

Teachers' and State Employees' Retirement System (TSERS) Frequently Asked Questions

The [Teachers' and State Employees' Retirement System \(TSERS\)](#) is a defined benefit retirement plan established to provide retirement benefits for teachers and state employees in North Carolina. Both the employee and employer share in the cost. A pre-defined formula is used to calculate the retirement benefit amount. Eligibility for retirement is based on age and years of retirement service credit. The System also provides disability benefits. The booklet [Your Retirement Benefits](#) includes comprehensive information about TSERS retirement benefits and the Disability Income Plan of North Carolina.

Membership is automatic for all eligible SPA employees (subject to the North Carolina State Personnel Act). Eligible EPA faculty/staff (exempt from the NC State Personnel Act) must participate in either TSERS or the [Optional Retirement Program \(ORP\)](#). Newly eligible EPA faculty/staff are given a 60 calendar-days window of opportunity to choose between TSERS and ORP. The choice is a life-time, irrevocable election.

The following frequently asked questions are those received regularly, by the NC State Benefits Office. The information provided is not designed to be all-inclusive. For details about your TSERS retirement benefits and the provisions thereof, visit www.nctreasurer.com.

The following topics are available for review:

- Retirement Plan Participation and Enrollment
- Accessing Your Retirement Account Information
- Vesting
- Retirement Service Credit
- Sick Leave Credit
- Retirement Eligibility
- Retirement Benefit Calculation
- Retirement Benefit Payment Options
- Protecting Your Beneficiaries
- Retirees' Health Plan and Medicare
- Timing Your Retirement
- Returning to Work Following Retirement
- Withdrawing Your Retirement Account

Retirement Plan Participation and Enrollment

Q: How do I enroll in TSERS?

A: Enrollment is automatic for SPA employees. EPA faculty/professional may submit a signed/notarized [TSERS EPA Enrollment Form](#) to the Benefits Office. Once enrolled, you will need to access your account through the [Retirement System's on-line account system \(ORBIT\)](#) to designate beneficiaries (see **Protecting Your Beneficiaries**).

Q: Do I have to participate in a retirement plan?

A: Retirement plan participation is mandatory for regular (non-temporary) employees who work at least 30 hours per week (.75 FTE), on a recurring basis (or contract period) of 9-months or greater.

Q: How much does the employee contribute?

A: Each eligible employee contributes 6% of his/her wages through payroll deduction. The contributions are made before federal and state taxes are withheld ("pre-tax").

Q: Does NC State contribute to my TSERS account?

A: Each month that you contribute to TSERS, the University also makes a contribution based on a percentage of your wages. The University's contribution is broken down into four components. The largest percentage goes toward the Retirement System Pension Fund (which pays monthly retirement benefits) while smaller percentages go toward the Death Benefit Trust Fund, the Retirees' Health Plan Reserve fund and the Disability Income Plan. These funds are used to pay benefits for all TSERS participants. Both employee and employer contribution rates are determined by North Carolina law.

Q: When do TSERS contributions begin?

A: Retirement plan participation and service credit accumulation begin on day one of retirement plan eligibility.

Q: Can I roll my former employer's retirement plan account into TSERS?

A: Current law does not include a provision for roll-in or transfers in of other employer's retirement accounts. There are provisions, however, whereby you may transfer qualified plan funds for the purpose of purchasing periods of eligible retirement service credit.

Accessing Your Retirement Account Information

Q: Where can I get more information about my retirement account?

A: The Retirement System has an on-line portal called [ORBIT](#) (On-line Retirement Benefits through Integrated Technology) where you can view account information including your reported salary history, years/months of retirement service credit and account balance. You can also do things like update your beneficiaries, access forms and calculate your retirement benefits. **To access your retirement account through ORBIT, register first to create a user ID and password.**

Q: How can I get a statement of my TSERS account balance?

A: Printable TSERS statements are available by signing into the [ORBIT](#) portal. Click on "View Account History" for a snapshot of your creditable service and account balance, or click on "View Annual Benefits Statement" for the prior year's year-end statement.

Q: How do I update my beneficiaries?

