

**GENERAL ASSEMBLY OF NORTH CAROLINA**

**SESSION 1993**

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**HOUSE BILL 1554\***

Short Title: Increase Retirement Benefits.

(Public)

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Sponsors: Representatives Lee; Cummings, Bowman, Jeffus, Mosley, Grady, McLawhorn, J. Preston, Thompson, Warner, and R. Hunter.

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Referred to: Pensions and Retirement.

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May 25, 1994

A BILL TO BE ENTITLED

1 AN ACT TO CHANGE THE METHOD FOR CALCULATING THE REDUCTION  
2 FOR EARLY RETIREMENT IN THE TEACHERS' AND STATE EMPLOYEES'  
3 RETIREMENT SYSTEM; TO INCREASE THE RETIREMENT FORMULA  
4 WITH AN ADJUSTING INCREASE TO RETIREES OF THE TEACHERS' AND  
5 STATE EMPLOYEES' RETIREMENT SYSTEM AND OF THE LOCAL  
6 GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM; AND TO  
7 PROVIDE AN INCREASE TO RETIREES OF THE TEACHERS' AND STATE  
8 EMPLOYEES' RETIREMENT SYSTEM, THE LOCAL GOVERNMENTAL  
9 EMPLOYEES' RETIREMENT SYSTEM, THE LEGISLATIVE RETIREMENT  
10 SYSTEM AND THE JUDICIAL RETIREMENT SYSTEM.

11 The General Assembly of North Carolina enacts:

12 Section 1. G.S. 128-24(5) reads as rewritten:

13 "(5) The provisions of this subdivision (5) shall apply to any member  
14 whose membership is terminated on or after July 1, 1965, and who  
15 becomes entitled to benefits hereunder in accordance with the  
16 provisions hereof.

17 a. Notwithstanding any other provision of this Chapter, any  
18 member who separates from service prior to the attainment of  
19 the age of 60 years for any reason other than death or retirement  
20 for disability as provided in G.S. 128-27(c), after completing 15  
21 or more years of creditable service, and who leaves his total  
22 accumulated contributions in said System shall have the right to  
23

1 retire on a deferred retirement allowance upon attaining the age  
 2 of 60 years; provided that such member may retire only upon  
 3 written application to the Board of Trustees setting forth at what  
 4 time, not less than one day nor more than 90 days subsequent to  
 5 the execution and filing thereof, he desires to be retired; and  
 6 further provided that in the case of a member who so separates  
 7 from service on or after July 1, 1967, the aforesated  
 8 requirement of 15 or more years of creditable service shall be  
 9 reduced to 12 or more years of creditable service; and further  
 10 provided that in the case of a member who so separates from  
 11 service on or after July 1, 1971, or whose account is active on  
 12 July 1, 1971, the aforesated requirement of 12 or more years of  
 13 creditable service shall be reduced to five or more years of  
 14 creditable service. ~~Such deferred retirement allowance shall be~~  
 15 ~~computed in accordance with the provisions of G.S. 128-27(b1);~~  
 16 ~~provided that such benefits will be computed in accordance with~~  
 17 ~~subsection (b2) on or after July 1, 1967, but prior to July 1, 1969; and~~  
 18 ~~provided further that such benefits will be computed in accordance~~  
 19 ~~with subsection (b3) on or after July 1, 1969.~~ Such deferred  
 20 retirement allowance shall be computed in accordance with the  
 21 service retirement provisions of this Article pertaining to a  
 22 member who is not a law enforcement officer or eligible former  
 23 law enforcement officer.

24 b. In lieu of the benefits provided in paragraph a of this  
 25 subdivision, any member who separates from service prior to  
 26 the attainment of the age of 60 years, for any reason other than  
 27 death or retirement for disability as provided in G.S. 128-27(c),  
 28 after completing 20 or more years of creditable service, and  
 29 who leaves his total accumulated contributions in said System  
 30 may elect to retire on an early retirement allowance upon  
 31 attaining the age of 50 years or at any time thereafter; provided  
 32 that such member may so retire only upon written application to  
 33 the Board of Trustees setting forth at what time, not less than  
 34 one day nor more than 90 days subsequent to the execution and  
 35 filing thereof, he desires to be retired. Such early retirement  
 36 allowance so elected shall be equal to the deferred retirement  
 37 allowance otherwise payable at the attainment of the age of 60  
 38 years reduced by the percentage thereof indicated below.

