



## North Carolina Retirement Systems

### Digest of 2010 Legislative Action Affecting Members of the Local Governmental Employees' Retirement System (LGERS)

#### Retirement System Technical Corrections Bill

*Included in House Bill 2054*

This bill makes technical changes and corrections to the statutes governing the Local Governmental Employees' Retirement System.

Effective July 1, 2010:

**Section 1.(b)** – Clarifies that, except under a few specific conditions (outlined in Section E of the Form 6E), a retiree may not change his/her option election or survivorship beneficiary designation after cashing the first retirement check or after the 25<sup>th</sup> day of the month following the month in which the first check is mailed, whichever comes first.

**Section 2.(b)** – Clarifies that the Survivor's Alternate Benefit is payable if an active member's death occurs within 180 days from the last day of service, one and only one beneficiary is eligible for the return of contributions, and the member has not commenced receiving monthly LGERS benefits.

#### **Section 4.(b) –**

- Clarifies that a LGERS retiree who suspends his/her LGERS benefit and returns to work under the LGERS for a period of three or more years will have the following choices upon ceasing LGERS employment:
  - a) Receive one recalculated benefit based on combined service
  - b) Restore previous account(s) and receive a refund of contributions based on most recent account service
  
- Clarifies that a LGERS retiree who suspends his/her LGERS benefit and returns to work under the LGERS for a period of less than three years will have the following choices upon ceasing LGERS employment:
  - a) Restore previous account(s) and receive another benefit based only on most recent period of service
  - b) Restore previous account(s) and receive a refund of contributions based on most recent account service
  - c) Restore previous account(s) and leave most recent account open (pending another subsequent return to service)

**Section 5.(b)** – Clarifies that an elected government official convicted of certain offenses who must forfeit all LGERS retirement benefits is always eligible to receive a refund of his/her own contributions made to the LGERS.

**Section 6.(b)** – Increases the time before a retirement application is cancelled if member fails to respond by not returning the election form (Form 6E or 7E) from 90 to 120 days after the election form is mailed or 120 days after the effective date of retirement, whichever is later.

**Section 8.(b)** – Adds “wrongful demotion” or “a demotion...reversed retroactively” to conditions allowing for a retroactive adjustment in compensation.

**Section 11.(b)** – Allows a law enforcement officer (LEO) to transfer any portion of eligible contributions from the NC 401(k) Plan to the LGERS and receive a special monthly allowance based on the eligible account balance on the date of the transfer. (Prior to July 1, 2010, the LEO had to transfer all or none of his NC 401(k) plan contributions.)

### **Special Retirement Allowances**

*Included in House Bill 2066*

Allows any LGERS retiree who retires on or after January 1, 2011 to make a one-time election at retirement or following retirement to transfer any portion of his/her eligible accumulated contributions, not including Roth contributions and earnings, in the NC 401(k) and/or NC 457 Plans to the LGERS and receive a special monthly retirement allowance based upon his/her transferred balance. Transfers are not allowed from any other 401(k), 403(b), 457, or IRA accounts. Any retiree who retired prior to January 1, 2011 will also be allowed to make the one-time election, but not until July 1, 2011. Allowances will be available without cost-of-living increases and with cost-of living increases. (Prior to January 1, 2011, only a law enforcement officer can transfer NC 401(k) plan contributions to the LGERS and receive a special retirement allowance.)

**NOTE: Educational materials will be available closer to January 1, 2011 which explain the relationship between the transferred balance and the monthly benefit, the survivorship options available, how the member’s heirs may be impacted, the amount of the allowance with and without cost-of-living adjustments, and any costs and fees involved. These educational materials will be posted on our Web site at [www.myncretirement.com](http://www.myncretirement.com) before January 1, 2011. We are unable to provide detailed information to you until that time.**

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