A: If you have less than ten (10) years of retirement service credit, you may update your beneficiaries through the [ORBIT](#) portal. Click on View Account Summary, and then on the "Change Beneficiary(ies) link.

If you have ten (10) or more years of retirement service credit you must submit signed, notarized beneficiary change forms to the Retirement System. To obtain the forms, sign in to [ORBIT](#) and click on View Account Summary. Links for the 2RC (Return of Contributions) and 2DB (Death Benefit) forms will appear on the page. When you click on the link, the document will open as a fill-able pdf with your account information pre-populated. You may update the forms on-line, but will need to print the form(s) and have your signature notarized before sending the form(s) to the Retirement System.

Q: Are there Notary services available on campus?

A: Yes. The Human Resources/Benefits Department provides Notary services at no cost. To receive Notary services, you must sign in the presence of a Notary, and provide a photo ID. In order to be notarized, a document must include a legal notary statement section.

Vesting

Q: What does it mean to be vested?

A: Vesting is the process by which a TSERS participant becomes entitled to a retirement benefit, even if he/she no longer works for the University. Vesting in TSERS occurs once you have completed a minimum of five (5) years of membership service if you were hired prior to August 1, 2011. If hired on or after August 1, 2011, vesting occurs once you have completed a minimum of ten (10) years of membership service. Membership service is earned as you work and contribute to the Retirement System each month. Once you are vested and meet the age and years of service requirements, you may draw a monthly, life-time retirement benefit and enroll in the Retirees' Health Plan. Your right to a retirement benefit is forfeited if you withdraw your contributions.

Q: I was hired on or after October 1, 2006. When do I become vested?

A: All TSERS participants hired prior to August 1, 2011 are vested after completing a minimum of five (5) years of membership service credit. Those hired on or after August 1, 2011 are vested after completing a minimum of ten (10) years of membership service.

Under current law, if you were first-hired in a benefits-eligible position **before** October 1, 2006 and retire, the state will pay the full cost of your retiree's health plan premium. If you were first hired **on or after** October 1, 2006, you are still eligible to enroll in the retiree's health plan upon retirement; however, you must retire with at least twenty (20) years of creditable service in order to receive coverage at no cost. If you retire with at least ten (10) years of creditable service, the cost is shared equally between you and the state. If you retire with less than 10 years, you must pay the full cost of retiree's health plan coverage.

Retirement Service Credit

Q: What is membership service?

A: One month of membership service is earned for each month (or portion of any month) in which you are eligible, and contribute to TSERS.

Q: Is membership service pro-rated if I only work for a part of a month?

A: Membership credit is not pro-rated. One full month of membership service is earned as long as you are eligible and contribute to TSERS.

Q: What is creditable service?

A: Your retirement benefit is calculated using your amount of total creditable service. Total creditable service includes membership service, sick leave credit and other types of service that you may be eligible for, or purchased. Creditable service may include military and out-of-state service, and periods of time purchased for: withdrawn accounts, education leave, temporary and part-time local or state service, workers' compensation leave, federal government service, public community service, omitted service, extended illness leave and parental leave. Details about these and other types of service can be found in [Your Retirement Benefits](#).

Q: Where can I get information about different types of retirement service credit that I might be eligible for?

A: Details about creditable service and service purchase provisions can be found in [Your Retirement Benefits](#).

Q: How do I go about purchasing retirement service credit?

A: Service credit purchase request forms can be found in the Available Forms menu, after signing in to [ORBIT](#).

Sick Leave Credit

Q: How much sick leave credit do I receive towards retirement?

A: One month of retirement service credit is given for each 20 days (or portion of 20 days) of sick leave. To determine how much credit you have, divide the number of sick leave hours 8 (hours/day), divide the result by 20 (days/month) and round up.

Q: Can I use sick leave to meet the age requirement for retirement eligibility?

A: Your sick leave is only counted as additional retirement service credit. It can not be used to make you older!

Q: Is there a limit to how much sick leave credit I can receive toward retirement?

A: Under current plan rules, there is no limit.

Q: Do I still get credit for my sick leave if I leave employment and retire later?

A: Your sick leave balance will still be counted as retirement service credit if you commence a retirement benefit within five (5) years of the date on which you last earned sick leave.

