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HOUSE BILL 1055
Committee Substitute Favorable 6/6/18
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Short Title: Retirement Complexity Reduction Act of 2018.-AB

(Public)

Sponsors:

Referred to:

June 1, 2018

A BILL TO BE ENTITLED

AN ACT TO REDUCE COMPLEXITY AND ADD VALUE TO THE RETIREMENT BENEFITS OF PUBLIC EMPLOYEES AND TO INCREASE ADMINISTRATIVE EFFICIENCIES BY MAKING ADMINISTRATIVE AND PROGRAMMATIC CHANGES TO LAWS RELATING TO THE STATE TREASURER, TO THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, TO THE LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM LAWS, TO THE STATE HEALTH PLAN FOR TEACHERS AND STATE EMPLOYEES, AND TO RELATED STATUTES.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 135-6(l) reads as rewritten:

"(l) Duties of Actuary. – The Board of Trustees shall designate an actuary who shall be the technical adviser of the Board of Trustees on matters regarding the operation of the funds created by the provisions of this Chapter and shall perform such other duties as are required in connection therewith. ~~For purposes of the annual valuation of System assets, the~~ The experience studies, and studies and all other actuarial calculations required by this Chapter, and all the assumptions used by the System's actuary, including mortality tables, interest rates, annuity factors, the contribution-based benefit cap factor, and employer contribution rates, shall be set out in the actuary's periodic ~~reports-reports,~~ annual valuations of System assets, or other materials provided to the Board of Trustees. ~~These Notwithstanding Article 2A of Chapter 150B of the General Statutes, these materials, once accepted by the Board, shall be considered part of the Plan documentation governing this Retirement System; similarly, the System and shall be effective the first day of the month following adoption unless a different date is specified in the adopting resolution. The effective date must be after the adoption date. The Board's minutes~~ relative to all actuarial assumptions used by the System shall also be considered part of the Plan documentation governing this Retirement System, with the result of precluding any employer discretion in the determination of benefits payable hereunder, consistent with Section 401(a)(25) of the Internal Revenue Code."

SECTION 1.(b) G.S. 128-28(m) reads as rewritten:

"(m) Duties of Actuary. – The Board of Trustees shall designate an actuary who shall be the technical adviser of the Board of Trustees on matters regarding the operation of the funds created by the provisions of this Chapter and shall perform such other duties as are required in connection therewith. ~~For purposes of the annual valuation of System assets, the~~ The experience studies, and studies and all other actuarial calculations required by this Chapter, and all the assumptions used by the System's actuary, including mortality tables, interest rates, annuity



1 factors, the contribution-based benefit cap factor, and employer contribution rates, shall be set
 2 out in the actuary's periodic ~~reports~~-reports, annual valuations of System assets, or other materials
 3 provided to the Board of Trustees. ~~These~~-Notwithstanding Article 2A of Chapter 150B of the
 4 General Statutes, these materials, once accepted by the Board, shall be considered part of the
 5 Plan documentation governing this Retirement System; ~~similarly, the System and shall be~~
 6 effective the first day of the month following adoption unless a different date is specified in the
 7 adopting resolution. The effective date must be after the adoption date. The Board's minutes
 8 relative to all actuarial assumptions used by the System shall also be considered part of the Plan
 9 documentation governing this Retirement System, with the result of precluding any employer
 10 discretion in the determination of benefits payable hereunder, consistent with Section 401(a)(25)
 11 of the Internal Revenue Code."

12 **SECTION 1.(c)** G.S. 150B-1(d) reads as rewritten:

13 "(d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the
 14 following:

15 ...

16 (29) The Retirement System Boards of Trustees established under G.S. 128-28 and
 17 G.S. 135-6 when adopting actuarial tables, assumptions, and
 18 contribution-based benefit cap factors after presentation of recommendations
 19 from the actuary. This exemption includes, but is not limited to, the following
 20 actuarial tables, assumptions, methods, and factors:

- 21 a. Joint and survivor tables.
- 22 b. Reserve transfer tables.
- 23 c. Interest rate assumptions.
- 24 d. Salary increase assumptions.
- 25 e. Mortality assumptions.
- 26 f. Separation and retirement assumptions.
- 27 g. Asset smoothing methods.
- 28 h. Actuarial cost methods.
- 29 i. Contribution-based benefit cap factors.
- 30 j. Required contribution rates.
- 31 k. Amortization policies."

32 **SECTION 1.(d)** G.S. 135-6(n) reads as rewritten:

33 "(n) In 1943, and at least once in each five-year period thereafter, the actuary shall make
 34 an actuarial investigation into the mortality, service and compensation experience of the members
 35 and beneficiaries of the Retirement System, and shall make a valuation of the assets and liabilities
 36 of the funds of the System, and taking into account the result of such investigation and valuation,
 37 the Board of Trustees ~~shall~~shall do all of the following:

- 38 (1) Adopt for the Retirement System such any necessary mortality, service and
 39 service, or other tables as shall be deemed necessary; and tables, and any
 40 necessary contribution-based benefit cap factors for the Retirement System.
- 41 (2) Certify the rates of contributions payable by the State of North Carolina on
 42 account of new entrants at various ages."

43 **SECTION 1.(e)** G.S. 128-28(o) reads as rewritten:

44 "(o) In the year 1945, and at least once in each five-year period thereafter, the actuary shall
 45 make an actuarial investigation into the mortality, service and compensation experience of the
 46 members and beneficiaries of the Retirement System, and shall make a valuation of the assets
 47 and liabilities of the funds of the System, and taking into account the result of such investigation
 48 and valuation, the Board of Trustees ~~shall~~shall do all of the following:

- 49 (1) Adopt for the Retirement System such any necessary mortality, service and
 50 service, or other tables as shall be deemed necessary; and tables, and any
 51 necessary contribution-based benefit cap factors for the Retirement System.

1 (2) Certify the rates of contributions payable by the participating units on account
2 of new entrants at various ages."

3 **SECTION 1.(f)** Section 1(c) is effective when it becomes law and the exemption
4 applies to actuarial tables, assumptions, and contribution-based cap factors changed on or after
5 that date. The remainder of this section is effective when it becomes law and applies to actuarial
6 investigations and calculations made on or after that date.

7 **SECTION 2.(a)** G.S. 135-6.1 is amended by adding a new subsection to read:

8 "(e1) The Retirement Systems Division of the Department of State Treasurer may disclose
9 to employers who made a contribution for an employee to the Retirement System any information
10 regarding that employee necessary to conduct the business of the Retirement System. Employers
11 in receipt of this information shall treat the information as confidential and this information shall
12 not be a public record."

13 **SECTION 2.(b)** G.S. 135-8(f)(2)f. reads as rewritten:

14 "f. Each employer shall transmit to the Retirement System on account of
15 each member who retires on or after January 1, 2015, having earned
16 his or her last month of membership service as an employee of that
17 employer the lump sum payment, as calculated under G.S. 135-4(jj)
18 for inclusion in the Pension Accumulation Fund, that would have been
19 necessary in order for the retirement system to restore the member's
20 retirement allowance to the pre-cap amount. Employers are not
21 required to make contributions on account of any retiree who became
22 a member on or after January 1, 2015, and who earned at least five
23 years of membership service in the Retirement System after January
24 1, 2015.

25 Under such rules as the Board of Trustees shall adopt, the
26 Retirement System shall report monthly to each employer a list of
27 those members for whom the employer made a contribution to the
28 Retirement System in the preceding month that are most likely to
29 require an additional employer contribution should they elect to retire
30 in the following 12 months, if applicable. Reports received under this
31 section shall not be public records and employers in receipt of a report
32 under this section shall treat the report, and the information contained
33 within that report, as confidential and as though it were still held by
34 the Retirement System under G.S. 135-6.1."

35 **SECTION 2.(c)** G.S. 135-8(j) reads as rewritten:

36 "(j) Pension Spiking Report. – Upon receipt of a report from the Retirement System
37 generated pursuant to G.S. 135-8(f)(2)f., containing a list of employees for whom the employer
38 made a contribution to the North Carolina Teachers' and State Employees' Retirement System
39 that is likely to require an additional employer contribution should the employee elect to retire in
40 the following 12 months, the employer's chief financial officer shall transmit a copy of the report
41 to the chief executive of the employer, as well as to the governing body of the employer, including
42 any board which exercises financial oversight of the employer, if ~~applicable~~. the employer has a
43 governing body. Reports received under this section shall not be public records and employers
44 in receipt of a report under this section shall treat the report, and the information contained within
45 that report, as confidential and as though it were still held by the Retirement System under
46 G.S. 135-6.1."

47 **SECTION 2.(d)** G.S. 128-33.1 is amended by adding a new subsection to read:

48 "(e1) The Retirement Systems Division of the Department of State Treasurer may disclose
49 to employers who made a contribution for an employee to the Retirement System any information
50 regarding that employee necessary to conduct the business of the Retirement System. Employers

1 in receipt of this information shall treat the information as confidential and this information shall
2 not be a public record."

3 **SECTION 2.(e)** G.S. 128-30(g)(2)b. reads as rewritten:

4 "b. Each employer shall transmit to the Retirement System on account of
5 each member who retires on or after January 1, 2015, having earned
6 his or her last month of membership service as an employee of that
7 employer the lump sum payment, as calculated under G.S. 128-26(y)
8 for inclusion in the Pension Accumulation Fund, that would have been
9 necessary in order for the retirement system to restore the member's
10 retirement allowance to the pre-cap amount. Employers are not
11 required to make contributions on account of any retiree who became
12 a member on or after January 1, 2015, and who earned at least five
13 years of membership service in the Retirement System after January
14 1, 2015.

15 Under such rules as the Board of Trustees shall adopt, the
16 Retirement System shall report monthly to each employer a list of
17 those members for whom the employer made a contribution to the
18 Retirement System in the preceding month that are most likely to
19 require an additional employer contribution should they elect to retire
20 in the following 12 months, if applicable. Reports received under this
21 section shall not be public records and employers in receipt of a report
22 under this section shall treat the report, and the information contained
23 within that report, as confidential and as though it were still held by
24 the Retirement System under G.S. 128-33.1."

25 **SECTION 2.(f)** G.S. 128-30(j) reads as rewritten:

26 "(j) Pension Spiking Report. – Upon receipt of a report from the Retirement System
27 generated pursuant to ~~G.S. 135-8(f)(2)f.~~, G.S. 128-30(g)(2)b., containing a list of employees for
28 whom the employer made a contribution to the North Carolina Local Governmental Employees'
29 Retirement System that is likely to require an additional employer contribution should the
30 employee elect to retire in the following 12 months, the employer's chief financial officer shall
31 transmit a copy of the report to the governing body of the employer, if ~~applicable~~ the employer
32 has a governing body. Reports received under this section shall not be public records and
33 employers in receipt of a report under this section shall treat the report, and the information
34 contained within that report, as confidential and as though it were still held by the Retirement
35 System under G.S. 128-33.1."

36 **SECTION 3.** G.S. 135-48.47 reads as rewritten:

37 "**§ 135-48.47. Participation in State Health Plan by local government employees and**
38 **dependents.**

39 ...
40 (d) Local governments participating in the Plan as of April 1, 2016, may elect to withdraw
41 from participating in the Plan effective January 1, 2017. Notice of withdrawal must be given by
42 the local government to the Plan no later than September 15, 2016.

43 (e) Except as permitted under subsection (d) of this section, a local government unit's
44 election to participate in the Plan is irrevocable."

45 **SECTION 4.** Article 6 of Chapter 147 of the General Statutes is amended by adding
46 a new section to read:

47 "**§ 147-75.1. Criminal record checks for the Department of State Treasurer.**

48 (a) The Department of State Treasurer may obtain from the State and National
49 Repositories of Criminal Histories or from any other lawful source the criminal history of any of
50 the following individuals:

- 1 (1) A current or prospective permanent or temporary employee of the Department
2 of State Treasurer.
3 (2) A contractor with the Department of State Treasurer.
4 (3) An employee or agent of a contractor with the Department of State Treasurer
5 who is performing or will perform work for the Department of State Treasurer.
6 (4) A volunteer of the Department of State Treasurer.
7 (5) Any other individual otherwise engaged by the Department of State Treasurer
8 who will have access to health or financial information or data maintained by
9 the Department of State Treasurer that is confidential or otherwise nonpublic.

10 (b) The Department of State Treasurer may deny employment to or dismiss any
11 individual identified under subdivisions (1), (2), (4), and (5) of subsection (a) of this section who
12 refuses to consent to a criminal history record check or to the use of fingerprints or other
13 identifying information required by the State or National Repositories of Criminal Histories. Any
14 refusal shall constitute just cause for the employment denial or the dismissal from employment.

15 (c) The Department of State Treasurer may extend a conditional offer of employment
16 pending the results of a criminal history record check authorized by this section."

