

# LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM FOR LOCAL LAW ENFORCEMENT OFFICERS

**YOUR  
RETIREMENT  
BENEFITS**



  
**North Carolina Retirement Systems**

**Department of State Treasurer  
Raleigh, NC  
Revised January 2014**



JANET COWELL  
STATE TREASURER

NORTH CAROLINA  
**DEPARTMENT OF STATE TREASURER**  
RETIREMENT SYSTEMS DIVISION

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STEVEN C. TOOLE  
DIRECTOR



Welcome to the North Carolina Retirement Systems!

The Department of State Treasurer, which administers the retirement systems for state and local law enforcement officers, is committed to providing you with information to help you make informed decisions about your financial future. I encourage you to become familiar with the benefits described in this booklet.

This handbook outlines the benefits available to you as a member of the Local Governmental Employees' Retirement System, including:

- Benefits you will receive at retirement once you meet the service and age requirements
- Benefits your beneficiary may receive if you die while you are an active employee or after you retire (death benefits)
- Qualifications for reemployment after retiring

I also encourage you to visit our website, [www.myncretirement.com](http://www.myncretirement.com), for retirement resources, and to register on ORBIT, your safe and secure online access to your personal retirement account information. You can also contact the North Carolina Retirement Systems if you have additional questions. Our customer service representatives can assist with the status of an application or answer questions about retirement, disability and death benefits.

Thank you for your service to North Carolina.

Sincerely,

A handwritten signature in black ink that reads "Janet Cowell".

Janet Cowell



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# Your Retirement Benefits

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DISCLAIMER: The availability and amount of all benefits you might be eligible to receive is governed by Retirement System law. The information provided in this handbook cannot alter, modify or otherwise change the controlling Retirement System law or other governing legal documents in any way, nor can any right accrue to you by reason of any information provided or omission of information provided herein. In the event of a conflict between this information and Retirement System law, Retirement System law governs.

# Your Retirement System Benefits in Brief

- Automatic membership for eligible law enforcement employees (see below).
- Shared cost between you and your employer for benefits ([see page 5](#)).
- Monthly payments at retirement based on your salary, age, and years of credit ([see pages 6 and 8](#)).
- Unreduced retirement benefit at age 55 with 5 years of credit as an officer, or at any age with 30 years of credit; reduced benefit after age 50 and 15 years of credit as an officer ([see page 5](#)).
- Disability benefits available after 5 years of credit ([see page 6](#)).
- Line-of-duty disability benefits available immediately ([see page 6](#)).
- A right to an unreduced benefit at age 55 after 5 years of credit as an officer, even though you are no longer employed as a law enforcement officer ([see page 6](#)).
- Death benefit paid to your beneficiary if you die in active service after 1 year of credit ([see page 7](#)).
- Survivor monthly income if you die in active service with 20 years of credit regardless of age; or after age 55 with 5 years of credit; or after age 50 and 15 years of credit ([see page 7](#)).
- Several payment options available to continue income to your beneficiary following your death after retirement ([see pages 11-14](#)).



This section only highlights the System. The following pages describe it in detail.

## Becoming a Member of the System

You are eligible to become a member of the System if you are a permanent, full-time paid employee of an employer, who (i) possesses the power of arrest, (ii) has taken the law enforcement oath administered under the authority of the State as prescribed by G. S. 11-11 and (iii) is certified as a law enforcement officer under the provisions of Chapter 17C of the General Statutes or certified as a deputy sheriff under the provisions of Chapter 17E of the General Statutes.

“Law enforcement officer” also means the sheriff of the county. The number of paid personnel employed as law enforcement officers by a law enforcement agency may not exceed the number of law enforcement positions approved by the applicable local governing board.

If you are employed by a participating unit in a regular position that requires at least 1,000 hours of service per year but *less than full-time*, you are

entitled to the benefits described in the booklet *Your Retirement Benefits* for general employees.

Shortly after your employer enrolls you in the System, you will be asked to name your beneficiary(ies) to receive a return of your retirement contributions and a death benefit should you die before retirement. You can change your beneficiary(ies) at any time before retirement by completing Form 2RC, “Designating Beneficiary(ies) for Retirement System Return of Contributions,” and Form 2DB, “Designating Beneficiary(ies) for the Death Benefit.” These forms are available on the [ORBIT web-site](#).

As a law enforcement officer, when you become a member of the Retirement System, you are automatically a member of the NC 401(k) Plan. [See page 24](#) for details.

## Who Pays for the System

You and your employer, and the investment earnings on total contributions, pay the cost of providing your retirement benefits.

Your share of the cost, which is automatically deducted from your paycheck, is 6 percent of your compensation. Your compensation includes all

salaries and wages paid to you from public funds, which you earn at your covered job while working for your employer.

Your employer's share of the cost is based on the calculations prepared by an actuary, so that benefits will be funded properly.

## Tax-Deferred Contributions

Beginning July 1, 1982 (January 1, 1984, if you were a member of the former Law Enforcement Officers' Retirement System), if your employer adopted a resolution to have your contributions made on a before-tax basis, your contributions are deducted from your pay before taxes are calculated. As a result, your taxable income is lowered and the amount of annual taxes you pay is less than if you made contributions on an after-tax basis.

## How to Qualify for Benefits

### ***Becoming Vested***

You become vested in the Retirement System once you have completed a minimum of 5 years of creditable service. This means that you are eligible to apply for lifetime monthly retirement benefits based on the formula, and the age and service requirements described in this handbook, provided you do not withdraw your contributions.

### ***Service Retirement (Unreduced Benefits)***

You may retire with an unreduced service retirement benefit after you:

- reach age 55 and complete 5 years of creditable service as an officer
- complete 30 years of creditable service at any age

### ***Early Retirement (Reduced Benefits)***

You may retire early with a reduced retirement benefit after you reach age 50 and complete 15 years of creditable service as an officer.

Your early retirement benefit is calculated using the same formula as a service retirement, multiplied by a reduction percentage based on your age and/or service at early retirement. Since your benefits may be paid over a longer period of time than if you had waited until you were eligible for service retirement, they will be reduced. The table [on page 10](#) shows the effect these reductions would have on your benefit.



## Disability Retirement

You become eligible to apply for disability retirement benefits after 5 years of creditable service if you become totally and permanently disabled for your job, as approved by the Medical Review Board.

If your disability is the result of injuries incurred while you were performing your duty as an officer, you are eligible to apply for disability retirement regardless of the amount of your creditable service. Your disability benefit under the Maximum Allowance is calculated using the same formula as a service retirement benefit and you may choose any payment option except Option 4. ([See pages 11-13](#) for descriptions of retirement payment plans.) If you choose a survivorship option, it will be calculated using disability reduction percentages. Your average final compensation is calculated as of your disability retirement date, but creditable service is counted as though you continue working to the earliest date you would have qualified for an unreduced service retirement allowance (age 55 or 30 years of service).

If you die after you have filed an application for disability retirement but before its effective date, and you have otherwise met all requirements for disability retirement benefits, your beneficiary may elect to receive a monthly retirement allowance provided by Option 2, instead of a return of your retirement contributions and interest, provided the following conditions apply:

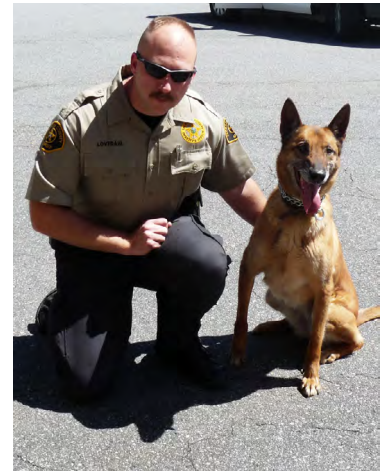
- you have only one eligible beneficiary for the return of contributions living at the time of your death
- you have not indicated to the Retirement System, in writing, that you did not want your beneficiary to have this choice of receiving a retirement allowance provided by Option 2

[See page 24](#) for more information regarding disability benefits. Also, please visit our website at [www.myncretirement.com](http://www.myncretirement.com) for additional information about disability benefits and the required forms.

