Ready to Retire: Your Guide to ORP Retirement

Navigating your ORP benefits, timeline, and next steps with NC State University Human Resources.

NC STATE UNIVERSITY | HUMAN RESOURCES

Information shared in this document/presentation is presented based on current law and plan design. This information is subject to change based on changing laws and plan regulation. The prevailing laws/regulation shall supersede the information presented.



Introductions

Welcome to your NC State ORP retirement session! Meet our panel of benefits experts and planning partners:

UHR- Benefits

Leslie Cochran

University Human Resources Benefits Consultant

TIAA

Donna King

Financial Advisor / Campus Representative

CAPTRUST

Megan Loftin

Financial Planner / CAPTRUST

More information here: https://go.ncsu.edu/campusfinancialadvisors

Agenda & Overview

Session Materials

Access all slides, handouts, and essential retirement planning worksheets online:

go.ncsu.edu/ready2retire

WHAT WE ARE COVERING TODAY:

01. UNC Optional Retirement Program (ORP) Plan Structure

02. Retirement Vesting, Age Eligibility, & Service Rules

03. TIAA Distribution & Irrevocable Lifetime Annuity Choices

04. Voluntary Supplemental Accounts (401k, 403b, 457b) & Social Security

05. Taxes & Bailey Act North Carolina Exemption Criteria

06. Phased Retirement Program (PRP) Rules & Reemployment Caps

07. NC State University Perks, Email Retention, & Campus Access

The Five Pillars of Retirement Planning



Finances

Will you have enough to last throughout retirement doing what you enjoy?



Family

Do you still have dependents to support? Does this vision work for your family?



Lifestyle

How will you spend your time? Hobbies, travel, and part-time work impact your budget.



Health

Are you prepared for medical costs? A retired couple needs up to $388,000.



Home

Will you downsize, join a retirement community, or renovate your current home?

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

The UNC System Office is the Administrator of this plan

Retirement Vesting & Eligibility

Age

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

Service

- Once vested, no years of service requirement to retire
- Vesting refers to the portion of retirement benefits that you own
  - You ARE ALWAYS 100% vested in your contributions to the plan
  - You are vested in the University contributions after 5 years of contributing service

Vesting Reciprocity

CREDIT TOWARDS ORP PARTICIPATION SERVICE





Membership service prior to joining the ORP.

NO CREDIT TOWARDS ORP PARTICIPATION SERVICE

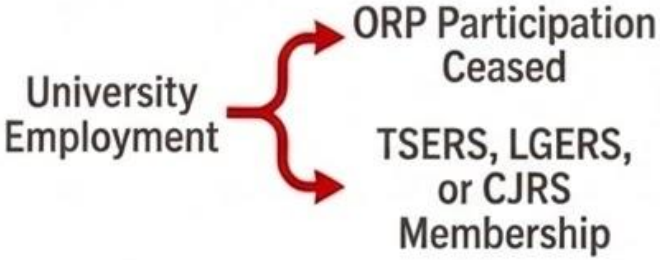




Membership service after terminating employment with The University.

VARIES - REVIEW REQUIRED





Membership service after ceasing participation in the ORP, but still employed with The University.

Contact Benefits for review if these scenarios apply to you.

When Can You Retire?



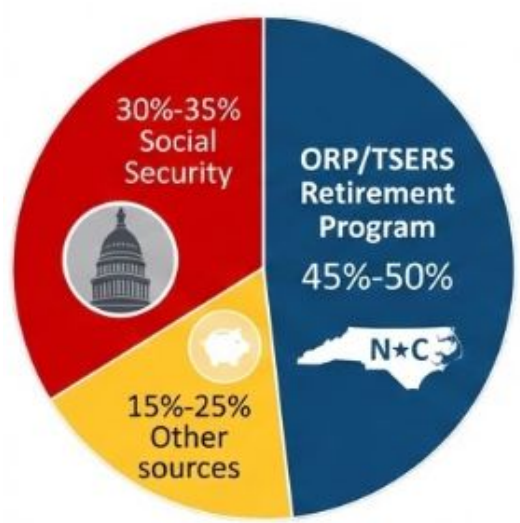
Retirement always begins on the first of the month (e.g., Jan. 1, May 1, etc.).



Employment typically ends at the end of the prior month (e.g., April 30 for a May 1 retirement).

Your Retirement Income Puzzle

Assembling Your Retirement Income



Key Takeaway

Social Security and ORP systematic payments alone are rarely enough. Supplemental savings and personal assets represent the critical final piece to fully fund your retirement goals.

ORP / TIAA Distribution (45% - 50%)

Your core retirement benefit based on employer/employee contributions. Requires you to set up a monthly distribution through TIAA to establish active retirement status.

