

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

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HOUSE BILL 853*

Committee Substitute Favorable 6/22/06

Senate Pensions & Retirement and Aging Committee Substitute Adopted 7/11/06

Short Title: Optional Retirement Program Changes.

(Public)

Sponsors:

Referred to:

March 22, 2005

A BILL TO BE ENTITLED

1
2 AN ACT TO PROVIDE FOR THE PURCHASE OF CREDITABLE SERVICE FOR
3 PERIODS OF SERVICE UNDER THE OPTIONAL RETIREMENT PROGRAM
4 FOR STATE INSTITUTIONS OF HIGHER EDUCATION AND TO INCLUDE
5 THE NORTH CAROLINA SCHOOL OF SCIENCE AND MATHEMATICS
6 WITHIN THE OPTIONAL RETIREMENT PROGRAM FOR THE UNIVERSITY
7 OF NORTH CAROLINA.

8 The General Assembly of North Carolina enacts:

9 **SECTION 1.** G.S. 135-5 is amended by adding a new subsection to read:

10 "(ooo) Credit at Full Cost for Service with The University of North Carolina During
11 Which a Member Participated in the Optional Retirement Program. – Notwithstanding
12 any other provisions of this Chapter, a member, upon the completion of five years of
13 membership service, may purchase creditable service for periods of employment with
14 The University of North Carolina during which the member participated in the Optional
15 Retirement Program as provided for in G.S. 135-5.1, provided that the member is not
16 receiving, and is not entitled to receive, any retirement benefits resulting from this
17 employment. The member shall purchase this service by making a lump-sum amount
18 payable to the Annuity Savings Fund equal to the full liability of the service credits
19 calculated on the basis of the assumptions used for purposes of the actuarial valuation of
20 the system's liabilities, and shall take into account the retirement allowance arising on
21 account of the additional service credit commencing at the earliest age at which the
22 member could retire on an unreduced retirement allowance, as determined by the Board
23 of Trustees upon the advice of the consulting actuary, plus an administrative fee to be
24 set by the Board of Trustees. Notwithstanding the foregoing provisions of this
25 subsection that provide for the purchase of service credits, the terms "full cost", "full
26 liability", and "full actuarial cost" include assumed annual postretirement allowance
27 increases, as determined by the Board of Trustees, from the earliest age at which a
28 member could retire on an unreduced service allowance."

1 **SECTION 2.** The catch line of G.S. 135-5.1 reads as rewritten:

2 "**§ 135-5.1. Optional retirement program for State institutions of higher**
3 **education.**The University of North Carolina."

4 **SECTION 3.** G.S. 135-5.1(a) reads as rewritten:

5 "(a) An Optional Retirement Program provided for in this section is authorized
6 and established and shall be implemented by the Board of Governors of The University
7 of North Carolina. The Optional Retirement Program shall be underwritten by the
8 purchase of annuity contracts, which may be both fixed and variable contracts or a
9 combination thereof, or financed through the establishment of a trust, for the benefit of
10 participants in the Program. Participation in the Optional Retirement Program shall be
11 limited to ~~university~~ University personnel who are eligible for membership in the
12 Teachers' and State Employees' Retirement Program and who are:

- 13 (1) Administrators and faculty of The University of North Carolina with
14 the rank of instructor or above;
- 15 (2) The President and employees of The University of North Carolina who
16 are appointed by the Board of Governors on recommendation of the
17 President pursuant to G.S. 116-11(4), 116-11(5), and 116-14 or who
18 are appointed by the Board of Trustees of a constituent institution of
19 The University of North Carolina upon the recommendation of the
20 Chancellor pursuant to G.S. 116-40.22(b);
- 21 (3) Nonfaculty instructional and research staff who are exempt from the
22 State Personnel Act, as defined by the provisions of G.S. ~~126-5(e1)(8);~~
23 26-5(c1)(8), and the faculty of the North Carolina School of Science
24 and Mathematics; and
- 25 (4) Field faculty of the Cooperative Agriculture Extension Service, and
26 tenure track faculty in North Carolina State University agriculture
27 research programs who are exempt from the State Personnel Act and
28 who are eligible for membership in the Teachers' and State Employees'
29 Retirement System pursuant to G.S. 135-3(1), who in any of the cases
30 described in this subsection (i) had been members of the Optional
31 Retirement Program under the provisions of Chapter 338, Session
32 Laws of 1971, immediately prior to July 1, 1985, or (ii) have sought
33 membership as required in subsection (b), below. Under the Optional
34 Retirement Program, the State and the participant shall contribute, to
35 the extent authorized or required, toward the purchase of such
36 contracts or deposited in such trust on the participant's behalf."

37 **SECTION 4.** Sections 2 and 3 of this act become effective July 1, 2007, and
38 Section 3 of this act applies only to eligible persons who are employees as of July 1,
39 2007, or who are employed thereafter. The remainder of this act is effective when it
40 becomes law.