

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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HOUSE BILL 481
Committee Substitute Favorable 4/1/25
Senate Pensions and Retirement and Aging Committee Substitute Adopted 6/10/26

Short Title: Pay Exceptions/Special Separation Allowance.

(Public)

Sponsors:

Referred to:

March 25, 2025

A BILL TO BE ENTITLED
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



1 service within 45 days after the disability benefits or retirement
 2 benefits had ceased and is otherwise qualified to receive the allowance.

3 ...
 4 (c) Cessation of Payment. – Payment of the allowance to a retired officer under the
 5 provisions of this section shall cease at the first occurrence of one of the following:

- 6 ...
 7 (2) The last day of the month in which either of the following applies:
 8 a. If the officer is receiving an allowance in an amount determined under
 9 subdivision (b1)(1) of this section, the officer attains 62 years of age.
 10 b. If the officer is receiving an allowance in an amount determined under
 11 subdivision (b1)(2) of this section, there has been a period of receiving
 12 ~~the any allowance under this section~~ that is equivalent to the total of
 13 62 years minus the age at which the officer first completed 30 years of
 14 creditable service.

15"
 16 **SECTION 1.(b)** G.S. 143-166.42 reads as rewritten:

17 "...
 18 (b1) Qualification for Allowance and Calculation of Allowance. – To be eligible for an
 19 allowance under this section, an officer is required to meet one of the following sets of criteria,
 20 which shall also determine the allowance amount:

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

- 25 ...
 26 c. The officer has completed at least five years of continuous service as
 27 a law enforcement officer immediately preceding the officer's service
 28 retirement. Any break in this required continuous service that is a
 29 result of retirement, disability retirement-retirement, or disability
 30 salary continuation benefits shall not adversely affect an officer's
 31 qualification to receive an allowance under this subdivision so long as
 32 the officer returned to service within 45 days after the disability
 33 benefits or retirement benefits had ceased and is otherwise qualified to
 34 receive the allowance.

- 35 ...
 36 (2) For officers meeting all of the following criteria, the annual special separation
 37 allowance to be paid is equal to eighty-five hundredths percent (0.85%) of the
 38 annual equivalent of the base rate of compensation at the time the officer
 39 attained 30 years of service multiplied by 30:

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

1 ...
2 (c) Cessation of Payment. – Payment of the allowance to a retired officer under the
3 provisions of this section shall cease at the first occurrence of one of the following:

- 4 ...
5 (2) The last day of the month in which either of the following applies:
6 a. If the officer is receiving an allowance in an amount determined under
7 subdivision (b1)(1) of this section, the officer attains 62 years of age.
8 b. If the officer is receiving an allowance in an amount determined under
9 subdivision (b1)(2) of this section, there has been a period of receiving
10 ~~the any~~ allowance under this section that is equivalent to the total of
11 62 years minus the age at which the officer first completed 30 years of
12 creditable service.

13"

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

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

- 17 ...
18 (3) The first day of reemployment by any State department, agency, or ~~institution,~~
19 ~~except that this subdivision does not apply to an officer returning to State~~
20 ~~employment in a institution in a position that requires participation in the~~
21 Teachers' and State Employees' Retirement System and that meets one or
22 more of the following criteria:

- 23 a. The position ~~exempt from~~ is subject to the North Carolina Human
24 Resources Act in an agency other than Act.
25 b. The position is in the agency from which that officer retired."

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