

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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HOUSE BILL 1516*
Committee Substitute Favorable 7/20/98

Short Title: 1998 Retirement Benefits Act.

(Public)

Sponsors:

Referred to:

May 27, 1998

A BILL TO BE ENTITLED

1 AN ACT TO ENHANCE THE RETIREMENT BENEFITS PAYABLE FROM THE
2 TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE
3 CONSOLIDATED JUDICIAL RETIREMENT SYSTEM, THE LEGISLATIVE
4 RETIREMENT SYSTEM, AND THE LOCAL GOVERNMENTAL EMPLOYEES'
5 RETIREMENT SYSTEM.
6

7 The General Assembly of North Carolina enacts:

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

9 "(eee)From and after July 1, 1998, the retirement allowance to or on account of
10 beneficiaries whose retirement commenced on or before July 1, 1997, shall be increased
11 by two and one-half percent (2.5%) of the allowance payable on June 1, 1998, in
12 accordance with G.S. 135-5(o). Furthermore, from and after July 1, 1998, the retirement
13 allowance to or on account of beneficiaries whose retirement commenced after July 1,
14 1997, but before June 30, 1998, shall be increased by a prorated amount of two and one-
15 half percent (2.5%) of the allowance payable as determined by the Board of Trustees
16 based upon the number of months that a retirement allowance was paid between July 1,
17 1997, and June 30, 1998."

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

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

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

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

19 Section 4. G.S. 128-27(b16) reads as rewritten:

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

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

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

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

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

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

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

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

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

10 Section 5. G.S. 128-27 is amended by adding a new subsection to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

41 Section 6. G.S. 128-27(m) reads as rewritten:

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

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

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

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

25 Section 7. G.S. 128-27 is amended by adding two new subsections to read:

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

35 (vv) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 1998. –
36 From and after July 1, 1998, the retirement allowance to or on account of beneficiaries on
37 the retirement rolls as of June 1, 1998, shall be increased by six-tenths of one percent
38 (0.6%) of the allowance payable on June 1, 1998. This allowance shall be calculated on
39 the allowance payable and in effect on June 30, 1998, so as not to be compounded on any
40 other increase payable under subsection (k) of this section or otherwise granted by act of
41 the 1997 General Assembly."

42 Section 8. This act becomes effective July 1, 1998.