

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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HOUSE BILL 1522

Short Title: Local/State Purchase of Service.

(Public)

Sponsors: Representative Miner.

Referred to: Pensions & Retirement, if favorable, Appropriations.

May 27, 1998

A BILL TO BE ENTITLED

1 AN ACT TO ALLOW MEMBERS OF THE LOCAL GOVERNMENTAL
2 EMPLOYEES' RETIREMENT SYSTEM TO PURCHASE SERVICE RENDERED
3 AS A PART-TIME TEACHER OR STATE EMPLOYEE AND TO ALLOW
4 MEMBERS OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT
5 SYSTEM TO PURCHASE SERVICE RENDERED AS A LOCAL
6 GOVERNMENTAL EMPLOYEE.
7

8 The General Assembly of North Carolina enacts:

9 Section 1. G.S. 128-26(p)(1) reads as rewritten:

10 "(1) Notwithstanding any other provision of this Chapter, upon completion
11 of five years of membership service, any member may purchase service
12 previously rendered as a part-time employee of a participating employer
13 as defined in ~~G.S. 128-21(11)~~, G.S. 128-21(11) or G.S. 135-1(11), except
14 for temporary or part-time service rendered while a full-time student in
15 pursuit of a degree or diploma in a degree-granting program. Payment
16 shall be made in a single lump sum in an amount equal to the full
17 actuarial cost of providing credit for the service, together with interest
18 and an administrative fee, as determined by the Board of Trustees on the
19 advice of the Retirement System's actuary. Notwithstanding the
20 provisions of G.S. 128-26(b), the Board of Trustees shall fix and

1 determine by appropriate rules and regulations how much service in any
2 year, as based on compensation, is equivalent to one year of service in
3 proportion to "earnable compensation", but in no case shall more than
4 one year of service be creditable for all service in one year.
5 Notwithstanding the foregoing provisions of this subdivision that
6 provide for the purchase of service credits, the terms "full cost", "full
7 liability", and "full actuarial cost" include assumed annual post-
8 retirement allowance increases, as determined by the Board of Trustees,
9 from the earliest age at which a member could retire on an unreduced
10 service allowance."

11 Section 2. G.S. 128-26(r) reads as rewritten:

12 "(r) Credit at Full Cost for Temporary ~~Local~~ Government Employment. –
13 Notwithstanding any other provisions of this Chapter, any member may purchase
14 creditable service for ~~local~~ government employment when classified as a temporary
15 employee subject to the conditions that:

- 16 (1) The member was employed by an employer as defined in ~~G.S. 128-~~
17 ~~21(11);~~ G.S. 128-21(11) or G.S. 135-1(11);
- 18 (2) The member's temporary employment met all other requirements of ~~G.S.~~
19 ~~128-21(10);~~ G.S. 128-21(10), or G.S. 135-1(10) or (25);
- 20 (3) The member has completed five years or more of membership service;
- 21 (4) The member acquires from the employer such certifications of
22 temporary employment as are required by the Board of Trustees; and
- 23 (5) The member makes a lump sum payment into the Annuity Savings Fund
24 equal to the full liability of the service credits calculated on the basis of
25 the assumptions used for purposes of the actuarial valuation of the
26 retirement system's liabilities, and the calculation of the amount payable
27 shall take into account the retirement allowance arising on account of
28 the additional service credit commencing at the earliest age at which the
29 member could retire on an unreduced retirement allowance, as
30 determined by the Board of Trustees upon the advice of the actuary,
31 plus an administrative fee to be determined by the Board of Trustees.
32 Notwithstanding the foregoing provisions of this subdivision that
33 provide for the purchase of service credits, the terms "full cost", "full
34 liability", and "full actuarial cost" include assumed annual post-
35 retirement allowance increases, as determined by the Board of Trustees,
36 from the earliest age at which a member could retire on an unreduced
37 service allowance."

38 Section 3. G.S. 135-4(p1)(1) reads as rewritten:

- 39 "(1) Notwithstanding any other provision of this Chapter, upon completion
40 of five years of membership service, any member may purchase service
41 previously rendered as a part-time teacher or employee of ~~the State, an~~
42 employer as defined in G.S. 135-1(11) or G.S. 128-21(11), except for
43 temporary or part-time service rendered while a full-time student in

1 pursuit of a degree or diploma in a degree-granting program. Payment
2 shall be made in a single lump sum in an amount equal to the full
3 actuarial cost of providing credit for the service, together with interest
4 and an administrative fee, as determined by the Board of Trustees on the
5 advice of the Retirement System's actuary. Notwithstanding the
6 provisions of G.S. 135-4(b), the Board of Trustees shall fix and
7 determine by appropriate rules and regulations how much service in any
8 year, as based on compensation, is equivalent to one year of service in
9 proportion to "earnable compensation", but in no case shall more than
10 one year of service be creditable for all service in one year. Service
11 rendered for the regular school year in any district shall be equivalent to
12 one year's service. Notwithstanding the foregoing provisions of this
13 subdivision that provide for the purchase of service credits, the terms
14 "full cost", "full liability", and "full actuarial cost" include assumed
15 annual post-retirement allowance increases, as determined by the Board
16 of Trustees, from the earliest age at which a member could retire on an
17 unreduced service allowance."

18 Section 4. G.S. 135-4(s) reads as rewritten:

19 "(s) Credit at Full Cost for Temporary ~~State~~ Employment. – In addition to the
20 provisions of subsection (p) above, any member may purchase creditable service for State
21 employment when classified as a temporary teacher or employee subject to the conditions
22 that the:

- 23 (1) Member was employed by an employer as defined in ~~G.S. 135-1(11);~~
24 G.S. 135-1(11) or G.S. 128-21(11);
- 25 (2) Member's temporary employment met all other requirements of G.S.
26 135-1(10) ~~or (25); or (25),~~ or G.S. 128-21(10);
- 27 (3) Member has completed five years or more of membership service;
- 28 (4) Member acquires from the employer such certifications of temporary
29 employment as are required by the Board of Trustees; and
- 30 (5) Member makes a lump sum payment into the Annuity Savings Fund
31 equal to the full liability of the service credits calculated on the basis of
32 the assumptions used for purposes of the actuarial valuation of the
33 Retirement System's liabilities and shall take into account the retirement
34 allowance arising on account of the additional service credit
35 commencing at the earliest age at which the member could retire on an
36 unreduced retirement allowance, as determined by the Board of Trustees
37 upon the advice of the actuary, plus an administrative expense fee to be
38 determined by the Board of Trustees. Notwithstanding the foregoing
39 provisions of this subdivision that provide for the purchase of service
40 credits, the terms "full cost", "full liability", and "full actuarial
41 cost" include assumed annual post-retirement allowance increases, as
42 determined by the Board of Trustees, from the earliest age at which a
43 member could retire on an unreduced service allowance.

1 The provisions of this subsection shall also apply to the purchase of creditable service for
2 State employment when classified as a permanent hourly employee in accordance with
3 G.S. 126-5(c4)."

4 Section 5. This act becomes effective July 1, 1998.