

# FIREMEN'S AND RESCUE SQUAD WORKERS' PENSION FUND

**YOUR  
RETIREMENT  
BENEFITS**



**North Carolina Retirement Systems**

**Department of State Treasurer  
Raleigh, NC  
Revised January 2012**



NORTH CAROLINA  
**DEPARTMENT OF STATE TREASURER**  
RETIREMENT SYSTEMS DIVISION

---

JANET COWELL  
STATE TREASURER

STEVEN C. TOOLE  
DIRECTOR



Welcome to the North Carolina Retirement Systems!

The Department of State Treasurer, which administers the retirement systems for firefighters and rescue squad workers, is committed to providing you with information that will help you make informed decisions about your financial future. I encourage you to familiarize yourself with the benefits described in this booklet.

This handbook outlines the benefits available to you as a member of the Firemen's and Rescue Squad Workers' Pension Fund.

I also encourage you to visit our website, [www.myncretirement.com](http://www.myncretirement.com), for retirement resources. You can also contact the North Carolina Retirement Systems if you have additional questions. Our customer service representatives can assist with the status of an application or answer questions about retirement.

Thank you for your service to North Carolina.

Sincerely,

Janet Cowell



1-877-627-3287 Toll-free  
919-807-3050 (Raleigh area)



[nc.retirement@nctreasurer.com](mailto:nc.retirement@nctreasurer.com)  
[www.myncretirement.com](http://www.myncretirement.com)

# Your Retirement Benefits

<u>Contents</u>	<u>Page</u>	<u>Contents</u>	<u>Page</u>
<b>Your Pension Fund Benefits In Brief . . . . .</b>	<b>4</b>	<b>Refund Of Contributions . . . . .</b>	<b>8</b>
<b>Becoming A Member Of The Pension Fund . . . . .</b>	<b>4</b>	Lack Of Qualification . . . . .	8
<b>Who Pays For The Fund . . . . .</b>	<b>5</b>	Default Of The Fund . . . . .	8
<b>The Amount Of Your Benefit. . . . .</b>	<b>5</b>	Rejoining The Fund . . . . .	8
At Disability Retirement . . . . .	5	<b>Transferring Your Pension Benefits . . . . .</b>	<b>8</b>
Reciprocity Between Fire Departments And		<b>Reemployment After Retirement . . . . .</b>	<b>9</b>
Rescue Squads . . . . .	5	<b>Income Tax. . . . .</b>	<b>9</b>
If You Leave The Department Or Squad		Retirement Benefits . . . . .	9
Before Retirement . . . . .	5	Death Benefits . . . . .	10
Effect Of Annexation . . . . .	6	<b>Important Information To Remember . . . . .</b>	<b>10</b>
<b>How Benefits Are Paid. . . . .</b>	<b>6</b>	<b>ORBIT. . . . .</b>	<b>10</b>
Payments To Beneficiaries . . . . .	6	<b>Administration And Funding. . . . .</b>	<b>11</b>
<b>Receiving Your Monthly Benefit . . . . .</b>	<b>7</b>	<b>How To Contact Us . . . . .</b>	<b>13</b>
<b>Creditable Service And</b>			
<b>Service Purchase Provisions . . . . .</b>	<b>7</b>		

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 handbook 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 Retirement System law, Retirement System law governs.

## Your Pension Fund Benefits In Brief



- Eligibility for membership. ([See below](#))
- You and the General Fund pay the cost of retirement benefits. ([See page 5](#))
- Monthly payments at retirement are a set amount. ([See page 5](#))
- Monthly pension benefit at age 55 with 20 years of credit as a firefighter or rescue squad worker. ([See page 5](#))
- Disability status available, if eligible. ([See page 5](#))
- Line-of-duty disability benefits available, if eligible. ([See page 5](#))

This section only highlights the Pension Fund. The following pages describe it in detail.