Age at Retirement	Percentage Reduction
59	7
58	14
57	20
56	25

1	55	30
2	54	35
3	53	39
4	52	43
5	51	46
6	50	50

b1. In lieu of the benefits provided in paragraphs a and b of this subdivision, any member who is a law enforcement officer at the time of separation from service prior to the attainment of the age of 50 years, for any reason other than death or disability as provided in this Article, after completing 15 or more years of creditable service in this capacity immediately prior to separation from service, and who leaves his total accumulated contributions in this System, may elect to retire on a deferred early retirement allowance upon attaining the age of 50 years or at any time thereafter; provided, that the member may commence retirement only upon written application to the Board of Trustees setting forth at what time, as of the first day of a calendar month, not less than one day nor more than 90 days subsequent to the execution and filing thereof, he desires to commence retirement. The deferred early retirement allowance shall be computed in accordance with the service retirement provisions of this Article pertaining to law enforcement officers.

b2. In lieu of the benefits provided in paragraphs a and b of this subdivision, any member who is a law enforcement officer at the time of separation from service prior to the attainment of the age of 55 years, for any reason other than death or disability as provided in this Article, after completing five or more years of creditable service in this capacity immediately prior to separation from service, and who leaves his total accumulated contributions in this System may elect to retire on a deferred service retirement allowance upon attaining the age of 55 years or at any time thereafter; provided, that the member may commence retirement only upon written application to the Board of Trustees setting forth at what time, as of the first day of a calendar month not less than one day nor more than 90 days subsequent to the execution and filing thereof, he desires to commence retirement. The deferred service retirement allowance shall be computed in accordance with the service retirement provisions of this Article pertaining to law enforcement officers.

c. Should a beneficiary who retired on an early or service retirement allowance be reemployed by an employer

1 participating in the Retirement System on a permanent full-  
2 time, part-time, temporary, or on fee-for-service basis, whether  
3 contractual or otherwise, the retirement allowance shall be  
4 suspended if the beneficiary receives or earns any of the  
5 following:

- 6 1. Salary or fees or both in excess of one thousand five  
7 hundred dollars (\$1,500) per month;
- 8 2. Salary or fees or both in excess of thirteen thousand five  
9 hundred dollars (\$13,500) during any consecutive 12  
10 calendar months;
- 11 3. Salary or fees or both during any consecutive 12  
12 calendar months, which is greater than fifty percent  
13 (50%) of the reported compensation during the 12  
14 months of service preceding the effective date of  
15 retirement; or
- 16 4. Salary or fees or both during any month, which when  
17 added to the retirement allowance at retirement exceeds  
18 the monthly compensation earned immediately prior to  
19 retirement, if reemployed by the same employer within  
20 90 days of the effective date of retirement.

21 The suspension of the retirement allowance shall be  
22 effective as of the first day of the month in which the  
23 beneficiary meets the conditions set forth in conditions 1 or 4 of  
24 this paragraph and effective as of the first day of the next  
25 succeeding month following the month in which the beneficiary  
26 meets the conditions set forth in conditions 2 or 3 of this  
27 paragraph. The retirement allowance shall be reinstated the  
28 month following termination of reemployment or the month  
29 following the month in which the conditions set forth in this  
30 paragraph are no longer met. The Board of Trustees may adjust  
31 the monetary limits in this paragraph by an amount equivalent  
32 to any across-the-board salary increase granted to employees of  
33 the State by the General Assembly. Each employer shall report  
34 information monthly to the Board of Trustees on forms  
35 provided by the Board on each reemployed beneficiary  
36 sufficient for the effective enforcement of this paragraph.  
37 Notwithstanding the foregoing, any beneficiary may irrevocably  
38 elect to recommence membership in the Retirement System  
39 immediately upon being restored to service, whereupon the  
40 retirement allowance shall cease.

