



THE UNIVERSITY OF  
NORTH CAROLINA SYSTEM



# Your Retirement Planning Guide

*What You Need to Know and Do*

Appalachian State University

East Carolina University

Elizabeth City State University

Fayetteville State University

North Carolina Agricultural and Technical State University

North Carolina Central University

North Carolina State University

North Carolina School of Science and Mathematics

University of North Carolina at Asheville

University of North Carolina at Chapel Hill

University of North Carolina at Charlotte

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Other Affiliates:

– University of North Carolina Health Care

– University of North Carolina Press

# What's Inside

Preparing for Retirement	2
Will You Be Ready?	6
Getting the Most from Your Benefits	8
Options for Taking Your Retirement Benefit	15
Social Security and Medicare	22
Countdown to Retirement	26
Resources	30





## Preparing for Retirement

Preparing for retirement is about your vision for the future and saving funds to make your dream a reality. Building a retirement nest egg is a process that spans your entire career. And, because people are living longer than ever before, that nest egg likely will need to last you 20 years or more.

At the University of North Carolina System (UNC System), we understand how important it is to save for your retirement, so we offer benefits that support your savings goals. And we're here to help you make informed decisions to smooth the path ahead.

To get the most out of your retirement savings, you'll need a strong plan that carries you through retirement and helps your savings continue to grow once you retire.

**Use this brochure to understand:**

**1** Your UNC System and State of North Carolina retirement benefits

**2** Key details about planning for retirement

**3** What to do when you are ready to retire

## Did You Know?

In addition to the processes and details outlined in this brochure, each UNC System constituent institution has a separate process for initiating retirement related to institution-specific benefits. For details, contact your University Benefits Administrator.



## Why You Need a Plan

Planning for retirement is all about you. Who do you want to be and how do you want to live? How will you fund your life?

The time to plan is now.

### Here are a few of the reasons why planning is so important:

- ✓ Even if you're close to retirement, it's never too late to save as much as you can. Your money can grow over time through interest and investment earnings.
- ✓ The cost of living continues to rise. Your priority is paying for today's needs, but if you don't set aside money now, your funding gap gets bigger each year.
- ✓ Most people assume they will be able to get by on less money in retirement, but that may not be the case. When asked about spending in retirement, 30% of retirees say it is unchanged from their working years. It's best to go ahead and do the math to set a target.
- ✓ You may think you'll work into retirement. While this makes sense, life can sometimes get in the way. In a recent study, 58% of retirees say they retired sooner than they had planned, often due to health problems, employment related reasons (such as job loss or organizational structure change), or having to care for a loved one.
- ✓ When you save automatically, you'll adjust to your new take-home pay while you have a pot of money building for you.

Most experts estimate  
you'll need between  
**70% to 90%**

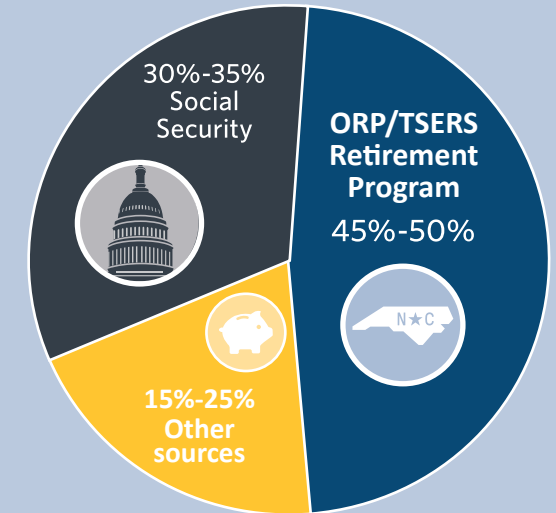
*of your pre-retirement income to maintain  
your standard of living in retirement.*

## Your Sources of Retirement Income: The Big Picture

Your retirement income should not come from just one place — you need several sources. Consider these when you develop or double-check your plan:

 <b>UNC System and State of North Carolina provided benefit plans and programs</b>	 <b>Government-provided benefits (paid into throughout your career)</b>	 <b>Additional personal savings</b>
<ul style="list-style-type: none"> <li>• Mandatory Retirement Plans — either the ORP (Optional Retirement Program) or TSERS (Teachers’ and State Employees’ Retirement System).</li> <li>• Supplemental Retirement Plans (UNC System 403(b) Plan,* UNC System 457(b) Plan, NC 401(k) Plan and the NC Deferred Compensation Plan (a 457(b) Plan).</li> <li>• Retiree health insurance under the State Health Plan of North Carolina, if you are eligible.</li> </ul>	<ul style="list-style-type: none"> <li>• Social Security will provide a <i>portion</i> of your retirement income, though it is not intended to provide all of your income in retirement.</li> <li>• Medicare will provide your primary health care coverage (when you are age 65 or older), although coverage under the State Health Plan of North Carolina for eligible participants can help pay medical expenses in retirement.</li> </ul>	<ul style="list-style-type: none"> <li>• Outside savings plans, such as an IRA, retirement savings from a previous employer or other investments.</li> <li>• Your spouse’s retirement savings and investments, if you are married.</li> <li>• Inheritance and any life or other insurance policies.</li> </ul>

\*UNC Health employees are not eligible to participate in the UNC System 403(b) plan.



*For people currently age 65 or older, Social Security will only provide 30%-35% of their income in retirement.*

This means you will have to save the remaining 65%-70% of your retirement income through savings vehicles like the ORP or TSERS, Supplemental Retirement Plans and your personal savings. Generally, your ORP or TSERS savings may cover roughly 45%-50% of your retirement income, and the remaining 15%-25% will need to come from other sources of personal savings.



