



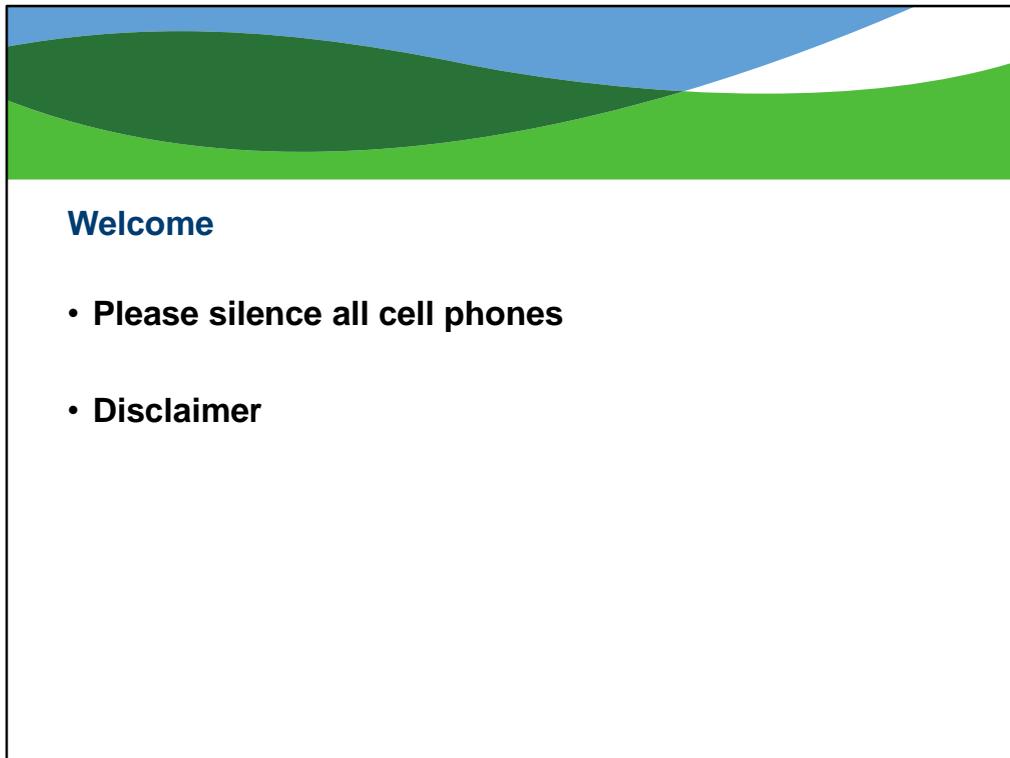
Teachers' and State Employees' Retirement System (TSERS) Retirement Planning



Revised February 2019

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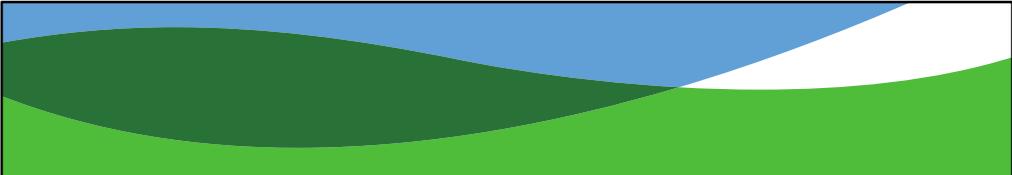


Welcome

- **Please silence all cell phones**
- **Disclaimer**

Please silence all cell phones.

This presentation is based on current legislation and is subject to change without notice. This material is to be used for training purposes only. Please contact the North Carolina Retirement Systems Division for guidance or assistance.

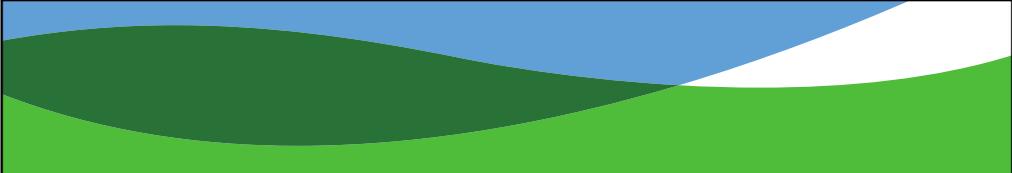


NC Total Retirement Plans Include

TSERS – 401(a)
Defined Benefit Plan – amount you receive at retirement based on a **defined formula** to calculate **guaranteed monthly lifetime** retirement benefits (not based on your or your employer’s contributions)

NC 401(k), NC 457, NC 403(b)
Defined Contribution Plans – amount you receive at retirement depends on the **amount you have accumulated in your plan account** (your personal contributions, plus any employer contributions, and investment earnings)

The NC Total Retirement Plans include TSERS, the NC 401(k) Plan, the NC 457 Plan and the NC 403(b) Program. TSERS is a defined benefit plan qualified under Section 401(a) of the Internal Revenue Code. Defined benefit plans use a defined formula to calculate guaranteed monthly lifetime retirement benefits (not based on your or your employer’s contributions). The NC 401(k) Plan, NC 457 Plan and the NC 403(b) Program are defined contribution plans that provide you with the potential to save additional funds for retirement. Under a defined contribution plan, the amount you receive at retirement depends exclusively on the amount you have accumulated in your plan account (your personal contributions, plus any employer contributions, and investment earnings). All of the retirement systems and plans administered by the Department of State Treasurer for North Carolina public employees are collectively referred to as the NC Total Retirement Plans.

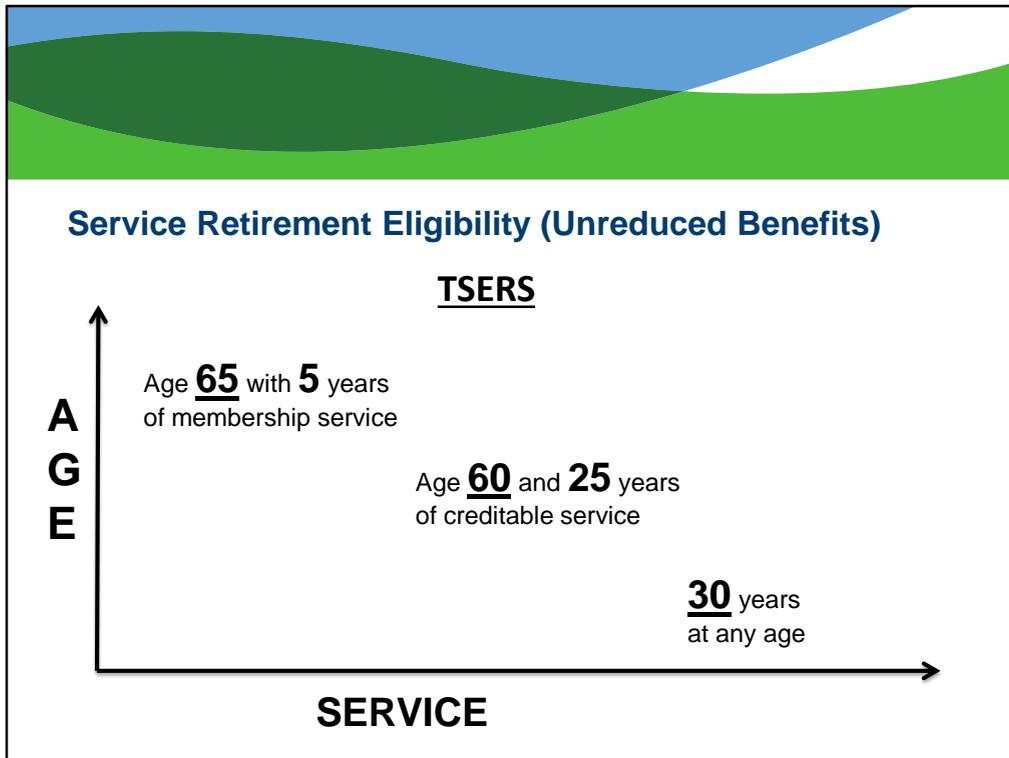


NC Total Retirement Plans Solution for Retirement Readiness

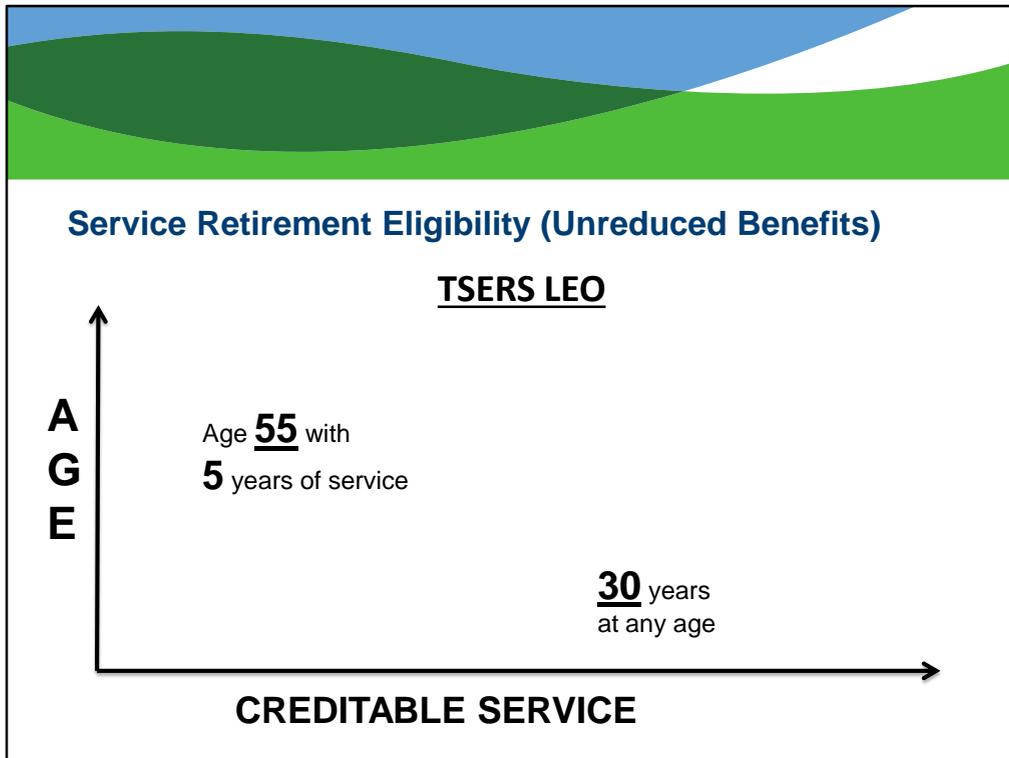
- Many financial experts suggest that retirees will need **80%** of pre-retirement income
- You participate in one of the most secure and responsibly managed defined benefit plans in the nation - **TSERS**
- You also have the potential to save additional funds by participating in the defined contribution plans: **NC 401(k), NC 457, and NC 403(b)**
- These plans, along with your **Social Security**, are part of the **Total Retirement Plans solution** that may help you achieve a secure financial future and a more comfortable retirement

Many financial experts suggest that individuals will need a monthly income in retirement equal to 80% of their pre-retirement income. You participate in one of the most secure and responsibly managed defined benefit plans in the nation — TSERS. You also have the potential to save additional funds to help you reach your financial goals by participating in the defined contribution plans – the NC 401(k) Plan, NC 457 Plan and the NC 403(b) Program. These plans — along with your Social Security — are part of the Total Retirement Plans solution that may help you achieve a secure financial future and a more comfortable retirement.

