



**North Carolina**  
Total Retirement Plans



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

**LRS**

# LEGISLATIVE RETIREMENT SYSTEM





**Welcome to the Legislative Employees' Retirement System!**

The Legislative Retirement System (LRS) is a pension plan administered by the North Carolina Retirement Plans within the Department of State Treasurer (DST). Here, our mission is to preserve and protect this benefit for current and future public employees in North Carolina.

You have chosen a career to serve the citizens of North Carolina; therefore, you are a contributing member to one of the best funded in the nation. In fact, Moody's Investors Service recently reported that North Carolina's Retirement Systems, which includes state and local employees, is the best funded in the nation when looking at its Adjusted Net Pension Liability.

**Partners in Planning for Your Retirement**

We are proud to partner with you during and after your service to North Carolina. Your monthly contribution of 6% to the North Carolina pension, along with employer contributions and investment returns create a foundation for your future in retirement.

Our role is to maintain the integrity and sustainability of the North Carolina Retirement Systems. Your role is to make sure you're doing all you can to secure your financial future. Your employer and the pension system are investing a lot in you because your work to this state is highly valued!

When planning for a secure retirement, I encourage you to determine how much retirement income you'll need to feel secure after you stop working. As you make that determination, you should not only consider your LRS benefits, but also your Social Security benefit and personal savings.

**Supplemental Savings Exclusively Available to YOU**

The NC 401(k) and NC 457 Plans are exclusively available to public servants like you. These plans are also recognized nationwide for low fees and diverse, strong-performing investments and meaningful oversight by the Board of Trustees. These benefits are available not only while you are working and actively participating, but can continue into retirement. And, you have the option to keep your money in plans for the rest of your life.

**Understanding Your Pension Benefit**

In this handbook you'll find all the details you need to understand your retirement options. You'll also find many of the tools and resources you need to make informed decisions about your retirement on ORBIT, our secure web portal, at ORBIT.myNCRetirement.com. Once you've registered, you'll be able to safely and securely manage your account, track service credit, investment returns, maintain beneficiaries and personal information, and stay informed. Additional resources are also available at myNCRetirement.com.

We have a team of retirement counselors ready to assist if you have questions about benefits or need guidance as you near retirement.

Thank you for your service to North Carolina, and we look forward to working with you now and through your retirement!

Sincerely,

*Dale R. Folwell, CPA*

 919-814-4590

 [nc.retirement@nctreasurer.com](mailto:nc.retirement@nctreasurer.com)

 [www.myNCRetirement.com](http://www.myNCRetirement.com)



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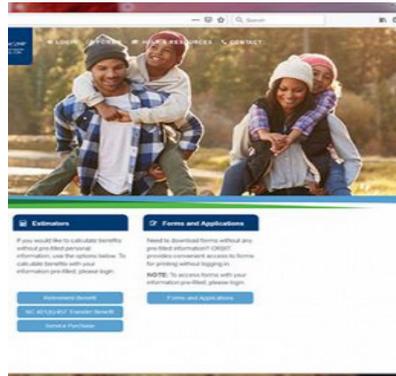
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*DISCLAIMER: The availability and amount of all benefits you might be eligible to receive is governed by North Carolina law. The information provided in this handbook cannot alter, modify or otherwise change the controlling North Carolina law or other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



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## Section 1 | About Your Retirement System

The Legislative Retirement System (LRS) is a **defined benefit plan** qualified under Section 401(a) of the Internal Revenue Code. Defined benefit plans use a formula to calculate monthly retirement benefits once eligibility requirements have been met. This handbook explains LRS benefit eligibility requirements and the formula used to calculate benefits.

### PAYING FOR YOUR RETIREMENT BENEFITS

You, the state of North Carolina, and the investment earnings on total contributions pay the cost of providing your retirement benefits.

Your share of the cost is currently 7 percent of your compensation, and is automatically deducted from your paycheck. Your compensation includes all wages paid to you as a member of the General Assembly, including the expense allowance, but does not include your travel allowance and per diem.

The state bases its contributions on calculations prepared by an actuary. The state contribution rate from July 1, 2022 to June 30, 2023 is 24.61 percent of all members' salaries to pay for the benefits for you and other members.

### TAX SAVINGS

Since November 1, 1986, your contributions have been tax deferred. This means your contributions are deducted from your pay before taxes are calculated, and you pay taxes on them when you begin receiving monthly retirement benefits or if you elect a refund of your contributions. Thus, your current taxable income is lowered and the amount of annual taxes you pay is less than if you made contributions after paying taxes.



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### ORBIT ONLINE ACCOUNT ACCESS

ORBIT is a secure site that allows you to view your personal account information, download retirement forms, and access retirement resources 24 hours a day, seven days a week.

To set up or log in to your personal ORBIT account, go to the ORBIT website [ORBIT.myNCRretirement.com](https://ORBIT.myNCRretirement.com) and follow the log in instructions, or register for an ORBIT account.

**When creating your account, you are required to use your personal email address.**

**If you already have an account and use your work email, we recommend logging in and changing this to your personal email so you will continue to have access to your account should you switch jobs or retire.**



[ORBIT.myNCRretirement.com](https://ORBIT.myNCRretirement.com)

## Section 2 | Membership in LRS

You become an LRS member the date you take your oath of office as a member of the General Assembly.

### DESIGNATING BENEFICIARIES

After your employer enrolls you in LRS, and within one to two pay periods, you should be able to create your secure ORBIT account and name beneficiary(ies) to receive a return of your retirement contributions and, if applicable, a death benefit, should you die before retirement. A member has the option to name any person as their beneficiary regardless of relationship to member (ie the beneficiary does not have to be a spouse or family member).

To add or change beneficiaries as an active employee:

- Log in to [ORBIT](#).
- Click the Maintain Beneficiaries tab on the left side of the screen.
- Add or edit beneficiaries for your eligible benefits.
- Perform a beneficiary check-up every couple of years or if you have a life-changing event, such as marriage, divorce, family changes or adoptions.



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### FORFEITING ELIGIBILITY BASED ON CRIMINAL OFFENSES

If you were not vested as of December 1, 2012, and are convicted of a state or federal felony directly related to your employment while in service under LRS, you are prohibited from receiving any retirement benefit other than a return of your contributions plus interest.

If you were vested as of December 1, 2012, you are prohibited from receiving any retirement benefit for service rendered after December 1, 2012, other than a return of your contributions plus interest for the period of service after December 1, 2012.

