

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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SENATE BILL 580
Finance Committee Substitute Adopted 5/10/07
House Committee Substitute Favorable 7/26/07
House Committee Substitute #2 Favorable 7/27/07
Fifth Edition Engrossed 7/31/07

Short Title: State Treasurer/Local OPEB Investments.

(Public)

Sponsors:

Referred to:

March 7, 2007

A BILL TO BE ENTITLED

1 AN ACT TO ESTABLISH THE LOCAL GOVERNMENT POST-EMPLOYMENT
2 BENEFITS FUND UNDER THE MANAGEMENT OF THE STATE
3 TREASURER, TO ESTABLISH THE LOCAL GOVERNMENT LAW
4 ENFORCEMENT SPECIAL SEPARATION ALLOWANCE BENEFITS FUND
5 UNDER THE MANAGEMENT OF THE STATE TREASURER, TO
6 AUTHORIZE THE TREASURER TO MAKE EQUITY INVESTMENTS FROM
7 THE FUND TO THE SAME EXTENT ALLOWED FOR CERTAIN
8 INVESTMENTS FROM THE STATE RETIREMENT SYSTEM, TO ALLOW
9 LOCAL ENTITIES TO ESTABLISH OTHER IRREVOCABLE TRUSTS TO
10 FUND POST-EMPLOYMENT BENEFITS, AND TO ALLOW LOCAL
11 GOVERNMENTS TO ESTABLISH OTHER IRREVOCABLE TRUSTS TO
12 FUND LAW ENFORCEMENT SPECIAL SEPARATION ALLOWANCE
13 BENEFITS.
14

15 The General Assembly of North Carolina enacts:

16 **SECTION 1.** Article 6 of Chapter 147 of the General Statutes is amended by
17 adding a new section to read:

18 **"§ 147-69.4. Local Government Other Post-Employment Benefits Fund.**

19 The Local Government Other Post-Employment Benefits Fund is established as a
20 fund in the Office of the State Treasurer under the management of the Treasurer. The
21 Fund consists of contributions made by local governments and other entities authorized
22 to make contributions to the Fund and interest and other investment income earned by
23 the Fund. Contributions to the Fund are irrevocable. Assets of the Fund may be used
24 only to provide other post-employment benefits to individuals who are former
25 employees, or beneficiaries of former employees, of an entity that contributes to the
26 Fund and are entitled to other post-employment benefits payable by the entity. The

1 assets of the Fund are not subject to the claims of creditors of an entity that contributes
2 to the Fund."

3 **SECTION 2.** G.S. 147-69.2(a) reads as rewritten:

4 "(a) This section applies to funds held by the State Treasurer to the credit of each
5 of the following:

6 ...

7 (17g) The Local Government Other Post-Employment Benefits Fund.

8"

9 **SECTION 3.** G.S. 147-69.2 is amended by adding a new subsection to read:

10 "(b4) In addition to the investments authorized under subdivisions (b)(1) through
11 (b)(6) of this section, the State Treasurer may invest funds deposited in the Local
12 Government Other Post-Employment Benefits Fund in the investments authorized under
13 subdivision (b)(8) of this section. For investments from that Fund made under
14 subdivision (b)(8) of this section, the State Treasurer may require a minimum deposit of
15 up to one hundred thousand dollars (\$100,000) and may assess a fee of up to 15 basis
16 points as a condition of making the investment. The fee may be used to defray the costs
17 of administering the Fund."

18 **SECTION 4.** G.S. 159-30 is amended by adding a new subsection to read:

19 "(g) A local government, public authority, an entity eligible to participate in the
20 Local Government Employee's Retirement System, or a local school administrative unit
21 may make contributions to the Local Government Other Post-Employment Benefits
22 Fund established in G.S. 147-69.4."

23 **SECTION 5.** Article 3 of Chapter 159 of the General Statutes is amended by
24 adding a new section to read:

25 **"§ 159-30.1. Trust for other post-employment benefits.**

26 (a) Trust. – A local government, a public authority, an entity eligible to
27 participate in the Local Government Employee's Retirement System, or a local school
28 administrative unit may establish and fund an irrevocable trust for the purpose of paying
29 post-employment benefits for which the entity is liable. The irrevocable trust must be
30 established by resolution or ordinance of the entity's governing board. The resolution or
31 ordinance must state the purposes for which the trust is created and the method of
32 determining and selecting the Fund's trustees. The resolution or ordinance establishing
33 the trust may be amended from time to time, but an amendment may not authorize the
34 use of monies in the trust for a purpose not stated in the resolution or ordinance
35 establishing the trust.

