

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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SENATE BILL 1348*

Short Title: Increase Retirement Benefits.

(Public)

Sponsors: Senator Phillips.

Referred to: Pensions & Retirement and Aging.

May 22, 2000

A BILL TO BE ENTITLED

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

7 The General Assembly of North Carolina enacts:

8 Section 1. G.S. 135-5(b17) reads as rewritten:

9 "(b17) Service Retirement Allowance of Members Retiring on or After July 1,
10 ~~1997~~1997, but Before July 1, 2000. – Upon retirement from service in accordance with
11 subsection (a) or (a1) above, on or after July 1, 1997, but before July 1, 2000, a member
12 shall receive the following service retirement allowance.

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

16 a. If the member's service retirement date occurs on or after his
17 55th birthday, and completion of five years of creditable service
18 as a law enforcement officer, or after the completion of 30 years
19 of creditable service, the allowance shall be equal to one and
20 eighty hundredths percent (1.80%) of his average final

- 1 compensation, multiplied by the number of years of his
2 creditable service.
- 3 b. If the member's service retirement date occurs on or after his
4 50th birthday and before his 55th birthday with 15 or more years
5 of creditable service as a law enforcement officer and prior to the
6 completion of 30 years of creditable service, his retirement
7 allowance shall be equal to the greater of:
- 8 1. The service retirement allowance payable under G.S. 135-
9 5(b17)(1)a, reduced by one-third of one percent ($1/3$ of
10 1%) thereof for each month by which his retirement date
11 precedes the first day of the month coincident with or next
12 following the month the member would have attained his
13 55th birthday; or
- 14 2. The service retirement allowance as computed under G.S.
15 135-5(b17)(1)a. reduced by five percent (5%) times the
16 difference between 30 years and his creditable service at
17 retirement.
- 18 (2) A member who is not a law enforcement officer or an eligible former
19 law enforcement officer shall receive a service retirement allowance
20 computed as follows:
- 21 a. If the member's service retirement date occurs on or after his
22 65th birthday upon the completion of five years of membership
23 service or after the completion of 30 years of creditable service
24 or on or after his 60th birthday upon the completion of 25 years
25 of creditable service, the allowance shall be equal to one and
26 eighty hundredths percent (1.80%) of his average final
27 compensation, multiplied by the number of years of creditable
28 service.
- 29 b. If the member's service retirement date occurs after this 60th
30 birthday and before his 65th birthday and prior to his completion
31 of 25 years or more of creditable service, his retirement
32 allowance shall be computed as in G.S. 135-5(b17)(2)a. but shall
33 be reduced by one-quarter of one percent ($1/4$ of 1%) thereof for
34 each month by which his retirement date precedes the first day of
35 the month coincident with or next following his 65th birthday.
- 36 c. If the member's early service retirement date occurs on or after
37 his 50th birthday and before his 60th birthday and after
38 completion of 20 years of creditable service but prior to the
39 completion of 30 years of creditable service, his early service
40 retirement allowance shall be equal to the greater of:
- 41 1. The service retirement allowance as computed under G.S.
42 135-5(b17)(2)a. but reduced by the sum of five-twelfths of
43 one percent ($5/12$ of 1%) thereof for each month by which

1 his retirement date precedes the first day of the month
2 coincident with or next following the month the member
3 would have attained his 60th birthday, plus one-quarter of
4 one percent (1/4 of 1%) thereof for each month by which
5 his 60th birthday precedes the first day of the month
6 coincident with or next following his 65th birthday; or

7 2. The service retirement allowance as computed under G.S.
8 135-5(b17)(2)a. reduced by five percent (5%) times the
9 difference between 30 years and his creditable service at
10 retirement; or

11 3. If the member's creditable service commenced prior to
12 July 1, 1994, the service retirement allowance equal to the
13 actuarial equivalent of the allowance payable at the age of
14 60 years as computed in G.S. 135-5(b17)(2)b.

15 d. Notwithstanding the foregoing provisions, any member whose
16 creditable service commenced prior to July 1, 1963, shall not
17 receive less than the benefit provided by G.S. 135-5(b)."

18 Section 2. G.S. 135-5 is amended by adding a new subsection to read:

19 "(b18) Service Retirement Allowance of Members Retiring on or After July 1,
20 2000. – Upon retirement from service in accordance with subsection (a) or (a1) above, on
21 or after July 1, 2000, a member shall receive the following service retirement allowance.

