

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2017

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HOUSE BILL 284  
Committee Substitute Favorable 3/30/17

Short Title: 25-Year LEO Retirement Option.

(Public)

Sponsors:

Referred to:

March 9, 2017

A BILL TO BE ENTITLED

AN ACT TO ALLOW LAW ENFORCEMENT OFFICERS WHO ARE MEMBERS OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM OR THE LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM TO RETIRE AFTER ACHIEVING TWENTY-FIVE YEARS OF CREDITABLE SERVICE, TO ALLOW FOR SEPARATION BUYOUTS FOR LAW ENFORCEMENT OFFICERS, AND TO ALLOW TRANSFERS UNDER THE SPECIAL RETIREMENT ALLOWANCE TO BE PAID IN WHOLE OR IN PART WITH EMPLOYER CONTRIBUTIONS.

The General Assembly of North Carolina enacts:

**SECTION 1.** Article 12D of Chapter 143 of the General Statutes is amended by adding a new section to read:

**"§ 143-166.43. Separation buyouts for law enforcement officers.**

Any State department, agency, or institution, or any local government employer, may, in its discretion, offer a lump sum separation buyout to a law enforcement officer who leaves employment prior to reaching the officer's eligibility for a separation allowance under this Article. The lump sum separation buyout shall be paid from funds available and shall not exceed the total that would otherwise be paid in separation allowance payments under G.S. 143-166.41 or G.S. 143-166.42."

**SECTION 2.(a)** G.S. 135-5(m2) reads as rewritten:

"(m2) Special Retirement Allowance. – At any time coincident with or following retirement, a member may make a one-time, irrevocable election to transfer any portion of the member's eligible accumulated contributions, not including any Roth after-tax contributions and the earnings thereon, from the Supplemental Retirement Income Plan of North Carolina or the North Carolina Public Employee Deferred Compensation Plan to this Retirement System and receive, in addition to the member's basic service, early or disability retirement allowance, a special retirement allowance which shall be based upon the member's transferred balance.

A member who became a member of the Supplemental Retirement Income Plan prior to retirement and who remains a member of the Supplemental Retirement Income Plan may make a one-time, irrevocable election to transfer eligible balances, not including any Roth after-tax contributions and the earnings thereon, from any of the following plans to the Supplemental Retirement Income Plan, subject to the applicable requirements of the Supplemental Retirement Income Plan, and then through the Supplemental Retirement Income Plan to this Retirement System: (i) a plan participating in the North Carolina Public School Teachers' and Professional Educators' Investment Plan; (ii) a plan described in section 403(b) of the Internal Revenue Code; (iii) a plan described in section 457(b) of the Internal Revenue Code that is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political



1 subdivision of a state; (iv) an individual retirement account or annuity described in section  
2 408(a) or section 408(b) of the Internal Revenue Code that is eligible to be rolled over and  
3 would otherwise be includible in gross income; or (v) a tax-qualified plan described in section  
4 401(a) or section 403(a) of the Internal Revenue Code. In addition, any transfer under this  
5 subsection may be paid in whole or in part with employer contributions paid directly to this  
6 Retirement System at the time of transfer.

7 Notwithstanding anything to the contrary, a member may not transfer such amounts as will  
8 cause the member's retirement allowance under the System to exceed the amount allowable  
9 under G.S. 135-18.7(b). The Board of Trustees may establish a minimum amount that must be  
10 transferred if a transfer is elected. The member may elect a special retirement allowance with  
11 no postretirement increases or a special retirement allowance with annual postretirement  
12 increases equal to the annual increase in the U.S. Consumer Price Index. Postretirement  
13 increases on any other allowance will not apply to the special retirement allowance. The Board  
14 of Trustees shall provide educational materials to the members who apply for the transfer  
15 authorized by this section. Those materials shall describe the special retirement allowance and  
16 shall explain the relationship between the transferred balance and the monthly benefit and how  
17 the member's heirs may be impacted by the election to make this transfer and any costs and fees  
18 involved.

