

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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SENATE BILL 747

Short Title: Retirement Credit Purchases.

(Public)

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Sponsors: Senators Royall; Basnight, Block, Bryan, Plyler, Rauch, and Sherron.

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Referred to: Pensions and Retirement.

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April 3, 1989

A BILL TO BE ENTITLED

1 AN ACT TO PROVIDE A MORE COMPLETE DEFINITION OF FULL COST  
2 RETIREMENT SERVICE CREDIT PURCHASES IN THE STATE-  
3 ADMINISTERED RETIREMENT SYSTEMS.  
4

5 The General Assembly of North Carolina enacts:

6 Section 1. G.S. 128-26(h1) reads as rewritten:

7 "(h1) Any member may purchase creditable service for service as a member of the  
8 General Assembly not otherwise creditable under this section, provided the service is  
9 not credited in the Legislative Retirement Fund nor the Legislative Retirement System,  
10 and further provided the member pays a lump sum amount equal to the full cost of the  
11 additional service credits calculated on the basis of the assumptions used for the  
12 purposes of the actuarial valuation of the System's liabilities, taking into account the  
13 additional retirement allowance arising on account of the additional service credits  
14 commencing at the earliest age at which a member could retire on an unreduced  
15 retirement allowance as determined by the Board of Trustees upon the advice of the  
16 consulting actuary, plus an administrative fee to be set by the Board of Trustees.  
17 Notwithstanding the foregoing provisions of this subsection that provide for the  
18 purchase of service credits, the terms 'full cost', 'full liability', and 'full actuarial cost'  
19 include assumed annual post-retirement allowance increases, as determined by the  
20 Board of Trustees, from the earliest age at which a member could retire on an unreduced  
21 service allowance."

22 Sec. 2. G.S. 128-26(k) reads as rewritten:

23 ♦ " (k) All repayments and purchases of service credits, allowed under the provisions of  
24 this section, must be made within three years after the member first becomes eligible to

1 make such repayments and purchases. Any member who does not repay or purchase  
2 service credits within said three years after first eligibility to make such repayments and  
3 purchases may, under the same conditions as are otherwise required, repay or purchase  
4 service credits provided that the repayment or purchase equals the full cost of the  
5 service credits calculated on the basis of the assumptions used for purchases of the  
6 actuarial valuation of the System's liabilities and shall take into account the additional  
7 retirement allowance arising on account of such additional service credit commencing at  
8 the earliest age at which such member could retire on an unreduced retirement  
9 allowance as determined by the Board of Trustees upon the advice of the consulting  
10 actuary. Notwithstanding the foregoing provisions of this subsection that provide for  
11 the purchase of service credits, the terms 'full cost', 'full liability', and 'full actuarial  
12 cost' include assumed annual post-retirement allowance increases, as determined by the  
13 Board of Trustees, from the earliest age at which a member could retire on an unreduced  
14 service allowance."

15 Sec. 3. G.S. 128-26(l) reads as rewritten:

16 ♦ " (l) Notwithstanding any other provision of this Chapter, any member may purchase  
17 creditable service for periods of employer approved leaves of absence when in receipt  
18 of benefits under the North Carolina Workers' Compensation Act. This service shall be  
19 purchased by paying a cost calculated in the following manner:

20 (1) Leaves of Absence Terminated Prior to July 1, 1983. – The cost to a  
21 member whose employer approved leave of absence, when in receipt  
22 of benefits under the North Carolina Workers' Compensation Act,  
23 terminated upon return to service prior to July 1, 1983, shall be a lump  
24 sum amount payable to the Annuity Savings Fund equal to the full  
25 liability of the service credits calculated on the basis of the  
26 assumptions used for purposes of the actuarial valuation of the  
27 system's liabilities, and shall take into account the retirement  
28 allowance arising on account of the additional service credit  
29 commencing at the earliest age at which the member could retire on an  
30 unreduced retirement allowance, as determined by the board of  
31 trustees upon the advice of the consulting actuary, plus an  
32 administrative fee to be set by the board of trustees. Notwithstanding  
33 the foregoing provisions of this subdivision that provide for the  
34 purchase of service credits, the terms 'full cost', 'full liability', and 'full  
35 actuarial cost' include assumed annual post-retirement allowance  
36 increases, as determined by the Board of Trustees, from the earliest  
37 age at which a member could retire on an unreduced service  
38 allowance.

