

INFORMATION ON RETIREMENT

General: To begin your retirement benefit, this form must be signed and filed by you not earlier than 90 days nor later than one day before the effective date of your retirement. Your effective retirement date is always the first day of the month and is not the date that you quit work. If your retirement application is not executed at least one day before the effective retirement date, the Retirement Systems Division must change your effective date to the first of the following month.

Eligibility: The rules for eligibility for retirement differ for each System and you should refer to the employee handbook for the eligibility rules for the System of which you are a member.

Unused Sick Leave: (Applicable to members of the Teachers' and State Employees' Retirement System and Local Governmental Employees' Retirement System.) Unused sick leave, standing to your credit at retirement, counts as creditable service provided it is sick leave: (i) earned monthly under a duly adopted policy; (ii) for which you would have been paid full salary had you been absent from work on account of sickness; and (iii) for which you have not received any compensation. One month of credit is allowed for each 20 days of unused sick leave. You **can** use your unused 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 (15 years of service after age 50 for law enforcement officers). Unused sick leave **cannot** be used to meet the minimum qualifications for a disability benefit, a vested deferred benefit, or the Survivor's Alternate Benefit.

Estimate of Benefits: Your application will be acknowledged by mail when it is received. After your application is acknowledged, you will be provided estimates of your monthly benefit under the various options that are available (provided you furnished information about a proposed beneficiary). If you are under age 62 and are applying for a service or early retirement, you may be eligible for the social security income leveling option. In order for us to provide you with an estimate under this option, you must obtain an official written estimate of your social security benefit from the Social Security Administration and provide us a copy of that estimate. (The Social Security income leveling option is not available under the Legislative Retirement System.) All estimates of benefits, under normal circumstances, will be furnished to you prior to your retirement date.

Selection of An Option: At the same time we provide you with estimates of your benefits, you will be provided a form on which you will make your election of retirement plan. In order for your benefit to be paid in the first month of your retirement, the election of benefits must be returned by the tenth of the month in which your benefit begins.

Payment of Benefits: Your first monthly retirement benefit will be mailed directly to you. It is the policy of the State-administered Retirement Systems that subsequent benefit payments must be paid by means of direct checking or savings account deposit. Generally, the only exception to this policy involves cases in which the member has no bank account, or banks with a financial institution that does not offer direct deposit. All requests for exemption from this policy must state the reason, in writing, and be approved by the Retirement System. Otherwise, an Authorization Agreement for Direct Deposit must be attached to your Application for Retirement.

Taxation of Benefits: Your benefits may be subject to Federal and State income tax beginning with your first retirement check. An income tax preference certificate will be provided with your estimate of monthly benefits along with more information on the Federal and State income tax rules.

Hospital Insurance: If you are a member of the **Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, or the Legislative Retirement System**, you will be eligible for coverage under the State's Comprehensive Health Plan if you have 5 years of State contributory service. Coverage as a retiree will begin the first of the month following the month in which your retirement becomes effective. If you work until retirement, your former employer will pay the premium for the first month of your retirement. You must file an application for coverage **as a retiree** under the Health Plan. If you are a member of the Local Governmental Employees' Retirement System, you should inquire of your employer as to whether it provides health coverage for retired employees.

Disability Retirement: If you are applying for disability retirement, you should also apply for disability social security benefits. If you are a teacher or State employee, you should refer to the employee handbook for the Teachers' and State Employees' Retirement System for an explanation of benefits under the Disability Income Plan of North Carolina.