## Will You Be Ready?

Retirement readiness is defined by your financial situation and so much more. Here are some factors to help you think about what it really means to be ready to retire.





### **Your finances**

Can you afford to retire? When you add up your sources of income, will you have enough to last you the nearly 20 years you could enjoy in retirement? Also think about major expenses, such as a mortgage. Remember that retirement may bring new expenses, like travel or health care.



### **Your family**

Do you still have children to support, or family to visit with your new free time? If you're married, you'll need savings and a vision that works for both of you.



### **Your lifestyle**

If your goal is to enjoy retirement, how will you spend your days? Hobbies, travel and even another job all impact how much money you'll need for your retirement.



### **Your health**

Whether you are healthy now or know that you'll have health issues to address in retirement, you need to be prepared to spend more on health care. According to the AARP, the average couple will need approximately \$295,000 to cover future medical costs, not including the costs of long-term care.



### **Your home**

Do you plan to stay in your home? If so, you may need to renovate. Would you rather downsize, or join a retirement community?

# Did You Know?

According to a Merrill Lynch survey, about two-thirds of people age 50 and older say they haven't set aside funds for a trip. If you're looking forward to traveling in retirement, don't forget to plan for the associated expenses.





# Getting the Most from Your Benefits

Now that you have a sense of the various retirement income sources and what you will need to consider as you plan to retire, let's take a closer look at the UNC System's retirement benefits.

## The ORP or TSERS

Through the Mandatory Retirement Program, UNC System employees are required to participate in either the ORP or TSERS. Here's how these plans compare.

Key Provision	ORP	TSERS
Who is eligible?	Permanent employees working 30 hours or more per week.	
Type of Plan	Defined Contribution (DC)	Defined Benefit (DB)
Who contributes? How much?	You contribute 6% of pay on a pre-tax basis; UNC System contributes 6.84%.	You contribute 6% of pay on a pre-tax basis; UNC System contributes an amount as defined by the General Assembly.
Who makes the investment decisions and assumes investment risk?	You control and monitor your investment elections.	State Treasurer makes all the investment decisions and assumes investment risk.
What about vesting?	You are 100% vested in your contributions immediately; you are 100% vested in the UNC System's contributions after five years of ORP participation.	You must complete five years of membership service to be fully vested.
How is the benefit determined?	Your benefit is based on the contributions to the plan, investment performance and the payment option you choose when you take a distribution from the plan.	The benefit formula is based on your years and months of Creditable Service, salary, actuarial formula and the payment option you choose when you retire.

## What Is Vesting?

Vesting refers to the portion of your retirement benefit that you own. Vesting schedules apply to both the ORP and TSERS, and these schedules determine when you are eligible to receive benefits (such as a monthly annuity) under each plan.



## Determining Your Mandatory Retirement Benefit

	ORP	TSERS
<p><b>HOW IT'S DETERMINED</b></p> <p>➔</p>	<ul style="list-style-type: none"> <li>A defined contribution plan. <b>Your benefit is determined by the contributions you and UNC System make to your ORP account and how well your investments perform over time.</b></li> </ul>	<ul style="list-style-type: none"> <li>A defined benefit plan. <b>Your benefit is determined by a set formula.</b> This formula is based on your Average Final Compensation (the average of your highest 48 consecutive months of salary), your Creditable Service and the Retirement Factor (currently 1.82%).</li> </ul>
<p><b>VALUE</b></p> <p>➔</p>	<ul style="list-style-type: none"> <li>Your benefit is based on the value of your ORP account at the time you begin taking a distribution.</li> </ul>	<ul style="list-style-type: none"> <li>Unused sick leave as of your retirement date will be converted to Creditable Service (every 20 days of unused sick leave as of your retirement date will convert to one month of Creditable Service).</li> <li>You also receive one more month of Creditable Service for any amount of unused sick leave that is less than 20 days but at least one hour. For example, if you retired with 24 days of unused sick leave, you would receive an additional two months of Creditable Service.</li> </ul>
<p><b>ACCESS</b></p> <p>➔</p>	<ul style="list-style-type: none"> <li>To access and monitor your ORP account information, visit your investment vendor's website. You also can use the online tools and calculators to estimate your monthly benefit and identify potential income gaps.</li> <li>Before you retire, you may wish to meet with a retirement representative from your investment carrier.</li> </ul>	<ul style="list-style-type: none"> <li>To check your Creditable Service, obtain your Estimate of Retirement Benefits or to access your annual benefits statements to determine your retirement readiness, visit ORBIT at <b><a href="https://orbit.myncretirement.com">https://orbit.myncretirement.com</a></b>. If you have not used ORBIT before, you will need to register by clicking on the <b>Register</b> button on the login page.</li> </ul>

## Supplemental Retirement Plans

The Supplemental Retirement Plans are a great resource to help close any gaps in your overall retirement income. And, they can help further diversify your retirement savings portfolio. These plans include:

### UNC System 403(b) Plan

The current carrier is TIAA. All employees who pay Social Security and Medicare taxes with the exception of UNC Health employees are eligible to participate. Contributions can be made pre-tax and/or after-tax through a Roth account.<sup>1</sup>

### UNC System 457(b) Plan

The current carrier is TIAA. All employees who pay Social Security and Medicare taxes are eligible to participate. You may elect to make either pre-tax or Roth after-tax contributions.<sup>1</sup>

### State 457 Deferred Compensation Plan

Currently administered by Empower. All North Carolina public employees are eligible to participate. Your contributions are made pre-tax and/or after-tax through a Roth account.<sup>1</sup> Your account is held in a trust by the State of North Carolina exclusively for participants and their beneficiaries.

