

NEW HANOVER COUNTY SCHOOLS



RETIREMENT SEMINAR Planning Ahead for the Future

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10.31.14

Qualifying for Retirement Benefits

Unreduced (Service) Retirement

- ❖ Any age with 30 years of creditable service
- ❖ Age 60 with 25 years of creditable service
- ❖ Age 65 with 5 years of membership service

Reduced (Early) Retirement

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

Eligibility Requirements

- Creditable Service means you can use sick leave to meet the required years.
- Membership Service means you must have worked and contributed to the Retirement System for a 5 year period.
- Can not use sick leave to get you to the age needed to qualify for retirement.
- There is no “85 Rule – years of service + age = 85” to qualify for unreduced retirement.

Service Earning Amounts

- 10 Month Employees - currently earn service from August to June. The monthly service amount is .0909 per month, for 11 months. This gives you 1 year of credit.
- 12 Month Employees (this includes the Year Round Schools) - earn service for the whole year. The monthly service amount is .0833 per month for 12 months. This gives you 1 year of credit.

Early Retirement Percentages

If you are between ages 60 and 65, with less than 25 years of creditable service, your early service retirement benefit will be reduced to the following percentages.

| If you are this age when payment starts | You will receive this percentage of your benefit |
|---|--|
| 60 | 85% |
| 61 | 88% |
| 62 | 91% |
| 63 | 94% |
| 64 | 97% |

Early Retirement Percentages

| Years | 29 | 28 | 27 | 26 | 25 | 24 | 23 | 22 | 21 | 20 |
|-------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Age | | | | | | | | | | |
| 59 | 95% | 90% | 85% | 80% | 80% | 80% | 80% | 80% | 80% | 80% |
| 58 | 95% | 90% | 85% | 80% | 75% | 75% | 75% | 75% | 75% | 75% |
| 57 | 95% | 90% | 85% | 80% | 75% | 70% | 70% | 70% | 70% | 70% |
| 56 | 95% | 90% | 85% | 80% | 75% | 70% | 65% | 65% | 65% | 65% |
| 55 | 95% | 90% | 85% | 80% | 75% | 70% | 65% | 60% | 60% | 60% |
| 54 | 95% | 90% | 85% | 80% | 75% | 70% | 65% | 60% | 55% | 55% |
| 53 | 95% | 90% | 85% | 80% | 75% | 70% | 65% | 60% | 55% | 52% |
| 52 | 95% | 90% | 85% | 80% | 75% | 70% | 65% | 60% | 55% | 50% |
| 51 | 95% | 90% | 85% | 80% | 75% | 70% | 65% | 60% | 55% | 50% |
| 50 | 95% | 90% | 85% | 80% | 75% | 70% | 65% | 60% | 55% | 50% |

Preparation for Retirement

- Decide your retirement date. Retirement effective date is always the first of the month.
- Review your personal information through ORBIT at www.myncretirement.com
- Run an estimate while you are logged into your ORBIT account.
- You can also request an estimate from the Retirement System by completing Form 309. This can be done within one year prior to your retirement.

View Account History

Member Name:

Member ID:

Date of Birth:

You have more than one account with the North Carolina Retirement Systems Division. In order to view the details for each account, please click the "Select" to the left of the one you wish to view.

| | Retirement System | Status | Begin Date | End Date |
|------------------------|--|----------|------------|----------|
| Select | Teachers' and State Employees' Retirement System | Active | 8/20/1986 | Present |
| Select | Teachers' and State Employees' Retirement System | Inactive | 9/1/1986 | Present |

Account Information

| | |
|-------------------------|--|
| Member ID: | |
| Retirement System: | Teachers' and State Employees' Retirement System |
| Most Recent Plan: | Teachers' and State Employees' General Class |
| Most Recent Employer: | NEW HANOVER COUNTY SCHOOLS |
| Status: | Active |
| State of NC Tax Exempt: | No |
| Begin Date: | 8/20/1986 |
| End Date: | Present |
| Service at 1/1/1988: | 1.1000 |

