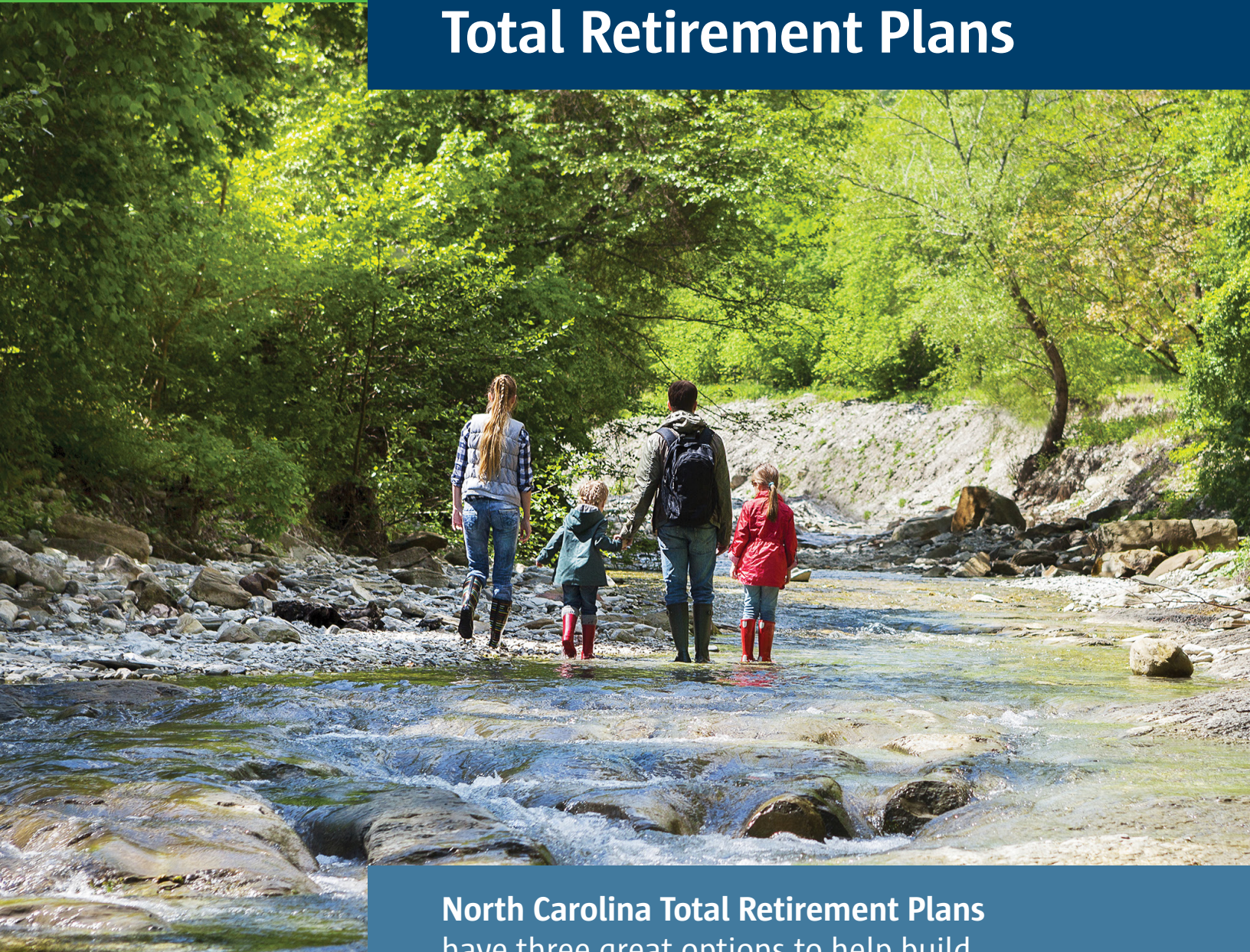


# The North Carolina Total Retirement Plans



**North Carolina Total Retirement Plans**  
have three great options to help build  
retirement savings.



**North Carolina**  
Total Retirement Plans  
401k|457|403b



*Dale R. Folwell, CPA*  
STATE TREASURER OF NORTH CAROLINA  
DALE R. FOLWELL, CPA



Saving for Retirement

Saving for retirement is an important step toward living out a financially secure future. As a public employee in North Carolina, you are fortunate to have the NC Total Retirement Plans available to you. While they are similar in many ways, there are some unique differences between the three plans, as the chart below illustrates.