### State 401(k) Plan

Currently administered by Empower. All permanent employees who participate in ORP or TSERS are eligible to enroll. This state-sponsored plan also allows you to make contributions pre-tax and/or after-tax through a Roth account.<sup>1</sup> Your account is held in a trust by the State of North Carolina exclusively for participants and their beneficiaries.

<sup>1</sup> If you elect to make pre-tax contributions, your contributions and earnings are generally taxed as ordinary income upon distribution at retirement. If you elect to make Roth after-tax contributions, your contributions and earnings are generally not taxed upon distribution at retirement as long as you meet the special Roth distribution rules.

# Get a Yearly Checkup

Take time every year to review your retirement savings account and make changes if necessary.

## Expert Advice to Help You Retire with Confidence

If you're like most retirement plan participants, you may struggle with feeling confident about making financial decisions regarding how much to save, or how to invest.

UNC System believes in helping you make the most of your benefits in order to help you build a solid financial future and has partnered with CAPTRUST — an independent investment advisory firm.

CAPTRUST provides ORP participants with access to professional, unbiased investment advice. CAPTRUST will not sell you any products — their services are made available to you as part of the UNC System retirement plan benefits package. CAPTRUST will work with you to create a Retirement Blueprint™, a comprehensive planning tool tailored to your individual needs.

### How do I make an investment advice appointment with CAPTRUST?

The easiest way to make an investment advice phone appointment is to schedule it online at [www.captrustadvice.com](http://www.captrustadvice.com). You can also call CAPTRUST directly at 800-967-9948.

# Get Your Personalized Blueprint for Retirement

When you call CAPTRUST, a Retirement Counselor will work with you to create a Retirement Blueprint™.

This individualized planning report is designed to assist you in developing and achieving your retirement goals. The CAPTRUST Retirement Counselor guides you through the decision-making process and provides you with individual advice as to how much you need to save, how to invest your retirement assets, and how to integrate your information alongside your spouse's accounts and/or other sources of retirement income.

The Blueprint report is delivered to you following the phone consultation and serves as the foundation for your financial decisions. You can update your Blueprint as often as you wish by calling the CAPTRUST Advice Desk. The Blueprint contains the information you provided, the investment advice offered and projections for your future retirement needs.

## Retiree Health Insurance

Your health care needs and expenses are likely to change during your retirement. When you are living on more of a fixed income, a large medical bill can devastate your finances. That's why it's important to plan ahead for health care coverage and factor these costs into your retirement budget. Through the State Health Plan of North Carolina, you and your dependents may have access to continued coverage, which will coordinate with Medicare (once you become eligible) to provide health care benefits for you in retirement.

The cost of providing medical benefits to retirees has increased substantially over time and continues to be a significant financial liability for the State of North Carolina. To address the projected higher costs associated with retiree medical coverage, the State of North Carolina (under General Statute 135-48.1(18)) changed the eligibility rules for retiree health coverage for employees hired by the UNC System on or after January 1, 2021. See below for details.



### HOW IT WORKS

#### ➔ Eligibility

Employees first **hired prior to October 1, 2006**, are eligible to continue health insurance coverage under the State Health Plan of North Carolina when they retire if:

- They have *at least five years* of ORP participation or TSERS contributory retirement service, and
- They receive a monthly retirement benefit from the ORP or TSERS.

Employees first **hired between October 1, 2006 and December 31, 2020**, are eligible to continue health insurance coverage under the State Health Plan of North Carolina when they retire based on the following retirement service rules or requirements:

- Have *at least 20 years* of retirement service credit (Employees with **fewer than 20 years of retirement service credit** are eligible to continue health coverage under the State Health Plan of North Carolina when they retire by paying a larger percentage), and
- Receive a monthly retirement benefit from the ORP or TSERS.

Employees **hired on or after January 1, 2021** will not be able to continue health insurance coverage under the North Carolina State Health Plan (State Health Plan) when they retire.

**In all cases, the full cost of dependent coverage, if elected, must be paid by you.**



### PLAN OPTIONS

#### ➔ Retiring and Age 65 or Older

Retiring members and/or dependents who are Medicare-eligible who begin the retirement process 90 days (if enrolled in the ORP) or 120 days (if enrolled in TSERS) prior to the benefit effective date will be auto-enrolled into the Humana Group Medicare Advantage Base Plan. This base plan is premium-free for retiree-only coverage if you were hired prior to October 1, 2006 or if you were hired between October 1, 2006 and December 31, 2020, and have at least 20 years of retirement service.

Even though Medicare-eligible retirees will be auto-enrolled in the Humana Group Medicare Advantage Base Plan, they will have 30 days prior to the benefits effective date to elect coverage under the Base PPO (70/30) Plan.

Changes to plan elections can be made during the next Open Enrollment period. If retirees have dependents who are non-Medicare Primary, they will be automatically enrolled into the health plan they were enrolled in as an active dependent.

#### ➔ Retiring and Not Yet Age 65

Retiring members who are under age 65 will be automatically enrolled in the health plan they were enrolled in as an active employee along with any covered dependents. Retiring employees with questions about their health plan options should contact the Eligibility and Enrollment Support Center at 855-859-0966.

## WHEN RETIREE HEALTH COVERAGE BEGINS

Generally, you transition to retiree group health coverage without a break in coverage, provided your retirement date immediately follows your date of termination of active employment.

### Medicare

The State Health Plan pays claims based on the assumption that the Medicare-eligible retiree is enrolled in Medicare, regardless of whether or not he/she has actually enrolled in Medicare. Your University's Benefits Administrator will work with you to convert your active health coverage to retiree group health coverage and adjust your contributions accordingly.

