



NORTH CAROLINA
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Guidance on State Health Plan Changes Effective October 1, 2006, for Teachers' and State Employees' Retirement System (TSERS) Members

When you retire under TSERS, you are eligible for coverage under the State Health Plan (SHP) if you have at least five years of TSERS membership service earned as a teacher or State employee. (Credit for unused sick leave or credit transferred from the Local Governmental Employees' Retirement System (LGERs) does not count toward this five-year requirement.) As a retiree, your cost, if any, for your individual SHP coverage under the retiree group depends upon:

- when you were "first hired,"
- the type of coverage you select, and
- whether you are eligible for Medicare.

NOTE: You must meet TSERS retirement eligibility requirements in order to retire under TSERS, and you must be receiving your TSERS monthly benefit to be eligible for SHP retiree group coverage.

All of the conditions described below are based upon current law (as of September 2011).

Definitions of Membership Service, Creditable Service, and "First Hired"

In this guidance, the following definitions apply:

- "Membership Service" is service credit earned in TSERS while working as an active teacher or State employee.
- "Creditable Service" is any type of retirement service credit that is creditable in TSERS, including prior service, membership service, non-contributory service and purchased service. Creditable service (other than actual membership service) cannot be counted as membership service for the purpose of determining eligibility for SHP benefits.
- "First Hired" is defined as your first employment as a permanent full-time or permanent part-time regular State employee (designated half-time or more) with an eligible State employing unit. If all of your State service prior to October 1, 2006, was in a contract or temporary capacity, you are not considered to be "first hired" prior to October 1, 2006 because you did not work in an SHP-eligible position.

SHP Coverage at Retirement for Members "First Hired" Prior to October 1, 2006

If you were "first hired" prior to October 1, 2006, and you have five or more years of TSERS membership service, the State will pay all of the cost for your individual coverage under the Preferred Provider Organization (PPO) 70/30 Plan (or you may choose the PPO 80/20 Plan individual coverage for an additional fee) as a TSERS retiree.

In all cases, the full cost of dependent coverage, if elected, must be paid by you.

SHP Coverage at Retirement for Members Hired On or After October 1, 2006

If you were “first hired” on or after October 1, 2006, your cost for individual coverage under the PPO 70/30 Plan (or under the PPO 80/20 Plan individual coverage, available for an additional monthly fee) at retirement is based upon the following retirement service credit requirements:

- You must retire with 20 or more years of creditable service to receive the PPO 70/30 individual coverage at no charge.
- If you retire with 10 years or more, but less than 20 years, of creditable service, you will have to pay 50% of the cost for your PPO 70/30 coverage.
- If you retire with five years of membership service, but less than 10 years of creditable service, you will have to pay the full cost for your PPO 70/30 coverage.

In all cases, the full cost of dependent coverage, if elected, must be paid by you.

If you were “first hired” by the State on or after October 1, 2006, the required 20 years of creditable service needed to receive the PPO 70/30 individual coverage at no cost to you (or the PPO 80/20 Plan individual coverage, available for an additional fee) must include at least five years of TSERS membership service. The remaining years of creditable service may include any combination of the following types of service credit in TSERS:

- Membership
- Prior
- Noncontributory
- Eligible unused sick leave
- Purchased

Note: When a TSERS member transfers service from LGERS to TSERS, the LGERS transferred creditable service becomes creditable service in TSERS.

State Service Prior to October 1, 2006 That Has Been Withdrawn

If you have at least five years of TSERS membership service at the time of your retirement, and you had State service prior to October 1, 2006 that has been withdrawn from TSERS, you do not have to purchase the withdrawn service in order to be eligible for the PPO 70/30 individual coverage at no cost to you when you retire under TSERS.

Instead of the PPO 70/30 coverage, you may choose the PPO 80/20 individual coverage for an additional fee. In all cases, the full cost of dependent coverage, if elected, must be paid by you.

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