



# RETIREMENT GUIDE

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## **RETIREMENT GUIDELINES FOR NCSU EMPLOYEES**

This booklet is designed to not only provide instructions on retiring from the University, but to make you aware of additional factors that you may need to consider once you retire. As you review this booklet, it will be helpful to have on hand:

✓ ***The Teachers' and State Employees' Retirement Handbook***

The retirement system no longer provides printed copies of the booklet. You may download the latest version [http://www.treasurer.state.nc.us/dsthome/RetirementSystems/Benefits\\_Handbook.htm](http://www.treasurer.state.nc.us/dsthome/RetirementSystems/Benefits_Handbook.htm)

✓ ***Optional Retirement Plan kit***

Contact information for each vendor can be found on the Benefits website at <http://www.fis.ncsu.edu/hr/benefits/orp.asp>

✓ ***Social Security Statement***

This statement is sent you automatically about three months before your birth month each year. Refer to the "Social Security Benefits" section of this guide to obtain additional information.

✓ ***Most recent pay stub***

✓ ***Life Insurance Statement***

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## ***RETIREMENT ELIGIBILITY***

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

<i>You may retire with an unreduced service retirement benefit after:</i> <ul style="list-style-type: none"><li>✓ you reach age 65 and complete five years of creditable service,</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>	<i>You may retire early with a reduced retirement benefit after:</i> <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.</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. Under ORP, the amount of the benefit is based on the total accumulation in the account including any credited interest or dividends and the income 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***

### **TSERS**

**ORBIT** (Online Retirement Benefits through Integrated Technology system) was developed for TSERS participants and allows active and retired state employees access to their account information. This system allows users to review their retirement account, create customized benefit statements, view their account history, account balance, and request service purchases. To access ORBIT you must first register through the NC Treasurers' website:  
<https://orbit.myncretirement.com/ORBIT/Common/Pages/BPASLogin.aspx>

*Your annual retirement benefit is based on a formula as follows:*

1.82% of "average final compensation" TIMES years and months of "creditable service".

**Average final compensation** means the average of your salary during the four highest paid years in a row.

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

#### ***IMPORTANT FACTS REGARDING CREDITABLE SERVICE:***

Each month you are paid and contribute to retirement will add one month of creditable service. Summer session pay or additional pay **DOES NOT** add additional months of creditable service.

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

You may obtain details on purchasing creditable service for periods such as Education Leave, Military, Part-time, Withdrawn and Out-of-State service by reviewing [Your Retirement Benefits](#) handbook beginning on page 13. Additionally, the required forms for service credit purchases may be downloaded from:

<http://www.treasurer.state.nc.us/dsthome/RetirementSystems/ApplicationsandForms?Title=ApplicationsandForms&OrderBy=byLastModifiedDate&showImage=true>

- The North Carolina General Assembly recently enacted legislation, effective retroactively to July 1, 2001, that affects active and retired members of the Teachers’ and State Employees’ Retirement System who have previously **Withdrawn** contributions. The new legislation allows these members the opportunity to restore the years of service that were previously forfeited at a cost which is likely much lower than the cost under the previous provisions of law. Members may restore their withdrawn service at any time prior to or after retirement. The revised method of cost calculation is based on the amount of contributions previously withdrawn, plus 6 ½% 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 revised 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 (ERD) 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 service amount by one of four ways:

- by reviewing your annual TSERS statement mailed to you each year;
- by accessing TSERS’s telephone information line, 733-4191 or 877/627-3287;
- by contacting TSERS’s office directly to speak with a Retirement Counselor; or
- by contacting your University Benefits Consultant, 515-2151 or logon to the Benefits website and click on [Who’s My Benefits Consultant](#).

The amount of service time provided will **NOT** include your credit for sick leave or any other service time you are **considering** purchasing. TSERS receives certification of your sick leave balance from your retirement application once submitted to them. To calculate your creditable service for sick time, simply take your total sick hours and divide by 8 to determine the number of days.