Elected government officials who were not vested on July 1, 2007, will forfeit their right to a monthly benefit from LRS if convicted of certain state or federal offenses related to their service as an elected official. Elected officials who were vested on July 1, 2007, are not entitled to creditable service accrued in LRS after July 1, 2007, if convicted of certain state and federal offenses related to their service as an elected official.



## Section 3 | Qualifying for Benefits

### VESTING

You become vested in LRS once you have completed a minimum of five years of creditable service. This means that you are eligible to apply for lifetime monthly retirement benefits based on the retirement formula in effect at the time of your retirement and the age and service requirements described in this handbook, provided you do not withdraw or transfer your contributions. You may also be eligible for retiree health coverage.

### SERVICE RETIREMENT (UNREDUCED BENEFITS)

You may retire with an unreduced service retirement benefit after you:

- Reach age 65 and complete five years of creditable service

### EARLY RETIREMENT (REDUCED BENEFITS)

You may retire early with a reduced retirement benefit after you:

- Reach age 50 with 20 years of creditable service
- Reach age 60 and complete five years of creditable service

Your early retirement benefit is calculated using the same formula as a service retirement benefit multiplied by a reduction percentage based on your age and/or service at early retirement. Because your benefit may be paid over a longer period of time than if you had waited until being eligible for service retirement, your benefit will be reduced.



### DISABILITY RETIREMENT

After five years of creditable service and while a contributing member of the General Assembly, if you become permanently disabled before your 60th birthday and are unable to continue your service as a member of the General Assembly, as approved by the Medical Review Board, you are eligible for disability retirement benefits.

Your disability benefit under the maximum allowance is calculated using the same formula as a service retirement benefit and you may choose any payment option. If you choose a survivorship option, it will be calculated using disability reduction percentages. In calculating the disability retirement benefit, your highest annual salary as a member of the General Assembly is determined and your creditable service is counted as though you continue membership to age 60.

### VESTED DEFERRED BENEFIT

If you leave LRS for any reason other than retirement or death, you can either receive a refund of your contributions, plus interest, or leave your contributions in LRS and keep all the creditable service you earned to that date.

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 calculated using the formula in effect on your retirement date. It is based on your average final compensation and years of creditable service at that time.

## Section 3 | Qualifying for Benefits

### REFUND OF CONTRIBUTIONS

If you leave LRS before you have five years of creditable service, the only payment you can receive is a refund of your contributions, plus interest.

State law prohibits us from making a refund earlier than 60 days after you leave employment with the General Assembly. However, if you leave state employment and you do not take a refund, you will retain your benefits and rights should you return to state service at a later time.

Set by state law, the interest credited on your contributions and paid with a refund is currently four percent (4%) compounded annually on your prior-year ending balance. To receive a refund, complete Form 5 (Withdrawing Your Retirement Service Credit and Contributions).

### RECIPROCITY BETWEEN SYSTEMS

Any credit you may have in the following retirement systems may be counted along with your credit in LRS in order to determine your eligibility for a reduced or unreduced benefit:

- Teachers' and State Employees' Retirement System (TSERS)
- Consolidated Judicial Retirement System (CJRS)
- Local Governmental Employees' Retirement System (LGERS)

However, only your creditable service in LRS is used in computing the amount of your benefit in LRS. Creditable service in any other system is used to compute benefits from that system.

### TRANSFERRING SERVICE & CONTRIBUTIONS BETWEEN SYSTEMS

Effective January 1, 2004, after completion of five years of membership service in CJRS or TSERS, you may be eligible to transfer your service and contributions in LRS to CJRS or TSERS.



**Transferring Service  
Between Systems**

**If you withdraw your retirement contributions, you forfeit your retirement service credit and rights to all benefits associated with the service for that time period, including medical coverage through the State Health Plan, if applicable.**

The general rules for eligibility for transfer are as follows:

- You may transfer to the System that retains your latest service and contributions if the law allows the latest System to receive the transfer.
- Your latest System may have further requirements for eligibility.

### REQUIRED DISTRIBUTIONS AFTER AGE 73

In most cases, LRS is required to pay benefits to non-retired members with open LRS accounts by April 1 of the year following the year in which the member reaches age 73 or ceases to be an employee, whichever is later.

Members who are vested (five or more years of creditable service) who fail to complete the retirement process will receive a monthly retirement benefit based on the maximum allowance.

Non-vested members who fail to complete a refund application will receive a refund of their contributions and interest by April 1 of the year following the year in which the member reaches age 73.

## Section 4 | How Your Benefit is Calculated

### Retirement Formula:

Your annual benefit =  
**4.02%**  
of highest annual compensation  
as a member of the General Assembly  
**X**  
years and months  
of creditable service

**HIGHEST ANNUAL COMPENSATION** is the 12 consecutive months of salary authorized during your final legislative term for the highest position you ever held as a member of the General Assembly.

**CREDITABLE SERVICE** Creditable service is the total of all service credit that counts toward retirement. It includes membership service for any period you contribute to LRS, provided you have not withdrawn your contributions. It also includes credit for eligible purchased service. See page 15 for more details.

### **BENEFIT LIMITATION**

The law provides that **your initial maximum allowance cannot exceed 75 percent of your highest annual compensation as a member of the General Assembly.**

### **SERVICE RETIREMENT CALCULATION EXAMPLE**

To give you an idea of how benefits are calculated, let us look at some examples. Assume a member retires at age 65 with 20 years of creditable service. As we go through the steps to calculate the member's benefit, you may wish to write in your own figures for an estimate of your benefit.



# Section 4 | How Your Benefit is Calculated

## Step 1

Write in your final compensation and multiply by the accrual rate

**You**

example

	\$		\$20,659.00
		$\times .0402$	$\times .0402$
<b>Total</b>	\$		<b>\$830.49</b>

## Step 2

Calculate your preliminary annual benefit by multiplying Step 1 by your years of creditable service

Step 1	\$		\$830.49
		$\times$	$\times$ 20 years
<b>Preliminary Annual Benefit</b>	\$		<b>\$16,609.80</b>

## Step 3

Calculate your preliminary monthly benefit by dividing Step 2 by 12

Step 2	\$		\$16,609.80
		$\div 12$	$\div 12$
<b>Preliminary Monthly Benefit</b>	\$		<b>\$1,384.15</b>

### Test for Maximum Benefit

## Step 4

Calculate your maximum annual benefit by multiplying Step 1 by 75%

Step 1	\$		\$20,659.00
		$\times .75$	$\times .75$
<b>Maximum Annual Benefit</b>	\$		<b>\$15,494.25</b>

## Step 5

Calculate your maximum monthly benefit by dividing Step 4 by 12

Step 4	\$		\$15,494.25
		$\div 12$	$\div 12$
<b>Maximum Monthly Benefit</b>	\$		<b>\$1,291.19</b>

Your monthly benefit amount will be the amount in Step 3, or the amount in Step 5, whichever is lower.

