
Welcome to the Teachers' and State Employees' Retirement System Pre-Retirement Readiness Workshop.

# What We Will Cover Today

- Retirement readiness
- Your financial needs and sources of income for retirement
- TSERS 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 TSERS 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?

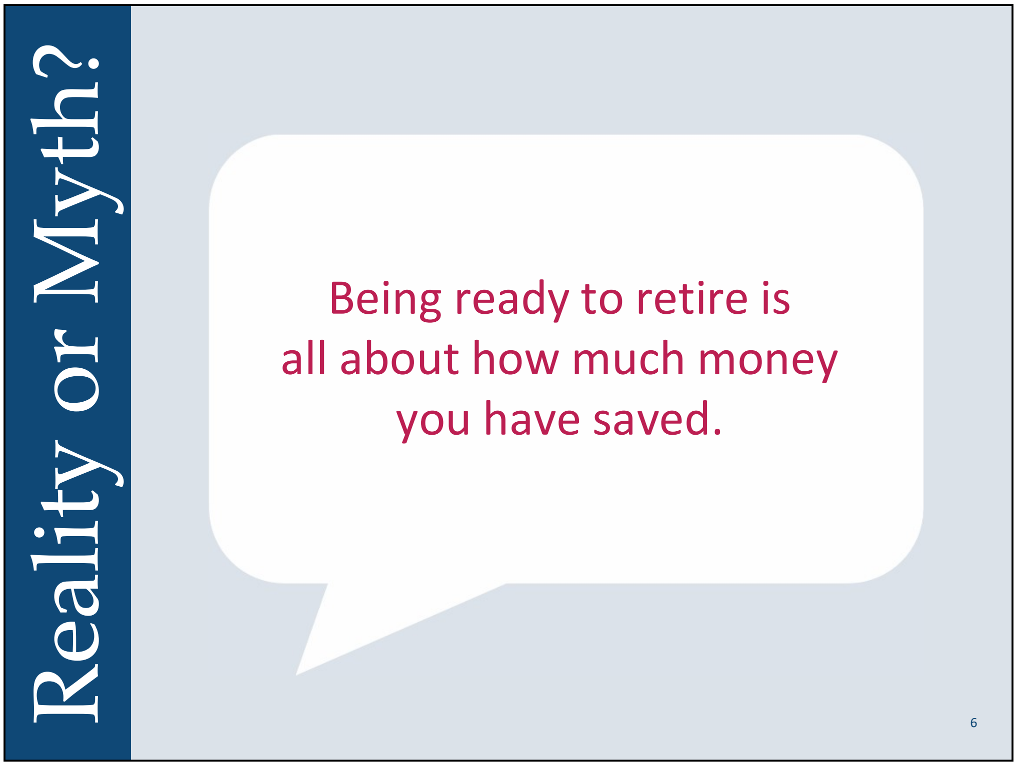

Many people look forward to retirement for many different reasons — whether it be a period of leisure opportunities, spending more time with family and friends, more community involvement, travel or potentially a little of everything.

It may be a period of life when one gets up in the morning and starts the day out of a sense of passion rather than “have to”.

But one thing is clear, it is a time in life that definitely requires attention, planning, and preparing to ensure you’re able to fulfill your retirement vision to its fullest.

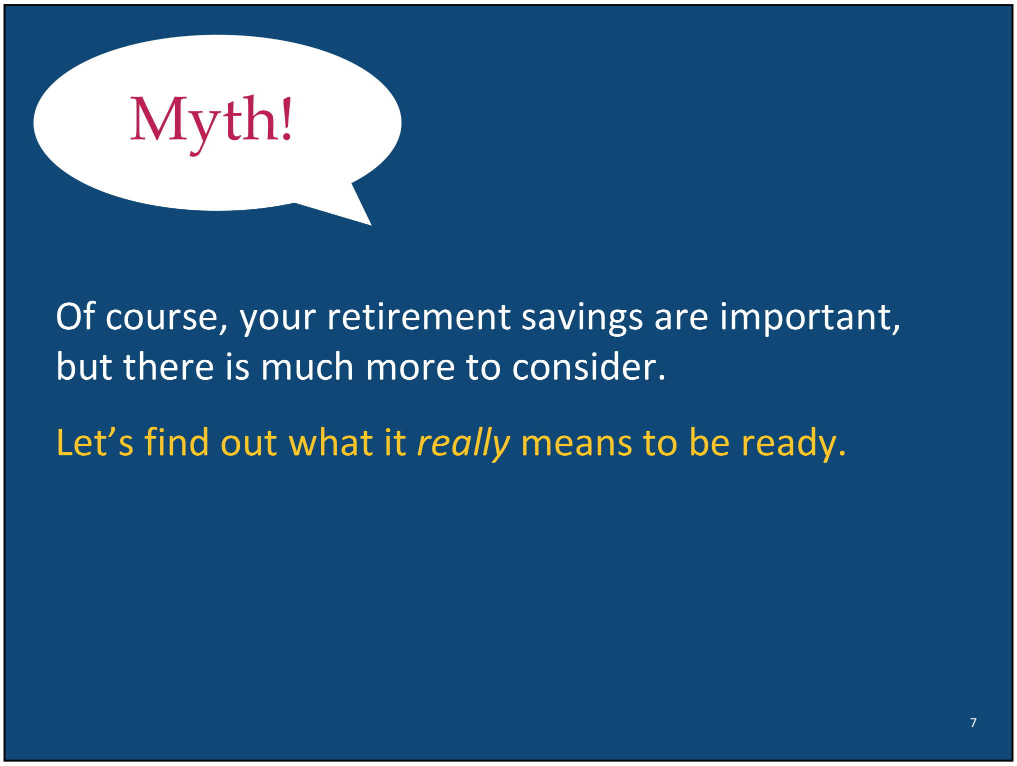

So let's get started…

When it comes to retirement, will you be ready?




Reality or Myth?

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



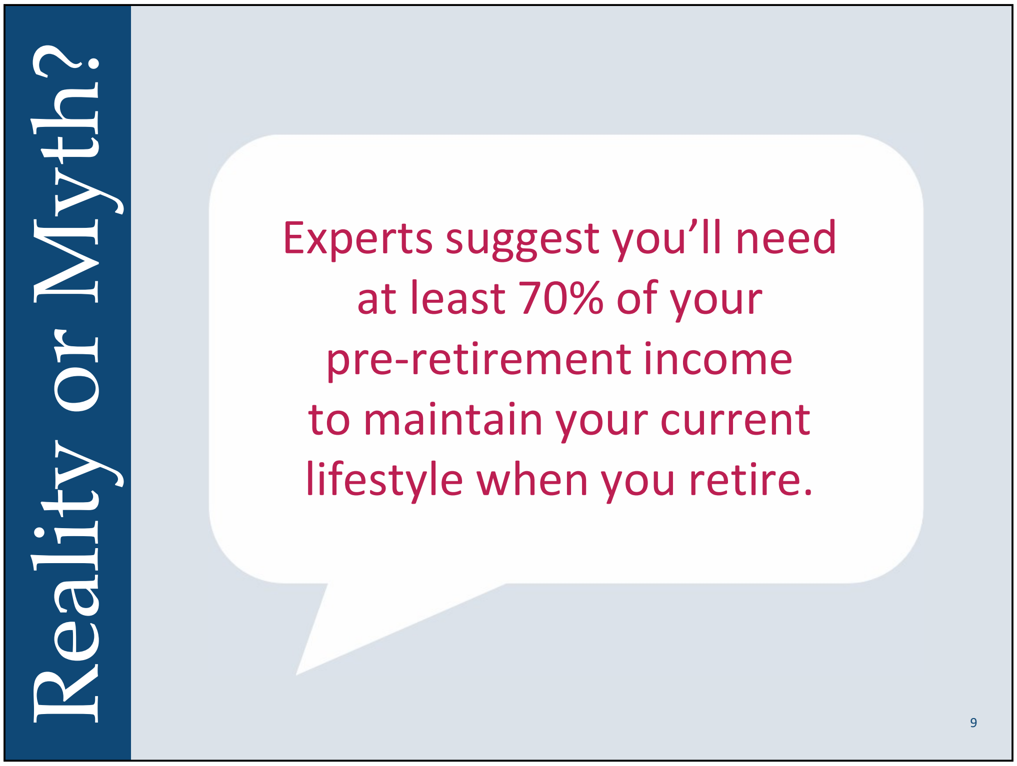

Myth!

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 to retire.


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?




Now for another reality or myth.

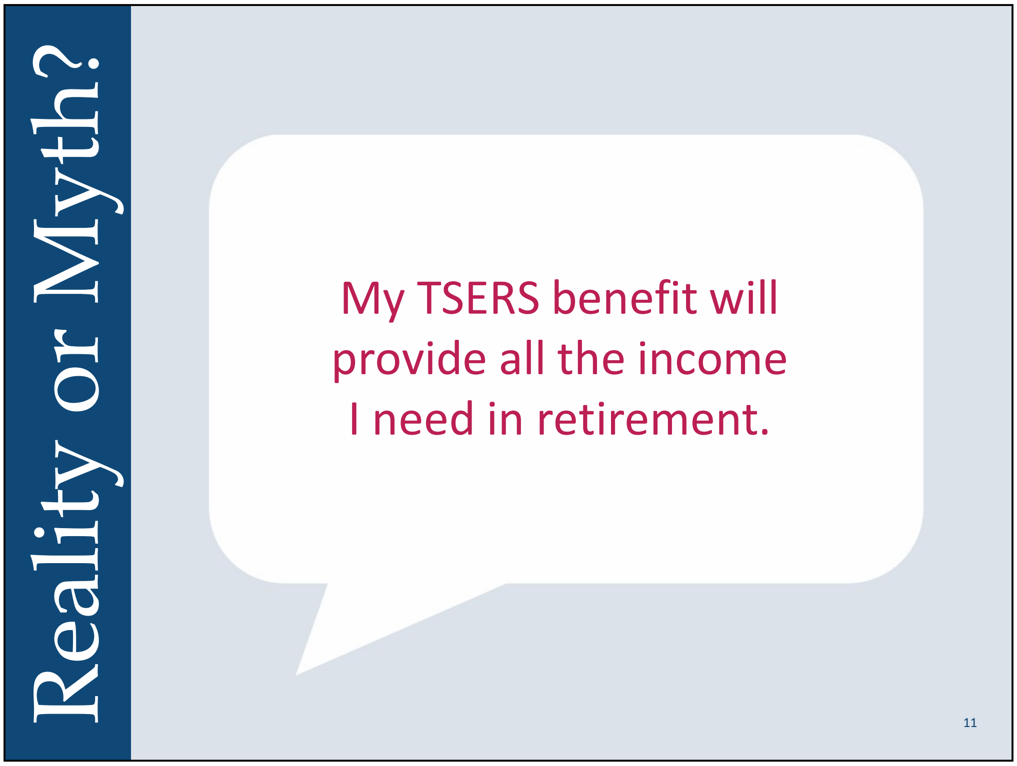
Experts suggest you’ll need at least 70% of your pre-retirement income to maintain your current lifestyle when you retire.


Reality!

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

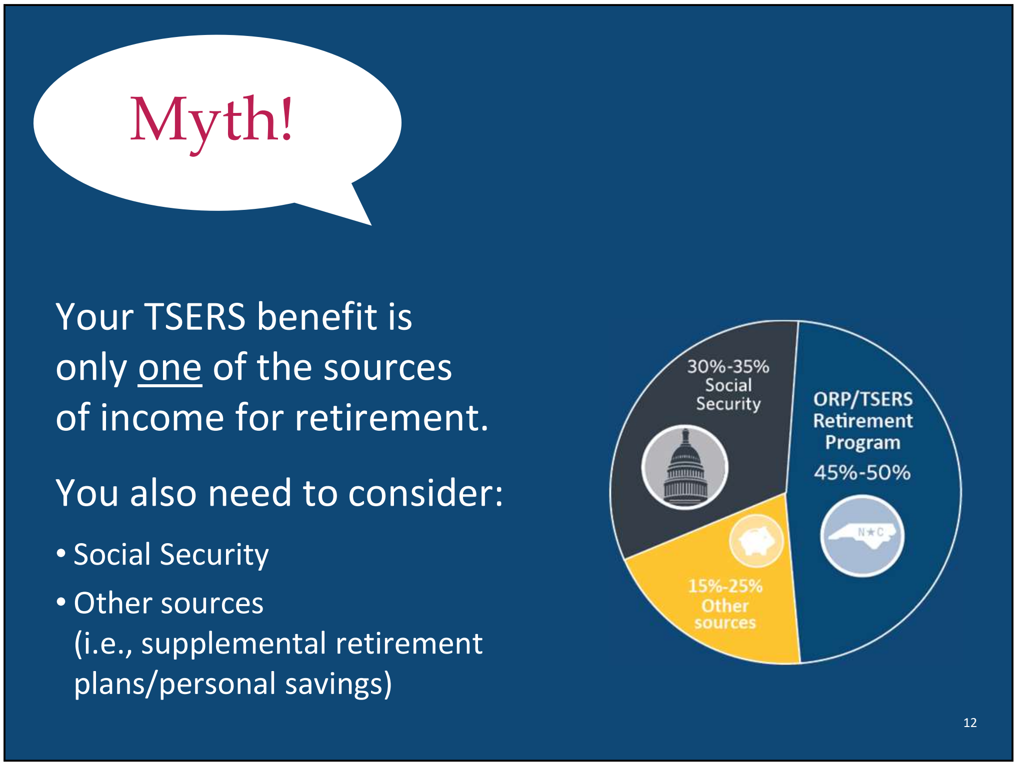
Experts say if you retire at age 65, you will need enough money to last 20-30 years.

