



Teachers' and State Employees' Retirement System (TSERS)



North Carolina Retirement Systems

**Presented By:
Wayne County Public Schools**

Disclaimer

This presentation is based on current legislation and is subject to change without notice.

Service Retirement Eligibility

Unreduced Benefit

- **30 years of creditable service at any age**
- **Age 65 with 5 years of membership service**
- **Age 60 with 25 years of creditable service**

Early Retirement Eligibility

Reduced Benefit

- **Age 60 with 5 years of membership service**
- **Age 50 with 20 years of creditable service**

Retirement Formula

Annual retirement benefit based on:

1.82% of average final compensation*

X

years and months of creditable service

*Average final compensation is the average of your salary during your four highest paid years in a row.

Example: Add highest paid 4 years of service and divide by 4 to get average. Multiple by 1.82%. Take that number and the amount of creditable service years and multiple together. Then divide by 12. You will get your monthly maximum allowance.

Average Salary of \$50,000 with 30 years of service = \$2,275 Maximum allowance

Leave at Retirement

- **Up to 30 days of Annual Leave will be paid out to you in your last payroll check. Any remaining annual leave in excess of 30 days is rolled to your sick leave balance.**
- **Bonus leave will also be paid out to you in your last payroll check.**
- **Personal leave will be rolled in your sick leave balance.**
- **20 Days of sick leave is equivalent to 1 month of creditable service.**

Earned Sick Leave

Can be used to complete:

- **30 years of service**
- **25 years of service after age 60**
- **20 years of service after age 50**

Earned Sick Leave

Cannot be used to meet minimums for:

- **Disability retirement**
- **5 years to become eligible for retirement at age 60 or age 65**
- **5 years to become eligible for health insurance**
- **Sick leave does not count toward eligibility for retiree health coverage**

Accumulated Sick Leave (Days)

1 – 20 = 1 Month	201 – 220 = 11 Months
21 – 40 = 2 Months	221 – 240 = 12 Months
41 – 60 = 3 Months	241 – 260 = 13 Months
61 – 80 = 4 Months	261 – 280 = 14 Months
81 – 100 = 5 Months	281 – 300 = 15 Months
101 – 120 = 6 Months	301 – 320 = 16 Months
121 – 140 = 7 Months	321 – 340 = 17 Months
141 – 160 = 8 Months	341 – 360 = 18 Months
161 – 180 = 9 Months	361 – 380 = 19 Months
181 – 200 = 10 Months	381 – 400 = 20 Months

Estimate of Retirement Benefits

Assumptions: Member's Age = 50, Beneficiary Age = 51

AFC = \$48,924.15, Service = 30 years,

Option	Retiree Monthly Benefit	To One Beneficiary
Maximum	\$2,226.05	\$0
Option 2 100%	\$2,037.73	\$2,037.73
Option 3 50%	\$2,127.66	\$1,063.83
Option 4 To age 62 After age 62	\$2,568.88 \$1,468.88	\$0
Option 6-2 Pop-up	\$2,023.03	\$2,023.03
Option 6-3 Pop-up	\$2,119.87	\$1,059.94

Your Benefit Payment Options

- **Maximum Allowance**: The maximum allowance for as long as you live. All payments stop at your death.
- **Option 2 - 100% Joint & Survivor**: Reduced monthly payment for life. After your death, your monthly survivor beneficiary receives the same amount monthly for life.
- **Option 3 – 50% Joint & Survivor**: Reduced monthly payment for life. After your death, your monthly survivor beneficiary receives $\frac{1}{2}$ the amount monthly for life.

Your Benefits Payment Options

- **Option 4 – Social Security Leveling**: You receive larger monthly payments than you would otherwise be entitled to receive until you are eligible for Social Security at age 62. Beginning the month following the month of initial entitlement for SS age 62 benefits, your monthly payments will be reduced to an amount that is less than what you would otherwise be entitled to receive. Nevertheless, your reduced retirement payments after age 62, plus your allowance from SS Admin, should be approx. the same amount as the inflated payment you were receiving.
- The actual amount of your retirement payments both before and after age 62 will be based on the estimate of benefits you provide to us from the SS Admin before your retirement.
- All monthly payments stop at your death.

Your Benefits Payment Options

- **Option 6-2 Modified Joint & Survivor**: You receive a reduced monthly payments for life. After your death, you monthly survivor beneficiary receives the same amount monthly for life. However, if your beneficiary dies before you do, your monthly payments increase to the amount payable under the maximum allowance.
- **Option 6-3 Modified Joint & Survivor**: You receive a reduced monthly payments for life. After your death, you monthly survivor beneficiary receives half the amount monthly for life. However, if your beneficiary dies before you do, your monthly payments increase to the amount payable under the maximum allowance.

Payment Plan Option Changes

- Retirees cannot change payment plan option once first retirement check is cashed except under the following conditions:
- Only Exceptions:
 - Divorce from spouse
 - Return to employment covered under TSERS and contribute to a new retirement account for at least 3 years
 - If you chose Option 2 or 3 and designation your spouse as beneficiary, and the spouse dies before you, and you remarry, you may have new spouse as beneficiary.

