute to a VEBA (individual contributions are, of course, immediately vested), but their contributions are after-tax. Accumulated funds may be used to pay for after-retirement medical expenses, including health care premiums. All withdrawals made for approved medical expense purposes are tax-exempt. VEBA accounts are managed by Fidelity Investments.

The Emeriti Program also provides access to group rate health insurance plans through Aetna. A variety of pre- and post-Medicare eligible plans are offered, including dental and prescription drug options. Costs are based on the employee's state of residence, and are able to be competitively priced because of the large pool of participants who share the insurance risk (nearly 50 institutions currently participate in the program).

While TIAA-CREF has launched a Retirement Healthcare Savings Solution, it is currently only available to current institutional clients in the highest tiers as measured by assets under management. As such, details of the plan are not available. The limited amount of promotional material available on their website, however, does seem to indicate that the product is nearly identical to the Emeriti program, with the exception of pre-established group health insurance plans. There is no mention of such plans in any of the TIAA-CREF promotional materials.

Similar to Emeriti, TIAA-CREF's plan was created in response to near retiree concerns about having enough money in retirement to provide for their health care needs. In addition, TIAA-CREF cites increasingly large discrepancies between the amount near retirees think they will need for after retirement health care expenses, and the actual amounts predicted by researchers, which exceed $200,000 per person. Several TIAA-CREF Research Institute studies that support these statements have already been cited in this paper.

Interestingly, Emeriti representatives indicated that when they first approached TIAA-CREF about backing and administering the Emeriti product, TIAA-CREF representatives had no interest and apparently said that they did not believe that there was a market for such a product. Only after Emeriti's plan launched (with the Mellon Foundation, Fidelity Investments, and Aetna as partners) did TIAA-CREF begin to explore the possibility of entering the marketplace themselves.

What do these options cost?

Make no change. While doing nothing would have no actual cash outlay associated with it, it is important for Lynn to consider the opportunity costs of doing nothing. Given the high percentage of employees nearing retirement age, and the University's ambitious goals, there would be costs associated with not taking steps to encourage less productive members of the employee base to retire. Similarly, if Lynn were to take the step of simply not renewing one-year contracts for faculty they would like to see retire (whatever the reason), there would be no actual cash outlay associated with that action. However, there most certainly would be an impact on morale, which could impact productivity more broadly across the campus.

Allow access to existing plans. As noted earlier, some of the benefits of this option include streamlined administrative processes and their related costs, as well as simplified transitions for those who retire. Since there would be no changes for retirees from their current benefit, there would be little time or effort needed to explain those differences to them. The major downside to

this option is, of course, the cost, compounded by the volatile nature of health insurance costs in the current market.

Lynn's current annualized premium rates for an HMO plan (their mid-priced and most popular option) are as follows:

- Employee only: $6,511.18
- Employee plus spouse: $13,196.56
- Employee plus child(ren): $11,382.28
- Employee plus family: $18,053.36

Employees pay 20% of the costs of these premiums. Payments are made bi-weekly (through payroll deduction). Lynn's actual expenses are, therefore, quite substantial. For FY09, which ended on June 30, 2009, Lynn spent $3.9 million on healthcare premiums, across all employee classes and all health insurance plans.

If Lynn were to extend these health insurance options to retirees, there are several cost factors that would need to be considered:

Premium Costs: The most basic expense would be the additional premium costs that Lynn would incur, provided that they replaced each employee who retired (if retiring employees were not replaced, there would not be any incremental cost associated with extending health benefits to that retiree). For each employee this would average $10,025 annually ($3.9 million/389 full-time employees). In the first few years, this might seem like a very manageable amount. Once you start to consider, however, that the institution could be responsible for these costs for 20 to 30 years for each retiree, it is easy to see how the costs could soon become crushing. Even if there were no increases to the current premium rates (a very unrealistic expectation), and if we conservatively said that only two employees would retire each year, within 20 years the total expense would balloon to over $400,000 annually and total over $4.2 million over those 20 years. Add in regular annual premium increases that have averaged over 11% during the last four years at Lynn, and the cost grows exponentially. Additionally, if Lynn were to pay the 20% premium that active employees currently pay, the cost would increase by a further 25%.

Projected Accrued Costs: Accounting rules and federal regulations would require that Lynn estimate the amount of future liability it would have for providing retiree health insurance to current employees, and to include that amount as a liability on their balance sheet. This accounting change, known as FAS 106 for private-sector organizations, was issued by the Financial Accounting Standards Board (FASB) in December of 1990, with full implementation required by organizations by December 1994. The statement by the FASB was grounded in the belief that non-pension post-retirement benefits (primarily retiree health insurance benefits) were, in fact, deferred compensation. The Governmental Accounting Standards Board (GASB) issued similar rules for public-sector organizations (GAS Statements No. 43 and 45) outlining the same principles and setting a compliance deadline of December 2005. As such, the best estimates that organizations can make must be recorded as accrued liabilities.

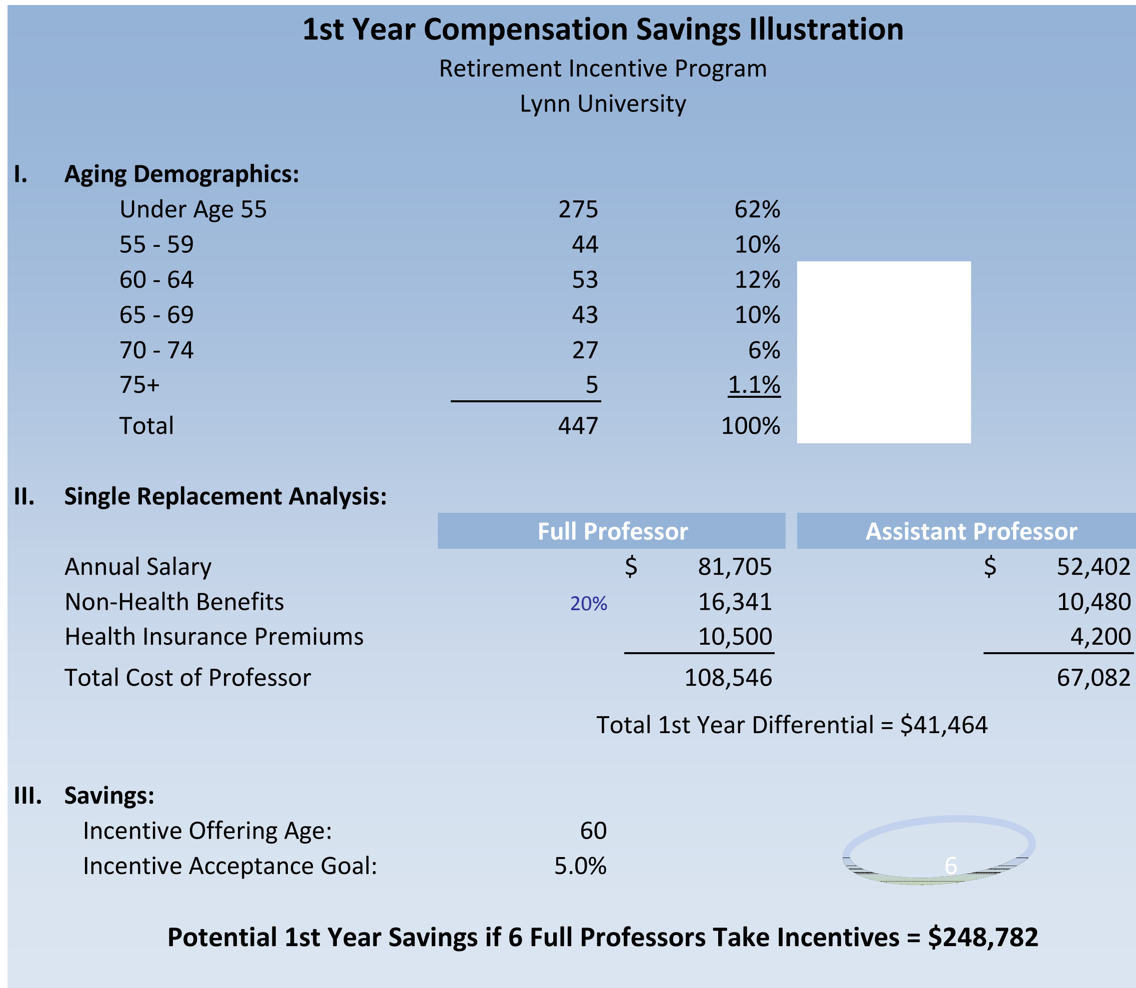
Administrative Costs: While allowing retirees access to the employee health plans would allow for streamlined administrative management of the plan, there are other costs that would need to be considered. The cost of collecting retiree's share of premiums would, for example, fall to the institution. In order to be done effectively, that service would likely need to be outsourced with an impact to the annual budget. Over time, as the number of retirees on the plans increased, it would also begin to create some level of service burden on the Employee Services department in terms of open enrollment registration, communication regarding plan changes, and responding to inquiries from staff and retirees about the plans.

Premium Increases: As has been noted earlier, older individuals tend to have higher medical expenses, due to an increased number of illnesses, hospitalizations, prescription drugs, and other increases in the use of medical services. Lynn would undoubtedly begin to see higher medical expense costs in their pool of insured individuals as more and more retirees entered the risk pool. This would drive insurance premiums up for *all* employees, even beyond the dramatic increases that Lynn has already seen. This is difficult to model out in detail, but with a current base cost of $3.9 million, even a 1% increase would result in additional costs of $40,000.

All of these costs would be somewhat offset by savings that could be realized by retiring older employees with higher salaries and replacing them with younger, less experienced employees with lower salaries. As we will see in the Emeriti financial model later in this paper, they estimate that those savings could amount to as much as $41,000 annually for each retiree. This figure is arrived at by calculating not only the salary savings ($29,000), but also the value of benefits, including a significantly higher health insurance premium generated by an older employee in the risk pool. The challenge with these salary savings figures, however, is that they will lose value over time as junior employees become senior employees with higher salaries and higher medical expenses that come with age. In any event, it is difficult to imagine a scenario where Lynn could assume additional cost in excess of $400,000 annually to cover retiree health insurance premium expenses 20 years into the future.

Set up a separate group plan. As was noted in the descriptive section for this option, it would be difficult to find an insurer willing to establish a plan specifically for retirees of Lynn University. When Lynn's current staff asked their insurance broker to assist with these estimates, they were told that it would not be possible. Even if Lynn were able to find a provider, the costs would likely be so high that Lynn absolutely could not afford to fund them at 100%. Even if they were able to fund premiums for retirees at 80%, the 20% balance from retirees would be prohibitively high and would drive down participation rates. This, in turn, would create an even smaller pool to spread risk across, and would further drive up costs for the plan.

