

GUIDE FOR LGERS LEO MEMBERS NEARING RETIREMENT



Congratulations on Your Upcoming Retirement

Your employer has offered you comprehensive retirement benefits that were strategically designed to help you plan for a secure future in 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/or NC 457 Plans.

● Transitioning to Retirement

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](#).



Qualifying for Local Governmental Employees' Retirement Benefits

Service retirement (unreduced) benefits are available:

- At age 55 with five years of creditable service as an officer;
- At any age with 30 years of creditable service

Early Retirement (Reduced) Benefits are available:

- At age 50 with 15 years of creditable service as an officer

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 membership service, as long as you do not withdraw your contributions by taking a refund.

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 as an officer, you are entitled to only a refund of your contributions and interest.

What formula is used to calculate retirement benefits?

Your Annual Benefit is equal to
1.85% of your average final compensation
 X (multiplied by)
your years and months of creditable service

Learn more about benefit calculations including

- **early retirement percentages**
- **benefit calculation tables and**
- **examples of benefits paid**

Visit myNCRetirement.com.

● Important Terms

Creditable Service

includes your membership service, provided you do not withdraw your contributions. It may also include credit for purchased service and 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 deferred benefit or the Survivor's Alternate Benefit. Sick leave may be used only to complete 30 years of service, regardless of age; 25 years of service after age 60; and 20 years of service after age 50.

Your Retirement Benefit



When you retire, you must elect one payment option. 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 unpaid portion of your contributions and interest will be paid in one lump sum to another beneficiary(ies).

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, 3, 6-2 or 6-3) and later become divorced from that spouse.
- If you are rehired in a position covered by TSERS and contribute to your new account for at least three years.

Learn more about your benefit options at myNCRetirement.com.

● Benefit Payment Options

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 Survivorship (one monthly survivor) is a reduced retirement allowance paid to you until your death and also provides the same reduced retirement allowance to your monthly survivor beneficiary after your death for the remainder of his/her life.

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

Option 4: Social Security Leveling (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 may be drastically 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, may be approximately the same amount as the inflated payment you received from the Retirement System before age 62. Please note that your pension payment will be reduced at age 62 regardless of whether you begin receiving Social Security benefits.

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.

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ME! >>



NC 401(k) and NC 457 Plans

When you retire, you can keep your money in your NC 401(k) and/or NC 457 Plans and continue to receive all of the great benefits as a participant, including low fees, strong board oversight, automatic account balancing based on your age and goals and support through a dedicated NC Plans counselor.



Contact your NC 401(k)/NC 457 Plans counselor by visiting myNCPlans.com.

Retirement Options for NC Plans

Option 1: Keep your funds in the plans

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 the benefits of these high-quality plans, 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 rollover 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
- Strong oversight of the Supplemental Retirement Board of Trustees
- Retirement portfolios available in GoalMaker, the asset allocation tool

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. Learn more about the Transfer Benefit option on our [website](#).

Option 3: Make a one-time contribution

You may 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.

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 start receiving monthly payments 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.