Ready to Retire

Optional Retirement Program (ORP) Discussion
Introductions

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What are we covering today?

- About the ORP Plan
- Retirement Eligibility & Vesting
- Payment Options
- Other Income Sources
- Taxes
- Phased Retirement Program
<table>
<thead>
<tr>
<th><strong>401(a)</strong></th>
<th>Qualified under the IRC Sections 401(a) and 403(a)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Benefits are based on amounts contributed and any income and expenses or gains/losses</td>
</tr>
<tr>
<td></td>
<td>Combined account (2 sets of assets-employee and employer) 6% Employee Contribution/6.84% Employer Contribution</td>
</tr>
</tbody>
</table>
# Retirement Vesting & Eligibility

## Age
- Unlike TSERS, there is no age requirement to retire in the ORP

## Service
- ALWAYS: 100% vested in your contributions to the plan
- Vested in the University contributions after 5 years of contributing service
- Once vested, no years of service requirement to retire
When can I retire?

- When you are ready and able to retire
  - Consider living expenses, debt, etc
- Retirement is always the 1st of any given month
  - 9 month faculty typically Jan 1/July 1
How much do I need to retire?

- Experts say 70 - 90% of the annual income you earned just before retirement
- Consider your debt, retirement plans, Social Security Income, etc…
Am I invested appropriately at this time?

- That depends on your age, risk tolerance and years until retirement
- Have a one-on-one meeting with your retirement account representative
### Health Insurance & the ORP

<table>
<thead>
<tr>
<th>ORP Participation Date</th>
<th>Vested Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Contributing to the ORP before October 1, 2006</strong></td>
<td>&gt; Vested in retiree health insurance after 5 years of participation</td>
</tr>
<tr>
<td><strong>Contributing to the ORP after October 1, 2006</strong></td>
<td>&gt; Vested in retiree health insurance after 20 years of participation</td>
</tr>
<tr>
<td></td>
<td>&gt; 50% Vested in retiree health insurance after 10 yrs of participation</td>
</tr>
<tr>
<td></td>
<td>&gt; May enroll at full cost after 5 years</td>
</tr>
</tbody>
</table>

#### IMPORTANT

- **You must be in receipt of a monthly benefit from your ORP account in order to enroll in retiree health insurance!**

ORP Retirees are billed monthly for retiree health coverage by iTedium, SHP’s TPA for billing.

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**First hired on/after Jan 1, 2021- Not Eligible for Retiree Health Insurance**
Retiree Health - Non-Medicare Primary Subscribers

### 80/20 & 70/30 Plan for Non-Medicare Primary Subscribers in the Retirement Systems

**Monthly Premium Rates**
January 1, 2024 – December 31, 2024

<table>
<thead>
<tr>
<th>NON-MEDICARE PRIMARY SUBSCRIBERS/ DEPENDENTS</th>
<th>Enhanced PPO Plan (80/20)</th>
<th>Base PPO Plan (70/30)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subscriber</td>
<td>$50.00</td>
<td>$110.00</td>
</tr>
<tr>
<td>Subscriber + Child(ren)</td>
<td>$305.00</td>
<td>$365.00</td>
</tr>
<tr>
<td>Subscriber + Spouse</td>
<td>$700.00</td>
<td>$760.00</td>
</tr>
<tr>
<td>Subscriber + Family</td>
<td>$720.00</td>
<td>$780.00</td>
</tr>
</tbody>
</table>

**Tobacco Attestation Complete?**

- **YES**
- **NO**

<table>
<thead>
<tr>
<th>NON-MEDICARE PRIMARY SUBSCRIBERS/ DEPENDENTS</th>
<th>Enhanced PPO Plan (80/20)</th>
<th>Base PPO Plan (70/30)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subscriber</td>
<td>$54.00</td>
<td>$114.00</td>
</tr>
<tr>
<td>Subscriber + Child(ren)</td>
<td>$123.00</td>
<td>$183.00</td>
</tr>
<tr>
<td>Subscriber + Spouse</td>
<td>$123.00</td>
<td>$183.00</td>
</tr>
<tr>
<td>Subscriber + Family</td>
<td>$106.00</td>
<td>$256.00</td>
</tr>
</tbody>
</table>