Contract with a retirement health solutions provider. As was indicated earlier, Lynn's only full service option at this point is the Emeriti program. Emeriti has several funding options for their plans, including plans that allow institutions to gradually ramp up their funding levels to Emeriti's benchmark. The models that we include here are those that also include an incentive plan to encourage employees over 60 years of age to consider retiring. The incentive is a lump sum contribution of $25,000 to the employee's VEBA. First, a one year model that assumes a 5% acceptance rate for eligible early retirees:



1st Year Compensation Savings Illustration
Retirement Incentive Program
Lynn University

I. Aging Demographics:

Under Age 55	275	62%
55 - 59	44	10%
60 - 64	53	12%
65 - 69	43	10%
70 - 74	27	6%
75+	5	1.1%
Total	447	100%

II. Single Replacement Analysis:

		Full Professor	Assistant Professor
Annual Salary		$ 81,705	$ 52,402
Non-Health Benefits	20%	16,341	10,480
Health Insurance Premiums		10,500	4,200
Total Cost of Professor		108,546	67,082

Total 1st Year Differential = $41,464

III. Savings:

Incentive Offering Age:	60	
Incentive Acceptance Goal:	5.0%	6

Potential 1st Year Savings if 6 Full Professors Take Incentives = $248,782

Figure 7: First Year Compensation Savings Illustration

It is important to note that the Emeriti models were built with data that is several months older than that received by the project group, so there will be small discrepancies in the demographic makeup of individuals when compared to other statistics in this paper. It is also important to note that the Emeriti one-year model assumes that the 5% of employees who take the early retirement incentive offered would all be full Professors. This assumption is risky, in that the savings may be overestimated if less highly-paid faculty members retire. You will see that Emeriti cites annual savings of $248,782 before program costs are factored in.

The five year model below builds on the assumptions in the one year model, but includes phased in program expenses.

5 Year Institutional Cash Flow Analysis
Retirement with Delayed Pre-Funding Schedule
Lynn University

I. Assumptions & Variables:

Retirement Incentives		***Emeriti Pre-Funding***	
a) Total Benefit Eligible Employees:	377	g) Contribution Start Age:	30
b) Eligible Age for Incentive:	60	h) Fees Paid by Institution	
c) Eligible Employees for Incentive:	128	Emeriti Service Fee:	Yes
d) Grantor Trust Incentive Amount:	$ 25,000	TPA Recordkeeping Fee:	No
e) Target Incentive Rate First Year:	5.0%		
f) Target Incentive Rate Subsequent Years:	2.5%		

II. Institutional Cash Flow Projections:

	2010	2011	2012	2013	2014
Compensation Savings (Aggregate)	$ 248,782	$ 373,172	$ 456,100	$ 539,027	$ 621,954
Emeriti Program Costs:					
Retirement Incentive Awards (Count)	6	3	2	2	2
Retirement Incentive Awards (Retirees)	150,000	75,000	50,000	50,000	50,000
Pre-Funding (Active Employee Annual Amount)	-	-	200	300	400
Annual Employer Pre-Funding Contributions (Actives)	-	-	75,400	113,100	150,800
Plan Implementation Fee	25,000	-	-	-	-
Emeriti Service Fee	18,384	18,528	18,624	18,720	18,816
TPA Recordkeeping Fee	-	-	-	-	-
Total Emeriti Program Costs:	193,384	93,528	144,024	181,820	219,616
III. Annual Savings/Costs	$ 55,398	$ 279,644	$ 312,076	$ 357,207	$ 402,338

IV. Aggregate Savings — Potential 5 Year Savings = $1,406,662

Figure 8: Five Year Institutional Cash Flow Analysis

The maximum exposure that the institution would realize would occur if the Emeriti program were rolled out to all eligible employees (those aged 30 and above, in this model) and no one chose to take the early retirement incentive. In that case, Emeriti program expenses would rise to approximately $220,000 in 2014 and would not be offset by any salary savings. On the other hand, if every assumption were to unfold as documented in this model, the institution could realize savings in excess of $402,000 in 2014. A number of models with different assumptions (higher trust incentive amounts and lower target incentive rates, for example) are included in Appendix F. It is also important to note that the Emeriti model does not discount future cash flows to arrive at a net present value of each option, which would provide a comparable "in today's dollars" basis for all iterations of various Emeriti implementations. Calculating the net present value of each option would provide a more financial sound basis on which to compare various scenarios.

Given the earlier cited research on the amount of incentive that needs to be offered to induce retirement, a more realistic model is perhaps one with higher trust incentive amounts and lower target incentive rates. Certainly Lynn officials would want to partner closely with Emeriti when setting trust incentive amounts and target incentive rates, using Emeriti's experience with other institutions to help inform decision making.

What, if anything, do Lynn's peers offer?

Sixty-seven percent of institutions in the Lynn institutional survey sample reported offering some level of health benefit to retirees beyond that required by COBRA (18 months of continuing coverage at up to 102 percent of cost). This compares to the AAUP national data on faculty, which indicates:

> "At 82 percent of responding institutions, faculty retirees continued to be eligible for group health insurance…at 80 percent of the institutions, spouses also continued to be eligible. The amount of cost borne by the individual and the institution varied, however. Fifty-one percent of institutions paid part of the cost for the faculty retiree, while 33 percent required the individual to pay 100 percent of the cost. Although 17 percent of institutions paid the entire cost of medical insurance for the individual retiree, few institutions reported paying the entire cost of medical insurance for spouses (3 percent), domestic partners (5 percent), family members (2 percent), or survivors (2 percent). The most common scenario was for individuals and institutions to share the cost of medical insurance for the retiree (51 percent), spouse (51 percent), partner (54 percent), or family member (51 percent)" (Conley, 2007).

In the Lynn institutional survey sample, 67 percent of institutions extended the retiree health benefit to spouses and family members. Only 50 percent extended those benefits to survivors. No institution in our sample extended benefits to domestic partners. In terms of cost sharing, none of the institutions in our sample paid all of the costs for retiree health insurance. Seventy-five percent of institutions paid some of the cost of the retiree's insurance, while 50 percent paid for some of the cost of insurance for the spouses and family members of retirees. Sixty percent of the institutions reported that health benefits for retirees had either already been phased out and were being offered only to those grandfathered into old policies, or that institutional contribution rates had been reduced. This compares to the national data which indicated that 55 percent of institutions had eliminated or reduced their health benefits for retirees (Conley, 2007).

An important difference between the AAUP national sample and the Lynn institutional survey sample is that the national sample is disproportionately made up of public institutions; 369 of the 567 respondents were public institutions, making up 65 percent. This is important, because public employees are more likely to be eligible for health benefits in retirement (Rappaport and Malone, 1994). Lynn should, however, consider that even in a relatively small sample of similar institutions, over 50 percent were offering some type of health care benefit to retirees. Also important is that the majority have reduced that benefit in recent years. In an April 2008 survey of 155 companies and nonprofit organizations, Towers Perrin, a global professional services firm, found that "employers appear eager to explore solutions that involve rethinking [retiree health] plan design and accessing private market insurance offerings for both pre-Medicare and Medicare-eligible retirees. Concerns remain, however, about

None of the institutions in our sample paid all of the costs for retiree health insurance. Seventy-five percent of institutions paid some of the cost of the retiree's insurance.

resource constraints and possible retiree disruption arising from major program changes" (Towers Perrin, 2008). Specifically, they discovered that many respondents have either recently changed, or plan to consider changes to, their retiree health benefit plans in the coming year:

Table 6: Retiree medical plan changes organizations have implemented or are considering.

	Pre-65 Retirees		Post-65 Retirees	
(% responding – multiple selections allowed)	Implemented 2007/2008	Considering for 2009 or later	Implemented 2007/2008	Considering for 2009 or later
Changes to plan design	45%	29%	41%	24%
Tighten restrictions on eligibility	21%	15%	23%	11%
Changes to employer subsidy/cost sharing	30%	21%	23%	16%
Cessation of employer subsidy (access only)	7%	12%	10%	9%

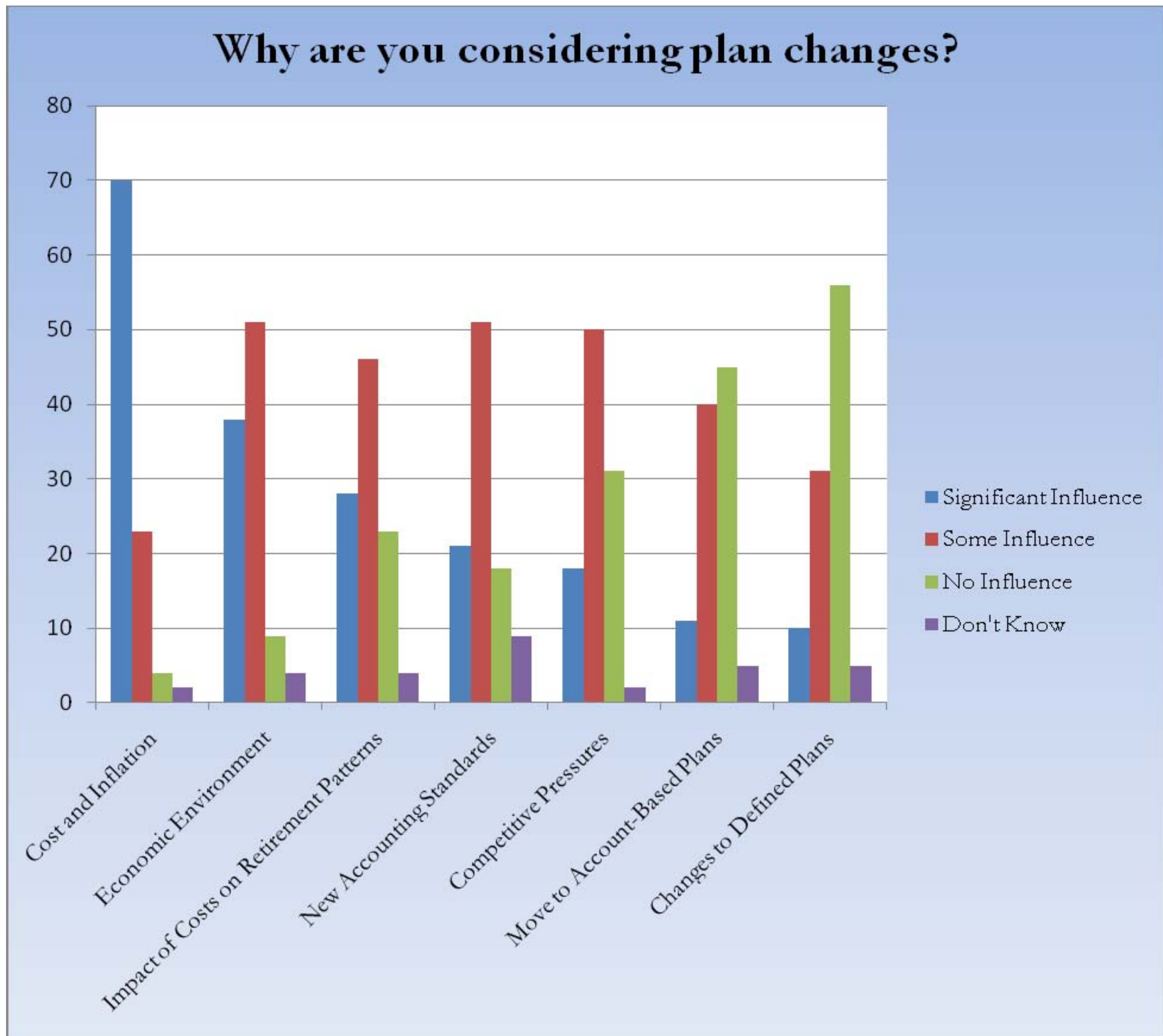


Figure 9: Why Are You Considering Plan Changes?