Q: I earned sick leave under a 12-month contract, but I am now on a 9-month contract. Does the sick leave I accrued under the 12 month contract still count toward retirement?

A: Yes. You will need to provide verification of your sick leave balance when you submit your retirement application.

Retirement Eligibility

Q: When am I eligible to retire?

A: Eligibility for TSERS retirement is based on your age and years of creditable service. You may retire with full, unreduced benefits as early as age 60 with at least 25 years of creditable service, age 65 with at least 5 years of membership service, or with at least 30 years of creditable service at any age.

You may retire with a permanently reduced benefit as early as age 50 with at least 20 years of creditable service, or age 60 with at least 5 years of membership service.

Q: Does TSERS use the “rule of 85?”

A: No. Some pension plans use a “rule of 85” to determine retirement eligibility, whereby, if years of service plus age are equal to or greater than 85, the individual is eligible to retire. TSERS retirement eligibility is determined by age and/or years of service as described in the previous question; however, the “rule of 85” does not apply.

Q: Why is my benefit reduced if I retire early?

A: If you retire early, your benefit is permanently reduced by a certain percentage based on your age and years of service. Your retirement benefit is reduced because you will receive the payment over a longer period of time (based on your life expectancy) than if you wait until you are eligible for an unreduced retirement benefit. More information can be found in [Your Retirement Benefits](#).

Q: If I retire early with a reduced benefit, am I still eligible for retirees’ health plan coverage?

A: Yes.

Q: I was originally hired before October 1, 2006, but I left employment and withdrew my account. Do I have to have twenty years of service in order for the state to pay for my retiree’s health plan?

A: No. If you were first hired prior to October 1, 2006, regardless of whether you withdrew your TSERS contributions, the state will pay the cost of your retiree’s health plan coverage.

Retirement Benefit Calculation

Q: How is my retirement benefit calculated?

A: The TSERS retirement benefit is calculated using a specific formula: **average final compensation*** times the retirement formula factor (1.82% as set by TSERS plan rules), times your years and months of total creditable service. This formula calculates your maximum, monthly benefit amount. If you retire early, your benefit is reduced by a percentage that’s based on your age and years of service.

***Average Final Compensation:** the annual average of your four highest-paid years of salary in a row. Typically, your last four years of salary are the highest; however, it is possible that those four years occurred earlier in your career. If your four highest years of salary include a lump sum payout of annual

and/or bonus leave, the lump sum payment amount will be added to your salary before the average is determined.

Sick leave credit: for every twenty days of sick leave you have at the time of retirement (or any portion of 20 days), one month of retirement service credit is granted. To calculate your sick leave credit, divide your sick leave balance by 8 (hours per day) and then divide the result by 20 (days per month). Round the result up to the next whole number to get the total number of months.

The following chart may be useful when you calculate your benefit:

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

Q: Where can I get help with calculating my benefit?

A: Two retirement benefit calculation options are available through the [ORBIT](#) portal. Click on “**View Benefit Estimate**” for the earliest available reduced and unreduced benefit calculations based on ORBIT data only (membership service credit and salary history). Click on “**Create Custom Benefit Estimate**” for a more comprehensive benefit calculation.

Retirement Benefit Payment Options

Q: What are my payment options when I retire?

A: When you retire, you will be asked to choose a payment option. Several payment options are available, including a maximum payment option, 100% and 50% joint and survivor options, a Social Security leveling option, and two modified 100% and 50% joint and survivor payment options. Detailed descriptions of each option can be found in [Your Retirement Benefits](#).

Q: Can I change my payment option?

A: You may change your payment option prior to cashing your first retirement check, but no later than the 25th of the month following the month your first check is mailed.

You may only change your payment option if: (i) you elected a survivorship benefit and your beneficiary is your spouse from whom you become divorced after retirement, or (ii) you return to a job that requires TSERS participation and you contribute for at least three years.

In addition, if you designate your spouse for your survivor benefits under Option 1 or 2 (100% or 50% survivorship) and the spouse dies before you and you subsequently remarry, you may name your new spouse as your beneficiary within 90 days of your marriage. You would maintain the same payment option, and an additional reduction in your benefit amount would apply. The change must be filed with the Retirement System within 120 days of remarriage.

