

PHASED RETIREMENT PROGRAM 2022-2025

University Benefits

NC STATE UNIVERSITY

2022-2025

Phased Retirement Program

The Phased Retirement Program (PRP) gives eligible, tenured faculty the opportunity to retire, yet continue half-time employment for a three-year contract period.

2022-2025 Phased Retirement Program Eligibility

- Tenured
- 5 years of NC State service
- Age 62 – TSERS
- Age 59 ½ - ORP
- Eligible to retire

2022-2025 Phased Retirement Program Retirement

- Those in phased retirement fully retire
- Phased retirement provides half-time employment with the university

2022-2025

Phased Retirement Program Work Plan and Pay

- PRP duties are negotiated with your Department Head/Dean
- A PRP participant maintains their academic (9-month) or fiscal year (12-month) appointment length and works a half-time (50%) workload within it.

2022-2025

Phased Retirement Program Salary Calculation

- 50% of annual faculty base salary minus any administrative supplements
- Salary is paid July – June regardless of when you work
- Faculty who hold administrative positions must retreat to faculty status upon entering the PRP

2022-2025

Phased Retirement Program Summer Salary and Additional Compensation

- PRP participants may earn summer salary (9-month faculty) and additional compensation (9 and 12 month faculty) for tasks outside their workplans

2022-2025

Phased Retirement Program Summer Salary and Additional Compensation

- One exception: no summer salary for TSERS participants in the second summer school session of the summer they enter the PRP
- TSERS faculty are responsible for staying within the earnable allowance (this information should be obtained through ORBIT annually by the retiree)

2022-2025

Phased Retirement Program Half-time NCSU Salary

- Paid monthly by NCSU payroll
- Salary is paid July – June regardless of when you work
- Taxable income
 - Federal, state and FICA
- Most benefit deductions continue
 - Some deductions will stop

2022-2025

Phased Retirement Program

Half-time NCSU Salary

What payroll deductions stop?

- TSERS, ORP (TIAA & Fidelity)
- State Health Plan
- Long Term Disability
- MetLife Life (can continue directly with MetLife)
- State 401(k)

2022-2025

Phased Retirement Program Applying for the Program

- The application can be electronically signed by all parties. Remember the faculty member should not sign the application until after it is approved by the Provost office.
- Forms should be scanned and emailed to Margot Henion at mlhenion@ncsu.edu
- The General Release must be signed by the faculty member and notarized.

2022-2025

Phased Retirement Program Applying for the Program

1. Review and complete the PRP Application and Re-employment Agreement
2. Submit the completed, **unsigned** application to your department head for discussion of the PRP work plan
3. After agreeing on the work plan, the department head will sign the agreement
4. The department head will pass the signed agreement to the dean for approval

2022-2025

Phased Retirement Program Applying for the Program

5. After the dean approves the agreement, it is passed to UHR Benefits. The Provost then receives all of the applications received by February 16, 2022
6. Upon Provost approval, the faculty member will receive by email and regular mail, the finalized and signed Agreement and the General Release form
7. Upon date of receipt, the faculty member will have 45 days to consider and sign the final Agreement
8. The faculty member returns both documents to UHR Benefits

2022-2025

Phased Retirement Program Applying for the Program

9. The faculty member then has 7 days to revoke their application and return to their position held prior to applying for the Program.
10. Should a faculty member wish to revoke their application, a written intent must be submitted to the department head with a copy sent to UHR Benefits prior to the end of the 7 days.

2022-2025

Phased Retirement Program The Work Plan

- It should reflect a half-time (50%) workload.
- Does not reflect summer sessions for 9-month faculty
- It can give the Provost Office useful context to indicate current responsibilities and how phased retirement will represent half-time employment (optional template)

2022-2025

Professorship and Emeritus Status

- Department Head can initiate the emeritus/emmerita status approval process upon your PRP entry or completion.
- REGs and SOPs re: emeritus status available at Provost's website

2022-2025

Professorships and Emeritus Status

- Professorships of Distinction are relinquished upon entering PRP
- Except for Named Term Professorships, Professor of Distinction titles carry into emeritus / emerita status

2022-2025

Phased Retirement Program Making the Transition

- In March/April, the retirement process should begin with UHR Benefits
- You will officially retire on July 1, 2022