By far, the biggest factors influencing decisions around retiree health care benefits are related to cost. Clearly, there are many factors that Lynn would need to consider before making the decision to venture into the practice of providing health insurance, especially if the institution were to move into a defined-benefit style program. The fact that so many organizations are trying to find ways to move out of these programs, or at least control their expenses for these programs should indicate that Lynn should think twice before following other institutions in this direction.

How might the current national debate regarding the provision of health care impact Lynn's decision process?

From the outset of this project, the possibility of a major overhaul of the country's health care system has been considered a real "game changing" event that needs to be considered. While recent political events make the likelihood of a significant change less likely, it is nonetheless

important that we consider the ways in which Lynn might want to frame its options as they move forward with any potential changes to retirement plan offerings, including retiree health care benefits.

In a recent Chronicle of Higher Education article, reporter Katherine Mangan outlines what she sees as some of the "key issues that officials at universities…are watching closely" (Mangan, 2010, January 24). Aside from issues related to the provision of student health care plans and support for states to help shield financial aid appropriations from cuts, none of the key issues highlighted would impact Lynn University directly, including subsidies paid to teaching hospitals, resident training for medical schools, faculty shortages in nursing schools, taxes on so-called "Cadillac" insurance plans (Lynn's plans to not rise to the cost levels currently being considered), and conflict of interest rules for institutions that do work with drug companies.

The EBRI has recently published a briefing on the "Implications of Health Reform for Retiree Health Benefits" that outlines what they see as key elements of the legislation currently being considered that will impact the future of retiree health benefits.

Reinsurance Program for Early Retirees: Both the House and Senate versions of the bill include a provision for the establishment of temporary reinsurance programs to encourage employers to continue to offer health care insurance to retirees over age 55 and not yet eligible for Medicare. This is accomplished through 80 percent subsidies on retiree claims. The plans differ on the amount of time that such subsidies would be provided, but both are intended to provide a bridge between the current health insurance situation and the firm establishment of the health care exchange, a cornerstone of health care reform.

Postretirement Benefit Change: A provision in the House version of the bill would prohibit employers from making changes to benefits offered to retirees after their retirement, with three exceptions: (1) changes would be allowed if they were also made to active-worker benefits, (2) caps on benefits would be honored as they are now, and (3) waivers may be granted upon employer application to the Secretary of Labor, using a standard of "undue hardship". This provision would most likely have a "chilling effect on the expansion of employment-based retiree benefits. It is far less likely that employers will offer new retiree health benefits when they no longer have the discretion to change those benefits once in place" (Fronstin, 2010).

From a macro perspective, there has been research done on the ways in which a broader-access health care system in the United States might impact retirement decisions. Citing research on the "powerful effect" that the availability of health care has on retirement decisions, Jonathan Barry Forman in 2004 wrote about how universal health care might influence retirement decisions. His opinion is that universal health care "could result in earlier retirements [because] today may workers delay their retirement until they are eligible for Medicare at the age of 65…with universal health care coverage…older workers would have less reason to postpone their retirements" (Forman, 2004). While the current proposed plan is not a universal access plan, consideration should be given to the effect that a broader-access plan might have on retirement decisions of faculty and staff at Lynn.

SECTION 3: FINANCIAL PLANNING AND ADVICE

What role does financial planning and advice play in retirement decisions?

Most retirement plans require participants to make a number of informed choices from a plethora of options. Participants must make decisions about healthcare coverage, decide how much to save for retirement, choose among investment options, estimate future expenses, make assumptions about investment returns, and assess their own personal tolerance of investment risk. These choices require participants to know what questions to ask, and to choose the best answer from a multitude of options.

Financial Illiteracy: Given the complexity of these decisions, employees benefit from education on how to make retirement choices that fit their own particular situation. Even so, influential issues noted in the literature include a lack of available financial information for faculty and professional staff members as well as individuals lacking a strong financial education (Lusardi & Beeler, 2007; Lusardi & Mitchell, 2007; Lusardi and Mitchell, 2009). Furthermore, various sub-populations of individuals also tend to be impacted more than others in regards to financial education: "Financial illiteracy is widespread and is particularly acute among vulnerable groups such as the least educated, women, and minorities" (Lusardi & Mitchell, 2009, p. 2). In addition, Lusardi and Mitchell (2009) state that financial education and literacy declines rapidly with age. Thus, those who are most affected by retirement option decisions also tend to be the least educated about their financial futures. "We have also found that retirement planning is a powerful predictor of wealth accumulation; those who plan have more than double the wealth of those who have done no retirement planning" (Lusardi & Mitchell, 2009, p. 2).

Naïve decision-making: Given the complexity of these decisions, the literature reveals the common tendency for individuals to rely on advice from spouses and friends who may not be experts and to use heuristics or "rules of thumb" to simplify choices (Benartzi & Thaler, 2007). Even the most financially savvy employees rely on heuristics to simplify these choices. Nobel laureate Harry Markowitz, one of the founders of modern portfolio theory, when asked about how he allocated his own investments in his TIAA-CREF account, confessed:

> *"I should have computed the historic covariances of the asset classes and drawn an efficient frontier. Instead…I split my contributions fifty-fifty between bonds and equities" (Benartzi & Thaler, 2007).*

The literature provides many examples of heuristics or other constructs that drive retirement investment decisions. Retirement plan contribution rates cluster around multiples of 5 and around set points for company matching funds, and are often much too low to achieve retirement income expectations (Benartzi & Thaler, 2007). Investment allocation decisions often allocate 1/n of total funds to each of n investments, irrespective of individual risk and return attributes of the funds (Benartzi & Thaler, 2007). The number of funds considered can be influenced by the number of lines available for investment choices on enrollment forms, even when employees are not limited in how many funds they may choose (Benartzi & Thaler, 2007). Further, peers have very strong influence on an individual's investment choices. Often spouses and friends are the most influential people in the investment decision process, regardless of their particular knowledge or expertise (Benartzi & Thaler, 2007; Rickwood & White, 2008). These examples cast doubt on the potential of financial education to improve employees' retirement decisions.

What helps employees make better retirement decisions? Often investment seminars create greater interest in and awareness of investment options, however it is common for this new-found enthusiasm to result in little change in how much people save for retirement and how they invest those savings (Benartzi & Thaler, 2007). Instead, the literature suggests alternative communication and fund administration changes to help employees make better retirement decisions. For example, options like opt-out versus opt-in for plan participation helps more employees start saving for retirement. Plans that make it easy for employees to increase percentage contributions at the same time that they receive pay increases increase the average savings rate faster than those plans that change rates during the open enrollment period (Benartzi & Thaler, 2007). Funds that are designed to "mature" at a date close to anticipated retirement date simplifies the investment decision process and prevents employees from making unwise investment allocation decisions (Benartzi & Thaler, 2007).

The literature suggests alternative communication and fund administration changes to help employees make better retirement decisions.

Similarly, persuasive communications can influence a person's "subjective assessment of his ability to save, his perception of the short-term non-monetary benefits associated with the act of saving, and the degree of importance or utility associated with consequences experienced during his retirement years" (Wiener & Doescher, 2008). These persuasive messages can help individuals overcome the tendency towards inertia in investment decisions, in ways that education alone cannot (Wiener & Doescher, 2008). Messages need to be positive in tone, include rich imagery and detail, should keep the requested action simple, use social and normative pressures to encourage saving behavior, and should be customized to match the needs to various segments of retirees being targeted (Wiener & Doescher, 2008).

What are Lynn's peers offering?

Despite the uncertain effectiveness of financial education in changing saving and investment behavior, the desire to provide financial education for employees persists. The Lynn institutional survey responses illustrate two consistent trends. First, at least two-thirds of Lynn's peers provide individual assistance for retirement planning, and at least half provide seminars on retirement planning for faculty and staff. Second, these individual and group-oriented advising sessions are almost always provided by *outside* organizations. Rarely does internal staff provide individual assistance, and none of the institutions reported internal staff delivering seminars on retirement planning and advice. Given the complexities of making retirement and investment decisions, limited resources in HR departments, and possible concerns about liability for "bad" advice, it is not surprising that universities turn to the experts to provide this service for employees.