Provision	NC 457 Plan		NC 401(k) Plan*		NC 403(b) Program*	
	Traditional Pre-Tax Contributions	Roth After-Tax Contributions	Traditional Pre-Tax Contributions	Roth After-Tax Contributions	Traditional Pre-Tax Contributions	Roth After-Tax Contributions
Eligibility	<ul style="list-style-type: none"><li>• Employer offers NC 457 Plan</li><li>• Full-time, temporary or part-time employees</li><li>• Elected or appointed officials</li><li>• Rehired retired employees</li></ul>		Contributing members to one of the North Carolina public employees Retirement Systems, including: <ul style="list-style-type: none"><li>• Teachers’ and State Employees’ Retirement System (TSERS)</li><li>• Local Governmental Employees’ Retirement System (LGERS)</li><li>• Legislative Retirement System</li><li>• Consolidated Judicial Retirement System</li></ul>		Eligibility is determined by your school district or community college. For the most part, full-time, temporary, or part-time employees working more than 20 hours per week are eligible.	
Contributions	<ul style="list-style-type: none"><li>• Pre-tax contributions and/or Roth after-tax contributions</li><li>• Made by payroll deduction</li><li>• No minimum</li><li>• Maximum is \$19,500 in 2021 (amount is not reduced by rollovers into the plan from other eligible retirement plans)</li></ul>		<ul style="list-style-type: none"><li>• Pre-tax contributions and/or Roth after-tax contributions</li><li>• Made by payroll deduction</li><li>• No minimum</li><li>• Maximum is \$19,500 in 2021 (amount is not reduced by rollovers into the plan from other eligible retirement plans)</li></ul>		<ul style="list-style-type: none"><li>• Pre-tax contributions and/or Roth after-tax contributions</li><li>• Made by payroll deduction</li><li>• No minimum</li><li>• Maximum is \$19,500 in 2021 (amount is not reduced by rollovers into the plan from other eligible retirement plans)</li></ul>	
Age 50+ Catch-Up Contributions	If age 50 or older by December 31, 2021, the member may contribute an additional \$6,500 to the plan for a total maximum deferral of \$26,000 in 2021. <i>Cannot be used in conjunction with the three-year catch-up contribution.</i>		If age 50 or older by December 31, 2021, the member may contribute an additional \$6,500 to the plan for a total maximum deferral of \$26,000 in 2021.** **Limit is for total combined contributions.		If age 50 or older by December 31, 2021, the member may contribute an additional \$6,500 to the plan for a total maximum deferral of \$26,000 in 2021.** **Limit is for total combined contributions.	
Additional Catch-Up Contributions	Available to members who are within three years of the taxable year in which normal retirement age is attained and who did not contribute the maximum allowed in prior years. Maximum contribution is \$39,000 in 2021.  <i>Cannot be used in conjunction with the age 50+ catch-up provision.</i>		Not available		If permitted by your district, for an employee who has at least 15 years of service with a public school system, his or her 403(b) elective deferral limit is increased by the lesser of: <ul style="list-style-type: none"><li>• \$3,000,</li><li>• \$15,000, reduced by the amount of additional elective deferrals made in prior years because of this rule, or</li><li>• \$5,000 times the number of the employee’s years of service for the organization, minus the total elective deferrals made for earlier years.</li></ul> If an employee qualifies for the 15-year rule, his or her elective deferrals under this limit can be as high as \$21,500 for 2021.	
Employer Contributions	Employer contributions, if applicable, <b>reduce</b> the annual maximum employee contribution allowance.		Employer contributions, if applicable, <b>do not reduce</b> the annual maximum employee contribution allowance.		Employer contributions, if applicable, <b>do not reduce</b> the annual maximum employee contribution allowance.	
Saver’s Credit	A nonrefundable tax credit is available to eligible taxpayers who make contributions to qualifying retirement plan(s). Depending on the member’s adjusted gross income (AGI), the credit ranges from 10% to 50% of the first \$2,000 in eligible contributions. Generally, this credit would be available to joint filers with an AGI of up to \$66,000, head-of-household filers with an AGI of up to \$49,500, and single filers with an AGI of up to \$33,000. (Source: <a href="https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-savings-contributions-savers-credit">https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-savings-contributions-savers-credit</a> )					
Rollovers Into the Plan	Pre-tax rollovers are accepted from eligible retirement plans, including 401(k), 401(a), 403(b) and governmental 457(b) plans; and many individual retirement accounts (IRAs), including Traditional, Rollover (Conduit), SEP and SIMPLE plans.	Roth after-tax rollovers are accepted from eligible retirement plans such as governmental 457(b), 401(k) and 403(b) plans, but not from Roth IRAs.	Pre-tax rollovers are accepted from eligible retirement plans, including 401(k), 401(a), 403(b) and governmental 457(b) plans; and many individual retirement accounts (IRAs), including Traditional, Rollover (Conduit), SEP and SIMPLE plans.	Roth after-tax rollovers are accepted from eligible retirement plans such as Roth 401(k), Roth 403(b) and Roth 457 plans, but not from Roth IRAs.	Pre-tax rollovers are accepted from eligible retirement plans, including 401(k), 401(a), 403(b) and governmental 457(b) plans and some individual retirement accounts (IRAs), including Traditional, SEP and SIMPLE plans.	Roth after-tax rollovers are accepted from eligible retirement plans such as Roth 401(k), Roth 403(b) and Roth 457 plans, but not from Roth IRAs.
Loan Provision¹	Loans may be taken for any reason, provided funds are available in the member’s account, and are repaid with interest through payroll deduction(s). With general-purpose loans, members may take up to five years to repay with no prepayment penalty. Only one loan may be outstanding at a time.				Loan availability is determined by your school district or community college. Contact your HR/Benefits office for further information.	