Social Security Income (30% - 35%)

Government-provided lifetime benefit based on your earnings history. Plan your starting age to coordinate with TIAA payouts.

Supplemental & Personal Savings (15% - 25%)

Voluntary plans (NC 401(k), 403(b), 457(b)) and personal assets. Vital for filling any income gaps.

ORP Panel

Transition Timeline & TIAA Coordination

DISCUSSION TOPIC 01

How does TIAA & CAPTRUST assist participants with figuring out the retirement income puzzle?

DISCUSSION TOPIC 02

How far in advance should an ORP participant meet with TIAA?

DISCUSSION TOPIC 03

When can I retire and what should I consider when deciding on a retirement date?

Taxes

Federal & State Taxes

Retirement income from your ORP is generally subject to standard federal and state taxes:

Federal & State Tax Withholding:

ORP monthly distributions are taxable in the year they are received. You must establish your tax withholding preferences directly with TIAA.

Social Security & Medicare Exemptions:

Unlike active wages, FICA payroll taxes (Social Security and Medicare) are NEVER deducted from your retirement distributions.

The Bailey Settlement (Vesting Exception)

The Bailey settlement (passed Aug. 12, 1989) offers a major tax advantage to qualifying long-term state employees:

100% NC State Tax Exemption:

If you contributed to the ORP prior to August 12, 1989 AND never withdrew those funds, your retirement income from the ORP may be completely exempt from North Carolina state income tax.

Irrevocable Forfeiture Warning:

You will permanently forfeit this tax-free status if you roll over or transfer your entire ORP account out of the plan, or if your primary residency changes.

Determining your ORP benefit

Benefit amount is based on:



Contributions made to the plan

Your total contributions, including employer matching, determine the principal amount invested.



Investment performance

The growth of your investments through market returns significantly impacts the final benefit amount.



Payment option chosen

Different payout options, like lump sum or annuity, will affect the timing and amount of benefits received.

Determining your ORP benefit

Retiree Leave Payouts: Key Considerations



Eligible Payouts

Unused Annual Leave (up to 240 hours) and Bonus Leave are payable.
Note: Special Bonus Leave 2018 & 2017 are not compensable.



Tax Implications

Higher taxes than normal payroll apply to these lump sums.



Defer Payouts

Consider deferring payouts to potentially manage tax liability.



Payout Timing

Leave payouts occur the month following separation (ex: retire July 1, receive leave payouts on July 31 payroll).

Determining your ORP benefit

Sick Leave & Retirement



Sick Leave does not count toward retirement.

https://go.ncsu.edu/vsl

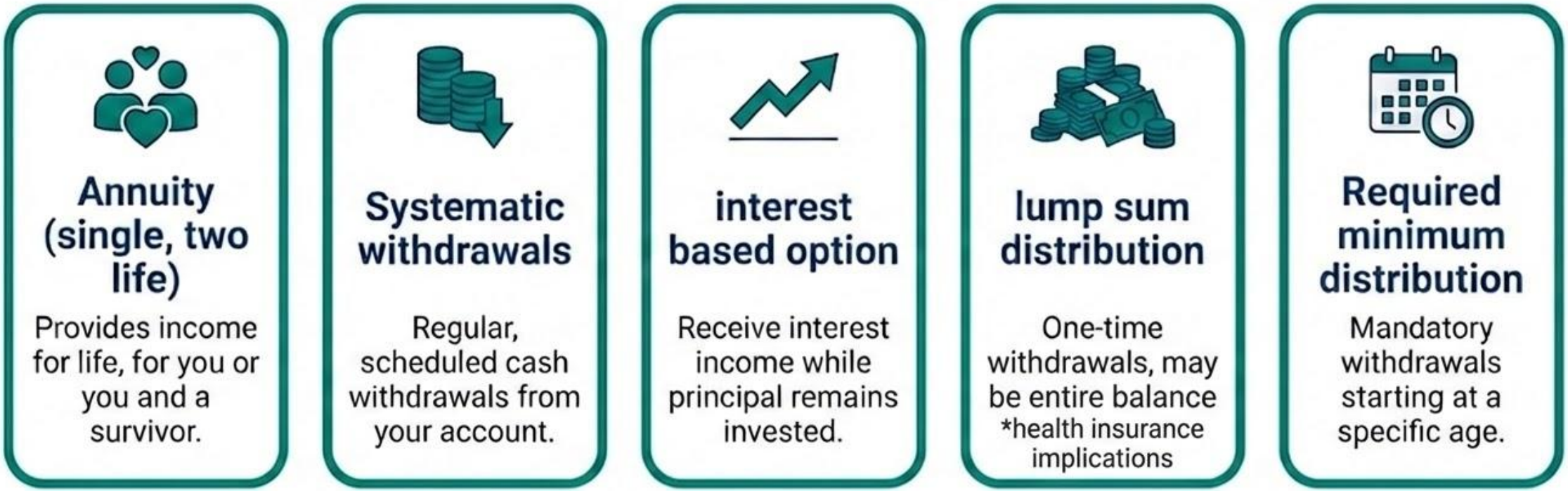
Voluntary Shared Leave (VSL)



- 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.