Q: How do I choose a payment option?

A: Your choice of payment option is a personal decision that should take into consideration your financial needs during your retirement years and the needs of a dependent, if any, after your death. On average, each payment

option is about equal to the other plans, meaning, each payment option is calculated so the total value of the option you choose yields the same value of the other options if both you and your survivor live your expected lifespan.

Q: Should I consider life insurance as a means of providing a benefit to my survivor rather than a survivor payment option from my retirement plan?

A: Your monthly retirement benefit will be permanently reduced if you choose a survivor payment option. Before securing your decision to take a survivor payment option, consider life insurance as an alternative. In this consideration, compare the value (amount), premium (what you pay for the life insurance) and term (age to which the life insurance policy is payable) to the value of the reduction in your retirement benefit amount by taking a survivor payment option.

Protecting Your Beneficiaries

Q: What happens to my contributions (or account balance) if I die?

A: If you die before you are vested, the amount of your contributions plus any amount you paid to purchase retirement credit will be distributed to your designated beneficiaries. If you die after you are vested but before you retire, the amount of your contributions, plus interest, plus any amount you paid to purchase retirement credit will be distributed. If you die after you are vested but before you retire, have at least 20 years of creditable service and have only named one beneficiary for the return of contributions, your beneficiary may choose to receive a lump sum of your account balance (known as a [return of contributions](#)), or a monthly retirement benefit (known as the Survivor's Alternate Benefit). More information about the Survivor's Alternate Benefit can be found in [Your Retirement Benefits](#).

When you retire, the life-time monthly retirement benefit is paid first, from the total accumulated contributions and interest, plus any amount you paid to purchase retirement credit (your account balance). Under all retirement payment options, if you and your survivorship payment option beneficiary (if applicable) die before your total account balance reaches zero, the total of your remaining account balance will be paid to the beneficiary(ies) you designate (this is known as the [Guaranteed Refund](#)).

Q: What is the “death benefit”?

A: If you die while you are contributing to the Retirement System, a one-time payment based on your salary may be paid to your designated beneficiary(ies). You must have at least one year of contributory service at the time of death and you must be either in active service, or within 180 days of the last day for which you received compensation that was subject to TSERS contributions. The amount of the benefit is equal to the highest consecutive 12 months of salary during the 24 months immediately preceding your death. The minimum benefit amount is \$25,000 and the maximum benefit amount is \$50,000. This payment is known as the [Death Benefit](#).

Q: Does the University provide free life insurance for employees?

A: NC State University does not provide free life insurance for employees. Oftentimes, the death benefit is mistaken for “free life insurance”.

Q: Can I list a minor as my beneficiary?

A: You may list a minor; however, the payment will be made to one of the following: (i) qualified guardian of the minor, (ii) the Clerk of the Court in the county in which the minor resides, or (iii) the minor after he/she attains the age of majority (generally, age 18 in North Carolina).

Q: Can I list more than one beneficiary?

A: You may list one principal beneficiary, plus one or more contingent beneficiaries; **or**, you may list multiple beneficiaries and no contingent beneficiaries. If you list multiple principal beneficiaries, each beneficiary would receive an equal distribution.

Q: Can I list my estate as a beneficiary?

A: You may list your estate as your beneficiary, payment will be made to your estate after an administrator or executor of estate has qualified. If there is no qualification, payment could be made to the Clerk of Court to be handled according to state law.

Q: Can I name a trustee for a living person as my beneficiary?

A: Yes. If you name a trustee, submit a copy of the trust agreement, with your beneficiary designation form(s), to the Retirement System.

Q: Are there any other beneficiary rules to consider?

A: You may not name an unborn child, a pet, a church or any institution as your beneficiary; you do not need permission from the beneficiary(ies) to make or change your designations; if a court order directs you to designate a specific beneficiary, you must comply with the order; you are not required to notify your beneficiary(ies) of your designations; and, you are not required to name relatives as beneficiary(ies).

Q: Can I change my beneficiary at any time?