¹An outstanding loan balance not paid back at termination is taxable in the year of the default. Under the Tax Cuts and Jobs Act of 2017, for defaults related to termination of employment after 2017, the individual has until the due date of that year’s return (including extensions) to roll over this amount to an IRA or qualified employer plan.

Joining the NC 457 Plan, NC 401(k) Plan or NC 403(b) Program is a wise choice. So start saving for your future today!



Provision	NC 457 Plan		NC 401(k) Plan*		NC 403(b) Program*	
	Traditional Pre-Tax Contributions	Roth After-Tax Contributions	Traditional Pre-Tax Contributions	Roth After-Tax Contributions	Traditional Pre-Tax Contributions	Roth After-Tax Contributions
Hardship/ Unforeseen Emergency Withdrawals	Available in the following circumstances: <ul style="list-style-type: none"><li>• For medical expenses not covered by insurance for the member, spouse or dependents</li><li>• To prevent eviction from or foreclosure on a primary residence</li><li>• To cover funeral/burial expenses for the member’s immediate family member</li><li>• To repair damage to the member’s principal residence that qualifies as a casualty deduction</li></ul>		Available in the following circumstances, as defined by the IRS: <ul style="list-style-type: none"><li>• For medical expenses not covered by insurance for the member, spouse or dependents</li><li>• To provide a down payment on a primary residence</li><li>• For college tuition, room, board and some related educational expenses for the member, spouse or dependents</li><li>• To prevent eviction from or foreclosure on a primary residence</li><li>• To cover funeral/burial expenses for a member’s immediate family member</li><li>• To repair damage to the member’s principal residence that qualifies as a casualty deduction</li></ul>		Available in the following circumstances, as defined by the IRS: <ul style="list-style-type: none"><li>• For medical expenses not covered by insurance for the member, spouse or dependents</li><li>• To provide a down payment on a primary residence</li><li>• For college tuition, room, board and some related educational expenses for the member, spouse or dependents</li><li>• To prevent eviction from or foreclosure on a primary residence</li><li>• To cover funeral/burial expenses for a member’s immediate family member</li><li>• To repair damage to the member’s principal residence that qualifies as a casualty deduction</li></ul>	
Withdrawals & Rollovers While Employed	<ul style="list-style-type: none"><li>• Available upon reaching age 59½</li><li>• Upon transfer to the NC Retirement System to purchase service credit, if eligible for purchase</li><li>• Allowed if the account balance is less than \$5,000 and no contributions have been made for a period of two years</li></ul>	<ul style="list-style-type: none"><li>• Available upon reaching age 59½, and to receive favorable tax treatment, the first contribution must be at least five years old</li><li>• Allowed if the account balance is less than \$5,000 and no contributions have been made for a period of two years</li></ul>	<ul style="list-style-type: none"><li>• Available upon reaching age 59½</li><li>• Allowed upon transfer to the NC Retirement System to purchase service credit, if eligible for purchase</li></ul>	<ul style="list-style-type: none"><li>• Available upon reaching age 59½ and to receive favorable tax treatment, the first contribution must be at least five years old</li></ul>	<ul style="list-style-type: none"><li>• Available upon reaching age 59½</li><li>• Allowed upon transfer to the NC Retirement System to purchase service credit, if eligible for purchase</li></ul>	<ul style="list-style-type: none"><li>• Available upon reaching age 59½ and to receive favorable tax treatment, the first contribution must be at least five years old</li></ul>