#### Important Notes:

- You forfeit your eligibility for the state's retiree group health plan coverage if you withdraw your entire account from the ORP or withdraw your account from TSERS, or if you transfer or roll over the entire account to an individual retirement account (IRA) or another employer's retirement plan.
- Employees hired by a state (NC) agency or UNC System institution on or after January 1, 2021 will not be eligible for the state's retiree group health plan coverage.



## Retiree Planning Tools and Resources

There are a variety of tools and resources available online through the UNC System and the NC Department of State Treasurer to help you plan for retirement.



The following decision-support resources are available online at <https://myapps.northcarolina.edu/hr/benefits-leave/retirement/>:

- Your Mandatory Retirement Plan 2024 Decision Guide
- Your Supplemental Retirement Plan 2024 Decision Guide
- Your Guide to Investing in the 2024 UNC System Retirement Programs
- ORP Plan Summary
- TSERS Handbook
- UNC System 403(b) Plan Summary
- UNC System 457(b) Plan Summary



Find additional resources and a Retirement Estimator for TSERS at [www.nctreasurer.com](http://www.nctreasurer.com) or <https://myncretirement.com>.

# Quick Tip

To help you determine your future retirement benefit under Social Security, access the Social Security benefit calculators at [www.ssa.gov](http://www.ssa.gov) or by calling 800-772-1213.

You may contact the vendor and investment carrier websites for specific information about the Supplemental Retirement Plans.





## Options for Taking Your Retirement Benefit

It's important to understand the timing and the distribution options available under the ORP and TSERS, because they may impact your retirement date. Review the information on the following pages to choose a distribution option that's right for you based on your savings goals and overall strategy.

## The ORP

You become eligible to receive a distribution from the ORP upon termination from employment or retirement from the UNC System. Note that you need five or more years of ORP participation to be fully vested and receive your ORP benefit.

As you consider your distribution options, please note that the IRS requires you to take a distribution from the ORP no later than April 1 of the calendar year following the calendar year in which you either become age 73 or you retire, whichever is later.

### CHOOSE YOUR PAYMENT OPTION

Under the ORP, you have the flexibility to choose the distribution option that best suits your goals.

Single Life Annuity	Two Life Annuity	Systematic Withdrawals	Fixed Period Withdrawals	Any combination of payment options available from the ORP investment carrier that meets your income needs.
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For detailed information about each of these options, contact your investment carrier.

**Note:** Minimum Distribution Rules do not apply to individuals who are in “phased retirement” since the Phased Retirement Program distributions are characterized as “in-service distributions” under the Internal Revenue Code Section 4.04. You will not be considered “Retired” until the end of your participation in the Phased Retirement Program (i.e., until you are no longer employed in a part-time position). Once you are no longer employed by any Employing Institution and have reached age 73, you will begin to receive Required Minimum Distributions (RMDs).

### INITIATE RETIREMENT

To initiate the retirement process from the UNC System and to begin receiving your ORP benefits:

- Contact your ORP investment carrier three months (90 days) prior to your scheduled retirement date to complete the required documents to start your distribution payments.
- Schedule a meeting with your University Benefits Administrator three months (90 days) prior to your scheduled retirement date to complete the Optional Retirement Program of the University of North Carolina Acknowledgment of Participation form (Form ORP-3). Have your University Benefits Administrator validate the form so it can be processed.
- If enrolling in Retiree Health Coverage, your ORP monthly benefit should begin the first day following your retirement date to avoid a lapse in coverage. For example, if your retirement date is June 30, 2024, your ORP benefit should begin on July 1, 2024.



## TSERS

You may take a full benefit from TSERS if you:<sup>1</sup>

- Are age 65 with five years of membership service,
- Are age 60 with 25 years of Creditable Service, or
- Have 30 years of Creditable Service at any age.

You may take a reduced benefit if you retire early, as follows, and are:

- Age 50 + 20 years of Creditable Service, or
- Age 60 + 5 years membership service.

<sup>1</sup> Note that law enforcement officers may have different retirement benefits, eligibility for those benefits and/or distribution options. Please contact your University Benefits Administrator for detailed information.

## CHOOSE YOUR PAYMENT

Under TSERS, you have the flexibility to choose the distribution option that best suits your savings goals, including:

<b>Maximum Option</b>	<b>100% Joint and Survivor</b>	<b>50% Joint and Survivor</b>	<b>Social Security Leveling</b>	<b>Modified Joint and Survivor (also referred to as “pop-up” options)</b> <ul style="list-style-type: none"><li>– Combination benefit between the 100% Joint and Survivor Option and the Maximum Option</li><li>– Combination benefit between the 50% Joint and Survivor Option and the Maximum Option</li></ul>
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For detailed information about each of these options, go to <https://myapps.northcarolina.edu/hr/benefits-leave/retirement/>.

To help decide which option may be right for you, review examples using the Retirement Estimator, <https://orbit.myncretirement.com>.

## RECEIVE PAYMENTS

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

- If your banking information is received and acknowledged by the Retirement System *before* your effective retirement date, your first payment will be sent to you via direct deposit. Otherwise, the first payment will be a physical check, which will be mailed to you.
- Subsequent payments will be sent to you via direct deposit on the 25<sup>th</sup> of each month. (Note that December payments generally are made early.)

For example, if you retire on July 1 and the Retirement System receives and acknowledges your banking information *before* July 1, then your first check will be direct deposited around July 25. If your banking information is received and acknowledged *after* July 1, then your first check will be mailed. The following payments will be direct deposited to your checking or savings account on August 25.