Account History:

The Retirement Systems Division is in the process of auditing service credit in each retirement account. If your service credit has NOT been audited, your total creditable service as of December 31, 2006 is listed in calendar year 2006 as "legacy membership". If your service credit has been audited, your service will be listed separately in each year in which the service credit was accrued. Please do not rely on the total years of service shown on an unaudited account. Instead, please request an audit in order for us to verify your service record. Audits are routinely performed when we receive a retirement application but can be requested at any time.Your salary history is shown for each calendar year. Your service and contribution history (as of Sep,2012) is as follows:

Service Summary:

| Year | Service Type | Employer | Service Credit(Years) |
|------|--------------|----------------------------|-----------------------|
| 2012 | Membership | NEW HANOVER COUNTY SCHOOLS | 0.8182 |
| 2011 | Membership | NEW HANOVER COUNTY SCHOOLS | 1.0000 |
| 2010 | Membership | NEW HANOVER COUNTY SCHOOLS | 1.0000 |
| 2009 | Membership | NEW HANOVER COUNTY SCHOOLS | 1.0000 |
| 2008 | Membership | NEW HANOVER COUNTY SCHOOLS | 1.0000 |
| 2007 | Membership | NEW HANOVER COUNTY SCHOOLS | 1.0000 |
| 2006 | Membership | NEW HANOVER COUNTY SCHOOLS | 1.0000 |
| 2005 | Membership | NEW HANOVER COUNTY SCHOOLS | 1.0000 |
| 2004 | Membership | NEW HANOVER COUNTY SCHOOLS | 1.0000 |
| 2003 | Membership | NEW HANOVER COUNTY SCHOOLS | 1.0000 |
| 2002 | Membership | NEW HANOVER COUNTY SCHOOLS | 1.0000 |
| 2001 | Membership | NEW HANOVER COUNTY SCHOOLS | 0.9167 |
| 2000 | Membership | NEW HANOVER COUNTY SCHOOLS | 1.0000 |
| 1999 | Membership | NEW HANOVER COUNTY SCHOOLS | 1.0000 |

| | | | |
|------|------------|----------------------------|---------|
| 1998 | Membership | NEW HANOVER COUNTY SCHOOLS | 1.0000 |
| 1997 | Membership | NEW HANOVER COUNTY SCHOOLS | 1.0000 |
| 1996 | Membership | NEW HANOVER COUNTY SCHOOLS | 1.0000 |
| 1995 | Membership | NEW HANOVER COUNTY SCHOOLS | 1.0000 |
| 1994 | Membership | NEW HANOVER COUNTY SCHOOLS | 1.0000 |
| 1993 | Membership | NEW HANOVER COUNTY SCHOOLS | 1.0000 |
| 1992 | Membership | NEW HANOVER COUNTY SCHOOLS | 1.0000 |
| 1991 | Membership | NEW HANOVER COUNTY SCHOOLS | 1.0000 |
| 1990 | Membership | NEW HANOVER COUNTY SCHOOLS | 1.0000 |
| 1989 | Membership | NEW HANOVER COUNTY SCHOOLS | 1.0000 |
| 1988 | Membership | NEW HANOVER COUNTY SCHOOLS | 1.0000 |
| 1987 | Membership | NEW HANOVER COUNTY SCHOOLS | 1.0000 |
| 1986 | Membership | NEW HANOVER COUNTY SCHOOLS | 0.4167 |
| | | | 26.1516 |