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

One month of credit is allowed for each 20 days of your unused sick leave when you retire. Also, one month is allowed for any part of 20 days left over. As the chart reflects, the number of sick days may total in a range of 1-20 days and you will be given credit for one month. Additionally, legislation was enacted effective July 2001 to remove the cap on the number of sick days that can be used for credit at retirement. In the past, the maximum number of sick days that could be used at retirement was 12 days for each year of membership service. Sick leave is used to increase your creditable service but sick leave cannot be used to meet the minimum qualifications.

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

- By logging in to your [ORBIT](#) account (basic estimate)
- By completing and mailing the following [Request for a Retirement Calculation](#) form.
- By utilizing the on-line [estimator](#) on TSERS' website, [www.nctreasurer.com](http://www.nctreasurer.com) (more detailed estimate)
- By contacting the Retirement System directly with your request to be mailed, 919/733-4191 or 877/627-3287; or
- By manually calculating, for example: Add your salary during your four highest paid years in a row (typically, your last 4 years)

\$30,600  
 31,700  
 32,900  
34,000

\$129,200 divide by 4 then multiply by .0182 (the Retirement Factor) times the Creditable service (32 years and 6 months plus 8 months of sick leave) and then divide by 12 = Monthly Maximum payment

32,300 X .0182 X 33.1667 (use chart above for the decimal equivalency)/12 = \$1,624.78

Note: To estimate options for early retirement benefits, you will need to use the on-line estimator

**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 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 review the chart provided on page 9 for the reduction percentages in [Your Retirement Benefits](#) handbook.

(If you are between birthdays when payments start, the reduction will be adjusted proportionately.)

For detailed information on calculating your retirement benefit, refer to pages 7-9 of [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 determining your income needs and reviewing your options long before you decide 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 elect one of the payment plans listed below. You may change your choice of payment options at anytime prior to cashing your first retirement check but no later than the date of the payment of your second monthly benefit. 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 in covered employment for a period of not less 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.

### ***TSERS PAYMENT OPTIONS (CON'T)***

<p><b>Maximum Allowance – benefit that is paid monthly until your death.</b> Payments cease upon death. This option provides no monthly survivorship.</p>	<p><b>Option Six-Two – 100% Joint and Survivorship.</b>  <b>Option Six-Three – 50% Joint and Survivorship</b>                  You will receive a reduced retirement allowance for life to leave your designated beneficiary a lifetime monthly benefit upon your death. The benefit is figured using the standard formula and then reduced by a factor using your beneficiary’s age. These two options have an added provision which allows the benefit to revert back to the Maximum Allowance if the designated beneficiary dies before you do.</p>
<p><b>Option Two – 100% Joint and Survivorship.</b>                  You will receive a reduced retirement allowance for life to leave your designated beneficiary a lifetime monthly benefit upon your death [the same amount you were receiving monthly]. The benefit is figured using the standard formula and then reduced by a factor using your beneficiary’s age.</p>	<p><b>Option Four – Social Security Leveling.</b>                  This option allows you to receive a larger benefit than you would otherwise be entitled until you become eligible for Social Security. There are no survivorship benefits allowed; benefits cease upon your death. The Retirement System will use the amount provided on your annual Social Security Estimate of Benefits Statement to calculate your inflated retirement benefit. You will receive this amount until you reach age 62. Upon turning 62, your retirement benefit will be reduced to an amount that is less than what you would otherwise be entitled to receive. Nevertheless, the amount plus the Social Security amount should be approximately the same as the inflated retirement payment you received before age 62. Selecting this option has no impact on your Social Security benefits. Note: Taking Social Security benefits prior to reaching your full retirement age will result in permanent reduced Social Security benefits. See section on Social Security.</p>
<p><b>Option Three –50% Joint and Survivorship.</b>                  You will receive a reduced retirement allowance for life to leave your designated beneficiary a lifetime monthly benefit upon your death [50% of the amount you were receiving monthly]. The benefit is figured using the standard formula and then reduced by a factor using your beneficiary’s age.</p>	

Please refer to [Your Retirement Benefits](#) handbook for more details regarding payment options, beginning on page 9.

## **Optional Retirement Plan (EPA Employees Only)**

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 are not irrevocable and 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.

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

- 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.