**Medicare Primary Dependents on Medicare Advantage Base Plan**

<table>
<thead>
<tr>
<th>NON-MEDICARE PRIMARY SUBSCRIBERS/ DEPENDENTS</th>
<th>Enhanced PPO Plan (80/20)</th>
<th>Base PPO Plan (70/30)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subscriber</td>
<td>$58.00</td>
<td>$118.00</td>
</tr>
<tr>
<td>Subscriber + Child(ren)</td>
<td>$123.00</td>
<td>$183.00</td>
</tr>
<tr>
<td>Subscriber + Spouse</td>
<td>$123.00</td>
<td>$183.00</td>
</tr>
<tr>
<td>Subscriber + Family</td>
<td>$106.00</td>
<td>$256.00</td>
</tr>
</tbody>
</table>

**Medicare Primary Dependents on Medicare Advantage Enhanced Plan**

<table>
<thead>
<tr>
<th>NON-MEDICARE PRIMARY SUBSCRIBERS/ DEPENDENTS</th>
<th>Enhanced PPO Plan (80/20)</th>
<th>Base PPO Plan (70/30)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subscriber</td>
<td>$205.00</td>
<td>$265.00</td>
</tr>
<tr>
<td>Subscriber + Child(ren)</td>
<td>$475.00</td>
<td>$535.00</td>
</tr>
<tr>
<td>Subscriber + Spouse</td>
<td>$494.00</td>
<td>$554.00</td>
</tr>
</tbody>
</table>

Rate Sheets for 50% and 100% Contributory Non-Medicare Retirees can be found at:

### Medicare Primary Plans for Medicare Subscribers in Retirement Systems

**Monthly Premium Rates**  
January 1, 2024 - December 31, 2024

<table>
<thead>
<tr>
<th>Subscriber</th>
<th>MEDICARE ADVANTAGE</th>
<th>Base PPO Plan (70/30)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BASE PLAN</strong></td>
<td><strong>ENHANCED PLAN</strong></td>
<td></td>
</tr>
<tr>
<td>Subscriber</td>
<td>$0.00</td>
<td>$73.00</td>
</tr>
<tr>
<td>Subscriber + Child(ren)</td>
<td>$4.00</td>
<td>$146.00</td>
</tr>
<tr>
<td>Subscriber + Spouse</td>
<td>$4.00</td>
<td>$146.00</td>
</tr>
<tr>
<td>Subscriber + Family</td>
<td>$8.00</td>
<td>$219.00</td>
</tr>
</tbody>
</table>

**NON-MEDICARE PRIMARY FOR DEPENDENTS ON 80/20 PLAN**

| Subscriber + Child(ren) | $255.00 | $328.00 | $255.00 |
| Subscriber + Spouse | $650.00 | $723.00 | $650.00 |
| Subscriber + Family | $670.00 | $743.00 | $670.00 |

**NON-MEDICARE PRIMARY FOR DEPENDENTS ON 70/30 PLAN**

| Subscriber + Child(ren) | $218.00 | $291.00 | $218.00 |
| Subscriber + Spouse | $590.00 | $663.00 | $590.00 |
| Subscriber + Family | $678.00 | $671.00 | $598.00 |

Rate Sheets for 50% and 100% Contributory Medicare Retirees can be found at:

## Continuation of Benefits - NCFlex Plans

### COBRA Continuation
- Dental, Vision, TriCare, FSA Plans can be continued for up to 18 Months through COBRA provision
- Coverage ends the end of the month employment ends

### Portability
- Critical Illness*, Accident, and Cancer Plans may be continued through Portability.
- *Portability is available prior to age 70 for Critical Illness

### IMPORTANT
- Vendors mail continuation options to you once employment ends
- Find Retiree Dental & Vision options at:
  - [NCretiree.com](http://NCretiree.com)
  - [NCRGEA.com](http://NCRGEA.com)
Continuation of Benefits - UNC System Life Insurance

Coverage Termination

> UNC System Life Insurance ends on the date full-time employment ends.
> If you do not participate in this plan, you may enroll within 31 days of your retirement.

Portability

> If you participate in the plan, you may elect to continue coverage for you or covered dependents for an amount less than or equal to your current coverage on a guaranteed basis.

