



North Carolina Retirement Systems

The RETIREMENT

A Newsletter for Retired Government Employees in North Carolina **Report**

A Message from State Treasurer Janet Cowell



Maintain the Same Level of Health Coverage – Enroll in Medicare Parts A & B When First Eligible

Medicare is the federal health insurance program for people age 65 or older. It is also for people under age 65 if approved for Social Security Disability benefits with certain disabilities or ALS (amyotrophic lateral sclerosis, or Lou Gehrig's disease), and any age with permanent kidney failure treated with dialysis or a transplant.

Medicare Coverage

Medicare Part A

- Covers inpatient hospital care, certain skilled nursing facility bills, and some home health care
- Cost — usually provided at no cost

Medicare Part B

- Covers outpatient hospital services, doctor visits, and certain other professional and home health bills
- Cost — has a premium that is generally deducted from your Social Security benefit

Enrollment in Medicare Parts A and B is Automatic for Some Retirees

- For Medicare-eligible retirees in the Teachers' and State Employees' Retirement System, Consolidated Judicial Retirement System, or the Legislative Retirement System, Medicare is your primary insurance and the State Health Plan is your secondary medical coverage.
- If you already receive benefits from the Social Security Administration, you are automatically entitled to Medicare Part A and Part B starting the first day of the month that you turn 65. You do not need to do anything to enroll. Your Medicare card will be mailed to you about three months before your 65th birthday.
- If you are not receiving Social Security benefits, you should contact the Social Security Administration three months prior to your 65th birthday to enroll in Medicare. They will determine eligibility, and then send a Medicare card.

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The financial crisis has taken its toll on pension funds and retirement savings across the country. The impact of the 2008 downturn will affect all retirement plans, even well-funded plans like North Carolina's, for a number of years. The office of the State Treasurer continues to focus on risk management and to invest for the long-term during these challenging times.

In the past, investment earnings made up 80% of the fund's income, while employer and employee contributions made up the remainder. However, investment earnings have been hit hard by the fall in the stock market. Employers will need to plan for increased contributions in next year's budget, and steady increases in these contributions over the next several years. Our office is educating local and state leaders in order for them to plan for the increased contributions in their budgets.

Additionally, in order to proactively research and address retirement issues such as these, I recently announced the formation of a Future of Retirement Study Commission. The Commission will be charged with evaluating and making recommendations for the retirement benefits of North Carolina state and local government employees hired in the future. It is important to have an in-depth study of the retirement system in order to respond to the changing economy and workforce. The

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Commission will meet throughout 2010 and is targeting to have initial findings by May of 2010.

We will continue to update you on the status of our pension funds and program initiatives. I invite you to visit the Department's website (www.nctreasurer.com) for updates, or to register on ORBIT so you can receive timely information from the Retirement Systems.

I look forward to working with you to educate stakeholders about the North Carolina Retirement Systems and how we can keep the system sound in these challenging times.

No Changes for Disability Offset in 2010

The Social Security Administration will not issue a cost-of-living adjustment (COLA) in 2010 to Social Security benefit recipients due to a negative Consumer Price Index for the year ending September 30, 2009. As a result, the Social Security benefit offset for long-term disability recipients under the Disability Income Plan of North Carolina (DIPNC) will remain unchanged in 2010.

The Social Security Administration has put together a fact sheet on 2010 Social Security changes. For more information, please visit www.ssa.gov/pressoffice/factsheets/colafacts2010.htm.

Enroll in Medicare Parts A & B When First Eligible, *continued from page 1*

Avoid the Medicare Late Enrollment Penalty – Apply for Medicare Part B through the Social Security Administration as Soon as You are Eligible

- If you do not enroll when you first become eligible, your Medicare Part B start date may be delayed or you may have to wait until the next general enrollment period – January 1 through March 31 of each year.
- If you do *not* enroll in Medicare Part B through the Social Security Administration when you are first eligible, your State Health Plan benefits will be paid as if you had Medicare Part B. As a result, you will be responsible for the amount that would have been paid by Medicare Part B.
- The cost of Medicare Part B may go up 10 percent for each 12-month period that you could have had Part B but did not take it. You will have to pay this extra percentage for the rest of your life. If you are age 65 and still an active employee under the State Health Plan or another group health insurance through your current employment, you may be able to delay starting your Medicare Part B coverage until you retire and avoid the Medicare late enrollment penalty.

Note: Under the current law, the State Health Plan dependent rates decrease when your spouse or dependents become eligible for Medicare and Medicare is their primary coverage. Please be sure they too apply for Medicare as soon as they are eligible. At any time your spouse or dependents become eligible for Medicare, you must

inform the Retirement Systems Division by completing a new Form HM, *Selecting Health Coverage Through the State Health Plan*, available under the “Applications and Forms” tab at www.myncretirement.com.

Contact Medicare or the State Health Plan with Questions Regarding Your Own Situation

There are many detailed rules and exceptions for Medicare and the State Health Plan. Since Medicare and the State Health Plan do not fall under Retirement System laws, the Retirement System cannot assist you with particular Medicare and State Health Plan coverage questions. Only Medicare and the State Health Plan can assist you with determining your eligibility for benefits from these plans. Medicare and State Health Plan laws, policies, and procedures can be complex, have exceptions, and are subject to change.

Medicare and State Health Plan Contacts

Please contact Medicare or the State Health Plan with any questions regarding your own situation.

- To learn more about how to apply for Medicare and what Medicare covers, visit www.medicare.gov or call 1-800-MEDICARE.
- To learn more about the State Health Plan, visit www.shpnc.org or call 1-888-234-2416.