Contribution History:

| Year | Salary | Pre Tax Contribution | Post Tax Contribution | Interest | Total Balance |
|------|-------------|----------------------|-----------------------|-------------|---------------|
| 2012 | \$46,396.19 | \$2,783.77 | \$0.00 | \$0.00 | \$101,531.60 |
| 2011 | \$63,760.69 | \$3,825.65 | \$0.00 | \$3,650.85 | \$98,747.83 |
| 2010 | \$62,995.77 | \$3,779.75 | \$0.00 | \$3,365.06 | \$91,271.33 |
| 2009 | \$62,900.76 | \$3,774.05 | \$0.00 | \$3,090.48 | \$84,126.52 |
| 2008 | \$63,198.52 | \$3,791.92 | \$0.00 | \$2,825.77 | \$77,261.99 |
| 2007 | \$60,000.15 | \$3,600.01 | \$0.00 | \$2,578.63 | \$70,644.30 |
| 2006 | \$56,832.23 | \$3,409.93 | \$0.00 | \$2,348.30 | \$64,465.66 |
| 2005 | \$54,690.45 | \$3,281.43 | \$0.00 | \$2,131.77 | \$58,707.43 |
| 2004 | \$57,103.10 | \$3,426.19 | \$0.00 | \$1,918.00 | \$53,294.23 |
| 2003 | \$55,945.02 | \$3,356.71 | \$0.00 | \$1,715.13 | \$47,950.04 |
| 2002 | \$54,642.56 | \$3,278.55 | \$0.00 | \$1,523.06 | \$42,878.20 |
| 2001 | \$53,919.76 | \$3,235.20 | \$0.00 | \$1,340.05 | \$38,076.59 |
| 2000 | \$51,030.79 | \$3,061.86 | \$0.00 | \$1,170.75 | \$33,501.34 |
| 1999 | \$45,071.14 | \$2,704.26 | \$0.00 | \$1,021.71 | \$29,268.73 |
| 1998 | \$41,315.43 | \$2,478.93 | \$0.00 | \$887.07 | \$25,542.76 |
| 1997 | \$34,894.78 | \$2,093.68 | \$0.00 | \$772.43 | \$22,176.76 |
| 1996 | \$36,590.36 | \$2,195.42 | \$0.00 | \$658.28 | \$19,310.65 |
| 1995 | \$37,162.75 | \$2,229.77 | \$0.00 | \$547.20 | \$16,456.95 |
| 1994 | \$31,877.18 | \$1,912.63 | \$0.00 | \$452.59 | \$13,679.98 |
| 1993 | \$30,873.82 | \$1,852.43 | \$0.00 | \$363.94 | \$11,314.76 |
| 1992 | \$29,587.30 | \$1,775.24 | \$0.00 | \$281.66 | \$9,098.39 |
| 1991 | \$24,658.00 | \$1,479.48 | \$0.00 | \$213.92 | \$7,041.49 |
| 1990 | \$22,354.65 | \$1,341.28 | \$0.00 | \$154.11 | \$5,348.09 |
| 1989 | \$19,317.32 | \$1,159.03 | \$0.00 | \$103.60 | \$3,852.70 |
| 1988 | \$18,375.07 | \$1,102.50 | \$0.00 | \$57.21 | \$2,590.07 |
| 1987 | \$17,530.04 | \$1,051.80 | \$0.00 | \$14.56 | \$1,430.36 |
| 1986 | \$6,066.68 | \$364.00 | \$0.00 | \$0.00 | \$364.00 |
| | | \$68,345.47 | \$0.00 | \$33,186.13 | \$101,531.60 |

Preparing for Retirement

- If you would like to schedule an appointment to discuss your retirement, please email me within 6 months of your retirement date.
- I recommend that you have a retirement estimate prior to meeting with me.
- At our meeting, I can provide you with all the forms necessary to start the retirement process.

Sick Leave at Time of Retirement

- One month of creditable service is allowed for each 20 days of accrued sick leave and one more month for any additional portion (greater than one hour).
- Annual leave in excess of 30 days will be transferred to your sick leave balance at retirement.
- For certified employees earning personal leave, any unused personal leave is transferred to your sick leave balance at retirement.

