

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

H.B. 498
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HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH10109-MRp-64

Short Title: Military to Teacher Ret. Incentive.

(Public)

Sponsors: Representative Biggs.

Referred to:

A BILL TO BE ENTITLED
AN ACT TO INCENTIVIZE INDIVIDUALS WITH ACTIVE DUTY SERVICE IN THE
ARMED FORCES OF THE UNITED STATES TO BECOME TEACHERS BY
PROVIDING SERVICE CREDIT UNDER THE TEACHERS' AND STATE EMPLOYEES'
RETIREMENT SYSTEM.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 135-4 reads as rewritten:

"§ 135-4. Creditable service.

...

(a1) The following definitions apply in this section:

(1) Active duty. – As defined in 38 U.S.C. § 101, except that this term does not include periods of active duty in the Armed Forces of the United States creditable in any other retirement system except the National Guard and does not include periods of active duty for training.

(2) Active duty for training. – As defined in 38 U.S.C. § 101.

(3) Service in the uniformed services. – As defined in 38 U.S.C. § 4303.

...

(f) Armed Service Credit. – All of the following apply to certain service in the Armed Forces of the United States:

...

(g) Teachers and other State employees who served in the uniformed ~~services as defined in the Uniformed Services Employment and Reemployment Rights Act of 1994, 38 U.S.C. § 4303,~~ services, who were not dishonorably discharged, and who returned to the service of the State within a period of two years from date of discharge shall be credited with prior service for ~~such the~~ period of service in the uniformed services for the maximum period that they are entitled to reemployment under the Uniformed Services Employment and Reemployment Rights Act of 1994, 38 U.S.C. § 4301, et seq., or other federal law, and the salary or compensation of ~~such a~~ the teacher or State employee during that period of service is deemed to be that salary or compensation the employee would have received but for the period of service had the employee remained continuously employed, if the determination of that salary or compensation is reasonably certain. If the determination of the salary or compensation is not reasonably certain, then it is deemed to be that employee's average rate of compensation during the 12-month period immediately preceding the period of service. When a member who has served in the uniformed services returns to work in compliance with the conditions of this subsection, that member's employer shall remit to the System all employer and employee contributions for the full period of that member's military service.



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(g1) Notwithstanding any other provision of this Article to the contrary, a member with active duty service in the uniformed services who subsequently becomes a teacher is eligible for creditable service in accordance with this subsection. All of the following apply:

(1) In order to be eligible for creditable service under this subsection, the following criteria shall be met:

a. The member was not dishonorably discharged from service in the uniformed services.

b. The member's active duty service in the uniformed services occurred prior to that member's employment as a teacher and was not concurrent with any time period for which membership service was earned in the Retirement System.

c. The member has satisfied the licensure requirements to be a teacher pursuant to G.S. 115C-270.20.

d. The member is currently employed as a teacher. Satisfactory evidence of the active duty service in the uniformed services claimed by the member shall be submitted to the Board of Trustees prior to that member's separation from service as a teacher or retirement.

(2) The amount of creditable service for which a member is eligible under this subsection shall not exceed four years. Subject to this maximum, the amount of service credit a member receives under this subsection is equal to length of the member's active duty service in the uniformed services. For periods of service in the uniformed services that exceed four years, a member may purchase credit for that excess service under G.S. 135-4.5, subject to the qualifications and limitations under that section.

(3) The member's employer shall pay a lump sum amount credited to the Pension Accumulation Fund for a member receiving creditable service under this subsection. The amount payable shall be equal to the full liability increase of the Retirement System due to the additional service credit plus an administrative fee that is set by the Board of Trustees. The full liability increase shall be calculated on the basis of the same assumptions used for the purposes of the actuarial valuation of the liabilities of the Retirement System, except for the following assumptions specific to this calculation: (i) the allowance shall be assumed to commence at the earliest age at which the member could retire on an unreduced retirement allowance and (ii) there shall be assumed annual postretirement allowance increases set by the Board of Trustees upon the advice of the consulting actuary.

...."

SECTION 2.(a) G.S. 135-4(f)(1) and G.S. 135-4(f)(2) are repealed.

SECTION 2.(b) G.S. 135-5(a3)(1) reads as rewritten:

"(1) Determine an amount equal to the member's accumulated contributions as required under G.S. 135-8(b)(1) for all years during which the member earned membership service, other than service earned through armed service credit under ~~G.S. 135-4(f), G.S. 135-4(g), G.S. 135-4 or G.S. 135-4.5~~, used in the calculation of the retirement allowance that the member would receive under this section."

SECTION 2.(c) G.S. 128-27(a3)(1) reads as rewritten:

"(1) Determine an amount equal to the member's accumulated contributions as required under G.S. 128-30(b)(1) for all years during which the member earned membership service, other than service earned through armed service credit under ~~G.S. 128-26(a1), G.S. 128-26(j1), G.S. 128-26 or G.S. 128-26.5~~,

1 used in the calculation of the retirement allowance that the member would
2 receive under this section."
3 **SECTION 3.** This act is effective when it becomes law and applies to members who
4 are first hired as teachers on or after that date.