36 (b) Restrictions. – Monies in an irrevocable trust established under subsection (a)
37 of this section may be appropriated only for the purposes for which the trust was
38 established. Monies in the trust are not subject to the claims of creditors of the entity
39 that established the trust. An entity that establishes a trust may not deposit money in the
40 trust if the total amount held in trust would exceed the entity's actuarial liability,
41 determined in accordance with the standards of the Governmental Accounting Standards
42 Board, for the purposes for which the trust was established."

43 **SECTION 6.** Article 6 of Chapter 147 of the General Statutes is amended by
44 adding a new section to read:

1 **§ 147-69.5. Local Government Law Enforcement Special Separation Allowance**
2 **Fund.**

3 The Local Government Law Enforcement Special Separation Allowance Fund is
4 established as a fund in the Office of the State Treasurer under the management of the
5 Treasurer. The Fund consists of contributions made by entities authorized to make
6 contributions to the Fund and interest and other investment income earned by the Fund.
7 Contributions to the Fund are irrevocable. Assets of the Fund may be used only to
8 provide law enforcement special separation allowance benefits to individuals who are
9 former employees of a unit of local government that contributes to the Fund and are
10 entitled to law enforcement special separation allowance payable by the unit. The assets
11 of the Fund are not subject to the claims of creditors of an entity that contributes to the
12 Fund."

13 **SECTION 7.** G.S. 147-69.2(a) is amended by adding a new subdivision to
14 read:

15 "(a) This section applies to funds held by the State Treasurer to the credit of each
16 of the following:

17 ...

18 (17h) The Local Government Law Enforcement Special Separation
19 Allowance Fund.

20"

21 **SECTION 8.** G.S. 147-69.2 is amended by adding a new subsection to read:

22 "(b5) In addition to the investments authorized under subdivisions (b)(1) through
23 (b)(6) of this section, the State Treasurer may invest funds deposited in the Local
24 Government Law Enforcement Special Separation Allowance Fund in the investments
25 authorized under subdivision (b)(8) of this section. For investments from that Fund
26 made under subdivision (b)(8) of this section, the State Treasurer may require a
27 minimum deposit of up to one hundred thousand dollars (\$100,000) and may assess a
28 fee of up to 15 basis points as a condition of making the investment. The fee may be
29 used to defray the costs of administering the Fund."

30 **SECTION 9.** G.S. 159-30 is amended by adding a new subsection to read:

31 "(g) A unit of local government employing local law enforcement officers may
32 make contributions to the Local Government Law Enforcement Special Separation
33 Allowance Fund established in G.S. 147-69.5."

34 **SECTION 10.** Article 3 of Chapter 159 of the General Statutes is amended
35 by adding a new section to read:

36 **§ 159-30.2 Trust for law enforcement special separation allowance benefits.**

37 (a) Trust. – A unit of local government employing local law enforcement officers
38 may establish and fund an irrevocable trust for the purpose of paying law enforcement
39 special separation allowance benefits for which the unit of local government is liable.
40 The irrevocable trust must be established by resolution or ordinance of the unit's
41 governing board. The resolution or ordinance must state the purposes for which the trust
42 is created and the method of determining and selecting the Fund's trustees. The
43 resolution or ordinance establishing the trust may be amended from time to time, but an

1 amendment may not authorize the use of monies in the trust for a purpose not stated in
2 the resolution or ordinance establishing the trust.

3 (b) Restrictions. – Monies in an irrevocable trust established under subsection (a)
4 of this section may be appropriated only for the purposes for which the trust was
5 established. Monies in the trust are not subject to the claims of creditors of the entity
6 that established the trust. A unit of local government that establishes a trust may not
7 deposit money in the trust if the total amount held in trust would exceed the unit's
8 actuarial liability, determined in accordance with the standards of the Governmental
9 Accounting Standards Board, for the purpose for which the trust was established."