39 (2) Leaves of Absence Terminating On and After July 1, 1983. – The cost  
40 to a member whose employer approved leave of absence, when in  
41 receipt of benefits under the North Carolina Workers' Compensation  
42 Act, terminates upon return to service on and after July 1, 1983, shall  
43 be a lump sum amount due and payable to the Annuity Savings Fund  
44 within six months from return to service equal to the total employee

1 and employer percentage rates of contribution in effect at the time of  
2 purchase and based on the annual rate of compensation of the member  
3 immediately prior to the leave of absence; Provided, however, the cost  
4 to a member whose amount due is not paid within six months from  
5 return to service shall be the amount due plus one percent (1%) per  
6 month penalty for each month or fraction thereof the payment is made  
7 beyond the six-month period."

8 Sec. 4. G.S. 128-26(m)(3) reads as rewritten:

9 ♦ "(m) Omitted Membership Service. – A member who had service as an employee as  
10 defined in G.S. 135-1(10) and G.S. 128-21(10) or as a teacher as defined in G.S. 135-  
11 1(25) and who was omitted from contributing membership through error may be  
12 allowed membership service, after submitting clear and convincing evidence of the  
13 error, as follows:

- 14 (1) Within 90 days of the omission, by the payment of employee and  
15 employer contributions that would have been paid; or
- 16 (2) After 90 days and prior to three years of the omission, by the payment  
17 of the employee and employer contributions that would have been paid  
18 plus interest compounded annually at a rate equal to the average yield  
19 on the pension accumulation fund for the preceding calendar year; or
- 20 (3) After three years of the omission, by the payment of an amount equal  
21 to the full cost of the service credits calculated on the basis of the  
22 assumptions used for the purposes of the actuarial valuation of the  
23 system's liabilities, and shall take into account the additional  
24 retirement allowance arising on account of such additional service  
25 credit commencing at the earliest age at which a member could retire  
26 on an unreduced retirement allowance, as determined by the Board of  
27 Trustees upon the advice of the consulting actuary, plus an  
28 administrative fee to be set by the Board of Trustees.  
29 Notwithstanding the foregoing provisions of this subdivision that  
30 provide for the purchase of service credits, the terms 'full cost', 'full  
31 liability', and 'full actuarial cost' include assumed annual post-  
32 retirement allowance increases, as determined by the Board of  
33 Trustees, from the earliest age at which a member could retire on an  
34 unreduced service allowance.

35 Nothing contained in this subsection shall prevent an employer or member from  
36 paying all or a part of the cost of the omitted membership service; and to the extent paid  
37 by the employer, the cost paid by the employer shall be credited to the pension  
38 accumulation fund; and to the extent paid by the member, the cost paid by the members  
39 shall be credited to the member's annuity savings account; provided, however, an  
40 employer does not discriminate against any member or group of members in his employ  
41 in paying all or any part of the cost of the omitted membership service."

42 Sec. 5. G.S. 128-26(n) reads as rewritten:

43 "(n) Notwithstanding any other provision of this Chapter, any person who  
44 withdrew his contribution in accordance with the provisions of G.S. 128-27(f), or G.S.

1 135-5(f) or the rules and regulations of the Law Enforcement Officer's Retirement  
2 System and who subsequently returns to service, may, upon completion of five years of  
3 membership service, purchase the withdrawn service by making a lump sum amount to  
4 the Annuity Savings Fund equal to the full liability of the service credits calculated on  
5 the basis of the assumptions used for purposes of the actuarial valuation of the system's  
6 liabilities; and the calculation of the amount payable shall take into account the  
7 retirement allowance arising on account of the additional service credit commencing at  
8 the earliest age at which the member could retire on an unreduced retirement allowance,  
9 as determined by the Board of Trustees upon the advice of the consulting actuary, plus  
10 an administrative fee to be set by the Board of Trustees. Notwithstanding the foregoing  
11 provisions of this subsection that provide for the purchase of service credits, the terms  
12 'full cost', 'full liability', and 'full actuarial cost' include assumed annual post-retirement  
13 allowance increases, as determined by the Board of Trustees, from the earliest age at  
14 which a member could retire on an unreduced service allowance."