19 For the purpose of determining the special retirement allowance, the Board of Trustees shall  
20 adopt straight life annuity factors on the basis of yields on U.S. Treasury Bonds and mortality  
21 and such other tables as may be necessary based upon actual experience. A single set of  
22 mortality and such other tables will be used for all members, with factors differing only based  
23 on the age of the member and the election of postretirement increases. The Board of Trustees  
24 shall modify the mortality and such other tables every five years, as shall be deemed necessary,  
25 based upon the five-year experience study as required by G.S. 135-6(n). Provided, however, a  
26 member who transfers the member's eligible accumulated contributions from an eligible  
27 retirement plan pursuant to this subsection to this Retirement System shall be taxed for North  
28 Carolina State Income Tax purposes on the special retirement allowance the same as if that  
29 special retirement allowance had been paid directly by the eligible plan or the plan through  
30 which the transfer was made, whichever is most favorable to the member. The Teachers' and  
31 State Employees' Retirement System shall be responsible to determine the taxable amount, if  
32 any, and report accordingly.

33 The Supplemental Retirement Board of Trustees established under G.S. 135-96 may assess  
34 a one-time flat administrative fee not to exceed the actual cost of the administrative expenses  
35 relating to these transfers. An eligible plan shall not assess a fee specifically relating to a  
36 transfer of accumulated contributions authorized under this subsection. This provision shall not  
37 prohibit other fees that may be assessable under the plan. Each plan, contract, account, or  
38 annuity shall fully disclose to any member participating in a transfer under this subsection any  
39 surrender charges or other fees, and such disclosure shall be made contemporaneous with the  
40 initiation of the transfer by the member.

41 The special retirement allowance shall continue for the life of the member and the  
42 beneficiary designated to receive a monthly survivorship benefit under Option 2, 3 or 6 as  
43 provided in G.S. 135-5(g), if any. The Board of Trustees, however, shall establish two payment  
44 options that guarantee payments as follows:

- 45 (1) A member may elect to receive the special retirement allowance for life but  
46 with payments guaranteed for a number of months to be specified by the  
47 Board of Trustees. Under this plan, if the member dies before the expiration  
48 of the specified number of months, the special retirement allowance will  
49 continue to be paid to the member's designated beneficiary for the life of the  
50 beneficiary, if Option 2, 3 or 6 is selected. If Option 2, 3 or 6 is not selected,  
51 the member's designated beneficiary will receive the benefit only for the

1 remainder of the specified number of months. If the member's designated  
2 beneficiary dies before receiving payments for the specified number of  
3 months, any remaining payments will be paid to the member's estate.

- 4 (2) A member may elect to receive the special retirement allowance for life but  
5 is guaranteed that the sum of the special allowance payments will equal the  
6 total of the transferred amount. Under this payment option, if the member  
7 dies before receiving the total transferred amount, the special retirement  
8 allowance will continue to be paid to the member's designated beneficiary  
9 for the life of the beneficiary, if Option 2, 3 or 6 is selected. If Option 2, 3 or  
10 6 is not selected, the member's designated beneficiary or the member's estate  
11 shall be paid any remaining balance of the transferred amount.

12 The Board of Trustees shall report annually to the Joint Legislative Commission on  
13 Governmental Operations on the number of persons who made an election in the previous  
14 calendar year, with any recommendations it might make on amendment or repeal based on any  
15 identified problems.

16 The General Assembly reserves the right to repeal or amend this subsection, but such repeal  
17 or amendment shall not affect any person who has already made the one-time election provided  
18 in this subsection."

19 **SECTION 2.(b)** G.S. 128-27(m2) reads as rewritten:

20 "(m2) Special Retirement Allowance. – At any time coincident with or following  
21 retirement, a member may make a one-time, irrevocable election to transfer any portion of the  
22 member's eligible accumulated contributions, not including any Roth after-tax contributions  
23 and the earnings thereon, from the Supplemental Retirement Income Plan of North Carolina or  
24 the North Carolina Public Employee Deferred Compensation Plan to this Retirement System  
25 and receive, in addition to the member's basic service, early or disability retirement allowance,  
26 a special retirement allowance which shall be based upon the member's transferred balance.

27 A member who became a member of the Supplemental Retirement Income Plan prior to  
28 retirement and who remains a member of the Supplemental Retirement Income Plan may make  
29 a one-time, irrevocable election to transfer eligible balances, not including any Roth after-tax  
30 contributions and the earnings thereon, from any of the following plans to the Supplemental  
31 Retirement Income Plan, subject to the applicable requirements of the Supplemental Retirement  
32 Income Plan, and then through the Supplemental Retirement Income Plan to this Retirement  
33 System (i) a plan participating in the North Carolina Public School Teachers' and Professional  
34 Educators' Investment Plan; (ii) a plan described in section 403(b) of the Internal Revenue  
35 Code; (iii) a plan described in section 457(b) of the Internal Revenue Code that is maintained  
36 by a state, political subdivision of a state, or any agency or instrumentality of a state or political  
37 subdivision of a state; (iv) an individual retirement account or annuity described in section  
38 408(a) or section 408(b) of the Internal Revenue Code that is eligible to be rolled over and  
39 would otherwise be includible in gross income; or (v) a tax-qualified plan described in section  
40 401(a) or section 403(a) of the Internal Revenue Code. In addition, any transfer under this  
41 subsection may be paid in whole or in part with employer contributions paid directly to this  
42 Retirement System at the time of transfer.

