This document is meant to provide general information regarding retirement benefits as set forth in Chapter 37 of the City of Norfolk Code. Retirement benefits are complicated and vary by individual. Chapter 37 is amended from time to time and the state of Chapter 37 at the time of your retirement will be applicable. Before making any decisions regarding your retirement please consult Chapter 37 and the Retirement Office.

1. **What type of retirement plan is the Norfolk Employees’ Retirement System (NERS)?**

   NERS is a defined benefit plan. This means that your benefit at the time of retirement is based on a formula that takes into account your years of service as a member of NERS and salary history.

2. **Am I member of the Norfolk Employees’ Retirement System (NERS)?**

   The majority of permanent full-time employees become members of NERS on the date they were hired, however, special project services, non-permanent part-time service, CETA, leave without pay, or other employment programs adjust your membership service time in NERS.

   Permanent Part-time employees became eligible to enter NERS on January 1, 1997. Service credit began counting from that date forward, and no previous Permanent Part-time service is considered in the calculation of retirement benefits.

   Constitutional Officers and their employees who are covered under the Virginia Retirement System (VRS) are not members of NERS.

   If you are unsure of your NERS membership status, please contact the Retirement Office.
3. **Is there an employee contribution requirement?**

   All City employees that are members of NERS are required to pay member contributions in the amount of five (5) percent of their earnable compensation.

4. **What types of retirement benefits does NERS offer?**

   There are two types of retirement benefits available to you as a NERS member:

   1) **Service Retirements** – This includes Normal Service, Early Service (both Deferred and Non–deferred), Deferred Retirement Option Program (DROP), and Disability (both Accidental and Ordinary) retirements. Along with meeting the eligibility requirements, NERS members must be in active service to submit an application for service retirements.

   2) **Vested Retirement** – NERS members who leave active service with at least five (5) years of creditable service and have not applied and been approved for a Service Retirement are eligible to apply for a Vested Retirement.

5. **Does NERS offer a Deferred Retirement Option Program (DROP) for Sworn Public Safety Employees?**

   Yes, NERS offers a DROP benefit for eligible Sworn Public Safety employees (Police Officers, Firefighters & Paramedic employees). Those approved for participation in the DROP program may remain in active service for up to four (4) years while accruing a reduced retirement benefit. At the time a DROP participant leaves service, the balance of the accrued reduced retirement benefit is paid as a one-time lump sum benefit.

   At the time of retirement DROP participants can elect to have their lump sum payment rolled over into a qualified plan or refunded directly to them.

   Refunded payments are subject to a 20% Federal withholding rate and for Virginia residents a 4% Virginia withholding rate. Additionally, refunded contributions may be subject to a 10% Federal tax penalty.

PRE-RETIREMENT
FREQUENTLY ASKED QUESTIONS

6. What are the eligibility requirements for Service Retirements?

Generally, a member must be vested in the Norfolk Employees’ Retirement System (NERS) to be retirement eligible. A member must be actively employed with the City to be eligible to apply for a Service Retirement.

**Normal Service Retirement**

For **General** employees who became members of NERS on or before June 30, 2018, the Normal Service Retirement Age is age sixty (60) with a minimum of five (5) years of creditable service or the age at which thirty (30) years of creditable service have been completed, whichever occurs first.

For **General** employees who became members of NERS on or after July 1, 2018, the Normal Service Retirement Age is the retirement age as defined under the Social Security Act (42 U.S.C § 416 et seq. and as amended) with at least five (5) years of creditable service or the age at which the sum of creditable service years and age equals ninety (90) with a minimum of five (5) years of creditable service.

For **Sworn Public Safety** employees (Police Officers, Firefighters & Paramedic employees) who became members of NERS on or before June 30, 2018, the Normal Service Retirement Age is age fifty-five (55) with a minimum of five (5) years of creditable service or twenty-five (25) years of creditable service having been completed, whichever occurs first.

For **Sworn Public Safety** employees (Police Officers, Firefighters & Paramedic employees) who became members of NERS on or after July 1, 2018, the Normal Service Retirement Age is age sixty (60) with a minimum of five (5) years of creditable service or age fifty (50) and twenty-five (25) years of creditable service having been completed, whichever occurs first.

**Early Service Retirement**

Any member in service who has not reached their normal service retirement age, but who is within five (5) years of reaching such age or who has not completed the years of creditable service for normal service retirement but is within five (5) years of completing such service is eligible for an Early Service Retirement.

