



# RETIREMENT GUIDE

**Web Address:** [www.ncsu.edu/human\\_resources/benefits](http://www.ncsu.edu/human_resources/benefits)

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This booklet is presented to provide information and instructions on retiring from the University, and to make you aware of additional factors that you may need to consider once you retire. While we make every effort to present this information accurately, this is just a summary overview. That means lots of details, explanations, and qualifiers are left out. It is intended only to provide general guidance, and you should not rely on it as a complete or binding explanation of this topic. If this information differs from the language or intent of the formal published legal or policy requirements, that authoritative information prevails.

As you review this booklet, it will be helpful to have on hand:

- ✓ ***The Teachers' and State Employees' Retirement Handbook***  
[http://www.nctreasurer.com/dsthome/RetirementSystems/Benefits\\_Handbook.htm](http://www.nctreasurer.com/dsthome/RetirementSystems/Benefits_Handbook.htm)
- ✓ ***Optional Retirement Program Resources***  
[http://www.ncsu.edu/human\\_resources/benefits/orp.php](http://www.ncsu.edu/human_resources/benefits/orp.php)
- ✓ ***Social Security Statement***  
[www.socialsecurity.gov](http://www.socialsecurity.gov)
- ✓ ***Most recent pay stub***

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## ***RETIREMENT ELIGIBILITY***

### **Teachers' and State Employees Retirement System (TSERS)**

<p><i>You may retire with an unreduced (service) retirement benefit after:</i></p> <ul style="list-style-type: none"><li>✓ you reach age 65 and complete five years of creditable service, or ten years if hired after August 1, 2011, or</li><li>✓ you reach age 60 and complete 25 years of creditable service, or</li><li>✓ you complete 30 years of creditable service, at any age.</li></ul>	<p><i>You may retire early with a reduced (early) retirement benefit after:</i></p> <ul style="list-style-type: none"><li>✓ you reach age 50 and complete 20 years of creditable service, or</li><li>✓ you reach age 60 and complete five years of creditable service or ten years if hired after August 1, 2011.</li></ul>
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### **Optional Retirement Program (ORP)**

There are no age or service requirements in order for a vested participant to begin receiving a benefit. The amount of your retirement benefit is based on the total accumulation in the account including any credited interest or dividends and the income payment option selected.

**Vesting:** means ownership of benefits in the assets held in your retirement account. Vesting does not mean that you have immediate access to these assets, but merely that you will not forfeit them upon termination of employment. Retirement benefits are fully vested after you complete five years of membership service in either TSERS or ORP. A vested employee who terminates employment may elect to leave contributions with the plan and retire at a later date or as with TSERS, when eligible.

## ***DETERMINING YOUR RETIREMENT BENEFITS***

### ***Teachers' and State Employees' Retirement System (TSERS)***

[ORBIT \(Online Retirement Benefits through Integrated Technology\)](#) is an internet-based portal which allows active and retired state employees access to account information and forms. ORBIT allows users to review retirement account details, create customized benefit estimates, request service purchases and perform certain transactions such as retirees' health plan enrollment. To access ORBIT, click on the link above and register first, to create a user ID and password.

### ***Your annual retirement benefit is based on the following formula:***

1.82% of your "average final compensation" multiplied by your years and months of "creditable service"

**AVERAGE FINAL COMPENSATION:** the average of your salary during the four highest paid years in a row. Your average final compensation may be increased if your four highest paid years in a row include the final payment for unused vacation and/or bonus leave, as well as longevity pay.

**CREDITABLE SERVICE:** means any period which you contribute to the System (provided you do not withdraw your contributions), and may also include credit for unused sick leave and service credit purchased or granted under the special service rules outlined in [Your TSERS Retirement Benefits](#) handbook.

You will earn one month of retirement service credit for each month you work and contribute to the Retirement System. Summer session pay or additional pay **DOES NOT** add additional months of creditable service; however, because the retirement contribution is taken from such pay, it may increase your average final compensation figure.

***How do I go about purchasing creditable service?***

Details on the types of creditable service that may be purchased such as education leave, military, part-time, temporary, withdrawn and out-of-state service can be found in the [Your TSERS Retirement Benefits](#) booklet. Service credit purchase information, forms and instructions may be obtained by logging in to your [ORBIT](#) account.

- Effective July 1, 2001 active and retired members of the Teachers’ and State Employees’ Retirement System who have previously **withdrawn** contributions may restore the years of service that were previously forfeited at a cost which is likely much lower than the cost under the prior provisions. **Vested** members may restore a withdrawn account at any time prior to or after retirement. The method of cost calculation is based on the amount of contributions withdrawn, plus 6.5% interest, compounded annually from the year of withdrawal to the year of repayment, plus a \$25.00 administrative fee. As this method of cost calculation is based upon the amount previously withdrawn, members must restore **all** of the service previously withdrawn. **This method of cost calculation applies only to the purchase of withdrawn service and only to members of the Teachers’ and State Employees’ Retirement System.** To be eligible, a member must have returned to employment and have completed five or more years of creditable service.
- Effective January 1, 2003, a member of the Teachers’ and State Employees’ Retirement System is permitted to use all or part of an eligible rollover distribution from a 403b, 401k, 457 or IRA to pay for all or part of the cost to purchase creditable service.

***How do I find out how much creditable service I really have?***

You may obtain your creditable (contributory) service by selecting “View Account History” after signing in to the [ORBIT](#) portal or by phone, at 919-807-3050 or 1-877-733-4191.

The amount of service time provided through [ORBIT](#) will **NOT** include credit for sick leave or any other service time you are **considering** purchasing. The Retirement System will receive certification of your final sick leave balance upon submission of your retirement application.

To calculate your creditable service for sick time, divide your sick leave balance by 8 to determine the number of days. Divide the number of days by 20, to determine the number of months (round up to the next whole number). One month of credit is allowed for each 20 days of unused sick leave when you retire. One month is allowed for any part of 20 days left over. Legislation was enacted effective July 2001 to remove the cap on the number of sick days that can be used for credit at retirement.

SICK DAYS	Months of Service	Decimal Equivalency
1-20 days	1	.0833
21-40 days	2	.1667
41-60 days	3	.2500
61-80 days	4	.3333
81-100 days	5	.4167
101-120 days	6	.5000
121-140 days	7	.5833
141-160 days	8	.6667
161-180 days	9	.7500
181-200 days	10	.8333
201-220 days	11	.9167
221-240 days	12	1.0000

**NOTE:** Sick leave is used to increase your creditable service, but cannot be used to meet the minimum age qualifications.

**How can I get an estimate of my benefit?**

- Sign in to your [ORBIT](#) account and click on the “Create Custom Benefit Estimate” link. This application uses your specific account data (salary and creditable service) to estimate your retirement benefit.
- The Retirement System’s [on-line estimator](#) application allows you to enter non-account specific data to create a retirement benefit estimate.
- Manually calculate your maximum monthly benefit using the retirement benefit formula. An example is provided, whereby the individual has 32 years + 6 months of service, plus 8 months of sick leave credit ( $32.5 + .667 = 33.1667$ ).