## Becoming A Member Of The Pension Fund

You are eligible to become a member of the Pension Fund if you are an “eligible fireman.” An “eligible fireman” must belong to a fire department that:

- is rated by the Fire Insurance Rating Bureau and is certified by the Department of Insurance as not less than a Class “9S” department,
- meets minimum equipment requirements (\$5,000 replacement value),
- files a roster annually with the North Carolina State Firemen’s Association (which is forwarded to the Pension Fund Office), and
- holds drills and meetings not less than four hours monthly (of which members are required to attend at least 36 hours per year).

**Drills and meetings** are defined as any meeting in which the members of the department conduct official departmental business, or training sessions/drills, in which attendance by the member will result in the preparation of, or knowledge gained by, the member in the area of fire prevention, fire suppression, or protection of life and property. Such drills and meetings held by the department to meet the requirements of this Section shall be held for the purpose of providing a learning or preparation experience for the members, or participation by the member in the business affairs of the department.

In order to become a member of the Pension Fund, you must complete an enrollment application (Form 350) through your department or squad and mail it with your first payment (contributions are \$10 per month) to the Pension Fund Office address on [page 13](#) of this guide. Your enrollment date in the Fund will be effective in the month in which both the application and contribution are received by the Fund. (Credit for prior service in a department or squad is referenced on [page 7](#).)

Also, you are eligible to become a member of the Pension Fund if you are an “eligible rescue squad worker.” An “eligible rescue squad worker” must belong to a rescue squad that:

- is eligible for membership in the North Carolina Association of Rescue and Emergency Medical Services, Inc., and
- files a roster annually with the North Carolina Association of Rescue and Emergency Medical Services, Inc. (which is forwarded to the Pension Fund Office).

The eligible rescue squad worker must attend a minimum of 36 hours of training and meetings each year.

**Training and meetings** are defined as any meetings in which the members of the department/squad conduct official business, or training sessions/drills, in which attendance by the member will result in the preparation of, or knowledge gained by, the member in the area of rescue, Emergency Medical Services, injury prevention,

or protection of life and property. Such drills and meetings held by the squad to meet the requirements of this Section shall be held for the purpose of providing a learning or preparation experience for the members, or participation by the members in the business affairs of the department.

## Who Pays For The Fund

Your contributions to the Pension Fund, the investment earnings on total contributions, and an annual appropriation by the State from its General Fund pay the cost of providing your Pension Fund benefits.

Your share of the cost is \$10 monthly. Members normally must pay into the Pension Fund for 20 years, or a maximum of \$2,400, to receive a monthly benefit at retirement.

## The Amount Of Your Benefit

***Your present Pension Fund benefit is \$170 per month, assuming 20 years of creditable service and the attainment of age 55.***

The standard for retirement is 20 years of creditable service as a firefighter or rescue squad worker by age 55.

Creditable service means any period during which you contribute to the Fund and meet the eligibility requirements described above.

### ***At Disability Retirement***

After 10 years of creditable service, if you become totally and permanently disabled (as approved by the Pension Fund's Medical Review Board) and can no longer perform the duties of a firefighter or rescue squad worker, you are eligible for disability retirement status. If your disability is the result of a non-duty related activity, you must continue to pay \$10 per month into the Fund until you have paid for 20 years or \$2,400. At age 55, you may begin drawing a monthly pension provided the 20 years of contributions have been completed and 20 years has elapsed since you joined the Fund.

Becoming totally and permanently disabled (as approved by the Pension Fund's Medical Review

Board) while performing your duties immediately qualifies you to receive a monthly benefit after turning age 55. After being approved for line-of-duty disability, you would not have to make any further contributions to the Fund.



### ***Reciprocity Between Fire Departments And Rescue Squads***

Any credit you may have as either a firefighter or rescue squad worker may be counted as credit in this Pension Fund. Membership in the Fund is transferable from a fire department to a rescue squad and vice versa. However, if you work and/or volunteer as a firefighter and as a rescue squad worker, you cannot simultaneously join the Pension Fund under each department or squad.