10 **SECTION 10.1.** G.S. 128-27(g) reads as rewritten:

11 "(g) Election of Optional Allowance. – With the provision that until the first
12 payment on account of any benefit becomes normally due, or his first retirement check
13 has been cashed, any member may elect to receive his benefits in a retirement allowance
14 payable throughout life, or he may elect to receive the actuarial equivalent of such
15 retirement ~~allowance~~ allowance, including any special retirement allowance, in a
16 reduced allowance payable throughout life under the provisions of one of the Options
17 set forth below. The election of Option two or Option three or nomination of the person
18 thereunder shall be revoked if such person nominated dies prior to the date the first
19 payment becomes normally due or the first retirement check has been cashed. Such
20 election may be revoked by the member prior to the date the first payment becomes
21 normally due or his first retirement check has been cashed. Provided, however, in the
22 event a member has elected Option 2 or Option 3 and nominated his or her spouse to
23 receive a retirement allowance upon the member's death, and the spouse predeceases the
24 member after the first payment becomes normally due or the first retirement check has
25 been cashed, if the member remarries he or she may request to nominate a new spouse
26 to receive the retirement allowance under the previously elected option, within 90 days
27 of the remarriage, and may nominate a new spouse to receive the retirement allowance
28 under the previously elected option by written designation duly acknowledged and filed
29 with the Board of Trustees within 120 days of the remarriage. The new nomination shall
30 be effective on the first day of the month in which it is made and shall provide for a
31 retirement allowance computed to be the actuarial equivalent of the retirement
32 allowance in effect immediately prior to the effective date of the new nomination. Any
33 member having elected Options two, three, or six and nominated his or her spouse to
34 receive a retirement allowance upon the member's death may, after divorce from his or
35 her spouse, revoke the nomination and elect a new option, effective on the first day of
36 the month in which the new option is elected, providing for a retirement allowance
37 computed to be the actuarial equivalent of the retirement allowance in effect
38 immediately prior to the effective date of the new option.

39 Option one.

40 (a) In the Case of a Member Who Retires prior to July 1, 1965. – If he
41 dies before he has received in annuity payments the present value of
42 his annuity as it was at the time of his retirement, the balance shall be
43 paid to such person as he shall nominate by written designation duly

1 acknowledged and filed with the Board of Trustees or, if none, to his
2 legal representative.

3 (b) In the Case of a Member Who Retires on or after July 1, 1965, but
4 prior to July 1, 1993. – If he dies within 10 years from his retirement
5 date, an amount equal to his accumulated contributions at retirement,
6 less one one-hundred-twentieth thereof for each month for which he
7 has received a retirement allowance payment, shall be paid to such
8 person as he shall nominate by written designation duly acknowledged
9 and filed with the Board of Trustees or, if none, to his legal
10 representative; or

11 Option two. Upon his death his reduced retirement allowance shall be continued
12 throughout the life of and paid to such person as he shall nominate by written
13 designation duly acknowledged and filed with the Board of Trustees at the time of his
14 retirement, provided that if the person selected is other than his spouse the reduced
15 retirement allowance payable to the member shall not be less than one half of the
16 retirement allowance without optional modification which would otherwise be payable
17 to him; or

18 Option three. Upon his death, one half of his reduced retirement allowance shall be
19 continued throughout the life of, and paid to such person as he shall nominate by written
20 designation duly acknowledged and filed with the Board of Trustees at the time of his
21 retirement; or

22 Option four. Adjustment of Retirement Allowance for Social Security Benefits. –
23 Until the first payment on account of any benefit becomes normally due, any member
24 may elect to convert his benefit otherwise payable on his account after retirement into a
25 retirement allowance of equivalent actuarial value of such amount that with his benefit
26 under Table II of the Federal Social Security Act, he will receive, so far as possible,
27 approximately the same amount per year before and after the earliest age at which he
28 becomes eligible, upon application therefor, to receive a social security benefit.

29 Option five. For Members Retiring prior to July 1, 1993. – The member may elect to
30 receive a reduced retirement allowance under the conditions of Option two or Option
31 three, as provided for above, with the modification that if both he and the person
32 nominated die within 10 years from his retirement date, an amount equal to his
33 accumulated contributions at retirement, less 1/120th thereof for each month for which a
34 retirement allowance has been paid, shall be paid to his legal representatives or to such
35 person as he shall nominate by written designation duly acknowledged and filed with
36 the Board of Trustees.

37 Option six. A member may elect either Option two or Option three with the added
38 provision that in the event the designated beneficiary predeceases the member, the
39 retirement allowance payable to the member after the designated beneficiary's death
40 shall be equal to the retirement allowance which would have been payable had the
41 member not elected the option."

