

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2003**

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**HOUSE BILL 1170  
Committee Substitute Favorable 5/7/03**

Short Title: Enhance Local Retirement Benefits.

(Public)

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Sponsors:

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Referred to:

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April 10, 2003

A BILL TO BE ENTITLED  
AN ACT TO ENHANCE THE BENEFITS OF MEMBERS OF THE LOCAL  
GOVERNMENTAL EMPLOYEES RETIREMENT SYSTEM.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 128-27(b20) reads as rewritten:

"(b20) Service Retirement Allowance of Member Retiring on or After July 1, 2002-  
2002, but Before July 1, 2003. – Upon retirement from service in accordance with  
subsection (a) or (a1) above, on or after July 1, 2002, but before July 1, 2003, a member  
shall receive the following service retirement allowance:

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

a. If the member's service retirement date occurs on or after his  
55th birthday and completion of five years of creditable service  
as a law enforcement officer, or after the completion of 30 years  
of creditable service, the allowance shall be equal to one and  
eighty-two hundredths percent (1.82%) of his average final  
compensation, multiplied by the number of years of his  
creditable service.

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

1. The service retirement allowance payable under G.S.  
128-27(b20)(1)a. reduced by one-third of one percent  
(1/3 of 1%) thereof for each month by which his  
retirement date precedes the first day of the month

- 1 coincident with or next following the month the member  
2 would have attained his 55th birthday;
- 3 2. The service retirement allowance as computed under  
4 G.S. 128-27(b20)(1)a. reduced by five percent (5%)  
5 times the difference between 30 years and his creditable  
6 service at 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 eighty-two hundredths percent (1.82%) 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  
20 completion of 25 years or more of creditable service, his  
21 retirement allowance shall be computed as in G.S.  
22 128-27(b20)(2)a. but shall be reduced by one-quarter of one  
23 percent (1/4 of 1%) thereof for each month by which his  
24 retirement date precedes the first day of the month coincident  
25 with or next following his 65th 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  
32 G.S. 128-27(b20)(2)a. but reduced by the sum of  
33 five-twelfths of one percent (5/12 of 1%) thereof for  
34 each month by which his retirement date precedes the  
35 first day of the month coincident with or next following  
36 the month the member would have attained his 60th  
37 birthday, plus one-quarter of one percent (1/4 of 1%)  
38 thereof for each month by which his 60th birthday  
39 precedes the first day of the month coincident with or  
40 next following his 65th birthday; or
- 41 2. The service retirement allowance as computed under  
42 G.S. 128-27(b20)(2)a. reduced by five percent (5%)  
43 times the difference between 30 years and his creditable  
44 service at retirement; or

1                   3.     If the member's creditable service commenced prior to  
2                   July 1, 1995, the service retirement allowance equal to  
3                   the actuarial equivalent of the allowance payable at the  
4                   age of 60 years as computed in G.S. 128-27(b20)(2)b.

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

8                   **SECTION 2.** G.S. 128-27 is amended by adding a new subsection to read:

9                   "(b21) Service Retirement Allowance of Member Retiring on or After July 1, 2003.  
10                  – Upon retirement from service in accordance with subsection (a) or (a1) above, on or  
11                  after July 1, 2003, a member shall receive the following service retirement allowance:

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

15                  a.     If the member's service retirement date occurs on or after his  
16                  55th birthday and completion of five years of creditable service  
17                  as a law enforcement officer, or after the completion of 30 years  
18                  of creditable service, the allowance shall be equal to one and  
19                  eighty-five hundredths percent (1.85%) of his average final  
20                  compensation, multiplied by the number of years of his  
21                  creditable service.

22                  b.     If the member's service retirement date occurs on or after his  
23                  50th birthday and before his 55th birthday with 15 or more  
24                  years of creditable service as a law enforcement officer and  
25                  prior to the completion of 30 years of creditable service, his  
26                  retirement allowance shall be equal to the greater of:

27                         1.     The service retirement allowance payable under G.S.  
28                         128-27(b21)(1)a. reduced by one-third of one percent  
29                         (1/3 of 1%) thereof for each month by which his  
30                         retirement date precedes the first day of the month  
31                         coincident with or next following the month the member  
32                         would have attained his 55th birthday;

33                         2.     The service retirement allowance as computed under  
34                         G.S. 128-27(b21)(1)a. reduced by five percent (5%)  
35                         times the difference between 30 years and his creditable  
36                         service at retirement.

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

40                  a.     If the member's service retirement date occurs on or after his  
41                  65th birthday upon the completion of five years of creditable  
42                  service or after the completion of 30 years of creditable service  
43                  or on or after his 60th birthday upon the completion of 25 years  
44                  of creditable service, the allowance shall be equal to one and

1 eighty-five hundredths percent (1.85%) of average final  
2 compensation, multiplied by the number of years of creditable  
3 service.