## Reciprocity Between Retirement Systems

Any credit you may have in the Legislative, Judicial, or Teachers' and State Employees' Retirement Systems may be counted along with your credit

in this Retirement System to determine your *eligibility* for a reduced, unreduced, or disability benefit. However, only your creditable service in this System is used in computing the *amount* of your benefit in this System. Creditable service in any other System will be used in computing benefits from that System.



## If You Leave the System Before Retirement

If you leave before service or early retirement, you may still receive a deferred benefit at a later date. You are entitled to apply to receive a benefit once you meet retirement eligibility requirements after you have completed 5 years of creditable service, provided you do not withdraw your contributions.

Your benefit is calculated using the formula in effect on your retirement date. It is based on your average final compensation and years of creditable service at that time. You can apply for benefit payments to begin when you reach age 55.

If you have at least 15 years of creditable service as an officer when you leave, you can apply for early payments starting at age 50. However, your benefit is reduced because you may receive payments for a longer period of time than if you had waited until you were eligible for service retirement.

If you leave the System before you have 5 years of creditable service, the only payment you can receive is a refund of your contributions. [See page 18](#) regarding a refund of contributions.

# How Your Beneficiaries are Protected



Although the System's primary purpose is to provide retirement income, we recognize that some employees will not live to enjoy their retirement benefits. So, it provides a death benefit that protects your beneficiary should you die before retirement.

In addition, your beneficiary will receive a return of your accumulated contributions. If you meet certain eligibility requirements, a *Survivor's Alternate Benefit* may be paid instead of the return of contributions if you have one eligible beneficiary living at the time of your death.

If you die after retirement, depending on the payment option you chose, your beneficiary may receive income following your death. [See pages 11-14.](#)

## **Death Benefit**

If you die while still in active service (while being paid salary) after 1 year as a contributing member, your beneficiary will receive a single lump-sum payment. The payment equals your highest 12 months of salary in a row during the 24 months before you die, but no less than \$25,000 and no more than \$50,000. This benefit is also paid if you die within 180 days of your last day of service. It is in addition to any other benefits to which your beneficiary(ies) may be entitled. For this death benefit, you may name the same or different beneficiary(ies) than the one(s) you named to receive the refund of contributions.

For Other Death Benefits [see page 26.](#)

## **Survivor's Alternate Benefit**

Provided you have not retired, the Survivor's Alternate Benefit may be payable if you have only one eligible beneficiary for the return of your contributions living at the time of your death, and you die while in active service or within 180 days of your last day of service after:

- completing 20 years of creditable service (not including credit for unused sick leave) regardless of age
- reaching age 50 with 15 years of creditable service as a law enforcement officer
- reaching age 55 with 5 years of creditable service as a law enforcement officer
- completing 15 years of creditable service as a law enforcement officer if killed in the line of duty

This beneficiary may choose to receive a lifetime monthly Survivor's Alternate Benefit instead of a return of your contributions.

The Survivor's Alternate Benefit does not apply if you have two or more eligible beneficiaries for the return of contributions living at the time of your death, or if your estate is your eligible beneficiary at the time of your death, or if you have retired. This lifetime monthly benefit equals the same amount you would have been entitled to receive under Option 2 had you survived and retired on the first of the month following your death. If you do not want your beneficiary to have the choice to receive the Survivor's Alternate Benefit, you should let the Retirement System know in writing.

# How Your Benefit is Calculated

**Your annual retirement benefit  
is based on this formula:**

***1.85% of average final compensation  
TIMES  
years and months of creditable service***

**Average final compensation** is the average of your salary during your 4 highest-paid years in a row. If your 4 highest-paid years in a row include a final payment for unused vacation leave and/or prorated longevity, your average final compensation may be increased by the extra payment(s). (Final payments, if any, for unused sick leave or reimbursements for expenses are not includable in your average final compensation.)

**Creditable service** is service for any period during which you contribute to the System. In addition, if you were working for your employer before its participation in the System, have unused

sick leave, were in military service, or worked out of state in related governmental employment, special rules may apply in determining creditable service.

[See pages 14-18](#) for more details.

If you left the System and withdrew any of your own contributions, you may purchase this creditable service by making a lump-sum payment, as outlined [on page 16](#).





# Example of How a Benefit is Calculated

## At Service Retirement

To give you an idea of how benefits are calculated, let us look at some examples. Assume an employee, Mike Benson, retires at age 60, with 32 years and 2 months of creditable service. As we go through the steps to figure Mike's benefit, write in your own figures for an estimate of your benefit.

Because Mike has more than 30 years of creditable service at retirement, he receives his basic benefit of about \$19,221 annually, or about \$1,601 each month for the rest of his life under the maximum allowance, with monthly payments ceasing at his death.

In addition, he may also be eligible for Social Security benefits as early as age 62.

At Service Retirement	Mike	You
<b>Step 1</b> Add your salary during your 4 highest-paid years in a row.	\$30,600 31,700 32,900 + 34,000 \$129,200	\$    \$ _____
<b>Step 2</b> Divide Step 1 by 4 to get average final compensation.	\$32,300	\$ _____
<b>Step 3</b> Multiply Step 2 by .0185 to apply formula.	\$32,300 x .0185 \$597.55	\$ x .0185 \$ _____
<b>Step 4</b> Determine creditable service. <a href="#">(see pages 14 through 18)</a>	32.1667 years	
<b>Step 5</b> Multiply Step 3 by Step 4 to determine your annual retirement benefit.	\$597.55 x 32.1667 \$19,221.21	\$ x _____ \$ _____
<b>Step 6</b> Divide Step 5 by 12 to get monthly maximum allowance.	\$1,601.77	\$ _____

You can also create your own custom estimate by visiting our website at [www.myncretirement.com](http://www.myncretirement.com), clicking on the "ORBIT" icon, and logging into your personal ORBIT account.

### At Early Retirement

Now let us look at an employee, Fred Smart, who retires early. Assume when Fred retires at age 51, he has:

- an average final compensation of \$32,300
- 24 years and 3 months of creditable service

Here is how we calculate his benefit:

$$\begin{array}{rcl}
 \$ & 32,300 & \text{(average final compensation)} \\
 \times & .0185 & \\
 \hline
 \$ & 597.55 & \\
 \times & 24.25 & \text{(creditable service)} \\
 \hline
 \$ & 14,490.59 & 
 \end{array}$$

Now apply the early retirement reduction percentage from the chart below.

$$\begin{array}{rcl}
 \$ & 14,490.59 & \\
 \times & .84 & \text{(percentage at age 51)} \\
 \hline
 \$ & 12,172.10 & 
 \end{array}$$

In this case, Fred receives a maximum allowance of about \$12,172 a year, or about \$1,014 a month, unless he chooses a payment option. His payment will start at age 51 and continue for the rest of his life. In addition, he may also be eligible for Social Security benefits as early as age 62.

### Early Retirement Percentages

If you are between ages 50 and 55 with less than 30 years of creditable service, your early retirement benefit will be reduced to the percentages in the chart below.

If you are between birthdays when payments start, the reduction will be adjusted proportionately.

