



# Your Retirement Benefits

## TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM



**North Carolina Retirement Systems**



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STATE OF NORTH CAROLINA  
DEPARTMENT OF STATE TREASURER  
RETIREMENT SYSTEMS DIVISION

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DIRECTOR



Welcome to the North Carolina Retirement Systems!

The Department of State Treasurer, which administers the retirement systems for state and local government employees, is committed to providing you with information that will help you make informed decisions about your financial future. I encourage you to familiarize yourself with the benefits described in this booklet.

This handbook outlines the benefits available to you as a member of the Teachers' and State Employees' Retirement System, including:

- Benefits you will receive at retirement once you meet the service and age requirements
- Benefits you may receive if you become disabled (Disability Income Plan of North Carolina)
- Benefits your beneficiary may receive if you die while you are an active employee or after you retire (death benefits)
- Qualifications for reemployment after retiring

I also encourage you to visit our Web site, [www.myncretirement.com](http://www.myncretirement.com), for retirement resources, and to register on ORBIT, your safe and secure online access to your personal retirement account information. You can also contact the North Carolina Retirement Systems if you have additional questions. Our customer service representatives can assist with the status of an application or answer questions about retirement, disability and death benefits.

Thank you for your service to North Carolina.

Sincerely,

A handwritten signature in cursive script that reads "Janet Cowell".

Janet Cowell



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# Your Retirement Benefits

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

## Your Retirement System Benefits In Brief

- Automatic membership for eligible employees. See below
- You and the State pay the cost of retirement benefits. See page 3
- Monthly payments at retirement based on your salary, age, and years of credit. See page 4
- Unreduced retirement benefit at age 65 with five years of membership, or at age 60 with 25 years of credit, or at any age with 30 years of credit; reduced benefit after age 50 and 20 years of credit, or at age 60 with five years of membership. See page 4
- A right to a reduced benefit at age 60 after five years of membership, regardless of whether you are working. See page 4
- Disability Income Plan benefits. For short-term benefit provisions, see page 30. For long-term benefit provisions, see page 32
- Survivor monthly income if you die in active service with 20 years of credit regardless of age; or after age 60 with five years of membership. See page 6
- Several payment options available to continue income to your beneficiary following your death after retirement. See pages 10, 11, and 12
- Death benefit paid to your beneficiary if you die in active service after one year of membership. See page 6

This section just highlights the System. The following pages describe it in detail.



## Becoming A Member Of The System

You become a member of the System on your date of hire if you are:

- a permanent full-time teacher or employee of a State-supported board of education or community college
- a permanent employee of the State (or any of its agencies, departments, bureaus, or institutions) and work at least 30 hours per week for nine months per year
- a permanent employee of a charter school whose board has elected to participate in the Retirement System, and work at least 30 hours per week for nine months per year

However, if you are:

- a faculty member, administrator, or other eligible employee at a State institution of higher education or a community college president, you may join an optional retirement program, instead of the System

- an Agricultural Extension Service employee and a member of the Federal Employees' Retirement System, you may not join this System

You can get more details about the alternate systems from your employer.

Shortly after your employer enrolls you in the System, you will be asked to name your beneficiary(ies) to receive a refund of your retirement contributions and a death benefit if you die before retirement. You can change your beneficiary(ies) at any time before retirement by completing a Form 2RC, "Designating Beneficiary(ies) for Retirement System Return of Contributions," and Form 2DB, "Designating Beneficiary(ies) for the Death Benefit." These forms are available on the Retirement System's Web site at [www.myncretirement.com](http://www.myncretirement.com).

## Who Pays For The System

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

Your share of the cost, which is automatically deducted from your paycheck, is 6 percent of your compensation. Your compensation includes all salaries and wages paid to you, from public funds, which you earn at your covered job while working for the State.

On and after July 1, 1982, your contributions to the Retirement System are tax-sheltered for federal and North Carolina income tax purposes.

The State bases contributions on the calculations prepared by an actuary. The State contribution rate for the 2010-2011 fiscal year is 10.51 percent of all members' salaries to pay for the benefits for you and other members.

## Tax-Deferred Savings Advantages

On and after July 1, 1982, special tax advantages apply to the contributions you make to the Retirement System because they are made on a before-tax basis. This means that your contributions are deducted from your pay before taxes are calculated. As a result, your taxable income is lowered and the amount of annual taxes you pay is less than if you made contributions on an after-tax basis.

The example below assumes you are married, earn \$30,000 a year, have four people in your family, and contribute 6 percent of your salary to the Retirement System. The amount of tax you actually pay will depend on current tax rates and your own financial situation.

	After-Tax Savings	Tax-Deferred Savings
<b>Eligible Pay</b>	<b>\$30,000</b>	<b>\$30,000</b>
<b>Tax-Deferred Savings</b>	<b>0</b>	<b>-1,800</b>
<b>Taxable Income</b>	<b>\$30,000</b>	<b>\$28,200</b>
<b>Federal Income Tax Withholding*</b>	<b>-1,882</b>	<b>-1,612</b>
<b>North Carolina State Income Tax Withholding*</b>	<b>-1,259</b>	<b>-1,133</b>
<b>After-Tax Savings</b>	<b>-1,800</b>	<b>0</b>
<b>Take-Home Pay</b>	<b>\$25,059</b>	<b>\$25,455</b>
<b>Increased Take-Home Pay</b>		<b>\$396</b>
<b>*Estimated</b>		

# How Your Benefit Is Calculated

Your annual retirement benefit  
is based on this formula:  
1.82% of "average final compensation"  
TIMES  
years and months of "creditable service."

**Average final compensation** means the average of your salary during your four highest-paid years in a row. If your four highest-paid years in a row include a final payment for unused vacation leave and/or prorated longevity, your average final compensation may be increased by the extra payment(s). (Final payments, if any, for unused sick leave or reimbursements for expenses are not includable in your average final compensation.)

**Creditable service** means any period during which you contribute to the System, provided you do not withdraw your contributions. In addition, if you have unused sick leave, were in military service, or worked out-of-state in related governmental employment, special rules may apply in determining creditable service. See pages 13 through 17 for more details.

If you left the System and withdrew any of your own contributions, you may restore your creditable service by making a lump sum payment, as outlined on page 14.



## How To Qualify For Benefits

### Becoming Vested

You become vested in the Retirement System once you have completed a minimum of five years of membership service. This means that you are eligible to apply for lifetime monthly retirement benefits based on the formula, and the age and service requirements described in this handbook, provided you do not withdraw your contributions. You may also be eligible for retiree health coverage as described on page 21.

### Service Retirement (Unreduced Benefits)

You may retire with an unreduced service retirement benefit after:

- you reach age 65 and complete five years of membership service
- you reach age 60 and complete 25 years of creditable service
- you complete 30 years of creditable service, at any age

### Early Retirement (Reduced Benefits)

You may retire early with a reduced retirement benefit after:

- you reach age 50 and complete 20 years of creditable service
- you reach age 60 and complete 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. Since your benefits may be paid over a longer period of time than if you waited until you were eligible for service retirement, they will be reduced. The table on page 8 shows the effect these reductions would have on your benefit.

### Disability Retirement

After attaining certain service requirements, you may be eligible for short-term disability and/or long-term disability benefits from the Disability

Income Plan of North Carolina as described on pages 28 through 36. However, if you earned and maintained five or more years of membership service with the State Retirement System prior to July 1, 1982, you may be eligible to receive disability retirement benefits, upon approval by the Medical Review Board, that are based in part on the amount of service that you would have earned if you had been able to remain in service until age 65, instead of benefits from the Disability Income Plan.

In addition, if you earned and maintained five or more years of membership service with the State Retirement System prior to January 1, 1988, you may be eligible to receive disability retirement benefits that are based in part on the amount of service that you would have earned if you had been able to remain in service until you would have otherwise been eligible for an unreduced service retirement benefit, instead of benefits from the Disability Income Plan.

In either case, if you earned and maintained five or more years of membership service with the State Retirement System prior to January 1, 1988, and subsequently become disabled, as approved by the Medical Review Board, you will have the opportunity to elect to receive benefits from the Disability Income Plan or to receive disability retirement benefits from the State Retirement System.

If you are eligible for and you elect to receive disability retirement benefits, your payment under the Maximum Allowance will be calculated using the same formula as a service retirement benefit. (See pages 10 and 11 for descriptions of retirement payment plans.) Under disability retirement, you may choose any payment option except Option 4. If you choose a survivorship option, it will be calculated using disability reduction percentages.

Please visit our Web site at [www.myncretirement.com](http://www.myncretirement.com) for additional information about disability benefits and the required forms.

## Reciprocity Between Retirement Systems

Any credit you may have in the Legislative, Judicial, or Local Governmental Employees' Retirement Systems may be counted along with your credit in this Retirement System for the purpose of determining your *eligibility* for a reduced or unreduced benefit. However, only your creditable service in this System will be used in computing the amount of your benefit in this System, and creditable service in any other system will be used in computing benefits from that System.

In addition, effective July 1, 2010, any service credit you may have in the Optional Retirement Program may be added to your creditable service in this System for the purpose of determining eligibility for State Retirement System benefits.

## If You Leave The System Before Retirement

Even if you leave before service or early retirement, you may still receive a deferred benefit at a later date. You are entitled to apply to receive a benefit once you meet eligibility requirements after you have completed five years of membership service, provided you do not withdraw your contributions. See page 21 for information regarding retiree health insurance coverage.

Your benefit is determined by the formula in effect on the effective date of your retirement. It is based on your average final compensation and years of creditable service at that time. You can apply for deferred payments to begin when you reach age 60.

