

Getting Retirement Ready

Industry experts say that to be “retirement ready” you need to be on track to replace 80% of your pre-retirement income in retirement

The combination of a pension, supplement retirement plans (401k/457) and Social Security makes roughly 71% of employees on track

The sooner you start to prepare, the better!



Get Prepared Early!

- Use the Financial Wellness Tools on the Empower website. It is very useful and helps you get a big picture of the money you may need in retirement.
 - Myncplans.com (Empower)
 - Myncretirement.com (ORBIT)
 - Go on SSA.gov and get estimate
 - Need to access these websites and check your information
- The earlier you start using these resources, the faster you will get on the right track

Local Government
Employee's Retirement
System (LGERS)

What is LGERS?

- Your retirement through LGERS (also referred to as ORBIT) is a 401(a) Defined Benefit Plan
 - Benefits are determined as a guaranteed monthly lifetime amount based on a defined formula
 - Not based on investments, so the risk falls on the state and not on the employee
 - Different from a 401k
 - Set up to reward career employees

Ways to Collect

- All of your contributions are yours and are eligible to be returned
- If you leave Harnett County and are not going to a participating LGERS employer, you can
 - Leave the money until retirement age
 - Leave the money in case you return to work at a participating employer; Money continues to build
 - Request a Return of Contribution and receive all of your money back
- After 5 years of credible service, retirement is vested and ALL money in the account belongs to the employee.

What is *CREDIBLE* Service?

- Any amount of service time that you were a contributing member of the retirement system as long as you did not do a return of contributions at any point
- Any eligible service time that you purchase
- Military service under free provision
- Unused sick leave

Service Credit That May Be Purchased

- Prior time that you have already withdrawn
- Active military service time (if not eligible under free provision)
 - Most affordable at completion of vesting
- FT governmental service from another state
- Temporary local or state service
- Educational leave
- Service time with the federal government
- Waiting period imposed by a local unit
- Worker' Compensation leave

Employees may access ORBIT to receive an estimate

Retirement Eligibility with Unreduced Benefits

Unreduced Benefits

Age 65 with 5 years of membership service*

Age 60 and 25 years of creditable service

30 years at any age

Retirement Eligibility with Reduced Benefits

60 with 5 years of membership service*
55 - Fire and Rescue

50 with 20 years of creditable service

Benefit Calculations

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

If you are a firefighter or rescue squad worker between age 55 and 60 with five to 20 years of creditable service, your early retirement will be reduced to the percentages shown below in the 20 years of creditable service column.

		<i>Years of Creditable Service</i>									
		29	28	27	26	25	24	23	22	21	20
Age	59	95%	90%	85%	80%	80%	80%	80%	80%	80%	80%
	58	95%	90%	85%	80%	75%	75%	75%	75%	75%	75%
	57	95%	90%	85%	80%	75%	70%	70%	70%	70%	70%
	56	95%	90%	85%	80%	75%	70%	65%	65%	65%	65%
	55	95%	90%	85%	80%	75%	70%	65%	60%	60%	60%
	54	95%	90%	85%	80%	75%	70%	65%	60%	55%	55%
	53	95%	90%	85%	80%	75%	70%	65%	60%	55%	52%
	52	95%	90%	85%	80%	75%	70%	65%	60%	55%	50%
	51	95%	90%	85%	80%	75%	70%	65%	60%	55%	50%
	50	95%	90%	85%	80%	75%	70%	65%	60%	55%	50%

The chart above uses whole numbers for years of service and age as a reference. When you retire, your creditable service will be adjusted based on age and service in years and months.

EARLY RETIREMENT REDUCTION PERCENTAGES

Your age at retirement is an important factor in determining your monthly benefit. As you saw on page 7, if you do not meet the requirements for a full-service retirement, you may still retire early, but you will receive a reduced monthly benefit for your lifetime.

Early retirement benefits are calculated using the same formula as a service retirement multiplied by a reduction percentage based on your age and/or service at early retirement. 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 between birthdays when payments start, the reduction will be adjusted proportionately.

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

Annual Retirement Benefit Determined by a Defined Formula

1.85%

X

“Average Final Compensation”

X

Years and Months of Creditable Service

ORBIT will calculate this for you

What is Average Final Compensation?



4

Highest consecutive
years of salary

+

Bonus
Leave Payouts
Longevity Payouts
Vacation Payouts

Total

÷

4

AVERAGE FINAL COMPENSATION (AFC)

AVERAGE FINAL COMPENSATION is the average of your salary during your four highest-paid years (48 consecutive months) 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.