15 Sec. 6. G.S. 128-26(o) reads as rewritten:

16 "(o) Credit at Full Cost for Federal Employment. – Notwithstanding any other  
17 provisions of this Chapter, a member, upon the completion of five years of membership  
18 service, may purchase creditable service for periods of federal employment, provided  
19 that the member is not receiving any retirement benefits resulting from this federal  
20 employment, and provided that the member is not vested in the particular federal  
21 retirement system to which the member may have belonged while a federal employee.  
22 The member shall purchase this service by making a lump sum amount payable to the  
23 Annuity Savings Fund equal to the full liability of the service credits calculated on the  
24 basis of the assumptions used for purposes of the actuarial valuation of the liabilities of  
25 the Retirement System; and the calculation of the amount payable shall take into  
26 account the retirement allowance arising on account of the additional service credit  
27 commencing at the earliest age at which the member could retire on an unreduced  
28 retirement allowance, as determined by the Board of Trustees upon the advice of the  
29 consulting actuary, plus an administrative fee to be set by the Board of Trustees.  
30 Members may also purchase creditable service for periods of employment with public  
31 community service entities within the State funded entirely with federal funds, other  
32 than the federal government, that are not covered by the provisions of G.S. 128-21(11)  
33 or G.S. 135-1(11), under the same terms and conditions that are applicable to the  
34 purchase of creditable service for periods of federal employment in accordance with this  
35 subsection. 'Public community service entities' as used in this ~~subdivision~~ subsection  
36 shall mean community action, human relations, manpower development, and  
37 community development programs as defined in Articles 19 and 21 of Chapter 160A  
38 and Article 18 of Chapter 153A of the General Statutes and any other similar programs  
39 that the Board of Trustees may adopt. Notwithstanding the foregoing provisions of this  
40 subsection that provide for the purchase of service credits, the terms 'full cost', 'full  
41 liability', and 'full actuarial cost' include assumed annual post-retirement allowance  
42 increases, as determined by the Board of Trustees, from the earliest age at which a  
43 member could retire on an unreduced service allowance."

44 Sec. 7. G.S. 128-26(p) reads as rewritten:

1       "(p) Part-Time Service Credit. –

2           (1) Notwithstanding any other provision of this Chapter, upon completion  
3           of five years of membership service, any member may purchase  
4           service previously rendered as a part-time employee of a participating  
5           employer as defined in G.S. 128-21(11), except for temporary or part-  
6           time service rendered while a full-time student in pursuit of a degree or  
7           diploma in a degree-granting program. Payment shall be made in a  
8           single lump sum in an amount equal to the full actuarial cost of  
9           providing credit for the service, together with interest and an  
10          administrative fee, as determined by the Board of Trustees on the  
11          advice of the Retirement System's actuary. Notwithstanding the  
12          provisions of G.S. 128-26(b), the Board of Trustees shall fix and  
13          determine by appropriate rules and regulations how much service in  
14          any year, as based on compensation, is equivalent to one year of  
15          service in proportion to 'earnable compensation', but in no case shall  
16          more than one year of service be creditable for all service in one year.  
17          Notwithstanding the foregoing provisions of this subdivision that  
18          provide for the purchase of service credits, the terms 'full cost', 'full  
19          liability', and 'full actuarial cost' include assumed annual post-  
20          retirement allowance increases, as determined by the Board of  
21          Trustees, from the earliest age at which a member could retire on an  
22          unreduced service allowance.

23          (2) Under all requirements and conditions set forth in the preceding  
24          subdivision of this subsection, except for the requirement that the  
25          completion of five years of membership service be subsequent to  
26          service rendered as a part-time employee, any member with five or  
27          more years of membership service standing to his credit may purchase  
28          additional membership service for service rendered as a part-time  
29          employee of an employer as defined in G.S. 128-21(11) if (i) the  
30          member terminates or has terminated employment in any capacity as  
31          an employee, (ii) the purchase of the additional membership service  
32          causes the member to become eligible to commence an early or service  
33          retirement allowance, and (iii) the member immediately elects to  
34          commence retirement and become a beneficiary."

35          Sec. 8. G.S. 128-26(q) reads as rewritten:

36          "(q) Credit at Full Cost for Probationary Employment. – Notwithstanding any  
37          other provision of this Chapter, a member may purchase creditable service, prior to  
38          retirement, for employment with an employer as defined in this Article when considered  
39          to be in a probationary or employer imposed waiting period status and thereby not  
40          regularly employed, between date of employment and date of membership service with  
41          the retirement system, provided that the employer or former employer of such a member  
42          has revoked this probationary employment or waiting period policy.