Creditable Service							
	29	28	27	26	25	20	15
Age							
54	96%	96%	96%	96%	96%	96%	96%
53	95%	92%	92%	92%	92%	92%	92%
52	95%	90%	88%	88%	88%	88%	88%
51	95%	90%	85%	84%	84%	84%	84%
50	95%	90%	85%	80%	80%	80%	80%

### Examples of Benefits Paid

The following chart shows the approximate monthly benefit paid at various salary levels, depending on age and creditable service.

Of course, these are only examples. Your own benefit is calculated individually and depends on your age, creditable service, and average final compensation.

Monthly Retirement Benefit Under Maximum Allowance					
Average Final Compensation	Age	50	52	55	N/A
	Service	15	28	25	30
	\$80,000	\$1,480	\$3,108	\$3,083	\$3,700
	70,000	1,295	2,719	2,697	3,237
	60,000	1,110	2,331	2,312	2,775
	55,000	1,017	2,136	2,119	2,543
	50,000	925	1,942	1,927	2,312
	45,000	832	1,748	1,734	2,081
	40,000	740	1,554	1,541	1,850
	35,000	647	1,359	1,348	1,618
	30,000	555	1,165	1,156	1,387
	25,000	462	971	963	1,156

## Retirement Benefit Payment Plans

When you retire you have to decide which monthly payment plan to select. Your decision will be personal and should take into account your needs during retirement and the needs of a dependent, if any, after your death. Neither the payment plan selected by a co-worker nor the one selected by the largest number of retirees should have any effect on your personal decision.

Before you select a payment plan, you should know that, on average, each payment plan is mathematically equal to the other plans. That is, each payment plan is calculated so that the total value of the plan you select is the same as the

value of the other plans if you and the beneficiary (if any) you name to receive a monthly payment live your expected life spans.

You should first decide if you need to select a type of payment plan that provides for a monthly payment to a beneficiary after your death. If you do not select such a plan, all of your retirement benefits will be used to provide you with a lifetime monthly payment that ceases at your death.

There is a **Guaranteed Refund** feature of your retirement benefits, which provides that the total amount paid out after your retirement will not be less than the amount of your contributions and interest, regardless of which retirement plan you select.

Should your death and the death of the beneficiary named to receive a monthly payment, if any, occur before the total of all monthly payments equals the amount of your contributions and interest, the unrecovered portion of your contributions and interest will be paid in one lump sum to another beneficiary(ies).

Payments made to purchase additional creditable service after retirement are also covered by the Guaranteed Refund provisions. You may name one or more beneficiaries for the Guaranteed Refund provision, and you may change this beneficiary(ies) as often as you desire. Of course, any beneficiary named for the Guaranteed Refund *cannot* be named as beneficiary for a monthly benefit.

**You may not change the payment plan you select once you cash a retirement check or after the 25th of the month following the month your first check is mailed** (whichever is earlier), *except* under the following conditions:

- if you select a payment option that provides a monthly benefit to your spouse as named beneficiary after your death (i.e., Option 2, 3, 6-2, or 6-3) and later become divorced from that spouse

- if you are rehired in a position covered by the Retirement System and contribute to your new account for at least 3 years

### Maximum Allowance

When you retire on a service retirement allowance, your basic benefit is the maximum allowance and is calculated under the formula [on page 8](#). If you retire early, your maximum allowance is calculated using the same formula and then reduced for early retirement. In either case, unless you choose a payment option, you will receive your maximum allowance for as long as you live. All monthly payments stop at your death.

### Payment Options

Instead of the maximum allowance, you can choose one of the following payment options.

If you elect to provide a monthly payment to a beneficiary after your death by choosing Option 2, 3, 6-2, or 6-3, you give up some of your retirement benefit while you are living. The amount you give up is placed in reserve to be paid to one beneficiary after your death. (A beneficiary for a monthly benefit *cannot* be named as beneficiary for the Guaranteed Refund.) The amount your retirement benefit is reduced depends on the amount of your maximum allowance, your age, and the age of your beneficiary.

#### Option 2 100% Joint and Survivor

You receive reduced monthly payments for life. After you die, your beneficiary receives the same amount monthly for life.

#### Option 3 50% Joint and Survivor

You receive reduced monthly payments for life. After you die, one-half of your payment continues to your beneficiary for life.



### Option 4 Social Security Leveling

You receive larger monthly payments than you would otherwise be entitled to receive, until you become eligible for Social Security at age 62. Beginning at age 62, your monthly payments will be reduced to an amount that is less than what you would otherwise be entitled to receive. Nevertheless, your reduced retirement payments after age 62 plus your allowance from the Social Security Administration should be approximately the same amount as the inflated payment you received from the Retirement System before age 62. However, the actual amount of your retirement payments both before and after age 62 will be based on the estimate of benefits you provide to our office from the Social Security Administration prior to your retirement. All monthly payments cease at your death.

The reduction in your monthly retirement payments after age 62 allows the Retirement System to recover the inflated amounts you received before age 62. Therefore, on average, the inflated amounts received before age 62 together with the reduced amounts received after age 62 are equal in value to the other retirement plans over your life expectancy.

Please be sure to contact the Social Security Administration to inquire about how to apply for benefits and what date your first age 62 Social Security benefit will be paid to you; this will help you plan your finances in the event your Social Security age 62 benefit is not paid until the latter part of the month following the month your Option 4 benefit is reduced.

Under Option 4, any percentage increase you are granted in your retirement payments before age 62 will be applied to the inflated benefit you are receiving at that time; however, upon reaching age 62, your retirement payments will be reduced to the original amount promised after age 62, plus the *percentage increases* (not the dollar amount of increases) granted before age 62. For additional information regarding Option 4 and Social Security, [see pages 19 and 25](#).

### Option 6 Modified Joint and Survivor

You receive reduced monthly payments under a combination of Option 2 and the maximum allowance, or under Option 3 and the maximum allowance. Your death, or the death of your beneficiary, affects monthly payments as follows:

- **Option 6-2** — Under a combination of Option 2 and the maximum allowance, your death entitles your beneficiary to receive a monthly payment for life in the same amount as you received. However, if your beneficiary dies before you do, your monthly payments are increased to the amount payable under the maximum allowance.
- **Option 6-3** — Under a combination of Option 3 and the maximum allowance, your death entitles your beneficiary to receive a monthly payment for life of 1/2 the amount you received. However, if your beneficiary dies before you do, your monthly payments are increased to the amount payable under the maximum allowance.

Under Options 2, 3, 6-2, and 6-3, you may name only one beneficiary to receive a monthly survivor payment after your death. **You may not change your survivor beneficiary after you retire** *except* under the following conditions:

- if you named your spouse as survivor beneficiary at the time of retirement, and later become divorced from that spouse
- if you return to employment covered under this Retirement System and contribute to a new retirement account for at least 3 years
- if you chose Option 2 or 3 at retirement and designated your spouse as survivor beneficiary and this spouse dies before you, and you remarry, you may name your new spouse as your beneficiary within 90 days of your remarriage under the same option you chose at retirement. This redesignation must be properly filed with the Retirement System within 120 days of remarriage. Your new benefit will be reduced on the basis of your age and the



age of your spouse at the time of the change. The benefit payable to you will be the benefit you received prior to the death of your original spouse, additionally reduced in order to cover your new spouse as beneficiary.

Under Options 6-2 and 6-3, if your survivor beneficiary dies before you do, you may not name another.

Your new beneficiary designation will be effective on the first day of the month that it was made, and it will provide retirement benefits that are mathematically equal to the retirement benefits that were in effect prior to your new beneficiary designation.

### ***How the Payment Options Work***

John Murphy has earned a service retirement benefit under the maximum allowance of \$1,000

a month. Unless he chooses a payment option, he will receive \$1,000 each month for life with all monthly payments ceasing at his death.

