

RETIREMENT INFORMATION

Learning About the Teachers' and State Employees' Retirement System. (TSERS)

How to contact the Teachers' and State Employees' Retirement System:

Email address: nc.retirement@treasurer.state.nc.us

This is TSERS' preferred method of responding to your questions.

Mailing address:

Teachers' and State Employees' Retirement System
325 North Salisbury Street
Raleigh, NC 27603-1385
Phone: 1-877-627-3287 (active employees')
1-877-733-4191 (retired employees')

Recommended times NOT to call, due to high call volume:

- Mondays
- Other days between the hours of noon and 2 p.m.
- The day following the mailing of monthly retirement checks (normally mailed the 25th day of each month).

The number is toll free. If you simply want to know your account balance, years of service, allowable earnings after retirement or when the last payment was sent to you, the automated system is very quick and easy to use.

Website: www.myncretirement.com

This website contains a wealth of knowledge including the ORBIT system.

- The ORBIT system allows you to access your personal information, account summary, account history, benefit estimate, update phone numbers/email address and review/request annual account statements.
- Access the most popular forms including claiming your retirement benefits, direct deposit request and retiree health care enrollment form. **(Please note that if you choose to retire, you must make an appointment with your benefits representative. Forms sent directly to Raleigh will be returned to the school system for completion, and your first retirement check will be delayed).**
- Access a retirement estimator program which allows you to perform calculations of your retirement benefits using an endless variety of retirement scenarios. The website may save you a great deal of frustration waiting on hold.

FREQUENTLY ASKED QUESTIONS

When can I retire?

You may retire at a reduced benefit after:

- You reach age 50 and complete 20 years of creditable service.
- You reach age 60 and complete 5 years of creditable service.

You may retire at full, unreduced benefits after:

- You reach age 60 and complete 25 years of creditable service.
- You reach age 65 and complete 5 years of creditable service.
- You complete 30 years of creditable service at any age.

You may use accrued sick leave to reach your years of service except when you are accruing the minimum of five years.

When should I apply for Retirement?

Your application should be submitted between 90 and 120 days before your planned retirement date. TSERS will not accept an application more than 120 days prior to retirement and waiting until less than 90 days may delay your first retirement check. You will need to make an appointment with the Benefits Representative at the Central Office on Eugene Street. Email Jeannie Greer at greerj@gcsnc.com.

What forms need to be filed with TSERS to retire:

You must complete the following forms which are available on the TSERS website or at the back of this pamphlet:

- Form 6 - Claiming Your Retirement Benefits
- Form RET-170-Direct Deposit Authorization
- Form RET-HM-Retiree Health Insurance Application
- Form PS-33 Resignation – (GCS form not on TSERS website)

If you are employed by the State immediately prior to your application, Guilford County Schools will need to complete the bottom portion of your Form 6 before sending it to the retirement system, **which is why an appointment with your Benefits Representative is necessary.**

Once your forms have been received and processed by TSERS, you will receive:

- Notification letter
- RET-333- Notice of \$10,000 Contributory Death Benefit for Retired Members
- Form 6E-Election of Benefits
- Form RET-290-Notice of Withholding on Periodic Payment
- Report of Estimated retirement Benefits

It is extremely important to complete the form 6E, RET-290 and RET-333. If you do not return these forms, TSERS will not be able to begin your retirement payments; your benefits, including your retiree health insurance, will be delayed. If these forms are not returned within 90 days your retirement will be null and void. The 6E requires a notarized signature. Several benefit representatives at the Central Office are notaries.

When will my monthly retirement payment be deposited in my account?

Benefits are deposited on the 25th of each month unless the 25th is on the weekend or a holiday. In that case, your benefit will be deposited on the last business day before the weekend or holiday. In December, however, your benefit will be deposited on the 20th or before if the 20th is on a weekend.

Do I receive a “Notification of Direct Deposit” of my retirement benefit payment every month?

No. A “Notification of Direct Deposit” is not automatically mailed every month. A “Notification of Direct Deposit” of your monthly benefit payment is mailed the first month your payment is directly deposited to your bank account and any month hereafter, **only if the amount of your deposit changes.**

How do I notify the Retirement System of a change in the account to which my monthly payment is being deposited?

In order to change your bank account designation, you should send a written request signed by you that includes your name, Social Security Number, your new account number, and the routing transit number for the new financial institution (a deposit slip or voided check has this information.) Requests that are received in Raleigh by the end of the month will be processed the following month.

Will the Retirement System withhold premiums for supplemental insurance coverage purchased through NCAE, SEANC, or my flexible benefits plan?

