



# Teachers' and State Employees' Retirement System (TSERS) Charter School



**North Carolina**  
Total Retirement Plans

**Revised November 2018**

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## NC Total Retirement Plans Include

### TSERS – 401(a)

**Defined Benefit Plan** – amount you receive at retirement based on a [defined formula](#) to calculate [guaranteed monthly lifetime](#) retirement benefits (not based on your or your employer's contributions)

### NC 401(k), NC 457, NC 403(b)

**Defined Contribution Plans** – amount you receive at retirement depends on the [amount you have accumulated in your plan account](#) (your personal contributions, plus any employer contributions, and investment earnings)



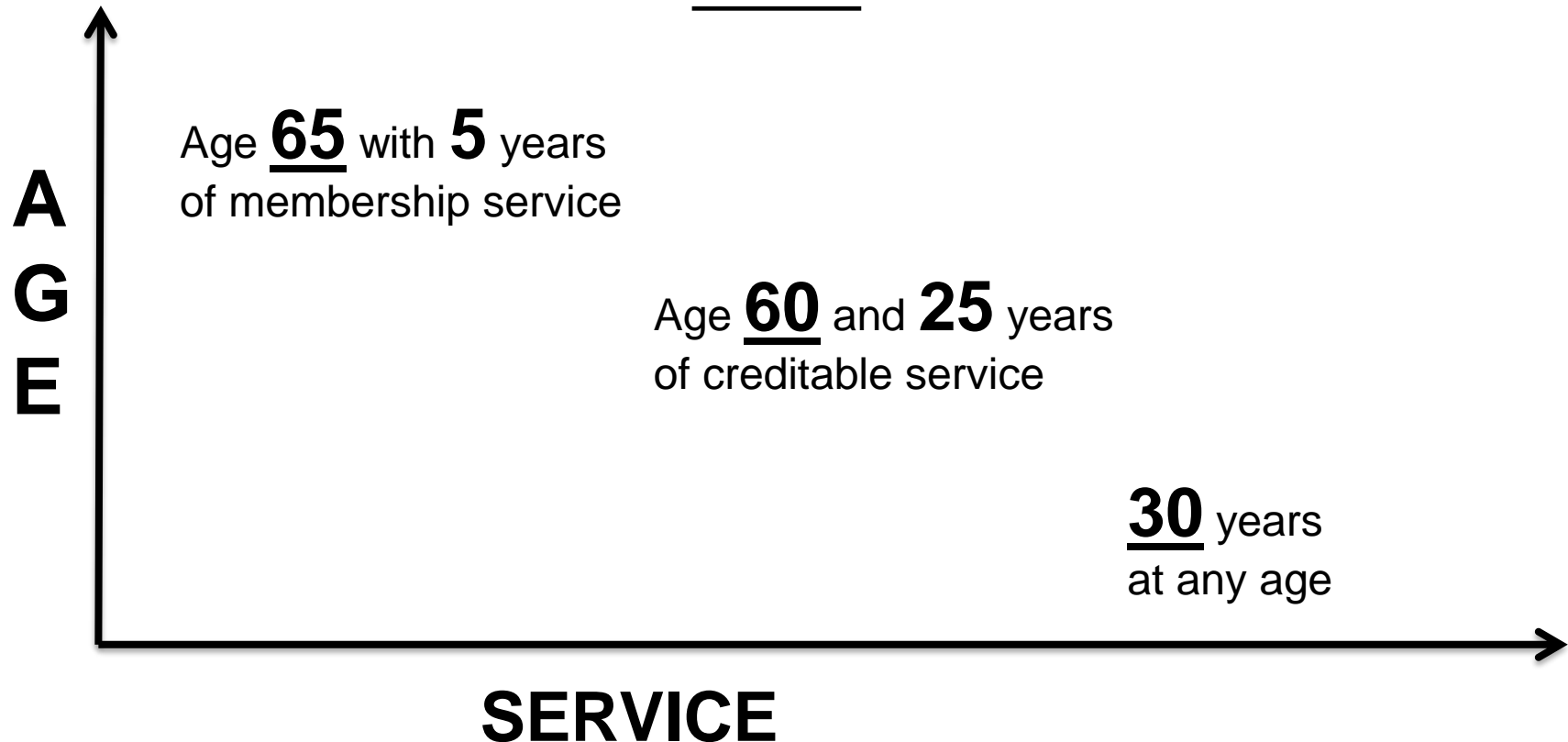
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# Retirement Eligibility