43 Notwithstanding anything to the contrary, a member may not transfer such amounts as will  
44 cause the member's retirement allowance under the System to exceed the amount allowable  
45 under G.S. 128-38.2(b). The Board of Trustees may establish a minimum amount that must be  
46 transferred if a transfer is elected. The member may elect a special retirement allowance with  
47 no postretirement increases or a special retirement allowance with annual postretirement  
48 increases equal to the annual increase in the U.S. Consumer Price Index. Postretirement  
49 increases on any other allowance will not apply to the special retirement allowance. The Board  
50 of Trustees shall provide educational materials to the members who apply for the transfer  
51 authorized by this section. Those materials shall describe the special retirement allowance and

1 shall explain the relationship between the transferred balance and the monthly benefit and how  
2 the member's heirs may be impacted by the election to make this transfer and any costs and fees  
3 involved.

4 For the purpose of determining the special retirement allowance, the Board of Trustees shall  
5 adopt straight life annuity factors on the basis of yields on U.S. Treasury Bonds and mortality  
6 and such other tables as may be necessary based upon actual experience. A single set of  
7 mortality and such other tables will be used for all members, with factors differing only based  
8 on the age of the member and the election of postretirement increases. The Board of Trustees  
9 shall modify the mortality and such other tables every five years, as shall be deemed necessary,  
10 based upon the five-year experience study as required by G.S. 128-28(o). Provided, however, a  
11 member who transfers the member's eligible accumulated contributions from an eligible  
12 retirement plan pursuant to this subsection to this Retirement System shall be taxed for North  
13 Carolina State Income Tax purposes on the special retirement allowance the same as if that  
14 special retirement allowance had been paid directly by the eligible plan or the plan through  
15 which the transfer was made, whichever is most favorable to the member. The Local  
16 Governmental Employees' Retirement System shall be responsible to determine the taxable  
17 amount, if any, and report accordingly.

18 The special retirement allowance shall continue for the life of the member and the  
19 beneficiary designated to receive a monthly survivorship benefit under Option 2, 3 or 6 as  
20 provided in G.S. 128-27(g), if any. The Board of Trustees, however, shall establish two  
21 payment options that guarantee payments as follows:

- 22 (1) A member may elect to receive the special retirement allowance for life but  
23 with payments guaranteed for a number of months to be specified by the  
24 Board of Trustees. Under this plan, if the member dies before the expiration  
25 of the specified number of months, the special retirement allowance will  
26 continue to be paid to the member's designated beneficiary for the life of the  
27 beneficiary, if Option 2, 3 or 6 is selected. If Option 2, 3 or 6 is not selected,  
28 the member's designated beneficiary will receive the benefit only for the  
29 remainder of the specified number of months. If the member's designated  
30 beneficiary dies before receiving payments for the specified number of  
31 months, any remaining payments will be paid to the member's estate.
- 32 (2) A member may elect to receive the special retirement allowance for life but  
33 is guaranteed that the sum of the special allowance payments will equal the  
34 total of the transferred amount. Under this payment option, if the member  
35 dies before receiving the total transferred amount, the special retirement  
36 allowance will continue to be paid to the member's designated beneficiary  
37 for the life of the beneficiary, if Option 2, 3 or 6 is selected. If Option 2, 3 or  
38 6 is not selected, the member's designated beneficiary or the member's estate  
39 shall be paid any remaining balance of the transferred amount.

40 The Supplemental Retirement Board of Trustees established under G.S. 135-96 may assess  
41 a one-time flat administrative fee not to exceed the actual cost of the administrative expenses  
42 relating to these transfers. An eligible plan shall not assess a fee specifically relating to a  
43 transfer of accumulated contributions authorized under this subsection. This provision shall not  
44 prohibit other fees that may be assessable under the plan. Each plan, contract, account, or  
45 annuity shall fully disclose to any member participating in a transfer under this subsection any  
46 surrender charges or other fees, and that disclosure shall be made contemporaneous with the  
47 initiation of the transfer by the member.

