



STATE OF NORTH CAROLINA
DEPARTMENT OF STATE TREASURER
RETIREMENT SYSTEMS DIVISION

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401(k) Transfers for Retirement Service Credit Available in October

Plan members can transfer funds from 401(k) to Retirement System, starting October 1

The Board of Trustees of the Teachers' and State Employees' Retirement System and the Local Governmental Employees' Retirement System cleared the way on July 24 for active members of the Systems, under the age of 59 ½, to use NC 401(k) Plan funds to purchase retirement service credit. Beginning in October, members can purchase service credits, such as withdrawn retirement service, military service or out-of-state service, with funds from their 401(k) accounts. The Board action followed a private letter ruling by the U.S. Internal Revenue Service, which granted active employees permission to transfer monies from their NC 401(k) accounts to the Retirement System for this purpose.

Active employees can take advantage of this option beginning October 1, after record keeping for the NC 401(k) Plan has transitioned from BB&T to Prudential Retirement. Members in urgent need of a transfer may contact BB&T to access this service anytime before August 22. An urgent need is defined as a member who:

- 1) Received a cost statement for retirement service credit that expires before October 1; or
- 2) Plans to retire in August, September or October and needs to purchase service credit.

Members who meet these criteria should contact BB&T at 1-800-722-4015.

In 2001, the Federal Economic Growth and Tax Relief Reconciliation Act permitted transfers from 403(b) Plans and 457 Plans to governmental defined benefits plans, like the State and Local Retirement Systems. Since 401(k) Plans were omitted from the legislation, the Retirement System was forced to seek an independent ruling from the IRS on the matter. The IRS returned the favorable ruling on June 4, 2003.

Members interested in transferring funds from their NC 401(k) accounts to purchase service credits should contact Prudential Retirement at 1-866-NC-PLANS or ncplans@prudential.com after October 1. Before a transfer can be made, the member must have a cost statement for the service from the Retirement System. A cost statement can be obtained by calling the System's member services section at 919-733-4191 or by emailing nc.retirement@treasurer.state.nc.us.

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