Determining your ORP benefit

Distribution Options:



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TIAA Payment Distribution Options

Distribution Option	Details & Mechanics	Required Limits
Lifetime Annuity	Provides guaranteed monthly income for the life of the participant alone, or with an annuity partner (survivor). Lifetime annuities are completely irrevocable once first payment is processed.	**$10,000 annuity minimum**
Systematic Withdrawal	Provides an adjustable stream of cash withdrawals taken on a schedule (monthly, quarterly, etc.) determined by you. The amount and schedule can be altered at any time.	**$10/month minimum**
Interest Payment Option	The retiree receives only the interest income generated from investment earnings on an annual basis. Your principal balance remains invested and can be accessed at a later date.	**Market variable**
Lump Sum Distribution	Cash out or roll over your ORP accumulation either in total or incrementally. Note: cashing out may impact tax liabilities and retiree health coverage eligibility.	**No minimum**
Required Minimum Distribution (RMD)	IRS-mandated annual withdrawals beginning at age 73. Allows remaining balance to stay tax-deferred. Exemption applies if you continue working past 73.	**IRS calculation**

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Establishing Monthly Distributions & Annuities

DISCUSSION TOPIC 04

What distribution must an ORP retiree begin to establish retirement and qualify for retiree health coverage?

DISCUSSION TOPIC 05

Is there a minimum required monthly distribution?

DISCUSSION TOPIC 06

What distribution or annuity options are available through TIAA?

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Asset Management

DISCUSSION TOPIC 07

Am I invested appropriately at this time? What should I consider as I near retirement, and after?

DISCUSSION TOPIC 08

How should ORP participants coordinate TIAA distributions, supplemental accounts, and Social Security?

DISCUSSION TOPIC 09

Can ORP assets remain with TIAA after retirement, or be managed elsewhere?

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Required Minimum Distributions (RMDs)

DISCUSSION TOPIC 10

How do required minimum distributions (RMDs) apply to TIAA accounts?

Retiree Health Insurance Eligibility

Hired Prior to October 1, 2006

Premium-Free Individual Coverage

- Retirees are eligible for no-cost individual health insurance.
- Requirement: Must retire with at least 5 years of ORP contributory service.
- Dependent coverage is fully funded by the retiree.

Hired October 1, 2006 to December 31, 2020

Tiered Employer Subsidies

- 20+ Years: Eligible for premium-free individual coverage.
- 10-19 Years: Retiree receives a 50% state premium subsidy (pays half).
- 5-9 Years: Retiree receives no subsidy (pays full cost of coverage).

Hired On or After January 1, 2021

Non-Eligible

- Not eligible for retiree health insurance, regardless of service years.
- Reemployment with state: original hire date is forfeited if account was previously fully withdrawn.

IMPORTANT: Must be in receipt of a monthly benefit from your ORP plan to enroll in retiree health insurance

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
  - RGEA.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

Phased Retirement Program (PRP)



ELIGIBILITY

- Full-time Tenured Faculty with at least 5 years of service at NC State.
- Must be age 59.5 upon entering the phased retirement program.
- Must be eligible to retire under TSERS or the Optional Retirement Program (ORP).



DETAILS

- Status Change: Allows participants to phase to half-time employment status (.50 FTE) for up to three years.
- Monthly Benefits: Receive monthly retirement pension payouts while working half-time.
- Health Insurance: Retain full state-sponsored retiree health insurance eligibility.



APPLICATION

- Annual Window: The formal application period is open from September through February each year.
- Formal Approvals: Subject to mutual agreement, departmental reviews, and administrative approvals.
- Official Portal: Visit **go.ncsu.edu/prp** for instructions.

Step-by-Step Transition: The ORP Retirement Timeline

A chronological guide and checklist to ensure a seamless transition and secure health benefit eligibility.

9-12 Months Out

Financial Review

- Contact TIAA and/or CAPTRUST to run benefit payment illustration models.
- Take personal inventory and build a retirement spending plan.
- Review tax implications.
- Consider when you will notify your department of your retirement plans.

