Welcome to the Consolidated Judicial Retirement System (CJRS)! You are now part of one of the five best pension plans in the country, according to S&P Global.

The Consolidated Judicial Retirement System (CJRS) is a state-sponsored pension plan administered by the North Carolina Total Retirement Plans within the Department of State Treasurer (DST). Here, our mission is to preserve and protect this benefit for current and future public employees in North Carolina.

Partners in Planning for Your Retirement
DST is excited to partner with you during and after your service to North Carolina. In this partnership, our role at DST is to maintain the integrity and sustainability of the NC Total Retirement Plans and retiree health coverage through the State Health Plan. Your role is to make sure you’re doing all you can to secure your financial future. Each month, you, your employer and DST (through investment gains) contribute to your retirement account. As you can see in the graphic, your employer and the pension system are investing a lot in you because your work to this state is highly valued!

Many financial experts suggest that individuals will need a monthly income in retirement equal to 80 percent of their pre-retirement pay. When planning for a secure retirement, I encourage you to determine how much retirement income you’ll need to feel secure after you stop working. As you make that determination, I urge you to consider not only your TSERS benefits but your personal savings as well. We have some amazing supplemental retirement plans available exclusively to the public employees in North Carolina. The NC 401(k) and NC 457 Plans have some of the lowest fees in the nation and are a great way to make sure that your retirement income will support the lifestyle you imagine.

Understanding Your Pension Benefit
In this handbook you’ll find all the details you need to understand your retirement options. You’ll also find many of the tools and resources you need to make informed decisions about your retirement on ORBIT, our secure web portal, at ORBIT.MyNCRetirement.com. Once you’ve registered, you’ll be able to safely and securely manage your pension account and stay informed. You can also visit our website at www.MyNCRetirement.com for additional retirement resources.

If you have questions specific to you, contact the North Carolina Total Retirement Plans at the number below. Our retirement counselors can assist with the status of an application or answer questions about your CJRS retirement or disability and death benefits.

Thank you for your service to the people of North Carolina, and we look forward to working with you!

Sincerely,

Dale Folwell, CPA

1-877-NC-SECURE (877-627-3287) Toll-free
nc.retirement@nctreasurer.com
www.MyNCRetirement.com
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**DISCLAIMER:** The availability and amount of all benefits you might be eligible to receive is governed by North Carolina law. The information provided in this handbook cannot alter, modify or otherwise change the controlling North Carolina law or other governing legal documents in any way; nor can any right accruing to you by reason of any information provided or omission of information provided herein. In the event of a conflict between this information and North Carolina law, North Carolina law governs.
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Section 1: About Your Retirement System

The Consolidated Judicial Retirement System (CJRS) is a defined benefit plan qualified under Section 401(a) of the Internal Revenue Code. Defined benefit plans use a formula to calculate monthly retirement benefits once eligibility requirements have been met. This handbook explains CJRS benefit eligibility requirements and the formula used to calculate benefits. Terms in bold type are defined in Section 15 – Glossary of Terms.

Paying for Your Retirement Benefits

You, the state of North Carolina and the investment earnings on total contributions pay the cost of providing your retirement benefits.

Your share of the cost is currently six percent of your eligible compensation, and it is automatically deducted from your paycheck. Your compensation includes all eligible salaries and wages paid to you while serving as a judicial officer for the state.

The state bases its contributions on calculations prepared by an actuary. The state contribution rate from July 1, 2018, to June 30, 2018, is 40.13 percent of all members’ salaries to pay for the benefits for you and other members.

Tax Savings

Since August 1, 1983 (September 1, 1983, if you were a district attorney), your contributions have been tax-deferred. This is a benefit to you because your contributions are deducted from your pay before taxes are calculated, and you pay taxes on them when you begin receiving monthly retirement benefits or if you elect a refund of your contributions. This means your current taxable income is lowered, and the amount of annual taxes you pay is less than if you made contributions after paying taxes. See pages 27 and 28 for more information about your tax liability on benefits.

ORBIT Secure Account

ORBIT is a secure site that allows you to view your personal account information, download retirement forms and access retirement resources 24 hours a day, seven days a week. To set up or log in to your personal ORBIT account, go to the ORBIT website at https://orbit.myncretirement.com and follow the log in instructions, or register for an ORBIT account. See page 40 for more information about ORBIT.
Section 2: Membership in CJRS

You become a CJRS member the date you take your oath of office as a:

- Justice of the Supreme Court
- Judge of the Court of Appeals
- Judge of the Superior Court
- Judge of the District Court
- Solicitor or district attorney
- Clerk of Superior Court
- Public defender
- Director of Indigent Defense Services
- Administrative officer of the courts

Designating Beneficiaries

After your employer enrolls you in CJRS, you should name beneficiary(ies) to receive a return of your retirement contributions and a death benefit, should you die before retirement. To add or change beneficiaries, log in to ORBIT, or complete Form 2C (Designating Beneficiary(ies)).

Forfeiting Eligibility Based on Criminal Offenses

Elected government officials who were not vested on July 1, 2007, will forfeit their right to a monthly benefit from CJRS if convicted of certain state or federal offenses related to their service as an elected official. Elected officials who were vested on July 1, 2007, are not entitled to creditable service accrued in CJRS after July 1, 2007, if convicted of certain state and federal offenses related to their service as an elected official.

If you were not vested as of December 1, 2012, and are convicted of a state or federal felony directly related to your employment while in service under CJRS, you are prohibited from receiving any retirement benefit other than a return of your contributions plus interest. If you were vested as of December 1, 2012, you are prohibited from receiving any retirement benefit for service rendered after December 1, 2012, other than a return of your contributions plus interest for the period of service after December 1, 2012.
Section 3: Qualifying for Benefits

Vesting

You become vested in CJRS once you have completed a minimum of five years of membership service. This means that you are eligible to apply for lifetime monthly retirement benefits based on the retirement formula in effect at the time of your retirement and the age and service requirements described in this handbook, provided you do not withdraw your contributions. You may also be eligible for retiree health coverage. See pages 29 and 30 for more information on health coverage.

Service Retirement (Unreduced Benefits)

You may retire with an unreduced service retirement benefit after you:

- Reach age 65 with five years of membership service
- Reach age 50 with 24 years of creditable service

Early Retirement (Reduced Benefits)

You may retire early with a reduced retirement benefit after you reach age 50 with five years of membership service. Your early retirement benefit is calculated using the same formula as a service retirement benefit multiplied by a reduction percentage based on your age and/or service at early retirement. Because your benefit may be paid over a longer period of time than if you had waited until being eligible for service retirement, your benefit will be reduced. The table on page 16 shows the effects these reductions would have on your benefit.

Disability Retirement

After five years of creditable service and while serving in a judicial capacity, if you become permanently disabled and are unable to continue your judicial service, as approved by the Medical Review Board, you may be eligible to apply for disability retirement benefits. Your disability benefit under the maximum allowance is calculated using the same formula as a service retirement benefit and you may choose any payment option except Option 4. If you choose a survivorship option, it will be calculated using disability reduction percentages. In calculating the disability retirement benefit, your final compensation is calculated as of your disability retirement date, but creditable service is counted as though you continue working to age 65, not to exceed 24 years.

Vested Deferred Benefit

If you leave CJRS for any reason other than retirement or death, you can either receive a refund of your employee contributions, plus interest, or leave your contributions in CJRS and keep all the creditable service you earned to that date. You may be entitled to receive a deferred benefit at a later date once you meet eligibility requirements after you have completed five years of membership service, provided you do not withdraw your contributions. Your benefit is calculated using the formula in effect on your retirement date. It is based on your compensation and years of creditable service at that time.
Section 3: Qualifying for Benefits

Refund of Contributions

If you leave CJRS before you have five years of membership service, the only payment you can receive is a refund of your employee contributions, plus interest.