1. Add your salary during your four highest paid years in a row (typically, your last 4 years):

<b>YOUR DATA:</b>	<b>Year 1</b>	\$ _____	<b>EXAMPLE:</b>	\$ 30,600
	<b>Year 2</b>	\$ _____		\$ 31,700
	<b>Year 3</b>	\$ _____		\$ 32,900
	<b>Year 4</b>	+ \$ _____		+ \$ 34,000
	<b>TOTAL:</b>	\$ _____	<b>TOTAL:</b>	\$129,200
2. Divide by 4:		\$ _____		\$ 32,300
3. Multiply by .0182:		\$ _____		\$ 587.86
4. Multiply by years + months of total creditable service:		_____	x	33.1667
<b>ANNUAL BENEFIT AMOUNT:</b>		\$ _____		\$ 19,497.38
5. Divide by 12 for monthly amount:		\$ _____	/ 12	\$ 1,624.78

**NOTE:** Use ORBIT or the on-line benefit estimator to calculate survivor payment options and/or early/reduced retirement benefits.

**Early Retirement**

If you retire early, your benefit is figured using the same formula provided earlier and then reduced accordingly. Benefits for early retirement will be reduced to the following percentages if you are between ages 60 and 65, with less than 25 years of creditable service:

If you are this age when payments start	You receive this percentage of your benefit
64	97%
63	94%
62	91%
61	88%
60	85%

If you are between the ages of 50 and 59, with less than 30 years of creditable service, please refer to the early retirement percentages chart provided in [Your Retirement Benefits](#).

***BENEFIT PAYMENT OPTIONS***

Your retirement benefit is a major part of your retirement finances, so it is important that you understand what to expect from your plan. The payment option you select is a personal decision you will make based on your financial needs and the necessities of your beneficiaries. Hopefully, you have already spent time reviewing options and determining your retirement income needs long before making the decision to retire! If you are just starting, we encourage you to discuss your finances with a professional who can help you with a comprehensive analysis of your financial portfolio.

### ***TSERS Payment Options***

When you retire, you will be asked to select one of the payment plans listed below. You may change your payment option at anytime prior to cashing your first retirement check but no later than the 25<sup>th</sup> of the month following the month in which the first check was mailed, whichever comes first<sup>i</sup>. After this time, you will not be allowed the opportunity to change your choice of options, unless:

- You have elected a survivorship benefit (Options 2, 3, or 6) and your spouse is your beneficiary. If you and your spouse divorce, you may name another individual as a beneficiary.
- You become employed in a position that requires membership to the system and continue such employment for a period of greater than three years.
- You have elected Options 2 or 3 but your spouse predeceases you, if you remarry you can name your new spouse as your beneficiary within 90 days of the marriage under the same option as you chose at retirement.

#### **Maximum Allowance -**

- Highest life-time benefit paid monthly to you
- Payments cease upon death
- Provides no monthly survivorship benefit

#### **Option Two – 100% Joint and Survivorship -**

- A reduced life-time retirement benefit paid monthly to you
- Upon your death, your designated beneficiary receives the same monthly amount you were receiving, for the rest of his/her life
- The survivor benefit is figured using the standard formula and then reduced by your beneficiary's age and life expectancy factors

#### **Option Three –50% Joint and Survivorship -**

- A reduced life-time retirement benefit paid monthly to you
- Upon your death, your designated beneficiary receives one-half of the monthly amount you were receiving, for the rest of his/her life
- The survivor benefit is figured using the standard formula and then reduced by your beneficiary's age and life expectancy factors

**Option Six-Two – 100% Joint and Survivorship with Pop-up -**

**Option Six-Three – 50% Joint and Survivorship with Pop-up -**

- A reduced life-time retirement benefit paid monthly to you
- Upon your death, your designated beneficiary receives either 100% or 50% of the monthly amount you were receiving depending on your choice, for the rest of his/her life
- If your designated survivor predeceases you, your monthly benefit will increase to the maximum allowance amount on the first of the month following your survivor's date of death
- The survivor benefit is figured using the standard formula and then reduced by your beneficiary's age and life expectancy factors

**Option Four – Social Security Leveling –**

- This option provides an inflated monthly retirement benefit until you become eligible for Social Security retirement at age 62
- Payments cease upon death
- Provides no monthly survivorship benefit
- The Retirement System will use the estimated age 62 Social Security benefit amount from your most recent Social Security Statement to calculate your monthly retirement benefit
- The estimated age 62 Social Security retirement benefit takes into consideration an assumption that you will continue to work and pay in to Social Security until age 62; an adjusted age 62 benefit amount can be obtained by contacting Social Security Administration if you plan to stop working prior to age 62
- The inflated benefit is paid by the Retirement System until you reach age 62, at which time, your monthly retirement benefit will be reduced automatically by the amount of your estimated age 62 Social Security retirement benefit; **the reduction will occur regardless of your decision to draw Social Security retirement at age 62**
- Selecting this option has no impact on your Social Security benefits; however, drawing Social Security retirement benefits prior to reaching full retirement age will result in a life-time reduction in the monthly Social Security retirement benefit amount
- Social Security Administration recommends applying for retirement benefits between 60 – 90 days prior to the date you wish the benefit to become effective: [www.socialsecurity.gov](http://www.socialsecurity.gov)
- Review the Social Security section of this guide for more information

Details about each payment option can be found in [Your Retirement Benefits](#).

***RETIREEES' HEALTH INSURANCE COVERAGE FOR TSERS PARTICIPANTS***

**To qualify for continuation of State-paid health insurance coverage as a retiree, you must be in receipt of a monthly benefit from your TSERS plan.**

Under current law, if you were first hired in a benefits-eligible position **prior to October 1, 2006**, and retire with five or more years of participation in the State Retirement System (TSERS), the State will pay the full cost for your individual coverage under the NC State Health Plan.

Based on the conditions described above, if you were first hired **on or after October 1, 2006** and retire with 20 or more years of retirement service credit the state will pay the full cost of your individual coverage. If you retire with at least 10 but less than 20 years of retirement service credit, the cost is shared equally between the state and yourself. If you retire with five but less than 10 years, you may elect coverage at the full cost. In all cases, the full cost of dependent coverage, if elected, must be paid by you.

Information about the [State Health Plan](#) and [Medicare](#) appear in a later section of this guide.

## **Optional Retirement Program (ORP)**

Choice is the key when it comes to selecting a distribution from ORP accumulations. Each ORP vendor provides distribution options designed to meet each individual's income needs.

Upon separation from service from the University of North Carolina System, you have the choice of receiving vested ORP accumulations in a variety of ways. Below are just a few of the more popular choices:

- **Lifetime Annuity** – Provides income for the life of the ORP participant alone or with an annuity partner. Once selected, the lifetime annuity option is irrevocable.
- **Lump Sum Distribution\*** – Cashing out or rolling over the ORP accumulation in total or incrementally.
- **Systematic Withdrawal\*** – Provides a stream of cash withdrawals taken on a schedule determined by the ORP participant. The amount of the withdrawal and the schedule can be altered by the participant.
- **Interest Payment Option** – ORP participant receives income generated from the ORP investment earnings on an annual basis. The ORP account balance remains invested and can be withdrawn at a later date chosen by the ORP participant.
- **Minimum Distribution Option** – This choice is available to ORP participants age 70 and above who wish to keep as much of their ORP accumulation as possible tax deferred and receive only the minimum income required to satisfy the requirements of federal minimum distribution from retirement plans.

