Planning Your Transition from Full-time Work

Helpful Information on Retirement

Pre-Retirement Checklist

- Attend Transitions Workshops
- Network with peers
- Talk with your department chair
- Consult with your dean
- Think about post-retirement use of time (family, leisure, travel, professional, volunteering)
- Review your asset allocation annually and adjust as needed
- Calculate your projected living expenses and anticipated income
- Learn about your health care options including Medicare and USC Senior Care
- Consult with the Benefits Office
- Review your Social Security “Personal Earnings and Benefit Statement” at www.ssa.gov
- Explore options at the Emeriti Center
- Consult with your tax and financial advisors
- Review your insurance policies
- Organize important documents
Frequently Asked Questions

1. Is retirement all or nothing? Can I stay part of the academic community?

Retired faculty are now eligible to continue part-time teaching and research. The Emeriti Center also provides opportunities to mentor, do research, and teach through the Emeriti Center College. And you can take phased retirement over a year or two (sometimes three) of part-time work for proportionate compensation.

2. Do I have to keep working to have health insurance?

No need, because USC Senior Care is available for retirees: a Medicare supplement plan at a very good price. You can see any doctor who takes Medicare assignment, and you have no deductible and no co-pay if you see a USC doctor. (See page 5 for details.)

3. What if I want to retire earlier than usual?

See page 8 for how you can draw on your retirement accounts upon early retirement. And there are possibilities for health insurance (see page 6) if you want to retire before you or your dependent are eligible for Medicare.

4. Do I have to negotiate to get a retirement payment?

You don’t have to negotiate, because USC doesn’t wait until you are about to retire to contribute toward your retirement. USC puts 10% of your salary into your retirement account (if you put 5%) every month. Make an appointment with a retirement counselor from Fidelity, Prudential, TIAA/CREF, or Vanguard to estimate your retirement income, and to learn about distribution options. USC also offers Transitions Workshops.

5. If I retire when the stock market is lower, are my losses locked in?

Whether you plan to retire now or many years from now, consult with your plan advisor regularly and rebalance your accounts as needed. As you get close to retirement, your financial advisor can assist you in determining how to adjust your holdings to best meet your post-retirement income needs.

What You Can Learn at Transitions Workshops

Income
What do you need to do to begin receiving retirement income? What about Social Security?

Health
What are Medicare Parts A, B, and D? What should you do about them? Is USC Senior Care the best Medigap option for you? Do you need long-term care insurance?

Staying an active member of the academic community
How can the Emeriti Center and the Emeriti Center College help you? How can retired faculty still work, teach, and conduct research at USC? What is the Gold Card and what privileges does it provide? How can you maintain contact with colleagues after you retire?

Staying in charge
What should you do about estate planning, trusts and wills, and health care instructions?

Plan now for a rewarding and fulfilling personal and collegial life in the future.

Experience life in a whole new way.

For dates see www.usc.edu/benefits. USC also has been contributing to Social Security on your behalf. Schedule an appointment with a Social Security representative to discuss your application. When calculating your income in retirement, remember that you will get Social Security and will no longer be paying Social Security and Medicare taxes or making the 5% retirement contribution.
Seven Hints for Retirement Planning

1. Make discussions about retirement part of your career planning. When you talk with your chair and dean about your professional plans—and when you talk with your family about the future—it is good to bring up retirement, whether or not you think you will choose it soon. Prior planning helps everyone.

2. “You are the chair of your own retirement,” as one professor put it. Experts say you'll want a plan to make the most out of retirement years. Check out www.usc.edu/dept/Benefits/ret_index as well as the Faculty Portal page “Essential Guide for Retirement Planning.” The Center for Work and Family Life and the Emeriti Center can be places to talk about lifestyle counseling as you figure out how you want to spend your free time.

3. Take advantage of financial planning. Fidelity, Prudential, TIAA-CREF, and Vanguard, along with other investment companies, offer advice on how to diversify your portfolio to produce more consistent income during volatile markets. Visit their websites for self-help guidance or schedule a personal appointment with a retirement planning counselor on campus.

4. Find out about post-retirement health insurance and bridges to age 65. For many people, the biggest worry about retirement is health care expenses. And the biggest problem for anyone contemplating early retirement is health insurance. Please see pages 5-6 about USC Senior Care, COBRA, and other possibilities.

5. Consider phased retirement. For some professors, fear of retirement is fear of the unknown. A phased retirement allows you to slowly cut down on your work hours and get used to enjoying unstructured time. A provost of another university was quoted as saying he was surprised by how many faculty members quit earlier than expected, after having started a phased retirement period: once they tried having more time off from work, they liked it. See page 4.

6. If you anticipate financial hardships in retirement, talk with a dean or the vice provost. If you anticipate unusual medical costs or are among the lower-paid faculty, have a frank planning talk with your associate dean for faculty or the Vice Provost for Faculty Affairs.

7. Remember that you can keep ties with USC. Some faculty members worry about isolation and many want to keep intellectual and personal connections to the university. Remember that the USC Gold Card offers you free parking, University Club membership, library privileges, and e-mail access; that your department may be able to provide office or laboratory space; that you also may have the chance to teach, run a grant, be a mentor to students, or serve on committees; and that the Emeriti Center and Emeriti Center College offer many opportunities. See the information below and on page 4.