These amounts are estimates of the payment you will receive each month before taxes or any other deductions. Remember, if you retire early, these numbers will change. See next page for how to calculate early retirement amounts.

# Section 4 | How Your Benefit is Calculated

## EARLY RETIREMENT CALCULATION EXAMPLE

Let's assume the member decides to take early retirement at age 61 with 16 years of service and the highest annual compensation is \$20,659. Here is how we calculate the benefit:

**Here is how we calculate this benefit**

<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;">\$</td> <td style="width: 15%;">20,659.00</td> <td style="width: 15%;">(highest final compensation)</td> <td style="width: 10%;"></td> </tr> <tr> <td>x</td> <td>.0402</td> <td>(accrual rate)</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td colspan="8"><hr/></td> </tr> <tr> <td>\$</td> <td>830.49</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>x</td> <td>16</td> <td>(creditable service)</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td colspan="8"><hr/></td> </tr> <tr> <td>\$</td> <td>13,287.84</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>	\$	20,659.00	(highest final compensation)						x	.0402	(accrual rate)						<hr/>								\$	830.49							x	16	(creditable service)						<hr/>								\$	13,287.84							<p style="text-align: center;"><i>Now apply the early retirement reduction percentage shown below.</i></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;">\$</td> <td style="width: 15%;">13,287.84</td> <td style="width: 10%;"></td> </tr> <tr> <td>x</td> <td>.88</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td colspan="8"><hr/></td> </tr> <tr> <td>\$</td> <td><b>11,693.30</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>	\$	13,287.84							x	.88							<hr/>								\$	<b>11,693.30</b>						
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In this case, the member receives a benefit under the maximum allowance of \$11,693.30 a year (\$974.44 a month). His payment will start at age 61 and continue for the rest of his life.

## EARLY RETIREMENT PERCENTAGES

Your age at retirement is an important factor in determining your monthly benefit. If you do not meet the requirements for a full-service retirement, you may still retire early, but you will receive a reduced monthly benefit for your lifetime.

If you are between ages 60 and 65, your early retirement benefit will be reduced to the percentages shown in the table below. If you are between birthdays when payments start, the reduction will be adjusted proportionately.

If you are this age when payments start	You receive this percentage of your benefit
<b>64</b> .....	<b>97%</b>
<b>63</b> .....	<b>94%</b>
<b>62</b> .....	<b>91%</b>
<b>61</b> .....	<b>88%</b>
<b>60</b> .....	<b>85%</b>

If you are between ages 50 and 59, with at least 20 years of creditable service, your early retirement will be reduced to the percentages shown in the table below.

		<i>Years of Creditable Service</i>									
		29	28	27	26	25	24	23	22	21	20
Age	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%

## Section 5 | Your Benefit Payment Options



At retirement, you must elect one of the payments. On average, the payment options are mathematically equal to one another from the perspective of LRS, based on assumptions recommended by actuaries. Each option is calculated so its total value is the same as the value of the other options available to you and the beneficiary you name (if any).

The monthly payment amounts will differ based on the age of the beneficiary you select, if any.

### CONSIDERING YOUR OPTIONS

First, decide whether you need a payment option that provides a monthly benefit to a beneficiary after your death. If you do not select one of these options, all of your retirement benefits will be used to provide you with a lifetime monthly payment that stops at your death.

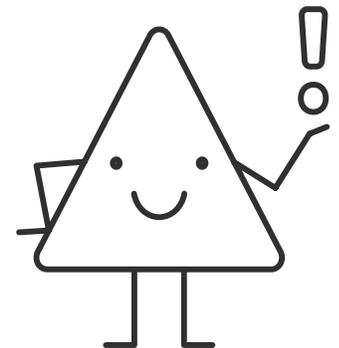
Your choice of payment options is personal and should take into account your needs during retirement and the needs of a dependent, if any, after your death. Neither the payment plan selected by a co-worker nor the one selected by the largest number of retirees should have any effect on your personal decision.

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### PERMANENT DECISION

Your retirement selection is locked in when the first payment becomes normally due and the first benefit payment date has occurred except under one of the following two conditions:

- If you select an option that provides a monthly benefit to your spouse as a beneficiary after your death (Option 2 and 3) and later become divorced from that spouse.
- If you are rehired in a position covered by LRS and contribute to your new account for at least three years.





## Section 5 | Your Benefit Payment Options

Here are your benefit payment options:

### **MAXIMUM ALLOWANCE**

When you retire with a full-service retirement benefit, your basic benefit is the maximum allowance and is calculated under one of the formulas on page 10. If you retire early, your maximum allowance is calculated using the same formula, which is then reduced for early retirement. In either case, you will receive your allowance for as long as you live. All monthly payments stop at your death. When added to benefits payable under the maximum allowance from TSERS, LGERS and LRS, **your initial benefit under the maximum allowance may not exceed 75 percent of your final compensation, prior to any reduction for early retirement.**

### **OPTION 2: 100% JOINT & SURVIVOR**

- You receive reduced monthly payments for life.
- After you die, your monthly survivor beneficiary receives the same amount monthly for life.

### **OPTION 3: 50% JOINT & SURVIVOR**

- You receive reduced monthly payments for life which are slightly larger than the payments in Option 2.
- After you die, half of your payment continues to your monthly survivor beneficiary for life.



## Section 5 | Your Benefit Payment Options

It is important to note that if you select a benefit payment option that names a beneficiary, you should immediately notify the Retirement Systems if that person dies before you.

**NOTE:** Under Options 2 and 3, you may name only one beneficiary to receive a monthly survivor benefit after your death. You may not change your survivor beneficiary after you retire except under one of the following circumstances:

- If you named your spouse as survivor beneficiary at the time of retirement and later become divorced from that spouse.
- If you return to employment covered under LRS and contribute to a new retirement account for at least three years.
- If you chose Option 2 or 3 at retirement, and designated your spouse as survivor beneficiary, and this spouse dies before you, and you remarry, you may request to nominate your new spouse as your beneficiary within 90 days of your remarriage under the same option you chose at retirement. Contact our office and we will mail you a letter outlining the documents we need to make the change. You must file this redesignation with LRS within 90 days of your remarriage.