In most cases, distribution choices can be changed by the ORP participant as income needs change. The choice of a lifetime annuity and annuity partner, however, once selected cannot be revoked.

Not all investment options offer lump sum or systematic withdrawals. Check with the ORP vendor on the availability of lump sum or systematic withdrawal options.

### ***RETIREES' HEALTH INSURANCE COVERAGE FOR ORP PARTICIPANTS***

**To qualify for continuation of the State-paid health insurance coverage as a retiree, you must be in receipt of a monthly retirement benefit from your ORP account/vendor.** Under current law, if you were first hired in a benefits-eligible position **prior to October 1, 2006**, and retire with five or more years of participation in the State Retirement System (TSERS), the State will pay the full cost for your individual coverage under one of the Preferred Provider Organization (PPO) plans.

Based on the conditions described above, if you were first hired **on or after October 1, 2006** and retire with 20 or more years of retirement service credit the state will pay the full cost of your individual coverage. If you retire with at least 10 but less than 20 years of retirement service credit, the cost is shared equally between the state and yourself. If you retire with five but less than 10 years, you may elect coverage at the full cost. In all cases, the full cost of dependent coverage, if elected, must be paid by you.

For help in determining the most appropriate choice for you, please contact your ORP vendor to review distribution options and amounts available.

[http://www.ncsu.edu/human\\_resources/benefits/orp.php#Choices](http://www.ncsu.edu/human_resources/benefits/orp.php#Choices)

## **WHAT ABOUT OTHER SOURCES OF INCOME?**

Most people recognize the need to save but just do not act on it. The reality is that saving for retirement is more manageable than you think. It just requires planning! The average retirement age for State employees ranges between 55 and 60 years old. With longer life expectancies, people are spending more years in retirement than ever before. Unfortunately, some may retire sooner than actually planned. You should feel confident that you will have enough money to support your retirement lifestyle whenever the time comes.

**When planning for retirement, you must first understand what your retirement plan will provide and determine what additional needs you may have.** Some expenses may go up in retirement, like health insurance, while some may actually decrease, such as taxes; but your basic living expenses may actually remain the same. So, how much should you be saving? Unfortunately, there is no one size approach that fits all, but a good target is about 80% of your current income to maintain your present lifestyle in retirement. If you retire under TSERS with 30 years of service, your benefit will be approximately 54% of your average compensation. The amount you have saved in your 401(k), 403(b), or 457 plan as well as your Social Security benefits will supplement your retirement plan income.

An employee retiring at the age of 55 is 7 years away from Social Security eligibility (longer if he/she waits until full retirement age). It is important to understand that you may only have your retirement plan benefit to live on until you qualify for the additional sources of income that make up your retirement portfolio. Depending on your age at the time of retirement, supplemental retirement plan withdrawals may result in an IRS-imposed early distribution penalty. In general, the early distribution penalty occurs on withdrawals made prior to age 59 ½; however, exceptions may apply. For example, early distribution penalties are imposed on 401(k) withdrawals for retirees younger than age 55 but not on withdrawals from the 457/Compensation plan. In planning, you must coordinate all sources of income to ensure you will have enough money to support you and your family during retirement.

**Another consideration to think about is how your family will survive without you.** The value of your life is the most important asset. Life insurance can provide financial security when you retire and can be factored in when considering options for your pension payout. For instance, with enough life insurance in place, it may not be necessary to take a reduction in your monthly benefit to leave your beneficiary a monthly benefit in the event of your death.

If you are enrolled in a life insurance plan through the University, options for continuing coverage either through portability of group term coverage or conversion to a whole life policy will be made available to you and covered dependents.

The Retirement System does not provide free or automatic life insurance to retirees; however, TSERS retirees have an opportunity to elect coverage under the \$10,000 Contributory Death Benefit through the Retirement System. TSERS retirees will also receive information about optional life insurance plans. Premiums for both the Death Benefit and optional life plans are deducted from the monthly TSERS benefit payment. Detailed information about cost, coverage and enrollment instructions is sent to each TSERS retiree.

While ORP retirees are not eligible for the TSERS death benefit or options life insurance plans, ORP participants are encouraged to contact their respective carrier(s) to inquire about life insurance options that may be available through the carrier.

**Financial planning is the process of meeting your life goals through the proper management of your finances.** As you near retirement, your financial goals change. A Financial Planner can help you focus on the “big picture” to ensure you meet your goals through your retirement years. A “certified financial planner” must meet the educational, ethical and experience requirements of the Certified Financial

## **SOCIAL SECURITY BENEFITS**

You are entitled to a Social Security benefit if you are fully insured, are at least age 62, and file a claim with a Social Security office. **You can apply for Social Security retirement benefits on the Internet at [www.socialsecurity.gov](http://www.socialsecurity.gov), by telephone at 1-800-772-1213, or by scheduling an appointment at your local Social Security office.** Social Security will tell you what documents you need to provide for the type of benefit you are claiming and, if need be, will help you complete the application form. We suggest you talk to a Social Security representative at least a few months before the year in which you plan to apply for a benefit.

To qualify for benefits, you earn “credits” through your work – up to four credits each year. Most people need 40 credits, earned over their working life-time, to receive retirement benefits. Social Security will check your records to see whether you have earned enough credits to qualify for benefits. The Social Security Administration provides benefit estimates in two ways. You may request a Social Security Statement (formerly the Personal Earnings and Benefits Estimate Statement), or you will be sent one automatically about three months before your birth month, with yearly updates thereafter provided you are age 25 or older and a current address is available. The statement lists an estimate of the monthly retirement benefits you would receive at age 62, full retirement age, and age 70, based on your average earnings over your working lifetime. The Social Security Statement also includes an annual break-down of your earnings to date, and the total Social Security taxes paid by you and your employer(s) over the course of your career. The actual number of Social Security credits and the benefit estimates may change. Social Administration will determine the exact amount of benefits when you apply.

**Even if you just take a quick glance at your Social Security statement each year, be sure to check your mailing address and reported wages for each year.** The mailing address and your reported wages are provided through an IRS data file. When your employer sends payroll data to the IRS each year, the IRS in turn sends the data to Social Security Administration (SSA). SSA uses this information to compile your annual statement. In the reported earnings section of your Social Security statement, a dollar figure should be entered for each year that you worked and Social Security taxes were paid. If there is missing wage information, you may need to go back to that year’s employer(s) to obtain the information necessary to have your Social Security record corrected.

- **NOTE:** If you are a TSERS participant considering the Option 4 payment (Social Security Leveling), you will need to submit a copy of your most recent Social Security statement with your TSERS retirement application. The estimated age 62 Social Security retirement benefit takes into consideration an assumption that you will continue to work and pay in to Social Security until age 62. Contact Social Security Administration to obtain an adjusted age 62 benefit estimate if you plan to stop working prior to age 62.

**Full Retirement Age** (also called "normal retirement age") has been 65 for many years; however, beginning with those born in 1938 or later, the Full Retirement Age gradually increases until it reaches 67 for people born after 1959.