State law prohibits us from making a refund earlier than 60 days after you leave employment with an employer that participates in CJRS. If you withdraw your retirement contributions, you forfeit your retirement service credit and rights to all benefits associated with the service for that time period, including medical coverage through the State Health Plan, if applicable.

However, if you leave CJRS employment and you do not take a refund, you will retain your benefits and rights should you return to service at a later time.

Set by state law, the interest credited on your contributions and paid with a refund is four percent compounded annually on your prior-year ending balance.

To receive a refund, complete Form 5 (Withdrawing Your Retirement Service Credit and Contributions), which can be found on ORBIT.
Section 3: Qualifying for Benefits

Reciprocity Between Retirement Systems

Any credit you may have in the following retirement systems may be counted along with your credit in CJRS in order to determine your eligibility for a reduced or unreduced benefit:

- Teachers’ and State Employees’ Retirement System (TSERS)
- Legislative Retirement System (LRS)
- Local Governmental Employees’ Retirement System (LGERS)

However, only your creditable service in CJRS is used in computing the amount of your benefit in CJRS. Creditable service in any other system is used to compute benefits from that system.

Transferring Service & Contributions Between Systems

After completing five years of membership service in CJRS, if you have an active account in TSERS, LGERS, or LRS, you may transfer contributions and creditable service from any of these systems to CJRS. Please contact the North Carolina Total Retirement Plans for additional information and instructions. See page 41 for our contact information.

If you are a re-employed retiree of TSERS or CJRS, who, following retirement, has returned to employment under CJRS, you may transfer service credits from TSERS to CJRS upon completion of three years following your return to employment, provided you have a total of five years of CJRS service.

Required Distributions After Age 70½

In most cases, CJRS is required to pay benefits to non-retired members with open CJRS accounts by April 1 of the year following the year in which the member reaches age 70½ or ceases to be an employee, whichever is later. Members who are vested (five or more years of membership service) who fail to complete the retirement process will receive a monthly retirement benefit based on the maximum allowance. Non-vested members who fail to complete a refund application will receive a refund of their contributions and interest by April 1 of the year following the year in which the member reaches age 70½ or ceases to be an employee.
### Section 4: How Your Benefit is Calculated

#### Retirement Formulas

Your retirement benefit is based on the following formulas for service:

<table>
<thead>
<tr>
<th>Role</th>
<th>Formula</th>
</tr>
</thead>
<tbody>
<tr>
<td>As a district court judge, district attorney, public defender, clerk of Superior Court or director of Indigent Defense Services:</td>
<td>$3.02% \text{ of final compensation} \times \text{years of creditable service}$</td>
</tr>
<tr>
<td>As a Superior Court judge:</td>
<td>$3.52% \text{ of final compensation} \times \text{years of creditable service}$</td>
</tr>
<tr>
<td>As a Supreme Court justice, Court of Appeals judge or administrative officer of the courts:</td>
<td>$4.02% \text{ of final compensation} \times \text{years of creditable service}$</td>
</tr>
<tr>
<td>Transferred from TSERS or LRS:</td>
<td>$1.82% \text{ of average final compensation} \times \text{years of creditable service}$</td>
</tr>
<tr>
<td>Transferred from LGERS:</td>
<td>$1.85% \text{ of average final compensation} \times \text{years of creditable service}$</td>
</tr>
</tbody>
</table>
Section 4: How Your Benefit is Calculated

Final compensation is the annual equivalent of the rate of compensation most recently applicable to you as a member of CJRS.

If you have creditable service that falls into more than one of the categories on the next page, you would apply the appropriate formula to the type of creditable service. The sum of these would be your annual retirement benefit.

Creditable service is the total of all service credit that counts toward retirement. It includes membership service for any period during which you contribute to CJRS, provided you have not withdrawn your contributions. It also includes credit for eligible purchased service. See pages 24-25 for more details.

Average final compensation is the annual average of your 48 consecutive highest-paid months of membership in CJRS.

Benefit Limitations

When added to benefits payable under the maximum allowance from TSERS, LGERS and LRS, your initial benefit under the maximum allowance may not exceed 75 percent of your final compensation, prior to any reduction for early retirement.

Judges and justices under CJRS are currently required to retire at age 72.
Section 4: How Your Benefit is Calculated

Service Retirement Calculation Example

To give you an idea of how benefits are calculated, let’s look at some examples. Assume Judge Smith, a chief District Court judge, retires at age 60 with 24 years of creditable service, all as a District Court judge. As we go through the steps to calculate Judge Smith’s benefit, you may wish to write in your own figures for an estimate of your benefit.

Step 1
Write in your final compensation

<table>
<thead>
<tr>
<th>You</th>
<th>example for Judge Smith</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>$143,624.00</td>
</tr>
</tbody>
</table>

Step 2
Multiply Step 1 by the applicable formula (see page 11)

<table>
<thead>
<tr>
<th>Step 1</th>
<th>$143,624.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>x</td>
<td>.0302</td>
</tr>
<tr>
<td>Total</td>
<td>$4,337.44</td>
</tr>
</tbody>
</table>

Step 3
Calculate your annual benefit by multiplying Step 2 by your years of creditable service (see page 22-23)

<table>
<thead>
<tr>
<th>Step 2</th>
<th>$4,337.44</th>
</tr>
</thead>
<tbody>
<tr>
<td>x</td>
<td>24</td>
</tr>
<tr>
<td>Total Annual Benefit</td>
<td>$104,098.56</td>
</tr>
</tbody>
</table>

Step 4
Calculate your monthly benefit by dividing Step 3 by 12

<table>
<thead>
<tr>
<th>Step 3</th>
<th>$104,098.56</th>
</tr>
</thead>
<tbody>
<tr>
<td>divide by 12</td>
<td>/ 12</td>
</tr>
<tr>
<td>Total Monthly Benefit</td>
<td>$8,674.88</td>
</tr>
</tbody>
</table>

(This is an estimate of the payment you will receive each month before taxes or any other deductions.)
Because Judge Smith has 24 years of creditable service at retirement, he receives his basic benefit under the maximum allowance of $104,098.56 annually ($8,674.88 monthly) for the rest of his life. Also, because Judge Smith is married to Mrs. Smith, age 54, a surviving spouse benefit is provided by law and his benefit is not reduced. The amount payable to Mrs. Smith upon Judge Smith’s death is as follows:

**Step 1**
Write in the maximum monthly benefit from the last example

<table>
<thead>
<tr>
<th>Your Spouse</th>
<th>example for Judge Smith</th>
</tr>
</thead>
<tbody>
<tr>
<td>$8,674.88</td>
<td>$8,674.88</td>
</tr>
</tbody>
</table>

**Step 2**
Divide Step 1 by 2

<table>
<thead>
<tr>
<th>Step 1</th>
<th>divide by 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>$8,674.88</td>
<td>$4,337.44</td>
</tr>
</tbody>
</table>

**Step 3**
100% less 2% per year age differential

<table>
<thead>
<tr>
<th>Step 2</th>
<th>x .88</th>
<th>Total Monthly Benefit for spouse upon death of judge in example</th>
</tr>
</thead>
<tbody>
<tr>
<td>$4,337.44</td>
<td>.88</td>
<td>$3,816.95</td>
</tr>
</tbody>
</table>

(This is an estimate of the payment your spouse will receive each month before taxes or any other deductions.)

In addition, Judge Smith may be eligible to receive reduced Social Security benefits as early as age 62.


### Early Retirement Calculation Example

Let’s assume Judge Smith decides to take early retirement at age 56 with 20 years of service, and final compensation of $137,841.00.