No; however, it is likely that the companies that provide the coverage will be happy to draft your bank account.

I had been retired just a few months when the amount of my retirement benefit changed. Why?

Your retirement benefit is based upon your 4 highest consecutive years of employment while contributing to Retirement System. Many times, verification of the salary paid for

your final month of employment is not received by the Retirement System until after your first retirement payment has been issued. Consequently, your retirement benefit must be adjusted, either up or down, in the event the projected salary figures (provided by your employer prior to retirement) do not equal the actual payments of salary you received.

Beneficiary Information

May I, at any time after my retirement, change the beneficiary or optional payment plan I selected at the time of my retirement?

You can change your beneficiary for a monthly survivor benefit or your payment option at anytime PRIOR to cashing your first retirement check, but no later than the date of the payment of your second monthly benefit. After this time, you will not be allowed the opportunity to change your beneficiary or payment option, unless (1) you have elected a survivorship benefit and your beneficiary is your spouse from whom you become divorced after retirement, or (2) you return to employment covered by the Retirement System from which you retired and continue in covered employment for a period of not less than three years. You can change your beneficiary for the guaranteed refund at any time by completing and submitting Form 336 to the Retirement System.

In the event of a divorce, is my spouse entitled to any of my accumulated retirement contributions or my retirement benefit entitlement?

As a general rule, retirement contributions made, and benefit credits earned, during the period between your marriage and legal separation are includable in “marital property” and subject to equitable distribution. You should consult your attorney for further instructions.

Upon my death, what should my family do about my retirement benefit?

Upon your death, your survivors should contact the Retirement System immediately. They will need to be provided with your name, Social Security Number, and (**an original**) copy of your death certificate. In addition, if you have elected to provide survivor benefits after your death, they will need the Social Security Number and current mailing address of your survivor. The monthly benefit that is payable in the month of your death belongs to your estate and can be kept. Any benefits made payable to you after your death must be returned to the Retirement Systems Division.

TSERS guarantees that your contributions will be returned to you or your beneficiary. Your first monthly retirement benefits are paid from your own contributions plus accumulated statutory interest until this account is exhausted. Any balance will be paid to your beneficiary when claimed as stated above. However, please remember that most people exhaust the individual account portion a few years after retirement.

TSERS RETIREMENT OPTIONS

Maximum Benefit

Option 1

Single Life Annuity – You would receive the highest possible monthly benefit, the Maximum Benefit, for your lifetime. This does not allow for a benefit to a surviving spouse except the guaranteed return of your own contribution, if any remains at the time of death.

Sharing Your Retirement Benefit with a Spouse or other Beneficiary

Option 2

100% Joint and Survivor Annuity-You may receive a lower monthly benefit during your lifetime in exchange for the opportunity of the same monthly benefit continuing to your surviving spouse/beneficiary after your death.

Option 3:

50% Joint and Survivor Annuity-You may receive a slightly lower monthly benefit during your lifetime in exchange for the opportunity of leaving your surviving spouse/beneficiary 50% of your monthly benefit upon your death. The monthly benefit you would receive during your lifetime would be less than the maximum benefit amount, but higher than the amount allowed under the 100% Joint and Survivor annuity. (Both Options 2 and 3 are actuarially calculated based on the age and gender of you and your beneficiary).

Option 6-2, a combination of Option 2 (100% Joint and Survivor) and the maximum benefit

Option 6-3, a combination of Option 3 (50% Joint and Survivor) and the maximum benefit

These are sometimes called “pop-ups”. Here’s why: Under both combinations, if your beneficiary should die before you do, your monthly benefit pops-up from a lower payment to the maximum payment. These options are especially popular with females, particularly if the husband is older. Statistically speaking, women live longer. This allows a female State retiree to share her benefit with her spouse in case she precedes him in death. However, if her husband or beneficiary were to precede her in death, she is not locked into a lower benefit for the rest of her life. Instead, her benefit would pop-up to the maximum benefit after his death.

Option 4

Social Security Leveling-This is mostly used by individuals who are too young to receive Social Security benefits when they retire (younger than 62) and who are **not** planning to leave a monthly benefit to a survivor. With this option, you begin by receiving an inflated monthly benefit that is a portion of what you would be entitled to under social security plus your monthly TSERS benefit. Once you reach age 62 and begin receiving social security early retirement benefits, your TSERS benefit is leveled off, so that the combination of your social security benefit and your lower TSERS benefit equals the same benefit you enjoyed prior to age 62. The only difference between benefits prior to and after age 62 is that prior to age 62 your total benefit would come from TSERS. After age 62, part of your benefit would come from TSERS and part from social security. Remember, for the Retirement System to figure Option 4, you must include an estimate of your benefits as of the age you actually plan to stop working based on a projection forward to your age 62 benefit from the Social Security Administration. Visit the SSA Website at <http://www.ssa.gov>. Or, check the blue section of the white pages in your telephone directory to visit the nearest office. Their toll free number is 1-800-772-1213.

