



Understanding Retirement: A Guide to Benefit Calculation for General Employees

Audience: General Norfolk Employees' Retirement System (NERS) Members

Description: Summarizes NERS Defined Benefit Calculation.

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

The NERS provides a defined benefit retirement plan. The retirement benefit allowance is calculated based on salary information, creditable service years and a retirement multiplier as of your retirement effective date.

Know the Inputs

- **Creditable Service Years**

Creditable service years are earned during City employment in a NERS covered position. Your creditable service years may not be equal to your years of employment with the City due to periods of part-time employment, extended leave without pay and purchased service.

- **Average Final Compensation (AFC)**

This variable is dependent on your NERS membership date.

- Became a member **before** July 1, 2018

Average of three (3) highest years of earnable compensation.*

- Became a member **on** or **after** July 1, 2018

Average of sixty (60) consecutive months of highest earnable compensation.*

*Earnable compensation may include special pay.

- **Retirement Multiplier**

- Became a member **on** or **before** June 30, 1980

2.00%

- Became a member **after** June 30, 1980

1.75%

- **Sick Leave**

Accrued unused sick leave will be included in the calculation of the retirement benefit allowance for service. Any unused sick leave will not be included in the retirement benefit allowance calculation of vested NERS members who elected to voluntarily participate in the Virginia Retirement System (VRS) and terminate their NERS membership in 2022.

Key Takeaways

- **Defined Benefits**

The NERS benefit is defined at retirement based on key inputs. The NERS defined benefit is not subject to fluctuations in the financial markets. Mandatory member contributions balances or contributions to a Deferred Compensation retirement savings plan (457, ROTH, and/or IRA plan) do not factor into the NERS benefit.

- **No Cost of Living Adjustment (COLA) Provision**

NERS does not include a COLA provision. COLAs are provided at the discretion of the City Council.

- **Creditable Service Years**

Maximum of 35 years.

- **Early Service Retirement Reduced Benefit**

Early Service Retirement (ESR) must be within five (5) years of Normal Service Retirement eligibility. If you elect to receive your ESR benefit immediately, a monthly reduction rate of 0.25% for each month you retire early, up to 3% per year, will be applied to your lifetime benefit.

- **Vesting**

A vested NERS member has completed five (5) years of creditable service with the City of Norfolk in a NERS-covered position. The number of years employed by the City may differ from the number of NERS creditable service years due to breaks in service or type(s) of employment. Not all City positions qualified for NERS membership. The NERS closed to new membership effective January 1, 2022.

KNOW YOUR NUMBER

Based on your creditable service years at retirement and accrual rate, your NERS benefit will be a percentage of your average final compensation.

My NERS Number is:

___ yrs. × 1.75% = ___ %

How will you fill your retirement jar?

Filling the jar will provide for 100% replacement of your pre-retirement earnings in retirement. What portion of your jar will be filled with NERS benefits.....

My Retirement Jar

Your NERS benefit will only fill a portion of your jar, the rest will need to come from other sources of income: Personal Savings, Social Security, Supplemental Income, etc.

<u>35</u>	years of creditable service	×	<u>1.75%</u>	=	<u>61%</u>
<u>30</u>					<u>53%</u>
<u>20</u>					<u>35%</u>
<u>10</u>					<u>18%</u>
<u>5</u>					<u>9%</u>
General Members					

80%
This is a good goal, the more you can fill your jar the better!

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- Retirement Benefits

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