- 41 d. A beneficiary whose retirement allowance is suspended in  
42 accordance with the provisions of paragraph c and who is  
43 restored to service shall become a member of the Retirement

1 System and shall contribute thereafter as allowed by law at the  
2 uniform contribution payable by all members.

3 Upon his subsequent retirement, he shall be paid a  
4 retirement allowance determined as follows:

5 1. For a member who earns at least three years' membership  
6 service after restoration to service, the retirement  
7 allowance shall be computed on the basis of his  
8 compensation and service before and after the period of  
9 prior retirement without restriction; provided, that if the  
10 prior allowance was based on a social security leveling  
11 payment option, the allowance shall be adjusted  
12 actuarially for the difference between the amount  
13 received under the optional payment and what would  
14 have been paid if the retirement allowance had been paid  
15 without optional modification.

16 2. For a member who does not earn three years'  
17 membership service after restoration to service, the  
18 retirement allowance shall be equal to the sum of the  
19 retirement allowance to which he would have been  
20 entitled had he not been restored to service, without  
21 modification of the election of an optional allowance  
22 previously made, and the retirement allowance that  
23 results from service earned since being restored to  
24 service; provided, that if the prior retirement allowance  
25 was based on a social security leveling payment option,  
26 the prior allowance shall be adjusted actuarially for the  
27 difference between the amount that would have been  
28 paid for each month had the payment not been suspended  
29 and what would have been paid if the retirement  
30 allowance had been paid without optional modification."

31 Sec. 2. G.S. 128-27 is amended by adding a new subsection to read:

32 "(a1) Early Service Retirement Benefits. – Any member may retire and receive a  
33 reduced retirement allowance upon written application to the Board of Trustees setting  
34 forth at what time, as of the first day of a calendar month, not less than one day nor  
35 more than 90 days subsequent to the execution and filing thereof, he desires to be  
36 retired: Provided, that the said member at the time so specified for his retirement shall  
37 have attained the age of 50 years and have at least 20 years of creditable service."

38 Sec. 3. G.S. 128-27(b13) reads as rewritten:

39 "(b13) Service Retirement Allowance of Members Retiring on or after July 1,  
40 ~~1992-1992~~, but before July 1, 1994. – Upon retirement from service in accordance with  
41 subsection (a) above, on or after July 1, 1992, but before July 1, 1994, a member shall  
42 receive the following service retirement allowance:

- 1 (1) A member who is a law enforcement officer or an eligible former law  
2 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 55th birthday, and completion of five years of creditable service  
6 as a law enforcement officer, or after the completion of 30 years  
7 of creditable service, the allowance shall be equal to one and  
8 seventy hundredths percent (1.70%) of his average final  
9 compensation, multiplied by the number of years of his  
10 creditable service.  
11 b. This allowance shall also be governed by the provisions of G.S.  
12 128-27(b8)(2).

- 13 (2) A member who is not a law enforcement officer or an eligible former  
14 law enforcement officer shall receive a service retirement allowance  
15 computed as follows:  
16 a. If the member's service retirement date occurs on or after his  
17 65th birthday upon the completion of five years of creditable  
18 service or after the completion of 30 years of creditable service  
19 or on or after his 60th birthday upon the completion of 25 years  
20 of creditable service, the allowance shall be equal to one and  
21 seventy hundredths percent (1.70%) of his average final  
22 compensation, multiplied by the number of years of creditable  
23 service.  
24 b. This allowance shall also be governed by the provisions of G.S.  
25 128-27(b7)(2a), (2b), and (3)."

26 Sec. 4. G.S. 128-27 is amended by adding a new subsection to read:

27 "(b14) Service Retirement Allowance of Members Retiring on or after July 1,  
28 1994. – Upon retirement from service in accordance with subsection (a) or (a1) above,  
29 on or after July 1, 1994, a member shall receive the following service retirement  
30 allowance:

- 31 (1) A member who is a law enforcement officer or an eligible former law  
32 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 55th birthday, and completion of five years of creditable service  
36 as a law enforcement officer, or after the completion of 30 years  
37 of creditable service, the allowance shall be equal to one and  
38 seventy-one hundredths percent (1.71%) of his average final  
39 compensation, multiplied by the number of years of his  
40 creditable service.  
41 b. This allowance shall also be governed by the provisions of G.S.  
42 128-27(b8)(2).

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 seventy-one hundredths percent (1.71%) 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.  
13 128-27(b7)(2a), (2b), and (3)."

14       Sec. 5. G.S. 135-3(8) reads as rewritten:

15       "(8) The provisions of this subsection (8) shall apply to any member whose  
16 membership is terminated on or after July 1, 1963 and who becomes  
17 entitled to benefits hereunder in accordance with the provisions hereof.

