



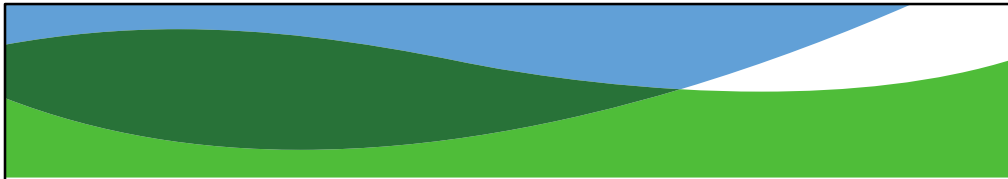
Local Governmental Employees' Retirement System (LGERS) Retirement Planning



Revised February 2019

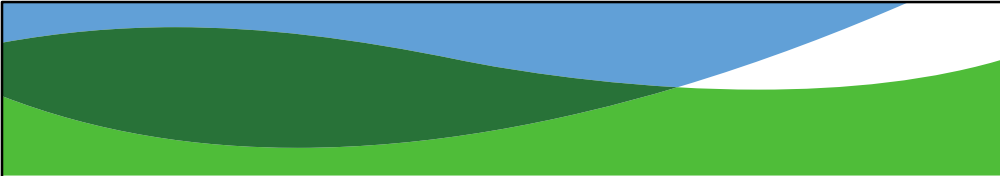
Dale R. Folwell, CPA
STATE TREASURER OF NORTH CAROLINA
DALE R. FOLWELL, CPA





Welcome

- **Please silence all cell phones**
- **Disclaimer**



NC Total Retirement Plans Include

LGERS – 401(a)
Defined Benefit Plan – amount you receive at retirement based on a **defined formula** to calculate **guaranteed monthly lifetime** retirement benefits (not based on your or your employer’s contributions)

NC 401(k), NC 457
Defined Contribution Plans – amount you receive at retirement depends on the **amount you have accumulated in your plan account** (your personal contributions, plus any employer contributions, and investment earnings)

The NC Total Retirement Plans include LGERS, the NC 401(k) Plan and the NC 457 Plan. LGERS is a defined benefit plan qualified under Section 401(a) of the Internal Revenue Code. Defined benefit plans use a defined formula to calculate guaranteed monthly lifetime retirement benefits (not based on your or your employer’s contributions). The NC 401(k) Plan and NC 457 Plan Program are defined contribution plans that provide you with the potential to save additional funds for retirement. Under a defined contribution plan, the amount you receive at retirement depends exclusively on the amount you have accumulated in your plan account (your personal contributions, plus any employer contributions, and investment earnings). All of the retirement systems and plans administered by the Department of State Treasurer for North Carolina public employees are collectively referred to as the NC Total Retirement Plans.

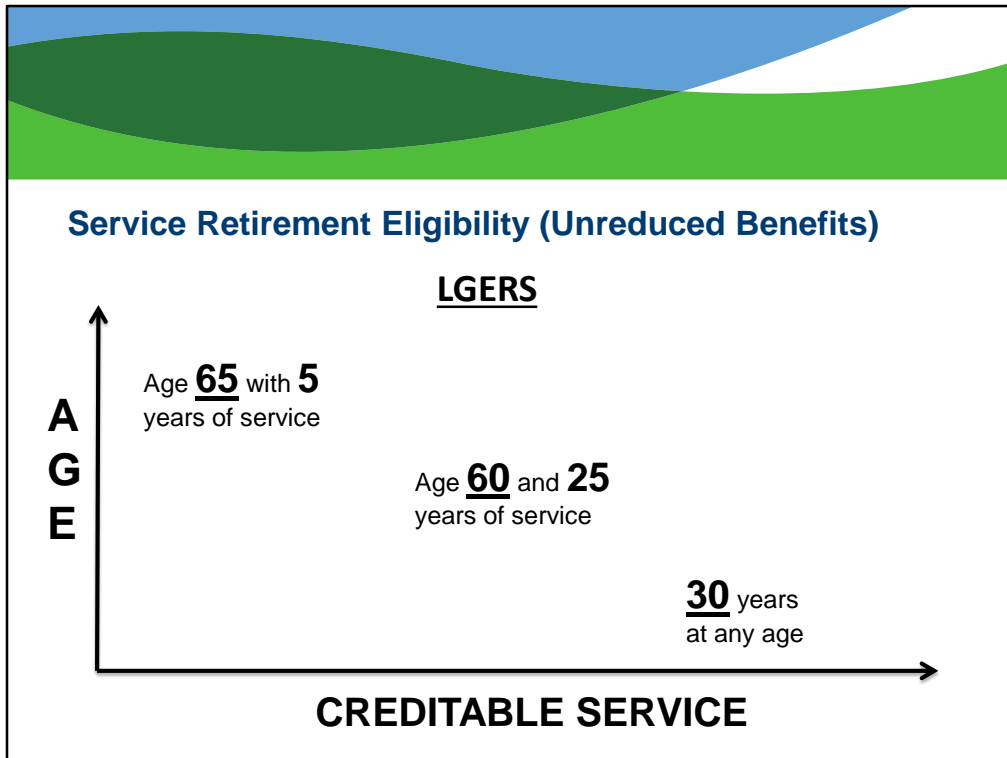


NC Total Retirement Plans Solution for Retirement Readiness

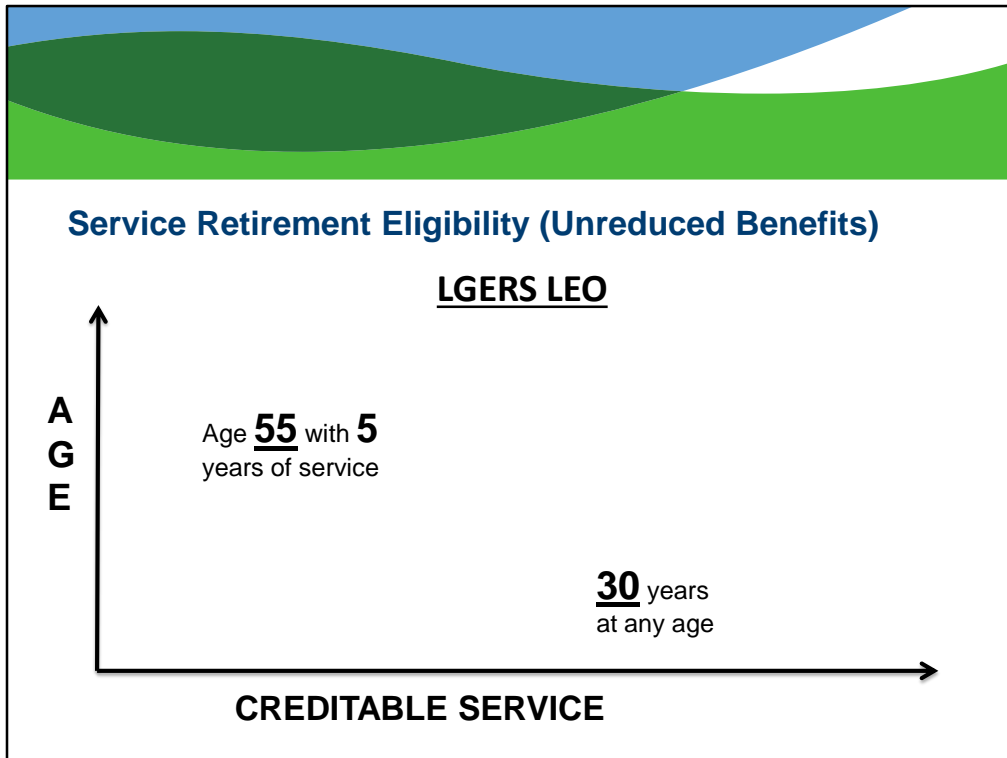
- Many financial experts suggest that retirees will need **80%** of pre-retirement income
- You participate in one of the most secure and responsibly managed defined benefit plans in the nation - **LGERS**
- You also have the potential to save additional funds by participating in the defined contribution plans: **NC 401(k) and NC 457**
- These plans, along with your **Social Security**, are part of the **Total Retirement Plans solution** that may help you achieve a secure financial future and a more comfortable retirement

Many financial experts suggest that individuals will need a monthly income in retirement equal to 80% of their pre-retirement income. You participate in one of the most secure and responsibly managed defined benefit plans in the nation — LGERS. You also have the potential to save additional funds to help you reach your financial goals by participating in the defined contribution plans – the NC 401(k) Plan, NC 457 Plan and the NC 403(b) Program. These plans — along with your Social Security — are part of the Total Retirement Plans solution that may help you achieve a secure financial future and a more comfortable retirement.