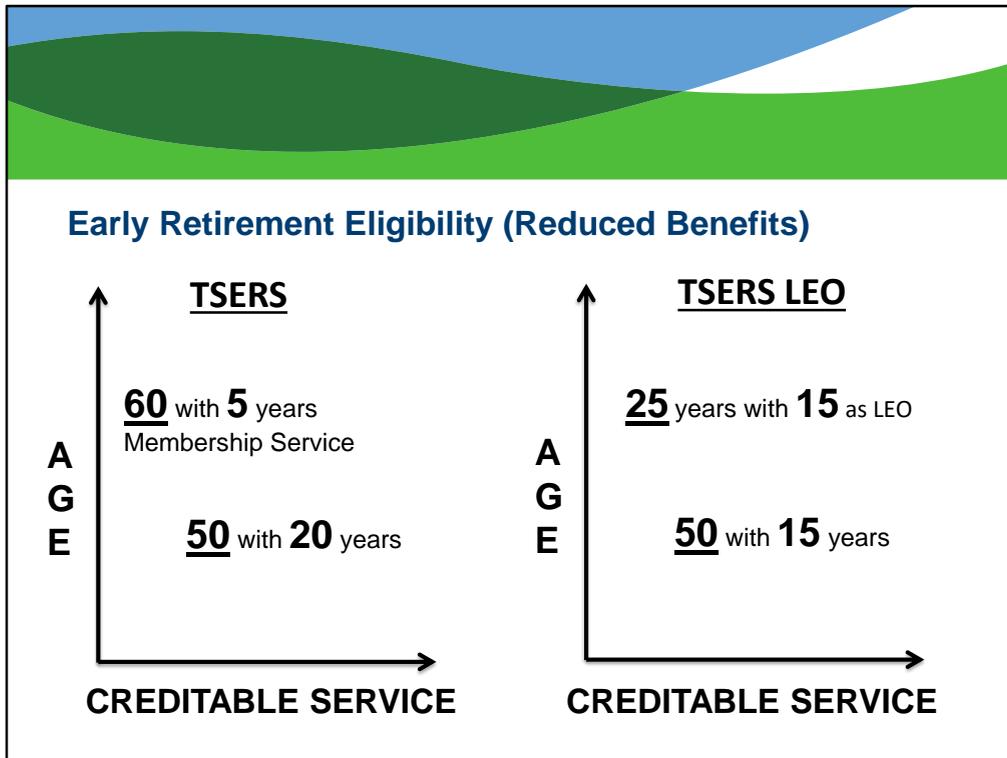
Retirement Eligibility



Eligibility requirements for a service unreduced retirement are: 30 years of creditable service at any age, age 65 with 5 years of membership service, and age 60 with 25 years of creditable service.



Eligibility requirements for a service unreduced retirement for Law Enforcement Officers are: 30 years of creditable service at any age, or age 55 with 5 years of creditable service as an officer.



Eligibility requirements for an early reduced retirement are:

- Age 50 with 20 years of creditable service or age 60 with 5 years of membership service.
- Law Enforcement Officers qualify at age 50 with 15 years of creditable service as an officer or any age with 25 years of creditable service with 15 years of service as an officer (effective July 1, 2019)

LEOs younger than 50, who have 25 years (but not 30 years) of creditable service, may retire with reduced pensions. Since the benefit is reduced for early retirement, the **Special Separation Allowance (SSA)** is not payable.

Defined Benefit Formula

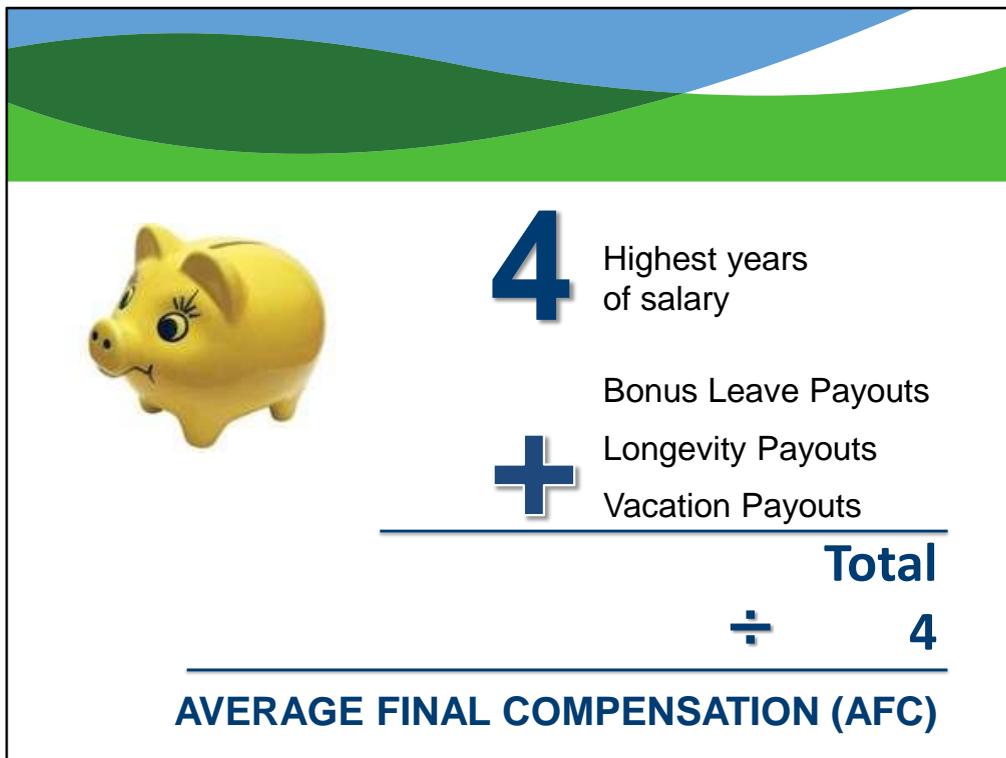
Defined Benefit Formula

A chalkboard showing a handwritten calculation for a defined benefit formula. The calculation is as follows:

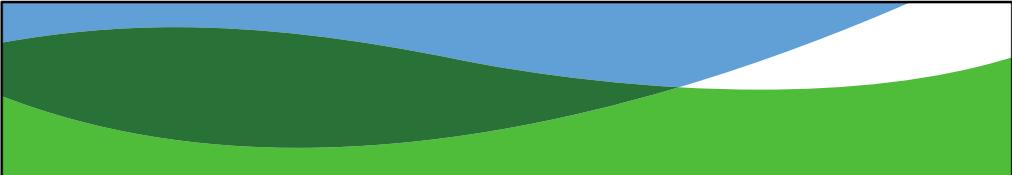
Average Final Compensation	\$50,000
X Accrual Factor	0.0182
X Years of Service	30
<hr/>	
Per year	\$27,300
÷	12
<hr/>	
Per month	\$2,275

Note: Reduction factors apply for early retirements

As I mentioned earlier, your lifetime monthly benefit will be based on a defined benefit formula. That defined benefit formula is a 1.82% accrual factor, multiplied by average final compensation, multiplied by your years and months of creditable service -- this produces the maximum annual allowance. Divide this total by 12 to get the maximum payment option. Keep in mind that reduction factors will be applied for early retirements.



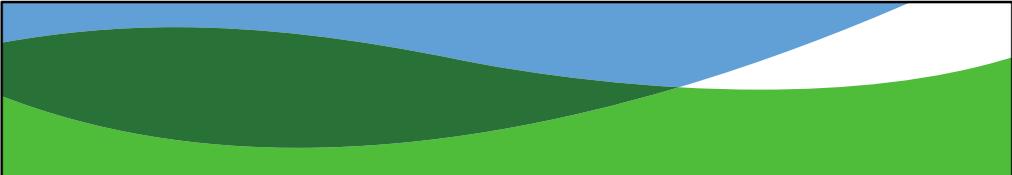
Let me explain this formula starting with the average final compensation that is an average of the highest four consecutive years of reported salary. If the last four years produce the highest AFC, final payouts for bonus leave, longevity and vacation leave are included in the AFC. Final payments, if any, for unused sick leave or reimbursements for expenses are not included in your AFC.



AFC Calculation Example – 12-Month Employee – July 2019 Retirement

<u>Year</u>	<u>Months</u>	<u>Amount of Service</u>	<u>Gross Salary</u>
2019	Jan-June	6/12	\$35,361.45
2018	Jan-Dec	Full Year	\$49,088.17
2017	Jan-Dec	Full Year	\$46,473.01
2016	Jan-Dec	Full Year	\$43,439.49
2015	July-Dec	6/12	<u>\$21,334.48</u>
			\$195,696.60 ÷ 4
		AFC =	\$ 48,924.15

For example we have a 12-month employee with an effective retirement date of July 1, 2019. The last four years of employment for this member will yield the highest consecutive 4 years of reported salary. This employee worked January through June in 2019, which is 6 out of 12 months, earning a salary of \$35,361.45 during that six-month period. This amount includes the member’s longevity and annual leave payouts. In 2018, 2017 and 2016 this member worked the entire year in each year during that period, giving us a total of 3 years and 6 months of salary. To determine the average final compensation, we need 4 consecutive years of reported salary; therefore we need 6 additional months of salary. So we go into 2015, and take July through December salary because the salaries we use for the average compensation must be consecutive. Now we add the salaries together and divide that total by 4. This member has an average final compensation total of \$48,924.15



AFC Calculation Example – 10-Month Employee – July 2019 Retirement

<u>Year</u>	<u>Months</u>	<u>Amount of Service</u>	<u>Gross Salary</u>
2019	Jan-May	5/10	\$38,361.45
2018	Jan-Dec	Full Year	\$49,088.17
2017	Jan-Dec	Full Year	\$46,473.01
2016	Jan-Dec	Full Year	\$43,439.49
2015	Aug-Dec	5/10	<u>\$18,334.48</u>
			\$195,696.60 ÷ 4
		AFC =	\$ 48,924.15

Let’s look at an example of how we determine the average final compensation for a 10-month employee. Here we have an effective retirement date of July 1, 2019. The last four years of employment for this member will yield the highest Average Final Compensation. This employee worked January through May in 2019, which is 5 out of a full 10-month employment period, earning a salary of \$38,361.45 during that period. This amount includes the member’s longevity and annual leave payouts. In 2018, 2017 and 2016 this member worked the entire year in each year during that period, giving us a total of 3 years and 5 months of salary. To determine the average final compensation, we need 4 consecutive years of reported salary. Because this member is on a 10-month employment period, they need only 10 months to complete a year of service, so we need 5 additional months of salary to give us four full years. So we go into 2015, and take August through December salary because the salaries we use for the average compensation must be consecutive. Now we add the salaries together and divide that total by 4. This member has an average final compensation total of \$48,924.15.

Accrual Factor

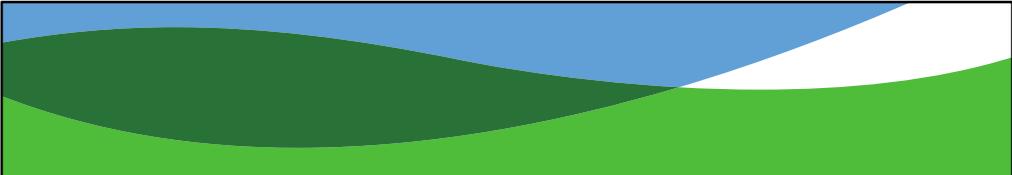
Currently

1.82%



Another part of the Defined Formula is the retirement accrual factor, which for the Teachers' and State Employees' Retirement System is currently 1.82%. This is determined by the General Assembly .

Creditable Service



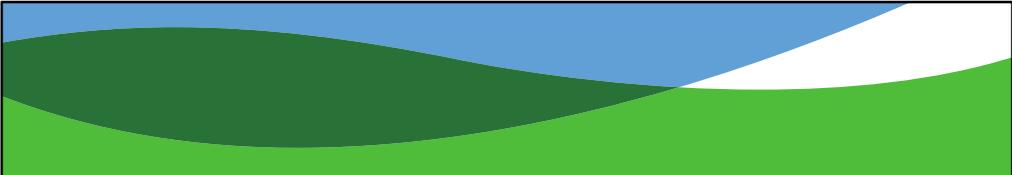
Creditable Service – Total of All Service

Contributing membership service

6% gross

- **Set by state law**
- **Condition of regular employment**

Finally, the years and months of creditable service - this can consist of membership service, which is where 6% of your gross monthly wages and salary is contributed into the Retirement Systems. That percentage is set by law. Contributing to the Teachers' and State Employees' Retirement System is a condition of your regular employment in a position that requires at least 30 hours per week for 9 months or more per year.



