Ready to Retire: Your Guide to TSERS

Navigating your 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.



Agenda & Overview

Session Materials

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

go.ncsu.edu/ready2retire

1. Plan & Retirement Considerations
2. ORBIT Digital Gateway
3. TSERS Eligibility Guidelines
4. The Pension Benefit Formula
5. Payment Distribution Options
6. Pension Tax Regulations
7. Step-by-Step Transition Phases
8. Reemployment & Staying Connected

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

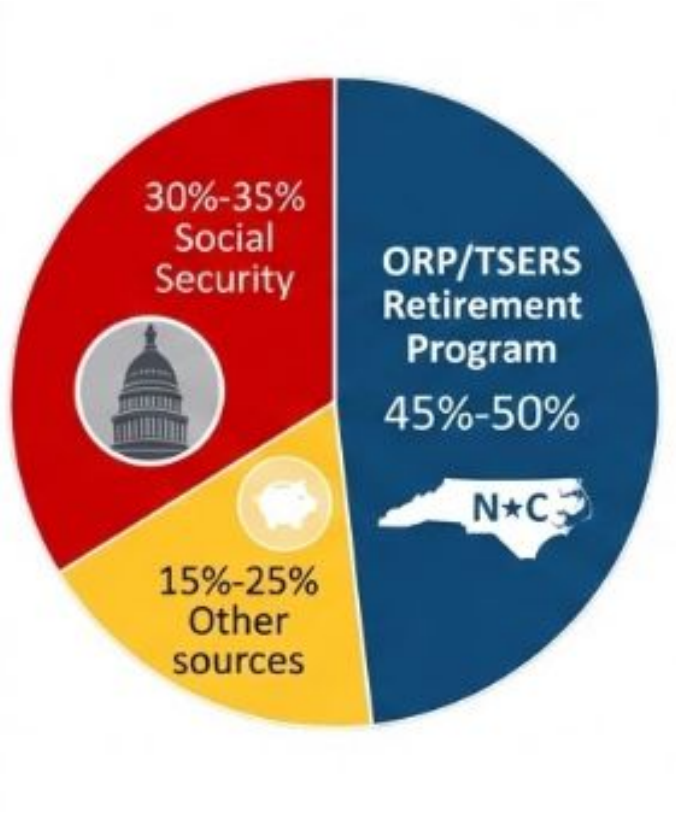
Are you prepared for medical costs? A retired couple needs up to $388,000.



Home

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

Your Retirement Income Puzzle



TSERS Pension (45% - 50%)

Your guaranteed, lifetime monthly pension. Requires a 6% employee contribution and NC State matching funds into the general system.

Social Security (30% - 35%)

Government-provided benefit paid into throughout your working career. Fully dependent on lifetime earnings history.

Personal Savings (15% - 25%)

Supplemental plans (NC 401(k), 403(b), 457(b)) and private accounts. Essential to cover the final piece of your retirement income needs.

Key Takeaway: Social Security and TSERS alone are rarely enough. Personal savings are the final required piece to complete your retirement picture.

NC State Financial Consultants Can Help

TIAA

ORP, 403(b) & 457 Plans
• Schedule one-on-one sessions for personal retirement portfolio advisement.

Contact Details:
• Representative: Donna King
• Phone: 704-988-1302
• Email/Link: donna.king@tiaa.org

Empower

NC 401(k) & NC 457 Plans
• Meet for guidance on supplemental state plans and voluntary savings.

Contact Details:
• Representative: Jennifer Porter
• Phone: 919-602-8212
• Email/Link: jennifer.porter@empower.com

CAPTRUST

CAPTRUST is a third-party, independent group of advisors working with the UNC System.
• Fiduciary retirement planning advice is provided at no extra cost.

Contact Details:
• Representative: Support Team
• Phone: 1-800-967-9948
• Email/Link: go.ncsu.edu/campusfinancialadvisors

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

Where It All Begins: The ORBIT Portal

ORBIT (orbit.myncretirement.com) is your digital gateway to the North Carolina Retirement Systems.

Generate Custom Benefit Estimates.

Review and verify your Service History.



Update Beneficiaries.

Submit your Online Retirement Application.

⚠️ **Setup Note: ORBIT requires login via ID.me. Establish this using a PERSONAL email address. You may lose access to NC State email upon retirement.**

Where It All Begins: The ORBIT Portal

Custom Benefit Estimates

Generate real-time personalized estimates of your future pension based on different retirement dates and payment options.