Unused Sick Leave at Retirement

- One month of service credit is given for every 20 days of accrued sick leave
- Sick leave is rounded
 - If you had 25 days of sick leave at retirement, you will be credited for 2 months of service time
 - Sick leave cannot be used as service time to meet minimum eligibility (ex- if you have not already completed the required 5 years to be vested).
 - Saving sick leave can make a HUGE difference when you are ready to retire.

Sick Leave Conversions

1 – 20	=	1 month	201 – 220	=	11 months
21 – 40	=	2 months	221 – 240	=	12 months
41 – 60	=	3 months	241 – 260	=	13 months
61 – 80	=	4 months	261 – 280	=	14 months
81 – 100	=	5 months	281 – 300	=	15 months
101 – 120	=	6 months	301 – 320	=	16 months
121 – 140	=	7 months	321 – 340	=	17 months
141 – 160	=	8 months	341 – 360	=	18 months
161 – 180	=	9 months	361 – 380	=	19 months
181 – 200	=	10 months	381 – 400	=	20 months

Example of Unused Sick Leave When Retiring

30.0 (Credible Years of Service)
+ .5 (6 Months of Unused Sick Leave)
30.5 (Total Years of Credible Service)



Different Options

- Maximum Allowance-
 - Option 1- *Maximum amount (based upon your lifetime – payment stops at your death)*
- *Survivor Benefit Options- (Payment continues after your death to designated individual)*
 - Option 2 – 100% Joint and Survivor
 - Option 3 – 50% Joint and Survivor
 - Survivorship 6-2 – Modified Joint & Survivor
 - Survivorship 6-3 – Modified Joint & Survivor
- Once you select an option you are not able to change it.

Social Security Leveling option, only available for members who retire before age 62 (provides an increased monthly benefit up to age 62, and a reduced amount thereafter)



Your Benefit Payment Options

Here are your benefit payment options:

MAXIMUM ALLOWANCE

When you retire with a service retirement benefit, your basic benefit is the maximum allowance and is calculated under the formula on [page 10](#).

If you retire early, your maximum allowance is calculated using the same formula, which is then reduced for early retirement. In either case, you will receive your allowance for as long as you live. All monthly payments stop at your death.

OPTION 2: 100% JOINT & SURVIVOR

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

OPTION 3: 50% JOINT & SURVIVOR

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

OPTION 6-2: MODIFIED JOINT & SURVIVOR (combination MAX Allowance, Option 2)

- You receive reduced monthly payments for life (a larger reduction than under Option 2).
- After you die, your monthly survivor beneficiary receives the same amount monthly for life.
- However, if your beneficiary dies before you do, your monthly payments increase to the amount payable under the maximum allowance.

OPTION 6-3: MODIFIED JOINT & SURVIVOR (combination MAX Allowance, Option 3)

- You receive reduced monthly payments for life (a larger reduction than under Option 3).
- After you die, half of your payment continues to your monthly survivor beneficiary for life.
- However, if your beneficiary dies before you do, your monthly payments are increased to the amount payable under the maximum allowance.

Example of Payment Options

Assume John Murphy has earned a service retirement benefit under the maximum allowance of \$2,000 a month. He wants to share his benefit with his wife, Pam, who 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 receive monthly under each payment option.

Payment Option	To John	→	To Pam After John's Death
Maximum Allowance	\$2,000 monthly		\$0.00
Option 2	\$1,834.60 monthly		\$1,834.60 monthly
Option 3	\$1,913.80 monthly		\$956.90 monthly
Option 4*	\$2,650.90 monthly up to age 62, \$1,650.90 monthly thereafter		\$0.00
Option 6-2	\$1,822.60 monthly; if Pam dies before John, he receives \$2,000 monthly thereafter		\$1,822.60
Option 6-3	\$1,907.20 monthly; if Pam dies before John, he receives \$2,000 monthly thereafter		\$953.60 monthly

*Assumes John's primary Social Security benefit is \$1,000 a month at age 62.

These are only examples. Your own benefit is calculated individually, and the actual amounts of your payment options are based on many factors, such as your age, your beneficiary's age and when payments start.

