



Welcome to the University of North Carolina's Optional Retirement Program Pre-Retirement Readiness Workshop.

What We Will Cover Today

- Retirement readiness
- Your financial needs and sources of income for retirement
- ORP benefit
- Retiree health care
- Estate planning



Today we will cover topics important to help you prepare for retirement: such as your retirement readiness, your financial needs and sources of income for retirement, the ORP benefit, retiree health coverage, as well as briefly touching on estate planning.



One of the first key steps to planning for retirement is to have a vision of what your retirement should look like.

One definition of 'Vision' is said to be the ability to think about or plan the future with imagination or wisdom.

Taking time to truly reflect on your wants and needs can really bring your post retirement dream into focus; and, the clearer the vision, the better the planning process will be.

So....What does your retirement look like?



Will You
Be Ready?

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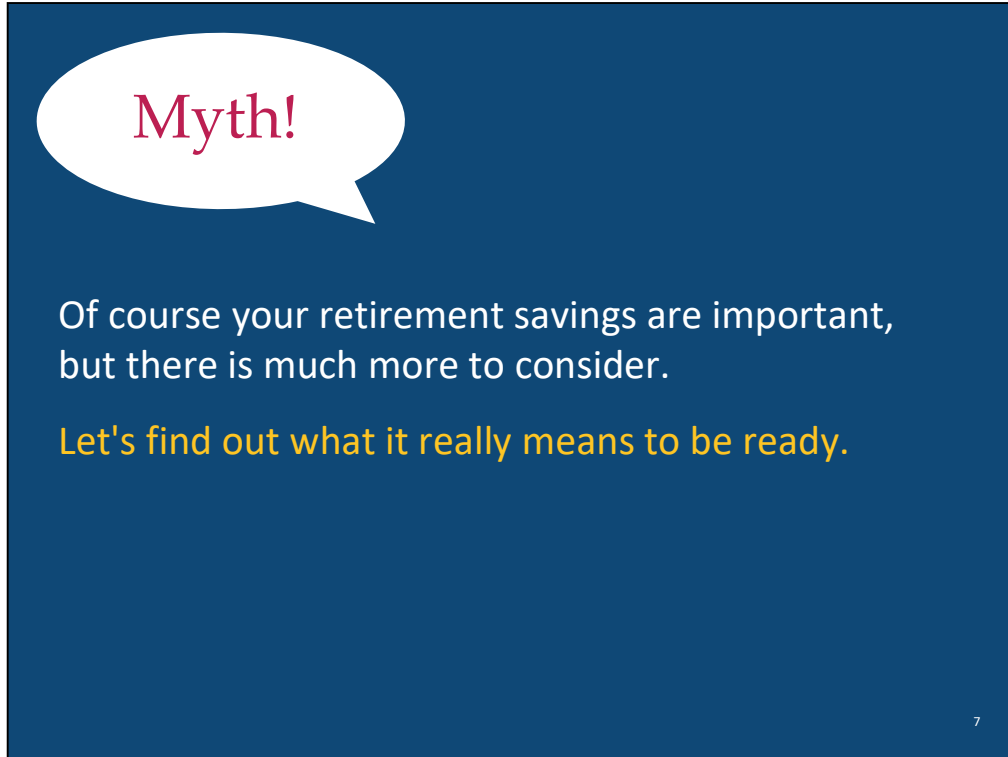
So let's get started...

When it comes to retirement, will you be ready?

The slide features a dark blue vertical bar on the left side with the text "Reality or Myth?" written in white, oriented vertically. To the right of this bar is a light gray rectangular area. In the center of this gray area is a white speech bubble with rounded corners and a tail pointing towards the bottom-left. Inside the speech bubble, the text "Being ready to retire is all about how much money you have saved." is written in a dark red font. In the bottom right corner of the gray area, there is a small number "6".

Reality or Myth?

Being ready to retire is all about how much money you have saved.



Myth!

Of course your retirement savings are important,
but there is much more to consider.

Let's find out what it really means to be ready.

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Myth!

Of course your retirement savings are important, but there is much more to consider.

Let's find out what it *really* means to be ready to retire.

Will You Be Ready?

A few factors to consider...

-  **Your Finances**
Can you afford to retire?
-  **Your Family**
Do you still have family members to support?
-  **Your Lifestyle**
How will you spend retirement?
-  **Your Health**
Are you prepared to spend more on health care?
-  **Your Home**
Where do you plan to live?



Wonder if you will be ready to retire when the time comes? Here are a few factors to consider:

- Your finances: Can you afford to retire?
- Your family: Do you still have family members to support?
- Your lifestyle: How will you spend retirement?
- Your health: Are you prepared to spend more on health care?
- And finally, your home: Where do you plan to live?

The slide features a dark blue vertical bar on the left with the text "Reality or Myth?" in white. To the right, a light blue background contains a white speech bubble with red text. A small number "9" is in the bottom right corner of the slide.

Reality or Myth?

Experts suggest you'll need at least 70% of your pre-retirement income to maintain your current lifestyle when you retire.

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Now for another reality or myth.

Experts suggest you'll need at least 70% of your pre-retirement income to maintain your current lifestyle when you retire.

Reality!

Yes, you will need between 70%-90% of your current income during retirement.

Experts say if you retire at age 65, you will need enough money to last 20-30 years.

How much is that?

Salary at retirement:	\$75,000
70% of salary:	x 70%
Income per year:	\$52,500
Years in retirement:	x 30
	<hr/>
	\$1,575,000

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Reality!

Yes, you will need between 70%-90% of your current income during retirement.

Experts say if you retire at age 65, you will need enough money to last 20 to 30 years.

If your salary at retirement is \$75,000 and you spend 30 years in retirement, that is \$1,575,000.

Reality or Myth?

My ORP benefit will provide
all the income
I need in retirement.

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Ok — let's do one more reality or myth.

My ORP benefit will provide all the income I need in retirement.

Myth!

Your ORP benefit is only one of the sources of income for retirement.

You also need to consider:

- Social Security
- Other sources (i.e., supplemental retirement plans/personal savings)

A pie chart illustrating the composition of retirement income. The largest slice, representing 45% to 50% of income, is the ORP/TSERS Retirement Program, accompanied by an icon of the state of North Carolina. The second largest slice, representing 30% to 35% of income, is Social Security, accompanied by an icon of the U.S. Capitol building. The smallest slice, representing 15% to 25% of income, consists of other sources, accompanied by an icon of a piggy bank.

Source	Percentage Range
ORP/TSERS Retirement Program	45%-50%
Social Security	30%-35%
Other sources	15%-25%

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Myth!

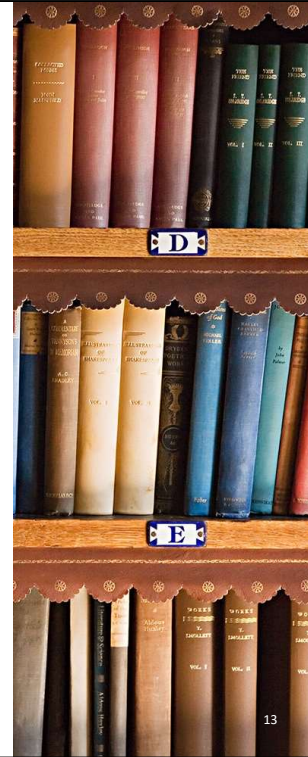
Your ORP benefit is only one of the sources of income for retirement.

This chart shows you what you need to consider, including Social Security and other sources such as supplemental retirement plans and personal savings.

Social Security

Social Security may replace 30%-35% of your pre-retirement income

- The higher your income, the lower the replacement percentage
- You can begin to receive benefits before your Social Security retirement age at 62; however, your benefit will be reduced
- You can delay receiving your benefit past your retirement age
- Consult with your financial adviser on the best time to begin receiving benefits



First, let's look at Social Security. Here are some key facts to keep in mind:

- Social Security may replace 30%-35% of your pre-retirement income, but the higher your income, the lower the replacement percentage.
- You can begin to receive benefits before your Social Security retirement age at 62; however, your benefit will be reduced.
- Also, you can delay receiving your benefit past your retirement age.