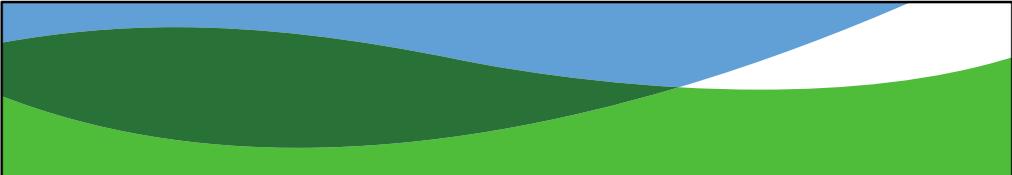
Creditable Service – Total of All Service

Noncontributing

- **Service time for which member receives retirement credit**
- **6% not withheld**

Examples: short-term, extended short-term and long-term disability

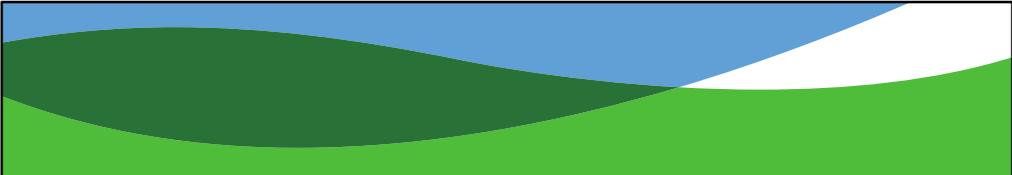
Noncontributory service can also be included in your creditable years and months of service. This is service where members receive retirement credit and the 6% contributions are not withheld from their gross salary. Examples of this are short-term disability, extended short-term disability and long-term disability.



Creditable Service – Total of All Service

- **Military service under free provision**
(free for member; employer pays employee and employer contributions)
- **Eligible service purchased**
- **Unused sick leave as allowed by law**

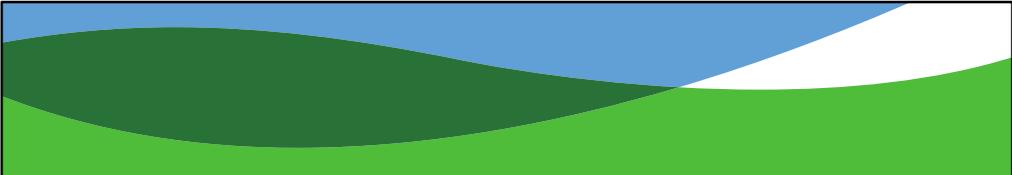
Military service under the free provision can be counted as creditable service. This is free to the members; employers pay employee and employer contributions. Creditable service also includes eligible purchased service credit. Unused sick leave as allowed by law can convert into creditable service at retirement.



Service Purchase Categories

- Withdrawn local or state governmental service
- Active military service
- Full-time out-of-state governmental service
- Temporary local or state service
- Part-time local or state service
- Educational leave
- Service with the federal government
- Waiting period imposed by a local unit
- Omitted state or local governmental service
- Workers' compensation leave
- Prior local service

There are many different types of service purchases. Here is a list of the different types of service you may be eligible to purchase.



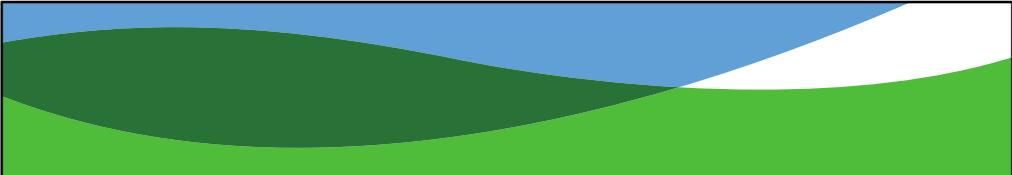
Service Purchase Categories

For detailed information about service purchases, refer to:

- **ORBIT Credit Purchasing Forms Page**
- **Your Retirement Handbook**

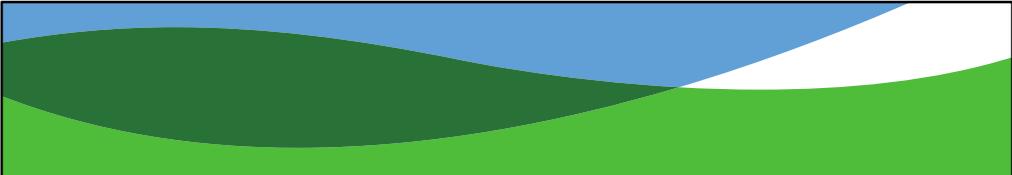
Or contact either your Human Resources Department or the NC Retirement Systems Division.

For detailed information about each of these service purchase types, visit the ORBIT Credit Purchasing Forms page.



Service Purchase Categories

- Members can use pre-tax funds from an eligible IRA or eligible retirement plan such as a 401(k) or 457, as a rollover to purchase service.



Unused Sick Leave at Retirement

20 days of accrued sick leave **=** **1** month of creditable service

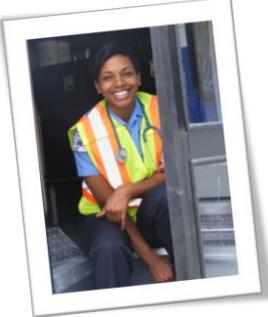
Unused sick leave converted from excess vacation counts

I would now like to tell you how your unused sick leave balance may provide additional creditable service at retirement.

You will receive one additional month of service for every 20 days of accrued sick leave and one more month for any additional portion of 1 hour or more.

Unused Sick Leave at Retirement

Example



30.0 Years of membership service

+ **0.5** Unused certified sick leave

= 30.5 Years of creditable service

101 days = 6 months of service

Unused sick leave converted from excess vacation counts toward service at retirement. One example of how sick leave applies to a member’s creditable service at retirement is a member who is a 12 -month employee with 30 years of membership service, from working and making contributions **and** 101 unused sick leave days (certified by the employer). 101 sick days divided by 20 = 5 months with a remaining balance of one day. This member would gain 6 months of additional creditable service and retire with 30.5 years of service. It is important to note that a **sick leave “day” is determined by the employer’s sick leave accrual policy and may or may not be equal to 8 hours.**

Unused Sick Leave at Retirement

<p>Example 1</p> <p>12 hours worked</p> <p style="text-align: center;">=</p> <p>1 Sick day</p>		<p>Example 2</p> <p>7.5 hours worked</p> <p style="text-align: center;">=</p> <p>1 Sick day</p>
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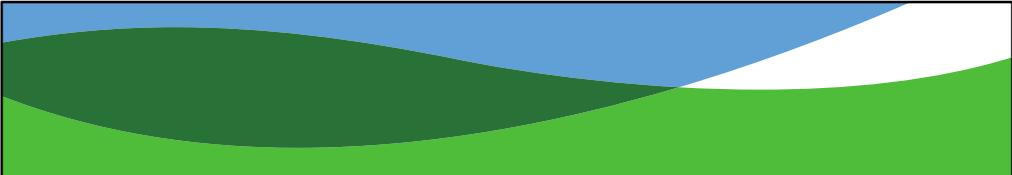
Example 1

An employee who earns 1 day of sick leave per month under the employer’s sick leave accrual policy may work an extended shift of 12 hours per day and accrue 12 hours of sick leave each month. When the employer certifies unused sick leave on the employee’s retirement application, Form 6, if that employee has 12 hours of eligible unused sick leave, the employer should report 1 day of unused sick leave, rather than 1.5 days.

Example 2

An employee who earns 1 day of sick leave per month under the employer’s sick leave accrual policy may work 7.5 hours per day and accrue 7.5 hours of sick leave each month. When the employer certifies unused sick leave on the employee’s Form 6, if that employee has 7.5 hours of eligible unused sick leave, the employer should report 1 day of unused sick leave.

If your last day of service with a TSERS employer is within 5 years before your TSERS effective date of retirement, your unused sick leave will count toward your creditable service.



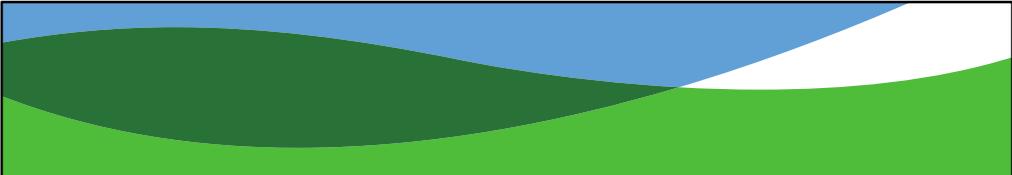
Earned Sick Leave

Can be used to complete:

- 30** years of service
- 25** years of service after age **60**
- 20** years of service after age **50**

Sick leave **can** be used to complete:

- 30 years of service
- 25 years of service after age 60
- 20 years of service after age 50



Earned Sick Leave

Cannot be used to meet the minimums for:

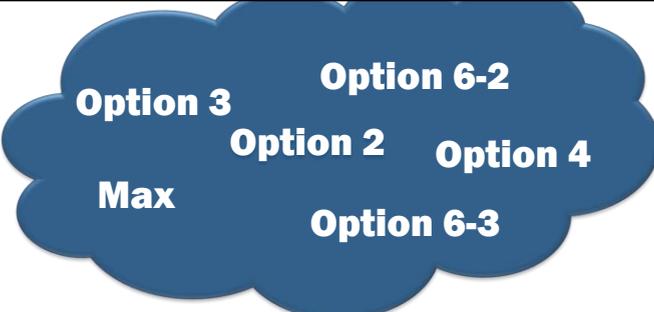
- **Deferred benefit**
- **Survivor's alternate benefit**
- **Disability retirement**
- **5-year eligibility for retirement and health coverage**

Earned sick leave CANNOT be used to meet minimums for:

- Deferred benefit
- Survivor's Alternate Benefit
- Disability retirement
- 5 years to become eligible for retirement at age 60 or age 65
- 5 years to become eligible for health coverage

Options

Assumptions:
 Member's Age = 49,
 Beneficiary Age = 51
 AFC = **\$50,000.00**
 Service = **30 years**
 Estimated SS@62 =
 \$1,200



Option	Retiree	Beneficiary
Maximum	\$2,275.00	\$0.00
Option 2 100%	\$2,150.10	\$2,150.10
Option 3 50%	\$2,210.85	\$1,105.42
Option 4 <u>to age 62</u> <u>After</u> age 62	\$2,664.67 \$1,464.67	\$0.00
Option 6-2 Pop-up	\$2,138.73	\$2,138.73
Option 6-3 Pop-up	\$2,204.70	\$1,102.35



Here's an example of a retirement benefit estimate. We have a member who is 49, and a beneficiary who's 51; our average final compensation for this example is \$50,000. At this point in time, this member also has exactly 30 years of service. They could have purchased service, they could be using unused sick leave, but 30 is the number for this calculation. This member is also telling us how much they expect to receive from Social Security when they turn 62.

First we do the formula. \$50,000 times 1.82% times 30. This gives us a maximum annual benefit, and this number is divided by 12. So this member will receive exactly \$2,275.00. When this member dies, this benefit stops. The maximum benefit is for the member's lifetime only.

If we need to provide for a beneficiary after our death, we have a couple of different options. The first is option 2 -- this is called the 100% joint survivor. This member will receive \$2,150.10 for their lifetime -- when they die, their surviving beneficiary will also receive \$2,150.10 paid to them for the rest of their life. Option 3 is a 50% joint survivor. We are going to pay the member more now, \$2,210.85, because we are only going to be paying the beneficiary half. With Option 2 and 3, if the beneficiary dies first, the member's payment does not change.

