

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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SENATE BILL 1463\*

Pensions & Retirement and Insurance Committee Substitute Adopted 6/29/98

Short Title: 1998 Retirement Benefits Act.

(Public)

Sponsors:

Referred to: Appropriations.

May 28, 1998

A BILL TO BE ENTITLED

AN ACT TO ENHANCE THE RETIREMENT BENEFITS PAYABLE FROM THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE CONSOLIDATED JUDICIAL RETIREMENT SYSTEM, THE LEGISLATIVE RETIREMENT SYSTEM, AND THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM.

The General Assembly of North Carolina enacts:

Section 1. G.S. 135-5 is amended by adding a new subsection to read:

"(eee)From and after July 1, 1998, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 1997, shall be increased by two and one-half percent (2.5%) of the allowance payable on June 1, 1998, in accordance with G.S. 135-5(o). Furthermore, from and after July 1, 1998, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 1997, but before June 30, 1998, shall be increased by a prorated amount of two and one-half percent (2.5%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 1997, and June 30, 1998."

Section 2. G.S. 135-65 is amended by adding a new subsection to read:

1        "(s) From and after July 1, 1998, the retirement allowance to or on account of  
2 beneficiaries whose retirement commenced on or before July 1, 1997, shall be increased  
3 by two and one-half percent (2.5%) of the allowance payable on June 1, 1998.  
4 Furthermore, from and after July 1, 1998, the retirement allowance to or on account of  
5 beneficiaries whose retirement commenced after July 1, 1997, but before June 30, 1998,  
6 shall be increased by a prorated amount of two and one-half percent (2.5%) of the  
7 allowance payable as determined by the Board of Trustees based upon the number of  
8 months that a retirement allowance was paid between July 1, 1997, and June 30, 1998."

9        Section 3. G.S. 120-4.22A is amended by adding a new subsection to read:

10        "(m) In accordance with subsection (a) of this section, from and after July 1, 1998,  
11 the retirement allowance to or on account of beneficiaries whose retirement commenced  
12 on or before January 1, 1998, shall be increased by two and one-half percent (2.5%) of  
13 the allowance payable on June 1, 1998. Furthermore, from and after July 1, 1998, the  
14 retirement allowance to or on account of beneficiaries whose retirement commenced after  
15 January 1, 1998, but before June 30, 1998, shall be increased by a prorated amount of two  
16 and one-half percent (2.5%) of the allowance payable as determined by the Board of  
17 Trustees based upon the number of months that a retirement allowance was paid between  
18 January 1, 1998, and June 30, 1998."

19        Section 3.1. G.S. 128-27(b16) reads as rewritten:

20        "(b16) Service Retirement Allowance of Member Retiring on or after July 1,  
21 1997-1997, but before July 1, 1998. – Upon retirement from service in accordance with  
22 subsection (a) or (a1) above, on or after July 1, 1997, but before July 1, 1998, a member  
23 shall receive the following service retirement allowance:

24        (1) A member who is a law enforcement officer or an eligible former law  
25        enforcement officer shall receive a service retirement allowance  
26        computed as follows:

27        a. If the member's service retirement date occurs on or after his  
28        55th birthday, and completion of five years of creditable service  
29        as a law enforcement officer, or after the completion of 30 years  
30        of creditable service, the allowance shall be equal to one and  
31        seventy-six hundredths percent (1.76%) of his average final  
32        compensation, multiplied by the number of years of his  
33        creditable service.

34        b. If the member's service retirement date occurs on or after his  
35        50th birthday and before his 55th birthday with 15 or more years  
36        of creditable service as a law enforcement officer and prior to the  
37        completion of 30 years of creditable service, his retirement  
38        allowance shall be equal to the greater of:

39        1. The service retirement allowance payable under G.S. 128-  
40        27(b16)(1)a. reduced by one-third of one percent (1/3 of  
41        1%) thereof for each month by which his retirement date  
42        precedes the first day of the month coincident with or next