Service History Auditing

Review and verify your years of membership service, sick leave, and creditable service to ensure correct computations.

Beneficiary Management

Easily view and update primary and contingent beneficiaries for your retirement plans and death benefits.

Find out how to update your beneficiaries here: https://go.ncsu.edu/beneficarykba

Online Application Submission

The fastest, most secure method to submit your official retirement application directly to the state system.

Activating Your ORBIT Account

Your Digital Gateway

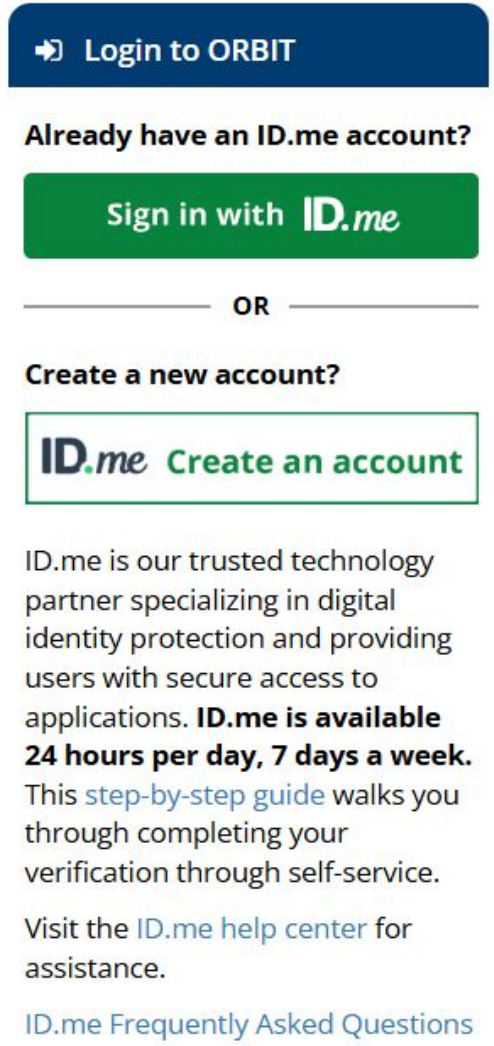
Effective February 2026, ORBIT requires single sign-on (SSO) authentication powered by ID.me, the same partner used by the Social Security Administration.

Step-By-Step Activation Guide

Use the official NC State step-by-step guides or visit the ID.me help center for assistance in creating or updating your login. Ensure this is completed before starting your retirement application process.

Pro Tip

Establish your ID.me account using a personal email address, not your NC State email address. This ensures uninterrupted access post-retirement.



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).

TSERS Retirement Eligibility Requirements

Retirement Category	Age Requirement	Service Credit Requirement
Full Retirement (Unreduced Benefit)	Age 65 Age 60 Any Age	5 years of membership service 25 years of creditable service 30 years of creditable service
Reduced Retirement (Early Benefit)	Age 60 Age 50	5 years of membership service 20 years of creditable service
Disability Retirement Eligibility	Any Age	5 years of membership service prior to disability onset

Key Terms to Understand:

- **Membership Service:** The amount of time you actually worked and contributed directly to TSERS.
- **Creditable Service:** Includes membership service, unused sick leave conversion, and purchased service credit (military, withdrawn service, out-of-state service, part-time service, etc.).