4 Months Out

Consultation

- Schedule UHR benefits advisor consultation via HRNow Retirement Inquiry.
- Receive the mandatory ORP-3 form for formal vesting verification.
- Complete and submit your retirement submission form.

3 Months Out

Gov Benefits

- Enroll in Medicare Parts A & B at ssa.gov if age 65 or older.
- File for Social Security benefits if applicable (contact SSA: 800-772-1213).
- Obtain employer CMS-L564 Medicare B form if 65+.

2 Months Out

Distribution Setup

- Contact TIAA to complete all final retirement distribution paperwork.
- Ensure monthly payouts are set to begin directly on your retirement date.
- Auto-enrollment in health insurance is triggered by this setup.

1 Month Out

Dept. Notice

- Submit official written resignation to your department head.
- UHR automatically sends department notice 30 days prior to date.
- Begin offboarding checklists and project handoffs.

Day 1 (Retire)

Retirement Begins

- Official retirement date is always the first of the month.
- First TIAA payout processed per your schedule.
- Active coverage terminates; retiree health takes effect 1st of following month.

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 RSD •UNC System - ORP Specialist updates ORP Database with communication dates and confirmations
NC Retirement System Division (RSD)	•RSD receives the ORP-3 Certifications page from UNC System - ORP Specialist •RSD reviews employees ORP participation to determine eligibility for retirement SHP coverage •RSD establishes a retirement account for member and sends shell/platform data to Benefit Focus (nightly file submission) •RSD mails **HM 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

Rules of Returning to Work After Retirement

Break in Service

There is no mandatory break in service requirement for ORP retirees. However, we suggest a one-month break to delineate between active service and retirement.

FTE/Work Hour Restrictions

ORP retirees should not exceed .749 FTE (29 hours) per week in order to maintain retiree health benefits. Exceeding this triggers an ACA employer coverage mandate, ending retiree health eligibility. If hired into an EHRA/SHRA or equivalent position at greater than 29 hours, employee may become eligible for benefits as a full time employee including mandatory retirement participation.

Restrictions

There are no earning restrictions for ORP retirees (check Social Security Limitations if applicable).

There are no restrictions when working for private sector employers, or non state agency employers (e.g. Local Government)

Once a Wolf, Always a Wolf: NC State Perks



Retiree Recognition & Benefits

• **Official Retiree Recognition:** Employees with 10+ years of service receive a certificate signed by the governor and chancellor. 20+ years includes a retiree gift.

• **Wolfpack One Card Perks:** Maintain access to campus resources, including Carmichael Gym, NC State Libraries, and Arts NC State ticket discounts.

• **Continued Email Access:** You may request to retain your official @ncsu.edu email account through your department leadership prior to retirement.

• **OLLI Membership Benefit:** All retirees receive a complimentary one-year membership to the Osher Lifelong Learning Institute (noncredit short courses and travel).

• **Specialized Campus Perks:** Group parking permit options are available; retirees also receive access to Key Haven Campground at Kerr Lake.

Emeritus Status

Recognizing distinguished service and maintaining a lifelong connection to the Wolfpack community.

ELIGIBILITY & RECOGNITION

- **Who Can Apply?:** Any tenured full-time faculty member, Special Faculty, or Senior Administrator is eligible for nomination.
- **Service Requirement?:** Must have completed at least ten (10) or more years of service at NC State University.
- **Distinguished Service:** This honorary designation recognizes outstanding professional contributions and dedicated career-long service to the university's academic mission.

THE EMERITUS PROCESS

- **Initiation Step:** Contact your specific College or Division's Human Resources Department to initiate the official Emeritus process and paperwork.
- **Coordination:** Work directly with your department head or leadership prior to your retirement date to ensure appropriate nomination timelines are met.
- **Wolfpack Connection:** Maintains active access to essential campus resources, email retention options, libraries, and designated campus amenities.

Official Resource: go.ncsu.edu/emeritus

Connecting with Benefits

Meet With Benefits

NC State University Human Resources Benefits consultants are here to support you throughout your retirement planning transition.

Request a retirement consultation or, initiate your retirement journey 120 days in advance by submitting a Retirement Inquiry via the online HRNow portal.

Get Started in HRNow

https://go.ncsu.edu/retirementinquiry

General Key Contacts & Portals

Resource	Contact / Portal Link
NC State HR Service Center	919-515-2135
HR Retirement Website	benefits.hr.ncsu.edu/retirement
TIAA General Contact Number	1-800-842-2776
Advisor Contacts	go.ncsu.edu/campusfinancialadvisors

Questions & Discussion

Your retirement journey begins here. Thank you for your service!

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