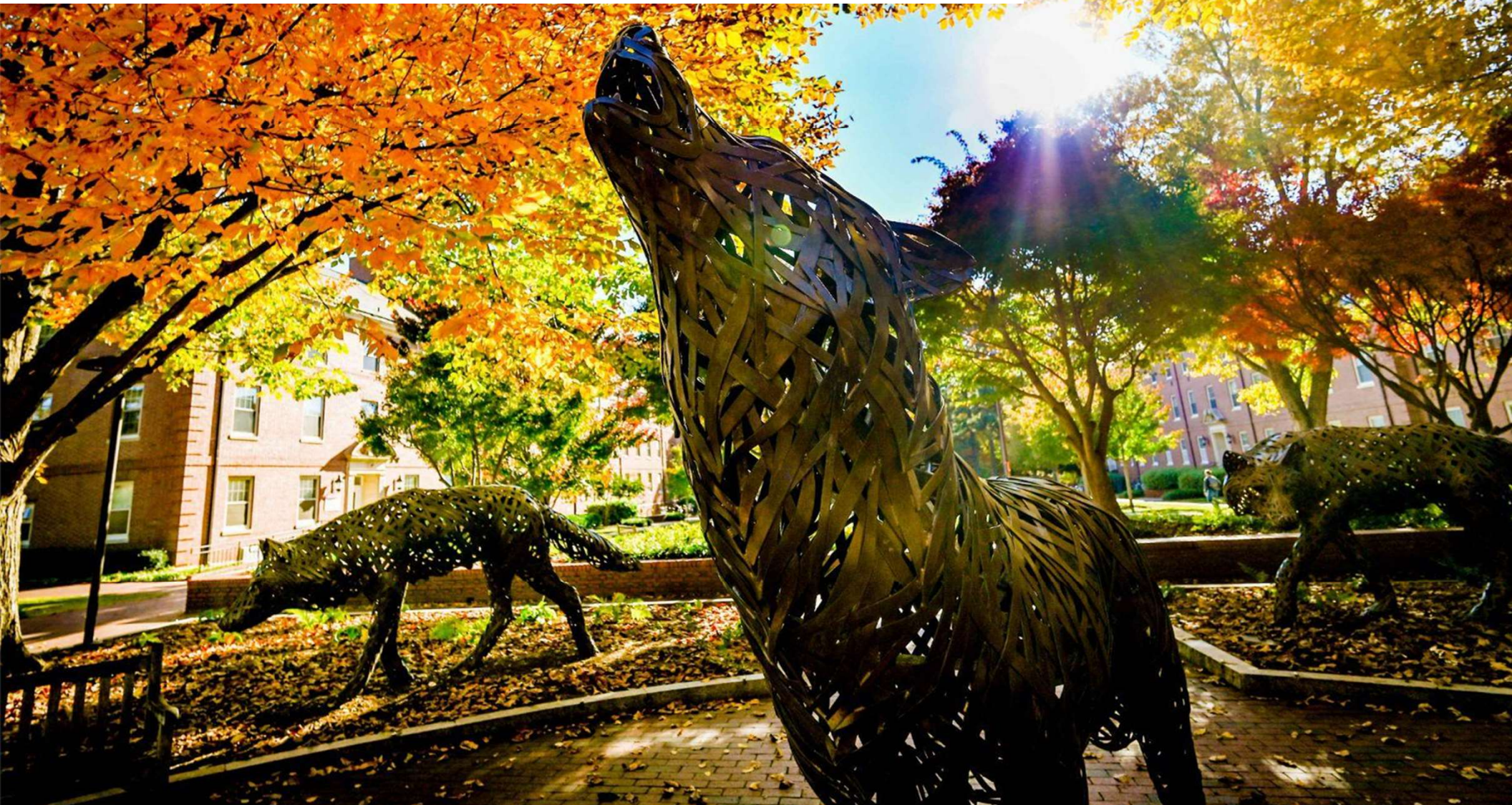


# Phased Retirement Program

2025-2028



# Phased Retirement

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

**Application Period: Sept. 20, 2024 - Feb. 16, 2025**

**Retirement Submission (TSERS/ORP): March - April, 2025**

Those in phased retirement fully retire from the “state” (i.e. their mandatory retirement plan).