## INITIATE RETIREMENT

To initiate the retirement process from the state and to begin receiving your TSERS benefits, contact your University Benefits Administrator at least four months prior to your retirement date for information on how to apply online.



# Providing Notice of Your Retirement

Note that your University Benefits Administrator may or may not contact your manager/supervisor concerning your impending retirement. Once you know your retirement date, notify your manager and be sure to provide plenty of advance notice of your resignation. We suggest providing at least two weeks notice to your manager if you are paid bi-weekly and one month's notice if you are paid monthly.



## Don't Forget About Taxes

Even though you contribute to the ORP or TSERS on a pre-tax basis, there are state and federal tax implications associated with taking distributions from these plans, based on the type of distribution you take and when you take it.

### STATE TAXES

The amount of the distribution subject to North Carolina state income tax is the amount that is reportable for income tax. Additionally, certain amounts may be tax-exempt based on the Bailey Settlement (as explained below).

#### The Bailey Settlement

As a result of the North Carolina Supreme Court's decision in *Bailey v. State of North Carolina*, you may be exempt from NC state income taxes under the ORP or TSERS if you retire and reside in North Carolina and you:

- **Enrolled** in the ORP prior to August 12, 1989, or
- **Participated** in TSERS and had five years of membership service (are **vested**) as of August 12, 1989.

For more information, contact your University Benefits Administrator, or visit the NC Department of Revenue website at [www.dornc.com](http://www.dornc.com). You also may wish to speak with your tax or financial adviser.

### FEDERAL TAXES

Distributions are taxable in the year they are received.

Note that a 10% penalty tax may apply for early distributions (i.e., distribution received before an employee reaches age 59½). **If you withdraw your entire account from the ORP or withdraw your contributions from TSERS, this will impact your eligibility for retiree health insurance.**

As you consider your retirement options, note that the IRS requires you to take a distribution from the ORP no later than April 1 of the calendar year following the calendar year in which you either become age 73 or you retire, **whichever is later**, or pay a 25% excise tax on the distribution that should have otherwise been received by you.

Prior to July 1, 1982, employee contributions to the ORP and TSERS were made on an after-tax basis, which means only the earnings on these contributions will be taxed. Remember, employee contributions made on a pre-tax basis, as well as the earnings on those contributions, can be taxed. Consult with your tax or financial adviser to discuss your personal situation and any applicable taxes you may incur.



## Dental, Vision and Life Insurance After You Retire

Certain benefits end when you retire: life insurance, dental and disability coverage. Check with your University Benefits Administrator for information on any benefits and options for continuing them. Keep these benefits changes in mind when determining your retirement income needs and sources of income, and consider whether you will need to purchase additional coverage. Here are your options:

### ORP RETIREES

#### Dental and vision insurance

- If you are already enrolled in dental and/or vision coverage as an active employee through NCFlex, these benefits will end upon termination of employment.
- You may elect COBRA coverage for dental and/or vision coverage for up to 18 months.
- Upon retirement or at the end of your COBRA coverage, you may choose from a variety of retiree coverage options such as dental and vision available through membership in the North Carolina Retired Governmental Employees Association (NCRGEA). Members can access a list of benefits via the NCRGEA website: <https://ncrgea.com/benefits/>.

**Note:** You can expect to receive an offer from NCRGEA. However, you should reach out to NCRGEA directly if you do not hear from them within 30 days of retirement.

#### Life Insurance

- If you have UNC voluntary life insurance as an active employee, you will receive information at retirement regarding the Voluntary Retiree Life (VRL) options available to you and your spouse/domestic partner so you can continue to have life insurance protection beyond active employment.

#### Notes:

- If you are not enrolled in the UNC voluntary life insurance plan, you may enroll for VRL for you and your spouse/ domestic partner within 30 days from your retirement in the amount of \$25,000 without submitting Evidence of Insurability. You may also select additional coverage levels; however, you will need to provide Evidence of Insurability for any amount in excess of \$25,000.
- More information can be found at <https://myapps.northcarolina.edu/hr/benefits-leave/income-protection-benefits/>.
- If you participate in an after-tax plan offered by your university, please discuss the options for continuation of coverage with your University Benefits Administrator.

The North Carolina Retired Governmental Employees Association (NCRGEA) also offers a variety of retiree coverage options such as dental and vision. Members can access a list of benefits via the NCRGEA website at <https://ncrgea.com/benefits/>.

### IN THE EVENT OF YOUR DEATH

Even though it's unpleasant to think about, it's important to understand what will happen to your benefits in the event of your death.

#### ORP Participants

In the event of your death while actively employed with the UNC System, your contributions and UNC System's contributions become 100% vested. Your total ORP account value will be paid to your designated beneficiary in the event of your death.

### **NC Retired Governmental Employees Association (Can start 18 months after termination)**

- After 18 months, when your COBRA coverage ends, it is considered a qualifying event known as a “loss of coverage.” You may elect to enroll for retiree dental, vision and/or life and accident disability coverage with NC Retired Governmental Employees Association.
- Additional information can be found on [www.ncretiree.com](http://www.ncretiree.com), or call 855-627-3847.

### **TSERS RETIREES**

**Dental and vision insurance.** If you are enrolled as an active employee through NCFlex, these benefits will end upon termination of employment. You have two options:

- Elect to continue your current dental and vision coverage through COBRA (explained below).
- Elect to enroll for retiree dental and/or vision coverage through Pierce Insurance, which is offered through the State Retirement System 90 days after your termination.