<b>Year of Birth</b>	<b>Full Retirement Age</b>	<b>Year of Birth</b>	<b>Full Retirement Age</b>
1937 or earlier	65	1955	66 and 2 months
1938	65 and 2 months	1956	66 and 4 months
1939	65 and 4 months	1957	66 and 6 months
1940	65 and 6 months	1958	66 and 8 months
1941	65 and 8 months	1959	66 and 10 months
1942	65 and 10 months	1960 and later	67
1943-1954	66		

You can retire as early as age 62, but this will permanently reduce your benefit, even for years after you reach full retirement age.

If you decide to wait to receive benefits past your full retirement age, your benefit will be increased by a certain percentage, depending on the year you were born. The automatic increase starts when you reach full retirement age, and stops the earlier of when you begin to receive benefits, or reach age 70.

## **HOW RETURNING TO WORK CAN AFFECT YOUR RETIREMENT BENEFITS**

### **BREAK IN SERVICE REQUIREMENTS**

**TSERS:** If you retire on or after November 1, 2005, “A six-month period during which no service (except as an unpaid bona fide volunteer at a public school system—elementary, middle school or high school) is rendered to an employer in the Teachers’ and State Employees’ Retirement System (TSERS) must immediately precede a return to employment. A return to work earlier than six months will revoke your retirement benefit retroactively to your retirement date and all benefits paid to you must be repaid to the Retirement System. Establishing a pre-existing agreement for post-retirement employment with an employer in TSERS is prohibited and could cause retroactive revocation of retirement benefits, as well.”<sup>1</sup>

**ORP:** Although a specific minimum period of time is not defined, IRS regulations require a break in service following commencement of an ORP account distribution and returning to work for the employer. The purpose of the mandatory break is to ensure all final payroll and plan contributions have cleared, so that the plan participant is not viewed as having taken an in-service distribution. For purposes of the ORP, we strongly recommend taking a minimum 30 day break in service before returning to work with any ORP-participating employer.

**PHASED RETIREMENT PROGRAM:** because Phased Retirement Program (PRP) participants must meet pre-defined, age-based eligibility criteria, no break in service is required. Additionally, if a PRP participant continues to work following closure of the PRP contract period, no break in service is required.

### **LIMITATIONS ON POST-RETIREMENT EARNINGS**

**TSERS retirees are subject to annual earnings limitations.** Your retiree health coverage and retirement benefit will be stopped if you are re-employed by the State and your earnings exceed the statutory limits. For more information, click here: [Reemployment Under the Teachers’ and State Employees’ Retirement System](#). Additional earnings limitations may apply if you draw Social Security retirement prior to reaching full retirement, as explained below.

**Optional Retirement Program (ORP) participants are not subject to an annual earnings limit related to their monthly ORP retirement benefit; however, Social Security retirement earnings limits still apply if in receipt of Social Security retirement benefits prior to full retirement age.**

**Social Security retirement benefits are also subject to an annual earnings limit if you begin drawing benefits prior to attaining full retirement age.** You may draw Social Security retirement or survivors benefits and work; however, if you are younger than full retirement age and exceed the earnings limit, your benefits will be reduced as follows:

- **If you are under full retirement age (FRA):** when you start getting your Social Security payments, \$1 in benefits will be deducted for each \$2 you earn above the annual limit. The 2012 annual limit is \$14,640. Remember, the earliest age that you can receive Social Security retirement benefits is 62 even though the FRA is rising.
- **In the year you reach FRA:** \$1 in benefits will be deducted for each \$3 you earn above a different limit, but only counting earnings before the month you reach FRA. For 2012, this limit is \$38,880.

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<sup>1</sup> [Reemployment Under the Teachers’ and State Employees’ Retirement System](#)  
4/20/2012

**NOTE:** although a benefit reduction may occur, the benefits are not entirely forfeited. Your benefit will increase upon full retirement age, to account for benefits withheld due to earlier earnings. This provision does not apply to spouses and survivors who receive benefits due to having minor or disabled children in their care. **Additional rules may apply if you receive Social Security disability benefits or Supplemental Security Income payments.**

- **Starting with the month you reach FRA:** there is no limit on the amount of money you can earn and your Social Security retirement benefits are unaffected by your earnings. **It is important however, to remember that the annual TSERS earnings limit is still applicable!**

If you retire in the middle of a year, only the amount earned from the date of retirement is subject to the monthly earnings test, which provides that a person can receive full benefits for any month in which he or she does not earn wages over one-twelfth of the annual exempt amount and does not perform substantial services in self-employment.

For Social Security retirement purposes, earnings for a taxable year include the sum of pay for services as an employee plus all net earnings (minus net losses) from self-employment for that year. Furthermore, “wages” is defined as the gross amount earned before any payroll deductions for income tax, Social Security tax, dues, insurance, or other deductions by the employer are made.

Gross wages are used as the basis for Social Security credit and for determining whether benefits must be withheld because of earnings. Non-work sources of income, such as:

- inheritance payments,
- government benefits,
- pensions,
- income from investments, interest, annuities and capital gains and
- IRA distributions **do not count** as wages for the earnings test.

The Social Security retirement program insures against loss of earnings from work and not against the failure to have investment income.

### ***SOCIAL SECURITY RETIREMENT INCOME AND TAXES***

**Some people who get Social Security will have to pay federal taxes on their benefits.** This may apply to you, depending on your federal tax filing status (individual or joint), and your total income for the year. Although you are not required to have federal taxes withheld from your Social Security benefit, you may find that easier than paying lump-sum payments out of your pocket. For more information, go to <http://www.ssa.gov/taxwithhold.html> .

Social Security Administration provides a comprehensive website, [www.socialsecurity.gov](http://www.socialsecurity.gov) , to assist you with any questions regarding your rights to benefits. You may also schedule an appointment with a Social Security representative by calling 1-800-772-1213.

### **TAXATION OF TSERS AND ORP RETIREMENT BENEFITS**

**TSERS** benefits paid to employees vested (5 years) in the Retirement System as of August 12, 1989 are exempt from North Carolina state income tax as long as your primary residence remains in North Carolina. If you move your primary residence to another state, your TSERS retirement benefits may become taxable in that state. The Retirement System will not withhold state income tax for other states, only North Carolina. If you became vested after this date, your pension is State taxable but may be subject to a \$4000.00 exclusion.

**ORP** benefits paid to employees who were enrolled on or before August 12, 1989, are also exempt from North Carolina State income tax. If you enrolled after this date, your benefit is state-taxable but may be subject to a \$4000.00 exclusion. If you move your primary residence to another state, your ORP retirement benefits may become taxable in that state. Your ORP carrier will withhold state taxes based on your primary residence.

Retirement benefits for both TSERS and ORP are subject to federal income taxes; however, a small part of your TSERS or ORP benefit may not be subject to federal taxes if you made contributions prior to July 1, 1982. Contributions made prior to this date, were withheld on a post-tax basis. North Carolina adopted a tax sheltering resolution in 1982 to adjust for contributions made prior to the change. The non-taxable portion of your monthly benefit is computed using the federal "simplified safe harbor method." In other words, the amount that was contributed prior to the tax sheltering is divided by the number of expected payments to determine your monthly non-taxable figure. Retirement benefits are not subject to Medicare and Social Security taxes.