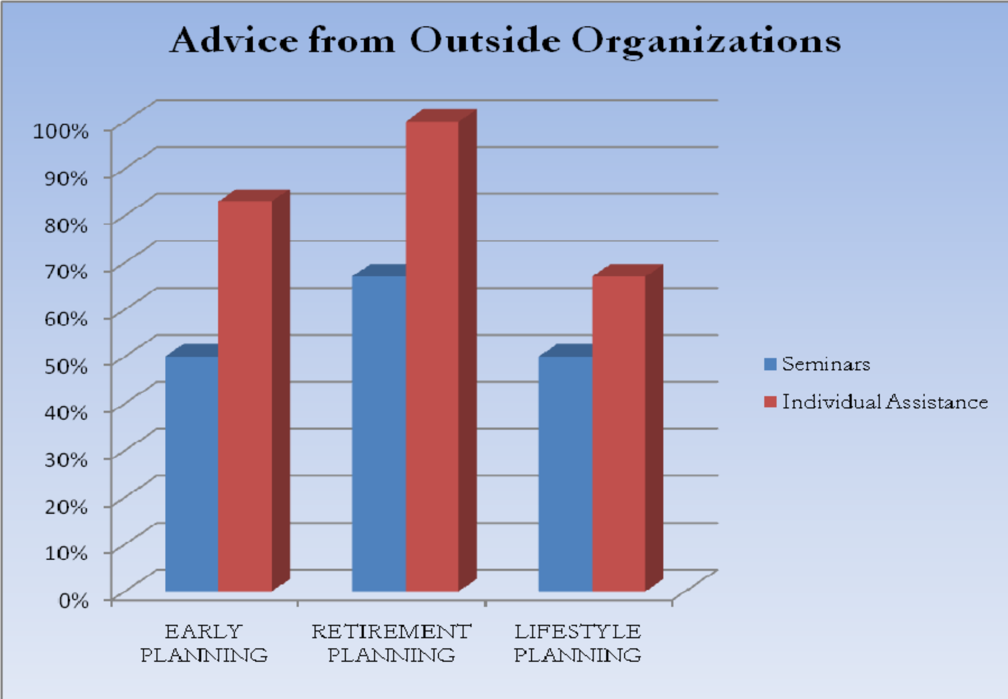


Figure 10: Advice from Outside Organizations

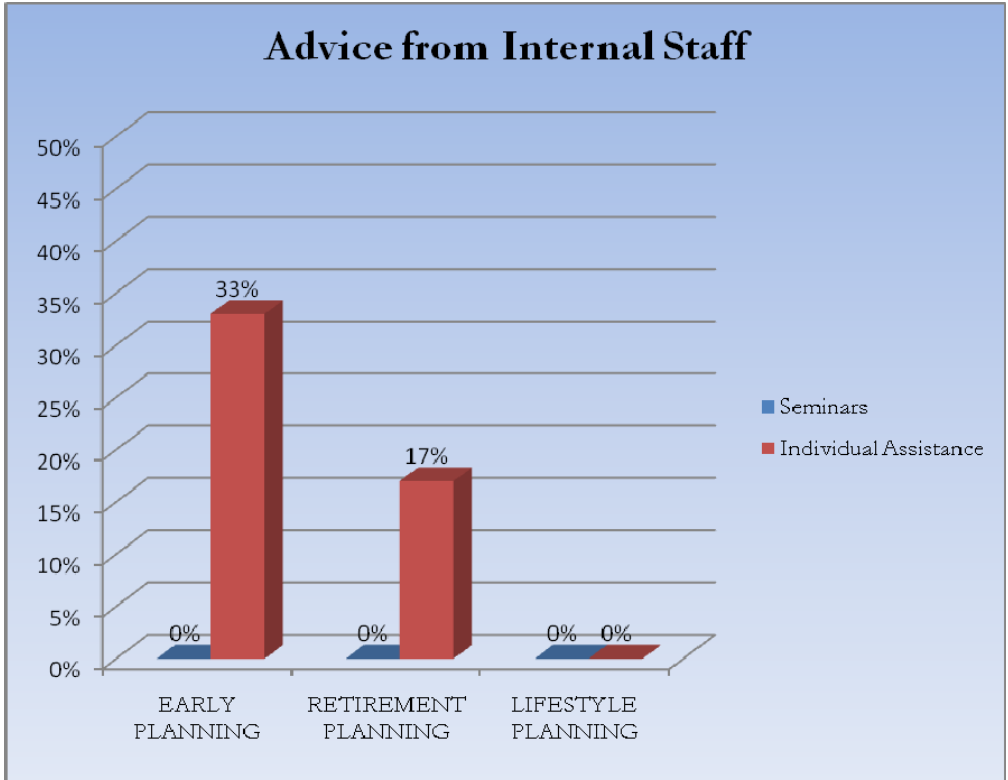


Figure 11: Advice from Internal Staff

Given the strong preference to use outside resources to provide retirement planning and advice, none of Lynn's peer institutions provided any sort of financial subsidy for services offered by outside organizations. Instead, these seminars and individual counseling sessions are typically provided by vendors like TIAA-CREF or others that provide retirement investing services as part of the service agreement with the university.

What do employees say would be helpful?

While 89 percent of Lynn University's individual survey respondents stated that they believe that the faculty or staff member has the primary responsibility for ensuring that they have enough money for a financially secure retirement (versus 11 percent who stated that the institution is responsible for financial security), most respondents (55 percent) were only somewhat confident or not too confident that they will be able to live comfortably throughout their retirement years.

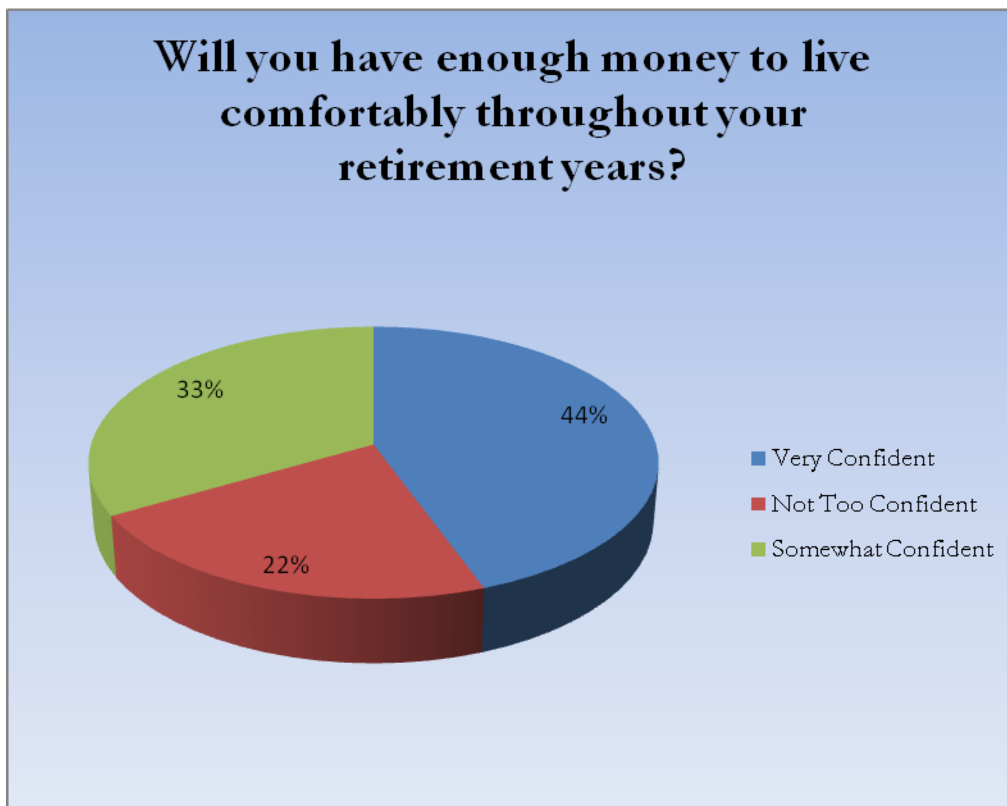


Figure 12: Will You Have Enough Money to Live Comfortably Throughout your Retirement Years?

Although 44 percent of Lynn's individual survey respondents were very confident in their ability to live comfortably in retirement, when asked on what data they based their response, there were varied responses. Some reported the details of their analysis based on personal reading and research. Others reported basing their assumptions on a spouse's retirement and benefit package. Some struggled to describe the source of their knowledge calling it "just a hunch".

Furthermore, 78 percent of Lynn's individual survey respondents stated that Lynn did provide some type of financial training or programming to assist in their retirement planning. Despite efforts to communicate this service to employees, still 22 percent of employees report being unaware of any financial training or programming for retirement. The 78 percent of respondents who were aware of such training reported knowledge that a TIAA-CREF representative would come to campus and be available for consultations. This is consistent with Lynn's peer set, where 100 percent of institutions surveyed reported having outside organizations coming in to provide individual retirement advising. Individual survey respondents did not report any knowledge of seminars provided by outside organizations. According to Lynn's peer institutional survey responses, about half to two-thirds of organizations ask outside organizations to provide seminars for their employees.

Though the majority of individual survey respondents knew about financial training provided to Lynn employees, few respondents stated they had actually met with a TIAA-CREF representative. Seventy-eight percent of individual survey respondents were interested in additional financial education opportunities. When asked what kind of financial programming they would like to see implemented by the university, responses included those outlined in Table 7 below.

Table 7: Individual Survey Respondent Suggestions for Financial Programming
"Help anticipating future expenses."
"Help understanding how much I have to save now."
"Suggested publications we should use to educate ourselves."
"Non-biased information. Not from an insurance company. I want it to show both sides and [I] make the decisions."
"Examples and case studies."
"Online community for questions."
"A document explaining the significance to young people about retirement savings – with tables."
"More specifics would be helpful. More focus on the end result as opposed to the investment process."
"When someone goes into retirement, what happens here? I'm not sure what is in the faculty handbook about retirement."
"More of a full blown course of some sort. Soup to nuts—working backward to where you are now. What is the ideal number and steps to take to get there."

What are options for Lynn, and what do they cost?

Given the desire of Lynn's faculty and staff to have additional financial training, and that this additional training is unlikely to make a significant impact in most employee's retirement savings behavior, providing financial training should be done in the simplest and least expensive manner possible. What will be more effective in changing behavior will be implementing some plan administration changes to enable employee's to make better choices. Currently, Lynn University already uses the opt-out strategy for retirement contributions. Additional improvements could include:

- Cutting the amount of the match % in half, while doubling the percentage on which this match will apply. This or other changes that build on the tendency to contribute only up to the minimum amount for the full match will encourage employees to save more now.
- Moving the savings percentage allocation decisions to the same time as pay increases will also encourage employees to save more for retirement, as employees are more likely to restrict future spending behavior than current spending behavior.
- Adding pre-assorted funds that match various maturity dates will allow employees to make better retirement investment allocation decisions.
- Limit fund choices to 10 or fewer, to reduce complexity while retaining choice for more financially savvy employees.
- Review retirement plan communications materials to ensure positive tone, personal examples, and normative language is used to help influence employees to make smart decisions about saving for retirement.

These options require little to no incremental cost for Lynn, and would involve only working with retirement plan providers to change some investment options, timing of decisions etc. There will be some administrative cost associated with making any change to the retirement plan, however these are likely to be minimal as long as they are coordinated with a currently planned revision.

SECTION 4: OTHER FACTORS

What other factors influence the retirement decision process?

As we began the process of analyzing Lynn individual survey data, what quickly emerged was the lack of a pattern across the sample, reinforcing the notion that retirement really is an individual decision. There are so many factors that impact the retirement decision that it is difficult to capture them all, let alone quantify them in any kind of formula that helps predict retirement patterns. Examples from our interviews included male faculty over 60 with younger spouses and very young children who have no intention of retiring before their children graduate from college (that will be after age 80!); to female faculty in their fifties who are in intergenerational marriages with older, already retired husbands who responded very positively to the idea of phased retirement plans; to middle-aged individuals who appeared to have little knowledge of their retirement benefits and what will be required to live comfortably in retirement. This is further complicated by the fact that retirement decisions for married couples tend to be made jointly (Kapur and Rogowski, 2007), and individuals' spouses are often not employed at Lynn.

What did emerge from the study was a clear indication that Lynn University employees have a strong interest in and an intention to continue to work in retirement. One hundred percent of respondents answered yes to the question "Do you think you will do any work for pay after you retire?" It will be important for Lynn to consider ways to help provide for that outlet and need for its pre-retirement employees.

A Sense of Belonging

A number of faculty and staff articulated that Lynn University is a special place with a very familial feel. As one administrator indicated, when they leave Lynn, they want to know they will be taken care of: "I don't want to be put out to pasture." While salary and medical insurance may be driving factors in retirement planning decisions and options, there are other benefits that may provide faculty and professional staff members with a sense of belonging.

While many institutions allow faculty to continue to teach part-time after retirement, additional benefits identified by peer institutions have been described as ways to keep retired faculty and professional staff members engaged with the institution. Examples include office space, administrative assistance, access to institutional computer networks, retaining an institutional email address, retaining a campus telephone number, availability of travel funds, parking, library privileges, tuition remission, faculty or professional staff pricing for events, and the use of fitness or recreational facilities.