### ***If You Leave The Department Or Squad Before Retirement***

Even if you leave your department or squad before retirement, you may still receive a benefit. Once you meet eligibility requirements, you are entitled to a benefit at age 55 if you leave for any

reason after you have completed 20 years of creditable service, provided you do not withdraw your contributions.

Normally, if you leave the Fund before you have 20 years of creditable service, the only payment you can receive is a refund of your contributions.

### ***Effect Of Annexation***

You may continue as a member of the Pension Fund even if your home or fire department/res-

cue squad location is affected by an annexation, and as a result, you can no longer serve as a firefighter/rescue squad worker. If you have 10 years of service at the time of annexation, you may continue contributing \$10 monthly until you have put in \$2,400 or paid for 20 years. Your pension benefit will begin at age 55 provided you have contributed for 20 years.

## **How Benefits Are Paid**

To begin receiving benefits, you must complete and submit to the Pension Fund:

- a “Retiring from the Firemen’s and Rescue Squad Workers’ Pension Fund” form (Form 6FR)
- an “Authorizing Direct Deposit” form (Form 170). These forms are available on the [ORBIT website](#) or from the Pension Fund office.

You must apply for benefits. They are not paid automatically. Your application and direct deposit form should be returned to the Pension Fund Office 30 days before your scheduled retirement date, so that your first pension check will arrive at the end of the month following the month in which you retire.

### ***Payments To Beneficiaries***

Although the Pension Fund’s primary purpose is to provide retirement income, it recognizes that some members will not live to enjoy their retirement benefits.

At your death, your beneficiary should notify the Pension Fund immediately. By retirement law, the beneficiary of a Pension Fund account is pre-determined. If a member of the Fund has a spouse, then the spouse is automatically the beneficiary. If there is no spouse, then the contributions are paid to the children or guardian of the member’s children, provided the member has children. If

there is no spouse or children, then the proceeds are paid to the member’s “heirs at law” or to the member’s “estate, if it is administered and there are no heirs.”

If you die before beginning to receive your pension, your beneficiary will receive the amount you paid and contributions paid on your behalf into the Pension Fund.

If you die after beginning to receive your benefits, your beneficiary will be paid the amount you contributed to the Pension Fund, minus the benefits you collected.

If you die after collecting more from the Fund than you contributed, then payments cease. No additional benefits are paid.



## Receiving Your Monthly Benefit

The effective date of your retirement is always the first day of a month. The present monthly benefit is \$170.

Upon receipt of your application, the Pension Fund will send you an acknowledgment letter confirming your retirement information and advising the payment date for your benefits.

Your first monthly Pension Fund benefit will be mailed to you. Thereafter, it is the policy of the Retirement Systems Division for your monthly benefit to be directly deposited in your bank ac-

count when your financial institution opens for business on the 25th day of each month, except in December, when it will be deposited on the 20th. If the day the Pension Fund would normally make your deposit is a Saturday, Sunday, or holiday, then your deposit will be made on the last work day before that Saturday, Sunday, or holiday. Direct Deposit is fast, automatic, and free of cost to you.

## Creditable Service And Service Purchase Provisions

In addition to the years and months you contribute to the Fund, the following creditable service and service purchase provisions may apply:

**Prior Service.** You may purchase Pension Fund credit for prior fire or rescue squad service if:

- you were a member of an eligible fire department or rescue squad before its participation in the Fund
- you were previously eligible, but did not choose to join the Pension Fund
- you had earlier service with a department or squad other than the department or squad through which you joined the Pension Fund

If you are age 34 or younger, the cost to purchase prior service is \$10 a month plus annual interest of 8 percent. If you are age 35 or older, the cost is equal to the full actuarial liability. You may purchase prior service in both a fire department and a rescue squad as long as the service periods do not overlap. You should contact the Pension Fund and/or your department or squad regarding the proper certification form.