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




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

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




Myth!

Your TSERS benefit is only <u>one</u> 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.


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.

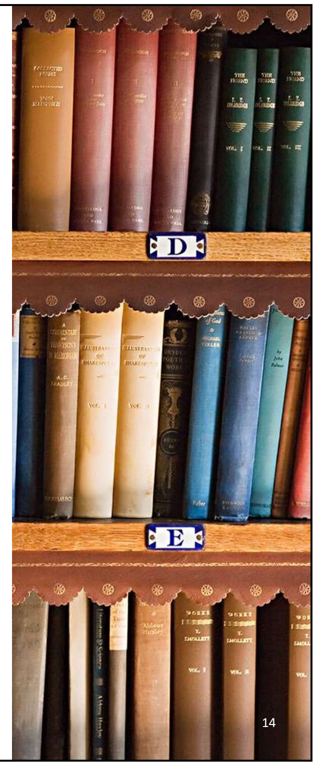
## Social Security…continued

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.



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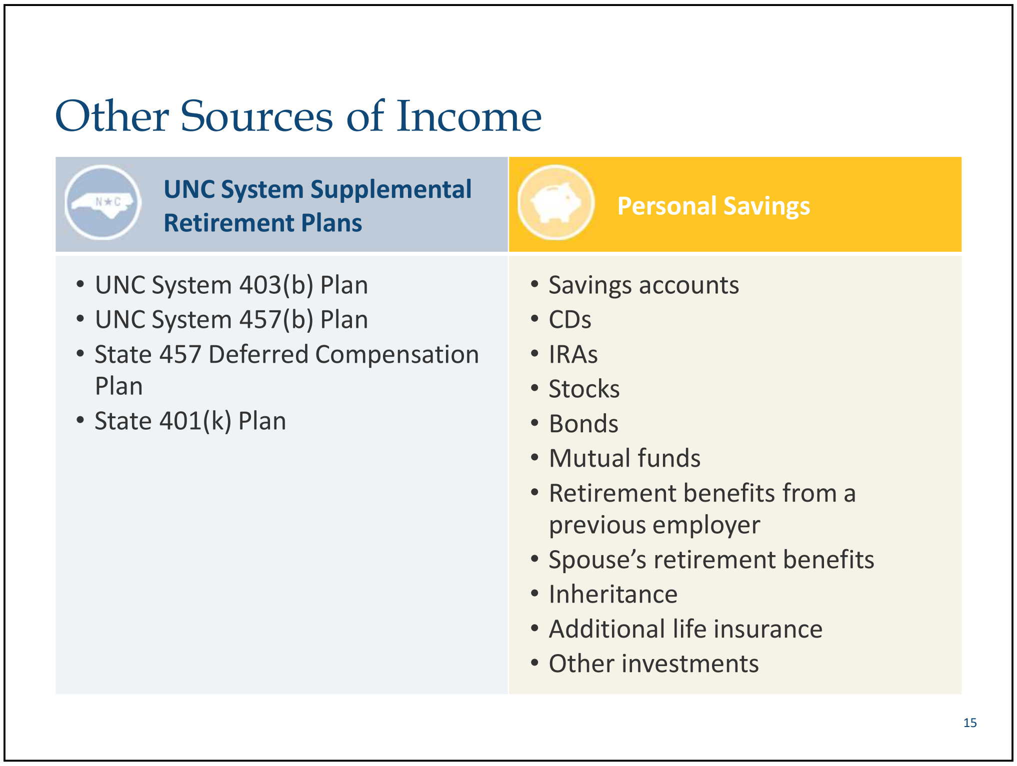


Now let's review other sources of income.

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 | UNC System 457(b) Plan |
|---|---|
| • Vendor: TIAA<br>• All employees who pay Social Security and Medicare taxes are eligible<br>• You may elect to make either pre-tax or Roth after-tax contributions<br>- Pre-tax contributions and earnings are generally taxed as ordinary income upon distribution at retirement<br>- Roth after-tax contributions and earnings are generally not taxed upon distribution at retirement | • Vendor: TIAA<br>• All employees who pay Social Security and Medicare taxes are eligible<br>• You may elect to make either pre-tax or Roth after-tax contributions<br>- Pre-tax contributions and earnings are generally taxed as ordinary income upon distribution at retirement<br>- 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 | State 401(k) Plan |
|---|---|
| • Administered by Empower<br>• All NC public employees are eligible<br>• Contributions are made pre-tax and/or after-tax through a Roth account<br>  - Pre-tax contributions and earnings are generally taxed as ordinary income upon distribution at retirement<br>  - Roth after-tax contributions and earnings are generally not taxed upon distribution at retirement | • Administered by Empower<br>• All permanent employees who participate in ORP/TSERS are eligible<br>• State-sponsored plan that allows you to make contributions pre-tax and/or after-tax through a Roth account<br>  - Pre-tax contributions and earnings are generally taxed as ordinary income upon distribution at retirement<br>  - Roth after-tax contributions and earnings are generally not taxed upon distribution at retirement |

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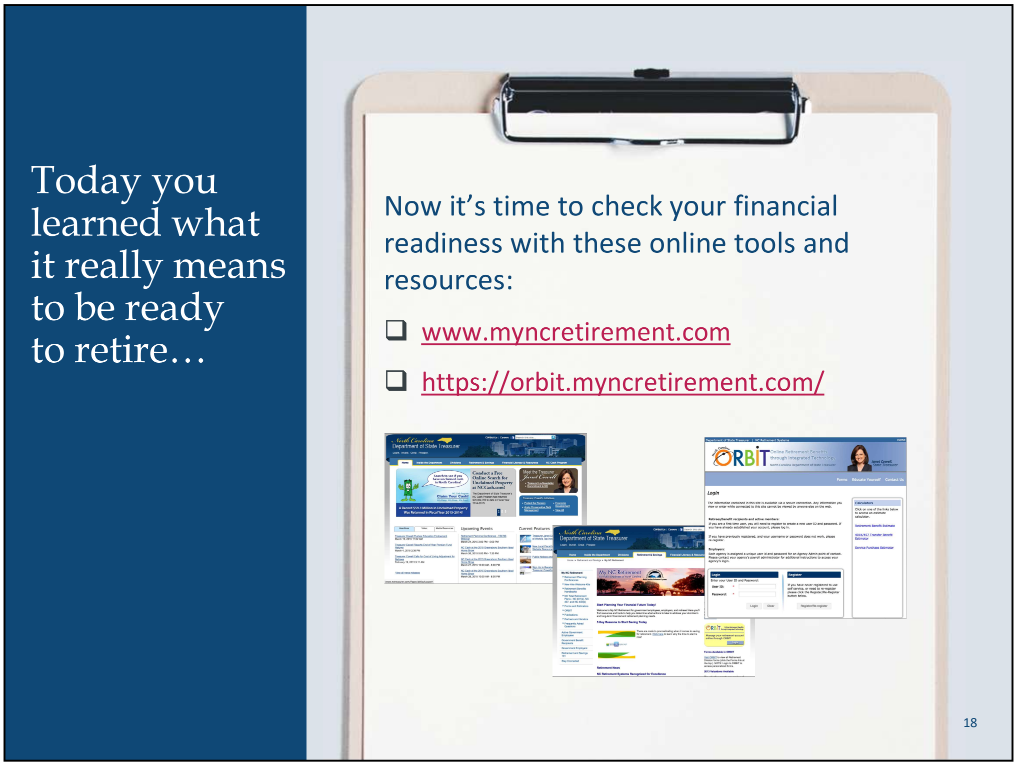
The State 457 Plan is administered by Empower. All North Carolina public employees are eligible and contributions are made pre-tax and/or after-tax through a Roth account.

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.

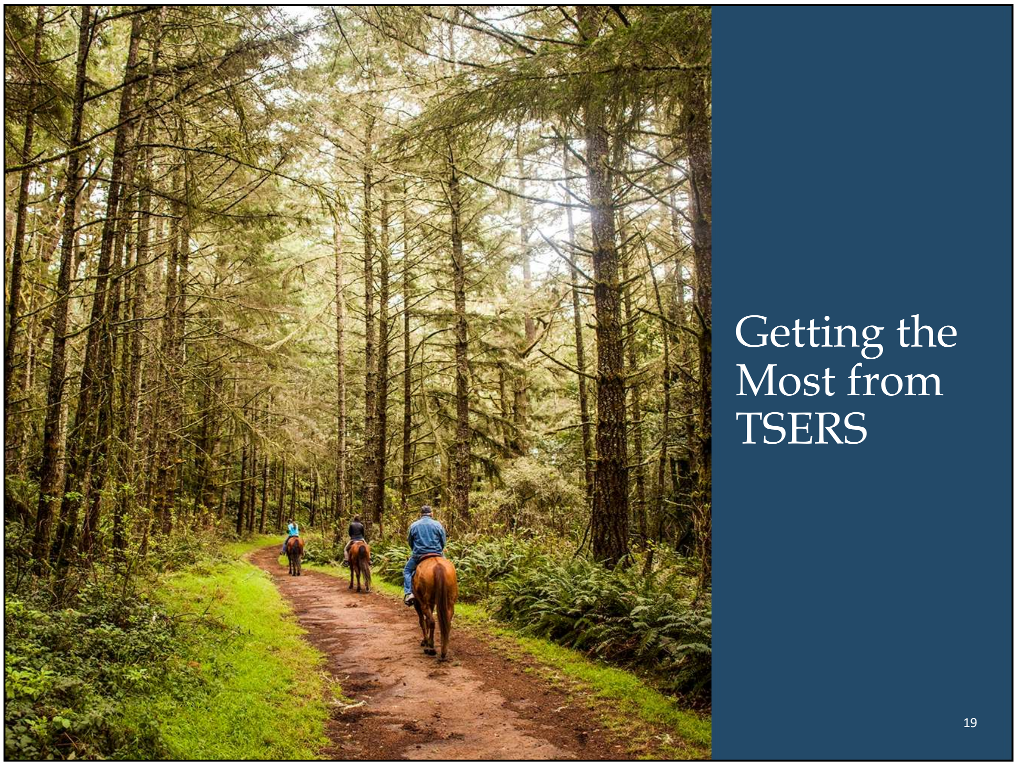
Under either the State 457 or 401(k) Plan, if you elect to make pre-tax contributions, your contributions and earnings are generally taxed as ordinary income upon distribution at retirement. If you elect to make Roth after-tax contributions, your contributions and earnings are generally not taxed upon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



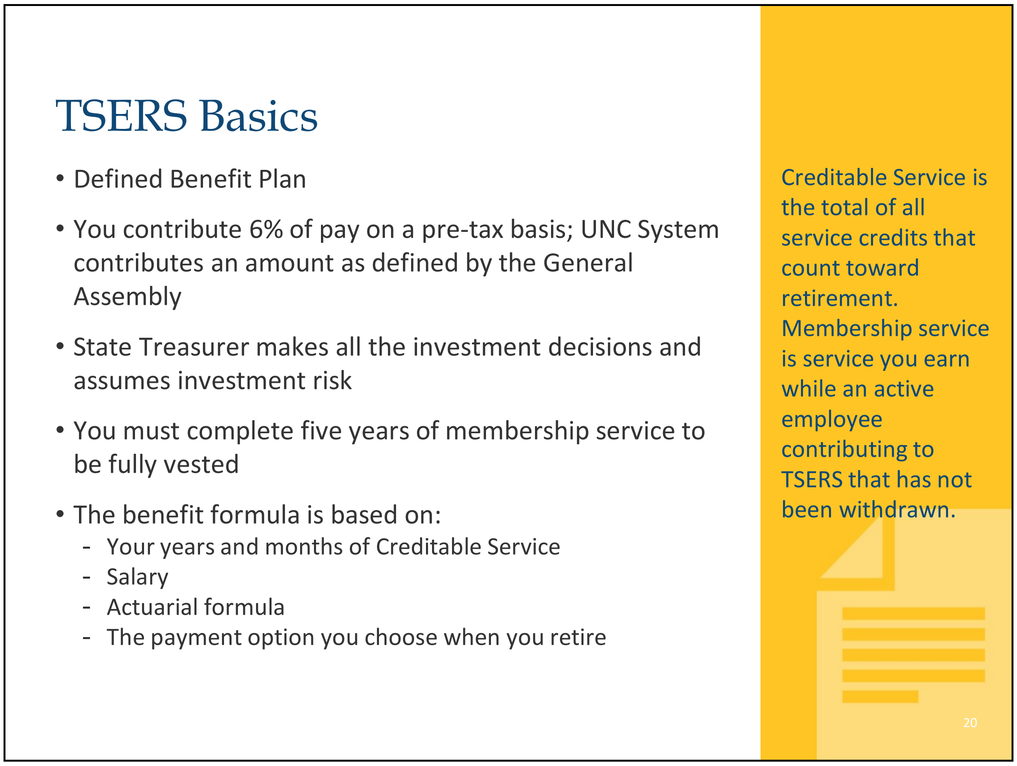

We've discussed many great topics to address the question of: What it really means to be ready to retire…

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.




