



Guide for TSERS LEOs 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 state 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 Teachers' and State Employees' Retirement System (TSERS), Social Security, and savings through the NC 401(k), NC 457 and NC 403(b) Plans.

You must also take health care options into consideration, whether they be through the North Carolina State Health Plan, Medicare or one of North Carolina's supplemental dental and vision insurance offerings.

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.

If you have questions about your health plan options, eligibility or premium contribution, please contact:

- Eligibility & Enrollment Support Center
- State Health Plan Website
- 1-855-859-0966
- www.shpnc.org

What do I do about health care once I retire?

Taking time to carefully consider your State Health Plan options can reduce your worries and enhance your retirement. Advance action is required to preserve your widest range of health plan options.

If you are an active employee considering retirement, you are encouraged to start your retirement paperwork processing 120 days before your planned retirement date. If your retirement processing is not completed early enough, you may miss the opportunity to enroll in a Medicare Advantage Plan.

If you are a retiring member who is under 65, you will be automatically enrolled into the health plan in which you were enrolled as an active employee, along with any covered dependents.

If you are an active member nearing retirement who is 65 or older, Medicare becomes primary the last month that you are covered by your agency and Medicare-eligible coverage will apply. Please be aware of the Medicare change and the need to elect Medicare Part B to be effective the date of your retirement.

Medicare Advantage Plans do not allow exceptions for late enrollments, which may result in you only having the option to enroll in the 70/30 Plan option until the next Open Enrollment period.

You will be auto-enrolled into the appropriate plan (as noted above) unless you opt out during the retirement process. In addition, if you were not covered by the State Health Plan as an active employee, you still must opt out of State Health Plan coverage or you will be auto-enrolled in coverage as a retiree.

Please see the last page of this brochure for more information about the supplemental dental and vision insurance products that are available to you as a retiree.



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 as an officer, provided you do not withdraw your contributions (receive a refund).

Your benefit is determined by the formula in use 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 for a state Law Enforcement Officer?

Your annual retirement benefit is based on this formula: 1.82 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 for a state Law Enforcement Officer?

Early Retirement Percentages: If you are between ages 50 and 55, 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	20	15
54	96%	96%	96%	96%	96%	96%	96%
53	95%	92%	92%	92%	92%	92%	92%
52	95%	90%	88%	88%	88%	88%	88%
51	95%	90%	85%	84%	84%	84%	84%
50	95%	90%	85%	80%	80%	80%	80%

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

Terms to know:

Creditable Service includes your membership service for any period during which you contribute to TSERS, 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 deferred benefit or the Survivor's Alternate Benefit. Sick leave may be used to complete 30 years of service, regardless of age. You may also use the portion of your sick leave earned as an officer to complete 15 years of service after age 50 or five years of service as an officer after age 55.

How do I qualify for benefits as a state Law Enforcement Officer?

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

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.



North Carolina
Total Retirement Plans

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



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	15	\$1,092	\$910	\$728	\$546	\$364
52	28	\$2,293	\$1,911	\$1,528	\$1,146	\$764
55	25	\$2,275	\$1,895	\$1,516	\$1,137	\$758
ANY	30	\$2,730	\$2,275	\$1,820	\$1,365	\$910
ANY	40	\$3,640	\$3,033	\$2,426	\$1,820	\$1,213

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



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 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 paid to you. After your death, the same reduced retirement allowance is paid 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 paid to you. After your death, one-half of the reduced retirement allowance is paid 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.

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What do I do about funds in my NC 401(k) or NC 457 Plans or the NC 403(b) Program?

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 state agency. They can work with you to determine which of the following options is right for you:

Option 1: Keep Your Funds in the Plans

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 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
- Strong oversight of the Supplemental Retirement Board of Trustees

Once you separate from service, you can no longer contribute to the plans.

Option 2: Receive lifetime income (Transfer Benefit)

You may transfer eligible NC 401(k) or NC 457 Plan funds to TSERS 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 1-888-732-8562, 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 your Prudential retirement education counselor at 1-866-NCPlans (1-866-627-5267).

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 1-800-772-1213 or visit socialsecurity.gov.

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.

To contact Pierce Insurance, call 1-855-NCRETIRE (1-855-627-3847) or visit 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 and complete retirement applications and forms
- Download and view your retirement benefits handbook
- 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 (1-877-627-3287)
Fax: 919-855-5800

Appointment-only Policy: If you wish to visit our office, please email the Retirement Systems Division at NCRetirement@nctreasurer.com to schedule an appointment.