17 **SECTION 5.(a)** G.S. 135-4 reads as rewritten:

18 "**§ 135-4. Creditable service.**

19 (a) ~~Under such rules and regulations as the Board of Trustees shall adopt, each member~~
20 ~~who was a teacher or State employee at any time during the five years immediately preceding~~
21 ~~the establishment of the System and who became a member prior to July 1, 1946, shall file a~~
22 ~~detailed statement of all North Carolina service as a teacher or State employee rendered by him~~
23 ~~prior to the date of establishment for which he claims credit; provided, that, notwithstanding the~~
24 ~~foregoing, any member retiring on or after July 1, 1965, with credit for not less than 10 years of~~
25 ~~membership service shall file such detailed statement of service as a teacher or State employee~~
26 ~~rendered by him prior to July 1, 1941, for which he claims credit; provided, that any member~~
27 ~~who retired on a service retirement allowance prior to July 1, 1965, who at the time of his~~
28 ~~retirement did not qualify for credit for his service as a teacher or State employee prior to July 1,~~
29 ~~1941, may request on and after July 1, 1971, that his original benefit be recalculated, in~~
30 ~~accordance with the formula prevailing at the time of his retirement, to include credit for such~~
31 ~~service with the new benefit to become effective on the first of the month following certification~~
32 ~~of the prior service.~~

33 (b) ~~The Board of Trustees shall fix and determine by appropriate rules and regulations~~
34 ~~how much service in any year is equivalent to one year of service, but in In no case shall more~~
35 ~~than one year of service be creditable for all services in one year. Service rendered for the regular~~
36 ~~school year in any district shall be equivalent to one year's service. Service rendered by a school~~
37 ~~employee in a job-sharing position shall be credited at the rate of one-half year for each regular~~
38 ~~school year of employment.~~

39 ...
40 (d) ~~Any member may, up to his date of retirement and within one year thereafter, request~~
41 ~~the Board of Trustees to modify or correct his prior service credit.~~

42 (e) Creditable service at retirement on which the retirement allowance of a member shall
43 be based shall consist of the membership service rendered by the member since he or she last
44 became a member, and also if the member has a prior service certificate which is in full force
45 and effect, the amount of service certified on the prior service certificate; and if the member has
46 sick leave standing to the member's credit upon retirement on or after July 1, 1971, one month of
47 credit for each 20 days or portion thereof, but not less than one hour; sick leave shall not be
48 counted in computing creditable service for the purpose of determining eligibility for disability
49 retirement or for a vested deferred allowance. Creditable service for unused sick leave shall be
50 allowed only for sick leave accrued monthly during employment under a duly adopted sick leave
51 policy and for which the member may be able to take credits and be paid for sick leave without

1 restriction. However, in no instance shall unused sick leave be credited to a member's account at
2 retirement if the member's last day of actual service is more than five years prior to the effective
3 date of the member's retirement. Further, any agency with a sick leave policy that is more
4 generous than that of all State agencies subject to the rules of the Office of State Human
5 Resources shall proportionately adjust each of its retiring employees' sick leave balance to the
6 balance that employee would have had under the rules of the Office of State Human Resources.
7 Days of sick leave standing to a member's credit at retirement shall be determined by dividing
8 the member's total hours of sick leave at retirement by the hours per month such leave was
9 awarded under the employer's duly adopted sick leave policy as the policy applied to the member
10 when the leave was accrued.

11 ~~On and after July 1, 1971, a member whose account was closed on account of absence from~~
12 ~~service under the provisions of G.S. 135-3(3) and who subsequently returns to service for a~~
13 ~~period of five years, may thereafter repay in a lump sum the amount withdrawn plus regular~~
14 ~~interest thereon from the date of withdrawal through the year of repayment and thereby increase~~
15 ~~his creditable service by the amount of creditable service lost when his account was closed.~~

16 ~~On and after July 1, 1973, a member whose account in the North Carolina Local~~
17 ~~Governmental Employees' Retirement System was closed on account of absence from service~~
18 ~~under the provisions of G.S. 128-24(1a) and who subsequently became or becomes a member of~~
19 ~~this System with credit for five years of service, may thereafter repay in a lump sum the amount~~
20 ~~withdrawn from the North Carolina Local Governmental Employees' Retirement System plus~~
21 ~~regular interest thereon from the date of withdrawal through the year of repayment and thereby~~
22 ~~increase his creditable service in this System by the amount of creditable service lost when his~~
23 ~~account was closed.~~

24 (e1) ~~On or after July 1, 1979, a~~ A member who has obtained 60 months of aggregate
25 service, or five years of membership service, as an employee of the North Carolina General
26 Assembly, except legislators, participants in the Legislative Intern Program and pages, may make
27 a lump sum payment together with interest, and an administrative fee for such service, to the
28 Teachers' and State Employees' Retirement System of an amount equal to what ~~he~~ the member
29 would have contributed had ~~he~~ the member been a member on his or her first day of employment.

30 (e2) ~~On and after January 1, 1985, the~~ The creditable service of a member who was a
31 member of the Law-Enforcement Officers' Retirement System at the time of the transfer of
32 law-enforcement officers employed by the State from that System to this Retirement System and
33 whose accumulated contributions are transferred from that System to this Retirement System,
34 shall include service that was creditable in the Law-Enforcement Officers' Retirement System;
35 and membership service with that System shall be membership service with this Retirement
36 System; provided, notwithstanding any provision of this Article to the contrary, any inchoate or
37 accrued rights of such a member to purchase creditable service for military service, withdrawn
38 service and prior service under the rules and regulations of the Law-Enforcement Officers'
39 Retirement System shall not be diminished and may be purchased as creditable service with this
40 Retirement System under the same conditions which would have otherwise applied.

41 ...

42 (h) During periods when a member is on leave of absence and is receiving less than ~~his~~
43 the member's full compensation, ~~he~~ the member will be deemed to be in service only if ~~he~~ the
44 member is contributing to the Retirement System as provided in G.S. 135-8(b)(5). If ~~he~~ the
45 member is so contributing, the annual rate of compensation paid to such employee immediately
46 before the leave of absence began will be deemed to be the actual compensation rate of the
47 employee during the leave of absence.

48 (i) ~~Any person who became a member after June 30, 1947, and before July 1, 1955, and~~
49 ~~did not subsequently withdraw his contributions may, prior to his retirement, increase his~~
50 ~~creditable service to the extent of the period of time from the date he became a "teacher or~~
51 ~~employee" as the terms are defined in this Chapter to the date he became a member, but not~~

1 ~~exceeding three months immediately preceding membership, provided that he makes an~~
2 ~~additional contribution in one lump sum equal to five per centum (5%) of the compensation he~~
3 ~~received for the aforesaid period of time plus regular interest thereon from the date he became a~~
4 ~~member to the date of payment.~~

5 ...

6 (k) Notwithstanding any other provision of this Chapter, on or before December 31, 2018,
7 any person who withdrew his or her contributions in accordance with the provisions of
8 G.S. 128-27(f) or G.S. 135-5(f) or the rules and regulations of the Law-Enforcement Officers'
9 Retirement System and who subsequently returns to service may, upon completion of five years
10 of membership service, repay in a total lump sum any and all of the accumulated contributions
11 previously withdrawn with interest compounded annually at the rate of six and one-half percent
12 (6.5%) for each calendar year from the year of withdrawal to the year of repayment plus a fee to
13 cover expense of handling which shall be determined by the Board of Trustees, and receive credit
14 for the service forfeited at time of withdrawal. These provisions shall apply equally to retired
15 members who had attained five years of membership service prior to retirement. The retirement
16 allowance of a retired member who restores service under this subsection shall be increased the
17 month following the month payment is received. The increase in the retirement allowance shall
18 be the difference between the initial retirement allowance, under any optional allowance elected
19 at the time of retirement, and the amount of the retirement allowance, under any optional
20 allowance elected at the time of retirement, to which the retired member would have been entitled
21 had the service not been previously forfeited, adjusted by any increases in the retirement accrual
22 rate occurring between the member's date of retirement and the date of payment. The increase in
23 the retirement allowance shall not include any adjustment for cost-of-living increases granted
24 since the date of retirement.

25 Notwithstanding any provision to the contrary, on or before December 31, 2018, a law
26 enforcement officer who was transferred from the Law Enforcement Officers' Retirement System
27 to this Retirement System pursuant to Article 12C of Chapter 143 of the General Statutes and
28 withdrew his or her accumulated contributions prior to January 1, 1985, in accordance with
29 G.S. 128-27(f) or G.S. 135-5(f) for non-law enforcement service and who has five years or more
30 of membership service standing to his or her credit may repay in a total lump sum the
31 accumulated contributions previously withdrawn with interest compounded annually at the rate
32 of six and one-half percent (6.5%) for each calendar year from the year of withdrawal to the year
33 of repayment plus a fee to cover expense of handling which shall be determined by the Board of
34 Trustees, and receive credit for the service forfeited at time of withdrawal(s). The retirement
35 allowance of a retired member who restores service under this subsection shall be increased the
36 month following the month payment is received. The increase in the retirement allowance shall
37 be the difference between the initial retirement allowance, under any optional allowance elected
38 at the time of retirement, and the amount of the retirement allowance, under any optional
39 allowance elected at the time of retirement, to which the retired member would have been entitled
40 had the service not been previously forfeited, adjusted by any increases in the retirement accrual
41 rate occurring between the member's date of retirement and the date of payment. The increase in
42 the retirement allowance shall not include any adjustment for cost-of-living increases granted
43 since the date of retirement.

44 (k1) North Carolina Withdrawn Service Purchased On and After January 1, 2019. –
45 Notwithstanding any other provision of this Chapter to the contrary, on and after January 1, 2019,
46 any member who withdrew his or her contributions in accordance with the provisions of
47 G.S. 127-27(f) or G.S. 135-5(f) or the rules and regulations of the Law Enforcement Officers'
48 Retirement System, and who subsequently returns to service and completes five years of
49 membership service upon that return, while in service may purchase an amount of creditable
50 service totaling the amount of the membership service associated with the withdrawn
51 contributions, provided that the total of the creditable service purchased under this subsection

1 may not exceed five years. The member shall purchase this service by paying a lump sum amount
2 to the Annuity Savings Fund equal to the full liability increase due to the additional service credits
3 on the basis of the assumptions used for the purposes of the actuarial valuation of the liabilities
4 of the Retirement System, except for the following assumptions specific to this calculation: (i)
5 the allowance shall be assumed to commence at the earliest age at which the member could retire
6 on an unreduced retirement allowance and (ii) assumed annual postretirement allowance
7 increases as set by the Board of Trustees upon the advice of the consulting actuary. The
8 calculation of the amount payable shall also include an administrative fee to be set by the Board.

9 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
10 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
11 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
12 that the purchase is paid by the member, the cost paid by the member shall be credited to the
13 member's annuity savings account.

14 ...

15 (1) Notwithstanding any other provision of this Chapter, on or before December 31, 2018,
16 any member and any retired member as herein described may purchase creditable service
17 previously rendered to any state, territory, or other governmental subdivision of the United States
18 other than this State by paying a total lump-sum payment determined as follows:

19 (1) For members who completed 10 years of current membership service, and
20 retired members who completed 10 years of current membership service prior
21 to retirement, whose membership began on or before July 1, 1981, and who
22 make such purchase within three years after first becoming eligible, the cost
23 shall be an amount equal to the monthly compensation the member earned
24 when he first entered membership service, times the employee contribution
25 rate at that time, times the months of service to be purchased, times two, with
26 sufficient interest added thereto so as to equal the full cost of allowing such
27 service, plus an administrative fee to be set by the Board of Trustees.

28 (2) For members who complete five years of current membership service, and
29 retired members who complete five years of current membership service prior
30 to retirement, and eligible members and retired members covered by
31 subdivision (1) of this subsection, whose membership began on or before July
32 1, 1981, but who did not or do not make such purchase within three years after
33 first becoming eligible, the cost shall be an amount equal to the full liability
34 of the service credits calculated on the basis of the assumptions used for the
35 purposes of the actuarial valuation of the System's liabilities and shall take
36 into account the retirement allowance arising on account of the additional
37 service credits commencing at the earliest age at which the member could
38 retire on an unreduced allowance, as determined by the Board of Trustees
39 upon the advice of the consulting actuary, plus an administrative fee to be set
40 by the Board of Trustees. Notwithstanding the foregoing provisions of this
41 subsection that provide for the purchase of service credits, the term "full
42 liability" includes assumed postretirement allowance increases, as determined
43 by the Board of Trustees, from the earliest age at which a member could retire
44 on an unreduced service retirement allowance. Notwithstanding the
45 requirement of five years of current membership service, a member whose
46 membership began prior to the service the member desires to purchase shall
47 be eligible to purchase creditable service under this subdivision upon
48 returning to service as a teacher or employee upon completion of a total of
49 five years of membership service and upon completion of one year of current
50 membership service.

1 Current membership service shall mean membership service earned since the service
2 previously rendered to any state, territory, or other governmental subdivision of the United States
3 other than this State. Creditable service under this subsection shall be allowed only at the rate of
4 one year of out-of-state service for each year of membership service in this State, with a
5 maximum allowable of 10 years of out-of-state service. Such service is limited to full-time
6 service which would be allowable under the laws governing this System. Credit will be allowed
7 only if no benefit is allowable in another public retirement system as a result of the service.