IMPORTANT

> Details can be found here: https://myapps.northcarolina.edu/hr/download/588/system-group-life-insurance/12080/vrl-voluntary-retiree-life.pdf
Taxes

Retirement benefit is subject to state and federal tax unless…

**Bailey Act Exemption**

> If enrolled in the ORP before August 12, 1989, you are exempt from State of NC taxes on your ORP benefit
> NC must be primary residence
> Applicable to the NC 401(k) and 457 plans
> Not applicable to the UNC 403(b) and 457 plans
Determining your ORP benefit

- Benefit amount is based on:
  - Contributions made to the plan
  - Investment performance
  - Payment option chosen

- Leave eligible retirees will be paid for unused Annual Leave (up to 240 hours) and Bonus Leave
  - Consider deferring your leave payouts

Sick Leave does not count toward retirement. Consider donation through the VSL.
Lifetime Annuity

- Provides income for the life of the ORP participant alone, or with an annuity partner (survivor)
- Once selected, the lifetime annuity is irrevocable
- $10,000 annuity minimum
Lump Sum Distribution

- Cashing out or rolling over the ORP accumulation in total or incrementally
- Health Insurance Implications
- Bailey tax exemption implications (if applicable)
Systematic Withdrawal

- Provides a stream of cash withdrawals taken on a schedule determined by the participant
- Schedule and amount of the withdrawal can be altered
- Minimum: $10/month
Interest Payment Option

- Participant receives income generated from the ORP investment earnings on an annual basis
- Account balance remains invested and may be withdrawn at a later date
Required Minimum Distribution (RMD)

- Required for retired ORP participants aged 73 who turn 72 starting Jan 1, 2023
  - If retired participant turned 72 in 2022 or earlier, they will need to continue taking RMDs as scheduled
- Allows retiree to keep ORP accumulation tax deferred
- Retiree receives the minimum income required to satisfy federal minimum distribution rules
Am I required to take a distribution when I retire, and if so, when?

- Only if you want to receive the Retiree Health Coverage or at age 73

How flexible are the distribution options?

- The ORP distribution options are all flexible except for the Lifetime Annuity
ORP Payment Options

Is there a “safe” option?

- Differs by personal situation

Am I able to roll the entire balance or portion to an IRA?

- Yes, but you will lose your Bailey exemption (if applicable) and will forfeit your retiree health benefits if funds are depleted
ORP Payment Options

Will I run out of money?

- Depends on your overall financial needs. You are encouraged to conduct a one-on-one review meeting.

How much from the ORP account should be set aside to cover lifetime payments to qualify for insurance?

- Check with TIAA
Are my ORP funds still invested once I retire?
- Yes

Do I have to move or change my fund allocation at retirement?
- No
**Phased Retirement Program**

| Eligibility       | Full-time Tenured Faculty with at least 5 years of service
<table>
<thead>
<tr>
<th></th>
<th>Are age 59.5 upon entering phased &amp; eligible to retire from ORP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Details</td>
<td>Allows participant to phase to half-time employment status (.50 FTE) and also receive retirement benefits and retiree health insurance</td>
</tr>
<tr>
<td>Application</td>
<td>PRP application period September - February each year</td>
</tr>
<tr>
<td></td>
<td><a href="http://go.ncsu.edu/prp">http://go.ncsu.edu/prp</a></td>
</tr>
</tbody>
</table>
Contact your ORP Vendor Representative to determine your retirement strategy and monthly benefit.

Schedule an appointment with the Benefits Team via HRNow 120-90 days in advance of your retirement date and submit ORP-3 form [https://benefits.hr.ncsu.edu/benefits-staff-directory/](https://benefits.hr.ncsu.edu/benefits-staff-directory/)

Complete Medicare enrollment (if applicable) 90 - 60 days in advance of retirement date.
ORP-3 RETIREMENT SUBMISSION CYCLE

Employee
- Employee determines retirement date
- Employee completes ORP-3 form notifying Benefits Representative of requested retirement date
- Employee contacts applicable retirement vendor to set-up “monthly” retirement benefit payments
- Employee reviews “Optional Retirement Program Summary” booklet to become informed of various “monthly” retirement benefit payment options as well as benefit tax information

Campus Benefits Representative
- Benefits Representative reminds member to contact applicable retirement vendor to set-up “monthly” benefit payments
- Benefits Representative inputs/updates ORP Database with submitted ORP-3 information
- Benefits Representative inputs the projected Retirement Date into Benefit Focus

