

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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HOUSE BILL 1673\*

Short Title: Increase Retirement Benefits.

(Public)

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Sponsors: Representatives Michaux; Thompson, Warner, Wainwright, Hunter, and Arnold.

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Referred to: Pensions and Retirement, if favorable, Appropriations.

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May 24, 2000

A BILL TO BE ENTITLED

1 AN ACT TO ENHANCE THE BENEFITS PAYABLE FROM THE TEACHERS' AND  
2 STATE EMPLOYEES' RETIREMENT SYSTEM, THE CONSOLIDATED  
3 JUDICIAL RETIREMENT SYSTEM, THE LEGISLATIVE RETIREMENT  
4 SYSTEM, AND THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT  
5 SYSTEM.  
6

7 The General Assembly of North Carolina enacts:

8 Section 1. G.S. 135-5(b17) reads as rewritten:

9 "(b17) Service Retirement Allowance of Members Retiring on or After July 1,  
10 ~~1997-1997, but Before July 1, 2000.~~ – Upon retirement from service in accordance with  
11 subsection (a) or (a1) above, on or after July 1, 1997, but before July 1, 2000, a member  
12 shall receive the following service retirement allowance.

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

16 a. If the member's service retirement date occurs on or after his  
17 55th birthday, and completion of five years of creditable service  
18 as a law enforcement officer, or after the completion of 30 years  
19 of creditable service, the allowance shall be equal to one and

- 1 eighty hundredths percent (1.80%) of his average final  
2 compensation, multiplied by the number of years of his  
3 creditable service.
- 4 b. If the member's service retirement date occurs on or after his  
5 50th birthday and before his 55th birthday with 15 or more years  
6 of creditable service as a law enforcement officer and prior to the  
7 completion of 30 years of creditable service, his retirement  
8 allowance shall be equal to the greater of:
- 9 1. The service retirement allowance payable under G.S. 135-  
10 5(b17)(1)a, reduced by one-third of one percent (1/3 of  
11 1%) thereof for each month by which his retirement date  
12 precedes the first day of the month coincident with or next  
13 following the month the member would have attained his  
14 55th birthday; or
- 15 2. The service retirement allowance as computed under G.S.  
16 135-5(b17)(1)a. reduced by five percent (5%) times the  
17 difference between 30 years and his creditable service at  
18 retirement.
- 19 (2) A member who is not a law enforcement officer or an eligible former  
20 law enforcement officer shall receive a service retirement allowance  
21 computed as follows:
- 22 a. If the member's service retirement date occurs on or after his  
23 65th birthday upon the completion of five years of membership  
24 service or after the completion of 30 years of creditable service  
25 or on or after his 60th birthday upon the completion of 25 years  
26 of creditable service, the allowance shall be equal to one and  
27 eighty hundredths percent (1.80%) of his average final  
28 compensation, multiplied by the number of years of creditable  
29 service.
- 30 b. If the member's service retirement date occurs after this 60th  
31 birthday and before his 65th birthday and prior to his completion  
32 of 25 years or more of creditable service, his retirement  
33 allowance shall be computed as in G.S. 135-5(b17)(2)a. but shall  
34 be reduced by one-quarter of one percent (1/4 of 1%) thereof for  
35 each month by which his retirement date precedes the first day of  
36 the month coincident with or next following his 65th birthday.
- 37 c. If the member's early service retirement date occurs on or after  
38 his 50th birthday and before his 60th birthday and after  
39 completion of 20 years of creditable service but prior to the  
40 completion of 30 years of creditable service, his early service  
41 retirement allowance shall be equal to the greater of:
- 42 1. The service retirement allowance as computed under G.S.  
43 135-5(b17)(2)a. but reduced by the sum of five-twelfths of

1 one percent (5/12 of 1%) thereof for each month by which  
2 his retirement date precedes the first day of the month  
3 coincident with or next following the month the member  
4 would have attained his 60th birthday, plus one-quarter of  
5 one percent (1/4 of 1%) thereof for each month by which  
6 his 60th birthday precedes the first day of the month  
7 coincident with or next following his 65th birthday; or

8 2. The service retirement allowance as computed under G.S.  
9 135-5(b17)(2)a. reduced by five percent (5%) times the  
10 difference between 30 years and his creditable service at  
11 retirement; or

12 3. If the member's creditable service commenced prior to  
13 July 1, 1994, the service retirement allowance equal to the  
14 actuarial equivalent of the allowance payable at the age of  
15 60 years as computed in G.S. 135-5(b17)(2)b.

