

# Highlights of Your Retirement Benefits Teachers' and State Employees' Retirement System

## How do I qualify for Teachers' and State Employees' Retirement System (TSERS) benefits?

### Service Retirement (Unreduced) Benefits are available:

- at age 65 with 5 years of membership service
- at age 60 with 25 years of creditable service
- at any age with 30 years of creditable service

### Early Retirement (Reduced) Benefits are available:

- at age 50 with 20 years of creditable service
- at age 60 with 5 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.

**If you leave the System before retirement**, and you meet all eligibility requirements, you may still receive a deferred benefit at a later date, provided you do not withdraw your contributions. Your benefit is determined by the formula in effect on the effective date of your retirement. If you leave the System before you have 5 years of membership service, you are entitled only to a refund of your contributions and interest.

## What formula is used to calculate retirement benefits?

Your annual retirement benefit is based on this formula:  

$$1.82\% \text{ of your average final compensation} \times \text{TIMES your years and months of creditable service}$$

**Average Final Compensation (AFC)** is the average of your salary during your four highest-paid years in a row.

**Creditable Service** includes your membership service for any period during which you contribute to TSERS, provided you do not withdraw your contributions. Creditable service may also include unused sick leave and service credit purchased or granted under the creditable service provisions outlined in *Your Retirement Benefits* handbook, which is located on our website.

**Sick Leave** earned monthly under a duly adopted policy, and for which you would receive full salary if you were absent from work on account of sickness, counts as creditable service. When you retire, one month of credit is allowed, at no cost to you, for each 20 days of your unused sick leave. One more month is allowed for any part of 20 days left over, provided the remaining portion is at least one hour.

Sick leave is used to increase your creditable service but cannot be used to meet the minimum qualifications for a deferred benefit or the Survivor's Alternate Benefit. Sick leave may be used to complete 30 years of service, regardless of age; 25 years of service after age 60; and 20 years of service after age 50, provided your last day of service is within 5 years prior to your retirement date.

## How are early and service retirement benefits calculated?

**EARLY RETIREMENT PERCENTAGES.** If you are between ages 50 and 59, with fewer than 30 years of creditable service, your early retirement benefit will be reduced to the following percentages:

AGE	CREDITABLE SERVICE									
	29	28	27	26	25	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 60 and 65, with fewer than 25 years of creditable service, your early retirement benefit will be reduced to the following percentages:

AGE	Percentage of Benefit
64	97%
63	94%
62	91%
61	88%
60	85%

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

### MONTHLY RETIREMENT BENEFIT UNDER MAXIMUM ALLOWANCE

Average Final Compensation	50	55	60	any	any	Age
	20	28	25	30	40	Years of Service
\$60,000	\$910	\$2,293	\$2,275	\$2,730	\$3,640	
\$50,000	\$758	\$1,911	\$1,895	\$2,275	\$3,033	
\$40,000	\$606	\$1,528	\$1,516	\$1,820	\$2,426	
\$30,000	\$455	\$1,146	\$1,137	\$1,365	\$1,820	
\$20,000	\$303	\$764	\$758	\$910	\$1,213	

These are only examples. Your benefit is calculated individually.

Please continue to the next page.



# Highlights of Your Retirement Benefits Teachers' and State Employees' Retirement System

## What retirement payment options are available?

When you retire, you must elect one of the payment options listed below. Each option includes a **Guaranteed Refund** feature which provides that should you and your monthly survivor beneficiary, if any, die before the total of all monthly payments equals the amount of your contributions and interest at the date of retirement, the unrecovered portion of your contributions and interest will be paid in one lump sum to another beneficiary(ies).

**Maximum Allowance - Basic, Straight Life Benefit (No Monthly Survivor)** is paid throughout your lifetime. All monthly benefit payments stop at your death.

**Option 2 - 100% Joint and Survivor (One Monthly Survivor)** is a reduced retirement allowance providing after your death the same reduced retirement allowance to your monthly survivor beneficiary for the remainder of his/her life.

**Option 3 - 50% Joint and Survivor (One Monthly Survivor)** is a reduced retirement allowance providing after your death one-half of the reduced retirement allowance to your monthly survivor beneficiary for the remainder of his/her life.

**Option 4 - Adjustment of Retirement Allowance and Social Security Benefits (No Monthly Survivor)** is a retirement allowance providing for larger monthly payments than you would otherwise be entitled to receive until you become eligible for Social Security at age 62. Beginning at age 62, your monthly payments will be reduced to an amount that is less than what you would otherwise be entitled to receive. However, your reduced retirement payments after age 62, plus your allowance from the Social Security Administration, will be approximately the same amount as the inflated payment you received from the Retirement System before age 62.

**Option 6-2 or 6-3 - Modified Joint and Survivorship (One Monthly Survivor)** is a reduced retirement allowance as provided by Option 2 or Option 3, with the added provision that if your monthly survivor beneficiary dies before you do, your retirement allowance will increase to the Maximum Allowance the following month for the remainder of your life.

## Is retiree health coverage available?

When you retire, you are eligible for coverage under the State Health Plan if you have at least 5 years of retirement membership service earned as a teacher or state employee. (Credit for unused sick leave or credit transferred from the Local Governmental Employees' Retirement System does not count toward this 5-year requirement.)

Under current law, if you were first hired **before October 1, 2006**, and retire with 5 or more years of TSERS membership service,

the state will pay for your individual coverage under the 70/30 or Medicare Advantage Base Plan. Based on these conditions, 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 fewer than 20 years of retirement service credit, you will have to pay 50% of the cost for your coverage. If you have 5, but fewer than 10 years, you will have to pay the full cost for your coverage. In all cases, you must pay the full cost of dependent coverage, if elected.

## How do I contact the Retirement System?

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

Visit our website to:

- estimate your monthly benefits using our Retirement Estimator
- download and complete retirement applications and forms
- download and view *Your Retirement Benefits* handbooks
- review Frequently Asked Questions
- manage your retirement account online using ORBiT

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

**NOTE:** Appointment Only Policy: If you wish to visit our office, please contact the Retirement System to schedule an appointment.

**ADDRESS:**

Teachers' and State Employees' Retirement System  
Department of State Treasurer  
3200 Atlantic Avenue  
Raleigh, North Carolina 27604

**PHONE NUMBERS:**

Toll-Free: 1-877-627-3287  
Fax: 1-919-855-5800

## Thank you.

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 publication 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 the Retirement System law, Retirement System law governs.