Policy for Voluntary Phased Retirement

Office of the President
Policy Document Number: OP-09.1-2026

Adopted by the Board of Regents: May 15, 2026

Policy Purpose: This policy is to (1) encourage staffing flexibility, consistent with overall University and individual department needs and (2) provide employees an opportunity to devote increased time to personal interests by transitioning to part-time while continuing to provide service to the University in their area of greatest expertise.

Policy Statement

This policy creates a Voluntary Phased Retirement Program to enable full-time employees to transition to part-time status for up to three (3) years. Individuals in this program will have a modified set of job duties and responsibilities that are commensurate with their part-time status. While consideration will be given to all requests to participate in this program, the nature of the working assignment of the individual may not lend itself to a reduced schedule or a reduction in responsibilities and other practical considerations (e.g., lack of office space or laboratory facilities) and may preclude approval of phased retirement proposals.

General Policy

1. Terms and Conditions

Participation in phased retirement is:

a. Voluntary and voluntarily initiated by the employee.
b. Up to a maximum of three years.
c. FTE for program participants will not be less than 0.5 FTE to ensure they retain retirement plan eligibility and remain eligible for university benefits. Under this program, the approved phased appointment shall not exceed 0.75 FTE. At the time the University provides the individual with a proposed written agreement, the University will also provide clear notification of the effect the agreement, if entered, will have on all retirement plan, pension plan, and health insurance benefits and eligibility, so that the individual may make an informed decision concerning entry into the agreement.
d. Established by a binding written agreement; once established, the retirement date cannot be extended.
e. Agreement is initially negotiated between the participant and the relevant Dean / Director / supervisor. The cognizant Vice President will then review and recommend the agreement to the President for approval.
f. The administration retains the authority to balance college/division business continuity needs with requests for phased retirement.
g. Individuals participating in this program will be entitled, for the duration of the agreement, to the same status they had attained prior to the effective date of the agreement (e.g., an individual at the rank of Professor prior to phased retirement will maintain their rank during phased retirement).
h. Throughout the duration of the Phased Retirement Agreement, participants remain regular employees of New Mexico Tech and are subject to all University policies, submission of annual evaluations, and the disciplinary procedures outlined in the

Employee Handbook. Any violation of these standards may result in the immediate termination of the Phased Retirement Agreement and/or employment.

i. Individuals in the Voluntary Phased Retirement Program are eligible for merit and across-the-board raises (that may be pro-rated to their FTE).
j. At the end of this Voluntary Phased Retirement Program, individuals remain eligible to participate in the New Mexico Educational Retirement Board's (NMERB) Return to Work program.

2. Terms and Conditions

Individuals in this program are eligible to participate if they either (a) have worked at the institution for over ten (10) years or (b) are 62 years or older. Individuals who are not eligible to participate may submit a written appeal to their cognizant Vice President for review and approval by the President.

3. Written Agreement

A standard written Voluntary Phased Retirement Agreement records the specific terms of each participant's phased retirement period, workload, FTE, salary, and retirement date. Individuals have the right to take up to 30 days to review the terms of the agreement. During this period, the university cannot withdraw the offered agreement. However, if an individual does not need the full 30 days to review the agreement, they may proceed without waiting. After signing, the individual will also have seven days in which the individual may revoke their signature and consent to the agreement. It is important to note, however, that once an individual signs the agreement and the seven-day revocation period passes, the terms of the Voluntary Phased Retirement Agreement are permanent, unless they choose to retire earlier due to an unforeseen circumstance.

An individual may retire earlier than planned during phased retirement, but not later. They should inform Human Resources and their Dean / Director / supervisor if they plan to retire earlier than the agreed upon date. This will help the division / office plan for business continuity and deal with unanticipated situations.

a. Tenured Faculty and Individuals with Continuing Status
   A tenured faculty member or professional with continuing status irrevocably relinquishes all employment rights at the end of the phased retirement period.

b. Annual Professionals
   Annual (or year-to-year) professionals remain subject to renewal of their annual appointment for employment during the phased retirement period. Participation in phased

retirement by non-tenured/non-continuing personnel does not create a guarantee or implied agreement of continuous employment during the phased retirement period.

c. Workload
Workload during the phased retirement period shall be defined in relation to the standard expectations of the employee's department or program and shall be commensurate with the approved phased FTE. The specific allocation of responsibilities among their assigned duties shall be specified in the written Voluntary Phased Retirement Agreement. A reduction in FTE reflects a reduction in overall workload and does not require a proportional reduction in each category of employee's responsibility unless explicitly stated in the agreement.

