

Retirement Monitor, August 22, 2008 (revised 9/17/08)

A publication for Local Governmental Employees' Retirement System human resources and payroll personnel from State Treasurer Richard H. Moore and the Retirement Systems Division

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Employer Best Practice: A Change in Return-to-Work Processing

When reporting new employees, please be sure to inquire as to whether or not they are returning to work for the same Retirement System from which they retired and are drawing a monthly benefit. Local agencies should identify via the monthly ORBIT report all employees who returned to work in the same Retirement System from which they previously retired. Identifying and reporting employees using the appropriate plan codes will help protect employees from overpayments and potential loss of insurance.

Employers should identify return-to-work employees in the following manner and with the appropriate plan code:

- Contributing members may have their retirement suspended or cancelled and should be reported as **LOGG** or **LOCL**
- Non-contributing members should be reported as **LOCRS** – State Retired Subject to Earnable

As the Retirement Systems Division moves forward with ORBIT enhancements, we will have the ability to automatically calculate the earnable allowance for interim, part-time or contractual work. We also will be able to track and inform employees of the status of their earnable allowance to ensure that they do not exceed the allowance or jeopardize future retirement benefits.

2008 Employer Manuals Now Available Online

The newly updated 2008 [Employer Manual](#), a guide for human resources and benefits professionals to North Carolina's state and local government retirement benefits, is now available online. Separate editions are available for state and local government employers and both can be accessed on the employers section of the Retirement Systems Web site at www.myncretirement.com.

Please contact the Employer Education and Services Unit at EESU@nctreasurer.com if you have questions about the manuals.

2008 Legislative Digest Now Available Online

The 2008 [Legislative Digest](#), which highlights retirement-related legislation passed in the 2008 short session, is now available on the employers section of the Retirement Systems Web site at www.myncretirement.com. The digest also will be sent to employers on the Retirement Systems list serve.

Address Verification and Change

Please ensure that you have captured and provided to the Retirement Systems Division the most up-to-date addresses for your employees. Having the correct address in the system will help expedite distribution of important information, as well as the processing of retirements and disability claims. You can update your employees' addresses in your monthly reporting process on ORBIT. Please do not ask employees to call the Retirement Systems to correct their addresses, as this must come through the employer or BEACON.



ORBIT Access to Personal Retirement Information

ORBIT, Online Retirement Benefits through Integrated Technology, provides you with safe and secure access to your personal retirement account information 24 hours a day, seven days a week. To access [ORBIT](#), visit www.myncretirement.com and select the "ORBIT" button from the "Retirement" drop-down menu. You will be directed to the log-in page where you may complete your registration or log-in if you've already registered. (Note: if you registered prior to March 13 using the NCID process, you will need to reregister as a first-time user. This is a one time event.)

Retirement Planning Conferences for 2008

The Retirement Systems Division is holding retirement planning conferences across the state. These conferences are open to any employee seeking information regarding retirement benefits under the Local Governmental Employees' Retirement System or the Teachers' and State Employees' Retirement System.

We are proud to partner with Prudential 401(k) and Great West Deferred Compensation for these conferences geared toward all members of the above retirement systems. The conferences last about 2½ hours and provide an orientation for newer members, pre-retirement planning information for members closer to retirement and education information for personnel officers and others who handle retirement matters. Registration is not required. Some locations may charge a parking fee.

Below is the schedule of Retirement Planning Conferences. **The Teachers' and State Employees' Retirement System sessions will begin at 9:30 a.m. and the Local Governmental Employees' Retirement System sessions will start at 1:30 p.m.** For dates beyond what is listed below, please refer to the Employer section of the Retirement Systems website at www.myncretirement.com.

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|---------------------------|---|
| September 9, 2008 | FORSYTH CO AGRICULTURE BUILDING
Auditorium C
1450 Fairchild Rd
Winston Salem, NC |
| September 10, 2008 | SOUTHWESTERN COMMUNITY COLLEGE
Myers Auditorium Room 148B
447 College Dr
Sylva, NC |
| September 16, 2008 | EDGECOMBE COMMUNITY COLLEGE
McIntrye Building A Auditorium
2009 West Wilson St.
Tarboro, NC |

- September 18, 2008** **SOUTHEASTERN COMMUNITY COLLEGE**
T Building Room 101
4564 Chadbourn Hwy
Whiteville, NC
- September 23, 2008** **DEPARTMENT OF TRANSPORTATION**
Highway Building Auditorium
1 South Wilmington St.
Raleigh, NC
- September 25, 2008** **ROANOKE-CHOWAN COMMUNITY COLLEGE**
Jernigan Building Auditorium
109 Community College Rd
Ahoskie, NC
- October 1, 2008** **WAKE TECHNICAL COMMUNITY COLLEGE**
Main Campus – Student Services
(Use Parking Lot L)
9101 Fayetteville Rd.
Raleigh, NC
- October 7, 2008** **VERNON JAMES CENTER**
Conference Room
207 Research Station Rd.
Plymouth, NC
- October 8, 2008** **CRAVEN COMMUNITY COLLEGE**
Dosh Siemens Advance Mfg. Facility
800 College Ct
New Bern, NC
- October 14, 2008** **KANNAPOLIS TRAIN STATION**
201 S. Main St.
Kannapolis, NC
- October 22, 2008** **DPS STAFF DEVELOPMENT CENTER**
M-1
2107 Hillandale Rd.
Durham, NC
- October 29, 2008** **NORTH CAROLINA JUSTICE ACADEMY**
Jones Auditorium
201 N. Fayetteville St.
Salemberg, NC

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The Retirement Systems Division manages retirement benefits for more than 780,000 working and retired NC public employees. The North Carolina Retirement Systems are among an elite group of public pension plans that remain fully-funded and financially sound. With approximately \$72.3 billion in assets, the Systems comprise the 10th largest public pension plan in the United States.