Accumulated Sick Leave Days

1-20 = 1 month

21-40 = 2 months

41-60 = 3 months

61-80 = 4 months

81-100 = 5 months

101-120 = 6 months

121-140 = 7 months

141-160 = 8 months

161-180 = 9 months

181-200 = 10 months

201-220 = 11 months

221-240 = 12 months

241-260 = 13 months

261-280 = 14 months

281-300 = 15 months

301-320 = 16 months

321-340 = 17 months

341-360 = 18 months

361-380 = 19 months

381-400 = 20 months

Example of the Payment Options

Jane's (Member) age = 49, Tom's (Beneficiary) age = 51

Average Final Compensation (AFC) = \$48,924.15, Service = 30 years,

Estimated Social Security at 62 = \$1,100 Option

(Only one monthly beneficiary can be named for Options 2, 3, 6-2 and 6-3.)

| | Jane's Monthly Benefit | at Jane's Death - to Tom |
|-------------------------|------------------------|--------------------------|
| • 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(SS leveling) | | |
| To age 62 | \$2,568.88 | \$0 |
| After age 62 | \$1,468.88 | \$0 |
| • Option 6-2 | \$2,023.03 | \$2,023.03 |
| 100% with Pop-up | | |
| • Option 6-3 | \$2,119.87 | \$1,059.94 |
| 50% with Pop-up | | |

Pop-Up means if beneficiary dies first, the member moves to the Maximum payment option.

Payment Options

Maximum Option

You receive the most out of your retirement benefit. After you die, if you still have contributions in your retirement account, what is left will be paid to a Guaranteed Refund Beneficiary in a lump sum.

to Jane \$2,226.05
to Tom at Jane's death \$0

Option 2 – 100% Joint and Survivorship

You receive monthly benefits for life. After you die, your beneficiary receives the same amount monthly for life.

to Jane \$2,037.73
to Tom at Jane's death \$2,037.73

Option 3 – 50% Joint and Survivorship

You receive monthly benefits for life. After you die, your beneficiary receives one half of the monthly payment for life.

to Jane \$2,127.66
to Tom at Jane's death \$1,063.83

Payment Options Continued

Option 4 – Social Security Leveling

You receive inflated monthly payments to the age of 62. At age 62, your monthly retirement amount is reduced. You file for your Social Security to begin at 62. When you combine the reduced retirement and the SS amount, the two total to the same amount you were receiving before from the Retirement System. After you die, if you still have contributions in your retirement account, what is left will be paid to a Guaranteed Refund Beneficiary in a lump sum.

to Jane (to age 62) \$2,568.88

to Jane (age 62 and after) \$1,468.88 + age 62 Social Security \$1100 = \$2568.88

to Tom at Jane's death \$0

Payment Options Continued

Option 6-2 – 100% Joint and Survivorship

You receive monthly benefits for life. If you die first, your beneficiary receives the same amount monthly for life. Should your beneficiary die first, you move to the Maximum payment option.

to Jane \$2,023.03

if Jane dies first - to Tom \$2,023.03

if Tom dies first – to Jane \$2,226.05 (Maximum)

Option 6-3 – 50% Joint and Survivorship

You receive monthly benefits for life. If you die first, your beneficiary receives one half of the monthly payment for life. Should your beneficiary die first, you move to the Maximum payment option.

to Jane \$2,127.66.

if Jane dies first – to Tom \$1,063.83

if Tom dies first – to Jane \$2,226.05 (Maximum)

Social Security and Your Payment Option

- Your Social Security benefit will be in addition to your monthly retirement benefit, **UNLESS** you elect payment Option 4 – Social Security Leveling.

Monthly Retirement + Monthly Social Security Benefit =
Total Amount

For example:

Mary's Maximum is \$2226.05 + Mary's Social Security is \$1100 =
\$3326.05 Total Amount

- For Information on Option 4 – Social Security Leveling, please refer to Slide 15.

Social Security and Medicare

- For more information on Social Security and Medicare, please visit their websites at:

www.ssa.gov/pgm/retirement.htm

www.ssa.gov/pgm/medicare.htm

You will be able to calculate AND apply for your Social Security Benefits, as well as apply for Medicare.

