North Carolina
Total Retirement Plans

Form **466**

Purchasing Retirement System Credit for Erroneously Omitted Service or Purchasing Contributions for Underreported Salary

Please print or type in black ink.

Section A. Tell us about yourself.

FIRST NAME	MI	LAST NAME		SUFFIX
MAILING ADDRESS				SSN
CITY	STATE	ZIP CODE	TELEPHONE NO.	MEMBER ID
E-MAIL ADDRESS				DATE OF BIRTH

Section B. Please indicate the Retirement System into which you last contributed.

This purchase type is available to you if you have maintained credit in one of the following systems:

☐ Teachers' and State Employees' Retirement System (TSERS)

☐ Local Governmental Employees' Retirement System (LGERS)

LAST EMPLOYER IN THIS SYSTEM

Section C. Please review the eligibility requirements specified by law for these purchases.

The following requirements must be met to purchase retirement credit for erroneously omitted service or for purchasing contributions for underreported compensation:

(1) The service/salary is older than 90 days (Employers should use regular reporting procedures to make any corrections for a period within 90 days of the omitted service or underreported compensation).

(2) The service/salary was eligible for participation in the Retirement System.

TSERS: You were full-time, working the number of hours per day, number of days per week, and number of months required of a permanent full-time employee in a similar position.

LGERS: You performed work on a schedule that regularly required at least 1,000 hours of work per year.

(3) You are not required to be a currently contributing member of the System in Section B and cannot be retired if purchasing erroneously omitted retirement system credit; however, if you are purchasing contributions for underreported compensation, your retirement status is not an eligibility requirement. If you do not meet all of the above requirements, do not submit this form.

See Form 470 for purchasing service credit for an LGERS waiting period.

Section D. Please list any periods which meet the requirements in Section C.

A separate form is required for each employer although you may list multiple periods for the employer.

1 For what employer were you working when the service/ salary was omitted?

EMPLOYER

2 What is the start date and end date of the period that meets the eligibility requirements given in Section C? What was your position title and last name?

START DATE | END DATE

POSITION TITLE | LAST NAME DURING THIS PERIOD

Section E. Please authorize with your signature the preparation of a cost statement.

I certify that I have read the Guides. I certify that the period(s) I gave in Section D meets the eligibility requirements stated in Section C. I certify that the information I have provided herein is accurate to the best of my knowledge and belief.

Signature _____ Date_____

Please give this form to the employer for whom you worked during your eligible period. This employer will complete Sections F and G and submit it to the Retirement Systems Division. After the Retirement Systems Division has received a properly completed form from the employer, the Retirement Systems Division will calculate your cost to purchase this service and will mail you a cost statement with further instructions.

Please continue to the next page.

Section F. Employer, please verify the employee's periods of unreported service/salary.

Employer, review the periods given in Section D and the requirements in Section C. Please provide the start date and end date of the period(s) that meets the requirements in Section C. (A start date is not necessarily a hire date, and an end date is not necessarily a termination date.)

1	**ELIGIBLE PERIOD:**	START DATE	END DATE	POSITION TITLE		
	RETIREMENT SERVICE TYPE:	☐ 9-month ☐ 10-month ☐ 11-month ☐ 12-month		**RETIREMENT SERVICE PERIOD:**	BEGINNING MONTH	ENDING MONTH
2	**ELIGIBLE PERIOD:**	START DATE	END DATE	POSITION TITLE		
	RETIREMENT SERVICE TYPE:	☐ 9-month ☐ 10-month ☐ 11-month ☐ 12-month		**RETIREMENT SERVICE PERIOD:**	BEGINNING MONTH	ENDING MONTH

3 If any part of the erroneously omitted service period occurred within the past 36 months, please provide the employee's underreported compensation and pay type (bonus, longevity, annual leave) for each month, except the three months prior to the submission of this form. (Reports and adjustments for the most recent three months should be made through typical employer reporting procedures.) Please provide the underreported salary for any periods.

	YEAR		**YEAR**		**YEAR**	
	AMOUNT	**PAY TYPE** (ex: reg, vac, long)	**AMOUNT**	**PAY TYPE** (ex: reg, vac, long)	**AMOUNT**	**PAY TYPE** (ex: reg, vac, long)
JAN						
FEB						
MAR						
APR						
MAY						
JUN						
JUL						
AUG						
SEP						
OCT						
NOV						
DEC						

Section G. Employer, please certify the information you have provided.