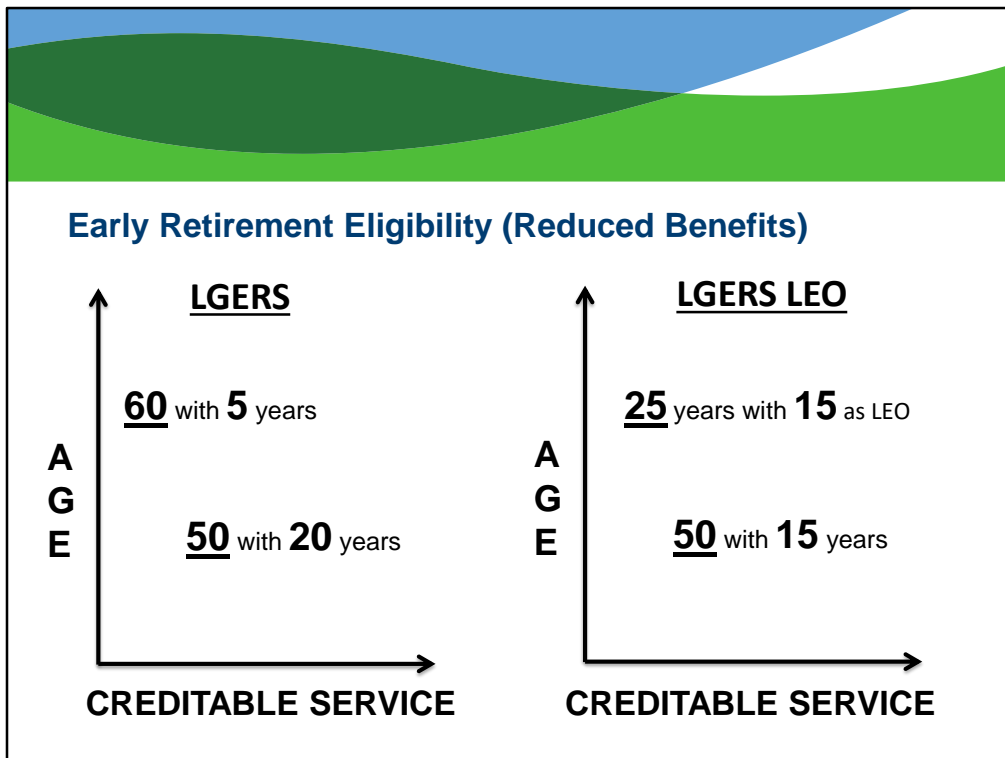
Retirement Eligibility



Eligibility requirements for a service unreduced retirement are: 30 years of creditable service at any age, age 60 with 25 years of creditable service, and age 65 with 5 years of creditable service.



Eligibility requirements for a service unreduced retirement for Law Enforcement Officers are: 30 years of creditable service at any age, or age 55 with 5 years of creditable service as an officer.



Eligibility requirements for an early reduced retirement are:

- Age 50 with 20 years of creditable service or age 60 with 5 years of creditable service. Law Enforcement Officers qualify at age 50 with 15 years of creditable service as an officer or any age with 25 years of creditable service with 15 years of service as an officer (effective July 1, 2019) **This new law creates eligibility for some LEOs to retire at earlier dates, but the officer’s pension may be reduced substantially and will not include any Special Separation Allowance (SSA) monthly payments on account of the earlier retirement.**

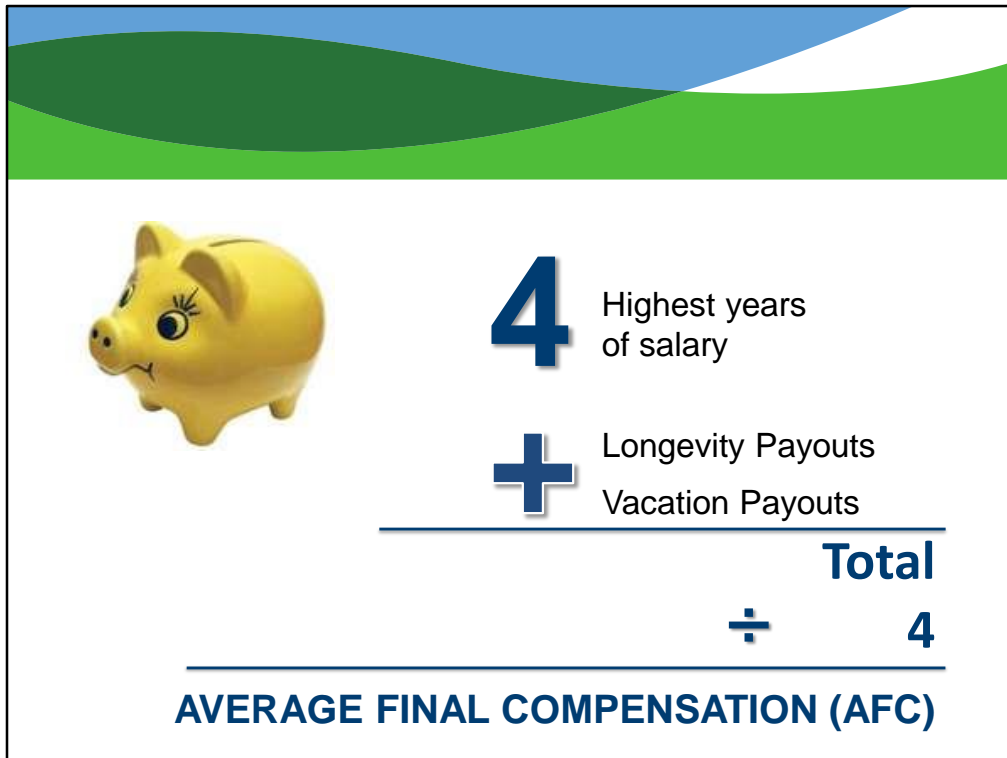
Defined Benefit Formula

Defined Benefit Formula

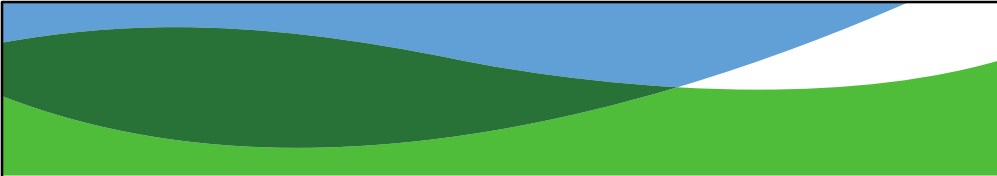
$$\begin{array}{r} \text{Average Final Compensation} \quad \$50,000 \\ \times \text{Accrual Factor} \quad 0.0185 \\ \times \text{Years of Service} \quad 30 \\ \hline \text{Per year} \quad \$27,750 \\ \div 12 \\ \hline \text{Per month} \quad \$2,312.50 \end{array}$$

Note: Reduction factors apply for early retirements

Your lifetime monthly benefit will be based on a defined benefit formula. That defined benefit formula is a 1.85% accrual factor multiplied by average final compensation multiplied by your years and months of creditable service. This produces the maximum annual allowance. Divide this total by 12 to get the maximum payment option. Keep in mind that reduction factors will be applied for early retirements.



Let me explain this formula starting with the average final compensation, this is an average of the highest four consecutive years of reported salary. If the last four years produce the highest AFC, final payouts for longevity and vacation leave are included in the AFC. Final payments, if any, for unused sick leave or reimbursements for expenses are not included in your AFC.



AFC Calculation Example – 12-Month Employee – July 2019 Retirement

<u>Year</u>	<u>Months</u>	<u>Amount of Service</u>	<u>Gross Salary</u>
2019	Jan-June	6/12	\$35,361.45
2018	Jan-Dec	Full Year	\$49,088.17
2017	Jan-Dec	Full Year	\$46,473.01
2016	Jan-Dec	Full Year	\$43,439.49
2015	July-Dec	6/12	<u>\$21,334.48</u>
			\$195,696.60 ÷ 4
		AFC =	\$ 48,924.15

For example we have a 12-month employee with an effective retirement date of July 1, 2019. The last four years of employment for this member will yield the highest consecutive 4 years of reported salary. This employee worked January through June in 2019, which is 6 out of 12 months, earning a salary of \$35,361.45 during that six-month period. This amount includes the member’s longevity and annual leave payouts. In 2018, 2017 and 2016 this member worked the entire year in each year during that period, giving us a total of 3 years and 6 months of salary. To determine the average final compensation, we need 4 consecutive years of reported salary; therefore we need 6 additional months of salary. So we go into 2015, and take July through December salary because the salaries we use for the average compensation must be consecutive. Now we add the salaries together and divide that total by 4. This member has an average final compensation total of \$48,924.15

Accrual Factor

Currently

1.85%



Another part of the defined formula is the retirement accrual factor, which for the Local Governmental Employees' Retirement System is currently 1.85%. This is determined by the General Assembly.

Creditable Service



Creditable Service – Total of All Service

Contributing membership service

6% gross

- **Set by state law**
- **Condition of regular employment**

The next part of the Defined Formula is the years and months of creditable service. This can consist of membership service, which is where the 6% of your gross monthly wages and salary is contributed into the retirement systems. That percentage is set by law and contributing to the Local Governmental Employees' Retirement System is a condition of your regular employment in a position that requires 1,000 hours or more per any given 12 consecutive months.



Creditable Service – Total of All Service

- **Military service under free provision**
(free for member; employer pays a portion of the cost)
- **Eligible service purchased**
- **Unused sick leave as allowed by law**

Military service under the free provision can be counted as creditable service. This is free to the members; employers will have to pay a portion of the cost. Creditable service also includes eligible purchase service credit.

Unused sick leave as allowed by law can convert into creditable service at retirement.