A: Prior to retirement, you may change your beneficiary(ies) as often as you like; however, if an order requires a specific beneficiary designation, you must comply with the order. If you have less than ten years of retirement service credit, you may update your beneficiary designations directly through the [ORBIT](#) portal (click on View Account Summary). If you have more than ten years of retirement service credit, you must submit signed/notarized beneficiary change forms to the Retirement System. Forms 2RC (Return on Contributions) and 2DB (Death Benefit) can be obtained by signing in to your [ORBIT](#) account (click on the View Account Summary tab).

As a retiree, you can change your beneficiary for the *guaranteed refund* at any time by completing and submitting [Form 336](#). "*Designating Beneficiary(ies) for the Guaranteed Refund as a Retiree*" to the Retirement System.

Retirees' Health Plan and Medicare

Q: What happens to my health insurance when I retire?

A: When you retire, your health plan coverage under the NC State University group will cancel and you will have the option to enroll yourself and eligible dependents in the retirees' group health plan. Retirees' group coverage becomes effective on the first of the month following your retirement effective date. The premium for dependent coverage is deducted from your monthly retirement payment.

Under current law, if you were first-hired (in a benefits-eligible position) **before** October 1, 2006, the state will pay the full cost of your retiree's health plan premium. If you were first hired **on or after** October 1, 2006, you are still eligible to enroll in the retiree's health plan; however, you must retire with at least twenty (20) years of creditable service in order to receive coverage at no cost. If you retire with at least ten (10) years of creditable service, the cost is shared equally between you and the state. If you retire with less than 10 years, you must pay the full cost of retiree's health plan coverage. You are responsible for the full cost of dependent coverage.

Q: Is the retirees' health plan the same plan that I have through NC State?

A: Yes; however, when you retire, your coverage under the NC State group will terminate and the retirees' group plan will begin. Because your coverage under the NC State group is ending, the health plan is required to send you a notice of cancellation and continuation (COBRA) rights. It is important that you enroll in the retirees' health plan in a timely fashion, to avoid a delay in retirees' health plan coverage.

Q: Can I cover my spouse and/or dependent children on the retirees' health plan? What is the cost?

A: Yes. You may cover eligible dependents on the retirees' health plan. Dependent premiums are deducted from your retirement payment each month, and the rates vary depending on the level of coverage and plan selected. If your covered spouse is eligible for Medicare and enrolled in Part B, there will be a reduction in the monthly premium as an off-set to the Medicare Part B cost.

Q: When will my retirees' health plan coverage become effective?

A: Retirees' health plan coverage becomes effective on the first of the month following your retirement date.

Q: Will I experience a break in coverage when I retire?

A: As long as you are on payroll through the 16th of the month preceding your retirement date, you will experience no break in coverage provided you enroll in the retirees' health plan in a timely fashion.

Q: How and when do I enroll in the retirees' health plan?

A: Shortly following receipt of your retirement application, the Retirement System will send you instructions on how to enroll in the retirees' health plan. The enrollment transaction is done through [ORBIT](#).

Q: I am getting ready to retire and I am also Medicare-eligible. What happens to my current health plan?

A: Since you are Medicare eligible, you will need to enroll in Medicare Parts A and B upon retirement. Medicare Parts A and B will become your primary coverage, and the State Health Plan will fill in as secondary coverage starting on the first of the month following your retirement date. Prescription drug coverage will continue under the State Health Plan.

Q: When (and how) do I sign up for Medicare Part B?

A: Medicare Parts A and B will become your primary coverage, and the retirees' group health plan will become secondary coverage on the first of the month following your retirement date. It is recommended that you enroll in Medicare Part B between 60-90 days prior to the effective date. It takes about 10 minutes to [apply on-line for Medicare](#).

Q: Will I be penalized as a late enrollee if I wait until retirement to sign up for Medicare Part B?

A: No. Because of your active employment status and continued coverage under the NC State group health plan, Medicare plan rules allow for a "special enrollment period" when you retire. Your [Benefits Consultant](#) will submit verification of your NC State group health plan coverage to Medicare.

Q: How much does Medicare Part B cost?

A: The standard Medicare B premium in 2011 is \$115.40/month; however, you may be required to pay more, depending on your income. [More...](#)

Q: How is the Medicare Part B premium paid?