8 (l2) Notwithstanding any provision of this Chapter to the contrary, on and after January
9 1, 2019, any member in service with five or more years of membership service may purchase
10 creditable service previously rendered to any state, territory, or other governmental subdivision
11 of the United States other than this State by paying a total lump sum payment. The amount of
12 creditable service purchased under this subsection may not exceed a total of five years. The
13 member shall purchase this service by paying a lump sum amount to the Annuity Savings Fund
14 equal to the full liability increase due to the additional service credits on the basis of the
15 assumptions used for the purposes of the actuarial valuation of the liabilities of the Retirement
16 System, except for the following assumptions specific to this calculation: (i) the allowance shall
17 be assumed to commence at the earliest age at which the member could retire on an unreduced
18 retirement allowance and (ii) assumed annual postretirement allowance increases as set by the
19 Board of Trustees upon the advice of the consulting actuary. The calculation of the amount
20 payable shall also include an administrative fee to be set by the Board.

21 Creditable service under this subsection shall be allowed only at the rate of one year of
22 out-of-state service for each year of membership service in this State, with a maximum allowable
23 of five years of out-of-state service. Such service is limited to full-time service that would be
24 allowable under the laws governing this Retirement System. Credit will be allowed only if no
25 benefit is allowable in another public retirement system as a result of the service.

26 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
27 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
28 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
29 that the purchase is paid by the member, the cost paid by the member shall be credited to the
30 member's annuity savings account.

31 ...

32 (p) Credit for prior temporary State employment. – Notwithstanding any other provision
33 of this Chapter, on or before December 31, 2018, a member may purchase service credit for
34 temporary State employment upon completion of 10 years of membership service and subject to
35 the condition that the member had been classified as a temporary employee for more than three
36 years. Each employer shall certify to the Board of Trustees that an employee is eligible to
37 purchase this service credit prior to the member making payment. Payment for the service credit
38 shall be in a single lump sum based upon the amount the member would have contributed if he
39 had been properly classified as a permanent employee and been a member of this retirement
40 system.

41 (p1) ~~Part Time Service Credit.—~~

42 ~~(1) Notwithstanding any other provision of this Chapter, upon completion of five~~
43 ~~years of membership service, any member may purchase service previously~~
44 ~~rendered as a part-time teacher or employee of an employer as defined in~~
45 ~~G.S. 135-1(11) or G.S. 128-21(11), except for temporary or part-time service~~
46 ~~rendered while a full-time student in pursuit of a degree or diploma in a~~
47 ~~degree-granting program. Payment shall be made in a single lump sum in an~~
48 ~~amount equal to the full actuarial cost of providing credit for the service,~~
49 ~~together with interest and an administrative fee, as determined by the Board~~
50 ~~of Trustees on the advice of the Retirement System's actuary. Notwithstanding~~
51 ~~the provisions of G.S. 135-4(b), the Board of Trustees shall fix and determine~~

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

11 (2) ~~Under all requirements and conditions set forth in the preceding subdivision~~
12 ~~of this subsection (p1), except for the requirement that the completion of five~~
13 ~~years of membership service be subsequent to service rendered as a part-time~~
14 ~~teacher or employee of the State, any member with five or more years of~~
15 ~~membership service standing to his credit may purchase additional~~
16 ~~membership service for service rendered as a part-time teacher or employee~~
17 ~~of the State if (i) the member terminates or has terminated employment in any~~
18 ~~capacity as a teacher or employee of the State, (ii) the purchase of the~~
19 ~~additional membership service causes the member to become eligible to~~
20 ~~commence an early or service retirement allowance, and (iii) the member~~
21 ~~immediately elects to commence retirement and become a beneficiary.~~

22 (3) ~~Under all the requirements and conditions set forth in subdivision (1) of this~~
23 ~~subsection, except for the condition that part-time service rendered when a~~
24 ~~full-time student in pursuit of a degree or diploma in a degree-granting~~
25 ~~program is not eligible for purchase, any member with five or more years of~~
26 ~~membership service standing to the member's credit may purchase creditable~~
27 ~~service for service rendered as a part-time teacher or employee of the State if~~
28 ~~that service was rendered on a permanent part-time basis and required at least~~
29 ~~20 hours of service per week.~~

30 (p2) Part-Time Service Credit. – Notwithstanding any other provision of this Chapter to
31 the contrary, any member in service with five or more years of membership service may purchase
32 service previously rendered as a part-time teacher or employee of an employer, as defined in
33 G.S. 135-1(11) or G.S. 128-21(11), except the following service may not be purchased:

34 (1) Part-time service rendered as a bus driver to a public school while a full-time
35 high school student.

36 (2) Temporary or part-time service rendered while a full-time student in pursuit
37 of a degree or diploma in a degree-granting program, unless that service was
38 rendered on a permanent part-time basis and required at least 20 hours of
39 service per week.

40 Payment for service purchased under this subsection shall be made in a single lump sum in
41 an amount calculated by applying the ratio of actual gross compensation earned as a part-time
42 employee to the gross compensation that would have been earned as a full-time employee to the
43 period of service rendered in months. The member shall purchase this service by paying a lump
44 sum amount to the Annuity Savings Fund equal to the full liability increase due to the additional
45 service credits on the basis of the assumptions used for the purposes of the actuarial valuation of
46 the liabilities of the Retirement System, except for the following assumptions specific to this
47 calculation: (i) the allowance shall be assumed to commence at the earliest age at which the
48 member could retire on an unreduced retirement allowance and (ii) assumed annual
49 postretirement allowance increases as set by the Board of Trustees upon the advice of the
50 consulting actuary. The calculation of the amount payable shall also include an administrative
51 fee to be set by the Board.

1 The Board of Trustees shall adopt rules regarding how much service in any year, as based on
2 compensation, is equivalent to one year of service in proportion to earnable compensation, but
3 in no case shall more than one year of service be creditable for all service in one year. Service
4 rendered for the regular school year in any district shall be equivalent to one year of service.

5 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
6 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
7 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
8 that the purchase is paid by the member, the cost paid by the member shall be credited to the
9 member's annuity savings account.

10 ~~(q) Notwithstanding any other provision of this Chapter, any member who entered~~
11 ~~service or was restored to service prior to July 1, 1982, and was excluded from membership~~
12 ~~service solely on account of having attained the age of 62 years, in accordance with former~~
13 ~~G.S. 135-3(6), may purchase membership service credits of such excluded service by making a~~
14 ~~lump sum payment equal to the contributions that would have been deducted pursuant to~~
15 ~~G.S. 135-8(b) had he been a member of the Retirement System, increased by interest calculated~~
16 ~~at a rate of seven percent (7%) per annum.~~

17 (r) Notwithstanding any other provision of this Chapter, any member may purchase
18 creditable service for periods of employer approved leaves of absence when in receipt of benefits
19 under the North Carolina Workers' Compensation Act. This service shall be purchased by paying
20 a cost calculated in the following manner:

21 ...

22 (3) Leaves of Absence Terminating On and After January 1, 1988. – The cost to
23 a member whose employer approved leave of absence, when in receipt of
24 benefits under the North Carolina Workers' Compensation Act, terminates
25 ~~upon or before a return to service~~ on and after January 1, 1988, shall be due
26 and payable to the Annuity Savings Fund within six months from ~~return to~~
27 ~~service~~ end of the leave of absence and shall be a lump sum amount equal to
28 the employee percentage rate of contribution in effect at the time of purchase
29 applied to the annual rate of compensation of the member immediately prior
30 to the leave of absence. For members electing to make this payment, the
31 member's employer which granted the leave of absence, or the member's
32 employer upon a return to service, or both, shall make a matching lump sum
33 payment to the Pension Accumulation Fund within six months from ~~return to~~
34 ~~service~~ the end of the leave of absence equal to the employer percentage rate
35 of contribution in effect at the time of purchase applied to the annual rate of
36 compensation of the member immediately prior to the leave of absence. Such
37 purchases of creditable service are applicable only when members have
38 membership service credits within 30 days prior to the leave of absence and
39 within 12 months following the leave of absence and such membership service
40 is creditable service at the time of purchase. Notwithstanding any other
41 provision of this subdivision, the cost to a member and to a member's
42 employer or former employer or both employers whose amount due is not paid
43 within six months from return to service shall be the amount due plus one
44 percent (1%) per month penalty for each month or fraction thereof that the
45 payment is made after the six-month period.

46 ~~Notwithstanding the requirement of this provision that a member return to~~
47 ~~service, a~~ A member who is in receipt of Workers' Compensation during the
48 period for which he or she would have otherwise been eligible to receive
49 short-term benefits as provided in G.S. 135-105 and who subsequently
50 becomes a beneficiary in receipt of a benefit as provided in G.S. 135-106 may
51 purchase creditable service for any period of employer approved leave of

1 absence when in receipt of benefits under the North Carolina Workers'
2 Compensation Act. The cost to purchase such creditable service shall be as
3 determined above provided the amount due if not paid within six months from
4 the beginning of the long-term disability period as determined in G.S. 135-106
5 shall be the amount due plus one percent (1%) per month penalty for each
6 month or fraction thereof that the payment is made after the six-month period.

7 Whenever the creditable service purchased pursuant to this subsection is
8 for a period that occurs during the four consecutive calendar years that would
9 have produced the highest average annual compensation pursuant to
10 G.S. 135-1(5) had the member not been on leave of absence without pay, then
11 the compensation that the member would have received during the purchased
12 period shall be included in calculating the member's average final
13 compensation. In such cases, the compensation that the member would have
14 received during the purchased period shall be based on the annual rate of
15 compensation of the member immediately prior to the leave of absence.

16 (s) Credit at Full Cost for Temporary Employment. – ~~In addition to the provisions of~~
17 ~~subsection (p) above, any~~ Any member in service with five or more years of membership service
18 may purchase creditable service for State employment when classified as a temporary teacher or
19 employee subject to ~~all of the conditions that the~~ the following conditions:

- 20 (1) ~~Member~~ The member was employed by an employer as defined in
21 G.S. 135-1(11) or ~~G.S. 128-21(11);~~ G.S. 128-21(11).
- 22 (2) ~~Member's~~ The member's temporary employment met all other requirements
23 of G.S. 135-1(10) or (25), or ~~G.S. 128-21(10);~~ G.S. 128-21(10).
- 24 (3) ~~Member~~ The member has completed five years or more of membership
25 ~~service;~~ service.
- 26 (4) ~~Member acquires~~ The member has acquired from the employer such
27 certifications of temporary employment as are required by the Board of
28 ~~Trustees;~~ Trustees.
- 29 (5) ~~Member makes~~

30 The amount of creditable service purchased under this subsection may not exceed a total of
31 five years. A member shall purchase this service by making a lump sum payment into the Annuity
32 Savings Fund equal to the full liability of the service credits calculated on the basis of the
33 assumptions used for purposes of the actuarial valuation of the Retirement System's liabilities
34 and shall take into account the retirement allowance arising on account of the additional service
35 credit commencing at the earliest age at which the member could retire on an unreduced
36 retirement allowance, as determined by the Board of Trustees upon the advice of the actuary,
37 plus an administrative expense fee to be determined by the Board of Trustees. Notwithstanding
38 the foregoing provisions of this subdivision that provide for the purchase of service credits, the
39 terms "full cost", "full liability", and "full actuarial cost" include assumed annual post-retirement
40 allowance increases, as determined by the Board of Trustees, from the earliest age at which a
41 member could retire on an unreduced service allowance increase due to the additional service
42 credits on the basis of the assumptions used for the purposes of the actuarial valuation of the
43 liabilities of the Retirement System, except for the following assumptions specific to this
44 calculation: (i) the allowance shall be assumed to commence at the earliest age at which the
45 member could retire on an unreduced retirement allowance and (ii) assumed annual
46 postretirement allowance increases as set by the Board of Trustees upon the advice of the
47 consulting actuary. The calculation of the amount payable shall also include an administrative
48 fee to be set by the Board.

49 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
50 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
51 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent

1 that the purchase is paid by the member, the cost paid by the member shall be credited to the
2 member's annuity savings account.