Your new benefit will be reduced based on your age and the age of your spouse at the time of the change. The benefit payable to you will be the benefit you received before the death of your previous spouse, additionally reduced to cover your new spouse as beneficiary.



# Section 5 | Your Benefit Payment Options

## EXAMPLE OF PAYMENT OPTIONS

The member elects to retire at age 65 with 20 years of creditable service. The highest annual compensation is \$20,659 and the beneficiary is age 60. The member has earned a service retirement benefit of \$1,291.19 a month payable for life. To see how this amount was calculated, please see page 9.

The chart below shows how much a member and beneficiary would each receive under the various payment options. Of course, the actual amounts of the payment options you can choose are based on many factors, such as your age, your beneficiary's age, and when payments start. Before you retire, you will receive an estimate of the actual amounts payable to you.

Payment Option	To Member	To Beneficiary After Member's Death
<b>Maximum Allowance</b>	\$1,291.19 monthly	\$0.00
<b>Option 2</b>	\$1,142.70 monthly	\$1,142.70 monthly for life
<b>Option 3</b>	\$1,212.42 monthly	\$606.21 monthly for life



## Section 6 | Adding to Your Creditable Service

Your benefit at retirement is based, in part, on your creditable service. Creditable service includes your years and months of membership service in which you contributed to LRS and may also include prior service credit, military service credit and purchased service credit, which are described below.

### **WITHDRAWN SERVICE**

If you have received a refund of your contributions from LRS, you may purchase the withdrawn creditable service if you become a member of LRS at a later date by paying a lump sum equal to 7 percent of your highest monthly legislative compensation for each month of creditable service to be purchased plus an administrative fee of \$25. If the withdrawn service is not purchased within two years after becoming a member of LRS again, the cost will be substantially higher for most members.

### **PRIOR SERVICE**

Prior service is defined as service rendered prior to becoming a member of LRS, not including service transferred from the former Legislative Retirement Fund. Prior service as a member of the General Assembly may be purchased by the payment in a lump sum equal to 7 percent of your highest monthly legislative compensation for each month of legislative service purchased, plus an administrative fee of \$25 if your last legislative term was during or after the 1975 Regular Session.

### **MILITARY SERVICE**

Your active duty in the United States military up to the time you were first eligible for a discharge that is not dishonorable counts as creditable service at no cost to you if you were a member of LRS when you entered active duty, and:

- You return to employment as a member of LRS within two years after your earliest discharge (under this provision, your employer is required to pay the employer and employee contributions for the full period you were in active duty).
- You return to employment as a member of LRS at any time after discharge and complete at least 10 additional years of service as a contributing member. If you are not allowed credit for military service according to the rules shown on the previous page, you may be able to buy credit for your periods of active duty.

You must have contributed to LRS for five years. Your cost will be equal to the full actuarial liabilities created from the additional credit purchased. You must furnish a copy of your service record to LRS to receive any credit for military service. If your military service is creditable in another retirement system, generally you will not be eligible to purchase credit in LRS.

### **ROLLOVERS TO PURCHASE RETIREMENT CREDIT**

We will accept pre-tax money from an eligible retirement plan or an eligible IRA via rollover or in-service plan-to-plan transfer to purchase creditable service. For further information and instructions, see Form 398 (Using a Distribution of Tax-Sheltered Savings to Purchase Retirement Credit), available in ORBIT.

## Section 7 | NC 401(k) and NC 457

Generate retirement income from your NC Supplemental Retirement Plans - the NC 401(k) Plan and 457 Plan.

- The NC Plans are exclusively available to people like you who have chosen a career to teach, protect or otherwise serve the citizens of North Carolina. [Learn more](#) about the NC Plans or [enroll](#) today.
- In addition to your regular payroll deductions, you may want to consider making a one-time contribution to the plan(s). You can contribute additional compensation or payouts on a one-time basis, such as longevity, vacation and/or bonus leave payments. For more information, refer to our [One-time Contribution Flyer](#) found on [myNCPlans.com](#).
- Roll over money into your plan account from another qualified retirement plan. As long as you have a balance in the plan(s), you can roll money into your NC 401(k) and/or NC 457 Plan account. To learn more, check out our [Rollover Brochure](#) at [myNCPlans.com](#).

Consider these advantages	Consolidated into the NC 401(k) / NC 457 Plan(s)	Multiple Accounts
Money remains tax deferred/tax-advantaged	✓	✓
Convenience	✓	
Potentially Lower Costs	✓	
Easier to maintain proper asset allocation with access to GoalMaker	✓	
Strong oversight of fund managers and fees from the Supplemental Retirement Board of Trustees	✓	

You have the opportunity to participate in the NC 401(k) Plan and the NC 457 Plan, which are among the most competitively priced public plans in the country. That means you may be paying less for the plans that are in support of your “total” retirement.

The [Cost Comparison Document](#) is a tool that allows you to be an active, informed participant as you compare the plans with outside financial products.

As a current account holder, it’s important to know that you have the option of keeping your money in the plan(s), even after you change jobs or retire.

- Meet for personal, confidential help. Find your NC Supplemental Retirement Plans Retirement Education Counselor by calling 1-866-NCPlans or visit [myNCPlans.com](#).
- Consider the [Transfer Benefit](#), also known as NC Lifetime Income. This allows you to make a one-time transfer of any portion of your eligible contributions, not including Roth contributions and earnings, from your NC 401(k) and/or NC 457 Plan and receive the balance as monthly income. There are many factors you should consider before taking advantage of this option – This benefit may not be for everyone. Visit the Transfer Benefit Estimator in ORBIT for more information. There is a one-time fee of \$100 for this option.

## Section 8 | Initiating Your Retirement Benefits

Once you decide to retire and meet the eligibility requirements for monthly benefits, you must follow certain steps to begin your retirement process.

**To be legally retired, you must terminate employment, live until the effective date of retirement, and not work as a member of the General Assembly at any time during the first month of retirement.**

### RETIREMENT APPLICATION PROCESS

Before you begin the retirement process, we encourage you to discuss your retirement plans with your family and your employer's benefits coordinator, and contact the Retirement System to schedule an appointment with a retirement counselor to discuss your options.

About 120 days before your planned retirement date, we recommend you begin the [online retirement process in ORBIT](#) or the Form 6 (Claiming Your Monthly Retirement Benefit) also available in your ORBIT account.