Now let’s look at how you can get the most from TSERS.



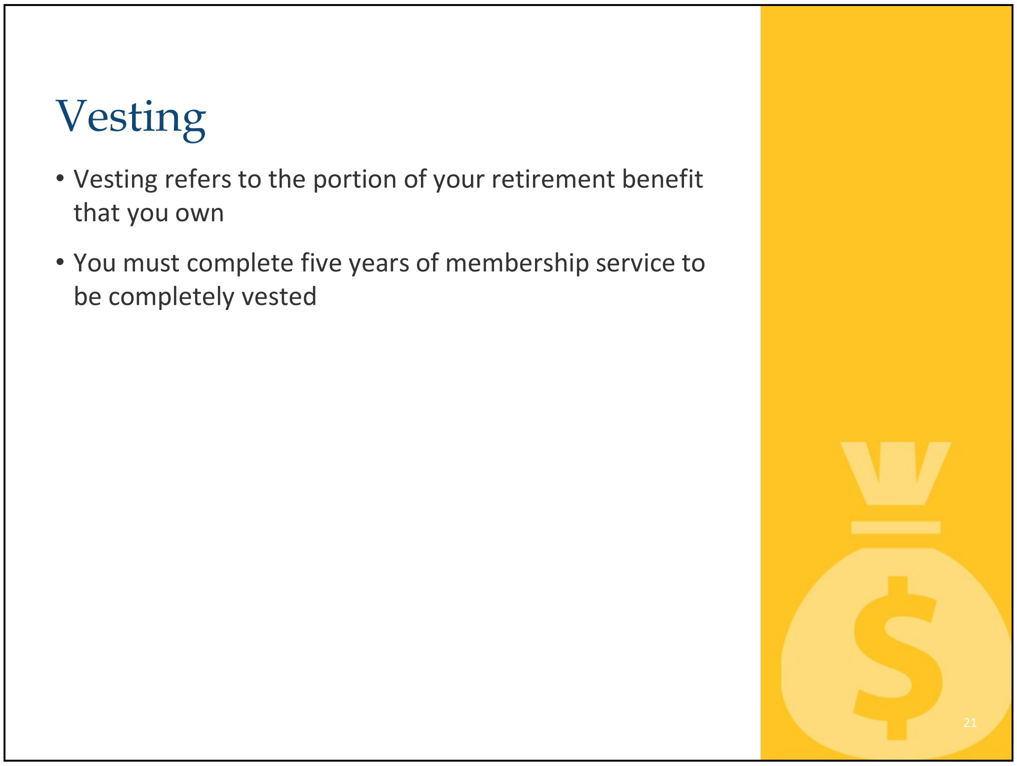

Let's start with the basics.

TSERS is a defined benefit plan. You contribute 6% of your pay on a pre-tax basis. The UNC System contributes an amount defined by the General Assembly. The State Treasurer makes all the investment decisions and assumes the investment risk.

You must complete five years of membership service to be fully vested, and the benefit formula is based on:

- Your years and months of Creditable Service
- Your salary
- An actuarial formula, and
- The payment option you choose when you retire

What's the difference between creditable service and membership service? Creditable service is the total of all service credits that count toward retirement. Membership service is service you earn while an active employee contributing to TSERS that has not been withdrawn.




What does vesting mean? Vesting refers to the portion of your retirement benefit that you own. You must complete five years of membership service to be completely vested.

## Determining Your Mandatory Retirement Benefit

- Your benefit is determined by a set formula based on:
  - **Average Final Compensation** (the average of your highest 48 consecutive months of salary)
  - **Creditable Service**
  - **Retirement Factor** (currently 1.82%)
- Unused sick leave as of your retirement date will be converted to Creditable Service (every 20 days of unused sick leave as of your retirement date will convert to one month of Creditable Service)
- You also receive one more month of Creditable Service for any amount of unused sick leave that is less than 20 days but at least one hour
- To check your Creditable Service, obtain your Estimate of Retirement Benefits or access your annual benefits statements to determine your retirement readiness, visit ORBIT at https://orbit.myncretirement.com/

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Your benefit is determined by a set formula based on Average Final Compensation, which is the average of your highest 48 consecutive months of salary, plus Creditable Service and the Retirement Factor, which is 1.82%.

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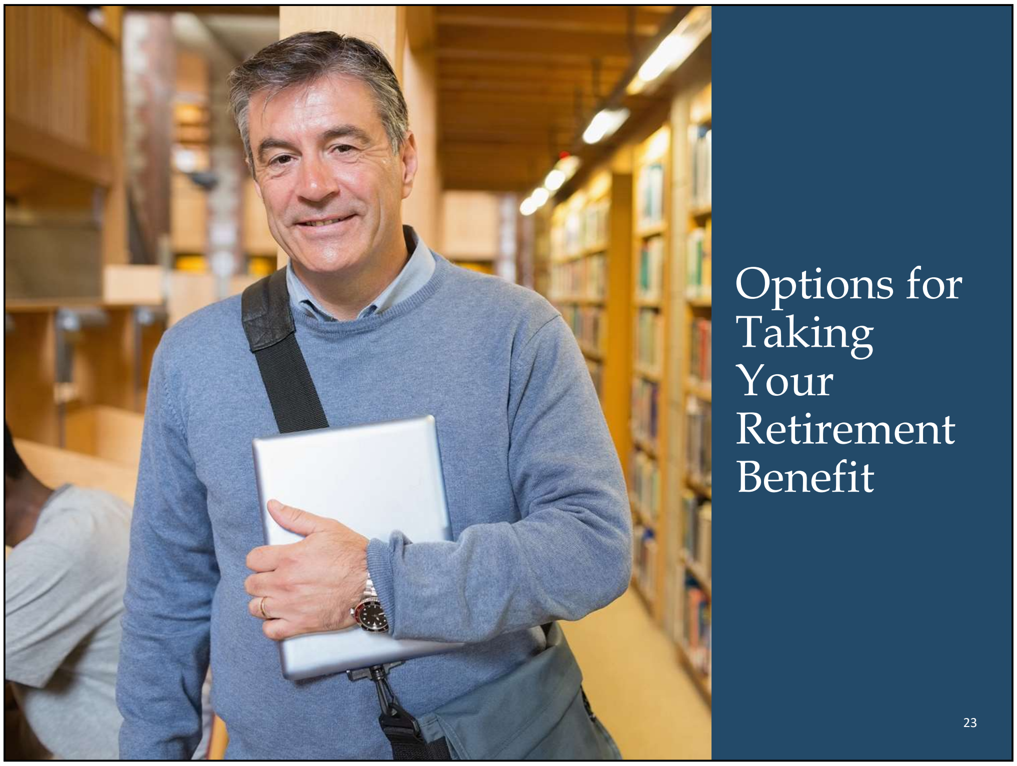


Now let’s move on to the options for taking your retirement benefit.


You may take a *full* benefit from TSERS if you:

- Are age 65 with five years of membership service,
- Are age 60 with 25 years of Creditable Service, or
- Have 30 years of Creditable Service at any age.

You may take a reduced benefit if you retire early, as follows, and are:

- Age 50 plus have 20 years of Creditable Service, or
- Age 60 plus have 5 years of membership service.

# Early Retirement

## Reduction Percentages

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

As you can see, your age at retirement is an important factor in determining your monthly benefit.

As we just shared, if you do not meet the requirements for a full-service retirement, you may still retire early, but you will receive a reduced monthly benefit for your lifetime.

Early retirement benefits are calculated using the same formula as a service retirement multiplied by a reduction percentage based on your age and/or service at early retirement.

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 percentages shown here. If you are between birthdays when payments start, the reduction will be adjusted proportionately.

# Early Retirement*…continued*

| Age | Years of Creditable Service: 29 | 28 | 27 | 26 | 25 | 24 | 23 | 22 | 21 | 20 |
|---|---|---|---|---|---|---|---|---|---|---|
| 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% |

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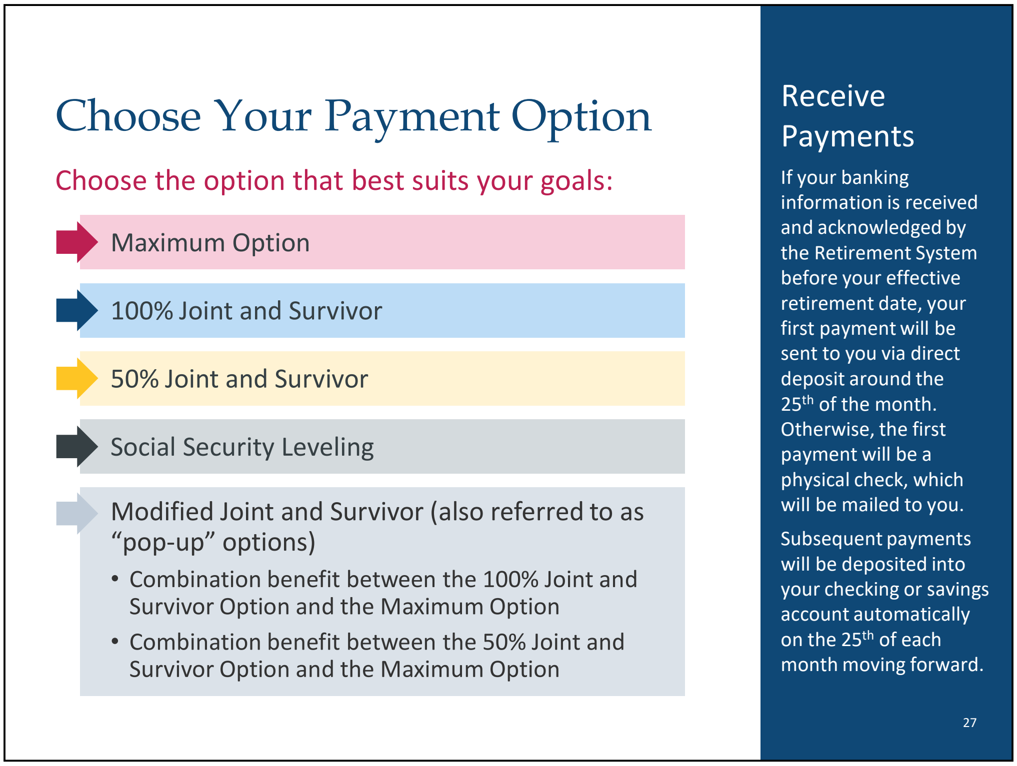
If you are between ages 50 and 59, with less than 30 years of creditable service, your early retirement will be reduced to the percentages shown here in this chart.