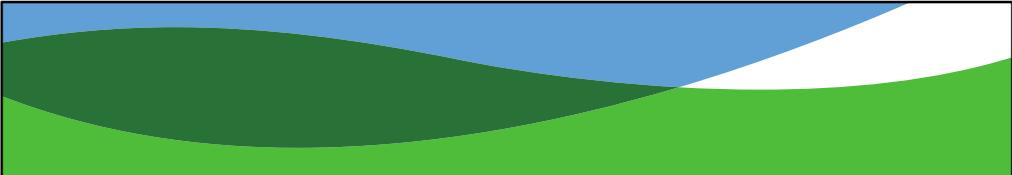
Option 4 I'm going to skip, but we'll come right back to that simply because Options 6-2 and 6-3 are modified versions of Option 2 or 3. These are called the pop up, or more technically "revert to maximum." With option 6-2, Modified 100% Joint and Survivor, the

member will receive \$2,138.73 for their lifetime. When they die, their surviving beneficiary will receive \$2,138.73 for the rest of their life. But should the beneficiary die before the member, the member's benefit pops back up to the maximum of \$2,275.00. The same thing happens with option 6-3. This is a 50% joint survivor -- so we are going to pay the member more now because we are only going to be paying the beneficiary half. In this example, that's \$2,204.70. When the member dies, the beneficiary will receive \$1,102.35. But should that beneficiary die before the member, the member's benefit changes to the maximum benefit of \$2,275.00.

And now we go back to option 4. This is called social security leveling. Keep in mind that the retirement system is not paying the member social security. We are paying a higher modified maximum benefit; \$2,664.67 every month until this member turns 62. The month after their 62nd birthday, when the member becomes eligible for their first Social Security check, we are going to pay them \$1,464.67. The difference is exactly \$1,200 -- the amount the member indicated they will receive for early Social Security at age 62. Now this is a modified maximum benefit, so should the member die, this benefit will stop. Option 4 is for the member's lifetime only.

We are going to pay them \$2,664.67 until they turn 62, but after age 62 they will receive the \$1,464.67 monthly benefit for the rest of their lives. Three months before they turn 62 they should apply for early social security. When the benefit changes after their 62nd birthday, the monthly benefit will be approximately the same as it was prior to what it was before age 62, but will now come from two sources: social security and the retirement system.

Please note: For members electing Option – 4, the member is responsible for providing the Retirement System a Social Security Estimate that accurately reflects their earned income after retiring from State or Local Government. Your retirement benefit is not considered earned income when determining your actual Social Security benefit amount. A custom estimate for early Social Security is available online in your personal “my Social Security” account at www.ssa.gov/myaccount



Payment Option Changes

Retirees cannot change payment option or designated beneficiary once the first retirement check is cashed

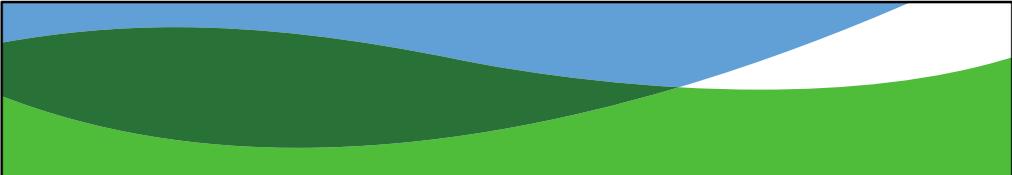
Exceptions:

- Divorce from spouse
- Return to employment as a TSERS contributing member for at least 3 years
- Death of spouse – redesignation of spouse provision under Options 2 or 3 within 90 days of remarriage

Retirees cannot change payment options or their designated beneficiary once the first retirement check is cashed. Or, if not cashed, after the 25th of the following month, except under the following conditions or exceptions:

- Divorce from spouse, provided the member's spouse was their survivor beneficiary at retirement.
- Return to employment covered under TSERS and contribute to a new retirement account for at least 3 years since the benefit was suspended.
- After the death of a spouse, provided the member's spouse was their survivor beneficiary at retirement under Option 2 or 3, the member may name their new spouse as their beneficiary under the same option.

Redesignations must be requested within 90 days of remarriage and the election must be filed with RSD no later than 120 days after remarriage.



Retirement Benefit Payment Option

Selection of a monthly payment option is a personal decision

- Popular choices made by others should not influence your decision

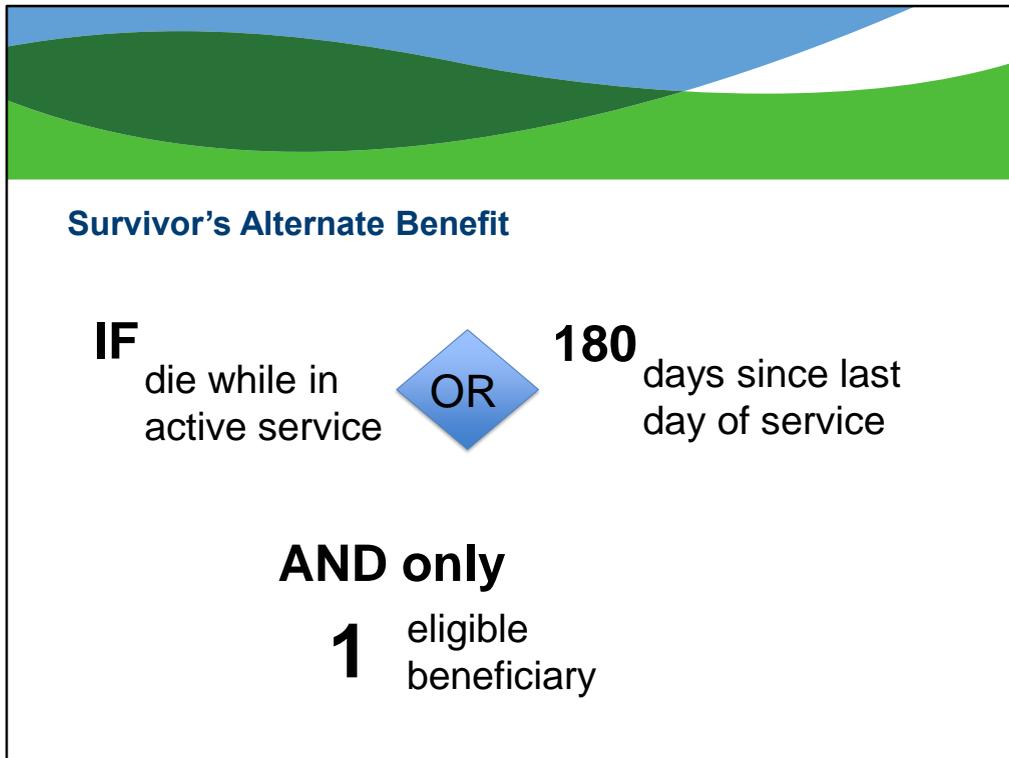
Consider your situation

Selection of monthly payment plan is a personal decision.

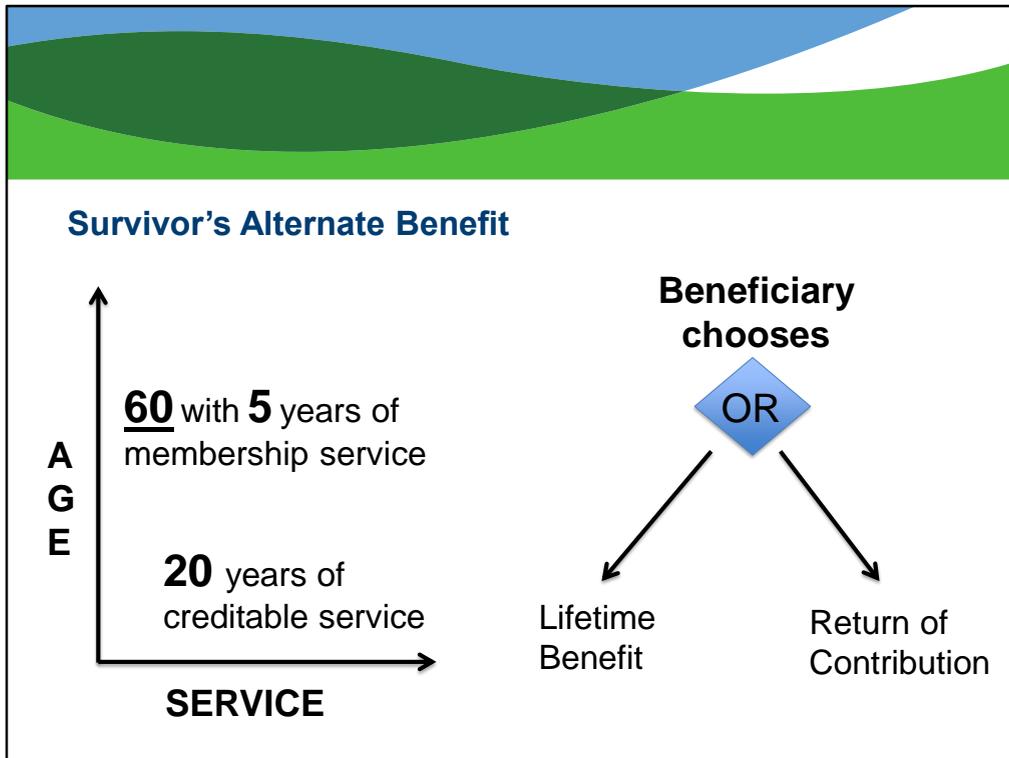
Popular choices made by others should not influence your decision.

Consider your financial situation, your age, your health, and whether or not you need to provide for a dependent, and your dependent's financial situation, age, health, and so forth.

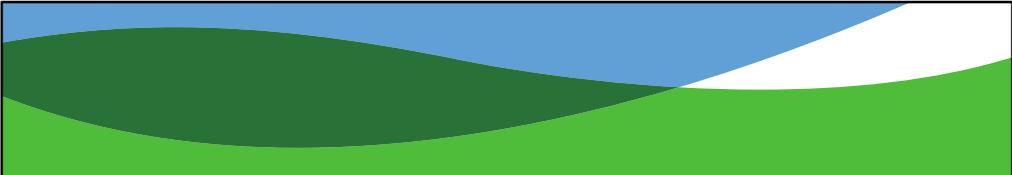
Death Benefits



For the Survivor's Alternate Benefit, if you are not retired and you die while in active service or within 180 days of your last day of service, and you have named only one eligible beneficiary for the return of your contributions, and that beneficiary is living at the time of your death [slide change]...



and you have reached age 60 with 5 years of membership service , or completed 20 years of creditable service (not counting unused sick leave credit) regardless of your age, then your beneficiary may choose to receive a lifetime monthly benefit under Option 2, instead of a lump sum return of contributions payment.

