



PHASED RETIREMENT

Information for University of Michigan Faculty and Staff

If you'd rather ease into retirement instead of going directly from working to retired, you may want to think about phased retirement. Under phased retirement, you reduce your appointment over time according to a schedule that you and your unit agree to ahead of time. At the end of phased retirement, you'll be fully retired.

Am I eligible for phased retirement?

Phased retirement is not "early" retirement. You must have enough points to retire before starting phased retirement. Beyond that, it's up to you and your department to decide if phased retirement is a good fit.

Points = your age + continuous eligible years of service

What happens to my benefits in phased retirement?

You can maintain your active employee benefits during phased retirement, with two special provisions.

1. If you reduce your effort below 50% due to phased retirement, you can keep your active employee benefits, although some benefits like life insurance and retirement contributions will be pro-rated. The university contribution to your health benefits will continue based on your salary before you started phased retirement. (Please note that sick time and vacation/paid time off (PTO) are not protected by phased retirement.)
2. During phased retirement, you can start drawing on your TIAA retirement accounts by taking a lifetime annuity or using the Interest Payment Retirement Option. You can also access your 403(b) SRA contributions at age 59½ and your 457(b) Deferred Compensation contributions at age 70½, from either TIAA or Fidelity. You can start taking a minimum distribution from TIAA at age 70½.

What do I need to arrange with my department?

Phased retirement must be approved by your department and the appropriate director or dean. Here's what you should decide on together in advance:

- Your full retirement date (when phased retirement ends)
- How long you will be on phased retirement
- Your initial reduction in effort and any additional reductions along the way
- Whether you plan to combine phased retirement with time off or periods without pay

Once phased retirement begins, you are not allowed to go back to 100% effort, although you can modify your original plan with department approval.

Learn more

This information is provided as an overview. View complete details at hr.umich.edu/phased-retirement.