42 **SECTION 10.2.** G.S. 128-27 is amended by adding a new subsection to
43 read:

1 "(m1) Special Retirement Allowance for Law Enforcement Officers – Upon
2 retirement, a member who is a law enforcement officer may elect to transfer his eligible
3 accumulated contributions, not including any Roth after-tax contributions and the
4 earnings thereon, from the Supplemental Retirement Income Plan of North Carolina to
5 this Retirement System and receive, in addition to his basic service, early or disability
6 retirement allowance, a special retirement allowance which shall be based upon his
7 eligible accumulated account balance at the date of the transfer of the assets to this
8 System. For the purpose of determining the special retirement allowance, the Board of
9 Trustees shall adopt straight life annuity factors on the basis of mortality tables, such
10 other tables as may be necessary and the interest assumption rate recommended by the
11 actuary based upon actual experience including an assumed annual post-retirement
12 allowance increase of four percent (4%). The Board of Trustees shall modify such
13 factors every five years, as shall be deemed necessary, based upon the five year
14 experience study as required by G.S. 128-29(o). Provided, however, a member who
15 transfers his eligible accumulated contributions from the Supplemental Retirement
16 Income Plan of North Carolina shall be taxed for North Carolina State Income tax
17 purposes on the special retirement allowance the same as if that special retirement
18 allowance had been paid directly by the Supplemental Retirement Income Plan of North
19 Carolina. The Local Governmental Employees' Retirement System shall be responsible
20 to determine the taxable amount, if any, and report accordingly."

21 **SECTION 10.3.** G.S. 135-5(g) reads as rewritten:

22 "(g) Election of Optional Allowance. – With the provision that until the first
23 payment on account of any benefit becomes normally due, or his first retirement check
24 has been cashed, any member may elect to receive his benefits in a retirement allowance
25 payable throughout life, or he may elect to receive the actuarial equivalent of such
26 retirement ~~allowance~~ allowance, including any special retirement allowance, in a
27 reduced allowance payable throughout life under the provisions of one of the options set
28 forth below. The election of Option 2 or Option 3 or nomination of the person
29 thereunder shall be revoked if such person nominated dies prior to the date the first
30 payment becomes normally due or until the first retirement check has been cashed. Such
31 election may be revoked by the member prior to the date the first payment becomes
32 normally due or until his first retirement check has been cashed. Provided, however, in
33 the event a member has elected Option 2 or Option 3 and nominated his or her spouse to
34 receive a retirement allowance upon the member's death, and the spouse predeceases the
35 member after the first payment becomes normally due or the first retirement check has
36 been cashed, if the member remarries he or she may request to nominate a new spouse
37 to receive the retirement allowance under the previously elected option, within 90 days
38 of the remarriage, and may nominate a new spouse to receive the retirement allowance
39 under the previously elected option by written designation duly acknowledged and filed
40 with the Board of Trustees within 120 days of the remarriage. The new nomination shall
41 be effective on the first day of the month in which it is made and shall provide for a
42 retirement allowance computed to be the actuarial equivalent of the retirement
43 allowance in effect immediately prior to the effective date of the new nomination. Any
44 member having elected Options 2, 3, or 6 and nominated his or her spouse to receive a

1 retirement allowance upon the member's death may, after divorce from his or her
2 spouse, revoke the nomination and elect a new option, effective on the first day of the
3 month in which the new option is elected, providing for a retirement allowance
4 computed to be the actuarial equivalent of the retirement allowance in effect
5 immediately prior to the effective date of the new option.

6 Option 1.(a) In the Case of a Member Who Retires prior to July 1, 1963. – If he
7 dies before he has received in annuity payments the present value of
8 his annuity as it was at the time of his retirement, the balance shall be
9 paid to his legal representatives or to such person as he shall nominate
10 by written designation duly acknowledged and filed with the Board of
11 Trustees.