**\*Note: To qualify for continuation of the State-paid health insurance coverage for retirees, you must have 5 years of contributing service at retirement and receive an ORP benefit on a monthly basis at retirement. The Income Annuity offered through Fidelity does not meet the requirements to satisfy the State of North Carolina State Health Plan Retiree group requirements for continuation of coverage.**

Contact your [plan representative](#) for a retirement kit which should include option details, benefits, tax implications, and procedures on how to initiate each option.

## ***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 pension 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 it is good to plan to have 65% to 85% 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 pension 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 pension benefit to live on until you qualify for the additional sources of income that make up your retirement portfolio. Some withdrawals from supplemental retirement plans prior to age of 59 ½ may be subject to an IRS penalty. For example, penalties are imposed on 401(k) withdrawals for retirees younger than the age of 55 but these penalties does not apply on the 457 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. The State does **NOT** provide life insurance for retirees; consider, if you have not already, enrolling in the University's term life insurance program [information about this plan can be located on our website]. If you are currently enrolled in the University's voluntary life insurance program, upon your retirement you may continue your coverage at the same rate as active employees. TSERS retirees (ORP retirees are not eligible) have the opportunity to elect coverage under the \$10,000 Contributory Death Benefit through the Retirement System. Detailed information about the cost and coverage provisions is sent upon retirement.

We suggest that you not only speak with your supplemental retirement plan representative, but consider talking to a financial planner as well. The Benefits office can assist you with names of the University approved financial planners or you may check our website under the subject "Financial Planners".

Financial planning is the process of meeting your life goals through the proper management of your finances. As you near retirement, your financial goals are changing. 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 Planner Board of Standards. (For more information about certified financial planners, visit <http://www.cfpboard.org/>)

### ***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.ssa.gov](http://www.ssa.gov), by telephone at 1-800-772-1213, or by calling the 800 number to make an appointment to

visit any Social Security office to file for benefits. 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 lifetime, 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. [You will need this Statement if you are considering Option 4 payout with TSERS]

Full retirement age (also called "normal retirement age") has been 65 for many years. However, beginning with people born in 1938 or later, that age will gradually increase until it reaches 67 for people born after 1959.

### **Age To Receive Full Social Security Benefits**

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

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

Your earnings in retirement may affect your dependents’ benefits as well as your own.

- **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. For 2009 that limit is \$14,160. 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 your 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 2009, this limit is \$37,680.
- **Starting with the month you reach FRA:**, you will get your benefits with **NO** limit on your earnings.

If you retire in the middle of a year, 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.

**TSERS retirees are subject to earnings limitations. Your retiree health coverage and retirement benefit will be stopped if you are reemployed by the State and your earnings exceed the statutory limits.**

For purposes of determining whether Social Security benefits are payable, a person's earnings for a taxable year are the sum of pay for services as an employee plus all net earnings from self-employment (minus any net loss from self-employment) for that year. Wages for Social Security purposes are gross wages - wages before any payroll deductions for income tax, Social Security tax, dues, insurance, or other deductions by the employer.

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,
- pensions,
- income from investments,
- IRA distributions, and
- interest,

**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.

Some people who get Social Security will have to pay federal taxes on their benefits. You will be affected only if you have substantial income in addition to your Social Security benefits. 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, visit <http://www.ssa.gov/taxwithhold.html> . Social Security recipients receive automatic annual cost-of-living allowances (i.e., cost of living adjustments) based on the annual increase in consumer price index.

Social Security Administration provides a comprehensive website, [www.ssa.gov](http://www.ssa.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.

## ***TAXES***

**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. 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 pension is State taxable but may be subject to a \$4000.00 exclusion.

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. The State adopted a tax sheltering resolution in 1982. To adjust for contributions made prior to the change, the Retirement System computes the non-taxable portion of your monthly benefit by 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.

## **CONTINUATION OF BENEFITS**

Please schedule an appointment with your Benefits Consultant to discuss your options in detail. You may find out who your Consultant is by logging on to the Benefits website and click on “Who’s my Benefits Consultant”.