48 The Board of Trustees shall report annually to the Joint Legislative Commission on  
49 Governmental Operations on the number of persons who made an election in the previous  
50 calendar year, with any recommendations it might make on amendment or repeal based on any  
51 identified problems.

1 The General Assembly reserves the right to repeal or amend this subsection, but such repeal  
2 or amendment shall not affect any person who has already made the one-time election provided  
3 in this subsection."

4 **SECTION 3.(a)** G.S. 135-5(a)(4) reads as rewritten:

5 "(4) Any member who is a law-enforcement officer and who (i) attains age 50  
6 and completes 15 or more years of creditable service in this ~~capacity or who~~  
7 capacity, (ii) attains age 55 and completes five or more years of creditable  
8 service in this capacity, or (iii) has completed 25 years of creditable service  
9 with a minimum of 15 years of creditable service in a law enforcement  
10 capacity may retire upon electronic submission or written application to the  
11 Board of Trustees setting forth at what time, as of the first day of a calendar  
12 month, not less than one day nor more than 120 days subsequent to the  
13 execution and filing thereof, ~~he~~ the member desires to be retired; Provided,  
14 also, any member who has met the conditions herein required but does not  
15 retire, and later becomes a teacher or an employee other than as a  
16 law-enforcement officer shall continue to have the right to commence  
17 retirement."

18 **SECTION 3.(b)** G.S. 135-5(b19) reads as rewritten:

19 "(b19) Service Retirement Allowance of Members Retiring on or After July 1, ~~2002-2002,~~  
20 but Before January 1, 2018. – Upon retirement from service in accordance with subsection (a)  
21 or (a1) of this section, on or after July 1, 2002, but before January 1, 2018, a member shall  
22 receive the following service retirement allowance:

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

26 a. If the member's service retirement date occurs on or after his 55th  
27 birthday, and completion of five years of creditable service as a law  
28 enforcement officer, or after the completion of 30 years of creditable  
29 service, the allowance shall be equal to one and eighty-two  
30 hundredths percent (1.82%) of his average final compensation,  
31 multiplied by the number of years of his creditable service.

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

37 1. The service retirement allowance payable under  
38 G.S. 135-5(b19)(1)a. reduced by one-third of one percent (1/3  
39 of 1%) thereof for each month by which his retirement date  
40 precedes the first day of the month coincident with or next  
41 following the month the member would have attained his  
42 55th birthday; or

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

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

50 a. If the member's service retirement date occurs on or after his 65th  
51 birthday upon the completion of five years of membership service or

1 after the completion of 30 years of creditable service or on or after  
2 his 60th birthday upon the completion of 25 years of creditable  
3 service, the allowance shall be equal to one and eighty-two  
4 hundredths percent (1.82%) of his average final compensation,  
5 multiplied by the number of years of creditable service.

6 b. If the member's service retirement date occurs after his 60th birthday  
7 and before his 65th birthday and prior to his completion of 25 years  
8 or more of creditable service, his retirement allowance shall be  
9 computed as in G.S. 135-5(b19)(2)a. but shall be reduced by  
10 one-quarter of one percent (1/4 of 1%) thereof for each month by  
11 which his retirement date precedes the first day of the month  
12 coincident with or next following his 65th birthday.

13 c. If the member's early service retirement date occurs on or after his  
14 50th birthday and before his 60th birthday and after completion of 20  
15 years of creditable service but prior to the completion of 30 years of  
16 creditable service, his early service retirement allowance shall be  
17 equal to the greater of:

18 1. The service retirement allowance as computed under  
19 G.S. 135-5(b19)(2)a. but reduced by the sum of five-twelfths  
20 of one percent (5/12 of 1%) thereof for each month by which  
21 his retirement date precedes the first day of the month  
22 coincident with or next following the month the member  
23 would have attained his 60th birthday, plus one-quarter of one  
24 percent (1/4 of 1%) thereof for each month by which his 60th  
25 birthday precedes the first day of the month coincident with  
26 or next following his 65th birthday; or

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

31 3. If the member's creditable service commenced prior to July 1,  
32 1994, the service retirement allowance equal to the actuarial  
33 equivalent of the allowance payable at the age of 60 years as  
34 computed in G.S. 135-5(b19)(2)b.