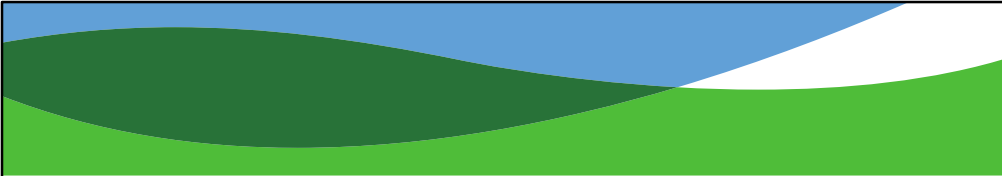
Service Purchase Categories

- Withdrawn local or state governmental service
- Active military service
- Full-time out-of-state governmental service
- Temporary local or state service
- Part-time local or state service
- Educational leave
- Service with the federal government
- Waiting period imposed by a local unit
- Omitted state or local governmental service
- Workers' compensation leave
- Prior local service

In addition to your working time for which you make regular retirement contributions, you can also gain additional creditable service through an eligible service purchase, or through the conversion of unused sick leave at retirement.

First, let me speak to you about service purchases.

There are many different types of service purchases. Here is a list of the different types of service you may be eligible to purchase. [pause]



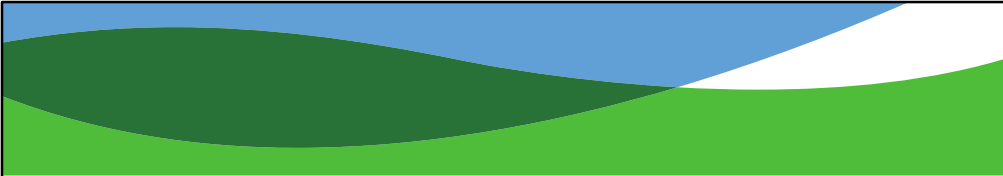
Service Purchase Categories

For detailed information about service purchases, refer to:

- **ORBIT Credit Purchasing Forms Page**
- **Your Retirement Handbook**

Or contact either your Human Resources Department or the North Carolina Retirement Systems Division.

For detailed information about each of these service purchase types, visit the ORBIT Credit Purchasing Forms page or refer to your retirement handbook. You may also contact your Human Resources Department or the retirement system.



Service Purchase Categories

Members can use pre-tax funds from an eligible IRA or eligible retirement plan such as a 401(k) or 457, as a rollover to purchase service.

Please keep in mind: Members can pay for a service purchase with pre-tax savings from an eligible IRA or other retirement plan, such as a 401(k) or 457 plan.



Unused Sick Leave at Retirement

20 days of accrued sick leave **=** **1** month of creditable service

Sick leave accrued monthly under an employer's policy can be used for retirement purposes

Now, I would like to tell you how your unused sick leave balance may provide additional creditable service at retirement.

You will receive one additional month of service for every 20 days of accrued sick leave and one more month for any additional portion of 1 hour or more.

Sick leave accrued monthly under an employer's policy can be used for retirement purposes.

Unused Sick Leave at Retirement

Example



30.0

Years of membership service

+

0.5

Unused certified sick leave

= 30.5

Years of creditable service

101 days = 6 months of service

Unused sick leave converted from excess vacation counts toward service at retirement. One example of how sick leave applies to a member’s creditable service at retirement is a member who is a 12 -month employee with 30 years of membership service, from working and making contributions **and** 101 unused sick leave days (certified by the employer). 101 sick days divided by 20 = 5 months with a remaining balance of one day. This member would gain 6 months of additional creditable service and retire with 30.5 years of service. It is important to note that a **sick leave “day” is determined by the employer’s sick leave accrual policy and may or may not be equal to 8 hours.**

Unused Sick Leave at Retirement

<p>Example 1</p> <p>12 hours worked</p> <p style="text-align: center;">=</p> <p>1 Sick day</p>		<p>Example 2</p> <p>7.5 hours worked</p> <p style="text-align: center;">=</p> <p>1 Sick day</p>
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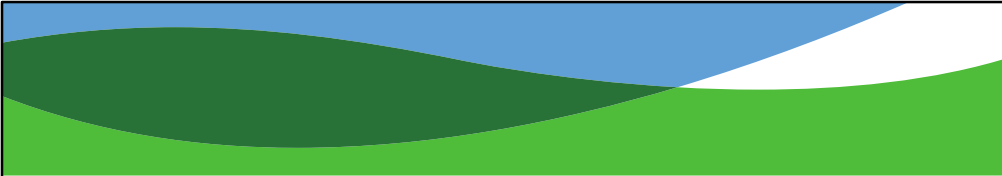
For example:

An employee who earns 1 day of sick leave per month under the employer’s sick leave accrual policy may work an extended shift of 12 hours per day and accrue 12 hours of sick leave each month. When the employer certifies unused sick leave on the employee’s retirement application (Form 6), if that employee has 12 hours of eligible unused sick leave, the employer should report 1 day of unused sick leave, rather than 1.5 days.

Another example:

An employee who earns 1 day of sick leave per month under the employer’s sick leave accrual policy may work 7.5 hours per day and accrue 7.5 hours of sick leave each month. When the employer certifies unused sick leave on the employee’s Form 6, if that employee has 7.5 hours of eligible unused sick leave, the employer should report 1 day of unused sick leave.

If your last day of service with a LGERS employer is within 365 days before your LGERS effective date of retirement, your unused sick leave will count toward your creditable service.



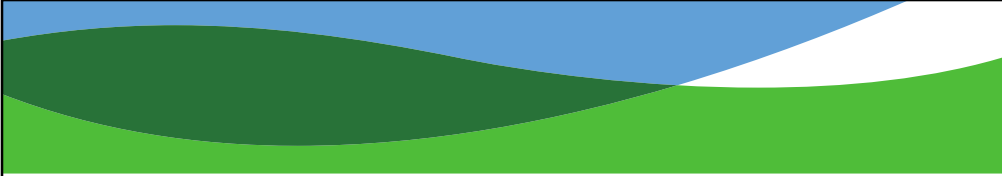
Earned Sick Leave

Can be used to complete:

- 30** years of service
- 25** years of service after age **60**
- 20** years of service after age **50**
- 5** years of service after age **60**

Sick leave can be used to complete:

- 30 years of service
- 25 years of service after age 60
- 20 years of service after age 50
- 5 years to become eligible for retirement at age 60 or age 65



Earned Sick Leave

Cannot be used to meet the minimums for:

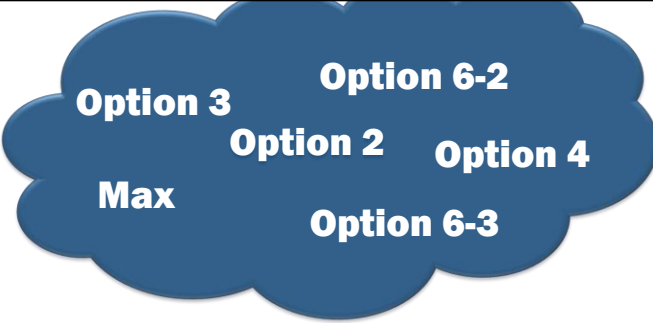
- **Deferred benefit**
- **Survivor's alternate benefit**
- **Disability retirement**

Earned sick leave CANNOT be used to meet minimums for:

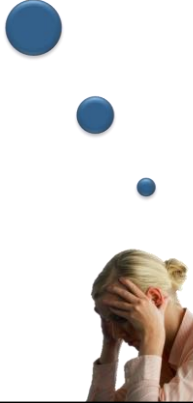
- Deferred benefit
- Survivor's Alternate Benefit*
- Disability retirement*
- * Require 5 years of membership service

Options

Assumptions:
 Member's Age = 49,
 Beneficiary Age = 51
 AFC = **\$50,000.00**
 Service = **30 years**
 Estimated SS@62 =
 \$1,200



Option	Retiree	Beneficiary
Maximum	\$2,312.00	\$0.00
Option 2 100%	\$2,185.54	\$2,185.54
Option 3 50%	\$2,247.29	\$1,123.64
Option 4 <u>to age 62</u> <u>After</u> age 62	\$2,702.17 \$1,502.17	\$0.00
Option 6-2 Pop-up	\$2,173.98	\$2,173.98
Option 6-3 Pop-up	\$2,241.04	\$1,120.52



Here's an example of a retirement benefit estimate. We have a member who is 49, and a beneficiary who's 51, our average final compensation for this example is \$50,000. At this point in time, this member also has exactly 30 years of service. They could have purchased service, they could be using unused sick leave, but 30 is the number for this calculation. This member is also telling us how much they expect to receive from Social Security when they turn 62.

Now we first do the formula. \$50,000 times 1.85% times 30. This gives us a maximum annual benefit, this number is divided by 12. So this member will receive exactly \$2,312.00. When this member dies, this benefit stops. The maximum benefit is for the member's lifetime only.

If we need to provide for a beneficiary after our death, we have a couple of different options. The first is option 2 -- this is called the 100% joint survivor. This member will receive \$2,185.54 for their lifetime and when they die, their surviving beneficiary will also receive \$2,185.54 paid to them for the rest of their life. Option 3 is a 50% joint survivor. We are going to pay the member more now because we are only going to be paying the beneficiary half. With Options 2 and 3, if the beneficiary dies first, the member's payment does not change.