<b>Retiring from NCSU</b>		<b>Benefits Continuation</b>
<b>Benefit Plan or Payroll Deduction</b>	<b>Information and/or Action</b>	<b>Resources</b>
Health Plan Smart Choice PPO	Coverage will continue into retirement provided the enrollment form is completed. Effective date of retirees’ plan is the first of the month following your retirement date. ORP participants <b>must</b> select a monthly annuity payment to be eligible for retirees’ health insurance.	1-888-234-2416 <a href="http://www.shpnc.org">www.shpnc.org</a>
Health Care Flexible Spending Account	You may file for reimbursement of eligible expenses incurred up to and including your last work day; FSA may be continued on a post-tax basis through the end of the calendar year in which you term; continuation materials will be sent by the plan.	1-877-371-2926 <a href="http://www.ncflex.org">www.ncflex.org</a>  Address confirmation: <a href="http://www.ncflexonline.org">www.ncflexonline.org</a>
Accidental Death & Dismemberment	Coverage is portable. Contact the Plan no later than 30 days following your term date to continue coverage. Confirm mailing address at <a href="http://www.ncflexonline.org">www.ncflexonline.org</a>	1-800-257-0930 <a href="http://www.ncflex.org">www.ncflex.org</a>  Address confirmation: <a href="http://www.ncflexonline.org">www.ncflexonline.org</a>
Dental Insurance and/or Vision Plan	Plan may be continued through COBRA provision for up to 18 months; plan will mail continuation materials.	Dental: 1-800-291-8039 <a href="http://www.ncflex.org">www.ncflex.org</a>  Vision: 1-800-507-3800 Address confirmation: <a href="http://www.ncflexonline.org">www.ncflexonline.org</a>
Cancer/Specific Disease Plan	COBRA and conversion provisions are available. Contact the plan within 30 days of your retirement date to request materials.	1-800-521-3535 <a href="http://www.ncflex.org">www.ncflex.org</a>  Address change: <a href="http://www.ncflexonline.org">www.ncflexonline.org</a>
NC Flex Group Term Life Insurance	If you are under the age of 70, you may continue coverage at the current group rate plus a small billing fee. Coverage may also be converted to an individual, whole-life policy. Notify the Benefits Office within 30 days of retirement to request materials.	NCSU Benefits Office 919-515-2151
MetLife Group Term Life Insurance	Retirees may continue coverage at the group rate. Your Benefits Consultant will request continuation materials from MetLife, which will be mailed directly to your home address.	NCSU Benefits Office 919-515-2151

<b>Benefit Plan or Payroll Deduction</b>	<b>Information and/or Action</b>	<b>Resources</b>
Traveler's Auto and Home Insurance	Contact Traveler's to arrange continuation of coverage through direct-bill or bank draft.	919-847-4909
Long Term Care Insurance	Contact Prudential to continue coverage via bank-draft or direct-bill.	1-800-284-9648
Hyatt Pre-paid Legal Plan	Contact Hyatt Legal to continue coverage via direct-bill or bank-draft. Refer to plan number 2660010.	1-800-821-6400 <a href="http://www.hlpinfo.com">www.hlpinfo.com</a>
Supplemental Retirement Plans	You may contribute through the payroll in which leave payout occurs. Once fully retired, a minimum distribution at age 70 ½ may be required.	Phone numbers and web addresses are listed below.
NC National College Savings Program	Contributions will end upon termination of employment. Contact CFNC to make contribution arrangements.	1-800-600-3453 <a href="http://www.cfnc.org">www.cfnc.org</a>
State Employees' Association of NC (SEANC)	Membership may be continued through direct-pay to SEANC. Contact SEANC for more information.	919-833-6436 <a href="http://www.seanc.org">www.seanc.org</a>
North Carolina State Employees' Credit Union	Credit Union payroll deductions will stop upon retirement. Contact the Credit Union to arrange for payment of loans, etc.	1-888-732-8562 919-857-2150 <a href="http://www.ncsecu.org">www.ncsecu.org</a>
Payment of Annual and Bonus Leave, and Longevity	A maximum of 240 hours plus all bonus leave 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. The payment is directly deposited into your bank account on file with NC State Payroll. If you receive longevity pay, a pro-rated amount will be included with the lump sum payment.	Confirm timing of the payment with your department HR rep.
Sick Leave	Sick leave is not paid out upon termination. Should you resume employment with the university or another state agency within five years of your termination date, your sick leave balance will be reinstated. This rule also applies to those who retire from TSERS within 5 years.	
<b>Additional Information and Resources</b>		
TSERS	Forms and information are available by logging into your <a href="#">ORBIT</a> account on the Retirement Systems web-site.	919-733-4191 1-877-733-4191 <a href="http://www.nctreasurer.com">www.nctreasurer.com</a>
AIG Retirement	<a href="http://www.aigretirement.com">www.aigretirement.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
MetLife Resources	<a href="http://www.metlife.com">www.metlife.com</a>	1-800-492-3553
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.nc401k.prudential.com">www.nc401k.prudential.com</a>	1-866-624-0151
NC Deferred Compensation	<a href="http://www.ncdefcomp.com">www.ncdefcomp.com</a>	919-755-1910
TSERS and ORBIT	<a href="http://www.nctreasurer.com">www.nctreasurer.com</a>	919-733-4191

