PHASED RETIREMENT PROGRAM
FOR TENURED FACULTY OVERVIEW

September 26, 2018
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 59½ 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 2019, applications must be received in the Provost’s Office by January 31, 2019.

- 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 2018: Distribute materials
- September 2018: Discussions between faculty & chairs
- September 2018: Information sessions for interested faculty
- January 31, 2019: Deadline for applications (to Provost)
- February 8, 2019: Decision by Provost
- February 15, 2019: Eligibility verification completed; Agreement and Releases mailed to faculty
- April 1, 2019: Deadline for signed Agreements and Releases
- April 8, 2019: Final deadline to revoke Release
## Other Important Dates

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
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<tbody>
<tr>
<td>March 2019</td>
<td>Faculty members schedule appointment with Benefits to complete retirement paperwork</td>
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<tr>
<td>June 1, 2019</td>
<td>Last day to submit retirement application to begin TSERS income July 2019</td>
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<tr>
<td>July 1, 2019</td>
<td>Last day for departments to submit new employment action to ensure July paycheck</td>
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Phased Retirement Program for Tenured Faculty

Benefits Overview
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 $32,940 for 2018
- 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, 2019 will have the earnings test applied to the period July 1, 2018 through June 30, 2019.

- 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, 2018 and June 30, 2019

- 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, 2018 and June 30, 2019

- 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 70½

- 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 Act waives NC State income taxes on TSERS/ORP income for employees vested in TSERS or participating in ORP on or before 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 NC A&T.

- Dependent coverage premiums must be deducted from TSERS benefit payment 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
- Part B - covers Doctor’s fees and Outpatient hospital services
Social Security Medicare (Age 65) continued

- 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 2018

- For those born in 1953 (turning 65 in 2018), 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 2018, the limit is $17,040. Phased retirement is considered earnings, TSERS and ORP income is not considered earnings.
Social Security Limits for 2018 continued

- 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 2018, the limit is $45,360.

- 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)

- **Contact The State Health Plan of North Carolina**
  - Phone: 855-859-0966
  - Website: [www.shpnc.org](http://www.shpnc.org)
Voluntary Benefits

- As a 50% permanent part-time, eligible to continue voluntary benefits that include:
  - NC Flex Programs
  - Other Voluntary Benefits
  - 403(b) Retirement Plan
  - 457(a) Retirement Plan
403(b) and 457(a) Retirement Plans

- Subject to Minimum Distribution Rule (Age 70½)

- Distributions not subject to the “Early Withdrawal” penalty:
  - Attained Age 59½
  - Age 55 with 30 day break-in-service
Additional Information

- For more information about retirement benefits, contact:
  
  » Kristin Leak  (336) 285-3821  kmleak@ncat.edu
  
  » Jeanette Foulks  (336) 285-3793  jffoulks@ncat.edu
  
  » Lissa Cheek  (336) 285-3788  ldcheek@ncat.edu
Contacts for Questions about the Phased Retirement Program

» Dr. Beryl McEwen, Provost and Executive Vice Chancellor for Academic Affairs

» Dr. Ericka Smith, Vice Chancellor for Human Resources

» Dr. Katherine Murphy, Interim University General Counsel

» Dr. Sharon Neal, Associate Vice Provost, Academic Budget and Personnel

» Ms. Kristin Leak, HR Benefits Manager
Questions?
Thank You