



**SEVERANCE PAY IN THE
LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM**
(Severance Rules in the State System are Different)

- The local unit may offer the member a severance package in lieu of the discontinued service retirement. Sometimes, members refer to severance as settlement.
- Whichever term the local unit uses:
 - ✓ No retirement contributions are deducted from the severance or settlement payments.
 - ✓ The severance pay has no effect upon the retirement benefit.
 - ✓ No monies from severance can be used in the calculation of the average final compensation (AFC).
 - ✓ In the local system, it may be possible for the member to receive severance and the retirement benefit at the same time, provided it is not in violation of any rule by the local unit.
- If the member is eligible to retire (either reduced or unreduced) from the local system following a severance package from the employer, the retirement system will need:
 - Form 6, *Claiming Your Monthly Retirement Benefit* – (no earlier than 120 days, and no later than one day)
 - Copy of driver's license for member and benefit recipient for monthly survivorship options
 - The employer has to indicate the last day worked on the Form 6
 - The employer must have certified the payroll on the Form 6
 - Unused sick leave is credited in accordance with normal sick leave rules.