

Retirement Monitor, September 29, 2008

A publication for state public sector human resources and payroll specialists from State Treasurer Richard H. Moore and the Retirement Systems Division

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Edition Revisions – August

The Retirement Systems received questions regarding some of the articles in the August issue of the Retirement Monitor. As a result of those questions, we have revised the content of the articles: “Employer Best Practice: A Change in Return-to-Work Processing” and “Reporting Year-Round Teachers – Contract Update.” The [August issue](#) was revised 9/17/08 and is posted in the employers section of the Retirement Systems Web site under the Retirement Monitor and Archives.

Employer Best Practice: Monthly Reporting

The ORBIT system has been updated to only accept payments through the use of the Contribution Summary Instruction (CSI) at the time of monthly reporting through ORBIT. All invoices must be processed through the CSI via ORBIT when you process your normal monthly contribution report. Checks will not be accepted as payment for invoices that are related to the Employer Reporting process and will be returned upon receipt. The CSI cannot be used to make payment for invoices only – invoice payments must be included with the normal contribution reporting CSI.

Form 5 Revision

A few wording changes were made to the Form 5, [*Withdrawing Your Retirement Service Credit and Contributions*](#). The changes include:

- Statement added to Section E. (Certification) - “I understand that it is my responsibility to notify the Retirement System of any address changes, and failing to do so might cancel or delay my refund.”
- Section G.
 - A title bar change - “Have your employer complete this section if the circumstances below are applicable.”
 - Addition of an employer notice - “Employer, please complete this section if the employee terminated employment within three months prior to the application date, or if the employee was terminated by the employer.”
- Condensed text in Section H - “You may mail this form to the address below, or you may fax this for to (919)508-5350.”

Please discard any previously printed Form 5s.

Call Center Assistance for Spanish Speaking Members

To better serve our Spanish speaking customers, the Retirement Systems Call Center is staffed with a representative that can assist members with translating Retirement Systems information and addressing their retirement-related questions.

Active employees should contact the Division’s Member Services unit at 1-877-627-3287 and (919) 807-3050 (Raleigh area only). 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).

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 Log-In Process

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.

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	DOSH SIEMANS ADVANCE MFG. FACILITY Orringer Auditorium 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.
 Salemburg, NC

November 4, 2008 **MARTIN COMMUNITY COLLEGE**
 Bldg 2 Auditorium
 1161 Kehukee Park Rd
 Williamston, NC

November 5, 2008 **JAMES W WARREN CITIZENS CENTER**
 Auditorium
 115 W. Main St.
 Lincolnton, NC

November 13, 2008 **FORSYTH TECHNICAL COMMUNITY COLLEGE**
WEST CAMPUS
 Auditorium
 1300 Bolton St.
 Winston Salem, NC

November 18, 2008 **NC CO-OPERATIVE EXTENSION**
 Auditorium
 801 S. Walker St.
 Burgaw, NC

November 19, 2008 **LYONS PARK**
 Community & Family Life Center
 1313 Halley St.
 Durham, NC

November 20, 2008 **WENDELL COMMUNITY CENTER**
 Gym
 601 W 3rd St.
 Wendell, NC

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.

Understanding the Return-to-Work Laws for Teachers' and State Employees' Retirement System

The North Carolina General Assembly enacted provisions and regulations governing the return to work of all retirees of the North Carolina Retirement Systems. Policies specifically pertaining to retirees of the Teachers' and State Employees' Retirement System (TSERS) will be discussed in this article. There are some exceptions to these provisions and regulations that apply to retirees returning to work as classroom teachers working more than 50% of the time. These exceptions are listed at the end of this article. Any retiree who is receiving a disability benefit should contact the Retirement System for further instruction regarding his or her return to work. 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 TSERS retirees who return to work with an agency that participates in the TSERS are responsible for knowing and abiding by the Return-to-Work laws that apply to their particular situations, it is important that employers also are aware and educated on the relevant Return-to-Work laws.

No retiree is allowed to return to work with an employer who participates in the TSERS, including part-time, temporary, substitute or contractor service, until after a period of six months has passed since 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.

Retirees going back to work with a participating employer are subject to the following earnings restrictions: these individuals can earn 50% of their gross pre-retirement salary, which is defined as salary reported during the 12 months of service preceding the effective date of retirement (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 1st of the following year.

A retiree who returns to work with a participating employer pursuant to these return-to-work provisions will draw a monthly retirement benefit as well as a paycheck from his or her new position. In order for a retiree to continue drawing a monthly benefit, the retiree will be subject to reemployment provisions based on the nature of the particular work they perform for a participating 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. While working as a non-contributing member, the retiree will not make any payments into the retirement system and, as such, will not accrue any new service credit or the benefits of a "second retirement."

