

# 2017 Retiree COLA and Transfer Benefit COLA

## Frequently Asked Questions

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### 1. What is a COLA, and what is the authorized increase amount?

For the North Carolina Retirement Systems, a Cost of Living Adjustment (COLA) is a periodic adjustment to monthly benefit payments based on such factors as changes in the Consumer Price Index (CPI), the availability of funds, investment gains, and actuarial experience. In North Carolina, COLAs are granted to retirees only when certain conditions are met, or the NC General Assembly approves a COLA.

The North Carolina General Assembly approved a one percent (1%) COLA for TSERS, CJRS, and LRS benefit recipients, as well as law enforcement officer benefit recipients vested before July 1, 2010, who are eligible for a transfer benefit. This increase will be reflected in the July 2017 benefit payments which will be distributed on Tuesday, July 25, 2017.

### 2. When will I see the COLA increase in my payments?

This increase will be reflected in the July 2017 retirement payments which will be distributed on Tuesday, July 25, 2017. Some benefit recipients may see a slight delay in part of their payment, but will receive the full amount by the end of July. Those benefit recipients who are receiving a delayed payment will receive an email notification.

### 3. Which systems received a COLA?

In 2017, the North Carolina General Assembly approved a COLA for benefit recipients in the following systems:

- Teachers' and State Employees' Retirement System (TSERS)
- Consolidated Judicial Retirement System (CJRS)
- Legislative Retirement System (LRS)
- Law Enforcement Officers vested before July 1, 2010, eligible for a Transfer Benefit

#### 4. Why didn't LGERS receive a COLA?

During its January meeting, the Board of Trustees for the Local Governmental Employees' Retirement System (LGERS) did not grant a COLA to benefit recipients because the North Carolina General Statutes authorize the Board of Trustees to grant a COLA only when certain financial conditions are met.

Retirement benefit payments may be increased by the Board of Trustees only when there are sufficient investment gains over preceding years to cover the additional actuarial liabilities created by providing the COLA. Through actuarial analysis, it was determined that the Board could not approve a COLA.

#### 5. Will I get the full one-percent COLA if I retired after July 1, 2016?

If your TSERS, CJRS, or LRS retirement became effective between August 1, 2016, and June 1, 2017, you received a pro-rated portion of one percent based on the number of months you received an allowance. The following schedule reflects the increase:

Effective Date of Retirement	Percent of COLA Retirees Received
7/1/2016 and prior	1.0000
8/1/2016	0.9167
9/1/2016	0.8333
10/1/2016	0.7500
11/1/2016	0.6667
12/1/2016	0.5833
1/1/2017	0.5000
2/1/2017	0.4167
3/1/2017	0.3333
4/1/2017	0.2500
5/1/2017	0.1667
6/1/2017	0.0833

Any members who retire after July 1, 2017, will not receive a COLA.

#### 6. When will the COLA go into effect, and when will benefit recipients be notified?

The COLA adjustment will be included in the July benefit for TSERS, CJRS, and LRS benefit recipients. All benefit recipients will receive an email before July 25, 2017, the July benefit payday. Additionally, information will be posted on the North Carolina Retirement Systems' website and Facebook page. Benefit recipients are encouraged to review their July payment and call the Call Center with any questions.

## 7. What is the COLA effective date?

The COLA, approved by the General Assembly, is a one percent (1%) increase for TSERS, CJRS, and LRS members whose retirement began on or before July 1, 2016. Members with retirement effective dates between August 1, 2016, and June 1, 2017, received a prorated amount (see #5 above). Members with retirement dates on or after July 1, 2017, will not receive the COLA.

## 8. Was a COLA granted for Transfer Benefit recipients?

Transfer Benefit recipients are TSERS and LGERS retirees who transferred NC 401(k) or NC 457 balances at or after retirement to TSERS or LGERS to receive an additional monthly lifetime benefit. When these members elected to use the Transfer Benefit, they were given the option to receive COLAs. Based on the North Carolina General Statutes, when a member elects the COLA option for the Transfer Benefit, the increase is equal to the increase in the U.S. Consumer Price Index (CPI).

The CPI data released by the Bureau of Labor Statistics of the U.S. Department of Labor on June 14, 2017, showed that the CPI increased by 1.9 percent for the 12-month period ending May 2017.

Law Enforcement Officers who were vested before July 1, 2010, and who elected to transfer their 401(k) will receive only a one percent COLA.

Law Enforcement Officers who were vested after July 1, 2010, and general employees who transferred their 401(k) and 457 balances and chose the Transfer Benefit COLA will receive the increase equal to the CPI.

The Transfer Benefit COLA is 1.9 percent, effective July 1, 2017, if members were in receipt of their Transfer Benefit as of July 1, 2016. If their Transfer Benefit became effective between August 1, 2016, and June 1, 2017, the member will receive a pro-rated portion of 1.9 percent.

The following schedule reflects the increase:

Effective Date of Transfer Benefit	Percent of COLA Retirees Received
7/1/2016 and prior	1.9000
8/1/2016	1.7400
9/1/2016	1.5833
10/1/2016	1.4250
11/1/2016	1.2667
12/1/2016	1.1083
1/1/2017	0.9500
2/1/2017	0.7917
3/1/2017	0.6333
4/1/2017	0.4750
5/1/2017	0.3167
6/1/2017	0.1583

## **9. What about members receiving disability benefits? Will they receive a COLA?**

Members receiving benefits from the Disability Income Plan of North Carolina (DIPNC) will not receive a COLA. However, members receiving short-term DIPNC benefits who have not terminated employment may receive a compensation increase through their employing agency, if granted by the General Assembly.

## **10. Why are some retired law enforcement officers receiving retroactive COLAs?**

With the legislative approval of this COLA, Retirement Systems staff reviewed member accounts. During this review, they identified that some law enforcement officers have not yet received past COLAs for which they were eligible.

Law enforcement officers who vested in TSERS on or before July 1, 2010, who elected the transfer benefit at their retirement date will receive a one percent COLA retroactive to 2014. Additionally, these members will receive a separate check by the end of July for a 1.6 percent COLA retroactive to 2016.

Law enforcement officers who vested in LGERS on or before July 1, 2010, who elected the transfer benefit at their retirement date will receive a 0.624 percent COLA retroactive to 2015 and a 0.105 percent COLA retroactive to 2016.

The North Carolina Retirement Systems is correcting that oversight with a lump sum disbursement. Members receiving retroactive COLAs will receive a separate email from the NC Retirement System.

Members receiving a retroactive payment will see a larger July payment. In August, the payment will continue as normal with all applicable COLAs included. Details of these retroactive COLA payments can be found in your ORBIT account, with the exception of the TSERS 1.6 percent COLA retroactive to 2016, which will appear in your ORBIT account by the end of July.

## **11. What should I do if I have more questions?**

You may call the Call Center at 877-NCSECURE (877-627-3287), Monday-Friday, 8 a.m. to 5:30 p.m., EST.