2022-2025

Phased Retirement Program Making the Transition

- July 1, 2022
 - PRP begins
 - Relinquish tenure
 - Half-time employment/salary begins
 - Retirement benefits begin
 - Annual and bonus leave are paid out at the end of July

2022-2025

Phased Retirement Program Making the Transition

- June 30, 2022
 - Final payroll for full-time employment
- July 1, 2022
 - Transition to half-time salary
 - Retirement effective date
 - Retirement payments begin (TSERS on the 25th)
- July 31, 2022
 - Final leave payout from NCSU and half-time pay

2022-2025

Phased Retirement Program Making the Transition

- July 31, 2022
 - Coverage on NC State University group health plan ends
- August 1, 2022
 - Health coverage begins on the State Retirement System group plan
 - If non-medicare eligible may continue same SHP coverage
 - If Medicare-eligible, may be 70-30 plan or Humana
 - Medicare A/B must be effective no later than July 1

2022-2025

Phased Retirement Program

Lump Sum Leave Payout
(if applicable)

- All annual leave hours up to 240 based on FTE
- All bonus leave hours (SBL)
- Annual salary \div 2080 = hourly rate
- Hourly rate \times total hours = payout
- Paid in July payroll
- Payout is taxable!
- Subject to 6% TSERS or ORP contribution
- Can defer to 403(b) or 457

2022-2025

Phased Retirement Program 403(b), 401(k) and 457 for PRP

- 403(b) and 457 contributions allowed
 - Up to \$26,000 per year, for each
- 401(k) contributions not permitted
- Age 72 minimum required distributions (MRD) are not required during PRP period
 - IRAs and other non-NCSU retirement plans require MRD

2022-2025

Phased Retirement Program Retirement Income

- TSERS is a defined benefit plan

You can run retirement calculations in ORBIT

www.myncretirement.com -ORBIT

2022-2025

Phased Retirement Program Retirement Income

- **Teachers' and State Employees' Retirement System (TSERS)**
 - Submit retirement application in March/April, 2022
 - Schedule a meeting with Margot Henion, UHR Benefits Consultant
 - Enrollment into a retiree health plan happens automatically-30 days to change plan
 - Receive paperwork back from TSERS
 - Complete and return
 - Receive first payment (check) on 7/25/2022

2022-2025

Phased Retirement Program Retirement Income

- ORP is a defined contribution plan
 - Benefit is determined by investment performance of contributions
 - Must be in receipt of a monthly benefit in July 2022 for retirees' health insurance eligibility
 - Several payment options are available
 - Must meet with your ORP plan representative to discuss payment options and process a monthly distribution

2022-2025

Phased Retirement Program Retirement Income

- **Optional Retirement Program**
 - Begin retirement process by April 3, 2022
 - Set up a meeting with Margot Henion
 - Submit an ORP-3 Form
 - Meet with ORP plan representative
 - Set up monthly retirement benefit payment in order to be eligible for retiree medical
 - Enrollment into a retiree health plan happens automatically- 30 days to change plan

2022-2025

Phased Retirement Program Taxation of Retirement Benefits

- State of NC tax exemption (Bailey)
 - If you became vested in TSERS or began ORP participation prior to August 1, 1989
 - Retirement benefits will never be taxable as long as your primary residence remains in the state of NC
 - Or if your primary residence changes to a state with no state income tax!

2022-2025

Phased Retirement Program Taxation of Retirement Benefits

- Federal Taxation
 - A small portion of your retirement benefit may not be federally-taxable
 - Amount of benefit based on contributions made prior to July 1, 1982
 - Contributions were made on a post-tax basis

2022-2025 Phased Retirement Program Break in Service

The Phased Retirement Program is exempt from break in service rules that otherwise apply to non-PRP TSERS retirees.

2022-2025

Phased Retirement Program

Full SSA Retirement Age

Year of Birth	FRA
1937 or earlier	65
1938	65 + 2 months
1939	65 + 4 months
1940	65 + 6 months
1941	65 + 8 months
1942	65 + 10 months
1943 – 1954	66
1955	66 + 2 months
1956	66 + 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67

2022-2025

Phased Retirement Program Social Security Retirement

- If you are under full retirement age for the entire year (minimum age 62)
 - \$1 for every \$2 you earn above the annual limit is deducted from monthly SS payment
 - \$ 18,960 is the earnings limit in 2021 (2022 not released)
 - Your retirement benefit does not count as earnings

