



North Carolina
Total Retirement Plans



Guide for LGERS Members Nearing Retirement

Congratulations on your upcoming retirement!



On behalf of the North Carolina Department of State Treasurer and the Retirement Systems Division, we offer our heartfelt thanks for your service to the state of North Carolina and its citizens.

Your local government employer has offered you comprehensive retirement benefits that were strategically designed to help you plan for a financially secure retirement. For eligible employees, these benefits include your pension from the Local Governmental Employees' Retirement System, Social Security, and savings through the NC 401(k) and NC 457 Plans.

To make the most of these benefits, it is important for you to know how they fit into your retirement strategy and how to maximize the benefits available to you.

This guide is a snapshot of these benefits and is intended to assist you as you begin the transition to retirement. More detailed information can be found in the handbook for your retirement system on our website at www.MyNCRetirement.com.

The North Carolina Total Retirement Plans Solution.

As an eligible employee, you participate in one of the most secure and responsibly managed defined benefit plans in the nation — the Local Governmental Employees' Retirement System (LGERS). Your local employer may have also elected to provide you with the opportunity to save additional funds through the NC 401(k) and NC 457 Plans to help you reach your retirement goals.

If you are an active employee considering retirement, you are encouraged to check with your local employer ahead of time about the availability of health coverage, if any, for retirees.

What are my LGERS retirement benefits?

Pension. As a member of LGERS, you are entitled to a monthly lifetime benefit calculated using a specified formula once you meet eligibility requirements. You are required to contribute 6 percent of your compensation to LGERS. Your employer makes even larger contributions on your behalf to LGERS based on calculations prepared by an actuary. Your contributions and your employer's contributions are invested by the Department of State Treasurer to provide the funding needed to pay lifetime monthly benefits for you and other members.

NC 401(k) and NC 457 Plans. The amount you receive at retirement from these defined contribution plans will be based on your personal contributions, any employer contributions (if applicable), and any earnings on the plan investments you've selected. As long as you have an account, you have access to a regional retirement education counselor and the plans' knowledgeable participant service representatives.

The NC 401(k) and NC 457 Plans — along with your LGERS benefits and Social Security — are part of the North Carolina Total Retirement Plans solution that may help you achieve a secure financial future and a more comfortable retirement.



Terms to know:

Creditable Service includes your membership service for any period during which you contribute to LGERS, provided you do not withdraw your contributions. It may also include credit for purchased service and for eligible unused sick leave that is converted to creditable service at retirement.

Sick leave earned monthly under a duly adopted policy, and for which you would receive full salary if you were absent from work on account of sickness, counts as creditable service. When you retire, one month of credit is allowed, at no cost to you, for each 20 days of your unused sick leave. One more month is allowed for any part of 20 days left over, 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 benefit or a deferred benefit. Sick leave may be used to complete 30 years of service, regardless of age; 25 years of service after age 60; 20 years of service after age 50; and five years of service after age 60.

How do I qualify for Local Governmental Employees' Retirement System (LGERS) benefits?

Service Retirement (Unreduced) Benefits are available:

- At age 65 with five years of membership service
- At age 60 with 25 years of creditable service
- At any age with 30 years of creditable service

Early Retirement (Reduced) Benefits are available:

- At age 50 with 20 years of creditable service
- At age 60 with five years of membership service

Your early retirement benefit is determined by the same formula as a service retirement benefit multiplied by a reduction percentage based on your age and/or service at early retirement.

If you leave the system before retirement, you may be entitled to receive a deferred benefit at a later date, once you meet eligibility requirements after you have completed five years of creditable service, provided you do not withdraw your contributions.

Your benefit is determined by the formula in effect on the effective date of your retirement. If you leave the system before you have five years of creditable service, you are entitled only to a refund of your contributions and interest.

What formula is used to calculate retirement benefits?

Your annual retirement benefit is based on this formula: 1.85 percent of your average final compensation **TIMES** your years and months of creditable service.

