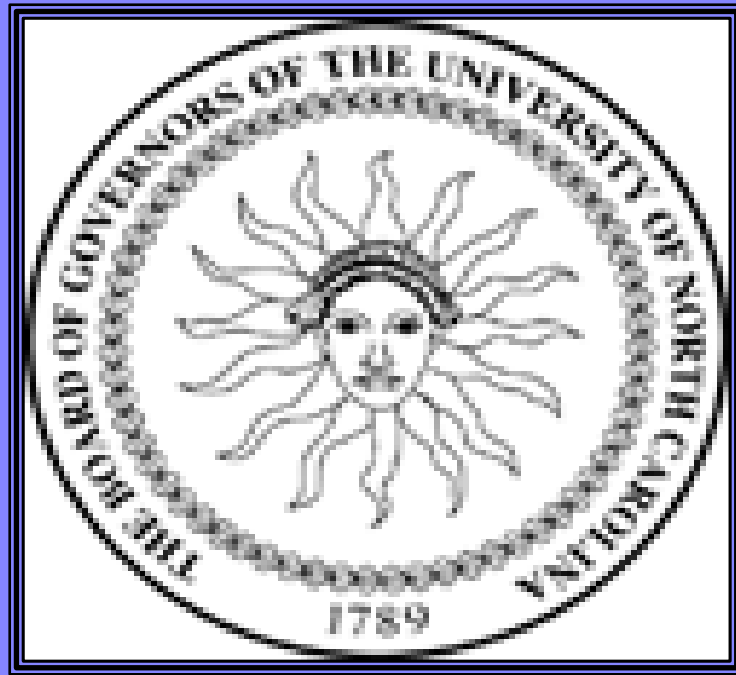


# *Optional Retirement Program*



# *Optional Retirement Program*



- Authorized by the NC General Assembly in 1971
- Alternative to the Teacher's and State Employees Retirement System (TSERS)
- ORP is monitored by UNC Board of Governors

# *Optional Retirement Program*



- Qualified retirement plan under the IRS Sections 401a and 403a Codes.
- Defined Contribution Plan
- Allows portability and greater choice of investment and distribution options

# *Defined Contribution Plan*

*vs.*

# *Defined Benefit Plan*

## **Defined Contribution Plan**

- Retirement Benefits not based on predetermined formula
- Employee determines investment options for employee/employer monthly contributions

## **Defined Benefit Plan**

- Retirement Benefits based on predetermined formula
- TSERS oversees investment of monthly contributions

# *ORP ELIGIBILITY*



- Employees in permanent positions who work 30 hours or more per week
- Employees with the following appointments can participate in the ORP:

**Senior Academic & Administrative Officers**

**Faculty with the rank of instructor or above**

**Lecturers who are equivalent to instructor**

**Agriculture Extension Field Faculty effective 7-1-2001**

# *ORP Eligibility*

*(cont'd)*

- Eligible employees have 60 days to elect participation in the ORP
- ORP election is irrevocable as long as the employee remains in an eligible position
- Failure to enroll within eligibility period automatically becomes a member of TSERS



# *ORP Contributions*

- Employee and Employer contributions are established yearly by General Assembly
- 2001-2002 Fiscal Year Contributions are:  
Employee – 6% Employer – 9.71%
- Contributions are made on a pre-taxed basis
- Contributions are invested in an annuity contract or mutual fund offered by approved carriers

# *Allocation of Monthly Contributions*

- \$ Multiple options - Contributions can be allocated to one or more approved carriers
- \$ Flexibility – Allocations may be changed at any time within institution payroll deadlines

# *ORP CARRIERS*

- **TIAA-CREF**



- **VALIC**

**VALIC**

- **LINCOLN LIFE**



- **FIDELITY INVESTMENTS**



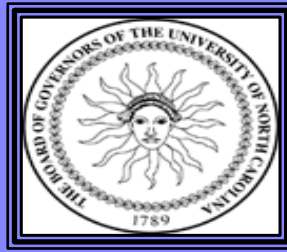
# *Choosing an ORP CARRIER*



**VALIC**

- Type of investor
- Carrier's financial strengths and stability
  - Flexibility and investments options
    - Administrative Fees
      - Education
  - Customer Service