**Deferred Retirement Option Program (DROP)**

Sworn Public Safety employees (Police Officers, Firefighters & Paramedic employees) who have reached Normal Service Retirement age are eligible to apply for the DROP program.
Ordinary Disability Retirement

If you feel you are unable to perform the duties of your current position due to a total and permanent disability not the result of an accident in the performance of duty and have completed five (5) years of creditable service, you may apply for Ordinary Disability Retirement. All members applying for disability retirement must submit to a medical review by the NERS Medical Board to complete the application process.

Accidental Disability Retirement

If you feel you are unable to perform the duties of your current position due to a total and permanent disability resulting from an accident in the performance of duty, and the injury is compensable under the Virginia Workers’ Compensation Act, you may apply for Accidental Disability Retirement. To apply for Accidental Disability retirement, the injury resulting in total and permanent disability MUST be compensable under the Virginia Workers’ Compensation Act. Therefore, before we take an application, the employee needs to be evaluated by the Office of Disability Management (Human Resources) to obtain written verification regarding compensability. All members applying for disability retirement must submit to a medical review by the NERS Medical Board to complete the application process.

7. What are the eligibility requirements for a Vested Service Retirement?

A NERS member who leaves service without retiring and has five (5) years of creditable service can apply for a Vested Retirement Benefit at the time they reach normal service retirement age.

8. How do I apply for retirement?

If you are ready to retire, make an application appointment with the Retirement Office. During your appointment, your eligibility will be reviewed and in the case that you are eligible you will be provided with an application packet. If you are unsure about your eligibility or have general questions regarding NERS and would like to meet with a benefits specialist, please contact the Retirement Office to make a pre-retirement appointment.

Part of the application process for non-disability retirements is choosing an effective date of retirement. Once eligible to submit an application, your chosen effective date of retirement cannot be less than 30 days or more than 90 days from the date on which you submit your application. All retirements are effective the first day of the month.
PRE-RETIREMENT
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Vested members no longer in service, who are eligible to receive a benefit, and are unable to visit the Retirement Office will be provided with an application packet. Vested members may contact the Retirement Office directly at (757) 664-4738 or via email, mailto:retirement@norfolk.gov.

9. How is my retirement benefit calculated?

For persons who became a member of NERS on or before June 30, 2018, NERS benefits are based on a multiple of your average final compensation (AFC). The AFC is an average of your highest earnable compensation for three (3) years.

For persons who became a member of NERS on or after July 1, 2018, NERS benefits are based on a multiple of your average final compensation (AFC). The AFC is an average of your highest earnable compensation for sixty (60) consecutive months.

Sick leave is added on as retirement service credit. You get 100% of your sick leave days added on as retirement service credit for the calculation of your NERS benefit. It is calculated based on a 22-day work month. Unused sick leave cannot be used to determine creditable service eligibility.

Unused annual leave does not count towards your retirement service credit. You will receive a lump sum payment from the City for your unused annual leave. Please contact your department payroll representative if you have questions.

Service Retirements (Excluding Accidental Disability Retirements)

Annual Retirement Benefit = Retirement Factor x (multiplied by) AFC

Retirement Factor = Years of Creditable Service at the time of retirement (multiplied by) Accrual Rate

Accrual Rates are as follows:

General employees entering the Retirement System before 7/1/80
2% per year (Up to a 35-year cap)

General employees entering the Retirement System after 7/1/80
1.75% per year (Up to a 35-year cap)
General employees receiving Early Service Retirement Reduced Benefit
0.25% reduction for each month benefit payments precede the date on which a Normal Service Retirement benefit would have been paid.

Public Safety employees
2.5% per year (Up to 65% of their average final compensation)

Public Safety employees receiving Early Service Retirement Reduced Benefit
0.50% reduction for each month benefit payments precede the date on which a Normal Service Retirement benefit would have been paid.

Example 1 – General Employee Normal Service Retirement

General employee (hired after 7/1/1980) retires with 30 years of creditable service and an AFC of $40,000.

Retirement Factor = 1.75% x 30 = 52.5%

Annual Retirement Benefit = Retirement Factor x AFC = 52.5% x $40,000 = $21,000

Example 2 – Sworn Public Safety Employee Normal Service Retirement

Sworn Public Safety employee (hired after 7/1/1980) retires with 25 years of creditable service and an AFC of $40,000.

Retirement Factor = 2.5% x 25 = 62.5%

Annual Retirement Benefit = Retirement Factor x AFC = 62.5% x $40,000 = $25,000

Accidental Disability Retirements

Annual Retirement Benefit = 66 2/3% x (multiplied by) AFC

The above are general guidelines regarding benefits. There may be special considerations depending on the retirement type. Benefit estimates tailored to your specific NERS profile are provided by the Retirement Office.
10. **May I purchase additional service to increase my retirement service years?**

The Retirement System allows Purchase of Service in the following circumstances:

(1) Federal Programs/Grants – You may purchase periods of full-time City employment completed under a program that did not include retirement service credit, i.e., special project, limited term, CETA, Model Cities, etc.