The TSERS Formula: Calculating Your Pension

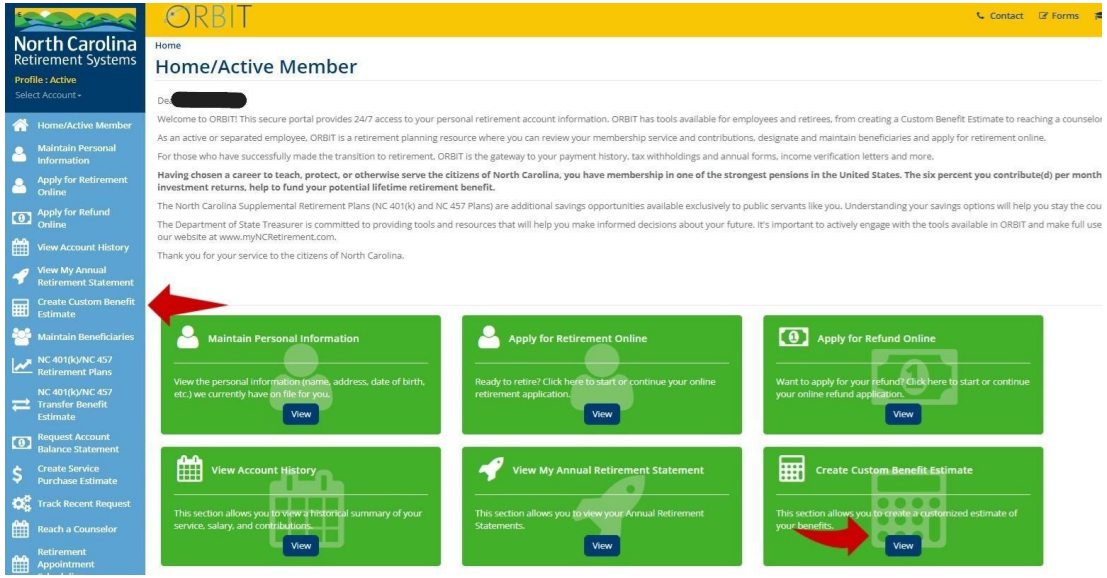


Average Final Compensation (AFC) Calculations:

• Salary Average: The AFC does not have to be your last 48 months of active employment, but must be the highest consecutive 48 months of qualifying salary.
• Leave Payout Benefit: If your highest consecutive 48 months of salary include your final annual leave, regular bonus leave, and/or pro-rated longevity payouts, your AFC will be boosted. Note that if these months are not immediately prior to retirement, payouts will not count in your AFC.

Create A Custom Estimate via ORBIT

Before you finalize your retirement timeline, it is essential to log into ORBIT to calculate real-time estimates of your future pension payout under various scenarios.



Information You Will Need to Enter:

- ✔ Desired retirement age or effective date
- ✔ Survivor information (spouse/dependent name & birthdate)
- ✔ Accumulated Sick Leave balance (in total Days)
- ✔ Expected vacation/bonus leave payouts
- ✔ Estimated Social Security benefit amount at age 62

TSERS - Sick Leave Conversion Rules

How Unused Sick Leave Counts

Unused sick leave can substantially increase your total years of creditable service, directly boosting your monthly pension check.

Conversion Rate (for 1.0 FTE employees):

- 8 Hours = 1 Day of Sick Leave
- 20 Days = 1 Month of Retirement Service Credit
- Unused Balance Rule: You receive one full month of additional service credit for any remaining portion, as long as it is more than one hour.

⚠️ **Sick leave conversion adds service years to the pension formula, but it cannot be used to satisfy age guidelines (i.e. sick leave doesn't make you older).**

Sick Leave Conversion KBA

https://go.ncsu.edu/sick-leave-conversion

CONVERSION EXAMPLE

Suppose you retire with a balance of 1,649 hours of unused sick leave:

- **Step 1: Convert to Days:**
  1,649 Hours ÷ 8 Hours = 206.125 Days

- **Step 2: Convert to Months:**
  206 Days ÷ 20 Days = 10 Months (plus 6 days left)

- **Step 3: Apply Unused Balance Rule:**
  10 Months + 1 Month for remaining 6 Days = 11 Months of Creditable Service Credit!

TSERS – Personal Leave & Sick Leave Conversion

NO PAYOUT FOR PERSONAL LEAVE

Personal leave is strictly non-compensable.

Unlike regular vacation or bonus leave, unused EHRA Personal Leave balances cannot be cashed out. Any remaining personal leave is permanently forfeited upon separation or retirement from NC State.

Plan your leave utilization carefully as your retirement date approaches!

What is Personal Leave?

Personal leave is a specific category of leave developed in conjunction with the employment changes related to Chapter 300 of the UNC Policy Manual. It was introduced in 2025.

EHRA Opt-In & Frozen Leave Rules

EHRA employees hired prior to January 1, 2025 have the choice to opt into Personal Leave or remain in the traditional Annual Leave program. For those deciding to change to personal leave:

- The annual leave balance at the time of change is frozen at a maximum of 240 hours (30 days).
- This frozen annual leave will be paid out upon separation or retirement.

Personal Leave Opt-In KBA

go.ncsu.edu/plopt-in

Leave Payouts & Retirement

Vacation & Bonus Leave (Lump Sum Cash)

Paid out in your first official retirement month (e.g., July 1 retirees receive payment on July 31st payroll).

