

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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SENATE BILL 2132*

Short Title: Enhance TSERS Benefits/Retirement COLAs. (Public)

Sponsors: Senators Dannelly; and Cowell.

Referred to: Appropriations/Base Budget.

May 29, 2008

A BILL TO BE ENTITLED

1 AN ACT TO ENHANCE THE BENEFITS OF MEMBERS OF THE TEACHERS'
2 AND STATE EMPLOYEES' RETIREMENT SYSTEM AND TO PROVIDE
3 COST-OF-LIVING INCREASES FOR RETIREES OF THE TEACHERS' AND
4 STATE EMPLOYEES' RETIREMENT SYSTEM, THE JUDICIAL RETIREMENT
5 SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM, AND THE
6 LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM.
7

8 The General Assembly of North Carolina enacts:

9 **SECTION 1.** G.S. 135-5(b19) reads as rewritten:

10 "(b19) Service Retirement Allowance of Members Retiring on or After July 1, ~~2002-~~
11 2002, But Before July 1, 2008.– Upon retirement from service in accordance with
12 subsection (a) or (a1) above, on or after July 1, 2002, but before July 1, 2008, a member
13 shall receive the following service retirement allowance:

14 (1) A member who is a law enforcement officer or an eligible former law
15 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 55th birthday, and completion of five years of creditable service
19 as a law enforcement officer, or after the completion of 30 years
20 of creditable service, the allowance shall be equal to one and
21 eighty-two hundredths percent (1.82%) of his average final
22 compensation, multiplied by the number of years of his
23 creditable service.

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

- 1 1. The service retirement allowance payable under
2 G.S. 135-5(b19)(1)a. reduced by one-third of one percent
3 (1/3 of 1%) thereof for each month by which his
4 retirement date precedes the first day of the month
5 coincident with or next following the month the member
6 would have attained his 55th birthday; or
 - 7 2. The service retirement allowance as computed under
8 G.S. 135-5(b19)(1)a. reduced by five percent (5%) times
9 the difference between 30 years and his creditable
10 service at retirement.
- 11 (2) A member who is not a law enforcement officer or an eligible former
12 law enforcement officer shall receive a service retirement allowance
13 computed as follows:
- 14 a. If the member's service retirement date occurs on or after his
15 65th birthday upon the completion of five years of membership
16 service or after the completion of 30 years of creditable service
17 or on or after his 60th birthday upon the completion of 25 years
18 of creditable service, the allowance shall be equal to one and
19 eighty-two hundredths percent (1.82%) of his average final
20 compensation, multiplied by the number of years of creditable
21 service.
 - 22 b. If the member's service retirement date occurs after his 60th
23 birthday and before his 65th birthday and prior to his
24 completion of 25 years or more of creditable service, his
25 retirement allowance shall be computed as in
26 G.S. 135-5(b19)(2)a. but shall be reduced by one-quarter of one
27 percent ($\frac{1}{4}$ of 1%) thereof for each month by which his
28 retirement date precedes the first day of the month coincident
29 with or next following his 65th birthday.
 - 30 c. If the member's early service retirement date occurs on or after
31 his 50th birthday and before his 60th birthday and after
32 completion of 20 years of creditable service but prior to the
33 completion of 30 years of creditable service, his early service
34 retirement allowance shall be equal to the greater of:
 - 35 1. The service retirement allowance as computed under
36 G.S. 135-5(b19)(2)a. but reduced by the sum of
37 five-twelfths of one percent ($\frac{5}{12}$ of 1%) thereof for
38 each month by which his retirement date precedes the
39 first day of the month coincident with or next following
40 the month the member would have attained his 60th
41 birthday, plus one-quarter of one percent ($\frac{1}{4}$ of 1%)
42 thereof for each month by which his 60th birthday
43 precedes the first day of the month coincident with or
44 next following his 65th birthday; or

1 2. The service retirement allowance as computed under
2 G.S. 135-5(b19)(2)a. reduced by five percent (5%) times
3 the difference between 30 years and his creditable
4 service at retirement; or

5 3. If the member's creditable service commenced prior to
6 July 1, 1994, the service retirement allowance equal to
7 the actuarial equivalent of the allowance payable at the
8 age of 60 years as computed in G.S. 135-5(b19)(2)b.

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

12 **SECTION 2.** G.S. 135-5 is amended by adding a new subsection to read:

13 "(b20) Service Retirement Allowance of Members Retiring on or After July 1, 2008.
14 – Upon retirement from service in accordance with subsection (a) or (a1) of this section,
15 on or after July 1, 2008, a member shall receive the following service retirement
16 allowance:

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

20 a. If the member's service retirement date occurs on or after his
21 55th birthday, and completion of five years of creditable service
22 as a law enforcement officer, or after the completion of 30 years
23 of creditable service, the allowance shall be equal to one and
24 eighty-two hundredths percent (1.84%) of his average final
25 compensation, multiplied by the number of years of his
26 creditable service.

27 b. If the member's service retirement date occurs on or after his
28 50th birthday and before his 55th birthday with 15 or more
29 years of creditable service as a law enforcement officer and
30 prior to the completion of 30 years of creditable service, his
31 retirement allowance shall be equal to the greater of:

32 1. The service retirement allowance payable under
33 G.S. 135-5(b20)(1)a. reduced by one-third of one percent
34 (1/3 of 1%) thereof for each month by which his
35 retirement date precedes the first day of the month
36 coincident with or next following the month the member
37 would have attained his 55th birthday; or

38 2. The service retirement allowance as computed under
39 G.S. 135-5(b20)(1)a. reduced by five percent (5%) times
40 the difference between 30 years and his creditable
41 service at retirement.