Option 4 I'm going to skip, but we'll come right back to that simply because Options 6-2 and 6-3 are modified versions of Options 2 or 3. These are called the pop up, or more technically the revert to maximum. With option 6-2, the member will receive \$2,173.98 for

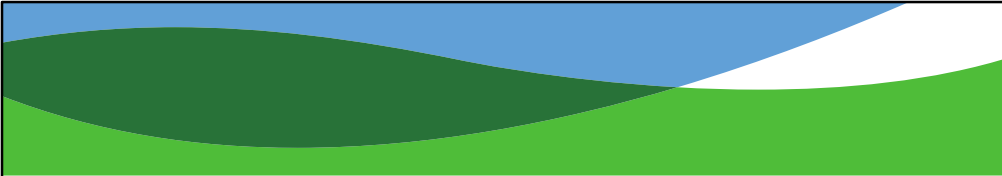
their lifetime. When they die, their surviving beneficiary will receive \$2,173.98 for the rest of their life. But should the beneficiary die before the member, the member's benefit pops back up to the maximum of \$2,312.00. The same thing happens with option 6-3. This is the 50% joint survivor; so we are going to pay the member more now because we are only going to be paying the beneficiary half. In this example, that's \$2,241.04. When the member dies, the beneficiary will receive \$1,120.52. But should that beneficiary die before the member, the member's benefit pops up to the maximum benefit of \$2,312.00.

Now with options 2 and 3, your benefit will not change should your beneficiary predecease you.

And now we go back to option 4. This is called social security leveling. Keep in mind that the retirement system is not paying the member social security. We are paying a higher modified maximum benefit - \$2,702.17 every month until this member turns 62. The month after their 62nd birthday, we are going to pay them \$1,502.17. The difference is exactly \$1,200. Now this is a modified maximum benefit, so should the member die this benefit will stop. Option 4 is for the member's lifetime only.

We are going to pay them \$2,702.17 until they turn 62, but after age 62 they will receive the \$1,502.17 monthly benefit for the rest of their lives. Three months before they turn 62 they should apply for early social security. When the benefit changes after their 62nd birthday, the monthly benefit will be approximately the same as it was prior to what it was before age 62, but will now come from two sources: social security and the retirement system.

Please note: For members electing Option – 4, the member is responsible for providing the Retirement System a Social Security Estimate that accurately reflects their earned income after retiring from State or Local Government. Your retirement benefit is not considered earned income when determining your actual Social Security benefit amount. A custom estimate for early Social Security is available online in your personal “my Social Security” account at www.ssa.gov/myaccount



Payment Option Changes

Retirees cannot change payment option or designated beneficiary once the first retirement check is cashed

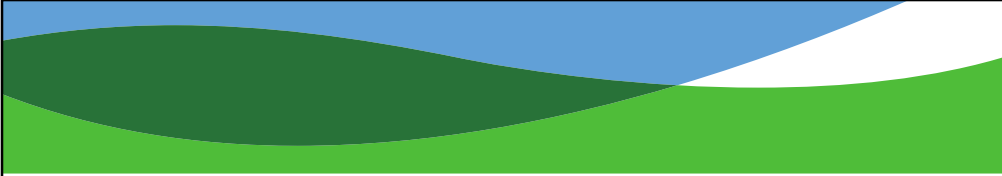
Exceptions:

- Divorce from spouse
- Return to employment as a LGERS contributing member for at least 3 years
- Death of spouse – re-designation of spouse provision under Options 2 or 3 within 90 days of remarriage

Retirees cannot change payment options or their designated beneficiary once the first retirement check is cashed. Or, if not cashed, after the 25th of the following month, except under the following conditions or exceptions:

- Divorce from spouse, provided the member's spouse was their survivor beneficiary at retirement.
- Return to employment covered under LGERS and contribute to a new retirement account for at least 3 years since the benefit was suspended.
- After the death of a spouse, provided the member's spouse was their survivor beneficiary at retirement under Option 2 or 3, the member may name their new spouse as their beneficiary under the same option.

Re-designations must be requested within 90 days of remarriage and the election must be filed with RSD no later than 120 days after remarriage.



Retirement Benefit Payment Option

Selection of a monthly payment option is a personal decision

- Popular choices made by others should not influence your decision

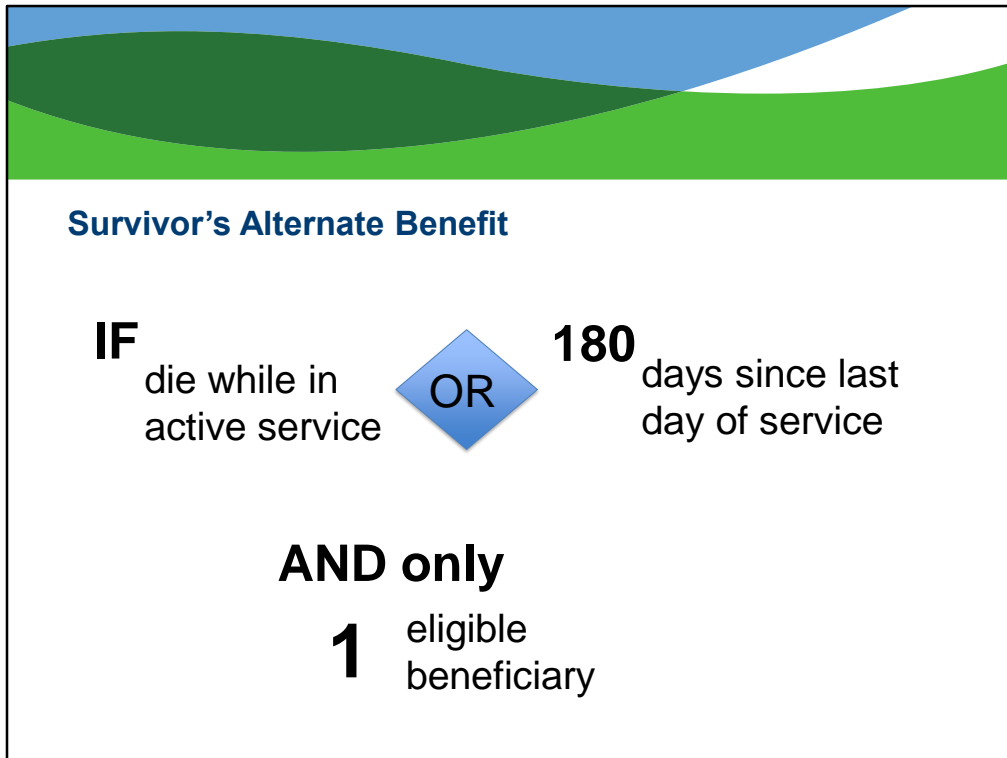
Consider your situation

Selection of monthly payment plan is a personal decision.

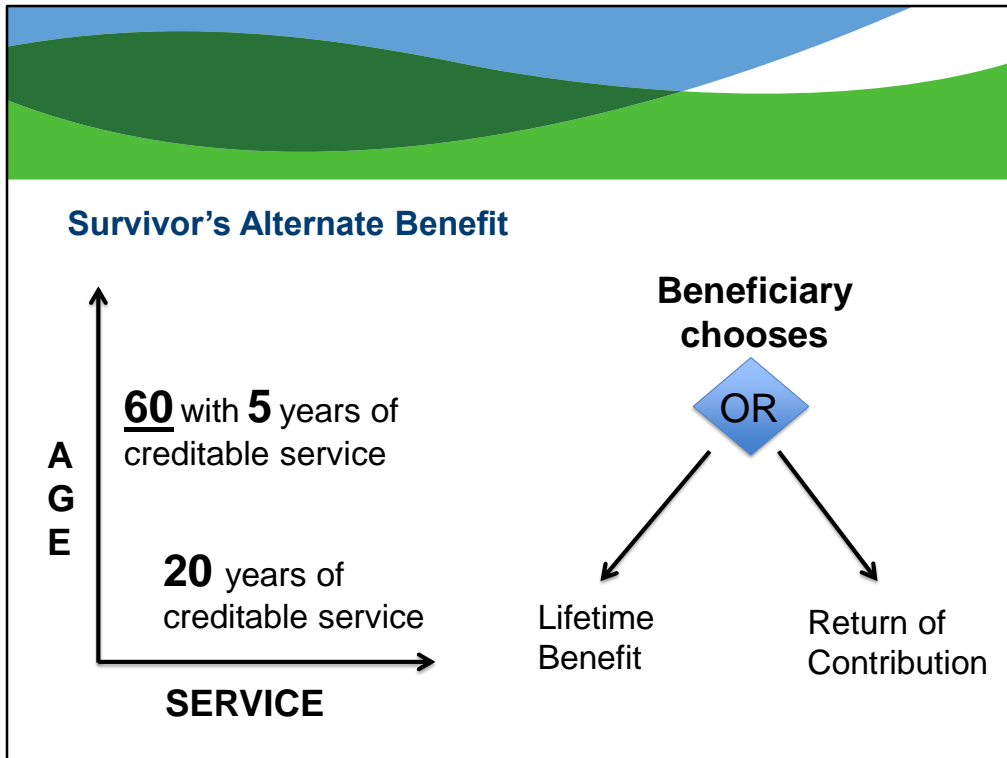
Popular choices made by others should not influence your decision.

Consider your financial situation, your age, your health, and whether or not you need to provide for a dependent, and your dependent's financial situation, age, health, and so forth.