A: If you are in receipt of monthly Social Security retirement benefits, the Medicare B premium will be deducted from the payment. If you are not yet in receipt of Social Security retirement benefits, Medicare will bill you each month, for the Part B premium.

Q: What happens if I do not enroll in Medicare Part B?

A: If you are Medicare-eligible upon retirement and choose not to enroll in Part B, the State Health Plan will base your claim payments on an assumption that you are enrolled in Medicare Parts A/B.

Q: Should I enroll in a Medicare Part D (prescription drug) plan:

A: Prescription drug coverage will continue under the State Health Plan.

Q: My spouse is Medicare eligible and I cover her/him as a dependent on the State Health Plan. What are my options?

A: While you are employed, the State Health Plan also continues as your covered spouse's primary plan. Your spouse may enroll in Medicare Part A (free, provides hospitalization benefits). If your spouse chooses to enroll in Medicare Part B and designates Medicare as her/his primary plan, State Health Plan coverage will end.

When you retire, your spouse will need to enroll in Medicare Part B to become effective on the first of the month following your retirement date. Medicare A/B will become your spouse's primary coverage, and the retirees' group health plan will fill in as secondary coverage. The monthly cost of your spouse's retirees' health plan will be reduced as an off-set to the Medicare Part B premium.

Q: Is the retirees' health plan the most economical coverage for my Medicare-eligible spouse?

A: Historically, the retirees' group State Health Plan has provided covered spouses with robust benefits at an affordable cost. Due to an increase in premiums as well as out-of-pocket expenses, it may be more economical for your spouse to enroll in a Medicare Supplement plan.

Q: Where do I find more information on Medicare supplement plans?

A: The [North Carolina Seniors' Health Insurance Information Program \(NCSHIIP\)](#) is a no-cost resource for information and assistance with Medicare supplements, Medicare Advantage and Medicare prescription drug plans. Counselors are available to talk with you about coverage that is most suitable to your needs.

Q: My spouse currently has health insurance through her/his employer, but will no longer have coverage when she/he retires. Can I add my spouse to my retirees' health plan at a later time?

A: Yes. Loss of eligibility for coverage is considered a qualifying event which allows you to make changes to your plan, within 30 days of the event. To make the change, sign in to [ORBIT](#) and click on the HRInTouch link.

Q: Can I take a lump sum payment of my account balance and still be eligible for retirees' health plan coverage?

A: If you withdraw your contributions, all rights to a retirement benefit and retirees' health plan coverage are forfeited.

Timing Your Retirement

Q: When is my retirement effective?

A: Retirement is always effective on the first day of the month. If you work on or past the first, you may not retire in that same month. SPA employees and 12-month contract faculty may retire on the first of any month; however, 9-month faculty may only retire on January 1st or July 1st due to 9-month salary distribution schedules.

Q: When should I submit my retirement application?

A: TSERS applications may be submitted no sooner than 120 days prior to, and no later than one day before the retirement effective date. To ensure timeliness of your first retirement payment, we recommend that you submit your retirement application as early in the 120 day window, as possible.

Q: What happens if I submit my retirement application later in the 120 day window?

A: You are encouraged to submit your retirement application as early in the 120 day window as possible, as the Retirement System processes applications on a first-in, first-out basis. The later you submit your retirement application, the greater the chance of a delay in the first payment. If there is a delay, your benefits will be paid retroactively to the effective date of retirement.

Q: If I retire, what will my last work day be?

A: Retirement is always effective on the first day of the month. Your last day of work should be decided and confirmed with your supervisor.

Q: What happens if I don't work until the last day of the month?

A: You must be on payroll through the 16th of any given month in order for your benefit premiums to be paid that month.

Q: Can I use leave time to bridge from my last work day to the last day of the month?

A: Your last day of work and use of leave time should be discussed with your supervisor.

Q: Is membership service pro-rated if I only work for a part of a month?

A: Membership credit is not pro-rated. One full month of membership service is earned as long as you are eligible and contribute to TSERS.

Q: Do I have to notify my department of my plan to retire?

