SOUTHWESTERN UNIVERSITY
PHASED RETIREMENT OPTION PROGRAM
SUMMARY

Effective with the Fall 2010 semester, eligible faculty members may apply for participation in Southwestern University's Phased Retirement Option Program (the "PRO Program"). The primary purpose of the PRO Program is to assist tenured faculty members to make the gradual transition and adjustment into retirement.

The PRO Program is voluntary and is not an automatic benefit to which eligible faculty members are entitled. Eligible faculty members must apply and receive written approval as described in the Application/Approval section below. Requests may be denied or amended by the Provost based on Southwestern University's (the "University") staffing requirements or other reasons based on the University's current needs.

Eligibility

An eligible faculty member must meet *all* of the following requirements as of the first day of the semester in which phased retirement will begin:

(a) hold tenured faculty status; and

(b) satisfy the Rule of 75.

The Rule of 75 is satisfied if the sum of the eligible faculty member's age and number of years of continuous service with the University as a full-time faculty member is at least 75. For purposes of the PRO Program, continuous service shall mean all periods of uninterrupted service as a full-time faculty member, including approved paid and unpaid leaves of absences and sabbaticals.

Options

The following phased retirement options are available with respect to the PRO Program:

(a) Eligible faculty members may request to reduce their teaching schedule by 25% to 50% per semester for the duration of their phased retirement option program period and their salary shall be reduced accordingly. This is a one-time election and may not be amended. For this purpose, the course load which constitutes each reduction level shall be determined pursuant to procedures promulgated by the Provost.

(b) Eligible faculty members may request either two, four or six consecutive academic semesters (Fall and Spring) as the duration of their phased retirement period (the "PRO Period"). A PRO Period may begin only on the first day of an academic semester (Fall or Spring). Eligible faculty members may request to teach only Fall or Spring semesters.

(c) The PRO Period may not exceed three years.

Application/Approval

(a) An eligible faculty member must complete a PRO Program Application ("Application") no later than October 31 for the next Fall Semester. However, eligible faculty members applying for the Fall semester, 2010 PRO Program, may submit their completed Application on or before April 30. Eligible faculty members applying for a PRO Period beginning with a Spring semester must submit their completed Application on or before April 30 of the preceding year. The Application must include the requested duration of the PRO Period and the amount of reduction in teaching responsibilities requested during the PRO Period.

(b) The Application must be submitted and approved by the appropriate Dean or Associate Dean, and Department Chair. The Application is subject to the provisions contained in this Summary and must include a proposed work plan for the PRO Period. All Applications to participate in the PRO Program are subject to the Provost's final written approval.

(c) For each Application received, the Provost will respond to the eligible faculty member, in writing, either approving or denying the Application.

(d) Upon approval, a copy of the Application must be sent to the eligible faculty member accompanied by the Agreement and Release. In addition, a copy of the Application must be provided to the affected Department Chair's, the Dean's or Associate Dean's office, and the Office of Human Resources. If the Application is denied, a copy of the denial must be sent to the eligible faculty member and the Office of Human Resources.

(e) The eligible faculty member has at least 45 calendar days to review the Agreement and Release to decide whether or not to sign it. After signing the Agreement and Release, the eligible faculty member has seven calendar days after the date it was signed to revoke the Agreement and Release by providing a written Notice of Revocation.

Terms and Conditions

The PRO Program is subject to the following terms and conditions:

(a) Once the Agreement and Release is fully executed by the eligible faculty member and the University, the election to enter into the PRO Program, the designation of the PRO Period and all other terms of the eligible faculty member's Agreement and Release are irrevocable for the duration of the PRO Period.

(b) Employment and all tenure rights shall continue until the conclusion of the PRO Period, at which time the eligible faculty member shall commence retirement and his or her employment shall terminate. All benefits other than customary retirement benefits will also automatically terminate. The eligible faculty member may be eligible for continuation benefits as provided under the individual benefit program.

(c) During the PRO Period, the eligible faculty member's employment status remains subject to terms of the Faculty Handbook. The eligible faculty member's employment may be terminated for misconduct or the eligible faculty member's inability to perform the essential functions of the job.

Compensation and Benefits

(a) The eligible faculty member's compensation shall be reduced according to the reduction in his or her teaching schedule, less 5%. In other words, an eligible faculty member reducing his or her teaching schedule by 50% would receive 55% of his or her previous compensation.