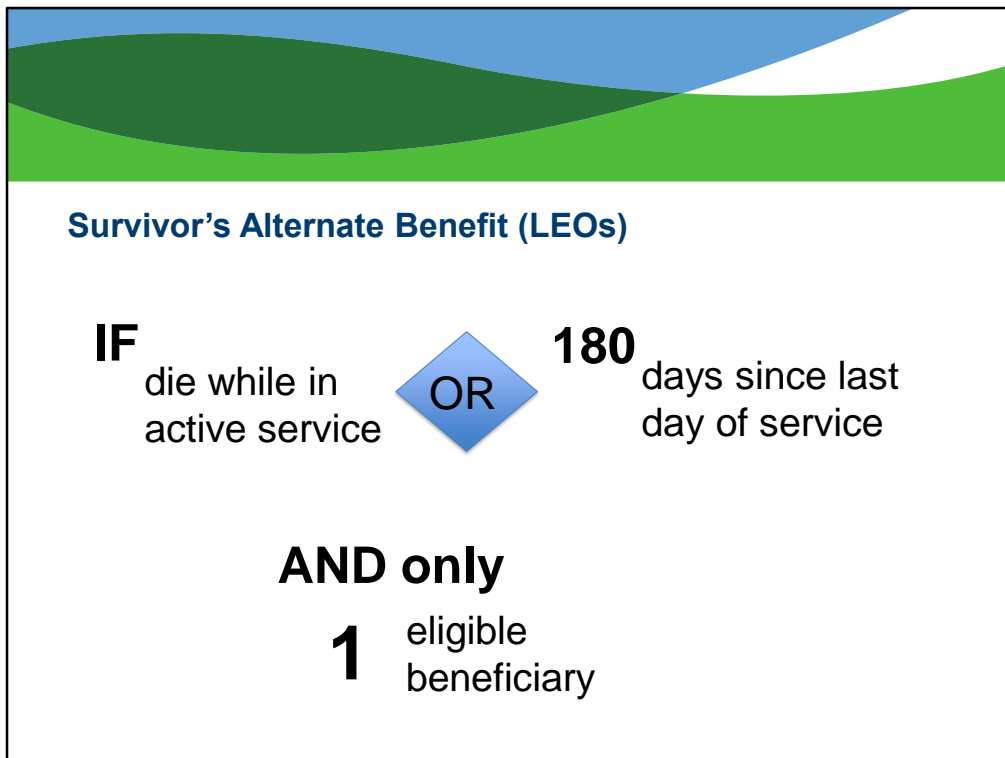
Death Benefits



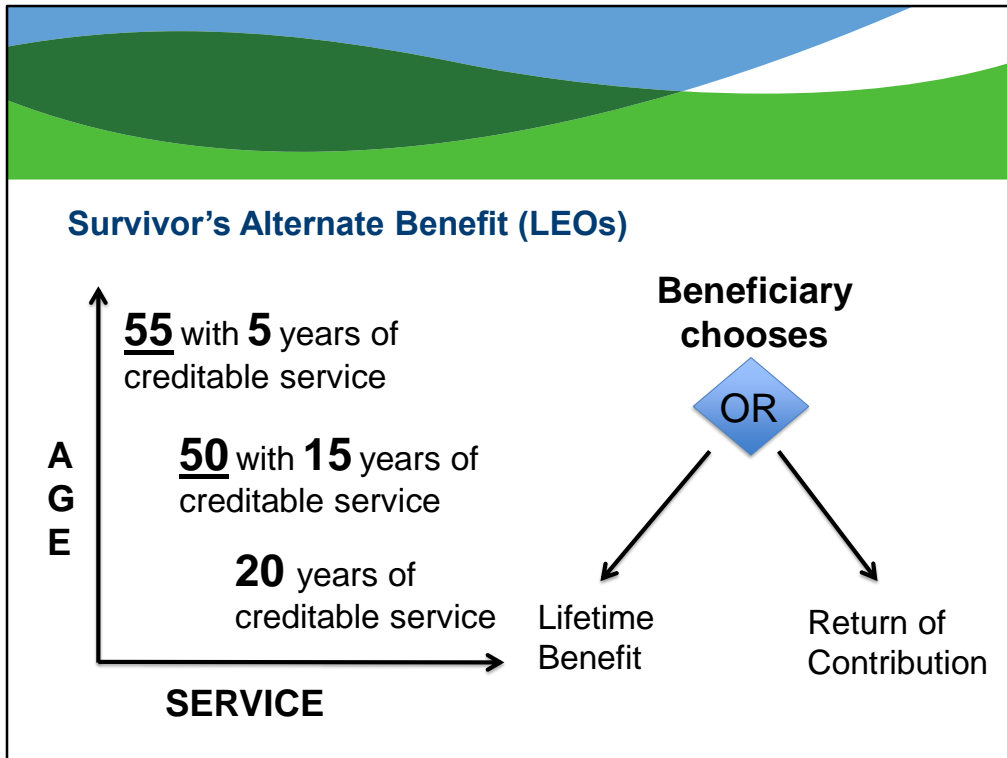
For the Survivor's Alternate Benefit, if you are not retired and you die while in active service or within 180 days of your last day of service, and you have named only one eligible beneficiary for the return of your contributions, and that beneficiary is living at the time of your death [slide change]...



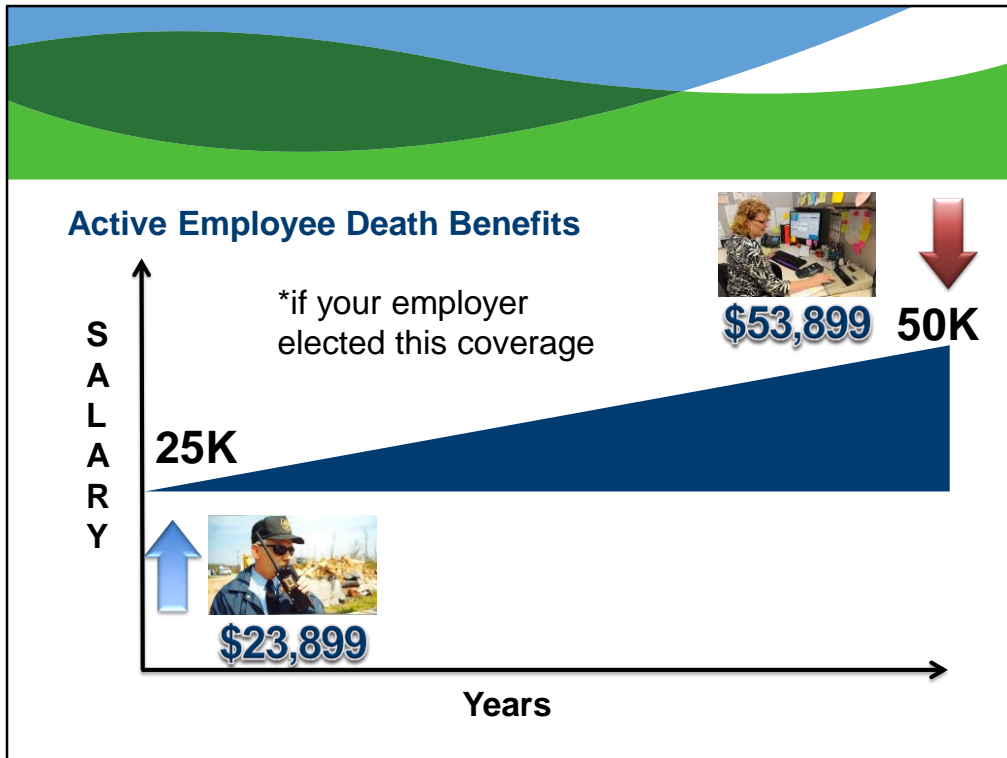
and you have reached age 60 with 5 years of creditable service , or completed 20 years of creditable service (not counting unused sick leave credit) regardless of your age, then your beneficiary may choose to receive a lifetime monthly benefit under Option 2, instead of a lump sum return of contributions payment.



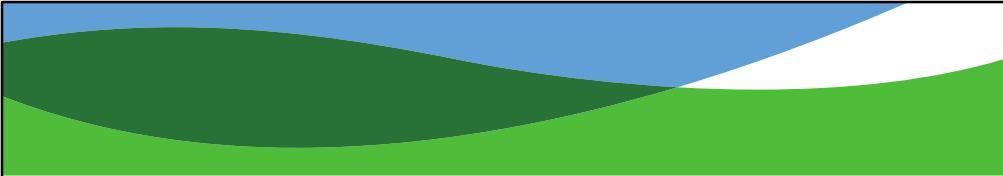
The same applies for the law enforcement officer's Survivor's Alternate Benefit. If you are not retired and you die while in active service, or within 180 days of your last day of service, and you have named only one eligible beneficiary for the return of your contributions, and that beneficiary is living at the time of your death [slide change]



And you have completed 20 years of creditable service (not counting unused sick leave) regardless of your age, or have reached age 50 with 15 years of creditable service as a Law Enforcement Officer (LEO), or reached age 55 with 5 years of creditable service as a law enforcement officer, or if you are killed in the line of duty after completing 15 years of creditable service as a LEO, then your beneficiary can choose to receive the lifetime monthly benefit under Option 2, instead of a lump sum return of contributions payment.