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

38 **SECTION 3.(c)** G.S. 135-5 is amended by adding a new subsection to read:

39 "(b21) Service Retirement Allowance of Members Retiring on or After January 1, 2018. –  
40 Upon retirement from service on or after January 1, 2018, in accordance with subsection (a) or  
41 (a1) of this section, a member shall receive the following service retirement allowance:

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

45 a. If the member's service retirement date occurs on or after the  
46 member's 55th birthday and completion of five years of creditable  
47 service as a law enforcement officer, or after the completion of 30  
48 years of creditable service, the allowance shall be equal to one and  
49 eighty-two hundredths percent (1.82%) of the member's average final  
50 compensation, multiplied by the number of years of the member's  
51 creditable service.

- 1                    b. If the member's service retirement date occurs prior to the member's  
2                    50th birthday and after the completion of 25 years of creditable  
3                    service with a minimum of 15 years of creditable service in a law  
4                    enforcement capacity but before the completion of 30 years of  
5                    creditable service, the retirement allowance shall be equal to the  
6                    greater of the following amounts:
- 7                    1. The service retirement allowance payable under  
8                    G.S. 135-5(b21)(1)a. reduced by one-third of one percent (1/3  
9                    of 1%) thereof for each month by which the member's  
10                    retirement date precedes the first day of the month coincident  
11                    with or next following the month the member would have  
12                    attained age 55.
- 13                    2. The service retirement allowance as computed under  
14                    G.S. 135-5(b21)(1)a. reduced by five percent (5%) times the  
15                    difference between 30 years and the member's creditable  
16                    service at retirement plus four percent (4%) times the  
17                    difference between age 50 and the member's age at  
18                    retirement.
- 19                    c. If the member's service retirement date occurs on or after the  
20                    member's 50th birthday and before the member's 55th birthday with  
21                    15 or more years of creditable service as a law enforcement officer  
22                    and prior to the completion of 30 years of creditable service, the  
23                    retirement allowance shall be equal to the greater of the following  
24                    amounts:
- 25                    1. The service retirement allowance payable under  
26                    G.S. 135-5(b21)(1)a. reduced by one-third of one percent (1/3  
27                    of 1%) thereof for each month by which the retirement date  
28                    precedes the first day of the month coincident with or next  
29                    following the month the member would have attained age 55.
- 30                    2. The service retirement allowance as computed under  
31                    G.S. 135-5(b21)(1)a. reduced by five percent (5%) times the  
32                    difference between 30 years and the amount of creditable  
33                    service at retirement.
- 34                    (2) A member who is not a law enforcement officer or an eligible former law  
35                    enforcement officer shall receive a service retirement allowance computed  
36                    as follows:
- 37                    a. If the member's service retirement date occurs on or after the  
38                    member's 65th birthday upon the completion of five years of  
39                    membership service, or after the completion of 30 years of creditable  
40                    service, or on or after his 60th birthday upon the completion of 25  
41                    years of creditable service, the allowance shall be equal to one and  
42                    eighty-two hundredths percent (1.82%) of the member's average final  
43                    compensation, multiplied by the number of years of creditable  
44                    service.
- 45                    b. If the member's service retirement date occurs after the member's  
46                    60th birthday and before the member's 65th birthday and prior to the  
47                    completion of 25 years or more of creditable service, the retirement  
48                    allowance shall be computed as in G.S. 135-5(b21)(2)a. but shall be  
49                    reduced by one-quarter of one percent (1/4 of 1%) thereof for each  
50                    month by which the retirement date precedes the first day of the  
51                    month coincident with or next following the member's 65th birthday.

- 1                   c.     If the member's early service retirement date occurs on or after the  
 2                   member's 50th birthday and before the member's 60th birthday and  
 3                   after completion of 20 years of creditable service but prior to the  
 4                   completion of 30 years of creditable service, the early service  
 5                   retirement allowance shall be equal to the greater of the following  
 6                   amounts:
- 7                   1.     The service retirement allowance as computed under  
 8                   G.S. 135-5(b21)(2)a. but reduced by the sum of five-twelfths  
 9                   of one percent (5/12 of 1%) thereof for each month by which  
 10                   the member's retirement date precedes the first day of the  
 11                   month coincident with or next following the month the  
 12                   member would have attained his 60th birthday, plus  
 13                   one-quarter of one percent (1/4 of 1%) thereof for each month  
 14                   by which the member's 60th birthday precedes the first day of  
 15                   the month coincident with or next following the member's  
 16                   65th birthday.
  - 17                   2.     The service retirement allowance as computed under  
 18                   G.S. 135-5(b21)(2)a. reduced by five percent (5%) times the  
 19                   difference between 30 years and the amount of creditable  
 20                   service at retirement.
  - 21                   3.     If the member's creditable service commenced prior to July 1,  
 22                   1994, the service retirement allowance equal to the actuarial  
 23                   equivalent of the allowance payable at the age of 60 years as  
 24                   computed in G.S. 135-5(b21)(2)b.
- 25                   d.     Notwithstanding the foregoing provisions, any member whose  
 26                   creditable service commenced prior to July 1, 1963, shall not receive  
 27                   less than the benefit provided by G.S. 135-5(b)."