- 1 following the month the member would have attained his  
2 55th birthday; or
- 3 2. The service retirement allowance as computed under G.S.  
4 128-27(b16)(1)a. reduced by five percent (5%) times the  
5 difference between 30 years and his creditable service at  
6 retirement.
- 7 (2) A member who is not a law enforcement officer or an eligible former  
8 law enforcement officer shall receive a service retirement allowance  
9 computed as follows:
- 10 a. If the member's service retirement date occurs on or after his  
11 65th birthday upon the completion of five years of creditable  
12 service or after the completion of 30 years of creditable service  
13 or on or after his 60th birthday upon the completion of 25 years  
14 of creditable service, the allowance shall be equal to one and  
15 seventy-six hundredths percent (1.76%) of average final  
16 compensation, multiplied by the number of years of creditable  
17 service.
- 18 b. If the member's service retirement date occurs after his 60th  
19 birthday and before his 65th birthday and prior to his completion  
20 of 25 years or more of creditable service, his retirement  
21 allowance shall be computed as in G.S. 128-27(b16)(2)a. but  
22 shall be reduced by one-quarter of one percent (1/4 of 1%)  
23 thereof for each month by which his retirement date precedes the  
24 first day of the month coincident with or next following his 65th  
25 birthday.
- 26 c. If the member's early service retirement date occurs on or after  
27 his 50th birthday and before his 60th birthday and after  
28 completion of 20 years of creditable service but prior to the  
29 completion of 30 years of creditable service, his early service  
30 retirement allowance shall be equal to the greater of:
- 31 1. The service retirement allowance as computed under G.S.  
32 128-27(b16)(2)a. but reduced by the sum of five-twelfths  
33 of one percent (5/12 of 1%) thereof for each month by  
34 which his retirement date precedes the first day of the  
35 month coincident with or next following the month the  
36 member would have attained his 60th birthday, plus one-  
37 quarter of one percent (1/4 of 1%) thereof for each month  
38 by which his 60th birthday precedes the first day of the  
39 month coincident with or next following his 65th birthday;  
40 or
- 41 2. The service retirement allowance as computed under G.S.  
42 128-27(b16)(2)a. reduced by five percent (5%) times the

1 difference between 30 years and his creditable service at  
2 retirement; or

3 3. If the member's creditable service commenced prior to  
4 July 1, 1995, the service retirement allowance equal to the  
5 actuarial equivalent of the allowance payable at the age of  
6 60 years as computed in G.S. 128-27(b16)(2)b.

7 d. Notwithstanding the foregoing provisions, any member whose  
8 creditable service commenced prior to July 1, 1965, shall not  
9 receive less than the benefit provided by G.S. 128-27(b)."

10 Section 3.2. G.S. 128-27 is amended by adding a new subsection to read:

11 "(b17) Service Retirement Allowance of Member Retiring on or After July 1,  
12 1998. – Upon retirement from service in accordance with subsection (a) or (a1) above, on  
13 or after July 1, 1998, a member shall receive the following service retirement allowance:

14 (1) A member who is a law enforcement officer or an eligible former law  
15 enforcement officer shall receive a service retirement allowance  
16 computed as follows:

17 a. If the member's service retirement date occurs on or after his  
18 55th birthday and completion of five years of creditable service  
19 as a law enforcement officer, or after the completion of 30 years  
20 of creditable service, the allowance shall be equal to one and  
21 seventy-seven hundredths percent (1.77%) of his average final  
22 compensation, multiplied by the number of years of his  
23 creditable service.

24 b. If the member's service retirement date occurs on or after his  
25 50th birthday and before his 55th birthday with 15 or more years  
26 of creditable service as a law enforcement officer and prior to the  
27 completion of 30 years of creditable service, his retirement  
28 allowance shall be equal to the greater of:

29 1. The service retirement allowance payable under G.S. 128-  
30 27(b17)(1)a. reduced by one-third of one percent (1/3 of  
31 1%) thereof for each month by which his retirement date  
32 precedes the first day of the month coincident with or next  
33 following the month the member would have attained his  
34 55th birthday; or

35 2. The service retirement allowance as computed under G.S.  
36 128-27(b17)(1)a. reduced by five percent (5%) times the  
37 difference between 30 years and his creditable service at  
38 retirement.

39 (2) A member who is not a law enforcement officer or an eligible former  
40 law enforcement officer shall receive a service retirement allowance  
41 computed as follows:

42 a. If the member's service retirement date occurs on or after his  
43 65th birthday upon the completion of five years of creditable

1 service or after the completion of 30 years of creditable service  
2 or on or after his 60th birthday upon the completion of 25 years  
3 of creditable service, the allowance shall be equal to one and  
4 seventy-seven hundredths percent (1.77%) of average final  
5 compensation, multiplied by the number of years of creditable  
6 service.