It's a good idea to consult with your financial adviser on the best time to begin receiving benefits.

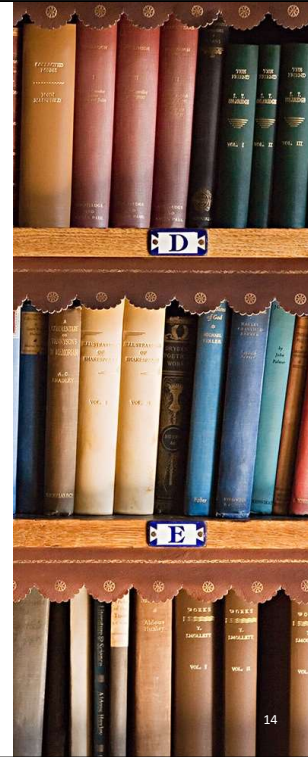
Social Security...continued

Check your estimated Social Security benefit at least three months before your birthday:

- Visit online (www.ssa.gov)
- Call 800-772-1213

2024 maximum monthly Social Security benefit = \$4,873 (if you retire at your full Social Security retirement age)

Visit www.ssa.gov/OACT/COLA/examplemax.html to see examples of an individual's average monthly earnings and the corresponding maximum monthly Social Security benefit.





Remember to check your estimated Social Security benefit at least three months before your birthday. Visit the Social Security website at www.ssa.gov or call 800-772-1213.

If you retire at your full Social Security retirement age, the 2024 maximum monthly Social Security benefit is \$4,873.

Visit www.ssa.gov/OACT/COLA/examplemax.html to see examples of an individual's average monthly earnings and the corresponding maximum monthly Social Security benefit.

Other Sources of Income

 UNC System Supplemental Retirement Plans	 Personal Savings
<ul style="list-style-type: none">• UNC System 403(b) Plan• UNC System 457(b) Plan• State 457 Deferred Compensation Plan• State 401(k) Plan	<ul style="list-style-type: none">• Savings accounts• CDs• IRAs• Stocks• Bonds• Mutual funds• Retirement benefits from a previous employer• Spouse's retirement benefits• Inheritance• Additional life insurance• Other investments

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Now let's review other sources of income.

There are the UNC System Supplemental Retirement Plans, and the various types of personal savings such as IRAs, stocks, bonds and other investments. Which items on this slide are part of your retirement plan?



Supplemental Retirement Plans

UNC System 403(b) Plan

- Vendor: TIAA
- All employees who pay Social Security and Medicare taxes are eligible
- You may elect to make either pre-tax or Roth after-tax contributions
 - Pre-tax contributions and earnings are generally taxed as ordinary income upon distribution at retirement
 - Roth after-tax contributions and earnings are generally not taxed upon distribution at retirement

UNC System 457(b) Plan

- Vendor: TIAA
- All employees who pay Social Security and Medicare taxes are eligible
- You may elect to make either pre-tax or Roth after-tax contributions
 - Pre-tax contributions and earnings are generally taxed as ordinary income upon distribution at retirement
 - Roth after-tax contributions and earnings are generally not taxed upon distribution at retirement

Note: UNC Health employees are not eligible to participate in the UNC System 403(b) Plan.

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Let's look more closely at the UNC System Supplemental Retirement Plans.

The UNC System offers the UNC System 403(b) Plan and the UNC System 457(b) Plan. The vendor for both plans is TIAA. All employees who pay Social Security and Medicare taxes are eligible for both plans.

Contributions for both the 403(b) Plan and the 457(b) Plan can be made pre-tax and/or after-tax through a Roth account. If you elect to make pre-tax contributions, your contributions and earnings are generally taxed as ordinary income upon distribution at retirement. If you elect to make Roth after-tax contributions, your contributions and earnings are generally not taxed upon distribution at retirement as long as you meet the special Roth distribution rules.

Please note that UNC Health employees are not eligible to participate in the UNC System 403(b) Plan.



Supplemental Retirement Plans...continued

State 457 Deferred Compensation Plan

- Administered by Empower
- All NC public employees are eligible
- Contributions are made pre-tax and/or after-tax through a Roth account
 - Pre-tax contributions and earnings are generally taxed as ordinary income upon distribution at retirement
 - Roth after-tax contributions and earnings are generally not taxed upon distribution at retirement

State 401(k) Plan

- Administered by Empower
- All permanent employees who participate in ORP/TSERS are eligible
- State-sponsored plan that allows you to make contributions pre-tax and/or after-tax through a Roth account
 - Pre-tax contributions and earnings are generally taxed as ordinary income upon distribution at retirement
 - Roth after-tax contributions and earnings are generally not taxed upon distribution at retirement

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The State 457 Plan is administered by Empower. All North Carolina public employees are eligible and contributions are made pre-tax and/or after-tax through a Roth account.

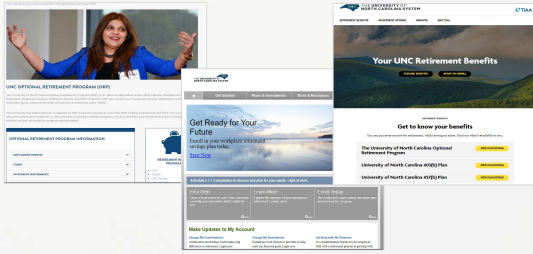
And finally, the State 401(k) Plan, which is administered by Empower. All permanent employees who participate in the ORP or TSERS are eligible. It is a State-sponsored plan that allows you to make contributions pre-tax and/or after-tax through a Roth account.

Under either the State 457 or 401(k) Plan, if you elect to make pre-tax contributions, your contributions and earnings are generally taxed as ordinary income upon distribution at retirement. If you elect to make Roth after-tax contributions, your contributions and earnings are generally not taxed upon distribution at retirement as long as you meet the special Roth distribution rules.

Today you learned what it really means to be ready to retire...

Now it's time to check your financial readiness with these online tools and resources:

- ❑ <https://myapps.northcarolina.edu/hr/benefits-leave/retirement/>
- ❑ www.tiaa.org/unc

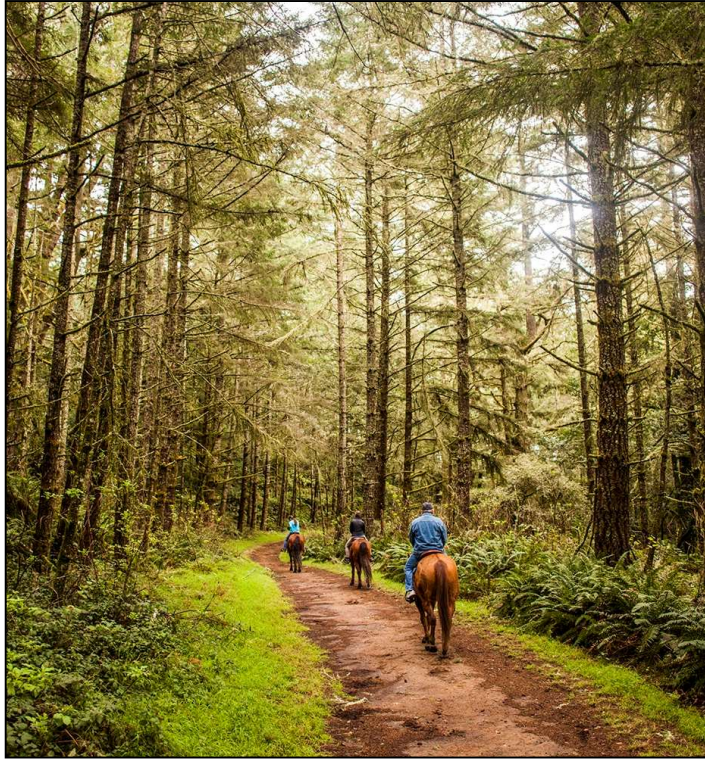


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We've discussed many great topics to address the question of: What it really means to be ready to retire...