RETURNING FOLLOWING RETIREMENT

Although I enjoy my retirement, I am considering several reemployment opportunities. How will reemployment affect the monthly retirement benefit I receive from the Retirement System?

Employment with an employer that does not participate in the retirement system from which you retired:

If you are receiving reduced or unreduced retirement benefits and you become employed with any employer that does not participate in the Retirement System from which you retired, your new earnings will not affect your State retirement benefits.

Employment with an employer that participates in the Retirement System from which you are retired under conditions subject to retirement contributions:

If you are re-employed in a position that **requires** membership in TSERS, your retirement payment will be stopped on the first day of the month following the month of re-employment, and you will again become a contributing member the same month your payment is stopped. It is your responsibility to notify the State Retirement System that you are rescinding your retirement if you accept a new position subject to retirement contributions. At any time you are re-employed and become a member of the same Retirement System again, your retirement benefits will be greater at the time of your second early/service retirement. If you return to service and contribute for at least three additional years, you can change the retirement payment plan and/or beneficiary you selected at the time of your original retirement.

Reemployment which causes suspension of your retirement benefit will also cause the suspension of your health coverage under the retired group of the Teachers' and State Employees' Comprehensive Major Medical Plan. Before accepting such reemployment you should ask the new employer if you will qualify for continued coverage under the active group of the State Comprehensive Major Medical Plan, and if you will qualify for the State's contribution toward your coverage. Upon restoration of your retirement allowance, your health coverage under the retired group will be reinstated the first of the month following the month your retirement allowance is restored.

**PLEASE NOTE: 6 MONTH BREAK REQUIRED FOR ALL RETIREES
RETURNING TO STATE EMPLOYMENT
(This means no substituting or tutoring)**

Employment under conditions not subject to retirement contributions, but working for a State Employer:

If you are re-employed on a part-time, interim, temporary or contractual basis, or are otherwise engaged to perform services on any basis that does not require membership in TSERS, your retirement payment and health coverage will be

stopped if your earnings during the 12 month period immediately following the effective date of retirement or during any calendar year are more than the greater of the following:

\$28,060.00; or

50% of your compensation, excluding payment for annual leave, bonus leave and longevity reported to the Retirement System during the 12 months of service preceding the effective date of your retirement.

Retirement laws regarding reemployment are subject to change by the North Carolina General Assembly.

The above amounts are increased on January 1 of each year by the percentage increase in the Consumer Price Index. Your retirement payment and health coverage will be stopped on the first day of the month following the month in which your earnings exceed the greater of the two limits stated above. Your retirement payment will start again on January 1 of the year after your benefit is stopped.

It is the retiree's responsibility to contact TSERS prior to reemployment to determine his or her 50% earnings cap, and the period of time it is allowed to accrue, so as not to exceed allowable earnings, causing suspension of retirement benefits. If you anticipate an adjustment may be needed to your pay rate to remain within the earnings limit, schedule an appointment with the Staffing area at the beginning of the employment term.

Please note that volunteerism, while desirable, may not be used to avoid earnings limits and may have legal implications for supervision of a classroom or the conduct of other official school business.

Employees with an earnings cap working 30 hours or more per week are classified as full-time, temporary employees and must waive their right to the full-time benefits package from the school system. To be classified as a full-time temporary employee the retiree should sign a statement that he or she is not available for nor seeking permanent employment and acknowledges that he or she will not be eligible for employee benefits, including sick leave, annual vacation leave, holidays, longevity, etc. The retiree will continue to receive his or her benefits (checks) from the Retirement System as long as they do not exceed the allowable earnings during the specified time as outlined by the General Assembly annually.

Part-time, permanent employees with an earnings cap working 20 hours per week but less than 30 hours per week can earn pro-rated part-time benefits from the school system and continue to receive their retirement benefits as long as the earnings cap is not exceeded.

REEMPLOYMENT OF FULL-TIME CLASSROOM TEACHERS EXEMPT FROM THE CAP

**PLEASE NOTE: 6 MONTH BREAK REQUIRED FOR ALL RETIREES RETURNING TO STATE EMPLOYMENT
(This means no substituting or tutoring)**

If you retire and are reemployed as a full-time classroom teacher(employed 80% or greater), you may teach without earnings restrictions and not have your retirement interrupted provided you have been retired at least 6 months and have not been employed by the State in any capacity. These provisions are in effect until 10-01-09.

