

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

SESSION LAW 2026-33
HOUSE BILL 481

**AN ACT TO AMEND THE SPECIAL SEPARATION ALLOWANCE OPTION FOR STATE
AND LOCAL LAW ENFORCEMENT OFFICERS.**

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 143-166.41 reads as rewritten:

"...

(b1) Eligibility for Allowance and Calculation of Allowance Amount. – To be eligible for an allowance under this section, an officer is required to meet one of the following sets of criteria that shall also determine the allowance amount:

- (1) For officers meeting all of the following criteria, the annual special separation allowance to be paid is equal to eighty-five hundredths percent (0.85%) of the annual base rate of compensation most recently applicable to the officer for each year of that officer's creditable service:

...

- c. The officer has completed at least five years of continuous service as a law enforcement officer immediately preceding the officer's service retirement. Any break in this required continuous service that is a result of ~~disability~~-retirement or disability salary continuation benefits shall not adversely affect an officer's qualification to receive an allowance under this subdivision so long as the officer returned to service within 45 days after the disability benefits or retirement benefits had ceased and is otherwise qualified to receive the allowance.

...

- (2) For officers meeting all of the following criteria, the annual special separation allowance to be paid is equal to eighty-five hundredths percent (0.85%) of the annual equivalent of the base rate of compensation at the time the officer attained 30 years of service multiplied by 30:

...

- b. The officer has completed at least five years of continuous service as a law enforcement officer immediately preceding the officer's service retirement. Any break in this required continuous service that is a result of ~~disability~~-retirement or disability salary continuation benefits shall not adversely affect an officer's qualification to receive an allowance under this subdivision so long as the officer returned to service within 45 days after the disability benefits or retirement benefits had ceased and is otherwise qualified to receive the allowance.

...

(c) Cessation of Payment. – Payment of the allowance to a retired officer under the provisions of this section shall cease at the first occurrence of one of the following:

...

- (2) The last day of the month in which either of the following applies:



* H 4 8 1 - V - 5 *

- a. If the officer is receiving an allowance in an amount determined under subdivision (b1)(1) of this section, the officer attains 62 years of age.
- b. If the officer is receiving an allowance in an amount determined under subdivision (b1)(2) of this section, there has been a period of receiving ~~the any allowance under this section~~ that is equivalent to the total of 62 years minus the age at which the officer first completed 30 years of creditable service.

...."

SECTION 1.(b) G.S. 143-166.42 reads as rewritten:

"...

(b1) Qualification for Allowance and Calculation of Allowance. – To be eligible for an allowance under this section, an officer is required to meet one of the following sets of criteria, which shall also determine the allowance amount:

- (1) For officers meeting all of the following criteria, the annual special separation allowance to be paid is equal to eighty-five hundredths percent (0.85%) of the annual base rate of compensation most recently applicable to the officer for each year of that officer's creditable service:

...

- c. The officer has completed at least five years of continuous service as a law enforcement officer immediately preceding the officer's service retirement. Any break in this required continuous service that is a result of retirement, disability retirement~~retirement~~retirement, or disability salary continuation benefits shall not adversely affect an officer's qualification to receive an allowance under this subdivision so long as the officer returned to service within 45 days after the disability benefits or retirement benefits had ceased and is otherwise qualified to receive the allowance.

...

- (2) For officers meeting all of the following criteria, the annual special separation allowance to be paid is equal to eighty-five hundredths percent (0.85%) of the annual equivalent of the base rate of compensation at the time the officer attained 30 years of service multiplied by 30:

- a. Prior to attaining 62 years of age, the officer has completed 30 or more years of creditable service, at least fifty percent (50%) of which was as a law enforcement officer.
- b. The officer has completed at least five years of continuous service as a law enforcement officer immediately preceding the officer's service retirement. Any break in this required continuous service that is a result of retirement, disability retirement~~retirement~~retirement, or disability salary continuation benefits shall not adversely affect an officer's qualification to receive an allowance under this subdivision so long as the officer returned to service within 45 days after the disability benefits or retirement benefits had ceased and is otherwise qualified to receive the allowance.

...

(c) Cessation of Payment. – Payment of the allowance to a retired officer under the provisions of this section shall cease at the first occurrence of one of the following:

...

- (2) The last day of the month in which either of the following applies:
 - a. If the officer is receiving an allowance in an amount determined under subdivision (b1)(1) of this section, the officer attains 62 years of age.

- b. If the officer is receiving an allowance in an amount determined under subdivision (b1)(2) of this section, there has been a period of receiving ~~the any~~ allowance under this section that is equivalent to the total of 62 years minus the age at which the officer first completed 30 years of creditable service.

...."

SECTION 1.(c) G.S. 143-166.41(c) reads as rewritten:

"(c) Cessation of Payment. – Payment of the allowance to a retired officer under the provisions of this section shall cease at the first occurrence of one of the following:

...

- (3) The first day of reemployment by any State department, agency, or ~~institution,~~ except that this subdivision does not apply to an officer returning to State employment in a institution in a position that requires participation in the Teachers' and State Employees' Retirement System and that meets one or more of the following criteria:

a. The position exempt from is subject to the North Carolina Human Resources Act in an agency other than Act.

b. The position is in the agency from which that officer retired."

SECTION 1.(d) This act is effective when it becomes law. Subsection (c) of this section applies to any reemployment under G.S. 143-166.41(c)(3) on or after that date.

In the General Assembly read three times and ratified this the 24th day of June, 2026.

s/ Rachel Hunt
President of the Senate

s/ Mitchell S. Setzer
Speaker Pro Tempore of the House of
Representatives

s/ Josh Stein
Governor

Approved 3:40 p.m. this 2nd day of July, 2026