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

6 ~~(t) Credit at Full Cost for Local Government Employment. — Any member may purchase~~
7 ~~creditable service for any employment as an employee, as defined in G.S. 128-21(10), of a local~~
8 ~~government employer not creditable in the North Carolina Local Governmental Employees'~~
9 ~~Retirement System upon completion of five years of membership service by making a lump sum~~
10 ~~payment into the Annuity Savings Fund. The payment by the member shall be equal to the full~~
11 ~~liability of the service credits calculated on the basis of the assumptions used for purposes of the~~
12 ~~actuarial valuation of the Retirement System's liabilities, taking into account the additional~~
13 ~~retirement allowance arising on account of the additional service credits commencing at the~~
14 ~~earliest age at which the member could retire with an unreduced retirement allowance, as~~
15 ~~determined by the Board of Trustees upon the advice of the actuary plus an administrative~~
16 ~~expense fee to be determined by the Board of Trustees. Notwithstanding the foregoing provisions~~
17 ~~of this subsection that provide for the purchase of service credits, the terms "full cost", "full~~
18 ~~liability", and "full actuarial cost" include assumed annual post-retirement allowance increases,~~
19 ~~as determined by the Board of Trustees, from the earliest age at which a member could retire on~~
20 ~~an unreduced service allowance.~~

21 ~~(u) Any member who was a wildlife protector who elected to become a member of the~~
22 ~~Law Enforcement Officers' Retirement System pursuant to Chapter 837 of the 1971 Session Laws~~
23 ~~by the transfer of accumulated contributions from this Retirement System to the Law~~
24 ~~Enforcement Officers' Retirement System and who has not subsequently applied for and received~~
25 ~~a return of accumulated contributions shall be entitled to creditable service for the service as a~~
26 ~~non-law enforcement officer forfeited as a result of the transfer pursuant to Chapter 837 of the~~
27 ~~1971 Session Laws.~~

28 ...

29 ~~(w) Credit at Full Cost for Federal Employment. — Notwithstanding any other provisions~~
30 ~~of this Chapter, a member, upon the completion of five years of membership service, member in~~
31 ~~service with five or more years of membership service may purchase creditable service for~~
32 ~~periods of federal employment, provided that the member is not receiving any retirement benefits~~
33 ~~resulting from this federal employment, and provided that the member is not vested in the~~
34 ~~particular federal retirement system to which the member may have belonged while a federal~~
35 ~~employee. The amount of creditable service purchased under this subsection may not exceed a~~
36 ~~total of five years. The member shall purchase this service by making a lump sum amount payable~~
37 ~~to the Annuity Savings Fund equal to the full liability of the service credits calculated on the~~
38 ~~basis of the assumptions used for purposes of the actuarial valuation of the system's liabilities,~~
39 ~~and shall take into account the retirement allowance arising on account of the additional service~~
40 ~~credit commencing at the earliest age at which the member could retire on an unreduced~~
41 ~~retirement allowance, as determined by the Board of Trustees upon the advice of the consulting~~
42 ~~actuary, plus an administrative fee to be set by the Board of Trustees. Notwithstanding the~~
43 ~~foregoing provisions of this subsection that provide for the purchase of service credits, the terms~~
44 ~~"full cost", "full liability", and "full actuarial cost" include assumed annual post-retirement~~
45 ~~allowance increases, as determined by the Board of Trustees, from the earliest age at which a~~
46 ~~member could retire on an unreduced service allowance-increase due to the additional service~~
47 ~~credits on the basis of the assumptions used for the purposes of the actuarial valuation of the~~
48 ~~liabilities of the Retirement System, except for the following assumptions specific to this~~
49 ~~calculation: (i) the allowance shall be assumed to commence at the earliest age at which the~~
50 ~~member could retire on an unreduced retirement allowance and (ii) assumed annual~~
51 ~~postretirement allowance increases as set by the Board of Trustees upon the advice of the~~

1 consulting actuary. The calculation of the amount payable shall also include an administrative
2 fee to be set by the Board.

3 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
4 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
5 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
6 that the purchase is paid by the member, the cost paid by the member shall be credited to the
7 member's annuity savings account.

8 ~~Members-~~On or before December 31, 2018, members in service may also purchase creditable
9 service for periods of employment with public community service entities within the State funded
10 entirely with federal funds, other than the federal government, that are not covered by the
11 provisions of G.S. 128-21(11) or G.S. 135-1(11), under the same terms and conditions that are
12 applicable to the purchase of creditable service for periods of federal employment in accordance
13 with this subsection. "Public community service entities" as used in this subsection shall mean
14 community action, human relations, manpower development, and community development
15 programs as defined in Articles 19 and 21 of Chapter 160A and Article 18 of Chapter 153A of
16 the General Statutes and any other similar programs that the Board of Trustees may
17 adopt.~~Statutes.~~

18 ...
19 (z) Credit at Full Cost for Leave Due to Extended Illness. – Any member in service with
20 five or more years of membership service ~~standing to his credit~~ may purchase creditable service
21 for periods of interrupted service while on leave without pay status due to the member's illness
22 or injury, excluding leave due to maternity, provided that any single such interrupted service
23 shall have included such period of time during which the member failed to earn at least two
24 months membership service, by making a lump sum amount payable to the Annuity Savings
25 Fund equal to the full liability ~~of the service credits calculated on the basis of the assumptions~~
26 used for purposes of the actuarial valuation of the system's liabilities; ~~and the calculation of the~~
27 amount payable shall take into account the retirement allowance arising on account of the
28 additional service credit commencing at the earliest age at which the member could retire on an
29 unreduced retirement allowance, as determined by the Board of Trustees upon the advice of the
30 consulting actuary, plus an administrative fee to be set by the Board of Trustees.~~Notwithstanding~~
31 the foregoing provisions of this subsection that provide for the purchase of service credits, the
32 terms "full cost", "full liability", and "full actuarial cost" include assumed annual post-retirement
33 allowance increases, as determined by the Board of Trustees, from the earliest age at which a
34 member could retire on an unreduced service allowance.~~increase due to the additional service~~
35 credits on the basis of the assumptions used for the purposes of the actuarial valuation of the
36 liabilities of the Retirement System, except for the following assumptions specific to this
37 calculation: (i) the allowance shall be assumed to commence at the earliest age at which the
38 member could retire on an unreduced retirement allowance and (ii) assumed annual
39 postretirement allowance increases as set by the Board of Trustees upon the advice of the
40 consulting actuary. The calculation of the amount payable shall also include an administrative
41 fee to be set by the Board. The amount of creditable service purchased under this subsection may
42 not exceed a total of five years.

43 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
44 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
45 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
46 that the purchase is paid by the member, the cost paid by the member shall be credited to the
47 member's annuity savings account.

48 (aa) Credit at Full Cost for ~~Maternity Leave; Parental Leave, Pregnancy or~~
49 Childbirth-Related Leave, or Certain Involuntary Furloughs. – Notwithstanding other provisions
50 of this Chapter, any member in service with five or more years of credited membership service
51 may purchase creditable service for periods of service which were interrupted due to parental

1 leave, pregnancy or childbirth, or involuntary administrative furlough due to a lack of funds to
2 support the position by making a lump sum amount payable to the Annuity Savings Fund equal
3 to the full liability ~~of the service credits calculated on the basis of the assumptions used for~~
4 ~~purposes of the actuarial valuation of the system's liabilities; and the calculation of the amount~~
5 ~~payable shall take into account the retirement allowance arising on account of the additional~~
6 ~~service credit commencing at the earliest age at which the member could retire on an unreduced~~
7 ~~retirement allowance, as determined by the Board of Trustees upon the advice of the consulting~~
8 ~~actuary, plus an administrative fee to be set by the Board of Trustees. Creditable service~~
9 ~~purchased under this subsection may not exceed six months per parental leave, pregnancy or~~
10 ~~childbirth, or involuntary administrative furlough due to a lack of funds to support the position.~~
11 ~~Notwithstanding the foregoing provisions of this subsection that provide for the purchase of~~
12 ~~service credits, the term "full liability" includes assumed annual postretirement allowance~~
13 ~~increases, as determined by the Board of Trustees, from the earliest age at which a member could~~
14 ~~retire on an unreduced service allowance.~~increase due to the additional service credits on the
15 basis of the assumptions used for the purposes of the actuarial valuation of the liabilities of the
16 Retirement System, except for the following assumptions specific to this calculation: (i) the
17 allowance shall be assumed to commence at the earliest age at which the member could retire on
18 an unreduced retirement allowance and (ii) assumed annual postretirement allowance increases
19 as set by the Board of Trustees upon the advice of the consulting actuary. The calculation of the
20 amount payable shall also include an administrative fee to be set by the Board. The amount of
21 creditable service purchased under this subsection may not exceed a total of five years.

22 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
23 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
24 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
25 that the purchase is paid by the member, the cost paid by the member shall be credited to the
26 member's annuity savings account.

27 (bb) Credit at Full Cost for Probationary Local Government Employment.Employment
28 Purchased On or Before December 31, 2018. – Notwithstanding any other provision of this
29 Chapter, on or before December 31, 2018, a member may purchase creditable service, prior to
30 retirement, for employment with any local employer as defined in G.S. 128-21(11) when
31 considered to be in a probationary or employer-imposed waiting period status, between the date
32 of employment and the date of membership service with the Local Governmental Employees'
33 Retirement System, provided that the former employer of such a member has revoked this
34 probationary employment or waiting period policy.

35 The member shall purchase this service by making a lump-sum amount payable to the
36 Annuity Savings Fund equal to the full liability of the service credits calculated on the basis of
37 the assumptions used for purposes of the actuarial valuation of the liabilities of the retirement
38 system, and the calculation of the amount payable shall take into account the retirement
39 allowance arising on account of the additional service credit commencing at the earliest age at
40 which the member could retire on an unreduced retirement allowance, as determined by the
41 Board of Trustees upon the advice of the consulting actuary, plus an administrative fee to be set
42 by the Board of Trustees. Notwithstanding the provisions of this subsection that provide for the
43 purchase of service credits, the term "full liability" includes assumed annual postretirement
44 allowance increases, as determined by the Board of Trustees, from the earliest age at which a
45 member could retire on an unreduced service allowance.

46 (bb1) Credit at Full Cost for Probationary Local Government Employment Purchased On
47 and After January 1, 2019. – Notwithstanding any other provision of this Chapter, on and after
48 January 1, 2019, a member may purchase creditable service, prior to retirement, for employment
49 with any local employer as defined in G.S. 128-21(11) when considered to be in a probationary
50 or employer-imposed waiting period status, between the date of employment and the date of
51 membership service with the Local Governmental Employees' Retirement System.

1 The member shall purchase this service by making a lump sum amount payable to the
 2 Annuity Savings Fund equal to the full liability increase due to the additional service credits on
 3 the basis of the assumptions used for the purposes of the actuarial valuation of the liabilities of
 4 the Retirement System, except for the following assumptions specific to this calculation: (i) the
 5 allowance shall be assumed to commence at the earliest age at which the member could retire on
 6 an unreduced retirement allowance and (ii) assumed annual postretirement allowance increases
 7 as set by the Board of Trustees upon the advice of the consulting actuary. The calculation of the
 8 amount payable shall also include an administrative fee to be set by the Board.

9 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
 10 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
 11 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
 12 that the purchase is paid by the member, the cost paid by the member shall be credited to the
 13 member's annuity savings account.

14 ...
 15 (hh) Credit at Full Cost for Service With The University of North Carolina During Which
 16 a Member Participated in the Optional Retirement Program. – Notwithstanding any other
 17 provisions of this Chapter, a member upon the completion of five years of membership service
 18 Chapter to the contrary, any member in service with five or more years of membership service
 19 may purchase creditable service for periods of employment with The University of North
 20 Carolina during which the member participated in the Optional Retirement Program as provided
 21 for in G.S. 135-5.1, provided that the member is not receiving, and is not entitled to receive, any
 22 retirement benefits resulting from this employment. The amount of creditable service purchased
 23 under this subsection may not exceed a total of five years. The member shall purchase this service
 24 by making a lump-sum amount payable to the Annuity Savings Fund equal to the full liability of
 25 the service credits calculated on the basis of the assumptions used for purposes of the actuarial
 26 valuation of the system's liabilities and shall take into account the retirement allowance arising
 27 on account of the additional service credit commencing at the earliest age at which the member
 28 could retire on an unreduced retirement allowance, as determined by the Board of Trustees upon
 29 the advice of the consulting actuary, plus an administrative fee to be set by the Board of Trustees.
 30 Notwithstanding the foregoing provisions of this subsection that provide for the purchase of
 31 service credits, the terms "full cost," "full liability," and "full actuarial cost" include assumed
 32 annual postretirement allowance increases, as determined by the Board of Trustees, from the
 33 earliest age at which a member could retire on an unreduced service allowance increase due to
 34 the additional service credits on the basis of the assumptions used for the purposes of the actuarial
 35 valuation of the liabilities of the Retirement System, except for the following assumptions
 36 specific to this calculation: (i) the allowance shall be assumed to commence at the earliest age at
 37 which the member could retire on an unreduced retirement allowance and (ii) assumed annual
 38 postretirement allowance increases as set by the Board of Trustees upon the advice of the
 39 consulting actuary. The calculation of the amount payable shall also include an administrative
 40 fee to be set by the Board.

41 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
 42 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
 43 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
 44 that the purchase is paid by the member, the cost paid by the member shall be credited to the
 45 member's annuity savings account.

46 "

47 **SECTION 5.(b)** G.S. 128-26 reads as rewritten:

48 "**§ 128-26. Allowance for service.**

49 ...