- Vacation leave pays out up to a maximum of 240 hours based on your FTE and contract length.
- Regular bonus leave has no payout maximum.
- Payout boosts your Average Final Compensation (AFC) if paid during your highest consecutive 48 months.

Unused Sick Leave (Retirement Service Credit)

No direct cash payout is permitted under state regulations.

- Unused balances convert directly to retirement service credit at retirement.
- Formula: 20 days of unused sick leave (assuming 8-hour days, i.e., 160 hours) equals 1 month of pension credit.
- Serves to increase your total pension service years, permanently boosting your monthly pension check.

Personal & Special Bonus Leave (Forfeiture)

Personal leave was introduced during the 2025 system policy changes.

- Regular EHRA personal leave is entirely noncompensable and is forfeited at separation or retirement.

⚠️ Special Bonus Leave note:
2017 and 2018 Special Bonus Leave is also noncompensable - use it or lose it before your retirement date!

Choose Your Monthly Payment Option

Tailor Your Pension Structure

Under TSERS, you have the flexibility to choose the monthly distribution option that best suits your financial and savings goals. The system offers several standard payment methods:

- **Option 1:** Maximum Allowance
- **Option 2:** 100% Joint & Survivor
- **Option 3:** 50% Joint & Survivor
- **Option 4:** Social Security Leveling
- **Option 6-2:** 100% Modified Joint & Survivor
- **Option 6-3:** 50% Modified Joint & Survivor

RECEIVE PAYMENTS

Once you elect your monthly distribution option, payments will be made as follows:

- Your first payment is direct deposited so long as your application is completed timely.
- Payments are made to you via direct deposit on the 25th of each month (Note that December payments usually are earlier)
- Considered retired when the first payment is due or made, not when cashed

Pension Payment Options Details

Retiree Distribution Option	Retiree Benefit Payout Level	Survivor Benefit Details
Maximum Option Allowance	Provides the maximum monthly allowance based on the TSERS retirement formula.	No monthly survivor benefit is available.
100% Joint and Survivor	Provides a reduced lifetime monthly benefit.	Upon your death, your designated survivor will receive 100% of your monthly benefit for life.
50% Joint and Survivor	Provides a reduced monthly benefit, but higher than the 100% option.	Upon your death, your designated survivor will receive 50% of your monthly benefit for life.
Modified 'Pop-Up' Option (Option 6)	Provides a reduced lifetime monthly benefit, with a slightly larger reduction than Option 2 or 3.	Survivor receives 100% or 50% for life. If your survivor pre-deceases you, your benefit pops back up to the Maximum Option.
Social Security Leveling (Option 4)	Provides a higher monthly benefit until age 62, and a reduced monthly benefit thereafter.	No monthly survivor benefit is available. Reductions occur automatically at age 62 regardless of when you actually draw Social Security.

⚠️ IRREVOCABLE CHOICE WARNING:

Your selected pension distribution option is permanently locked in and cannot be changed once your first monthly retirement payment has been processed (except under very specific conditions like a subsequent divorce or TSERS reemployment for at least 3 years).

Survivor vs. Beneficiary

DESIGNATED SURVIVOR

• Continuous Payout: A single individual designated to receive continuous, lifetime monthly pension payments after your passing.

• Survivorship Options: Only applicable if you select a Joint and Survivor payment structure (Option 2, 3, or 6).

• Single Person Limit: You are strictly limited to naming only one person as your designated survivor (cannot be an estate).

• Non-Spouse Option: Your survivor can be anyone you choose; they do not have to be your spouse.

• Selection Lock-In: Your survivor choice is permanently locked in once your first monthly payment is processed.

DESIGNATED BENEFICIARY

• Lump-Sum Return: One or more people designated to receive a lump-sum return of your remaining contributions or a contributory death benefit.

• Maximum Option Return: If you choose the Maximum Option and pass away before payouts equal your contributions, the balance is refunded.

• Multiple Beneficiaries: You can designate multiple primary and contingent beneficiaries (and they can be an estate).

• Update Anytime: You can change or update your beneficiaries at any time through the ORBIT portal.

• ⚠️ Safety Note: Even if you select the Maximum Option (no Survivor), always maintain active beneficiaries in ORBIT to protect your money.