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

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

20 "(b18) Service Retirement Allowance of Members Retiring on or After July 1,  
21 2000. – Upon retirement from service in accordance with subsection (a) or (a1) above, on  
22 or after July 1, 2000, a member shall 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  
25 computed as follows:

26 a. If the member's service retirement date occurs on or after his  
27 55th birthday, and completion of five years of creditable service  
28 as a law enforcement officer, or after the completion of 30 years  
29 of creditable service, the allowance shall be equal to one and  
30 eighty-one hundredths percent (1.81%) of his average final  
31 compensation, multiplied by the number of years of his  
32 creditable service.

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

38 1. The service retirement allowance payable under G.S. 135-  
39 5(b18)(1)a. reduced by one-third of one percent (1/3 of  
40 1%) thereof for each month by which his retirement date  
41 precedes the first day of the month coincident with or next  
42 following the month the member would have attained his  
43 55th birthday; or

- 1                   2. The service retirement allowance as computed under G.S.  
2                   135-5(b18)(1)a. reduced by five percent (5%) times the  
3                   difference between 30 years and his creditable service at  
4                   retirement.
- 5           (2) A member who is not a law enforcement officer or an eligible former  
6           law enforcement officer shall receive a service retirement allowance  
7           computed as follows:
- 8           a. If the member's service retirement date occurs on or after his  
9           65th birthday upon the completion of five years of membership  
10           service or after the completion of 30 years of creditable service  
11           or on or after his 60th birthday upon the completion of 25 years  
12           of creditable service, the allowance shall be equal to one and  
13           eighty-one hundredths percent (1.81%) of his average final  
14           compensation, multiplied by the number of years of creditable  
15           service.
- 16           b. If the member's service retirement date occurs after his 60th  
17           birthday and before his 65th birthday and prior to his completion  
18           of 25 years or more of creditable service, his retirement  
19           allowance shall be computed as in G.S. 135-5(b18)(2)a. but shall  
20           be reduced by one-quarter of one percent (1/4 of 1%) thereof for  
21           each month by which his retirement date precedes the first day of  
22           the month coincident with or next following his 65th birthday.
- 23           c. If the member's early service retirement date occurs on or after  
24           his 50th birthday and before his 60th birthday and after  
25           completion of 20 years of creditable service but prior to the  
26           completion of 30 years of creditable service, his early service  
27           retirement allowance shall be equal to the greater of:
- 28                   1. The service retirement allowance as computed under G.S.  
29                   135-5(b18)(2)a. but reduced by the sum of five-twelfths of  
30                   one percent (5/12 of 1%) thereof for each month by which  
31                   his retirement date precedes the first day of the month  
32                   coincident with or next following the month the member  
33                   would have attained his 60th birthday, plus one-quarter of  
34                   one percent (1/4 of 1%) thereof for each month by which  
35                   his 60th birthday precedes the first day of the month  
36                   coincident with or next following his 65th birthday; or
- 37                   2. The service retirement allowance as computed under G.S.  
38                   135-5(b18)(2)a. reduced by five percent (5%) times the  
39                   difference between 30 years and his creditable service at  
40                   retirement; or
- 41                   3. If the member's creditable service commenced prior to  
42                   July 1, 1994, the service retirement allowance equal to the

1                                    actuarial equivalent of the allowance payable at the age of  
2                                    60 years as computed in G.S. 135-5(b18)(2)b.

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

6                    Section 3. G.S. 135-5 is amended by adding two new subsections to read:

7                    "(ggg) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 2000. –  
8                    From and after July 1, 2000, the retirement allowance to or on account of beneficiaries on  
9                    the retirement rolls as of June 1, 2000, shall be increased by six-tenths percent (0.6%) of  
10                   the allowance payable on June 1, 2000. This allowance shall be calculated on the  
11                   allowance payable and in effect on June 30, 2000, so as not to be compounded on any  
12                   other increase granted by act of the 1999 General Assembly, 2000 Regular Session.