Average Final Compensation (AFC) is the average of your salary during your four highest-paid years in a row.

How are early and service retirement benefits calculated?

Early Retirement Percentages: If you are between ages 50 and 59, with fewer than 30 years of creditable service, your early retirement benefit will be reduced to the following percentages:

AGE	CREDITABLE SERVICE									
	29	28	27	26	25	24	23	22	21	20
59	95%	90%	85%	80%	80%	80%	80%	80%	80%	80%
58	95%	90%	85%	80%	75%	75%	75%	75%	75%	75%
57	95%	90%	85%	80%	75%	70%	70%	70%	70%	70%
56	95%	90%	85%	80%	75%	70%	65%	65%	65%	65%
55	95%	90%	85%	80%	75%	70%	65%	60%	60%	60%
54	95%	90%	85%	80%	75%	70%	65%	60%	55%	55%
53	95%	90%	85%	80%	75%	70%	65%	60%	55%	52%
52	95%	90%	85%	80%	75%	70%	65%	60%	55%	50%
51	95%	90%	85%	80%	75%	70%	65%	60%	55%	50%
50	95%	90%	85%	80%	75%	70%	65%	60%	55%	50%

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



North Carolina
Total Retirement Plans

Dale R. Folwell, CPA
STATE TREASURER OF NORTH CAROLINA
DALE R. FOLWELL, CPA



If you are between ages 60 and 65, with fewer than 25 years of creditable service, your early retirement benefit will be reduced to the following percentages:

Age	Percentage of Benefit
64	97%
63	94%
62	91%
61	88%
60	85%

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

Monthly Retirement Benefit Under Maximum Allowance						
Age	Years of Service	Average Final Compensation				
		\$60,000	\$50,000	\$40,000	\$30,000	\$20,000
50	20	\$925	\$770	\$616	\$462	\$308
55	28	\$2,331	\$1,942	\$1,554	\$1,165	\$777
60	25	\$2,312	\$1,927	\$1,541	\$1,156	\$770
ANY	30	\$2,775	\$2,312	\$1,850	\$1,387	\$925
ANY	40	\$3,700	\$3,083	\$2,466	\$1,850	\$1,233

*These are only examples. Your benefit is calculated individually.



What retirement payment options are available?

When you retire, you must elect one of the payment options listed below. Each option includes a Guaranteed Refund feature, which provides that should you and your monthly survivor beneficiary, if any, die before the total of all monthly payments equals the amount of your contributions and interest at the date of retirement, the unrecovered portion of your contributions and interest will be paid in one lump sum to another beneficiary(ies).

Maximum Allowance: Basic, Straight Life Benefit (no monthly survivor) is paid throughout your lifetime. All monthly benefit payments stop at your death.

Option 2: 100% Joint and Survivor (one monthly survivor) is a reduced retirement allowance providing after your death the same reduced retirement allowance to your monthly survivor beneficiary for the remainder of his/her life.

Option 3: 50% Joint and Survivor (one monthly survivor) is a reduced retirement allowance providing after your death one-half of the reduced retirement allowance to your monthly survivor beneficiary for the remainder of his/her life.

Option 4: Adjustment of Retirement Allowance and Social Security Benefits (no monthly survivor) is a retirement allowance providing for 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. However, your reduced retirement payments after age 62, plus your allowance from the Social Security Administration, will be approximately the same amount as the inflated payment you received from the Retirement System before age 62.

Option 6-2 or 6-3: Modified Joint and Survivorship (one monthly survivor) is a reduced retirement allowance as provided by Option 2 or Option 3, with the added provision that if your monthly survivor beneficiary dies before you do, your retirement allowance will increase to the Maximum Allowance the following month for the remainder of your life.

DISCLAIMER: The availability and amount of all benefits you might be eligible to receive is governed by North Carolina law. The information provided in this publication cannot alter, modify or otherwise change the controlling North Carolina 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 North Carolina law, North Carolina law governs.

