

Your Retirement Plan Transfer Guide



As an employee of The University of North Carolina, you must enroll in one of the following mandatory retirement programs:

- The Teachers' and State Employees' Retirement System (TSERS), or
- The University of North Carolina Optional Retirement Program (ORP)

Your eligibility for these programs depends on your position with the University. If you take a new position within the University system, your eligibility for mandatory retirement plans may change.

Choosing Whether to Transfer to a Different Retirement Plan

Your decision whether to transfer from one retirement plan to another should be an informed one.

An overview of the differences in the basic features of TSERS and the ORP is given in *Your Mandatory Retirement Plan Decision Guide*. More information about the ORP can be found in the *ORP Plan Summary* and *ORP Plan Document*, and more information about TSERS can be found in the *TSERS Handbook*. These documents can all be found online at www.northcarolina.edu/hr/unc/benefits/retirement/index.htm.

In addition to reviewing the basic differences between TSERS and the ORP, you should also pay particular attention to the impact of switching retirement plans on other benefit programs, which are highlighted in this guide:

- Basic disability benefits
- Supplemental disability benefits
- Death benefits
- Sick leave
- Contributions

You Have a 60-Day Deadline

If you are eligible to choose between TSERS and the ORP, you must enroll in the ORP within 60 days of becoming eligible, or otherwise you will automatically be enrolled in TSERS. Once your election has been made in either TSERS or ORP, it cannot be changed. Likewise, your eligibility for supplemental disability plans will also change and you must make a decision to enroll within 60 days, otherwise you will be required to provide proof of good health if you enroll at a later date.

Basic Disability Benefits

Whether you are enrolled in TSERS or the ORP, the University provides you with basic short-term disability (STD) and long-term disability (LTD) coverage under the Disability Income Plan of North Carolina (DIP-NC). This is provided at no cost to you.

However, you must have a certain amount of service as a member of TSERS or as a participant in the ORP before you are eligible to receive a benefit.

BASIC STD UNDER DIP-NC

The basic STD plan will pay a benefit after 60 continuous calendar days due to a qualified disabling illness or injury, provided you have at least one year of service in either TSERS or the ORP.

BASIC LTD UNDER DIP-NC

The basic LTD plan will pay a benefit if you remain disabled for longer than 365 days, provided you have at least five years of service in either TSERS or the ORP.

For an overview of basic STD and LTD benefits under DIP-NC, see the *Income Protection Programs* brochure at www.northcarolina.edu/hr/unc/benefits/financial/index.htm.

The chart below highlights some key issues to consider regarding disability benefits.

| If You Transfer to the ORP From TSERS | If You Transfer to TSERS From the ORP |
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| <p>While on disability, you will not continue to earn service credit toward retirement.</p> <p>Both your service as a TSERS member and your service as an ORP participant will count toward your “years of service” requirements to receive basic disability benefits under DIP-NC.</p> <p>If you transfer to the ORP from TSERS, and withdraw your employee contributions from TSERS (plus statutory interest if you had at least five years of service as a TSERS member), you will forfeit any service you earned as a TSERS member toward being eligible for basic DIP-NC disability benefits. You must start over and meet the “years of service” requirements for DIP-NC eligibility as an ORP participant. This applies even if you roll over your TSERS contributions into the ORP.</p> | <p>While on disability, you will continue to earn service credit toward retirement.</p> <p>Both your service as a TSERS member and your service as an ORP participant will count toward your “years of service” requirement to receive basic disability benefits under DIP-NC.</p> <p>If you transfer to TSERS from the ORP, you cannot withdraw your employee contributions from the ORP. As a result, you will not forfeit any service you earned as an ORP participant toward being eligible for basic DIP-NC disability benefits. Your employee contributions from the ORP cannot roll over to TSERS.</p> |

Supplemental Disability Benefits

In addition to the basic STD and LTD coverage provided by the University, you also have the option of purchasing supplemental disability coverage that will pay STD or LTD benefits regardless of the amount of your service as a participant in either TSERS or the ORP.

Different supplemental disability plans are available to you depending on whether you are enrolled in TSERS or the ORP. For an overview of the supplemental disability benefits, see the *Income Protection Programs* brochure at www.northcarolina.edu/hr/unc/benefits/financial/index.htm. Both supplemental plans are similar, but there are some differences.

| If You Transfer to the ORP From TSERS | If You Transfer to TSERS From the ORP |
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| <p>Supplemental disability coverage will be available through The Standard.</p> <p>If you become disabled as a participant in the ORP, the supplemental disability plan provides a special retirement benefit (monthly premium benefit). It helps protect your retirement income by continuing contributions to your ORP investment carrier in the amount of 12.84% of your monthly salary. This funds your ORP account so you can receive it when you retire.</p> | <p>Supplemental disability coverage will be available through Liberty Mutual.</p> |

Death Benefits

In the event of your death, both TSERS and the ORP make certain benefits available to your designated beneficiary.