18       a. Notwithstanding any other provision of this Chapter, any  
19 member who separates from service prior to the attainment of  
20 the age of 60 years for any reason other than death or retirement  
21 for disability as provided in G.S. 135-5(c), after completing 15  
22 or more years of creditable service, and who leaves his total  
23 accumulated contributions in said System shall have the right to  
24 retire on a deferred retirement allowance upon attaining the age  
25 of 60 years; provided that such member may retire only upon  
26 written application to the Board of Trustees setting forth at what  
27 time, not less than one day nor more than 90 days subsequent to  
28 the execution and filing thereof, he desires to be retired; and  
29 further provided that in the case of a member who so separates  
30 from service on or after July 1, 1967, or whose account is active  
31 on July 1, 1967, or has not withdrawn his contributions, the  
32 aforesated requirement of 15 or more years of creditable  
33 service shall be reduced to 12 or more years of creditable  
34 service; and further provided that in the case of a member who  
35 so separates from service on or after July 1, 1971, or whose  
36 account is active on July 1, 1971, the aforesated requirement of  
37 12 or more years of creditable service shall be reduced to five  
38 or more years of creditable service. ~~Such deferred retirement~~  
39 ~~allowance shall be computed in accordance with the provisions of~~  
40 ~~G.S. 135-5(b1); provided that such benefits will be computed in~~  
41 ~~accordance with (b2) on or after July 1, 1967, but prior to July 1,~~  
42 ~~1969; and provided further that such benefits will be computed in~~  
43 ~~accordance with (b3) on or after July 1, 1969. —~~Such deferred  
44 retirement allowance shall be computed in accordance with the

1 service retirement provisions of this Article pertaining to a  
 2 member who is not a law enforcement officer or an eligible  
 3 former law enforcement officer. Notwithstanding the  
 4 foregoing, any member whose services as a teacher or  
 5 employee are terminated for any reason other than retirement,  
 6 who becomes employed by a nonprofit, nonsectarian private  
 7 school in North Carolina below the college level within one  
 8 year after such teacher or employee has ceased to be a teacher  
 9 or employee, may elect to leave his total accumulated  
 10 contributions in the Teachers' and State Employees' Retirement  
 11 System during the period he is in the employment of such  
 12 employer; provided that he files notice thereof in writing with  
 13 the Board of Trustees of the Retirement System within five  
 14 years after separation from service as a public school teacher or  
 15 State employee; such member shall be deemed to have met the  
 16 requirements of the above provisions of this subdivision upon  
 17 attainment of age 60 while in such employment provided that  
 18 he is otherwise vested.

19 b. In lieu of the benefits provided in paragraph a of this  
 20 subdivision (8), any member who separates from service prior  
 21 to the attainment of the age of 60 years, for any reason other  
 22 than death or retirement for disability as provided in G.S. 135-  
 23 5(c), after completing 20 or more years of creditable service,  
 24 and who leaves his total accumulated contributions in said  
 25 System, may elect to retire on an early retirement allowance  
 26 upon attaining the age of 50 years or at any time thereafter;  
 27 provided that such member may so retire only upon written  
 28 application to the Board of Trustees setting forth at what time,  
 29 not less than one day nor more than 90 days subsequent to the  
 30 execution and filing thereof, he desires to be retired. Such early  
 31 retirement allowance so elected shall be equal to the deferred  
 32 retirement allowance otherwise payable at the attainment of the  
 33 age of 60 years reduced by the percentage thereof indicated  
 34 below.

Age at	Percentage Retirement Reduction
59	7
58	14
57	20
56	25
55	30
54	35
53	39



1	52	43
2	51	46
3	50	50

b1. In lieu of the benefits provided in paragraphs a and b of this subdivision, any member who is a law-enforcement officer at the time of separation from service prior to the attainment of the age of 50 years, for any reason other than death or disability as provided in this Article, after completing 15 or more years of creditable service in this capacity immediately prior to separation from service, and who leaves his total accumulated contributions in this System may elect to retire on a deferred early retirement allowance upon attaining the age of 50 years or at any time thereafter; provided, that the member may commence retirement only upon written application to the Board of Trustees setting forth at what time, as of the first day of a calendar month, not less than one day nor more than 90 days subsequent to the execution and filing thereof, he desires to commence retirement. The deferred early retirement allowance shall be computed in accordance with the service retirement provisions of this Article pertaining to law-enforcement officers.

