

# FIREFIGHTERS' AND RESCUE SQUAD WORKERS' PENSION FUND

## YOUR RETIREMENT BENEFITS



**Member  
Handbook**



**North Carolina Retirement Systems**  
Department of State Treasurer  
Raleigh, NC  
Revised January 2015



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

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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 to will help you make informed decisions about your financial future. I encourage you to become familiar with the benefits described in this booklet.

This handbook outlines the benefits available to you as a member of the Firefighters' 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,

A handwritten signature in cursive script that reads "Janet Cowell".

Janet Cowell



1-877-508-9110 Toll-free  
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[nc.retirement@nctreasurer.com](mailto:nc.retirement@nctreasurer.com)  
[www.myncretirement.com](http://www.myncretirement.com)

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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.

# Section 1: Membership in the Pension Fund

You can enroll as a member of the Pension Fund if you are an eligible firefighter or rescue squad worker who meets all of the requirements stated below.



- **Eligible Firefighters**

To be an “eligible firefighter,” you must be 18 or older and 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
- files a roster annually with the North Carolina State Firemen’s Association, which is forwarded to the Pension Fund by January 31 each year
- holds training sessions at least 4 hours monthly for which members are required to attend at least 36 hours per year

**Training Sessions for firefighters** are defined as sessions or drills that prepare firefighters for, or increase their knowledge in, fire prevention, fire suppression, or protection of life and property.

- **Eligible Rescue Squad Workers**

To be an “eligible rescue squad worker,” you must be 18 or older and belong to a rescue squad that:

- is eligible for membership in the North Carolina Association of Rescue and Emergency Medical Services, Inc.
- files a roster annually with the North Carolina Association of Rescue and Emergency Medical Services, Inc., which is forwarded to the Pension Fund by January 31 each year

Eligible rescue squad workers must attend a minimum of 36 hours of training sessions each year.

**Training sessions for rescue squad workers** are defined as any sessions or drills that prepare rescue squad workers for, or increase their knowledge in, rescue, emergency medical services, injury prevention, or protection of life and property.

- **Enrollment in the Pension Fund**

To become a member of the Pension Fund, you must:

- complete Form 350 (Enrolling in the Firefighters' and Rescue Squad Workers' Pension Fund) through your department or squad
- mail it with your first payment (contributions are \$10 per month) to the Pension Fund Office

Your enrollment date will be effective in the month in which the Pension Fund receives both your application and contribution.

- **Annual March 31 Contribution Deadline**

In order to be properly credited, your contributions for a calendar year must be received by the Pension Fund by March 31 of the following year. Prior year contributions received after March 31 will be returned. To receive credit for the period for which the contributions were returned, you must purchase the service credit as described under the "Prior Service" purchase provisions referenced on [page 9](#).

- **Forfeiting Eligibility for Criminal Offenses**

Effective December 1, 2013, if you are convicted of a state or federal felony that is directly related to your service as a firefighter or rescue squad worker and you are not yet 55 or have not yet received 20 years of fully creditable service, or you are at least 55 and have 20 years of creditable service but you are still serving as a participant of an eligible department or squad, you are prohibited from receiving any retirement benefit other than a return of your contributions.

## Section 2: Who Pays for the Fund

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

Your share of the cost is currently \$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.

## Section 3: Benefit Eligibility and Amount

*The present Pension Fund benefit  
is \$170 per month*

You may apply for monthly Pension Fund benefits after you:

- have 20 years of creditable service as a firefighter or rescue squad worker
- reach age 55

Creditable service is defined as eligible service for any period during which you paid and maintained contributions in the Fund or for which you purchased service credit in the Fund.

Creditable service as either a firefighter or rescue squad worker counts toward membership in the Fund. However, if you work and/or volunteer both as a firefighter and as a rescue squad worker during the same month, you can only receive one month of Pension Fund credit for that month.

Once you meet these requirements and begin receiving your Pension Fund benefit, you can continue to receive your benefit while you continue to work or return to work as a paid or volunteer firefighter or rescue squad worker.

### **Disability Status**

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 apply to receive your monthly benefit provided you have made contributions for 20 years.

If you become totally and permanently disabled (as approved by the Pension Fund's Medical Review Board) while performing your duties as a firefighter or rescue squad worker, you may apply to receive a monthly pension when you reach age 55. After being approved for a line-of-duty disability, you will no longer have to make contributions to the Pension Fund.