<table>
<thead>
<tr>
<th>Calculation</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$137,841.00</td>
<td>(final annual compensation)</td>
</tr>
<tr>
<td>$4,162.80</td>
<td>(District Court service)</td>
</tr>
<tr>
<td>$83,256.00</td>
<td>(creditable service)</td>
</tr>
</tbody>
</table>

Now apply the early retirement reduction percentage from the chart on the next page.

<table>
<thead>
<tr>
<th>Calculation</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$83,256.00</td>
<td>(percentage for 4 years)</td>
</tr>
<tr>
<td>$73,265.28</td>
<td></td>
</tr>
</tbody>
</table>

In this case, Judge Smith receives a benefit under the maximum allowance of $73,265.28 a year ($6,105.44 a month). His payment will start at age 56 and continue for the rest of his life. He is also eligible for Social Security benefits as early as age 62.
Section 4: How Your Benefit is Calculated

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.

If you retire prior to age 65 or completion of 24 years of creditable service, you will receive a reduced benefit. The percentage reduction is based on your age at retirement or the difference between your creditable service and 24 years. For example, if you have 19 years of service (five years difference between 19 and 24), and you are 60 years old, your benefit would be reduced to 85 percent of your maximum allowance.

Your retirement benefit will be reduced to the percentages below. Assume Judge Smith elected to retire at age 60 with 18 years of service. Since his age differential of five is less than his service differential of 6, he would receive 85 percent of his maximum allowance at retirement.

If you are between years when payments start, the reduction will be adjusted proportionately.

<table>
<thead>
<tr>
<th>If you are this age when payments start</th>
<th>The difference between your creditable service and 24 years</th>
<th>You receive this percentage of your benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>64</td>
<td>1</td>
<td>97%</td>
</tr>
<tr>
<td>63</td>
<td>2</td>
<td>94%</td>
</tr>
<tr>
<td>62</td>
<td>3</td>
<td>91%</td>
</tr>
<tr>
<td>61</td>
<td>4</td>
<td>88%</td>
</tr>
<tr>
<td>60</td>
<td>5</td>
<td>85%</td>
</tr>
<tr>
<td>59</td>
<td>6</td>
<td>82%</td>
</tr>
<tr>
<td>58</td>
<td>7</td>
<td>79%</td>
</tr>
<tr>
<td>57</td>
<td>8</td>
<td>76%</td>
</tr>
<tr>
<td>56</td>
<td>9</td>
<td>73%</td>
</tr>
<tr>
<td>55</td>
<td>10</td>
<td>70%</td>
</tr>
<tr>
<td>54</td>
<td>11</td>
<td>67%</td>
</tr>
<tr>
<td>53</td>
<td>12</td>
<td>64%</td>
</tr>
<tr>
<td>52</td>
<td>13</td>
<td>61%</td>
</tr>
<tr>
<td>51</td>
<td>14</td>
<td>58%</td>
</tr>
<tr>
<td>50</td>
<td>15</td>
<td>55%</td>
</tr>
</tbody>
</table>
Section 4: How Your Benefit is Calculated

Example of Benefits Paid

The chart below shows the monthly benefit that is paid at various salary levels depending on age and creditable service.

<table>
<thead>
<tr>
<th>Final Compensation</th>
<th>Accrual Rate</th>
<th>Age 50</th>
<th>Age 55</th>
<th>Age 60</th>
<th>Age 65</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 years</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$88,188</td>
<td>3.02%</td>
<td>$610</td>
<td>$776</td>
<td>$943</td>
<td>$1,109</td>
</tr>
<tr>
<td>116,710</td>
<td>3.02</td>
<td>807</td>
<td>1,028</td>
<td>1,248</td>
<td>1,468</td>
</tr>
<tr>
<td>127,215</td>
<td>3.02</td>
<td>880</td>
<td>1,120</td>
<td>1,360</td>
<td>1,600</td>
</tr>
<tr>
<td>132,584</td>
<td>3.52</td>
<td>1,069</td>
<td>1,361</td>
<td>1,652</td>
<td>1,944</td>
</tr>
<tr>
<td>146,191</td>
<td>4.02</td>
<td>1,346</td>
<td>1,714</td>
<td>2,081</td>
<td>2,448</td>
</tr>
<tr>
<td>12 years</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>96,654</td>
<td>3.02</td>
<td>1,868</td>
<td>2,043</td>
<td>2,481</td>
<td>2,918</td>
</tr>
<tr>
<td>119,990</td>
<td>3.02</td>
<td>2,319</td>
<td>2,536</td>
<td>3,080</td>
<td>3,623</td>
</tr>
<tr>
<td>127,914</td>
<td>3.02</td>
<td>2,472</td>
<td>2,704</td>
<td>3,283</td>
<td>3,863</td>
</tr>
<tr>
<td>145,312</td>
<td>3.52</td>
<td>3,273</td>
<td>3,580</td>
<td>4,347</td>
<td>5,114</td>
</tr>
<tr>
<td>160,225</td>
<td>4.02</td>
<td>4,122</td>
<td>4,508</td>
<td>5,474</td>
<td>6,441</td>
</tr>
<tr>
<td>16 years</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>100,887</td>
<td>3.02</td>
<td>3,087</td>
<td>3,087</td>
<td>3,453</td>
<td>4,062</td>
</tr>
<tr>
<td>125,066</td>
<td>3.02</td>
<td>3,827</td>
<td>3,827</td>
<td>4,280</td>
<td>5,035</td>
</tr>
<tr>
<td>137,430</td>
<td>3.02</td>
<td>4,205</td>
<td>4,205</td>
<td>4,703</td>
<td>5,533</td>
</tr>
<tr>
<td>151,676</td>
<td>3.52</td>
<td>5,410</td>
<td>5,410</td>
<td>6,050</td>
<td>7,118</td>
</tr>
<tr>
<td>167,243</td>
<td>4.02</td>
<td>6,812</td>
<td>6,812</td>
<td>7,619</td>
<td>8,964</td>
</tr>
<tr>
<td>20 years</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>113,066</td>
<td>3.02</td>
<td>5,008</td>
<td>5,008</td>
<td>5,008</td>
<td>5,690</td>
</tr>
<tr>
<td>133,516</td>
<td>3.02</td>
<td>5,913</td>
<td>5,913</td>
<td>5,913</td>
<td>6,720</td>
</tr>
<tr>
<td>145,534</td>
<td>3.02</td>
<td>6,446</td>
<td>6,446</td>
<td>6,446</td>
<td>7,325</td>
</tr>
<tr>
<td>156,000</td>
<td>3.52</td>
<td>8,053</td>
<td>8,053</td>
<td>8,053</td>
<td>9,152</td>
</tr>
<tr>
<td>171,698</td>
<td>4.02</td>
<td>9,443</td>
<td>9,443</td>
<td>9,443</td>
<td>10,731</td>
</tr>
<tr>
<td>24 years</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>117,810</td>
<td>3.02</td>
<td>7,115</td>
<td>7,115</td>
<td>7,115</td>
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<tr>
<td>139,118</td>
<td>3.02</td>
<td>8,402</td>
<td>8,402</td>
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<tr>
<td>151,640</td>
<td>3.02</td>
<td>9,159</td>
<td>9,159</td>
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<tr>
<td>158,040</td>
<td>3.52</td>
<td>9,877</td>
<td>9,877</td>
<td>9,877</td>
<td>9,877</td>
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<tr>
<td>174,260</td>
<td>4.02</td>
<td>10,891</td>
<td>10,891</td>
<td>10,891</td>
<td>10,891</td>
</tr>
</tbody>
</table>
Section 5: Your Benefit Payment Options

At retirement, you must elect one of the payment options described on the next page. On average, the payment options are mathematically equal to one another. That is, each option is calculated so that its total value is the same as the value of the other options if you and the beneficiary you name (if any) to receive a monthly payment after your death live your expected life spans. The monthly payment amounts will differ based on the age of the beneficiary you select, if any.