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

25 a. If the member's service retirement date occurs on or after his
26 55th birthday, and completion of five years of creditable service
27 as a law enforcement officer, or after the completion of 30 years
28 of creditable service, the allowance shall be equal to one and
29 eighty-one hundredths percent (1.81%) of his average final
30 compensation, multiplied by the number of years of his
31 creditable service.

32 b. If the member's service retirement date occurs on or after his
33 50th birthday and before his 55th birthday with 15 or more years
34 of creditable service as a law enforcement officer and prior to the
35 completion of 30 years of creditable service, his retirement
36 allowance shall be equal to the greater of:

37 1. The service retirement allowance payable under G.S. 135-
38 5(b18)(1)a. reduced by one-third of one percent (1/3 of
39 1%) thereof for each month by which his retirement date
40 precedes the first day of the month coincident with or next
41 following the month the member would have attained his
42 55th birthday; or

- 1 2. The service retirement allowance as computed under G.S.
2 135-5(b18)(1)a. reduced by five percent (5%) times the
3 difference between 30 years and his creditable service at
4 retirement.
- 5 (2) A member who is not a law enforcement officer or an eligible former
6 law enforcement officer shall receive a service retirement allowance
7 computed as follows:
- 8 a. If the member's service retirement date occurs on or after his
9 65th birthday upon the completion of five years of membership
10 service or after the completion of 30 years of creditable service
11 or on or after his 60th birthday upon the completion of 25 years
12 of creditable service, the allowance shall be equal to one and
13 eighty-one hundredths percent (1.81%) of his average final
14 compensation, multiplied by the number of years of creditable
15 service.
- 16 b. If the member's service retirement date occurs after his 60th
17 birthday and before his 65th birthday and prior to his completion
18 of 25 years or more of creditable service, his retirement
19 allowance shall be computed as in G.S. 135-5(b18)(2)a. but shall
20 be reduced by one-quarter of one percent (1/4 of 1%) thereof for
21 each month by which his retirement date precedes the first day of
22 the month coincident with or next following his 65th birthday.
- 23 c. If the member's early service retirement date occurs on or after
24 his 50th birthday and before his 60th birthday and after
25 completion of 20 years of creditable service but prior to the
26 completion of 30 years of creditable service, his early service
27 retirement allowance shall be equal to the greater of:
- 28 1. The service retirement allowance as computed under G.S.
29 135-5(b18)(2)a. but reduced by the sum of five-twelfths of
30 one percent (5/12 of 1%) thereof for each month by which
31 his retirement date precedes the first day of the month
32 coincident with or next following the month the member
33 would have attained his 60th birthday, plus one-quarter of
34 one percent (1/4 of 1%) thereof for each month by which
35 his 60th birthday precedes the first day of the month
36 coincident with or next following his 65th birthday; or
- 37 2. The service retirement allowance as computed under G.S.
38 135-5(b18)(2)a. reduced by five percent (5%) times the
39 difference between 30 years and his creditable service at
40 retirement; or
- 41 3. If the member's creditable service commenced prior to
42 July 1, 1994, the service retirement allowance equal to the

1 actuarial equivalent of the allowance payable at the age of
2 60 years as computed in G.S. 135-5(b18)(2)b.

- 3 d. Notwithstanding the foregoing provisions, any member whose
4 creditable service commenced prior to July 1, 1963, shall not
5 receive less than the benefit provided by G.S. 135-5(b)."

6 Section 3. G.S. 135-5 is amended by adding two new subsections to read:

7 "(ggg) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 2000. –
8 From and after July 1, 2000, the retirement allowance to or on account of beneficiaries on
9 the retirement rolls as of June 1, 2000, shall be increased by six-tenths percent (0.6%) of
10 the allowance payable on June 1, 2000. This allowance shall be calculated on the
11 allowance payable and in effect on June 30, 2000, so as not to be compounded on any
12 other increase granted by act of the 1999 General Assembly, 2000 Regular Session.