## ***MEDICARE***

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

**Part A** is hospital coverage [primarily covers hospitalization and limited nursing] for which you are eligible if you are entitled to monthly Social Security benefits. This part of Medicare is funded by the FICA-HI taxes that are withheld from every paycheck. At age 65, Medicare Part A is provided at no cost to you.

**Part B** is medical coverage [doctors' fees, out-patient services, etc.] provided at a rate of \$96.40 per month in 2009 and is deducted from your Social Security benefit. **Although Part B is optional, you must enroll in Part A and B because the State Health Plan coordinates benefits with Medicare once you retire.** The monthly premium for Part B may be higher under certain circumstances.

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 already in receipt of Social Security retirement benefits, Medicare enrollment is automatic, and you'll receive your Medicare Parts A & B card in the mail. Most individuals who are still 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 your primary coverage while 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.

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

- You must enroll in Medicare Parts A and B.
- Medicare will become your primary insurance and the State Health Plan will become your secondary insurance.
- 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.
- The State Health Plan will pay 70%/80%/90% (depending on your plan) of the remaining covered charges after Medicare has paid the Medicare covered charges.
  - 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%, instead of 70%/80%/90%.
- The benefits of the State Health Plan will remain the same as when you were actively employed.

### ***Will I need additional health insurance?***

- An additional Medicare supplement insurance (Medigap) plan generally is not needed. You may contact the [Senior's Health Insurance Information Program \(SHIIP\)](#) division of the

Department of Insurance with additional questions about Medicare supplement plans at 1-800-443-9354 or [www.ncshipp.com](http://www.ncshipp.com).

- You will have the same prescription drug coverage with the State Health Plan as when actively working.

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

- The Medicare Part A premium is 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	\$96.40
\$85,001 - \$107,000	\$170,001 - \$214,000	\$134.90
\$107,001 - \$160,000	\$214,001 - \$320,000	\$192.70
\$160,001 - \$213,000	\$320,001 - \$426,000	\$250.50
Above \$213,000	Above \$426,000	\$308.30

- If you are not yet receiving a SS retirement check, you will receive a bill for the monthly Medicare Part B premium.
- The 2009 Medicare Part A deductible is \$1068 per 60-day benefit period. The State Health Plan will pay 70%/80%/90% (depending on your plan) of the Medicare deductible if the State Health Plan deductible has already been met.
- The 2009 Medicare Part B deductible is \$135 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. Below is an example of a claim paid before the \$300 deductible was met:

\$2,000 - Medicare charge and State Health Plan allowable  
- 1,600 - Carve out of Medicare payment  
 \$ 400  
- 300 - State Health Plan deductible (example only)  
 \$ 100  
 x .80 - State Health Plan percentage (depending on your plan)  
 \$ 80 - Amount paid by State Health Plan

If the annual plan deductible had already been met, then in the example above, \$320 out of the remaining \$400 would have been paid by the State Health Plan. Example:

\$2,000 - Medicare charge  
- 1,600 - Carve out of Medicare payment  
 \$ 400  
 x .80 - State Health Plan percentage (depending on your plan)  
 \$ 320 - Amount paid by State Health Plan

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

- The prescription drug benefit is managed by MEDCO. The following is a summary of how the prescription drug management will work.