### **If You Leave the Department or Squad Before Retirement**

If you leave firefighter or rescue squad service and you want to maintain your Pension Fund account, contact the Pension Fund to place your account on "leave of absence" status. During a leave of absence:



- you must not withdraw your contributions
- contributions are not allowed, except during eligible military service periods
- service credits will not accrue
- you remain eligible for a refund

When you return to eligible firefighter or rescue squad service, you can resume contributing to the Pension Fund.

If you leave your department or squad before retirement, you may still receive a benefit at a later date, if you have not withdrawn your contributions. If you leave for any reason, you are eligible to apply for your benefit at age 55 provided you have completed and paid contributions for 20 years.

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/rescue 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 paid \$2,400 or paid for 20 years. You are eligible to apply for your benefit at age 55 provided you have contributed for 20 years.



## Section 4: How Benefits Are Paid

Forms 6FR and 170 can be found in [ORBIT](#).

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

- Form 6FR (Retiring from the Firefighters' and Rescue Squad Workers' Pension Fund)
- Form 170 (Authorizing Direct Deposit)

You must apply for benefits. They are not paid automatically. Your application and direct deposit form should be returned to the Pension Fund 30 days before your scheduled retirement date.



### Payments to Beneficiaries

Although the Pension Fund's primary purpose is to provide retirement income, we recognize 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, your spouse is the beneficiary of your Pension Fund account. If you do not have a surviving spouse as of your date of death, your contributions will be paid to your children or guardian of your children. If you do not have a surviving spouse or children, the proceeds will be paid to your "heirs at law" or to your "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, payments stop. No additional benefits are paid.



## Section 5: Receiving Your Monthly Benefit

The effective date of your retirement is always the first day of the 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 to directly 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. Direct deposit is fast, automatic, and free.

## Section 6: Adding to Your Creditable Service

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
- you had eligible service for the prior year but did not make prior year contributions or your prior year contributions were returned because they were received after March 31

If you are 34 or younger, the cost to purchase prior service is \$10 a month plus interest of an annual rate determined by the Board of Trustees. If you are 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.

**You cannot purchase service credit for periods for which you received a refund of your Pension Fund contributions.**

- **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 for further information and instructions.



## Section 7: Refund of Contributions

*You may obtain Form 5FR from your department, squad, the Pension Fund, or in [ORBIT](#).*

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.

To receive a refund, complete Form 5FR (Withdrawing Contributions from the Firefighters' and Rescue Squad Workers' Pension Fund), and file it with the Pension Fund.

No interest will be paid on the amount of the refund. If 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 benefit, 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 previously received a refund from 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 not be eligible to purchase service credits for your previous withdrawn account.

## Section 8: Income Tax

The following is a brief outline of current tax laws as they apply to Fund benefits. However, because tax laws often change, you should consult your tax advisor for more details.

### Retirement Benefits

After you retire, by January 31 each year, we will send you Form 1099-R which is similar to Form W-2 (Statement of Income and Tax Withheld) which you received annually while you were working. The 1099-R shows 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**

Under federal law, the majority of every pension benefit is subject to being taxed. Although you will not pay taxes again on any contributions for which you have already paid tax, 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 5 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 5 years of maintained Pension Fund service credit as of August 12, 1989, the taxable portion of your monthly benefit is subject to North Carolina income tax.

### Death Benefits

Monthly benefits are payable to Pension Fund members only. The Fund pays no monthly survivor benefits. However, a lump-sum death benefit will be payable to your surviving spouse if all of your contributions have not been exhausted.

Generally, your beneficiary pays no income tax on lump-sum death benefits, which are treated as life insurance benefits for tax purposes.

## Section 9: Administration & Funding

- **Administration**

The Pension Fund is administered by the Local Governmental Employees' Retirement System Board of Trustees. The board members are:

Janet Cowell, State Treasurer, Chair

John Aneralla  
 June Atkinson  
 Jerry L. Ayscue  
 Mike Bradley  
 Lentz Brewer  
 Randy Byrd  
 Kay Cashion  
 Loris R. Colclough  
 Kevin Gordon  
 Sally Sandy  
 Grady N. Smith

- **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

David Hartzell  
 Steve Jones  
 Harold T. Keen  
 Harold Martin  
 Neal F. Triplett  
 Courtney A. Tuttle

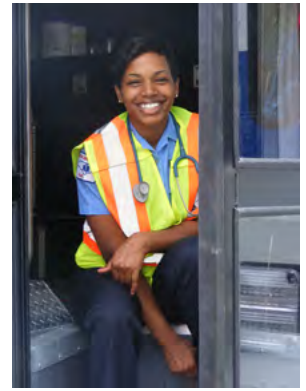
- **Medical Review Board**

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. Robert Gaddy  
 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 N.C. General Assembly reserves the right to modify the provisions of the Fund.



