

# APPLYING FOR RETIREMENT: A Guide to Optional Allowances



Audience: Retiring NERS members

Description: Summarizes the Norfolk Employees' Retirement System (NERS) optional allowances.

**DISCLAIMER:** This pamphlet summarizes parts of Chapter 37 of the Code of the City of Norfolk. The summaries are intended to provide simplified and meaningful information that is relevant to the average member. Any information that is inconsistent with, or contradicts, Chapter 37 must be disregarded.



The NERS "Know 2 Ask" series provides basic information needed to empower you to ask important retirement-related questions. Knowing who and what to ask is key.

## Overview

At the time of submitting a retirement application, applicants choose to receive either an unreduced monthly benefit or a reduced one. Selection dictates the benefits paid to a survivor upon the death of a retired member. There are lasting implications based on the option chosen.

## Know the Impact

NERS will calculate your retirement allowance using salary information, creditable service years, and unused sick leave as of your Effective Retirement Date. This represents your unreduced monthly retirement benefit.

### ❖ **NO OPTION SELECTED.**

- **You Receive:** Unreduced monthly benefit until death.
- **Surviving Spouse\* Receives:** Either 50% of your unreduced monthly benefit each month until death or remarriage OR a one-time lump sum benefit based on the salary information used to calculate the unreduced monthly benefit.

### ❖ **OPTIONS A, B, C.**

- **You Receive:** Reduced monthly benefit until death.
  - Reduction is based on actuarial factors, including the ages of you and your Named Beneficiary.
  - Amount of the reduction depends on the option chosen (known as the **ACTUARIAL REDUCTION**).
- **Surviving Spouse\* Receives:** One-time lump sum benefit, based on the salary information used to calculate the unreduced monthly benefit.
- **Named Beneficiary Receives:** The option you selected (Option A, B, or C).

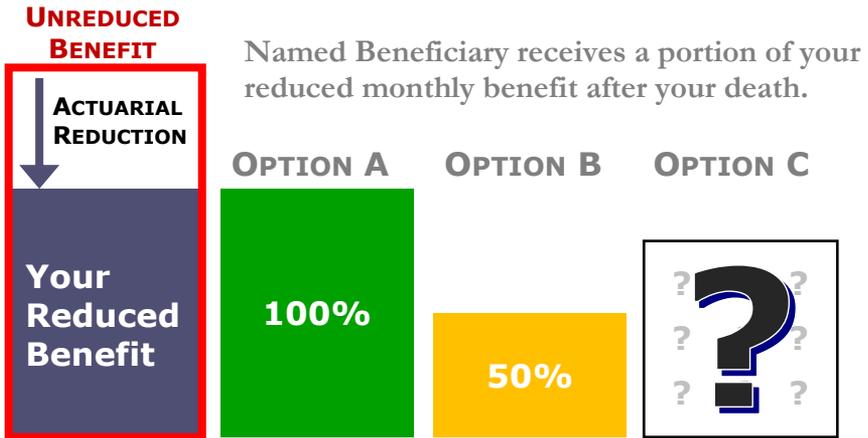
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\* Unmarried surviving children under age 18 or disabled may qualify.

## Know the Options

By electing an option, the Named Beneficiary will receive:

- ❖ **OPTION A.** 100% of your actuarially reduced monthly benefit until death.
- ❖ **OPTION B.** 50% of your actuarially reduced monthly benefit until death.
- ❖ **OPTION C.** A monthly amount you choose. Board-approval of survivor amount needed.



## Key Takeaways

- ❖ **Options reduce your monthly benefit.**  
Each of the options available (A, B, C) will result in a reduction of your monthly benefit.
- ❖ **Optional benefit estimates available.**  
If you would like to explore the impact of an optional election reach out to NERS. You will need to provide the birthdate of your named beneficiary.
- ❖ **Decision will become irrevocable soon.**  
You may choose (or void) an optional allowance before your first benefit payment becomes normally due. Afterwards, your decision is irrevocable.

- ❖ **Named Beneficiary is limited to one person.** Multiple beneficiaries cannot be chosen.
- ❖ **Named Beneficiary cannot be changed.** If you elect an option, the named beneficiary cannot be changed once it becomes effective (first payment normally due). No matter the life event. In the case that no option is chosen, it is your legal spouse or surviving children at the time of death that may qualify for a benefit.
- ❖ **Named Beneficiary predeceases member.** If your named beneficiary, under an optional election, predeceases you, your actuarially reduced benefit will not increase to your unreduced monthly benefit and no monthly survivor benefit will be payable upon your death.

## **Important Deadlines**

- ❖ You may choose (or void) an optional allowance before your first benefit payment becomes normally due, which is the end of the month you begin retirement or DROP. Afterwards, your decision is irrevocable.

To avoid a delay in receiving your first monthly benefit, notify NERS of any change in election by the middle of month in which you are retiring.

### **Retirement Office**

**NERS**



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