If you have at least 20 years of creditable service when you leave, you can apply for early payments starting at age 50. However, your benefit is reduced because you may receive payments for a longer period of time than if you waited until you were eligible for service retirement.

If you leave the System before you have five years of membership service, the only payment you can receive is a refund of your contributions. See page 18 regarding a refund of contributions.

## How Your Beneficiaries Are Protected

Although the System's primary purpose is to provide retirement income, it recognizes that some employees will not live to enjoy their retirement benefits. So, it provides a death benefit that protects your beneficiary should you die before retirement.

In addition, your beneficiary will receive a refund of your contributions (with interest, if applicable). More details on refunds appear on page 18. If you meet certain eligibility requirements, a *Survivor's Alternate Benefit* may be paid instead of the refund of contributions if you have one eligible beneficiary living at the time of your death. See below.

If you die after retirement, depending on the payment option you chose, your beneficiary may receive income following your death. See pages 10 through 12.

### Survivor's Alternate Benefit

Provided you have not retired, the Survivor's Alternate Benefit may be payable if you have one and only one eligible beneficiary for the return of your contributions living at the time of your death, and you die while in active service or within 180 days of your last day of service after:

- completing 20 years of creditable service (not including credit for unused sick leave) regardless of age
- reaching age 60 with five years of membership service

This beneficiary may choose to receive a monthly benefit (known as the Survivor's Alternate Benefit) for life instead of a return of your contributions. The Survivor's Alternate Benefit does not apply if you have two or more eligible beneficiaries for the return of contributions living at the time of your death, or if your estate is your eligible beneficiary at the time of your death, or if you have retired. The benefit equals the same monthly amount you

would have been entitled to receive under Option 2 had you retired on the first of the month following your death. If you do not want your beneficiary to have the choice to receive the Survivor's Alternate Benefit, you should so indicate, in writing, to the Retirement System.

### Death Benefit

If you die while still in active service after one year as a contributing member, your beneficiary will receive a single lump sum payment. The payment equals the highest 12 months of salary in a row during the 24 months before you die, but no less than \$25,000 and no more than \$50,000. This benefit is also paid if you die within 180 days of your last day of service. It is in addition to any other benefits to which you may be entitled. For this death benefit, you may name the same or different beneficiary(ies) than the one(s) you named to receive the return of contributions.



## Example Of How A Benefit Is Calculated

To give you an idea of how benefits are calculated, let us look at some examples. Assume an employee, Mary Benson, who works on a 10 month per year basis, retires at age 60, with 32 years and two months of creditable service. As we go through the steps to figure Mary's benefit, write in your own figures for an estimate of your benefit.

Because Mary has over 30 years of creditable service at retirement, she receives her basic benefit of about \$18,929 annually, or approximately \$1,577 monthly, for the rest of her life under the maximum allowance, with monthly payments ceasing at her death.

In addition, Mary may also be eligible for Social Security benefits as early as age 62.

At Service Retirement	Mary	You
<b>Step 1</b> Add your salary during your four highest-paid years in a row.	\$30,600 31,700 32,900 + 34,000 ----- \$129,200	\$    ----- \$
<b>Step 2</b> Divide Step 1 by four to determine your average final compensation.	\$32,300	\$
<b>Step 3</b> Multiply Step 2 by .0182 to apply retirement formula.	\$32,300 x .0182 ----- \$587.86	\$ x .0182 ----- \$
<b>Step 4</b> Determine creditable service. (see pages 13 through 17)	32.2 years	
<b>Step 5</b> Multiply Step 3 by Step 4 to determine your annual retirement benefit.	\$587.86 x 32.2 ----- \$18,929.09	\$  ----- \$
<b>Step 6</b> Divide Step 5 by 12 to get monthly maximum allowance.	\$1,577.42	\$

You can also create your own custom estimate by visiting our Web site at [www.myncretirement.com](http://www.myncretirement.com), clicking on the "ORBIT" icon, and logging into your personal ORBIT account.

### At Early Retirement

Now let us look at an employee, Fred Wise, who works on a 12 month per year basis. Assume when Fred retires at age 61, he has:

- average final compensation of \$32,300
- 24 years and three months of creditable service

Here is how we calculate his benefit:

$$\begin{array}{r}
 \$ 32,300 \text{ (average final compensation)} \\
 \times .0182 \\
 \hline
 \$ 587.86 \\
 \times 24.25 \text{ (creditable service)} \\
 \hline
 \$ 14,255.61
 \end{array}$$

Now apply the early retirement reduction percentage from the chart below.

$$\begin{array}{r}
 \$ 14,255.61 \\
 \times .88 \text{ (percentage at age 61)} \\
 \hline
 \$ 12,544.94
 \end{array}$$

In this case, Fred receives a maximum payment of about \$12,544 a year, or about \$1,045 a month, unless he chooses a payment option. His payment will start at age 61 and continue for the rest of his life.

Assume, however, that Fred is age 59 instead of age 61. With 24.25 years of creditable service, his early service retirement reduction percentage is .80 instead of .88. In this case, Fred receives a maximum payment of about \$11,404 a year, or about \$950 a month, unless he chooses a specific retirement payment option. His payment will start at age 59 and continue for the rest of his life.

In addition, Fred may also be eligible for Social Security benefits as early as age 62.

### Early Retirement Percentages

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

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

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.

If you are between ages 50 and 59, with less than 30 years of creditable service, your early retirement will be reduced to the percentages shown in the table on page 8.

### Examples Of Benefits Paid

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

Of course, these are only examples. Your own benefit is calculated individually and depends on your age, creditable service, and average final compensation.

Monthly Retirement Benefit Under Maximum Allowance						
Average Final Compensation	Age	50	55	60	N/A	N/A
	Service	20	28	25	30	40
	\$80,000	\$1,213	\$3,057	\$3,033	\$3,640	\$4,853
	70,000	1,061	2,675	2,654	3,185	4,246
	60,000	910	2,293	2,275	2,730	3,640
	55,000	834	2,102	2,085	2,502	3,336
	50,000	758	1,911	1,895	2,275	3,033
	45,000	682	1,719	1,706	2,047	2,730
	40,000	606	1,528	1,516	1,820	2,426
	35,000	530	1,337	1,327	1,592	2,123
	30,000	455	1,146	1,137	1,365	1,820
	25,000	379	955	947	1,137	1,516

## Retirement Benefit Payment Plans

When you retire you have to decide which monthly payment plan to select. Your decision will be 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.

Before you select a payment plan, you should know that, on average, each payment plan is mathematically equal to the other plans. That is, each payment plan is calculated so that the total value of the plan you select is the same as the value of the other plans if you and the beneficiary (if any) you name to receive a monthly payment, live your expected lifespans.

You should first decide if you need to select a type of payment plan that provides for a monthly payment to a beneficiary after your death. If you do not select such a plan, all of your retirement benefit will be used to provide you with a lifetime monthly payment that ceases at your death.

There is a **Guaranteed Refund** feature of your retirement benefits which provides that the total amount paid out after your retirement will not be less than the amount of your contributions and interest, regardless of which retirement plan you select. Should your death and the death of the beneficiary named to receive a monthly payment, if any, occur before the total of all monthly payments equals the amount of your contributions and interest, the unrecovered portion of your contributions and interest will be paid in one lump sum to another beneficiary(ies). Payments made to purchase additional creditable service after retirement are also covered by the Guaranteed Refund provisions. You may name one or more beneficiaries for the Guaranteed Refund provision, and you may change this beneficiary(ies) as often as you desire. Of course, any beneficiary named for the Guaranteed Refund cannot be named as beneficiary for a monthly benefit.

**You may not change the payment plan you select once you cash a retirement check or after the 25th of the month following the month your first check is mailed** (whichever is earlier) *except* under the following conditions:

- if you select a payment option that provides a monthly benefit to your spouse as named beneficiary after your death (i.e., Option 2, 3, 6-2, or 6-3) and later become divorced from that spouse
- if you are rehired in a position covered by the Retirement System and contribute to your new account for at least three years

## Maximum Allowance

When you retire on a service retirement allowance, your basic benefit is the maximum allowance and is calculated under the formula on page 7. If you retire early, your maximum allowance is calculated using the same formula and then reduced for early retirement. In either case, unless you choose a payment option, you will receive your maximum allowance for as long as you live. All monthly payments stop at your death.

## Payment Options

Instead of the maximum allowance, you can choose one of the following payment options.

If you elect to provide a monthly payment to a beneficiary after your death by choosing Option 2, 3, 6-2, or 6-3, you give up some of your retirement benefit while you are living. The amount you give up is placed in reserve to be paid to one beneficiary after your death. (A beneficiary for a monthly benefit *cannot* be named as beneficiary for the Guaranteed Refund.) The amount your retirement benefit is reduced depends on the amount of your maximum allowance, your age, and the age of your beneficiary.

### Option 2

#### 100% Joint And Survivor

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

### Option 3

#### 50% Joint And Survivor

You receive reduced monthly payments for life. After you die, one-half of your payment continues to your beneficiary for life.

## Option 4

### Social Security Leveling

You receive 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. Nevertheless, your reduced retirement payments after age 62 plus your allowance from the Social Security Administration should be approximately the same amount as the inflated payment you received from the Retirement System before age 62. However, the actual amount of your retirement payments both before and after age 62 will be based on the estimate of benefits you provide to our office from the Social Security Administration *prior* to your retirement. All monthly payments cease at your death.

The reduction in your monthly retirement payments after age 62 allows the Retirement System to recover the inflated amounts you received before age 62. Therefore, on average, the inflated amounts received before age 62, together with the reduced amounts received after age 62, are equal in value to the other retirement plans over your life expectancy.