These are in addition to any benefits paid by life insurance or other income-protection programs offered by the University.

| If You Transfer to the ORP From TSERS | If You Transfer to TSERS From the ORP |
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| <p>While a participant in the ORP, in the event of your death, you immediately become 100% vested in the total value of your ORP account (both employee and employer contributions), which is then available to your designated beneficiary. This benefit may be paid in a variety of forms, depending on which investment carrier you choose for your ORP account.</p> <p>In addition, if you were previously a TSERS participant and you die within 180 days after the last day you are paid as a TSERS contributing member, your beneficiary may also be entitled to the TSERS death benefit or survivor's alternate benefit described at right.</p> | <p>Once you have one year as a contributing member of TSERS, you will automatically be enrolled in coverage for a benefit paid in the event of your death. Coverage is equal to one times your annual salary rounded to the nearest \$1,000, with a minimum benefit of \$25,000 and a maximum benefit of \$50,000. This amount is paid in a lump sum to your beneficiary.</p> <p>If you die after meeting certain age and service requirements, your beneficiary may be eligible for a survivor's alternate benefit, in which either a lump sum refund of contributions or a monthly income is paid.</p> |

Sick Leave

TSERS and the ORP treat unused sick leave differently with regard to counting it toward your service as a participant in either plan at the time you retire. The amount of your creditable service in TSERS will affect the benefit you receive from that plan.

| If You Transfer to the ORP From TSERS | If You Transfer to TSERS From the ORP |
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| <p>Sick leave does not count toward ORP participation service. Any unused sick leave that you accumulate as a participant of the ORP is lost at retirement or termination of employment.</p> <p>However, if you are eligible to receive both a TSERS benefit and an ORP benefit when you retire, you may receive one more month of credited TSERS service for every 20 days of unused sick leave that you had when you transferred to the ORP. 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, as described at right.</p> <p>In addition, for purposes of this credit, the number of unused sick leave days you accumulated as a TSERS participant will be reduced by the number of sick days you use while you are an ORP participant.</p> <p>For example, suppose you participate in TSERS and have 80 days of unused accumulated sick leave when you transfer to the ORP. While an ORP participant, you accumulate additional sick leave days and use 15 of them. Then you retire.</p> <p>You would then have $80 - 15 = 65$ days of unused sick leave that would count toward your TSERS creditable service. For this you would receive four months of credited TSERS participation service (three months for the first 60 days and another month for the remaining five days.) This will increase your TSERS retirement benefit.</p> <p>However, to receive this additional TSERS benefit after transferring to the ORP, you must apply for your TSERS retirement benefit within five years of the date you leave employment with or retire from the University as an ORP participant.</p> | <p>Sick leave does not count toward ORP participation service. Any unused sick leave that you accumulate as a participant of the ORP is lost at retirement or termination of employment and cannot be converted to creditable service under TSERS.</p> <p>As a member of TSERS, if you retire with unused accumulated sick leave, you receive an additional one month of creditable TSERS service for every 20 days of sick leave you have accumulated but not used by the time you retire. You also receive one more month of credited service for any amount unused sick leave that is less than 20 days but at least one hour. For example, if you retired with 24 days of unused sick leave, you would receive an additional two months of creditable service in TSERS.</p> |

Employee Contributions

TSERS and the ORP treat employee contributions differently with regard to distributions if your transfer to a position while employed with the University. Please keep in mind that any withdrawal or rollover from TSERS will impact your eligibility for other benefits, such as basic disability benefits and possibly even your eligibility for State Health Plan coverage if you become disabled.

| If You Transfer to the ORP From TSERS | If You Transfer to TSERS From the ORP |
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| <p>If you are a vested TSERS member and elect to enroll in the ORP you can choose to:</p> <ol style="list-style-type: none">1. Leave your contributions in your TSERS account and keep all the creditable service earned to date and receive a retirement benefit once eligible;2. Upon separation of service, receive a refund of employee contributions (plus statutory interest if you had at least five years of service as a TSERS member), and waive any right to a future benefit; or3. Directly transfer employee contributions from TSERS to the ORP (subject to approval by the North Carolina Retirement System). <p>If you are a non-vested TSERS member and elect to enroll in the ORP, you can choose to:</p> <ol style="list-style-type: none">1. Leave your contributions in your TSERS account and keep all the creditable service earned to date, but at some point make a decision to withdraw or directly transfer the employee funds;2. Upon separation of service, receive a refund of employee contributions and waive any right to a future benefit; or3. Directly transfer employee contributions from TSERS to the ORP (subject to approval by the North Carolina Retirement System). | <p>If you transfer to TSERS from the ORP, you cannot withdraw your employee contributions from the ORP.</p> |

Questions?

Please review this guide and the other referenced materials before you decide whether to transfer from one mandatory retirement plan to another.

If you need more information, contact your Human Resources/Benefits Office.

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