Considering Your Options

First, decide whether you need a payment option that provides a monthly benefit to a beneficiary after your death. If you do not select one of these options, all of your retirement benefits will be used to provide you with a lifetime monthly payment that stops at your death.

Your choice of payment options is personal and should take into account your needs during retirement and the needs of a dependent, if any, after your death. Neither the payment plan selected by a co-worker nor the one selected by the largest number of retirees should have any effect on your personal decision.

Permanent Decision

You cannot change your selected payment option once you cash your first retirement check or after the 25th of the month following the month your first check is mailed (whichever is earlier) except under one of the following two conditions:

- If you select an option that provides a monthly benefit to your spouse as a beneficiary after your death (Option 2, 3, 6-2 or 6-3) and later become divorced from that spouse.
- If you are rehired in a position covered by CJRS and contribute to your new account for at least three years.

Surviving Spouse Benefit

CJRS law provides (at no cost to you) a monthly benefit to your surviving spouse after your death. The benefit is equal to half the benefit under the maximum allowance reduced by two percent for each full year your age exceeds the age of your spouse. This payment ceases at death or upon remarriage of your spouse.

The Guaranteed Refund

Your retirement benefit comes with a Guaranteed Refund. This means that should you, your surviving spouse and your monthly survivor beneficiary (if any) die before the total of all monthly payments equals the amount of your employee contributions, plus interest, the balance of your employee contributions, plus interest, will be paid in one lump sum to another beneficiary(ies).
The Guaranteed Refund also covers any purchases you made for additional creditable service after retirement. You may name one or more beneficiaries for the Guaranteed Refund, and you may change your beneficiary selections as often as you like. However, you cannot name your surviving spouse or monthly survivor beneficiary as your Guaranteed Refund beneficiary.

Here are Your Benefit Payment Options:

- **Maximum Allowance**

  When you retire with a full service retirement benefit, your basic benefit is the maximum allowance and is calculated under one of the formulas 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 maximum allowance for as long as you live. All monthly payments stop at your death. When added to benefits payable under the maximum allowance from TSERS, LGERS and LRS, your initial benefit under the maximum allowance may not exceed 75 percent of your final compensation, prior to any reduction for early retirement.

- **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 that are slightly larger than the reduced 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 Maximum Allowance and Option 2)**
  - You receive reduced monthly payments for life.
  - 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.
Section 5: Your Benefit Payment Options

- **Option 6–3: Modified Joint & Survivor (combination Maximum Allowance and Option 3)**
  - You receive reduced monthly payments for life.
  - 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.

It is important to note that if you select a benefit payment option that names a beneficiary, you should immediately notify the Retirement Systems if that person dies before you.

Under Options 2, 3, 6-2 and 6-3, you may name only one beneficiary to receive a monthly survivor benefit after your death. You may not change your survivor beneficiary after you retire except under one of the following circumstances:

- If you named your spouse as survivor beneficiary at the time of retirement and later become divorced from that spouse.
- If you return to employment covered under CJRS and contribute to a new retirement account for at least three years.
- If you chose Option 2 or 3 at retirement and designated your spouse as survivor beneficiary and this spouse dies before you, and you remarry, you may request to nominate your new spouse as your beneficiary within 90 days of your remarriage under the same option you chose at retirement. Contact our office and we will mail you a letter outlining the documents we need to make the change. You must file this redesignation with CJRS within 120 days of your remarriage.

Your new benefit will be reduced on the basis of your age and the age of your spouse at the time of the change. The benefit payable to you will be the benefit you received before the death of your previous spouse, additionally reduced to cover your new spouse as beneficiary.

- **Option 4: Social Security Leveling**
  - You receive larger monthly payments than you would otherwise be entitled to receive until you are eligible for Social Security at age 62.
  - Beginning the month after the month of initial entitlement for Social Security age 62 benefits, your monthly payments will be reduced to an amount that is less than what you would otherwise be entitled to receive. Nevertheless, your reduced retirement payments after age 62, plus your allowance from the Social Security Administration, should be approximately the same amount as the inflated payment you received from CJRS before age 62.
  - The actual amount of your retirement payments both before and after age 62 will be based on the estimate of benefits you provide to us from the Social Security Administration before your retirement.
  - All monthly payments stop at your death.

The reduction in your monthly retirement payments after age 62 allows us to recover the inflated amounts you received before age 62. Therefore, on average, the inflated amounts you receive before age 62, together with the reduced amounts you receive after age 62, are equal in value to the other payment options over your life expectancy.
Section 5: Your Benefit Payment Options

Contact the Social Security Administration for information on applying for benefits and the date that your first age 62 Social Security benefit will be paid to you. Your CJRS benefit under Option 4 will be reduced in the month following the month of initial entitlement for Social Security age 62 benefits.

Any percentage increase you are granted in your retirement benefit before age 62 will be applied to the inflated benefit you are receiving at that time. However, when you reach age 62, your retirement benefit will be reduced to the original amount promised after age 62 plus the percentage increases (not the dollar amount of increases) granted before age 62.

Example of Payment Options

Judge Smith is a chief District Court judge who elects to retire at age 60 with 24 years of creditable service, all as a District Court judge. His final compensation is $134,632.00 and his wife, Mrs. Smith, is age 54. If Judge Smith elects the maximum allowance, benefits would be paid as follows:

- **Maximum Allowance**
  
  Judge Smith has earned a service retirement benefit of $8,674.88 a month payable for life. To see how this amount was calculated, see page 12.

- **Surviving Spouse Benefit**
  
  Upon Judge Smith’s death, Mrs. Smith, as surviving spouse, would receive a monthly benefit for life, unless she remarries. Mrs. Smith’s benefit is equal to half of Judge Smith’s monthly benefit less two percent for each full year his age exceeds her age. Because Judge Smith was 6 years older than Mrs. Smith, this would be 12 percent. Therefore, at Judge Smith’s death, Mrs. Smith would receive a monthly benefit of $3,816.95 calculated as follows:

  \[ \frac{8,674.88}{2} \times 0.88 = 3,816.95 \]

  The surviving spouse benefit is calculated based on the maximum allowance and is payable upon the death of the retired member regardless of whether a survivor payment option is elected.

- **Return of Contributions**
  
  At retirement, Judge Smith’s accumulated contributions, plus interest, was $172,650. If Judge Smith and Mrs. Smith both die before the sum of their retirement benefits equals $172,650, the excess would be paid to the person or persons Judge Smith had designated at the time he retired.
The chart below reflects the benefits available if Judge Smith elects the maximum allowance.

<table>
<thead>
<tr>
<th>Payment Option</th>
<th>To Judge Smith</th>
<th>To Mrs. Smith After Judge Smith’s Death</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum Allowance</td>
<td>$8,674.88 monthly</td>
<td>$3,816.96 monthly for life unless she remarryes</td>
</tr>
</tbody>
</table>

Let us assume that Judge Smith would like to provide Mrs. Smith with income, in addition to the $3,816.95 per month provided to her under the surviving spouse benefit. The chart below shows how much Judge Smith and Mrs. Smith would each receive under the various payment options.

Of course, the actual amounts of the payment options you can choose are based on many factors, such as your age, your beneficiary’s age, and when payments start. Before you retire, you will receive an estimate of the actual amounts payable to you.