**Military Service.** You may take a leave of absence for one tour of military service and earn service credit during that period if you continue making your Fund contributions during your tour. After your return, you will need to submit a copy of your military discharge papers, such as



DD214, that reflect the date you entered and the date you were released from active duty. Contact the Pension Fund office for further information and instructions.

**Leave Of Absence.** For five years of any six-year period, you may leave fire or rescue squad service without losing your account, provided you contact the Pension Fund to place your account on "leave of absence" status. During that time, you must not withdraw your deposits in the Fund. Contributions are not required and service credits will not accrue. You remain eligible for a refund. To reactivate your membership in the Fund, contact the Pension Fund Office within the five-year period.

## Refund Of Contributions

If you are no longer eligible or choose not to participate in the Fund for any reason other than retirement or death, you can receive a refund of your contributions. However, if you have less than five years of contributing service, a refund of contributions will be made directly to your department or squad provided they made the contributions on your behalf and have specified that these proceeds are to be refunded to the department or squad.

To receive a refund, simply complete a Form 5FR, "Withdrawing Contributions from the Firemen's and Rescue Squad Workers' Pension Fund," and file it with the Pension Fund. You may obtain the form from your department, squad, the Pension Fund Office, or the [ORBIT website](#).

No interest will be paid on the amount of the refund. If you have five or more years of contributing service and you withdraw from the Pension Fund, you will receive both your contributions and contributions paid by others on your behalf.

### ***Lack Of Qualification***

When you turn age 55, if you are a member of the Pension Fund but do not qualify to receive a pension, the amount you paid into the Fund can be refunded to you. If you do not qualify because you have not yet completed 20 years of service, you may continue working toward your service goal.

### ***Default Of The Fund***

If the Pension Fund were ever unable to pay all benefits in full, all benefit payments would be reduced. When it again became able, the Fund would resume paying benefits in full. The Fund would not owe back-payments.

### ***Rejoining The Fund***

If you leave the Fund and later wish to rejoin, you may do so by completing a new enrollment application (Form 350). After rejoining the Fund, you will be eligible to purchase service credits for your previous account.

## Transferring Your Pension Benefits

You may transfer your contributions and creditable service between departments or squads as long as you are an eligible member of the depart-

ment or squad to which you are transferring, do not receive a refund of your contributions from the Fund, and file the appropriate written request.



## Reemployment After Retirement

After retiring as a paid firefighter, you may not return to full-time work as a paid firefighter and receive your pension benefit. Also, if you are a retired, paid rescue squad worker, you may not go back to full-time paid work for a rescue squad while collecting benefits.

However, after retiring as a paid firefighter, you may later return to work as a firefighter in a part-time paid status and still receive your Pension Fund benefit if you meet the following conditions:

- You perform no paid services as a firefighter for six months after your date of retirement under the Pension Fund, and
- Upon return to work, you perform services as a paid firefighter for no more than 20 hours per week.

The above conditions also apply to you if you are a retired rescue squad worker who later returns to work as a rescue squad worker in a part-time paid status.



In addition, as a retired, paid firefighter you can draw your benefit and go to work as a paid rescue squad worker. The reverse also is true if you are a retired, paid rescue squad worker who wishes to work as a paid firefighter and collect your benefits.

If you are a retired volunteer firefighter or rescue squad worker, you may receive benefits and continue to volunteer in either capacity.

## Income Tax

Benefits from the Pension Fund receive special income tax treatment. The following is a brief outline of current tax laws as they apply to Fund benefits. However, tax laws often change. You should consult your tax advisor for more details.