- For another great resource on Medicare, please visit the Senior Health Insurance Information Program (SHIIP) at their website:

www.ncdoi.com/SHIIP/Default.aspx

Payment Plan Options

- Selection of monthly payment plan is required but not at the time of completing your retirement application.
- This is a personal decision - popular choices made by others should not influence your decision.
- Consider your financial situation, age, health, need to provide for dependent and your dependent's financial situation, age, health, etc.

Payment

- Your first retirement check is mailed out on the 25th of the month. This means you should receive it around the 28th or 29th.
- After you cash your first retirement check, all future checks are direct deposited into your account on the 25th unless it falls on a weekend or holiday. December is the exception where it is paid around the 20th.
- Retirement checks are paid 12 times a year.
- Cost of Living Adjustment (COLA) – if approved by the General Assembly.

Taxes

- Retirement is subject to Federal tax.
- 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.
- Retirement is subject to North Carolina State tax.
- If you have 5 full years of contributory service in the State prior to August 12, 1989, then you are **EXEMPT** from State tax.
- Social Security is NOT deducted out of your monthly retirement benefit.

Retirement Forms

- Form 6 – Claiming Your Retirement Benefits
Can be completed and received no earlier than 4 months prior to and no later than 1 day prior to your retirement date. It should be returned to the Benefits Department in Human Resources. I will forward it to the Retirement System.
- Proof of birth must be included for yourself and your beneficiary, if listing one for the calculation of Survivorship Options. This can include a legible copy of your driver's license, birth certificate, or passport.
- If interested in payment Option 4, you must provide a Social Security statement. The statement can not be over a year old from your retirement date.
- NHCS Resignation/Retirement Form
- NHCS Board of Education Retirement Banquet

Retirement Forms

- The Application Form 6 can be found online at the Retirement Systems' website. Please return this form to the Benefits Section of Human Resources. If you send it through school/regular mail, please email me so that I can make sure your application arrives in our office.
- Once your application is received at the State, you will receive the following forms:
 - Confirmation letter
 - Form 170 – Authorization for Direct Deposit
 - Form 333 – Notice to purchase \$10,000 Death Benefit (one time offer)

Retirement Forms

- Report of estimated retirement benefits
- Form 6E – Election of Benefits (for selecting your payment option.) This form must be notarized.
- Form 290 – Notice of Tax Withholdings
- Form 336 – Designating Beneficiary for Guaranteed Refund
- Instructions to go online in your ORBIT account and enroll in the State Health Plan

All completed forms will need to be returned to the Retirement System.

Optional Benefits Through the Retirement System

- Pierce Insurance Agency offers dental, vision, term and whole life insurance plans. You will receive information concerning these plans or visit their website at www.pierceins.com
- \$10,000 Death Benefit - The Retirement System offers this one-time benefit at time of retirement. The cost depends on your age at time of retirement. The death benefit is payable to your legal spouse at time of death or legal representative if not survived by a legal spouse.
- The cost for these optional benefits are deducted from your monthly retirement check.

Changes After Retiring

- Retirees can not change their payment option once the first retirement check is cashed or deposited except under the conditions below.
- Exceptions:
 - Divorce from spouse (Options 2, 3, 6-2, 6-3)
 - Return to employment covered under TSERS and contribute to a new retirement account for at least 3 years
 - Re-designation of spouse under Options 2 and 3. Re-designation must be made within 90 days of remarriage and must be filed with the Retirement System no later than 120 days after remarriage.

Leave and Longevity Payouts

- Annual Leave (AL) is paid out up to 30 days.
- If you have Bonus Leave (BL), the balance of it is paid out.
- If you are receiving Longevity, it will be paid out either on a pro-rated or full basis. This depends on your retirement date and your longevity date.
- If your 4 highest years of salary are your last 4 years, then for calculating your Average Final Compensation (AFC), your payouts will be included in the AFC.