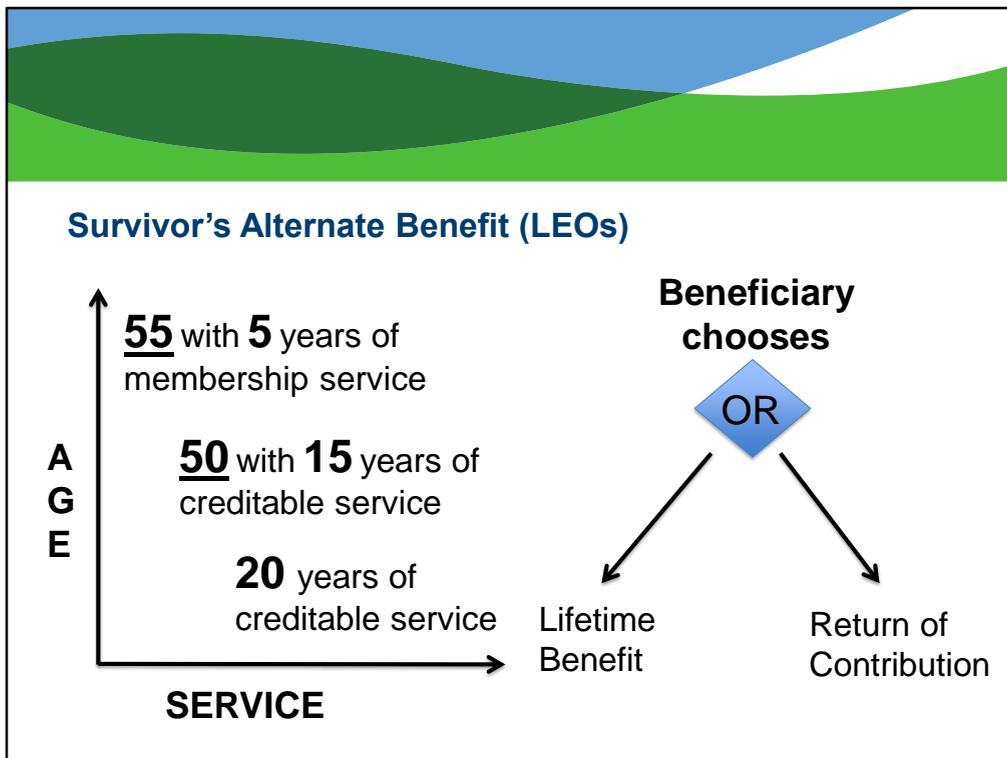


Survivor's Alternate Benefit (LEOs)

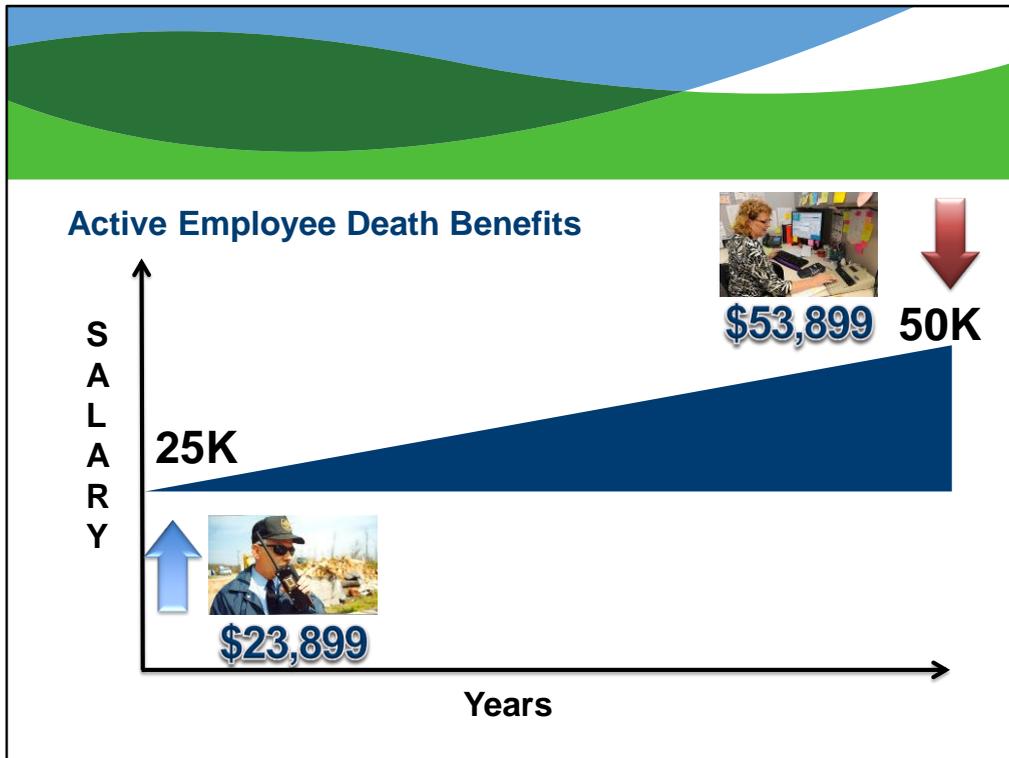
IF die while in active service **OR** **180** days since last day of service

AND only
1 eligible beneficiary

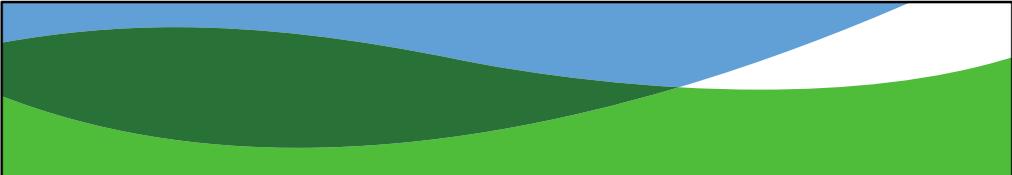
The same applies for the law enforcement officer's Survivor's Alternate Benefit. If you are not retired and you die while in active service, or within 180 days of your last day of service, and you have named only one eligible beneficiary for the return of your contributions, and that beneficiary is living at the time of your death [slide change]...



And you have completed 20 years of creditable service (not counting unused sick leave) regardless of your age, or have reached age 50 with 15 years of creditable service as a Law Enforcement Officer (LEO), or reached age 55 with 5 years of membership service or if you are killed in the line of duty after completing 15 years of creditable service as a LEO, then your beneficiary can choose to receive the lifetime monthly benefit under Option 2, instead of a lump sum return of contributions payment.



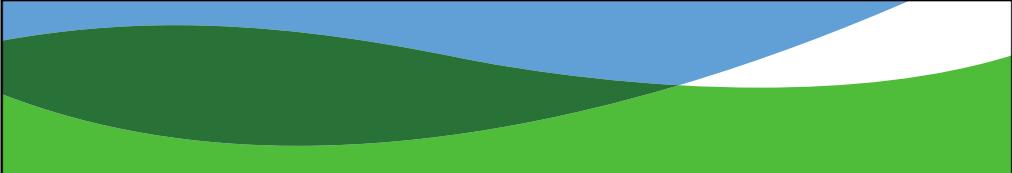
For active employee benefits, a member must have one year of membership service. The payment will equal the highest 12 consecutive months of salary during 24 months of service before death. The payment will be no less than \$25,000, and no more than \$50,000.



Retiree Death Benefits

- If survivor option chosen (Option 2, 3, 6-2, or 6-3), benefit begins to beneficiary
- Active Death Benefit continues for 180 days

For retirees who chose a survivor beneficiary option, monthly benefits, if applicable, will begin for that beneficiary. Also, if the retiree dies within 180 days of the last day of employment, then the active death benefit is payable (minimum \$25,000 up to a maximum of \$50,000).

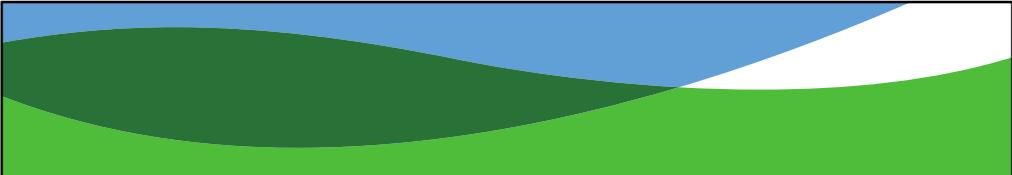


Retiree Death Benefits

Guaranteed Refund

Is a complete refund of **all remaining contributions** made by the member

All retirement plans have a guaranteed refund of accumulated retirement contributions and interest. This will be the amount of your contributions and interest, less all of the monthly benefits paid up to that point. The guaranteed refund will also be paid upon the death of the survivor if there is a balance of undistributed contributions remaining.



Contributory Death Benefit (CDB) for Retired Members

\$10K

Is payable to your designated beneficiary(ies), spouse or estate

Election must occur within 60 days of retirement date

Retirees receive Contributory Death Benefit election forms shortly after submitting their retirement application. The CDB election must occur within 60 days of the retirement date. The lump sum death benefit is \$10,000, provided the retiree's death occurs after the 24th full month in which the required contributions have been made. If death occurs before the full 24-month anniversary of your effective date of participation, the amount payable equals contributions plus interest. The death benefit is payable to any beneficiary of your choice. If no beneficiary or beneficiaries are chosen, the benefit is payable to your surviving spouse or to your estate, if there is no surviving spouse.

Initiating Retirement

Retirement Online



The online retirement application is here!

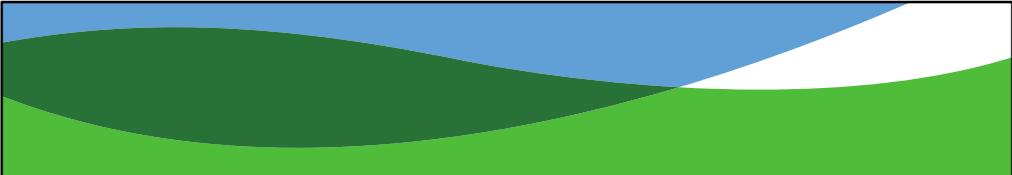
If you are a member of the Teachers' and State Employees' and Local Governmental Employees' Retirement Systems and are within 120 days from your chosen retirement date, you have a new way to apply for retirement. The NC Retirement Systems now has an online retirement feature in ORBIT. No more filling in multiple forms by hand or waiting for the Retirement Systems Division to receive your paperwork by mail. The online application offers a step-by-step guide to move you through the process, integrated videos, examples and links available on screen at critical decision-making points and built-in pension rules that prevent delays in the processing of your retirement application.

Make sure you have an up-to-date ORBIT account so you'll be ready when retirement time comes. Access ORBIT at MyNCRetirement.com or register today. The first step to take if you're thinking about retirement is to log in to ORBIT to get a free, customized benefit estimate of your retirement benefits to make sure you're ready to retire. Although we will still accept paper applications, we feel confident that you'll prefer the online retirement application.

The "Paper Process" remains the same –

- To initiate your retirement, both you and your employer begin by completing Form 6, "Claiming Your Monthly Retirement Benefit," 120 to 90 days prior to your retirement date. You complete page one, and your employer will complete page two before sending it to the Retirement Systems Division.

- Along with Form 6, you must attach proof of birth for you and your beneficiary, which can be a copy of the driver's license, birth certificate, passport, or state or government-issued identification.
- You should also send your Social Security Estimate of retirement benefits at age 62 if you are interested in Option 4.
- The Retirement Systems Division will mail to you:
 - An acknowledgement letter, which includes NC 401(k)/NC 457 transfer benefit information,
 - Form 170 – Authorizing Direct Deposit, and
 - Form 333 – Choosing the Contributory Death Benefit
- The Retirement Systems Division then reviews eligibility, service and salary, and in approximately 60 -90 days after receipt of your Form 6, we will mail to you:
 - A report of your estimated retirement benefits,
 - Form 6E – Choosing Your Retirement Payment Option,
 - Form 290 – Choosing Income tax Withholding Preferences, and
 - Form 336 – Designating Beneficiary(ies) for the guaranteed Refund as a Retiree
- The member will:
 - Make a decision regarding a payment option and
 - Submit completed Form 6E, along with other applicable forms, to the Retirement Systems Division for processing.

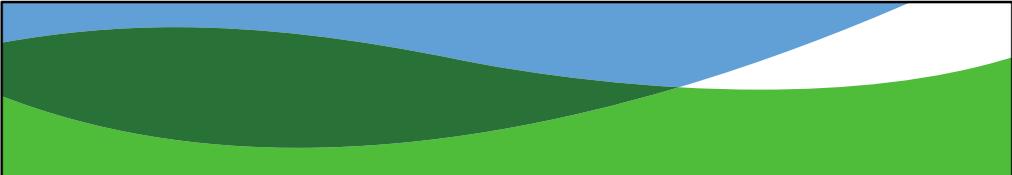


Retirement Process Reminders

- ✓ Retirements are always effective 1st day of the month
- ✓ Application must be signed and dated at least one day, but no more than 120 days ahead of retirement date
- ✓ Processed in the order received
- ✓ First benefit payment is always mailed
- ✓ Payday is the 25th of each month
- ✓ December deposit usually on the 20th of the month

- Retirements are always effective on the first day of the month.
- Your application must be signed and dated at least one day, but no more than 120 days, prior to the effective date of retirement.
- Retirement applications are processed in the order they are received.
- Your first monthly benefit is always mailed to your home address.
- Pay day is the 25th of each month. If the 25th falls on a weekend or holiday, the deposit will be made on the last workday before the weekend or holiday.
- The December monthly benefit deposit is usually made on the 20th of the month.