If you work in a position that requires contributions to LRS during the six months before your effective date of retirement (or you are currently out of service, but your last day of service with your last participating LRS employer is within 365 days before your effective date of retirement, and you had unused sick leave), your employer should complete the employer certification section online or (Section H) on your Form 6 (Claiming Your Monthly Retirement Benefit) before the form is sent to us.

If you want an estimate of your benefit under Option 4, you must also send us an estimate from the Social Security Administration (SSA) of your age 62 Social Security benefit. Request this estimate from SSA within two years before your effective retirement date.



## Section 8 | Initiating Your Retirement Benefits



Monthly retirement benefits are effective the first day of any month. You must complete your online application, or you must sign, date and file your retirement application (Form 6) at least one day and not more than 120 days before your effective date of retirement.

Once we receive your online application or Form 6, we will send you an acknowledgment email or letter that includes instructions on your next steps in the retirement process.

### **Online retirement allows for steps to be completed and confirmed online.**

If you have submitted a paper form, we will send you:

- Form 170 (Authorizing Direct Deposit), Form 290 (Income Tax Withholding Preferences);
- Form 333 (Choosing the Contributory Death Benefit for Retired Members), which includes information about the cost and coverage provisions of the optional \$10,000 Contributory Death Benefit for Retired Members. To enroll, you must make your election within 60 days of the effective date of your retirement.

Later, we will send you an estimate of the maximum allowance and the other payment options, if applicable.

Along with the estimate, you will receive:

- Form 6EL (Choosing Your Retirement Payment Option), and
- Form 333BEN (Designating Beneficiary(ies) for the Contributory Death Benefit for Retired Members).

We will also send you information about enrollment in the State Health Plan under the Retirement Systems, if applicable.



Roadmap to Retirement

## Section 8 | Initiating Your Retirement Benefits

### YOUR FIRST MONTHLY BENEFIT

#### Members with a retirement date on or before Dec. 1, 2023

Your first retirement benefit payment should be a paper check. By cashing or depositing that check, you are locking in your retirement selections. If you do not cash or deposit that first check, you are locking in your retirement selections. If you do not cash or deposit that first check, you have until the next benefit payment date to change your mind about your selections. After that payment date, your retirement selections will be locked in, even if you didn't cash the first check.

#### Members with a retirement date effective on or after Jan. 1, 2024

Your first retirement benefit payment should be made by direct deposit. Instructions must be received and acknowledged by the Retirement Systems before your effective retirement date. Otherwise, a paper check will be mailed.

Your retirement selection is locked in when the first payment becomes normally due and the first benefit payment date has occurred.

After the first payment, your monthly benefit payment will be issued on the 25th day of each month. If the pay date falls on a Saturday, Sunday or holiday, your deposit will be made on the last workday before the pay date. Visit [myNCRetirement.com](http://myNCRetirement.com) for a current list of benefit paydays.

The Retirement Systems Division calculates your monthly benefit amount based on all information available prior to your retirement date. Frequently, information available only after the retirement date, such as final salary reports from your employer, impacts the amount of the benefit. While the division makes every effort to provide the most accurate benefit amount at the beginning of your retirement period, it is required by law to adjust the benefit amount when additional information is received.

Overpayments happen for a variety of reasons, one of which is that the Retirement Systems pays you a benefit based on an estimate.

### POST-RETIREMENT INCREASES

Post-retirement increases are not guaranteed. However, your benefit may be increased periodically after retirement to help you keep up with the cost of living. Increases depend on changes in the Consumer Price Index and the availability of funds. Cost-of-living increases are usually figured as a percentage increase in your monthly benefit, which becomes a permanent part of your monthly benefit, under all payment options, and the monthly benefit to be paid to your beneficiary after your death under Options 2 and 3.





## Section 9 | Income Tax (Benefits)

The following is a brief outline of current tax laws as they apply to LRS benefits. However, because tax laws often change, you should consult your tax advisor for more information.

### RETIREMENT AND DISABILITY RETIREMENT BENEFITS

After you retire, each year by January 31 we will send you a Form 1099-R, which is similar to Form W-2 (Statement of Income and Tax Withheld), which you received annually while you were employed. The 1099-R shows the amount of your retirement benefits, the taxable portion (if any) of those benefits, the amount of tax withheld (if any), and other related information. We also send copies to the Internal Revenue Service and the North Carolina Department of Revenue. Therefore, you should report your retirement benefits on your federal and North Carolina tax returns regardless of whether you owe any income tax.

### FEDERAL INCOME TAX

Part of your retirement benefit may not be subject to federal income tax because the tax was withheld while you were working. Included in the non-taxable part of your retirement benefits are contributions you made before November 1, 1986, and any non-rollover service purchases you made.

### NORTH CAROLINA INCOME TAX

If you are a North Carolina resident and have maintained five or more years of retirement service credit as of August 12, 1989, your LRS retirement benefit is not subject to North Carolina income tax. If you do not have five years of maintained retirement service credit as of August 12, 1989, the taxable portion of your retirement benefit is subject to North Carolina income tax.

If you are not a resident of North Carolina, you may not owe North Carolina income tax on your LRS retirement benefit. However, you may owe state income tax in the state where you live. Contact your tax advisor, the North Carolina Department of Revenue or the Department of Revenue in your resident state for information relative to your situation. NC Retirement Systems can withhold only North Carolina income tax. We cannot withhold any other state's income tax from your monthly benefit.

We do not include itemized deductions such as health premiums, on the 1099-R. Previous calendar year deductions for health, dental, vision, etc. can be found in your secure ORBIT account.



**Tax Withholding**

## Section 9 | Income Tax (Returns, Purchases and Refunds)

### GUARANTEED REFUNDS AND RETURN OF CONTRIBUTIONS

In January of the year after the year you received a refund, we will send you a Form 1099-R showing the amount of your refund, the taxable portion, the amount of tax withheld (if any), and other related information. We will also send copies to the Internal Revenue Service and North Carolina Department of Revenue.

### FEDERAL INCOME TAX

You pay no federal income tax on the amount you contributed before November 1, 1986. However, the amount you contribute after November 1, 1986, is subject to federal income tax. Also, any interest your contributions earned before and after November 1, 1986, is subject to federal income tax.

Federal income tax laws require withholding from the taxable portion of your refund unless that portion of your refund is directly rolled over to an eligible IRA or eligible employer retirement plan that will accept your rollover. If you do not roll over the taxable portion of your refund directly to an eligible IRA or eligible employer plan that will accept your rollover, we will withhold 20 percent of the taxable portion of your refund for federal income tax purposes. Withholding is mandatory unless the taxable portion of your refund is directly rolled over.