A: When you submit your retirement application, you will be required to sign a Retirement Submission notice, stating your retirement effective date. The notice will be shared with your department at the time you complete

the retirement application or no later than 30 days prior to the effective date of your retirement. Upon receipt of such notice, your department will confirm your intent to retire and make arrangements with you concerning submission of your resignation. Once your resignation is accepted, your position may no longer be available even if you decide not to retire.

Q: If I leave employment can I retire at a later time?

A: Yes. Once you are vested, you have a right to a retirement benefit as long as you do not withdraw your TSERS contributions, and you must meet the age and years of service eligibility requirements. Your right to a retirement benefit is forfeited if you withdraw your contributions.

Retirement Process

Q: How do I begin the retirement process?

A: The retirement process begins by submitting page 1 of Form 6: Claiming Your Retirement Benefit, a copy of your up-to-date leave balances and applicable documents as instructed on the retirement application to your [Benefits Consultant](#).

Q: Where can I find the retirement application?

To obtain your personalized retirement application, sign in to [ORBIT](#) and click on the down arrow to open the "Available Forms" menu. Locate and click on form number 6, "Claiming Your Retirement Benefit" and then click on "Open." The form will open as a fill-able pdf with your personal information already included. Complete page 1 only, and submit it with the required documents (see section F) and a printout of your final leave balances to your [Benefits Consultant](#).

Q: When should I file my retirement application?

A: You may submit your TSERS retirement application to your [Benefits Consultant](#) as early as 120 days prior to your retirement date (but no later than the day before your retirement date).

Q: Will I lose benefits if I am late filing my retirement application?

A: Retirement is always effective the first day of any month. A retirement application may be filed at least one day and not more than 120 days before the effective date of retirement.

A delay in filing the retirement application could delay the first benefit payment. Since the Retirement System processes retirement applications based on the date they are received, the earlier you file, the more likely you are to receive your first retirement payment on schedule.

Q: What happens after I file my retirement application?

A: Your [Benefits Consultant](#) will complete page 2 of the retirement application, and send all documents to the Retirement System for processing. You will receive a packet from the Retirement System which will contain an acknowledgement letter, a direct-deposit form, information and an enrollment form for the \$10,000 Contributory Death Benefit and instructions for enrolling in the retirees' health plan using [ORBIT](#). All forms should be completed and returned to the Retirement System.

Several weeks will pass during which the Retirement System is calculating your retirement benefits and preparing a second packet of information and forms. The packet will contain a statement of your retirement service credit and calculation of your retirement benefits, a form to choose your retirement payment option (6E: Choosing Your Retirement Payment Option) and a federal/state tax withholding form (290 (Choosing Income Tax Withholding Preferences). You will also receive a beneficiary designation form for the guaranteed refund. All forms should be completed and returned to the Retirement System.

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

Q: When will I receive my first retirement check?

A: The Retirement System will mail your first retirement check to your home address on the 25th of the month following your retirement effective date. Subsequent payments will be direct-deposited to your bank account on the 25th of the month. Cashing your retirement check (or direct-deposit of the second month's retirement payment) finalizes your retirement!

Q: What if I decide not to retire?

A: Your retirement is finalized once you cash your first retirement check, or the second payment has been direct-deposited. If you have reservations about retirement, do not cash your first retirement check. Contact your [Benefits Consultant](#) for further instructions.

Q: Can I change my payment option after I am retired?

A: You may change your payment option prior to cashing your first retirement check, but no later than the 25th of the month following the month your first check is mailed.

You may only change your payment option if: (i) you elected a survivorship benefit and your beneficiary is your spouse from whom you become divorced after retirement, or (ii) you return to a job that requires TSERS participation and you contribute for at least three years.

In addition, if you designate your spouse for your survivor benefits under Option 1 or 2 (100% or 50% survivorship) and the spouse dies before you and you subsequently remarry, you may name your new spouse as your beneficiary within 90 days of your marriage. You would maintain the same payment option, and an additional reduction in your benefit amount would apply. The change must be filed with the Retirement System within 120 days of remarriage. If you wish to change your payment option, contact your [Benefits Consultant](#) for further instructions.

Returning to Work Following Retirement

Q: Is a break in service required before returning to work with the State?