- Covered prescription drugs are all drugs that are FDA approved, except the following types. These types of drugs must be medically necessary to be covered.

Erectile Dysfunction  
Growth Hormones

Hair Growth  
Weight Loss

Anti-Wrinkle

- To receive coverage, you must use a pharmacy participating with MEDCO and show your ID card to the pharmacist.
- You have the convenience of ordering your maintenance medications by completing a Mail Service Profile/Order Form and returning it with your original prescription and appropriate copyment.

A list of preferred drugs (formulary) can be viewed on the following website:

<http://statehealthplan.state.nc.us/pdf/PreferredPrescList.pdf>.

Co-payments for a 34-day supply are:

Generic	\$10	Non-Preferred Brand	\$50
Preferred Brand without Generic Available	\$30	Preferred Brand w/Generic Available	\$40

**\* Prescription co-pays are limited to \$2500.00 per person per fiscal year.**

## ***WHAT ABOUT MY DEPENDENTS?***

### ***The State Health Plan (SHP)***

Your eligible dependents are allowed to continue participation in the health insurance. Rates are the same as for active employees. Premiums may be deducted from your TSERS retirement check or if you receive an ORP benefit, the amount may be drafted from your bank account.

If you retire after the age of 65 and you are carrying your spouse who is also 65 or older on the SHP, the premium charged will be lower than rates for active employees. Logon to the SHP's website to review rate schedule at [www.shpnc.org](http://www.shpnc.org). Once a retiree is eligible for Medicare, the SHP will become the secondary coverage.

If you retire after the age of 65 and you are carrying your spouse who is under the age of 65 on the SHP, the premium charged will be the current family 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 will need to apply for Part B no later than 3 months after you retire to avoid an even higher premium for the coverage.

Surviving spouses and dependents of a deceased retiree may continue paying for coverage on the SHP if they were covered prior to the date of death of the retiree. Surviving dependent children coverage will cease upon attaining one of the usual ineligibility events, such as maximum age, no longer a student, marriage, etc.

You may be planning on adding your spouse to the SHP later because your spouse is still working and covered by his/her employer's plan, which provides no retiree coverage. Your surviving spouse and/or dependents will not be eligible for coverage if they were not covered at the time of your death.

## **MetLife Group Term Life Insurance**

Upon retirement, if currently enrolled, you have the option to continue your coverage, as well as the coverage for your eligible dependents. Spouse coverage terminates at age 70. Your dependent children are eligible up to age of 19 (to age 23 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.**

You have the opportunity to elect voluntary life insurance while you are actively employed. Eligible employees may apply but must submit evidence of insurability if beyond 30 days of hire date. You cannot opt for this coverage once retired.

## **Dental and Vision**

If you are currently participating in the NCFlex dental and/or vision plans, you and your eligible dependents may continue coverage under COBRA rates for up to 18 months.

The Retirement System offers dental and vision coverage through the NC State Insurance Services office. Contact State Insurance Services at 919-571-0150 or 1-800-462-7864 or visit on the web at [www.stateinsservices.com](http://www.stateinsservices.com) This coverage is only available to TSERS benefit recipients.

The North Carolina Retired Gov't Employees Assoc (NCRGEA) offers a dental plan. 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://www.ncsu.edu/policies/employment/epa/REG715.00.9.php>

### **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; however, charge access will be de-activated. It is not necessary to contact the All Campus Network [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 515-3364.

## **Carmichael Gym**

Retirees may also purchase gym privileges. Contact the Intramural-Recreation Sports office for additional information, 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 515-2101 or <http://gopack.com> or the Wolfpack Club at 515-2112 or [www.wolfpackclub.com](http://www.wolfpackclub.com) 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.fis.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.fis.ncsu.edu/hr/benefits/recognition\\_nav.asp](http://www.fis.ncsu.edu/hr/benefits/recognition_nav.asp).

## **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 (<http://www.ncsu.edu/retired/>) or leave a message at 919-515-6157 for more detailed information.