Adapted from D.L. Wheeler, Chronicle of Higher Education, v.54 #40

Post-Retirement Opportunities

In addition to the possibility of being invited back to teach or do research part-time (see page 4), retired faculty have other options. Post-retirement administrative service through the new Trojan ENCORE program may be possible and can bring additional income. Also, the Emeriti Center College provides opportunities to mentor, do research, and teach on campus or at sites throughout greater Los Angeles and around the country. Retired faculty are also eligible for appointment to university, school, departmental, and Academic Senate committees. For more information on any of these items, contact the Emeriti Center (213-740-8921).
Phased Retirement

If you are a full-time faculty member (tenured or non-tenure track) and submit your letter of retirement, you are entitled to receive a transitional part-time leave, with half-time (or greater) duties at proportionate compensation, for up to two years. (It can be three years with the Provost’s approval.) The leave is not available beyond the effective date of termination or non-reappointment under other policies. (Also, the leave requires the Provost’s approval if formal discipline is pending or under investigation.)

At your option, you can relinquish tenure either at the beginning or the end of the transition period; in either case, you use your normal academic title during the transition period. Subsequent to the transition period you may also be invited to teach or do research part-time after retirement as individually agreed. See below.

Post-Retirement Academic Life

Even after retirement, you are eligible to be invited to teach or do research on a year-to-year or other fixed term basis (without tenure) for whatever services, compensation, and percentage of effort are agreed between you and the dean with the approval of the Provost. Unless the Provost gives special permission, the percentage of effort must be less than 50% and thus under current policies you will not be eligible for benefits.

As agreed between you and the dean with the approval of the Provost, after retirement you may be authorized (whether with or without compensation) to continue to be principal investigator of grants and contracts, have research space as allocated, direct graduate students, and continue active participation in departmental and university activities as agreed.

In addition, the Emeriti Center and Emeriti Center College provide many opportunities. Information is available at www.usc.edu/emeriticenter.

Retired faculty are eligible for appointment to university, school, departmental and Academic Senate committees. The Retired Faculty Association is represented in the Academic Senate.
Health Care after Retirement

Faculty age 65 or older should enroll in Medicare Parts A, B, and usually D at least 2-3 months before retirement to avoid possible penalties and delayed effective dates.

If you want a program similar to the USC Network Plan, you can join USC Senior Care after enrolling in Medicare Parts A, B, and D.

If you are enrolled in an HMO plan you should contact the HMO customer service department 2-3 months before retirement to discuss enrolling in their Medicare product.

Other Medicare supplements are available privately.

USC currently offers USC Senior Care, a Medicare supplement plan. USC Senior Care fills gaps in Medicare coverage by paying most (or all if you see USC providers) of the deductibles and copayments you would encounter with Medicare alone.

Those eligible for USC Senior Care include USC faculty and staff retirees and their spouses or registered domestic partners who are enrolled in Medicare (current eligibility is age 65).

For retirees who receive a USC health stipend (see page 6), participation in USC Senior Care will not affect the stipend.

For more information on costs and benefits of USC Senior Care compared with your current plan or another program, call 213-740-0035 and ask to discuss USC Senior Care.

Emeriti Status

The designation Emeritus or Emerita may be awarded to tenured or full-time non-tenure track faculty on or after retirement, or may be pre-approved in contemplation of retirement to be effective upon retirement.

The emeritus or emerita designation carries with it the honor of the title and the use of university facilities as authorized by the Provost.

In preparing recommendations, the department or other appropriate academic unit will review the eligibility of all prospective retirees.

The award of the designation is not automatic. It indicates honorable retirement from assigned duties and recognizes faithful service worthy of high commendation. The designation also expresses an anticipation of continued membership in the academic community.

The President will consider the recommendation of the department or other appropriate academic unit and the dean, the individual’s curriculum vitae, and a summary of the individual’s contributions. The President may approve the title to be added to the last academic rank a faculty member held in active service. The President may also approve the designation for a title of honor or an administrative title (e.g., named chair emeritus, Distinguished Professor Emeritus, dean emeritus.).
Health Care after Early Retirement

If you or your dependents are not yet eligible for Medicare, you may be eligible for post-retirement health insurance through individual private insurance arrangements or under the provisions of (1) COBRA, (2) Cal COBRA, (3) HIPAA guaranteed issue, or (4) other plans, which may span the period until Medicare eligibility. While you are contemplating retirement you can seek advice from the Office of Health Plans, 213-740-0035. If you anticipate personal hardship, you can consult with the dean or the Vice Provost for Faculty Affairs.

If you (or your dependent) are under age 65, health insurance options to consider are: (a) phased retirement, which allows you to work at least 50% time for up to two years (three years with the Provost’s permission) while retaining full benefits; (b) COBRA after full retirement, which extends coverage for 18 months; or (c) if you are in (or have switched to) a California HMO, Cal COBRA coverage for a total 36 months (including COBRA) if you are 62 or older.