A: Yes. As explained in [Re-employment Under the Teachers' and State Employees' Retirement System](#), "a six-month period during which no service (except as an unpaid bona fide volunteer at a school) is rendered to an employer in the Teachers' and State Employees' Retirement System (TSERS) must immediately precede a return to employment."

Q: What happens to my retirement benefits if I return to work within six months?

A: [Re-employment Under the Teachers' and State Employees' Retirement System](#) explains that "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."

Q: Is the six-month break in service required if I am entering the Phased Retirement Program?

A: Phased Retirement Program participants are currently exempt from the six-month break in service rule.

Q: Is the six-month break in service required if I decide to continue working past my three-year Phased Retirement Program contract?

A: Phased Retirement Program participants are currently exempt from the six-month break in service rule.

Withdrawing Your Retirement Account

Q: What are my options if I decide to end employment with NC State?

A: If you leave employment with the State prior to becoming vested, you may request a refund of your contributions. You may receive your refund as a taxable distribution (early withdrawal penalty may apply) or you may roll your account contributions over to a qualified plan and delay taxation and penalty. If you request a refund or roll-over of your contributions plus interest; however, ***your rights to retirement and other benefits are forfeited if you withdraw your contributions.***

You may also leave your TSERS account balance on file. If you maintain a TSERS account balance and return to eligible State service, your membership service credit will continue to grow. If you leave employment with the State after you are vested, you may begin to receive a monthly retirement benefit upon reaching retirement eligibility.

Q: How do I withdraw or roll-over my TSERS account?

A: To withdraw or roll-over your TSERS account, sign in to [ORBIT](#) and locate [Form 5 – Withdrawing Your Service Credit and Contributions](#) from the Available Forms menu at the top of the page. Hi-light the form and click on Open. The form will open as a fill-able pdf, with your personal information already populated. Print the form, complete the applicable sections, and have your signature notarized. Submit the Form 5 to your [Benefits Consultant](#) for review and processing.

Q: How long will it take to receive my TSERS account distribution?

A: By law, a refund of your TSERS account balance is available to you sixty (60) days after your effective date of resignation or termination.

Q: How is the TSERS account withdrawal paid?

A: If you request a taxable (cash) distribution, a check will be made payable to you and mailed to your address on record. If you request a roll-over, the check will be made payable to your financial institution/for your benefit, and mailed to your address on record.

Q: How do I update my address with the Retirement System?

A: If you are actively employed, have your department HR/Personnel representative update your address in the MyPack Portal. Your new address will transmit electronically, when the next payroll contribution file is sent to the Retirement System.

If you are terminated from employment, sign in to [ORBIT](#) and choose form [COA \(Change of Address\)](#) from the Available Forms menu at the top of the page.

Q: Will the Retirement System send the roll-over distribution directly to my bank or financial institution?

A: TSERS account distribution checks are mailed to your address on record.

Q: Can I stop the withdrawal/roll-over process once I submit the Form 5?

A: Yes. If you wish to stop the withdrawal/roll-over process, **DO NOT** cash/deposit the distribution check. Contact the [Retirement System](#) for instructions on how to return the payment.

Q: If I withdraw/roll-over my TSERS account, can I still retire at a later date?

A: No. Your right to a retirement benefit is forfeited if you withdraw/roll-over your contributions.

Q: If I withdraw/roll-over my TSERS account, am I still eligible for retirees' health plan coverage?

A: No. Your right to a retirement benefit and subsequent retirees' health plan coverage is forfeited if you withdraw/roll-over your contributions.

Q: Can I roll-over a portion of my TSERS account, and have the remainder paid to me?

A: Yes. The Retirement System allows a partial roll-over.

Q: Can I withdraw/roll-over my TSERS account if I am in receipt of Workers' Compensation and/or Disability benefits?

A: No. If you are in receipt of Workers' Compensation or Disability Income Plan of North Carolina (DIP-NC) benefits, you may not withdraw your TSERS account.

Q: Can I borrow from my TSERS account?

A: There are no loan provisions available.

Q: Can I take money out of my TSERS account while I am employed?

A: Distributions are not permitted while you are actively employed and eligible for TSERS participation.