Now it's time to check your financial readiness with these online tools and resources.

When you are ready, we are here to help you move through the process with ease.



Getting the Most from the ORP

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Now let's look at how you can get the most from the ORP.

ORP Basics

- Defined Contribution Plan
- You contribute 6% of pay on a pre-tax basis; UNC System contributes 6.84%
- You control and monitor your investment choices, distribution methods and retirement goals
- TIAA is the carrier
- Your benefit is based on:
 - Contributions to the plan
 - Investment performance
 - The payment option you choose when you take a distribution from the plan



Let's start with the basics.

The Optional Retirement Plan, also referred to as the ORP, is a Defined Contribution Plan that was adopted by the University of North Carolina, its constituent institutions and affiliates on January 14, 1972.

Employees contribute 6% of their pay on a pre-tax basis and the UNC System contributes 6.84%. You control and monitor your investment choices, distribution methods and retirement goals. TIAA is the carrier.

Your benefit is based on contributions to the plan, investment performance and the payment option you choose when you take a distribution from the plan.

Vesting

- Vesting refers to the portion of your retirement benefit that you own
- You are 100% vested in your contributions immediately
- You are 100% vested in the UNC System’s contributions after five years of ORP participation
- Vesting Reciprocity:

Plan Membership	Treatment
Membership service with TSERS, LGERS or CJRS prior to joining the ORP	Credit towards ORP Participation Service
Membership service earned with TSERS, LGERS or CJRS after terminating employment with The University	No credit towards ORP Participation Service
Membership service earned with TSERS, LGERS or CJRS after ceasing participation in the ORP, but still employed with The University	Will vary based on the facts and circumstances. These cases should be referred to the UNC System Office.

Vesting Reciprocity

Total membership service under TSERS, LGERS or CJRS and participation in the ORP may be counted toward the ORP vesting requirement of five years of service, provided that in most cases the TSERS, LGERS or CJRS participation occurs first.



What does vesting mean?

Vesting refers to the portion of your retirement benefit that you own. You are 100% vested in your contributions immediately. You are 100% vested in the UNC System’s contributions after five years of ORP participation.

With vesting reciprocity, the total membership service under TSERS, LGERS or CJRS and participation in the ORP may be counted toward the ORP vesting requirement of five years of service, provided that in most cases the TSERS, LGERS or CJRS participation occurs first.

See chart to further understand the reciprocity rules.

Determining Your ORP Benefit

- Your benefit is determined by the contributions you and the UNC System make to your ORP account and how well your investments perform over time
- Your benefit is based on the value of your ORP account at the time you begin taking a distribution
- Access and monitor your ORP account on TIAA's website
- Use the online tools and calculators to estimate your monthly benefit and identify potential income gaps
- Before you retire, you will need to meet with a retirement representative from TIAA



Here is how to determine your ORP Benefit.

- Your benefit is determined by the contributions you and the UNC System make to your ORP account and how well your investments perform over time.
- Your benefit is based on the value of your ORP account at the time you begin taking a distribution.
- Access and monitor your ORP account on TIAA's website.
- Use the online tools and calculators to estimate your monthly benefit and identify potential income gaps.
- Before you retire, you will need to meet with a retirement representative from TIAA.



Options for Taking Your Retirement Benefit

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Now let's talk about options for taking your retirement benefit.

Eligibility and Requirements

- You become eligible to receive a distribution from the ORP upon termination from employment or retirement from the UNC System
- You need five years of ORP participation to be fully vested and receive your ORP benefit
- As you consider your distribution options, note that the IRS requires you to take a distribution from the ORP no later than April 1 of the calendar year following the calendar year in which you either become age 73 or you retire, ***whichever is later.***

For more details on distribution rules, please contact TIAA.



You become eligible to receive a distribution from the ORP upon termination from employment or retirement from the UNC System. You need five or more years of ORP participation to be fully vested and receive your ORP benefit. As you consider your distribution options, note that the IRS requires you to take a distribution from the ORP no later than April 1 of the calendar year following the calendar year in which you either become age 73 or retire, ***whichever is later.***

For more details on distribution rules, please contact TIAA.

Choose Your Payment Option

Choose the option that best suits your goals:

- Single Life Annuity
- Two Life Annuity
- Systematic Withdrawals
- Fixed Period Withdrawals
- Any combination of payment options available from the ORP investment carrier that meets your income needs and retiree health requirements

Contact TIAA for details

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You will choose the payment option that best suits your goals:

One common method of payment is an annuity, which is a series of payments made over a specified period of time.

A single-life annuity (also called a **life-only annuity**) pays you a monthly benefit for as long as you live. The exact amount of your monthly benefit depends upon the value of the benefit you have accumulated in the ORP when you begin receiving benefits, and your life expectancy at that time.

Under a **two-life annuity** (also called a **joint and survivor annuity**), the plan pays you a monthly benefit for as long as you live. Upon your death, it continues to pay a monthly benefit to another designated recipient, sometimes called an annuity partner, for as long as he or she lives. Compared to a similar single-life annuity, monthly benefits under a two-life annuity will be smaller because two life expectancies must be taken into account rather than just one.

You may be able to withdraw funds from your ORP account as a series of **systematic withdrawals**, depending on carrier rules. Other restrictions may apply. See retiree health plan rules.

Fixed period withdrawals, if available, may allow you to receive income for a specified number of years, after which you will have received the total value of your plan benefit and payments will stop.

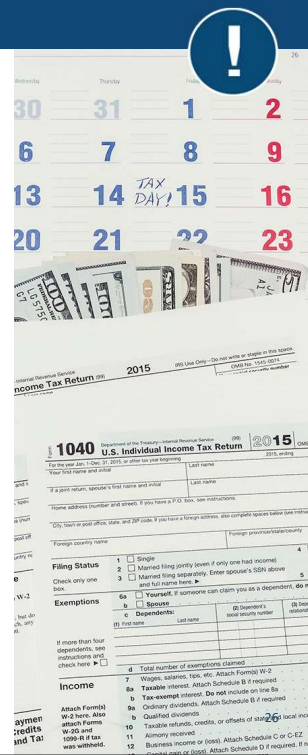
Interest-only payments, if available, allow you to receive the current interest earned on your plan account while your principal remains intact and in the plan. This form of payment may only be available until you reach age 73, when the Required Minimum Distributions from the plan must begin.

Or, you can choose any combination of payment options available from TIAA that meets your income needs and retiree health requirements.

Don't Forget About Taxes

State Taxes

- Primary residence is in North Carolina
- The Bailey Settlement — if you enrolled in ORP prior to August 12, 1989, distributions may be tax-exempt
- For more information, contact your University Benefits Administrator or visit the NC Department of Revenue website at www.ncdor.gov



There are state and federal tax implications associated with taking distributions from these plans, based on the type of distribution you take.

And, you also should be aware of the Bailey Settlement. If you enrolled in ORP prior to August 12, 1989, your distributions may be tax-exempt.

For more information, contact your University Benefits Administrator or visit the NC Department of Revenue website at www.ncdor.gov.



Don't Forget About Taxes...*continued*

Federal Taxes

- Distributions are taxable in the year they are received
- A 10% penalty tax may apply for early distributions (i.e., distribution received before an employee attains age 59½)
- As you consider your retirement options, note that the IRS requires you to take a distribution from the ORP no later than April 1 of the calendar year following the calendar year in which you either become age 73 or you retire, ***whichever is later***. The IRS will impose a 25% excise tax on the distribution that should have otherwise been received by the participant.

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For your federal taxes:

- Distributions are taxable in the year they are received.
- A 10% penalty tax may apply for early distributions.
- As you consider your retirement options, note that the IRS requires you to take a distribution from the ORP no later than April 1 of the calendar year following the calendar year in which you either become age 73 or you retire, ***whichever is later***, or pay a 25% excise tax on the distribution that should have otherwise been received by the participant.