The graph below articulates the extent to which institutions from the Lynn institutional survey sample have implemented these additional benefits to retired faculty and professional staff members. Lynn University currently provides some of these benefits, but could potentially gain from expanding their offerings to retirees.

Table 8: Institutional Benefits for Retired Faculty and Professional Staff

	Provided to All Retirees	Provided to Some Retirees	Not Provided
Office Space	2	3	3
Administrative Assistance	0	1	7
Access to Institutional Computer Network	4	2	2
Institutional Email Address	5	2	1
Campus Telephone Number	1	3	4
Travel Funds	0	0	8
Parking	4	2	2
Library Privileges	6	2	0
Tuition Remission	2	0	6
Faculty/Staff Price for Events	5	0	3
Use of Fitness/Recreational Facilities	5	0	3

In a recent article in the Chronicle of Higher Education, entitled "'We'll Work for Free,' Say Retired Professors, but Colleges Struggle With How to Use Them", details were provided about how institutions have begun to leverage the untapped resource of their retired faculty. At UNC-Chapel Hill, for example, some faculty offered to teach for free, providing needed budgetary relief to departments that were faced with having to cancel course offerings. In other cases, faculty members were paired with academic departments (usually their former department) to help with writing research grants or other administrative or committee work. The article goes on to cite another reason that institutions should consider formal recognition of retiree organizations and develop policies around the use of retired faculty, in particular:

> There's another advantage for colleges in finding important roles for retired faculty members: It gives professors an incentive to retire. An attractively packaged option can prompt a longtime faculty member to step back and make way for institutions to hire the next generation of (younger and cheaper) scholars (June, 2009, December 13).

While there certainly is work involved in creating policies that govern the use of retired faculty and staff in active roles on campus, many institutions have found the effort to be well worth it. Cornell University's CAPE organization, the Cornell Association of Professors Emeriti, is a model example that should be explored.

The Market Meltdown

> The Dow Jones Industrial Average (DJIA) closed at 13058.20 on May 2, 2008; less than one year later the DJIA closed at 6547.05 on March 9, 2009, a drop of 50%. No one saving for retirement with any degree of market exposure would be unaffected by developments of such magnitude. (Yakoboski, 2009, p. 1)

When discussing retirement planning and retirement compensation over the past year, institutions and individual employees cannot escape the turning economic tide that has swept across the nation. Portfolios, retirement plans, and savings accounts have all been drastically hit by the market meltdown. In many situations, individuals planning for retirement have had to drastically

adjust their allocations: "Eleven percent [of near retirees] changed the amount being saved, 28% changed their asset allocation, and 13% have changed both the amount they are saving and the investment allocation of their savings" (Yakoboski, 2009, p. 1).

While some individuals have decided to ride the economic tide, some near-retirees have thrown the "hail mary" pass by making dramatic changes in their investments: "one-half (52 percent) of higher education near-retirees have made adjustments in their retirement savings during the past year" (Yakoboski, 2009, p. 2). At the same time, however, some individuals did not made changes, but rather lost significant amounts of wealth that was to be drawn upon during retirement years. With such a loss of anticipated income, many individual employees have had to stay in positions longer than they originally anticipated: "Twenty-seven percent [of near retirees] expect to retire at an older age compared to their expectations one year ago. The typical (median) increase in expected retirement age among these individuals is three years" (Yakoboski, 2009, p. 4).

Indeed, when exploring retirement options for Lynn University, the impact of the market meltdown must also be taken into account as an environmental factor that may affect individual employment retirement decisions. While 43% of Lynn respondents stated they never plan to retire, the additional 57 percent or respondents that stated they would like to retire between the ages of 60 and 70 may be reconsidering the actual age at which they will likely retire.

SECTION 5: CONCLUSIONS

Given the limitations placed in the project team in terms of access to faculty and staff at Lynn, we believe that the findings are especially rich. In some cases, such as post-retirement health care, there were clear patterns that manifested themselves in surveys and even in open-ended questions. In other areas the lack of a clear pattern appears to be a pattern in itself, reflecting the personal and highly individual nature of retirement decisions, which are influenced by factors too numerous to account for. There were three broad themes that emerged from the project which influence our recommendations:

The Role of Financial Advice: One of the major questions from the Lynn University team was to understand the impact of financial advice on investment decisions. Based on the individual survey responses, Lynn employees do have some interest in getting additional advice about retirement planning. However, the literature review does not indicate that this additional training will be likely to influence Lynn faculty and staff to make significantly better decisions about retirement planning. Instead, the literature suggests that some changes in how the plan is administrated, the number and type of investment options available, and the tone of the communications about retirement planning are much more likely to result in better retirement planning decisions in comparison to traditional financial education alone.

One Size Does Not Fit All: Early retirement buy-out and phased retirement options, as suggested in the literature review, are the most practical retirement frameworks for Lynn University. However, it is important to note that every individual faculty and staff member will have a different story—from time at the institution to savings plan to a need for future health benefits post-retirement. While overall a phased retirement plan fits Lynn better, there may be times when a early retirement buy-out option may be a better choice, particularly when administrative approval is required in order to participate.

Post-retirement Health Insurance: It was clear from the Lynn individual survey data that employees are concerned about access to and the ability to afford health care once they retire. This finding was reinforced in the literature and reflected in the fact that many of the institutions in the Lynn institutional data set are offering some kind of health care benefit for retirees. Lynn will need to carefully consider how it will address this critical issue, especially if the institution wants to see older employees choose to retire.

SECTION 6: RECOMMENDATIONS

1. **Create a culture of engagement around retirement issues.** While Lynn's central administration has a keen interest in the retirement intentions of faculty and staff, it was clear from speaking with that group of individuals that they are not well versed in retirement planning issues, nor do they feel that the institution is being proactive in its provision of training and information. Lynn should begin this process with individuals when they are hired. Orientation programs should spend significant amounts of time talking about the institution's retirement planning philosophy and perhaps incorporate planning services provided by the institution's vendors. Care should be taken to ensure that retirement planning is given attention at all appropriate opportunities. This initiative will work nicely with Lynn's current culture of "care for the individual" while allowing the institution to move forward with goals that necessitate some staffing changes.

2. **Develop a comprehensive plan for regularly participating in benchmarking on salary and benefits.** Lynn should ensure that it has the best information available as it makes decisions about salary, benefits, and other types of employee services. Participating in the College and University Professional Association for Human Resources (CUPA-HR) salary and benefits surveys, for example, would be relatively easy and low-cost ways for Lynn to ensure that it is where it would like to be in terms of competiveness (whether the strategy is to try to be "the best" or just in "the ballpark"). This type of information will help Lynn with both short- and long-term planning.

3. **Consider participation in the Emeriti Retirement Health Solutions program.** The Emeriti program appears to offer a solution that will help Lynn with several of its current objectives, including: (a) provides an affordable way for Lynn to offset the less than competitive 403(b) matching contribution that is currently part of the total compensation plan (our small data sample indicated that Lynn, along with a small set of peers, is offering the lowest contribution rate at only 5%); (b) provides a "pre-built" early-retirement incentive provision that will be easy to implement with tax-advantages for potential retirees; (c) allows incentives to be offered in a way that supports the individual and helps them to retire with dignity. In addition, the program will help the institution to build a culture of engagement around retirement issues by including a benefit that specifically addresses health care issues, a major cause of concern for retirees. Program costs appear to be minimal and the benefits look to outweigh the risks by a significant margin.

4. **Consider the establishment of a phased retirement program.** Lynn should consider the establishment of a phased retirement program, especially for faculty of retirement age who are particularly effective teachers. Research by Bahman Bahrami (2001) found that teaching effectiveness is a highly significant factor on retirement decisions, with faculty who perceive that they are effective teachers likely to delay retirement. Phased retirement would give those faculty members a way to remain at the institution on a less-than-fulltime basis, continuing to engage students in the classroom, but perhaps with fewer other responsibilities in the areas of service and research. The Emeriti program would provide an easily administered way to offer incentives for individuals to accept phased retirement.

5. **Consider the establishment of a formal retiree organization.** Other institutions have had incredible success by creating formal retiree organizations with written policies and procedures outlining the way that the institution will interact with that organization. Based on their comments in a recent Chronicle of Higher Education article, it appears that Cornell's CAPE program is a model, and that officials there are happy to speak with other institutions about the process they went through; there is no need to reinvent the wheel here. As part of this process, Lynn should examine whether or not retired faculty and staff should be awarded emeriti status and what benefits would come from that, both for the individual and the institution. This exercise could also help with the development of phased retirement programs. The Offices of the Academic Vice President and Employee Services should work collaboratively on this effort to ensure that the needs of faculty and staff are fully considered.

6. **Consider implementing a policy of reimbursing employees who utilize outside, independent financial planning services.** Costs for these types of services are low (generally in the $250 per year range) and would help the institution to build a culture of engagement around retirement issues. It will also help to ensure that employees are receiving quality, unbiased information about their overall financial situation, including retirement. It provides an opportunity for Lynn to develop a benefit that is unique in the marketplace at a relatively low cost.

7. **Fully utilize services offered by TIAA-CREF and other benefits providers.** Faculty and staff that were interviewed indicated that the only retirement planning services offered were individual appointments on campus with a TIAA-CREF representative. TIAA-CREF also offers a full range of workshops and seminars covering all aspects of financial health. These are offered at no cost to the institution. A regular series of workshops during the academic year would help to build a culture of engagement around retirement issues. Should the institution decide to enroll in the Emeriti program, they, too, would provide these types of services.

8. **Consider changes to plan administration and communications to use natural savings behavior patterns to encourage positive changes to savings behavior.** Specific recommendations include changing the percentage required to receive fund matching; aligning timing of increases in salary with changes to percentage contribution to retirement savings; adding pre-assorted funds that match various maturity dates; limiting fund choices to 10 or fewer, to reduce complexity while retaining choice for more financially savvy employees; and reviewing retirement plan communications materials to ensure positive tone, personal examples, and normative language is used to help influence employees to make smart decisions about saving for retirement.

9. **Review performance evaluation and salary adjustment programs.** Lynn should review these programs to ensure that performance review and salary adjustment programs are well designed and help the institution achieve its goals, including those around retirement targets and rejuvenation of the faculty. Despite the multitude of other factors that impact retirement decisions, financial factors, including current salary and the prospect of near term salary increases, remain the largest decision factors for individuals making retirement decisions (Lozier and Dooris, 1991; Bahrami, 2001). For example, if Lynn would like to encourage less effective and productive faculty to retire, care should be taken to ensure that

these individuals are not receiving annual salary increases as part of an "across the board" compensation plan.

SECTION 7: CLOSING REMARKS

The recommendations from our capstone team have been designed to aide Lynn University administrators in furthering the ***Lynn** 2020* strategic plan and support the institutional mission of the university. While this project stretched the baseline knowledge of our team members, we are incredibly grateful to have been able to work in partnership with a remarkable institution.