4 b. If the member's service retirement date occurs after his 60th  
5 birthday and before his 65th birthday and prior to his  
6 completion of 25 years or more of creditable service, his  
7 retirement allowance shall be computed as in G.S.  
8 128-27(b21)(2)a. but shall be reduced by one-quarter of one  
9 percent (1/4 of 1%) thereof for each month by which his  
10 retirement date precedes the first day of the month coincident  
11 with or next following his 65th birthday.

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

17 1. The service retirement allowance as computed under  
18 G.S. 128-27(b21)(2)a. but reduced by the sum of  
19 five-twelfths of one percent (5/12 of 1%) thereof for  
20 each month by which his retirement date precedes the  
21 first day of the month coincident with or next following  
22 the month the member would have attained his 60th  
23 birthday, plus one-quarter of one percent (1/4 of 1%)  
24 thereof for each month by which his 60th birthday  
25 precedes the first day of the month coincident with or  
26 next following his 65th birthday; or

27 2. The service retirement allowance as computed under  
28 G.S. 128-27(b21)(2)a. reduced by five percent (5%)  
29 times the difference between 30 years and his creditable  
30 service at retirement; or

31 3. If the member's creditable service commenced prior to  
32 July 1, 1995, the service retirement allowance equal to  
33 the actuarial equivalent of the allowance payable at the  
34 age of 60 years as computed in G.S. 128-27(b21)(2)b.

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

38 **SECTION 3.** G.S. 128-27 (m) reads as rewritten:

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

- 1           (1)    a.    The member had attained such age and/or creditable service to  
2                    be eligible to commence retirement with an early or service  
3                    retirement allowance, or  
4                    b.    The member had obtained 20 years of creditable service in  
5                    which case the retirement allowance shall be computed in  
6                    accordance with ~~G.S. 128-27(b20)(1)b.~~ or ~~G.S.~~  
7                    ~~128-27(b20)(2)e.~~, G.S. 128-27(b21)(1)b. or G.S.  
8                    128-27(b21)(2)c., notwithstanding the requirement of obtaining  
9                    age 50.
- 10           (2)    The member had designated as the principal beneficiary to receive a  
11                    return of his accumulated contributions one and only one person who  
12                    is living at the time of his death.
- 13           (3)    The member had not instructed the Board of Trustees in writing that he  
14                    did not wish the provisions of this subsection apply.

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

23           **SECTION 4.** G.S. 128-27 is amended by adding the following new  
24           subsections to read:

25           "(ddd) From and after July 1, 2003, the retirement allowance to or on account of  
26           beneficiaries whose retirement commenced on or before July 1, 2002, shall be increased  
27           by two percent (2.0%) of the allowance payable on June 1, 2003, in accordance with  
28           subsection (k) of this section. Furthermore, from and after July 1, 2003, the retirement  
29           allowance to or on account of beneficiaries whose retirement commenced after July 1,  
30           2002, but before June 30, 2003, shall be increased by a prorated amount of two percent  
31           (2.0%) of the allowance payable as determined by the Board of Trustees based upon the  
32           number of months that a retirement allowance was paid between July 1, 2002, and June  
33           30, 2003.

34           "(eee) From and after July 1, 2003, the retirement allowance to or on account of  
35           beneficiaries whose retirement commenced on or before June 1, 1982, shall be increased  
36           by six percent (6.0%) of the allowance payable on June 1, 2003, in accordance with  
37           subsection (k) of this section. Furthermore, from and after July 1, 2003, the retirement  
38           allowance to or on account of beneficiaries whose retirement commenced on or after  
39           July 1, 1982, but before July 1, 1993, shall be increased by one and one-tenth percent  
40           (1.1%) of the allowance payable on June 1, 2003, in accordance with subsection (k) of  
41           this section. This allowance shall be calculated on the allowance payable and in effect  
42           on June 30, 2003, so as not to be compounded on any other increase payable under  
43           subsection (k) of this section or otherwise granted by act of the 2003 Regular Session of  
44           the 2003 General Assembly.

1        "(fff) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 2003. –  
2 From and after July 1, 2003, the retirement allowance to or on account of beneficiaries  
3 on the retirement rolls as of June 1, 2003, shall be increased by one and one-half percent  
4 (1.5%) of the allowance payable on June 1, 2003. This allowance shall be calculated on  
5 the allowance payable and in effect on June 30, 2003, so as not to be compounded on  
6 any other increase payable under subsection (k) of this section or otherwise granted by  
7 act of the 2003 General Assembly."

8                **SECTION 5.** This act becomes effective July 1, 2003.