Please be sure to contact the Social Security Administration to inquire about how to apply for benefits and what date your first age 62 Social Security benefit will be paid to you; this will help you plan your finances in the event your Social Security age 62 benefit is not paid until the later part of the month following the month your Option 4 benefit is reduced.

Under Option 4, any percentage increase you are granted in your retirement payments before age 62 will be applied to the inflated benefit you are receiving at that time; however, upon reaching age 62 your retirement payments will be reduced to the original amount promised after age 62, plus the *percentage increases* (not the dollar amount

of increases) granted before age 62. For additional information regarding Option 4 and Social Security, see pages 19 and 27.

## Option 6

### Modified Joint And Survivor

You receive reduced monthly payments under a combination of Option 2 and the maximum allowance, or under Option 3 and the maximum allowance. Your death, or the death of your beneficiary, affects monthly payments as follows:

- **Option 6-2** — Under a combination of Option 2 and the maximum allowance, your death entitles your beneficiary to receive a monthly payment for life in the same amount as you received. However, if your beneficiary dies before you do, your monthly payments are increased to the amount payable under the maximum allowance.
- **Option 6-3** — Under a combination of Option 3 and the maximum allowance, your death entitles your beneficiary to receive a monthly payment for life of one-half the amount you received. However, if your beneficiary dies before you do, your monthly payments are increased to the amount payable under the maximum allowance.

Under Options 2, 3, 6-2, and 6-3, you may name only one beneficiary to receive a monthly survivor payment after your death. **You may not change your survivor beneficiary after you retire** *except* under the following conditions:

- if you named your spouse as survivor beneficiary and later become divorced from that spouse
- if you return to employment covered under this Retirement System 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 benefi-

ciary and this spouse dies before you, and you remarry, you may name your new spouse as your beneficiary within 90 days of your remarriage under the same option you chose at retirement. This redesignation must be properly filed with the Retirement System within 120 days of remarriage. Your new benefit will be reduced on the basis of 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 prior to the death of your original spouse, additionally reduced in order to cover your new spouse as beneficiary.

Under Options 6-2 and 6-3, if your survivor beneficiary dies before you do, you may not name another.

Your new beneficiary designation will be effective on the first day of the month in which it was made, and it will provide retirement benefits that are mathematically equal to the retirement benefits that were in effect prior to your new beneficiary designation.

### How The Payment Options Work

John Murphy has earned a service retirement benefit under the maximum allowance of \$1,000 a month. Unless he chooses a payment option, he will receive \$1,000 each month for life with all monthly payments ceasing at his death.

But let us assume he wants to share his benefit with his wife, Pam. Pam is 51 when John retires at 57 after 30 years and three months of creditable service. The table below shows how much John and Pam would each receive monthly under 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.

#### To John

##### Maximum Allowance

\$1,000 monthly

##### Option 2

\$840.40 monthly

##### Option 3

\$913.30 monthly

##### Option 4\*

\$1,388.89 up to age 62, \$753.89 thereafter

##### Option 6

With Option 2:

\$832.10 monthly; if Pam dies before John, he receives \$1,000 monthly thereafter

With Option 3:

\$908.40 monthly; if Pam dies before John, he receives \$1,000 monthly thereafter

#### To Pam After John's Death

\$0.00

\$840.40 monthly

\$456.65 monthly

\$0.00

\$832.10 monthly

\$454.20 monthly

\*Assumes John's primary Social Security benefit is \$635 a month at age 62.

## Creditable Service And Service Purchase Provisions

Your benefit at retirement is based, in part, on your creditable service. In addition to the years and months you contribute to the System, creditable service may also include unused sick leave credit and certain types of purchased retirement service credit which are described below.

**Sick Leave.** 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. Sick leave which was converted from excess vacation leave in accordance with State law is also creditable. One month of credit is allowed, at no cost to you, for each 20 days of your unused sick leave when you retire. 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 sick leave cannot be used to meet the minimum qualifications for a deferred benefit or the Survivor's Alternate Benefit. You may use your sick leave to complete 30 years of service regardless of age, 25 years of service after age 60, and 20 years of service after age 50. Please note that sick leave does not count toward eligibility for retiree health coverage. See page 21 for information regarding retiree health coverage.

Your employer will certify the amount of sick leave you have on your retirement application.

**To purchase retirement service credit, you will need to complete the appropriate purchase form. These forms, which include detailed information about the service purchase process, are available on the Retirement System's Web site at [www.myncretirement.com](http://www.myncretirement.com).**

**Military Service.** Your periods of active duty in the United States military up to the time you were first eligible for discharge count as creditable service at no cost to you if you were a teacher or State employee when you entered the military, and:

- you returned to employment as a teacher or State employee within two years after your earliest discharge date
- you returned to employment as a teacher or State employee at any time after your discharge and completed at least 10 additional years of service as a contributing member

If you are not eligible for free credit under these rules, you may be eligible to buy credit for your first period plus later *required* periods of active duty by making a lump sum payment.

To be eligible to purchase military service credit, you must have contributed to this Retirement System for five years. Your cost will be equal to the full actuarial liabilities created on account of the additional credit purchased.

If your service is creditable in another retirement system, your ability to buy credit in this System may be restricted.



**Withdrawn Service.** If you ever received a refund of your contributions from this Retirement System, the Local Governmental Employees' Retirement System, or the former Law Enforcement Officers' Retirement System, you may be eligible to make a lump sum payment to purchase in this System the amount of creditable service you lost when you received your refund. Before you are eligible to pay for this service, you must be rehired and contribute to this System for five years or have a combination of five years of currently creditable service in the Judicial, Legislative, Local Governmental, or this Retirement System.

Effective July 1, 2001, your cost, which must be paid in a lump sum, will be equal to the amount of contributions withdrawn, plus interest at the rate of six and one-half percent compounded annually from the year of withdrawal to the year of repayment, plus an administrative fee of \$25.

**Other Withdrawn Service Purchase Provisions.**

If you ever received a refund of your contributions from the Consolidated Judicial Retirement System, the Legislative Retirement System, or the Local Governmental Employees' Retirement System, you may be eligible to make a lump sum payment to purchase the amount of withdrawn creditable service in the System *from which it was withdrawn*. Before you are eligible to pay for this service, you must have five years of currently creditable service in this Retirement System or in the Judicial, Legislative, or Local Governmental Retirement Systems, or have a combination of five years of credit in any of these Systems. *Service purchased under this method may be used in determining your eligibility for benefits in this System.* However, only your creditable service in this System will be used in computing the amount of your benefit in this System, and creditable service in any other system will be used in computing benefits from that System.

Your cost, which must be paid in a lump sum, will be calculated using the withdrawn service purchase provisions in the System under which you are purchasing the service credit.

**Out-Of-State Service.** If you have performed out-of-state public employment, you may be eligible to buy credit for that service. Credit that can be purchased must have been with:

- another state or governmental subdivision of a state
- a federal, overseas dependent or military dependent school
- the Public Health Service
- the Merchant Marine (if you were also in the Naval Reserve)
- the International Cooperation Administration or Agency for International Development, while on an approved leave of absence

To be eligible to purchase out-of-state service, you must have contributed to the Retirement System for a total of five years with at least one year of membership service after completing your out-of-state service. Your cost will be equal to the full actuarial liabilities created on account of the additional credit purchased.

If your service is creditable in another retirement system, your ability to buy credit in this System will be restricted. If you are eligible, you may buy credit at the rate of one year of out-of-state service for each year of service under this System. You may purchase a maximum of 10 years of out-of-state service credit.

**Educational Leave.** If you have interrupted service or approved leave of absence for educational purposes, credit may be purchased if regular employee and employer contributions are paid by the 15th of the month following the month for which service credit is allowed. If contributions are

not made by the 15th of the month, a penalty of 1 percent per month shall be assessed to the total costs. In addition, unless you return to service as a contributing member within 12 months after completion of your educational program and contribute to the Retirement System for at least three more years (except in the event of death or disability), your contributions will be refunded and the service credits canceled. If your employer will not make the employer contributions, you may make them in addition to the employee contributions.

Regardless of when the educational program was completed, the maximum allowable credit for educational leave or interrupted service for educational purposes is six years.

**Temporary Local And State Service.** You may purchase credit for full-time temporary local and State government employment if you have completed five years of service as a contributing member after the temporary employment. Your cost will be a lump sum payment equal to the full actuarial liabilities created on account of the additional credit purchased.

**Probationary Or Waiting Period Service.** You may purchase credit for a period of service you performed with a unit of the Local Retirement System, during which time you were in a probationary or employer imposed waiting period status between your date of employment and date of membership in the Retirement System. In order to be eligible to purchase this credit, the employer must have revoked its probationary or waiting period policy. Your cost will be a lump sum payment equal to the full actuarial liabilities created on account of the additional credit purchased.

**Workers' Compensation Leave.** If you are granted a leave of absence to receive benefits under the North Carolina Workers' Compensation Act, you may make a lump sum payment to purchase credit for the period of time you received those benefits.

If your leave ended before January 1, 1988, your cost will be a lump sum payment that includes the total amount required to cover the employee and employer funding. If your leave ends on or after January 1, 1988, the cost will be shared by you and your employer. For any leave ending on or after July 1, 1983, if payments are not made within six months of your return to service, a penalty of 1 percent per month shall be assessed to the total cost.

**Part-Time Local And State Service.** You may purchase credit for part-time local and State government service if you have completed five years of service as a contributing member. If your purchase of credit for part-time service makes you eligible to retire and you do so immediately after your purchase, the five years of service as a contributing member may be performed at any time before and/or after completion of the part-time employment. Otherwise, the five years of service must be performed *since* completion of the part-time employment. Your cost will be a lump sum payment equal to the full actuarial liabilities created on account of the additional credit purchased.