# Eligibility

- Tenured
- Minimum 5 years of NC State service
- Age 62 – TSERS
- Age 59 ½ - ORP
- Must Be Eligible to Retire

# Work Plan & Pay

PRP duties are negotiated with 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.

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

# Salary Calculation

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

# Summer Salary & Additional Comp

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

- **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)

# Half-Time NCSU Salary

- Paid Monthly
- Salary is paid July – June regardless of when the PRP participant works
- Taxable income (Federal, State and FICA)
- Some benefit deductions will stop:
  - TSERS/ORP
  - State Health Plan
  - Long Term Disability
  - NC 401(k) (*Currently, will change in Jan 2025*)
- Continued benefit deductions:
  - NC Flex Plans
  - UNC System Life & AD&D
  - MetLife Legal
  - Voluntary Retirement (403(b), 457)

# Application Process

- **Faculty Member:**
  - Reviews and completes the PRP Application and Re-employment Agreement
  - Submits the completed, **unsigned application** to their department head for discussion of the PRP work plan
- **Department Head:**
  - After agreeing on the work plan, the department head will sign the agreement
  - The department head will pass the signed agreement to the dean for approval



# Application Process

- **Dean**
  - Reviews and signs the completed agreement.
- **Agreement submitted to UHR**
  - After agreement is signed by Dept Head & Dean, application is submitted to UHR by the deadline (Feb 16, 2025).
- **Provost's Office**
  - All applications are submitted to Provost's Office on Feb. 17th, not submitted prior to deadline.
  - Provost's office reviews applications. Approval may take up to three (3) weeks. *(No defined approval deadline)*

# Application Process

- **Provost's Office cont...**
  - Upon Provost approval, the faculty member will receive by email and regular mail, the finalized and signed Agreement and the General Release form
- **Faculty Member**
  - Upon date of receipt, the faculty member will have **45 days** to consider and sign the final Agreement
    - Must return both documents signed to UHR Benefits within this timeframe.
  - Once returned to UHR, Faculty member has **7 days** to revoke their application and return to their position held prior to applying for the Program

# Application Process

- **Faculty Member**
  - 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 revocation period.

## Additional Notes:

- Can be electronically signed by all parties.
- **Important:** Faculty Member should not sign the application until after it is approved by the Provost office.
- Forms should be scanned and attached in [HR Now](#)
- General Release must be signed by the faculty member **and notarized.**

# Professorship & Emeritus Status

- Department Head can initiate the emeritus/emerita status approval process upon the Phased Retiree's entry or completion of the program
- Professorships of Distinction are relinquished upon entering the PRP
- Except for Named Term Professorships, Professor of Distinction titles carry into emeritus / emerita status
- REGs and SOPs re: emeritus status available at the [Provost's website](#)

# Making the Transition

- In March/April, the retirement process should begin with UHR Benefits. (Your retirement date will be July 1, 2025)
- June 30, 2025
  - Final payroll for full-time employment
- July 1, 2025
  - PRP begins
  - Relinquish tenure
  - Half-time employment/salary begins

# Making the Transition

- July 31, 2025
  - Coverage on NC State University group health plan ends
  - Final leave payout from NCSU and half-time pay
- August 1, 2025
  - Health coverage begins on the State Retirement System group plan
  - If non-medicare eligible may continue same SHP coverage (expect as a retiree)
  - If Medicare-eligible, can enroll in the 70-30 plan or Humana Base Plan
  - Medicare A/B must be effective no later than July 1

# Lump Sum Leave Payout (If applicable)

- All annual leave hours up to 240 based on FTE
- All historic bonus leave hours (2017 & 2018 Special Bonus Leave is not compensable at retirement and must be used or lost)
- Annual salary  $\div$  2080 = hourly rate
- Hourly rate x total hours = payout
- Paid in July payroll
- Payout is taxable!
- Subject to 6% TSERS or ORP contribution
- Can defer to 403(b) or 457

## 403(b), 401(k) and 457

- 403(b) and 457 contributions allowed
  - Up to \$30,500 per year, for each
- 401(k) contributions are not permitted
- Age 72 minimum required distributions (MRD) are not required during PRP period
  - IRAs and other non-NCSU retirement plans require MRD