(2) Military Service – You may purchase up to four (4) years of active duty service in the U.S. armed forces.

(3) Non-ported Service – If you transferred service from VRS via the portability process, you may purchase up to four (4) years of any service that did not transfer.

You must be vested (five (5) years of creditable service) to purchase service. Also, your purchase cannot cause your total service years to exceed 35 years of service for General employees or 65% of AFC for Sworn Public Safety employees.

11. **Do I have to purchase Military Leave of Absence (LOA)?**

If you are an active employee and had period(s) of Military LOA, please provide a copy of your DD-214 form to the Retirement Office if you have not done so. We will review it and give you credit for this period of service if eligible. Please contact the Retirement Office for assistance.

12. **Does NERS allow portability of benefits with other retirement systems?**

NERS has entered into portability agreements with the Virginia Retirement System (VRS), Richmond Retirement System (RRS), Newport News Employees’ Retirement System (NNERS) and the Roanoke Employees’ Retirement System (ERS). These agreements allow you to transfer the actuarial value of your retirement benefits between plans.

Please note that a portability transfer does not necessarily result in a one for one transfer of service credit. The amount of service for which you receive credit will be actuarially determined. To apply for portability an employee must be vested in both the transferring plan and the accepting plan. The request for portability must made within 18 months of becoming vested in the accepting plan.
13. **Is there a mandatory retirement age?**

For Public Safety employees, the mandatory retirement age is 65.

14. **If I leave City employment without retiring, will my contributions be refunded to me?**

Mandatory contributions made on or after October 5, 2010, are not refundable after the employee vests in the System (five (5) years of creditable service). In the event of death or departure prior to retirement or vesting, mandatory contributions made may be rolled into a qualified individual retirement plan or refunded directly to you. Refunded contributions are subject to a 20% Federal withholding rate and for Virginia residents a 4% Virginia withholding rate. Additionally, refunded contributions may be subject to a 10% Federal tax penalty. In the event of a mandatory distribution greater than one thousand dollars ($1,000.00), if the member does not elect to have such distribution paid directly to an eligible retirement plan specified by the member in a direct rollover or to receive the distribution directly in accordance with this section, then the System will pay the distribution in a direct rollover to an individual retirement plan designated by the system administrator. In the event of a mandatory distribution is less than $1000.00, and the member does not elect to have such distribution paid directly to an eligible retirement plan specified by the member in a direct rollover or to receive the distribution directly in accordance with this section, the System will pay the distribution to the member with applicable taxes withheld.


15. **If I die while in active service, is there a death benefit payable?**

In the case of the death of an NERS member, a benefit is payable to the named beneficiary on file with NERS.

The benefit payable varies depending on: whether the death was ordinary or the result of an accident suffered in performance of duty, whether the named beneficiary is your spouse, and whether a member has reached normal or early service retirement age at the time of death.

As an active employee it is critical you have a named beneficiary on file with the Retirement Office. You can update your ordinary death benefit beneficiary via the PeopleSoft Service portal.

NERS offers financial security for your beneficiaries after you die. When you started with the City, you chose to name someone as your beneficiary (or beneficiaries) of your Norfolk
Employees’ Retirement System (NERS) Ordinary Death benefit. A beneficiary can be any person you choose to receive the benefits of your retirement account after you die. You may update or change your beneficiary(ies) or information at any time through PeopleSoft Self Service. Some of the more frequent reasons to change your beneficiary(ies) may be: • Marriage • Domestic partnership • Death of your beneficiary • Annulment of marriage • Divorce • Birth or Adoption of Children.

Members can update their beneficiary information as frequently as they would like without having to complete a form. Beneficiary allocated percentage needs to equal 100%, therefore if you have multiple beneficiaries please ensure the totals do not exceed 100%.

We encourage all members to log into Self-Service and review your NERS beneficiary(ies) information and make any necessary changes as soon as possible.

**PLEASE NOTE:** These ordinary death beneficiary(ies) changes are distinct from your life insurance benefit with the City. Any changes made will only impact your Norfolk Employees’ Retirement System Ordinary Death beneficiary(ies).

16. **Does the City of Norfolk provide a death benefit after retirement?**

In the case of the death of a retired NERS member, a benefit is payable to a surviving spouse or child who has not yet reached 18 years of age.

At the time of making an application for retirement there are death benefit options available to you. Make sure to consult with the Retirement Office and have a full understanding of your options before making an election.