

**THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL**  
**Phased Retirement Program for Tenured Faculty**  
 Explanation of Deductions and Benefits for Phased Retirement

Type of Deduction	Disposition of Benefit or Deduction	Deductions Taken From		
		UNC Phased Ret. Income	TSERS Income	ORP Income
<b>FICA (OASDI)</b>	Deduction Continues	Yes	No	No
<b>FICA (Medicare)</b>	Deduction Continues	Yes	No	No
<b>Federal Taxes</b>	Deduction Continues	Yes	Yes, deductions can be withheld. If contributions were made prior to July 1, 1982 and if a retirement service credit was purchased, a portion of TSERS is not subject to Federal Taxes	Yes, except contributions made prior to July 1, 1982 are not subject to Federal tax. Earnings on employee contributions made prior to July 1, 1982, as well as Employer contribution and earnings are subject to Federal Taxes.
<b>NC State Taxes</b>	Deduction Continues	Yes	Yes, except if you had five or more years of creditable service toward retirement as of August 12 1989, your TSERS retirement benefit is exempt from North Carolina State income tax while you reside in North Carolina.	Yes, except if you were enrolled in ORP on or before August 12, 1989, your ORP retirement benefit is exempt from North Carolina State income tax, while you reside in North Carolina.

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		UNC Phased Ret. Income	TSERS Income	ORP Income
<b>TSERS or ORP Deduction</b>	Benefit Ceases	No	No	No
<b>TSERS Death Benefit</b>	Benefit Ceases	N/A	N/A	N/A
<b>Health Insurance (State Health Plan of North Carolina)</b>	Benefit Continues	Yes, but only if you do not begin retirement income from TSERS or ORP. Since phased retirement is a 50% assignment there is no university contribution to the insurance	Yes. Individual coverage is paid by TSERS. Dependent coverage can be deducted from your retirement check.	No. Individual coverage is paid by TSERS. Dependent coverage is available, with payments made by the individual to the State Health Plan. Retiree is responsible for paying premiums directly to the State Health Plan.
<b>Disability Income Plan of NC</b>	Benefit Ceases	N/A	N/A	N/A
<b>Supplemental Disability (Lincoln Financial)</b>	Benefit Ceases	No	No	No
<b>Supplemental Disability (Standard)</b>	Benefit Ceases	No	No	No
<b>Health Care FSA</b>	Benefit Continues	Yes	No	No
<b>Dependent Day Care FSA</b>	Benefit Continues	Yes	No	No
<b>NCFlex Vision Insurance</b>	Benefit Continues	Yes	No	No
<b>NCFlex Dental</b>	Benefit Continues	Yes	No	No
<b>UNC Voluntary Group Term Life</b>	Benefit Continues	Yes	No	No

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<b>NCFlex Voluntary Group Term Life</b>	Benefit Continues	Yes	No	No
<b>NCFlex AD&amp;D Insurance</b>	Benefit Continues	Yes	No	No
<b>NCFlex Cancer Insurance</b>	Benefit Continues	Yes	No	No
<b>NCFlex Critical Illness Plan</b>	Benefit Continues	Yes	No	No
<b>TRICARE Supplement</b>	Benefit Continues	Yes	No	No
<b>NC 401k</b>	Benefit Ceases	No	No	No
<b>UNC System 403(b)</b>	Benefit Continues	Yes	No	No
<b>NC Deferred Comp 457 UNC System 457</b>	Benefit Continues	Yes	No	No
<b>Worker's Compensation</b>	Benefit Continues	Employer-paid benefit	N/A	N/A
<b>Liability Insurance</b>	Benefit Continues	Employer-paid benefit	N/A	N/A
<b>Gym and Pool Privileges</b>	Benefit Continues	Yes	No	No
<b>Direct Deposit</b>	Continues	Yes	Yes	Yes