Death Benefits

- **Active Employee Death Benefit:** After 1 year of service, if your death is during employment, or 180 days of member's last day of service, one year of salary is paid out in one lump sum to the name beneficiary(ies). (Minimum \$25,000 – Maximum \$50,000)
- **Survivor's Alternate Benefit**

IF a member who has not retired, dies in active service or within 180 days of last day of service;

AND has named only ONE person as the principal beneficiary for the refund of contributions;

AND has reached age 60 with 5 years of membership service or completed 20 years of creditable service regardless of age;

THEN the principal beneficiary can elect a lifetime monthly benefit under Option 2, in lieu of a lump sum amount.

Online Retirement Benefits through Integrated Technology



ORBIT HAS A NEW AND IMPROVED WEBSITE!

- **Access from www.myncretirement.com, then click “ORBIT” from the “Retirement” drop down menu**
- **Active employees**
 - Retirement estimates
 - Service purchase cost estimates
- **Retirees**
 - View account information
 - Maintain tax withholdings
 - View 1099-R
 - Generate income verification letters

State Paid Health Insurance Eligibility

- 1st hired prior to October 1, 2006:
 - Need 5 years of contributory State service to be eligible for State-paid health insurance (individual coverage) at retirement
- 1st hired on or after October 1, 2006:
 - Need 20 years of retirement service credit to be eligible for State-paid health insurance (individual coverage) at retirement
 - If 10 years but less than 20 years, member may enroll and pay 50% of the cost
 - If 5 years but less than 10 years member may enroll and pay full cost

NC State Health Plan

Three plans currently offered: (Under age 65)

- Basic 70/30 Plan
- Enhanced 80/20 Plan

Plan offered over age 65:

United Health Care Medicare Supplement

Enrollment Support: 855-859-0966

Optional Insurance Benefits for Retirees

- **Medical**
- **Dental**
- **Vision**
- **Voluntary Life Insurance**
- **Contributory Death Benefit (CDB)**

Dental, Vision and Voluntary Life Insurance

- **Soon after retirement, State Insurance Services will mail insurance plan information for:**
 - **Dental**
 - **Vision**
 - **Voluntary life insurance**
- **Optional**
- **Retirees pay full cost**
- **For more information contact:**
State Insurance Services (1-800-462-7864)
www.stateinsservices.com

Initiating Retirement

- **Member and/or Employer complete Form 6**
(Claiming Your Monthly Retirement Benefit)
This form is submitted to Cassie Parker, Human Resources
- **Within 120 days of retirement date, HR/Finance mails to Retirement Division:**
 - **Form 6**
 - **Proof of Birth (Typically copy of driver's license)**
- **Retirement Division mails to member:**
 - **Acknowledgement letter**
 - **Form 170 - *Authorizing Direct Deposit***
 - **Form 333 - *Choosing the Contributory Death Benefit***
 - **Form HM - *Selecting Health Coverage Through the State Health Plan***
- **Retirement Division reviews eligibility, service, and salary**

Retirement Process (Continued)

- **Approximately 90 days after receipt of application, Retirement Division mails to member:**
 - Report of your Estimated Retirement Benefits
 - Form 6E - *Choosing Your Retirement Payment Option*
 - Form 290 - *Choosing Income Tax Withholding Preferences*
- **Member:**
 - Makes decision regarding a payment plan
 - Submits completed Form 6E to Retirement Division for processing

Retirement Process Reminders

- **Retirements always effective 1st day of the month**
- **Application must be signed, dated, and filed at least one day BUT not more than 120 days prior to the effective date of retirement**
- **Direct deposit is highly recommended**
- **First payment is always mailed**
- **Pay day is the 25th of each month (If the 25th falls on a weekend or holiday, the deposit will be made on the last workday before the weekend or holiday)**
- **December deposit usually on the 20th of the month**

Federal Income Tax

- Retirement benefits are subject to federal tax
- The retirement system withholds federal tax based on:
 - The taxable portion of the benefit
 - The filing status (married, single)
 - The number of allowances claimed (0, 1, 2, etc.)
- The taxable portion of the monthly retirement benefit consists of:
 - Contributions made on a “pre-taxed” basis after July 1, 1982
 - Additional service credit purchased with “pre-taxed” dollars after January 1, 2003
 - All interest accrued prior to retirement

North Carolina Income Tax

- If you have maintained 5 years of retirement membership service in TSERS as of August 12, 1989, your entire retirement benefit is exempt from North Carolina income tax
- If you were not vested as of August 12, 1989 you will be required to pay North Carolina income tax on the taxable portion of your retirement benefit

Reemployment

During the 6 months immediately following your retirement date, to avoid a financial penalty, you cannot work for a TSERS employer in any capacity

Except: A school board member, a member of a board of trustees of community college or institution of UNC, a unpaid volunteer

Working after 6 month break but not a contributing member of TSERS:

You will be restricted of earning 50% of your gross pre-retirement salary, not to exceed \$32,260.

Return as a full-time contributing member of TSERS:

- After a 6 month break in service, retiree may suspend their retirement and become reemployed in a TSERS position
- Retirement payment will be stopped the first day of the month following the month of reemployment
- At that time, the reemployed individual will again become an active contributing member of TSERS

How to Reach Retirement Information

Phone: 1-877-627-3287

Internet: www.myncretirement.com

E-Mail: nc.retirement@nctreasurer.com

U.S. Mail: Retirement Systems Division
3200 Atlantic Avenue
Raleigh, NC 27604

Local: Cassie Parker
Wayne County Public Schools

Phone: 919-705-6017

E-Mail: cassieparker@wcps.org

ENJOY YOUR RETIREMENT!