Don't Forget About Taxes...*continued*

Federal Taxes

- Prior to July 1, 1982, employee contributions to the ORP were made on an after-tax basis — only the earnings on these contributions will not be taxed
- Employee contributions made on a pre-tax basis as well as the earnings on those contributions can be taxed
- Consult your tax or financial adviser to discuss your personal situation and any taxes you may incur

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- Prior to July 1, 1982, employee contributions to the ORP were made on an after-tax basis — only the earnings on these contributions will not be subject to federal income tax deductions.
- The amount you contribute after July 1, 1982, is subject to federal income tax.
- Finally, remember that employee contributions made on a pre-tax basis, as well as the earnings on those contributions, can be taxed.

Consult your tax or financial adviser to discuss your personal situation and any taxes you may incur.



Retiree Health Insurance

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Now let's move on to another important topic: retiree health insurance.

Retiree Health Insurance

It's important to plan ahead for health care coverage and factor these costs into your retirement.

Through the State Health Plan of North Carolina, you and your dependents may have access to continued coverage, which will coordinate with Medicare (once you become eligible) to provide health care benefits for you in retirement.



It's important to plan ahead for health care coverage and factor these costs into your retirement.


Through the State Health Plan of North Carolina, you and your dependents may have access to continued coverage, which will coordinate with Medicare — once you become eligible — to provide health care benefits for you in retirement.

Contribution Status

Hired Before October 1, 2006	Hired On or After October 1, 2006
5 years of service: Non-contributory Plan You pay 0% of the premium for the 70/30 Plan*	5 < 10 years of service: You pay 100% of the premium**
	10 < 20 years of service: You pay 50% of the premium**
	20 years of service: You pay 0% of the premium*

* Partial contribution may be required for other plan options
** Premium rate based on state contribution

Note: Members hired on or after January 1, 2021, will not be eligible to receive retiree medical benefits.



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Eligibility and how much you pay for retiree medical benefits will depend on when you were hired and your years of service, as shown here.

Please note that if you were hired on or after January 1, 2021, you will not be eligible to receive retiree medical benefits.

Let's dive a little deeper into eligibility for retiree health insurance.



How It Works – Eligibility

Employees first hired prior to October 1, 2006, are eligible to continue health insurance coverage under the State Health Plan of North Carolina when they retire if:

- They have *at least five years* of ORP participation, and
- They receive a monthly retirement benefit from the ORP

Employees first hired on or after October 1, 2006, are eligible to continue health insurance coverage under the State Health Plan of North Carolina when they retire if:

- They have *at least 20 years* of retirement service credit, and
- They receive a monthly retirement benefit from the ORP

The amount you pay for coverage will depend on which plan you are enrolled in through the State Health Plan of North Carolina

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Employees first hired prior to October 1, 2006, are eligible to continue health insurance coverage under the State Health Plan of North Carolina when they retire if they have at least five years of ORP participation, and they receive a monthly retirement benefit from the ORP.

Employees first hired on or after October 1, 2006, are eligible to continue health insurance coverage under the State Health Plan of North Carolina when they retire if they have at least 20 years of retirement service credit, and they receive a monthly retirement benefit from the ORP.

The amount you pay for coverage will depend on when you were hired and your years of service. It will also depend on which plan you are enrolled in through the State Health Plan of North Carolina.



How It Works – Eligibility...*continued*

Retiree pays fifty percent (**50%**) of the total non-contributory premiums:

- If you retire with 10 but less than 20 years of retirement service credit — you will have to pay 50% of the cost of your coverage.

Retiree pays full cost (**100%**) of total non-contributory premiums:

- If you retire with five but less than 10 years — you will have to pay the full cost of your coverage.

All retirees pay the full cost of dependent coverage.

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If you retire with 10 but less than 20 years of retirement service credit, you will have to pay 50% of the cost of your coverage.

If you retire with five but less than 10 years, you will pay the full cost of your coverage.

In all cases, you pay the full cost of dependent coverage.

Forfeiting Eligibility

Important! You forfeit your eligibility for the State's retiree group health plan coverage if:

- You withdraw your entire account from the ORP, or
- If you transfer or roll over the entire account to an individual retirement account (IRA) or another employer's retirement plan

Note:


- Member must be in receipt of a monthly retirement benefit from the Retirement Plan to qualify for the retiree group health plan coverage.
- Members hired on or after January 1, 2021, will not be eligible to receive retiree medical benefits.



Be sure to understand that you can forfeit your eligibility for the State's retiree group health plan coverage if you withdraw your entire account from the ORP or if you transfer or roll over the entire account to an IRA or another employer's retirement plan.

Please note, you must be in receipt of a monthly retirement benefit from the Retirement Plan to qualify for the retiree group health plan coverage.

In addition, if you were hired on or after January 1, 2021, you will not be eligible to receive retiree medical benefits.



The slide features a yellow header bar with a folder icon on the right. The main title is "Retiree Health Plan Options" in a blue serif font. Below the title, the content is organized into two sections: "Plans for Non-Medicare Members" and "Plans for Medicare Members".

Plans for Non-Medicare Members

- Base PPO Plan (70/30)**: The Base PPO Plan (70/30) is a Preferred Provider Organization (PPO) plan administered by Blue Cross and Blue Shield of North Carolina (Blue Cross NC). This plan offers freedom of choice among in-network providers and lower out-of-pocket costs. Preventive services and medications are covered at 100% under this plan.
- Enhanced PPO Plan (80/20)**: The Enhanced PPO Plan (80/20) is a Preferred Provider Organization (PPO) plan administered by Blue Cross and Blue Shield of North Carolina (Blue Cross NC). A PPO plan offers freedom of choice among in-network providers, lower out-of-pocket costs and a strong emphasis on preventive health. Preventive services and medications are covered at 100% under this plan.

Plans for Medicare Members

- Humana Group Medicare Advantage Base Plan**: The Humana Medicare Advantage Base Plan is a Group Medicare Advantage Plan that includes prescription drug coverage.
- Humana Group Medicare Advantage Enhanced Plan**: The Humana Medicare Advantage Enhanced Plan is a Group Medicare Advantage Plan that includes prescription drug coverage.
- Base PPO Plan (70/30)**: The Base PPO Plan (70/30) is a Preferred Provider Organization (PPO) plan administered by Blue Cross and Blue Shield of North Carolina (Blue Cross NC). For Medicare members, this plan serves as secondary to Medicare.


Visit <https://www.shpnc.org/retiree-benefits>

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Your Retiree Health Plan options differ depending on your retirement age and when your retirement is processed.

It is important to take action in advance of your retirement to review your health plan options and determine the plan that best fits your needs.

So, let's take a brief look at some details and requirements you should consider.



Plan Options

Retiring and Age 65 or Older

- Medicare-eligible employees who begin the retirement process **90 days prior to the benefit effective date** will be auto-enrolled into the **Humana Group Medicare Advantage Base Plan**
 - Even though Medicare-eligible retirees will be auto-enrolled in the Humana Group Medicare Advantage Base Plan, they will have 30 days prior to the benefits effective date to elect coverage under the Base PPO (70/30) Plan or the Humana Group Medicare Advantage Enhanced Plan
- Premium-free for Medicare eligible retiree-only coverage (if hired prior to October 1, 2006 or if hired after October 1, 2006 and have at least 20 years of retirement service credit)
- Dependents who are non-Medicare Primary will be automatically enrolled into the health plan they were enrolled in as an active dependent
- Make changes during the next Open Enrollment