1 (b) ~~The Board of Trustees shall fix and determine by appropriate rules and regulations~~
2 ~~how much service in any year is equivalent to one year of service, but in In no case shall more~~
3 ~~than one year of service be creditable for all service in one calendar year.~~

4 (c) ~~Subject to the above restrictions and to such other rules and regulations as the Board~~
5 ~~of Trustees may adopt, the Board of Trustees shall verify, as soon as practicable after the filing~~
6 ~~of such statements of service, the service therein claimed.~~

7 ~~In lieu of a determination of the actual compensation of the members that was received during~~
8 ~~such period of prior service, the Board of Trustees may use for the purpose of this Article the~~
9 ~~compensation rates which if they had progressed with the rates of salary increase shown in the~~
10 ~~tables as prescribed in subsection (o) of G.S. 128-28 would have resulted in the same average~~
11 ~~salary of the member for the five years immediately preceding the date of participation of his~~
12 ~~employer, as the records show the member actually received.~~

13 (d) ~~Any member may, up to his date of retirement and within one year thereafter, request~~
14 ~~the Board of Trustees to modify or correct his prior service credit.~~

15 (e) Creditable service at retirement on which the retirement allowance of a member shall
16 be based shall consist of the membership service rendered by the member since he or she last
17 became a member, and also if the member has a prior service certificate which is in full force
18 and effect, the amount of the service certified on the prior service certificate; and if the member
19 has sick leave standing to the member's credit upon retirement on or after July 1, 1971, one month
20 of credit for each 20 days or portion thereof, but not less than one hour; sick leave shall not be
21 counted in computing creditable service for the purpose of determining eligibility for disability
22 retirement or for a vested deferred allowance. Creditable service for unused sick leave shall be
23 allowed only for sick leave accrued monthly during employment under a duly adopted sick leave
24 policy and for which the member may be able to take credits and be paid for sick leave without
25 restriction. However, in no instance shall unused sick leave be credited to a member's account at
26 retirement if the member's last day of actual service is more than 365 days prior to the effective
27 date of the member's retirement. Days of sick leave standing to a member's credit at retirement
28 shall be determined by dividing the member's total hours of sick leave at retirement by the hours
29 per month such leave was awarded under the employer's duly adopted sick leave policy as the
30 policy applied to the member when the leave was accrued.

31 ~~On and after July 1, 1971, a member whose account was closed on account of absence from~~
32 ~~service under the provisions of G.S. 128-24(1a) and who subsequently returns to service for a~~
33 ~~period of five years, may thereafter repay the amount withdrawn plus regular interest thereon~~
34 ~~from the date of withdrawal through the year of repayment and thereby increase his creditable~~
35 ~~service by the amount of creditable service lost when this account was closed.~~

36 ~~On and after July 1, 1973, a member whose account in the Teachers' and State Employees'~~
37 ~~Retirement System was closed on account of absence from service under the provisions of~~
38 ~~G.S. 135-3(3) and who subsequently became or becomes a member of this System with credit~~
39 ~~for five years of service, may thereafter repay in a lump sum the amount withdrawn from the~~
40 ~~Teachers' and State Employees' Retirement System plus regular interest thereon from the date of~~
41 ~~withdrawal through the year of repayment and thereby increase his creditable service in this~~
42 ~~System by the amount of creditable service lost when his account was closed.~~

43 ~~Notwithstanding any other provision of this Chapter, any member who entered service or was~~
44 ~~restored to service prior to July 1, 1982, and was excluded from membership service solely on~~
45 ~~account of having attained the age of 62 years, in accordance with former G.S. 128-24(3a), may~~
46 ~~purchase membership service credits for such excluded service by making a lump sum payment~~
47 ~~equal to the contributions that would have been deducted pursuant to G.S. 128-30(b) had he been~~
48 ~~a member of the Retirement System, increased by interest calculated at a rate of seven percent~~
49 ~~(7%) per annum.~~

50 (e1) On and after January 1, 1986, the creditable service of a member who was a member
51 of the Law Enforcement Officers' Retirement System at the time of the transfer of law

1 enforcement officers employed by participating employers from that System to this Retirement
2 System and whose accumulated contributions are transferred from that System to this Retirement
3 System, includes service that was creditable in the Law Enforcement Officers' Retirement
4 System; and membership service with that System is membership service with this Retirement
5 System; provided, notwithstanding any provisions of this Article to the contrary, any inchoate or
6 accrued rights of such a member to purchase creditable service for military service, withdrawn
7 service and prior service under the rules and regulations of the Law Enforcement Officers'
8 Retirement System may not be diminished and may be purchased as creditable service with this
9 Retirement System under the same conditions that would have otherwise applied.

10 ~~(f) Effective January 1, 1955, there shall be three classes of prior service certificates, to
11 be designated as Class A, Class B and Class C respectively. Each such certificate issued on
12 account of service rendered to a Class A employer shall be a Class A prior service certificate;
13 each such certificate issued on account of service rendered to a Class B employer shall be a Class
14 B prior service certificate; and each such certificate issued on account of service rendered to a
15 Class C employer shall be a Class C prior service certificate. Each Class C prior service certificate
16 shall specify a prior service benefit percentage rate which shall be three per centum (3%) in the
17 case of any member entitled to such certificate who is, at the date of participation of his employer,
18 in a position covered by the Social Security Act under a federal State agreement and which shall
19 be five per centum (5%) in the case of a member entitled to such certificate but who at the date
20 of participation of his employer is in a position not so covered.~~

21 ...

22 (i) Notwithstanding any other provision of this Chapter, on or before December 31, 2018,
23 any person who withdrew his or her contributions in accordance with the provisions of
24 G.S. 128-27(f) or 135-5(f) or the rules and regulations of the Law Enforcement Officers'
25 Retirement System and who subsequently returns to service may, upon completion of five years
26 of prior and current membership service, repay in a total lump sum any and all of the accumulated
27 contributions previously withdrawn with interest compounded annually at the rate of six and
28 one-half percent (6.5%) for each calendar year from the year of withdrawal to the year of
29 repayment plus a fee to cover expense of handling which shall be determined by the Board of
30 Trustees, and receive credit for the service forfeited at time of withdrawal(s). These provisions
31 shall apply equally to retired members who had attained five years of prior and current
32 membership service prior to retirement. The retirement allowance of a retired member who
33 restores service under this subsection shall be increased the month following the month payment
34 is received. The increase in the retirement allowance shall be the difference between the initial
35 retirement allowance, under any optional allowance elected at the time of retirement, and the
36 amount of the retirement allowance, under any optional allowance elected at the time of
37 retirement, to which the retired member would have been entitled had the service not been
38 previously forfeited, adjusted by any increases in the retirement accrual rate occurring between
39 the member's date of retirement and the date of payment. The increase in the retirement allowance
40 shall not include any adjustment for cost-of-living increases granted since the date of retirement.

41 (i1) North Carolina Withdrawn Service Purchased On and After January 1, 2019. –
42 Notwithstanding any other provision of this Article to the contrary, on and after January 1, 2019,
43 any member who withdrew his or her contributions in accordance with the provisions of
44 G.S. 128-27(f) or G.S. 135-5(f) or the rules of the Law Enforcement Officer's Retirement System,
45 and who subsequently returns to service and completes five years of membership service upon
46 that return, while in service may purchase an amount of creditable service totaling the amount of
47 the membership service associated with the withdrawn contributions, provided that the total of
48 the creditable service purchased under this subsection may not exceed a total of five years. The
49 member shall purchase this service by paying a lump sum amount to the Annuity Savings Fund
50 equal to the full liability increase due to the additional service credits on the basis of the
51 assumptions used for the purposes of the actuarial valuation of the liabilities of the Retirement

1 System, except for the following assumptions specific to this calculation: (i) the allowance shall
2 be assumed to commence at the earliest age at which the member could retire on an unreduced
3 retirement allowance and (ii) assumed annual postretirement allowance increases as set by the
4 Board of Trustees upon the advice of the consulting actuary. The calculation of the amount
5 payable shall also include an administrative fee to be set by the Board.

6 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
7 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
8 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
9 that the purchase is paid by the member, the cost paid by the member shall be credited to the
10 member's annuity savings account.

11 ...

12 (j2) Notwithstanding any other provision of this Chapter, on or before December 31, 2018,
13 any member and any retired member as herein described may purchase creditable service
14 previously rendered to any state, territory, or other governmental subdivision of the United States
15 other than this State by paying a total lump-sum payment determined as follows:

16 (1) For members who completed 10 years of prior and current membership
17 service, and retired members who completed 10 years of prior and current
18 membership service prior to retirement, and whose membership began on or
19 before January 1, 1988, and who make such purchase within three years after
20 first becoming eligible, the cost shall be an amount equal to the monthly
21 compensation the member earned when he first entered membership service,
22 times the employee contribution rate at that time, times the months of service
23 to be purchased, times two, with sufficient interest added thereto so as to equal
24 the full cost of allowing such service, plus an administrative fee to be set by
25 the Board of Trustees.

26 (2) For members who complete five years of prior and current membership
27 service, and retired members who complete five years of prior and current
28 membership service prior to retirement, and eligible members and retired
29 members covered by subdivision (1) of this subsection, whose membership
30 began on or before January 1, 1988, but who did not or do not make such
31 purchase within three years after first becoming eligible, the cost shall be an
32 amount equal to the full liability of the service credits calculated on the basis
33 of the assumptions used for the purposes of the actuarial valuation of the
34 System's liabilities and shall take into account the retirement allowance arising
35 on account of the additional service credits commencing at the earliest age at
36 which the member could retire on an unreduced allowance, as determined by
37 the Board of Trustees upon the advice of the consulting actuary, plus an
38 administrative fee to be set by the Board of Trustees. Notwithstanding the
39 foregoing provisions of this subsection that provide for the purchase of service
40 credits, the term "full liability" includes assumed postretirement allowance
41 increases, as determined by the Board of Trustees, from the earliest age at
42 which a member could retire on an unreduced service retirement allowance.
43 Notwithstanding the requirement of five years of current membership service,
44 a member whose membership began prior to the service the member desires
45 to purchase shall be eligible to purchase creditable service under this
46 subdivision upon returning to service as an employee upon completion of a
47 total of five years of membership service and upon completion of one year of
48 current membership service.

49 Current membership service shall mean membership service earned since the service
50 previously rendered to any state, territory, or other governmental subdivision of the United States
51 other than this State. Creditable service under this subsection shall be allowed only at the rate of

1 one year of out-of-state service for each year of service in this State, with a maximum allowable
2 of 10 years of out-of-state service. Such service is limited to full-time service which would be
3 allowable under the laws governing this System. Credit will be allowed only if no benefit is
4 allowable in another public retirement system as a result of the service.

5 (j3) Notwithstanding any provision of this Article to the contrary, on and after January 1,
6 2019, any member in service with five or more years of membership service may purchase
7 creditable service previously rendered to any state, territory, or other governmental subdivision
8 of the United States other than this State by paying a total lump sum payment. The amount of
9 creditable service purchased under this subsection may not exceed a total of five years. The
10 member shall purchase this service by paying a lump sum amount to the Annuity Savings Fund
11 equal to the full liability increase due to the additional service credits on the basis of the
12 assumptions used for the purposes of the actuarial valuation of the liabilities of the Retirement
13 System, except for the following assumptions specific to this calculation: (i) the allowance shall
14 be assumed to commence at the earliest age at which the member could retire on an unreduced
15 retirement allowance and (ii) assumed annual postretirement allowance increases as set by the
16 Board of Trustees upon the advice of the consulting actuary. The increases as set by the Board
17 of Trustees upon the advice of the consulting actuary shall also include an administrative fee to
18 be set by the Board.

19 Creditable service under this subsection shall be allowed only at the rate of one year of
20 out-of-state service for each year of membership service in this State, with a maximum allowable
21 of five years of out-of-state service. Such service is limited to full-time service that would be
22 allowable under the laws governing this Retirement System. Credit will be allowed only if no
23 benefit is allowable in another public retirement system as a result of the service.

24 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
25 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
26 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
27 that the purchase is paid by the member, the cost paid by the member shall be credited to the
28 member's annuity savings account.

29 ...
30 (l) Notwithstanding any other provision of this Chapter, any member may purchase
31 creditable service for periods of employer approved leaves of absence when in receipt of benefits
32 under the North Carolina Workers' Compensation Act. This service shall be purchased by paying
33 a cost calculated in the following manner:

34 ...
35 (2) Leaves of Absence Terminating On and After July 1, 1983. – The cost to a
36 member whose employer approved leave of absence, when in receipt of
37 benefits under the North Carolina Workers' Compensation Act, terminates
38 ~~upon return to service~~ on and after July 1, 1983, shall be a lump sum amount
39 due and payable to the Annuity Savings Fund within six months from ~~return~~
40 ~~to service~~ end of the leave of absence equal to the total employee and employer
41 percentage rates of contribution in effect at the time of purchase and based on
42 the annual rate of compensation of the member immediately prior to the leave
43 of absence; Provided, however, the cost to a member whose amount due is not
44 paid within six months from ~~return to service~~ the end of the leave of absence
45 shall be the amount due plus one percent (1%) per month penalty for each
46 month or fraction thereof the payment is made beyond the six-month period.