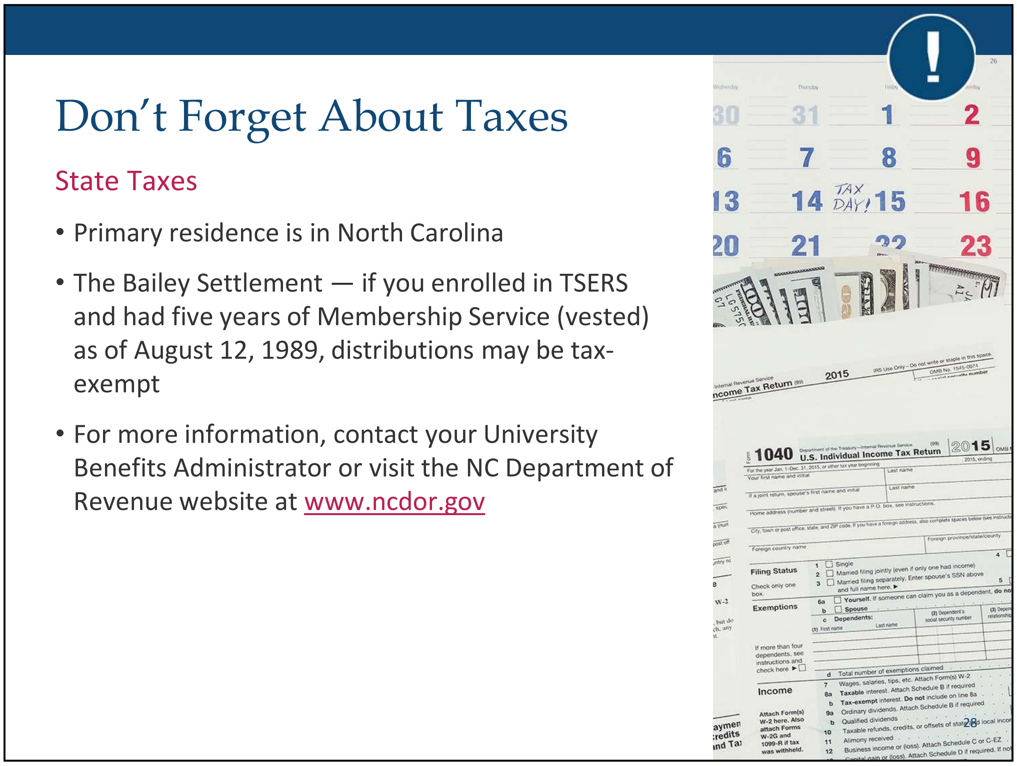



When it comes to choosing your payment option, consider what best suits your goals:

- The Maximum Option
- 100% Joint and Survivor
- 50% Joint and Survivor
- Social Security Leveling, or
- The Modified Joint and Survivor, which are also referred to as "pop-up" options. This is the combination benefit between the 100% Joint and Survivor Option and the Maximum Option, or the combination benefit between the 50% Joint and Survivor Option and the Maximum Option.

If your banking information is received and acknowledged by the Retirement System before your effective retirement date, your first payment will be sent to you via direct deposit around the 25th of the month. Otherwise, the first payment will be a physical check, which will be mailed to you.

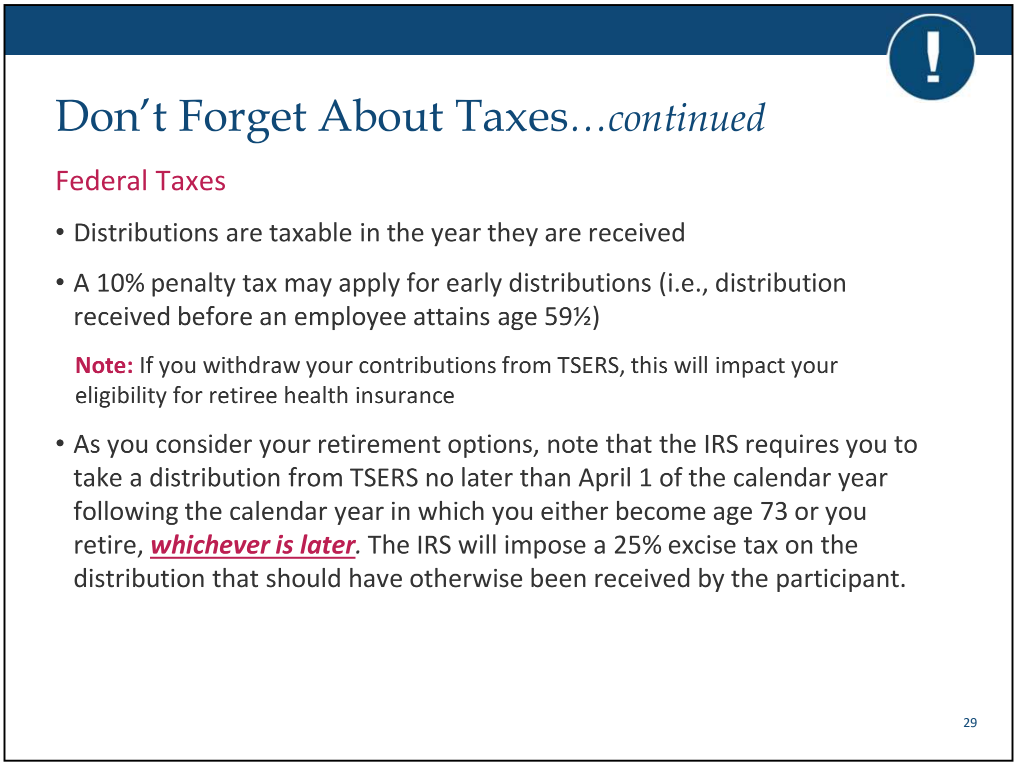
Subsequent payments will be deposited into your checking or savings account automatically on the 25th of each month moving forward.




Even though you contribute to TSERS on a pre-tax basis, there are state and federal tax implications associated with taking distributions from this plan, based on the type of distribution you take.

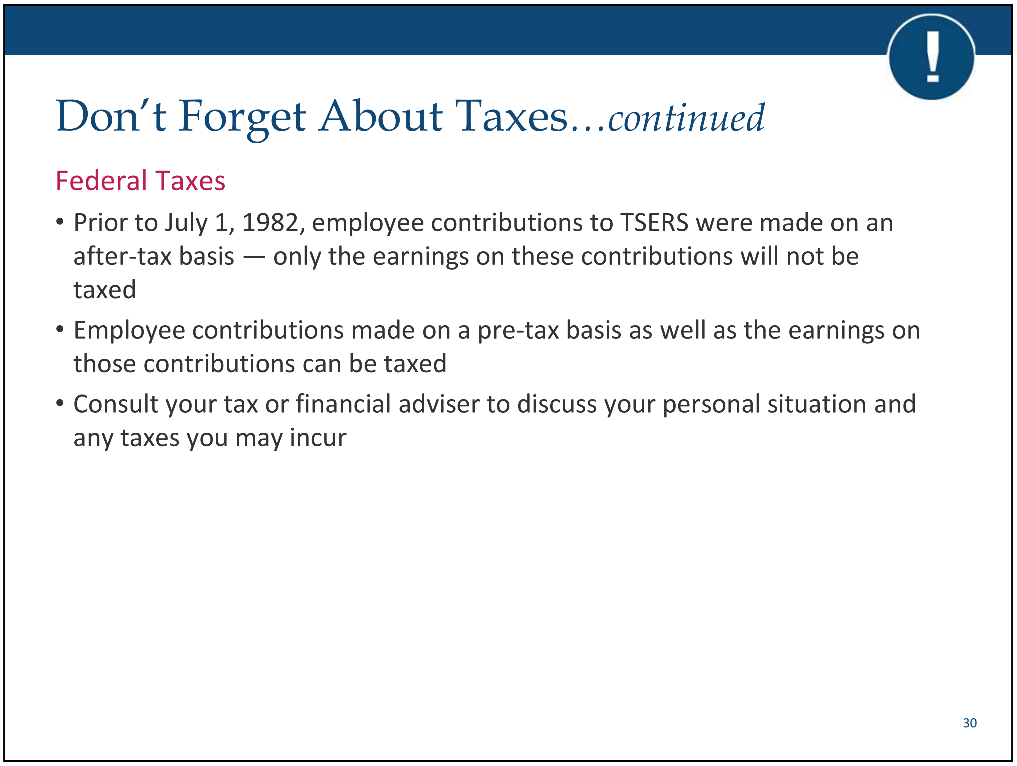
For state taxes, you should be aware of the Bailey Settlement. If you enrolled in TSERS and had five years of membership service (vested) as of August 12, 1989, your distributions may be tax-exempt.

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



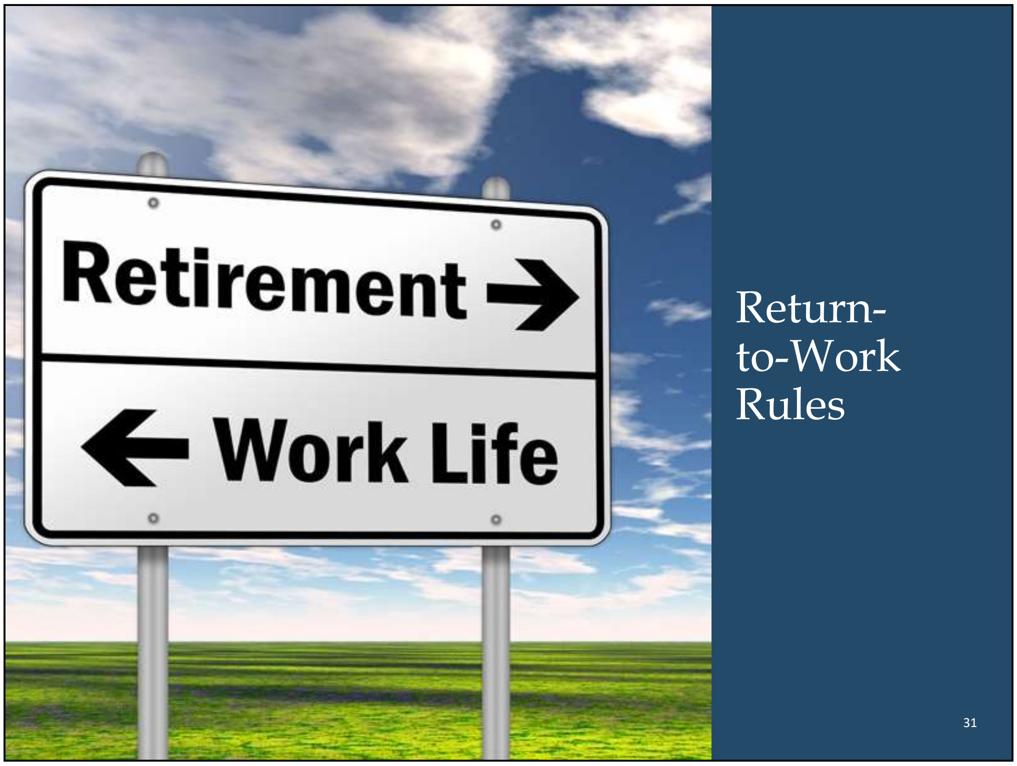

For your federal taxes:

- 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).
- **Note:** If you withdraw your contributions from TSERS, this will impact your eligibility for retiree health insurance.
- Retired participants aged 73 or older must begin taking minimum annual distributions or pay a 25% excise tax on the distribution that should have otherwise been received by the participant.




- Prior to July 1, 1982, employee contributions to TSERS 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.

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




Think you may wish to return to work after you retire? Let’s take a look at the rules that guide the return-to-work process and the impact it can have on your retirement benefit and retiree health coverage.

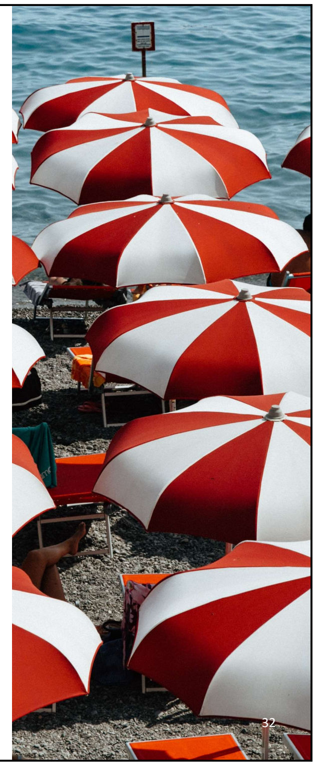
# Break in Service

## Contributing Employers

- Six-month break in service is MANDATORY
  - Except in the case of “phased retirement” for faculty
- Direct vs. indirect employment with a State Agency

## Consequences

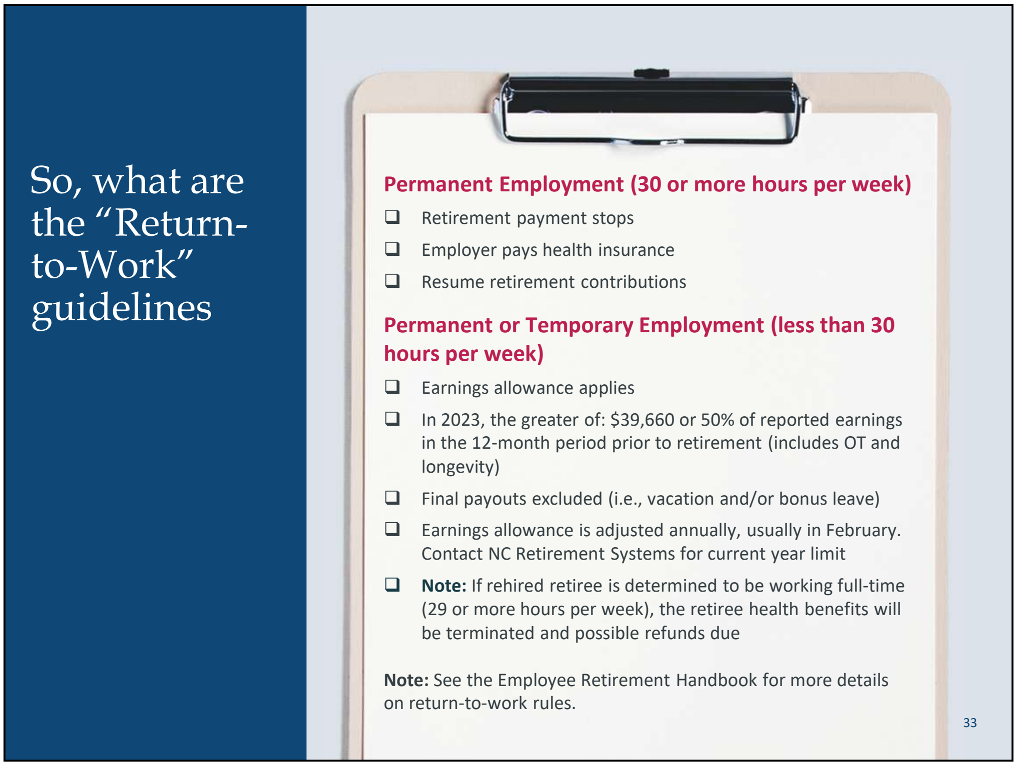
- Revoke retirement
- Pay back benefits
- Lose health insurance



You must have a six-month break in service, except in the case of “phased retirement” for faculty.

