

The Faculty Compensation Plan Relative To Certain Faculty Benefits

Frequently Asked Questions

February 16, 2007

Several of the Benefits provided to UTMB Faculty members are determined in part by the salary of the participant. Under the new Faculty Compensation Plan, salary is now comprised of the following components:

- Part 1 – School of Medicine Core Salary Component
- Part 2 – Specialty / Discipline-Specific Component
- Part 3 – Incentive Compensation

With the introduction of Incentive Compensation (Part 3) in the Faculty Compensation Plan, the level of salary based Benefits (i.e. Retirement, Life Insurance, Disability, Vacation/Personal Holiday balance payouts at termination) may have changed. Listed below are FAQs designed to promote awareness and understanding of the affect of the Faculty Compensation Plan on the Benefits that are determined in part by salary.

1. **Q.** How will my Retirement contributions to ORP* or TRS be affected?

A. Retirement contributions will continue to be made from your compensation which includes Institutional Base Salary – IBS (Parts 1 and 2) plus the Incentive Compensation component (Part 3) of your salary received in the form of Non-Recurring Merit payments (can be paid every 6 months) or Lump Sum Incentive payments (can be paid on a monthly basis). Incentive Compensation payments issued in the form of Supplemental Retirement Payments are not eligible for contributions to your Retirement Plan(s).

Example: Your IBS is \$100,000 (Parts 1 and 2) and you receive a Non-Recurring Merit or a Lump Sum Incentive for your Incentive Compensation (Part 3). Retirement contributions to your appropriate Plan (ORP or TRS) will be as follows:

Type of Payment	Payment Amount	Your 6.65% ORP Contribution	UTMB 8.5% Match	Your 6.4% TRS Contribution	UTMB 6% Match
Regular Monthly IBS	\$8,333.00	\$554.14	\$708.31	\$533.31	\$499.98
Semi-Annual Non-Recurring Merit	\$30,000.00	\$1,995.00	\$2,550.00	\$1,920.00	\$1,800.00
Monthly Lump Sum Incentive	\$5,000.00	\$332.50	\$425.00	\$320.00	\$300.00
Supplemental Retirement Payment	\$5,000.00	N/A	N/A	N/A	N/A

**Contribution levels to ORP are subject to IRS Code 415(c) limits*

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2. **Q.** How will the amount of my Life Insurance coverage and premiums be affected?

A. Consideration is given to your aggregate potential salary in determining the value of your Term Life and Accidental Death and Dismemberment Life Insurance policies. Therefore, the value and related premiums are determined by your aggregate potential salary amounts from Parts 1, 2 and 3 as defined in your MOA Letter effective at the beginning of the current Fiscal Year.

Example: Your aggregate potential salary from Parts 1, 2 and 3 is \$150,000 and your Life Insurance election is 4 times your salary. Therefore your total coverage will be \$600,000 and the monthly premiums will be based in part on the total coverage amount.

3. **Q.** How will the amount of Long Term Disability Insurance coverage and premium be affected?

A. The amount of coverage and related premium of your Long Term Disability Insurance are determined by your aggregate potential salary from Parts 1, 2 and 3 as defined in your MOA Letter effective at the beginning of the current Fiscal Year. The benefit level is 60% of the aggregate of Parts 1, 2 and 3, with a payout cap of \$30,000 per month.

Example: Your aggregate potential salary from Parts 1, 2 and 3 is \$150,000. Therefore, your monthly benefit will be \$7,500 and your monthly premium will be determined in part by your aggregate potential salary of \$150,000.

4. **Q.** How will the amount of my Short Term Disability Insurance coverage be affected?

A. The amount of coverage and related premium of your Short Term Disability Insurance are determined by your aggregate potential salary from Parts 1, 2 and 3 as defined in your MOA Letter effective at the beginning of the current Fiscal Year. The maximum benefit is capped at 60% of \$5,000 monthly salary which equates to \$693 per week.

Example: Your aggregate potential salary from Parts 1, 2 and 3 is \$150,000. However, since this Plan carries a maximum weekly payment of \$693, 60% of your monthly salary will exceed the cap. Therefore, your weekly benefit will be \$693 and your monthly premium will be determined in part by the \$5,000 monthly salary cap.

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5. **Q.** If I take Vacation or Sick Leave, how will my salary for those days be determined?

A. Your salary for taking Vacation, Sick Leave, Personal Holiday or scheduled Holidays will continue to be determined by your IBS (Parts 1 and 2 as defined in your MOA Letter effective at the beginning of the current Fiscal Year). In other words, your IBS rate of pay will remain the same and your regular monthly salary will not change.

Example: Your IBS is \$100,000 (Parts 1 and 2). Therefore payment for the usage of your Vacation, Sick Leave, Personal Holiday or scheduled Holiday will be \$48.08 per hour (\$100,000 divided by 2080).

6. **Q.** How will my unused Vacation and Personal Holiday balances be paid should I leave UTMB?

A. Faculty members employed by UTMB were “Grandfathered” as of August 31, 2006 relative to their salary for the purpose of paying any unused Vacation and Personal Holiday balances at termination. Therefore, should you leave the employment of UTMB, your unused Vacation and Personal Holiday balances will be paid based upon the higher of the following:

1) Your August 31, 2006 salary

OR

2) Your IBS (Parts 1 and 2) in effect at the time you leave UTMB.

Example: You decide to leave UTMB in May, 2007. Your August 31, 2006 salary was \$140,000 and your IBS is \$100,000. Therefore, your August 31, 2006 salary will be used to determine the rate at which your unused Vacation and Personal Holiday balances will be paid. That rate will be \$67.31 per hour (\$140,000 divided by 2080).

7. **Q.** I am a new Faculty member and was hired on September 1, 2006 with an IBS of \$100,000 (Parts 1 and 2). Since I do not have an August 31, 2006 salary, at what rate will my unused Vacation balance be paid, should I leave UTMB?

A. As a new Faculty member, since you do not have an August 31, 2006 salary and should you decide to leave UTMB, your unused Vacation balance will be determined by your IBS (Parts 1 and 2) in effect at the time you leave UTMB.

Example: You decide to leave UTMB in May, 2007 and your IBS is \$100,000 (Parts 1 and 2). Therefore, your unused Vacation balance will be paid at the rate of \$48.08 per hour (\$100,000 divided by 2080).