But let us assume he wants to share his benefit with his wife, Pam. Pam is 51 when John retires at 57 after 30 years and 3 months of creditable service. Below is how much John and Pam would each receive monthly under various payment options.

Of course, the actual amounts of the payment options you can choose are based on many factors, such as your age, your beneficiary's age, and when payments start. Before you retire, you will receive an estimate of the actual amounts payable to you.

Payment Option	To John	To Pam After John's Death
<b>Maximum Allowance</b>	\$1,000 monthly	\$0.00
<b>Option 2</b>	\$889.70 monthly	\$889.70 monthly
<b>Option 3</b>	\$941.60 monthly	\$470.80 monthly
<b>Option 4*</b>	\$1,402.84 up to age 62, \$767.84 thereafter	\$0.00
<b>Option 6-2</b>	\$882.60 monthly; if Pam dies before John, he receives \$1,000 monthly thereafter	\$882.60
<b>Option 6-3</b>	\$937.70 monthly; if Pam dies before John, he receives \$1,000 monthly thereafter	\$468.85
*Assumes John's primary Social Security benefit is \$635 a month at age 62.		

## **Creditable Service and Service Purchase Provisions**

Your benefit at retirement is based, in part, on your creditable service. In addition to the years and months you contribute to the System, creditable service may also include prior service credit, unused

sick leave credit and certain types of purchased retirement service credit, which are described below.

**Prior Service.** If you were employed by your employer before its participation in the System, you may have received credit for your service before you became a member. Also, *if you were a member of the former Law Enforcement Officers' Retirement System* and have completed 10 years as a contributing law enforcement officer, you may purchase credit for service performed as an officer after July 1, 1940. The cost, which must be paid in a lump-sum payment, will cover the employee and employer funding, and will likely be lower if credit is purchased within 3 years from the date you become eligible. It is optional with your employer whether to share the cost with its employees.

**Sick Leave.** Unused sick leave can be converted to additional retirement service credit at the time of your retirement if:

- earned under a duly adopted sick leave policy
- you would receive full salary when using the sick leave if absent from work due to sickness
- you have not and will not receive any compensation for this sick leave
- your last day of service with your last participating Local System employer is within 365 days prior to your Local System effective date of retirement
- all other retirement eligibility requirements have been met

One month of credit is allowed for each 20 days of unused sick leave when you retire. One more month is allowed for any part of 20 days remaining, provided the remaining portion is at least one hour.

Sick leave is used to increase your creditable service, but cannot be used to meet the minimum qualifications for a disability retirement benefit or a deferred benefit. You may use your sick leave to complete 30 years of service, regardless of age. You may also use the portion of your sick leave that you earned while an officer to complete 15 years of service as an officer after age 50 or 5 years of service as an officer after age 55. On your retirement application, your employer will certify the amount of your unused sick leave.

**To purchase retirement service credit, you will need to complete the appropriate purchase form. These forms, which include detailed information about the service purchase process, are available on the [ORBIT website](#).**



**Military Service.** You may receive retirement credit for up to 5 years of qualifying military service at no cost if you were an eligible Local System member when you entered the military, and:

- you returned to employment for 10 or more years with the same Local System employer after discharge from the military, or
- you returned to Local System membership service within the time limit mandated by federal law for reporting back to work and meet all of the following requirements:
  - you did not provide written notice of intent not to return to work after military service
  - you are not eligible for benefits from any other retirement plan based on this service
  - you purchased your Local System withdrawn service credit, if any

Your Local System employer is required to pay the employer contributions to the Retirement System for the full period of your military service under the above provisions if you return to work within 2 years after your earliest military discharge date.

If you are not eligible for free credit under the rules above, you may be eligible to buy credit for your first period plus later *required* periods of active duty by making a lump-sum payment.

To be eligible to purchase military service credit, you must have credit for 5 years of service as a contributing member. Your cost will be equal to the full actuarial liabilities created from the additional credit purchased.

If your military service is creditable in another retirement system, generally you will not be able to purchase credit in this System.

**Withdrawn Service.** If you ever received a refund of your contributions from this Retirement System, the Teachers' and State Employees' Retirement System, or the former Law Enforcement Officers' Retirement System, you may be eligible to make a lump-sum payment to purchase in this *System* the amount of creditable service you lost when you received your refund. Before you are eligible to pay for this service, you must be rehired and contribute to this System for 5 years or have a combination of 5 years of prior Local System service credit and/or current membership service in the Judicial, Legislative, Teachers' and State Employees', or this Retirement System.

Effective January 1, 2003, your cost, which must be paid in a lump sum, will be equal to the amount of contributions withdrawn, plus interest at the rate of 6.5 percent compounded annually from the year of withdrawal to the year of repayment, plus an administrative fee of \$25.

**Other Withdrawn Service Purchase Provisions.**

If you ever received a refund of your contributions from the Consolidated Judicial Retirement System, the Legislative Retirement System, or the Teachers' and State Employees' Retirement System, you may be eligible to make a lump-sum payment to purchase the amount of withdrawn creditable service in the System *from which it was withdrawn*. Before you are eligible to pay for this service, you must have 5 years of current membership service in this Retirement System or in the Judicial, Legislative, or Teachers' and State Employees' Retirement Systems, or have a combination of 5 years of membership service in any of these Systems. *Service purchased under this method may be used to determine your eligibility for benefits in this System.*

However, only your creditable service in this System will be used in computing the amount of your benefit in this System. Creditable service in any other System will be used to compute benefits from that System.

Eligible local or state withdrawn service purchased in the Local System or State System counts as

creditable service, not membership service. State System withdrawn service purchased in the State System does not count toward the 5-year membership service requirement for eligibility for State Health Plan coverage as a Teachers' and State Employees' Retirement System retiree.

Your cost, which must be paid in a lump sum, will be calculated using the withdrawn service purchase provisions in the System under which you are purchasing the service credit.

**Out-Of-State Service.** If you have performed full-time out-of-state public employment, you may be eligible to buy credit for that service. Credit that can be purchased must have been with:

- another state or governmental subdivision of a state
- a federal, overseas dependent, or military dependent school
- the Public Health Service
- the Merchant Marine (if you were also in the Naval Reserve)
- the International Cooperation Administration or Agency for International Development, while on an approved leave of absence

To be eligible to purchase out-of-state service, you must have contributed to the Retirement System for a total of 5 years with at least 1 year of membership service after completing your out-of-state service. Your cost will be a lump-sum payment equal to the full actuarial liabilities created from the additional credit purchased.

If your service is creditable in another retirement system, your ability to buy credit in this System will be restricted. If you are eligible, you may buy credit at the rate of 1 year of out-of-state service for each year of service under this System. You may purchase a maximum of 10 years of out-of-state service.

**Temporary Local and State Service.** You may purchase credit for full-time temporary local and state government employment if you have completed 5 years of service as a contributing member after the temporary employment. Your cost will be a lump-sum payment equal to the full actuarial liabilities created from the additional credit purchased.

**Educational Leave.** If you have interrupted service or approved leave of absence for educational purposes, credit may be purchased if regular employee and employer contributions are paid by the 15th of the month following the month for which service credit is allowed. If contributions are not made by the 15th of the following month, a penalty of 1 percent per month shall be assessed to the total costs. In addition, unless you return to service as a contributing member within 12 months after completion of your educational program and contribute to the Retirement System for at least 3 more years (except in the event of death or disability) your contributions will be refunded and the service credits canceled. If your employer will not make the employer contributions, you may make them in addition to the employee contributions.

Regardless of when the educational program was completed, the maximum allowable credit for educational leave or interrupted service for educational purposes is 4 years.

