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**Retirement Monitor LGERS Special Edition - September 11, 2014**

A monthly newsletter for public sector human resources and payroll specialists from the Retirement Systems Division of the North Carolina Department of State Treasurer.

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Digests of 2014 Legislative Action

Affecting Members of the Local Governmental Employees' Retirement System (LGERS), Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF), and the National Guard Pension Fund (NGPF)

For a printable version of these legislative digests, visit the [Laws and Legislation](#) web page.

**LGERS Legislative Digest**

**Refund of Contributions with Interest**

*Included in Section 2 of the Fiscal Integrity Act of 2014 - House Bill 1195*

Allows, effective January 1, 2015, all members who leave LGERS employment and request a refund, regardless of the number of years of retirement service credit, to receive a lump-sum payment of their employee contributions plus interest at the rate of 4% compounded annually on the prior year balance. Interest is currently paid on refunds only if the member has 5 or more years of retirement service credit or is involuntarily terminated.

**Anti-Pension-Spiking Contribution-Based Benefit Cap**

*Included in Section 1 of the Fiscal Integrity Act of 2014 - House Bill 1195*

Establishes, effective January 1, 2015, a contribution-based cap on pension benefits for LGERS members who retire on or after January 1, 2015, and whose average final compensation (AFC) is $100,000 or higher, to control the practice of "pension spiking," in which a member's compensation significantly increases in the 4-year AFC period to create a benefit which is significantly greater than the contributions paid by the member and employer would fund. The benefit cap will not apply to members whose AFC is less than $100,000. A maximum of 0.75% of all retirement benefits will be affected by the benefit cap. LGERS will send a report monthly to each applicable employer listing members who are most likely to require an additional employer contribution if the member retires in the following 12 months.

If a member’s retirement allowance has been capped and is subject to an adjustment, LGERS will notify the member and the member’s employer and will provide a statement of the cost of the additional contribution required to purchase the member's benefit in excess of the cap. For members first hired before January 1, 2015, the member’s last employer will be required to pay the additional amount. For members first hired on or after January 1, 2015, the employer may choose whether to pay this additional contribution; if the employer chooses not to pay, the member may choose either to pay the amount or the member may accept a benefit reduced to the benefit cap.
Two Retirement System Compliance Positions

*Included in Section 33.1 of the 2014 Appropriations Act - Senate Bill 744*

Adds, effective July 1, 2014, two receipt-supported positions in the Retirement Systems Division to staff a compliance unit tasked with reducing the risk of fraud, waste, and abuse.

Private Audit of Pension Fund

*Included in Section 25.1 of the 2014 Appropriations Act - Senate Bill 744*

Requires, in addition to all other audits and reports required by law, the State Treasurer to prepare and issue for the 2014-2015 fiscal year, a set of financial statements regarding the investment programs for the Retirement Systems to be audited by a commercial independent third-party audit firm selected and engaged by the State Auditor based upon selection criteria developed by the State Auditor in consultation with the State Treasurer. The audit firm’s report and the financial statements will be provided to the State Controller and the General Assembly no later than January 1, 2016.

Retirement System Technical Corrections

*Included in House Bill 1193*

Section 3 - Clarifies, effective July 1, 2014, that NC 401(k) Plan members may make a one-time election to transfer eligible balances, not including Roth after-tax contributions and earnings, from 403(b), 457(b), 408(a), 408(b), 401(a) or 403(a) Plans to the NC 401(k) Plan, and then at or after LGERS retirement, to transfer eligible contributions from the NC 401(k) Plan to LGERS to receive the monthly Transfer Benefit.

Retirement System Administrative Changes

*Included in House Bill 1194*

Section 1.(b) – Changes, effective January 1, 2015, the timing of the reduction under Option 4, the Social Security Leveling Option, from the month of entitlement for Social Security age 62 benefits to the first of the month following the month of initial entitlement. Since Social Security benefits for a given month are paid in the following month, this change allows the Retirement System to delay the reduction under Option 4 by one month to prevent the member from having his or her Option 4 benefit reduced before receiving his or her first Social Security benefit.

Section 2.(b) – Allows, effective October 1, 2014, the LGERS Board of Trustees to waive one penalty per employer every 5 years if the Board finds that the employer has consistently demonstrated good-faith efforts to comply with the set deadline if the required employee or employer contributions to the Retirement System are not received by the date set by the Board.

Section 3.(e) and (f) – Allows, effective January 1, 2015, retirees who have elected the optional $10,000 Contributory Death Benefit (CDB) for Retired Members to name a beneficiary(ies) for the CDB. The CDB is currently paid to the surviving spouse or to the estate if the retiree is not survived by a spouse. The current payment order would continue to apply if the retiree does not name a CDB beneficiary(ies).

Section 4.(b) – Adds, effective October 1, 2014, transparency to the governance of retirement supplemental insurance benefits by requiring the Retirement System to publish annually a report on supplemental insurance offerings that are made available to retirees and the extent to which retirees participate in those offerings.