13 (hhh) From and after July 1, 2000, the retirement allowance to or on account of
14 beneficiaries whose retirement commenced on or before July 1, 1999, shall be increased
15 by two and one-tenth percent (2.1%) of the allowance payable on June 1, 2000, in
16 accordance with G.S. 135-5(o). Furthermore, from and after July 1, 2000, the retirement
17 allowance to or on account of beneficiaries whose retirement commenced after July 1,
18 1999, but before June 30, 2000, shall be increased by a prorated amount of two and one-
19 tenth percent (2.1%) of the allowance payable as determined by the Board of Trustees
20 based upon the number of months that a retirement allowance was paid between July 1,
21 1999, and June 30, 2000."

22 Section 4. G.S. 135-5(m) reads as rewritten:

23 "(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the
24 principal beneficiary designated to receive a return of accumulated contributions shall
25 have the right to elect to receive in lieu thereof the reduced retirement allowance
26 provided by Option 2 of subsection (g) above computed by assuming that the member
27 had retired on the first day of the month following the date of his death, provided that the
28 following conditions apply:

- 29 (1) a. The member had attained such age and/or creditable service to be
30 eligible to commence retirement with an early or service retirement
31 allowance, or
32 b. The member had obtained 20 years of creditable service in which
33 case the retirement allowance shall be computed in accordance
34 with ~~G.S. 135-5(b17)(1)b. or G.S. 135-5(b17)(2)e.,~~ G.S. 135-
35 5(b18)(1)b. or G.S. 135-5(b18)(2)c., notwithstanding the
36 requirement of obtaining age 50.
37 (2) The member had designated as the principal beneficiary to receive a
38 return of his accumulated contributions one and only one person who
39 was living at the time of his death.
40 (3) The member had not instructed the Board of Trustees in writing that he
41 did not wish the provisions of this subsection to apply.

42 For the purpose of this benefit, a member is considered to be in service at the date of
43 his death if his death occurs within 180 days from the last day of his actual service. The

1 last day of actual service shall be determined as provided in subsection (1) of this
2 section. Upon the death of a member in service, the surviving spouse may make all
3 purchases for creditable service as provided for under this Chapter for which the member
4 had made application in writing prior to the date of death, provided that the date of death
5 occurred prior to or within 60 days after notification of the cost to make the purchase.
6 The term "in service" as used in this subsection includes a member in receipt of a benefit
7 under the Disability Income Plan as provided in Article 6 of this Chapter."

8 Section 5. G.S. 135-65 is amended by adding a new subsection to read:

9 "(u) From and after July 1, 2000, the retirement allowance to or on account of
10 beneficiaries whose retirement commenced on or before July 1, 1999, shall be increased
11 by two and six-tenths percent (2.6%) of the allowance payable on June 1, 2000.
12 Furthermore, from and after July 1, 2000, the retirement allowance to or on account of
13 beneficiaries whose retirement commenced after July 1, 1999, but before June 30, 2000,
14 shall be increased by a prorated amount of two and six-tenths percent (2.6%) of the
15 allowance payable as determined by the Board of Trustees based upon the number of
16 months that a retirement allowance was paid between July 1, 1999, and June 30, 2000."

17 Section 6. G.S. 120-4.22A is amended by adding a new subsection to read:

18 "(o) In accordance with subsection (a) of this section, from and after July 1, 2000,
19 the retirement allowance to or on account of beneficiaries whose retirement commenced
20 on or before January 1, 2000, shall be increased by two and seven-tenths percent (2.7%)
21 of the allowance payable on June 1, 2000. Furthermore, from and after July 1, 2000, the
22 retirement allowance to or on account of beneficiaries whose retirement commenced after
23 January 1, 2000, but before June 30, 2000, shall be increased by a prorated amount of two
24 and seven-tenths percent (2.7%) of the allowance payable as determined by the Board of
25 Trustees based upon the number of months that a retirement allowance was paid between
26 January 1, 2000, and June 30, 2000."

27 Section 7. G.S. 128-27(b17) reads as rewritten:

28 "(b17) Service Retirement Allowance of Member Retiring on or After July 1,
29 1998-1998, but Before July 1, 2000. – Upon retirement from service in accordance with
30 subsection (a) or (a1) above, on or after July 1, 1998, but before July 1, 2000, a member
31 shall receive the following service retirement allowance:

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

35 a. If the member's service retirement date occurs on or after his
36 55th birthday and completion of five years of creditable service
37 as a law enforcement officer, or after the completion of 30 years
38 of creditable service, the allowance shall be equal to one and
39 seventy-seven hundredths percent (1.77%) of his average final
40 compensation, multiplied by the number of years of his
41 creditable service.