43          Provided, the member shall purchase this service by making a lump sum amount  
44          payable to the Annuity Savings Fund equal to the full liability of the service credits

1 calculated on the basis of the assumptions used for purposes of the actuarial valuation of  
2 the liabilities of the retirement system, and the calculation of the amount payable shall  
3 take into account the retirement allowance arising on account of the additional service  
4 credit commencing at the earliest age at which the member could retire on an unreduced  
5 retirement allowance, as determined by the Board of Trustees upon the advice of the  
6 consulting actuary, plus an administrative fee to be set by the Board of Trustees. In no  
7 instance shall the amount payable be less than the contributions a member would have  
8 made during the employment plus four percent (4%) interest compounded annually.

9 Nothing contained in this subsection shall prevent an employer from paying all or  
10 part of the cost; and, to the extent paid by an employer, payments shall be credited to  
11 the Pension Accumulation Fund; and to the extent paid by a member, payments shall be  
12 credited to the Annuity Savings Fund; provided, however, an employer may not  
13 discriminate against any member or group of members in his employ in paying all or  
14 any part of this cost. Notwithstanding the foregoing provisions of this subsection that  
15 provide for the purchase of service credits, the terms 'full cost', 'full liability', and 'full  
16 actuarial cost' include assumed annual post-retirement allowance increases, as  
17 determined by the Board of Trustees, from the earliest age at which a member could  
18 retire on an unreduced service allowance."

19 Sec. 9. G.S. 128-26(r) reads as rewritten:

20 "(r) Credit at Full Cost for Temporary Local Government Employment. –  
21 Notwithstanding any other provisions of this Chapter, any member may purchase  
22 creditable service for local government employment when classified as a temporary  
23 employee subject to the conditions that:

- 24 (1) The member was employed by an employer as defined in G.S. 128-  
25 21(11);
- 26 (2) The member's temporary employment met all other requirements of  
27 G.S. 128-21(10);
- 28 (3) The member has completed five years or more of membership service;
- 29 (4) The member acquires from the employer such certifications of  
30 temporary employment as are required by the Board of Trustees; and
- 31 (5) The member makes a lump sum payment into the Annuity ~~Saving~~  
32 Savings Fund equal to the full liability of the service credits calculated  
33 on the basis of the assumptions used for purposes of the actuarial  
34 valuation of the retirement system's liabilities, and the calculation of  
35 the amount payable shall take into account the retirement allowance  
36 arising on account of the additional service credit commencing at the  
37 earliest age at which the member could retire on an unreduced  
38 retirement allowance, as determined by the Board of Trustees upon the  
39 advise of the actuary, plus an administrative fee to be determined by  
40 the Board of Trustees. Notwithstanding the foregoing provisions of  
41 this subdivision that provide for the purchase of service credits, the  
42 terms 'full cost', 'full liability', and 'full actuarial cost' include  
43 assumed annual post-retirement allowance increases, as determined by

1                   the Board of Trustees, from the earliest age at which a member could  
2                   retire on an unreduced service allowance."

3                   Sec. 10. G.S. 128-26(s) reads as rewritten:

4                   "(s) Credit at Full Cost for Employment Not Otherwise Creditable. –  
5 Notwithstanding any other provisions of this Chapter, any member may purchase  
6 creditable service for any employment as an employee, as defined in G.S. 128-21(10),  
7 of a local government employer not creditable in any other retirement system or plan,  
8 upon completion of five years of membership service by making a lump sum payment  
9 into the Annuity Savings Fund. The payment by the member shall be equal to the full  
10 liability of the service credits calculated on the basis of the assumptions used for  
11 purposes of the actuarial valuation of the retirement system's liabilities, and the  
12 calculation of the amount payable shall take into account the additional retirement  
13 allowance arising on account of the additional service credits commencing at the earliest  
14 age at which the member could retire with an unreduced retirement allowance, as  
15 determined by the Board of Trustees upon the advice of the actuary plus an  
16 administrative fee to be determined by the Board of Trustees. Notwithstanding the  
17 foregoing provisions of this subsection that provide for the purchase of service credits,  
18 the terms 'full cost', 'full liability', and 'full actuarial cost' include assumed annual post-  
19 retirement allowance increases, as determined by the Board of Trustees, from the  
20 earliest age at which a member could retire on an unreduced service allowance."