## **MEDICARE AND THE STATE HEALTH PLAN**

Medicare is the federal health insurance program for people age 65 and older, and is provided through Social Security in two parts:

**Part A** is hospital coverage (hospitalization and limited nursing) for which you are eligible if you are entitled to monthly Social Security benefits. Medicare Part A is funded by the FICA-HI taxes that are withheld from every paycheck. At age 65, Medicare Part A is provided at no cost, but you must enroll.

**Part B** is medical coverage (doctors' fees, out-patient services, etc.) provided at a monthly premium which is deducted from your monthly Social Security benefit, or paid by direct bill if you are not yet in receipt of a Social Security retirement benefit. **Although Part B is optional, you must enroll in Parts A and B upon retirement because the State Health Plan coordinates benefits with Medicare once you retire.**

Medicare, even with Part A & B, does not cover all your health care expenses, such as pharmacy costs as provided under the State Health Plan.

If you're in receipt of Social Security retirement benefits, Medicare enrollment is automatic, and you'll receive your Medicare A/ B card in the mail. Most individuals who are actively working at age 65 or older (and who are not yet retired) will decline Part B and enroll upon retirement. This is because the State Health Plan is considered primary coverage while you are actively employed. Medicare Part B may offer little, if any, additional coverage to justify paying the Part B premium. Failure to enroll in Part B upon retirement may cause significant Medicare enrollment penalties and result in drastically reduced State Health Plan benefits. If you're not already receiving Social Security retirement benefits, enrollment in Medicare is easy. Simply call 1-800-772-1213 to enroll by phone or enroll on-line, at [www.socialsecurity.gov](http://www.socialsecurity.gov).

**Your eligible dependents are allowed to continue participation in the retirees' group State Health Plan.** The monthly rate for spouse's coverage depends on your retirement status and your spouse's age. The monthly rate for dependent children remains the same as for active employees. Premiums are deducted from your monthly TSERS retirement payment. If you receive an ORP benefit, the health plan will send you a monthly bill. The first bill will contain instructions for paying the monthly premium by bank draft.

If you retire after the age of 65 and you cover your spouse who is also 65 or older on the SHP, the monthly SHP premium will be reduced as a means of off-setting the Medicare Part B premium. Medicare Parts A and B are considered primary, and the State Health Plan, secondary coverage.

If you retire after the age of 65 and you cover your spouse who is under the age of 65 on the SHP, the premium charged will be the current retiree + spouse rate. The SHP will continue to be your spouse's primary coverage, although secondary coverage for you.

If have not retired and your spouse who is covered by the plan turns 65, he/she can wait to apply for Medicare Part B until you are no longer working. This is because the SHP will be primary and Medicare

Part B may offer little, if any, additional coverage to justify paying the Part B premium. Your spouse should apply for Part B when you retire.

**Surviving spouses and dependent children of a deceased retiree may continue paying for coverage on the SHP if covered at the time of the retiree's death.** Surviving dependent children coverage will cease upon attaining one of the usual ineligibility events, such as maximum age, marriage, etc. Your surviving spouse and/or dependents will not be eligible for coverage if they were not covered at the time of your death.

Qualifying events such as loss of eligibility for coverage allow you a 30-day window of opportunity to make changes to your State Health Plan coverage. Waiting periods for pre-existing conditions may be waived with proof of prior coverage. Since retirement is considered a qualifying event, even though you may not cover your spouse as a dependent while you're actively working, you may add your spouse at the time of retirement.

The State Health Plan will send annual enrollment materials to your address on record. Non-Medicare-primary plan participants are subject to comprehensive wellness initiatives.

Your subscriber number will stay the same; however, because you're moving from the NC State group to the Retirees' group, two events will occur. First, the State Health Plan is required to send a notice of cancellation whenever group coverage is cancelled. Your coverage will be continuous, with no break or compromise in benefits as you move to the Retirees' group. You may disregard the notice of cancellation! Secondly, you'll receive new ID cards that show your current ID number, but a new group number (the retirees' group number).

**Retirees' State Health Plan enrollment and changes due to qualifying events are processed via the [Retirement Systems Division's ORBIT portal](#). After signing in to ORBIT, click on the HR InTouch link on the left side of your screen.**

### ***How does Medicare work with the State Health Plan upon retirement?***

You must enroll in Medicare Parts A and B upon attaining age 65. Medicare recommends enrolling between 60-90 days prior to reaching age 65.

In most cases, Medicare will become your primary insurance and the State Health Plan will become your secondary insurance on the first of the month in which you turn 65. If your birthday is on the first of the month, Medicare becomes effective on the first of the month prior to your birth month.

Some medical charges will be subject to the State Health Plan's deductible even though you are on Medicare. The State Health Plan deductible period remains the same as when you were actively employed – July 1 through June 30.

After Medicare benefits have been applied to your health care visit, State Health Plan benefits (deductible and co-insurance percentage based on your coverage level) are applied to the portion of charges not covered by Medicare. An example follows.

There is an annual out-of-pocket co-insurance maximum with the State Health Plan. After the out-of-pocket maximum has been met, the State Health Plan will pay the remaining Medicare approved charges at 100%.

The benefits of the State Health Plan will remain the same as when you were actively employed, including prescription drug coverage.

### ***What are the Medicare Premiums and Deductibles?***

- Medicare Part A free if you have the required 40 or more quarters of Medicare covered employment.
- Medicare Part B premiums are based on your yearly income and tax filing status:

If your yearly income is:		You pay:
File individual tax return	File joint tax return:	
\$85,000 or below	\$170,000 – or below	\$99.90
\$85,001 - \$107,000	\$170,001 - \$214,000	\$139.90
\$107,001 - \$160,000	\$214,001 - \$320,000	\$199.80
\$160,001 - \$214,000	\$320,001 - \$428,000	\$259.70
Above \$214,000	Above \$428,000	\$319.70

- If you are not yet receiving a Social Security retirement check, you will receive a bill for the monthly Medicare Part B premium.
- **The 2012 Medicare Part A deductible** is \$1156 (first 60-day benefit period). The State Health Plan may pay a portion of the Medicare deductible if the State Health Plan deductible has already been met.
- **The 2011 Medicare Part B deductible** is \$140 per year (January 1 through December 31).

The statutory requirement to coordinate the State Health Plan benefits with Medicare benefits on a “carve out” basis means that the charges left unpaid by Medicare are paid by the State Health Plan after the plan deductible and coinsurance are applied, up to the total charge for the procedure. Following is an example of a claim paid before the \$600 deductible was met:

\$3,000	- Medicare charge and State Health Plan allowable amount
<u>- 1,600</u>	- Medicare payment (also called “carve out amount”)
\$ 1,400	
<u>- 600</u>	- State Health Plan deductible (example only)
\$ 800	
<u>x 80%</u>	- State Health Plan co-insurance percentage (percentage depends on your plan)
\$ 640	- Amount paid by State Health Plan

### ***What is the State Health Plan’s Prescription Drug Benefit?***

As a retiree, prescription drug benefits continue under the State Health Plan even if Medicare is your primary coverage. The prescription drug benefit is managed by MEDCO. Specialty medications are managed by Accredo. For your prescription to be covered by the SHP, you must use a pharmacy participating with MEDCO and present your SHP ID card at the pharmacy. Maintenance medications may be obtained through the convenience of a mail-order pharmacy, by completing a [Mail Service Profile/Order](#) Form and submitting it to MEDCO with your original prescription and appropriate copayment.