**Service With A Local Governmental Employer.** If you worked on a permanent, full-time basis with a unit of local government, and are not otherwise eligible for credit for that service, you may purchase credit for it in the State Retirement System, if you have completed five years of service as a contributing member. In order to be eligible to purchase this credit in the State Retirement System, the service must not be creditable in the Local Governmental Employees' Retirement System. Your cost will be a lump sum payment equal to the full actuarial liabilities created on account of the additional credit purchased.

**Service With The Federal Government.** You may purchase credit for service you performed on a full-time basis with the federal government, if you have completed five years of service as a contributing member of this Retirement System since performing the federal service. In order to be eligible to purchase this credit, your federal service must not be creditable in any other retirement system. Your cost will be a lump sum payment equal to the full actuarial liabilities created on account of the additional credit purchased.

**Public Community Service.** If you worked on a full-time basis with a public community service entity in North Carolina that was funded entirely with federal funds, and are not otherwise eligible for credit for that service, you may be eligible to purchase credit for it in this Retirement System. To do so, you must have completed five years of service as a contributing member since completing the public community service employment. Your cost will be a lump sum payment equal to the full actuarial liabilities created on account of the additional credit purchased.

**Omitted Service.** You may purchase credit for a period of eligible service to a participating employer, if during that period of eligible service, you should have been a contributing member of the State or Local Governmental Retirement System but were omitted from contributing membership through error.

The cost to purchase this type of service depends on when the omitted membership occurred. The cost, which must be paid in a lump sum payment, will likely be lower if you purchase the omitted service as soon as possible after the omission.

**Service As A Member Of The General Assembly.** You may purchase credit for service as a member of the General Assembly if that service is not creditable in the Legislative Retirement Fund or the Legislative Retirement System. Your cost will be a lump sum payment equal to the full actuarial liabilities created on account of the additional credit purchased.

**Service As A Member Of A Charter School.** You may purchase credit for service if you were a permanent employee of a charter school whose Board elected not to participate in the Retirement System. You must have completed five years as a contributing member after the charter school employment. Your cost will be a lump sum payment equal to the full actuarial liabilities created on account of the additional credit purchased.

**Withdrawn University of North Carolina Optional Retirement Program Service.** You may purchase credit for periods of withdrawn University of North Carolina Optional Retirement Program service, provided you are not receiving, and are not entitled to receive, any retirement benefits resulting from this service. To purchase this service, you must have completed five years of service as a contributing member of this Retirement System since your Optional Retirement Program service. Your cost will be a lump sum payment equal to the full actuarial liabilities created on account of the additional credit purchased.

**Extended Illness Leave.** If your membership service was interrupted by one or more periods of leave without pay due to extended injury or illness, excluding maternity leave, you may purchase credit for each separate period during which you lost at least two months of membership credit. To be eligible, you must be a contributing member at the time of purchase and have at least five years of service as a contributing member. Your cost will be a lump sum payment equal to the full actuarial liabilities created on account of the additional credit purchased.

**Parental Leave.** If your membership service was interrupted by one or more periods of parental or maternity leave, pregnancy, or childbirth, you may purchase credit for each separate period during which you lost at least one month of membership credit. The maximum amount of credit you may purchase for each separate period is six months. To be eligible, you must be a contributing member at the time of purchase and have at least five years of service as a contributing member. Your cost will be a lump sum payment equal to the full actuarial liabilities created on account of the additional credit purchased.

### **Rollovers To Purchase Retirement Service Credit**

Effective January 1, 2003, pre-tax money from an eligible retirement plan or an eligible IRA may be accepted via rollover or in-service plan-to-plan transfer to purchase creditable service. For further information and instructions, please see Form 398, "Using a Distribution of Tax-Sheltered Savings to Purchase Retirement Credit," available from the Retirement System's Web site at [www.myncretirement.com](http://www.myncretirement.com).

## Transferring Service And Contributions Between Systems

You can transfer your contributions and creditable service between this Retirement System and the Local Governmental Employees' Retirement System as long as you are an eligible member of the System to which you are transferring, do not receive a refund of your contributions from the System from which you are transferring, and file a Form 5TR which is available from the Retirement System.

Creditable service transferred counts toward eligibility for monthly benefits and is used in computing the amount of your benefit. (See page 5 concerning reciprocity.)

Effective January 1, 2004, after completing five years of membership service in the Teachers' and State Employees' Retirement System, you may transfer contributions and creditable service

from the Consolidated Judicial and Legislative Retirement Systems to this Retirement System. Please contact the Retirement System for additional information and instructions.

**NOTE:** A transfer can affect your eligibility for retiree group coverage under the State Health Plan. Please see page 21 for further information.



## Refund Of Contributions

If you leave the System for any reason other than retirement or death, you can either receive a refund of your contributions (plus interest, if you have at least five years of service as a contributing member), or leave your contributions in the System and keep all the creditable service you earned to that date. See page 5.

To receive a refund, simply complete a Form 5, "Withdrawing Your Retirement Service Credit and Contributions," and file it with the Retirement System. You can get the form from the Retirement System's Web site at [www.myncretirement.com](http://www.myncretirement.com). State law does not permit the Retirement System to make a refund earlier than 60 days after your separation from covered employment. Upon receipt of your refund of contributions, you waive any rights to the employer contributions or any

other benefit from the Retirement System. (See pages 21 through 24 for information about *retiree* medical benefits and taxation.)

### Interest

The interest credited on your contributions and paid with a refund is set by State law. The amount is 4 percent per year on your balance at the first of each calendar year, compounded annually. Interest is a benefit to you only if you leave the System, get a refund, and qualify for an interest payment. The difference between the total investment earnings on your contributions and the 4 percent paid with your refund is kept by the System to help pay the cost of retirement benefits for career employees. If the law allowed a higher rate of interest to be paid with refunds, retirement benefits and other career employee benefits would be lower.

# Applying For And Receiving Monthly Benefits

## Retirement Application Process

Once you decide to retire and meet the eligibility requirements for monthly benefits, there are certain steps which must be taken to begin the retirement process.

Monthly retirement benefits are effective the first day of any month; however, a retirement application must be signed, dated, and filed at least one day and not more than 120 days prior to the effective date of retirement.

Approximately 90 to 120 days before your planned retirement date, you should complete a:

- Form 6, “Claiming Your Monthly Retirement Benefit”

Please see the Guides on the Form 6 for additional detailed information about the retirement process. This form is available from your employer or the Retirement System’s Web site at [www.myncretirement.com](http://www.myncretirement.com).

**If you contribute to the Retirement System during the six months before your effective date of retirement (or you are currently out of service, but your last day of service with a participating employer of the Retirement System was within the past five years, and you had unused sick leave), your employer should complete the employer certification section (Section H) on the Form 6, “Claiming Your Monthly Retirement Benefit,” before the form is sent to the Retirement System.**

If you want an estimate under Option 4, you must furnish the Retirement System with an estimate, obtained from the Social Security Administration, of the Social Security benefit available to you at age 62. This estimate should be obtained within one year prior to your effective date of retirement.

You must terminate employment, live until the effective date of retirement, and not perform any services for a State System employer (except as a bona fide volunteer in a local school administrative unit) at any time during the six months immediately following the effective date of retirement in order to be legally retired.

Generally, if your death occurs before the effective date of your retirement, your beneficiary will not be eligible for a monthly retirement allowance, based on your retirement account, except as provided under “Survivor’s Alternate Benefit” on page 6.

Upon receipt of your Form 6, “Claiming Your Monthly Retirement Benefit,” the Retirement System will send you an acknowledgement letter which will include instructions on your next steps in the retirement process. You will also be sent:

- Form 170, “Authorizing Direct Deposit”
- Instructions for enrolling in the retiree group of the State Health Plan

In addition, you will have an opportunity to elect coverage under the optional \$10,000 Contributory Death Benefit for Retired Members. Your election must be made within 60 days of the effective date of your retirement. Information about the cost and coverage provisions will be sent to you shortly after the Retirement System receives your retirement application.

You will later receive an estimate of the maximum allowance you can receive and the payment options, if applicable. Along with the estimates, you will receive:

- Form 6E, “Choosing Your Retirement Payment Option”
- Form 290, “Choosing Income Tax Withholding Preferences”
- Form 336, “Designating Beneficiary(ies) for the Guaranteed Refund as a Retiree”

**Please note that the Retirement System will not be able to pay monthly retirement benefits to you until we have received your properly completed Form 6E.**

Please return completed forms directly to the Retirement System.

### **Your First Monthly Benefit**

Your first monthly retirement benefit will be mailed to you. Thereafter, it is the policy of the Retirement Systems Division for your monthly payment to be directly deposited in your account when your financial institution opens for business on the 25th day of each month, except in December, when it will be deposited on the 20th. If the day the Retirement System would normally make your deposit is a Saturday, Sunday, or holiday, then your deposit will be made on the last workday *before* that Saturday, Sunday, or holiday. Direct deposit is fast, is automatic, and is free of cost to you.

### **Post-Retirement Increases**

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, the availability of funds, and how much active working members of the System receive in salary raises.

The cost-of-living increases granted are usually figured as a percentage increase in your monthly benefit. That percentage increase becomes a permanent part of your monthly benefit, under all payment plans, and the monthly benefit to be paid to your beneficiary, after your death, under Options 2, 3, 6-2, and 6-3. (See page 11 regarding Option 4 increases.)