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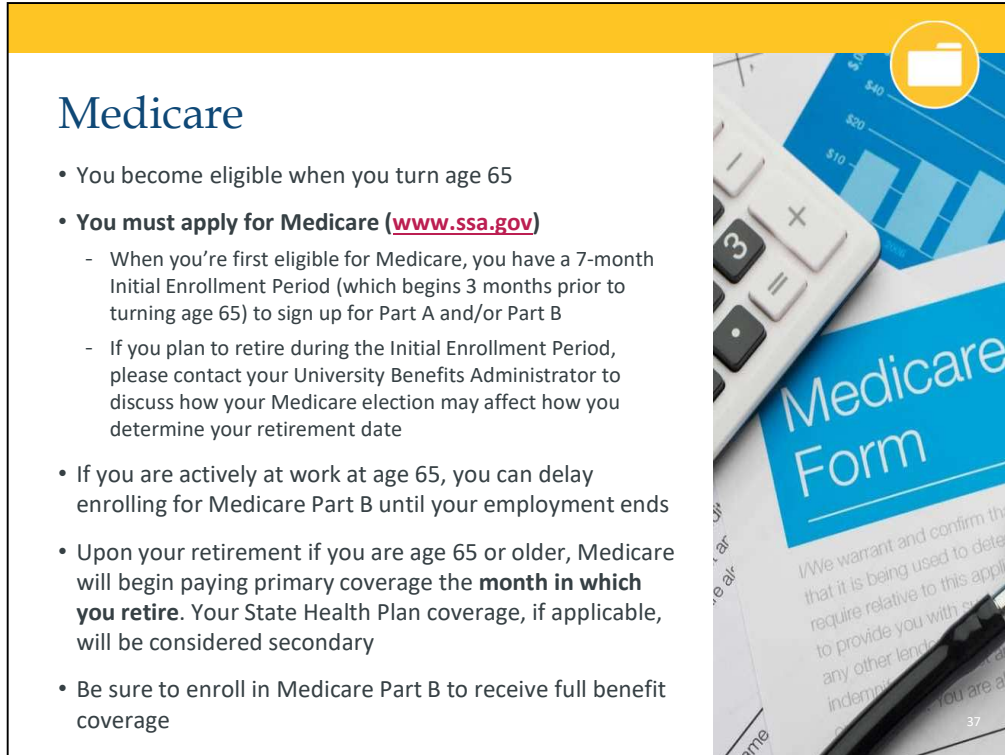
Medicare-eligible employees who begin the retirement process 90 days prior to the benefit effective date will be auto-enrolled into the Humana Group Medicare Advantage Base Plan.

Even though Medicare-eligible retirees will be auto-enrolled in the Humana Group Medicare Advantage Base Plan, they will have 30 days prior to the benefits effective date to elect coverage under the Base PPO (70/30) Plan or the Humana Group Medicare Advantage Enhanced Plan.

In addition, there are no premiums for Medicare eligible retiree-only coverage if you were hired prior to October 1, 2006 or if you were hired after October 1, 2006 and have at least 20 years of retirement service credit.

Dependents who are non-Medicare Primary will be automatically enrolled into the health plan they were enrolled in as an active dependent.

If you wish to make changes, you can do so during the next Open Enrollment.



Medicare

- You become eligible when you turn age 65
- **You must apply for Medicare (www.ssa.gov)**
 - When you're first eligible for Medicare, you have a 7-month Initial Enrollment Period (which begins 3 months prior to turning age 65) to sign up for Part A and/or Part B
 - If you plan to retire during the Initial Enrollment Period, please contact your University Benefits Administrator to discuss how your Medicare election may affect how you determine your retirement date
- If you are actively at work at age 65, you can delay enrolling for Medicare Part B until your employment ends
- Upon your retirement if you are age 65 or older, Medicare will begin paying primary coverage the **month in which you retire**. Your State Health Plan coverage, if applicable, will be considered secondary
- Be sure to enroll in Medicare Part B to receive full benefit coverage

While it's not a source of income, Medicare is very important to your retirement because it will provide your primary medical coverage. Keep in mind:

- You become eligible when you turn age 65.
- You must apply for Medicare at www.ssa.gov. When you're first eligible for Medicare, you have a 7-month Initial Enrollment Period (which begins three months prior to turning age 65) to sign up for Part A and/or Part B. If you plan to retire during the Initial Enrollment Period, please contact your University Benefits Administrator to discuss how your Medicare election may affect how you determine your retirement date.
- If you are actively at work at age 65, you can delay enrolling for Medicare Part B until your employment ends.
- Upon your retirement if you are age 65 or older, Medicare will begin paying primary coverage the month in which you retire. Your State Health Plan coverage, if applicable, will be considered secondary.
- And, here's an important reminder. Be sure to enroll in Medicare Part B to receive full benefit coverage.



Plan Options...*continued*

Retiring and Not Yet Age 65

- Auto-enrolled in the health plan you are enrolled in as an active employee, along with covered dependents

Health Plan Questions?
Call the Eligibility and Enrollment Support Center at 855-859-0966.

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If you are retiring and not yet age 65, there is auto-enrollment in the health plan you are enrolled in as an active employee for you and your covered dependents.

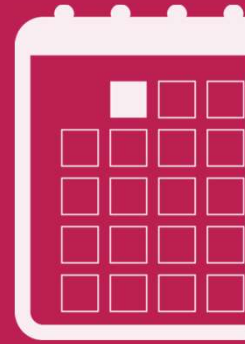
If you are not covered under the Plan as an active employee, but you will be eligible for retiree health benefits, you will be enrolled in the Base PPO Plan as a retiree.

Have questions about the State Health Plan and Retiree Health Plan? Call the Eligibility and Enrollment Support Center at 855-859-0966.

When Does Retiree Health Coverage Begin?

Coverage is effective the first day of the next month following your effective retirement date.

- **Example:** If your effective date of retirement is July 1, your retiree group health coverage will be effective August 1.



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Wondering when Retiree Health coverage begins?

Coverage is effective the first day of the next month following your effective retirement date. For example, if your effective date of retirement is July 1, your retiree group health coverage will be effective August 1.

Health Care Costs

80/20 & 70/30 Plan for Non-Medicare Primary Subscribers in the Retirement Systems

Monthly Premium Rates January 1, 2023 - December 31, 2023	Enhanced PPO Plan (80/20)		Base PPO Plan (70/30)
	TOBACCO ATTESTATION COMPLETE?		
	YES	NO	
NON-MEDICARE PRIMARY SUBSCRIBERS/ DEPENDENTS			
Subscriber	\$50.00	\$110.00	\$0.00
Subscriber + Child(ren)	\$305.00	\$365.00	\$218.00
Subscriber + Spouse	\$700.00		
Subscriber + Family	\$720.00		
MEDICARE PRIMARY DEPENDENTS ON MEDICARE ADVANTAGE BASE			
Subscriber + Child(ren)	\$54.00		
Subscriber + Spouse	\$54.00		
Subscriber + Family	\$58.00		
MEDICARE PRIMARY DEPENDENTS ON MEDICARE ADVANTAGE ENHA			
Subscriber + Child(ren)	\$123.00		
Subscriber + Spouse	\$123.00		
Subscriber + Family	\$196.00		
MEDICARE PRIMARY DEPENDENTS ON 70/30 PLAN			
Subscriber + Child(ren)	\$205.00		
Subscriber + Spouse	\$475.00		
Subscriber + Family	\$494.00		

Medicare Primary Plans for Medicare Subscribers in Retirement Systems

Monthly Premium Rates January 1, 2023 - December 31, 2023	MEDICARE ADVANTAGE		Base PPO Plan (70/30)
	BASE PLAN	ENHANCED PLAN	
MEDICARE PRIMARY SUBSCRIBERS & DEPENDENTS			
Subscriber	\$0.00	\$73.00	\$0.00
Subscriber + Child(ren)	\$4.00	\$146.00	\$155.00
Subscriber + Spouse	\$4.00	\$146.00	\$425.00
Subscriber + Family	\$8.00	\$219.00	\$444.00
NON-MEDICARE PRIMARY FOR DEPENDENTS ON 80/20 PLAN			
Subscriber + Child(ren)	\$255.00	\$328.00	\$255.00
Subscriber + Spouse	\$650.00	\$723.00	\$650.00
Subscriber + Family	\$670.00	\$743.00	\$670.00
NON-MEDICARE PRIMARY FOR DEPENDENTS ON 70/30 PLAN			
Subscriber + Child(ren)	\$218.00	\$291.00	\$218.00
Subscriber + Spouse	\$590.00	\$663.00	\$590.00
Subscriber + Family	\$598.00	\$671.00	\$598.00

For Monthly Premiums, visit <https://www.shpnc.org/retiree-benefits>

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This slide shows monthly premiums for the various plan options. As you can see, the amount you pay for non-Medicare coverage depends on if you complete a tobacco attestation.