In addition to income tax, you may owe a 10 percent excise tax on the taxable portion of a refund received before your death, disability or reaching age 59½. You can defer the income tax and avoid the 10 percent excise tax by rolling over the taxable portion of your refund to an eligible IRA or eligible employer plan. Consult the Internal Revenue Service, your attorney or your tax professional for information relative to your situation.

### NORTH CAROLINA INCOME TAX

If you are a North Carolina resident and have maintained five or more years of retirement service credit as of August 12, 1989, your refund of LRS contributions is not subject to North Carolina income tax. If you do not have five years of maintained retirement service credit as of August 12, 1989, the taxable portion of your refund is subject to having four percent withheld for North Carolina income tax.

### ACTIVE DEATH BENEFITS AND CONTRIBUTORY DEATH BENEFITS

Lump-sum death benefits for active employees are taxable under federal and North Carolina income tax. This benefit is paid out of the LRS retirement funds and not from a qualified death benefit trust.



Maintain Tax Withholding Preferences in your ORBIT account. Annual tax documents for retirees and benefit recipients are uploaded to ORBIT in the View 1099/W2 Tax Documents tab in the left navigation. You also have the option to review and update your electronic tax document delivery options.

# Section 10 | Health Coverage in Retirement

## STATE HEALTH PLAN

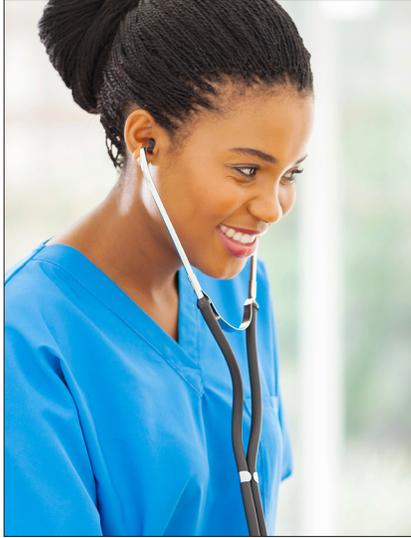
You may be eligible for State Health Plan coverage under the Retirement Systems. The cost, if any, is determined by two factors: (1) when you began state employment, and (2) which health plan you select.



SHPNC.org

## Noncontributory Coverage (No premium paid by the retiree)

- Eligible retiree members retiring prior to January 1, 1985.
- Except as otherwise provided, on and after January 1, 1988, eligible retiree members must have completed at least five years of contributory (membership) retirement service with an employing unit prior to retirement from any state-supported retirement system in order to be eligible for group benefits under this Part as a retired employee or retiree. If you withdraw your service (receive a refund of your contributions) and, at a later date, become reemployed as an employee, this new start date will be considered your first hired date.
- Employees first hired on and after October 1, 2006, and members of the General Assembly first taking office on and after February 1, 2007, must have 20 or more years of retirement service credit.



## Partially Contributory Coverage (Partial premium paid by the retiree)

- Eligible retiree members retiring prior to January 1, 1985.
- Except as otherwise provided, on and after January 1, 1988, eligible retiree members must have completed at least five years of contributory (membership) retirement service with an employing unit prior to retirement from any state-supported retirement system in order to be eligible for group benefits under this Part as a retired employee or retiree. If you withdraw your service (receive a refund of your contributions) and, at a later date, become reemployed as an employee, this new start date will be considered your first hired date.
- For employees first hired on and after October 1, 2006, and members of the General Assembly first taking office on and after February 1, 2007, must have 20 or more years of retirement service credit.





### **One-Half Contributory Coverage (Half premium paid by the retiree\*)**

- Eligible retiree members with 10 years but less than 20 years of retirement service credit provided the employees were first hired on or after October 1, 2006, and General Assembly Members first taking office on or after February 1, 2007.

\*The state shall pay fifty percent (50%) of the Plan's total employer premiums. Individual retirees shall pay the balance of the total premiums not paid by the state, unless prohibited by law.

### **Fully Contributory Coverage (Full premium paid by the retiree)**

- Eligible retiree members with less than 10 years of retirement service credit, provided the employees were first hired on or after October 1, 2006, and the members first took office on or after February 1, 2007.

In all cases, if you choose coverage for your dependents, you must pay the full cost of dependent coverage. For additional information, see "Guidance on State Health Plan Changes for Teachers' and State Employees' Retirement System," on our website.

NOTE: Members hired on or after January 1, 2021, are not be eligible to receive retiree medical benefits.

Your coverage begins on the first day of the month following your effective date of retirement.

For example, if your effective date of retirement is January 1, your coverage in the retiree group plan will begin on February 1.

When you (or your covered dependents) become eligible for Medicare, you must elect both Parts A (Hospital) and B (Medical) in order to maintain the same level of coverage you received before retirement.

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### **Optional Supplemental Insurance (Dental, Vision & Identity Theft Protection)**

Optional supplemental insurance coverage is available to retirees and benefit recipients through Pierce Insurance Agency. Pierce will mail information to you after your first retirement benefit has been issued.



**Supplemental Insurance**

## Section 11 | Returning to Work After Retirement

To be legally retired, you must terminate employment, live until the effective date of retirement, and not work as a member of the General Assembly at any time during the first month of retirement.

After you have officially retired and are receiving monthly benefits, before accepting employment with the State of North Carolina, contact the Retirement System to see what effect your employment will have on your retirement benefits.

If you perform work in any capacity for a State of North Carolina employer, you will be subject to the re-employment provisions described below. These provisions may require you to enroll as a contributing member of TSERS, CJRS or LRS. You will be subject to re-employment provisions based on the nature of the particular work you perform for a covered employer, regardless of your job classification or your technical employment status (which may include being assigned to work for a covered employer by a private company such as a temporary staffing agency).

Retirement law requires your retirement date to be on the first day of the month. For your retirement to become effective on the first day of the month, you must not work as a member of the General Assembly at any time during that month. If you retire with monthly early or service retirement benefits from LRS and are re-employed by a covered employer, the following apply:

### **AS A MEMBER OF THE GENERAL ASSEMBLY**

If you return to service as a member of the General Assembly, your benefits will be suspended, and you will again become a contributing member of LRS in the month in which you are restored to service.