47 Whenever the creditable service purchased pursuant to this subsection is for a period that
48 occurs during the four consecutive calendar years that would have produced the highest average
49 annual compensation pursuant to G.S. 128-21(5) had the member not been on leave of absence
50 without pay, then the compensation that the member would have received during the purchased
51 period shall be included in calculating the member's average final compensation. In such cases,

1 the compensation that the member would have received during the purchased period shall be
2 based on the annual rate of compensation of the member immediately prior to the leave of
3 absence.

4 In the case of a law enforcement officer electing to purchase service under this section who
5 is in receipt of benefits under the North Carolina Workers' Compensation Act due to serious
6 bodily injury suffered in the line of duty as a result of an intentional or unlawful act of another,
7 as certified by the head of the employing law enforcement agency, and whose approved leave of
8 absence terminates on or before a return to service on and after August 1, 2006, the employer
9 percentage rate of contribution payable under subdivision (2) of this subsection shall be made by
10 the employer that granted the leave of absence. The cost to the law enforcement officer shall be
11 reduced by the amount paid by the employer. For purposes of this subsection, "serious bodily
12 injury" means bodily injury that creates a substantial risk of death, or that causes serious
13 permanent disfigurement, coma, a permanent or protracted condition that causes extreme pain,
14 or permanent or protracted loss or impairment of the function of any bodily member or organ, or
15 that results in prolonged hospitalization.

16 Nothing in this subsection prevents an employer from voluntarily paying all or a part of the
17 employee portion of the total cost of the service credit purchased, and the employer does not
18 discriminate against any eligible law enforcement officer in this subsection employed by the
19 employer by paying that portion of cost. To the extent paid by the employer, the employee portion
20 paid by the employer shall be credited to the Pension Accumulation Fund; to the extent paid by
21 the member, the employee portion paid by the member shall be credited to the member's annuity
22 savings account. A member shall pay any part of the employee portion of the total cost not paid
23 by the employer.

24 ...

25 (o) Credit at Full Cost for Federal Employment. – Notwithstanding any other provisions
26 of this Chapter, ~~a member, upon the completion of five years of membership service, member in~~
27 service with five or more years of membership service may purchase creditable service for
28 periods of federal employment, provided that the member is not receiving any retirement benefits
29 resulting from this federal employment, and provided that the member is not vested in the
30 particular federal retirement system to which the member may have belonged while a federal
31 employee. The amount of creditable service purchased under this subsection may not exceed a
32 total of five years. The member shall purchase this service by making a lump sum amount payable
33 to the Annuity Savings Fund equal to the full liability ~~of the service credits calculated on the~~
34 ~~basis of the assumptions used for purposes of the actuarial valuation of the liabilities of the~~
35 ~~Retirement System; and the calculation of the amount payable shall take into account the~~
36 ~~retirement allowance arising on account of the additional service credit commencing at the~~
37 ~~earliest age at which the member could retire on an unreduced retirement allowance, as~~
38 ~~determined by the Board of Trustees upon the advice of the consulting actuary, plus an~~
39 ~~administrative fee to be set by the Board of Trustees.~~ increase due to the additional service credits
40 on the basis of the assumptions used for the purposes of the actuarial valuation of the liabilities
41 of the Retirement System, except for the following assumptions specific to this calculation: (i)
42 the allowance shall be assumed to commence at the earliest age at which the member could retire
43 on an unreduced retirement allowance and (ii) assumed annual postretirement allowance
44 increases as set by the Board of Trustees upon the advice of the consulting actuary. The
45 calculation of the amount payable shall also include an administrative fee to be set by the Board.

46 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
47 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
48 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
49 that the purchase is paid by the member, the cost paid by the member shall be credited to the
50 member's annuity savings account.

1 ~~Members~~ On or before December 31, 2018, members may also purchase creditable service
2 for periods of employment with public community service entities within the State funded
3 entirely with federal funds, other than the federal government, that are not covered by the
4 provisions of G.S. 128-21(11) or G.S. 135-1(11), under the same terms and conditions that are
5 applicable to the purchase of creditable service for periods of federal employment in accordance
6 with this subsection. "Public community service entities" as used in this subsection shall mean
7 community action, human relations, manpower development, and community development
8 programs as defined in Articles 19 and 21 of Chapter 160A and Article 18 of Chapter 153A of
9 the General Statutes ~~and any other similar programs that the Board of Trustees may adopt.~~
10 ~~Notwithstanding the foregoing provisions of this subsection that provide for the purchase of~~
11 ~~service credits, the terms "full cost", "full liability", and "full actuarial cost" include assumed~~
12 ~~annual post-retirement allowance increases, as determined by the Board of Trustees, from the~~
13 ~~earliest age at which a member could retire on an unreduced service allowance.~~ Statutes.

14 (p) Part-Time Service Credit.—

15 (1) ~~Notwithstanding any other provision of this Chapter, upon completion of five~~
16 ~~years of membership service, any member may purchase service previously~~
17 ~~rendered as a part-time employee of a participating employer as defined in~~
18 ~~G.S. 128-21(11) or G.S. 135-1(11), except for temporary or part-time service~~
19 ~~rendered while a full-time student in pursuit of a degree or diploma in a~~
20 ~~degree-granting program. Payment shall be made in a single lump sum in an~~
21 ~~amount equal to the full actuarial cost of providing credit for the service,~~
22 ~~together with interest and an administrative fee, as determined by the Board~~
23 ~~of Trustees on the advice of the Retirement System's actuary. Notwithstanding~~
24 ~~the provisions of G.S. 128-26(b), the Board of Trustees shall fix and determine~~
25 ~~by appropriate rules and regulations how much service in any year, as based~~
26 ~~on compensation, is equivalent to one year of service in proportion to~~
27 ~~"earnable compensation", but in no case shall more than one year of service~~
28 ~~be creditable for all service in one year. Notwithstanding the foregoing~~
29 ~~provisions of this subdivision that provide for the purchase of service credits,~~
30 ~~the terms "full cost", "full liability", and "full actuarial cost" include assumed~~
31 ~~annual post-retirement allowance increases, as determined by the Board of~~
32 ~~Trustees, from the earliest age at which a member could retire on an unreduced~~
33 ~~service allowance.~~

34 (2) ~~Under all requirements and conditions set forth in the preceding subdivision~~
35 ~~of this subsection, except for the requirement that the completion of five years~~
36 ~~of membership service be subsequent to service rendered as a part-time~~
37 ~~employee, any member with five or more years of membership service~~
38 ~~standing to his credit may purchase additional membership service for service~~
39 ~~rendered as a part-time employee of an employer as defined in~~
40 ~~G.S. 128-21(11) if (i) the member terminates or has terminated employment~~
41 ~~in any capacity as an employee, (ii) the purchase of the additional membership~~
42 ~~service causes the member to become eligible to commence an early or service~~
43 ~~retirement allowance, and (iii) the member immediately elects to commence~~
44 ~~retirement and become a beneficiary.~~

45 (p1) Part-Time Service Credit. – Notwithstanding any other provision of this Article to the
46 contrary, any member in service with five or more years of membership service may purchase
47 service previously rendered as a part-time teacher or employee of an employer, as defined in
48 G.S. 135-1(11) or G.S. 128-21(11), except the following service may not be purchased:

49 (1) Part-time service rendered as a bus driver to a public school while a full-time
50 high school student.

1 (2) Temporary or part-time service rendered while a full-time student in pursuit
2 of a degree or diploma in a degree-granting program, unless that service was
3 rendered on a permanent part-time basis and required at least 20 hours of
4 service per week.

5 Payment for service purchased under this subsection shall be made in a single lump sum in
6 an amount calculated by applying the ratio of actual gross compensation earned as a part-time
7 employee to the gross compensation that would have been earned as a full-time employee to the
8 period of service rendered in months. The member shall purchase this service by paying a lump
9 sum amount to the Annuity Savings Fund equal to the full liability increase due to the additional
10 service credits on the basis of the assumptions used for the purposes of the actuarial valuation of
11 the liabilities of the Retirement System, except for the following assumptions specific to this
12 calculation: (i) the allowance shall be assumed to commence at the earliest age at which the
13 member could retire on an unreduced retirement allowance and (ii) assumed annual
14 postretirement allowance increases as set by the Board of Trustees upon the advice of the
15 consulting actuary. The calculation of the amount payable shall also include an administrative
16 fee to be set by the Board.

17 The Board of Trustees shall adopt rules regarding how much service in any year, as based on
18 compensation, is equivalent to one year of service in proportion to earnable compensation, but
19 in no case shall more than one year of service be creditable for all service in one year. Service
20 rendered for the regular school year in any district shall be equivalent to one year of service.

21 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
22 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
23 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
24 that the purchase is paid by the member, the cost paid by the member shall be credited to the
25 member's annuity savings account.

26 (q) Credit at Full Cost for Probationary ~~Employment~~ Employment Purchased On or
27 Before December 31, 2018. – Notwithstanding any other provision of this Chapter, on or before
28 December 31, 2018, a member may purchase creditable service, prior to retirement, for
29 employment with an employer as defined in this Article when considered to be in a probationary
30 or employer imposed waiting period status and thereby not regularly employed, between date of
31 employment and date of membership service with the retirement system, provided that the
32 employer or former employer of such a member has revoked this probationary employment or
33 waiting period policy.

34 Provided, the member shall purchase this service by making a lump sum amount payable to
35 the Annuity Savings Fund equal to the full liability of the service credits calculated on the basis
36 of the assumptions used for purposes of the actuarial valuation of the liabilities of the retirement
37 system, and the calculation of the amount payable shall take into account the retirement
38 allowance arising on account of the additional service credit commencing at the earliest age at
39 which the member could retire on an unreduced retirement allowance, as determined by the
40 Board of Trustees upon the advice of the consulting actuary, plus an administrative fee to be set
41 by the Board of Trustees. In no instance shall the amount payable be less than the contributions
42 a member would have made during the employment plus four percent (4%) interest compounded
43 annually.

44 Notwithstanding the foregoing provisions of this subsection that provide for the purchase of
45 service credits, the terms "full cost", "full liability", and "full actuarial cost" include assumed
46 annual post-retirement allowance increases, as determined by the Board of Trustees, from the
47 earliest age at which a member could retire on an unreduced service allowance.

48 Nothing contained in this subsection shall prevent an employer or member from paying all
49 or a part of the cost of the probationary employment; and to the extent paid by the employer, the
50 cost paid by the employer shall be credited to the pension accumulation fund; and to the extent
51 paid by the member, the cost paid by the member shall be credited to the member's annuity

1 savings account; provided, however, an employer does not discriminate against any member or
 2 group of members in its current employ in paying all or any part of the cost of the probationary
 3 employment. In the event an employer pays all or a part of the full actuarial cost, the employer
 4 may, at its option, pay such amount either in a lump sum or by increasing its "accrued liability
 5 contribution" for the remainder of its accrued liability period. In the event an employer has
 6 satisfied its accrued liability contribution, the employer may amortize its portion of the full
 7 actuarial cost over a period not to exceed 10 years. The expense of making an actuarial valuation
 8 to determine the accrued liability contribution or the additional accrued liability contribution,
 9 required to amortize the portion of the full actuarial cost paid by the employer, shall be paid by
 10 the employer in a lump sum at the time of the actuarial valuation.

11 (q1) Credit at Full Cost for Probationary Employment Purchased On or After January 1,
 12 2019. – Notwithstanding any other provision of this Chapter, on and after January 1, 2019, a
 13 member in service with five or more years of service may purchase creditable service for
 14 employment with an employer as defined in this Article when considered to be in a probationary
 15 or employer-imposed waiting period status and thereby not regularly employed between date of
 16 employment and date of membership service with the retirement system. The amount of
 17 creditable service purchased under this subsection may not exceed five years.

18 The member shall purchase this service by paying a lump sum amount to the Annuity Savings
 19 Fund equal to the full liability increase due to the additional service credits on the basis of the
 20 assumptions used for the purposes of the actuarial valuation of the liabilities of the Retirement
 21 System, except for the following assumptions specific to this calculation: (i) the allowance shall
 22 be assumed to commence at the earliest age at which the member could retire on an unreduced
 23 retirement allowance and (ii) assumed annual postretirement allowance increases as set by the
 24 Board of Trustees upon the advice of the consulting actuary. The increases as set by the Board
 25 of Trustees upon the advice of the consulting actuary shall also include an administrative fee to
 26 be set by the Board.

27 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
 28 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
 29 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
 30 that the purchase is paid by the member, the cost paid by the member shall be credited to the
 31 member's annuity savings account.

