

# 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

# 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

# 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

# Limits on Applications

- Applications entirely VOLUNTARY
- For Fall 2010, must be received by January 31, 2010, in the Provost Office.
- Subject to final approval of the Provost

# 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

# 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

# Timeline

- September 2009      Distribute materials
- September 2009      Discussions between faculty & chairs
- September 2009      Information sessions for interested faculty
- January 31, 2010     Deadline for applications (to Provost)

# Timeline

- February 12, 2010 Decision by Provost
- February 19, 2010 Eligibility verification completed;  
Agreement and Releases mailed to faculty
- April 5, 2010 Deadline for signed Agreements and Releases
- April 12, 2010 Final deadline to revoke Release

# Other Important Dates

- **March 2010** Faculty members schedule appointment with Benefits to complete retirement paperwork
- **June 1, 2010** Last day to submit retirement application to begin TSERS income  
July 2010
- **July 1, 2010** Last day for department to submit new employment action to ensure July paycheck

# Phased Retirement Program for Tenured Faculty

Benefits Issues

# 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.

# TSERS Salary Limitation

- Limit is the greater of 1/2 of the final year's earnings or \$28,080 for 2009
- 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

# 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, 2010 will have the earnings test applied to the period July 1, 2010 through June 30, 2011.
- 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.

# Example #1

- Consider:
  - A faculty member whose base salary is \$75,000
  - No additional earnings from the State between July 1, 2009 and June 30, 2010
- Phased Retirement Salary is \$37,500
- TSERS Earnings Limit is \$37,500

# 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, 2010 and June 30, 2011
- Phased Retirement Salary is \$37,500
- TSERS Earnings Limit is \$42,500

# 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**

# 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

# 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

# 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 \$1068/hospital stay
- Part B - covers Doctor's fees and Outpatient hospital services
  - The standard premium is \$96.40 per month
  - Deductible is \$135.00 per year
  - Co-pay is 20%

# 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."

# Social Security Limits for 2009

- For those born in 1943 (turning 65 in 2009), 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 2009, the limit is \$14,160. 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 2009, the limit is \$37,680.
- Starting with the month you reach full retirement age, you can receive your full social security benefits with no limit on your earnings.

# 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)

# Voluntary Benefits

- As 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

# 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

# Additional Information

- For more information about retirement benefits, contact:
  - Nanita Cole 334-7275  
nanitac@ncat.edu
  - Ester Cheeks 334-7226  
kamarae@ncat.edu

# Contacts for Questions about Phased Retirement Program

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

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