

**Ready to Retire**

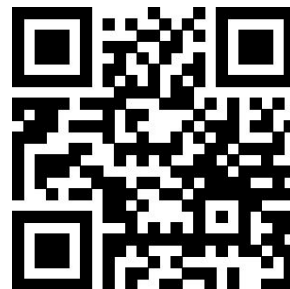
**UNC Optional Retirement  
Program (ORP) Discussion**

# Introductions

- Britt Moose | NC State Benefits
- Greg Diagonale | TIAA Representative
- Catherine Mitchell | CAPTRUST

## University Sponsored Retirement Plan Advisors

- TIAA
- Empower
- CAPTRUST



# What are we covering today?

- > About the UNC 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

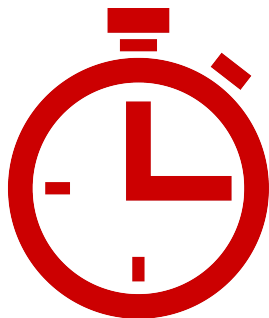
# Retirement Vesting & Eligibility

## Age

- Unlike TSERS, there is no age requirement to retire in the ORP
- Consider age 59.5 early withdrawal penalty

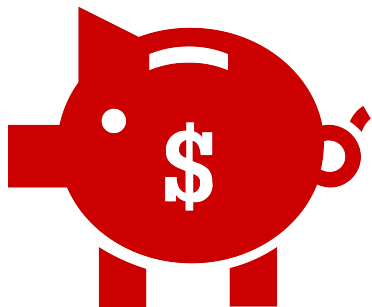
## Service

- 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



# Retiree Health Eligibility

## Began contributing to ORP prior to October 1, 2006

- > Vested in retiree health insurance after 5 years of participation
- > You pay 0% premium for Employee Only Base PPO Plan (70/30 or Humana Base)

## Began 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 January 1, 2021 - Not Eligible for Retiree Health Insurance*

# Effective Date of Retiree Health Insurance



**Retiree Health Insurance is effective the 1st of the month following your retirement effective date.**

Example: If you retire July 1, your retiree health insurance begins August 1st.

You remain covered under NC State the first month of your retirement. If Medicare eligible, **you must have** Parts A & B in place as of your retirement date.

# Enrollment - Under Age 65 & Retiring

## Meet with Benefits

- Meet w/ Benefits Team to begin retirement process 120-90 days in advance.

## Retirement Process Completed

- Once your ORP Process is completed, the UNC System will notify the retiree health plan's eligibility & enrollment center.

## Auto-Enrolled

- You will be auto-enrolled in the same plan you had as an active employee along with any dependents.
- If you were not enrolled as an active employee, you will be auto enrolled in the Base PPO (70/30) Plan.

## Opt-Out

- If you do not want retiree health insurance coverage, you must opt-out by your retirement date. (Call 855-859-0966 to opt-out)

# Enrollment - Age 65+ & Retiring

Meet w/ Benefits &  
File for Medicare B

- Meet w/ Benefits Team to begin retirement process 120-90 days in advance. File for Medicare. Part B which must be in place **by your retirement date**. *Benefits provides the employer form.*

Retirement Process  
Completed

- Once your ORP Process is completed, the UNC System will notify the health plan's eligibility & enrollment center.

Auto-Enrolled

- Eligible employees will be auto-enrolled in a plan regardless of if they are enrolled as an active employee.
- Non-Medicare dependents will be auto enrolled in the plan they were enrolled in as an active dependent.

Opt-Out

- If you do not want retiree health insurance coverage, you must opt-out by your retirement date. (Call 855-859-0966 to opt-out)

# 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](https://www.ncretiree.com)
  - [NCRGEA.com](https://www.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

- Sick Leave does not count toward retirement.
- Consider donating your sick leave through Voluntary Shared Leave (VSL)
  - Leave can only be donated to approved VSL Participants
  - Must donate leave while in active status.