Options Upon Termination or Retirement²	<ul style="list-style-type: none"><li>• Leave funds in the plan(s), subject to federal rules on required minimum distributions</li><li>• Begin making withdrawals (lump sum, partial payments or systematic payout options)</li><li>• Annuitize all or a portion</li><li>• Roll all or a portion of the balance to another qualified retirement plan or IRA</li><li>• At or after retirement, members may transfer all or a portion of pre-tax account balance to NC TSERS or NC LGERS, where it can be paid as a monthly benefit for your lifetime and/or the lifetime of your designated survivor</li></ul>	<ul style="list-style-type: none"><li>• Leave funds in the plan, subject to federal rules on required minimum distributions</li><li>• Begin making withdrawals (lump sum, partial payments or systematic payout options)</li><li>• Roll all or a portion of the balance to another Roth 401(k), Roth 457, Roth IRA or Roth 457</li></ul>	<ul style="list-style-type: none"><li>• Leave funds in the plan, subject to federal rules on required minimum distributions</li><li>• Begin making withdrawals (lump sum, partial payments or systematic payout options)</li><li>• Roll all or a portion of the balance to another qualified retirement plan or IRA</li><li>• At or after retirement, members may transfer all or a portion of pre-tax account balance to NC TSERS or NC LGERS, where it can be paid as a monthly benefit for your lifetime and/or the lifetime of your designated survivor</li></ul>	<ul style="list-style-type: none"><li>• Leave funds in the plan, subject to federal rules on required minimum distributions</li><li>• Begin making withdrawals (lump sum, partial payments or systematic payout options)</li><li>• Roll all or a portion of the balance to another Roth 401(k), Roth 457, Roth 403(b) or Roth IRA</li></ul>	<ul style="list-style-type: none"><li>• Leave funds in the plan, subject to federal rules on required minimum distributions</li><li>• Begin making withdrawals (lump sum, partial payments or systematic payout options)</li><li>• Roll all or a portion of the balance to another qualified retirement plan or IRA</li><li>• At or after retirement, members may transfer all or a portion of pre-tax account balance(s) to NC TSERS or NC LGERS, where it can be paid as a monthly benefit for your lifetime and/ or the lifetime of your designated survivor. This option is available through the NC 401(k) or NC 457 Plans only at this time²</li></ul>	<ul style="list-style-type: none"><li>• Leave funds in the plan, subject to federal rules on required minimum distributions</li><li>• Begin making withdrawals (lump sum, partial payments or systematic payout options)</li><li>• Roll all or a portion of the balance to another Roth 401(k), Roth 457, Roth 403(b) or Roth IRA</li></ul>

² Please note that if you terminate from service, requests for withdrawals or distributions from your account (not associated with retirement) will not be processed for 60 days.

² TSERS or LGERS members with NC 403(b) accounts can take advantage of the Transfer Benefit option by first establishing an NC 401(k) or NC 457 Plan account, and transferring all or part of the NC 403(b) account balance(s) into this account.