## **NC 401(k) and NC 457 Transfer Benefit**

If you retire on or after January 1, 2011, you are eligible to make a one-time election at or following retirement to transfer any portion of your eligible contributions, not including Roth contributions and earnings, in the NC 401(k) Plan and/or NC 457 Plan to the Teachers' and State Employees' Retirement System and receive a separate additional monthly lifetime retirement allowance based upon your transferred balance.

If you retired prior to January 1, 2011, you will be allowed to make the one-time election for this benefit on or after July 1, 2011. Allowances will be available without cost-of-living increases and with cost-of-living increases. Please visit our Web site at [www.myncretirement.com](http://www.myncretirement.com) for additional detailed information about the Transfer Benefit, a Transfer Benefit estimator, and the required forms.

## Retiree Health Insurance Coverage

When you retire, you are eligible to enroll in the State Health Plan, with the cost determined by when you began State employment and which health coverage you select, if you contributed to the Teachers' and State Employees' Retirement System for at least five years (not including credit for unused sick leave or credit transferred from the Local Governmental Employees' Retirement System) while employed as a teacher or State employee.

After the Retirement System receives your retirement application, you will be sent instructions on how to enroll in the retiree group of the State Health Plan.

Under current law, if you were first hired **prior to October 1, 2006**, and retire with five or more years of State System membership service, the State will pay for your individual coverage under one of the Preferred Provider Organization (PPO) plans. Based on the conditions described above, if you were first hired **on or after October 1, 2006**, in order to receive individual coverage at no cost, you must retire with 20 or more years of retirement service credit; if you have 10 but less than 20 years of retirement service credit, you will have to pay 50 percent of the cost for your coverage, and with five but less than 10 years, you will have to pay the full cost for your coverage. In all cases, the full cost of dependent coverage, if elected, must be paid by you.

As a retiree, when you or covered dependents become eligible for Medicare, both Parts A (Hospital) and B (Medical) must be elected in order to maintain the same level of coverage provided before retirement.

For information on prescription drug coverage under the State Health Plan and Medicare Part D (Prescriptions), please contact the State Health Plan at 1-888-234-2416 or visit the State Health Plan Web site at [www.shpnc.org](http://www.shpnc.org).

Coverage under the retiree group of the State Health Plan begins on the first day of the month following the effective date of retirement. For example, if your effective date of retirement is January 1, 2011, your retiree group health coverage will begin on February 1, 2011.

# Income Tax

Benefits from the Retirement System receive special income tax treatment. The following is a brief outline of current tax laws as they apply to System benefits. However, tax laws often change. You should consult your tax advisor for more details.

## Retirement Benefits

Each year by January 31, a Form 1099-R (similar to Form W-2, Statement of Income and Tax Withheld, that you received annually while you were working) will be sent to you. Shown on the Form 1099-R are the amount of your retirement benefits, the taxable portion (if any), the amount of tax withheld (if any), and related information. Copies will also be sent to the Internal Revenue Service and 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 made by you before July 1, 1982, and any non-rollover service purchases made by you.

All or part of your retirement benefit may be subject to federal income tax because it has not been taxed before. Included in the taxable part of your retirement benefits are contributions made by you after July 1, 1982, any rollover service purchases, and all benefits paid by the employer contributions and investment earnings.

When you retire, you will receive a statement that shows the total amount of your retirement benefits not subject to federal income tax. That figure will be referred to as your “federal tax base.”

Under federal law, the majority of each and every retirement check is includable as taxable income on your federal tax Form 1040. This does not mean that you will pay tax again on the contributions on which you have already paid tax. It does mean, however, that you may exclude only a small portion of your previously taxed contributions each month throughout a period of time specified by the federal government.

The Retirement System computes the non-taxable portion of your monthly benefit by using the Internal Revenue Service “Simplified General Rule.” Under this method of computation, your “federal tax base” is divided by a specified number, based on your option and your age at retirement, to determine the non-taxable amount of your monthly benefit.

In order to determine in advance the portion of your monthly benefit that is *not* taxable, refer to the tables on the following page. Use Table 1 if you select the Maximum Allowance or Option 4; use Table 2 if you choose Option 2, 3, 6-2, or 6-3. Based on *your* age at retirement for Table 1 or for *your and your beneficiary's combined age* for Table 2, determine the number of expected payments in column two opposite your age bracket. Divide the number of expected payments into your “federal tax base” (as shown in your Final Report of Retirement Benefits). The result is the amount of your monthly benefit that is *not* taxable.

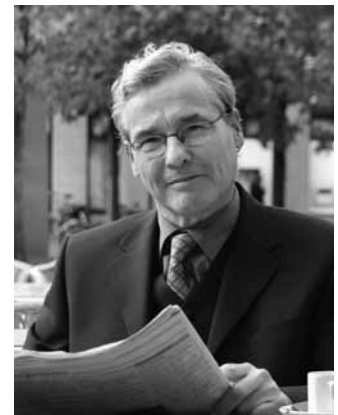


Table 1 — For Maximum Allowance And Option 4

Your Age At Retirement	Number Of Expected Payments To Be Divided Into Your Federal Tax Base
55 and under	360
over 55 to 60	310
over 60 to 65	260
over 65 to 70	210
over 70	160

Table 2 — For Options 2, 3, 6-2, And 6-3

Combined Age At Retirement	Number Of Expected Payments To Be Divided Into Your Federal Tax Base
110 and under	410
over 110 to 120	360
over 120 to 130	310
over 130 to 140	260
over 140	210

#### FOR EXAMPLE — Maximum Allowance And Option 4:

If your “federal tax base” is \$13,950 and your age at retirement is 60, you would divide \$13,950 by 310 to obtain your non-taxable figure of \$45 *per month*. Therefore, regardless of the post-retirement increases you may receive in the future, \$45 of your monthly benefit would be exempt from federal income tax for 310 months. The amount of your monthly benefit *in excess* of \$45 would be immediately includable for federal income tax purposes, and after 310 months your total monthly benefit would be includable.

#### FOR EXAMPLE — Options 2, 3, 6-2, And 6-3:

If your “federal tax base” is \$13,950 and your age at retirement is 56 and your spouse’s age is 63, you would divide \$13,950 by 360 to obtain your non-taxable figure of \$38.75 *per month*. Therefore regardless of the post-retirement increases you may receive in the future, \$38.75 of your monthly benefit would be exempt from federal income tax for 360 months. If you fail to live 360 months, the beneficiary to whom you have left a *monthly benefit*, can claim the \$38.75 monthly exclusion for the balance of the 360 months. The amount of your or your survivor’s monthly benefit *in excess* of \$38.75 would be immediately includable for federal income tax purposes, and after 360 months your total monthly benefit would be includable.

The illustrations on this page are only examples. Your non-taxable amount will be based on your age and the age of your survivor, if applicable, at retirement and the amount of your “federal tax base.”

**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 retirement benefit paid by this System 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, you will be required to pay North Carolina income tax on the taxable portion of your retirement benefit. The amount of retirement benefits subject to North Carolina income tax is the same amount of retirement benefits on which federal income tax must be paid, less a \$4,000 annual exclusion. If the taxable portion of your annual retirement benefits is less than \$4,000, you will not owe any North Carolina income tax on your retirement benefits.

If you are not a resident of North Carolina, you may not owe North Carolina income tax on your retirement benefits from this System. However, you may owe state income tax in the state in which you live. You should contact your tax advisor, the North Carolina Department of Revenue, or the Department of Revenue in the state in which you live for specific information relative to your situation. Our System can only withhold North Carolina income tax. We cannot withhold any other state's income tax from your monthly benefit.

### Death Benefits

Your beneficiary pays no income tax on death benefits. They are treated as life insurance benefits for tax purposes.

### Refunds

By January 31 of the year following the year of your refund, you will be sent a Form 1099-R showing the amount of your refund, the taxable portion, the amount of tax withheld (if any), and related information. Copies will also be sent 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 prior to July 1, 1982; however, the amount you contribute after July 1, 1982, is subject to federal income tax. Also, any interest earned by your contributions before and after July 1, 1982, 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 elect to roll over the taxable portion of your refund directly to an eligible IRA or eligible employer plan that will accept your rollover,

20 percent of the taxable portion of your refund will be withheld 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 which is made prior to death, disability, or the attainment of 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. You should consult the Internal Revenue Service, your attorney, or your accountant for specific information relative to your particular situation.

**North Carolina Income Tax.** The amount of the refund subject to North Carolina income tax is the amount of the refund on which federal income tax must be paid, less a \$4,000 exclusion. Refunds of retirement contributions paid by the Retirement System to former employees who maintained five or more years of retirement service credit as of August 12, 1989, are *not* subject to North Carolina income tax. Employees who do not have five years of maintained retirement service credit as of August 12, 1989, will be required to pay North Carolina income tax on the taxable portion of their retirement benefits refunds. If the taxable portion of your refund is less than \$4,000 for federal income tax purposes, you will not owe any North Carolina income tax on your refund.



## Reemployment After Retirement

After you have officially retired and are receiving monthly benefits, if you perform work in any capacity for an employer under this Retirement System, you will be subject to the reemployment provisions described below. These provisions may require you to work under an earnings limitation or to reenroll as a contributing member of the Retirement System. You will be subject to reemployment provisions based on the nature of the particular work you perform for a State System employer, regardless of your job classification or your technical employment status (which may include being assigned to work for a State System employer by a private company such as a temporary agency). If you retire with monthly early or service retirement benefits from this System and are reemployed by an employer that participates in this System, the following apply:

**Reemployment After Receiving Early Or Service Retirement Benefits.** If you retire on or after November 1, 2005, with monthly early or service retirement benefits from the System and are reemployed by an employer that participates in the Teachers' and State Employees' Retirement System, the following apply:

During the six months immediately following your retirement date, you must not perform any services for an employer in the Teachers' and State Employees' Retirement System in any capacity (except as a bona fide volunteer in a local school administrative unit). A return to work earlier than six months will revoke your retirement benefit retroactively to your retirement date and all benefits paid to you must be repaid to the Retirement System. Establishing a pre-existing agreement for post-retirement employment with an employer in this System is prohibited and will cause retroactive revocation of retirement benefits, as well.