b2. In lieu of the benefits provided in paragraphs a and b of this subdivision, any member who is a law-enforcement officer at the time of separation from service prior to the attainment of the age of 55 years, for any reason other than death or disability as provided in this Article, after completing five or more years of creditable service in this capacity immediately prior to separation from service, and who leaves his total accumulated contributions in this System may elect to retire on a deferred early retirement allowance upon attaining the age of 55 years or at any time thereafter; provided, that the member may commence retirement only upon written application to the Board of Trustees setting forth at what time, as of the first day of a calendar month not less than one day nor more than 90 days subsequent to the execution and filing thereof, he desires to commence retirement. The deferred early retirement allowance shall be computed in accordance with the service retirement provisions of this Article pertaining to law-enforcement officers.

b3. Vested deferred retirement allowance of members retiring on or after July 1, 1994. – In lieu of the benefits provided in paragraphs a. and b. of this subdivision, any member who separates from service prior to attainment of age 60 years, after completing 20 or more years of creditable service, and who

1           leaves his total accumulated contributions in said System, may  
2           elect to retire on a deferred retirement allowance upon attaining  
3           the age of 50 years or any time thereafter; provided that such  
4           member may so retire only upon written application to the  
5           Board of Trustees setting forth at what time, not less than one  
6           day nor more than 90 days subsequent to the execution and  
7           filing thereof, he desires to be retired. Such deferred retirement  
8           allowance shall be computed in accordance with the service  
9           retirement provisions of this Article pertaining to a member  
10           who is not a law enforcement officer or an eligible former law  
11           enforcement officer.

12           c.   Should a beneficiary who retired on an early or service  
13           retirement allowance be reemployed by an employer  
14           participating in the Retirement System on a permanent full-  
15           time, part-time, temporary, or on fee-for-service basis, whether  
16           contractual or otherwise, the retirement allowance shall be  
17           suspended if the beneficiary receives or earns any of the  
18           following:

- 19           1.   Salary or fees or both in excess of one thousand five  
20           hundred dollars (\$1,500) per month;
- 21           2.   Salary or fees or both in excess of thirteen thousand five  
22           hundred (\$13,500) during any consecutive 12 calendar  
23           months;
- 24           3.   Salary or fees or both during any consecutive 12  
25           calendar months, which is greater than fifty percent  
26           (50%) of the reported compensation during the 12  
27           months of service preceding the effective date of  
28           retirement; or
- 29           4.   Salary or fees or both during any month, which when  
30           added to the retirement allowance at retirement exceeds  
31           the monthly compensation earned immediately prior to  
32           retirement, if reemployed by the same employer within  
33           90 days of the effective date of retirement.

34           The suspension of the retirement allowance shall be  
35           effective as of the first day of the month in which the  
36           beneficiary meets the conditions set forth in conditions 1  
37           or 4 of this paragraph and effective as of the first day of  
38           the next succeeding month following the month in which  
39           the beneficiary meets the conditions set forth in  
40           conditions 2 or 3 of this paragraph. The retirement  
41           allowance shall be reinstated the month following  
42           termination of reemployment or the month following the  
43           month in which the conditions set forth in this paragraph  
44           are no longer met. The Board of Trustees may adjust the

1 monetary limits in this paragraph by an amount  
2 equivalent to any across-the-board salary increase  
3 granted to employees of the State by the General  
4 Assembly. Each employer shall report information  
5 monthly to the Board of Trustees on forms provided by  
6 the Board on each reemployed beneficiary sufficient for  
7 the effective enforcement of this paragraph.  
8 Notwithstanding the foregoing, any beneficiary may  
9 irrevocable elect to recommence membership in the  
10 Retirement System immediately upon being restored to  
11 service, whereupon the retirement allowance shall cease.

- 12 d. A beneficiary whose retirement allowance is suspended in  
13 accordance with the provisions of paragraph c and who is  
14 restored to service shall become a member of the Retirement  
15 System and shall contribute thereafter as allowed by law at the  
16 uniform contribution payable by all members.

