

Section 7: Benefits

Policy #2: Retirement

Effective Date: July 1, 2011

I. Purpose

The Town of Mooresville recognizes the years of service and contributions that retiring employees have made towards the growth and development of the Town by providing a variety of retirement benefits.

II. Scope

This policy shall apply to all persons holding a regular full-time or regular part-time paid position as an employee of the Town, except the Town Manager, Town Attorney, a member of any appointed or volunteer board or committee, or any others that may be hired or appointed by the Town Board. For this purpose, and subject to the exceptions set out herein, Town employees shall be defined as those employees in departments and offices for which the Town Board serves as the final budget authority.

III. Background

None

IV. Definitions

None

V. Legislation

VI. Policy

It is the policy of the Town of Mooresville to provide a variety of retirement benefits to those employees who retire in accordance with the rules governing the North Carolina Local Government Retirement System.

VII. Provisions

A. NC Local Government Retirement Plan

i. Eligibility

Each employee with a regular appointment who is expected to work for the Town more than 1,000 hours annually will be enrolled in the Local Government Employees' Retirement System.

- ii. Contribution
Employees contribute, through payroll deduction, six percent (6%) of their gross salary to the system. The Town contributes an actuarially determined percentage of the gross payroll each pay period to the system.
 - iii. Vesting
Employees who complete a minimum of five years of creditable service are vested in the Retirement System, and are thereby eligible to apply for lifetime monthly retirement benefits.
 - iv. Benefits
Monthly retirement pay is based on an employee's salary, age, and years of credit. The annual retirement benefit is based on the formula outlined in the North Carolina Retirement System Handbook. Full details of this retirement benefit may be found in the handbook available from the Human Resources Department or it may be accessed online at www.myncretirement.com. The Human Resources Department also offers a Retirement Benefits Booklet that outlines all employee retirement benefits provided by the Town.
 - v. Application Process
Once an employee meets the retirement eligibility requirements and decides to retire, specific steps must be taken in order to begin the retirement process. Monthly retirement benefits are effective the first day of any month; however, a retirement application must be signed, dated and filed at least one day and not more than 120 days prior to the effective date of retirement. Approximately 90 to 120 days prior to retirement, a Form 6, "Claiming Your Monthly Retirement Benefit" must be completed. A copy of the form may be obtained from the Town of Mooresville Human Resources Department or accessed online at www.myncretirement.com.
- B. Supplemental Retirement Income Plan
Employees who are eligible for retirement through the Local Governmental Employees Retirement System may contribute to the Supplemental Retirement Income Plan (State 401K Plan) through payroll deduction within the provisions of the law. In addition, the Town may make a contribution to the State 401K Plan for eligible employees subject to authorization by the Town Manager and Town Board.
- C. Law Enforcement Officers' Separation Allowance
Law Enforcement Officers shall receive additional retirement supplements as required by the state. The Town will pay a special separation allowance to each

law enforcement officer retiring from Town employment under the following policy guidelines:

- i. To qualify for the special separation allowance, the retiring officer must meet the following criteria:
 - a. Completed thirty or more years of creditable service; or attained 55 years of age and completed five or more years of creditable service; and
 - b. Not attained 62 years of age; and
 - c. Completed at least five years of continuous service as a law enforcement officer immediately prior to service retirement.
- ii. Note: Creditable service is defined as service for which credit is allowed under the retirement system of which the officer is a member, provided that at least 50% of the service is as a law enforcement officer.
- iii. The separation allowance due to qualifying employees will cease when the retired officer reaches sixty-two (62) years of age, dies, or is re-employed in any capacity by the Town.
- iv. The amount of separation allowance will be equal to 0.85 percent of the officer's most recent annual salary for each year of creditable service. (Example: last annual salary x 0.85 percent x number of years of creditable service) This calculated annual allowance will be paid in twelve equal installments until the officer's entitlement ceases.
- v. The Town will contribute 5% of the officer's gross salary to the Supplemental Retirement Income Plan (State 401K Plan) which will be credited to the designated individual accounts of participating law enforcement officers.

D. Disability Retirement

After five years of creditable service, if an employee becomes totally and permanently disabled for their job, as approved by the State Retirement System's Medical Review Board, the employee may be eligible for disability retirement benefits. Law Enforcement Officers workers who become disabled in the "line-of-duty" need only one year of creditable service to apply for disability retirement.

E. Death Benefit

Town employees will receive a Death Benefit after one year as a contributing member of the Local Governmental Employees' Retirement System or the Law Enforcement Officers' Retirement System. The beneficiary of an eligible employee who dies while still in active service (while being paid salary) will receive a single lump sum payment. The payment equals the highest twelve (12) months' salary in a row during the twenty-four (24) months before the date of death, not to exceed \$50,000. This benefit is also paid if the employee dies within 180 days of the last day for which he/she was paid salary.

F. Medical Insurance Continuation

i. Contribution Rates

The Town of Mooresville offers the following contribution rates for health, dental and vision insurance coverage:

- a. Retirees with 30 years of service - The Town of Mooresville pays 100% of the premiums for health, dental and vision insurance.
- b. Retirees over 60 years of age with 25 years of service - The Town of Mooresville pays 100% of the premiums for health, dental and vision insurance.
- c. Retirees under 60 years of age with 25 years of service - The Town of Mooresville pays 75% of the premiums for health, dental and vision insurance; the remaining 25% is paid by the retiree.
- d. Retirees with 20 years of service - The Town of Mooresville pays 50% of the premiums for health, dental and vision insurance; the remaining 50% is paid by the retiree.

ii. Retirees 65 Years of Age Or Older

- a. Retirees who are age 65 or older are eligible for Medicare; however, since Medicare does not cover all medical expenses, retirees may elect to enroll in supplemental coverage.
- b. The Town of Mooresville offers a Senior Medical Insurance Plan. This plan is designed to cover some of the expenses Medicare doesn't pay in full, as well as some additional expenses that Medicare doesn't cover at all.
- c. All retirees and their spouses age 65 and over who are eligible for Medicare may enroll in the Benefits Advisory Trust-sponsored Senior Medical Insurance Plan. An eligible spouse is defined as a spouse age 65 or over, eligible for Medicare and not legally separated or divorced from the employee.

G. Life Insurance

- i. Upon retirement, employees are entitled to life insurance equivalent to $\frac{1}{2}$ their salary at the time of their retirement.

- ii. Employees may elect to keep ½ of their life insurance amount provided by the Town; however, employees are responsible for payment of all life insurance premiums, effective immediately upon retirement.

H. Sick Leave Credit

Upon retirement from the Town, any unused sick leave can be credited toward creditable service time.

I. Vacation Leave Payout

Upon retirement, the employee's last paycheck includes payment for any accrued vacation time up to the maximum allowed by the leave policy.

VIII. Authorization

Approved by:

Erskine Smith

Town Manager

July 1, 2011

Date