



North Carolina
Total Retirement Plans

Wake County
Human Resources

MAY 25 2018

STATE TREASURER OF NORTH CAROLINA

DALE R. FOLWELL, CPA

Dale R. Folwell, CPA



RETIREMENT SYSTEMS DIVISION

RECEIVED

STEVEN C. TOOLE
EXECUTIVE DIRECTOR

5/17/2018

99201 - WAKE COUNTY
ATTN: CHIEF FINANCIAL OFFICER OR BUDGET ADMINISTRATOR
PO BOX 550
RALEIGH, NC 27602

Dear 99201 - WAKE COUNTY:

During the 2014 General Assembly session, contribution-based benefit cap legislation was enacted effective January 1, 2015. The purpose of this legislation is to control the practice of "pension spiking," in which a member's compensation significantly increases late in his or her career, thereby creating unusually high unforeseen liabilities to the Retirement System to pay a monthly retirement benefit that is significantly greater than the member and employer contributions would fund. Prior to January 1, 2015, these liabilities were shared and consequently absorbed by all agencies participating in the Retirement System. This legislation applies to members who retire on and after January 1, 2015, with an average final compensation of \$100,000 or higher (adjusted annually for inflation), and will only directly impact a small number of those individuals. It requires the member's last employer to pay the additional contribution required to fund the member's benefit in excess of the cap. [G.S. 135-5(a3); 135-4(jj); 128-27(a3); and 128-26(y)]

In order to assist employing agencies with planning and budgeting to comply with the contribution-based benefit cap provisions, we are required to report monthly to each employer a list of those members for whom the employer made a contribution to the Retirement System in the preceding month that are most likely to require an additional employer contribution should they elect to retire in the following 12 months. This letter and the attached report serve as our required monthly notification to your agency under this provision. [G.S. 135-8(f)(2)(f) and G.S.128-30(g)(2)(b)]

The chief financial officer of your agency is required to provide a copy of the attached report to the chief executive of your agency, as well as to the governing body, including any board which exercises financial oversight. Additionally, the chief financial officer of a public school system is required to provide a copy of the report to the local board of education and notify the board of county commissioners of the county in which the local administrative unit is located that the report was received and how many employees were listed in the report. [G.S. 115C-436(c); 135-8(j); and 128-30(j)]

The attached report lists employees of your agency who may be eligible to retire in the next 13 months, and whose salary is \$90,000 or greater based on information in the employee's most recent annual benefits statement. Your agency may be required to submit an additional amount to the Retirement Systems in the form of a lump-sum payment, due after the employee retires, to cover these unforeseen liabilities should the employee elect to retire in the next 12 months.

This list is not exhaustive, and members included on this list may or may not exceed the contribution-based benefit cap upon retirement, depending on a number of factors such as the member's average final compensation, the member's age at retirement, and membership service. This is merely a notification of a potential cost that your agency may be required to pay in the future.

Your agency can utilize the statutory formula to help determine the likelihood that the retirement allowance of a member listed on the attached report might exceed the contribution-based benefit cap (CBBC). The current CBBC Factor for TSERS is 4.5 and LGERS is 4.7. The current multiplier for TSERS is 0.0182 and LGERS is 0.0185. The listing of current annuity factors can be found at <https://www.nctreasurer.com/Retirement-and-Savings/For-Government-Employers/Pages/default.aspx>. You can access the member's accumulated contribution balance and service history through ORBIT Self-Service (Reporting – View Member Info – View Account History). The total contribution balance does not include the interest (currently 4%) for the current year. The CBBC formula is as follows:

Benefit Formula = AFC X Multiplier X Service

CBBC Formula = Contributions / Annuity Factor X CBBC Factor

If Benefit is greater than CBBC, the difference is multiplied by the Annuity Factor

You can contact the Retirement System for assistance in calculating the likelihood of a potential CBBC liability for a particular member. Additional information and video training regarding the contribution-based benefit cap is available on our website at www.myncretirement.com.

If you have any questions or concerns, please contact Shannon Wharry at (919) 814-4187 by phone or at shannon.wharry@nctreasurer.com by email.

Sincerely,

Ron Chisolm Jr.

Ron Chisolm Jr.
Chief of Retirement Processing
Retirement Systems Division

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North Carolina Total Retirement Plans

North Carolina Department of State Treasurer
Retirement Systems Division
3200 Atlantic Ave, Raleigh, NC 27604
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www.myncretirement.com

DALE R. FOLWELL, CPA
STATE TREASURER OF NORTH CAROLINA
DALE R. FOLWELL, CPA



CONTRIBUTION-BASED BENEFIT CAP REPORT

Agency	Member ID	Name
99201-WAKE COUNTY	994694	GOODWIN, DAVID L
	373657	MALONEY, TIMOTHY W
	1105463	WATTS, CLAUDIUS O
	386530	BRAUNBACH, KELLI A
	752760	COPE, FRANK R
	465387	YEAGER, DAVID R
	709982	POOLE, TALMADGE D
	1083588	RICHARDSON, PAULA J
	443838	PETTEWAY, REGINA Y
	1070006	MANNING, CLARECE
	1147894	FREEMAN, TYRONE
	1425961	HOPKINS, SHEILA C
	854895	BUTLER JR, GENE D
	709883	WARREN, SCOTT W
	602101	TAYLOR, DAVID K

* PLEASE FORWARD TO YOUR CHIEF FINANCIAL OFFICER OR BUDGET ADMINISTRATOR

99201-WAKE COUNTY	1236220	DEAN, MICHAEL T
	787364	PIERCE, ANDRE C
	569039	SNOW, CHRISTOPHER M
	559119	NICHOLSON, GWENDOLYN R
	434237	BURRUS, CRAIG C
	1241050	BYRD JR, JAMES E
	1508078	SUPERVILLE, JEMMA
	760191	WATSON, MAE A
	451563	SAMPSON, RICHARD B
	406172	MAIORANO, ANNEMARIE

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