Case Study: John & Pam Monthly Payouts

Retirement Option	Monthly Payout to John	Monthly Payout to Pam (After John's Death)
Option 1: Maximum Allowance	$2,000.00 monthly	$0.00
Option 2: 100% Joint & Survivor	$1,843.60 monthly	$1,843.60 monthly
Option 3: 50% Joint & Survivor	$1,918.60 monthly	$959.30 monthly
Option 4: Social Security Leveling*	$2,670.00 up to age 62, then $1,670.00 thereafter	$0.00
Option 6-2: Modified Joint & Survivor	$1,824.60 monthly (Pops to $2,000 if Pam dies first)	$1,824.60 monthly
Option 6-3: Modified Joint & Survivor	$1,909.20 monthly (Pops to $2,000 if Pam dies first)	$954.10 monthly

Case Assumptions & Notes:

• Profile: John Murphy is age 57 and retires with 30 years and 3 months of creditable service. His spouse, Pam, is age 51.
• Social Security Leveling: *Assumes John's primary Social Security benefit is $1,000 per month starting at age 62.
• Variance Disclaimer: These are examples only. Each member's benefit is calculated individually based on specific factors like age, beneficiary's age, and exact retirement date.

Survivor Benefits

Contributory Death Benefit ($10,000 Payout)

An optional, supplemental program providing a $10,000 lump-sum death benefit to your survivor.

- Requires active enrollment before your retirement date.
- Monthly premiums are paid via automatic deductions directly from your monthly pension payment.
- Offers peace of mind and quick financial liquidity upon your passing.

Guaranteed Return of Contributions

Protects your retirement contributions to the plan from being lost upon death.

- If you and your survivor pass away before receiving total monthly payments equal to your accumulated retirement contributions, the remaining balance is paid out.
- The balance is paid in a single lump sum to your designated beneficiaries.

Beneficiary Designation & Updates

Maintaining active, up-to-date beneficiaries is crucial to ensure proper, timely payouts.

- You can easily review and update both primary and contingent beneficiaries via the online ORBIT portal.
- Keeps estate planning aligned and ensures seamless death benefit processing without delays.
- Link: go.ncsu.edu/beneficarykba

Taxes & Pension Regulations

Federal Taxation

Monthly pension distributions from both TSERS and ORP plans are fully taxable as ordinary income in the tax year they are received. Taxes can be withheld directly from your payments.

NC State Income Tax

Pension payments are subject to standard North Carolina state income taxes unless your account is Bailey Exempt or you move out of state.

The Bailey Settlement

Vesting Exception: If you were actively vested in TSERS on or before August 12, 1989, your retirement pension is 100% exempt from NC state income tax. This exemption may be forfeited if funds are rolled out of the plan or if your residency changes.

Payroll Tax Exemptions

Important benefit: Social Security and Medicare taxes (FICA) are never deducted from your monthly pension payments.

Phase 1: The Planning Runway

Step 1: 1-3 Years Out

Establish the Foundation

• Access and review your Member Annual Retirement Statement (MARS) in ORBIT.
• Audit and verify your official creditable service history and beneficiaries.
• Attend 'Ready to Retire' workshops to map your timeline.

Step 2: 12 Months Out

Financial Inventory

• Consult with qualified personal tax and financial advisors to review tax implications.
• Calculate a detailed retirement spending plan and take a comprehensive financial inventory.
• Contact supplemental vendors to review options.

Step 3: 9-6 Months Out

Departmental Notification

• Initiate a formal Retirement Inquiry via the online HRNow portal.
• Schedule your 1-on-1 consultation appointment with an NC State Benefits Consultant.
• Calculate sick, vacation, and bonus leave balances.

Phase 2: The Action Zone

1

120 Days Prior

Application Window

Meet with University Benefits and Complete and submit your online retirement application in ORBIT. Do not delay beyond 75 days or you risk a delayed first check.

2

60-30 Days Prior

Finalize Selections

Once the state notifies you, log back into ORBIT to select your payment option, set up direct deposit, and upload notarized forms + ID.

3

Day 1

Retirement Begins

Official retirement day is always the 1st of the month. Active employment typically ends on the last day of the prior month.