A retired teacher employed under this provision is to be treated the same as a probationary teacher except he or she is not eligible for career status. Individuals employed under this section receive restricted benefits as a probationary teacher in a similar position, i.e. holidays, annual vacation leave, sick leave, longevity, etc. The retiree will have to enroll in the health insurance plan with GCS. GCS is required to contribute 11.7% to the retirement system. The retiree will be placed on the appropriate GCS retired teacher salary schedule. A retired teacher employed under this section is not eligible:

- a. To receive any new additional benefits provided through the Retirement System, i.e. Disability Income Plan, Death Benefit, etc.

The retiree will continue to receive his or her benefits (check) from the Retirement System.

NOTE: Retiree's with an effective date of 11-1-07 must have full retirement service to be eligible to work exempt from the cap.

HEALTHCARE AFTER RETIREMENT

When you retire, you are eligible for health insurance coverage, if you contributed to the Teachers' and State Employees' Retirement System for at least five years while employed as a teacher or State employee (Effective 10/01/2006 new employees must contribute 20 years to be eligible for the health insurance. (Credit received for unused sick leave, or credit transferred from the Local Governmental Employees' Retirement System does not count toward eligibility for **health insurance coverage**).

At the time you complete your Application for Retirement, be sure to complete an application to enroll in the retired group of the State's Comprehensive Major Medical Plan.

Under current law, the State pays the full cost of your individual coverage (if applicable). The full cost of dependent coverage, if elected, must be paid by you.

As a retiree, when you or covered dependents become eligible for Medicare, both Parts A and B must be elected in order to maintain the same level of coverage provided before retirement.

Please note:

This document is not an official publication of the Teachers' and State Employees' Retirement System but is based on the "Your Retirement Benefits" handbook which can be found on the Retirement System's official web site at <http://www.nctreasurer.com/dsthome> and the North Carolina Public Schools Benefits and Employment Policy Manual which can be found on the North Carolina Department of Public Instructions official website at www.ncpublicschools.org/benemanual/. The above does not constitute advice and is for information purposes only. An individual must make his/her retirement election based on his/her own financial situation, health, and other life issues. This is a very important decision. Because once elections are made and the first check is cashed, election choices cannot be changed.

MY RETIREMENT GUIDELINE

1. **Request estimate from retirement system.** (The earliest you can request an estimate is 2 years before your retirement date. If you would like to have an estimate before the 2 years you will need to visit the Teachers' and State Employees' Retirement Systems website at www.myncretirement.com click on retirement, click on estimate benefits, check Teachers' and State and click continue do the retirement estimate online. You will need the following information: your DOB, Date of Retirement, Total Creditable Service at Retirement, Accumulated sick leave hours, Average final compensation which is your 4 highest consecutive years divided by 4. You should review your personal information through the ORBIT System at www.myncretirement.com before requesting your estimate.
2. **Once you have your estimate contact Jeannie Greer for Retirement appointment** (greerj@gcsnc.com) 6 months before retirement date.
3. **My appointment with Jeannie Greer is _____ at _____ o'clock.**
4. **Fill out retirement forms (last 5 pages in GCS booklet) with personal information prior to your appointment.**
5. **During appointment, years of service, annual leave, sick leave, benefits and payout information will be discussed.**
6. **After appointment you need to do the following: Wait for the Notification letter, RET-333 Notice, FORM 6E, RET-290 and Report of Estimated retirement benefits to be sent to your home address. Once received contact Jeannie Greer for appointment to complete and sign forms.**
7. **You will receive in the mail from the GCS Benefits Office a letter with the termination dates of your benefits.**
8. **You will receive offers from the Dental and Flexible benefits companies regarding the benefits you had with GCS.**

Procedures to follow for annuity/401k payout totals:

Annuity: Contact your broker once the payout totals are sent to you and have completed forms sent to Finance 1 month prior to payout .

401k: Complete the Prudential "One Time Deferral Rate Change Form" (which will be given to you during your appointment with me) once the payout totals are sent to you. Completed form should be sent to payroll.

BENEFITS SUMMARY FOR EMPLOYEES WHO ARE RETIRING

Health Insurance Coverage

Upon retirement, after your first check is cashed, your health coverage transfers to the Retirement System effective the first day of the second month of your retirement. You will have an opportunity to change or keep your current health options. The election is made at the time your retirement papers are processed. Call the Benefits Office to schedule an appointment to begin the retirement process.

