

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

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SENATE BILL 367

Short Title: Account for Impact Future Benefits/TSERS. (Public)

Sponsors: Senators Hise (Primary Sponsor); Brock and Rabin.

Referred to: Rules and Operations of the Senate

March 27, 2017

A BILL TO BE ENTITLED

AN ACT TO MAKE TRANSPARENT THE LIABILITY ACCRUED BY THE TEACHERS'
AND STATE EMPLOYEES' RETIREMENT SYSTEM RELATED TO
COST-OF-LIVING ADJUSTMENTS AND GRANTS OF SPECIAL ANNUAL LEAVE
BONUSES.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 135-8 is amended by adding a new subsection to read:

"(h) Present Value of Future Benefits. – Notwithstanding subsections (d) and (g) of this section, the contributions to the Pension Accumulation Fund shall include a rate per centum of the total annual compensation of all members equal to the additional present value of future benefits related to any cost-of-living adjustment or special annual leave bonus granted in the current fiscal year divided by expected current fiscal year compensation. This additional present value of future benefits shall be calculated using an interest assumption rate equal to the interest assumption rate adopted under G.S. 135-6(o) minus two percent (2%)."

SECTION 2. It is the intent of the General Assembly to create a reserve upon the initial increase in contributions pursuant to Section 1 of this act. It is the intent of the General Assembly to appropriate funds to that reserve each time a cost-of-living adjustment is made or special bonus leave is granted. The reserve shall be utilized to fund the additional liability accrued by the Teachers' and State Employees' Retirement System based upon the present value of future benefits related to the cost-of-living adjustment or the special annual bonus leave granted. This additional present value of future benefits shall be calculated using an interest assumption rate equal to the interest assumption rate adopted under G.S. 135-6(o) minus two percent (2%).

SECTION 3. This act is effective when it becomes law.