Attachment

Understanding the Return-to-Work Laws for Local Governmental Employees' Retirement System

The North Carolina General Assembly enacted provisions and regulations governing the return to work for all retirees of the North Carolina Retirement Systems. Policies specifically pertaining to retirees of the Local Governmental Employees' Retirement System (LGERS) will be discussed in this article. In addition to general return-to-work information, the outcomes of two possible scenarios will be explained:

- A retiree goes back to work as a contributing member, therefore stopping his or her retirement benefit voluntarily
- A retiree goes back to work, violates any one of the return-to-work rules, and consequently has his or her retirement benefit suspended or cancelled involuntarily.

Because all LGERS retirees who return to work with an agency that participates in the LGERS are responsible for knowing and abiding by the return-to-work laws that apply to his or her particular situation, it is important that employers also are aware and knowledgeable of the relevant return-to-work laws.

No retiree is allowed to return to work during the month in which the initial retirement became effective. If a retiree is found to have returned to work before the end of the mandatory waiting period, his or her retirement benefit will be cancelled and all benefits paid to the retiree will be required to be repaid to the Retirement System. If a retiree has employer-provided health insurance, he or she may wish to discuss with the employer how the cancellation of the retirement benefit will affect the insurance coverage.

LGERS retirees going back to work are subject to the following earnings restrictions – individuals can earn 50% of their gross pre-retirement salary (excluding termination payments) or \$28,060.00, whichever is greater. This 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 a retiree abides by the waiting period rules but exceeds the earnings limitation, his or her retirement benefit will be suspended on the first day of the month following the month in which he or she exceeded the earnings limitation and will remain suspended for the remainder of that calendar year. This benefit will be reinstated on January 1 of the following year. Again, it is important to note that if a retiree has employer-provided health insurance, he or she may wish to discuss with the employer how the suspension of the retirement benefit will affect the insurance coverage.

A retiree who is not in violation of these return-to-work provisions will receive a monthly retirement benefit as well as a paycheck from his or her new position. In order for a retiree to continue receiving a monthly benefit, the retiree must work in a position that requires less than 1,000 work hours per year. All retirees will be subject to reemployment provisions based on the nature of the particular work they perform for a participating LGERS employer, regardless of their job classification or their technical employment status (which may include being assigned work for a participating employer by a private company such as a temporary agency). As long as the retiree is reemployed in a position that requires less than 1,000 work hours per year, the retiree will not make any payments into the retirement system and, as such, will not accrue any new service credit, and will not get the benefits of a "second retirement."

If a retiree would like to go back to a regular contributing position, the retirement benefit will be suspended the month following the month in which the retiree returns to work. If the Retirement System is not notified immediately upon the retiree's return to work, benefits paid to the retiree beginning with the month following the month he or she returned to employment will be required to be repaid to the Retirement System. Any retiree can choose to go back to work in any position at an agency that participates in the Retirement System at any time, but if the retiree works in a position which requires more than 1,000 hours per year, then the individual's retirement benefit will be suspended. When the individual is no longer employed by a participating agency, the retirement benefits may be reinstated. However, he or she would need to re-apply for retirement.

If a retiree becomes employed with a private-sector agency or a government agency that does not participate in the LGERS (i.e. the federal government, state government, or another municipality that does not participate in this Retirement System), the retirement benefit will continue uninterrupted until the

death of the retiree (or the designated beneficiaries, as is specified by the payment plan chosen by the member). In other words, the return-to-work laws do not restrict retirees from gaining employment in general, but rather these policies place certain restrictions on retirees who become employed with an agency participating in the LGERS. In addition, a retiree who goes to work for a private entity which then assigns or “leases” that person back to a LGERS employer will be subject to the same return-to-work provisions where such an arrangement is merely a pass-through arrangement or is seen as an attempt to circumvent the applicable return-to-work laws.

At a glance...

Members of the Local Governmental Employees’ Retirement System (LGERS) who wish to return to work with the LGERS:

- The retiree may not work during the month in which the initial retirement became effective.
- The retiree must work in a position that requires less than 1,000 work hours per year.
- Retirees going back to work are subject to earnings restrictions – individuals can earn 50% of their gross pre-retirement salary (excluding termination payments) or \$28,060.00, whichever is greater. These earnings restrictions apply for the 12 months immediately following retirement and for each calendar year following the year of retirement.

Important Points to Remember:

- By not following the return-to-work laws and procedures, a retiree’s retirement benefit may be cancelled and all benefits paid to the retiree may be required to be repaid to the Retirement System. If the period of time that the retiree is in violation of the return-to-work laws is extensive, the amount required to be repaid will be extensive as well.
- If a retiree has employer-provided health insurance, he or she may wish to discuss with the employer how the cancellation or suspension of the retirement benefit will affect the insurance coverage.
- Employers with questions regarding North Carolina’s LGERS return-to-work laws should contact the NC Retirement Systems Division’s Employer Education and Services Unit at EESU@nctreasurer.com or call (877) 807-3131 Option 2 (for outside Raleigh area) and 807-3131 Option 2 (Raleigh area only).
- Employees with questions regarding North Carolina’s LGERS return-to-work laws should contact the Division’s Member Services unit at 1-877-627-3287, and your retirees/benefit recipients to call 1-877-733-4191.
- Retirees with questions regarding the return-to-work laws should contact the Division’s Members Services unit at 1-877-733-4191, and (919) 733-4191 (Raleigh area only).