Dental Coverage

Coverage terminates the end of the month following your retirement date. You may convert your group coverage to an individual policy by making application when you receive your Cobra notice from the administrator of the Cobra policy. You will be responsible for paying the premium on time or your coverage will be cancelled immediately and you will not be allowed to reinstate it. You will also have the option to participate in the Retiree Dental Plan. Information regarding the Retiree Dental Plan will be mailed to you from the designated company. You should watch for notification of open enrollment for the Retiree Dental Plan to insure that there is not a lapse in coverage for your dental care.

LIFE INSURANCE

Coverage terminates the end of the month following your retirement date. You may convert your group coverage to an individual policy by making application within 31 days of your retirement date.

LONGEVITY

If you are eligible for a longevity payment upon retirement, the Payroll Department will automatically send it to you.

SICK LEAVE

There is no pay-out value for accumulated sick leave upon retirement. Sick leave can be counted as creditable service when retiring but cannot be used to meet the minimum qualification for a disability benefit or a vested deferred retirement benefit. It can be used to complete 30 years of service, regardless of age; 25 years of service after age 60 and 20 years of service after age 50. Every 20 days of sick leave is counted as an additional month of service upon retirement. Any increment of .125 (one hour) or higher will count as the final 20 days toward an additional month of creditable service. Sick leave may be increased annually on July 1 and upon retirement by the excess rollover of all days over 30 days annual leave. This rollover occurs automatically every July 1 for every full-time employee. **For each retiree, this rollover occurs for the final time on the first day of the month of retirement. Only retirees have the benefit of a rollover from annual**

leave to sick leave outside the usual rollover date of July 1. However, if you are overdrawn with respect to sick leave or annual leave or personal leave, a deduction in the appropriate amount will be made from your final paycheck before your pay-out.

ANNUAL VACATION LEAVE

Upon retirement, you may receive a lump sum payment for accumulated annual leave not to exceed a maximum of 30 days. Anything over 30 days will convert to sick leave. A deduction for retirement contributions will also be made from any lump sum payment for annual leave.

BONUS VACATION LEAVE

If you have accrued bonus vacation leave upon retirement, the Payroll Department will automatically pay you for a maximum of up to 25 days and mail the check to you at your home. A deduction for retirement contributions will also be made from any lump sum payment for annual leave.

ABC BONUS PAY

If, after you retire, you are subsequently paid ABC Bonus money, retirement contributions will be deducted from that money and reported to the State Retirement System.

FLEXIBLE BENEFITS PLAN

Vision Coverage

Coverage terminates the effective date of your resignation. You may convert your group coverage to an individual policy by making application when you receive your Cobra notice from the administrator of the Cobra policy. You will be responsible for paying the premium on time or your coverage will be cancelled immediately and you will not be allowed to reinstate it. You will also have the option to participate in the Retiree Vision Plan. Information regarding the Retiree Vision Plan will be mailed to you from the designated company. You should watch for notification of open enrollment for the Retiree Vision Plan to insure that there is not a lapse in coverage for your vision care.

Dependent Care and Medical Reimbursement Plans

You do have the right to receive reimbursement for eligible expenses incurred before retirement. Claims for expenses incurred while you were covered under the plan (before retirement) can continue to be submitted until the end of the 90 day grace period following the end of the plan year. You will receive a Cobra letter outlining details regarding these benefits.

Cancer and Hospital Indemnity Plans

You may continue each of these policies by paying the monthly premium directly to the insurance provider.

Disability Plan

You cannot continue your Disability Policy unless you return to work immediately after retirement. You will need to pay the company directly.

You will receive a letter from the Benefits Office that will give you instructions regarding your benefits and retirement.

State 401(k) Plan

If you participate in the State 401(k) Plan, you may elect to leave money contributed in the Plan until you reach age 70 1/2 years of age, unless the company stipulates that due to the amount of your plan you must withdraw your contributions. Plan withdrawals are allowed for several reasons. Certain withdrawals prior to age 59 and one-half may be subject to an IRS penalty. **For further information, you may contact Prudential Retirement at 1-866-624-0151. Always include your Plan number: 002003, your name, social security number and employer's name.**

Tax Sheltered 403(b) Plans or 457(b) Plans

If you are participating in a tax sheltered annuity program, you should contact your agent to determine the contract provision that applies to your annuity account(s) upon retirement from employment.

On occasion, retirees make a sizeable contribution into their TSA or 401(K) Plan from their annual vacation leave and longevity pay-outs. You must contact your agent and the Finance Office a minimum of 30 days prior to your retirement to provide your Agent, our Finance Office and Payroll Department adequate notification for the contribution to be made.

“When I was younger, I could remember anything. Whether it happened or not.”

Mark Twain