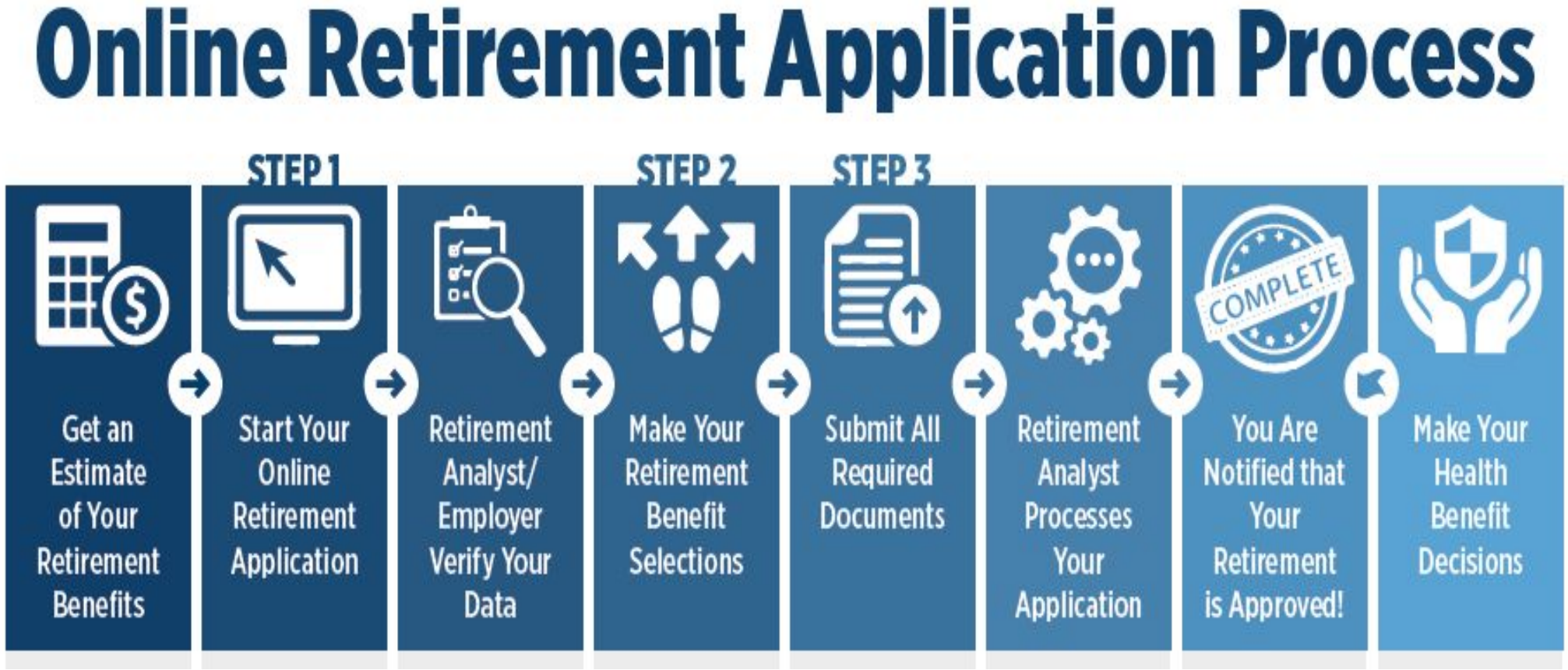
4

Day 25

Pension Payday

Your first monthly pension payment is direct deposited. Note: subsequent payments are issued on the 25th of each month.

Online Application Process



Rules of Returning to Work After Retirement

The Mandatory 6-Month Break in Service

You must take a strict, continuous 6-month break from employment with any employer participating in TSERS. Absolutely no direct, indirect, or temporary contract services are allowed. Violation cancels your retirement and requires repayment. You may not have a promise of employment, expressed or otherwise during this time period.

TSERS Annual Earnings Limits

If you return to part-time or temporary work at a TSERS participating agency after your 6-month break, your annual earnings are capped. Exceeding this limit suspends your pension benefit and may impact your retiree health insurance.

Weekly Hours and ACA Insurance Risk

To preserve your retiree health insurance, you must remain under 30 hours per week (<0.75 FTE). Exceeding this triggers an ACA employer coverage mandate, ending retiree health eligibility.

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 TSERS membership 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.

⚠️ **Auto-Enrollment Note: Retiree health insurance is automatically triggered once your retiree account is established in Step 3.**

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.

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.

Connecting with Benefits

Meet Our Benefits Expert Team

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
ORBIT Portal	orbit.myncretirement.gov

Questions?

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