For example, if you are a non-smoker and choose the non-Medicare 70/30 Plan for yourself, you pay nothing. If you are a non-smoker and choose the non-Medicare 80/20 Plan for yourself, you pay \$50 each month.

If you are a non-smoker and choose the Medicare Advantage Base Plan or Medicare 70/30 Plan for yourself, you pay nothing; if you choose the Medicare Enhanced Plan, you pay \$73.

More details on the levels of coverage for each plan and the monthly premiums can be found on the SHP website under retiree benefits, the plan of choice page, and the rate sheets section of that page.

Additional Information

Return to Work

- There are no restrictions on returning to work
- To avoid complications with retiree health care coverage, you should work fewer than 29 hours per week if you return to work at the UNC System

Coverage Timing

- No break in coverage if your retirement date immediately follows your date of termination

Tools and Resources

- Visit www.shpnc.org
- Visit <https://myapps.northcarolina.edu/hr/benefits-leave/retirement/orp>



Let's wrap up retiree health insurance with a little more information.

There are no restrictions on returning to work. To avoid complications with retiree health care coverage, you should work fewer than 29 hours per week if you return to work at the UNC System.

And, you will not experience a break in health insurance coverage if your retirement date immediately follows your date of termination.

And, if you're looking for tools and resources, visit www.shpnc.org as well as visiting the UNC System HR/Benefits-Leave/Retirement/ORP page.



Other
Benefits:
Dental,
Vision, Life
and Death

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Now let's explore the other retirement benefits, including dental, vision, life and death.

Dental and Vision Insurance

- If you are enrolled as an active employee through NCFlex, dental and vision insurance will end upon termination of employment
- You have **two options**:
 - You may continue your current dental and/or vision coverage for up to 18 months through COBRA
 - Upon retirement, or at the end of COBRA, choose from options such as dental and vision insurance available through membership in the North Carolina Retired Governmental Employees Association (NCRGEA).

For a List of Benefits...

Visit the NCRGEA website at <https://ncrgea.com/benefits/>



If you already are enrolled in dental and/or vision coverage as an active employee through NCFlex, these benefits will end upon termination of your employment. You may elect COBRA coverage for dental and/or vision coverage for up to 18 months. Upon retirement or at the end of COBRA, you may choose dental and vision insurance available through membership in the North Carolina Retired Governmental Employees Association.

Visit <https://ncrgea.com/benefits/> for a list of benefits available to you upon retirement.

Life Insurance

- If you have UNC voluntary life insurance as an active employee, you will receive information at retirement regarding the Voluntary Retiree Life (VRL) options available to you and your spouse/domestic partner so you can continue to have life insurance protection beyond active employment.

Note: If you are not currently enrolled in the UNC group term life policy, you may enroll for VRL for you and your spouse/domestic partner within 30 days from your retirement in the amount of \$25,000 without submitting Evidence of Insurability. You may also select additional coverage levels; however, you will need to provide Evidence of Insurability for any amount in excess of \$25,000.

Find more information at:

<https://myapps.northcarolina.edu/hr/benefits-leave/income-protection-benefits/>

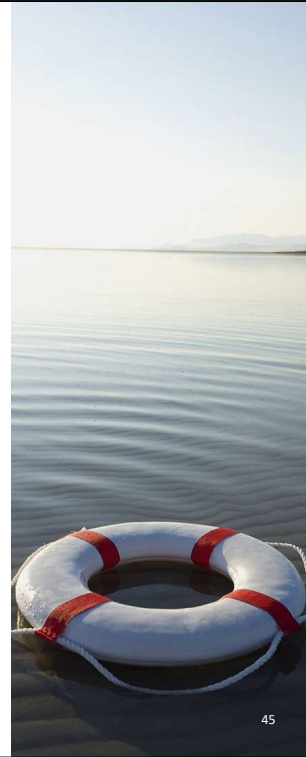


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If you have life insurance as an active employee, you may convert your life insurance coverage to a separately rated group term life policy, or make it a whole life policy by contacting the life insurance vendor.

Death Benefit

- Your contributions and the UNC System's contributions become 100% vested
- Your total ORP account value will be paid to your designated beneficiary



Even though it's unpleasant to think about, it's important to understand what will happen to your benefits in the event of your death.

Your contributions and the UNC System's contributions become 100% vested and your total ORP account value will be paid to your designated beneficiary.



We've talked about what it means to be ready to retire and your retirement benefits. Now let's countdown to your retirement!

Countdown to Retirement: What You Need to Do Before

9-12 months

- Take financial inventory
- Determine your retirement date and contact Social Security Administration, if appropriate

6 months

- Contact TIAA to discuss retirement options and have retirement illustrations prepared
- Consider speaking with your tax and/or financial adviser to ensure you understand the tax implications of your decisions
- Notify your manager/supervisor about your upcoming retirement
- Contact your 401(k), 457(b) or 403(b) plan provider to discuss your distribution options



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Nine to twelve months before you retire, take financial inventory. Also, determine your retirement date and contact the Social Security Administration office, if appropriate.

Six months before:

- Contact TIAA to discuss retirement options and have retirement illustrations prepared.
- Consider speaking with your tax and/or financial adviser to ensure you understand the tax implications of your decisions.
- Notify your manager or supervisor about your upcoming retirement.
- And contact your 401(k), 457(b) or 403(b) plan provider to discuss your distribution options.

Countdown to Retirement: What You Need to Do Before...*continued*

3 Months

- Enroll in Medicare Parts A and B online at www.ssa.gov (if you will be age 65 as of your retirement date) and/or apply for Social Security benefits
- Contact TIAA to complete the required documents to start your distribution payments
- Schedule a meeting with your University Benefits Administrator to complete the required forms

2 Months

- Prepare your resignation letter
- Provide it to your manager at least two weeks prior to your retirement date if you are paid bi-weekly and one month prior to your retirement date if you are paid monthly
- Contact your 401(k), 457(b) or 403(b) plan provider to complete the required paperwork to receive a distribution



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Three months before you retire:

- Enroll in Medicare Parts A and B online at www.ssa.gov if you will be age 65 as of your retirement date and/or apply for Social Security benefits.
- Contact TIAA to complete the required documents to start your distribution payments.
- And schedule a meeting with your University Benefits Administrator to complete the required forms.

Two months before you retire:

- Prepare your resignation letter and provide it to your manager at least two weeks prior to your retirement date if you are paid bi-weekly OR one month prior to your retirement date if you are paid monthly.
- Contact your 401(k), 457(b) or 403(b) plan provider to complete the required paperwork to receive a distribution.

After Retirement

First of the Month After

- If enrolled, coverage under the State Health Plan begins. You must be in receipt of an income from ORP to maintain retiree health coverage in the State Health Plan

Distribution Schedule

- Distributions from your ORP account will begin based on the schedule and payment method you have determined with TIAA
- Consult with your University Benefits Administrator on the appropriate retirement distribution start date to ensure timely and adequate coverage under the retiree group health plan

Throughout Retirement

- Continue to monitor your supplemental and outside investments, as well as personal savings, periodically to ensure you can live comfortably throughout your retirement years



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There are a few things to keep in mind once you retire.

On the first of the month after you retire, coverage under the State Health Plan begins if you are enrolled. You must be in receipt of an income from ORP to maintain retiree health coverage in the State Health Plan.

Distributions from your ORP account will begin based on the schedule and payment method you have determined with TIAA. Consult with your University Benefits Administrator on the appropriate retirement distribution start date to ensure timely and adequate coverage under the retiree group health plan.

Throughout retirement, continue to monitor your supplemental and outside investments, as well as personal savings, periodically to ensure you can live comfortably throughout your retirement years.



We've talked about what it means to plan and be ready for your retirement. Now let's just take a brief moment to talk about another type of planning — estate planning.