### ***Retirement Benefits***

Each year by January 31, a Form 1099-R (similar to Form W-2, "Statement of Income and Tax Withheld," which you received annually while you were working) will be sent to you. Shown on the Form 1099-R are the amount of your pension benefits, the taxable portion (if any), the amount of tax withheld (if any), and related information. Copies also will be sent to the Internal Revenue Service (IRS) and the North Carolina Department of Revenue. Therefore, you should report your pension benefits on your federal and North Carolina tax returns regardless of whether you owe any income tax.

**Federal Income Tax.** When you retire, you will receive a statement that shows the total amount of your pension benefits not subject to federal income tax. That figure will be referred to as your "federal tax base."

Under federal law, the majority of each and every pension check is includable as taxable income on your federal tax Form 1040. This does not mean that you will pay tax again on the contributions on which you already have paid tax. It does mean, however, that you may exclude only a small portion of your previously taxed contributions each month throughout a period of time specified by the federal government.

**North Carolina Income Tax.** If you are a North Carolina resident and have maintained five or more years of Pension Fund service credit as of August 12, 1989, your monthly benefit paid by the Pension Fund is not subject to North Carolina income tax. If you do not have five years of main-

tained Pension Fund service credit as of August 12, 1989, you will be required to pay North Carolina income tax on the taxable portion of your monthly benefit. The amount of pension benefits subject to North Carolina income tax is the same amount of pension benefits on which federal income tax must be paid, less a \$4,000 annual exclusion. If the taxable portion of your annual pension benefits is less than \$4,000, you will not owe any North Carolina income tax on your pension benefits.

**Municipal Income Tax.** Your pension benefits also may be subject to municipal taxes.

### ***Death Benefits***

Monthly benefits are payable to Pension Fund members only. There are no monthly survivor benefits paid. However, there would be a lump sum death benefit payable to the surviving spouse if all contributions are not recovered by the member.

Your beneficiary pays no income tax on death benefits. They are treated as life insurance benefits.

## **Important Information To Remember**

- In all correspondence with the Pension Fund, give your Member ID number or last four digits of your Social Security number. With more than 49,000 accounts and many duplicate names, it is essential that your inquiries be identified with this information.
- No application, form, or other type of document can be effective until it has been filed and accepted by the Pension Fund.
- At your request, the Pension Fund will gladly send you any form, application, or other information it has developed for use by members.
- Any error concerning your retirement account should be brought to the attention of the Pension Fund, in writing, immediately.
- Your benefits from the Pension Fund are not paid automatically — you or your beneficiary must apply for them.
- If you become disabled, you should apply for disability benefits from all available sources, including the Pension Fund and the Social Security Administration.



The North Carolina Department of State Treasurer created ORBIT (Online Retirement Benefits Information Technology) 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:

- Service credit history

Retirees are able to:

- Maintain tax withholdings
- View and download 1099-R
- 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 into your personal ORBIT account.

1. Register for ORBIT via the Register button on the login page.
2. Follow the prompts for registration.
3. Once you have registered, you are able to gain access to ORBIT using the User ID and Password that you created.

# Administration And Funding

## **Administration**

The Pension Fund is administered by the Board of Trustees. The Board members are:

Janet Cowell,  
State Treasurer, Chair

Brent P. Gerald  
Wayne Goodwin  
Debra Poe  
Terry Tapp  
Michael E. Williams

## **Fund Assets**

The State Treasurer is the custodian of the Plan 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. The Committee members are:

Janet Cowell,  
State Treasurer, Chair

Steve Jones  
Dr. Harold Martin  
John Medlin  
Donald L. Tarkenton  
Neal F. Triplett  
Courtney A. Tuttle

## **Medical Review Board**

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

Dr. George S. Edwards, Sr.  
Dr. Robert H. Fleming  
Dr. Bobby Sellers  
Dr. Nathaniel L. Sparrow

## **Future Of The Pension Fund**

The State expects to continue the Pension Fund indefinitely. However, because future conditions cannot be foreseen, the State General Assembly reserves the right to modify the provisions of the Fund.