<https://benefits.hr.ncsu.edu/voluntary-shared-leave/>



# 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
  - Taxed as a bonus
  - Consider deferring your leave payouts

# 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
- 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
  - Notices are sent out to you

**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

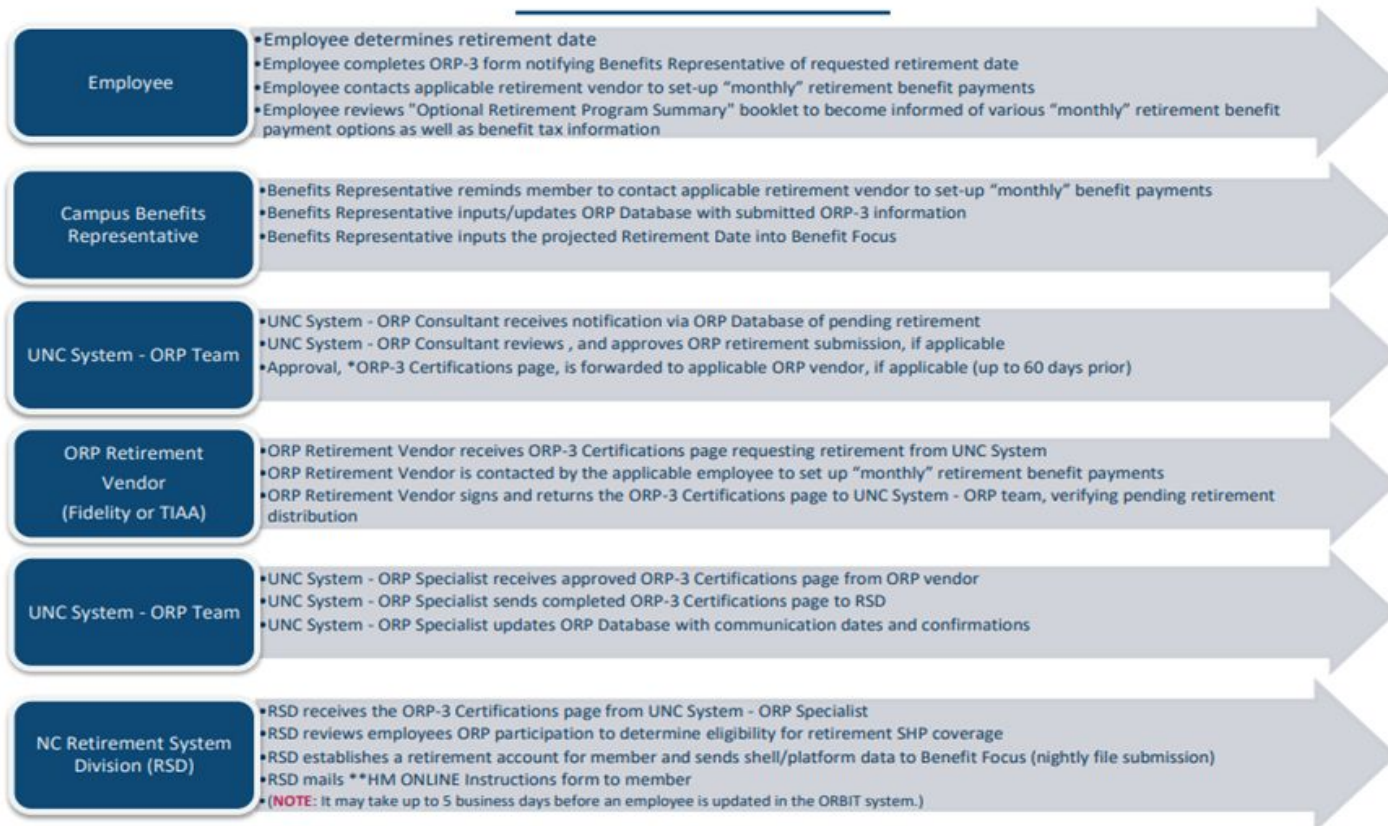


**Schedule an appointment with the Benefits Team via HRNow 120-90 days in advance of your retirement date and submit your completed ORP-3 form**



**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, or Senior Administrator 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?**