21                   Sec. 11. G.S. 135-4(j1) reads as rewritten:

22                   "(j1) Any member may purchase creditable service for service as a member of the  
23 General Assembly not otherwise creditable under this section, provided the service is  
24 not credited in the Legislative Retirement Fund nor the Legislative Retirement System,  
25 and further provided the member pays a lump sum amount equal to the full cost of the  
26 additional service credits calculated on the basis of the assumptions used for the  
27 purposes of the actuarial valuation of the System's liabilities, taking into account the  
28 additional retirement allowance arising on account of the additional service credits  
29 commencing at the earliest age at which a member could retire on an unreduced  
30 retirement allowance as determined by the Board of Trustees upon the advice of the  
31 consulting actuary, plus an administrative fee to be set by the Board of Trustees.  
32 Notwithstanding the foregoing provisions of this subsection that provide for the  
33 purchase of service credits, the terms 'full cost', 'full liability', and 'full actuarial cost'  
34 include assumed annual post-retirement allowance increases, as determined by the  
35 Board of Trustees, from the earliest age at which a member could retire on an unreduced  
36 service allowance."

37                   Sec. 12. G.S. 135-4(m) reads as rewritten:

38                   ♦ "(m) All repayments and purchases of service credits, allowed under the provisions  
39 of this section, must be made within three years after the member first becomes eligible  
40 to make such repayments and purchases. Any member who does not repay or purchase  
41 service credits within said three years after first eligibility to make such repayments and  
42 purchases may, under the same conditions as are otherwise required, repay or purchase  
43 service credits provided that the repayment or purchase equals the full cost of the  
44 service credits calculated on the basis of the assumptions used for purposes of the

1 actuarial valuation of the system's liabilities and shall take into account the additional  
2 retirement allowance arising on account of such additional service credit commencing at  
3 the earliest age at which such member could retire on an unreduced retirement  
4 allowance as determined by the Board of Trustees upon the advice of the consulting  
5 actuary. Notwithstanding the foregoing provisions of this subsection that provide for  
6 the purchase of service credits, the terms 'full cost', 'full liability', and 'full actuarial  
7 cost' include assumed annual post-retirement allowance increases, as determined by the  
8 Board of Trustees, from the earliest age at which a member could retire on an unreduced  
9 service allowance."

10 Sec. 13. G.S. 135-4(p1) reads as rewritten:

11 "(p1) Part-Time Service Credit. –

12 (1) Notwithstanding any other provision of this Chapter, upon completion  
13 of five years of membership service, any member may purchase  
14 service previously rendered as a part-time teacher or employee of the  
15 State, except for temporary or part-time service rendered while a full-  
16 time student in pursuit of a degree or diploma in a degree-granting  
17 program. Payment shall be made in a single lump sum in an amount  
18 equal to the full actuarial cost of providing credit for the service,  
19 together with interest and an administrative fee, as determined by the  
20 Board of Trustees on the advice of the Retirement System's actuary.  
21 Notwithstanding the provisions of G.S. 135-4(b), the Board of  
22 Trustees shall fix and determine by appropriate rules and regulations  
23 how much service in any year, as based on compensation, is equivalent  
24 to one year of service in proportion to 'earnable compensation', but in  
25 no case shall more than one year of service be creditable for all service  
26 in one year. Service rendered for the regular school year in any district  
27 shall be equivalent to one year's service. Notwithstanding the  
28 foregoing provisions of this subdivision that provide for the purchase  
29 of service credits, the terms 'full cost', 'full liability', and 'full actuarial  
30 cost' include assumed annual post-retirement allowance increases, as  
31 determined by the Board of Trustees, from the earliest age at which a  
32 member could retire on an unreduced service allowance.

33 (2) Under all requirements and conditions set forth in the preceding  
34 subdivision of this subsection (p1), except for the requirement that the  
35 completion of five years of membership service be subsequent to  
36 service rendered as a part-time teacher or employee of the State, any  
37 member with five or more years of membership service standing to  
38 his credit may purchase additional membership service for service  
39 rendered as a part-time teacher or employee of the State if (i) the  
40 member terminates or has terminated employment in any capacity as a  
41 teacher or employee of the State, (ii) the purchase of the additional  
42 membership service causes the member to become eligible to  
43 commence an early or service retirement allowance, and (iii) the



1 member immediately elects to commence retirement and become a  
2 beneficiary."