- **Fund Documents**

This booklet summarizes the main features of the Firefighters' 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**

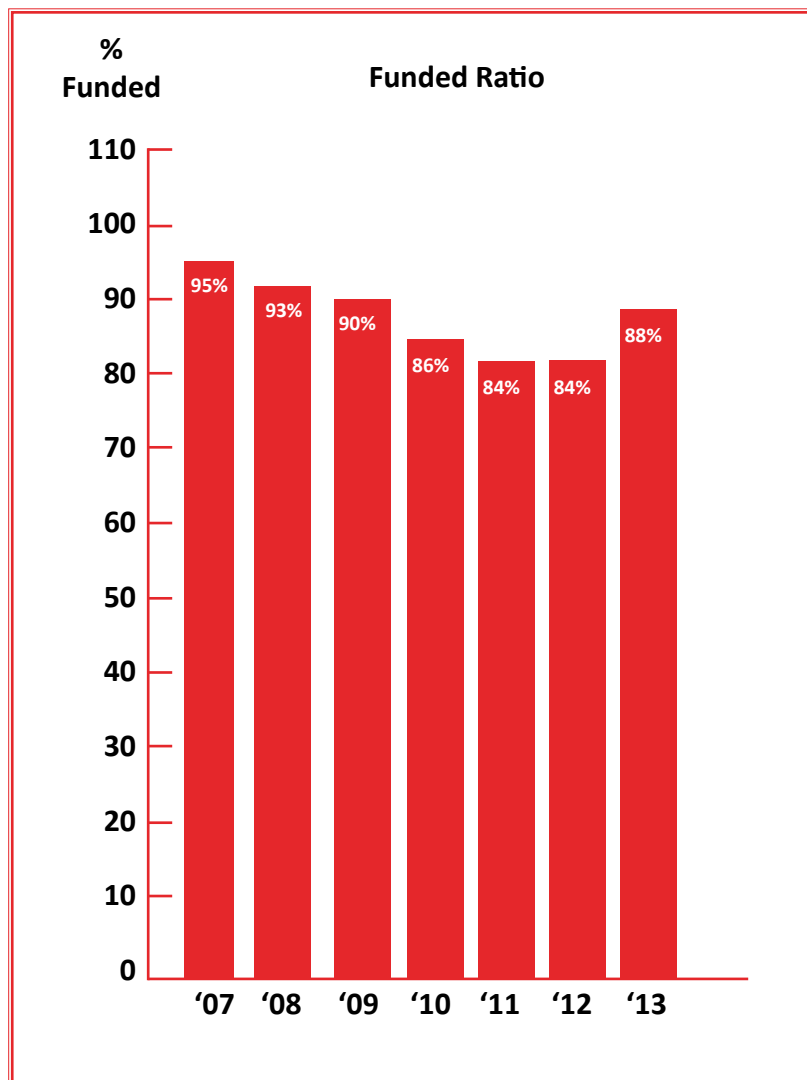
A generally accepted measure of the soundness of any pension fund is to relate the total assets to the total accrued liabilities. This determines the funded ratio or percentage of the Fund.

The total of the accrued liabilities is the sum of total assets and unfunded accrued liabilities. Shown are the actuarial assets and unfunded liabilities for the past several years, as of December 31 of each year and the funded ratio of the Pension Fund (the percentage of the assets to the total accrued liabilities).

- **Member Contributions**

Members currently contribute \$10 each month to the Fund.

	Assets	Unfunded Accrued Liabilities
2013	\$364,836,260	\$48,217,253
2012	\$338,885,087	\$64,931,816
2011	\$327,984,054	\$63,853,028
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



## Section 10: Resources and Contacts



The North Carolina Department of State Treasurer created ORBIT (Online Retirement Benefits through Integrated 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.





**Resources**



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

Visit our website to:

- *View and download retirement benefits handbooks*
- *See Frequently Asked Questions*
- *Learn about retirement planning resources*
- *Log into your personal ORBIT account*

**Contact Us**

Phone



Raleigh area 919-508-5360  
Toll Free 1-877-508-9110  
Fraud and Abuse Hotline 1-855-903-7283

Address



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

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