If you return to work with a State Agency that pays into TSERS before you have been retired for six months:

- Your retirement benefits will be revoked,
- You will have to pay back any retirement benefits you have received, and
- You will lose your retiree health insurance.




You also need to keep this in mind when considering or planning your return to state employment:

- If you return to permanent employment of 30 or more hours per week, your retirement payment stops, your employer will pay your health insurance and you will need to resume making retirement contributions.
- If you return to permanent or temporary employment of less than 30 hours per week, the earnings allowance applies.
- In 2023, this is the greater of $39,660 or 50% of reported earnings in the 12-month period prior to retirement, including overtime and longevity.
- Final payouts are excluded (for example, vacation and/or bonus leave). Contact NC Retirement Systems for the current earnings allowance limit.
- Per legislation, health benefits must be offered to non-permanent full-time employees, to include rehired state retirees, if they are determined to meet the definition of full-time employee (29 or more hours).
- Eligible rehired retirees are **NOT** eligible for retiree health benefit coverage through NC Retirement Systems if determined to meet the HDHP offer criteria. The State Health Plan will terminate the retiree from retiree group coverage under NC Retirement Systems.

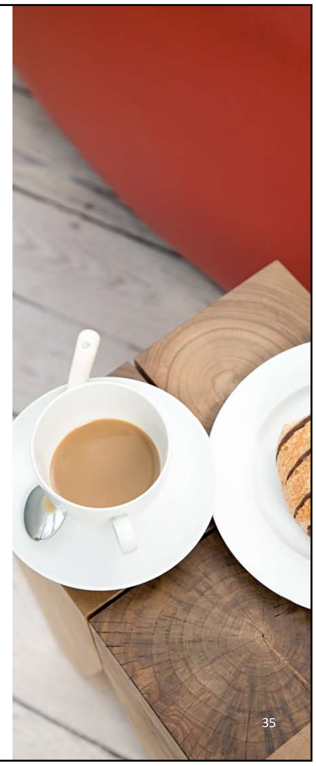
Employees are encouraged to review the Employee Retirement Handbook to learn more about the return-to-work rules.


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.

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# 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 **<u>100%</u>** of the premium** |
| | 10 < 20 years of service: You pay **<u>50%</u>** of the premium** |
| | 20 years of service: You pay **<u>0%</u>** 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.


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 *<u>prior to October 1, 2006</u>*,** 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 TSERS participation, and
- They receive a monthly retirement benefit from TSERS

**Employees first hired *<u>on or after October 1, 2006</u>*,** 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 TSERS

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 TSERS participation, and they receive a monthly retirement benefit from TSERS.

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 TSERS.

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 5 but less than 10 years, you will have to pay the full cost of your coverage.

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

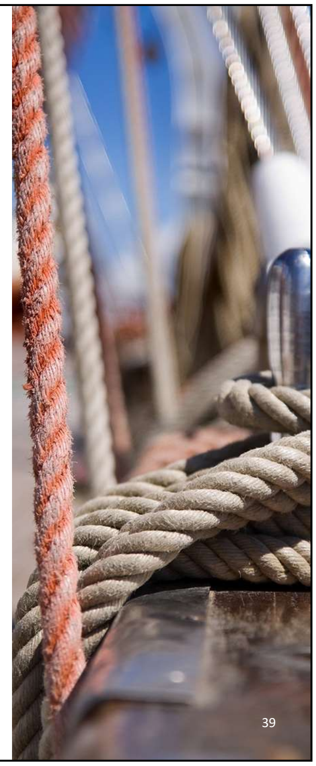
## Forfeiting Eligibility

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

- You withdraw your account from TSERS, 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.



Here's something else that's important to keep in mind. You forfeit your eligibility for the State's retiree group health plan coverage if you withdraw your account from TSERS, 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.


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 **120 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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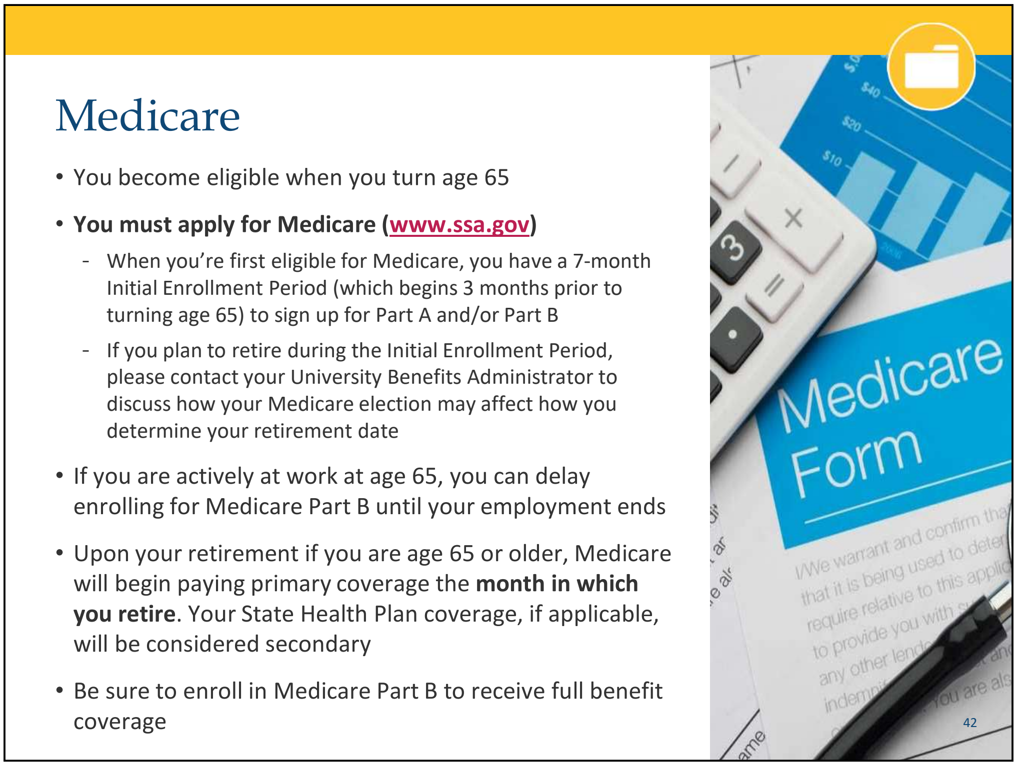
In addition, there are no premiums for Medicare eligible retiree-only coverage if you were hired prior to October 1, 2006 or if you were hired after October 1, 2006 and have at least 20 years of retirement service credit.

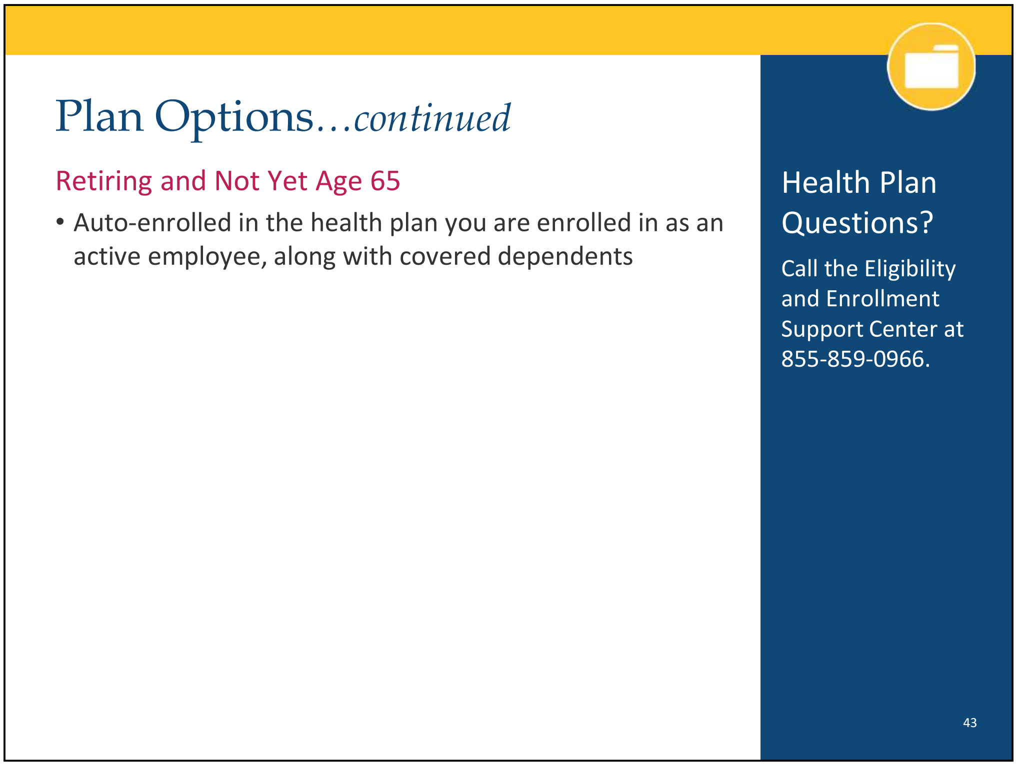
Dependents who are non-Medicare Primary will be automatically enrolled into the health plan they were enrolled in as an active dependent.

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




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:

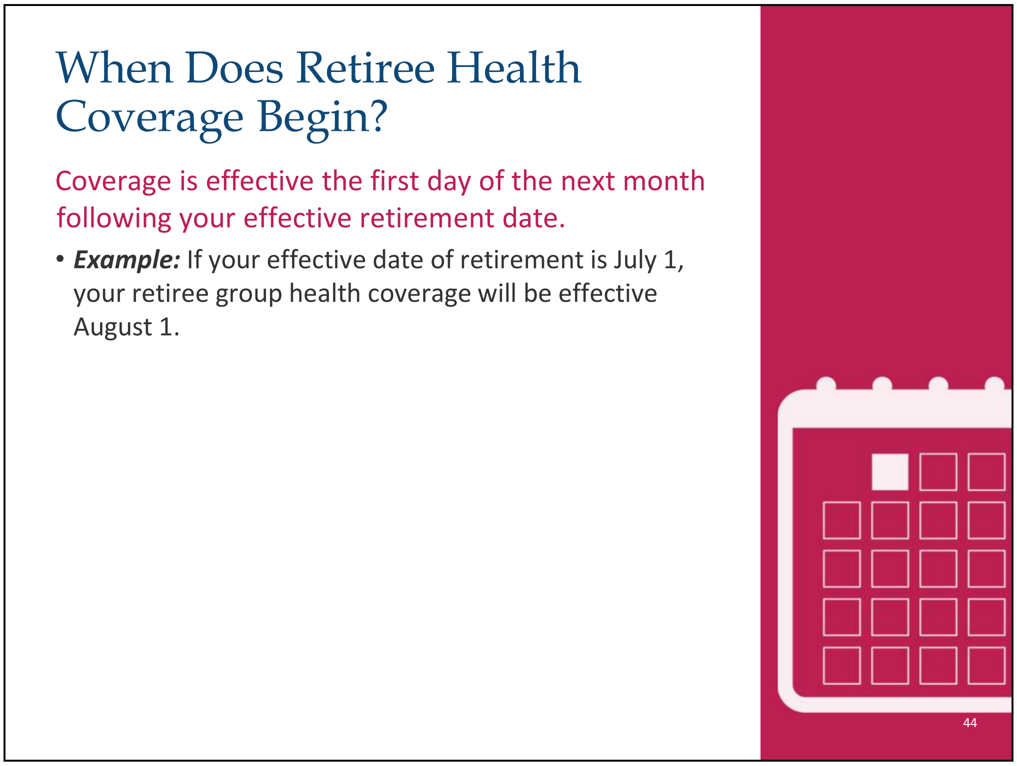
- You become eligible when you turn age 65.
- You must apply for Medicare at www.ssa.gov. When you're first eligible for Medicare, you have a 7-month Initial Enrollment Period (which begins three months prior to turning age 65) to sign up for Part A and/or Part B. If you plan to retire during the Initial 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.