I have examined the personnel records of this unit, and I hereby certify that the information provided in Section F about the employee named in Section A is true and correct to the best of my knowledge. If any of this information changes, I will notify the Retirement Systems Division. See Guide B for employer cost responsibilities.

Employer Contact's Signature _____ Date_____

CONTACT FIRST NAME	CONTACT LAST NAME	POSITION TITLE	
EMPLOYER/AGENCY			UNIT NO.
E-MAIL ADDRESS		TELEPHONE NO.	FAX NO.

Thank you.

REV 20180321

MEMBER LAST NAME	MEMBER SSN

466

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Form **466 Guides**
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Guide A. Why should I purchase retirement credit?

The amount of your retirement benefit is directly related to how much retirement credit you have. Most retirement credit is earned by making contributions to the Retirement System while working and receiving pay from an employer covered by the Retirement System, but some circumstances exist where a purchase of credit is allowed by North Carolina retirement law and may be to your advantage. Form 466 addresses the purchase which may be allowable if you were obligated to make contributions and receive credit but the contributions were not made through some error [see G.S. 135-4(v) or 128-26(m)], or your salary was underreported [see G.S. 135-8(b2) or 128-30(b2)]. For other circumstances, see Guide D.

If this period of service meets the requirements given in Section C of this form, you may be interested in purchasing this retirement service credit. In some cases, the increase in retirement credit from a purchase will result in an increase to your retirement benefit. In other cases, a purchase of additional service will allow you to retire at an earlier age. It could also eliminate or reduce reduction factors that cause your retirement benefit to be reduced because of retirement at too young an age.

If you make a purchase, you are guaranteed that the cost of the purchase (less the $25 administrative fee for making the purchase) will be refunded to you if you decide to withdraw all of your service and contributions from the Retirement System at a later date. Similarly, if you die before retiring, or you die in retirement but before receiving benefits equaling the contributions and purchases you made, your beneficiary(ies) will be entitled to the undistributed contributions and purchases. (No contributions or purchase amounts provided by your employer will be refunded to you.)

Guide B. How do I get a cost statement? What will it say?

First, you must complete sections A through E of this form. Next, route it to the employer you worked for during the omitted or underreported period to complete sections F and G. This employer should submit the completed form to the Retirement Systems Division to verify your eligibility to purchase and then prepare a cost statement. The cost statement gives the cost of the purchase, how much credit it represents, and whether the law permits you to purchase part or all of the eligible period.

Amount of Cost

North Carolina law specifies the methods for determining the cost of credit for an eligible period. The cost of this purchase depends on how long ago your contributions were erroneously omitted or your salary was underreported.

Employers should use regular salary and contributions reporting procedures to make any corrections for a period within 90 days of the omitted service or underreported salary.

Erroneously Omitted Service Purchase Cost

For omitted service, the entire cost is your responsibility.

If your period occurred across the two legally designated time frames described below, your eligible period will be split and costs calculated accordingly.

(1) If payment for omitted service is to be made after 90 days, but within three years of the omitted period: The cost is the actual amount of your salary during the period of time omitted times the employee and employer contribution rates in effect during the period of time omitted, plus interest at a rate equal to the greater of (a) the average yield of the pension accumulation fund for the preceding calendar year or (b) the actuarial investment rate-of-return assumption as adopted by the Board of Trustees, compounded annually, from the beginning date of omission to the date of repayment.

(2) If payment for omitted service is to be made more than three years after the omitted period: The cost of this purchase is the actuarial cost, which is calculated under the same assumptions of interest rates and salary progression as used in the actuarial valuation of the System's liabilities, also taking into account the larger retirement benefit as a result of the purchase starting at the earliest age a member could retire on an unreduced retirement benefit. **To get a quick estimate of the cost, use the Service Purchase Estimator available at www.myncretirement.com**. Additionally, this purchase requires a $25 administrative fee, which is itemized in the cost statement.