2022-2025

Phased Retirement Program Social Security Retirement

- In the year you reach full retirement age
 - \$1 in benefits is deducted for every \$3 you earn above the earnings limit
 - **2022 amount has not been released**
 - Only earnings before the month you reach your full retirement age count!
- No earnings limitation applies starting with the month you reach full retirement age

2022-2025

Phased Retirement Program

Social Security and Medicare

Apply online, at www.ssa.gov

2022-2025

Phased Retirement Program SHP and Medicare

- If age 65 or older when entering PRP, you must be enrolled in Medicare A and B upon entering the PRP as of July 1
- NC State can provide an employer statement showing why Medicare B was delayed due to participation on an employer group health plan upon request for you and your spouse.

2022-2025

Phased Retirement Program SHP and Medicare

- Medicare enrollment is automatic if you're in receipt of Social Security retirement payments
 - If not, enroll within 60-90 days before turning age 65
- Medicare Part B premium is deducted from your monthly Social Security retirement payment
- If you're not drawing Social Security retirement at age 65, Medicare will bill you for Part B

2022-2025

Phased Retirement Program Retiree Health Insurance

If over age 65 at retirement:

- Prior to your retirement, you will be defaulted to a Humana Medicare Advantage base plan
- You will have 30 days to change the coverage to the enhanced Medicare Advantage plan or the 70/30 health plan

2022-2025

Phased Retirement Program Retiree Health Insurance

If under age 65 at retirement:

- You will continue on your current State Health Plan.
- Your group will change to the Retirement System.
- New health insurance ID cards will be issued with the group number starting with “SR”.

2022-2025

Phased Retirement Program Retiree Health Insurance

- Payroll deducted premiums stop in July for August coverage
- If TSERS: dependent premiums are deducted from monthly TSERS retirement payment
- If ORP: you will receive a bill from Itedium (contracted by SHP to do retiree health billing)
- SHP resources are available on their [website](#)

2022-2025

Phased Retirement Program Exiting the Program

- You may exit the Program prior to the end of the 3 year contract period, with written, mutual consent between yourself and the department head/dean.
- You may continue employment with NC State, following the completion of the 3 year PRP contract period.

(No break in service as typically required for TSERS retirees.)

2022-2025 Phased Retirement Program Resources

Phased Retirement Program information, guidelines, frequently asked questions, application and general release are available on our [website](#)

2022-2025 Phased Retirement Program Resources

Teachers' and State Employees' Retirement
System and ORBIT portal:

www.nctreasurer.com

- ☐ Click on Retirement
- ☐ Click on ORBIT
- ☐ Register to create user name & password

2022-2025 Phased Retirement Program Resources

TIAA ORP and 403(b)/457

www.tiaa-cref.org/uncorp/
www.tiaa-cref.org/unc403b/

1-800-842-2776

LaFrieta Whitehead

lwhitehead@tiaa.org

919-687-5233

University Benefits

NC STATE UNIVERSITY

2022-2025 Phased Retirement Program Resources

Fidelity 403(b)/457 and ORP

www.mysavingsatwork.com/atwork/uncorp.htm

www.mysavingsatwork.com/atwork/unc403b.htm

1-800-343-0860

Cleo Morgan

cleo.morgan@fmr.com

803-507-4960

University Benefits

NC STATE UNIVERSITY

2022-2025 Phased Retirement Program Resources

Supplemental Retirement Plans
401(k) and 457/Deferred Compensation:

www.ncplans.prudential.com

Christy Kelly, CRC

christy.kelly@prudential.com

(919) 602-8226

2022-2025

Phased Retirement Program Application Period

- **Started: September 23, 2021**
- **Ends: February 16, 2022**

2022-2025 Phased Retirement Program Resources

Social Security Retirement and Medicare

www.ssa.gov

www.mymedicare.gov

4701 Old Wake Forest Rd, Raleigh

1-800-772-1213

2022-2025 Phased Retirement Program Resources

Jonathan Holloway
Program Coordinator, Office for Faculty
Excellence

(919) 515-7018

Email: jphollow@ncsu.edu

2022-2025 Phased Retirement Program Resources

UHR Benefits

Margot Henion, UHR Benefits Consultant

919-515-4319

Email: mlhenion@ncsu.edu

Appointment: go.ncsu.edu/margothenion

2022-2025 Phased Retirement Program

Questions?