(b) Compensation paid as part of the PRO Program is paid over a nine- or 12-month term as elected by the eligible faculty member. In the event an eligible faculty member fails to meet his or her obligation to work in such nine- or 12- month period, such payment may be considered a prepayment for work not yet performed. The University is entitled to collect any overpayments that occur.

(c) Eligible faculty members participating in the PRO Program may be subject to negative or positive salary adjustments/recommendations by the Provost and the eligible faculty member's Associate Dean's or Dean's discretion.

(d) The eligible faculty member's health insurance benefit (including vision and dental) shall continue as if the eligible faculty member's status remained full-time until the end of the PRO Period. The eligible faculty member's share of the premiums shall continue at the same contribution rate paid by full-time faculty members. The contribution rate is subject to change during the course of the PRO Period.

(e) Participants in the PRO Program are eligible to participate in the University's life insurance, long-term disability, health flexible spending account and cafeteria benefit plans. Benefits that are salary-based (e.g., life insurance and long term disability) shall be based on the eligible faculty member's reduced salary

(f) Participation in the University's 403(b) retirement plans may continue during the PRO Period. However, the University's plan contributions in the Southwestern University Retirement Plan for All Employees shall be based on the eligible faculty member's reduced salary. The eligible faculty member's ability continue to make plan contributions to the Southwestern University Tax-Deferred Annuity will be limited to periods in which the eligible faculty member has salary to defer.

(g) Distributions from any University retirement plan may be made only in accordance with the applicable plan documents. For purposes of these plans, entering into the PRO Program does not constitute termination of employment.

(h) Eligible faculty members participating in the PRO Program are not eligible for sabbaticals or other leaves of absence, excluding medical or disability leaves.

(i) The Professional Development Account will be reduced by a percentage that correlates to the reduction in the eligible faculty member's compensation during the PRO Period consistent with the work plan specifics. Endowed chair accounts also will be reduced by a percentage that correlates to the reduction in the eligible faculty member's compensation during the PRO Period consistent with the work plan specifics. Eligible faculty members participating in the PRO Program may submit requests for other faculty development funds through the appropriate processes, but are not eligible for stipends.

(j) Eligible faculty members are encouraged to contact the Office of Human Resources to confirm that their benefit elections are maintained throughout their PRO Period.

General Provisions

(a) Eligible faculty members participating in the PRO Program are expected to follow all University policies and perform within acceptable standards, which pertain to all tenured full-time faculty.

(b) Employment during the summer semesters during the PRO Period will be subject to the agreement of the eligible faculty member, the eligible faculty member's Associate Dean or Dean and the Provost. Summer teaching assignments are not guaranteed.

(c) The PRO Period will automatically expire upon termination of the eligible faculty member's employment with the University for any reason. The eligible faculty member's responsibility to complete his or her academic duties such as grading course work, turning in grades and assisting in customary post-semester activities shall continue until all responsibilities are fulfilled.

(d) Eligible faculty members in the PRO Program may, with 60 days' written notice, voluntarily terminate their employment with the University at the end of any academic semester. If this option is taken, the PRO Period shall automatically expire on the last day of such semester, the eligible faculty member will have no vested rights in the PRO Program or in any employment rights or tenure rights with the University, and all benefits other than customary retirement benefits and other continuation benefits will automatically terminate on the last day of such semester.

(e) The University will continue to provide eligible faculty members participating in the PRO Program all rights and privileges customarily extended to full-time tenured faculty, except for rights and privileges specifically limited or reduced by this PRO Program.

(f) Eligible faculty members participating in the PRO Program are not eligible for any other release time and must teach the number of classes contained in the Work Plan as specified in the Application absent extraordinary circumstances as determined by the Provost, at his or her sole discretion.

(g) Eligible faculty members participating in the PRO Program are not eligible for stipends, unless approved by the Provost.

(h) Eligible faculty members participating in the PRO Program are not eligible to hold department chairs or comparable positions. However, they may be required to serve on University faculty committees, advise students and perform other customary faculty responsibilities.

(i) Eligible faculty members who complete the PRO Period and terminate their employment with the University may be considered for adjunct positions through the customary adjunct hiring process. However, no continued employment opportunities with the University are guaranteed.

(j) Requests for amendments to the PRO Program will be considered through the Office of the Provost, and are subject to approval by the President and the Board of Trustees. Retroactive amendments to the PRO Program are not allowed.

(k) The University reserves the right to terminate or amend the PRO Program at its sole discretion, at any time, with or without justification or notice.

(l) Termination or amendment of the PRO Program will not affect an eligible faculty member's participation in the PRO Program under an existing Agreement and Release.