28                   **SECTION 3.(d)** G.S. 135-5(m) reads as rewritten:

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

- 35                   (1)    a.     The member had attained such age and/or creditable service to be  
 36                   eligible to commence retirement with an early or service retirement  
 37                   allowance, or
- 38                   b.     The member had obtained 20 years of creditable service in which  
 39                   case the retirement allowance shall be computed in accordance with  
 40                   ~~G.S. 135-5(b19)(1)b. or G.S. 135-5(b19)(2)c.,~~ G.S. 135-5(b21)(1)c.  
 41                   or G.S. 135-5(b21)(2)c., notwithstanding the requirement of  
 42                   obtaining age 50, or
- 43                   b1.    The member was a law enforcement officer who had obtained 15  
 44                   years of service as a law enforcement officer and was killed in the  
 45                   line of duty, in which case the retirement allowance shall be  
 46                   computed in accordance with ~~G.S.~~  
 47                   ~~135-5(b19)(1)b.,~~ G.S. 135-5(b21)(1)c., notwithstanding the  
 48                   requirement of obtaining age 50.
- 49                   c.     Repealed by Session Laws 2010-72, s. 2(a), effective July 1, 2010.

50                   ...."

51                   **SECTION 3.(e)** G.S. 128-27(a)(5) reads as rewritten:



1           "(5) Any member who is a law enforcement ~~officer~~, officer and who (i) attains  
2           age 50 and completes 15 or more years of creditable service in this ~~capacity~~  
3           ~~or who capacity, or~~ (ii) attains age 55 and completes five or more years of  
4           creditable service in this capacity, or (iii) who has completed 25 years of  
5           creditable service with a minimum of 15 years of creditable service in a law  
6           enforcement capacity may retire upon electronic submission or written  
7           application to the Board of Trustees setting forth at what time, as of the first  
8           day of a calendar month, not less than one day nor more than 120 days  
9           subsequent to the execution and filing thereof, ~~he~~ the member desires to be  
10          retired; provided, also, any member who has met the conditions required by  
11          this subdivision but does not retire, and later becomes an employee other  
12          than as a law enforcement officer, continues to have the right to commence  
13          retirement."

14           **SECTION 3.(f)** G.S. 128-27(b21) reads as rewritten:

15           "(b21) Service Retirement Allowance of Member Retiring on or After July 1, ~~2003-2003,~~  
16          but Before January 1, 2018. – Upon retirement from service in accordance with subsection (a)  
17          or (a1) above, on or after July 1, 2003, but before January 1, 2018, a member shall receive the  
18          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 computed  
21          as follows:

22           a. If the member's service retirement date occurs on or after his 55th  
23          birthday and completion of five years of creditable service as a law  
24          enforcement officer, or after the completion of 30 years of creditable  
25          service, the allowance shall be equal to one and eighty-five  
26          hundredths percent (1.85%) of his average final compensation,  
27          multiplied by the number of years of his creditable service.

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

33           1. The service retirement allowance payable under  
34          G.S. 128-27(b21)(1)a. reduced by one-third of one percent  
35          (1/3 of 1%) thereof for each month by which his retirement  
36          date precedes the first day of the month coincident with or  
37          next following the month the member would have attained his  
38          55th birthday;

39           2. The service retirement allowance as computed under  
40          G.S. 128-27(b21)(1)a. reduced by five percent (5%) times the  
41          difference between 30 years and his creditable service at  
42          retirement.