# Retirement Income

- **Teachers' and State Employees' Retirement System (TSERS)**
  - Traditional pension plan
  - Defines a benefit upon retirement
  - Employer/employee mix of money into a general pension fund
  - Employee doesn't bear any risk or control investments
  - You can run retirement calculations in ORBIT

[www.myncretirement.com](http://www.myncretirement.com)

# Retirement Income

- **Teachers' and State Employees' Retirement System (TSERS)**
  - Retirement process is online, which is the most efficient method of retiring. The retirement application needs to be submitted in March/April, 2025
  - Enter a case in [HRNow](#) if you wish to request an appointment with a Benefits Consultant
  - Enrollment into a retiree health plan happens automatically. (30 days to change plans)
  - Receive first payment (check) on 7/25/2025

## **Break in Service**

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

# Retirement Income

- **Optional Retirement Program (ORP)**
  - Defined contribution plan
  - Benefit is determined by investment performance of contributions
  - Must be in receipt of a monthly benefit starting in July 2025 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

# Retirement Income

- **Optional Retirement Program (ORP)**
  - Begin retirement process by April 3, 2025
    - Set up a meeting with a Benefits Consultant
      - Submit an ORP-3 Form in [HRNow](#)
    - 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 plans)

# 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!

# 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

# 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



# 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
  - \$ 22,320 is the earnings limit in 2024 (2025 not released)
  - Your retirement benefit does not count as earnings

# 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
  - 2025 anticipated limit \$59,520 (not official)
  - 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
- Apply online, at [www.ssa.gov](http://www.ssa.gov)

# SHP and Medicare

- If age 65 or older when entering PRP, you must be enrolled in Medicare A and B 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.

# 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 directly for Part B

# 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

# 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”.

# 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](#)

# Exiting Phased Retirement

- The PRP participant may exit the Program prior to the end of the 3 year contract period, with written, mutual consent between themselves and the department head/dean.
- They may continue employment with NC State, following the completion of the 3 year PRP contract period.
- **Note:** No break in service following Phased as typically required for TSERS retirees.



# Phased Retirement Timeline Recap

## Application Process

Sept. 20- Feb. 16  
Application Period  
Dept Head & Dean Sign, submit to  
UHR (EE does not sign)

Feb 17- TBD  
Reviewed & signed by  
Provost Office (Approx  
3 weeks)

45 Day Period  
Waiting period for EE to  
review, sign, & submit  
final doc to UHR

7 Day Period  
Revocation period for  
EE to revoke  
application

## Retirement Process

March - April  
Phased retirees meeting with Benefits Consultants  
to initiate retirement process w/ TSERS/ORP

April-June  
Phased Retiree working with  
TSERS/ORP to finalize retirement

July 1, 2025  
Enter Phased retirement  
(notifications sent to dept by  
June 1)

# Resources

- [Phased Retirement Webpage](#)
- [Sept. 2024 Eligibility Announcement](#)
- [Phased Retirement Dept Guidelines](#)
- [Reg 05.57.01- Phased Retirement Program](#)
- [PRP FAQs](#)
- [PRP Presentation to Eligible Faculty](#)
- [Phased Retirement Agreement](#)
- [Workplan Template](#)
- Benefit Plans on Phased:
  - [TSERS Participants](#)
  - [ORP Participants](#)

## Resources

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

[www.nctreasurer.com](http://www.nctreasurer.com)

- Click on Retirement
- Click on ORBIT
- Register to create username & password

## Resources

TIAA (ORP & 403(b/457))

[www.tiaa-cref.org/uncorp/](http://www.tiaa-cref.org/uncorp/)

[www.tiaa-cref.org/unc403b/](http://www.tiaa-cref.org/unc403b/)

1-800-842-2776

Donna King

704-988-1302

[donna.king@tiaa.org](mailto:donna.king@tiaa.org)

# Resources

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

[www.ncplans.prudential.com](http://www.ncplans.prudential.com)

Christy Kelly, CRC

[christy.kelly@empower.com](mailto:christy.kelly@empower.com)

(919) 602-8226

# Resources

Social Security Retirement and Medicare

[www.ssa.gov](http://www.ssa.gov)

[www.mymedicare.gov](http://www.mymedicare.gov)

4701 Old Wake Forest Rd, Raleigh

1-800-772-1213

# Questions?

## Program Contacts:

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