**Workers' Compensation Leave.** If you are granted a leave of absence to receive benefits under the North Carolina Workers' Compensation Act, you may purchase credit for the period of time you received those benefits. Your cost for Workers' Compensation leave must be paid in a lump sum and will include the total amount required to cover the employee and employer funding. (For leaves ending on or after July 1, 1983, a penalty of 1 percent per month shall be added to the total cost if payment is not made within 6 months after your return to service.) However, if your leave was the result of serious bodily injury suffered in the line of duty, the employer who granted the leave will pay the employer percentage contribution rate if you elect to purchase this credit.

**Part-Time Local and State Service.** You may purchase credit for part-time local and state government service, if you have completed 5 years of service as a contributing member. If your purchase of credit for part-time service makes you eligible to retire and you do so immediately after your purchase, the 5 years of service as a contributing member may be performed at any time before and/or after completion of the part-time employment. Otherwise, the 5 years of service must be performed *since* completion of the part-time employment. Your cost will be a lump-sum payment

equal to the full actuarial liabilities created from the additional credit purchased.

**Other Service with a Local Government Employer.** You may purchase credit for service to a unit of local government in this state if that service is not creditable in any other retirement system. To be eligible, you must have 5 years of service as a contributing member of this Retirement System since completing the service to be purchased. Your cost will be a lump-sum payment equal to the full actuarial liabilities created from the additional credit purchased.

**Local Probationary or Waiting Period Service.** You may purchase credit for a period of service you performed with a unit of the Local Governmental Employees' Retirement System, during which time you were in a probationary or employer imposed waiting period status between your date of employment and date of membership in the Retirement System. In order to be eligible to purchase this credit, the employer must have revoked its probationary or waiting period policy. The cost will be a lump-sum payment equal to the full actuarial liabilities created from the additional credit purchased.

**Service with the Federal Government.** You may purchase credit for service you performed on a full-time basis with the federal government, if you have completed 5 years of service as a contributing member of this Retirement System since performing the federal service. In order to be eligible to purchase this credit, your federal service must not be creditable in any other retirement system. Your cost will be a lump-sum payment equal to the full actuarial liabilities created from the additional credit purchased.

**Public Community Service.** If you worked on a full-time basis with a public community service entity in North Carolina that was funded entirely with federal funds, and are not otherwise eligible for credit for that service, you may be eligible to purchase credit for it in this Retirement System. To do so, you must have completed 5 years of service as a contributing member since completing the public community service employment. Your cost will be a lump-sum payment equal to the full actuarial liabilities created from the additional credit purchased.



**Omitted Service.** You may purchase credit for a period of eligible service to a participating employer, if during that period of eligible service, you should have been a contributing member of the State or Local Governmental Employees' Retirement System but were omitted from contributing membership through error.

The cost to purchase this type of service depends on when the omitted membership occurred. The cost, which must be paid in a lump-sum payment, will likely be lower if you purchase the omitted service as soon as possible after the omission.

**Service as a Member of the General Assembly.** You may purchase credit for service as a member of the General Assembly if that service is not creditable in the Legislative Retirement Fund or

the Legislative Retirement System. Your cost will be a lump-sum payment equal to the full actuarial liabilities created from the additional credit purchased.

### ***Rollovers to Purchase Retirement Service Credit***

Effective January 1, 2003, pre-tax money from an eligible retirement plan or an eligible IRA may be accepted via rollover or in-service plan-to-plan transfer to purchase creditable service. For further information and instructions, please see Form 398, "Using a Distribution of Tax-Sheltered Savings to Purchase Retirement Credit," available on the [ORBIT website](#).

## **Transferring Service and Contributions Between Systems**

You can transfer your contributions and creditable service between this Retirement System and the Teachers' and State Employees' Retirement System as long as you are an eligible member of the system to which you are transferring, do not receive a refund of your contributions from the system from which you are transferring, and file Form 5TR, which is available from the Retirement System.

Transferred creditable service counts toward eligibility for monthly benefits and is used in computing the amount of your benefit. ([See page 6](#)

concerning reciprocity.) Overlapping transferred service cannot be counted twice for the same period of time.

NOTE: If you have 5 or more years of membership service in the Teachers' and State Employees' Retirement System, you may be eligible for retiree group coverage under the State Health Plan at a later date if you do not receive a refund or transfer your contributions from the Teachers' and State Employees' Retirement System. Please contact the Retirement Systems Division for additional information.

## **Refund of Contributions**

If you leave the System for any reason other than retirement or death, you can either receive a refund of your contributions (plus interest, if you have at least 5 years of service as a contributing member), or leave your contributions in the System and keep all the creditable service you earned to that date. ([See page 6](#).

To receive a refund, simply complete Form 5, "Withdrawing Your Retirement Service Credit and Contributions," and file it with the Retirement Sys-

tem. This form is available on the [ORBIT website](#). State law does not permit the Retirement System to make a refund earlier than 60 days after you leave covered employment. Upon receipt of your refund of contributions, you waive any rights to the employer's contributions or any other benefit from the Retirement System. ([See page 22](#) for information about taxation.)



## Interest

The interest credited on your contributions and paid with a refund is set by state law. The amount is 4 percent per year on your balance at the first of each calendar year, compounded annually. Interest is a benefit to you only if you leave the System, get a refund, and qualify for an interest payment. The difference between the total invest-

ment earnings on your contributions and the 4 percent paid with your refund is kept by the System to help pay the cost of retirement benefits for career employees. If the law allowed a higher rate of interest to be paid with refunds, your retirement benefit and other career employee benefits would be lower.

# Applying for and Receiving Monthly Benefits

## Retirement Application Process

Once you decide to retire and meet the eligibility requirements for monthly benefits, there are certain steps that must be taken to begin the retirement process.

Monthly retirement benefits are effective the first day of any month; however, a retirement application must be signed, dated, and filed at least one day and not more than 120 days prior to the effective date of retirement.

**Approximately 90 to 120 days before your planned retirement date, you should complete Form 6, "Claiming Your Monthly Retirement Benefit"** (please see the Guides on Form 6 for additional detailed information about the retirement process). This form is available on the [ORBIT website](#).

If you contribute to the Retirement System during the 6 months before your effective date of retirement, your employer should complete the employer certification section (Section H) on your Form 6 before the form is sent to the Retirement System.

If you want an estimate under Option 4, you must furnish the Retirement System with an estimate, obtained from the Social Security Administration, of the Social Security benefit available to you at age 62. This estimate should be obtained within one year prior to your effective date of retirement.

To be legally retired, you must terminate employment, live until your effective date of retirement, and not perform any work, including part time, temporary, substitute, or contractor work, for a Local System employer at any time during the

same month immediately following your effective first day of retirement. Generally, if your death occurs before the effective date of your retirement, your beneficiary will not be eligible for a monthly retirement allowance, based on your retirement account, except as provided under the Survivor's Alternate Benefit [on page 7](#).

Upon receipt of your Form 6, the Retirement System will send you an acknowledgement letter that will include instructions on your next steps in the retirement process. You will also be sent:

- Form 170, "Authorizing Direct Deposit"
- Information about the cost and coverage provisions of the optional \$10,000 Contributory Death Benefit for Retired Members. To enroll, you must make your election within 60 days of the effective date of your retirement.



Later you will receive an estimate of the monthly benefits you can receive under the maximum allowance and the payment options, if applicable. Along with the estimates, you will receive:

- Form 6E, "Choosing Your Retirement Payment Option"
- Form 290, "Choosing Income Tax Withholding Preferences"
- Form 336, "Designating Beneficiary(ies) for the Guaranteed Refund as a Retiree"

**NOTE: The Retirement System will not be able to pay monthly retirement benefits to you until we have received your properly completed Form 6E.**

Please return completed forms directly to the Retirement System.

