YALE UNIVERSITY

EARLY RETIREMENT SUBSIDY PLAN FOR TENURED FACULTY

Effective July 1, 1993

I. PURPOSE

1.1 The Yale University Retirement Early Retirement Subsidy Plan for Tenured Faculty is designed to provide early retirement subsidy benefits to eligible tenured faculty members who retire earlier than the Normal Retirement Age as set forth in the Yale University Retirement Annuity Plan ("YURAP").

II. DEFINITIONS

2.1 "Account Balance" shall mean the value of a Participant’s annuity contracts issued under YURAP as of the date of Early Retirement. A Participant’s Account Balance shall not include the value of any supplemental retirement annuity contracts maintained for the Participant or the value attributable to any Participant contributions that are in excess of the contributions required under Section 4.1 of YURAP. In the sole discretion of the University, an upward adjustment may be made in a Participant’s Account Balance to reflect the election of the Participant of the low contribution option under YURAP.

2.2 "Average Salary" shall mean the Participant’s average academic year salary for the three year period that includes the academic year of the Participant’s Early Retirement and the preceding two academic years.

2.3 "Early Retirement" shall mean the date that the Participant retires in accordance with the University’s policies regarding the retirement of tenured faculty members. For purposes of this Plan, such date must occur prior to Normal Retirement Age and must not be on account of death or any other event that does not otherwise constitute retirement from the University. Notwithstanding the foregoing, any employment or business activity by a Participant outside of the University following cessation of employment with then University shall not be considered in determining whether a Participant has retired under this Plan.

2.4 "Normal Retirement Age" shall mean the age that is defined as the Normal Retirement Age in Section 2.6a of YURAP.
2.5 "Participant" shall mean a member of the faculty appointed to a tenured position who has met the requirements for participation set forth in Section 4.

2.6 "Phased Retirement Program" shall mean a phased retirement program for tenured faculty members as amended from time to time, adopted by the University pursuant to a duly authorize vote of the Yale Corporation.

2.7 "Planned Retirement Program" shall mean a planned retirement program for tenured faculty members as amended from time to time, adopted by the University pursuant to a duly authorized vote of the Yale Corporation.

2.8 "Plan" shall mean this Early Retirement Subsidy Plan for Tenured Faculty.

2.9 "Plan Year" shall mean the period of twelve months commencing July 1 annually.

2.10 "Projected Account Balance" shall mean the Participant's Account Balance at the date of his or her Early Retirement increased by a projected amount equal to four percent (4%) per year, compounded annually, until the date when the Participant would reach his or her Normal Retirement Age, but shall not include any projected additional University or Participant contributions or earnings thereon, after the date of Early Retirement.

2.11 "Tenured or Other Eligible Position" shall mean a faculty appointment with "tenure" or "without term" and shall also include continuing appointment on the clinical track in the School of Medicine.

2.12 "University" shall mean Yale University.

2.13 "Year of Employment" shall mean each twelve month period commencing on an individual's initial date of hire by the University, or anniversary date of the initial date of hire, and ending on the date of Early Retirement, during which the individual holds an appointment as a faculty member of half time of more or is absent from employment as a faculty member with the University pursuant to an approved leave of absence.
III. ADMINISTRATION

3.1 The Plan shall be administered by the University. As part of its administrative rights and duties, the University shall make rules and decisions which shall be final and binding upon every person regarding all aspects of the Plan, including, but not limited, as follows: eligibility to participant; loss of eligibility to participate; entitlement to and calculation of Subsidy Benefits; resolution of disputes, claims or questions.

3.2 The total amount of funds allocated to the Plan each Plan Year shall be determined by the University in its sole discretion.

3.3 Whenever the University under the terms of the Plan is permitted or required to do or perform any act, make any rule, or decide any issue, the same may be done by the duly authorize officer or officers of the University.

3.4 Any disagreement or dispute by any person claiming a benefit under the Plan regarding any aspect of the Plan or its implementation or administration shall be presented in writing to the University and the University's determination shall be final and binding.

IV. ELIGIBILITY

4.1 An employee of the University who is a member of the faculty appointed to a Tenured or Other Eligible Position (other than a faculty member participating in the Phased Retirement Program to July 1, 1993) shall be eligible to become a Participant and thereby to receive benefits upon Early Retirement if he or she (a) has completed at least fifteen (15) Years of Employment with the University, (b) is age sixty-two (62) or over, and (c) has not reached Normal Retirement Age.

V. SUBSIDY BENEFITS

5.1 A Participant who terminates employment with the University on account of Early Retirement shall be eligible to receive a Subsidy Benefit. The Subsidy Benefit shall be calculated as follows:

An amount equal to sixty percent (60%) of the Participant’s Average Salary plus two percent (2%) of the Participant’s Average Salary for each Year of Employment in excess of fifteen (15).
5.2 Subject to the limitation set forth in Section 5.3 below, the Subsidy Benefit shall be paid in a lump-sum within thirty (30) days following the date of Early Retirement or as soon thereafter as is administratively feasible. For a Participant who terminated employment with the University prior to January 1, 1998, any remaining unpaid installments of the Subsidy Benefit due to the Participant shall be paid in a lump-sum no later than March 31, 1998.