If you are retiring and are not yet age 65, you will be auto-enrolled in the health plan you are enrolled in as an active employee, along with 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.




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<br>January 1, 2023 - December 31, 2023 | Enhanced PPO Plan (80/20)<br>TOBACCO ATTESTATION COMPLETE?*<br>YES | Enhanced PPO Plan (80/20)<br>TOBACCO ATTESTATION COMPLETE?*<br>NO | Base PPO Plan (70/30) |
|---|---|---|---|
| **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<br>January 1, 2023 - December 31, 2023 | MEDICARE ADVANTAGE<br>BASE PLAN | MEDICARE ADVANTAGE<br>ENHANCED PLAN | Base PPO Plan (70/30) |
|---|---|---|---|
| **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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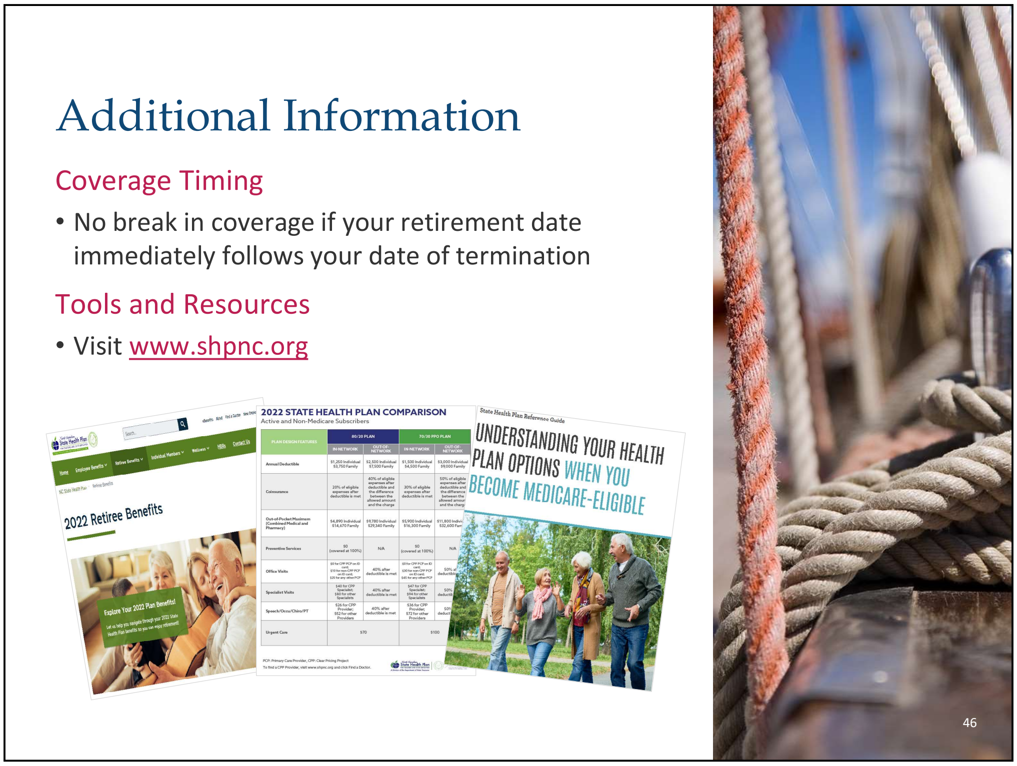
This slide shows monthly premiums for the various plan options. As you can see, the amount you pay for non-Medicare coverage depends on if you complete a tobacco attestation.

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.

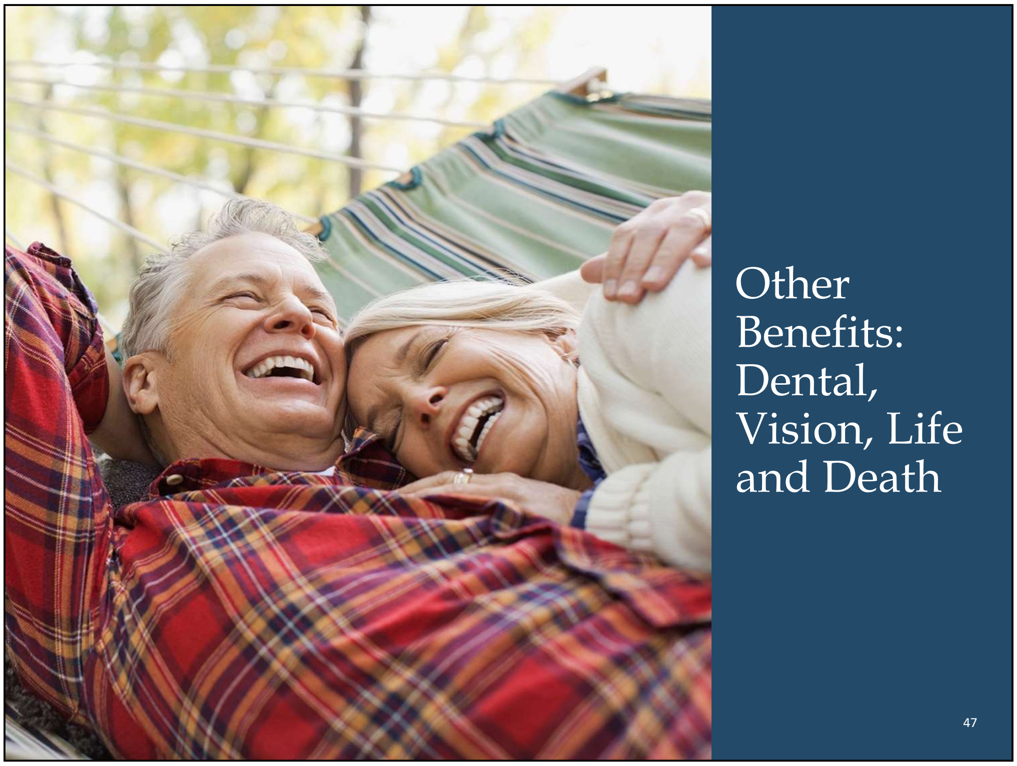
More details on the levels of coverage for each plan and the monthly premiums can be found on the SHP website under retiree benefits, the plan of choice page, and the rate sheets section of that page.




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

There will be no break in coverage if your retirement date immediately follows your date of termination.

And, if you’re looking for tools and resources, visit www.shpnc.org.



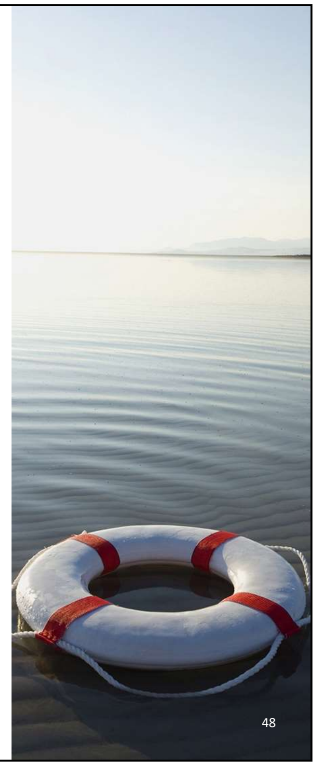

Now let’s explore the other retirement benefits, including dental, vision, life and death.

# Dental, Vision and Life Insurance

**Dental and Vision insurance.** If you are enrolled as an active employee through NCFlex dental and/or vision, these benefits will end upon termination of employment.

- You have **two options**:
  - Elect to continue your current dental and vision coverage through COBRA
  - Elect to enroll for retiree dental and/or vision coverage through Pierce Insurance, which is offered through the State Retirement System 90 days after your termination

**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.




First, dental, vision and life insurance.

If you are enrolled as an active employee through NCFlex, dental, vision and life insurance will end upon termination of employment.

For dental and vision coverage, you have two options. You can elect to continue your current coverage through COBRA. Or you can elect to enroll for retiree dental, vision, and/or life and accident disability through NC Retirement Systems.

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.

# Dental, Vision and Life Insurance*…continued*

COBRA (for up to 18 months following termination)

- For dental and/or vision coverage for up to 18 months
- You pay the full cost of COBRA coverage

NC Retiree Supplemental Insurance Plans (can start 18 months after termination)

- After 18 months, when your COBRA coverage ends, it is considered a qualifying event known as a "loss of coverage"
- You may elect to enroll in retiree dental and vision with Pierce Insurance through NC Retirement Systems

Additional information: www.ncretiree.com or call 855-627-3847

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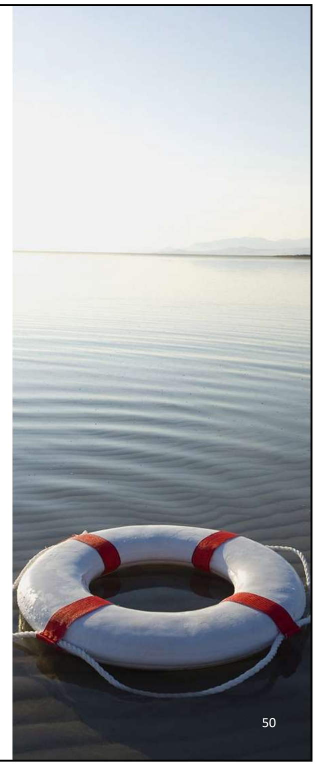
Here's how COBRA coverage works. You may enroll for COBRA coverage for your dental and/or vision coverage for up to 18 months following termination. You pay the full cost of COBRA coverage.

After 18 months, when your COBRA coverage ends, it is considered a qualifying event known as a "loss of coverage." Then, if you choose, as a state retiree you may elect to enroll in NC Retirement Systems dental and/or vision insurance coverages.

For additional information on dental, vision and life insurance, visit www.ncretiree.com or call 855-627-3847.

## Death Benefit

- You may elect an optional contributory death benefit, which provides a $10,000 lump-sum payout to your designated beneficiary in the event of your death
- If elected, you will pay the full cost of this benefit (at a rate based on your age determined nearest the coverage effective date), which can be deducted from your monthly retirement check
- TSERS will mail you the information about this benefit once you initiate the retirement process

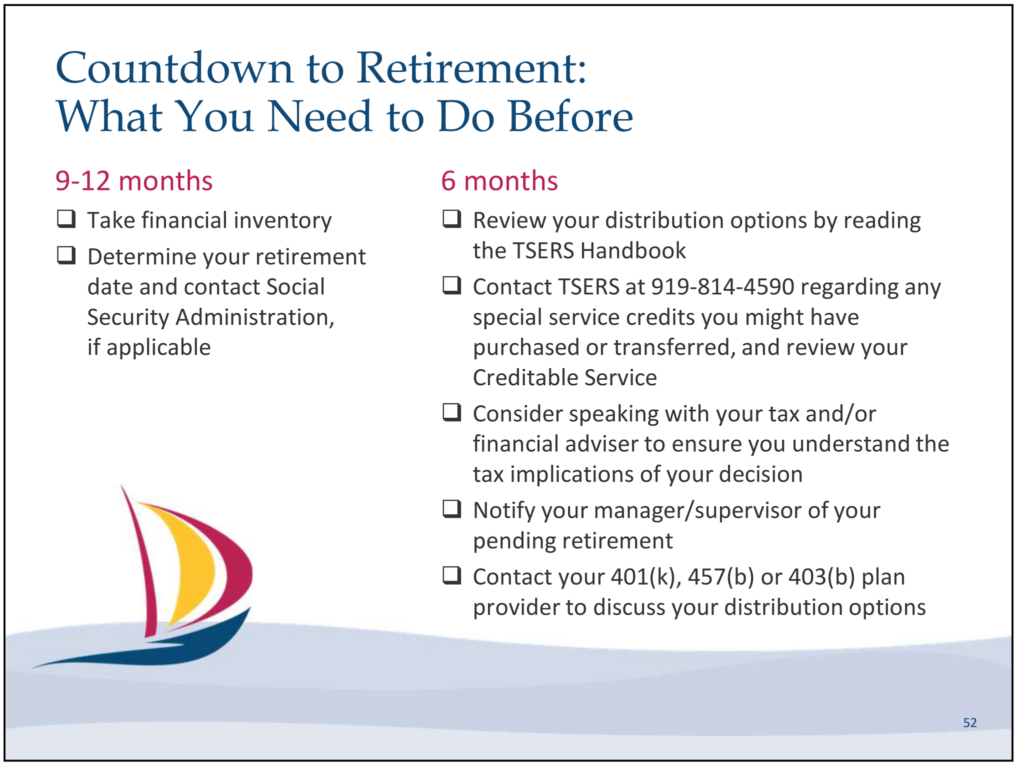



Even though it’s unpleasant to think about, it’s important to understand what will happen to your benefits in the event of your death.