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

46           a. If the member's service retirement date occurs on or after his 65th  
47          birthday upon the completion of five years of creditable service or  
48          after the completion of 30 years of creditable service or on or after  
49          his 60th birthday upon the completion of 25 years of creditable  
50          service, the allowance shall be equal to one and eighty-five

- 1 hundredths percent (1.85%) of average final compensation,  
2 multiplied by the number of years of creditable service.
- 3 b. If the member's service retirement date occurs after his 60th birthday  
4 and before his 65th birthday and prior to his completion of 25 years  
5 or more of creditable service, his retirement allowance shall be  
6 computed as in G.S. 128-27(b21)(2) a. but shall be reduced by  
7 one-quarter of one percent (1/4 of 1%) thereof for each month by  
8 which his retirement date precedes the first day of the month  
9 coincident with or next following his 65th birthday.
- 10 c. If the member's early service retirement date occurs on or after his  
11 50th birthday and before his 60th birthday and after completion of 20  
12 years of creditable service but prior to the completion of 30 years of  
13 creditable service, his early service retirement allowance shall be  
14 equal to the greater of:
- 15 1. The service retirement allowance as computed under  
16 G.S. 128-27(b21)(2)a. but reduced by the sum of  
17 five-twelfths of one percent (5/12 of 1%) thereof for each  
18 month by which his retirement date precedes the first day of  
19 the month coincident with or next following the month the  
20 member would have attained his 60th birthday, plus  
21 one-quarter of one percent (1/4 of 1%) thereof for each month  
22 by which his 60th birthday precedes the first day of the month  
23 coincident with or next following his 65th birthday; or
- 24 2. The service retirement allowance as computed under  
25 G.S. 128-27(b21)(2)a. reduced by five percent (5%) times the  
26 difference between 30 years and his creditable service at  
27 retirement; or
- 28 3. If the member's creditable service commenced prior to July 1,  
29 1995, the service retirement allowance equal to the actuarial  
30 equivalent of the allowance payable at the age of 60 years as  
31 computed in G.S. 128-27(b21)(2)b.
- 32 d. Notwithstanding the foregoing provisions, any member whose  
33 creditable service commenced prior to July 1, 1965, shall not receive  
34 less than the benefit provided by G.S. 128-27(b)."

35 **SECTION 3.(g)** G.S. 128-27 is amended by adding a new subsection to read:

36 "(b22) Service Retirement Allowance of Member Retiring on or After January 1, 2018. –  
37 Upon retirement from service in accordance with subsection (a) or (a1) of this section, on or  
38 after January 1, 2018, a member shall receive the following service retirement allowance:

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

42 a. If the member's service retirement date occurs on or after the  
43 member's 55th birthday and completion of five years of creditable  
44 service as a law enforcement officer, or after the completion of 30  
45 years of creditable service, the allowance shall be equal to one and  
46 eighty-five hundredths percent (1.85%) of the member's average final  
47 compensation, multiplied by the number of years of the member's  
48 creditable service.

49 b. If the member's service retirement date occurs prior to the member's  
50 50th birthday and after the completion of 25 years of creditable  
51 service with a minimum of 15 years of creditable service in a law

- 1 enforcement capacity but before the completion of 30 years of  
2 creditable service, the retirement allowance shall be equal to the  
3 greater of the following amounts:
- 4 1. The service retirement allowance payable under  
5 G.S. 128-27(b22)(1)a. reduced by one-third of one percent  
6 (1/3 of 1%) thereof for each month by which the member's  
7 retirement date precedes the first day of the month coincident  
8 with or next following the month the member would have  
9 attained age 55.
  - 10 2. The service retirement allowance as computed under  
11 G.S. 128-27(b22)(1)a. reduced by five percent (5%) times the  
12 difference between 30 years and the member's creditable  
13 service at retirement plus four percent (4%) times the  
14 difference between 50 and the member's age at retirement.
- 15 c. If the member's service retirement date occurs on or after the  
16 member's 50th birthday and before the member's 55th birthday with  
17 15 or more years of creditable service as a law enforcement officer  
18 and prior to the completion of 30 years of creditable service, the  
19 retirement allowance shall be equal to the greater of the following  
20 amounts:
- 21 1. The service retirement allowance payable under  
22 G.S. 128-27(b22)(1)a. reduced by one-third of one percent  
23 (1/3 of 1%) thereof for each month by which the retirement  
24 date precedes the first day of the month coincident with or  
25 next following the month the member would have attained  
26 age 55.
  - 27 2. The service retirement allowance as computed under  
28 G.S. 128-27(b22)(1)a. reduced by five percent (5%) times the  
29 difference between 30 years and the amount of creditable  
30 service at retirement.
- 31 (2) A member who is not a law enforcement officer or an eligible former law  
32 enforcement officer shall receive a service retirement allowance computed  
33 as follows:
- 34 a. If the member's service retirement date occurs on or after the  
35 member's 65th birthday upon the completion of five years of  
36 creditable service, or after the completion of 30 years of creditable  
37 service, or on or after the member's 60th birthday upon the  
38 completion of 25 years of creditable service, the allowance shall be  
39 equal to one and eighty-five hundredths percent (1.85%) of the  
40 member's average final compensation, multiplied by the number of  
41 years of creditable service.
  - 42 b. If the member's service retirement date occurs after the member's  
43 60th birthday and before the member's 65th birthday and prior to the  
44 completion of 25 years or more of creditable service, the retirement  
45 allowance shall be computed as in G.S. 128-27(b22)(2)a. but shall be  
46 reduced by one-quarter of one percent (1/4 of 1%) thereof for each  
47 month by which the retirement date precedes the first day of the  
48 month coincident with or next following the member's 65th birthday.
  - 49 c. If the member's early service retirement date occurs on or after the  
50 member's 50th birthday and before the member's 60th birthday and  
51 after completion of 20 years of creditable service but prior to the