4. Notes

a. Other options and alternatives exist for employees, including utilizing the NMERB Return to Work program. Participation in the Phase Retirement policy does not preclude an individual from participating in the NMERB Return to Work program following their phased retirement period. Please discuss this option with NMT's Office of Human Resources. For more information, please visit: https://www.nmpera.org/return-to-work/.
b. Participants must maintain a minimum of 0.5 FTE to remain eligible for the University's benefit plans. Certain benefits (e.g., annual and sick leave accrual, paid leave time, years of service), if / when applicable, may be prorated based on the phased FTE. Additionally, the eligibility of collecting retirement benefits may vary for each individual. There are some programs individuals may no longer be eligible for (e.g., tuition-benefits programs for regular, full-time employees). Therefore, applicants should discuss their specific situation with Human Resources and their personal financial advisor. And, at the time the University provides the individual with a proposed written agreement, the University will also provide clear notification of the effect the agreement, if entered, will have on all retirement plan, pension plan, and health insurance benefits and eligibility, so that the individual may make an informed decision concerning entry into the agreement.
c. While a leave of absence may be considered, if approved it would not affect the agreed upon retirement date.
d. An individual participating in the Voluntary Phased Retirement Program may satisfy their annual workload obligation either by completing their assigned workload within a single academic semester, an abbreviated portion of their academic or annual year appointment, or by performing a reduced workload distributed across the full academic or annual year, as specified in the written agreement and subject to departmental and institutional needs. To assist with planning purposes, the schedule for when the annual workload obligation shall be fulfilled (e.g., completed within a single academic semester) will be consistent

throughout the agreement with changes made only by mutual written agreement that will not extend the established retirement date.

e. While the University encourages lifelong learning, employees participating in the Voluntary Phased Retirement Program are ineligible for permanent base-pay increases tied to Impactful Educational Upgrades (OP-07.01-2025). If a participant completes a qualified degree during the phased period, they may, at the discretion of the cognizant Vice President, receive a one-time 'Non-Impactful Educational Reward' in lieu of a permanent salary adjustment.
f. Faculty are not eligible to apply for promotion or pursue a sabbatical leave during their phased retirement period.
g. This program is not intended for individuals to simultaneously collect retirement benefits while participating in the Voluntary Phased Retirement Program. It is a mutually agreed upon transition to part-time employment with a defined retirement date. Therefore, applications should discuss their specific situation with their personal financial advisor.
h. Individuals receiving additional compensation:
    a. must be performing work beyond the reduced phased-retirement workload at a rate consistent with the employee's Institutional Base Salary. An individual may earn supplemental compensation through sponsored project activity, overloads, summer instruction, and administrative appointments, up to their pro-rated FTE as applied to a twelve-month appointment. For example, a faculty member on a phased retirement plan at 0.5 FTE, may receive compensation outside their nine-month academic appointment up to approximately 1.5 months, full-time, during the summer.
    b. The specifics of the consulting policy (e.g., amount of days worked, amount received) shall not be affected by this policy.

5. Definitions

The following definitions apply for the limited purposes of this policy and any associated regulations.

a. Benefits-eligible Position: A faculty or staff member eligible to enroll in the state's retirement system through the university.
b. Full-time Equivalent (FTE): used to describe an employee's status with respect to full-time employment. A full-time staff or faculty member is considered as 1 FTE, even though most faculty positions are 9-month appointments.
c. Voluntary Phased Retirement Program: A voluntary arrangement to transition from full-time to part-time employment with a planned retirement date. It is codified through a written agreement between the University and the Employee, consistent with the

provisions of this policy.

d. Retirement: The termination of regular, compensated employment.

Procedures for Voluntary Phased Retirement Program

1. A full-time employee who wishes to be considered for participation in the Voluntary Phased Retirement Program should submit a written request to their Dean / Director / supervisor at least six months in advance of the date upon which phased retirement is to be initiated.
2. After consultation with upper administration, the Dean / Director / supervisor will advise the applicant whether the request will be recommended.
    a. Denial of a request does not preclude the approval of a subsequent request.
    b. In the case of joint appointments, both Dean(s) / Director(s) / supervisor(s) must receive the written request and consult with their cognizant Vice President(s).
3. The applicant should complete the Voluntary Phased Retirement Agreement in collaboration with their Dean / Director / supervisor.
4. An individual considering applying for participation in the Voluntary Phased Retirement Program should contact Human Resources ahead of time to discuss whether participation in the program could impact their retirement plan and university benefits. The applicant should also discuss this option with their personal financial advisor. If the individual does apply and is presented with a proposed agreement, at the time the University provides the individual with a proposed written agreement, the University will also provide clear notification of the effect the agreement, if entered, will have on all retirement plan, pension plan, and health insurance benefits and eligibility, so that the individual may make an informed decision concerning entry into the agreement.
5. The draft Voluntary Phased Retirement Agreement is submitted through reporting channels to the cognizant Vice President for review and recommendation or modification. This includes a review by the Budget Office of the proposed FTE and compensation structure to ensure budgetary availability and compliance with payroll and benefit regulations.
6. Final approval will be given by the NMT President.
7. After such modifications as may be necessary to obtain all recommendations and approvals, the formal agreement will be signed by the applicant, the Dean / Director / supervisor, the cognizant Vice President, and President.