Section 5.(b) - Changes, effective January 1, 2015, the length of payments by the Retirement System of a member’s former spouse’s benefit under a Domestic Relations Order entered on or after January 1, 2015, to the lifetime of the former
spouse.

Section 6.(b) – Provides, effective October 1, 2014, members of LGERS Board of Trustees immunity from civil liability for monetary damages, except to the extent covered by insurance, while performing legal and ethical service on the Board.

Section 7 – Allows, effective September 1, 2014, rescue squad workers to retire with a reduced retirement allowance at age 55 with 5 years of creditable service.

**Firefighters' and Rescue Squad Workers' Legislative Digest**

**Benefits at Age 55**

*Included in Section 3 of House Bill 1034*

 Allows, effective October 1, 2014, payment of monthly FRSWPF benefits at age 55 with 20 years of service, regardless of whether the member has terminated paid employment as a firefighter or rescue squad worker.

**Retirement System Technical Corrections**

*Included in House Bill 1193*

Section 1 – Clarifies, effective July 1, 2014, the definition of “inactive member” in the Firefighters’ and Rescue Squad Workers’ Pension Fund (FRSWPF) to mean a member who has not made timely payments for two consecutive years to FRSWPF.

**National Guard Legislative Digest**

**Benefit Increase for Retirees**

*Included in Section 35.15C of the 2014 Appropriations Act - Senate Bill 744*

Increases, effective July 1, 2014, the retirement allowance for members of the National Guard Pension Fund (NGPF) as follows:

- Increases the minimum monthly benefit from $95 to $99 per month
- Increases the monthly benefit step-up from $9.50 to $9.90 per month for each year of additional service
- Increases the maximum monthly benefit from $190 to $198 per month

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**Join Our Employer Training Sessions**

The Retirement Systems’ Educational Retirement Group regularly conducts a Teachers’ and State Employees’ Retirement System (TSERS) overview for TSERS employers and a Local Governmental Employees’ Retirement System (LGERS) overview for LGERS employers. Topics covered in these training sessions include: new employee enrollment, beneficiary designation, purchases, transfers, reciprocity, refunds, retirement processing, the NC 401(k)/NC 457 Transfer Benefit option, and reemployment.

Training sessions are held in different parts of the state. For an up-to-date employer training schedule, please visit the Government Employer section of the NC Retirement Systems’ website at www.myncretirement.com.

To register for training, please email employertraining@nctreasurer.com. Seating is limited.

**2014 Retirement Planning Conferences Schedule**

The NC Retirement Systems conducts retirement conferences for members of TSERS and LGERS. The conferences provide pre-retirement planning information for members closer to retirement, and educational information for personnel officers and others who handle retirement matters.
Prudential Retirement, our third-party administrator, offers information on the NC 401(k) and NC 457 plans.

**TSERS sessions begin at 9:30 a.m. and LGERS sessions start at 1:30 p.m.** Registration is not required. Some locations may charge a parking fee.

For an up-to-date Retirement Planning Conference schedule, please view the "Upcoming Events" listing on the Government Employers or Active Government Employees sections of the NC Retirement Systems' website at www.myncretirement.com.

Call Center staff is available to answer member questions. Please call 1-877-627-3287 (toll-free) or 919-807-3050 (Raleigh area only). Members may also schedule an appointment to meet with a counselor. We ask that members request and receive a retirement estimate before scheduling an appointment. Members should complete Form 309 to request an estimate.

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**Retirement Systems Contact Information**

- **Employers** with ORBIT Payroll Reporting questions should call the ORBIT Employer Reporting Unit toll-free at 1-877-NC-ORBIT (1-877-626-7248) (for outside Raleigh area) or 919-807-3055 (Raleigh area only), or email oer@nctreasurer.com. For all other questions, contact the N.C. Retirement Systems Division’s Member Services Unit at nc.retirement@nctreasurer.com or call toll-free 1-877-807-3131 (outside Raleigh area) or 919-807-3131 (Raleigh area only).
- **Active Employees** with questions or in need of information or forms should contact the Division’s Member Services Unit toll-free at 1-877-627-3287 (for outside Raleigh area) or 919-807-3050 (Raleigh area only).
- **Retirees** with questions or in need of information or forms should contact the Division’s Member Services Unit toll-free at 1-877-733-4191 (for outside Raleigh area) or 919-733-4191 (Raleigh area only).

Remember, to better serve our Spanish-speaking customers, the Retirement Systems’ Call Center is staffed with a representative who can assist members with translating Retirement Systems’ information and addressing their retirement-related questions.

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If you need to update your email address with the Retirement Systems, please log into ORBIT. If you need to update your email address for this mailing list, please reply to this message with the new email address.

Visit the N.C. Retirement Systems’ Facebook page for updates regarding long-term financial planning, retirement readiness tips, updates on the North Carolina Pension Fund, and much more. Be sure to like our page so you see the updates as they become available.