**Life insurance.** If you have UNC voluntary life insurance as an active employee, you will receive information at retirement regarding the Voluntary Retiree Life (VRL) options available to you and your spouse/domestic partner so you can continue to have life insurance protection beyond active employment.

#### **Notes:**

- If you are not enrolled in the UNC voluntary life insurance plan, you may enroll for VRL for you and your spouse/ domestic partner within 30 days from your retirement in the amount of \$25,000 without submitting Evidence of Insurability. You may also select additional coverage levels; however, you will need to provide Evidence of Insurability for any amount in excess of \$25,000.
- More information can be found at <https://myapps.northcarolina.edu/hr/benefits-leave/income-protection-benefits/>.

### **COBRA (For up to 18 months following termination)**

- If you choose to enroll in COBRA coverage upon termination, you may elect COBRA coverage for dental and/or vision coverage for up to 18 months. You pay the full cost of this COBRA coverage.

### **Pierce Insurance (Can start 18 months after termination)**

- After 18 months, when your COBRA coverage ends, it is considered a qualifying event known as a “loss of coverage.” You may elect to enroll for retiree dental, vision and/or life and accident disability coverage with Pierce Insurance.
- Additional information can be found on [www.ncretiree.com](http://www.ncretiree.com), or call 855-627-3847.

## **IN THE EVENT OF YOUR DEATH**

Even though it’s unpleasant to think about, it’s important to understand what will happen to your benefits in the event of your death.

### **TSERS Participants**

You may elect an optional contributory death benefit, which provides a \$10,000 lump-sum payout to your designated beneficiary in the event of your death. If elected, you pay the full cost of this benefit, which can be deducted from your monthly retirement check. TSERS will mail you the information about this benefit once you initiate the retirement process.



# Social Security and Medicare

Aside from your UNC System-provided retirement benefits and personal savings, you also may receive benefits from Social Security and Medicare. **While Social Security benefits will provide a portion of your retirement income,** remember that it is not intended to be your only source of income. Additionally, you will not receive your Social Security benefits automatically. You must apply for them.



## Determining Social Security Eligibility

Generally, you are eligible to receive your full Social Security benefit based on the year you were born. You may be eligible to receive your Social Security benefits early, although the amount of your benefit will be reduced. The table below shows full retirement age and illustrates how your benefit — and, if married, your spouse’s benefit — could be reduced if you begin receiving Social Security at age 62.

Year of birth <sup>1</sup>	Full (normal) retirement age	Months between age 62 and full retirement age <sup>2</sup>	At age 62 <sup>3</sup>			
			A \$1,000 retirement benefit would be reduced to	The retirement benefit is reduced by <sup>4</sup>	A \$500 spouse’s benefit would be reduced to	The spouse’s benefit is reduced by <sup>5</sup>
1943-1954	66	48	\$750	25.00%	\$350	30.00%
1955	66 and 2 months	50	\$741	25.83%	\$345	30.83%
1956	66 and 4 months	52	\$733	26.67%	\$341	31.67%
1957	66 and 6 months	54	\$725	27.50%	\$337	32.50%
1958	66 and 8 months	56	\$716	28.33%	\$333	33.33%
1959	66 and 10 months	58	\$708	29.17%	\$329	34.17%
1960 and later	67	60	\$700	30.00%	\$325	35.00%

<sup>1</sup> If you were born on January 1<sup>st</sup>, you should refer to the previous year.

<sup>2</sup> If you were born on the 1<sup>st</sup> of the month, your benefit is figured (and your full retirement age) as if your birthday was in the previous month. If you were born on January 1, your benefit is figured (and your full retirement age) as if your birthday was in December of the previous year.

<sup>3</sup> You must be at least age 62 for the entire month to receive benefits.

<sup>4</sup> Percentages are approximate due to rounding.

<sup>5</sup> The maximum benefit for the spouse is 50% of the benefit the worker would receive at full retirement age. The % reduction for the spouse should be applied after the automatic 50% reduction. Percentages are approximate due to rounding. Source: [www.ssa.gov](http://www.ssa.gov).

## Quick Tip

You may have to pay federal income taxes on up to 85% of your Social Security benefits, depending on your personal circumstances. For more information, visit the Social Security website at [www.ssa.gov](http://www.ssa.gov).



## Medicare and You

- Medicare is the federal health insurance program for people who are age 65 or older.
- You become eligible once you reach age 65, but you will not receive coverage automatically; **you must apply for coverage**. You should enroll for Medicare Parts A and B three months prior to turning age 65 (If you are actively at work at age 65, you can delay enrolling for Medicare Part B until your employment ends).
- Upon your retirement if you are age 65 or older, your Medicare benefits will begin paying primary the month in which you retire and your State Health Plan coverage will be considered secondary.
- To enroll for Medicare coverage, visit [www.ssa.gov](http://www.ssa.gov) or call 800-772-1213.

## Why It's Important to Enroll in Medicare Part B If You Are Medicare-Eligible

Once you become eligible for Medicare and it becomes primary, you must enroll in Medicare Part B to receive full benefit coverage. If you don't, you will pay extra.

**HERE'S HOW IT WORKS:** If you are covered under the State Health Plan as a member or a dependent of a member, and you are eligible for Medicare Part B, your benefits under the State Health Plan will be paid as if you are enrolled for coverage under Medicare Part B — even if you have not enrolled for such coverage.

This means that even if you have not enrolled in Medicare Part B, your health benefit plan will reduce your claim by the benefit that would have been available to you under Medicare Part B. Then it will pay the remaining claim amount under the terms of your health benefit plan. As a result, you are responsible for the amount that would have been paid by Medicare Part B even if you do not enroll in Medicare Part B. The bottom line: Enroll in Medicare Part B to receive full benefit coverage.