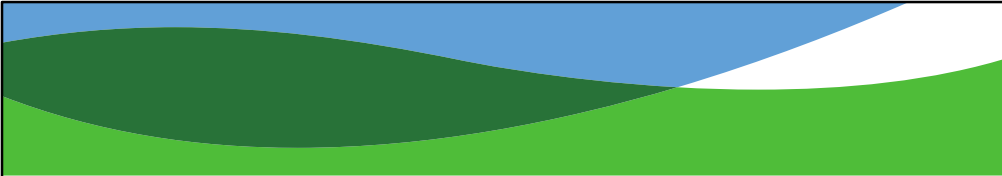
If your employer elected to participate in the death benefit, then you are covered after one year of membership service. The payment will equal the highest 12 consecutive months of salary during 24 months of service before death. The payment will be no less than \$25,000, and no more than \$50,000.



Retiree Death Benefits

- If survivor option chosen (Option 2, 3, 6-2, or 6-3), benefit begins to beneficiary
- Active Death Benefit continues for 180 days

For retirees who chose a survivor beneficiary option chosen (option 2,3, 6-2 or 6-3), monthly benefits, if applicable, will begin for the beneficiary. Also, if the retiree dies within 180 days of the last day of employment, then the active death benefit is payable (minimum \$25,000 up to a maximum of \$50,000).

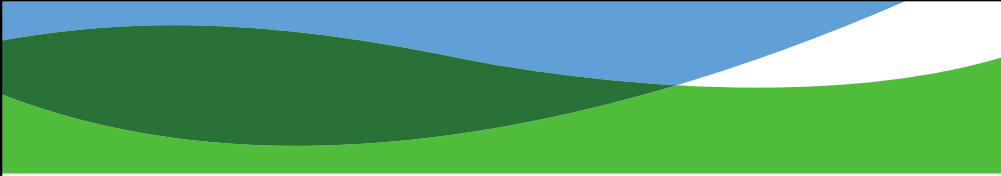


Retiree Death Benefits

Guaranteed Refund

Is a complete refund of **all remaining contributions** made by the member

All retirement plans have a guaranteed refund of accumulated retirement contributions and interest. This will be the amount of your contributions and interest, less all of the monthly benefits paid up to that point. The guaranteed refund will also be paid upon the death of the survivor if there is a balance of undistributed contributions remaining.



Contributory Death Benefit (CDB) for Retired Members

\$10K

Is payable to your designated beneficiary(ies), spouse or estate

Election must occur within 60 days of retirement date

Retirees receive Contributory Death Benefit election forms shortly after submitting their retirement application. The CDB election must occur within 60 days of the retirement date. The lump sum death benefit is \$10,000, provided the retiree's death occurs after the 24th full month in which the required contributions have been made. If death occurs before the full 24-month anniversary of your effective date of participation, the amount payable equals contributions plus interest. The death benefit is payable to any beneficiary of your choice. If no beneficiary or beneficiaries are chosen, the benefit is payable to your surviving spouse or to your estate, if there is no surviving spouse.

Optional Insurance



Optional Dental, Vision and Life Lock

- Enrollment is optional
- Retirees pay full cost
- Premiums will be deducted from monthly retirement benefit

Pierce Insurance Agency
855-627-3847
www.ncretiree.com

In an effort to continuously enhance the benefits available to retired public employees, the Retirement Systems Division is proud to offer you supplemental dental, vision, Life Lock insurance through our trusted partner, Pierce Insurance. Soon after you retire, Pierce will mail information about these insurance products directly to you. Enrollment is optional and retirees pay the full cost of coverage; however, you may be able to benefit from the lower group rates offered through Pierce. If you would like to contact Pierce Insurance directly with questions, please call 1-855-NCRETIRE or go to www.ncretiree.com.

Initiating Retirement

Retirement Online



The online retirement application is here!

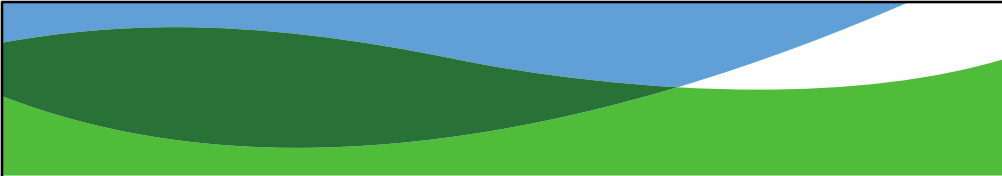
If you are a member of the Teachers' and State Employees' and Local Governmental Employees' Retirement Systems and are within 120 days from your chosen retirement date, you have a new way to apply for retirement. The NC Retirement Systems now has an online retirement feature in ORBIT. No more filling in multiple forms by hand or waiting for the Retirement Systems Division to receive your paperwork by mail. The online application offers a step-by-step guide to move you through the process, integrated videos, examples and links available on screen at critical decision-making points and built-in pension rules that prevent delays in the processing of your retirement application.

Make sure you have an up-to-date ORBIT account so you'll be ready when retirement time comes. Access ORBIT at MyNCRetirement.com or register today. The first step to take if you're thinking about retirement is to log in to ORBIT to get a free, customized benefit estimate of your retirement benefits to make sure you're ready to retire. Although we will still accept paper applications, we feel confident that you'll prefer the online retirement application.

The "Paper Process" remains the same –

- To initiate your retirement, both you and your employer begin by completing Form 6, "Claiming Your Monthly Retirement Benefit," 120 to 90 days prior to your retirement date. You complete page one, and your employer will complete page two before sending it to the Retirement Systems Division.

- Along with Form 6, you must attach proof of birth for you and your beneficiary, which can be a copy of the driver's license, birth certificate, passport, or state or government-issued identification.
- You should also send your Social Security Estimate of retirement benefits at age 62 if you are interested in Option 4.
- The Retirement Systems Division will mail to you:
 - An acknowledgement letter, which includes NC 401(k)/NC 457 transfer benefit information,
 - Form 170 – Authorizing Direct Deposit, and
 - Form 333 – Choosing the Contributory Death Benefit
- The Retirement Systems Division then reviews eligibility, service and salary, and in approximately 60 -90 days after receipt of your Form 6, we will mail to you:
 - A report of your estimated retirement benefits,
 - Form 6E – Choosing Your Retirement Payment Option,
 - Form 290 – Choosing Income tax Withholding Preferences, and
 - Form 336 – Designating Beneficiary(ies) for the guaranteed Refund as a Retiree
- The member will:
 - Make a decision regarding a payment option and
 - Submit completed Form 6E, along with other applicable forms, to the Retirement Systems Division for processing.

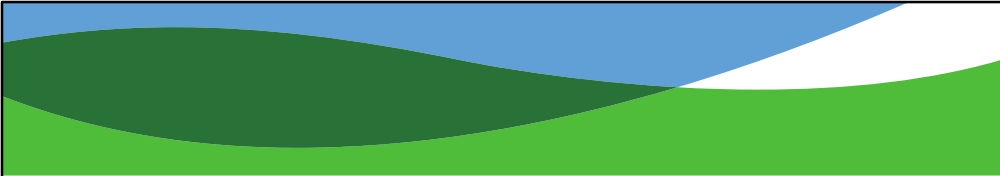


Retirement Process Reminders


- ✓ Retirements are always effective 1st day of the month
- ✓ Application must be signed and dated at least one day, but no more than 120 days ahead of retirement date
- ✓ Processed in order received
- ✓ First benefit payment is always mailed
- ✓ Payday is the 25th of each month
- ✓ December deposit usually on the 20th of the month


- Retirements are always effective on the first day of the month.
- Your application must be signed and dated at least one day, but no more than 120 days, prior to the effective date of retirement.
- Retirement applications are processed in the order they are received
- Your first monthly benefit is always mailed to your home address
- Pay day is the 25th of each month. If the 25th falls on a weekend or holiday, the deposit will be made on the last workday before the weekend or holiday.
- The December monthly benefit deposit is usually made on the 20th of the month.

Transfer Benefit



Optional Transfer Benefit

 North Carolina
Total Retirement Plans
401k|457|403b

 *Dale R. Folwell, CPA*
STATE TREASURER OF NORTH CAROLINA
DALE R. FOLWELL, CPA

- Available to retiring LGERS members with NC 401(k) or NC 457 accounts
- May transfer all or portion of NC 401(k)/457 funds to LGERS
- Receive separate monthly lifetime benefits based on the amount of transfer
- After-tax Roth contributions are non-transferable

The NC 401(k)/NC 457 optional transfer benefit is available to retirees of Local Governmental Employees' Retirement System with NC 401(k) or NC 457 accounts. Retirees will have the option to transfer all or a portion of qualifying funds to the retirement system at retirement or any time after retirement, enabling you to create a second income stream in retirement. With this transfer, you will be able to receive an additional separate monthly lifetime benefit based on the amount that was transferred. After-tax Roth contributions are non-transferable.