3 Sec. 14. G.S. 135-4(r) reads as rewritten:

4 ♦ " (r) Notwithstanding any other provision of this Chapter, any member may purchase  
5 creditable service for periods of employer approved leaves of absence when in receipt  
6 of benefits under the North Carolina Workers' Compensation Act. This service shall be  
7 purchased by paying a cost calculated in the following manner:

8 (1) Leaves of Absence Terminated Prior to July 1, 1983. – The cost to a  
9 member whose employer approved leave of absence, when in receipt  
10 of benefits under the North Carolina Workers' Compensation Act,  
11 terminated upon return to service prior to July 1, 1983, shall be a lump  
12 sum amount payable to the Annuity Savings Fund equal to the full  
13 liability of the service credits calculated on the basis of the  
14 assumptions used for purposes of the actuarial valuation of the  
15 system's liabilities, and shall take into account the retirement  
16 allowance arising on account of the additional service credit  
17 commencing at the earliest age at which the member could retire on an  
18 unreduced retirement allowance, as determined by the board of  
19 trustees upon the advice of the consulting actuary, plus an  
20 administrative fee to be set by the board of trustees. Notwithstanding  
21 the foregoing provisions of this subdivision that provide for the  
22 purchase of service credits, the terms 'full cost', 'full liability', and 'full  
23 actuarial cost' include assumed annual post-retirement allowance  
24 increases, as determined by the Board of Trustees, from the earliest  
25 age at which a member could retire on an unreduced service  
26 allowance.

27 (2) Leaves of Absence Terminating On and After July 1, 1983, but before  
28 January 1, 1988. – The cost to a member whose employer approved  
29 leave of absence, when in receipt of benefits under the North Carolina  
30 Workers' Compensation Act, terminates upon return to service on and  
31 after July 1, 1983, but before January 1, 1988, shall be a lump sum  
32 amount due and payable to the Annuity Savings Fund within six  
33 months from return to service equal to the total employee and  
34 employer percentage rates of contribution in effect at the time of  
35 purchase and based on the annual rate of compensation of the member  
36 immediately prior to the leave of absence; Provided, however, the cost  
37 to a member whose amount due is not paid within six months from  
38 return to service shall be the amount due plus one percent (1%) per  
39 month penalty for each month or fraction thereof the payment is made  
40 beyond the six-month period.

41 (3) Leaves of Absence Terminating On and After January 1, 1988. – The  
42 cost to a member whose employer approved leave of absence, when in  
43 receipt of benefits under the North Carolina Workers' Compensation  
44 Act, terminates upon or before a return to service on and after January

1 1, 1988, shall be due and payable to the Annuity Savings Fund within  
2 six months from return to service and shall be a lump sum amount  
3 equal to the employee percentage rate of contribution in effect at the  
4 time of purchase applied to the annual rate of compensation of the  
5 member immediately prior to the leave of absence. For members  
6 electing to make this payment, the member's employer which granted  
7 the leave of absence, or the member's employer upon a return to  
8 service, or both, shall make a matching lump sum payment to the  
9 Pension Accumulation Fund within six months from return to service  
10 equal to the employer percentage rate of contribution in effect at the  
11 time of purchase applied to the annual rate of compensation of the  
12 member immediately prior to the leave of absence. Such purchases of  
13 creditable service are applicable only when members have  
14 membership service credits within 30 days prior to the leave of  
15 absence and within 12 months following the leave of absence and such  
16 membership service is creditable service at the time of purchase.  
17 Notwithstanding any other provision of this subdivision, the cost to a  
18 member and to a member's employer or former employer or both  
19 employers whose amount due is not paid within six months from  
20 return to service shall be the amount due plus one percent (1%) per  
21 month penalty for each month or fraction thereof that the payment is  
22 made after the six-month period."

23 Sec. 15. G.S. 135-4(s) reads as rewritten:

24 "(s) Credit at Full Cost for Temporary State Employment. – In addition to the  
25 provisions of subsection (p) above, any member may purchase creditable service for  
26 State employment when classified as a temporary teacher or employee subject to the  
27 conditions that the:

- 28 (1) Member was employed by an employer as defined in G.S. 135-1(11);
- 29 (2) Member's temporary employment met all other requirements of G.S.  
30 135-1(10) or (25);
- 31 (3) Member has completed five years or more of membership service;
- 32 (4) Member acquires from the employer such certifications of temporary  
33 employment as are required by the Board of Trustees; and
- 34 (5) Member makes a lump sum payment into the Annuity Savings Fund  
35 equal to the full liability of the service credits calculated on the basis  
36 of the assumptions used for purposes of the actuarial valuation of the  
37 Retirement System's liabilities and shall take into account the  
38 retirement allowance arising on account of the additional service credit  
39 commencing at the earliest age at which the member could retire on an  
40 unreduced retirement allowance, as determined by the Board of  
41 Trustees upon the advice of the actuary, plus an administrative expense  
42 fee to be determined by the Board of Trustees. Notwithstanding the  
43 foregoing provisions of this subdivision that provide for the purchase  
44 of service credits, the terms 'full cost', 'full liability', and 'full actuarial

1 cost' include assumed annual post-retirement allowance increases, as  
2 determined by the Board of Trustees, from the earliest age at which a  
3 member could retire on an unreduced service allowance.