<table>
<thead>
<tr>
<th>Payment Option</th>
<th>To Judge Smith</th>
<th>To Mrs. Smith After Judge Smith’s Death</th>
</tr>
</thead>
<tbody>
<tr>
<td>Option 2</td>
<td>$7,851.63 monthly</td>
<td>$7,851.63 monthly for life</td>
</tr>
<tr>
<td>Option 3</td>
<td>$8,242.87 monthly</td>
<td>$4,121.44 monthly for life</td>
</tr>
<tr>
<td>Option 4*</td>
<td>$9,934.13 monthly up to age 62, $8,434.13 monthly thereafter</td>
<td>$0.00</td>
</tr>
<tr>
<td>Option 6-2</td>
<td>$7,784.84 monthly; but increases to $8,674.88 if Mrs. Smith dies before Judge Smith</td>
<td>$7,784.84 monthly for life</td>
</tr>
<tr>
<td>Option 6-3</td>
<td>$8,205.57 monthly; but increases to $8,674.88 if Mrs. Smith dies before Judge Smith</td>
<td>$4,102.78 monthly for life</td>
</tr>
</tbody>
</table>

*Assumes Judge Smith’s primary Social Security benefit is $1,500 a month after age 62.
Section 6: Initiating Your Retirement Benefits

Once you meet the eligibility requirements for monthly benefits and decide to retire, you must follow certain steps to begin your retirement process. The effective date of your retirement is always the first day of any month. Therefore, about 120 to 90 days before your planned retirement date, you should complete Form 6 (Claiming Your Monthly Retirement Benefit). The form is available in ORBIT.

You must terminate employment, live until the effective date of retirement and not work as a member of the Administrative Office of the Courts at any time during the first month of retirement in order to be legally retired.

Retirement Application Process

Your retirement application must be completed and signed at least one day but not more than 120 days before your planned retirement date. The Retirement Systems will send you a letter acknowledging receipt of your application.

If you want an estimate of your benefit under Option 4, you must also send us an estimate from the Social Security Administration (SSA) of your age 62 Social Security benefit. Request this estimate from SSA within two years before your effective retirement date.

Next, you will have an opportunity to elect coverage under the optional $10,000 Contributory Death Benefit for Retired Members. Your election must be made within 60 days from the effective date of your retirement. Information about the cost and coverage provisions will be sent to you shortly after the Retirement Systems receives your retirement application.

Later you will receive an estimate of the maximum allowance you can receive and the payment options, if applicable. Along with the estimates, you will receive Form 6EJ, Choosing Your Retirement Payment Option for the Consolidated Judicial Retirement System, so you can choose your payment plan. Return the completed form directly to the Retirement Systems.

We will also send you information about enrollment in the State Health Plan as a retiree, if applicable.

Your First Monthly Benefit

Your first monthly retirement benefit will be mailed to you. Thereafter, we will direct deposit your monthly benefit into your bank account on the 25th day of each month. In December, your benefit will be deposited on the 20th. If the pay date falls on a Saturday, Sunday or holiday, your deposit will be made on the last work day before the pay date. Visit our website at myncretirement.com for the full list of monthly benefit payment dates.

The Retirement Systems Division calculates your monthly benefit amount based on all information available prior to your retirement date. Frequently, information available only after the retirement date, such as final salary reports from your employer, impacts the amount of the benefit. While the division makes every effort to provide the most accurate
Section 6: Initiating Your Retirement Benefits

benefit amount at the beginning of your retirement period, it is required by law to adjust the benefit amount when additional information is received.

Overpayments happen for a variety of reasons, one of which is that the Retirement Systems pays you a benefit based on an estimate. See page 33 for more information about overpayments.

Post-Retirement Increases

Post-retirement increases are not guaranteed. However, your benefit may be increased periodically after retirement to help you keep up with the cost of living. Increases depend on changes in the Consumer Price Index and the availability of funds.

Cost-of-living increases are usually figured as a percentage increase in your monthly benefit, which becomes a permanent part of your monthly benefit, under all payment plans, and the monthly benefit to be paid to your beneficiary after your death under Options 2, 3, 6-2 and 6-3. (See page 19 regarding increases under Option 4.)

For more information about Cost of Living Adjustments (COLAs) and how they are calculated and approved, visit www.myncretirement.com.
Your benefit at retirement is based, in part, on your creditable service. Creditable service includes your years and months of membership service in which you contributed to CJRS. Creditable service may also include prior service credit, military service credit, and purchased service credit which are described below.

- **Transferred Service**

Your creditable service includes service transferred to CJRS from the Uniform Solicitorial and Uniform Clerks of Superior Court Retirement Systems and added to your service with the Uniform Judicial Retirement System, all as of January 1, 1985.

- **Withdrawn Service**

If you have received a refund of your contributions from CJRS or from the Uniform Judicial, Solicitorial or Clerks of Superior Court Retirement Systems as they existed before January 1, 1985, you may be eligible to pay an amount to purchase the amount of creditable service which you lost when you received your refund.

Before you are eligible to pay for this service, you must return to service as a member of CJRS and contribute for a period of five years.

- **Other Service Credits**

Some other types of service for which you may receive credit are:

- Service as a judge, solicitor or district attorney, or clerk of Superior Court which is not otherwise provided for in other service credit laws.
- Service as a judge of any lawfully constituted court of this state inferior to the Superior Court, excluding time served as a justice of the peace, as a magistrate, or as a mayor’s court judge.
- Service as a state employee or teacher, or employee of a local government, as defined by law.

This service must be certified and purchased prior to retirement with the member paying the “full actuarial cost.”

- **Military Service**

Your active duty in the United States military up to the time you were first eligible for a discharge that is not dishonorable counts as creditable service at no cost to you if you were a member of CJRS when you entered active duty, and:

- You return to employment as a member of CJRS within two years after your earliest discharge (under this provision, your employer is required to pay the employer and employee contributions for the full period you were in active duty).
- You return to employment as a member of CJRS at any time after discharge and complete at least 10 additional years of service as a contributing member.
Section 7: Adding to Your Creditable Service

If you are not allowed credit for military service according to the rules shown on the previous page, you may be able to buy credit for your periods of active duty.

You must have contributed to CJRS for five years. Your cost will be equal to the full actuarial liabilities created from the additional credit purchased.

You must furnish a copy of your service record to CJRS to receive any credit for military service. If your military service is creditable in another retirement system, generally you will not be eligible to purchase credit in CJRS.

- **Out-Of-State Service**

  If you have performed out-of-state public employment, you may be eligible to buy credit for that service. Credit that can be purchased must have been:

  - Service with another state or governmental subdivision of a state
  - Full-time service which would be allowable under the laws governing CJRS
  - Service as a judge, solicitor or district attorney, or clerk of Superior Court

  You must have contributed to CJRS for five years. Your cost will be equal to the full actuarial liabilities created from the additional credit purchased.

  If your service is creditable in another retirement system, your ability to buy credit in CJRS will be restricted. If you are eligible, you may buy credit at the rate of one year of out-of-state service for each two years of service under CJRS.

  Any service that was forfeited due to a felony conviction cannot be repurchased. See p. 6 for information about forfeiting eligibility based on criminal offenses.

- **Rollovers to Purchase Retirement Service Credit**

  Pre-tax money from an eligible retirement plan or an eligible IRA may be accepted via rollover or in-service plan-to-plan transfer to purchase creditable service. For further information and instructions, please see Form 398 (Using a Distribution of Tax-Sheltered Savings to Purchase Retirement Credit).
Section 8: NC 401(k) and NC 457

Are you starting to think about how to generate retirement income from your NC Total Retirement Plans 401(k) and 457 Plans supplement savings? Your account savings can help in many ways.

- **Get the big picture.** Learn more about your retirement resources and benefits by viewing your myNCRetirement Statement in ORBIT.

- **Consider making a one-time contribution to the plan(s).** You can contribute additional compensation or payouts on a one-time basis, such as longevity, vacation and/or bonus leave payments. For more information, refer to our One-time Contribution Flyer found on NCPlans.prudential.com.