5.3 The total amount payable to a Participant as a Subsidy Benefit shall be subject to a Subsidy Limitation determined as of the date of Early Retirement by reference to the Participant’s Account Balance in the Retirement Annuity Plan. No payment shall be made under this Plan to a Participant to the extent that the Subsidy Limitation is exceeded. The Subsidy Limitation shall be calculated as follows:

An amount equal to the premium that would be required to purchase an annuity that would pay the difference between (I) the annuity that could be purchased with the Participant’s Account Balance at the date of his or her Early Retirement, and (ii) the annuity that could be purchased with the Participant’s Projected Account Balance at Normal Retirement Age.

For purposes of calculating the Subsidy Limitation, the following rules shall apply:

(a) The CREF 4% single rate annuity purchase rate table in effect on January 1, 1993 shall be used in calculating annuities. This rate may be changed periodically in the sole discretion of the University.

(b) The Account Balance of a Participant that is in excess of six (6) times his or her Average Salary not be taken into account.

VI. SPECIAL RULES FOR PHASED AND PLANNED RETIREMENT

6.1 A faculty member who becomes a participant in the Planned Retirement Program, and who would otherwise be eligible to become a Participant in this Plan at the date selected under the Planned Retirement Program for full retirement, shall be eligible to receive a Subsidy Benefit under either (a) or (b) as follows:

(a) The Participant may elect to receive his or her Subsidy Benefit under the terms set forth in Section 5 commencing upon his or her full retirement.

(b) Upon request to the University, and with the University’s permission, the Participant may elect to receive his or her Subsidy Benefit
commencing at a date up to three years prior to the date selected under the Planned Retirement Program for full retirement.¹

6.2 A faculty member who becomes a participant in the Phased Retirement Program, and who would otherwise be eligible to become a Participant in this Plan at the date of full retirement or at the date of entry into the Phased Retirement Program, shall be eligible to receive a Subsidy Benefit under either (a) or (b) as follows:

(a) The Participant may elect to receive his or her Subsidy Benefit under the terms set forth in Section 5 commencing upon his or her full retirement, or earlier under rules established by the University and similar to those as applied under Section 6.1(b) but calculated assuming that the Participant receives the full-time equivalent of his or her academic year salary from the date of entry into the Phased Retirement Program until the date of full retirement.

(b) The Participant may elect to receive one-half of his or her Subsidy Benefit under the terms set forth in Section 5 commencing upon the date of entry into the Phased Retirement Program and calculated as if there were full retirement as of such date. This subparagraph shall not apply to faculty members in the School of Medicine who elect to participate in the Phased Retirement Program with an appointment of more than 50% time.

VII. AMENDMENT AND TERMINATION

The University shall have the right to amend or terminate the Plan at any time prospectively or retroactively, and in whole or in part, to the extent that it may deem advisable. Any such amendment or termination shall impose no obligation or liability on the University with respect to any Participant who has not yet terminated on account of Early Retirement or otherwise commenced receiving benefits.

VIII. DESIGNATION OF BENEFICIARY

Upon Early Retirement, each Participant shall designate in writing a beneficiary to receive any Subsidy Benefits that remain unpaid at the date of his or her death. The

¹ In the event this election is made, the Subsidy Benefit shall be calculated and paid in a lump-sum as determined in Section 5, except that for purposes of calculating any payments made prior to full retirement, (a) the Participant’s three-year average academic salary at the time payments commence shall be used in lieu of his or her Average Salary, and (b) the Participant’s Account Balance shall be increased until the date selected for full retirement by the sum of (i) a projected amount of four percent (4%), compounded annually, and (ii) projected University contributions and Participant contributions under Section 4.1 of the Retirement Annuity Plan. Upon actual retirement, an adjustment (by a single additional payment or by reimbursement from the Participant or offset of compensation) will be made as soon as administratively feasible to conform with the Subsidy Benefit and Subsidy Limitation under Section 5.
beneficiary designation shall be submitted to the Benefits Office of the University in a form prescribed by the University. If the Participant is married, such form shall require a spousal consent if the named beneficiary is not the spouse of the Participant. In the event of a failure to submit a beneficiary designation, any Subsidy Benefit that remains unpaid at the date of the Participant's death shall be paid to the estate of the Participant.

IX. INTERPRETATION AND OTHER CONDITIONS

9.1 The provisions of this Plan shall be construed and enforced according to the Employee Retirement Income Security Act of 1974, to the extent applicable, and the laws of the State of Connecticut.

9.2 Any obligations arising under the Plan shall be paid from the general assets of the University, and nothing contained in the Plan shall be deemed to create an obligation of the University to set aside or earmark funds.

9.3 This Plan intended to be a “defined benefit plan” as described in Section 3(35) of the Employee Retirement Income Security Act of 1974 (ERISA) and a “plan which is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees” as described in Sections 201, 301 and 401 of ERISA. In addition, this Plan is intended to pay to the Participants as is sole benefits the “subsidized portion of an early retirement benefit” as described in 29 U.S.C. §623 (1)(1)(B).

9.4 The University shall withhold federal and state taxes with respect to the payment of benefits.

9.5 Awards under this Plan are non-assignable and non-transferable. The University shall not be liable for the debts, contracts, or obligations of any Participant or his or her beneficiaries, and the rights to awards under the Plan may be taken in execution by attachment or garnishment, or by any other legal or equitable proceeding while in the hands of the University; nor shall any Participant or his or her beneficiaries have any right to assign, pledge, or transfer any benefits or payments hereunder.