4 The provisions of this subsection shall also apply to the purchase of creditable service  
5 for State employment when classified as a permanent hourly employee in accordance  
6 with G.S. 126-5(c4)."

7 Sec. 16. G.S. 135-4(t) reads as rewritten:

8 "(t) Credit at Full Cost for Local Government Employment. – Any member may  
9 purchase creditable service for any employment as an employee, as defined in G.S. 128-  
10 21(10), of a local government employer not creditable in the North Carolina Local  
11 Governmental Employees' Retirement System upon completion of five years of  
12 membership service by making a lump-sum payment into the Annuity Savings Fund.  
13 The payment by the member shall be equal to the full liability of the service credits  
14 calculated on the basis of the assumptions used for purposes of the actuarial valuation of  
15 the Retirement System's liabilities, taking into account the additional retirement  
16 allowance arising on account of the additional service credits commencing at the earliest  
17 age at which the member could retire with an unreduced retirement allowance, as  
18 determined by the Board of Trustees upon the advice of the actuary plus an  
19 administrative expense fee to be determined by the Board of Trustees. Notwithstanding  
20 the foregoing provisions of this subsection that provide for the purchase of service  
21 credits, the terms 'full cost', 'full liability', and 'full actuarial cost' include assumed  
22 annual post-retirement allowance increases, as determined by the Board of Trustees,  
23 from the earliest age at which a member could retire on an unreduced service  
24 allowance."

25 Sec. 17. G.S. 135-4(v) reads as rewritten:

26 ♦ " (v) Omitted Membership Service – A member who had service as an employee as  
27 defined in G.S. 135-1(10) and G.S. 128-21(10) or as a teacher as defined in G.S. 135-  
28 1(25) and who was omitted from contributing membership through error may be  
29 allowed membership service, after submitting clear and convincing evidence of the  
30 error, as follows:

- 31 (1) Within 90 days of the omission, by the payment of employee and  
32 employer contributions that would have been paid; or
- 33 (2) After 90 days and prior to three years of the omission, by the payment  
34 of the employee and employer contributions that would have been paid  
35 plus interest compounded annually at a rate equal to the average yield  
36 on the pension accumulation fund for the preceding calendar year; or
- 37 (3) After three years of the omission, by the payment of an amount equal  
38 to the full cost of the service credits calculated on the basis of the  
39 assumptions used for the purposes of the actuarial valuation of the  
40 system's liabilities, and shall take into account the additional  
41 retirement allowance arising on account of such additional service  
42 credit commencing at the earliest age at which a member could retire  
43 on an unreduced retirement allowance, as determined by the Board of  
44 Trustees upon the advice of the consulting actuary, plus an

1 administrative fee to be set by the Board of Trustees.  
2 Notwithstanding the foregoing provisions of this subdivision that  
3 provide for the purchase of service credits, the terms 'full cost', 'full  
4 liability', and 'full actuarial cost' include assumed annual post-  
5 retirement allowance increases, as determined by the Board of  
6 Trustees, from the earliest age at which a member could retire on an  
7 unreduced service allowance.

8 Nothing contained in this subsection shall prevent an employer or member from  
9 paying all or a part of the cost of the omitted membership service; and to the extent paid  
10 by the employer, the cost paid by the employer shall be credited to the pension  
11 accumulation fund; and to the extent paid by the member, the cost paid by the members  
12 shall be credited to the member's annuity savings account; provided, however, an  
13 employer does not discriminate against any member or group of members in his employ  
14 in paying all or any part of the cost of the omitted membership service."