7 b. If the member's service retirement date occurs after his 60th  
8 birthday and before his 65th birthday and prior to his completion  
9 of 25 years or more of creditable service, his retirement  
10 allowance shall be computed as in G.S. 128-27(b17)(2)a. but  
11 shall be reduced by one-quarter of one percent (1/4 of 1%)  
12 thereof for each month by which his retirement date precedes the  
13 first day of the month coincident with or next following his 65th  
14 birthday.

15 c. If the member's early service retirement date occurs on or after  
16 his 50th birthday and before his 60th birthday and after  
17 completion of 20 years of creditable service but prior to the  
18 completion of 30 years of creditable service, his early service  
19 retirement allowance shall be equal to the greater of:

20 1. The service retirement allowance as computed under G.S.  
21 128-27(b17)(2)a. but reduced by the sum of five-twelfths  
22 of one percent (5/12 of 1%) thereof for each month by  
23 which his retirement date precedes the first day of the  
24 month coincident with or next following the month the  
25 member would have attained his 60th birthday, plus one-  
26 quarter of one percent (1/4 of 1%) thereof for each month  
27 by which his 60th birthday precedes the first day of the  
28 month coincident with or next following his 65th birthday;  
29 or

30 2. The service retirement allowance as computed under G.S.  
31 128-27(b17)(2)a. reduced by five percent (5%) times the  
32 difference between 30 years and his creditable service at  
33 retirement; or

34 3. If the member's creditable service commenced prior to  
35 July 1, 1995, the service retirement allowance equal to the  
36 actuarial equivalent of the allowance payable at the age of  
37 60 years as computed in G.S. 128-27(b17)(2)b.

38 d. Notwithstanding the foregoing provisions, any member whose  
39 creditable service commenced prior to July 1, 1965, shall not  
40 receive less than the benefit provided by G.S. 128-27(b)."

41 Section 3.3. G.S. 128-27(m) reads as rewritten:

42 "(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the  
43 principal beneficiary designated to receive a return of accumulated contributions shall

1 have the right to elect to receive in lieu thereof the reduced retirement allowance  
2 provided by Option two of subsection (g) above computed by assuming that the member  
3 had retired on the first day of the month following the date of his death, provided that all  
4 three of the following conditions apply:

- 5 (1) a. The member had attained such age and/or creditable service to be  
6 eligible to commence retirement with an early or service retirement  
7 allowance, or  
8 b. The member had obtained 20 years of creditable service in which  
9 case the retirement allowance shall be computed in accordance  
10 with ~~G.S. 128-27(b16)(1)b.~~ G.S. 128-27(b17)(1)b. or ~~G.S. 128-~~  
11 ~~27(b16)(2)e.,~~ G.S. 128-27(b17)(2)c., notwithstanding the  
12 requirement of obtaining age 50.  
13 (2) The member had designated as the principal beneficiary to receive a  
14 return of his accumulated contributions one and only one person who is  
15 living at the time of his death.  
16 (3) The member had not instructed the Board of Trustees in writing that he  
17 did not wish the provisions of this subsection apply.

18 For the purpose of this benefit, a member is considered to be in service at the date of  
19 his death if his death occurs within 180 days from the last day of his actual service. The  
20 last day of actual service shall be determined as provided in subsection (l) of this  
21 section. Upon the death of a member in service, the surviving spouse may make all  
22 purchases for creditable service as provided for under this Chapter for which the member  
23 had made application in writing prior to the date of death, provided that the date of death  
24 occurred prior to or within 60 days after notification of the cost to make the purchase."

25 Section 4. G.S. 128-27 is amended by adding a new subsection to read:

26 "(uu) From and after July 1, 1998, the retirement allowance to or on account of  
27 beneficiaries whose retirement commenced on or before July 1, 1997, shall be increased  
28 by two and one-half percent (2.5%) of the allowance payable on June 1, 1998, in  
29 accordance with subsection (k) of this section. Furthermore, from and after July 1, 1998,  
30 the retirement allowance to or on account of beneficiaries whose retirement commenced  
31 after July 1, 1997, but before June 30, 1998, shall be increased by a prorated amount of  
32 two and one-half percent (2.5%) of the allowance payable as determined by the Board of  
33 Trustees based upon the number of months that a retirement allowance was paid between  
34 July 1, 1997, and June 30, 1998."

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