

# Phased Retirement Program for Tenured Faculty

**NC A&T State University  
Overview**

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# Definition and Purpose

- A formal program in which eligible faculty resign tenured position and exercise an option for two years of half-time work (non-tenured and tenure-track are not eligible)
  - Participants usually begin retirement income to supplement salary during phased retirement
  - Purpose is to provide retirement options for faculty
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# Eligibility Criteria

## NC Teachers' and State Employees' Retirement System (TSERS)

- ❑ Full time tenured faculty member
- ❑ Have at least 5 years of full-time service at NCA&T
- ❑ Be at least age 62 upon entering the program
- ❑ Eligible to receive a retirement benefit under TSERS

## Optional Retirement Plan (ORP)

- ❑ Full time tenured faculty member
  - ❑ Have at least 5 years of full-time service at NC A&T
  - ❑ Be at least 59 ½ upon entering into the program
  - ❑ Eligible to receive retirement benefits under ORP
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# Limits on Eligibility

- Full-time administrators are not eligible; however, administrators may resign administrative role and become eligible
  - Total participating in phased retirement benefit cannot exceed 20% of faculty members in any one department
  - Enrollment may be limited based on possible financial exigency
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# Limits on Applications

- Applications entirely VOLUNTARY
  - For Fall 2014, applications must be received in the Provost's Office by January 31, 2014.
  - Subject to final approval of the Provost
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# Status of Phased Retirement Program

- Extended by NC General Assembly through 2012 or until 12 months after the IRS issues final regulations about phased retirement
- Individuals receiving retirement benefits from TSERS may not engage in paid State employment within six months of retirement; **HOWEVER**, there is a statutory exemption for participants in the Phased Retirement Program
- Faculty in ORP not subject to this limit

# Work Plan

- Faculty members and Chair/Dean agree on half-time work plan
  - Work plan can include any combination of duties that make up a faculty member's duties; may be performed half time for academic year or full time for one semester
  - Summer school teaching cannot be part of work plan
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# Additional Procedures

- Faculty member submits Agreement and Certification of Eligible Retirement Service to Provost (through regular channels)
  - Provost reviews to ensure participation does not exceed limits; if limits are exceeded, eligibility will be determined based on institutional seniority
  - Benefits Administration Department verifies eligibility for retirement
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# Timeline

- September 2013      Distribute materials
  - September 2013      Discussions between faculty & chairs
  - September 2013      Information sessions for interested faculty
  - January 31, 2014     Deadline for applications (to Provost)
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# Timeline

- February 14, 2014 Decision by Provost
  - February 21, 2014 Eligibility verification completed;  
Agreement and Releases mailed to faculty
  - April 7, 2014 Deadline for signed Agreements and Releases
  - April 14, 2014 Final deadline to revoke Release
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# Other Important Dates

- **March 2014** Faculty members schedule appointment with Benefits to complete retirement paperwork
  - **June 1, 2014** Last day to submit retirement application to begin TSERS income July 2014
  - **July 1, 2014** Last day for departments to submit new employment action to ensure July paycheck
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# Phased Retirement Program for Tenured Faculty

Benefits Issues

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# Salary Limitations on Retirement Income

- If you are in the Optional Retirement Program (ORP), there is no limit on the salary you may earn during retirement.
  - If you are in the Teachers and State Employees Retirement System (TSERS), there is a limit on the amount you can earn from the State while receiving retirement income.
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# TSERS Salary Limitation

- Limit is the greater of 1/2 of the final year's earnings or \$30,680 for 2013
  - If limit is exceeded, retirement benefit and retiree health benefit are suspended the first of the next month and until the end of the calendar year
  - Salary increases may only be given within the individual earnings limit established by TSERS. The limit is increased Jan.1 of each year by the % increase in the Consumer Price Index
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# Application of TSERS Salary Limitation

- Initial Year - Earnings in the first 12 months after the effective date of retirement will be applied to the earnings test for TSERS. After the initial year, the test will change to a calendar year test; earnings from January through December.
  - For example, a person retiring July 1, 2014 will have the earnings test applied to the period July 1, 2014 through June 30, 2015.
  - Thereafter, earnings will be applied to the calendar year. This rule is to prevent someone from retiring and earning their full salary in the first year of retirement.
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# Example #1

