

NORTH CAROLINA GENERAL ASSEMBLY
1967 SESSION

CHAPTER 720
HOUSE BILL 646

1 AN ACT RELATING TO THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT
2 SYSTEM OF NORTH CAROLINA.

3
4 The General Assembly of North Carolina do enact:

5
6 **Section 1.** Section 135-3, subdivision (8), of the General Statutes is hereby
7 amended in the following respects:

8 (a) By deleting the second sentence thereof as follows:

9 "Such benefits shall be computed in accordance with the provisions of Section 135-5 (b1)."

10 (b) By deleting the period at the end of the first sentence in subparagraph (a) and
11 by adding the following:

12 "; and further provided that in the case of a member who so separates from service on or
13 after July 1, 1967, or whose account is active on July 1, 1967, or has not withdrawn his
14 contributions, the afore-stated requirement of 15 or more years of creditable service shall be
15 reduced to 12 or more years of creditable service."

16 (c) By deleting the second sentence and inserting in lieu thereof the following:

17 "Such deferred retirement allowance shall be computed in accordance with the provisions
18 of Section 135-5, subsection (b1); provided that such benefits will be computed in accordance
19 with subsection (b2) on and after July 1, 1967."

20 **Sec. 2.** Section 135-3, subsection (8)(b), of the General Statutes is hereby amended
21 by substituting a period in lieu of the semicolon at the end of the first proviso on line 13 and
22 deleting the second proviso, "provided further that such application shall be duly filed within
23 sixty (60) days following the date of such separation".

24 **Sec. 3.** Section 135-4, subdivision (e), of the General Statutes is hereby amended by
25 substituting a semicolon in lieu of the period and by adding the following:

26 "and if he has sick leave standing to his credit upon retirement on or after July 1, 1967, one
27 month of credit for each 20 days or portion thereof, but sick leave shall not be counted in
28 computing creditable service for the purposes of G. S. 135-3 (8) a."

29 **Sec. 4.** Section 135-5, subsection (b1), of the General Statutes is hereby amended
30 by revising the portion thereof preceding the colon, to read as follows:

31 "(b1) Service Retirement Allowances of Members Retiring on or After July 1, 1963, but
32 Prior to July 1, 1967. Upon retirement from service, in accordance with subsection (a) above,
33 on or after July 1, 1963, but prior to July 1, 1967, a member shall receive a service retirement
34 allowance computed as follows:"

35 **Sec. 5.** Section 135-5 of the General Statutes is hereby amended by adding a new
36 subsection (b2) to read as follows:

37 "(b2) Service Retirement Allowances of Members Retiring on or After July 1, 1967. Upon
38 retirement from service, in accordance with subsection(a) above, on or after July 1, 1967, a
39 member shall receive a service retirement allowance computed as follows:

40 "(1) If the member's service retirement date occurs on or after his 65th birthday,
41 such allowance shall be equal to one and one-quarter per centum (1%%) of
42 the portion of his average final compensation not in excess of fifty-six
43 hundred dollars (\$5600.00) plus one and one-half per centum (1/2%) of the

1 portion of such compensation in excess of fifty-six hundred dollars
2 (\$5600.00), multiplied by the number of years of his creditable service.

3 "(2) If the member's service retirement date occurs before his 65th birthday, his
4 service retirement allowance shall be computed as in (1) above, but shall be
5 reduced by one-third of one per cent (1/3 of 1%) thereof for each month by
6 which his retirement date precedes the first day of the month coincident with
7 or next following his 65th birthday."

8 **Sec. 6.** Section 135-5, subdivision (c), of the General Statutes is hereby amended by
9 adding the following:

10 "Supplemental disability benefits heretofore provided are hereby made a permanent part of
11 disability benefits after age 65, and shall not be discontinued at age 65."

12 **Sec. 7.** Section 135-5, subsection (g), of the General Statutes is hereby amended in
13 the following respects:

14 (a) The first sentence thereof is amended to read as follows:

15 "With the provision that until the first payment on account of any benefit becomes normally
16 due, or his first retirement check has been cashed, any member may elect to receive his benefits
17 in a retirement allowance payable throughout life, or he may elect to receive the actuarial
18 equivalent of such retirement allowance in a reduced allowance payable throughout life under
19 the provisions of one of the options set forth below: Provided further, that an optional election
20 may be made after attainment of age 60 without establishment of a date of retirement: and
21 further provided that, on or after July 1, 1967, said optional election may be made after
22 attainment of age 55 or after completion of 30 years of creditable service, without
23 establishment of a date of retirement."

24 (b) Add a new Option 5 to read as follows:

25 "Option 5. The member may elect to receive a reduced retirement allowance during his life,
26 with some other benefit payable after his death; provided that the benefit shall be approved by
27 the board of trustees."

28 **Sec. 8.** Section 135-5 of the General Statutes is hereby amended by redesignating
29 subsections (k) and (l) thereof as (m) and (n) respectively.

30 **Sec. 9.** Section 135-5 of the General Statutes is hereby amended by adding a new
31 subsection (k), to read as follows:

32 "(k) Increase in Benefits to Those Persons Who Were in Receipt of Benefits Prior to July
33 1, 1967. From and after July 1, 1967, the monthly benefits to or on account of persons who
34 commenced receiving benefits from the System prior to July 1, 1967, shall be increased by a
35 percentage thereof. Such percentage shall be determined in accordance with the following
36 schedule:

Period in Which Benefits Commenced	Percentage
January 1, 1966, to June 30, 1967	5%
Year 1965	6%
Year 1964	7%
Year 1963	8%
and so on concluding with	
Year 1942	29%

44 The minimum increase pursuant to this subsection (k) shall be ten dollars(\$10.00) per month;
45 provided that, if an optional benefit has been elected, said minimum shall be reduced
46 actuarially as determined by the Board and shall be applicable to the retired member, if
47 surviving, otherwise to his designated beneficiary under the option elected."