Depending on the combination, these arrangements provide health insurance for those who stop full-time work at age 61.5 (or their dependent’s age 61.5) followed by two years on phased retirement and 18 months on COBRA; or alternatively as early as age 59 (or their dependent’s age 59) for those with Provost permission for three years of phased retirement, followed by 18 months on COBRA and then 18 months on Cal COBRA through an HMO.

If you wish to retire when you or your spouse or partner are younger than 59-61.5, it is essential to arrange other health insurance coverage until age 65. You can seek individual coverage on the open market by checking with insurance brokers or ehealthinsurance.com on the internet. If you have a pre-existing medical condition or a poor family history, it may be that an individual policy is not available, but following COBRA you are nevertheless entitled to a HIPAA guaranteed issue policy until eligible for Medicare.

The Office of Health Plans (213-740-0035) can put you in touch with insurance brokers who deal with HIPAA guaranteed issue policies.
Income Replacement

To provide income after retirement, the university currently makes a 10% employer contribution based on eligible earnings to a defined contribution retirement plan when you make a 5% contribution. You direct the investment of these contributions to your choice of four retirement vendors: Fidelity, Prudential, TIAA-CREF, and Vanguard. The accounts are portable and you are immediately vested.

In addition, Federal law provides that USC employees participate in Social Security, so Social Security benefits should be considered part of retirement income.

To compare your post-retirement income with your pre-retirement income, adjust your vendor’s annuity illustration to reflect any funds you have outside the vendor, Social Security payments, cessation of Social Security and Medicare taxation on your salary, cessation of the 5% salary contribution towards your retirement fund, and any changes in your expenses after you retire. A professional can advise you what percentage of pre-retirement income is an appropriate goal for post-retirement income.

To build even higher income for retirement years, under current law individuals can make additional pretax contributions to the Supplemental Retirement Plan up to the IRS limit. Current provisions are discussed in Benefits News, www.usc.edu/benefits.

For details on your individual situation, contact the Office of Benefits Administration, (213) 740-6027. For your vendor’s information, see www.usc.edu/dept/Benefits/retirementsavings/investmentsites.html/

Long-term Disability & Long-term Care

No matter your age, during open enrollment while working full-time, please make sure you have enrolled in the USC Supplemental Disability Plan, which provides payment of a higher percentage of your pay than the state plan, up to 52 weeks. In addition, when you enroll in the Supplemental Plan you automatically receive the Long-term Disability Plan, fully paid by USC at no extra cost to you, that can pay benefits for a period beyond 52 weeks. (See capsnet.usc.edu/DIS.) If you have not enrolled and, unfortunately, suffer a permanently disabling injury or illness, there are no USC disability benefits beyond 52 weeks, so it is very important you enroll.

No matter what your age is now, please also consider Long-term Care Insurance. For information, call the Office of Benefits Administration, 213-740-6027.

Tuition Assistance & the Gold Card

Tuition assistance eligibility continues for children of former full-time faculty with 15 or more years of benefits-eligible service.

The Emeriti Center issues the Gold Card to eligible retirees, currently providing a wide range of privileges and discounts, from courtesy parking to free University Club membership; eligibility is explained at www.usc.edu/emericenter/retireeprivileges.
59½, you may take a distribution from your Supplemental Retirement Account balances while employed. If you have retired and been invited back for part-time service, you may nevertheless have access to all your retirement funds if the following criteria are met: you are age 59½ or older, not tenured or submitted resignation from tenure, and are working 50% or less.

Under current law, you may begin collecting Social Security benefits as early as age 62, even if working. Since there are several factors to consider, you should contact Social Security in advance to discuss your personal situation to maximize your benefit.

For More Information:

**Income Replacement:** See [www.usc.edu/dept/Benefits/retirementsavings](http://www.usc.edu/dept/Benefits/retirementsavings) or your plan vendor, see also [www.usc.edu/dept/Benefits/retirementsavings/investmentsites](http://www.usc.edu/dept/Benefits/retirementsavings/investmentsites)

**Health Care after Retirement:** For USC Senior Care, call Health Plans, 213-740-0035.

**Supplemental Disability Plan:** Call Disability Office, 213-740-5875. [http://www.usc.edu/dept/Benefits/fin/disability](http://www.usc.edu/dept/Benefits/fin/disability)

**Long-term Care Insurance:** Call Benefits Administration, 213-740-6027. [http://www.usc.edu/dept/Benefits/events-2.html](http://www.usc.edu/dept/Benefits/events-2.html)

**Commonly asked questions:** See [www.usc.edu/org/emeriti_center/ecqanda.php](http://www.usc.edu/org/emeriti_center/ecqanda.php)

**Information on the web (non-USC)**
- RetireNet.com
- ThirdAge.com
- WhereToRetireMagazine.com
- www.retire-abroad.org
- www.aarp.org

When you have retired from USC you may begin to receive income on your retirement accumulations. While distributions are taxable at the time they are paid, if you are over 59½ there will be no 10% early distribution tax penalty applied to the distributions. If you continue to work beyond age 59½, you may take a distribution from your Supplemental Retirement Account balances while employed.

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