Health Coverage and Optional Insurance

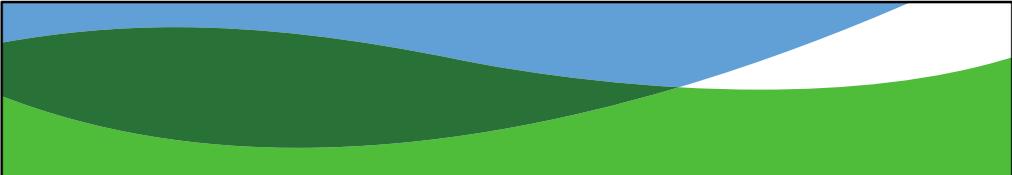


Dental, Vision and Identity Theft Benefits

- Enrollment is optional
- Retirees pay full cost
- Premiums will be deducted from monthly retirement benefit

Pierce Insurance Agency
855-627-3847
www.ncretiree.com

In an effort to continuously enhance the benefits available to retired public employees, the Retirement Systems Division is proud to offer you optional dental, vision, and identify theft programs through our trusted partner, Pierce Insurance. Soon after you retire, Pierce will mail information about these insurance products directly to you. Enrollment is optional and retirees pay the full cost of coverage; however, you may be able to benefit from the lower group rates offered through Pierce. If you would like to contact Pierce Insurance directly with questions, please call 1-855-NCRETIRE or go to www.ncretiree.com.



Retiree Health Coverage

2018 Non-Medicare Plan Options

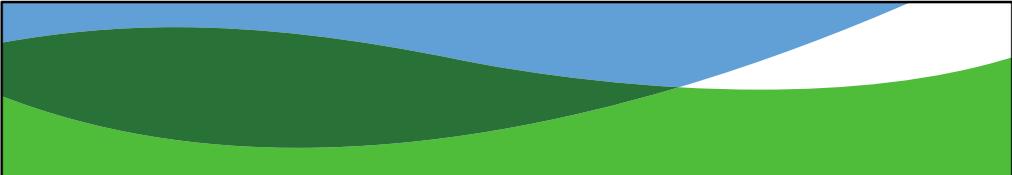
- Enhanced 80/20 Plan
- Traditional 70/30 Plan

To learn more about the options available to you, call the State Health Plan at 855-859-0966 or visit the plan's website at www.shpnc.org.



If you are an active TSERS employee, your employer will continue your State Health Plan active group coverage through the first month of retirement. The State Health Plan retiree group coverage is effective the first of the month following the retirement effective date. For example, if your retirement date is January 1, your coverage is effective February 1.

There are two health plan options for non-Medicare eligible retirees. They include: the Enhanced 80/20 Plan, the Traditional 70/30 Plan. For more information about your plan options, call the State Health Plan's Eligibility and Enrollment Support Center at 855-859-0966.



Retiree Health Coverage

2018 Medicare Primary Plans

- Medicare Advantage Base Plan - UnitedHealthcare
- Medicare Advantage Enhanced Plan - UnitedHealthcare
- Traditional 70/30 Plan - Blue Cross & Blue Shield of NC

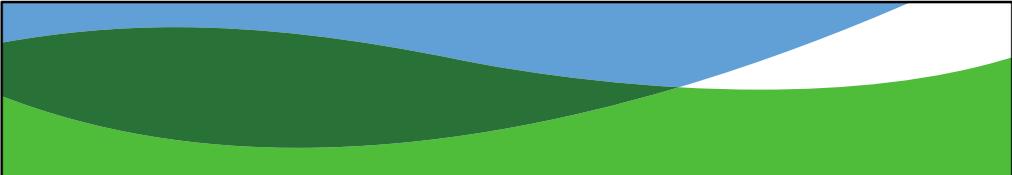
Benefit booklets and further information for each plan are located on the State Health Plan website at www.shpnc.org.



If you retire at age 65 or older, Medicare will become primary effective the date you retire. As a Medicare Primary retiree, there are three health plan options available to you:

The UnitedHealthcare Group Medicare Advantage Base Plan, the UnitedHealthcare Group Medicare Advantage Enhanced Plan, and the Traditional 70/30 PPO Plan through Blue Cross and Blue Shield of North Carolina.

Benefit booklets and contact numbers for each plan are located on the State Health Plan website at www.shpnc.org.



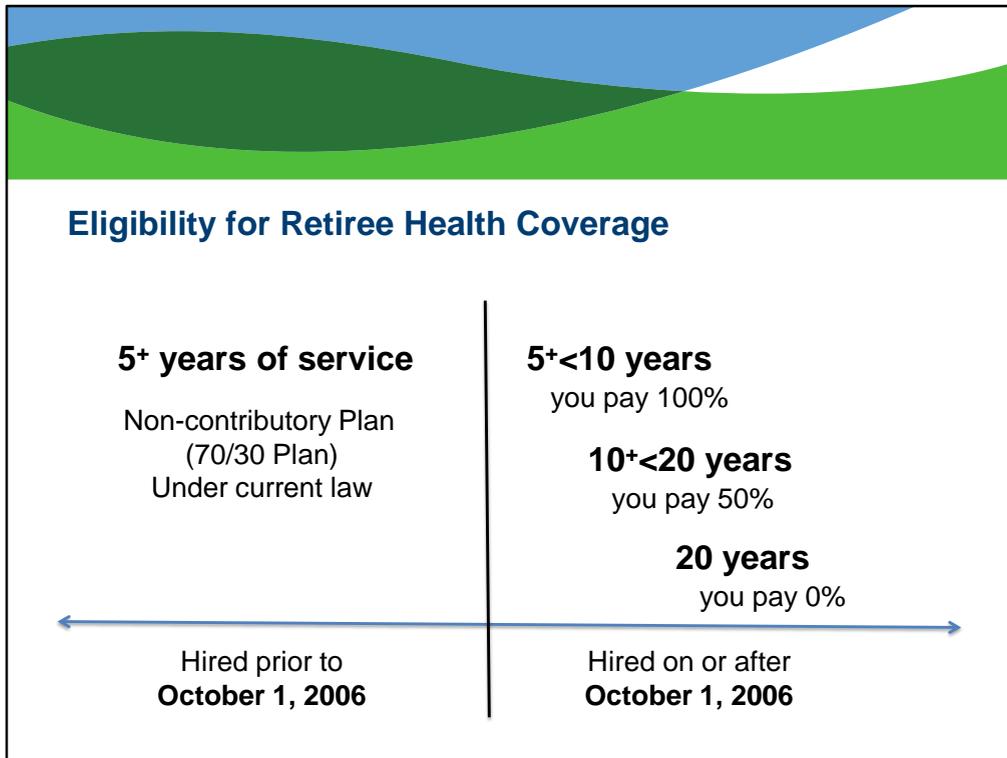
Medicare Parts A & B

- Medicare-eligible retirees must be enrolled in both Medicare Part A and Medicare Part B to be eligible for a Medicare Advantage Plan
- Retirees already enrolled in Medicare Part A must also enroll in Part B
- Retirees enrolled in the Traditional 70/30 plan **with no** Part B will incur greater out-of-pocket costs

Important: You must enroll in Medicare **three months before your 65th birthday** to be eligible for a Medicare Advantage Plan

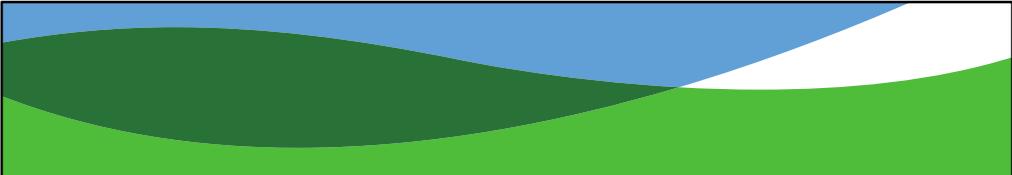
It's important to understand that a Medicare-eligible retiree must be enrolled in both Medicare Part A and Medicare Part B to qualify for a Medicare Advantage Plan. If you worked beyond age 65, and already have Medicare Part A in place, you are required to add Medicare Part B to become effective as of your retirement date.

If you do not enroll in Medicare Part B, you will incur greater out-of-pocket costs if enrolled in the Traditional 70/30 plan. You must enroll in Medicare during the three months before your 65th birthday to have the option to enroll in a Medicare Advantage plan. Otherwise, you'll have to wait until the next annual enrollment period.



One important factor to take into consideration is, if you were first hired prior to October 1, 2006, you need 5 years of state contributory **membership service** to be eligible under current law for state-paid individual retiree group coverage under the Traditional 70/30 PPO Plan or Medicare Advantage Base Plan at retirement. Please note, there is an additional fee for other plans.

If you were first hired on or after October 1, 2006, you need 20 years of retirement service credit to be eligible under current law for state-paid individual retiree group coverage under the Traditional 70/30 PPO Plan or Medicare Advantage Base Plan at retirement. If you have 5 years, but less than 10 years, you may enroll and pay the full cost. And if you have 10 years, but less than 20 years, you may enroll and pay 50% of the cost.

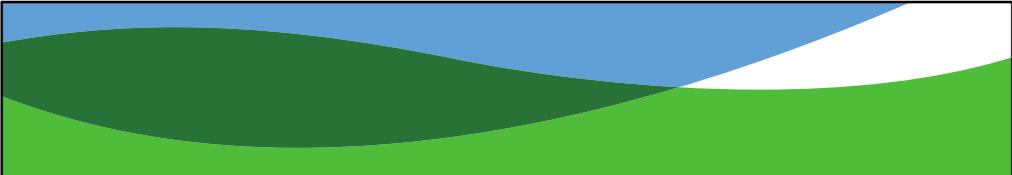


Auto-enrollment in the State Health Plan

- Auto-enrollment occurs whether or not you were previously enrolled as an active employee
- You will be responsible for the retiree share of the health plan premium
- Contact the State Health Plan at 855-859-0966 or log into ORBIT and click eEnroll to decline coverage

This auto-enrollment will occur even if you were not enrolled in SHP coverage as an active employee. Those whose eligibility requires them to pay 50 – 100% of their premiums will be auto-enrolled at that cost.

If you are sure that you do not want to be enrolled in health coverage under the SHP as a retiree, you must contact the State Health Plan by phone or log into ORBIT and click eEnroll to decline coverage. If you do not decline coverage, the auto-enrollment will occur.

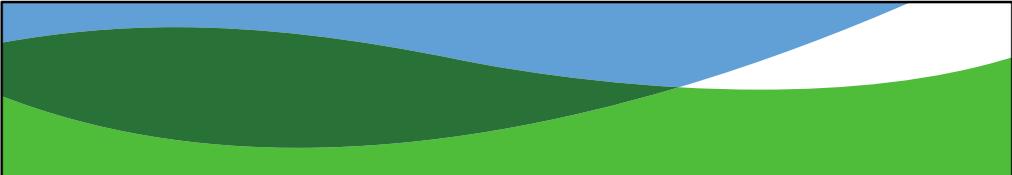


Auto-enrollment in the State Health Plan

If you are not Medicare Primary, you will be automatically enrolled in the health plan you were enrolled in as an active employee, along with any covered dependents.

If you had opted out of SHP coverage as an active employee, you will be automatically enrolled in the Traditional 70/30 Plan.

If you are not Medicare Primary, you will be automatically enrolled in the health plan you were enrolled in as an active employee along with any covered dependents. If you had opted out of state health plan coverage, you will be automatically enrolled in the Traditional 70/30 plan.