13                   (hhh) From and after July 1, 2000, the retirement allowance to or on account of  
14                   beneficiaries whose retirement commenced on or before July 1, 1999, shall be increased  
15                   by two and one-tenth percent (2.1%) of the allowance payable on June 1, 2000, in  
16                   accordance with G.S. 135-5(o). Furthermore, from and after July 1, 2000, the retirement  
17                   allowance to or on account of beneficiaries whose retirement commenced after July 1,  
18                   1999, but before June 30, 2000, shall be increased by a prorated amount of two and one-  
19                   tenth percent (2.1%) of the allowance payable as determined by the Board of Trustees  
20                   based upon the number of months that a retirement allowance was paid between July 1,  
21                   1999, and June 30, 2000."

22                   Section 4. G.S. 135-5(m) reads as rewritten:

23                   "(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the  
24                   principal beneficiary designated to receive a return of accumulated contributions shall  
25                   have the right to elect to receive in lieu thereof the reduced retirement allowance  
26                   provided by Option 2 of subsection (g) above computed by assuming that the member  
27                   had retired on the first day of the month following the date of his death, provided that the  
28                   following conditions apply:

- 29                   (1)    a. The member had attained such age and/or creditable service to be  
30                          eligible to commence retirement with an early or service retirement  
31                          allowance, or  
32                          b.        The member had obtained 20 years of creditable service in which  
33                          case the retirement allowance shall be computed in accordance  
34                          with ~~G.S. 135-5(b17)(1)b. or G.S. 135-5(b17)(2)e.,~~ G.S. 135-  
35                          5(b18)(1)b. or G.S. 135-5(b18)(2)c., notwithstanding the  
36                          requirement of obtaining age 50.  
37                   (2)    The member had designated as the principal beneficiary to receive a  
38                          return of his accumulated contributions one and only one person who  
39                          was living at the time of his death.  
40                   (3)    The member had not instructed the Board of Trustees in writing that he  
41                          did not wish the provisions of this subsection to apply.

42                   For the purpose of this benefit, a member is considered to be in service at the date of  
43                   his death if his death occurs within 180 days from the last day of his actual service. The

1 last day of actual service shall be determined as provided in subsection (1) of this  
2 section. Upon the death of a member in service, the surviving spouse may make all  
3 purchases for creditable service as provided for under this Chapter for which the member  
4 had made application in writing prior to the date of death, provided that the date of death  
5 occurred prior to or within 60 days after notification of the cost to make the purchase.  
6 The term "in service" as used in this subsection includes a member in receipt of a benefit  
7 under the Disability Income Plan as provided in Article 6 of this Chapter."

8 Section 5. G.S. 135-65 is amended by adding a new subsection to read:

9 "(u) From and after July 1, 2000, the retirement allowance to or on account of  
10 beneficiaries whose retirement commenced on or before July 1, 1999, shall be increased  
11 by two and six-tenths percent (2.6%) of the allowance payable on June 1, 2000.  
12 Furthermore, from and after July 1, 2000, the retirement allowance to or on account of  
13 beneficiaries whose retirement commenced after July 1, 1999, but before June 30, 2000,  
14 shall be increased by a prorated amount of two and six-tenths percent (2.6%) of the  
15 allowance payable as determined by the Board of Trustees based upon the number of  
16 months that a retirement allowance was paid between July 1, 1999, and June 30, 2000."

17 Section 6. G.S. 120-4.22A is amended by adding a new subsection to read:

18 "(o) In accordance with subsection (a) of this section, from and after July 1, 2000,  
19 the retirement allowance to or on account of beneficiaries whose retirement commenced  
20 on or before January 1, 2000, shall be increased by two and seven-tenths percent (2.7%)  
21 of the allowance payable on June 1, 2000. Furthermore, from and after July 1, 2000, the  
22 retirement allowance to or on account of beneficiaries whose retirement commenced after  
23 January 1, 2000, but before June 30, 2000, shall be increased by a prorated amount of two  
24 and seven-tenths percent (2.7%) of the allowance payable as determined by the Board of  
25 Trustees based upon the number of months that a retirement allowance was paid between  
26 January 1, 2000, and June 30, 2000."

27 Section 7. G.S. 128-27(b17) reads as rewritten:

28 "(b17) Service Retirement Allowance of Member Retiring on or After July 1,  
29 1998-1998, but Before July 1, 2000. – Upon retirement from service in accordance with  
30 subsection (a) or (a1) above, on or after July 1, 1998, but before July 1, 2000, a member  
31 shall receive the following service retirement allowance:

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

35 a. If the member's service retirement date occurs on or after his  
36 55th birthday and completion of five years of creditable service  
37 as a law enforcement officer, or after the completion of 30 years  
38 of creditable service, the allowance shall be equal to one and  
39 seventy-seven hundredths percent (1.77%) of his average final  
40 compensation, multiplied by the number of years of his  
41 creditable service.