UNC System - ORP Team
- UNC System - ORP Consultant receives notification via ORP Database of pending retirement
- UNC System - ORP Consultant reviews, and approves ORP retirement submission, if applicable
- Approval, ORP-3 Certifications page, is forwarded to applicable ORP vendor, if applicable (up to 60 days prior)

ORP Retirement Vendor (Fidelity or TIAA)
- ORP Retirement Vendor receives ORP-3 Certifications page requesting retirement from UNC System
- ORP Retirement Vendor is contacted by the applicable employee to set up “monthly” retirement benefit payments
- ORP Retirement Vendor signs and returns the ORP-3 Certifications page to UNC System - ORP team, verifying pending retirement distribution

UNC System - ORP Team
- UNC System - ORP Specialist receives approved ORP-3 Certifications page from ORP vendor
- UNC System - ORP Specialist sends completed ORP-3 Certifications page to RSO
- UNC System - ORP Specialist updates ORP Database with communication dates and confirmations

NC Retirement System Division (RSD)
- RSO receives the ORP-3 Certifications page from UNC System - ORP Specialist
- RSO reviews employees ORP participation to determine eligibility for retirement SHP coverage
- RSO establishes a retirement account for member and sends shell/platform data to Benefit Focus (nightly file submission)
- RSO mails "HE ONLINE Instructions form to member

NOTE: It may take up to 5 business days before an employee is updated in the ORBIT system.

THE UNIVERSITY OF NORTH CAROLINA SYSTEM
Re-Employment

Break In Service

There is no mandatory break in service for ORP Retirees, however, a one-month break is suggested for ORP participants

Restrictions

- ORP Retirees should not exceed 29 Hours (.749 FTE) per week in order to maintain retiree health benefits
- If hired into EHRA/SHRA (or equivalent position) at 29 Hours (.749 FTE) or greater, employee may become eligible for benefits as a full time employee including an ORP contribution
- No Salary Restrictions from ORP Standpoint for retirees (check your Social Security limitations if applicable)
- No restrictions when working for private employer or non-state agency employer (ex: Local Government)
As a Retiree

You may obtain a Retiree Parking Permit for an annual fee or purchase daily passes: Submit a Permit Authorization Form for Retired Employees signed by your Department Head or representative. Form authorizes the purchase of an “R” permit for an annual fee ($100 for 2024). *Retired employees who receive compensation from the University are not eligible for an “R” permit.*

You may retain your Wolfpack One Card to use the library, continue your Carmichael Gym membership and be eligible for cultural and sporting event discounts.

**Email:** Retirees may retain their NC State email account at the discretion of their department management. A department HR representative will submit a no-pay action in the HR System to maintain access.
As a Retiree

**WolfPerks:** The WolfPerks Program is designed to save NC State University Faculty & Staff money on products and services both locally and nationally. Take a moment to browse through the many offers available to you and your family throughout the WolfPerks program.

**Cultural Events:** Arts NC State is the collective organization for all six of NC State University’s performing and visual arts programs and five supporting units. Ticket Central is the centralized box office for the visual and performing arts programs.

**Key Haven Campground:** Key Haven is a large wooded site on a peninsula at Kerr Lake. It is available for camping, picnicking, boating, and enjoying nature.

**Athletics:** Please contact the Athletics Ticket Office for ticket options available only to retired NC State faculty and staff at 919-865-1510.
As a Retiree

**Osher Lifelong Learning Institute:** The [Osher Lifelong Learning Institute](http://www.ncsu.edu/oll) (OLLI) at NC State provides non-credit short courses, study trips, and special events for adults aged 50. **All retirees receive a free one year membership.**

**University Temporary Services:** Being retired is not an end, but a starting point for new opportunities. Begin a new adventure where it all started with University Temporary Services. If you are interested in temporary employment at NC State through University Temporary Services, [review the current vacancies](http://www.ncsu.edu/uts/jobopenings) and apply for the positions that best match your professional experience. Feel free to contact the UTS Office directly at 919-515-7060.

**Emeritus Status (Faculty and Senior Administrators):** Any tenured full-time faculty member, Special Faculty, SAAO Tier I or II who has served for ten or more years State University is eligible to apply for emeritus status. Status is granted to retiring full-time faculty and administrators in recognition of dedicated service.
Retirement at NC State web page
Questions?