### ***Your First Monthly Benefit***

Your first monthly retirement benefit will be mailed to you. Thereafter, it is the policy of the Retirement Systems Division to directly deposit

your monthly benefit into your bank account on the 25th day of each month. In December, your benefit will be deposited on the 20th.

If the 25th falls on a Saturday, Sunday, or holiday, your deposit will be made on the last work day *before* the 25th. Direct deposit is fast, automatic, and free.

### ***Post-Retirement Increases***

Your benefit may be increased periodically after retirement to help you keep up with the cost of living. Increases depend on changes in the Consumer Price Index and the availability of funds.

The cost-of-living increases granted are usually figured as a percentage increase in your monthly benefit. That percentage increase becomes a permanent part of your monthly benefit, under all payment plans, and the monthly benefit to be paid to your beneficiary, after your death, under Options 2, 3, 6-2, and 6-3. ([See page 13](#) regarding Option 4 increases.)

## **NC 401(k) and NC 457 Transfer Benefit**

If you were vested before July 1, 2010, as a law enforcement officer, you may, at retirement, make a one-time election to transfer any portion of your eligible contributions, not including Roth contributions and earnings, from the NC 401(k) Plan to the Local Governmental Employees' Retirement System and receive a separate additional monthly lifetime allowance based on your eligible account balance on the date of the transfer. This benefit for law enforcement officers is referred to as the NC 401(k) LEO Transfer Benefit and is available to you *only* at the time of your retirement.

As an alternative, you may choose another type of Transfer Benefit, which is available to both law enforcement officers and general retirees, referred to as the NC 401(k) or NC 457 Transfer Benefit. Under this Transfer Benefit, you are eligible to make a one-time election *at or following retirement* to transfer any portion of your eligible contributions, not including Roth contributions

and earnings, in the NC 401(k) Plan and/or NC 457 Plan to the Local Governmental Employees' Retirement System and receive a separate additional monthly lifetime retirement allowance based upon your transferred balance. This Transfer Benefit includes allowances available with and without cost-of-living increases.

Please visit the Retirement System's website at [www.myncretirement.com](http://www.myncretirement.com) to compare and learn more about these different types of Transfer Benefits, to use our Transfer Benefit estimator, and to access the required forms.



**North Carolina**  
Total Retirement Plans

# Optional Supplemental Insurance

Supplemental insurance coverage, including vision, dental, accident, and term and whole life insurance, is available to retirees and benefit recipients through Pierce Insurance Agency. Pierce

will mail information to you after your first retirement benefit has been paid. For more information, contact Pierce toll-free at 1-855-627-3847 or visit their website at [www.ncretiree.com](http://www.ncretiree.com).

## Income Tax

Benefits from the Retirement System may receive special income tax treatment. The following is a brief outline of current tax laws as they apply to System benefits. However, tax laws often change. You should consult your tax advisor for more details.

### **Retirement Benefits**

Each year by January 31, Form 1099-R (similar to Form W-2, "Statement of Income and Tax Withheld," that you received annually while you were working) will be sent to you. The 1099-R shows the amount of your retirement benefits, the taxable portion (if any), the amount of tax withheld (if any), and related information. Copies also will be sent to the Internal Revenue Service and North Carolina Department of Revenue. Therefore, you should report your retirement benefits on your federal and State tax returns regardless of whether you owe any income tax.

**Federal Income Tax.** Part of your retirement benefit may not be subject to federal income tax because the tax was withheld while you were working. Included in the non-taxable part of your retirement benefits are contributions made by you before your employer adopted a tax sheltering resolution (if they have done so) and any non-rollover service purchases made by you.

All or part of your retirement benefit may be subject to federal income tax because it has not been taxed before. Included in the taxable part of your retirement benefits are contributions made by you after your employer adopted a tax sheltering resolution (if they have done so), any rollover service purchases, and all benefits paid with the employer contributions and investment earnings.

Under federal law, the majority of each retirement benefit is subject to federal income tax. Although you will not pay taxes again on any contributions for which you have already paid tax, you may exclude only a small portion of your previously taxed contributions each month throughout a period of time specified by the federal government.

**North Carolina Income Tax.** If you are a North Carolina resident and have maintained 5 or more years of retirement service credit as of August 12, 1989, your retirement benefit paid by this System is not subject to North Carolina income tax. If you do not have 5 years of maintained retirement service credit as of August 12, 1989, the taxable portion of your retirement benefit is subject to North Carolina income tax.

If you are not a resident of North Carolina, you may not owe North Carolina income tax on your retirement benefits from this System. However, you may owe state income tax in the state in which you live. You should contact your tax advisor, the North Carolina Department of Revenue, or the Department of Revenue in the state in which you live for specific information relative to your situation. Our System can only withhold North Carolina income tax. We cannot withhold any other state's income tax from your monthly benefit.

## Refunds

By January 31 of the year following the year of your refund, you will be sent Form 1099-R showing the amount of your refund, the taxable portion thereof, the amount of tax withheld (if any) and related information. Copies also will be sent to the Internal Revenue Service and North Carolina Department of Revenue.

**Federal Income Tax.** You pay no federal income tax on the amount you contributed prior to the date your employer adopted a tax sheltering resolution (if they have done so); however, the amount you contribute after the date your employer adopted a tax sheltering resolution (if they have done so) is subject to federal income tax. Also, any interest credited to your account and paid to you is subject to federal income tax.

Federal income tax laws *require* withholding from the taxable portion of your refund *unless* that portion of your refund is directly rolled over to an eligible IRA or eligible employer retirement plan that will accept your rollover. If you do not elect to roll over the taxable portion of your refund directly to an eligible IRA or eligible employer retirement plan that will accept your rollover, 20 percent of the taxable portion of your refund will be withheld for federal income tax purposes. Withholding is *mandatory* unless the taxable portion of your refund is directly rolled over.

In addition to income tax, you may owe a 10 percent excise tax on the taxable portion of a refund, which is made prior to death, disability, or the attainment of age 59½. You can defer the income tax and avoid the 10 percent excise tax by rolling over the taxable portion of your refund to an eligible IRA or eligible employer retirement plan. You should consult the Internal Revenue Service, your attorney, or your accountant for information relative to your situation.

**North Carolina Income Tax.** If you are a North Carolina resident and have maintained 5 or more years of retirement service credit as of August 12, 1989, your refund of retirement contributions by this System is not subject to North Carolina income tax. If you do not have 5 years of maintained retirement service credit as of August 12, 1989, the taxable portion of your refund is subject to North Carolina income tax.

## Death Benefits

Your beneficiary pays no income tax on death benefits. Death benefits are treated as life insurance benefits for tax purposes.

# Reemployment after Retirement

If you perform work in any capacity for an employer under this Retirement System after you have officially retired and are receiving monthly benefits, you will be subject to the reemployment provisions described below. These provisions may require you to work under an earnings limitation or to reenroll as a contributing member of the Retirement System.

You will be subject to reemployment provisions based on the nature of the particular work you perform for a Local System employer, regardless of your job classification or your technical employment status (which may include being assigned to work for a Local System employer by a private company such as a temporary staffing agency).

Please note that retirement law requires your retirement date to be on the first day of the month. For your retirement to become effective on the first day of the month, you must not perform any work, including part time, temporary, substitute, or contractor service, for a Local System employer at any time during the month of the effective date of retirement.

