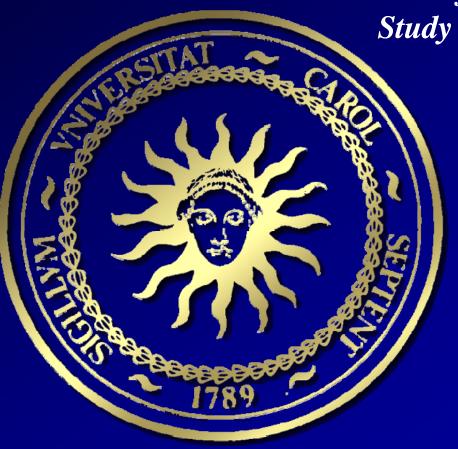


A Presentation to the Future of Retirement
Study Commission



The University of North Carolina General Administration

- Introduce UNC and its workforce
- Describe the UNC Retirement Systems
- Discuss Key Issues
 - Choice
 - Portability
 - Competitiveness
 - Flexibility in managing retirement transition
 - Retiree health insurance



Who are we?

- 17 Constituent Institutions
- UNC Health Care System
- UNC General Administration (including UNC-TV and NCSEAA)



Workforce

- Faculty (EPA)
- Senior Administrators, Instructional and Research Staff (EPA)
- SPA Staff
- Health Care System Employees



UNC Workforce

	Number of Employees	Average Age	Average Years of Service	Average Salary
Faculty (EPA)	13,041	49.01	10.73	\$92,099
Senior Administrators, Instructional and Research Staff (EPA)	7,995	44.43	8.12	\$74,678
SPA Staff	23,244	44.84	9.51	\$41,123
Health Care System	5,070	45.05	10.38	\$51,593
Total	49,350	45.90	9.70	\$61,105



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UNC Workforce (continued)

- UNC's current workforce also includes employees who are not eligible to participate in a retirement plan such as adjunct faculty, part-time employees and postdocs
- Future consideration should be given to the changing workforce demographics since UNC will be utilizing more of these types of employees due to budgetary constraints and wide-scale increases in the number of retirees



UNC Retirement Plans

- Teachers' and State Employees' Retirement System (TSERS)
 - Defined Benefit Plan
 - Available to all permanent employees
- Optional Retirement Program
 - Defined Contribution Plan
 - Available only to UNC permanent employees who are EPA (Exempt from the State Personnel Act)

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Retirement Plan Participation

	TSERS #	TSERS %	ORP #	ORP %	TOTAL
Faculty (EPA)	3,497	26.8%	9,544	73.2%	13,041
Senior Administrators, Instructional and Research Staff (EPA)	4,273	53.4%	3,722	46.6%	7,995
SPA Staff	23,244	100.0%	0	0%	23,244
Health Care System	5,070	100.0%	0	0%	5,070



UNC Tomorrow

- How UNC can best respond to the challenges facing North Carolina
- Recruitment and retention of faculty and staff are critical to UNC's success
- "Retirement Wave" occurring at same time institutions must grow



Growth of UNC

- UNC enrollment has grown by over 50,000 students over the past 10 years
- Similar growth is anticipated over the next 10 years
- Additional faculty will be required to meet student demand



The "Retirement Wave"

From UNC Tomorrow Final Report

- "Retirement Wave" occurring at same time institutions must grow
- In 2006,
 - 37% of UNC faculty were over age
 55
 - 75% of UNC faculty were age 42 or older



Key Considerations for Faculty Retirement Benefits

- Faculty are generally older when they begin work and retire at a higher age than staff
- Tenure process normally requires seven years—with key decisions made at intervals along the way
- Faculty not progressing through the tenure process may have to leave prior to the five-year retirement "vesting" requirement

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Key Considerations for Faculty Retirement Benefits (continued)

- Faculty may be recruited at any point in their careers
- Faculty are almost always recruited from other universities
- Faculty retirement benefits are not competitive with UNC peer institutions



Key Considerations for Faculty Retirement Benefits (continued)

Phased Retirement Program for Tenured Faculty

- Provides eligible faculty member an opportunity to transition to retirement through halftime service and promote renewal of the professoriate
- Allows faculty member to voluntarily relinquish tenure in return for the right to work half-time and receive half pay for up to five years
- Allows faculty member an option to receive retirement income during phased retirement
- Under current law, permits waiver of six-month "return to work" waiting period



Key Considerations for Staff Retirement Benefits

- Many of our staff roles exist only in a university environment
- Recruitment of staff for these universityspecific roles are often
 - from other universities;
 - mid-career professionals; and
 - participating in defined contribution programs like our ORP



Key Considerations for Staff Retirement Benefits (continued)

- Staff would like
 - "choice" of retirement systems
 - "phased retirement" option
- Staff retirement benefits are not competitive with UNC peer institutions



Key Considerations for Health Care System Retirement Benefits

- Managers may be recruited at any point in their careers and are almost always recruited from other health care organizations
- Retirement benefits are not competitive with our peer health care organizations
- All employees would like
 - "choice" and "portability" of retirement benefits
 - "phased retirement" option



Key Issues for UNC

- Competitiveness
- Portability
- Choice of retirement system
- Flexibility in managing transition
- Retiree health insurance



Competitiveness of Retirement Benefit

- UNC's ORP employer contribution is below that of peer average
- UNC's employees are required to contribute more than employees at UNC peer institutions (TSERS and ORP)



Portability of Retirement Benefit

- Most UNC peer institutions have immediate or one-year vesting for their defined contribution plans, unlike our ORP
- UNC often recruits "mid-career" faculty and administrators
- Non-tenured faculty may have to leave before "vesting"
- Research faculty may leave when grant funding ends, often before "vesting"



Choice of Retirement Systems

- Choice between retirement systems is a critical recruitment factor
- Extending this choice to more of our work force would allow UNC to be more competitive
- Reciprocity between TSERS and ORP for vesting purposes is needed



Flexibility in Managing Transition to Retirement

- Extend Phased Retirement Program to other groups of employees with critical skills
- Reduce TSERS required six-month "return to work" waiting period to the minimum period the IRS allows
- Consider early retirement incentive programs such as a "DROP" program



Retiree Health Insurance

- Retiree health insurance is a critical benefit for faculty and staff
- Retiree health insurance is considered to be one of the most positive features of the retirement benefit
- Recent changes to "vesting" for retiree health insurance are generally seen as positive and "protective" of retiree health insurance



Summary

- Competitiveness
- Portability
- Choice
- Flexibility in Managing Transition
- Retiree Health Insurance