## **Tuition Waiver**

State-supported institutions of higher education, community colleges, industrial education centers and technical institutes, shall permit legal residents of North Carolina who have reached the age of 65 to attend classes for credit or noncredit purposes [not applicable to non-credit continuing education courses] without the required tuition; provided that such person meets admission and other standards deemed appropriate by the education institution. For additional information or to request a form, contact the University Cashier's Office at 919-515-2986 or [http://www7.acs.ncsu.edu/cashier/forms/over\\_65\\_waiver.pdf](http://www7.acs.ncsu.edu/cashier/forms/over_65_waiver.pdf).

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

### **One year to six months before retiring**

**Contact Your ORP Retirement Vendor or TSERS for a benefit estimate.** TSERS participants may complete a [Request for a Retirement Calculation](#) form located on our website under TSERS. ORP participants should contact their representative to discuss retirement distribution options.

**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. You may also attend the Financial Workshops provided by our office every Spring and Fall.

**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.ssa.gov](http://www.ssa.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, if appropriate, the military to find out whether 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 foreign country. Documents you may need are:

- Birth certificates for yourself and spouse
- Marriage and/or Divorce certificates
- Social Security Benefit Estimate Statement
- ORP Financial Statements

### **At four months before retiring**

**Schedule an appointment with your Benefits Consultant** to apply for retirement. The effective date of a retirement is always the first day of the month.

Optional Retirement Program (ORP): Retirement applications should be completed about 90 days prior to your scheduled retirement date. In addition to meeting with a University Benefits Consultant, you should contact your ORP vendor to discuss your monthly retirement payout options.

Teachers and State Employees Retirement System (TSERS) Participants: Retirement application must be signed and filed with the State Retirement System at least 90 days, but no sooner than 120 days before your scheduled retirement date. Bring the following documents to your meeting:

- A copy of your Vacation/Sick leave record, if you earn leave
- Voided check or deposit slip for Direct Deposit Authorization

**Complete Retirement Forms** with your assigned Benefits Consultant:

### TSERS

- **Application for Retirement (Form 6)** which is available by logging into your [ORBIT](#) account. The Form 6 is completed by you and your Benefits Consultant, and forwarded to the State Retirement System. Sick leave hours will be included, if applicable.
  - You will receive the following forms from the State Retirement System. All must be completed and returned:
    - **Retired Group Health Application (Ret. HM)**. This form is used to enroll you and any eligible dependents in the State Health Plan.
    - **Authorization Agreement for Direct Deposit (RET 170)**. This form is to setup your direct deposit of your retirement benefit. The first payment is actually mailed to in check form.
    - **\$10,000 Contributory Death Benefit for Retire Members Election/Decline (Form 333)**
  - Next, you'll receive the following, which should also be completed, signed and returned to the Retirement System:
    - **Election of Benefits Form (Form 6-E)**. This form is used to elect your payout option and to name your beneficiary (ies). You must sign this form in the presence of a notary.
    - **Federal and N.C. State Tax Form (Ret 290)**
    - A retirement benefits estimate, which will show your monthly retirement amount and your survivor payment options beneficiary (if you provided a name). This does not have to be returned.
- **Application for Medicare (Form CMS-L564 and CMS-40B)** if you and/or your spouse is over age 65.
- Forms are available by logging in to your [ORBIT](#) account.

### ORP

- Contact your ORP vendor for your retirement packet and discuss your payout options.
- Retiree Group Health Application (The SHP will send a payment option form to allow you the choice of bank draft or direct payment for your dependent premiums.) **You are eligible to participate in the Retiree health coverage only if you receive a monthly retirement benefit.**
- ORP Authorization for Coverage Under the State of North Carolina Retired Group Health Plan (ORP-4)
- The University of North Carolina Optional Retirement Program (UNC ORP) Acknowledgment for Disposition of Account Contributions (ORP-3)
- If age 65 or older, Application for Medicare (Form CMS-L564 and CMS-40B)

**Inform your Manager and Department of your Retirement plans.** While the University Benefits Office can cease your retirement benefits processing, we cannot renegotiate your position should you choose not to retire. Furthermore, a retirement application *may* be considered a resignation. **It is your responsibility to notify your department of your intent to retire.**