If you are reemployed in a position that requires membership (see "Becoming A Member Of The System" on page 2) in the Teachers' and State Employees' Retirement System (or Consolidated

Judicial Retirement System), your State System retirement payment will be stopped on the first day of the month following the month of reemployment and you will again become a contributing member in the month in which you are restored to service.

At any time you are reemployed and become a member of the Retirement System again, your retirement benefits will be greater at the time of your second early/service retirement. If you return to service and contribute for at least three additional years, your service from your first and second periods of employment will be combined and you can change the retirement payment plan and/or beneficiary you selected at the time of your original retirement. If you return to service for less than three years, your first retirement benefit will be reinstated and you will have a choice of either receiving a lump sum refund of contributions or another (generally smaller) monthly benefit from your second period of employment.

If you are reemployed with a State System employer on a part-time, interim, temporary, or contractual basis, or are otherwise engaged to perform services on any basis that does not require membership in the Retirement System, your retirement payment will be stopped if your earnings during the 12-month period immediately following the effective date of retirement or during any calendar year exceed your earnings limitation, which is calculated as the *greater* of the following:

- \$29,280 (2011 amount)
- 50 percent of your compensation, excluding termination payments, reported to the Retirement System during the 12 months of service preceding the effective date of your retirement

The above amounts are increased on January 1 each year by the percentage increase in the Consumer Price Index, which is a national measure of the increase in the cost of living from one year to the next.

Your retirement payment will be stopped for the remainder of the calendar year on the first day of the month following the month in which your earnings exceed the greater of the two limits stated above. Your retirement payment will start again on January 1 of the year after your benefit is stopped. If your earnings exceed the allowable amount in the month of December, your benefit will not be suspended.

Reemployment which causes suspension of your retirement allowance will also cause the suspension of your health coverage under the retiree group of the State Health Plan. Before accepting such reemployment, you should ask the new employer if you will qualify for continued coverage under the active group of the State Health Plan, and if you will qualify for the State's contribution toward your coverage. Upon restoration of your retirement allowance, your health coverage under the retiree group will be reinstated the first of the month following the month your retirement allowance is restored.

For additional information, please see "Return-to-Work Laws" under "Guidance Publications" on our Web site at [www.myncretirement.com](http://www.myncretirement.com).

**Reemployment Exception for Nursing Instructors.** If you are a Teachers' and State Employees' Retirement System retiree who retired on or before June 1, 2009 with a reduced or unreduced benefit, or if you retire on or after July 1, 2009 with an unreduced benefit, and you wish to return to work as a nursing instructor exempt from the earnings limitations and continue to receive your monthly retirement benefit, you may do so provided you meet all of the following conditions:

- you have a six-month separation from service under this System immediately preceding your return to employment as a nursing instructor, during which time no work is performed in any capacity with a State-supported community college or university

- you return to work as a nursing instructor for a maximum of three years in a permanent full-time position, or a part-time position that exceeds fifty percent of the workweek, in a certified nursing program at a State-supported community college or university
- you have been certified by your North Carolina Community College System or University of North Carolina System employer to teach as a nursing instructor
- your employer has certified to the Retirement System that it has a shortage of qualified nursing instructors and has met all required conditions of making a good faith effort to hire non-retirees as nursing instructors

Unless legislation extends this reemployment exception for nursing instructors, these provisions are in effect through June 30, 2013.

**Reemployment Effects on Health Coverage.** Effective July 1, 2007, reemployment with a State System employer will cause you to be enrolled in the State Health Plan active group coverage if the position would require the employer to pay the State's contribution for your State Health Plan coverage if you were not a retiree. Your active group coverage will continue as long as you remain in that position. Upon termination, you will return to State Health Plan retiree group coverage.

**Reemployment After Receiving Disability Payments.** If you accept public or private employment, contact the Retirement System for information on provisions that apply to you.

**Reemployment Under the Legislative or Consolidated Judicial Retirement Systems.** Please contact the Retirement Systems Division for information on provisions that apply to you.

## Important Information To Remember

- In all correspondence with the Retirement System, give your Member ID number or last four digits of your Social Security number. With more than 850,000 accounts and many duplicate names, it is essential that your inquiries be identified with this information.
- Keep your beneficiary designation up-to-date. Form 2RC, "Designating Beneficiary(ies) for Retirement System Return of Contributions," and Form 2DB, "Designating Beneficiary(ies) for the Death Benefit," which are available on our Web site at [www.myncretirement.com](http://www.myncretirement.com), are used for this purpose.
- No application, form, or other type of document can be effective until it has been received and accepted by the Retirement System.
- At your request, the Retirement System will gladly send you any form, application, or other information it has developed for use by members. Please note that many of our forms are available on our Web site at [www.myncretirement.com](http://www.myncretirement.com).
- Any error concerning your retirement account should be brought to the attention of the Retirement System, in writing, immediately.
- If you are fully insured, you are guaranteed a monthly retirement income for life from Social Security starting as early as age 62. Social Security also provides medical benefits through Medicare starting at age 65. More information



can be obtained from the Social Security Administration. Their toll-free telephone number is 1-800-772-1213.

- Your benefit from the Retirement System and your benefit from Social Security are not paid automatically — you or your beneficiary must apply for them.
- If you become disabled, you should apply for disability benefits from all available sources, including the Disability Income Plan of North Carolina through your employer, and the Social Security Administration.
- Effective July 1, 2007, if you are an elected government official, you may forfeit your right to a monthly benefit from this System if convicted of certain State or Federal offenses involving public corruption.

# Disability Income Plan Of North Carolina

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## Covered Participants

You are covered under the Disability Income Plan (the Plan) if you are (or become) a State teacher or State employee and you are in service and a member of the Teachers' and State Employees' Retirement System or a participant of the University Optional Retirement Program.

### Termination Of Coverage

Your coverage under the Plan will cease upon:

- the termination of your employment as a State teacher or State employee
- your retirement under the provisions of the Teachers' and State Employees' Retirement System or the University Optional Retirement Program
- your becoming a beneficiary under the Plan
- your death

### Who Pays For The Plan?

If you meet these requirements, you will automatically become a participant of the Disability Income Plan of North Carolina. Your participation in the Plan is free to you as an eligible State teacher or State employee. Your employer will make the necessary contributions on your behalf to provide for your participation in the Plan.

### Claim Forms

The appropriate forms to file for benefits are available through the Retirement Systems Division or your employer.

## What Constitutes Disability?

Disability under the Plan is the mental or physical incapacity for the further performance of duty (the usual occupation) of a participant; provided that such disability was not the result of terrorist activity, active participation in a riot, committing or attempting to commit a felony, or an intentional self-inflicted injury.

NOTE: The North Carolina General Assembly passed legislation, effective August 1, 2007, which changes certain long-term disability provisions for any member who has less than five years of membership service as of July 31, 2007, but who meets the requirements for long-term disability on or after August 1, 2007. Please see page 33 for additional information.

## Salary Continuation — (Waiting Period)

You are not entitled to receive any benefits from the Plan for a period of 60 continuous calendar days from the onset of disability. The 60-day waiting period is determined from the last actual day of service, the day of the disabling event if the disabling event occurred on a day other than a normal workday, or the day succeeding at least 365 calendar days after service as a State teacher or State employee, whichever is later. During this waiting period you may be paid such continuation of compensation by exhausting accumulated sick leave, vacation leave, or some other salary continuation as may be provided by your employer.

During the waiting period, you may return to service for trial rehabilitation for periods of not more than five continuous days of service. Such a return to service will not cause a new waiting period to begin but will extend the waiting period by the number of days of the return to service. Trial rehabilitation during the waiting period is a return to service in any capacity.

## Short-Term Disability Benefits

Short-term disability benefits are payable after the conclusion of the waiting period for a period not exceeding 365 calendar days provided you meet the following requirements.

### Eligibility

You are eligible if:

- you have at least one year of contributing membership service in the Retirement System earned within the 36 calendar months preceding your disability
- you are determined to be mentally or physically disabled for the further performance of your usual occupation
- your disability was incurred at the time of active employment
- your disability has been continuous

Effective July 1, 2007, if your membership service within the 36 calendar months immediately preceding the date of disability was interrupted for

military service, you will be eligible for short-term disability benefits, provided all other requirements are met.

Short-term disability benefits are paid by your employer; therefore, you should contact your employer to make application for benefits. The determination of disability and eligibility for short-term benefits is made by your employer and physician. In disputed cases, either you or your employer may request a determination of disability by the Plan's Medical Review Board.

### Benefit Amount

The monthly short-term benefit will equal 50 percent of  $\frac{1}{12}$ th of your annual base rate of compensation last payable to you prior to the beginning of the short-term benefit period (for teachers, annual base rate of compensation includes any local supplement or coaches supplement) plus 50 percent of  $\frac{1}{12}$ th of your annual longevity payment, if any, to a maximum of \$3,000 per month. The monthly benefit will be reduced by

any monthly payments you are entitled to receive for Workers' Compensation (excluding permanent partial Workers' Compensation awards). The monthly benefit will be further reduced by any monthly payments from the federal Veterans Administration, any other federal agency, or payments made under the provisions of General Statutes section 127A-108 to which you may be entitled if these payments are based on the same disability for which you are receiving Plan benefits.

