

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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SENATE BILL 1037*

Short Title: Increase/Adjust Retire. Formula.

(Public)

Sponsors: Senators Block; Carpenter and Seymour.

Referred to: Pensions and Retirement.

June 1, 1992

A BILL TO BE ENTITLED

AN ACT TO INCREASE THE RETIREMENT FORMULAS AND TO PROVIDE ADJUSTING INCREASES TO RETIREES OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM AND THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM.

The General Assembly of North Carolina enacts:

Section 1. G.S. 135-5(b12) reads as rewritten:

"(b12) Service Retirement Allowance of Members Retiring on or after July 1, 1990-1990, but before July 1, 1992. – Upon retirement from service in accordance with subsection (a) above, on or after July 1, 1990, but before July 1, 1992, 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 sixty-four hundredths percent (1.64%) of his average final compensation, multiplied by the number of years of his creditable service.

b. This allowance shall also be governed by the provisions of G.S. 135-5(b9)(1)b.

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

4 a. If the member's service retirement date occurs on or after his
5 65th birthday upon the completion of five years of creditable
6 service or after the completion of 30 years of creditable service
7 or on or after his 60th birthday upon the completion of 25 years
8 of creditable service, the allowance shall be equal to one and
9 sixty-four hundredths percent (1.64%) of his average final
10 compensation, multiplied by the number of years of creditable
11 service.

12 b. This allowance shall also be governed by the provisions of G.S.
13 135-5(b9)(2)b. c. and d."

14 Sec. 2. G.S. 135-5 is amended by adding a new subsection to read:

15 "(b13) Service Retirement Allowance of Members Retiring on or after July 1,
16 1992. – Upon retirement from service in accordance with subsection (a) above, on or
17 after July 1, 1992, a member shall receive the following service retirement allowance:

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

21 a. If the member's service retirement date occurs on or after his
22 55th birthday, and completion of five years of creditable service
23 as a law enforcement officer, or after the completion of 30 years
24 of creditable service, the allowance shall be equal to one and
25 seventy hundredths percent (1.70%) of his average final
26 compensation, multiplied by the number of years of his
27 creditable service.

28 b. This allowance shall also be governed by the provisions of G.S.
29 135-5(b9)(1)b.

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

33 a. If the member's service retirement date occurs on or after his
34 65th birthday upon the completion of five years of creditable
35 service or after the completion of 30 years of creditable service
36 or on or after his 60th birthday upon the completion of 25 years
37 of creditable service, the allowance shall be equal to one and
38 seventy hundredths percent (1.70%) of his average final
39 compensation, multiplied by the number of years of creditable
40 service.

41 b. This allowance shall also be governed by the provisions of G.S.
42 135-5(b9)(2)b. c. and d."

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

1 "(tt) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 1992. –
2 From and after July 1, 1992, the retirement allowance to or on account of beneficiaries
3 on the retirement rolls as of June 1, 1992, shall be increased by three and six-tenths of
4 one percent (3.6%) of the allowance payable on June 1, 1992. This allowance shall be
5 calculated on the allowance payable and in effect on June 30, 1992, so as not to be
6 compounded on any other increase granted by act of the 1991 Session of the General
7 Assembly, 1992 Regular Session."

8 Sec. 4. In order to fund the provisions of Sections 1 through 3 of this act, the
9 Board of Trustees of the Teachers' and State Employees' Retirement System, with the
10 advice of its consulting actuary, shall apply the unencumbered actuarial gain in the
11 System by allocating the percentage of payroll contribution rates for employers between
12 the normal and accrued liability contributions to the Retirement System without an
13 increase in the total employer contribution rate.

14 Sec. 5. G.S. 128-27(b12) reads as rewritten:

15 "**(b12) Service Retirement Allowance of Members Retiring on or after July 1,**
16 **~~1990~~1990, but before July 1, 1992. –** Upon retirement from service in accordance with
17 subsection (a) above, on or after July 1, 1990, **but before July 1, 1992,** a member shall
18 receive the following service retirement allowance:

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

22 a. If the member's service retirement date occurs on or after his
23 55th birthday, and completion of five years of creditable service
24 as a law enforcement officer, or after the completion of 30 years
25 of creditable service, the allowance shall be equal to one and
26 sixty-four hundredths percent (1.64%) of his average final
27 compensation, multiplied by the number of years of his
28 creditable service.

29 b. This allowance shall also be governed by the provisions of G.S.
30 128-27(b8)(2).

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

34 a. If the member's service retirement date occurs on or after his
35 65th birthday upon the completion of five years of creditable
36 service or after the completion of 30 years of creditable service
37 or on or after his 60th birthday upon the completion of 25 years
38 of creditable service, the allowance shall be equal to one and
39 sixty-four hundredths percent (1.64%) of his average final
40 compensation, multiplied by the number of years of creditable
41 service.

42 b. This allowance shall also be governed by the provisions of G.S.
43 128-27(b7)(2a) and (3)."

44 Sec. 6. G.S. 128-27 is amended by adding a new subsection to read:

1 "(b13) Service Retirement Allowance of Members Retiring on or after July 1,
2 1992. – Upon retirement from service in accordance with subsection (a) above, on or
3 after July 1, 1992, a member shall receive the following service retirement allowance:

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

7 a. If the member's service retirement date occurs on or after his
8 55th birthday, and completion of five years of creditable service
9 as a law enforcement officer, or after the completion of 30 years
10 of creditable service, the allowance shall be equal to one and
11 seventy hundredths percent (1.70%) of his average final
12 compensation, multiplied by the number of years of his
13 creditable service.

14 b. This allowance shall also be governed by the provisions of G.S.
15 128-27(b8)(2).

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

19 a. If the member's service retirement date occurs on or after his
20 65th birthday upon the completion of five years of creditable
21 service or after the completion of 30 years of creditable service
22 or on or after his 60th birthday upon the completion of 25 years
23 of creditable service, the allowance shall be equal to one and
24 seventy hundredths percent (1.70%) of his average final
25 compensation, multiplied by the number of years of creditable
26 service.

27 b. This allowance shall also be governed by the provisions of G.S.
28 128-27(b7)(2a), (2b), and (3)."

29 Sec. 7. G.S. 128-27 is amended by adding a new subsection to read:

30 "(jj) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 1992. –
31 From and after July 1, 1992, the retirement allowance to or on account of beneficiaries
32 on the retirement rolls as of June 1, 1992, shall be increased by three and six-tenths of
33 one percent (3.6%) of the allowance payable on June 1, 1992. This allowance shall be
34 calculated on the allowance payable and in effect on June 30, 1992, so as not to be
35 compounded on any other increase payable under subsection (k) of this section or
36 otherwise granted by act of the 1991 Session of the General Assembly, 1992 Regular
37 Session."

38 Sec. 8. In order to fund the provisions of Sections 5 through 7 of this act, the
39 Board of Trustees of the Local Governmental Employees' Retirement System, with the
40 advice of its consulting actuary, shall apply the unencumbered actuarial gain in the
41 System to the normal percentage contribution of payroll for employers to the Retirement
42 System without an increase in the total employer's contribution rate.

43 Sec. 9. This act becomes effective July 1, 1992.