Reality or Myth?

Estate planning is just for the wealthy, sick and invalid, or the older generation.

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Reality or Myth?

Estate planning is just for the wealthy, sick and invalid, or the older generation.



Myth

Even people with modest assets and relatively young and/or healthy still need to plan for one of the given certainties in life — death comes to us all one day.

*“...in this world, nothing is certain except death and taxes.”
~Benjamin Franklin*

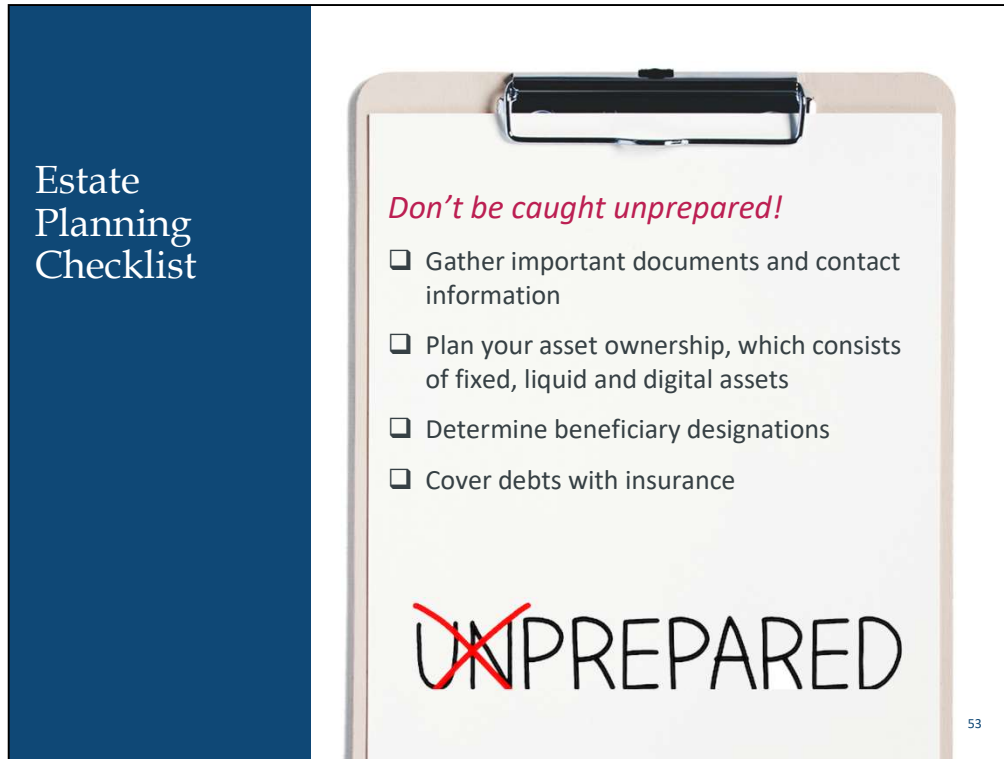
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This is a myth.

No matter your age, health, wealth or class of citizen, we all must think about end-of-life planning.

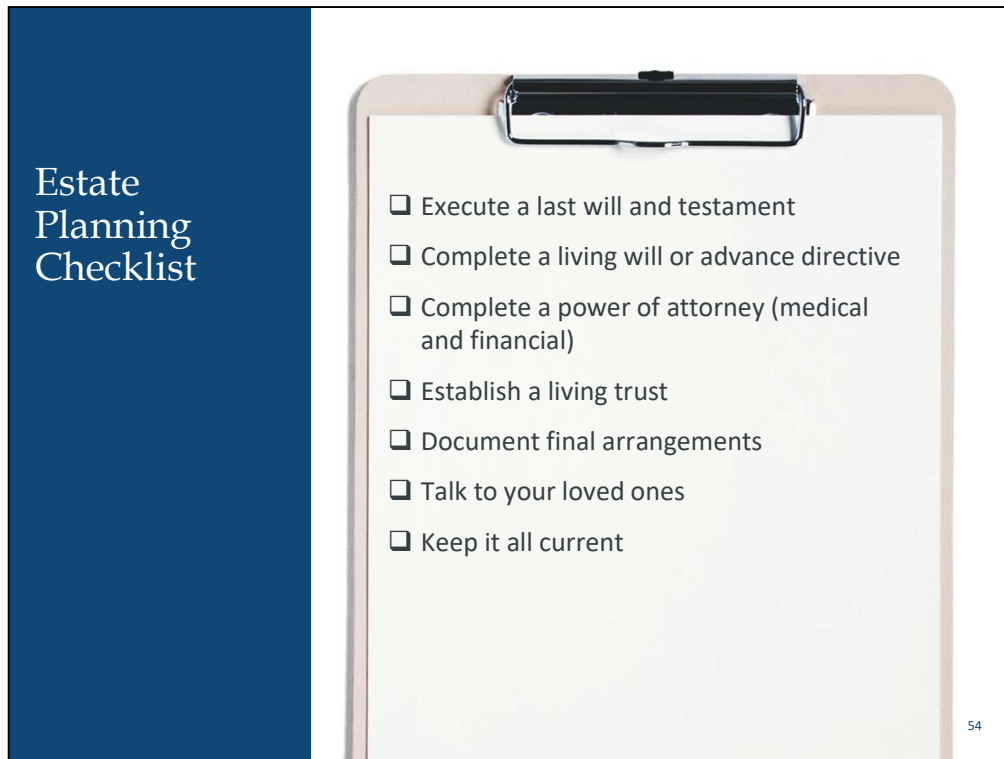
In the famous words of Benjamin Franklin, “...in this world, nothing is certain except death and taxes.”

Creating an end-of-life plan, also known as estate planning, will not only give you peace of mind now, but can spare your loved ones a lot of hassle later.



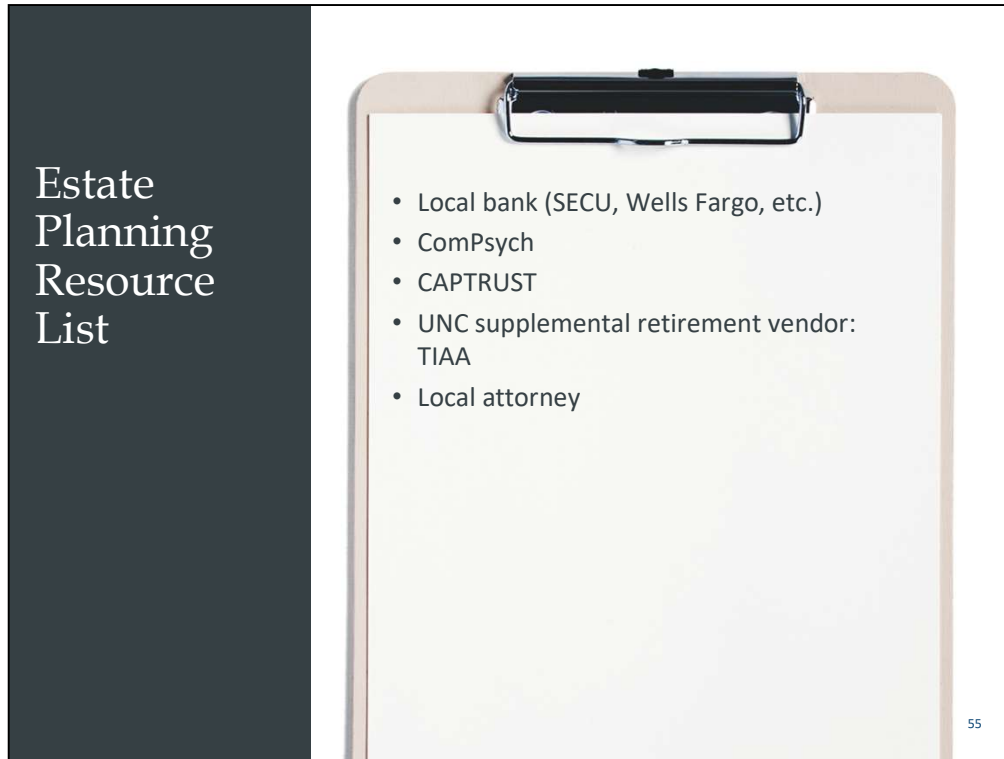
Everyone needs to have end-of-life planning in place. Don't be caught unprepared in the event of a death or disability. To assist you with thinking about your unique plans and actions, we are providing a basic estate planning checklist.

