

**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

# ORP - A Defined Contribution Plan

## 401(a)

Qualified under the IRC Sections 401(a) and 403(a)

Benefits are based on amounts contributed and any income and expenses or gains/losses

Combined account (2 sets of assets-employee and employer)  
6% Employee Contribution/6.84% Employer Contribution

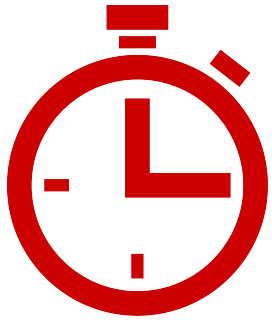
# Retirement Vesting & Eligibility

## Age

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

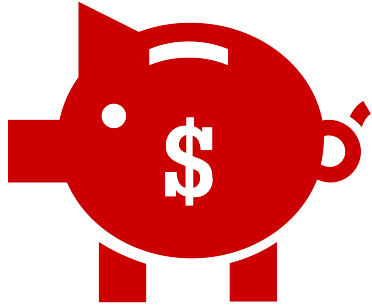
## Service

- 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

## Contributing to the ORP before October 1, 2006

- > Vested in retiree health insurance after 5 years of participation

## Contributing to the ORP after October 1, 2006

- > Vested in retiree health insurance after 20 years of participation
- > 50% Vested in retiree health insurance after 10 yrs of participation
- > May enroll at full cost after 5 years

## 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.

*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	Enhanced PPO Plan (80/20)		Base PPO Plan (70/30)
	TOBACCO ATTESTATION COMPLETE?*		
	YES	NO	
<b>NON-MEDICARE PRIMARY SUBSCRIBERS/ DEPENDENTS</b>			
Subscriber	\$50.00	\$110.00	\$0.00
Subscriber + Child(ren)	\$305.00	\$365.00	\$218.00
Subscriber + Spouse	\$700.00	\$760.00	\$590.00
Subscriber + Family	\$720.00	\$780.00	\$598.00
<b>MEDICARE PRIMARY DEPENDENTS ON MEDICARE ADVANTAGE BASE PLAN</b>			
Subscriber + Child(ren)	\$54.00	\$114.00	\$4.00
Subscriber + Spouse	\$54.00	\$114.00	\$4.00
Subscriber + Family	\$58.00	\$118.00	\$8.00
<b>MEDICARE PRIMARY DEPENDENTS ON MEDICARE ADVANTAGE ENHANCED PLAN</b>			
Subscriber + Child(ren)	\$123.00	\$183.00	\$73.00
Subscriber + Spouse	\$123.00	\$183.00	\$73.00
Subscriber + Family	\$196.00	\$256.00	\$146.00
<b>MEDICARE PRIMARY DEPENDENTS ON 70/30 PLAN</b>			
Subscriber + Child(ren)	\$205.00	\$265.00	\$155.00
Subscriber + Spouse	\$475.00	\$535.00	\$425.00
Subscriber + Family	\$494.00	\$554.00	\$444.00

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

<https://www.shpnc.org/retiree-benefits/base-ppo-plan-7030-non-medicare-retirees>

# Retiree Health - Medicare Primary Subscribers

## Medicare Primary Plans for Medicare Subscribers in Retirement Systems

Monthly Premium Rates January 1, 2024 – December 31, 2024	MEDICARE ADVANTAGE		Base PPO Plan (70/30)
	BASE PLAN	ENHANCED PLAN	
<b>MEDICARE PRIMARY SUBSCRIBERS &amp; DEPENDENTS</b>			
Subscriber	\$0.00	\$73.00	\$0.00
Subscriber + Child(ren)	\$4.00	\$146.00	\$155.00
Subscriber + Spouse	\$4.00	\$146.00	\$425.00
Subscriber + Family	\$8.00	\$219.00	\$444.00
<b>NON-MEDICARE PRIMARY FOR DEPENDENTS ON 80/20 PLAN</b>			
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
<b>NON-MEDICARE PRIMARY FOR DEPENDENTS ON 70/30 PLAN</b>			
Subscriber + Child(ren)	\$218.00	\$291.00	\$218.00
Subscriber + Spouse	\$590.00	\$663.00	\$590.00
Subscriber + Family	\$598.00	\$671.00	\$598.00

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

<https://www.shpnc.org/retiree-benefits/humana-group-medicare-advantage-ppo-base-plan-9010>

# 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.**

# ORP Payment Options

## **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



# ORP Payment Options

## **Lump Sum Distribution**

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

# ORP Payment Options

## **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

# ORP Payment Options

## **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

# ORP Payment Options

## 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

# ORP Payment Options

**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

# ORP Payment Options

**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  
Are age 59.5 upon entering phased & eligible to retire from ORP