#### **Rx Co-payments\* for a 30-day supply are:**

Generic	\$12
Preferred Brand without Generic Available	\$40
Non-Preferred Brand (no generic)	\$64
Preferred Brand w/Generic Available	\$12 <b>plus</b> the difference between the brand name drug and generic drug
<a href="#">Specialty Drugs</a>	25% coinsurance up to \$100 for each 30-day supply

**\*Maximum out-of-pocket limit for prescription drug co-pays is \$2500 per person, per plan year.**

The [State Health Plan Preferred Drug List](#) document is available on the following web-site: (<http://statehealthplan.state.nc.us/pdf/PreferredPrescList.pdf>)

## ***Is the State Health Plan the most economical supplemental plan available?***

Historically, the State Health Plan provided comprehensive coverage for Medicare-eligible spouses, at an affordable price, and served adequately as supplemental coverage to Medicare A/B. With recent changes in State Health Plan premiums and out-of-pocket expenses such as deductibles and co-pays, you may find that there are more affordable alternatives available.

The [North Carolina Senior's Health Insurance Information Program \(SHIIP\)](#) division of the NC Department of Insurance is a resource available to you, at no cost. One of SHIIP's primary responsibilities is to assist Medicare-eligible individuals shop for affordable supplemental health and prescription drug plan coverage. The NC SHIIP office is located at 111 S. Boylan Ave. (on the corner of S. Boylan Ave. and W. Morgan St.). You may visit the NC SHIIP office and a staff member will be happy to assist you, or you may call 1-800-443-9354. The web-site is [www.ncshiip.com](http://www.ncshiip.com).

### ***CONTINUATION OF BENEFITS FOLLOWING RETIREMENT***

Most benefit plans offer a means of continuing coverage for both yourself and covered dependents, following retirement. Information about continuation options and instructions will be mailed to your address on record. Election to continue coverage is time-sensitive; therefore, be sure to respond within the allowed time frame as outlined in each plan's materials. Premiums are paid directly to the plan unless otherwise noted. If you plan to move, be sure to update your address.

**Dental and/or Vision Plans ([www.ncflex.org](http://www.ncflex.org)):** Coverage may be continued for up to 18 months through a COBRA provision, by paying the monthly premium plus a small administrative fee directly to the plan.

**United Concordia Dental**  
1-800-291-8039

**Superior Vision**  
1-800-507-3800

**Health Care Flexible Spending Account (<https://www.padmin.com/ncflex/>):**

You may use your HCFSA for eligible expenses incurred through your last day of plan eligibility, up to the total contribution amount elected for the plan year. Claims must be filed for reimbursement no later than the plan's stated deadline. The HCFSA may be continued on a post-tax basis through the end of the current plan year and may be advantageous if there is a significant outstanding account balance upon termination of employment. Aon Consulting: 1-877-371-2926 (for 2011 claims) or P&A Group at 1-866-916-3475 (after 2011).

**Dependent Day Care Flexible Spending Account (<https://www.padmin.com/ncflex/>):** You may use your DDCFSA for eligible expenses incurred through your last day of plan eligibility. **The DDCFSA may not be continued following termination of employment.** Claims must be filed for reimbursement no later than the plan's stated deadline. Aon Consulting: 1-877-371-2926 (for 2011 claims) or P&A Group at 1-866-916-3475 (after 2011).

**NC Flex Group Term Life Insurance/ING ([www.ncflex.org](http://www.ncflex.org)):** If you retire prior to the age of 70, you may continue group term life insurance coverage at the full cost, plus a small billing fee (portability option). No physical exam is required. If you are employed at age 70, the benefit amount is reduced to 65%; at age 75, the benefit is reduced to 50%. Upon retirement, coverage may be converted to an individual whole life policy without a physical exam. The whole life policy builds cash value, and premiums do not increase as you get older. ING: 1-877-464-5111

**MetLife Group Term Life Insurance:** Retirees and covered dependents currently on the MetLife plan may continue coverage up to the lesser of the same level of coverage or \$150,000. Coverage over \$150,000 can continue through a portability option, or by converting coverage to a whole life plan. Spouse coverage terminates at age 70. Your dependent children are eligible to age 19 (to age 25 if wholly dependent upon you for maintenance and if enrolled as a full-time student in an accredited school or college.) **It is your responsibility to notify MetLife in writing when a dependent is ineligible for coverage.** Your [Benefits Consultant](#) will provide information and forms for each option, upon request.

<p><b>Critical Illness Plan (<a href="http://www.ncflex.org">www.ncflex.org</a>):</b> You and covered dependents may elect to continue coverage at the current group rates. <b>Metropolitan Life Insurance Company Critical Illness Insurance Service Ctr:</b> 1-800-438-6388.</p>
<p><b>Cancer Plan (<a href="http://www.ncflex.org">www.ncflex.org</a>):</b> You and covered dependents may convert coverage to an individual policy. <b>Allstate Workplace Division:</b> 1-800-521-3535.</p>
<p><b>Accidental Death &amp; Dismemberment (<a href="http://www.ncflex.org">www.ncflex.org</a>):</b> Two options are available for continuing voluntary coverage: portability or conversion to an individual policy. Core AD&amp;D may not be continued. <b>AC Newman &amp; Co:</b> 1-800-257-0930.</p>
<p><b>Liberty Mutual Long Term Disability:</b> This benefit may not be continued following employment termination.</p>
<p><b>Standard Long Term Disability:</b> This benefit may be converted to an individual policy. Premiums are paid directly to the plan. <b>Your <a href="#">Benefits Consultant</a> will provide you with a conversion packet upon request.</b> <b>Standard Insurance Company:</b> 1-800-378-4668 ext 6785</p>
<p><b>Colonial Short Term Disability:</b> This benefit may be converted to an individual policy. Colonial will mail materials to your address on record.</p>
<p><b>Group Long Term Care:</b> Coverage may be continued by paying the premium directly to the plan. <b>Contact Prudential Long Term Care for information and instructions on how to make premium payments directly to the plan.</b> When accessing the LTC web site, use: Group Name: stateplan and Password: stateplanltc. <b><a href="#">Prudential Long Term Care</a>:</b> 1-888-669-3916</p>
<p><b>Hyatt Legal Pre-paid Legal Plan:</b> The plan may be continued for 24 months, by paying a one-time premium directly to the plan. <b>Contact Hyatt Legal to request plan continuation materials. Refer to plan code/password 2660010.</b> <b>Hyatt Legal:</b> 1-800-821-6400, <a href="https://info.legalplans.com/Home/">https://info.legalplans.com/Home/</a></p>
<p><b>Traveler's Home/Auto/Renter's Insurance:</b> Coverage may be continued by paying the premium directly to the plan. <b>Contact the plan representative to change from payroll-deducted premium payment to direct pay.</b> Debra Ball (919) 847-4909</p>
<p><b>NC National College Savings Plan/529 (<a href="http://www.cfnc.org">www.cfnc.org</a>):</b> Contributions will end upon termination of employment. Contact CFNC to make contribution arrangements. 1-800-600-3453</p>
<p><b>State Employees' Association of NC (SEANC) Dues and Insurance Premiums (<a href="http://www.seanc.org">www.seanc.org</a>):</b> Membership and insurance premium payments may be continued by paying directly to SEANC. 919-833-6436</p>
<p><b>North Carolina State Employees' Credit Union (<a href="http://www.ncsecu.org">www.ncsecu.org</a>):</b> Credit Union payroll deductions will stop upon retirement. 1-888-732-8562 or 919-857-2150</p>
<p><b>University Club Dues:</b> Membership may be continued by paying your dues directly to the University Club. Contact the University Club for information and instructions. <b><a href="#">University Club</a></b> 919-828-0308</p>

## Payment of Annual and Bonus Leave, and Longevity

A maximum of 240 annual leave hours, all bonus leave hours and a pro-rated longevity payment (SPA/if applicable) will be paid in a lump sum following your retirement date. This payment is typically made in the month following your last day on payroll and is deposited to your bank account on file with NC State Payroll.