42 b. If the member's service retirement date occurs on or after his
43 50th birthday and before his 55th birthday with 15 or more years

1 of creditable service as a law enforcement officer and prior to the
2 completion of 30 years of creditable service, his retirement
3 allowance shall be equal to the greater of:

- 4 1. The service retirement allowance payable under G.S. 128-
5 27(b17)(1)a. reduced by one-third of one percent ($1/3$ of
6 1%) thereof for each month by which his retirement date
7 precedes the first day of the month coincident with or next
8 following the month the member would have attained his
9 55th birthday; or
- 10 2. The service retirement allowance as computed under G.S.
11 128-27(b17)(1)a. reduced by five percent (5%) times the
12 difference between 30 years and his creditable service at
13 retirement.

14 (2) A member who is not a law enforcement officer or an eligible former
15 law 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 65th birthday upon the completion of five years of creditable
19 service or after the completion of 30 years of creditable service
20 or on or after his 60th birthday upon the completion of 25 years
21 of creditable service, the allowance shall be equal to one and
22 seventy-seven hundredths percent (1.77%) of average final
23 compensation, multiplied by the number of years of creditable
24 service.
- 25 b. If the member's service retirement date occurs after his 60th
26 birthday and before his 65th birthday and prior to his completion
27 of 25 years or more of creditable service, his retirement
28 allowance shall be computed as in G.S. 128-27(b17)(2)a. but
29 shall be reduced by one-quarter of one percent ($1/4$ of 1%)
30 thereof for each month by which his retirement date precedes the
31 first day of the month coincident with or next following his 65th
32 birthday.
- 33 c. If the member's early service retirement date occurs on or after
34 his 50th birthday and before his 60th birthday and after
35 completion of 20 years of creditable service but prior to the
36 completion of 30 years of creditable service, his early service
37 retirement allowance shall be equal to the greater of:
 - 38 1. The service retirement allowance as computed under G.S.
39 128-27(b17)(2)a. but reduced by the sum of five-twelfths
40 of one percent ($5/12$ of 1%) thereof for each month by
41 which his retirement date precedes the first day of the
42 month coincident with or next following the month the
43 member would have attained his 60th birthday, plus one-

1 quarter of one percent (1/4 of 1%) thereof for each month
2 by which his 60th birthday precedes the first day of the
3 month coincident with or next following his 65th birthday;
4 or

5 2. The service retirement allowance as computed under G.S.
6 128-27(b17)(2)a. reduced by five percent (5%) times the
7 difference between 30 years and his creditable service at
8 retirement; or

9 3. If the member's creditable service commenced prior to
10 July 1, 1995, the service retirement allowance equal to the
11 actuarial equivalent of the allowance payable at the age of
12 60 years as computed in G.S. 128-27(b17)(2)b.

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

16 Section 8. G.S. 128-27 is amended by adding a new subsection to read:

17 "(b18) Service Retirement Allowance of Member Retiring on or After July 1, 2000. –
18 Upon retirement from service in accordance with subsection (a) or (a1) above, on or after
19 July 1, 2000, a member shall receive the following service retirement allowance:

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

23 a. If the member's service retirement date occurs on or after his
24 55th birthday and completion of five years of creditable service
25 as a law enforcement officer, or after the completion of 30 years
26 of creditable service, the allowance shall be equal to one and
27 seventy-eight hundredths percent (1.78%) of his average final
28 compensation, multiplied by the number of years of his
29 creditable service.

30 b. If the member's service retirement date occurs on or after his
31 50th birthday and before his 55th birthday with 15 or more years
32 of creditable service as a law enforcement officer and prior to the
33 completion of 30 years of creditable service, his retirement
34 allowance shall be equal to the greater of:

35 1. The service retirement allowance payable under G.S. 128-
36 27(b18)(1)a. reduced by one-third of one percent (1/3 of
37 1%) thereof for each month by which his retirement date
38 precedes the first day of the month coincident with or next
39 following the month the member would have attained his
40 55th birthday; or

41 2. The service retirement allowance as computed under G.S.
42 128-27(b18)(1)a. reduced by five percent (5%) times the

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

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

6 a. If the member's service retirement date occurs on or after his
7 65th birthday upon the completion of five years of creditable
8 service or after the completion of 30 years of creditable service
9 or on or after his 60th birthday upon the completion of 25 years
10 of creditable service, the allowance shall be equal to one and
11 seventy-eight hundredths percent (1.78%) of average final
12 compensation, multiplied by the number of years of creditable
13 service.