12 (b) In the Case of a Member Who Retires on or after July 1, 1963, but
13 prior to July 1, 1993. – If he dies within 10 years from his retirement
14 date, an amount equal to his accumulated contributions at retirement,
15 less 1/120 thereof for each month for which he has received a
16 retirement allowance payment, shall be paid to his legal
17 representatives or to such person as he shall nominate by written
18 designation duly acknowledged and filed with the Board of Trustees;
19 or

20 Option 2. Upon his death his reduced retirement allowance shall be continued
21 throughout the life of and paid to such person as he shall nominate by written
22 designation duly acknowledged and filed with the Board of Trustees at the time of his
23 retirement, provided that if the person selected is other than his spouse the reduced
24 retirement allowance payable to the member shall not be less than one half of the
25 retirement allowance without optional modification which would otherwise be payable
26 to him; or

27 Option 3. Upon his death, one half of his reduced retirement allowance shall be
28 continued throughout the life of, and paid to such person as he shall nominate by written
29 designation duly acknowledged and filed with the Board of Trustees at the time of his
30 retirement; or

31 Option 4. Adjustment of Retirement Allowance for Social Security Benefits. – Until
32 the first payment on account of any benefit becomes normally due, any member may
33 elect to convert his benefit otherwise payable on his account after retirement into a
34 retirement allowance of equivalent actuarial value of such amount that with his benefit
35 under Title II of the Federal Social Security Act, he will receive, so far as possible,
36 approximately the same amount per year before and after the earliest age at which he
37 becomes eligible, upon application therefor, to receive a social security benefit.

38 Option 5. For Members Retiring Prior to July 1, 1993. – The member may elect to
39 receive a reduced retirement allowance under the conditions of Option 2 or Option 3, as
40 provided for above, with the modification that if both he and the person nominated die
41 within 10 years from his retirement date, an amount equal to his accumulated
42 contributions at retirement, less 1/120 thereof for each month for which a retirement
43 allowance has been paid, shall be paid to his legal representatives or to such person as

1 he shall nominate by written designation duly acknowledged and filed with the Board of
2 Trustees.

3 Option 6. A member may elect either Option 2 or Option 3 with the added provision
4 that in the event the designated beneficiary predeceases the member, the retirement
5 allowance payable to the member after the designated beneficiary's death shall be equal
6 to the retirement allowance which would have been payable had the member not elected
7 the option."

8 **SECTION 10.4.** G.S. 135-5 is amended by adding a new subsection to read:

9 "(m1) Special Retirement Allowance for Law Enforcement Officers – Upon
10 retirement, a member who is a law enforcement officer may elect to transfer his eligible
11 accumulated contributions, not including any Roth after-tax contributions and the
12 earnings thereon, from the Supplemental Retirement Income Plan of North Carolina to
13 this Retirement System and receive, in addition to his basic service, early or disability
14 retirement allowance, a special retirement allowance which shall be based upon his
15 eligible accumulated account balance at the date of the transfer of the assets to this
16 System. For the purpose of determining the special retirement allowance, the Board of
17 Trustees shall adopt straight life annuity factors on the basis of mortality tables, such
18 other tables as may be necessary and the interest assumption rate recommended by the
19 actuary based upon actual experience including an assumed annual post-retirement
20 allowance increase of four percent (4%). The Board of Trustees shall modify such
21 factors every five years, as shall be deemed necessary, based upon the five year
22 experience study as required by G.S. 135-6(n). Provided, however, a member, who
23 transfers his eligible accumulated contributions from the Supplemental Retirement
24 Income Plan of North Carolina, shall be taxed for North Carolina State Income tax
25 purposes on the special retirement allowance the same as if that special retirement
26 allowance had been paid directly by the Supplemental Retirement Income Plan of North
27 Carolina. The Teachers' and State Employees' Retirement System shall be responsible to
28 determine the taxable amount, if any, and report accordingly."

29 **SECTION 10.5.** G.S. 143-166.30(d) reads as rewritten:

30 "(d) Supplemental Retirement Income Plan for State Law-Enforcement Officers. –
31 As of January 1, 1985, there shall be created a Supplemental Retirement Income Plan,
32 hereinafter called the "Plan," established for the benefit of all law-enforcement officers
33 employed by the State, who shall be participants. The Board of Trustees of the State
34 Retirement System shall administer the Plan and shall, under the terms and conditions
35 otherwise appearing herein, provide Plan benefits either (i) by establishing a separate
36 trust fund in conformance with Section 401(a), Section 401(k) or other sections of the
37 Internal Revenue Code of 1954 as amended or, (ii) by causing the Plan to affiliate with
38 some master trust fund providing the same benefits for participants. The Plan shall be
39 separate and apart from any retirement systems.

40 In addition to the contributions transferred from the Law-Enforcement Officers'
41 Retirement System and the contributions otherwise provided for in this Article,
42 participants may make voluntary contributions to the Plan to be credited to the
43 designated individual accounts of participants; provided, in no instance shall the total

1 contributions by a participant exceed ten percent (10%) of a participant's compensation
2 within any calendar year.