32 (r) Credit at Full Cost for Temporary Government Employment. – Notwithstanding any
 33 other provisions of this Chapter, any member in service with five or more years of membership
 34 service may purchase creditable service for government employment when classified as a
 35 temporary employee subject to the conditions that all of the following conditions:

- 36 (1) The member was employed by an employer as defined in G.S. 128-21(11) or
 37 G.S. 135-1(11);G.S. 135-1(11).
- 38 (2) The member's temporary employment met all other requirements of
 39 G.S. 128-21(10), or G.S. 135-1(10) or ~~(25);(25).~~
- 40 (3) The member has completed five years or more of membership ~~service;~~
 41 service.
- 42 (4) The member ~~acquires~~ has acquired from the employer such certifications of
 43 temporary employment as are required by the Board of ~~Trustees;~~ and Trustees.
- 44 ~~(5) The member makes~~

45 The amount of creditable service purchased under this subsection may not exceed a total of
 46 five years. A member shall purchase this service by making a lump sum payment into the Annuity
 47 Savings Fund equal to the full liability of the service credits calculated on the basis of the
 48 assumptions used for purposes of the actuarial valuation of the retirement system's liabilities, and
 49 the calculation of the amount payable shall take into account the retirement allowance arising on
 50 account of the additional service credit commencing at the earliest age at which the member
 51 could retire on an unreduced retirement allowance, as determined by the Board of Trustees upon

1 the advice of the actuary, plus an administrative fee to be determined by the Board of Trustees.
2 Notwithstanding the foregoing provisions of this subdivision that provide for the purchase of
3 service credits, the terms "full cost", "full liability", and "full actuarial cost" include assumed
4 annual post retirement allowance increases, as determined by the Board of Trustees, from the
5 earliest age at which a member could retire on an unreduced service allowance.increase due to
6 the additional service credits on the basis of the assumptions used for the purposes of the actuarial
7 valuation of the liabilities of the Retirement System, except for the following assumptions
8 specific to this calculation: (i) the allowance shall be assumed to commence at the earliest age at
9 which the member could retire on an unreduced retirement allowance and (ii) assumed annual
10 postretirement allowance increases as set by the Board of Trustees upon the advice of the
11 consulting actuary. The calculation of the amount payable shall also include an administrative
12 fee to be set by the Board.

13 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
14 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
15 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
16 that the purchase is paid by the member, the cost paid by the member shall be credited to the
17 member's annuity savings account.

18 (s) Credit at Full Cost for Employment Not Otherwise Creditable. – Notwithstanding any
19 other provisions of this Chapter, any member in service with five or more years of membership
20 service may purchase creditable service for any employment as an employee, as defined in
21 G.S. 128-21(10), of a local government employer not creditable in any other retirement system
22 or plan, upon completion of five years of membership service by making a lump sum payment
23 into the Annuity Savings Fund. The payment by the member shall be equal to the full liability of
24 the service credits calculated on the basis of the assumptions used for purposes of the actuarial
25 valuation of the retirement system's liabilities, and the calculation of the amount payable shall
26 take into account the additional retirement allowance arising on account of the additional service
27 credits commencing at the earliest age at which the member could retire with an unreduced
28 retirement allowance, as determined by the Board of Trustees upon the advice of the actuary plus
29 an administrative fee to be determined by the Board of Trustees. Notwithstanding the foregoing
30 provisions of this subsection that provide for the purchase of service credits, the terms "full cost",
31 "full liability", and "full actuarial cost" include assumed annual post retirement allowance
32 increases, as determined by the Board of Trustees, from the earliest age at which a member could
33 retire on an unreduced service allowance.plan, provided that the employer is, at the time of
34 purchase, a participating employer in the Retirement System but was not a participating employer
35 in the Retirement System at the time the service was rendered by the member. The amount of
36 creditable service purchased under this subsection may not exceed a total of five years. A member
37 shall purchase this service by making a lump sum payment into the Annuity Savings Fund equal
38 to the full liability increase due to the additional service credits on the basis of the assumptions
39 used for the purposes of the actuarial valuation of the liabilities of the Retirement System, except
40 for the following assumptions specific to this calculation: (i) the allowance shall be assumed to
41 commence at the earliest age at which the member could retire on an unreduced retirement
42 allowance and (ii) assumed annual postretirement allowance increases as set by the Board of
43 Trustees upon the advice of the consulting actuary. The calculation of the amount payable shall
44 also include an administrative fee to be set by the Board.

45 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
46 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
47 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
48 that the purchase is paid by the member, the cost paid by the member shall be credited to the
49 member's annuity savings account.

50 "...."

51 **SECTION 5.(c)** G.S. 135-1.1(b) reads as rewritten:

1 "(b) Notwithstanding any other provision of this Chapter, any State board or agency
2 charged with the duty of administering any law relating to the examination and licensing of
3 persons to practice a profession, trade, or occupation, and who is subject to the provisions of the
4 State Budget Act, Chapter 143C of the General Statutes, may make an irrevocable election by
5 appropriate resolution of the board, on or before October 1, 2000, to become an employer in the
6 Teachers' and State Employees' Retirement System. Retirement System coverage shall be
7 conditioned on the board's payment of all of the employer's contributions or matching funds from
8 funds of the board and on the board's collecting from its employees the employees' contributions,
9 at such rates as may be fixed by law and by the rules of the Board of Trustees of the Retirement
10 System, under G.S. 135-8, the Current Operations Appropriations Act, or any other applicable
11 law, all of such funds to be paid to the Retirement System and placed in the appropriate funds.
12 Any person who ~~is~~ was an employee of the board on the date the board makes an irrevocable
13 election to participate in the Retirement System may purchase creditable service for periods of
14 employment with the board prior to the election by making a lump sum payment equal to the full
15 cost of the service credits calculated on the basis of the assumptions used for the purposes of the
16 actuarial valuation of the system's liabilities, and shall take into account the additional retirement
17 allowance arising on account of such additional service credit commencing at the earliest age at
18 which a member could retire on an unreduced retirement allowance, as determined by the Board
19 of Trustees upon the advice of the consulting actuary, plus an administrative fee to be set by the
20 Board of Trustees. Notwithstanding the foregoing provisions of this subdivision that provide for
21 the purchase of service credits, the terms "full cost", "full liability", and "full actuarial cost"
22 include assumed annual postretirement allowance increases, as determined by the Board of
23 Trustees, from the earliest age at which a member could retire on an unreduced service
24 allowance election, provided that (i) the person is a member in service and (ii) the purchase is
25 made on or before December 31, 2018. The amount of creditable service purchased under this
26 subsection may not exceed a total of five years. A member shall purchase this service by paying
27 a lump sum amount to the Annuity Savings Fund equal to the full liability increase due to the
28 additional service credits on the basis of the assumptions used for the purposes of the actuarial
29 valuation of the liabilities of the Retirement System, except for the following assumptions
30 specific to this calculation: (i) the allowance shall be assumed to commence at the earliest age at
31 which the employee could retire on an unreduced retirement allowance and (ii) assumed annual
32 postretirement allowance increases as set by the Board of Trustees upon the advice of the
33 consulting actuary. The increases as set by the Board of Trustees upon the advice of the
34 consulting actuary shall also include an administrative fee to be set by the Board."

35 **SECTION 5.(d)** G.S. 135-56(b) reads as rewritten:

36 "(b) ~~When~~ On or before December 31, 2018, when membership ceases as a result of a
37 member's withdrawal of his or her accumulated contributions, the prior service and previous
38 membership service of the member shall no longer be considered to be creditable service;
39 provided, however, that if a member whose creditable service has been cancelled in accordance
40 with this subsection subsequently returns to membership for a period of five years, ~~he~~ the member
41 may thereafter repay in a lump sum the amount withdrawn plus regular interest thereon from the
42 date of withdrawal through the date of repayment and thereby increase his or her creditable
43 service by the amount of creditable service lost when ~~he~~ the member withdrew his or her
44 accumulated contributions."

45 **SECTION 5.(e)** G.S. 135-56 is amended by adding a new subsection to read:

46 "(b1) On and after January 1, 2019, when membership ceases as a result of a member's
47 withdrawal of his or her accumulated contributions, the prior service and previous membership
48 service of the member shall no longer be considered to be creditable service. If a member whose
49 creditable service has been cancelled in accordance with this subsection subsequently returns to
50 membership service and completes five years of membership service upon that return, then the
51 member may purchase an amount of creditable service corresponding to the total of the

1 membership service associated with the withdrawn contributions, provided that the total amount
2 of creditable service purchased under this subsection may not exceed five years. The member
3 shall purchase this service by paying a lump sum amount to the Annuity Savings Fund equal to
4 the full liability increase due to the additional service credits on the basis of the assumptions used
5 for the purposes of the actuarial valuation of the liabilities of the Retirement System, except for
6 the following assumptions specific to this calculation: (i) the allowance shall be assumed to
7 commence at the earliest age at which the member could retire on an unreduced retirement
8 allowance and (ii) assumed annual postretirement allowance increases as set by the Board of
9 Trustees upon the advice of the consulting actuary. The increases as set by the Board of Trustees
10 upon the advice of the consulting actuary shall also include an administrative fee to be set by the
11 Board.

12 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
13 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
14 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
15 that the purchase is paid by the member, the cost paid by the member shall be credited to the
16 member's annuity savings account."

17 **SECTION 5.(f)** G.S. 120-4.15 reads as rewritten:

18 "**§ 120-4.15. Repayment of contributions.**

19 (a) ~~Repayment~~ On or before December 31, 2018, repayment of contributions withdrawn
20 from the Legislative Retirement Fund and System shall be at the rate of seven percent (7%) of
21 the highest monthly compensation received as a legislator at the time of purchase for each month
22 of creditable service restored plus an administrative fee to be paid in lump sum.

23 (b) On and after January 1, 2019, repayment of contributions withdrawn from the
24 Legislative Retirement Fund and System shall be in an amount equal to the full liability increase
25 due to the additional service credits on the basis of the assumptions used for the purposes of the
26 actuarial valuation of the liabilities of the Retirement System, except for the following
27 assumptions specific to this calculation: (i) the allowance shall be assumed to commence at the
28 earliest age at which the member could retire on an unreduced retirement allowance and (ii)
29 assumed annual postretirement allowance increases as set by the Board of Trustees of the
30 Teachers' and State Employees' Retirement System upon the advice of the consulting actuary.
31 The calculation of the amount payable shall also include an administrative fee to be set by the
32 Board of Trustees of the Teachers' and State Employees' Retirement System.

33 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
34 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
35 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
36 that the purchase is paid by the member, the cost paid by the member shall be credited to the
37 member's annuity savings account."

38 **SECTION 5.(g)** G.S. 120-4.16(a) reads as rewritten:

39 "(a) All repayments and purchases of service credit, allowed under this Article, shall be
40 made within two years after the member first becomes eligible to make such repayments and
41 purchases. All such repayments and purchases not made within two years after the member
42 becomes eligible shall equal the full ~~actuarial cost of the additional service credit as defined in~~
43 ~~G.S. 135-4(m)~~ liability increase due to the additional service credits on the basis of the
44 assumptions used for the purposes of the actuarial valuation of the liabilities of the Retirement
45 System, except for the following assumptions specific to this calculation: (i) the allowance shall
46 be assumed to commence at the earliest age at which the member could retire on an unreduced
47 retirement allowance and (ii) assumed annual postretirement allowance increases as set by the
48 Board of Trustees of the Teachers' and State Employees' Retirement System upon the advice of
49 the consulting actuary. The calculation of the amount payable shall also include an administrative
50 fee to be set by the Board of Trustees of the Teachers' and State Employees' Retirement System."

51 **SECTION 5.(h)** G.S. 126-8.5(a) reads as rewritten:

1 "(a) When the Director of the Budget determines that the closing of a State institution or
2 a reduction in force will accomplish economies in the State Budget, ~~he~~the Director of the Budget
3 shall pay either a discontinued service retirement allowance or severance wages to any affected
4 State employee, provided reemployment is not available. As used in this section, "economies in
5 the State Budget" means economies resulting from elimination of a job and its responsibilities or
6 from a lack of funds to support the job. In determining whether to pay a discontinued service
7 retirement allowance or severance wages, the Director of the Budget shall consider the
8 recommendation of the department head involved and any recommendation of the Director of
9 the Office of State Human Resources. Severance wages shall not be paid to an employee who
10 chooses a discontinued service retirement. Severance wages shall not be subject to employer or
11 employee retirement contributions. Severance wages shall be paid according to the policies
12 adopted by the State Human Resources Commission.