15 Sec. 18. G.S. 135-4(w) reads as rewritten:

16 "(w) Credit at Full Cost for Federal Employment. – Notwithstanding any other  
17 provisions of this Chapter, a member, upon the completion of five years of membership  
18 service, may purchase creditable service for periods of federal employment, provided  
19 that the member is not receiving any retirement benefits resulting from this federal  
20 employment, and provided that the member is not vested in the particular federal  
21 retirement system to which the member may have belonged while a federal employee.  
22 The member shall purchase this service by making a lump sum amount payable to the  
23 Annuity Savings Fund equal to the full liability of the service credits calculated on the  
24 basis of the assumptions used for purposes of the actuarial valuation of the system's  
25 liabilities, and shall take into account the retirement allowance arising on account of the  
26 additional service credit commencing at the earliest age at which the member could  
27 retire on an unreduced retirement allowance, as determined by the Board of Trustees  
28 upon the advice of the consulting actuary, plus an administrative fee to be set by the  
29 Board of Trustees. Notwithstanding the foregoing provisions of this subsection that  
30 provide for the purchase of service credits, the terms 'full cost', 'full liability', and 'full  
31 actuarial cost' include assumed annual post-retirement allowance increases, as  
32 determined by the Board of Trustees, from the earliest age at which a member could  
33 retire on an unreduced service allowance.

34 Members may also purchase creditable service for periods of employment with  
35 public community service entities within the State funded entirely with federal funds,  
36 other than the federal government, that are not covered by the provisions of G.S. 128-  
37 21(11) or G.S. 135-1(11), under the same terms and conditions that are applicable to  
38 the purchase of creditable service for periods of federal employment in accordance with  
39 this subsection. 'Public community service entities' as used in this subsection shall  
40 mean community action, human relations, manpower development, and community  
41 development programs as defined in Articles 19 and 21 of Chapter 160A and Article 18  
42 of Chapter 153A of the General Statutes and any other similar programs that the Board  
43 of Trustees may adopt."

44 Sec. 19. G.S. 135-4(x) reads as rewritten:

1       "(x) Notwithstanding any other provision of this Chapter, any person who  
2 withdrew his contribution in accordance with the provisions of G.S. 128-27(f), or G.S.  
3 135-5(f) or the rules and regulations of the Law-Enforcement Officer's Retirement  
4 System, and who subsequently returns to service, may, upon completion of five years of  
5 membership service, purchase the withdrawn service by making a lump sum amount to  
6 the Annuity Savings Fund equal to the full liability of the service credits calculated on  
7 the basis of the assumptions used for purposes of the actuarial valuation of the system's  
8 liabilities; and the calculation of the amount payable shall take into account the  
9 retirement allowance arising on account of the additional service credit commencing at  
10 the earliest age at which the member could retire on an unreduced retirement allowance,  
11 as determined by the Board of Trustees upon the advice of the consulting actuary, plus  
12 an administrative fee to be set by the Board of Trustees. Notwithstanding the foregoing  
13 provisions of this subsection that provide for the purchase of service credits, the terms  
14 'full cost', 'full liability', and 'full actuarial cost' include assumed annual post-retirement  
15 allowance increases, as determined by the Board of Trustees, from the earliest age at  
16 which a member could retire on an unreduced service allowance."

17       Sec. 20. G.S. 135-4(z) reads as rewritten:

18     ◆ "(z) Credit at Full Cost for Leave due to Extended Illness. – Any member in service  
19 with five or more years of membership service standing to his credit may purchase  
20 creditable service for periods of interrupted service while on leave without pay status  
21 due to the member's illness or injury, excluding leave due to maternity, provided that  
22 any single such interrupted service shall have included such period of time during which  
23 the member failed to earn at least two months membership service, by making a lump  
24 sum amount payable to the Annuity Savings Fund equal to the full liability of the  
25 service credits calculated on the basis of the assumptions used for purposes of the  
26 actuarial valuation of the system's liabilities; and the calculation of the amount payable  
27 shall take into account the retirement allowance arising on account of the additional  
28 service credit commencing at the earliest age at which the member could retire on an  
29 unreduced retirement allowance, as determined by the Board of Trustees upon the  
30 advice of the consulting actuary, plus an administrative fee to be set by the Board of  
31 Trustees. Notwithstanding the foregoing provisions of this subsection that provide for  
32 the purchase of service credits, the terms 'full cost', 'full liability', and 'full actuarial  
33 cost' include assumed annual post-retirement allowance increases, as determined by the  
34 Board of Trustees, from the earliest age at which a member could retire on an unreduced  
35 service allowance."

36       Sec. 21. This act is effective upon ratification.