- **Roll over money into your plan account from another qualified retirement plan.** As long as you have a balance in the plan(s), you can roll money into your NC 401(k) and/or NC 457 Plan account. To learn more, check out our Rollover Brochure at NCPlans.prudential.com. Consider these advantages:

<table>
<thead>
<tr>
<th></th>
<th>Consolidated into NC 401(k)/NC 457</th>
<th>Multiple Accounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money remains tax deferred</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Avoid taxes and penalties</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Convenience</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Lower Costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Easier to maintain proper asset allocation: access to GoalMaker</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Strong oversight of fund managers and fees from the Supplemental Retirement Board of Trustees</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Additional fees</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

**Be careful!** Others may encourage you to roll your balance out, but if you do, you will likely pay much higher fees and lose the high-quality features and strong oversight of the Supplemental Retirement Plan Board of Trustees.

- **Meet for personal, confidential help.** Find your NC Total Retirement Plans retirement education counselor by calling 1-866-NCPlans or visit NCPlans.prudential.com.
Section 9: Income Tax

Since August 1, 1983 (September 1, 1983, if you were a district attorney), your contributions have been tax-deferred. This means your contributions are deducted from your pay before taxes are calculated, and you pay taxes on them when you begin receiving monthly retirement benefits or if you elect a refund of your contributions. The following is a brief outline of current tax laws as they apply to CJRS benefits. However, because tax laws often change, we recommend you consult your tax advisor for more information.

Retirement Benefits and Disability Retirement Benefits

After you retire, each year by January 31 we will send you a Form 1099-R, which is similar to Form W-2 (Statement of Income and Tax Withheld), which you received annually while you were employed. The 1099-R shows the amount of your retirement benefits, the taxable portion (if any) of those benefits, the amount of tax withheld (if any), and other related information. We also send copies to the Internal Revenue Service and the North Carolina Department of Revenue. Therefore, you should report your retirement benefits on your federal and North Carolina tax returns regardless of whether you owe any income tax.

- Federal Income Tax

Part of your retirement benefit may not be subject to federal income tax because the tax was withheld while you were working. Included in the non-taxable part of your retirement benefits are contributions you made before August 1, 1983, and any non-rollover service purchases you made.

- North Carolina Income Tax

If you are a North Carolina resident and have maintained five or more years of retirement service credit as of August 12, 1989, your CJRS retirement benefit is not subject to North Carolina income tax. If you do not have five years of maintained retirement service credit as of August 12, 1989, the taxable portion of your retirement benefit is subject to North Carolina income tax.

If you are not a resident of North Carolina, you may not owe North Carolina income tax on your CJRS retirement benefit. However, you may owe state income tax in the state where you live. Contact your tax advisor, the North Carolina Department of Revenue or the Department of Revenue in your resident state for information relative to your situation. NC Retirement Systems can withhold only North Carolina income tax. We cannot withhold any other state’s income tax from your monthly benefit.

Refunds

By January 31 of the year after the year you received a refund, we will send you a Form 1099-R showing the amount of your refund, the taxable portion, the amount of tax withheld (if any) and other related information. We will also send copies to the Internal Revenue Service and North Carolina Department of Revenue.
Section 9: Income Tax

- **Federal Income Tax**

  You pay no federal income tax on the amount you contributed before August 1, 1983. However, the amount you contribute after August 1, 1983, is subject to federal income tax. Also, any interest your contributions earned before and after August 1, 1983, is subject to federal income tax.

  Federal income tax laws require withholding from the taxable portion of your refund unless that portion of your refund is directly rolled over to an eligible IRA or eligible employer retirement plan that will accept your rollover. If you do not roll over the taxable portion of your refund directly to an eligible IRA or eligible employer plan that will accept your rollover, we will withhold 20 percent of the taxable portion of your refund for federal income tax purposes. Withholding is mandatory unless the taxable portion of your refund is directly rolled over.

  In addition to income tax, you may owe a 10 percent excise tax on the taxable portion of a refund received before your death, disability or reaching age 59½. You can defer the income tax and avoid the 10 percent excise tax by rolling over the taxable portion of your refund to an eligible IRA or eligible employer plan. Consult the Internal Revenue Service, your attorney or your accountant for information relative to your situation.

- **North Carolina Income Tax**

  If you are a North Carolina resident and have maintained five or more years of retirement service credit as of August 12, 1989, your refund of CJRS contributions is not subject to North Carolina income tax. If you do not have five years of maintained retirement service credit as of August 12, 1989, the taxable portion of your refund is subject to North Carolina income tax.

**Death Benefits**

- **Federal and North Carolina Income Tax**

  Lump-sum death benefits for active employees are taxable under federal and North Carolina income tax. This benefit is paid out of the CJRS retirement funds and not from a qualified death benefit trust.
**Section 10: Health Coverage in Retirement**

**State Health Plan**

You may be eligible for State Health Plan coverage under the Retirement Systems. The cost, if any, is determined by two factors: (1) when you began state employment, and (2) which health plan you select.

- **Noncontributory Coverage (No premium paid by the retiree)**
  - Eligible retiree members retiring prior to January 1, 1985.
  - Except as otherwise provided, on and after January 1, 1988, eligible retiree members must have completed at least five years of contributory (membership) retirement service with an employing unit prior to retirement from any state-supported retirement system in order to be eligible for group benefits under this Part as a retired employee or retiree. If you withdraw your service (receive a refund of your contributions) and, at a later date, become reemployed as an employee, this new start date will be considered your first hired date.
  - Employees first hired on and after October 1, 2006, and members of the General Assembly first taking office on and after February 1, 2007, must have 20 or more years of retirement service credit.

- **Partially Contributory Coverage (Partial premium paid by the retiree)**
  - Retirees who (i) are employed by an employing unit that elects to be covered by this, (ii) do not qualify for coverage under N.C. Gen. Stat. § 135-48.40(b)(1), and (iii) are determined to be “full-time” by their employing unit in accordance with section 4980H of the Internal Revenue Code and the applicable regulations, as amended. The employing unit shall pay the employer premiums for enrolled retirees enrolled under this section.
  - Eligible retiree members retiring prior to January 1, 1985.
  - Except as otherwise provided, on and after January 1, 1988, eligible retiree members must have completed at least five years of contributory (membership) retirement service with an employing unit prior to retirement from any state-supported retirement system in order to be eligible for group benefits under this Part as a retired employee or retiree. If you withdraw your service (receive a refund of your contributions) and, at a later date, become reemployed as an employee, this new start date will be considered your first hired date.
Section 10: Health Coverage in Retirement

- For employees first hired on and after October 1, 2006, and members of the General Assembly first taking office on and after February 1, 2007, must have 20 or more years of retirement service credit.

**One-Half Contributory Coverage (Half premium paid by the retiree*)**

- Eligible retiree members with 10 years but less than 20 years of retirement service credit provided the employees were first hired on or after October 1, 2006, and General Assembly Members first taking office on or after February 1, 2007.

*The state shall pay fifty percent (50%) of the Plan's total employer premiums. Individual retirees shall pay the balance of the total premiums not paid by the state, unless prohibited by law. The total premium is the sum of the Plan's total employer premium contribution rate plus the employee or retiree’s contribution for individual and dependent coverage.

**Fully Contributory Coverage (Full premium paid by the retiree)**

- Eligible retiree members with less than 10 years of retirement service credit, provided the employees were first hired on or after October 1, 2006, and the members first took office on or after February 1, 2007.

In all cases, if you choose coverage for your dependents, you must pay the full cost of dependent coverage.

For additional information, see “Guidance on State Health Plan Changes for Teachers,’ and State Employees’ Retirement System,” on our website.

Your coverage begins on the first day of the month following your effective date of retirement. For example, if your effective date of retirement is January 1, 2018, your coverage in the retiree group plan will begin on February 1, 2018.