Upon your subsequent retirement, your retirement benefit will be calculated as follows:

- If you return to service and earn three years of membership service after returning to service, your retirement benefit will be based on your total creditable service before and after your period of retirement and your highest annual compensation earned.
- If you return to service and earn less than three years of membership service after returning to service, your retirement benefit will be equal to the retirement allowance you were receiving prior to returning to service, plus the retirement allowance that results from service earned since being restored to service.

## Section 11 | Returning to Work After Retirement



### AS A TEACHER OR STATE EMPLOYEE

If you retired under LRS before September 1, 2005, and become a teacher or state employee eligible for membership in TSERS or CJRS, your benefit from LRS will not be suspended.

If you retire under LRS on or after September 1, 2005, your LRS benefit will be suspended if you enter covered employment under TSERS or CJRS. Upon termination of covered employment, your LRS benefit will be restored.



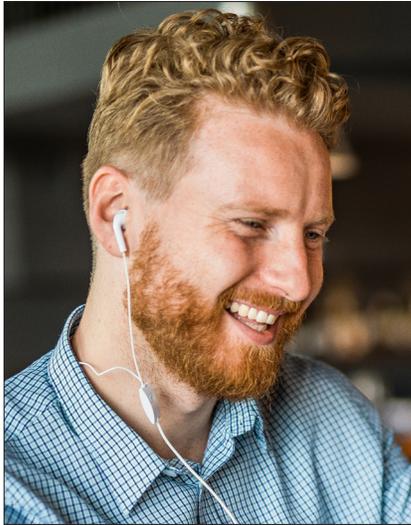
### OVERPAYMENTS

An overpayment of benefits means you are receiving a larger benefit than you are entitled to receive. Statutory provisions require us to recover overpayments. This includes, but is not limited to, the following methods of recovery:

- Deductions from a monthly benefit;
- Monthly payment remittal;
- Lump-sum payments;
- Repayment from the NC Department of Revenue through the interception of tax refunds or potential lottery winnings;
- Deductions from an active payroll check (if applicable).



**Return To Work**



## Section 12 | Death Benefits (Active)

### ACTIVE EMPLOYEE DEATH BENEFITS

Although LRS' primary purpose is to provide retirement income, we recognize that some members will not live to enjoy their retirement benefits. For that reason, LRS protects your beneficiary(ies) should you die before retiring with the death benefits described below.

### RETURN OF CONTRIBUTIONS

After your death, your beneficiary will receive a return of your contributions plus interest. This is a lump-sum payment. If you meet certain eligibility requirements, a monthly Survivor's Alternate Benefit may be paid to your beneficiary instead of a return of contributions if you have only one eligible beneficiary living at the time of your death.

### SURVIVOR'S ALTERNATE BENEFIT

Provided you have not retired, the monthly Survivor's Alternate Benefit may be payable if you have only one eligible principal beneficiary for the return of your contributions living at the time of your death. If you die while in active service (while a contributing member of LRS) after 12 years of creditable service or after

reaching age 60 with five years of service, your eligible surviving beneficiary may choose to receive a lifetime monthly benefit instead of a return of your contributions plus interest.

This lifetime monthly benefit payable to your beneficiary equals the amount you would have been entitled to receive under Option 2 had you survived and retired on the first of the month following your death.

### LUMP-SUM DEATH BENEFIT FOR ACTIVE EMPLOYEES

If you die while a contributing member of LRS after completing one year of creditable service, your beneficiary will receive a single lump-sum payment. The payment equals your highest annual compensation as a member of the General Assembly, not to exceed \$15,000.

## Section 12 | Death Benefits (Retiree)

As an LRS retiree, certain death benefits may be payable as described below.

### GUARANTEED REFUND

You are automatically eligible for the Guaranteed Refund when you choose a payment option. Under the Guaranteed Refund provision, if you and your monthly survivor beneficiary (if any) both die before the total of all monthly payments equals the amount of your contributions and interest, the balance of your contributions and interest will be paid in one lump sum to another beneficiary(ies).

### OPTIONAL \$10,000 CONTRIBUTORY DEATH BENEFIT

When you retire, we will mail you a Form 333 (Choosing the Contributory Death Benefit for Retired Members). To enroll, you must make your election within 60 days of the effective date of your retirement. If you enrolled in the optional \$10,000 Contributory Death Benefit for Retired Members and your death occurs on or after the first day of the month following the 24th month of coverage, a lump-sum payment of \$10,000 will be paid to your designated beneficiary(ies). If no beneficiary has been designated, the benefit will be paid to your spouse, or legal representative if you are not survived by a spouse. If your death occurs before the first day of the month following the 24th month of coverage, the amount payable will be equal to your premiums plus interest.

### CONTINUATION OF MONTHLY BENEFITS UNDER SURVIVOR OPTIONS

If you choose one of the survivor options (Options 2, 3, 6-2 and 6-3), your survivor beneficiary will receive a monthly lifetime benefit after your death.

NOTE: During the month a retiree or beneficiary dies, the legal representative of the deceased retiree or beneficiary is entitled to a full check for the month the death occurred. It is a Class 1 Misdemeanor for a person to fraudulently receive the retirement benefit of a deceased retiree or beneficiary after the recipient's death.

---

### REPORT A MEMBER DEATH

During a time of loss and grieving, there are steps that beneficiaries and family members must take to ensure that the law is followed as it relates to member retirement benefits. The first step is to notify our office as soon as possible. We offer an easy online form to report a death to the Retirement Systems Division.



**Report a Member Death**

# Section 13 | Administration & Funding

## ADMINISTRATION

LRS is administered by the TSERS Board of Trustees, whose members are:

State Treasurer Dale R. Folwell, CPA, Chair

Lentz Brewer

John Ebbighausen

Vernon Gammon

Dirk German

Barbara Gibson

Oliver Holley

Pat Hurley

Margaret Reader

Joshua Smith

Catherine Truitt

Jeffrey Winstead



## ASSETS

The State Treasurer is the custodian of LRS assets and serves as the Chief Investment Officer.

Equity assets (e.g., common stock, preferred stock and debentures convertible into common stock) are invested in conjunction with policies adopted by the Investment Advisory Committee.

Committee members are:

State Treasurer Dale R. Folwell, CPA, Chair

John Aneralla

Lentz Brewer

Loris Colclough

Michael Mebane

Greg Patterson

## Section 13 | Administration & Funding

### FUTURE OF THE SYSTEM

The state expects to continue the Legislative Retirement System indefinitely; however, because future conditions are unforeseeable, the North Carolina General Assembly reserves the right to modify the provisions of the system.