You may elect an optional contributory death benefit, which provides a $10,000 lump-sum payout to your designated beneficiary in the event of your death. If you choose this, you will pay the full cost of this benefit (at a rate based on your age determined nearest the coverage effective date), which can be deducted from your monthly retirement check.

TSERS will mail you the information about this benefit once you initiate the retirement process.

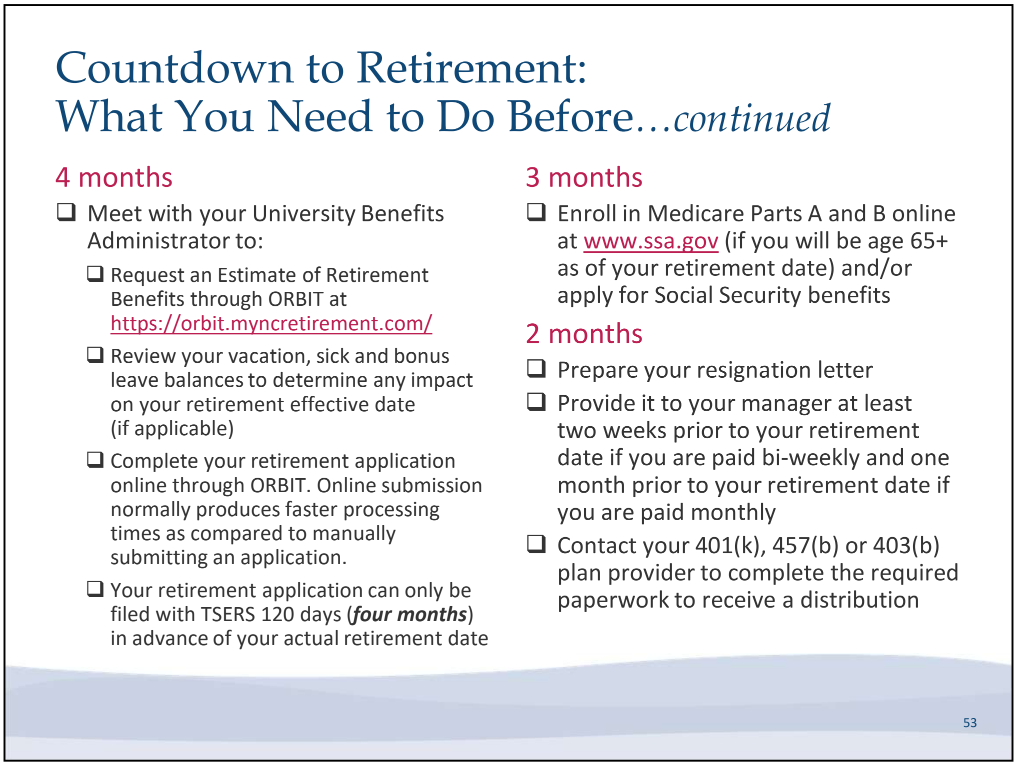

We've talked about what it means to be ready to retire and your retirement benefits. Now let's countdown to your retirement!




Nine to twelve months before you retire, take financial inventory. Determine your retirement date and schedule an appointment with the Social Security Administration office, if appropriate.

Six months before you retire:

- Review your distribution options by reading the TSERS Handbook.
- Contact TSERS at 919-814-4590 regarding any special service credits you might have purchased or transferred, and review your Creditable Service.
- 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.




Four months before you retire, meet with your University Benefits Administrator to:

- Request an Estimate of Retirement Benefits through ORBIT at https://orbit.myncretirement.com/.
- Review your vacation, sick and bonus leave balances to determine any impact on your retirement effective date, if applicable.

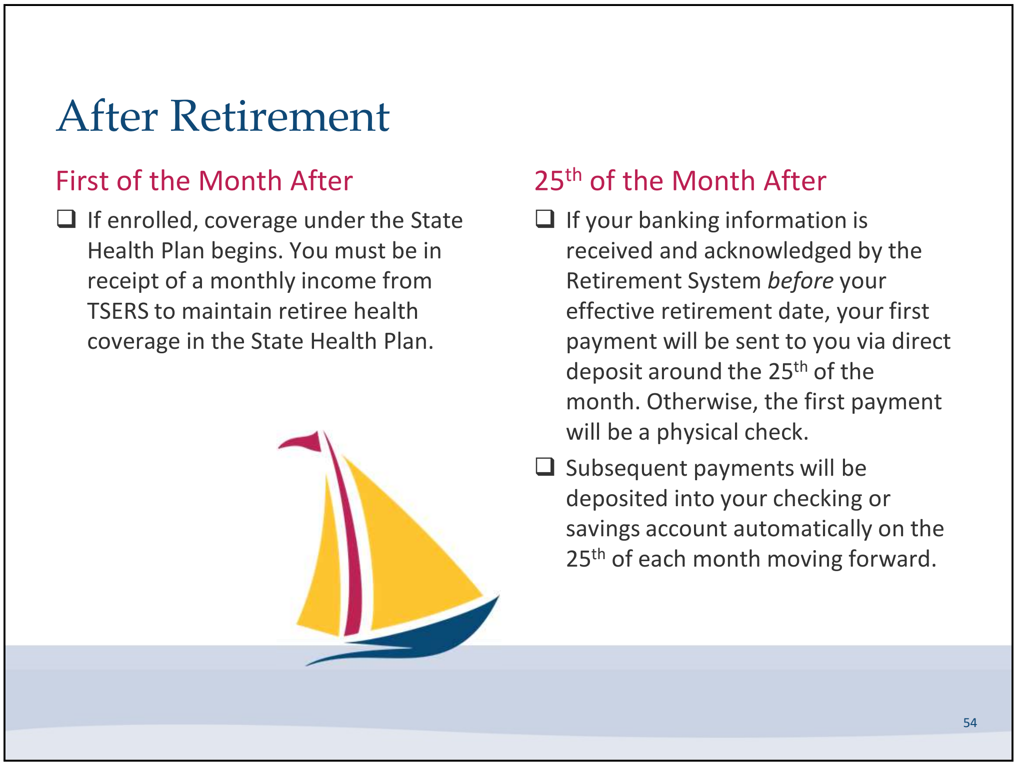
We recommend completing your retirement application online through ORBIT. Online submission normally produces faster processing times as compared to manually submitting an application.

Your retirement application can only be filed with TSERS 120 days (four months) in advance of your actual retirement date.

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.

Two months ahead of time, 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.

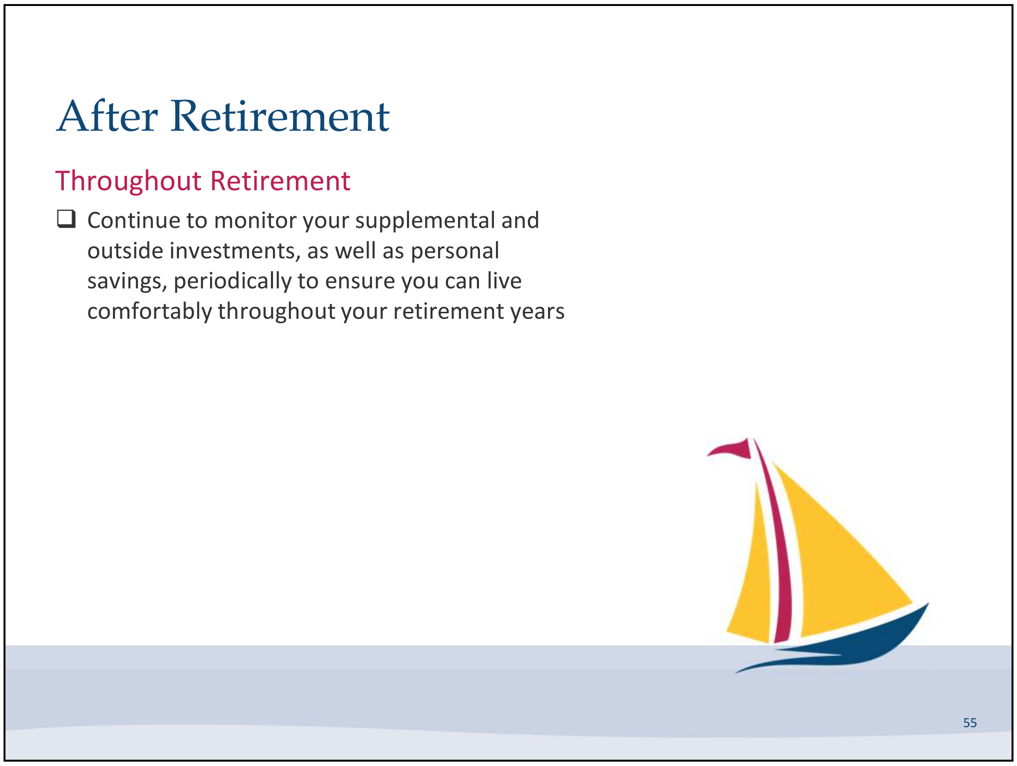
Contact your 401(k), 457(b) or 403(b) plan provider to complete the required paperwork to receive a distribution.




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

The first of the month after you retire, coverage under the State Health Plan begins — if you're enrolled. You must be in receipt of a monthly income from TSERS to maintain retiree health coverage in the State Health Plan.

If your banking information is received and acknowledged by the Retirement System before your effective retirement date, your first payment will be sent to you via direct deposit around the 25th of the month. Otherwise, the first payment will be a physical check, which will be mailed to you. Subsequent payments will be deposited into your checking or savings account automatically on the 25th of each month moving forward.




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


# Estate Planning Checklist

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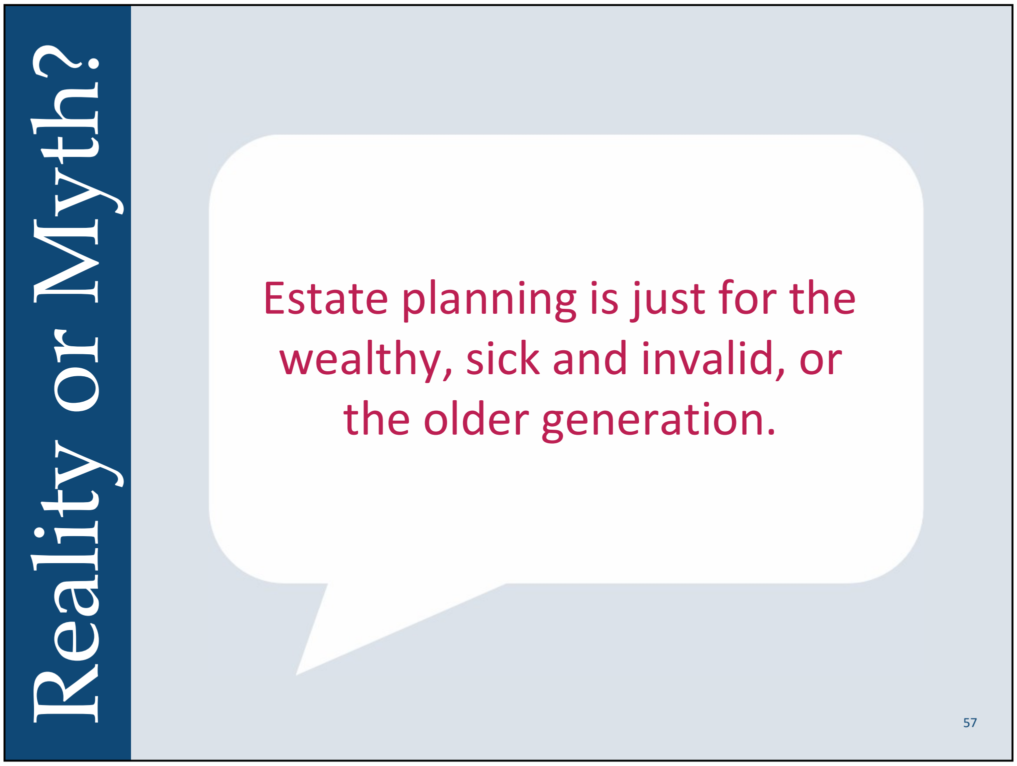
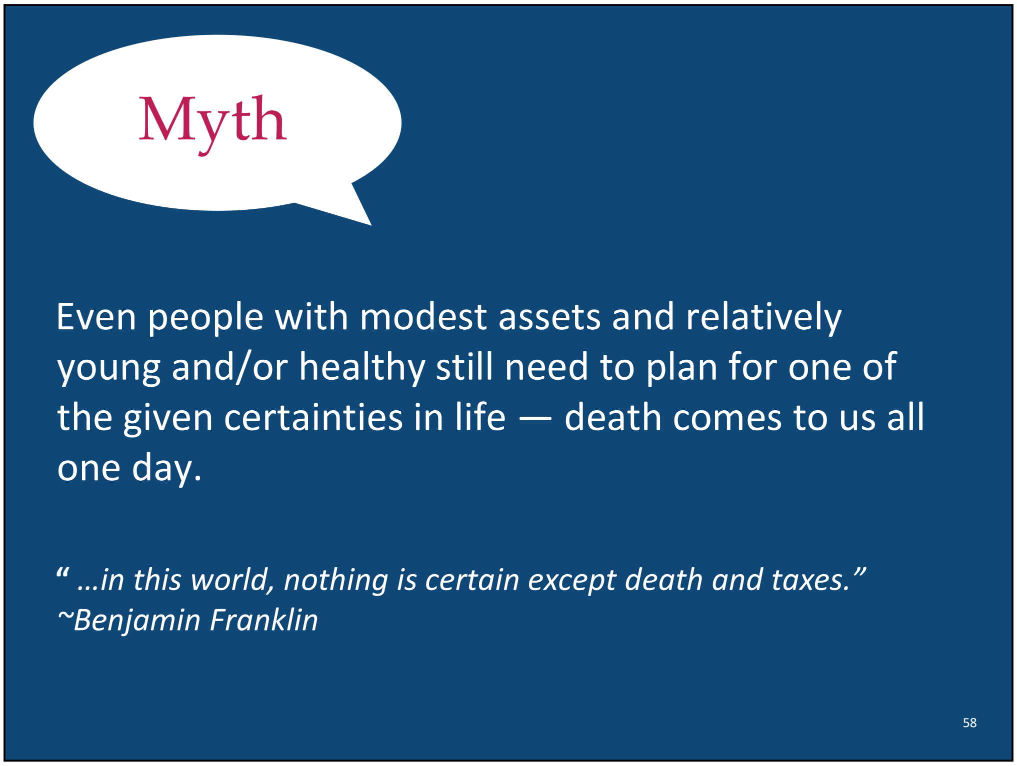
We've talked about what it means to plan and be ready for your retirement. Now let's just take a brief moment to talk about another type of planning — estate planning.