- Consider:
    - A faculty member whose base salary is \$75,000
    - No additional earnings from the State between July 1, 2014 and June 30, 2015
  - Phased Retirement Salary is \$37,500
  - TSERS Earnings Limit is \$37,500
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# Example #2

- Consider:
    - A nine-month faculty member whose base salary is \$75,000
    - This faculty member earned an additional \$10,000 from the State between July 1, 2014 and June 30, 2015
  - Phased Retirement Salary is \$37,500
  - TSERS Earnings Limit is \$42,500
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# Retirement Benefits

- May elect to receive or defer retirement benefits
    - Minimum distributions are required to begin by April 1 following the year you reach age 70 1/2
  - TSERS: Note that at 50% time no additional service credit is earned and highest 4 years of salary is already attained
  - ORP: May begin benefit, may begin partial benefit, may defer.
  - **IMPORTANT CAUTION: You will not be eligible for retiree health insurance if you are not receiving a monthly retirement benefit**
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# Retirement Benefits Continued

- TSERS & ORP: Bailey lawsuit eliminates NC State income taxes on TSERS/ORP income for employees vested in TSERS or participating in ORP on August 12, 1989
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# Health Insurance

- Must be in receipt of a monthly TSERS or ORP retirement benefit to receive retiree health insurance
  - Transferred from Active Group Plan to Retiree Group Plan. No payroll deduction from A&T.
  - Child/family coverage premiums must be deducted from TSERS check or, if ORP, by bank draft or personal check
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# Social Security Medicare (Age 65)

- At age 65, must sign up for Part A and Part B
  - Part A - covers Hospitalization costs (paid for in advance through FICA tax)
    - Deductible is \$1184/hospital stay
  - Part B - covers Doctor's fees and Outpatient hospital services
    - The standard premium is \$104.90 per month
    - Deductible is \$104.90 per year up to \$335.70 depending on your yearly income level
    - Co-pay is 20%
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# Social Security Medicare (Age 65)

- In Phased Retirement, State Health Plan's retiree health insurance coverage becomes secondary to Medicare Part B, and does not pay for expenses reimbursable under Medicare Part B
  - Remember, you are not still "working," you are "retired, working part-time."
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# Social Security Limits for 2013

- For those born in 1948 (turning 65 in 2013), full retirement for Social Security is 66 years.
  - If you're under full retirement age when you begin Social Security benefits, \$1 in benefits will be deducted for each \$2 you earn above the annual limit. For 2013, the limit is \$15,120. Phased retirement is considered earnings, TSERS and ORP income is not considered earnings.
  - In the year you reach full retirement age, \$1 in benefits will be deducted for each \$3 you earn above a different limit, but only for the months before the month you reach the full retirement age. For 2013, the limit is \$40,080.
  - Starting with the month you reach full retirement age, you can receive your full social security benefits with no limit on your earnings.
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# Social Security/Medicare Updates Information

- Contact Social Security Administration
    - Phone: 1-800-772-1213
    - Website: [www.ssa.gov](http://www.ssa.gov)
  - Contact Medicare Special Information
    - Phone: 1-800-MEDICARE (1-800-633-4227)
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# Voluntary Benefits

- As a 50% permanent part-time, eligible to continue voluntary benefits that include:
    - NC Flex Programs
    - After-tax Accidental Death and Dismemberment Insurance
    - After-tax Dental Insurance
    - 403(b) Retirement Plan
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# 403(b) Retirement Plans

- Subject to Minimum Distribution Rule (Age 70 1/2)
  - Distributions not subject to the "Early Withdrawal" penalty:
    - Attained Age 59 1/2
    - Age 55 with 30 day break-in-service
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# Additional Information

- For more information about retirement benefits, contact:
    - Nanita Cole 285-3788  
nanitac@ncat.edu
    - Ester Jones 285-3787  
kamarae@ncat.edu
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# Contacts for Questions about Phased Retirement Program

- NC A&T has designated the following individuals as contacts for the Phased Retirement Program:
    - Dr. Joe B. Whitehead, Jr., Provost and Vice Chancellor for Academic Affairs
    - Ms. Linda McAbee, Vice Chancellor for Human Resources
    - Dr. Charles Waldrup, University General Counsel
    - Ms. Sharon Neal, Director, EPA Salary and Budget Administration
    - Ms. Nanita Cole, Benefits Manager
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