When you (or your covered dependents) become eligible for Medicare, you must elect both Parts A (Hospital) and B (Medical) to maintain the same level of coverage you received before retirement.

**NOTE:** Members hired on or after January 1, 2021, will not be eligible to receive retiree medical benefits.

**Optional Supplemental Insurance**

Optional supplemental insurance coverage is available to retirees and benefit recipients through Pierce Insurance Agency. Pierce will mail information to you after your first retirement benefit has been issued.
Section 11: Returning to Work After Retirement

After you have officially retired and are receiving monthly benefits, before accepting employment with the state of North Carolina, contact our office to see what effect your employment will have on your retirement benefits.

If you perform work in any capacity for a covered state of North Carolina employer, you will be subject to the re-employment provisions described here. These provisions may require you to work under an earnings limitation or to enroll as a contributing member of TSERS, including the Optional Retirement Plan (ORP), or CJRS. You will be subject to re-employment provisions based on the nature of the particular work you perform for a covered employer, regardless of your job classification or your technical employment status (which may include being assigned to work for a covered employer by a private company such as a temporary staffing agency).

Retirement law requires your retirement date to be on the first day of the month. For your retirement to become effective on the first day of the month, you must not work in a CJRS or ORP position at any time during that month. If you retire with monthly early or service retirement benefits from CJRS and are re-employed by a covered employer, the following apply:

Re-employment under CJRS

If you return to service in a position that requires membership in CJRS:

- benefit payments stop
- you immediately become a member of CJRS again
- State Health Plan coverage may be suspended (see page 29 for effects on health coverage)

The benefit you receive when you retire again is based on creditable service before and after your first retirement.
Section 11: Returning to Work After Retirement

If at any time you are re-employed and become a member of CJRS again, your retirement benefits will (in most cases) be greater at the time of your second early/service retirement. If you return to service and contribute for at least three additional years, you can merge the two accounts and change the retirement payment plan and/or the beneficiary(ies) you selected at the time of your original retirement.

Emergency Judge Service

Service as an emergency judge is not considered re-employment and has no effect upon your retirement allowance. However, if you are recalled to service as an emergency judge, your total annual compensation (retirement allowance plus compensation as an emergency judge) may not exceed what is received by the active justice or judge of the bench to which you are recalled.

Re-employment by a TSERS or ORP-eligible Employer

If you retired with monthly early or service retirement benefits from CJRS and are re-employed by a TSERS employer (including an Optional Retirement Plan-eligible position), the following apply:

If you are re-employed in a position that requires membership in TSERS, your CJRS retirement payment will be suspended on the first day of the month after the month of re-employment, and you will become a contributing member of TSERS in the month in which you are restored to service.

If you are re-employed with a TSERS employer on a part-time, interim, temporary or contractual basis, or are otherwise performing services that do not require membership in TSERS, your CJRS retirement payment will be suspended if your earnings exceed certain criteria. This suspension of benefits will happen if you exceed your earnings limitation, which is calculated as the greater of the following:

- $33,560 (2019 amount)
- 50 percent of your compensation, excluding termination payments, reported to the Retirement System during the 12 months of service preceding the effective date of your retirement

These amounts are increased on January 1 each year by the percentage increase in the Consumer Price Index, which is a national measure of the increase in the cost of living from one year to the next.

Your retirement payment will be stopped for the remainder of the calendar year on the first day of the month after the month in which your earnings exceed the greater of the two limits stated above. Your retirement payment will start again on January 1 of the year after your benefit is stopped.

If your retirement benefit is suspended, your State Health Plan coverage will also be suspended.
Section 11: Returning to Work After Retirement

Effects on Health Coverage

Before you accept re-employment with a TSERS employer, ask your new employer whether the employment will affect your health coverage, and if the re-employment will cause:

- Your State Health Plan coverage under the Retirement Systems to be suspended
- You to qualify for State Health Plan active employee coverage and whether you will qualify for the state's contribution toward your coverage

Re-employment after Receiving Disability Retirement Payments

If you accept any type of public or private employment, on an annual basis, you may earn up to the difference between your highest consecutive 12 months of salary in the 48 months preceding your disability retirement date and the amount of your annual disability retirement benefits, without affecting your disability retirement benefit. If you earn more than this amount, your disability retirement benefit will be reduced dollar for dollar by the amount of your excess earnings. The amount you are allowed to earn is increased each January by any increase in the annual national Consumer Price Index. Please contact the Retirement Systems Division for additional information on the provisions that apply to you.

Overpayments

An overpayment of benefits means you are receiving a larger benefit than you are entitled to receive. Statutory provisions require us to recover overpayments. This includes, but is not limited to, the following methods of recovery:

- Deductions from a monthly benefit
- Monthly payment remittal
- Lump-sum payments
- Repayment from the NC Department of Revenue through the interception of tax refunds or potential lottery winnings
- Deductions from an active payroll check (if applicable)
Section 12: Disability Retirement Benefits

If you earned and maintained five or more years of membership service with the Consolidated Judicial Retirement System, you may be eligible to receive disability retirement benefits. Your eligibility is based upon approval by the Medical Review Board and is based in part on the amount of service that you would have earned had you been able to work until you otherwise would have been eligible for an unreduced service retirement benefit.

Disability Retirement Eligibility

- Must be a contributing member of CJRS at the time of disability
- Must be permanently and totally disabled for the further performance of duty as determined by the Medical Review Board
- Must have at least five (5) years of creditable service in CJRS and be younger than age 65 and have less than 24 years of service
- If the CJRS member is already eligible for service retirement at the time of disability, the CJRS member is not eligible to apply and receive a disability retirement benefit. In this situation, the CJRS member would apply for service retirement.

If you are eligible for and you elect to receive disability retirement benefits, your benefit under the maximum allowance will be calculated using the same formula as a service retirement benefit. Under disability retirement, you may choose any payment option except Option 4. If you choose a survivorship option, it will be calculated using disability reduction percentages.
Section 13: Death Benefits

Active Employee Death Benefits

Although CJRS’ primary purpose is to provide retirement income, we recognize that some members will not live to enjoy their retirement benefits. For that reason, CJRS protects your beneficiary(ies) should you die before retiring with the death benefits described below.

● Lump-Sum Death Benefit for Active Employees

If you die while still employed (while being paid a salary), your beneficiary will receive a single lump-sum payment. The payment is equal to your final annual rate of compensation at the date of death. In addition, this same beneficiary will receive a return of your contributions with interest or, if eligible, a Surviving Spouse Benefit. Lump-sum death benefits are both state of North Carolina and federally-taxed distributions.

● Return of Contributions for Active Employees

After your death, your beneficiary will receive a return of your contributions, plus interest. This is a lump-sum payment. If you meet certain eligibility requirements, a monthly Surviving Spouse Benefit may be paid instead of a return of contributions.

● Surviving Spouse Benefit for Active Employees

The monthly Surviving Spouse Benefit may be payable if your spouse is your one eligible beneficiary living at the time of your death and you die while in active service (while a contributing member of CJRS) after reaching age 50 with five years of service.
**Section 13: Death Benefits**

Your surviving spouse may choose to receive a monthly benefit instead of a return of your contributions with interest. The benefit equals one half of the retirement allowance to which you would have been entitled on the first day of the calendar month following your date of death, reduced by two percent for each full year your age exceeds that of your spouse. This benefit is payable for life unless your surviving spouse remarries.

**Retiree Death Benefits**

As a CJRS retiree, certain death benefits may be payable as described below.