## Supplemental Retirement Plans 403b, 401k and 457

You may contribute through the payroll in which your final leave payout occurs. As the final leave payout is treated as taxable income, you may defer the payment to your supplemental plan. Annual maximum contribution limits apply. Once fully retired, a minimum distribution at age 70 ½ may be required. Phone numbers and web addresses follow. Notify your [Benefits Consultant](#) if you wish to defer your leave payout to a supplemental retirement plan.

VALIC	<a href="http://www.valic.com/">www.valic.com/</a>	1-800-448-2542
Fidelity	<a href="http://www.fidelityatwork.com">www.fidelityatwork.com</a>	1-866-588-2619
Lincoln Financial	<a href="http://www.lincolnfinancial.com">www.lincolnfinancial.com</a>	1-888-454-6265
TIAA-CREF	<a href="http://www.tiaa-cref.org">www.tiaa-cref.org</a>	1-800-842-2776
NC 401(k)	<a href="http://www.ncplans.prudential.com">www.ncplans.prudential.com</a>	1-866-627-5267
NC Deferred Comp 457	<a href="http://www.ncplans.prudential.com">www.ncplans.prudential.com</a>	1-866-627-5267

### ***RETIREES' DENTAL, VISION AND LIFE PLANS***

Shortly after the retirement effective date, **TSERS** retirees will receive information about dental, vision and life insurance benefits available through the NC State Insurance Services office. If you choose this coverage, premiums will be deducted directly from your monthly TSERS retirement payment. More information is available by calling Pierce Insurance at 1-800-421-3142 or on the web:

<http://www.ncretiree.com/>

The North Carolina Retired Gov't Employees Assoc (NCRGEA) offers additional benefits including dental, AD&D and vision and hearing discount programs. Contact NCRGEA at 1-888-466-9073 or visit the web, at [www.ncrgea.com](http://www.ncrgea.com).

### ***STAY CONNECTED TO THE UNIVERSITY***

#### **Emeritus Status**

Emeritus status is conferred upon retiring full-time faculty in recognition of honorable service to NC State University. It is an earned rank and as such entitles its holders to commensurate rights and privileges. Any person on the Official Roster of the Voting Faculty at the time of retirement is eligible, by virtue of service to the University, for appointment as an emeritus member. Emeritus status is conferred upon approval of the Board of Trustees. The faculty member's department head or designee initiates the request for approval of the appropriate emeritus title concurrently with the personnel action notifying the University administration of the retirement. In addition, the faculty member is requested to send an updated resume (or concise career summary) to the Librarian for University Archives. For additional information regarding obtaining Emeritus Status, please review the policy:

<http://policies.ncsu.edu/policy/pol-05-20-02>

#### **Encore-Center for Lifelong Enrichment**

Encore's programs include non-credit short courses, computer courses, study-trips, lectures and special events. The Center's classroom and offices are located at NC State's McKimmon Center. Encore offers one year of complimentary membership to all NC State retirees so they can sample the program. To receive a free catalog, which includes course and event descriptions and fees, call 919/515-5782 or view [www.ncsu.edu/encore](http://www.ncsu.edu/encore).

## **All Campus Card**

As you a retiree, you may retain your ID card; however, charge access will be de-activated. It is not necessary to contact the All Campus Network (919/515-3090) to inform them of your retirement. You will need to make contact with the gym and the library if you use these services.

## **Library**

Retired NC State faculty members have borrowing privileges at NC State Libraries (90-day loan for books). Library Circulation staff can answer any questions at 919/515-3364.

## **Carmichael Gym**

Retirees may also purchase gym privileges. Call or stop by the membership desk at the Carmichael Complex Recreation Center for additional information, 919/515-3161.

## **Parking**

Retirees may obtain a Daily Visitor Parking Permit from the Visitor's Information Center on Stinson Drive or the Customer Service window in Transportation office located in the Administrative Services Building on Sullivan Drive. Retirees who want a permanent parking permit may apply for an "R" sticker at rate much less than active employees' rates. Retirees must submit a "[Retired Employee Authorization Form](#)", signed by your Department Head or representative authorizing the purchase of an "R" permit if you are no longer working for the University. For additional information on parking, visit: [www.ncsu.edu/transportation](http://www.ncsu.edu/transportation).

## **Sporting Events**

If you are a current season holder at the time of retirement, future season tickets can be purchased at the employee rate. Retirees can stay informed on the latest information about NC State Athletics through University Athletics and the Wolfpack Club. Contact University Athletics at 919/515-2101 or <http://gopack.com> or the Wolfpack Club at 919/515-2112 to receive additional information.

## **Cultural Events**

The University brings renowned performers in the fine arts, including jazz, ballet, acting companies, and others to campus. Retirees may purchase tickets at discounted rates. <http://www.ncsu.edu/arts/>

## **WolfPerks Discount Program**

Retirees may still take advantage of the WolfPerks discount program provided they maintain their ID card. For details, logon to [http://www.ncsu.edu/human\\_resources/wolfperks/index.php](http://www.ncsu.edu/human_resources/wolfperks/index.php).

## **North Carolina Retired Governmental Employees Association (NCRGEA)**

Since its founding in 1970, North Carolina Retired Governmental Employees' Association has operated for one main purpose: "Advance, promote and defend by any lawful means the rights and interests and welfare of retired employees of the State of North Carolina and its political subdivisions, and their dependents and beneficiaries, and cooperate with other similar associations to accomplish these objectives." Their *Living Power* newsletter keeps you well informed on matters affecting retirees. <http://www.ncrgea.com>

## **Association of Retired Faculty (ARF)**

All NCSU retired faculty and EPA professionals are invited to join and to attend the Association's monthly luncheons at the University Club on the third Wednesday of each month during the academic year. Timely topics are addressed by speakers from the campus and the community. Visit the ARF website at <http://www.ncsu.edu/retired/> or leave a message at 919/515-6157 for more detailed information.

## WHAT DO I DO NEED WHEN I AM READY TO RETIRE?

### One year to six months before retiring

- Obtain an estimate of your retirement benefits.**
  - **TSERS** participants may request a retirement benefits estimate from their [Benefits Consultant](#), or calculate their benefit using the Retirement Benefits Estimator in [ORBIT](#).
  - **ORP** participants should contact their vendor plan representative to discuss retirement distribution options.
  