17 Upon his subsequent retirement, he shall be paid a  
18 retirement allowance determined as follows:

- 19 1. For a member who earns at least three years' membership  
20 service after restoration to service, the retirement  
21 allowance shall be computed on the basis of his  
22 compensation and service before and after the period of  
23 prior retirement without restrictions; provided, that if the  
24 prior allowance was based on a social security leveling  
25 payment option, the allowance shall be adjusted  
26 actuarially for the difference between the amount  
27 received under the optional payment and what would  
28 have been paid if the retirement allowance had been paid  
29 without optional modification.
- 30 2. For a member who does not earn three years'  
31 membership service after restoration to service, the  
32 retirement allowance shall be equal to the sum of the  
33 retirement allowance to which he would have been  
34 entitled had he not been restored to service, without  
35 modification of the election of an optional allowance  
36 previously made, and the retirement allowance that  
37 results from service earned since being restored to  
38 service; provided, that if the prior retirement allowance  
39 was based on a social security leveling payment option,  
40 the prior allowance shall be adjusted actuarially for the  
41 difference between the amount that would have been  
42 paid for each month had the payment not been suspended  
43 and what would have been paid if the retirement  
44 allowance had been paid without optional modification.

- 1 e. Any beneficiary who retired on an early or service retirement  
2 allowance as an employee of any State department, agency or  
3 institution under the Law Enforcement Officers' Retirement  
4 System and becomes employed as an employee by a State  
5 department, agency, or institution as an employer participating  
6 in the Retirement System shall become subject to the provisions  
7 of G.S. 135-3(8)c and G.S. 135-3(8)d on and after January 1,  
8 1989."

9 Sec. 6. G.S. 135-5 is amended by adding a new subsection to read:

10 "(a1) Early Service Retirement Benefits. – Any member may retire and receive a  
11 reduced retirement allowance upon written application to the Board of Trustees setting  
12 forth at what time, as of the first day of a calendar month, not less than one day nor  
13 more than 90 days subsequent to the execution of and filing thereof, he desires to be  
14 retired: Provided, that the said member at the time so specified for his retirement shall  
15 have attained the age of 50 years and have at least 20 years of creditable service."

16 Sec. 7. G.S. 135-5(b14) reads as rewritten:

17 "(b14) Service Retirement Allowance of Members Retiring on or after July 1,  
18 ~~1993-1993~~, but before July 1, 1994. – Upon retirement from service in accordance with  
19 subsection (a) above, on or after July 1, 1993, but before July 1, 1994, a member shall  
20 receive the following service retirement allowance:

- 21 (1) A member who is a law enforcement officer or an eligible former law  
22 enforcement officer shall receive a service retirement allowance  
23 computed as follows:  
24 a. If the member's service retirement date occurs on or after his  
25 55th birthday, and completion of five years of creditable service  
26 as a law enforcement officer, or after the completion of 30 years  
27 of creditable service, the allowance shall be equal to one and  
28 seventy-one hundredths percent (1.71%) of his average final  
29 compensation, multiplied by the number of years of his  
30 creditable service.  
31 b. If the member's service retirement date occurs after his 50th and  
32 before his 55th birthday with 15 or more years of creditable  
33 service as a law enforcement officer and prior to the completion  
34 of 30 years of creditable service, the allowance shall be  
35 computed as in G.S. 135-5(b14)(1)a., but shall be reduced by  
36 one-third of one percent (1/3 of 1%) thereof for each month by  
37 which the retirement date precedes the first day of the month  
38 coincident with or next following his 55th birthday.  
39 (2) A member who is not a law enforcement officer or an eligible former  
40 law enforcement officer shall receive a service retirement allowance  
41 computed as follows:  
42 a. If the member's service retirement date occurs on or after his  
43 65th birthday upon the completion of five years of creditable  
44 service or after the completion of 30 years of creditable service

1 or on or after his 60th birthday upon the completion of 25 years  
 2 of creditable service, the allowance shall be equal to one and  
 3 seventy-one hundredths percent (1.71%) of his average final  
 4 compensation, multiplied by the number of years of creditable  
 5 service.

6 b. If the member's service retirement date occurs after his 60th  
 7 birthday and before his 65th birthday and prior to the  
 8 completion of 25 years or more of creditable service, the  
 9 retirement allowance shall be computed as in G.S. 135-  
 10 5(b14)(2)a. but shall be reduced by one-quarter of one percent  
 11 (1/4 of 1%) thereof for each month by which his retirement date  
 12 precedes the first day of the month coincident with or next  
 13 following his 65th birthday.