During the course of our project and the creation of this document, the epicenter of a catastrophic 7.0 earthquake hit near the capital of Port-au-Prince, Haiti on Tuesday, January 12, 2010. While stories of this horrific event spread throughout the world, the news of this tragedy shook Lynn University as if the earthquake had occurred in Boca Raton.

In the January Term, Lynn University sent 12 students and two faculty members on a "Journey of Hope," an opportunity for students to engage in service by feeding the poor and aiding the sick in Haiti. Although eight students were able to return unharmed, it is with great sadness that our capstone team received reports from Lynn administrators that four students and two professors lost their lives on this fateful day. Our thoughts and prayers are with the friends, family, and members of the Lynn community during this time, and we hope that all may find closure and peace. We would like to pay homage to and celebrate these Fighting Knights who tragically lost their lives:

Dr. Richard Bruno
Stephanie Crispinelli
Britney Gengel
Christine Gianacaci
Dean Patrick Hartwick
Courtney Hayes

It has been an honor and pleasure to work with Dr. Kevin Ross, Dr. Jason Walton, Dr. Gareth Fowles, Ms. Dee Porter, and all of the Lynn University administrators, faculty, and professional staff members who shared their time with us. We thank you for the support, hospitality, and laughter you shared with our team.

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APPENDIX A: INSTITUTION SURVEY

RETIREMENT PLANS

Do you offer a retirement plan for faculty and staff?
If yes, does the program differ for faculty versus staff?

Describe the retirement plan
Is it defined contribution or defined benefit?

If defined contribution, what is the typical contribution rate by the institution and the minimum required contribution rate?

If defined benefit, what is your annual benefit formula?
How is salary defined for purposes of calculating the benefit?
Which factors affect the benefit formula? (Age, years of service, date of hire, position)
Is there a maximum on the level of benefit that an individual can receive upon retirement?
If yes, what is the maximum based on? (years of service, percent of final year(s) salary)

Which of the following does your institution offer to encourage and/or assist faculty and staff in retirement planning?

	Seminars offered by outside organizations	Seminars offered by internal staff	Individual assistance by outside organizations	Individual assistance by internal staff
Early planning for retirement (prior to age 55)				
Financial planning or counseling for retirement				
Lifestyle planning for retirement				

Does your institution provide any financial subsidy for retirement planning services offered by outside organizations?

RETIREMENT INCENTIVE PROGRAMS

Has your institution had an institution-wide financial incentive programs at any time since 2000 that encouraged faculty and/or staff to retire prior to age 70?

If yes, was the program one in which all individuals meeting the plan's age or years of service requirement automatically benefitted from the program or was eligibility subject to administrative approval?

Was the program open for an indefinite time to those individuals who reached a specified age or number of years of service on an ongoing basis, or was it a "window" plan limited to a specified calendar time period?

If a plan had a minimum years of service or age requirement, please specify the years and/or age.

If a plan had a maximum years of service or age requirement, please specify the years and/or age.

If a plan diminished benefits over an age range and/or years of service, please specify the age range and/or years of service range.

If an incentive plan provided a one-time additional cash payment, how many months of salary was the payment typically equivalent to?

If an incentive plan provided increased retirement benefits please indicate how that was provided: Number of additional service year credits? Approximate value as a percent of annual salary?

If any plan provided a paid terminal leave, please indicate the number of months of leave:

Have the plan(s) been discontinued or is it still running? If discontinued, why?

PHASED RETIREMENT PROGRAMS

Does your institution currently have a formal program that permits faculty or staff to phase into retirement by working fractional-time on the condition that they retire at a specified time?

If yes, and the phased retirement plan has a minimum and/or maximum years of service or age eligibility requirement, please specify the years and/or age.

Is administrative approval required or are all individuals who meet the criteria eligible?

Which of the following special financial benefits are provided to faculty or staff who choose phased retirement?

Full contribution to health insurance premium
Extra retirement payments or credits
Extra (more than pro-rata) salary payments
Able to receive partial retirement benefits in addition to salary
Other

What is the maximum number of years that an individual may remain in part-time status before retiring?

Is the current phased retirement program a "window" plan limited to a specified calendar time period?

Was there a previous phased retirement program (within the last 5 years) that has ended?

Does your institution permit retired faculty and staff to work or teach on a part-time basis?

POLICIES REGARDING RETIRED FACULTY AND STAFF

Does your institution provide that faculty or staff may negotiate continued part-time work (including teaching) opportunities as a condition of retirement?

Are retired faculty or staff generally paid more than, less than, or similarly to other part-time faculty and staff?

Is the title emeritus professor conferred on retired faculty?

If so, is the emeritus status fairly routine or is the award subject to the discretion of the university administration?

Are retired faculty and staff eligible to advise or supervise thesis or dissertation work and to chair pertinent committees?

Does your institution provide continued eligibility (other than as required by COBRA) for group health insurance to retired faculty and/or staff? Please indicate types of coverage available and how each benefit is paid.

	Eligible individual pays 100%	Institution pays part of cost	Institution pays entire cost
Medical insurance for retiree			
Medical insurance for spouse			
Medical insurance for domestic partner			
Medical insurance for family members			
Medical insurance for survivors			
Vision coverage			
Dental coverage			
Long-term care insurance			

What are your institution's future plans for retiree health insurance benefits?

Which of the following benefits are provided to retired faculty or staff?

	Provided to all retirees	Provided to some retirees	Not provided
Office space			
Secretarial assistance			
Access to institutional computer network			
Institutional e-mail address			
Campus telephone number			
Travel funds			
Parking			
Library privileges			
Tuition remission			
Faculty/staff price for events			
Use of fitness/recreational facilities			

Does your institution provide a space on campus for retired individuals to meet?

Does your institution have a retiree organization?

If so, who started it?

Does your institution have information regarding your retirement program on an institutional website?

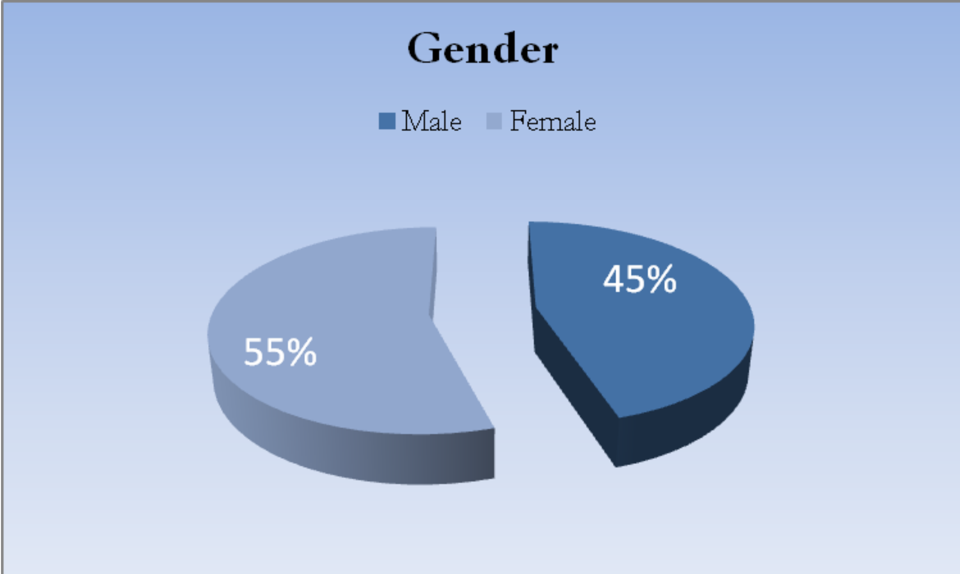
Please indicate whether your institution may or may not be identified when data is shared with other institutions.

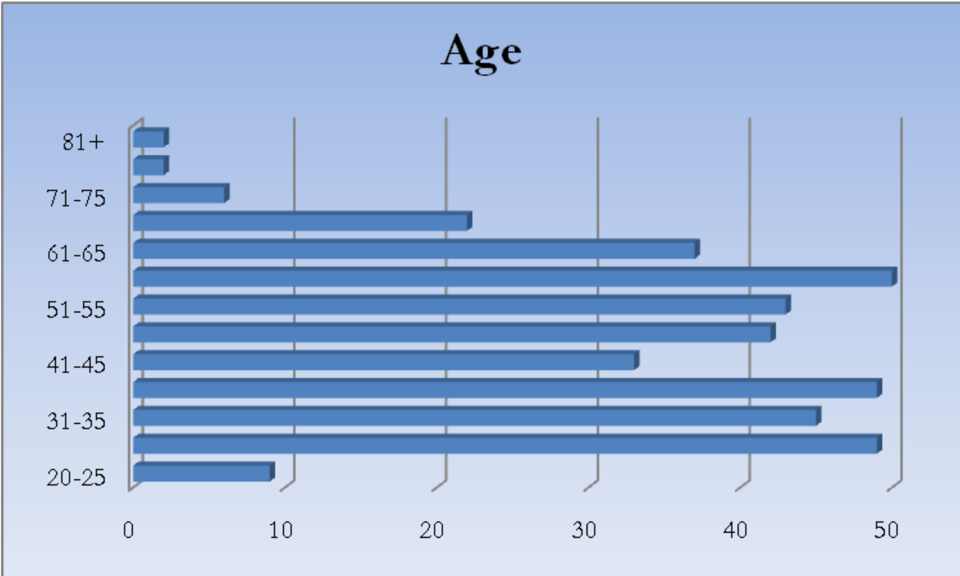
How important is each of the following to your institution (Very important, Somewhat important, Not so important, Not at all important)

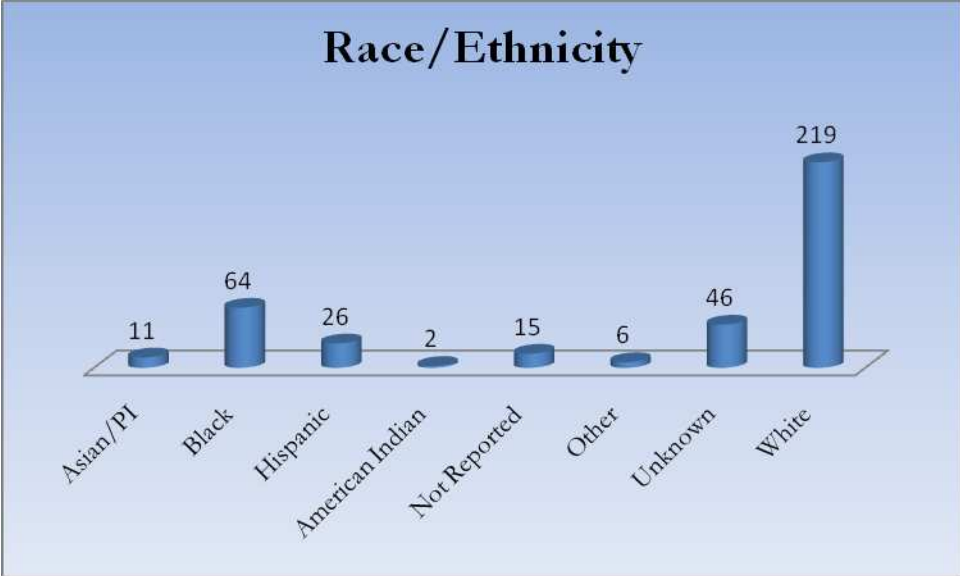
Recruiting new faculty
Retaining current faculty
Retiring older faculty