Payouts

To calculate an **estimate** of your Annual Leave (AL) and/or Bonus Leave (BL) payout, take your monthly salary and divide it by 22. This will give you the daily rate of pay (DRP). Then multiply the DRP by the number of AL and/or BL days you will have at time of retirement.

For example – your monthly salary is \$3269 and you have 30 days of AL to be paid.

$\$3269 / 22 = \148.59 which gives you the DRP.

$\$148.59 \times 30 \text{ AL days} = \4457.73

Payouts

- Payouts are typically paid out at the end of the month following retirement, except for January and July retirements. For these months, the payout occurs in December and June.
- Payouts are taxed at a flat rate of 48%.
- If you wish to contribute your payout amounts to your payroll deducted 401k or 403b, you should work with the provider. Your Central Office payroll representative can provide you with the payout amounts.
- If you are a 10 month employee and have your pay over 12 months, the escrow money will be paid out in a lump sum. This is not taxed at the flat rate.

Health Insurance

- **1st hired prior to October 1, 2006:** You will 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:** You will need 20 years of retirement service credit to be eligible for State-paid health insurance (individual coverage) at retirement.
 - If 5 years but less than 10 years, you may enroll and pay the full cost.
 - If 10 years but less than 20 years, you may enroll and pay 50% of the cost.

Health Insurance

- You will have your health insurance coverage for the remainder of your life.
- Your health insurance coverage through the Retirement System will begin on the first day of the month following your retirement date. For example: Retire 7/1; Coverage is effective 8/1. NHCS covers the month in which you retired, as long as your retirement date is the month following your employment.
- When you retire and you are under the age of 65, you will be auto-enrolled in the health plan you had as an active employee, along with any covered dependents. You can change the coverage up to 30 days after your coverage effective date.
- If you DO NOT have health insurance coverage with NHCS at time of retirement, you will be auto-enrolled in the Traditional 70/30 Plan. You will need to opt out of the coverage within 30 days after your coverage effective date.
- The 80/20 plan does have an additional cost per month and will be deducted out of your monthly retirement check.
- Dependent coverage may also be continued with the premium being deducted out of your monthly retirement check.

Health Insurance and Medicare

If you retire at age 65 or older and:

- Your retirement process is **completed 60 days or more** prior to your benefit effective date, you will be auto-enrolled into a Group Medicare Advantage Base Plan. The Base Plans are through United Healthcare or Humana and have no cost to the retiree. You can change or opt out of the coverage up to 30 days after your coverage effective date.
- Your retirement process is **completed less than 60 days** prior to your benefit effective date, you will be auto-enrolled in the Traditional 70/30 plan. There is no cost to the retiree for this plan. You will remain in this plan until the next Annual Enrollment period.
- You must subscribe to both Parts A and B in order to maintain the same coverage on your health insurance. Please be aware that Medicare Part B does have a cost, whereas Part A is free.

Flexible Benefits through NHCS

- Dental insurance may be kept for up to 18 months under COBRA with a 2% administration fee.
- Unum Life Insurance can be continued.
- Superior Vision can be continued for up to 18 months under COBRA with a 2% administration fee.
- Medical Reimbursement can not be continued. Any funds contributed to your account must be spent prior to your retirement date.
- Colonial products can be continued under the same group premium. These deductions can also be withheld from your monthly retirement check. Any pre-tax deductions will be withheld on a post-tax basis.

Active Employee Death Benefits

- Death Benefit for beneficiary
 - Payment equals highest 12 consecutive months of salary during 24 months before death
 - no less than \$25,000
 - no more than \$50,000
- Return of contributions and interest

Active Employee Death Benefits

- Survivor's Alternate Benefit
 - IF a member who has not retired, dies in active service while being paid a salary or within 180 days after salary payments cease;
 - 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.

Contact Information and Resources

- Teachers' and State Employees' Retirement System:

1-877-627-3287 or www.myncretirement.com

- The ORBIT program
- The FAQ

- NHCS Benefits Department:

Heather Listebarger 254-4269

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