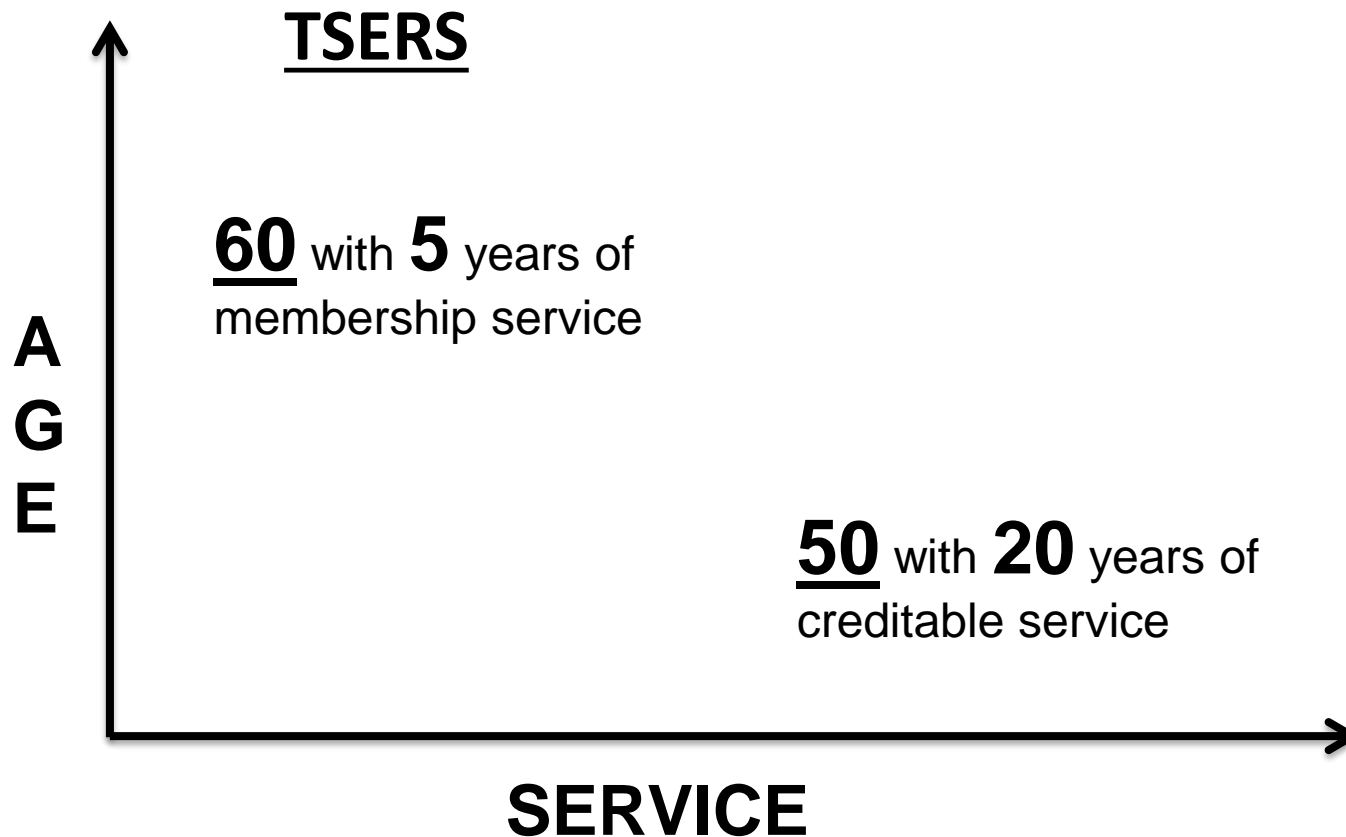


## Service Retirement Eligibility (Unreduced Benefits)

### TSERS



## Early Retirement Eligibility (Reduced Benefits)





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# Defined Benefit Formula

## Defined Benefit Formula

$$\frac{\begin{array}{l} \text{Average Final Compensation} \\ \text{Accrual Factor} \\ \text{X Years of Service} \end{array}}{\begin{array}{l} \text{Maximum Retirement Benefit} \\ \div 12 \end{array}} = \text{Monthly Maximum Benefit}$$