42 b. If the member's service retirement date occurs on or after his  
43 50th birthday and before his 55th birthday with 15 or more years

1 of creditable service as a law enforcement officer and prior to the  
2 completion of 30 years of creditable service, his retirement  
3 allowance shall be equal to the greater of:

- 4 1. The service retirement allowance payable under G.S. 128-  
5 27(b17)(1)a. reduced by one-third of one percent ( $\frac{1}{3}$  of  
6 1%) thereof for each month by which his retirement date  
7 precedes the first day of the month coincident with or next  
8 following the month the member would have attained his  
9 55th birthday; or
- 10 2. The service retirement allowance as computed under G.S.  
11 128-27(b17)(1)a. reduced by five percent (5%) times the  
12 difference between 30 years and his creditable service at  
13 retirement.

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

- 17 a. If the member's service retirement date occurs on or after his  
18 65th birthday upon the completion of five years of creditable  
19 service or after the completion of 30 years of creditable service  
20 or on or after his 60th birthday upon the completion of 25 years  
21 of creditable service, the allowance shall be equal to one and  
22 seventy-seven hundredths percent (1.77%) of average final  
23 compensation, multiplied by the number of years of creditable  
24 service.
- 25 b. If the member's service retirement date occurs after his 60th  
26 birthday and before his 65th birthday and prior to his completion  
27 of 25 years or more of creditable service, his retirement  
28 allowance shall be computed as in G.S. 128-27(b17)(2)a. but  
29 shall be reduced by one-quarter of one percent ( $\frac{1}{4}$  of 1%)  
30 thereof for each month by which his retirement date precedes the  
31 first day of the month coincident with or next following his 65th  
32 birthday.
- 33 c. If the member's early service retirement date occurs on or after  
34 his 50th birthday and before his 60th birthday and after  
35 completion of 20 years of creditable service but prior to the  
36 completion of 30 years of creditable service, his early service  
37 retirement allowance shall be equal to the greater of:
  - 38 1. The service retirement allowance as computed under G.S.  
39 128-27(b17)(2)a. but reduced by the sum of five-twelfths  
40 of one percent ( $\frac{5}{12}$  of 1%) thereof for each month by  
41 which his retirement date precedes the first day of the  
42 month coincident with or next following the month the  
43 member would have attained his 60th birthday, plus one-

1 quarter of one percent (1/4 of 1%) thereof for each month  
2 by which his 60th birthday precedes the first day of the  
3 month coincident with or next following his 65th birthday;  
4 or

5 2. The service retirement allowance as computed under G.S.  
6 128-27(b17)(2)a. reduced by five percent (5%) times the  
7 difference between 30 years and his creditable service at  
8 retirement; or

9 3. If the member's creditable service commenced prior to  
10 July 1, 1995, the service retirement allowance equal to the  
11 actuarial equivalent of the allowance payable at the age of  
12 60 years as computed in G.S. 128-27(b17)(2)b.

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

16 Section 8. G.S. 128-27 is amended by adding a new subsection to read:

17 "(b18) Service Retirement Allowance of Member Retiring on or After July 1, 2000. –  
18 Upon retirement from service in accordance with subsection (a) or (a1) above, on or after  
19 July 1, 2000, a member shall receive the following service retirement allowance:

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

23 a. If the member's service retirement date occurs on or after his  
24 55th birthday and completion of five years of creditable service  
25 as a law enforcement officer, or after the completion of 30 years  
26 of creditable service, the allowance shall be equal to one and  
27 seventy-eight hundredths percent (1.78%) of his average final  
28 compensation, multiplied by the number of years of his  
29 creditable service.

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

35 1. The service retirement allowance payable under G.S. 128-  
36 27(b18)(1)a. reduced by one-third of one percent (1/3 of  
37 1%) thereof for each month by which his retirement date  
38 precedes the first day of the month coincident with or next  
39 following the month the member would have attained his  
40 55th birthday; or

41 2. The service retirement allowance as computed under G.S.  
42 128-27(b18)(1)a. reduced by five percent (5%) times the



1                    difference between 30 years and his creditable service at  
2                    retirement.