Auto-enrollment in the State Health Plan

Medicare-eligible Retiring employees

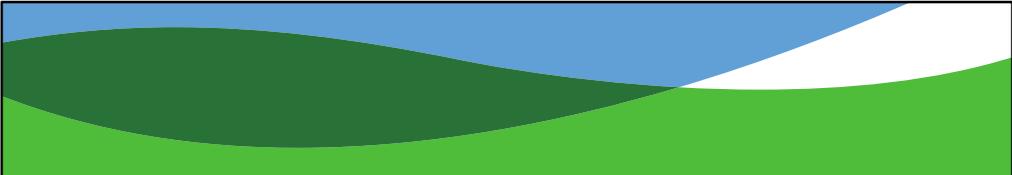
60+ days	< 60 days
<p>Automatically enrolled in a Medicare Advantage Base Plan (with a 30-day option to change plans)</p>	<p>Automatically enrolled in the Traditional 70/30 Plan – are able to enroll in a Medicare Advantage Plan until the day before your coverage effective date</p>

If you and/or your dependents are Medicare-eligible, and your retirement process is completed 60 days or more prior to your coverage effective date, you will be automatically enrolled into the Group Medicare Advantage Base Plan with UnitedHealthcare.

You will have up to 30 days PRIOR to your coverage effective date to change plans. If no action is taken, you will remain in this assigned Medicare Advantage Plan until the next open enrollment.

If you are Medicare-eligible and your retirement process is completed less than 60 days prior to your coverage effective date, you will be automatically enrolled in 70/30 Plan. You will have until the day before your benefit effective date to enroll in the Medicare Advantage Plan. Keep in mind that non-Medicare eligible dependents will be auto-enrolled into the health plan they were enrolled in while the retiree was an active employee.

Transfer Benefit



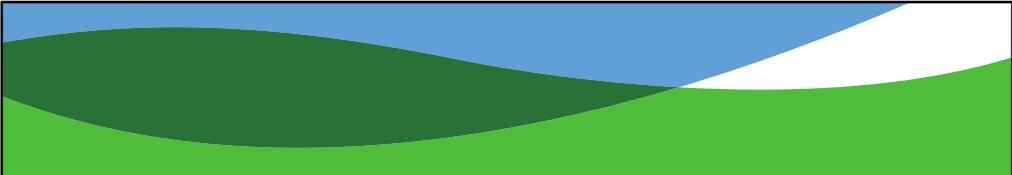
Optional Transfer Benefit

 North Carolina
Total Retirement Plans
401k|457|403b

 *Dale R. Folwell, CPA*
STATE TREASURER OF NORTH CAROLINA
DALE R. FOLWELL, CPA

- Available to retiring TSERS members with NC 401(k) or NC 457 accounts
- May transfer all or portion of NC 401(k)/457 funds to TSERS
- Receive separate monthly lifetime benefits based on the amount of transfer
- After-tax Roth contributions are non-transferable

The NC 401(k) NC 457 optional transfer benefit is available to retirees of Teachers' and State Employees Retirement System with NC 401(k) or NC 457 accounts. Retirees will have the option to transfer all or a portion of qualifying funds to the retirement system at retirement or any time after retirement, enabling you to create a second income stream in retirement. With this transfer, you will be able to receive an additional separate monthly lifetime benefit based on the amount that was transferred. After-tax Roth contributions are non-transferable.



Optional Transfer Benefit

 North Carolina
Total Retirement Plans
401k|457|403b

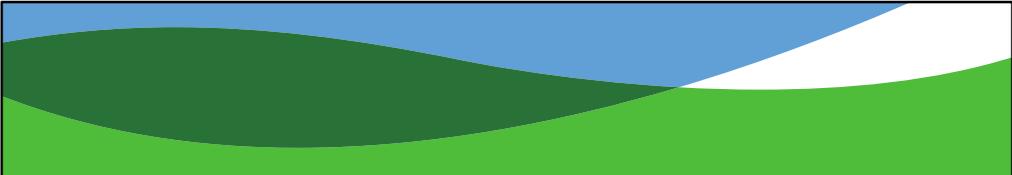
 *Dale R. Folwell, CPA*
STATE TREASURER OF NORTH CAROLINA
DALE R. FOLWELL, CPA

- Transfers are a one-time irrevocable election
- One-time \$100 administrative fee
- Submit Form **319**
 - No more than **120** days before transfer date
 - No later than **15th** day of month preceding transfer

Transfers are a one-time irrevocable election.

There is a one-time \$100 administrative fee per account transferred. To initiate the transfer, submit a Form 319 no more than 120 days before transfer date, and no later than the 15th day of month preceding transfer.

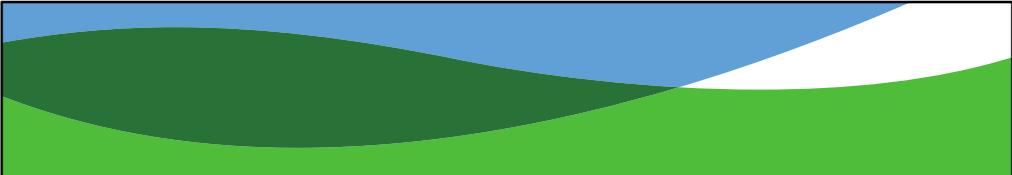
Our partners at the State Employees' Credit Union are ready to advise you on whether this benefit is right for you. Call SECU at 888-732-8562 to reach an experienced representative.



LEOs Transfer Benefit

Law enforcement officers (LEOs) vested by **6/30/2010**, have the option to transfer under a previously-established plan specifically for LEOs. Please contact the Retirement Systems Division at 877-NCSECURE for more information.

Law enforcement officers vested by June 30, 2010, have the option to transfer under a previously-established plan specifically for Law enforcement officers. Please contact the Retirement Systems Division for more information.

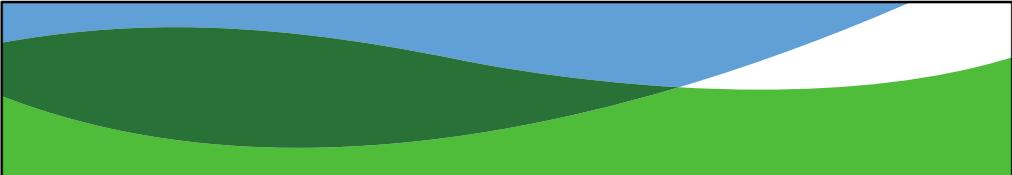


Optional Transfer Benefit – Additional Information

- State Employees’ Credit Union
 - Visit www.nclifetimeincome.org
- Prudential Retirement
 - Visit www.ncplans.prudential.com
- North Carolina Retirement Systems
 - Visit www.myncretirement.com

For more information, you can visit the State Employees’ Credit Union website, Prudential Retirement’s website, or you can visit the North Carolina Retirement Systems website.

Taxes



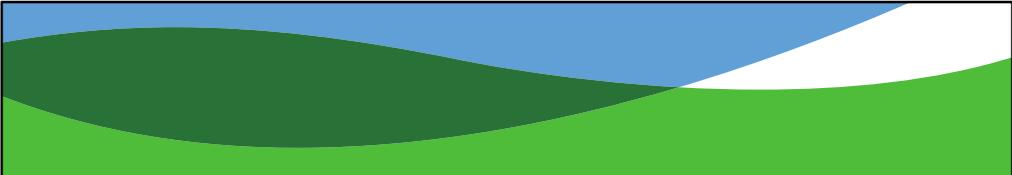
Federal Income Tax

The taxable portion of the monthly retirement benefit consists of:

- Contributions made on a “pre-taxed” basis after July 1, 1982
- Additional service credit purchase with “pre-taxed” dollars after January 1, 2003
- All interest accrued prior to retirement

Your retirement benefits are subject to federal tax. The taxable portion of the monthly retirement consists of:

- Contributions made on a “pre-taxed” basis after July 1, 1982
- Additional service credit purchased with “pre-taxed” dollars after January 1, 2003
- All interest accrued prior to retirement



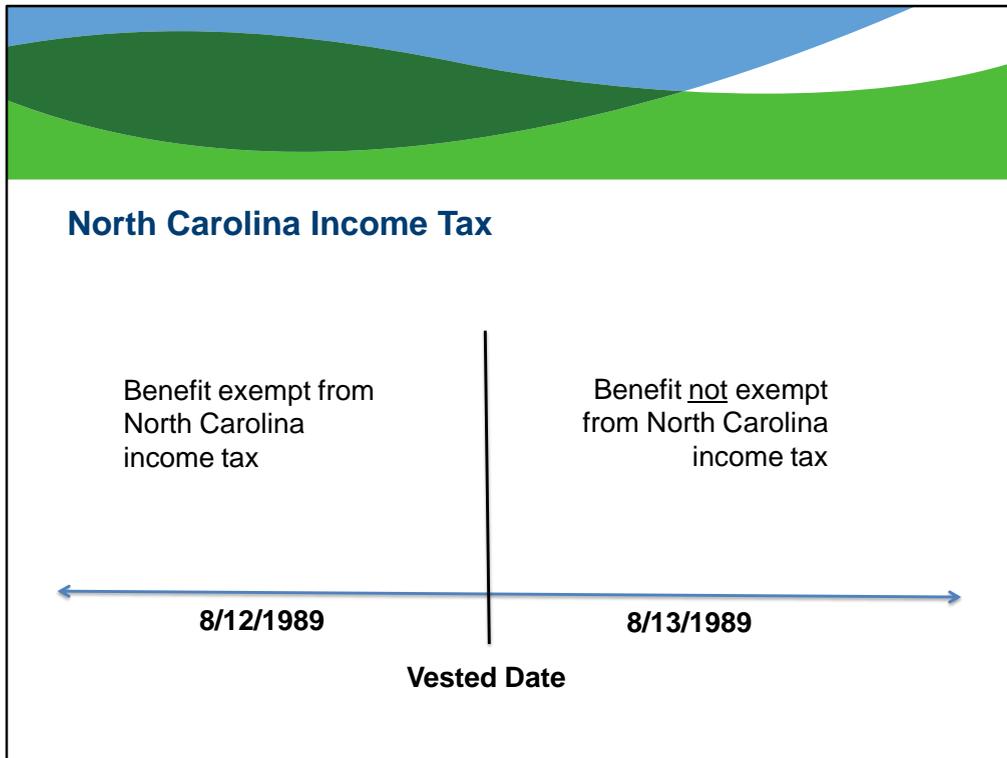
Federal Income Tax

The Retirement System withholds federal tax based on:

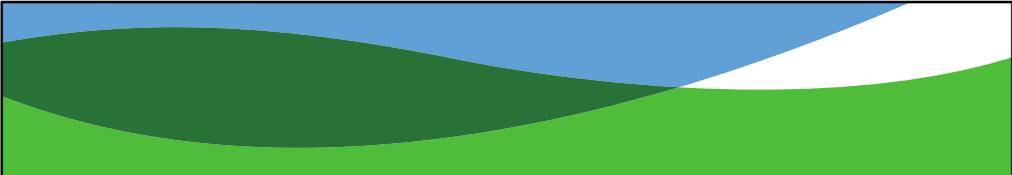
- The taxable portion of the benefit
- The filing status (married, single)
- The number of allowances claimed (0, 1, 2, etc.)

North Carolina Retirement System withholds federal tax based on:

- The taxable portion of the benefit
- The filing status (married, single)
- The number of allowances claimed (0, 1, 2, etc.)



- If you have maintained five or more years of retirement creditable service in North Carolina Retirement Systems as of August 12, 1989, your entire retirement benefit is exempt from North Carolina Income tax.
- If you were not vested as of August 12, 1989, you will be subject to North Carolina income tax on the taxable portion of your retirement benefit.