- Attend a Retirement workshop.** The HR Benefits Office offers retirement workshops several times a year. Check the [registration site](#) for more information.
  
- Meet with your tax advisor or financial planner.** We recommend that you discuss your finances with a professional who can help you establish your short and long range goals. Although the Benefits office cannot offer financial advice, we can assist you with valuable information you will need as you get closer to retirement.
  
- Update your will, beneficiaries and other important estate planning components.**
  
- Contact your local Social Security office to discuss Social Security and Medicare.** Be sure to hold on to your Social Security Statement you receive each year. This information will be helpful as you plan. If you have not received your automatic Social Security Statement in the last 12 months, you can request a statement at any time on the web at [www.socialsecurity.gov](http://www.socialsecurity.gov) or by calling Social Security Office at 1-800-772-1213. You can also get information from your local Social Security office. When you contact Social Security, you will need:
  - W-2 tax forms for the two years before retirement
  - An estimate of earnings for the year of retirement
  - A record of date of birth (the oldest available record is best)
  
- Contact past employers** (and military, if applicable) to find out if you qualify for retirement income under their plans.
  
- Gather required documentation**, which you may need when you elect a benefit. Obtaining records can be time consuming, particularly if the records must come from a foreign country. Documents you may need are:
  - Birth certificates for yourself and spouse
  - Marriage certificate(s), divorce decrees and/or court orders
  - Social Security Benefit Estimate Statement
  - ORP Financial Statements

### Four months before retiring

- Register to create a user name and password in the [Retirement System Division's ORBIT portal](#).** TSERS participants and retirees will use ORBIT to access retirement account information and forms. **Both TSERS and ORP retirees will use ORBIT to enroll in the retirees' health plan.** When prompted, ORP participants should enter "0" as the first retirement payment amount.
  
- Schedule an appointment with your [Benefits Consultant](#)** to apply for retirement. The effective date of retirement is always the first day of the month.
  
- **Teachers and State Employees Retirement System (TSERS):** you may file for retirement no sooner than 120 days prior to and no later than 1 day prior to your desired retirement effective date. To ensure timely delivery of your first retirement check, we recommend submitting the retirement application early in the 120 day application window. Bring the following documents to your meeting:

- Page 1 of the retirement application form 6 (Claiming Your Retirement Benefit)
  - Sign in to [ORBIT](#), locate form 6 in the Available Forms menu at the top of the page, hi-light the form, and click “open.” The form will open as a fill-able pdf. Complete page 1, print, and sign/date.
- A copy of your Vacation/Sick leave record, if you earn leave
- Proof of your date of birth and proof of your beneficiary’s date of birth (birth certificate, driver’s license, passport).

Your [Benefits Consultant](#) will prepare the remainder of the retirement application (including notation of sick leave credit) and submit it to the Retirement System. Shortly following, you’ll receive a confirmation of receipt letter from the Retirement System. **The letter will contain the following materials which require action (instructions will be included):**

- An application and information about the \$10,000 Contributory Death Benefit that you may elect to enroll in, or decline.
- A direct deposit form (your first retirement payment will be in the form of a check, mailed to your address on record). Subsequent payments will be made by direct-deposit.
- Instructions on how to enroll in the retirees’ group State Health Plan through the ORBIT portal.

Several weeks will pass, during which the Retirement System is calculating your retirement benefits and preparing the second packet of information that will be sent to your address on record. **The second packet will contain items that require action:**

- A statement of your retirement account information and benefits calculation
- Form 6E: Choosing Your Retirement Payment Option (Notary required)
- Form 290: Choosing Income Tax Withholding Preferences and...

Shortly after returning the 6E and 290 to the Retirement System, you will receive a third packet containing Form 336: Designating Beneficiary(ies) for the Guaranteed Refund as a Retiree.

If at any time you have questions about your retirement paperwork, or the retirement process, please contact your [Benefits Consultant](#) for assistance.

You will receive your first retirement check around the 25<sup>th</sup> of the month in which your retirement is effective. Cashing your retirement check (or subsequent deposit of the second month’s retirement payment) finalizes your retirement! If you have reservations about retirement, need to change your payment option or designated beneficiary(ies), DO NOT cash your first retirement check. Contact your [Benefits Consultant](#) for further instructions.

- **Optional Retirement Program (ORP):** retirement from the ORP (TIAA-CREF, VALIC, Lincoln and/or Fidelity) and enrollment in the retirees’ group State Health Plan is a three-step process.
  - **NC State Retirement Paperwork:** 60-90 days prior to your retirement effective date, meet with your [Benefits Consultant](#) to discuss your retirement plans and submit the [ORP-3 \(UNC ORP Acknowledgment for Disposition of Account Contributions\)](#) . The ORP-3 serves to confirm vesting credit and notify the plan of your eligibility to withdraw funds from your account.
  - **Monthly Retirement Payment:** Next, contact your ORP plan representative for information about payment options and instructions on how to begin the monthly retirement benefit payment.
    - Lincoln: Paige Lowry Leonard: 910-256-4220 or [paigelowry.leonard@lfg.com](mailto:paigelowry.leonard@lfg.com)
    - Fidelity: Katie Maxwell: 919-451-3047 or [Katie.maxwell@fmr.com](mailto:Katie.maxwell@fmr.com)
    - TIAA-CREF: Everett Cook, 919-687-5250 or [ecook@tiaa-cref.org](mailto:ecook@tiaa-cref.org)
    - VALIC: George Wood, 919-630-3508 or [George\\_wood@valic.com](mailto:George_wood@valic.com)

- VALIC: Bob Wiese, 919-616-9630 or [bob.wiese@valic.com](mailto:bob.wiese@valic.com)
- **State Health Plan Enrollment:** Your Benefits Consultant will confirm the start date of your monthly retirement benefit and submit notification to the State Retirement System. Following receipt of this notice, the Retirement System will add a link called “HR InTouch” to your ORBIT portal home page. **Click on the HR InTouch link to enroll in the retirees’ health plan. To ensure timely processing of the retirees’ group State Health Plan, enrollment should be done no later than the 14<sup>th</sup> of the month in which your retirement becomes effective.** Upon completion of enrollment, the State Health Plan will send you new ID cards, showing your current subscriber ID and the retirees’ group number. If you cover dependents, the State Health Plan will send a bill for the monthly premium to your address on record.

***If age 65 or older, enroll in Medicare Part B.*** Medicare Part B enrollment is a two-step process involving plan enrollment and verification of coverage under an employer’s group plan. You may enroll on-line at [www.socialsecurity.gov](http://www.socialsecurity.gov) or your [Benefits Consultant](#) will provide a hard-copy enrollment form upon request. Your Benefits Consultant will complete an Employment Verification form which documents your employment and subsequent health insurance coverage with NC State and allows you to enroll without penalty or delay in coverage.

***Inform your department of your intent to retire.*** While the University Benefits Office can cease your retirement benefits processing, we cannot renegotiate your position should you choose not to retire. A retirement application is considered a resignation; therefore, your Benefits Consultant will ask you to sign a document stating your intention to retire. The signed intent will be submitted to your department no later than 30 days prior to your retirement effective date.

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<sup>i</sup> Effective 7/1/2010, NC House Bill 2054