14 b. If the member's service retirement date occurs after his 60th
15 birthday and before his 65th birthday and prior to his completion
16 of 25 years or more of creditable service, his retirement
17 allowance shall be computed as in G.S. 128-27(b18)(2)a. but
18 shall be reduced by one-quarter of one percent (1/4 of 1%)
19 thereof for each month by which his retirement date precedes the
20 first day of the month coincident with or next following his 65th
21 birthday.

22 c. If the member's early service retirement date occurs on or after
23 his 50th birthday and before his 60th birthday and after
24 completion of 20 years of creditable service but prior to the
25 completion of 30 years of creditable service, his early service
26 retirement allowance shall be equal to the greater of:

27 1. The service retirement allowance as computed under G.S.
28 128-27(b18)(2)a. but reduced by the sum of five-twelfths
29 of one percent (5/12 of 1%) thereof for each month by
30 which his retirement date precedes the first day of the
31 month coincident with or next following the month the
32 member would have attained his 60th birthday, plus one-
33 quarter of one percent (1/4 of 1%) thereof for each month
34 by which his 60th birthday precedes the first day of the
35 month coincident with or next following his 65th birthday;
36 or

37 2. The service retirement allowance as computed under G.S.
38 128-27(b18)(2)a. reduced by five percent (5%) times the
39 difference between 30 years and his creditable service at
40 retirement; or

41 3. If the member's creditable service commenced prior to
42 July 1, 1995, the service retirement allowance equal to the

1 actuarial equivalent of the allowance payable at the age of
2 60 years as computed in G.S. 128-27(b18)(2)b.

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

6 Section 9. G.S. 128-27(m) reads as rewritten:

7 "(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the
8 principal beneficiary designated to receive a return of accumulated contributions shall
9 have the right to elect to receive in lieu thereof the reduced retirement allowance
10 provided by Option two of subsection (g) above computed by assuming that the member
11 had retired on the first day of the month following the date of his death, provided that all
12 three of the following conditions apply:

- 13 (1) a. The member had attained such age and/or creditable service to be
14 eligible to commence retirement with an early or service retirement
15 allowance, or
16 b. The member had obtained 20 years of creditable service in which
17 case the retirement allowance shall be computed in accordance
18 with ~~G.S. 128-27(b17)(1)b. or G.S. 128-27(b17)(2)e.,~~ G.S. 128-
19 27(b18)(1)b. or G.S. 128-27(b18)(2)c., notwithstanding the
20 requirement of obtaining age 50.
21 (2) The member had designated as the principal beneficiary to receive a
22 return of his accumulated contributions one and only one person who is
23 living at the time of his death.
24 (3) The member had not instructed the Board of Trustees in writing that he
25 did not wish the provisions of this subsection apply.

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

33 Section 10. G.S. 128-27 is amended by adding two new subsections to read:

34 "(xx) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 2000. –
35 From and after July 1, 2000, the retirement allowance to or on account of beneficiaries on
36 the retirement rolls as of June 1, 2000, shall be increased by six-tenths of one percent
37 (0.6%) of the allowance payable on June 1, 2000. This allowance shall be calculated on
38 the allowance payable and in effect on June 30, 2000, so as not to be compounded on any
39 other increase payable under subsection (k) of this section or otherwise granted by act of
40 the 1999 General Assembly, 2000 Regular Session.

41 (yy) From and after July 1, 2000, the retirement allowance to or on account of
42 beneficiaries whose retirement commenced on or before July 1, 1999, shall be increased
43 by three and eight-tenths percent (3.8%) of the allowance payable on June 1, 2000, in

1 accordance with subsection (k) of this section. Furthermore, from and after July 1, 2000,
2 the retirement allowance to or on account of beneficiaries whose retirement commenced
3 after July 1, 1999, but before June 30, 2000, shall be increased by a prorated amount of
4 three and eight-tenths percent (3.8%) of the allowance payable as determined by the
5 Board of Trustees based upon the number of months that a retirement allowance was paid
6 between July 1, 1999, and June 30, 2000."

7 Section 11. This act becomes effective July 1, 2000.