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

- 1 a. If the member's service retirement date occurs on or after his
2 65th birthday upon the completion of five years of membership
3 service or after the completion of 30 years of creditable service
4 or on or after his 60th birthday upon the completion of 25 years
5 of creditable service, the allowance shall be equal to one and
6 eighty-two hundredths percent (1.84%) of his average final
7 compensation, multiplied by the number of years of creditable
8 service.
- 9 b. If the member's service retirement date occurs after his 60th
10 birthday and before his 65th birthday and prior to his
11 completion of 25 years or more of creditable service, his
12 retirement allowance shall be computed as in
13 G.S. 135-5(b20)(2)a. but shall be reduced by one-quarter of one
14 percent (¼ of 1%) thereof for each month by which his
15 retirement date precedes the first day of the month coincident
16 with or next following his 65th birthday.
- 17 c. If the member's early service retirement date occurs on or after
18 his 50th birthday and before his 60th birthday and after
19 completion of 20 years of creditable service but prior to the
20 completion of 30 years of creditable service, his early service
21 retirement allowance shall be equal to the greater of:
- 22 1. The service retirement allowance as computed under
23 G.S. 135-5(b20)(2)a. but reduced by the sum of
24 five-twelfths of one percent (5/12 of 1%) thereof for
25 each month by which his retirement date precedes the
26 first day of the month coincident with or next following
27 the month the member would have attained his 60th
28 birthday, plus one-quarter of one percent (¼ of 1%)
29 thereof for each month by which his 60th birthday
30 precedes the first day of the month coincident with or
31 next following his 65th birthday; or
- 32 2. The service retirement allowance as computed under
33 G.S. 135-5(b20)(2)a. reduced by five percent (5%) times
34 the difference between 30 years and his creditable
35 service at retirement; or
- 36 3. If the member's creditable service commenced prior to
37 July 1, 1994, the service retirement allowance equal to
38 the actuarial equivalent of the allowance payable at the
39 age of 60 years as computed in G.S. 135-5(b20)(2)b.
- 40 d. Notwithstanding the foregoing provisions, any member whose
41 creditable service commenced prior to July 1, 1963, shall not
42 receive less than the benefit provided by G.S. 135-5(b)."

43 **SECTION 3.** G.S. 135-5 is amended by adding a new subsection to read:

1 "(rrr) From and after July 1, 2008, the retirement allowance to or on account of
2 beneficiaries whose retirement commenced on or before July 1, 2007, shall be increased
3 by four and one-tenth percent (4.1%) of the allowance payable on June 1, 2008, in
4 accordance with G.S. 135-5(o). Furthermore, from and after July 1, 2008, the retirement
5 allowance to or on account of beneficiaries whose retirement commenced after July 1,
6 2007, but before June 30, 2008, shall be increased by a prorated amount of four and
7 one-tenth percent (4.1%) of the allowance payable as determined by the Board of
8 Trustees based upon the number of months that a retirement allowance was paid
9 between July 1, 2007, and June 30, 2008."

10 **SECTION 4.** G.S. 135-65 is amended by adding a new subsection to read:

11 "(cc) From and after July 1, 2008, the retirement allowance to or on account of
12 beneficiaries whose retirement commenced on or before July 1, 2007, shall be increased
13 by four one-tenth percent (4.1%) of the allowance payable on June 1, 2008.
14 Furthermore, from and after July 1, 2008, the retirement allowance to or on account of
15 beneficiaries whose retirement commenced after July 1, 2007, but before June 30, 2008,
16 shall be increased by a prorated amount of four and one-tenth percent (4.1%) of the
17 allowance payable as determined by the Board of Trustees based upon the number of
18 months that a retirement allowance was paid between July 1, 2007, and June 30, 2008."

19 **SECTION 5.** G.S. 120-4.22A is amended by adding a new subsection to
20 read:

21 "(w) In accordance with subsection (a) of this section, from and after July 1, 2008,
22 the retirement allowance to or on account of beneficiaries whose retirement commenced
23 on or before January 1, 2008, shall be increased by four and one-tenth percent (4.1%) of
24 the allowance payable on June 1, 2008. Furthermore, from and after July 1, 2008, the
25 retirement allowance to or on account of beneficiaries whose retirement commenced
26 after January 1, 2008, but before June 30, 2008, shall be increased by a prorated amount
27 of four and one-tenth percent (4.1%) of the allowance payable as determined by the
28 Board of Trustees based upon the number of months that a retirement allowance was
29 paid between January 1, 2008, and June 30, 2008."

30 **SECTION 6.** G.S. 128-27 is amended by adding a new subsection to read:

31 "(hhh) From and after July 1, 2008, the retirement allowance to or on account of
32 beneficiaries whose retirement commenced on or before July 1, 2007, shall be increased
33 by two and one-tenth percent (2.1%) of the allowance payable on June 1, 2008, in
34 accordance with subsection (k) of this section. Furthermore, from and after July 1, 2007,
35 the retirement allowance to or on account of beneficiaries whose retirement commenced
36 after July 1, 2007, but before June 30, 2008, shall be increased by a prorated amount of
37 two and one-tenth percent (2.1%) of the allowance payable as determined by the Board
38 of Trustees based upon the number of months that a retirement allowance was paid
39 between July 1, 2007, and June 30, 2008."

40 **SECTION 7.** This act becomes effective July 1, 2008.