1 completion of 30 years of creditable service, the early service  
 2 retirement allowance shall be equal to the greater of the following  
 3 amounts:

- 4 1. The service retirement allowance as computed under  
 5 G.S. 128-27(b22)(2)a. but reduced by the sum of  
 6 five-twelfths of one percent (5/12 of 1%) thereof for each  
 7 month by which the retirement date precedes the first day of  
 8 the month coincident with or next following the month the  
 9 member would have attained the member's 60th birthday,  
 10 plus one-quarter of one percent (1/4 of 1%) thereof for each  
 11 month by which the member's 60th birthday precedes the first  
 12 day of the month coincident with or next following the  
 13 member's 65th birthday.
- 14 2. The service retirement allowance as computed under  
 15 G.S. 128-27(b22)(2)a. reduced by five percent (5%) times the  
 16 difference between 30 years and the amount of creditable  
 17 service at retirement.
- 18 3. If the member's creditable service commenced prior to July 1,  
 19 1995, the service retirement allowance equal to the actuarial  
 20 equivalent of the allowance payable at the age of 60 years as  
 21 computed in G.S. 128-27(b22)(2)b.

- 22 d. Notwithstanding the foregoing provisions, any member whose  
 23 creditable service commenced prior to July 1, 1965, shall not receive  
 24 less than the benefit provided by G.S. 128-27(b)."

25 **SECTION 3.(h)** G.S. 128-27(m) reads as rewritten:

26 "(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the  
 27 beneficiary designated to receive a return of accumulated contributions shall have the right to  
 28 elect to receive in lieu thereof the reduced retirement allowance provided by Option two of  
 29 subsection (g) above computed by assuming that the member had retired on the first day of the  
 30 month following the date of ~~his~~ the member's death, provided that all four of the following  
 31 conditions apply:

- 32 (1) a. The member had attained such age and/or creditable service to be  
 33 eligible to commence retirement with an early or service retirement  
 34 allowance, or  
 35 b. The member had obtained 20 years of creditable service in which  
 36 case the retirement allowance shall be computed in accordance with  
 37 ~~G.S. 128-27(b21)(1)b.~~ or G.S. 128-27(b21)(2)e.,  
 38 G.S. 128-27(b22)(1)c. or G.S. 128-27(b22)(2)c., notwithstanding the  
 39 requirement of obtaining age 50, or  
 40 b1. The member was a law enforcement officer who had obtained 15  
 41 years of service as a law enforcement officer and was killed in the  
 42 line of duty, or the member was a firefighter or a rescue squad  
 43 worker who had obtained 15 years of service as a firefighter or a  
 44 rescue squad worker and was killed in the line of duty, in which  
 45 cases the retirement allowance shall be computed in accordance with  
 46 ~~G.S. 128-27(b21)(1)b.,~~ G.S. 128-27(b22)(1)c., notwithstanding the  
 47 requirement of obtaining age 50.  
 48 c. Repealed by Session Laws 2010-72, s. 2(b), effective July 1, 2010.

49 "...."

50 **SECTION 4.** Notwithstanding any other provision of law to the contrary, in order  
 51 to administer the changes to the special retirement allowance, as well as the change in

1 creditable service required for law enforcement officers to retire with a reduced benefit, as  
2 provided for in Sections 2 and 3 of this act, the Retirement Systems Division of the Department  
3 of State Treasurer may increase receipts from the retirement assets of the corresponding  
4 retirement system or pay costs associated with the administration of these changes directly  
5 from the retirement assets.

6 **SECTION 5.** Sections 2 and 3 of this act become effective January 1, 2018. The  
7 remainder of this act is effective when it becomes law.