Optional Transfer Benefit

 North Carolina
Total Retirement Plans
401k | 457 | 403b

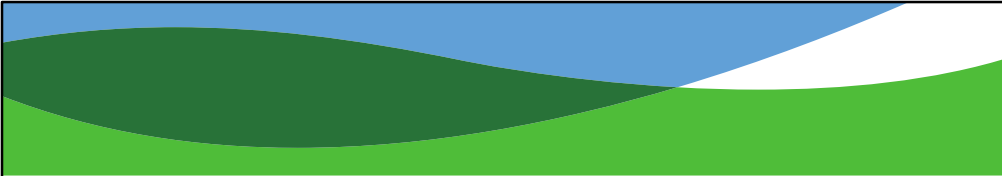
 *Dale R. Folwell, CPA*
STATE TREASURER OF NORTH CAROLINA
DALE R. FOLWELL, CPA

- Transfers are a one-time irrevocable election
- One-time \$100 administrative fee
- Submit Form **319**
 - No more than **120** days before transfer date
 - No later than **15th** day of month preceding transfer

Transfers are a one-time irrevocable election.

There is a one-time \$100 administrative fee per account transferred. To initiate the transfer, submit a Form 319 no more than 120 days before transfer date, and no later than the 15th day of month preceding transfer.

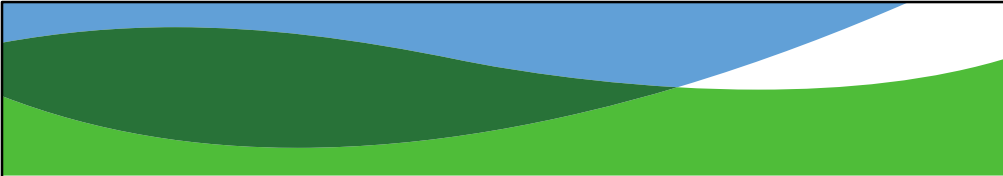
Our partners at the State Employees' Credit Union are ready to advise you on whether this benefit is right for you. Call SECU at 888-732-8562 to reach an experienced representative.



LEOs Transfer Benefit

Law enforcement officers (LEOs) vested by **6/30/2010**, have the option to transfer under a previously-established plan specifically for LEOs. Please contact the Retirement Systems Division at 877-NCSECURE for more information.

Law enforcement officers vested by June 30, 2010, have the option to transfer under a previously-established plan specifically for Law enforcement officers. Please contact the Retirement Systems Division for more information.

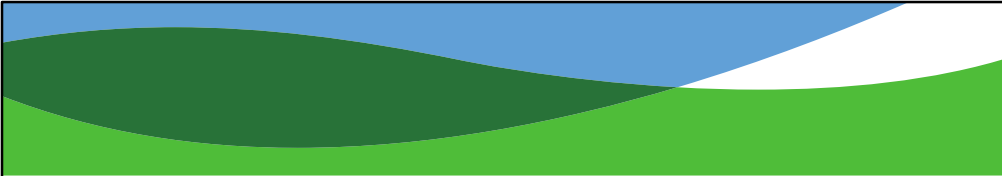


Optional Transfer Benefit – Additional Information

- State Employees’ Credit Union
 - Visit www.nclifetimeincome.org
- Prudential Retirement
 - Visit www.ncplans.prudential.com
- North Carolina Retirement Systems
 - Visit www.myncretirement.com

For more information, you can visit the State Employees’ Credit Union website, Prudential Retirement’s website, or you can visit the North Carolina Retirement Systems website.

Taxes



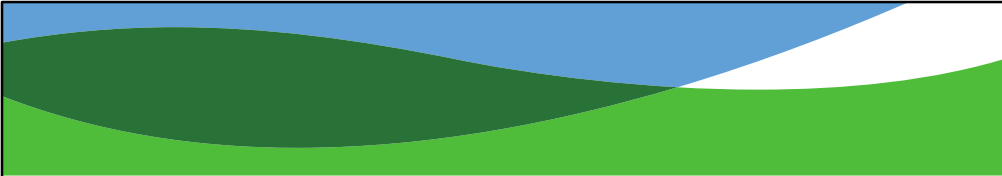
Federal Income Tax

The taxable portion of the monthly retirement benefit consists of:

- Contributions made on a “pre-taxed” basis after July 1, 1982
- Additional service credit purchase with “pre-taxed” dollars after January 1, 2003
- All interest accrued prior to retirement

Your retirement benefits are subject to federal tax. The taxable portion of the monthly retirement consists of:

- Contributions made on a “pre-taxed” basis after July 1, 1982
- Additional service credit purchased with “pre-taxed” dollars after January 1, 2003
- All interest accrued prior to retirement



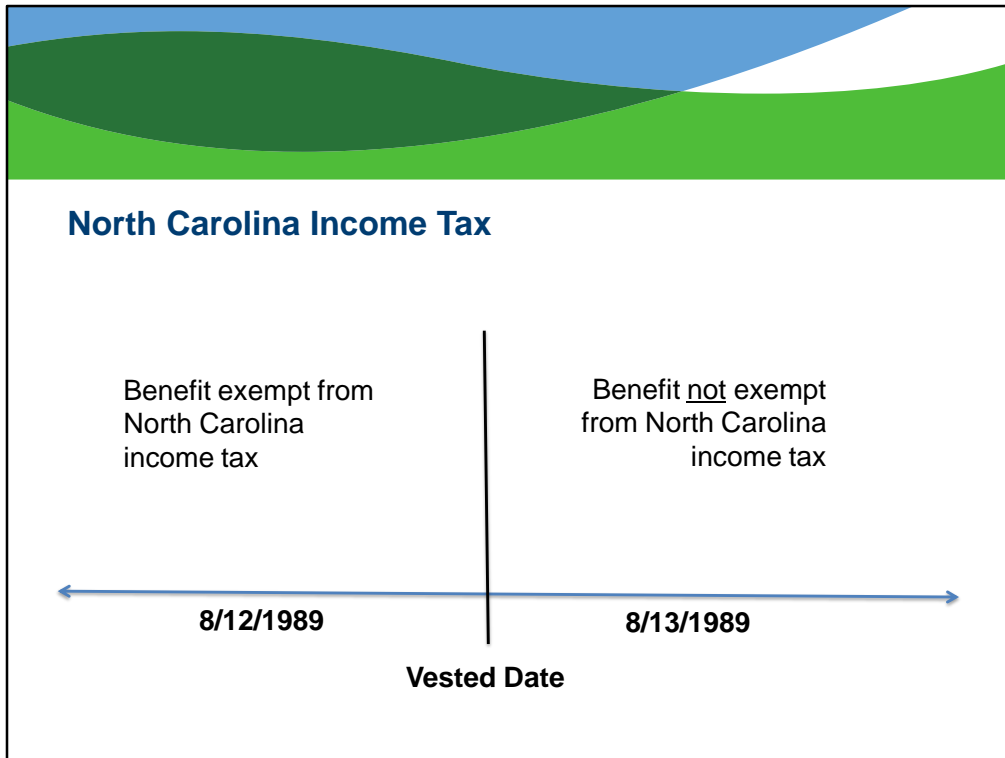
Federal Income Tax

The Retirement System withholds federal tax based on:

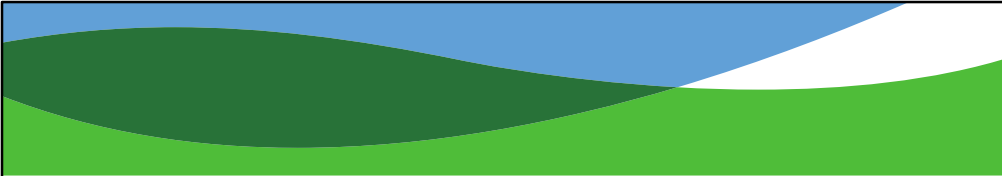
- The taxable portion of the benefit
- The filing status (married, single)
- The number of allowances claimed (0, 1, 2, etc.)

North Carolina Retirement Systems withholds federal tax based on:

- The taxable portion of the benefit
- The filing status (married, single)
- The number of allowances claimed (0, 1, 2, etc.)




- If you have maintained five or more years of retirement creditable service in North Carolina Retirement Systems as of August 12, 1989, your entire retirement benefit is exempt from North Carolina Income tax.
- If you were not vested as of August 12, 1989, you will be subject to North Carolina income tax on the taxable portion of your retirement benefit.



Tax Documentation

**Form 1099-R mailed by RSD
before January 31**



Form 1099-R is mailed by the North Carolina Retirement System before January 31st each year. It provides:

- Amount of retirement benefits
- Taxable portion (if any)
- Amount withheld (if any)

Tax Documentation

Changing Tax Withholdings

- In ORBIT
- Or complete Form 290

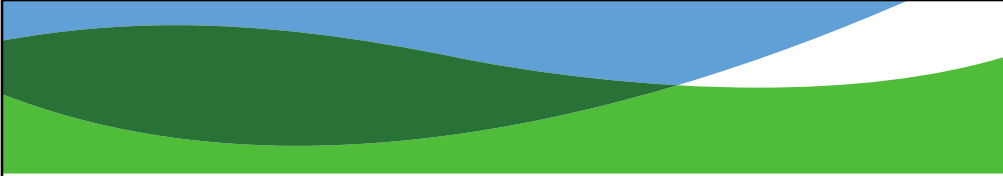


To change tax withholdings, retirees may go into ORBIT and select “Maintain Tax Withholding.” Or, you can complete Form 290 – Choosing Income Tax Withholding Preferences, and mail it to the Retirement Systems Division at one of the following addresses:

BEFORE AUG 1, 2015: 325 N. Salisbury Street, Raleigh, NC 27603

AFTER AUG. 1, 2015: 3200 Atlantic Avenue, Raleigh, North Carolina 27604

Re-employment

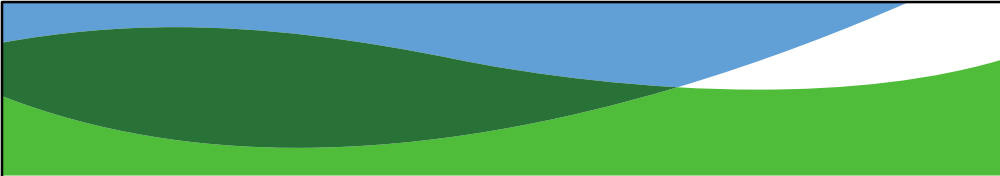


Re-employment

Categories

- 1. Return as a contributing member of LGERS**
- 2. Return under an earnings restriction (earnable allowance)**

There are two categories in which a retiree can become re-employed. A retiree can return as a contributing member of the Local Governmental Employees Retirement System, or can return under an earnings restriction, also known as an earnable allowance.