3 All contributions to the Plan shall be credited to the individual accounts of
4 participants, and shall be fully and immediately vested in the name of the participant,
5 and shall be invested according to each participant's election, as provided by the Board
6 of Trustees, including but not limited to time deposits, and both fixed and variable
7 investments. The Plan may provide for loans to participants, at reasonable rates of
8 interest to be charged, from participants' individual accounts, and may provide for
9 withdrawal of contributions on account of hardship.

10 The benefit to a participant in the Plan shall be either a lump-sum distribution or a
11 distribution in periodic installments of the participant's account payable under
12 retirement, disability, or termination of employment. Upon the death of a participant
13 there shall be paid the same lump-sum distribution or periodic installments to the
14 surviving spouse of the participant or otherwise to the participant's estate; provided,
15 should a participant instruct the Board of Trustees in writing that he does not wish these
16 benefits to be paid to his spouse or estate, then the benefits shall be paid to the person or
17 persons as the participant may name for this purpose.

18 Upon retirement, a participant in the Plan may elect to transfer his eligible
19 accumulated contributions, not including any Roth after-tax contributions and the
20 earnings thereon, to the Teachers' and State Employees' Retirement System and receive,
21 in addition to his basic service, early or disability retirement allowance a special
22 retirement allowance which shall be based on his eligible accumulated account balance
23 at the date of the transfer of the assets."

24 **SECTION 10.6.** G.S. 143-166.50(e) reads as rewritten:

25 "(e) Supplemental Retirement Income Plan for Local Governmental
26 Law-Enforcement Officers. – As of January 1, 1986, all law-enforcement officers
27 employed by a local government employer, are participating members of the
28 Supplemental Retirement Income Plan as provided by Article 5 of Chapter 135 of the
29 General Statutes. In addition to the contributions transferred from the Law-Enforcement
30 Officers' Retirement System, participants may make voluntary contributions to the
31 Supplemental Retirement Income Plan to be credited to the designated individual
32 accounts of participants; provided, in no instance shall the total contributions by a
33 participant exceed ten percent (10%) of a participant's compensation within any
34 calendar year. From July 1, 1987, until July 1, 1988, local government employers of law
35 enforcement officers shall contribute an amount equal to at least two percent (2%) of
36 participating local officers' monthly compensation to the Supplemental Retirement
37 Income Plan to be credited to the designated individual accounts of participating local
38 officers; and on and after July 1, 1988, local government employers of law enforcement
39 officers shall contribute an amount equal to five percent (5%) of participating local
40 officers' monthly compensation to the Supplemental Retirement Income Plan to be
41 credited to the designated individual accounts of participating local officers.

42 Additional contributions shall also be made to the individual accounts of all
43 participants in the Plan, except for Sheriffs, on a per capita equal-share basis from the

1 sum of one dollar and twenty-five cents (\$1.25) for each cost of court collected under
2 G.S. 7A-304.

3 Upon retirement, a participant in the Plan may elect to transfer his eligible
4 accumulated contributions, not including any Roth after-tax contributions and the
5 earnings thereon, to the Local Governmental Employees' Retirement System and
6 receive, in addition to his basic service, early or disability retirement allowance a
7 special retirement allowance which shall be based on his eligible accumulated account
8 balance at the date of the transfer of the assets."

9 **SECTION 11.(a)** Sections 1 through 10 of this act are effective when they
10 become law. This section is effective when it becomes law.

11 **SECTION 11.(b)** The Board of Trustees of the Teachers' and State
12 Employees' Retirement System shall adopt straight life annuity factors, for the purpose
13 of determining the special retirement allowance, based upon mortality and such other
14 tables and the interest assumption rate recommended by the actuary based upon the
15 actual experience as reported in the last five year experience study as required by
16 G.S. 135-6(n) and including an assumed annual post-retirement allowance increase of
17 four percent (4%). The Board of Trustees of the Local Governmental Employees'
18 Retirement System shall adopt straight life annuity factors, for the purpose of
19 determining the special retirement allowance, based upon mortality and such other
20 tables and the interest assumption rate recommended by the actuary based upon the
21 actual experience as reported in the last five year experience study as required by
22 G.S. 128-29(o) and including an assumed annual post-retirement allowance increase of
23 four percent (4%). Sections 10.1 through 10.6 of this act become effective the first of
24 the month following the adoption of those factors by the Boards of Trustees."