What do I do about funds in my NC 401(k) or NC 457 Plans?

The short answer: you can keep your money in the Plans! A participant service representative can help you make sound decisions about your NC 401(k) and/or NC 457 Plan accounts during this period of transition from your local agency. They can work with you to determine which of the following options is right for you:

Option 1: Keep your funds in the Plan

Once you separate from service, you can no longer contribute to the plans, but you may remain in the plans and continue to enjoy all of the benefits, including:

- 24/7 access to online tools to monitor your investments
- Tax-deferred growth of your investment options
- The ability to transfer among investments in the plans
- The ability to roll over money from other eligible retirement plans or IRAs
- Access to your regional retirement education counselor and the plan's participant service center
- Low fees through the buying power of the state

Option 2: Receive lifetime income (Transfer Benefit)

You may transfer eligible NC 401(k) or NC 457 Plan funds to LGERS at or after retirement to receive a monthly lifetime benefit based on the amount of the transferred funds. The North Carolina Retirement Systems has partnered with the State Employees' Credit Union to help you determine if this option is right for you. SECU offers this service free of charge and you do not have to be a Credit Union member. Call SECU at 888-732-8562 to reach an experienced contact center staff person, or visit the NC 401(k)/457 Plan Lifetime Income website at www.nclifetimeincome.org to see if this option is right for you.

Option 3: Make a one-time contribution

You may be due to receive a final payout of unused vacation leave or pro-rated longevity pay. To better manage your taxable income for the year, you can elect to contribute funds from that final payout to your retirement plan account, as long as you do not exceed the current maximum contribution allowance. Contact a Prudential representative at 866-NCPlans (866-627-5267).

Option 4: Roll savings into an IRA or new employer's retirement plan

This path allows your assets and earnings to continue to grow tax-deferred until you begin taking withdrawals. However, once rolled into another plan, your account could be subject to fees or restrictions that are not present in your NC 401(k) and NC 457 Plans.

Option 5: Begin withdrawals

You may begin withdrawals if you've separated from service. However, cashing out your retirement savings should be an action of last resort, since it could hamper your efforts to achieve your long-term retirement savings goals. The plans allow lump-sum withdrawals, partial withdrawals and systematic withdrawals.

How do I get information about Social Security benefits?

Contact the Social Security Administration at socialsecurity.gov or call toll-free at 1-800-772-1213.

Do you offer supplemental insurance for retirees?

Yes! In an effort to continuously enhance the benefits available to retired public employees, the Retirement Systems is proud to offer you supplemental dental and vision insurance through our trusted partner, Pierce Insurance.

Soon after you retire, Pierce will mail information about these insurance products directly to you. Enrollment is optional and retirees pay the full cost of coverage; however, you may be able to benefit from the lower group rates offered through Pierce.

If you would like to contact Pierce Insurance directly with questions, please call 1-855-NCRETIRE (1-855-627-3847) or go to www.ncretiree.com.

How do I contact the Retirement Systems?

Visit MyNCRetirement.com at any time to:

- Estimate monthly benefits using our Retirement Estimator
- Download & complete retirement applications and forms
- Download and view Your Retirement Benefits handbooks
- Review Frequently Asked Questions
- Manage your retirement account online using ORBIT

Send an email to: NC.Retirement@nctreasurer.com

Like and follow us on Facebook at: [Facebook.com/MyNCRetirement](https://www.facebook.com/MyNCRetirement)

Mail a letter to:

North Carolina Department of State Treasurer
Retirement Systems Division
3200 Atlantic Avenue
Raleigh, North Carolina 27604
Toll-free: 1-877-NC SECURE (877-627-3287)
Fax: 919-855-5800

Appointment-only Policy: If you wish to visit our office, please contact the Retirement Systems Division to schedule an appointment.