PHASED RETIREMENT PROGRAM FOR TENURED FACULTY OVERVIEW

October 19, 2022
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 2023, applications must be received in the Provost’s Office by Tuesday, January 31, 2023.

• 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

- October 2022: Distribute materials
- October 2022: Discussions between faculty & chairs
- October 2022: Information sessions for interested faculty
- January 31, 2023: Deadline for applications (to Provost)
- February 7, 2023: Decision by Provost
- February 14, 2023: Eligibility verification completed; Agreement and Releases mailed to faculty
- March 31, 2023: Deadline for signed Agreements and Releases
- April 7, 2023: Final deadline to revoke Release
Other Important Dates

• March 2023  Faculty members schedule appointment with Benefits to complete retirement paperwork

• April 30, 2023  Last day to submit retirement application to begin TSERS income

• July 1, 2023  Last day for departments to submit new employment action to ensure July paycheck
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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 $34,800 for 2022

• 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, 2023 will have the earnings test applied to the period July 1, 2022 through June 30, 2023.

• 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, 2022 and June 30, 2023

- 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, 2022 and June 30, 2023

• 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 2021

• For those born between 1945 and 1956, your full retirement age for Social Security is 66 years.

• Beginning with 1957, two months are added for every birth year until the full retirement age reaches 67 for people born in 1962 or later.
Social Security Limits for 2022

• 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 2022, the limit is $19,560. Phased retirement is considered earnings, TSERS and ORP income is not considered earnings.
Social Security Limits for 2021 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 2022, the limit is $51,960.00.

• 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

- 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
Voluntary Benefits

• As a 50% permanent part-time, eligible to continue voluntary benefits that include:
  • NC Flex Programs (dental, vision, cancer, etc.)
  • 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:

  • Jeanette Foulks     (336) 285-3793     jffoulks@ncat.edu
Contacts for Questions about the Phased Retirement Program

- Tonya Smith-Jackson, Provost and Executive Vice Chancellor for Academic Affairs
- Veronica Sills, Associate Vice Chancellor for Human Resources
- Melissa Jackson Holloway, Vice Chancellor for Legal Affairs, Risk & Compliance
- LaChelle McLean, Business Officer, Academic Budget and Personnel
Questions?
THANK YOU