Benefit Estimates

- Employees can complete a custom benefit estimate in ORBIT prior to 120 days out for applying for retirement
 - Once you submit your application, at that point in time, HR will alert the respective Department Head of the retirement date
- You can see the different options
- Estimates on options with beneficiaries will vary based on beneficiary's age

Returning to Work After Retirement

- To be legally retired, you must end your employment, live until your effective date of retirement, have no intent or agreement, express or implied, to return to LGERS service and not perform any work for an LGERS employer at any time during the month of your effective date of retirement.
- A one-month break in service is required from a participating LGERS employer.
- For more information, please click here to access the LGERS Handbook
<https://www.myncretirement.com/documents/files/actives/lgers-handbook/open>

Medical/Dental/Vision Benefits After Retirement

- All full-time employees hired on or after July 1st, 2015, or those employees who left the employment of the County and returned to work on or after July 1st, 2015, health benefits are provide on a pro-rated bases for years of service as below:

Retirement Health Benefits (Employees less than 65 not Medicare eligible)	
Minimum Years of Consecutive Harnett County Service for Eligibility	Percentage of Cost Paid by County Until Age 65 or Medicare Eligible
20 Years	50%
25 Years	75%
30 Years	100%

Retirement Health Benefits (Employees older than 65 and/or Medicare eligible)	
Minimum Years of Consecutive Harnett County Service for Eligibility	Percentage of Cost Paid by County After Age 65 or Medicare Eligible
20 Years	50%
25 Years	75%
30 Years	100%

Medical/Dental/Vision Benefits After Retirement

- Full-time employees as of June 30th, 2015 are considered “grandfathered” and shall continue to be eligible to receive insurance benefits as defined below:

Retirement Health Benefits (Employees less than 65 not Medicare eligible)	
Minimum Years of Consecutive Harnett County Service for Eligibility	Percentage of Cost Paid by County Until Age 65 or Medicare Eligible
10 Years of Harnett County Service Plus an additional 20 Years of Local Government Service	50%
15 Years	50%
16 Years	55%
17 Years	60%
18 Years	65%
19 Years	70%
20 years	75%
21 Years	77%
22 Years	79%
23 Years	81%
24 Years	83%
25 Years	85%
26 Years	88%
27 Years	91%
28 Years	94%
29 years	96%
30 Years	100%

Medical/Dental/Vision Benefits After Retirement

- Years of service is based on CONSECUTIVE years working at Harnett County.
- Years of service reflected in ORBIT is not connected to service time for Harnett County as it relates to medical/dental/vision insurance into retirement.
- If you terminate your employment with Harnett County and you later return to work at Harnett County, your years of service starts over in relation to county provided insurance benefits.

Medical/Dental/Vision Benefits After Retirement

- Purchasing service time does not buy you medical benefits at retirement.

NC 401K and NC 457

	NC 401(k) Plan	NC 457 Plan
State-sponsored	Yes – approved by NC State Treasurer	Yes – approved by NC State Treasurer
Eligibility	Employees Actively Contributing to TSERS or LGERS	Anyone receiving W-2 income from State or Local Government Employer
Employer Contributions (Pre-Tax) ¹	Yes	No
Contribution Types	Pre-Tax, Roth	Pre-Tax, Roth
No Minimum	Yes	Yes
Flexibility	Yes – changes anytime	Yes – changes anytime
Vesting	100%	100%
Rollovers	Yes	Yes
Age 50+ Catch-Up	Yes	Yes*
3-Year Catch-Up Provision	No	Yes*
GoalMaker®	Yes	Yes
Investment Oversight	Yes	Yes
Withdrawals While Working	At or after age 59½	At or after age 59½
Loans/Hardship Withdrawals	Yes	Yes
Purchase of Service Credits	Yes	Yes
Multiple Distribution Options	Yes	Yes
Transfer Benefit	Yes	Yes
Early Withdrawal Tax Penalty	Possibly, depending upon age at separation from service and withdrawal method	No 10% early withdrawal penalty, regardless of age

¹ Employer contributions are discretionary.

* Age 50+ catch-up provision & 3-Year catch-up provision cannot be used in the same year

One Time Contribution to 401k/457

- Contribute up to 80% of your final payout (last paycheck with any comp/vacation) to your 401k or 457
- Benefits – defer taxes while increasing account value
- Get form from Empower website, complete it and return to Sandy in Payroll

Instructions This form may be used to defer additional compensation or other amounts paid out on a one-time basis, such as longevity payment or final payments for vacation and/or bonus leave upon separating from service. The deduction will occur only once and then it will revert back to the previous amount being deducted (if any). Please print in black ink and keep a copy for your records. **Send the completed form to your payroll office** in sufficient time for them to enter the change for the appropriate pay period. **State employees on the BEACON payroll system should follow the special instructions at the bottom of this form.** If you have not already completed an enrollment form to establish this account, please contact your local Retirement Education Manager or your Human Resources department to enroll prior to submitting this form. Enrollment forms are also available online at myNCPlans.com.