The employer may pay any portion of the omitted service purchase cost as long as the employer does not discriminate against any other employees by making this payment.

Underreported Salary Purchase Cost

For underreported salary, the employer is required to pay the employer portion of the cost.

If payment for underreported salary is made more than 90 days after the underreported period:

The cost is the actual amount of your underreported salary times the employee and employer contribution rates in effect during the period your salary was underreported, plus interest at a rate equal to the greater of (a) the average yield of the pension accumulation fund for the preceding calendar year or (b) the actuarial investment rate-of-return assumption as adopted by the Board of Trustees, compounded annually, from the beginning date of underreported salary to the date of repayment.

The employer may pay any portion of the employee interest cost for underreported compensation as long as the employer does not discriminate against any other employees by making this payment.

Please continue to the next page.

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Guide B. Continued.

Amount of Credit

The amount of credit you receive depends upon the *retirement service type* in which you were employed. The retirement service type is determined by counting the total number of months in the regular term of annual employment for an eligible position. Certain community college, school system, and university personnel work under a regular term of annual employment other than the typical 12-month period; these employees spend a length of time working that is shorter than one calendar year, but it is regarded as one year of experience (or credit).

- If you were under a 12-month regular term of annual employment, you will be awarded 1/12 years of service credit for each month of the eligible period.
- If you were under a different regular term of annual employment, you will receive the amount of credit for that month (1/9, 1/10, or 1/11 years of service) that you would have received had you been contributing to the Retirement System during your eligible period.

For omitted service category (2) purchased at actuarial cost, you may choose to purchase all of your eligible credit or you may purchase a portion of it in increments.

Expiration Date of Statement

All cost statements have an expiration date. If you do not make the purchase by that date, the cost of the purchase will have to be recalculated based on the cost method specified by law for the purchase.

FOR THE EMPLOYER: *When verify the employee's periods of unreported service/salary.*

Retirement credit to be purchased will be counted based on each month a member renders eligible service and receives pay. For *retirement service period*, report the actual beginning month and ending month of the employee's regular term of annual employment. For *retirement service type*, report the total of all months during the retirement service period. Certain community college, school system, and university employees have retirement service periods that are less than 12 months annually. For example, a teacher with a retirement service period beginning in August and ending in June is an 11-month retirement service type employee. If the eligible period includes specially-funded service with a program such as CETA or Head Start, report the program name beside the position title.

Guide C. After I receive my cost statement, how do I make a purchase?

Study the impact this purchase may have on your retirement benefit. You may visit www.myncretirement.com to use a web benefits estimator and/or refer to your online member handbook to estimate your retirement benefits with and without the purchase. Or, you may request that the Retirement Systems Division prepare an estimate of retirement benefits for you, a process that generally takes 60 days.

If you choose to make the purchase, you may use pre-tax money from an eligible retirement plan or IRA to make the purchase (see and prepare Form 398 available at www.myncretirement.com). In that case, your plan administrator will give you a check to forward to the Retirement Systems Division. Otherwise, you and perhaps your employer will provide a check to the Retirement Systems Division. All checks for one purchase must be received together. Under certain and limited circumstances, your beneficiary(ies) may complete the purchase process if your death occurs while you are waiting for or evaluating a cost statement.

Guide D. What other types of purchases may be available?

North Carolina retirement law recognizes that you, a participant in one of North Carolina's Retirement Systems, may not have had the opportunity to make contributions and receive credit for certain periods in your public service career. The following list generally describes other circumstances for which a purchase may be allowed.

- Your employer was not eligible to participate in a Retirement System, but you have public service (federal, federally-funded, military, or out-of-state service) that you may be eligible to purchase.
- Your employer did not participate in a System, although it was eligible.
- Your employer did participate in a Retirement System, but your position was not eligible for participation at the time.
- You are or were participating in the Retirement System with your employer, but a life or career event caused your service to be interrupted over a period during which you did not work and make contributions.
- You withdrew your service credit and contributions from the Retirement System, but you wish to restore that credit following a return to contributing service for five years.

Not all purchase types are available in all systems.

Visit ORBIT to download the appropriate form, or contact us at the address or telephone number below for further guidance.

Thank you.

N.C. Department of State Treasurer, Retirement Systems Division
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