## **Fund Documents**

This booklet summarizes the main features of the Firemen's and Rescue Squad Workers' Pension Fund. The official text governing the operations of the Fund and the payment of all benefits is found in Chapter 58 of the General Statutes and Title 20 of the North Carolina Administrative Code.



**Funded Status**

The Pension Fund has been 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

**Funded Ratio**

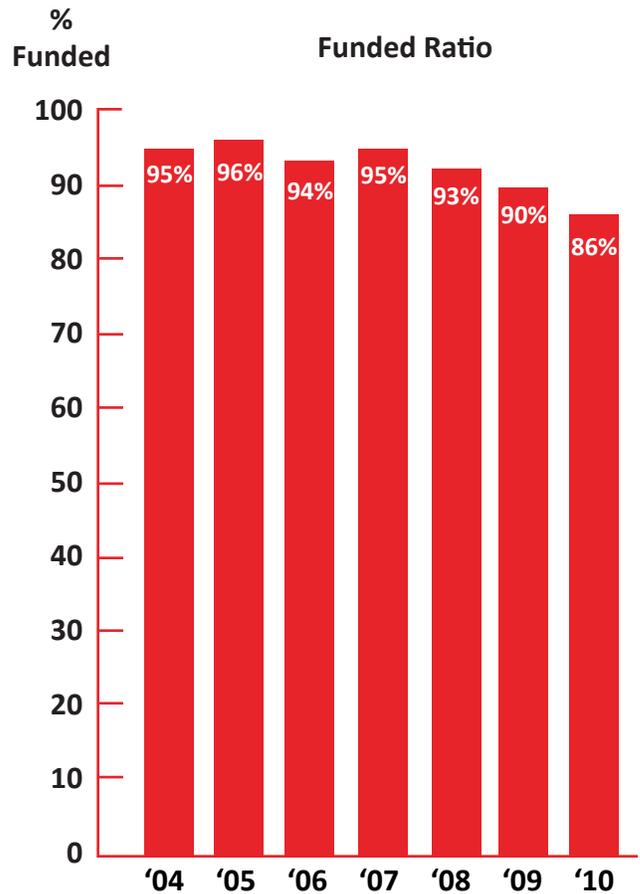
A generally accepted measure of the soundness of any pension fund is to relate the total assets to the total accrued liabilities. This determines the funded ratio or percentage of the Fund.

	Assets	Unfunded Accrued Liabilities
2010	\$318,272,616	\$51,963,371
2009	\$315,697,259	\$35,627,327
2008	\$316,973,296	\$22,048,851
2007	\$305,869,434	\$16,584,539
2006	\$287,933,056	\$16,406,150
2005	\$274,265,041	\$11,090,895
2004	\$261,147,858	\$12,677,823

The total of the accrued liabilities is found by adding the total assets and the unfunded accrued liabilities. Shown are the actuarial assets and unfunded liabilities for the past several years, as of June 30 of each year. Beside the figure is a graph that shows the funded ratio of the Pension Fund (the percentage of the assets to the total accrued liabilities).

**Member Contributions**

Members contribute \$10 each month to the Fund.



# How To Contact Us



## **Fund Internet Address**

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

Visit our website to learn more about the benefits that are available to you:

- download and complete applications and forms used by the Pension Fund
- view and download *Your Retirement Benefits* handbooks
- review “Frequently Asked Questions”
- manage your retirement account online using ORBIT

These are some of the options that are currently available to you on our website. Please feel free to visit and use this site whenever it may be of assistance to you.



## **Fund Email**

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



## **Fund Telephone Number**

1-877-508-9110 (toll-free outside of Raleigh area)

919-508-5360 (within local calling distance of Raleigh)



## **Fund Address**

The address of the Pension Fund is:

Firemen's and Rescue Squad  
Workers' Pension Fund  
Department of State Treasurer  
Albemarle Building  
325 North Salisbury Street  
Raleigh, North Carolina 27603-1385

