

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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SENATE BILL 444
Second Edition Engrossed 5/2/89

Short Title: Retirement/IRS Change.

(Public)

Sponsors: Senator Block.

Referred to: Pensions and Retirement.

March 15, 1989

1 A BILL TO BE ENTITLED
2 AN ACT TO AMEND THE STATE AND LOCAL GOVERNMENT RETIREMENT
3 SYSTEMS TO CONFORM THEM TO THE INTERNAL REVENUE CODE.

4 The General Assembly of North Carolina enacts:

5 Section 1. Article 1A of Chapter 120 of the General Statutes is amended by
6 adding a new section to the end to read:

7 "**§ 120-4.31. Internal Revenue Code compliance.**

8 (a) Notwithstanding any other provisions of law to the contrary, compensation
9 for any calendar year after 1988 in which employee or employer contributions are made
10 and for which annual compensation is used for computing any benefit under this Article
11 shall not exceed the higher of two hundred thousand dollars (\$200,000) or the amount
12 determined by the Commissioner of Internal Revenue as the limitation for calendar
13 years after 1989; provided the imposition of the limitation shall not reduce a member's
14 benefit below the amount determined as of December 31, 1988.

15 (b) Notwithstanding any other provisions of law to the contrary, the annual
16 benefit payable on behalf of a member shall, if necessary, be reduced to the extent
17 required by Section 415(b) and (e) of the Internal Revenue Code, as adjusted by the
18 Secretary of the Treasury or his delegate pursuant to Section 415(d) of the Code. If a
19 member is a participant under any qualified defined contributions plan that is required
20 to be taken into account for the purposes of the limitation contained in Section 415 of
21 the Internal Revenue Code, the annual benefit payable under this Article shall be
22 reduced to the extent required by Section 415(e) prior to making any reduction under
23 the defined contribution plan provided by the employer.

1 (c) On and after January 1, 1989, the retirement allowance of a member who has
2 terminated employment shall begin no later than the later of April 1 of the calendar year
3 following the calendar year that the member attains 70 1/2 years of age or April 1 of the
4 calendar year following the calendar year in which the member terminates
5 employment."

6 Sec. 2. Article 3 of Chapter 128 of the General Statutes is amended by
7 adding a new section to the end to read:

8 **"§ 128-38.2. Internal Revenue Code compliance.**

9 (a) Notwithstanding any other provisions of law to the contrary, compensation
10 for any calendar year after 1988 in which employee or employer contributions are made
11 and for which annual compensation is used for computing any benefit under this Article
12 shall not exceed the higher of two hundred thousand dollars (\$200,000) or the amount
13 determined by the Commissioner of Internal Revenue as the limitation for calendar
14 years after 1989; provided the imposition of the limitation shall not reduce a member's
15 benefit below the amount determined as of December 31, 1988.

16 (b) Notwithstanding any other provisions of law to the contrary, the annual
17 benefit payable on behalf of a member shall, if necessary, be reduced to the extent
18 required by Section 415(b) and (e) of the Internal Revenue Code, as adjusted by the
19 Secretary of the Treasury or his delegate pursuant to Section 415(d) of the Code. If a
20 member is a participant under any qualified defined contributions plan that is required
21 to be taken into account for the purposes of the limitation contained in Section 415 of
22 the Internal Revenue Code, the annual benefit payable under this Article shall be
23 reduced to the extent required by Section 415(e) prior to making any reduction under
24 the defined contribution plan provided by the employer.

25 (c) On and after January 1, 1989, the retirement allowance of a member who has
26 terminated employment shall begin no later than the later of April 1 of the calendar year
27 following the calendar year that the member attains 70 1/2 years of age or April 1 of the
28 calendar year following the calendar year in which the member terminates
29 employment."

30 Sec. 3. Article 1 of Chapter 135 of the General Statutes is amended by
31 adding a new section to the end to read:

32 **"§ 135-18.7. Internal Revenue Code compliance.**

33 (a) Notwithstanding any other provisions of law to the contrary, compensation
34 for any calendar year after 1988 in which employee or employer contributions are made
35 and for which annual compensation is used for computing any benefit under this Article
36 shall not exceed the higher of two hundred thousand dollars (\$200,000) or the amount
37 determined by the Commissioner of Internal Revenue as the limitation for calendar
38 years after 1989; provided the imposition of the limitation shall not reduce a member's
39 benefit below the amount determined as of December 31, 1988.

40 (b) Notwithstanding any other provisions of law to the contrary, the annual
41 benefit payable on behalf of a member shall, if necessary, be reduced to the extent
42 required by Section 415(b) and (e) of the Internal Revenue Code, as adjusted by the
43 Secretary of the Treasury or his delegate pursuant to Section 415(d) of the Code. If a
44 member is a participant under any qualified defined contributions plan that is required

1 to be taken into account for the purposes of the limitation contained in Section 415 of
2 the Internal Revenue Code, the annual benefit payable under this Article shall be
3 reduced to the extent required by Section 415(e) prior to making any reduction under
4 the defined contribution plan provided by the employer.

5 (c) On and after January 1, 1989, the retirement allowance of a member who has
6 terminated employment shall begin no later than the later of April 1 of the calendar year
7 following the calendar year that the member attains 70 1/2 years of age or April 1 of the
8 calendar year following the calendar year in which the member terminates
9 employment."

10 Sec. 4. Article 4 of Chapter 135 of the General Statutes is amended by
11 adding a new section to the end to read:

12 **"§ 135-74. Internal Revenue Code compliance.**

13 (a) Notwithstanding any other provisions of law to the contrary, compensation
14 for any calendar year after 1988 in which employee or employer contributions are made
15 and for which annual compensation is used for computing any benefit under this Article
16 shall not exceed the higher of two hundred thousand dollars (\$200,000) or the amount
17 determined by the Commissioner of Internal Revenue as the limitation for calendar
18 years after 1989; provided the imposition of the limitation shall not reduce a member's
19 benefit below the amount determined as of December 31, 1988.

20 (b) Notwithstanding any other provisions of law to the contrary, the annual
21 benefit payable on behalf of a member shall, if necessary, be reduced to the extent
22 required by Section 415(b) and (e) of the Internal Revenue Code, as adjusted by the
23 Secretary of the Treasury or his delegate pursuant to Section 415(d) of the Code. If a
24 member is a participant under any qualified defined contributions plan that is required
25 to be taken into account for the purposes of the limitation contained in Section 415 of
26 the Internal Revenue Code, the annual benefit payable under this Article shall be
27 reduced to the extent required by Section 415(e) prior to making any reduction under
28 the defined contribution plan provided by the employer.

29 (c) On and after January 1, 1989, the retirement allowance of a member who has
30 terminated employment shall begin no later than the later of April 1 of the calendar year
31 following the calendar year that the member attains 70 1/2 years of age or April 1 of the
32 calendar year following the calendar year in which the member terminates
33 employment."

34 Sec. 5. This act shall become effective January 1, 1989.