For more information, visit the retiree portion of the State Health Plan of North Carolina (SHPNC) website at [www.shpnc.org](http://www.shpnc.org), or call Customer Service at 888-234-2416.

You also can contact the Seniors' Health Insurance Information Program (SHIIP) at 855-408-1212 (toll-free), or 919-807-6900.

## Applying for Social Security and Medicare Benefits

Generally, you should apply for Social Security and Medicare benefits within three months prior to reaching your full retirement age.

You may be eligible to receive Social Security benefits at age 62, but these benefits will be reduced because you are taking them before reaching your full retirement age. Review the table on page 23 of this brochure for an estimate of how your benefits may be reduced if you take them early.

You can delay your Social Security benefits after age 65.

Regardless of when you decide to begin receiving your Social Security benefits, if you are retiring, you should still apply for Medicare benefits within three months of your 65<sup>th</sup> birthday to ensure full coverage.

If you wait longer to apply, you may pay more for your Medicare medical insurance (Part B).

You do not have to apply for Medicare if you are still working. Active employees can maintain primary coverage under the State Health Plan.

To apply for Social Security and/or Medicare, visit [www.ssa.gov](http://www.ssa.gov) or call 800-772-1213.





## Countdown to Retirement

You've worked hard — it's time to get ready to enjoy retirement! Refer to the timeline on the next page to help you select your retirement date and take all the right steps leading up to it.

## BEFORE RETIREMENT

### ORP and TSERS Participants

#### 9-12 MONTHS: ORP and TSERS Participants:

- Begin taking a financial inventory — including all your sources of retirement income — and make a plan for retirement based on how you want to spend it.
- Determine your retirement date and schedule an appointment with the Social Security Administration Office by calling 800-772-1213, if appropriate.

#### 6 MONTHS: ORP and TSERS Participants:

- Consider speaking with your tax and/or financial adviser to ensure you understand the tax implications of your decisions.
- Notify your manager/supervisor about your upcoming retirement.
- Contact your 401(k), 457(b) or 403(b) carrier to discuss your distribution options.

#### 3 MONTHS: ORP and TSERS Participants:

Enroll in Medicare Parts A and B online at [www.ssa.gov](http://www.ssa.gov) (if you will be age 65 as of your retirement date) and/or apply for Social Security benefits.

#### 2 MONTHS: ORP and TSERS Participants:

- Prepare your resignation letter. Provide it to your manager at least two weeks prior to your retirement date if you are paid bi-weekly and one month prior to your retirement date if you are paid monthly.
- Contact your 401(k), 457(b) or 403(b) carrier to complete the required paperwork to receive a distribution.

### ORP Participants

#### 6 MONTHS: ORP Participants:

Contact your ORP vendor(s) to discuss retirement options and have retirement illustrations prepared. (Vendor contact information is provided beginning on page 31.)

#### 3 MONTHS: ORP Participants:

- Contact TIAA to complete the required documents to start your distribution payments.
- Schedule a meeting with your University Benefits Administrator to complete the required forms.

**Note:** A benefits exit interview may be conducted at this time as well.

### TSERS Participants

#### 6 MONTHS: TSERS Participants:

- Review your distribution options by reading the TSERS Handbook.
- Contact TSERS at 919-814-4590 regarding any special service credits you might have purchased or transferred, and review your Creditable Service.

#### 4 MONTHS: TSERS Participants:

Meet with your University Benefits Administrator to:

- Request an Estimate of Retirement Benefits through ORBIT at <https://orbit.myncretirement.com>.
- Review your vacation, sick and bonus (if applicable) leave balances to determine any impact on your retirement effective date.
- Complete your retirement application online through ORBIT. Online submission normally produces faster processing times as compared to manually submitting an application.
- Your retirement application can only be filed with TSERS 120 days (four months) in advance of your actual retirement date.

**Note:** A benefits exit interview may be conducted at this time as well.



## AFTER RETIREMENT

### FIRST OF THE MONTH AFTER

#### ORP Participants:

If enrolled, coverage under the State Health Plan begins. (Note that you must be in receipt of an income from the ORP to maintain retiree health coverage in the State Health Plan.)

#### TSERS Participants:

If enrolled, coverage under the State Health Plan begins. (Note that you must be in receipt of a monthly income from TSERS to maintain retiree health coverage in the State Health Plan.)

### DISTRIBUTION SCHEDULE

#### ORP Participants:

Distributions from your ORP account will begin based on the schedule and payment method you have determined with TIAA.

### 25<sup>TH</sup> OF THE MONTH AFTER

#### TSERS Participants:

If your banking information is received and acknowledged by the Retirement System *before* your effective retirement date, then all payments will be automatically deposited into your checking or savings account around the 25<sup>th</sup> of each month. Otherwise, the first payment will be a physical check and all subsequent payments will be direct deposited.

### THROUGHOUT RETIREMENT

#### ORP and Supplemental Retirement Plan Participants:

Continue to monitor your investments and savings periodically so you can live comfortably throughout the years.



## Estate Planning Is Key

Planning your estate can ensure that your assets are protected and are distributed among your beneficiaries in accordance with your wishes in the event of your death. Additionally, planning your estate now, including creating your will, can help minimize tax liabilities, which means more of your estate will go to your loved ones.

### CONSIDER LIFE INSURANCE

There are several types of life insurance and each of them protects your estate in the event of your death. Life insurance is an important option to consider when planning your estate because, generally, proceeds from life insurance that your beneficiaries might receive are free from income tax (though there are some exceptions). In addition, life insurance may add some liquidity to your estate, which would enable beneficiaries to repay debt and have more immediate access to income replacement and cash reserves.