Return-to-Work Law Changes for 2009

During 2009, the following changes took place regarding earnable allowance exemptions impacting reemployed retired teachers and nursing instructors of the Teachers' and State Employees' Retirement System (TSERS):

- **Reemployed retired teachers exemption expired** — Legislation authorizing reemployed retired teachers to work without an earnings cap expired effective October 1, 2009. Reemployed retired teachers, except those in positions requiring TSERS membership, will now be subject to an earnings cap (also known as earnable allowance), and must be reemployed on a part-time, temporary, interim, or on a fee-for-service basis in a position that does not require membership in the TSERS. *Please note that the Department of Public Instruction has a rule that allows school systems to employ interim and temporary employees for up to six "pay periods." This is not a retirement system law.*
- **Nursing instructors exempt from earnings limitations** — The General Assembly passed House Bill 642 allowing a TSERS retiree who retired on or before June 1, 2009, with a reduced or unreduced benefit, or who retires on or after July 1, 2009, with an unreduced benefit, to return to work as a nursing instructor exempt from the earnings limitations provided he or she meets all of the following conditions:
 - the retiree has a six-month separation from service under the TSERS immediately preceding his or her return to employment as a nursing instructor, during which time no work is performed in any capacity with a State-supported community college or university;
 - the retiree returns to work for a maximum of three years as a nursing instructor in a permanent full-time position, or a part-

time position that exceeds 50 percent of the work week, in a certified nursing program at a State-supported community college or university;

- the retiree has been certified by his or her North Carolina Community College System or University of North Carolina System employer to teach as a nursing instructor; and
- the employer has certified to the TSERS that it has a shortage of qualified nursing instructors and has met all required conditions of making a good faith effort to hire non-retirees as nursing instructors.

Unless legislation extends this reemployment exception for nursing instructors, these provisions will expire June 30, 2013.

As a reminder:

- TSERS members who retired on or after November 1, 2005, must be retired at least six months before returning to work for a TSERS employer in any capacity (except as a bona fide volunteer in a school).
- LGERS members cannot return to work for an LGERS employer during the month in which their retirement became effective.
- Return-to-work laws apply differently to members of the LGERS and TSERS. Before you decide to return to work for an employer under the system from which you retired, it is a good idea to familiarize yourself with the return-to-work laws. For [detailed information](#) on the laws pertaining to each system and for updates, view the "Return-to-Work Policies" under the "Benefit Recipients" section at www.myncretirement.com.

Note: Please be aware that violation of the return-to-work laws could cause you to incur financial penalties, possible loss of retirement benefits, and/or possible loss of health benefits. □

Ask the Experts

The N.C. Retirement Systems Division receives hundreds of questions each month from members. The following are a few of the most frequently asked questions and the answers.

Q: I have been trying to get on the ORBIT site and I forgot my password. I started through the questions to get my password, but I did not receive a new password. Can you please help me reset my password so that I can log on to ORBIT?

A: Answering the questions correctly enables you to reset your password and user identification. This process does not include a new password being sent to you.

To reset your password:

- Go to the ORBIT registration page, at www.myncretirement.com.
- Click on "Forgot Your Password...?"
- Answer the series of questions.
- The last screen will prompt you to type in a new user identification and password. Once that is done, you will receive screen confirmation that you have successfully changed your password and the ORBIT site will launch.

Q: When will my 1099-R tax statement be available?

A: Your 1099-R tax statement for 2009 will be mailed by the end of January 2010. In addition to the mailed 1099-R tax statement, as a retired member, you can choose to download your 1099-R from your personal ORBIT account.

To access your 1099-R through ORBIT:

- Go to the ORBIT registration page, at www.myncretirement.com.
- Print your tax statement from the "View Tax Documents" link.

Numbers & Websites to Know

Retirement Systems Division

1-877-733-4191 (toll-free)
919-733-4191 (in the Raleigh area)
www.myncretirement.com

Department of State Treasurer's Unclaimed Property Program

919-508-1000; www.nccash.com

Social Security Administration

1-800-772-1213 (toll-free); www.ssa.gov

State Health Plan

1-888-234-2416 (toll-free); www.shpnc.org

State Insurance Services (National Pacific Dental and Superior Vision)

1-800-462-7864 (toll-free)
www.stateinsservices.com

Colonial Insurance, Buchan Agency

1-800-622-4954 (toll-free)

Prudential Long-term Care

1-888-669-3916 (toll-free) for plan members
1-800-732-0416 (toll-free) for non-members

SEANC

1-800-222-2758 (toll-free); www.seanc.org

NCAE/NCRSP

1-800-662-7924 (toll-free)
www.ncae.org; www.ncrsp.org

NCRGEA

1-800-356-1190 (toll-free); www.ncrgea.com

NC Supplemental Retirement Income Plans

NC 401(k) and Deferred Compensation Plans
1-866-NCPlans (1-866-627-5267) (toll-free)
www.ncplans.prudential.com

United Healthcare Dental

1-877-905-0659 (toll-free)
www.yourdentalplan.com/npd

United Healthcare Vision

1-800-980-2965 (toll-free)
www.myuhcvision.com

Department of NC State Treasurer

Retirement Systems Division

325 N. Salisbury Street
Raleigh, NC 27603

Dates for Monthly Retirement Payments in 2010

For Month of	Date Payment is Direct Deposited into Your Bank Account or Date Check is Mailed from Our Office
January 2010	Monday, January 25, 2010
February 2010	Thursday, February 25, 2010
March 2010	Tuesday, March 25, 2010
April 2010	Friday, April 23, 2010
May 2010	Tuesday, May 25, 2010
June 2010	Friday June 25, 2010
July 2010	Friday, July 23, 2010
August 2010	August 25, 2010
September 2010	Friday, September 24, 2010
October 2010	Monday, October 25, 2010
November 2010	Wednesday, November 24, 2010
December 2010	Monday, December 20, 2010