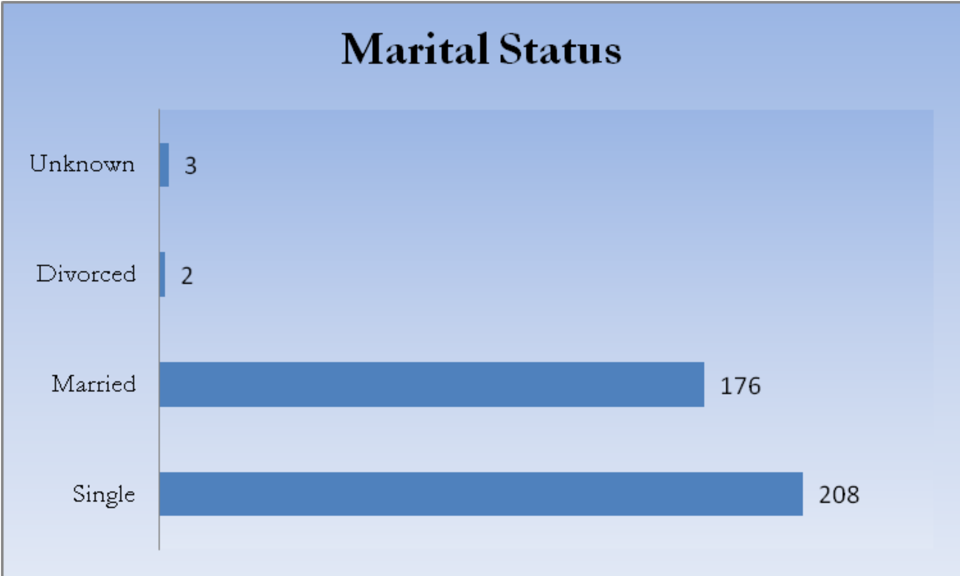
Anything else you'd like to share that you think would be helpful or informative?

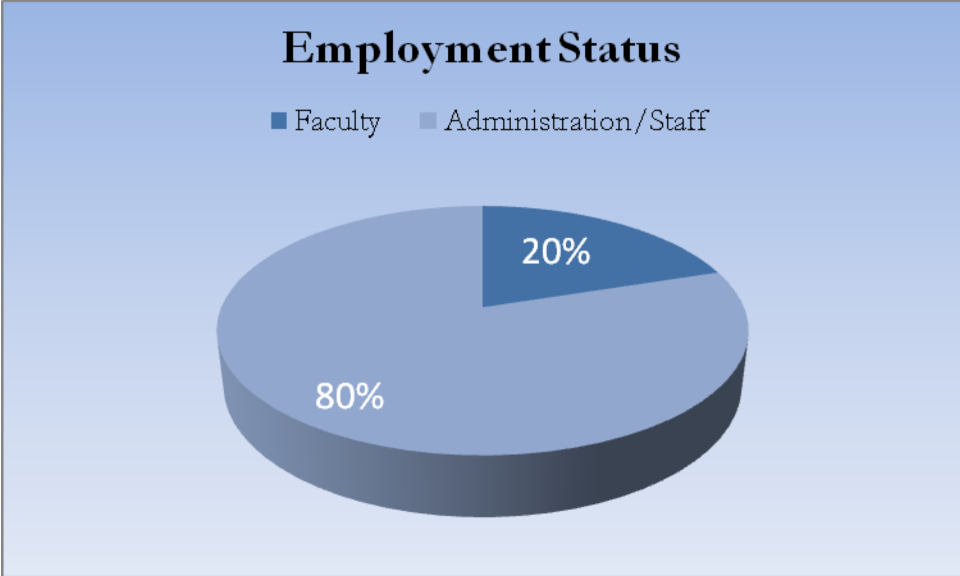
APPENDIX B: LYNN UNIVERSITY EMPLOYEE DEMOGRAPHICS

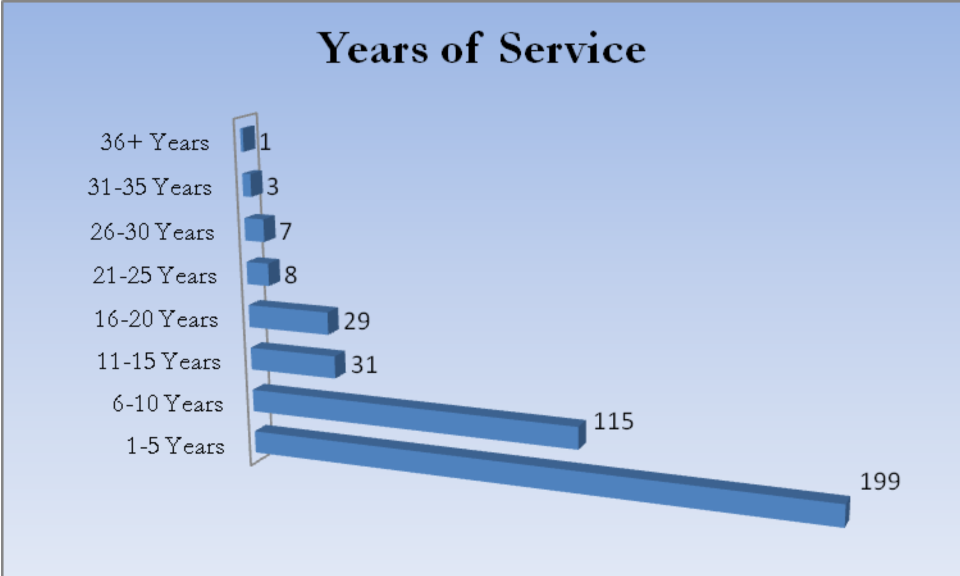





Race/Ethnicity
11
64
26
2
15
6
46
219
Asian/PI
Black
Hispanic
American Indian
Not Reported
Other
Unknown
White


Marital Status
Unknown
3
Divorced
2
Married
176
Single
208


Employment Status
Faculty
Administration/Staff
20%
80%


Years of Service
36+ Years
31-35 Years
26-30 Years
21-25 Years
16-20 Years
11-15 Years
6-10 Years
1-5 Years
1
3
7
8
29
31
115
199

APPENDIX C: INDIVIDUAL SURVEY

1. First, which group best describes your current age?

   a. 20 to 24
   b. 25 to 29
   c. 30 to 34
   d. 35 to 39
   e. 40 to 44
   f. 45 to 49
   g. 50 to 54
   h. 55 to 59
   i. 60 to 64
   j. 65 to 69
   k. 70 to 74
   l. 75 +

2. Do you have faculty status at this college or university? **[IF ASKED DEFINITION OF FACULTY, SAY:** However it is defined by your institution.**]**

   a. Yes
   b. No

3. Do you have a staff appointment at this college or university? **[IF ASKED DEFINITION OF STAFF, SAY:** However it is defined by your institution.**]**

   a. Yes
   b. No

4. In total, how many years have you worked as full-time faculty or staff at this 4-year college or university?

   a. Less than 1 year
   b. 1 to 5 years
   c. 3 to 5 years
   d. 6 to 9 years
   e. 10 to 14 years
   f. 15 to 19 years
   g. 20 to 24 years
   h. 25 years or more

Retirement Issues

5. Do you participate in a voluntary supplemental retirement savings plan at work?

   a. Yes
   b. No
   c. **[VOL]** Don't know
   d. **[VOL]** Refused

6. Why or why not?

7. In your current role, will you receive health insurance upon retirement from your employer?

   a. Yes
   b. No
   c. **[VOL]** Don't know
   d. **[VOL]** Refused

8. Would that be important to you as you plan your retirement? If so, what would be helpful (access to a plan or insurance provided)?

9. At what age would you LIKE to retire? **[IF SAY WILL RETIRE GRADUALLY, ASK:** At what age would you like to begin to retire?**]**

   a. Before 60
   b. 60 to 64
   c. 65
   d. 66 to 69
   e. 70
   f. Over 70
   g. **[VOL]** Never
   h. **[VOL]** Don't know
   i. **[VOL]** Refused

10. Realistically, at what age do you THINK you will retire? **[IF SAY WILL RETIRE GRADUALLY, ASK:** At what age do you think you will begin to retire?**]**

   a. Before 60
   b. 60 to 64
   c. 65
   d. 66 to 69
   e. 70

f. Over 70
g. **[VOL]** Never
h. **[VOL]** Don't know
i. **[VOL]** Refused

11. If different from the age you'd like to retire, why the discrepancy? What would help to close that gap? (If not, skip question)

12. If you have the option of phased retirement when you are ready to retire, how likely do you think you will be to take advantage of it? By phased retirement, I mean an arrangement that allows you to reduce the number of hours you work over a period of several years rather than stopping all at once. Salary is reduced proportionate to the work reduction during this period. Will you be **[READ LIST]**?

a. Very likely
b. Somewhat likely
c. Not too likely, or
d. Not at all likely
e. **[VOL]** Don't know
f. **[VOL]** Refused

13. If so, why? What is appealing about this option? (If not, skip question)

14. Suppose that a few years before your planned retirement, your institution makes available an early retirement buy-out option. That is, a financial incentive to retire within a limited window of opportunity. How likely do you think you would be to take advantage of it? Would you be **[READ LIST]**?

a. Very likely
b. Somewhat likely
c. Not too likely, or
d. Not at all likely
e. **[VOL]** Don't know
f. **[VOL]** Refused

15. Do you think you will do any work for pay after you retire?

a. Yes
b. No
c. **[VOL]** Don't know
d. **[VOL]** Refused

16. **[IF WILL WORK FOR PAY IN RETIREMENT, ASK:]** Do you think you will work as a teacher, work in some other role in education, or do something completely different? **[ACCEPT MULTIPLE RESPONSES.]**

a. Work as a teacher
b. Work in some other role in education
c. Do something completely different
d. **[VOL]** Don't know
e. **[VOL]** Refused

17. How confident are you that you will have enough money to live comfortably throughout your retirement years? Are you **[READ LIST]**?

a. Very confident
b. Somewhat confident
c. Not too confident, or
d. Not at all confident
e. **[VOL]** Don't know
f. **[VOL]** Refused

18. On what do you base this response? (advised by a financial planner, just a hunch, online calculators, etc.)

19. Who do you think has the primary responsibility for ensuring that someone has enough money for a financially secure retirement? **[RANDOMLY REVERSE AND READ LIST. SAY "OR" BETWEEN RESPONSES. ACCEPT ONLY ONE RESPONSE. IF R SAYS BOTH, ASK:** Who has greater responsibility? **IF NECESSARY, FOLLOW WITH:** I can only record one response. Which one should I record?**]**

a. The faculty / staff member
b. The institution
c. **[VOL]** Don't know
d. **[VOL]** Refused

20. Have you tried to figure out how much money you will need to have saved by the time you retire so that you can live comfortably in retirement?

a. Yes
b. No
c. **[VOL]** Don't know
d. **[VOL]** Refused

21. About what percentage of your pre-retirement household income do you think you will need to live comfortably in retirement? By pre-retirement income, I mean your household income right before you retire. **[READ LIST]**

a. Less than 50 percent
b. 50 to 69 percent
c. 70 to 84 percent
d. 85 to 94 percent
e. 95 to 104 percent
f. 105 percent or more
g. **[VOL]** Don't know
h. **[VOL]** Refused

22. Which one of the following would you say is your biggest concern about retirement? Is your biggest concern **[RANDOMIZE AND READ LIST. SAY "OR" BEFORE READING LAST RESPONSE.]**? **[ACCEPT ONLY ONE RESPONSE.]**

a. Having a long period of poor health or frailty
b. Having to pay for health care and prescription drugs
c. Not finding something rewarding to do
d. Using up most of your savings and investments
e. **[VOL]** Don't know
f. **[VOL]** Refused

23. Has the university provided any type of financial training or programming to assist in your retirement planning?

24. If not, what kind of financial programming or ideas would you like to see implemented by the university?

APPENDIX D: SAMPLE T-TESTS OF INDIVIDUAL DATA SETS

T-tests were run on responses to several key questions on the individual survey to see how Lynn's average responses compared to the national data provided by the TIAA-CREF Institute. Samples are noted below, showing statistically significant, but small magnitude differences.