### SYSTEM DOCUMENTS

This handbook summarizes the main features of the Legislative Retirement System of North Carolina. The official text governing the operations of the System and the payment of all benefits is found in [Chapter 120 of the General Statutes](#) and [Title 20 of the North Carolina Administrative Code](#).





## Section 14 | Resources and Contacts

The North Carolina Department of State Treasurer created ORBIT to allow members convenient access to their retirement account information 24 hours a day, seven days a week. This secure site enables you to view your personal information, account information and other relevant details specific to your retirement system account.

**When creating your account, the Retirement Systems Division requires that you use your personal email address so you have continued access to email security questions should you change jobs or retire. If you already have an account and use your work email, we recommend logging in and changing this to your personal account.**

### In ORBIT, ACTIVE employees are able to:

- Retire online
- View contribution history
- View service credit history
- View retirement estimates
- Designate and maintain beneficiaries
- View service purchase cost estimates
- View NC 401(k)/NC 457 Plan Transfer Benefit estimates

### In ORBIT, RETIREES are able to:

- Maintain direct deposit
- Maintain tax withholding
- View and download 1099-R | W-2 tax forms
- Generate income verification letters
- Update their contact information



To access ORBIT, go to our website at [www.myNCRetirement.com](http://www.myNCRetirement.com), click on the ORBIT icon and follow the instructions to log in to your personal ORBIT account.

1. Register for ORBIT via the Register button on the login page
2. Follow the prompts for registration
3. Access ORBIT using the User ID and Password that you created



[ORBIT.myNCRetirement.com](http://ORBIT.myNCRetirement.com)

# Section 14 | Resources and Contacts

## WEB-BASED RESOURCES

 [www.myNCRetirement.com](http://www.myNCRetirement.com)

Visit our website to:

- View and download retirement benefits handbooks
- See Frequently Asked Questions
- Learn about North Carolina Supplemental Retirement Plans – NC 401(k) and NC 457 Plans
- Review the retirement checklist
- Use our service purchase estimator
- Use our benefit estimators
- Learn about retirement planning resources
- Log into your personal ORBIT account

## Contact Us

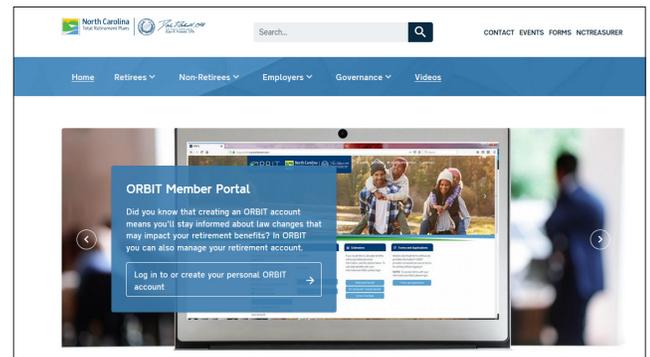
 919-814-4590  
Fraud and Abuse Hotline 1-855-903-7283  
[retfraud@nctreasurer.com](mailto:retfraud@nctreasurer.com)

 Consolidated Judicial Retirement System  
Department of State Treasurer  
3200 Atlantic Avenue  
Raleigh, North Carolina 27604

Office visits scheduled by appointment only.  
Please call or email our office to schedule an appointment.

 [nc.retirement@nctreasurer.com](mailto:nc.retirement@nctreasurer.com)

 <https://www.facebook.com/MyNCRetirement>



### Office hours

in-person deliveries and appointments  
Monday - Friday, 8:00 am - 5:00 pm

### Call Center hours

Monday - Friday, 8:30 am - 4:30 pm  
(closed 11:30 am - 12:30 pm)

**For up to date information on availability and hours, please visit [myNCRetirement.com](http://myNCRetirement.com).**

If you need to contact the Retirement Systems by email, phone or mail, you can help us deliver efficient service by providing:

- Member ID; or
- last four of Social Security
- Date of Birth
- Contact information on record with the Retirement Systems

## Section 15 |Glossary of Terms

### **ACTUARY**

A business professional with expertise in the fields of economics, statistics and mathematics who compiles and analyzes statistics in order to calculate financial risks and reserves.

### **HIGHEST ANNUAL SALARY**

The 12 consecutive months of salary authorized during your final legislative term for the highest position you ever held as a member of the General Assembly.

### **CJRS**

Consolidated Judicial Retirement System

### **CONSUMER PRICE INDEX**

A national measure of increase in the cost-of-living from one year to the next

### **CREDITABLE SERVICE**

The total of all service credit that counts toward retirement.

### **DEFINED BENEFIT PLAN**

Legislative Retirement System, your North Carolina pension plan

### **LGERS**

Local Governmental Employees' Retirement System

### **LRS**

Legislative Retirement System

### **MEMBERSHIP SERVICE**

Service you earned while an active employee contributing to LRS that has not been withdrawn.

### **ORBIT**

The secure website for tracking and maintaining your retirement account.

### **OVERPAYMENT**

Payment to a benefit recipient in excess of what the benefit recipient is entitled to receive

### **RETIREMENT**

Retirement marks the beginning of monthly retirement benefits and the complete separation from active service for vested employees with no intent or agreement, express or implied, to return to service.

### **TSERS**

Teachers' and State Employees' Retirement System

### **VESTING**

Having the right, after you have a minimum of five years of LRS creditable service, to apply for lifetime monthly retirement benefits once you meet all retirement eligibility requirements, provided you do not withdraw your contributions.



**Terms & Definitions**

## RETIREMENT PLANNING CONFERENCES

The Department of State Treasurer Retirement Systems Division conducts retirement conferences for members.

The conferences provide an orientation for new members, pre-retirement planning information for members closer to retirement, and educational information for personnel officers and others who handle retirement matters. A representative from the State Health Plan is on hand to answer questions about health coverage for eligible retirees. In addition, Prudential Retirement, our third-party administrator, also offers information on the NC 401(k) and NC (457) Plans at the conferences.

Registration is required for Retirement Planning Conferences or webinars.



**Upcoming Events**



Teachers' and State Employees' Retirement System (TSERS)



Local Governmental Employees' Retirement System (LGERS)



Consolidated Judicial Retirement System (CJRS)



Legislative Retirement System (LRS)



Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF)



NC National Guard Pension Fund (NCNGPF)



Register of Deeds' Supplemental Pension Fund



**View all Member Handbooks**



**Discover the North Carolina Retirement Systems & Funds**



**North Carolina**  
Total Retirement Plans



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

**myNCRetirement.com**