48 **Sec. 10.** Section 135-5 of the General Statutes is hereby amended by adding a new
49 subsection (l) to read as follows:

50 "(l) Death Benefit. Upon receipt of proof, satisfactory to the board of trustees of the
51 death, in service, of a member who had completed at Last one full calendar year of membership

1 in the System, there shall be paid to such person as he shall have nominated by written
2 designation duly acknowledged and filed with the board of trustees if such person is living at
3 the time of the member's death, otherwise to the members representatives, a death benefit equal
4 to the compensation earned by the member during the calendar year preceding the year in
5 which his death occurs but not to exceed the sum of fifteen thousand dollars(\$15,000.00). Such
6 death benefit shall be payable apart and separate from the payment of the member's
7 accumulated contributions on his death pursuant to the provisions of subsection (f) of this
8 Section 135-5. For purposes of this subsection (1), a member shall be deemed to be in service
9 at the date of his death if his last day of actual service occurred not more than 90 days before
10 the date of his death; provided that he shall not have retired or applied for a refund of
11 contributions.

12 The death benefit provided in this subsection (1) shall not be Payable notwithstanding the
13 member's compliance with all the conditions set forth in the preceding paragraph, if his death
14 occurs

- 15 (a) after December 31, 1968 and after he has attained age 70; or
- 16 (b) after December 31, 1969 and after he has attained age 69; or
- 17 (c) after December 31, 1970 and after he has attained age 68; or
- 18 (d) after December 31, 1971 and after he has attained age 67; or
- 19 (e) after December 31, 1972 and after he has attained age 66; or
- 20 (f) after December 31, 1973 and after he has attained age 65.

21 Notwithstanding the above provisions, the board of trustees may and is specifically
22 authorized to purchase a contract or contracts of group life insurance with any life insurance
23 company or companies licensed and authorized to transact business in this State for the purpose
24 of insurm g the lives of members in service, which policy contract or contracts shall provide
25 death benefits upon the life of each member according to .the terms and conditions otherwise
26 appearing in this subsection. To that end the board of trustees is authorized and empowered to
27 investigate the feasibility of utilizing group life insurance for the purpose of providing a death
28 benefit for members comparable to the death benefits provided for herein.

29 **Sec 11.** Section 135-7 of the General Statutes is hereby amended by changing the
30 last line of subsection (a) (2) to read as follows:

31 "operatives, Federal Land Bank, International Bank for Reconstruction and Development,
32 and Inter-American Development Bank;"

33 **Sec 12.** Section 135-8 (b) (1) of the General Statutes is hereby amended by
34 substituting "and with respect to the period of service commencing January 1, 1966, and ending
35 June 30, 1967," for "and with respect to the period of service commencing January 1, 1966," in
36 the first sentence of the second paragraph thereof, by deleting the period at the end of said
37 sentence, and by adding thereto the following: "; and with respect to the period of service
38 commencing July 1, 1967, the rate of such deductions shall be five per centum (5%) of the
39 portion of compensation not in excess of fifty-six hundred dollars (\$5600.00) and six per
40 centum (6%) of the portion of compensation in excess of fifty-six hundred dollars(\$5600.00)."

41 **Sec. 13.** Section 135-8 of the General Statutes is hereby amended by adding a new
42 paragraph (3) to subsection (f) thereof to read as follows:

- 43 "(3) If within 90 days after request therefor by the Board any employer shall not
44 have provided the System with the records and other information required
45 hereunder or if the full accrued amount of the contributions provided for
46 under this Section due from members employed by an employer or from an
47 employer other than the State shall not have been received by the System
48 from the chief fiscal officer of such employer within 30 days after the last
49 due date as herein provided, then, notwithstanding anything herein or in the
50 provisions of any other law to the contrary, upon notification by the Board to
51 the State Treasurer as to the default of such employer as herein provided,

1 any distributions which might otherwise be made to such employer from any
2 funds of the State shall be withheld from such employer until notice from the
3 Board to the State Treasurer that such employer is no longer in default."

4 **Sec. 14.** Section 135-27, subsection (a), of the General Statutes is hereby amended
5 by adding in line 6 after the words "Credit Union" a comma and the words, "alumni
6 associations of State-supported universities and colleges, and N.C. State School Boards
7 Association".

8 **Sec. 15.** Subsection (3) of G. S. 135-3 is amended by deleting the period at the end
9 thereof and adding the following:

10 "; Provided that on and after July 1, 1967, should any member in any period of eight
11 consecutive years after becoming a member be absent from service more than seven years, or
12 should he withdraw his accumulated contributions, or should he become a beneficiary or die, he
13 shall thereupon cease to be a member; provided further that the period of absence from service
14 shall be computed from January 1, 1962, or later date of separation for any member whose
15 contributions were not withdrawn prior to July 1, 1967."

16 **Sec. 16.** All laws and clauses of laws in conflict with this Act are hereby repealed.

17 **Sec. 17.** This Act shall become effective July 1, 1967.

18 In the General Assembly read three times and ratified, this the 7th day of June,
19 1967.