**Reemployment after Receiving Early or Service Retirement Benefits.** If you retire with monthly early or service retirement benefits from the System and are reemployed by, or otherwise engaged to perform work for, an employer that participates in this System, the following apply:



After a 1-month break, you may **return to work in a position that requires membership** (see “Becoming a Member of the System” [on page 4](#) for membership requirements) in the Local Governmental Employees' Retirement System. Your retirement benefit will be suspended on the first day of the month following the month of reemployment and you will again become a contributing member in the month in which you are restored to membership service.

If you return to service and **contribute for at least 3 additional years**, at the time you terminate your second period of employment, you will have the following choices:

- Combine your service from your first and second periods of employment to create one (generally larger) monthly retirement benefit. You can change the retirement payment plan and/or beneficiary you selected at the time of your original retirement. (Note: If Option 4 was elected for your first retirement, the Retirement System must actuarially adjust benefits when you retire again.)
- Reinstatement your first retirement account and withdraw your contributions only from your second account.

If you return to service and **contribute for less than 3 additional years**, at the time you terminate your second period of employment, your first retirement benefit will be reinstated and you will have the following choices for your second retirement account:

- Apply to receive a second (generally smaller) monthly benefit based on your second period of employment
- Withdraw your contributions from your second account
- Leave your second account open

After a 1-month break, if you **return to work with a Local System employer in a position not eligible for membership** in this Retirement System (see “Becoming a Member of the System” [on page 4](#) for membership requirements), you will be subject to earnings restrictions of the greater of the following:

- 50 percent of your gross 12-month pre-retirement salary (excluding termination payments) or
- \$31,140 (2014 amount)



The dollar figure is adjusted annually according to the Consumer Price Index, which is a national measure of increase in the cost of living from one year to the next. These earnings restrictions apply for the 12 months immediately following retirement and for each calendar year following the year of retirement.

If you exceed your earnings limitations, your retirement benefit will be suspended the first day of the month following the month in which you exceed the limit for the remainder of the calendar year. Your retirement payment will start again on January 1 of the year after your benefit is suspended. If your earnings exceed the allowable amount in the month of December, your benefit will not be suspended.

For additional information, please see “Return-to-Work Laws for LGERS” on our website at [www.myncretirement.com](http://www.myncretirement.com).

**Reemployment after Receiving Disability Retirement Payments.** If you accept any type of public or private employment, you may earn on an annual basis, up to the difference between your highest consecutive 12 months of salary in the 48 months preceding your disability retirement date and the amount of your annual disability retirement benefits, without affecting your disability retirement benefit. If you earn more than this amount, your disability retirement benefit will be reduced dollar-for-dollar by the amount of your excess earnings. The amount you are allowed to earn is adjusted each January by any increase in the annual national Consumer Price Index.

For additional information, please see the Disability section on our website at [www.myncretirement.com](http://www.myncretirement.com).



## Important Information to Remember

- In all correspondence with the Retirement System, give your Member ID number or last 4 digits of your Social Security number.
- Keep your beneficiary designation up to date. Form 2RC, "Designating Beneficiary(ies) for Retirement System Return of Contributions," and Form 2DB, "Designating Beneficiary(ies) for the Death Benefit," are used for this purpose. These forms are available on the [ORBIT website](#).
- No application, form, or other type of document is effective until it has been received and accepted by the Retirement System.
- At your request, the Retirement System will gladly send you any form, application, or other information we have developed for use by members. Please note that many of our forms are available on the [ORBIT website](#).
- Any error concerning your retirement account should immediately be brought to the attention of the Retirement System, in writing.
- If you are fully insured, you are guaranteed a monthly retirement income for life from Social Security starting as early as age 62. Social Security also provides medical benefits through Medicare starting at age 65. For more information, contact the Social Security Administration. The toll-free telephone number is 1-800-772-1213.
- Your benefit from the Retirement System and your benefit from Social Security are not paid automatically — you or your beneficiary must apply for them.
- If you become disabled, you should apply for disability benefits from all available sources, including this Retirement System and the Social Security Administration.
- If you retire on an early retirement allowance, you have 3 years from the effective date of your retirement to convert to a disability retirement allowance, provided you can prove that you would have met all requirements for disability retirement benefits while you were still in service as an active member.
- Effective July 1, 2007, if you are an elected government official, you may forfeit your right to a monthly benefit from this System if convicted of certain State or Federal offenses involving public corruption.
- Effective December 1, 2012, if you are convicted of a state or federal felony offense that is directly related to your employment while in service under this System and:
  - you were not vested as of December 1, 2012, you are prohibited from receiving any retirement benefit other than a return of your contributions
  - you were vested as of December 1, 2012, you are prohibited from receiving any retirement benefit for service rendered after December 1, 2012, other than a return of your contributions and interest for the period of service after December 1, 2012
- Effective December 1, 2013, it is a Class 1 Misdemeanor to fraudulently receive the retirement benefit of a deceased retiree or beneficiary for 2 months or longer after the recipient's death.

## Other Benefits Available for Law Enforcement Officers

### ***Supplemental Retirement Income Plan***

As a law enforcement officer, you are automatically a member of the Supplemental Retirement Income Plan [NC 401(k) Plan]. Your employer pays an amount equal to 5 percent of your salary into your account in the Plan and you may elect to make additional contributions. You decide how the contributions in your account are invested and also how you want to receive the contributions when you separate from employment.

As a law enforcement officer, you may, at retirement, elect to transfer your eligible contributions, not including any Roth after-tax contributions, from the NC 401(k) Plan to the Local Governmental Employees' Retirement System and be paid an additional monthly benefit from the Retirement System based on your transferred balance. Please see the "NC 401(k) and NC 457 Transfer Benefit" section [on page 20](#) for additional information.

The Retirement System has hired Prudential Retirement to administer the NC 401(k) Plan and they can give you further details about the Plan. Their toll-free telephone number is 1-866-627-5267 and their website address is [www.NCPlans.prudential.com](http://www.NCPlans.prudential.com).

### **Separate Insurance Benefits Plan**

The Separate Insurance Benefits Plan provides certain temporary disability and death benefits to qualified active and retired participants.

You become a participant on your date of hire if you are an eligible law enforcement officer as described [on page 4](#).

The benefits under the Plan are:

- accident and sickness insurance
- a death benefit of \$5,000 for participants in active service (while being paid salary)
- a death benefit of \$4,000 for participants who are eligible former officers
- accidental line-of-duty death benefit of \$2,100

Payments due to accidental injury or sickness shall be payable to a participant or his legal representative. Payments due to death shall be payable to the surviving spouse, if any, or otherwise to the estate of the participant unless the participant had designated, in writing, since January 1, 1986, another person or persons as beneficiary(ies) and had filed such designation with the Retirement System.

When you stop work as a law enforcement officer, you will end your participation in the Plan unless you:

- have 20 or more years of service as a law enforcement officer
- are receiving disability retirement benefits from any state-administered retirement system

Neither you nor your employer pays anything to this Fund for the benefits.

The Board selects the company that provides the accident and sickness insurance and the policy is presently carried with the Hartford Insurance Company. Their toll-free telephone number is 1-888-232-5340.

The death benefit under this Plan is administered by the Retirement Systems Division.

### **Other Death Benefits**

When you retire, you will have an opportunity to elect coverage under the optional \$10,000 Contributory Death Benefit for Retired Members. Your election must be made within 60 days of the effective date of your retirement. Information about the cost and coverage provisions will be sent to you shortly after the Retirement System receives your retirement application.

You may also be entitled to additional benefits such as:

- a line-of-duty death benefit of \$50,000 which is administered jointly by the North Carolina Industrial Commission and the State Treasurer
- a line-of-duty death benefit of \$333,604 from the federal Public Safety Officers' Benefits Program, Bureau of Justice Assistance, United States Department of Justice

Additional information is available from your employer or one of the above agencies.