Provision	NC 457 Plan		NC 401(k) Plan*		NC 403(b) Program*	
	Traditional Pre-Tax Contributions	Roth After-Tax Contributions	Traditional Pre-Tax Contributions	Roth After-Tax Contributions	Traditional Pre-Tax Contributions	Roth After-Tax Contributions
<b>Tax Considerations</b>	<ul style="list-style-type: none"> <li>Withdrawals of pre-tax funds are subject to federal and state income taxes for the year in which the distribution(s) is/are processed</li> <li>Rollovers to other qualified plans or IRAs are not taxable events</li> </ul>	Contributions are NOT taxed when withdrawn Withdrawals of earnings are subject to federal or state income taxes unless: <ul style="list-style-type: none"> <li>The first Roth contribution has been in the account for at least five tax years</li> <li>The member is 59½ or older, disabled or deceased</li> </ul>	<ul style="list-style-type: none"> <li>Withdrawals of pre-tax funds are subject to federal and state income taxes for the year in which the distribution(s) is/are processed</li> <li>Rollovers to other qualified plans or IRAs are not taxable events</li> </ul>	Contributions are NOT taxed when withdrawn Withdrawals of earnings are subject to federal or state income taxes unless: <ul style="list-style-type: none"> <li>The first Roth contribution has been in the account for at least five tax years</li> <li>The member is 59½ or older, disabled or deceased</li> </ul>	<ul style="list-style-type: none"> <li>Withdrawals of pre-tax funds are subject to federal and state income taxes for the year in which the distribution(s) is processed</li> <li>Rollovers to other qualified plans or IRAs are not taxable events</li> </ul>	Contributions are NOT taxed when withdrawn Withdrawals of earnings are subject to federal or state income taxes unless: <ul style="list-style-type: none"> <li>The first Roth contribution has been in the account for at least five tax years</li> <li>The member is 59½ or older, disabled or deceased</li> </ul>
<b>Additional Tax Penalties on Withdrawals</b>	Regardless of age at withdrawal, generally no additional penalties will apply	Regardless of age at withdrawal, generally no additional penalties will apply	Withdrawals prior to age 59½ may be subject to an additional 10% federal income tax penalty. This penalty can be avoided if the member: <ul style="list-style-type: none"> <li>Separates from service in the calendar year they turn age 55, or later</li> <li>Elects to receive substantially equal payments based on life expectancy</li> <li>Is disabled or deceased</li> <li>Is deemed a qualified public safety employee and separates from service in or after the year they turn age 50</li> </ul>	Withdrawals of earnings prior to age 59½ may be subject to an additional 10% federal income tax penalty. This penalty can be avoided if the member: <ul style="list-style-type: none"> <li>Separates from service in the calendar year they turn age 55, or later</li> <li>Elects to receive substantially equal payments based on life expectancy</li> <li>Is disabled or deceased</li> <li>Is deemed a qualified public safety employee and separates from service in or after the year they turn age 50</li> </ul>	Withdrawals prior to age 59½ may be subject to an additional 10% federal income tax penalty. This penalty can be avoided if the member: <ul style="list-style-type: none"> <li>Separates from service in the calendar year they turn age 55, or later</li> <li>Elects to receive substantially equal payments based upon life expectancy</li> <li>Is disabled or deceased</li> <li>Transfers funds to the Retirement System</li> </ul>	Withdrawals of earnings prior to age 59½ may be subject to an additional 10% federal income tax penalty. This penalty can be avoided if the member: <ul style="list-style-type: none"> <li>Separates from service in the calendar year they turn age 55, or later</li> <li>Elects to receive substantially equal payments based on life expectancy</li> <li>Is disabled or deceased</li> </ul>
<b>Required Minimum Distributions</b>	The federal government dictates that minimum withdrawals must begin by age 70½ (72 for those who reach 70½ after December 31, 2019), provided the member is no longer employed by the sponsoring employer. Failure to receive this annual required minimum distribution (RMD) may result in significant tax penalties.					

**Where can you go for information?**  
**Call 866-NCPlans (866-627-5267) toll-free, or visit [NCPlans.prudential.com](https://www.ncplans.prudential.com).**

\*Amounts withdrawn before age 59½ may be subject to a 10% federal income tax penalty, applicable taxes and plan restrictions. Withdrawals are taxed at ordinary income tax rates. Neither Prudential Financial nor any of its representatives are tax or legal advisors and encourage you to consult your individual legal or tax advisor with any specific questions. Rollover assets may be assessed fees or other surrender charges. Please contact the current account provider for this information.

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For the NC 403(b) Program, shares of the registered mutual funds are offered through Prudential Investment Management Services LLC (PIMS), Newark, NJ, a Prudential Financial company. Retirement Education Counselors are registered representatives of PIMS.

Prudential Retirement provides the communications and recordkeeping services for the NC 401(k) and NC 457 Plans and the NC 403(b) Program. With the exception of the NC Stable Value Fund and the NC Fixed Income Fund, the investments offered to you within the NC 401(k) and NC 457 Plans are not offered by or affiliated with Prudential Financial or any of its companies or businesses. Prudential Retirement is a Prudential Financial business.

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