Question: Do you participate in a voluntary supplemental retirement savings plan at work?
(1 = Yes, 2 = No)

Lynn: n = 9, Mean = 1, SD = 0
National: n = 100, Mean = 1.33, SD = .47258
Two-sample t(107) = 2.0860, p = .0394

Question: At what age would you like to retire?
(1 = before 60, 2 = 60-64, 3 = 65, 4 = 66-69, 5 = 70, 6 = over 70, 7 = never)

Lynn: n = 6, Mean = 4.86, SD = 2.27
National: n = 91, Mean = 3.56, SD = 1.4773
Two-sample t(95) = 2.0168, p = .0465

APPENDIX E: FACULTY PERFORMANCE EFFECTIVENESS REVIEWS (FPERS)

LYNN UNIVERSITY
2008 – 2009 FACULTY PERFORMANCE EFFECTIVENESS REVIEW [FPER]

Name:	**Rank:**
College/School:	**Years Teaching at Lynn:**
Date:	

The **FPER** is derived from the university goals and evaluation criteria in the 2008-2009 Lynn University *Faculty Handbook* and designed to reflect ongoing efforts to maximize teaching effectiveness.

PART I TEACHING EFFECTIVENESS PROFILE

List of courses taught and enrollment for each.

Term	Course #	Course Name	# Students

A. **Significant contributions to student learning:**

B. **Changes made as a result of course/instructor feedback from prior year evaluations:**

C. **Changes to be made as a result of current year evaluations:**

D. **Steps taken to provide a global focus to courses/knowledge area (if applicable):**

E. Steps taken to remain current in the relevant teaching areas:

PART II ADVISING

A. Student advising load:

Major(s)	# Students Advised
Total	

B. Contributions to advising:

PART III SCHOLARLY ACTIVITY AND RESEARCH

Refer to definitions and categories in the Lynn *Faculty Handbook* for examples of scholarly and research activities, as well as related activities.

A. Publications (including public exhibitions/film and video productions) in 2008-2009 (<u>please submit copies, as appropriate</u>):

B. Work in progress or plans for future scholarly work:

C. Lynn faculty development workshops or seminars:

2008-2009 Workshops	If Attended	Reflective Comments

D. Technology training workshops:

Training Session	Skills Learned

E. Examples of specific learning assignments using technology:

F. Course(s) development activities for current academic year:

G. Presentations at national or regional conferences (<u>please submit papers or other materials, as appropriate</u>):

Date	Conference	Title of Paper or Session

H. Continuing education:

Date	Conference/Host Organization	Title of Session/Workshop

I. Leadership in professional organizations or associations:

Group	Term	Office/Role

J. Research projects and/or unit assessment activities:

K. Grant writing and/or grant implementation activities:

PART IV SERVICE

Refer to definitions and categories in the Lynn *Faculty Handbook* for examples of university service.

Please list below your activities this year.

A. Service to Lynn University:

1. **Committees**
2. **Taskforces**

3. **University fund raising activities:**

4. Involvement in student activities (e.g., club advisor):

Student Activity	Role

5. Other university service (e.g., recruitment, open houses, telephone campaigns):

6. Contributions to Lynn and/or college strategic plans (be specific):

B. Professional service:

C. Community service:

2009 – 2010 FACULTY DEVELOPMENT PLAN

PART I 2009 – 2010 PLANNED TEACHING STRATEGIES

PART II 2009 – 2010 PLANNED SCHOLARLY ACTIVITY AND RESEARCH

Include committees or task forces you plan to participate in, university fund raising activities, involvement in student activities; plans to promote Lynn 2020 Strategic Plan

PART III 2009 – 2010 PLANNED SERVICE

SUMMARY PAGE TO THE 2008 – 2009 FPER

Comments Provided by the Dean of the Academic Unit

Faculty Name and Title:

Summary Statement:

Faculty Role Development for 2009-2010:

Teaching/Advising:

Research/Scholarship/Production:

Service:

______________________________ _______________

Dean's Signature **Date**

A copy of the 2008-2009 FPER will be shared with the Vice President for Academic Affairs and subsequently placed in your faculty file. Your signature below indicates that you have reviewed and discussed the content of the Summary Page with the Dean of your college. If you disagree with the Summary, you may submit a Statement of Exception within a two-week period following the date below.

______________________________ _______________

Faculty Signature **Date**

APPENDIX F: ALTERNATIVE EMERITI 5 YEAR MODELS

$50,000 Grant Trust Incentive Amounts, Same Target Incentive Rates

5 Year Institutional Cash Flow Analysis

Retirement with Delayed Pre-Funding Schedule

Lynn University

I. Assumptions & Variables:

Retirement Incentives			*Emeriti Pre-Funding*	
a) Total Benefit Eligible Employees:		377	g) Contribution Start Age:	30
b) Eligible Age for Incentive:		60	h) Fees Paid by Institution	
c) Eligible Employees for Incentive:		128	Emeriti Service Fee:	Yes
d) Grantor Trust Incentive Amount:	$	50,000	TPA Recordkeeping Fee:	No
e) Target Incentive Rate First Year:		5.0%		
f) Target Incentive Rate Subsequent Years:		2.5%		

II. Institutional Cash Flow Projections:

	2010	2011	2012	2013	2014
Compensation Savings (Aggregate)	$ 248,782	$ 373,172	$ 456,100	$ 539,027	$ 621,954
Emeriti Program Costs:					
Retirement Incentive Awards (Count)	6	3	2	2	2
Retirement Incentive Awards (Retirees)	300,000	150,000	100,000	100,000	100,000
Pre-Funding (Active Employee Annual Amount)	-	-	200	300	400
Annual Employer Pre-Funding Contributions (Actives)	-	-	75,400	113,100	150,800
Plan Implementation Fee	25,000	-	-	-	-
Emeriti Service Fee	18,384	18,528	18,624	18,720	18,816
TPA Recordkeeping Fee	-	-	-	-	-
Total Emeriti Program Costs:	343,384	168,528	194,024	231,820	269,616
III. Annual Savings/Costs	$ (94,602)	$ 204,644	$ 262,076	$ 307,207	$ 352,338

IV. Aggregate Savings — Potential 5 Year Savings = $1,031,662

$50,000 Grant Trust Incentive Amounts, Reduced Target Incentive Rates

5 Year Institutional Cash Flow Analysis

Retirement with Delayed Pre-Funding Schedule

Lynn University

I. Assumptions & Variables:

Retirement Incentives

a) Total Benefit Eligible Employees:	377
b) Eligible Age for Incentive:	60
c) Eligible Employees for Incentive:	128
d) Grantor Trust Incentive Amount:	$ 50,000
e) Target Incentive Rate First Year:	2.5%
f) Target Incentive Rate Subsequent Years:	2.5%

Emeriti Pre-Funding

g) Contribution Start Age:	30
h) Fees Paid by Institution	
Emeriti Service Fee:	Yes
TPA Recordkeeping Fee:	No

II. Institutional Cash Flow Projections:

	2010	2011	2012	2013	2014
Compensation Savings (Aggregate)	$ 124,391	$ 248,782	$ 373,172	$ 456,100	$ 539,027
Emeriti Program Costs:					
Retirement Incentive Awards (Count)	3	3	3	2	2
Retirement Incentive Awards (Retirees)	150,000	150,000	150,000	100,000	100,000
Pre-Funding (Active Employee Annual Amount)	-	-	200	300	400
Annual Employer Pre-Funding Contributions (Actives)	-	-	75,400	113,100	150,800
Plan Implementation Fee	25,000	-	-	-	-
Emeriti Service Fee	18,240	18,384	18,528	18,624	18,720
TPA Recordkeeping Fee	-	-	-	-	-
Total Emeriti Program Costs:	193,240	168,384	243,928	231,724	269,520
III. Annual Savings/Costs	$ (68,849)	$ 80,398	$ 129,244	$ 224,376	$ 269,507

IV. Aggregate Savings — Potential 5 Year Savings = $634,675

APPENDIX G: INSTITUTIONAL COMPARISON GROUPS

Similarly Carnegie Classified

Benedictine College in Atchison, KS
Carroll University in Waukesha, WI
Heidelberg University in Tiffin, OH
Lipscomb University in Nashville, TN
Lynchburg College in Lynchburg, VA
Malone University in Canton, OH
Oklahoma Christian University in Edmond, OK
Salve Regina University in Newport, RI
Spring Hill College in Mobile, AL
University of Evansville in Evansville, IN
Whitworth University in Spokane, WA

Private Institutions without Tenured Faculty (60 – 90 faculty)

John Brown University in Siloam Springs, AR
Concordia University in Irvine, CA
Brenau University in Gainesville, GA
Midamerica Nazarene University in Olathe, KS
Endicott College in Beverly, MA
Siena Heights University in Adrian, MI
Pfeiffer University in Misenheimer, NC
Bellevue University in Bellevue, NE
Southern Nazarene University in Bethany, OK
La Roche College in Pittsburgh, PA
Neumann College in Aston, PA

Florida Institutions – Hiring Competitors

Florida Atlantic University in Boca Raton, FL
Palm Beach Community College in Lake Worth, FL
Palm Beach Atlantic University in West Palm Beach, FL
Everglades University in Boca Raton, FL
Nova Southeastern University in Fort Lauderdale-Davie, FL
Barry University in Miami Shores, FL
Florida International University in Miami, FL
Rollins College in Winter Park, FL
University of Tampa in Tampa, FL