For the first six months beginning the first of the month after the last month worked, any benefits payable under the Plan are subject to FICA (Social Security) taxes. Payments made more than six months after the last calendar month you worked are not subject to FICA taxes.

### **Salary Continuation During The Short-Term Period**

In lieu of short-term disability benefits, you may elect to continue to exhaust any accumulated sick leave, vacation leave, or any other salary continuation as may be provided by your employer. Such an election will not extend the 365 days duration of the short-term benefit period. An election to receive salary continuation for any part of a given day is in lieu of any short-term benefit otherwise payable for that day. An election to receive a lump sum payout for vacation leave is treated as if you had exhausted the leave and is in lieu of any short-term benefit otherwise payable.

### **Earnings And Trial Rehabilitation**

Earnings are permitted during the short-term disability period not to exceed the amount of the short-term benefit without causing a reduction in your benefit amount. If your earnings exceed the amount of the short-term benefit, your short-term benefit will be reduced on a dollar-for-dollar basis.

Trial rehabilitation during the short-term period is defined as a return to service in the same capacity that existed prior to the disability. Short-term disability benefits cease upon a return to your usual occupation. If you return to service for trial rehabilitation, a new waiting period will not begin unless your return to service exceeds 40 continuous days or a different disability occurs. Any period of rehabilitative employment will not extend the short-term disability period.

### **Extended Short-Term Disability Benefits**

Short-term disability benefits may be extended for as many as 365 days beyond the short-term period in cases where the Plan's Medical Review Board finds that the disability continues to be temporary and is likely to end during the extended period. You must complete an application for extended short-term disability benefits and forward the application and the appropriate medical documentation to the Retirement Systems Division.



# Long-Term Disability Benefits

Long-term disability benefits are payable after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as you are permanently disabled provided you meet the requirements described below.

## Eligibility

To be eligible:

- you must have at least five years of contributing membership service in the Retirement System earned within the 96 calendar months prior to becoming disabled or upon cessation of continuous salary continuation payments, whichever is later
- you must apply to receive long-term benefits within 180 days after the conclusion of the short-term disability period or after salary continuation payments cease, or after monthly payments for Workers' Compensation cease (excluding monthly pay for permanent partial benefits), whichever is later
- you must be certified by the Plan's Medical Review Board to be mentally or physically disabled for the further performance of your usual occupation
- your disability must have been continuous, is likely to be permanent, and was incurred at the time of active employment
- you must terminate employment as a permanent full-time teacher or State employee
- you are not eligible to receive an unreduced retirement benefit from the Teachers' and State Employees' Retirement System, or if you are a participant of the Optional Retirement Program, you must not meet the age and service requirements to qualify for an unreduced benefit from the Teachers' and State Employees' Retirement System

The determination of disability and eligibility for long-term benefits will be made by the Plan's Medical Review Board. The Medical Review Board may not determine any person to be eligible for long-term benefits who is in receipt of any payments on account of the same disability that existed upon entrance into membership in the Retirement System.

## Benefit Amount

If you had **five or more years of membership service as of July 31, 2007**, the following apply:

During the first 36 months of the long-term disability period, the monthly long-term benefit will equal 65 percent of  $\frac{1}{12}$ th of your annual base rate of compensation that was last payable to you prior to the beginning of the short-term benefit period (for teachers, annual base rate of compensation includes any local supplement or coaches supplement) plus 65 percent of  $\frac{1}{12}$ th of your annual longevity payment, if any, to a maximum of \$3,900 per month. The monthly benefit will be reduced by any monthly payments you are entitled to receive for Workers' Compensation (excluding permanent partial Workers' Compensation awards) and by any primary Social Security benefits you are entitled to receive including age 62 retirement Social Security benefits, regardless of whether you elect to receive these benefits. The monthly benefit will be further reduced by any monthly payments from the federal Veterans Administration, any other federal agency, or payments made under the provisions of General Statutes section 127A-108 to which you may be entitled if these payments are based on the same disability for which you are receiving Plan benefits. However, the benefit payable will be no less than ten dollars (\$10) a month.

After the first 36 months of the long-term disability period, the long-term benefit is calculated in the

same manner as described previously except that the monthly benefit is reduced by an amount equal to a monthly primary Social Security disability benefit to which you might be entitled had you been awarded Social Security disability benefits.

If you had **less than five years of membership service as of July 31, 2007**, and meet the requirements for long-term disability **on or after August 1, 2007**, the following apply:

- Your monthly long-term benefit shall be reduced during the first 36 months of the long-term disability period by an amount equal to the monthly primary Social Security retirement benefit to which you might be entitled should you become age 62 during the first 36 months.
- After 36 months of long-term disability, there will be no further payments from the Disability Income Plan unless you have been approved for and are in receipt of primary Social Security disability benefits.
- The benefit will be payable so long as you remain disabled and are in receipt of a primary Social Security disability benefit until you are eligible for an unreduced service retirement benefit.
- If your long-term benefit is suspended due to your not being in receipt of a primary Social Security disability benefit, it may be restored in the event the Social Security Administration grants retroactive approval for primary Social Security disability benefits with a benefit effective date within the first 36 months of the long-term disability period. In this event, the long-term disability benefit shall be restored retroactively to the date the benefit was suspended.
- If you are a **member under the Optional Retirement Program** and meet all eligibility requirements to receive long-term benefits, you shall be eligible to receive benefits for 36 months. After 36 months of long-term

disability, there will be no further payments from the Disability Income Plan unless you have been approved for and in receipt of primary Social Security disability benefits. If your long-term benefit was suspended due to your not being in receipt of a primary Social Security benefit, it may be restored in the event the Social Security Administration grants retroactive approval for primary Social Security benefits with a benefit effective date within the first 36 months of the long-term disability period. In this event, the long-term disability benefit shall be restored retroactively to the date the benefit was suspended.

If you have applied and been approved for long-term disability benefits, you may make an irrevocable election to forfeit the long-term disability benefits, including any ancillary benefits, and retire on an early service retirement allowance, or receive a return of accumulated contributions from the Retirement System. Any such election must be made within 90 days of the date of notification of the approval for long-term disability benefits and prior to your receipt of any long-term disability benefit payments.

### Salary Continuation During The Long-Term Period

In lieu of long-term disability benefits, you may elect to continue to exhaust any accumulated sick leave, vacation leave, or any other salary



continuation as provided by your employer. Such an election will not extend the first 36 consecutive months of the long-term disability period. An election to receive salary continuation for any part of a given day is in lieu of any long-term benefit otherwise payable for that day. An election to receive a lump sum payment for vacation leave is treated as if you had exhausted the leave and is in lieu of any long-term benefits otherwise payable.

### Earnings and Trial Rehabilitation

Earnings do not affect the amount of your long-term disability benefit if you do not exceed the amount of the difference between your monthly net long-term disability benefit and the monthly compensation you were earning when you became disabled. If your monthly earnings exceed this difference, your monthly long-term benefit will be reduced on a dollar-for-dollar basis.

During periods of trial rehabilitation, your long-term disability benefits will be suspended. You meet the definition of being in trial rehabilitation during the long-term disability period when:

- **from July 1, 2002 to July 31, 2007**, you return to service in the same capacity that existed prior to your disability
- **on or after August 1, 2007**, you return to service in *any capacity* with *any employer* participating in the Teachers' and State Employees' Retirement System, provided your salary earned is equal to or greater than the salary on which your long-term benefit is based

If you are unable to continue with reemployment because of the same disability or a new disabling condition, you may be entitled to a restoration of your long-term disability benefit without a waiting period or new short-term disability period when the following conditions are met:

- your return to service was not longer than 36 continuous months
- the Plan's Medical Review Board certifies that you are disabled according to the laws that were in effect at the time of your original approval for long-term disability

If the trial rehabilitation period exceeds 36 continuous months, you will again become a contributing member of the Retirement System; any subsequent disability will be treated as a new condition requiring a new waiting period and a new short-term disability period.

If you had **less than five years of membership service as of July 31, 2007**, and meet the requirements for long-term disability **on or after August 1, 2007**, the following apply: If you are unable to continue in service during trial rehabilitation, and your long-term benefit is restored, you shall continue to receive the benefit as long as you remain disabled until you receive a total of 36 long-term disability payments. Continuation of the long-term disability benefit payments beyond 36 months shall be dependent upon approval for primary Social Security disability benefits.

### Duration Of Benefits

When you reach the age and/or service requirements to qualify for an unreduced service retirement allowance from the Retirement System, your long-term benefits will cease and you will commence a service retirement under the Retirement System. If you were a participant of the Optional Retirement Program, you will receive long-term benefits until the time you would have qualified for an unreduced service retirement allowance from the Retirement System had you not elected to be a participant of the Optional Retirement Program.

## Other Disability Information

### Post-Disability Benefit Increases

Post-disability benefit increases may be granted by the General Assembly by increasing the compensation upon which your short-term or long-term disability benefit is calculated. Your benefit will be reduced by any increases in Social Security benefits, if applicable.

### Report Of Earnings

Persons in receipt of benefits under the Plan must annually report monthly earnings to the Plan by completing a "Statement of Income" form which is annually mailed to each Plan recipient. The Plan may require other statements of monthly earnings as are necessary. If you exceed the monthly allowable earnings limitations, you must notify the Plan by the fifth of the month following the month in which the earnings were received of the amount of the excess monthly earnings. Failure to report excess monthly earnings may result in a suspension or termination of benefits.