14 c. If the member's service retirement date occurs before his 60th  
 15 birthday and prior to the completion of 30 or more years of  
 16 creditable service, the service retirement allowance shall be the  
 17 actuarial equivalent of the allowance payable at the age of 60  
 18 years as computed in G.S. 135(b14)(2)b [G.S. 135-5(b14)(2)b.].

19 d. Notwithstanding the foregoing provisions, any member whose  
 20 creditable service commenced prior to July 1, 1963, shall  
 21 receive not less than the benefit provided by ~~G.S.~~ G.S. 135-  
 22 5(b)."

23 Sec. 8. G.S. 135-5 is amended by adding a new subsection to read:

24 "(b15) Service Retirement Allowance of Members Retiring on or after July 1,  
 25 1994. – Upon retirement from service in accordance with subsection (a) or (a1) above,  
 26 on or after July 1, 1994, a member shall receive the following service retirement  
 27 allowance:

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

31 a. If the member's service retirement date occurs on or after his  
 32 55th birthday, and completion of five years of creditable service  
 33 as a law enforcement officer, or after the completion of 30 years  
 34 of creditable service, the allowance shall be equal to one and  
 35 seventy-three hundredths percent (1.73%) of his average final  
 36 compensation, multiplied by the number of years of his  
 37 creditable service.

38 b. If the member's service retirement date occurs on or after his  
 39 50th birthday and before his 55th birthday with 15 or more  
 40 years of creditable service as a law enforcement officer and  
 41 prior to the completion of 30 years of creditable service, his  
 42 retirement allowance shall be equal to the greater of:

43 1. The service retirement allowance payable under G.S.  
 44 135-5(b15)(1)a. reduced by one-third of one percent (1/3



- 1                                    the difference between 30 years and his creditable  
 2                                    service at retirement; or  
 3                                    3.    If the member's creditable service commenced prior to  
 4                                    July 1, 1994, the service retirement allowance provided  
 5                                    by G.S. 135-5(b14)(2)c.  
 6                                    d.    Notwithstanding the foregoing provisions, any member whose  
 7                                    creditable service commenced prior to July 1, 1963, shall not  
 8                                    receive less than the benefit provided by G.S. 135-5(b)."

9                    Sec. 9. G.S. 135-5(m) reads as rewritten:

10            "(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the  
 11 principal beneficiary designated to receive a return of accumulated contributions shall  
 12 have the right to elect to receive in lieu thereof the reduced retirement allowance  
 13 provided by Option 2 of subsection (g) above computed by assuming that the member  
 14 had retired on the first day of the month following the date of his death, provided that all  
 15 ~~three of the following conditions apply:~~

16            ~~(1) The member had attained such age and/or creditable service to be~~  
 17            ~~eligible to commence retirement with an early or service retirement~~  
 18            ~~allowance or had attained 20 years of creditable service.~~

19            (1)    a.    The member had attained such age and/or creditable service to be  
 20            eligible to commence retirement with an early or service retirement  
 21            allowance, or

22            b.    The member had obtained 20 years of creditable service in  
 23            which case the retirement allowance shall be computed in  
 24            accordance with G.S. 135-5(b15)(1)b. or G.S. 135-5(b15)(2)c.,  
 25            notwithstanding the requirement of obtaining age 50.

26            (2)    The member had designated as the principal beneficiary to receive a  
 27 return of his accumulated contributions one and only one person who  
 28 was living at the time of his death.

29            (3)    The member had not instructed the Board of Trustees in writing that he  
 30 did not wish the provisions of this subsection to apply.

31            For the purpose of this benefit, a member is considered to be in service at the date of  
 32 his death if his death occurs within 180 days from the last day of his actual service. The  
 33 last day of actual service shall be determined as provided in subsection (l) of this  
 34 section. Upon the death of a member in service, the surviving spouse may make all  
 35 purchases for creditable service as provided for under this Chapter for which the  
 36 member had made application in writing prior to the date of death, provided that the  
 37 date of death occurred prior to or within 60 days after notification of the cost to make  
 38 the purchase. The term 'in service' as used in this subsection includes a member in  
 39 receipt of a benefit under the Disability Income Plan as provided in Article 6 of this  
 40 Chapter."