Reality or Myth?

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

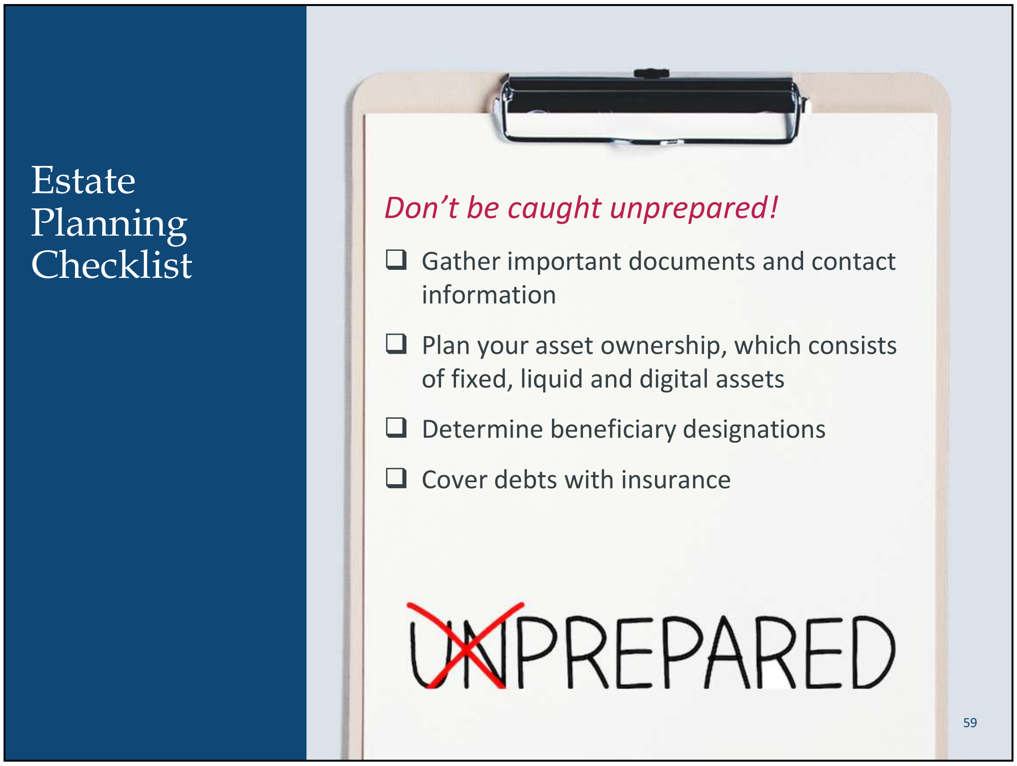



This is a myth.

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

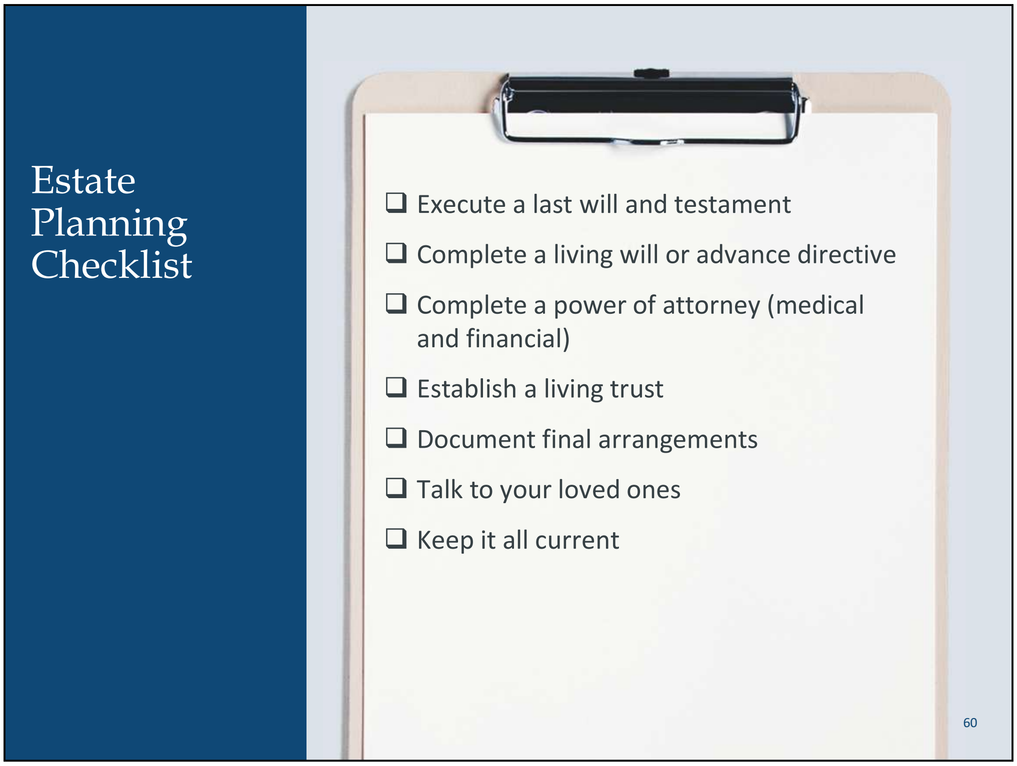
In the famous words of Benjamin Franklin, "…in this world, nothing is certain except death and taxes."

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.



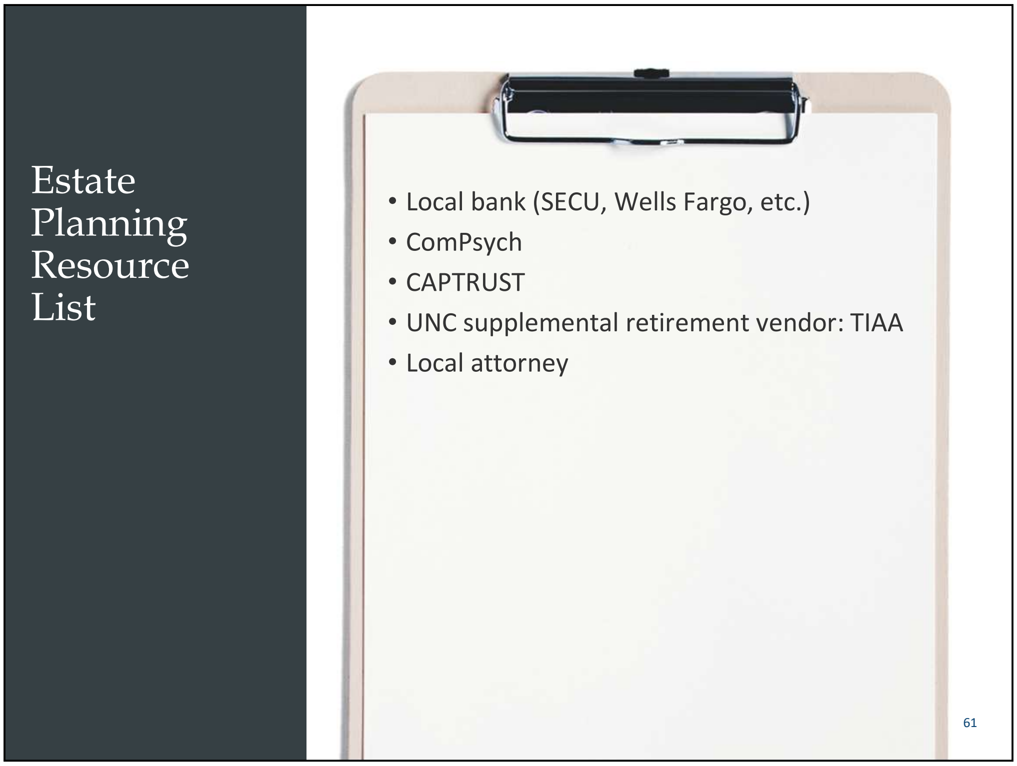

Everyone needs to have end-of-life planning in place. Don’t be caught unprepared in the event of a death or disability. To assist you with thinking about your unique plans and actions, we are providing a basic estate planning checklist.

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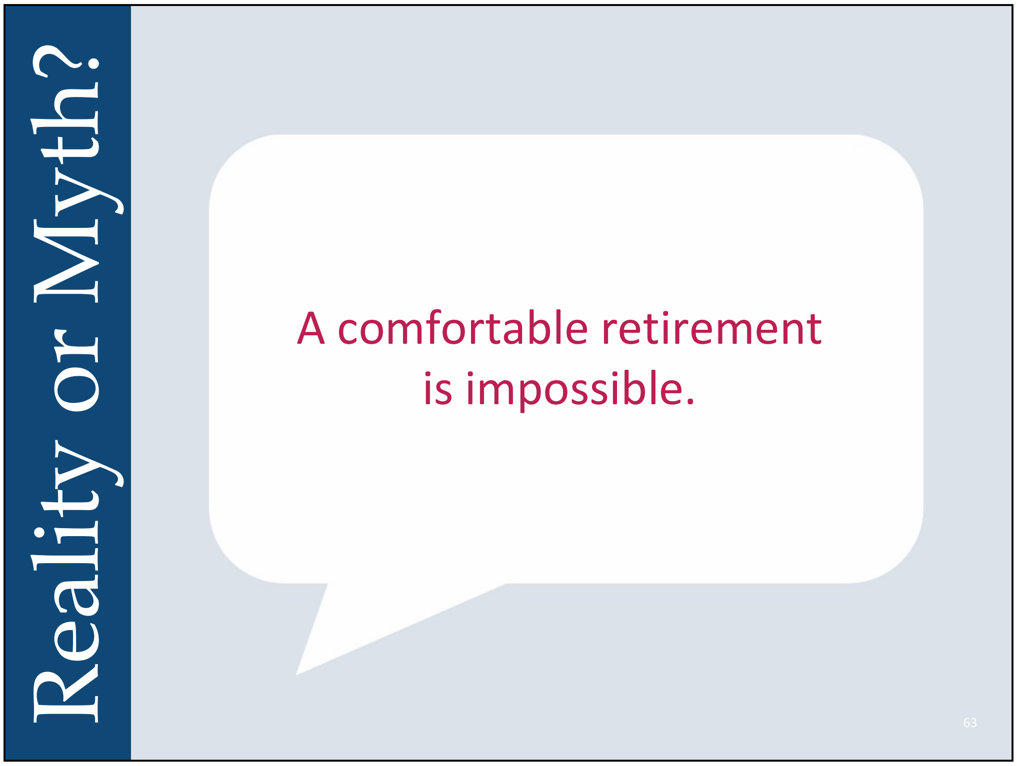
We have covered a lot of information today that has created a foundation for you to begin your smooth and successful transition into retirement.

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).
- Review membership service for accuracy. (Log into ORBIT to ensure your state service time is accurate. If corrections are needed, contact TSERS to request a review.)
- Obtain and review a retirement benefit estimate (as early as three years). Estimates can be obtained using the retirement benefit estimator on the ORBIT site, or you can meet with your UBR to obtain an estimate and go over your benefit options, or contact NC RSD to obtain an estimate.
- 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 access 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 retirement application — 120 days prior to your retirement begin completing the online retirement application.




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


Myth!

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


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


Questions?