

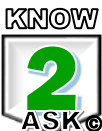


# Applying for Retirement: A Guide to Optional Allowances

**Audience:** Retiring Norfolk Employees' Retirement System (NERS) Members

**Description:** Summarizes the NERS Retirement 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 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 NERS retirement application, applicants elect to receive either an unreduced or reduced monthly retirement benefit. The election will identify the payable death after retirement benefit.

## Know Your Optional Allowances

If you became a NERS member **before** July 1, 2016:

### No Option

- **Retiree Benefit:** Unreduced monthly benefit during your lifetime.
- **Surviving Spouse\* Benefit:** Either 50% of the retiree's monthly benefit each month until death or remarriage OR a one-time lump sum benefit based on the average final compensation (AFC) of the retiree, other beneficiaries may qualify in limited circumstances.

### Options A, B or C

- **Retiree Benefit:** Reduced monthly benefit during your lifetime. The reduction is based on actuarial factors, including the ages of both you and your named beneficiary. The amount of the reduction depends on the option chosen (known as the actuarial reduction).
- **Surviving Spouse Benefit:** One-time lump sum benefit, based on the AFC of the retiree.
- **Named Beneficiary Benefit:** Retiree elected option.
  - **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 that cannot exceed the amount of your monthly benefit.

### Option D

- **Retiree Benefit:** A reduced monthly benefit during your lifetime.
- **Named Beneficiary Benefit:** 50% of the retiree's actuarially reduced monthly benefit until death.
- You have a one-time opportunity to change the named beneficiary under certain qualifying conditions (i.e., divorce, beneficiary death).
- Surviving spouse benefits are not applicable.

If you became a NERS member on or after July 1, 2016:

#### No Option

- **Retiree Benefit:** Unreduced monthly benefit during your lifetime.
- Death after retirement benefits are not applicable.

#### Option D

- **Retiree Benefit:** Reduced monthly benefit during your lifetime.
- **Named Beneficiary Benefit:** 50% of the retiree's actuarially reduced monthly benefit until death.
- You have a one-time opportunity to change the named beneficiary under certain qualifying conditions (i.e., divorce, beneficiary death).

### Key Takeaways

The Retirement Office will calculate your retirement benefit using salary information, creditable service years, unused sick leave as of your retirement effective date, and a retirement multiplier. This represents your unreduced monthly retirement benefit.

- **Your NERS retirement eligibility date depends on the rules in place at the time you leave active service, which may affect the availability of optional allowances.**
- **Optional allowances reduce your monthly benefit.**  
Each of the options available (A, B, C or D) will result in a reduction of your monthly benefit.
- **Decision will become irrevocable.**  
You may elect (or modify) an optional allowance before your first retirement benefit is payable, which is the end of the month that your retirement becomes effective or you enter the DROP, at such time, your decision is irrevocable no matter the life event.
- **Named Beneficiary is limited to one person.**  
Designation of multiple beneficiaries is not permitted.
- **Optional allowance cost estimates available.**  
If you would like to explore the cost of an optional allowance election contact the Finance Retirement Office. You will need to provide the birthdate of your planned future beneficiary.

**Key Takeaways (continued)**

- **Named Beneficiary cannot be changed for Option A, B or C.**  
If you elect Option A, B or C, the named beneficiary cannot be changed after your first retirement benefit payment is payable regardless of the life event. In the case that no option is chosen, your legal spouse or surviving children under age 18 at the time of your passing may qualify for a benefit.
- **Named Beneficiary predeceases member.**  
If you elect Option A, B or C and your named beneficiary passes away before you, your reduced retirement benefit will not change and the named beneficiary benefit will not be payable. A surviving spouse benefit may be payable.
- **Option D**  
A one-time opportunity may be available to revoke or amend the modified benefit or change the named beneficiary, under certain qualifying conditions.

**Important Deadlines**

**You may elect (or modify) an optional allowance before your first retirement benefit is payable**, which is the end of the month that your retirement becomes effective or you enter the DROP, at such time, **your decision is irrevocable no matter the life event.**

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

**Finance Retirement Office**

Key Areas:

- Retirement Benefits
- Optional Allowances

Phone:

**(757) 664-4738**

Email:

**retirement@norfolk.gov**

Website:

**www.norfolk.gov/retirement**

Mailing Address:

**City of Norfolk Retirement  
810 Union Street, Suite 309  
Norfolk, VA 23510**