Waiting Period Required

In all Cases:

- During the waiting period, you are prohibited from returning to work in any capacity for any employer that participates in the NC Retirement System, from which you retired, without facing a significant financial penalty (up to and including a repayment of all benefits received).
- Pre-existing agreements for post-retirement employment are prohibited

[ERG SPEAKER]

During the waiting period, you are prohibited from returning to work in any capacity for any employer that participates in the NC Retirement System, from which you retired, without facing a significant financial penalty (up to and including a repayment of all benefits received).

LGERS 1 month

Please remember that pre-existing agreements for post-retirement employment are prohibited.

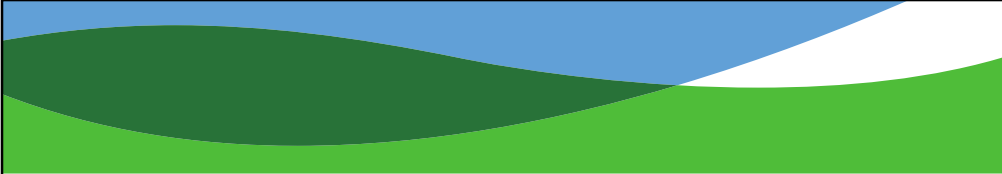
LGERS

The financial penalty for returning to work for an LGERS employer on a part-time, temporary, interim, or fee for service basis, during the month immediately following the effective date of LGERS retirement, will be the lesser of the following as determined by the retirement system:

- You will be deemed to have retired the month after the month you performed services for the employer and repay all retirement benefits received until that date; **or**
- You will be required to make a lump sum payment to LGERS equal to three times the compensation earned during the month immediately following the effective date of retirement.

If you return to active membership service during the waiting period following your effective date of retirement, your TSERS/LGERS benefit will be cancelled retroactively to your retirement date, and you must repay all retirement benefits received since your retirement date.

Please refer to your handouts for specific guidance for your retirement system.



Re-employment

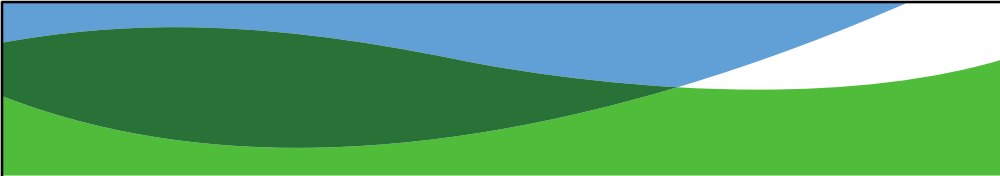
1. Return as a contributing member of LGERS

- After one month, member may suspend retirement and become reemployed as an LGERS contributing member (working 1,000 hours or more)
- Retirement benefit payment will be stopped the first day of the month following re-employment

After a one-month break in service from any LGERS participating employer, a retiree may suspend his/her retirement and become re-employed in a LGERS position requiring 1,000 hours or more in a 12-month period.

The retirement benefit payment will be stopped the first day of the month following the month of re-employment.

At that time, the re-employed individual will again become an active contributing member of LGERS.




Re-employment

**2. Return under an “Earnings Restriction”
(after one-month waiting period)**

Part-time, interim, temporary, contractual, or any other basis that does not require membership in LGERS

2019 amount

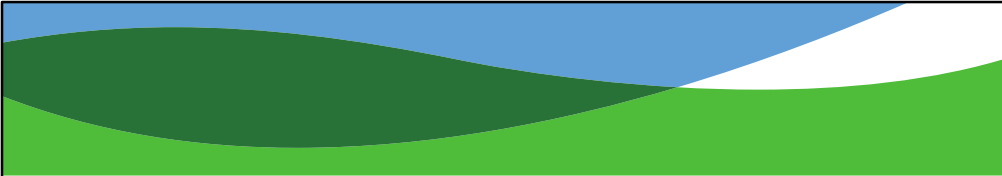
<p>of compensation during the 12 months before retirement</p> <p>50%</p>	<p>\$33,560</p>
<hr style="border: 1px solid black;"/>	
	
<p>*The Earnable Allowance increases yearly based on national Consumer Price Index</p>	

After a one-month waiting period, the retired member may return under an “Earnings Restriction.” Please remember that pre-existing agreements for post-retirement employment are prohibited.

The Earnable Allowance in a “non-contributing” capacity during the 12 months following retirement or during any calendar year = 50% of the retired member’s compensation during the 12 months of service before retirement excluding termination payments or \$33,560 (2019 amount), whichever is greater

The Earnable Allowance is increased each year based on the percentage increase in the national Consumer Price Index.

If a retiree returns to work with a LGERS employer, they should request a statement of their earnable allowance to avoid exceeding that monthly amount.



Penalty for Exceeding Earnable Allowance

Stopped

On the 1st day of the month following the month in which the retiree has exceeded the earnable allowance

Starts again

On January 1st of the year after the benefit is stopped

If a rehired retiree exceeds the earnable allowance, their Retirement benefit payments are stopped on the 1st day of the month following the month in which the retiree has exceeded the earnable allowance.

Retirement benefit payments will begin again on January 1st of the year after the benefit is stopped.

Resources



**Online Retirement Benefits
through Integrated Technology**

Access from MyNCretirement.com

Active employees

- Retirement estimates
- Service purchase cost estimates
- NC 401(k)/457 Transfer Benefit estimates
- Annual Benefit Statements



Retirement
Handbook



Annual Benefits
Statement
User Guide



Retirement
Estimator

ORBIT may be accessed from www.myncretirement.com

In ORBIT, Active employees may obtain or access:

- Retirement estimates,
- Service purchase cost estimates,
- NC 401(k)/457 Transfer Benefit estimates, and
- Annual benefit statements

The Retirement Handbook is also available on the website for more information and resources.

Note for active employees: address changes should be submitted directly to your employer (ORBIT will then be updated).



**Online Retirement Benefits
through Integrated Technology**

Access from MyNCretirement.com

Retirees

- View account information
- Maintain tax withholdings
- View 1099-R
- Generate Income Verification letters



The ORBIT logo is located to the right of the text, featuring a stylized blue circle with a white dot and a white line, followed by the letters 'ORBIT' in a sans-serif font where 'O' is blue, 'R' is green, 'B' is blue, and 'I' and 'T' are yellow.

In ORBIT, retirees may:

- View account information
- Maintain tax withholdings
- View 1099-R
- Generate income verification letters



How to Contact the Retirement Systems

Phone: Toll Free 1-877-NCSECURE (627-3287)
Fraud and Abuse Hotline 1-855-903-7283

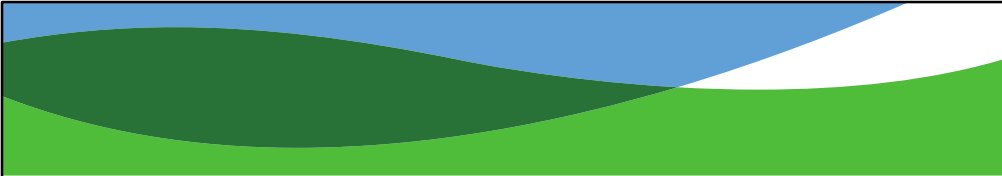
Internet: www.MyNCretirement.com

E-Mail: nc.retirement@nctreasurer.com



<https://www.facebook.com/MyNCRetirement>

Office visits are scheduled by appointment only.



Current Address

3200 Atlantic Avenue, Raleigh, NC 27604

**Be sure to call before you stop by to confirm
appointment location and directions:**

877-NCSECURE (877-627-3287)

Please note that in an effort to serve our members better, the North Carolina Retirement Systems and Department of State Treasurer are moving to a new location this summer. The new address will be 3200 Atlantic Avenue, Raleigh, NC. If you have scheduled an appointment to meet with a Retirement Systems Division counselor, please call ahead to 877-NCSECURE (877-627-3287) to confirm the time, location and directions to your appointment.



Retirement Planning Conference Survey

- Give us your feedback on this retirement planning conference
- Complete the survey at:
<https://www.surveymonkey.com/r/RetirementPlanningConfSurvey>
- This web-based survey only requires a few minutes of your time
- Survey responses are completely confidential
- Your opinion plays an important role in the development and delivery of enriched training sessions
- Thank you in advance for your feedback