## Details

Allows participant to phase to half-time employment status (.50 FTE)  
and also receive retirement benefits and retiree health insurance

## Application

PRP application period September - February each year

<http://go.ncsu.edu/prp>

# Retirement at NC State web page



**Contact your ORP Vendor Representative** to determine your retirement strategy and monthly benefit



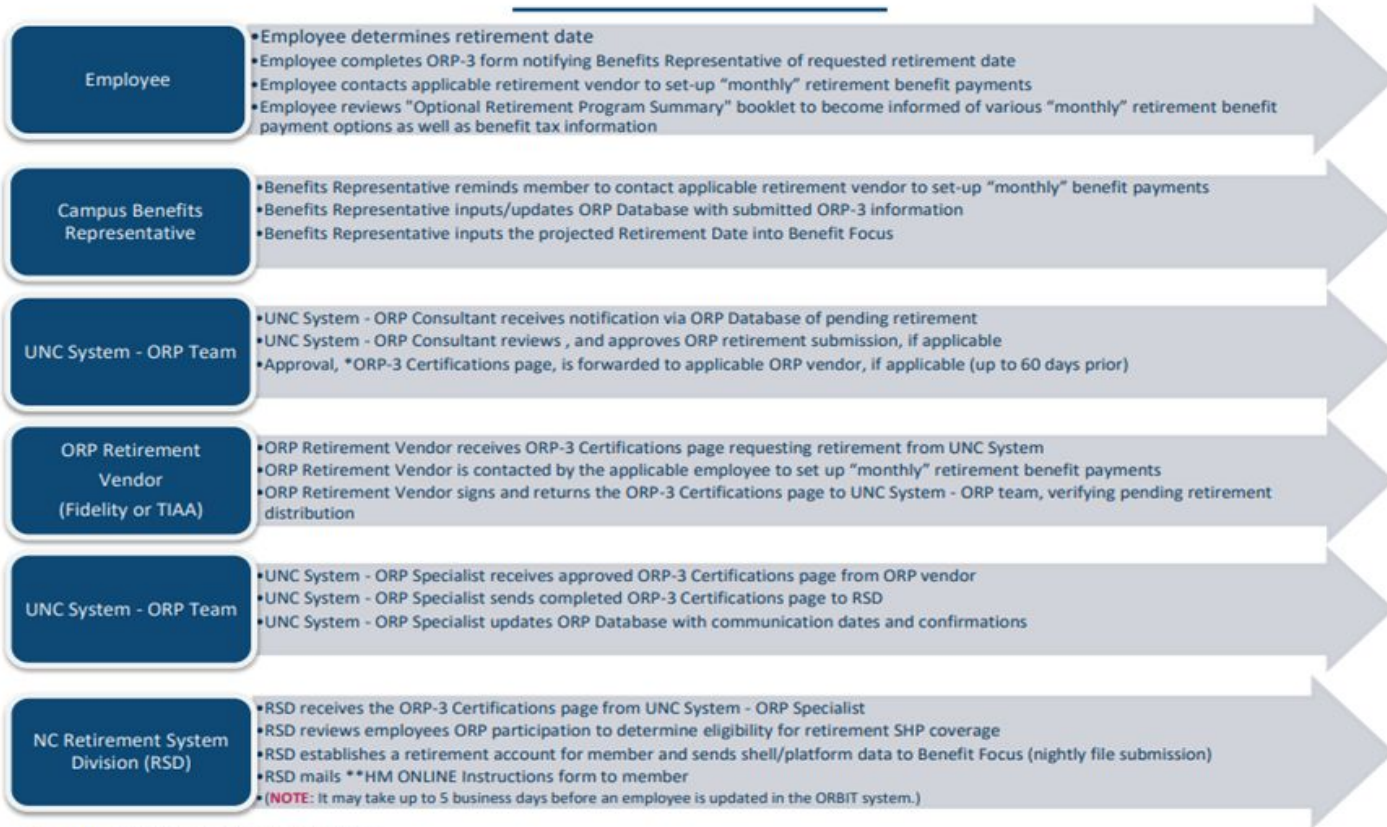
**Schedule an appointment with the Benefits Team via HRNow 120-90 days in advance of your retirement date and submit ORP-3 form**

<https://benefits.hr.ncsu.edu/benefits-staff-directory/>



**Complete Medicare enrollment** (if applicable) 90 - 60 days in advance of retirement date

# ORP-3 RETIREMENT SUBMISSION CYCLE



# 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](#) (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](#) 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?**