41            Sec. 10. G.S. 120-4.22A is amended by adding a new subsection to read:

42            "(i) In accordance with subsection (a) of this section, from and after July 1, 1994,  
 43 the retirement allowance to or on account of beneficiaries whose retirement commenced  
 44 on or before January 1, 1994, shall be increased by three and one-half percent (3.5%) of

1 the allowance payable on January 1, 1994. Furthermore, from and after July 1, 1994,  
2 the retirement allowance to or on account of beneficiaries whose retirement commenced  
3 after January 1, 1994, but before June 30, 1994, shall be increased by a prorated amount  
4 of three and one-half percent (3.5%) of the allowance payable as determined by the  
5 Board of Trustees based upon the number of months that a retirement allowance was  
6 paid between January 1, 1994, and June 30, 1994."

7 Sec. 11. G.S. 128-27 is amended by adding two new subsections to read:

8 "(mm) Increase in Allowance as to Persons on Retirement Rolls as of June 1,  
9 1994. – From and after July 1, 1994, the retirement allowance to or on account of  
10 beneficiaries on the retirement rolls as of June 1, 1994, shall be increased by six-tenths  
11 of one percent (.6%) of the allowance payable on June 1, 1994. This allowance shall be  
12 calculated on the allowance payable and in effect on June 30, 1994, so as not to be  
13 compounded on any other increase payable under subsection (k) of this section or  
14 otherwise granted by act of the 1993 General Assembly, 1994 Regular Session.

15 "(nn) From and after July 1, 1994, the retirement allowance to or on account of  
16 beneficiaries whose retirement commenced on or before July 1, 1993, shall be increased  
17 by two and eight-tenths percent (2.8%) of the allowance payable on July 1, 1993, in  
18 accordance with G.S. 128-27(k). Furthermore, from and after July 1, 1994, the  
19 retirement allowance to or on account of beneficiaries whose retirement commenced  
20 after July 1, 1993, but before June 30, 1994, shall be increased by a prorated amount of  
21 two and eight-tenths percent (2.8%) of the allowance payable as determined by the  
22 Board of Trustees based upon the number of months that a retirement allowance was  
23 paid between July 1, 1993, and June 30, 1994."

24 Sec. 12. G.S. 135-5 is amended by adding two new subsections to read:

25 "(xx) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 1994. –  
26 From and after July 1, 1994, the retirement allowance to or on account of beneficiaries  
27 on the retirement rolls as of June 1, 1994, shall be increased by one and two-tenths of  
28 one percent (1.2%) of the allowance payable on June 1, 1994. This allowance shall be  
29 calculated on the allowance payable and in effect on June 30, 1994, so as not to be  
30 compounded on any other increase granted by act of the 1993 General Assembly, 1994  
31 Regular Session.

32 "(yy) From and after July 1, 1994, the retirement allowance to or on account of  
33 beneficiaries whose retirement commenced on or before July 1, 1993, shall be increased  
34 by three and one-half percent (3.5%) of the allowance payable on July 1, 1993, in  
35 accordance with G.S. 135-5(o). Furthermore, from and after July 1, 1994, the  
36 retirement allowance to or on account of beneficiaries whose retirement commenced  
37 after July 1, 1993, but before June 30, 1994, shall be increased by a prorated amount of  
38 three and one-half percent (3.5%) of the allowance payable as determined by the Board  
39 of Trustees based upon the number of months that a retirement allowance was paid  
40 between July 1, 1993, and June 30, 1994."

41 Sec. 13. G.S. 135-65 is amended by adding a new subsection to read:

42 "(o) From and after July 1, 1994, the retirement allowance to or on account of  
43 beneficiaries whose retirement commenced on or before July 1, 1993, shall be increased  
44 by three and one-half percent (3.5%) of the allowance payable on July 1, 1993.



1 Furthermore, from and after July 1, 1994, the retirement allowance to or on account of  
2 beneficiaries whose retirement commenced after July 1, 1993, but before June 30, 1994,  
3 shall be increased by a prorated amount of three and one-half percent (3.5%) of the  
4 allowance payable as determined by the Board of Trustees based upon the number of  
5 months that a retirement allowance was paid between July 1, 1993, and June 30, 1994."

6           Sec. 14. This act becomes effective July 1, 1994.