### Income Tax

Benefits from the Plan are subject to federal income tax. Benefits paid to employees who have maintained five or more years of service as of August 12, 1989, are not subject to North Carolina income tax. Employees who do not have five years of maintained retirement service credit as of August 12, 1989, will be required to pay North Carolina income tax on their benefits. For further information regarding the taxation of these benefits, you should contact the Internal Revenue Service, the North Carolina Department of Revenue, your attorney, or your accountant.



## Other Benefits And Restrictions

### Accrual Of Service Credits

While you are receiving benefits under the Plan, you earn creditable service in the Retirement System for each month you are eligible and paid a benefit under the Plan. Creditable service is not earned if you are in service and earning creditable service for the same month in any State-administered retirement system, or if you were a participant of the Optional Retirement Program. For purposes of calculating a retirement benefit under the Retirement System, your average final compensation will be determined as the higher of your actual compensation or the compensation used in calculating benefits under the Plan as adjusted for increases in post-disability benefits.

### Death Benefit

If you are in receipt of benefits under the Plan, you are considered to be in service and covered under the Death Benefit Plan. The payment is equal to the highest 12 months of salary during the 24 months preceding your death or the compensation used in calculating benefits under this Plan as adjusted for percentage increases in post-disability benefits, but no less than \$25,000 and no more than \$50,000. To be eligible, your death must occur after one year of contributing membership service in the Retirement System. This death benefit does not apply to persons in receipt of benefits who were participants of the Optional Retirement Program or persons in receipt of long-term benefits due to the transition rules.

### Survivor's Alternate Benefit

If you are in receipt of benefits under the Plan, you are considered to be in service and covered by the Survivor's Alternate Benefit under the Teachers' and State Employees' Retirement System if you meet the eligibility requirements described below.

The Survivor's Alternate Benefit may be payable if you have one and only one eligible beneficiary for

the return of contributions living at the time of your death, and you die while in receipt of benefits under the Plan after:

- completing 20 years of creditable service (not including credit for unused sick leave) regardless of age
- reaching age 60 with five years of membership service

This beneficiary may choose to receive a monthly benefit (known as the Survivor's Alternate Benefit) for life instead of a return of your contributions. The Survivor's Alternate Benefit does not apply if you have two or more eligible beneficiaries for the return of contributions living at the time of your death or if your estate is your eligible beneficiary at the time of your death. The benefit equals the same monthly amount you would have been entitled to receive under Option 2 had you retired on the first of the month following your death. If you do not want your beneficiary to have the choice to receive the Survivor's Alternate Benefit, you should so indicate, in writing, to the Retirement System.

### Health Insurance

You are eligible for coverage under the State Health Plan while you are in receipt of benefits under the Plan provided you have at least five years of retirement membership service. If you do not meet the retirement membership service requirement, you may continue coverage by paying the full premium. See page 21 for additional information regarding health coverage.

### Restrictions

A person in receipt of benefits from the Plan is not permitted to receive a refund of accumulated contributions or to commence retirement benefits from the Retirement System.

# Administration And Funding

## Administration

The Retirement System is administered by the Board of Trustees. The Board members are:

Janet Cowell,  
State Treasurer, Chairman

Pearla Alston  
June Atkinson  
Dennis Ducker  
Joyce H. Elliott  
Mark L. Foster  
Shirley E. Harris  
Jeffrey Israel  
Harold T. Keen  
Dr. Harold Martin  
Sterling Primus  
Randy Sales  
Paschal W. Swann  
Donald L. Tarkenton

## System Assets

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

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

Janet Cowell,  
State Treasurer, Chairman

Steve Jones  
Dr. Harold Martin  
John Medlin  
Donald L. Tarkenton  
Neal F. Triplett  
Courtney A. Tuttle

## Medical Review Board

The Medical Review Board determines eligibility for disability benefits. The members of the Board are:

Dr. George S. Edwards, Sr.  
Dr. Robert H. Fleming  
Dr. Ernest B. Page, Jr.  
Dr. Bobby Sellers  
Dr. Nathaniel L. Sparrow

## Future Of The System

The State expects to continue the System indefinitely. However, because future conditions cannot be foreseen, the State General Assembly reserves the right to modify the provisions of the System.

## System Documents

This booklet summarizes the main features of the Teachers' and State Employees' Retirement System of North Carolina. The official text governing the operations of the System and the payment of all benefits is found in Chapter 135 of the General Statutes and Title 20 of the North Carolina Administrative Code.

## Funded Status

The Retirement System has been labeled as "actuarially sound" because of the consistent use over the years of:

- actuarial assumptions based on experience
- an approved actuarial funding method
- the recognition of all promised benefits in the actuarial liabilities

### Funded Ratio

A generally accepted measure of the soundness of any retirement system is to relate the total assets to the total accrued liabilities. This determines the funded ratio or percentage of the System.

The total of the accrued liabilities is found by adding the total assets and the unfunded accrued liabilities. Shown are the assets and unfunded liabilities for the past several years, as of December 31 of each year. Beside the figures is a graph which shows the funded ratio of the Retirement System (the percentage of the assets to the total accrued liabilities).

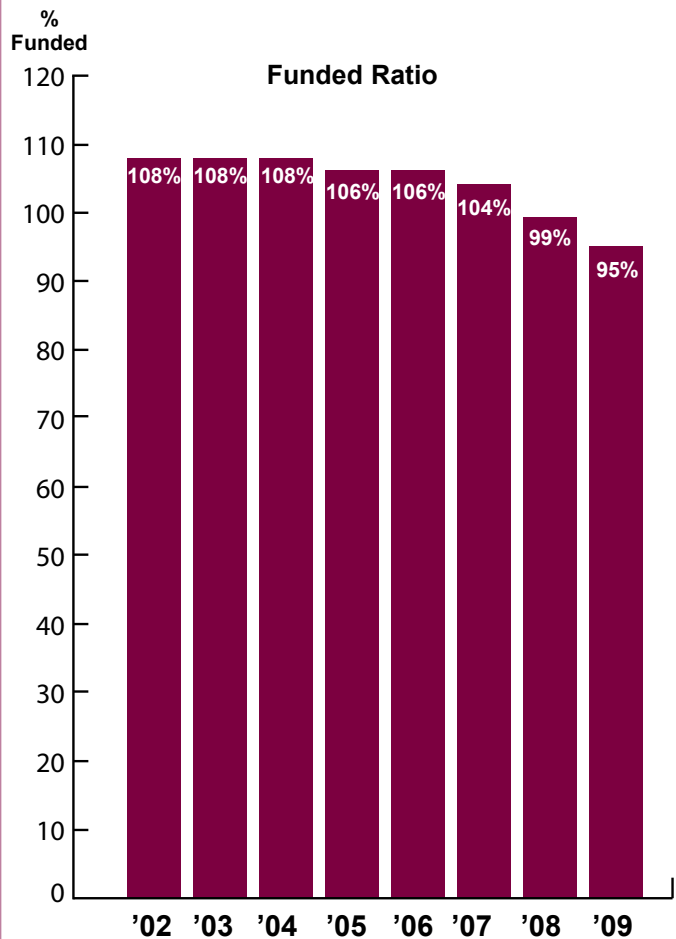
	<b>Assets</b>	<b>Unfunded Accrued Liabilities</b>
<b>2009</b>	<b>\$55,818,099,117</b>	<b>\$2,360,173,025</b>
<b>2008</b>	<b>\$55,127,658,183</b>	<b>\$391,086,516</b>
<b>2007</b>	<b>\$55,283,120,813</b>	<b>\$(2,468,031,336)</b>
<b>2006</b>	<b>\$52,420,807,724</b>	<b>\$(3,028,900,728)</b>
<b>2005</b>	<b>\$49,670,182,206</b>	<b>\$(3,045,514,417)</b>
<b>2004</b>	<b>\$47,383,509,397</b>	<b>\$(3,555,655,121)</b>
<b>2003</b>	<b>\$45,117,507,733</b>	<b>\$(3,383,806,385)</b>
<b>2002</b>	<b>\$43,226,837,217</b>	<b>\$(3,362,853,828)</b>

### Member Contributions

Members contribute 6 percent of gross salary each month to the System.

### Employer Contributions

For the 2010-2011 fiscal year, employers contribute 10.51 percent of the gross payroll of members each month to the System for benefits.



# How To Contact Us

## System Internet Address

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

Visit our Web site to learn more about the benefits that are available to you:

- download and complete applications and forms used by the Retirement System
- download and view *Your Retirement Benefits* handbooks
- review “Frequently Asked Questions”
- manage your retirement account online using our ORBIT (Online Retirement Benefits through Integrated Technology) System. You can view your account information, request customized benefit estimates, calculate an estimated service purchase cost, make edits to your personal information, and much more.

These are some of the options that are currently available to you on our Web site. Please feel free to visit and use this site whenever it may be of assistance to you.

## System E-Mail

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

## System Address

The address of the Retirement System is:

Teachers' and State Employees'  
Retirement System  
Department of State Treasurer  
Albemarle Building  
325 North Salisbury Street  
Raleigh, North Carolina 27603-1385

## System Telephone Number

1-877-627-3287

(toll-free outside of Raleigh area)

919-807-3050

(within local calling distance of Raleigh)

Due to the large volume of calls that are received in the Member Services Section, we recommend that you do not call during the following times:

- Mondays
- other days between the hours of noon and 2:00 p.m.
- the day following the mailing of monthly retirement checks

If you believe that the nature of your inquiry will result in a lengthy conversation or will require research by our staff, we recommend that you submit your questions in writing and we will respond accordingly.

NOTE: The Retirement System provides members who wish to visit our office with one-on-one and group consultations by **appointment only**. Please *call or e-mail our office* to schedule an appointment.