**Note:** Reduction factors apply for early retirements



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# Options



Option	Summary
Maximum	When member dies, benefit stops. It is only for the member's lifetime.
Option 2 100%	Member paid reduced benefit for their lifetime, when they die, their surviving beneficiary will receive the same amount for their life. If beneficiary dies before member, member's benefit doesn't change.
Option 3 50%	Member is paid more during their lifetime, when they die, their surviving beneficiary will receive half that amount for their life. If beneficiary dies before member, member's benefit doesn't change.
Option 4 <u>to age 62</u> <u>After</u> age 62	"Social security leveling"- Member paid a higher modified maximum benefit until they turn 62. When member turns 62, reduce benefit amount by social security. Only for member's lifetime.
Option 6-2 Pop-up	Similar to Option 2, with the exception that if beneficiary dies before member, member's benefit pops back up to maximum benefit.
Option 6-3 Pop-up	Similar to Option 3, with the exception that if beneficiary dies before member, member's benefit pops back up to maximum benefit.





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# Employer Contributions



## Employer Contribution 2018-2019 Fiscal Year

18.86%

- Retirement System Pension Fund 12.28%
- Death Benefit Trust Fund 0.16%
- Retiree Health Benefit Fund 6.27%
- Disability Income Plan 0.14%



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# Death Benefits



## Death Benefits

- Active Employee Death Benefit
  - Member must have one year of membership service
  - Payment will be no less than \$25,000 and no more than \$50,000
- Survivor's Alternate Benefit
  - If you die while in active service or you die within 180 days of your last day of service, and you have named only one eligible beneficiary for the return of your contributions (i.e., beneficiary is living at the time of your death), and you've met the requisite age and/or service requirements, then
  - Your beneficiary may choose to receive a lifetime monthly benefit under Option 2, instead of a lump sum return of contributions payment.
- Guaranteed Refund
  - Is a complete refund of **all remaining contributions** made by the member



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# Health Coverage - Optional

## Retiree Health Coverage



To learn more about the options available to you, call the State Health Plan at 855-859-0966 or visit the plan's website at [www.shpnc.org](http://www.shpnc.org).



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# Transfer Benefit



## Optional Transfer Benefit



North Carolina | 401k | 457  
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- Available to retiring TSERS members with NC 401(k) or NC 457 accounts
- May transfer all or portion of NC 401(k)/457 funds to TSERS
- Receive separate monthly lifetime benefits based on the amount of transfer
- After-tax Roth contributions are non-transferable
- Transfers are a one-time irrevocable election
- One-time \$100 administrative fee



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# Guidance on Return-to-Work Laws



## **In all Cases:**

- During required 6 month waiting period, retiree is prohibited from returning to work in any capacity for any employer under the Retirement System from which they retired without facing a significant financial penalty (up to and including a repayment of all benefits received).
- After 6 month wait, a retiree can return as a contributing member of TSERS, or under an earnings restriction (earnable allowance).



## **Returning as a contributing member of TSERS**

- The retirement benefit for employees in receipt of a TSERS benefit and who work full-time for a participating TSERS employer in a regular contributing position requiring the employee to be a permanent employee who works at least 30 hours per week for 9 months per year, will be suspended the month following the month in which the employee returns to work.



## Returning under an “Earnings Restriction”

- Retirees who are “reemployed by, or otherwise engaged to perform services for, an employer participating in the Retirement System on a part-time, interim, temporary, contractual, or any other basis that does not require membership in TSERS, may continue working in such capacity and receiving a retirement benefit so long as they do not exceed their earnable allowance limit.



## Current Retirees

- Return to Work provisions applies to retirees currently in receipt of a TSERS benefit when the employer becomes a participating employer in TSERS.