- **Surviving Spouse Benefit for Retirees**
  
  If you are a CJRS retiree and have a surviving spouse at the time of your death, a monthly Surviving Spouse Benefit will be paid to your spouse. The benefit is equal to half the benefit under the maximum allowance reduced by two percent for each full year your age exceeds the age of your spouse. This payment ceases at your surviving spouse’s death or upon remarriage. This benefit is payable in addition to any benefits payable under the monthly survivor options (Options 2, 3, 6-2 and 6-3).

- **Optional $10,000 Contributory Death Benefit for Retirees**
  
  When you retire, we will mail you a Form 333 (Choosing the Contributory Death Benefit for Retired Members). To enroll, you must make your election within 60 days of the effective date of your retirement. If you enrolled in the optional $10,000 Contributory Death Benefit for Retired Members and your death occurs on or after the first day of the month following the 24th month of coverage, a lump-sum payment of $10,000 will be paid to your designated beneficiary(ies). If no beneficiary has been designated, the benefit will be paid to your spouse, or legal representative if you are not survived by a spouse. If your death occurs before the first day of the month following the 24th month of coverage, the amount payable will be equal to your premiums plus interest.

- **Guaranteed Refund for Retirees**
  
  You are automatically eligible for the Guaranteed Refund when you choose a payment option. Under the Guaranteed Refund provision, if you, your surviving spouse and your monthly survivor beneficiary (if any) die before the total of all monthly payments equals the amount of your contributions and interest, the balance of your contributions and interest will be paid in one lump sum to another beneficiary(ies).

- **Continuation of Monthly Benefits under Survivor Options for Retirees**
  
  If you choose one of the survivor options (Options 2, 3, 6-2 or 6-3), your survivor beneficiary will receive a monthly lifetime benefit after your death.

**NOTE:** During the month a retiree or beneficiary dies, the legal representative of the deceased retiree or beneficiary is entitled to a full check for the month the death occurred. It is a Class 1 Misdemeanor for a person to fraudulently receive the retirement benefit of a deceased retiree or beneficiary after the recipient’s death.
Section 14: Administration and Funding

• Administration

CJRS is administered by the TSERS Board of Trustees, whose members are:

State Treasurer Dale R. Folwell, CPA, Chair
Lentz Brewer
John Ebbighausen
Vernon Gammon
Dick German
Barbara Gibson
Linda Gunter
Oliver Holley
Mark Johnson
Greg Patterson
Margaret Reader
Joshua Smith
Jeffrey Winstead

• Assets

The State Treasurer is the custodian of CJRS assets and serves as the Chief Investment Officer.

Equity assets (e.g., common stock, preferred stock and debentures convertible into common stock) are invested in conjunction with policies adopted by the Investment Advisory Committee. Committee members are:

State Treasurer Dale R. Folwell, CPA, Chair
John Aneralla
Lentz Brewer
Loris Colclough
David Hartzell
Michael Mebane
Greg Patterson

• Disability Determination

The Medical Review Board determines eligibility for disability benefits. Board members are:

Dr. Robert H. Fleming
Dr. Robert Gaddy
Dr. Stephen N. Lang
Dr. Bobby Sellers
Dr. Nathaniel L. Sparrow
Section 14: Administration and Funding

• Future of the System

The state expects to continue the Consolidated Judicial Retirement System indefinitely; however, because future conditions are unforeseeable, the North Carolina General Assembly reserves the right to modify the provisions of the system.

• System Documents

This handbook summarizes the main features of the Consolidated Judicial Retirement System of North Carolina. The official text governing the operations of the system and the payment of all benefits is found in Chapter 135 of the General Statutes and Title 20 of the North Carolina Administrative Code.

• Contributions

Members currently contribute six percent of gross salary each month to CJRS.

From July 1, 2018, to June 30, 2019, the employer contributes 33.86 percent of the gross payroll of members each month to CJRS for benefits.

• Funded Status & Ratio

The Consolidated Judicial Retirement System has received several awards and recognitions for being a well-funded pension system. S&P Global named the NC Total Retirement Plans as one of the Top 5 Best Funded in the country in 2017. We continue to be labeled as “actuarially sound” because of the consistent use over the years of:

• Actuarial assumptions based on experience.
• An approved actuarial funding method.
• The recognition of all promised benefits in the actuarial liabilities.

A generally accepted measure of the soundness of any retirement system is to relate the total assets to the total accrued liabilities. This determines the funded ratio or percentage of the system. The total of the accrued liabilities is found by adding the total assets and the unfunded accrued liabilities. The following page shows the assets and unfunded liabilities for the past several years, as of December 31 of each year, and the funded ratio of the Consolidated Judicial Retirement System (the percentage of the assets to the total accrued liabilities).
### Accrued Liabilities

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<thead>
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<th>Unfunded</th>
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<tr>
<td>2013</td>
<td>$586,776,499</td>
<td>$95,118,588</td>
</tr>
</tbody>
</table>

Section 14: Administration and Funding
The North Carolina Department of State Treasurer created ORBIT to allow members convenient access to their retirement account information 24 hours a day, seven days a week. This secure site enables you to view your personal information, account information and other relevant details specific to your retirement system account.

In ORBIT, active employees are able to view:

- Contribution history
- Service credit history
- Designate beneficiaries
- *myNCRetirement Statements*

Retirees are able to:

- Maintain direct deposit
- Maintain tax withholdings
- View and download 1099-R tax forms
- Generate income verification letters
- Update their contact information

To access ORBIT, go to our website at [www.MyNCRetirement.com](http://www.MyNCRetirement.com), click on the ORBIT icon and follow the instructions to log in to your personal ORBIT account.

1. Register for ORBIT via the Register button on the login page
2. Follow the prompts for registration
3. Access ORBIT using the User ID and Password that you created
Section 15: Resources and Contacts

Web-Based Resources

www.MyNCRetirement.com

Visit our website to:

- View and download retirement benefits handbooks
- See Frequently Asked Questions
- Learn about North Carolina Total Retirement Plans – NC 401(k) and NC 457 Plans
- Review the retirement checklist
- Use our service purchase estimator
- Use our benefit estimators
- Learn about retirement planning resources
- Log in to your personal ORBIT account

Contact Us

Toll-free 1-877-627-3287 (1-877-NCSECURE)
Fraud and Abuse Hotline 1-855-903-7283
retfraud@nctreasurer.com

Consolidated Judicial Retirement System
Department of State Treasurer
3200 Atlantic Avenue
Raleigh, North Carolina 27604

Office visits scheduled by appointment only. Please call or email our office to schedule an appointment.

nc.retirement@nctreasurer.com

https://www.facebook.com/MyNCRetirement
Section 16: Glossary of Terms

**Actuary:** A business professional with expertise in the fields of economics, statistics and mathematics who compiles and analyzes statistics in order to calculate financial risks and reserves.

**Average final compensation:** The average of your salary during your four highest-paid years in a row.

**CJRS:** Consolidated Judicial Retirement System

**Consumer Price Index:** A national measure of increase in the cost-of-living from one year to the next.

**Creditable service:** The total of all service credit that counts toward retirement.

**Final compensation:** The annual equivalent of the rate of compensation most recently applicable to you as a member of CJRS.

**LGERS:** Local Governmental Employees’ Retirement System

**LRS:** Legislative Retirement System

**Membership service:** Service you earned while an active employee contributing to TSERS that has not been withdrawn.

**ORBIT:** The secure website for maintaining your retirement account

**Overpayment:** Payment to a benefit recipient in excess of what the benefit recipient is entitled to receive

**Retirement:** Retirement marks the beginning of monthly retirement benefits and the complete separation from active service for vested employees with no intent or agreement, express or implied, to return to service.

**TSERS:** Teachers’ and State Employees’ Retirement System

**Vesting:** Having the right, after you have a minimum of five years of TSERS membership service, to apply for lifetime monthly retirement benefits once you meet all retirement eligibility requirements, provided you do not withdraw your contributions.