FAQs

1. For someone in the New Mexico ERB pension plan, the plan would not allow them to access their pension while they were still working at 50%. Is that correct?
    - Yes, NMERB does not allow an employee to access their retirement funds while they are still an active employee receiving a W-2.
    - The ERB plan has rules that limit how much retirees receiving pensions can work. As of Spring 2026:
        - A retiree may submit an application for the 0.25 FTE employee program at any time after the effective date of their retirement.
        - Retirees applying for less than $25,000 per year (90-day layout requirement) can submit their application 30 days prior to the completion of their layout.
        - 60 consecutive or nonconsecutive month programs (90-day layout requirement) can submit their application 30 days prior to the completion of their layout period. Example: August 1st retirees can submit a Return to Work application on October 1st.
        - https://www.erb.nm.gov/wp-content/uploads/2025/06/Return-to-Work-Application_June-2025_rev.pdf
        - Please contact Human Resources for the most up to date information.
2. For faculty in the Alternative Retirement Plan, they would not be allowed to access their 403b while they are still working at 50%. Is that correct?
    - Yes.
    - The operations manual which governs plan operations states that benefits may begin at termination from employment (pg 16).
        - "Following a bona fide termination of employment a covered Participant will be eligible to elect a distribution and may determine his or her options and the manner of payment from the list of those available from the selected Carrier. Distributions may be deferred by the Participant after a termination of employment, but no later than permissible under Section J."
3. However, the federal rules on 403(b) plans allow for withdrawals after age 59.5 while the employee is still working if the plan administrator allows it.
    - Correct. Currently, our plan only allows for Hardship Events when requests come with the proper documentation:
        a. Medical expenses (that are deductible) incurred by the employee, spouse, dependent or primary beneficiary.
        b. Tuition, related educational fees, and room and board expenses, for up to the next 12 months of post-secondary education for the employee, spouse,

child, dependent or primary beneficiary.

c. The purchase of an employee's principal residence.
d. Prevent eviction from, or foreclosure of mortgage on employee's primary residence.
e. Burial or funeral expenses for the employee's deceased parent, spouse, child, dependent or primary beneficiary.
f. Expenses incurred as the result of certain casualty damage to the employee's principal residence.
g. Expenses and losses (including loss of income) incurred by the employee due to a FEMA declared disaster (effective January 1, 2020).
h. These distributions are generally taxable and can be subject to a 10% penalty if the employee is under age 59 1/2, and cannot be repaid, permanently reducing your retirement savings.
i. Required Minimum Distributions (RMDs) start at age 73 (as of 2023) as an active employee and are already part of the agreement. Failure to take RMDs results in a 25% penalty, reduced to 10% if corrected promptly.

4. Who is the plan administrator (e.g., HED) and could they add a feature for in-service withdrawals?
    - NMT's HR Office is the plan administrator and our agreement already allows for these withdrawals with the proper documentation.
5. NMT manages its own supplemental retirement 403(b) plans for faculty and staff. It's not currently possible in those plans to make withdrawals while still working, but there is no reason that such a provision could not be added to our existing plans. Federal rules on 403(b) plans definitely allow this, but our plans don't. Is this something that could change?
    - Correct. Currently, our plan only allows for Hardship Events provided it comes with the proper documentation (as outlined above).
6. If I reduce to 50% FTE, do I still have to pay 60% of the health insurance premium, or would it be reduced to 50% (if my new salary was low enough to get the higher match)?
    - As of Spring 2026, health insurance premiums are based on the following Bi-Weekly Cost Sharing Percentages:

$31,200-$51,499.99	Employee 20%	/	Employer 80%
$51,500-$61,799.99	Employee 30%	/	Employer 70%
$61,800 and over	Employee 40%	/	Employer 60%

https://www.nmt.edu/hr/Active%20Employees%20Premiums%20October%202025.pdf