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# Charter School Enrollment and Withdrawal



## Major Provisions of State Law (House Bill 276/S.L. 2015-168)

- Removes the 30-day window for all charter schools that elect to participate in the Retirement System.
  - *Under the old law, charter schools had 30 days after obtaining a charter from the State Board of Education to notify the Retirement System that they wished to participate in the System.*
- Provides that the TSERS Board of Trustees will require financial and actuarial reviews before charter schools are allowed to become participating employers.
  - *Under the old law, a charter school's admission into the System was automatic and didn't require any votes by Legislature or the Board of Trustees. Schools had to seek permission from the legislature to enter the System, but no legal, financial, or actuarial reviews were required.*
- Requires any charter school that has participated in the System for more than one year and that elects to exit the Retirement System to pay a withdrawal liability before exiting.
  - *Under the old law, admission in the Retirement System was irrevocable. The Legislature could remove agencies from the System, but this would create an unfunded mandate on all other agencies in the System to pay the cost of liabilities left behind since no withdrawal liability existed.*



# Overview - New Charter School Enrollment Policy

*(in operation for less than two school years)*

## Notification of Election to Join the Retirement System

- No 30-day window
- Provisional affiliation for one year
- May be removed for late payment or failure to submit employee and employer contributions
- May choose to leave the Retirement System at any time prior to full affiliation without a withdrawal liability



## [AFTER ONE YEAR]

- Undergo financial and actuarial review to evaluate stability and risk to the Retirement Systems
- Determination of the withdrawal liability (provisional entrants not required to pay the cost to determine the withdrawal liability)
- Acknowledgement and acceptance of withdrawal liability
- Vote by Board of Trustees to grant or deny full affiliation with the Retirement System.

## Overview – Existing Charter School Enrollment Policy

*(in operation for more than two school years)*

### Notification of Election to Join the Retirement System

- RSD receives the charter school's notification to the Board of Trustees of its intent to join the Retirement System
- Undergo financial and actuarial review to evaluate stability and risk to the Retirement Systems
- Determination of the withdrawal liability
- Acknowledgement and acceptance of withdrawal liability
- May choose to leave the Retirement System at any time prior to the end of the first year following the date of participation in the System without a withdrawal liability



- Vote by Board of Trustees to grant or deny full affiliation with the Retirement System



## Overview of Withdrawal Policy

### Notification of Intent to Withdraw from the Retirement System

- Must notify its employees and the Board of Trustees in writing of its decision to withdraw
- Required to make a lump-sum withdrawal liability payment to the Retirement System
- Must submit the lump-sum withdrawal liability amount and the cost of determining the withdrawal liability within 90 days from the date of complete withdrawal
- Required to submit employee and employer contributions up until the complete withdrawal date (if applicable)
- Cannot elect to become a participating employer in the Retirement System for five years after its complete withdrawal date
- Employees cannot accrue future benefits with the Retirement System due to employment with the withdrawing charter school.
- No retirement allowance or return of accumulated contributions will be paid until the member actually terminates employment with the withdrawing charter school, with no intent or agreement (express or implied) to return to service with the withdrawing charter school
- Statute allows for payment plan of withdrawal liability if certain criteria are met. (*House Bill 977/S.L. 2018-84*)



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# Resources

## How to Contact the Retirement Systems

Phone: Toll Free 1-877-NCSECURE (627-3287)  
Fraud and Abuse Hotline 1-855-903-7283

Internet: [www.MyNCretirement.com](http://www.MyNCretirement.com)

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

<https://www.facebook.com/MyNCRetirement>



RSD and the Department of State Treasurer are located at:

**3200 Atlantic Avenue, Raleigh, NC 27604**

Be sure to call before you stop by to confirm appointment location and directions:

**877-NCSECURE (877-627-3287)**

Office visits are scheduled by appointment only.



## Retirement Planning Conference Survey

- Give us your feedback on this retirement planning conference
- Complete the survey at:  
<https://www.surveymonkey.com/r/RetirementPlanningConfSurvey>
- This web-based survey only requires a few minutes of your time
- Survey responses are completely confidential
- Your opinion plays an important role in the development and delivery of enriched training sessions
- Thank you in advance for your feedback