- First, gather your important documents and contact information.
 - All these are things you can gather and put in the same, safe place now to make it easier for your loved ones later.
 - We recommend that you make copies to be placed in separate secure locations.
- Next, plan your asset ownership.
 - Fixed assets are ones with title documents (for example, real estate, motor vehicles, fine jewelry, art, antiques, etc.).
 - Liquid assets include banking accounts, such as checking and savings accounts, loans, investments and credit cards or shopping accounts.
 - Digital assets involve social media accounts that need handling upon death.
- Moving on, it's important to determine beneficiary designations for assets that allow you to name someone to receive the asset upon your death, without giving them any current ownership rights.
- Next, ensure that all your debts (including burial) are paid through auto, homeowners, disability and life insurance.



Just a few more things on the checklist...

- You'll want to be sure to execute a last will and testament.
 - A will is arguably one of the most important documents in your estate planning. Unless you make a will, you are leaving things up to your state's intestacy laws, which apply when someone dies without a will. Never assume the state will make the choices as you would have.
- And, complete a living will or advance directive.
 - This is a legal document in which you name someone to communicate with medical personnel regarding your treatment preferences should you become incapacitated or otherwise unable to express your preferences yourself.
- Complete a power of attorney.
 - Medical power of attorney works hand in hand with a living will or advance directive to ensure your wishes are followed regarding medical treatment.
 - Whereas a financial power of attorney allows your designee to make decisions and access to your financial accounts in the event you are incapacitated.
- You'll also want to consider establishing a living trust, especially if you have a large estate, or many beneficiaries. The living trust is usually the best choice in handling a large distribution of property, and can avoid probate and estate taxes.
- Next, document final arrangements.
 - This can include organ donations, funeral plans (for example, location, songs, burial grounds, etc.).
 - **Note:** The will isn't the best place to include this information as the will isn't read immediately.
- Remember to talk to your loved ones.
 - Getting it all down on paper is a great start, but the next step is to talk to your loved ones about your wishes and desired plans.
- And last, but not least, keep it all current.
 - Always keep your information current when changes take place with any arrangements, plans or accounts.
 - And revisit your documents periodically to ensure all contact information is current even if account information has not changed.



We must express, we are not licensed attorneys and are not providing legal counsel on estate planning, but encourage you to seek guidance on establishing your estate plan through various available means.

Some options you may consider to help you make the first step toward creating your estate plan, at little to no cost are:

- Local bank — Contact your local bank to inquire of estate planning services as part of your membership.
- ComPsych — As UNC System employees are eligible for three free consultations per calendar year. ComPsych provides counseling on financial and legal concerns, as well as many other services.
- CAPTRUST — Free educational resources are available through CAPTRUST, a UNC non-partisan advisory vendor.
- The UNC supplemental retirement vendor (TIAA) also provides estate planning counseling and tools through their advisory services at little to no cost for members.
- Employees are always encouraged to seek out reputable legal counsel with a trusted law firm to help navigate this process as well.

Take Action

- Create your retirement vision
- Take financial inventory
- Review membership service for accuracy
- Obtain retirement benefit estimate
- Close the financial gap
- Review health plan options
- Determine date
- Complete forms



We have covered a lot of information today that has created a foundation for you to begin your smooth and successful transition into retirement.

Your planning and actions leaving here will help determine how solid the retirement you build will be.

It's never too early to start planning and preparing. Don't delay. Get started today.

- Create your retirement vision.
- Take financial inventory (review current assets and liabilities to see how you financially stand today).
- Obtain and review a retirement benefit estimate (as early as five years). Estimates can be obtained using the retirement benefit estimator on TIAA's website, or you can call or meet with TIAA to obtain an estimate and go over your benefit withdrawal options.
- Close the financial gap — Consider investing in supplemental retirement plans or increasing current contributions to close the gap. Need help with identifying the gap or have investment questions? CAPTRUST and TIAA are here to help you with that process. It is as easy as a call or scheduling a one-on-one consultation during one of their onsite visits.
- Review health plan options — take time to assess your health care needs and your age at your planned retirement date to accurately determine the health plan you will need during retirement.
- Determine date — Don't forget a key to all of this is to make a determination of when you want to retire.
- Complete forms — 120 days prior to your retirement meet with UBR to completing the required form ORP-3.
- Contact your vendor to establish retirement benefit withdraw options.
- Complete retiree health plan enrollment.

Reality or Myth?

A comfortable retirement
is impossible.

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Now for one last reality or myth: A comfortable retirement is *impossible*.



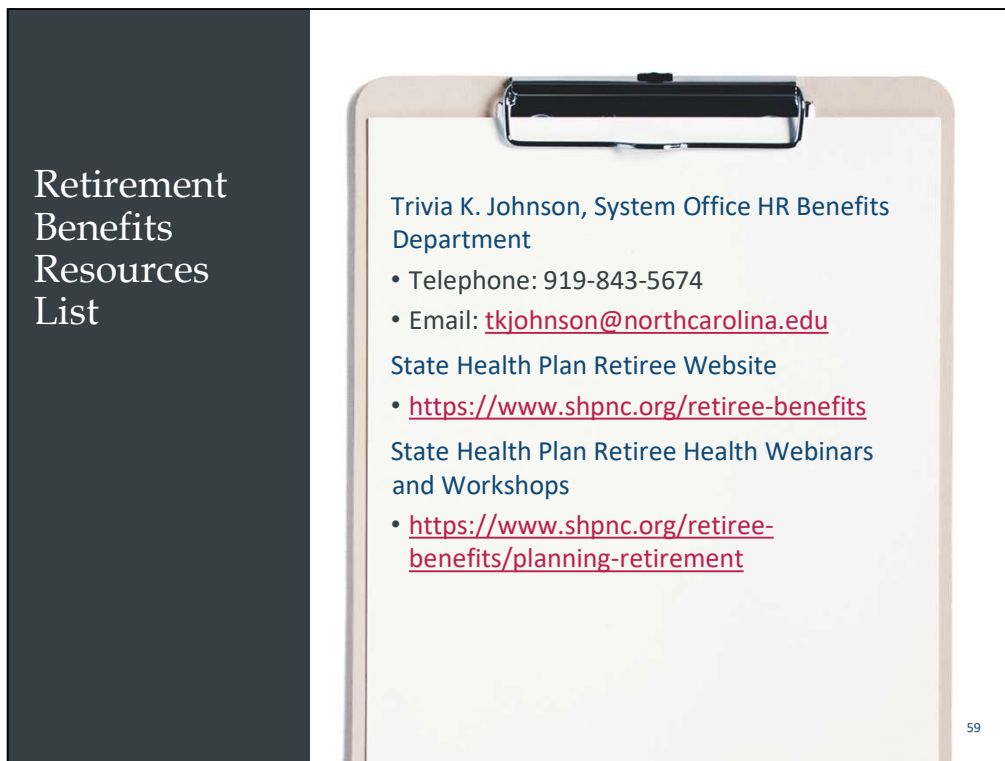
Myth!

With planning and preparation, a comfortable retirement is within reach!

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Myth!

Of course with planning and preparation, your comfortable retirement is within reach!



Retirement
Benefits
Resources
List

Trivia K. Johnson, System Office HR Benefits
Department

- Telephone: 919-843-5674
- Email: tkjohnson@northcarolina.edu

State Health Plan Retiree Website

- <https://www.shpnc.org/retiree-benefits>

State Health Plan Retiree Health Webinars
and Workshops

- <https://www.shpnc.org/retiree-benefits/planning-retirement>

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As shown here, you have several retirement benefits resources available to you. Be sure to take advantage of them!



Questions?