### **Social Security**

The federal Social Security program provides *monthly* benefits upon retirement. Social Security has changed frequently since it was passed in 1935, and probably will continue to do so in the future.

If you are fully insured, you are guaranteed a monthly retirement income for life from Social Security starting as early as age 62. Social Security also provides medical benefits through Medicare starting at age 65. More information can be obtained from the Social Security Administration. Their toll-free telephone number is 1-800-772-1213.

### **Special Separation Allowance**

As a law enforcement officer, if you retire on a service retirement allowance (i.e., 30 years of creditable service at any age, or age 55 with at least 5 years of credit as a law enforcement officer) you may be eligible for monthly separation allowance payable until you reach age 62, or until you return to any employment with local government. Other conditions apply.

Contact your employer for details, since your employer is responsible for making all determinations of eligibility, and for making these benefit payments when they become payable.

# Administration and Funding

## **Administration**

The Retirement System is administered by the Board of Trustees. The board members are:

Janet Cowell,  
State Treasurer, Chair

John Aneralla  
June Atkinson  
Jerry Ayscue  
Daniel Bailey  
Mike Bradley  
Lentz Brewer  
Randy Byrd  
Kay Cashion  
Loris Colclough  
Kevin Gordon  
Sally Sandy  
Grady Smith

## **System Assets**

The State Treasurer is the custodian of the Plan assets and serves as the Chief Investment Officer.

Equity assets (e.g., common stock, preferred stock, and debentures convertible into common stock) are invested in conjunction with policies adopted by the Investment Advisory Committee. The committee members are:

Janet Cowell,  
State Treasurer, Chair

David Hartzell  
Steve Jones  
Harold T. Keen  
Harold Martin  
Neal F. Triplett  
Courtney A. Tuttle

## **Medical Review Board**

The Medical Review Board determines eligibility for disability benefits. The members of the board are:

Dr. George S. Edwards, Sr.  
Dr. Robert H. Fleming  
Dr. Robert Gaddy  
Dr. Bobby Sellers  
Dr. Nathaniel L. Sparrow

## **Future of the System**

The state expects to continue the System indefinitely. However, because future conditions cannot be foreseen, the North Carolina General Assembly reserves the right to modify the provisions of the System.

## **System Documents**

This booklet summarizes the main features of the Local Governmental Employees' Retirement System. The official text governing the operations of the System and the payment of all benefits is found in Chapter 128 of the General Statutes and Title 20 of the North Carolina Administrative Code.

## **Member Contributions**

Members contribute 6 percent of gross salary (before taxes) each month to the System.

## **Employer Contributions**

Employers contribute an actuarially determined percentage of the gross payroll of members each month to the System.

## **Funded Status**

The Retirement System has been labeled as "actuarially sound" because of the consistent use over the years of:

- actuarial assumptions based on experience
- an approved actuarial funding method
- the recognition of all promised benefits in the actuarial liabilities

## Funded Ratio

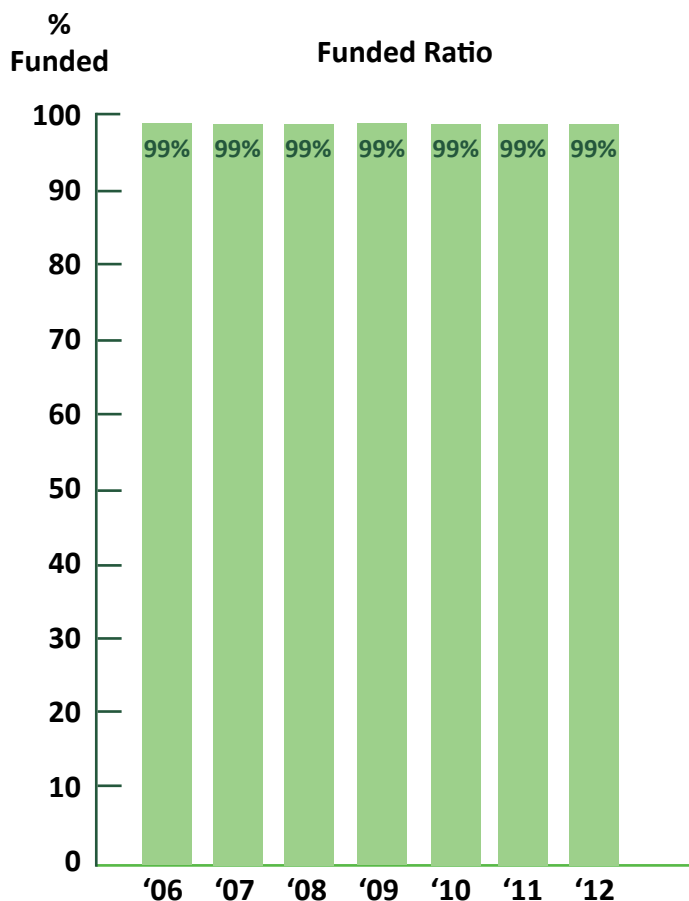
A generally accepted measure of the soundness of any retirement system is to relate the total assets to the total accrued liabilities. This determines the funded ratio or percentage of the System.

The total of the accrued liabilities is found by adding the total assets and the unfunded accrued liabilities. Shown are the assets and unfunded liabilities for the past several years, as of December 31 of each year and the funded ratio of the Retirement System (the percentage of the assets to the total accrued liabilities).

	Assets	Unfunded Accrued Liabilities
2012	\$20,295,238,845	\$43,545,946
2011	\$19,326,359,293	\$47,440,424
2010	\$18,570,513,903	\$75,916,127
2009	\$17,723,253,496	\$81,538,254
2008	\$17,100,738,902	\$73,235,885
2007	\$16,791,983,696	\$76,163,736
2006	\$15,564,788,942	\$78,588,295



The North Carolina Department of State Treasurer created ORBIT (Online Retirement Benefits through Integrated Technology) to allow members convenient access to their retirement account information 24 hours a day, 7 days a week. This secure site enables you to view your personal information, account information, and other relevant details specific to your retirement system account.



In ORBIT, active employees are able to view:

- Service credit history
- Retirement estimates
- Service purchase cost estimates
- NC 401(k)/NC 457 Transfer Benefit estimates
- Annual benefits statements

Retirees are able to:

- Maintain tax withholdings
- View and download 1099-R
- Generate income verification letters
- Update their contact information

To access ORBIT, go to our website at [www.myncretirement.com](http://www.myncretirement.com), click on the ORBIT icon and follow the instructions to log into your personal ORBIT account.

1. Register for ORBIT via the Register button on the login page.
2. Follow the prompts for registration.
3. Gain access to ORBIT site using the User ID and Password that you created.

# How to Contact Us



## **System Address**

Local Governmental Employees'  
Retirement System  
Department of State Treasurer  
Albemarle Building  
325 North Salisbury Street  
Raleigh, North Carolina 27603-1385



## **System Telephone Number**

1-877-627-3287 (toll-free outside of Raleigh area)  
919-807-3050 (within local calling distance of Raleigh)

**NOTE:** The Retirement System provides members who wish to visit our office with one-on-one and group consultations by **appointment only**. Please *call or email our office* to schedule an appointment.



## **System Internet Address**

[www.myncretirement.com](http://www.myncretirement.com)

Visit our website to:

- download and complete applications and forms used by the Retirement System
- view and download *Your Retirement Benefits* handbooks
- review Frequently Asked Questions
- manage your retirement account online using ORBIT



## **System Email**

[nc.retirement@nctreasurer.com](mailto:nc.retirement@nctreasurer.com)