If a retiree would like to go back to a full-time, regular contributing position, the Retirement System should be notified immediately, the member should be re-enrolled in the Retirement System and the retirement benefit will be suspended the month following the month in which the retiree returns to work. Any benefits erroneously paid to the retiree after the date that the benefit should have been suspended will be required to be repaid to the Retirement System. A 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 takes a position that makes him or her a contributing member 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 TSERS, (i.e. the federal government, local government, or another state government 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 TSERS. In addition, a retiree who goes back to work for a private entity which then assigns or “leases” that person back to a TSERS 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.

If the member is retired from, or wishes to work in a position under, the Consolidated Judicial Retirement System or the Legislative Retirement System, different provisions may apply, and the member should contact the Retirement Systems Division.

At a glance...

Members of the Teachers’ and State Employees’ Retirement System who retired on or before October 1, 2005, who wish to return to work with a Teachers’ and State Employees’ Retirement System employer:

- The retiree may not work during the month in which the initial retirement became effective.
- In order to remain eligible for retirement benefits, the retiree must work in a position that is not eligible for contributing membership in the TSERS.
- Retirees going back to work are subject to the following earnings restrictions: these 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.

Members of the Teachers’ and State Employees’ Retirement System who retired after October 1, 2005, who wish to return to work with a Teachers’ and State Employees’ Retirement System employer:

- After the date of initial retirement the retiree must wait for a period of six months before returning to work.
- After the six-month period, if the retiree returns to work in a position that is eligible for membership in the TSERS, the retirement benefit will be suspended.
- There cannot be any pre-existing arrangement between the retiree and a state agency for the retiree to return to work after retirement. If it is found that a pre-existing arrangement has occurred, the retirement benefit will be cancelled.
- Retirees going back to work are subject to the following earnings restrictions: these 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.

Classroom Teacher Exceptions

Exception for Teachers’ and State Employees’ Retirement System retirees who wish to return to work as classroom teachers exempt from the earnings limitations:

(For these purposes a ‘classroom teacher’ is defined as someone working as a teacher in a school classroom more than 50% of the time)

Retirees with the Teachers’ and State Employees’ Retirement System who retired on or before October 1, 2005, and wish to return to work as classroom teachers exempt from the earnings limitations:

- After the initial date of retirement, the retiree must wait for a period of six months before returning to work.

- Retirees who retired on or before July 1, 2005, are allowed to participate in activities such as substitute teaching and part-time tutoring during the six-month waiting period, but earnings restrictions apply.
- Retirees who retired after July 1, 2005, but on or before October 1, 2005, are not allowed to participate in activities such as teaching or tutoring during the six-month waiting period.
- Retirees are exempt from earnings restrictions under these circumstances

Retirees with the Teachers' and State Employees' Retirement System who retired after October 1, 2005, but on or before October 1, 2007, and wish to return to work as classroom teachers exempt from the earnings limitations:

- After the date of initial retirement, the retiree must wait for a period of six months before returning to work.
- In addition to the general activity restrictions place on all retirees, retirees are not allowed to work as a substitute teacher or as a part-time tutor during the six-month waiting period.
- There cannot be any pre-existing arrangement between the retiree and a state agency/school for the retiree to return to work after retirement. If it is found that a pre-existing arrangement has occurred, the retirement benefit will be cancelled.
- Retirees are exempt from earnings restrictions under these circumstances

Retirees with the Teachers' and State Employees' Retirement System who retired after October 1, 2007, and wish to return to work as classroom teachers exempt from the earnings limitations:

- After the date of initial retirement, the retiree must wait for a period of six months before returning to work.
- In addition to the general activity restrictions place on all retirees, retirees are not allowed to work as a substitute teacher or as a part-time tutor during the six-month waiting period.
- There cannot be any pre-existing arrangement between the retiree and a state agency/school for the retiree to return to work after retirement. If it is found that a pre-existing arrangement has occurred, the retirement benefit will be cancelled.
- To be eligible to be exempt from any earnings restrictions, retirees must retire on a service retirement (meaning they have met one of the following conditions: (i) are at least 65 years old with five years of creditable service; or (ii) are at least 60 years old with 25 years of creditable service; or (iii) have 30 years of service).

This special classroom teacher exemption is due to legislation passed by the NC General Assembly and is not a permanent law. The exemption will be up for review in October 2009 (it will either be allowed to expire or will be renewed for a period of time).

Employers of all retirees who return to work as classroom teachers, regardless of the teachers' retirement date, must contribute 11.7% of the teachers' salaries to the Teachers' and State Employees' Retirement System.

Important Points to Remember:

- By not following these 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.
- Employers with questions regarding North Carolina's TSERS 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).
- Active Employees should contact the Division's Member Services unit at 1-877-627-3287 and (919) 807-3050 (Raleigh area only).
- 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).