13 Notwithstanding any other provisions of the State's retirement laws, any employee of the
14 State who is a member of the Teachers' and State Employees' Retirement System or the
15 Law-Enforcement Officers' Retirement System and ~~who has his whose job is~~ involuntarily
16 terminated as a result of economies in the State Budget may be entitled to a discontinued service
17 retirement allowance, subject to the approval of the employing agency and the availability of
18 agency funds. An unreduced discontinued service retirement allowance, not otherwise allowed,
19 may be approved for employees with 20 or more years of creditable retirement service who are
20 at least 55 years of age; or a discontinued service retirement allowance, not otherwise allowed,
21 may be approved for employees with 20 or more years of creditable retirement service who are
22 at least 50 years of age, reduced by one-fourth of one percent (1/4 of 1%) for each month that
23 retirement precedes ~~his~~the employee's fifty-fifth birthday. In cases where a discontinued service
24 retirement allowance is approved, the employing agency shall make a lump sum payment to the
25 Administrator of the State Retirement Systems equal to the actuarial present value of the
26 additional liabilities imposed upon the System, to be determined by the System's consulting
27 actuary, as a result of the discontinued service retirement, plus an administrative fee to be
28 determined by the ~~Administrator~~Administrator, plus an amount to be deposited in the Retiree
29 Health Benefit Fund. The amount to be deposited in the Retiree Health Benefit Fund shall be
30 calculated by multiplying the number of years between the employee's date of discontinued
31 service retirement and the employee's earliest unreduced retirement date under G.S. 135-5 by the
32 most recent employer contribution rate to the Retiree Health Benefit Fund and then, if the
33 employee is or would be eligible for retiree medical coverage under the State Health Plan for
34 Teachers and State Employees, multiplying that figure by the salary used in the discontinued
35 salary retirement calculation.

36 The salary used to determine severance wages under this section is the last annual salary
37 except that if the employee was promoted within the previous 12 months, the last annual salary
38 is that annual salary prior to the promotion. If the annual salary prior to the promotion is used, it
39 shall be adjusted to account for any across-the-board legislative salary increases. Excluded from
40 any calculation are any benefits such as, but not limited to, overtime pay, shift pay, holiday
41 premium, or longevity pay. The salary used to determine the discontinued retirement allowance
42 under this section is the same as the average final compensation under G.S. 135-1(5)."

43 **SECTION 5.(i)** G.S. 135-3(3) reads as rewritten:

44 "~~(3) Should any member in any period of six consecutive years after becoming a~~
45 ~~member be absent from service more than five years, or should he withdraw~~
46 ~~his accumulated contributions, or should he become a beneficiary or die, he~~
47 ~~shall thereupon cease to be a member: Provided that on and after July 1, 1967,~~
48 ~~should any member in any period of eight consecutive years after becoming a~~
49 ~~member be absent from service more than seven years, or should he withdraw~~
50 ~~his accumulated contributions, or should he become a beneficiary or die, he~~
51 ~~shall thereupon cease to be a member; provided further that the period of~~

1 absence from service shall be computed from January 1, 1962, or later date of
2 separation for any member whose contributions were not withdrawn prior to
3 July 1, 1967: ~~Provided that on and after July 1, 1971, a A member shall cease~~
4 ~~to be a member only if he the member withdraws his or her accumulated~~
5 ~~contributions, or becomes a beneficiary, or dies.~~

6 ~~Notwithstanding the foregoing, any persons whose membership was~~
7 ~~terminated under the provisions set forth above who had five or more years of~~
8 ~~creditable service and had not effected a return of contributions may elect to~~
9 ~~receive a retirement allowance on or after age 60; provided that this member~~
10 ~~may retire only upon electronic submission or written application to the Board~~
11 ~~of Trustees setting forth at which time, not less than 30 days nor more than 90~~
12 ~~days subsequent to the execution and filing, he desires to be retired."~~

13 **SECTION 5.(j)** G.S. 128-24(1a) reads as rewritten:

14 "(1a) ~~Should any member in any period of eight consecutive years after becoming~~
15 ~~a member be absent from service more than seven years, or should he~~
16 ~~withdraw his accumulated contributions or should he become a beneficiary or~~
17 ~~die, he shall thereupon cease to be a member; provided that on and after July~~
18 ~~1, 1971, a A member shall cease to be a member only if he the member~~
19 ~~withdraws his or her accumulated contributions, or becomes a beneficiary, or~~
20 ~~dies."~~

21 **SECTION 5.(k)** For all service purchases that are required to have been made by
22 December 31, 2018, the Retirement Systems Division of the Department of State Treasurer shall
23 accept and process all service purchase request forms that are received by the Retirement Systems
24 Division on or before December 31, 2018.

25 **SECTION 6.(a)** G.S. 135-5(g) reads as rewritten:

26 "(g) Election of Optional Allowance. – With the provision that until the first payment on
27 account of any benefit becomes normally due, or the member's first retirement check has been
28 cashed, any member may elect to receive his or her benefits in a retirement allowance payable
29 throughout life, or the member may elect to receive the actuarial equivalent of such retirement
30 allowance, including any special retirement allowance, in a reduced allowance payable
31 throughout life under the provisions of one of the options set forth below. The election of Option
32 2, 3, or 6 or nomination of the person thereunder shall be revoked if such person nominated dies
33 prior to the date the first payment becomes normally due or until the member's first retirement
34 check has been cashed. Such election may be revoked by the member prior to the date the first
35 payment becomes normally due or until the member's first retirement check has been cashed.
36 Provided, however, in the event a member has elected Option 2, 3, or 5 and nominated his or her
37 spouse to receive a retirement allowance upon the member's death, and the spouse predeceases
38 the member after the first payment becomes normally due or the first retirement check has been
39 cashed, if the member remarries he or she may request to nominate a new spouse to receive the
40 retirement allowance under the previously elected option, within 90 days of the remarriage, and
41 may nominate a new spouse to receive the retirement allowance under the previously elected
42 option by written designation duly acknowledged and filed with the Board of Trustees within
43 120 days of the remarriage. The new nomination shall be effective on the first day of the month
44 in which it is made and shall provide for a retirement allowance computed to be the actuarial
45 equivalent of the retirement allowance in effect immediately prior to the effective date of the new
46 nomination. Any member having elected Option 2, 3, 5, or 6 and nominated his or her spouse to
47 receive a retirement allowance upon the member's death may, after divorce from his or her
48 spouse, revoke the nomination and elect a new option, effective on the first day of the month in
49 which the new option is elected, providing for a retirement allowance computed to be the
50 actuarial equivalent of the retirement allowance in effect immediately prior to the effective date
51 of the new option. Except as provided in this section, the member may not change the member's

1 retirement benefit option or the member's designated beneficiary for survivor benefits, if any,
2 after the member has cashed the first retirement check or after the 25th day of the month
3 following the month in which the first check is mailed, whichever comes first. The following are
4 optional allowances that a member may elect under this subsection:

5 ...

6 Option 4. Adjustment of Retirement Allowance for Social Security ~~Benefits.~~ Benefits for
7 Members Retiring On or Before December 1, 2018. – Until the first payment on account of any
8 benefit becomes normally due, any member retiring on or before December 1, 2018, may elect
9 to convert his or her benefit otherwise payable on ~~his~~ the member's account after retirement into
10 a retirement allowance of equivalent actuarial value of such amount that with ~~his~~ the member's
11 benefit under Title II of the Federal Social Security Act, ~~he~~ the member will receive, so far as
12 possible, approximately the same amount per year before and after the earliest age at which ~~he~~
13 the member becomes eligible, effective as of the first of the month following the month of initial
14 entitlement, upon application therefor, to receive a social security benefit.

15 ...

16 Option 6. For Members Retiring On or Before December 1, 2018. – A member retiring on or
17 before December 1, 2018, may elect either Option 2 or Option 3 with the added provision that in
18 the event the designated beneficiary predeceases the member, the retirement allowance payable
19 to the member after the designated beneficiary's death shall be equal to the retirement allowance
20 which would have been payable had the member not elected the option.

21 Upon the death of a member after the effective date of a retirement for which the member
22 has been approved and following receipt by the Board of Trustees of an election of benefits (Form
23 6-E or Form 7-E) but prior to the cashing of the first benefit check, the retirement benefit shall
24 be payable as provided by the member's election of benefits under this subsection.

25 Upon the death of a member after the effective date of a retirement for which the member
26 has been approved but prior to the receipt by the Board of Trustees of an election of benefits
27 (Form 6-E or Form 7-E), properly acknowledged and filed by the member, the member's
28 designated beneficiary for a return of accumulated contributions may elect to receive the benefit,
29 if only one beneficiary is eligible to receive the return of accumulated contributions. If more than
30 one beneficiary is eligible to receive the return of accumulated contributions, or if no beneficiary
31 has been designated, the administrator or executor of the member's estate will select an option
32 and name the beneficiary or beneficiaries."

33 **SECTION 6.(b)** G.S. 128-27(g) reads as rewritten:

34 "(g) Election of Optional Allowance. – With the provision that until the first payment on
35 account of any benefit becomes normally due, or the member's first retirement check has been
36 cashed, any member may elect to receive his or her benefits in a retirement allowance payable
37 throughout life, or the member may elect to receive the actuarial equivalent of such retirement
38 allowance, including any special retirement allowance, in a reduced allowance payable
39 throughout life under the provisions of one of the Options set forth below. The election of Option
40 2, 3, or 6 or nomination of the person thereunder shall be revoked if such person nominated dies
41 prior to the date the first payment becomes normally due or the first retirement check has been
42 cashed. Such election may be revoked by the member prior to the date the first payment becomes
43 normally due or the member's first retirement check has been cashed. Provided, however, in the
44 event a member has elected Option 2, 3, or 5 and nominated his or her spouse to receive a
45 retirement allowance upon the member's death, and the spouse predeceases the member after the
46 first payment becomes normally due or the first retirement check has been cashed, if the member
47 remarries he or she may request to nominate a new spouse to receive the retirement allowance
48 under the previously elected option, within 90 days of the remarriage, and may nominate a new
49 spouse to receive the retirement allowance under the previously elected option by written
50 designation duly acknowledged and filed with the Board of Trustees within 120 days of the
51 remarriage. The new nomination shall be effective on the first day of the month in which it is

1 made and shall provide for a retirement allowance computed to be the actuarial equivalent of the
2 retirement allowance in effect immediately prior to the effective date of the new nomination. Any
3 member having elected Option 2, 3, 5, or 6 and nominated his or her spouse to receive a
4 retirement allowance upon the member's death may, after divorce from his or her spouse, revoke
5 the nomination and elect a new option, effective on the first day of the month in which the new
6 option is elected, providing for a retirement allowance computed to be the actuarial equivalent
7 of the retirement allowance in effect immediately prior to the effective date of the new option.
8 Except as provided in this section, the member may not change the member's retirement benefit
9 option or the member's designated beneficiary for survivor benefits, if any, after the member has
10 cashed the first retirement check or after the 25th day of the month following the month in which
11 the first check is mailed, whichever comes first. The following are optional allowances that a
12 member may elect under this subsection:

13 ...

14 Option four. Adjustment of Retirement Allowance for Social Security ~~Benefits~~. Benefits for
15 Members Retiring On or Before December 1, 2018. – Until the first payment on account of any
16 benefit becomes normally due, any member retiring on or before December 1, 2018, may elect
17 to convert his or her benefit otherwise payable on ~~his~~ the member's account after retirement into
18 a retirement allowance of equivalent actuarial value of such amount that with ~~his~~ the member's
19 benefit under Title II of the Federal Social Security Act, ~~he~~ the member will receive, so far as
20 possible, approximately the same amount per year before and after the earliest age at which ~~he~~
21 the member becomes eligible, effective as of the first of the month following the month of initial
22 entitlement, upon application therefor, to receive a social security benefit.

23 ...

24 Option six. For Members Retiring On or Before December 1, 2018. – A member retiring on
25 or before December 1, 2018, may elect either Option two or Option three with the added
26 provision that in the event the designated beneficiary predeceases the member, the retirement
27 allowance payable to the member after the designated beneficiary's death shall be equal to the
28 retirement allowance which would have been payable had the member not elected the option.

29 Upon the death of a member after the effective date of a retirement for which the member
30 has been approved and following receipt by the Board of Trustees of an election of benefits (Form
31 6-E or Form 7-E) but prior to the cashing of the first benefit check, the retirement benefit shall
32 be payable as provided by the member's election of benefits under this subsection.

33 Upon the death of a member after the effective date of a retirement for which the member
34 has been approved but prior to the receipt by the Board of Trustees of an election of benefits
35 (Form 6-E or Form 7-E), properly acknowledged and filed by the member, the member's
36 designated beneficiary for a return of accumulated contributions may elect to receive the benefit,
37 if only one beneficiary is eligible to receive the return of accumulated contributions. If more than
38 one beneficiary is eligible to receive the return of accumulated contributions, or if no beneficiary
39 has been designated, the administrator or executor of the member's estate will select an option
40 and name the beneficiary or beneficiaries."

41 **SECTION 7.** If House Bill 977, 2017 Regular Session, becomes law, then Section
42 3(b) of that act, reads as rewritten:

43 "**SECTION 3.(b)** This section is effective when it becomes law and applies to charter
44 schools electing to cease participation in the Teachers' and State Employees' Retirement System
45 on or after that date. Priority of the lien over nongovernmental liens and rights, created under
46 subsection (a) of this section, shall apply only to nongovernmental liens and rights that have
47 attached to the applicable property on or after the effective date of this section. Subsection (a) of
48 this section expires five years after the effective date of this section. Any charter school entering
49 a withdrawal liability payment plan prior to the expiration date shall have the full three years to
50 complete the payment plan."

1 **SECTION 8.** Except as otherwise provided, this act is effective when it becomes
2 law.