About You Employer name: _____
Social Security number _____ Daytime telephone number _____
_____|_____|_____|_____|_____|_____|_____|_____|_____|_____|_____|_____|_____|_____|_____|_____|
First name MI area code Last name
_____|_____|_____|_____|_____|_____|_____|_____|_____|_____|_____|_____|_____|_____|_____|_____|

Questions?
Call 1-866-627-5267
for assistance.

One Time Contribution I wish to contribute the following from my salary for payroll date _____
If this is related to a *retirement/separation of service* payout, please provide the effective date of *retirement/separation* _____
NC 401(k) Plan (002003) - please provide whole dollar or percentage amounts
 Contribute on a **Before-Tax** basis \$ _____, _____ .00 or _____ % to NC 401(k) Plan.
 Contribute on a **Roth** basis \$ _____, _____ .00 or _____ % to NC 401(k) Plan.
NC 457 Plan (012003) - please provide whole dollar or percentage amounts
 Contribute on a **Before-Tax** basis \$ _____, _____ .00 or _____ % to NC 457 Plan.
 Contribute on a **Roth** basis \$ _____, _____ .00 or _____ % to NC 457 Plan.
If you are not certain of your method (\$ or %) of your employee deferrals, please verify with your Payroll Office.
Please note: This contribution change will be effective for the payroll date specified above **ONLY**. Your current rate, if any, will resume with your next payroll cycle.
The amounts contributed through this form are subject to the annual IRS 402g limits.

Your Authorization I understand the timing of this one time contribution needs to be coordinated through my payroll office in order to have the amount above deducted from the proper paycheck.
 _____ Date _____
Participant's signature
Employees on BEACON PAYROLL: Please return completed form to BEST Shared Service
1425 Mail Service Center, Raleigh, NC 27699-1425 or fax it directly to 919.855.6861.
****Please be sure that deferrals are in WHOLE DOLLARS ONLY****
(If you are not certain your payroll is through BEACON, please contact your Payroll Office.)

401K After Retirement

- Do nothing! Keep your funds in the Plan
- Roll over your money to an IRA or a new employer's program
 - If you remain an NC public employee, you may continue contributing through your next employer!
- Begin withdrawals*:
 - Installment payments
 - Partial withdrawal (on an as-needed basis)
 - Lump-sum withdrawal
- “Transfer Benefit” – move pre-tax assets to TSERS/LGERS to generate additional guaranteed monthly income
 - Guaranteed lifetime payout!!
 - May elect survivor options, COLA, and refund feature
 - www.NCLifetimeIncome.org

* Payments are subject to a mandatory 20% federal income tax withholding, and for withdrawals from the NC 401(k) Plan, may be subject to a 10% tax penalty if taken prior to age 59½.

Register

What's next?

Register your online account today!

You must register your online account, even if you have done so in the past on Prudential's website.

Simply:

- Visit **myNCPlans.com** and choose *Register*.
- Select *I do not have a PIN*.
- Enter your personal information and create a username and password.
- Select *Sign in* going forward.

If you are accessing your account from a mobile device, you will be directed to download the new mobile app before you can complete your registration.

We've got you covered

Your Plan account, current investments, contribution rates and beneficiary elections were automatically transferred to the new online experience.

Retirement Processing Reminder

- Retirements are always effective on the 1st day of the month
- Applications should be completed and submitted no more than 120 days out
- Applications are processed in the order they are received

Empower Contact Information

Resources & education

Contacting Empower

Log in to your account by visiting myNCPlans.com

- Full account access and use of online tools

Call center experience

- Same phone number: **866-NCPlans (866-627-5267)**

NC 401(k)/NC 457 Plans' Retirement Education Counselor

- You will continue to have access to counselors

Mobile app experience

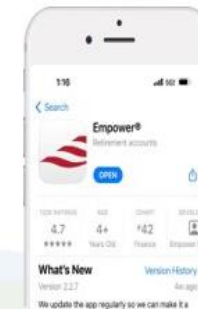
- New app (Empower), available in both iOS and Google
- You will have to download the app



Available on the
App Store



GET IT ON
Google Play



NC Retirement System Contact Information



WEB

MyNCRetirement.com



EMAIL

nc.retirement@nctreasurer.com



PHONE

877-NCSECURE (877-627-3287)



MAIL

3200 Atlantic Avenue, Raleigh, NC 27604



FACEBOOK

facebook.com/MyNCRetirement



Questions?