# *ORP Vesting & Portability*

- Immediate vesting in the value of your contributions
- Employer contributions are vested after five years of contributory service
- Portability – Ability to transfer accumulated retirement benefits using same carrier or change your benefit to a retirement plan sponsored by your new employer



## *Disability Benefits - ORP*

- ORP Account available for income benefits upon retirement
- Coverage under NC Disability Income Plan
- Voluntary coverage under TIAA-Cref Disability Plan
- Eligible to participate in voluntary supplemental plans offered by University



# ***TIAA-CREF DISABILITY***

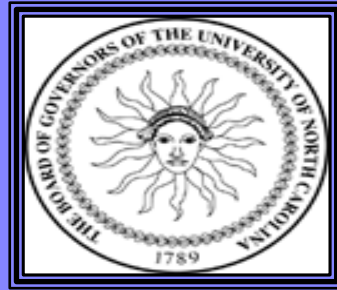
- Replaces a percentage of employees monthly salary
- Defines disability as being completely unable to perform normal occupation or any other occupation
- Protects employee's retirement income
- Provides partial disability benefits
- Assists with Social Security Application Process
- Pays survivor benefits



# *ORP - Death Benefits*

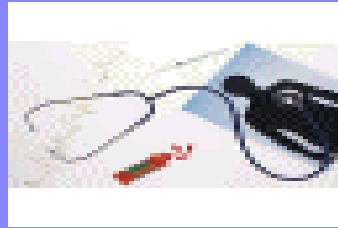
- Total value of account (employee/employer contributions) is 100% vested and available to beneficiary
- If death occurs while an active employee, beneficiary can designate distribution option
- If death occurs during retirement, payments will continue according to annuity option chosen

# *ORP – Retirement Benefits*



- No age or service requirements to meet
- Monthly benefit is based on account balance, age of employee, age of annuity partner, and income option selected.

# *ORP Retirement Health Insurance*



- 🚚 Eligible to continue health insurance coverage upon retirement with five years of ORP Participation.
- 🚚 ORP Annuitant must begin to receive an ORP on a monthly basis



# *Transferring from TSERS*

- Must be an appointed ORP Eligible Position
- No reciprocity between TSERS and ORP
- Credit towards vesting in ORP begins upon enrollment
- Change is irrevocable
- TSERS contributions can be withdrawn or rolled into ORP account

# *Transferring from TSERS cont'd*

- **If TSERS contributions are not withdrawn, employee retains the following:**
  - TSERS Retirement Benefits upon eligibility
  - Eligibility for the NC Disability Income Plan
  - Eligibility for State Health Benefit
  - Survivor Alternate Benefit and Death Benefit are in effect for only 180 days following effective date of ORP enrollment



# *Annual and Sick Leave*

- Annual Leave— Up to 240 Hours or 30 days paid upon retirement or separation
- Sick Leave – Non-transferable  
Sick leave is not used to calculate retirement benefit under ORP



# ***ORP VS. TSERS***

## ***SUMMARY OF BENEFITS***

### **Optional Retirement Plan**

- Defined Contribution Plan
- Control over Investments
- Retirement Based on investment Performance
- Immediate vesting of employee contributions
- Portability

### **TSERS**

- Defined Benefit Plan
- TSERS oversees investment of monthly contributions
- Retirement benefits based on predetermined formula
- Vesting begins after five years
- Portability not available nationwide

# ***ORP VS. TSERS***

## ***SUMMARY OF BENEFITS***

### **Optional Retirement Plan**

- **Participation in NC Disability Plan**
- **Death Benefits include both employee & employer contributions**
- **Various payment options of retirement benefits**
- **Eligibility for SHP after five years of service & upon retirement**

### **TSERS**

- **Participation in NC Disability Plan**
- **Lump-Sum Death Benefit after one year of service, and either a refund of contributions or payment option upon meeting service requirements**
- **Several Payment Options for Retirement Benefits**
- **SHP coverage upon vesting with 5+ years of service upon retirement**

***QUESTION AND ANSWER  
SESSION***

# CONCLUSION OF OPTIONAL RETIREMENT PRESENTATION

*Vendor presentation to begin  
after 10 minute Break*