Tax Documentation

**Form 1099-R mailed by RSD
before January 31**



Form 1099-R is mailed by the North Carolina Retirement Systems before January 31st each year. It provides:

- Amount of retirement benefits
- Taxable portion (if any)
- Amount withheld (if any)

Tax Documentation

Changing Tax Withholdings

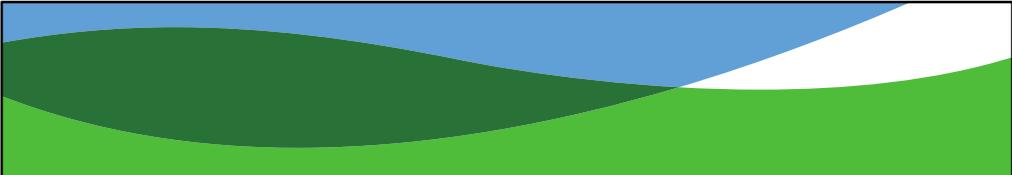
- In ORBIT
- Or complete Form 290



To change tax withholdings, retirees may go into ORBIT and select “Maintain Tax Withholding.” Or, you can complete Form 290 – Choosing Income Tax Withholding Preferences, and mail it to the Retirement Systems Division at:

3200 Atlantic Avenue, Raleigh, North Carolina 27604

Re-employment



Waiting Period Required

In all Cases:

- During the waiting period, you are prohibited from returning to work in any capacity for any employer that participates in the NC Retirement System, from which you retired, without facing a significant financial penalty (up to and including a repayment of all benefits received).
- Pre-existing agreements for post-retirement employment are prohibited

[ERG SPEAKER]

During the waiting period, you are prohibited from returning to work in any capacity for any employer that participates in the NC Retirement System, from which you retired, without facing a significant financial penalty (up to and including a repayment of all benefits received).

TSERS- 6 months

Please remember that pre-existing agreements for post-retirement employment are prohibited.

TSERS

During the 6 months immediately following your retirement date, to avoid a financial penalty, you cannot work for a TSERS employer in any capacity, except as one of the following:

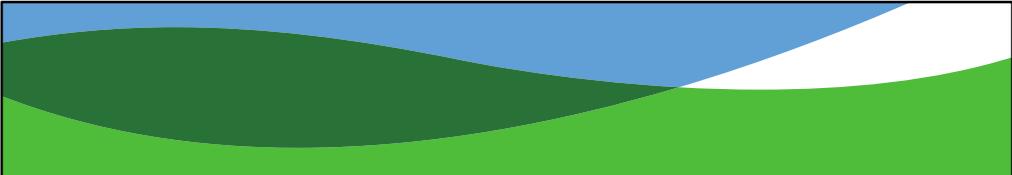
- A school board member
- A member of a board of trustees of a community college or of any constituent institution of the University of North Carolina
- An unpaid bona fide volunteer, performing service in a position in which any individual performing that type of service would not be paid. You will be subject to a penalty if other individuals performing that type of service are typically paid.

The financial penalty for returning to work for a TSERS employer on a part-time, temporary, interim, or fee for service basis, during the 6 months immediately following TSERS retirement, will be the lesser of the following as determined by the retirement system:

- You will be deemed to have retired the month after the month you performed services for the employer and repay all retirement benefits received and the cost of state-provided State Health Plan premiums until that date; **or**
- You will be required to make a lump sum payment to TSERS equal to three times the compensation earned during the 6-month period.

If you return to active membership service during the waiting period following your effective date of retirement, your TSERS/LGERS benefit will be cancelled retroactively to your retirement date, and you must repay all retirement benefits received since your retirement date.

Please refer to your handouts for specific guidance for your retirement system.



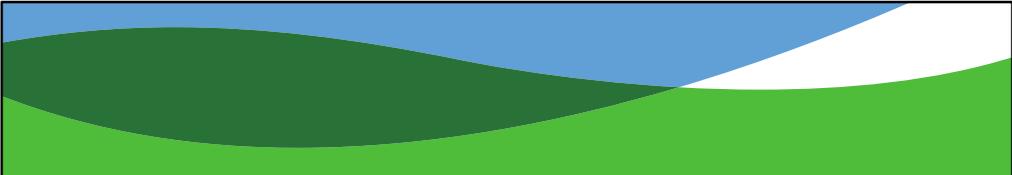
Re-employment after 6-month wait

Categories

- 1. Return as a contributing member of TSERS**
- 2. Return under an earnings restriction (earnable allowance)**

There are two categories in which a retiree can become re-employed after the 6-month wait.

A retiree can return as a contributing member of the Teachers' and State Employees' Retirement System, or can return under an earnings restriction, also known as an earnable allowance.



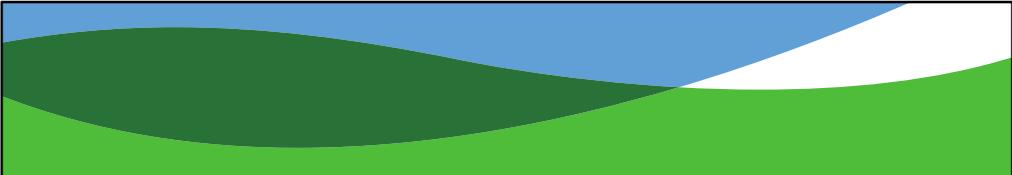
Re-employment

- 1. Return as a contributing member of TSERS**
 - After six-month break in service, member may suspend retirement and become reemployed as a TSERS contributing member
 - Retirement benefit payment will be stopped the first day of the month following reemployment

After a six-month break in service from any TSERS participating employer, a retiree may suspend his/her retirement and become re-employed in a TSERS position.

The retirement benefit payment will be stopped the first day of the month following the month of re-employment.

At that time, the re-employed individual will again become an active contributing member of TSERS.



Re-employment

**2. Return under an “Earnings Restriction”
(after six-month waiting period)**

Part-time, interim, temporary, contractual, or any other basis that does not require membership in TSERS

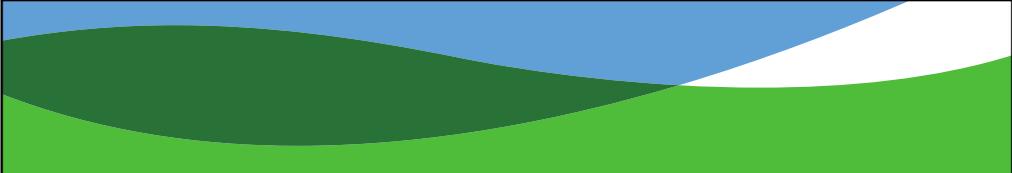
2019 amount

<p>of compensation during the 12 months before retirement</p> <p>50%</p>	<p>\$33,560</p>
<hr style="border: 1px solid black;"/>	
	
<p>*The Earnable Allowance increases yearly based on national Consumer Price Index</p>	

After a six-month waiting period, the retired member may return under an “Earnings Restriction.”

The Earnable Allowance in a “non-contributing” capacity during the 12 months following retirement or during any calendar year = 50% of the retired member’s compensation during the 12 months of service before retirement excluding termination payments or \$33,560 (2019 amount), whichever is greater.

The Earnable Allowance is increased each year based on the percentage increase in the national Consumer Price Index.



Penalty for Exceeding Earnable Allowance

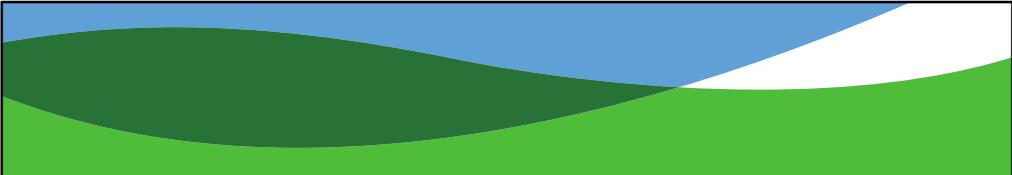
Stopped

On the 1st day of the month following the month in which the retiree has exceeded the earnable allowance

State Health Plan coverage is stopped the 1st day of the month following suspension of retirement payments

If a retiree returns to work with a TSERS employer, they should request a statement of their earnable allowance from the Retirement Systems Division to avoid exceeding that amount.

If a rehired retiree exceeds the earnable allowance, their retirement benefit payments are stopped on the 1st day of the month following the month in which the retiree has exceeded the earnable allowance. State Health Plan coverage will be suspended one month after your retirement benefit payments stop.



Penalty for Exceeding Earnable Allowance

Starts Again

Benefit payment is started again on January 1st of the year after the benefit is stopped

State Health Plan coverage is started again on February 1st of the year after the benefit is stopped

Retirement benefit payments will begin on January 1st of the year after the benefit is stopped. State Health Plan coverage will begin one month following re-instatement of your retirement benefit.

Resources



**Online Retirement Benefits
through Integrated Technology**

Access from MyNCretirement.com

Active employees

- Retirement estimates
- Service purchase cost estimates
- NC 401(k)/457 Transfer Benefit estimates
- Annual Benefit Statements



Retirement
Handbook



Annual Benefit Statement
User Guide



Retirement
Estimator

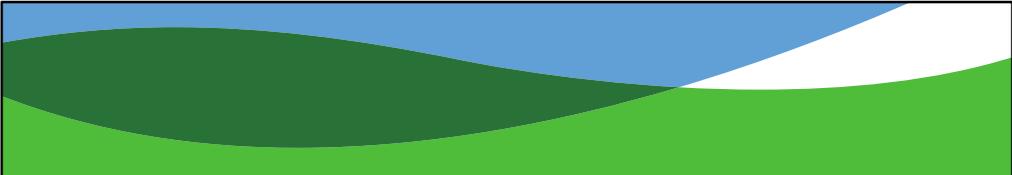
ORBIT may be accessed from www.myncretirement.com

In ORBIT, Active employees may obtain or access:

- Retirement estimates,
- Service purchase cost estimates,
- NC 401(k)/457 Transfer Benefit estimates, and
- Annual benefit statements

The Retirement Handbook is also available on the website for more information and resources.

Note for active employees: address changes should be submitted directly to your employer. (ORBIT will then be updated.)



**Online Retirement Benefits
through Integrated Technology**

Access from MyNCretirement.com

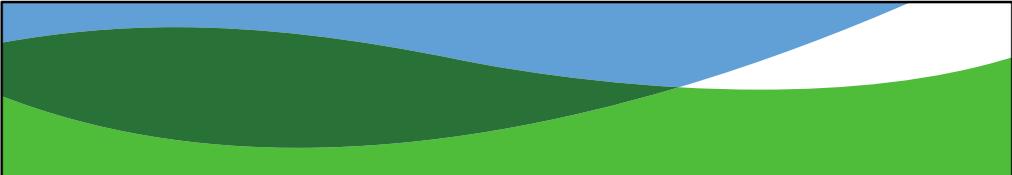
Retirees

- View account information
- Maintain tax withholdings
- View 1099-R
- Generate Income Verification letters



In ORBIT, retirees may:

- View account information
- Maintain tax withholding
- View 1099-R
- Generate income verification letters



How to Contact the Retirement Systems

Phone: Toll Free 1-877-NCSECURE (627-3287)
Fraud and Abuse Hotline 1-855-903-7283

Internet: www.MyNCretirement.com

E-Mail: nc.retirement@nctreasurer.com



<https://www.facebook.com/MyNCRetirement>

Office visits are scheduled by appointment only.



How to Contact the Retirement Systems

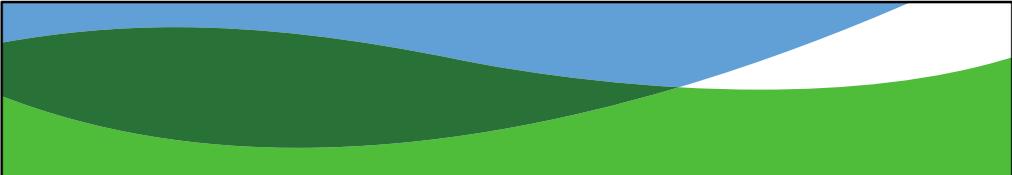
RSD and the Department of State Treasurer are located at:

3200 Atlantic Avenue, Raleigh, NC 27604

Be sure to call before you stop by to confirm appointment location and directions:

877-NCSECURE (877-627-3287)

Our address is 3200 Atlantic Avenue, Raleigh, NC 27604. Office visits are scheduled by appointment only. Call or email our office to schedule an appointment.



Retirement Planning Conference Survey

- Give us your feedback on this retirement planning conference
- Complete the survey at:
<https://www.surveymonkey.com/r/RetirementPlanningConfSurvey>
- This web-based survey only requires a few minutes of your time
- Survey responses are completely confidential
- Your opinion plays an important role in the development and delivery of enriched training sessions
- Thank you in advance for your feedback