### GET HELP IF YOU NEED IT

When planning your estate, it's important to take a complete inventory of all your assets and any remaining liabilities. You also should consider how federal, state and inheritance taxes may impact the value of your assets, and explore which types of life insurance may be right for you and your family. As tax laws change regularly, it also may be helpful to consult with a tax or financial adviser to ensure your wishes are carried out and your estate is protected.





## Resources

As your retirement plans take shape, there are plenty of resources to help you along the way.



## Resources

Plan/Program	Contact Information
<b>ORP</b>	<ul style="list-style-type: none"> <li>• <a href="https://myapps.northcarolina.edu/hr/benefits-leave/retirement/orp/">https://myapps.northcarolina.edu/hr/benefits-leave/retirement/orp/</a></li> <li>• Contact your University’s HR Office or your ORP investment carrier               <ul style="list-style-type: none"> <li>– TIAA: <a href="http://www.TIAA.org/unc">www.TIAA.org/unc</a> or 800-842-2252</li> </ul> </li> <li>• CAPTRUST               <ul style="list-style-type: none"> <li>– <a href="http://www.captrustadvice.com">www.captrustadvice.com</a> or 800-967-9948</li> </ul> </li> </ul>
<b>TSERS</b>	<ul style="list-style-type: none"> <li>• <a href="http://www.myncretirement.com">www.myncretirement.com</a></li> <li>• 919-814-4590</li> </ul>
<b>Supplemental Retirement Plans</b>	<ul style="list-style-type: none"> <li>• <b>UNC System 403(b) Plan:</b> <ul style="list-style-type: none"> <li>– <a href="https://myapps.northcarolina.edu/hr/benefits-leave/retirement/unc-403b/">https://myapps.northcarolina.edu/hr/benefits-leave/retirement/unc-403b/</a></li> <li>– TIAA: <a href="http://www.TIAA.org/unc">www.TIAA.org/unc</a> or 800-842-2252</li> </ul> </li> <li>• <b>UNC System 457(b) Plan</b> <ul style="list-style-type: none"> <li>– <a href="https://myapps.northcarolina.edu/hr/benefits-leave/retirement/unc-457/">https://myapps.northcarolina.edu/hr/benefits-leave/retirement/unc-457/</a></li> <li>– TIAA: <a href="http://www.TIAA.org/unc">www.TIAA.org/unc</a> or 800-842-2252</li> </ul> </li> <li>• <b>NC 401(k) Plan and NC 457 Deferred Compensation Plan:</b> <ul style="list-style-type: none"> <li>– <a href="https://ncplans.retirepru.com/">https://ncplans.retirepru.com/</a></li> <li>– Empower: 866-627-5267</li> </ul> </li> <li>• CAPTRUST               <ul style="list-style-type: none"> <li>– <a href="http://www.captrustadvice.com">www.captrustadvice.com</a> or 800-967-9948</li> </ul> </li> </ul>
<b>Social Security Administration</b>	<ul style="list-style-type: none"> <li>• <a href="http://www.ssa.gov">www.ssa.gov</a></li> <li>• 800-772-1213</li> </ul>
<b>Medicare</b>	<ul style="list-style-type: none"> <li>• <a href="http://www.medicare.gov">www.medicare.gov</a></li> </ul>

Plan/Program	Contact Information
Additional Online Planning Tools and Resources	<ul style="list-style-type: none"> <li>• <a href="http://www.nctreasurer.com">www.nctreasurer.com</a></li> <li>• <a href="http://www.myncretirement.com">www.myncretirement.com</a></li> <li>• <a href="https://orbit.myncretirement.com">https://orbit.myncretirement.com</a></li> <li>• <a href="http://www.captrustadvice.com">www.captrustadvice.com</a></li> </ul>
State Health Plan of North Carolina (SHPNC)	<ul style="list-style-type: none"> <li>• <a href="http://www.shpnc.org">www.shpnc.org</a></li> <li>• 855-859-0966</li> </ul>
Seniors' Health Insurance Information Program (SHIIP)	<ul style="list-style-type: none"> <li>• <a href="https://www.ncdoi.gov/consumers/medicare-and-seniors-health-insurance-information-program-shiip">https://www.ncdoi.gov/consumers/medicare-and-seniors-health-insurance-information-program-shiip</a></li> <li>• 855-408-1212 (toll-free)</li> <li>• 919-807-6800</li> </ul>
Life, Dental and ID Theft Coverage in Retirement	<ul style="list-style-type: none"> <li>• Pierce Insurance: <a href="http://www.ncretiree.com">www.ncretiree.com</a> (TSERS participants only)</li> <li>• NC Retired Governmental Employees Association: <a href="http://www.ncrgea.com">www.ncrgea.com</a></li> </ul>
NC Retired Governmental Employees Association	<ul style="list-style-type: none"> <li>• <a href="http://www.ncrgea.com">www.ncrgea.com</a> (for both ORP retiree benefit options and TSERS recipients)</li> </ul>
AARP	<ul style="list-style-type: none"> <li>• <a href="http://www.aarp.org">www.aarp.org</a></li> </ul>
National Council on Aging	<ul style="list-style-type: none"> <li>• <a href="http://www.ncoa.org">www.ncoa.org</a></li> </ul>





The information contained in this document is not a contract and is subject to change by the proper authorities. It should be understood that explanations in this summary cannot alter, modify or otherwise change the controlling legal document or general statutes in any way, nor can any right accrue by reason of any inclusion or omission of any statement in this document.