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

6            a. If the member's service retirement date occurs on or after his  
7            65th birthday upon the completion of five years of creditable  
8            service or after the completion of 30 years of creditable service  
9            or on or after his 60th birthday upon the completion of 25 years  
10           of creditable service, the allowance shall be equal to one and  
11           seventy-eight hundredths percent (1.78%) of average final  
12           compensation, multiplied by the number of years of creditable  
13           service.

14           b. If the member's service retirement date occurs after his 60th  
15           birthday and before his 65th birthday and prior to his completion  
16           of 25 years or more of creditable service, his retirement  
17           allowance shall be computed as in G.S. 128-27(b18)(2)a. but  
18           shall be reduced by one-quarter of one percent (1/4 of 1%)  
19           thereof for each month by which his retirement date precedes the  
20           first day of the month coincident with or next following his 65th  
21           birthday.

22           c. If the member's early service retirement date occurs on or after  
23           his 50th birthday and before his 60th birthday and after  
24           completion of 20 years of creditable service but prior to the  
25           completion of 30 years of creditable service, his early service  
26           retirement allowance shall be equal to the greater of:

27           1. The service retirement allowance as computed under G.S.  
28           128-27(b18)(2)a. but reduced by the sum of five-twelfths  
29           of one percent (5/12 of 1%) thereof for each month by  
30           which his retirement date precedes the first day of the  
31           month coincident with or next following the month the  
32           member would have attained his 60th birthday, plus one-  
33           quarter of one percent (1/4 of 1%) thereof for each month  
34           by which his 60th birthday precedes the first day of the  
35           month coincident with or next following his 65th birthday;  
36           or

37           2. The service retirement allowance as computed under G.S.  
38           128-27(b18)(2)a. reduced by five percent (5%) times the  
39           difference between 30 years and his creditable service at  
40           retirement; or

41           3. If the member's creditable service commenced prior to  
42           July 1, 1995, the service retirement allowance equal to the

1                                    actuarial equivalent of the allowance payable at the age of  
2                                    60 years as computed in G.S. 128-27(b18)(2)b.

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

6                    Section 9. G.S. 128-27(m) reads as rewritten:

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

- 13                    (1)    a. The member had attained such age and/or creditable service to be  
14                    eligible to commence retirement with an early or service retirement  
15                    allowance, or  
16                           b. The member had obtained 20 years of creditable service in which  
17                    case the retirement allowance shall be computed in accordance  
18                    with ~~G.S. 128-27(b17)(1)b. or G.S. 128-27(b17)(2)e.,~~ G.S. 128-  
19                    27(b18)(1)b. or G.S. 128-27(b18)(2)c., notwithstanding the  
20                    requirement of obtaining age 50.  
21                    (2)    The member had designated as the principal beneficiary to receive a  
22                    return of his accumulated contributions one and only one person who is  
23                    living at the time of his death.  
24                    (3)    The member had not instructed the Board of Trustees in writing that he  
25                    did not wish the provisions of this subsection apply.

26                    For the purpose of this benefit, a member is considered to be in service at the date of  
27                    his death if his death occurs within 180 days from the last day of his actual service. The  
28                    last day of actual service shall be determined as provided in subsection (l) of this  
29                    section. Upon the death of a member in service, the surviving spouse may make all  
30                    purchases for creditable service as provided for under this Chapter for which the member  
31                    had made application in writing prior to the date of death, provided that the date of death  
32                    occurred prior to or within 60 days after notification of the cost to make the purchase."

33                    Section 10. G.S. 128-27 is amended by adding two new subsections to read:

34                    "(xx) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 2000. –  
35                    From and after July 1, 2000, the retirement allowance to or on account of beneficiaries on  
36                    the retirement rolls as of June 1, 2000, shall be increased by six-tenths of one percent  
37                    (0.6%) of the allowance payable on June 1, 2000. This allowance shall be calculated on  
38                    the allowance payable and in effect on June 30, 2000, so as not to be compounded on any  
39                    other increase payable under subsection (k) of this section or otherwise granted by act of  
40                    the 1999 General Assembly, 2000 Regular Session.

41                    (yy) From and after July 1, 2000, the retirement allowance to or on account of  
42                    beneficiaries whose retirement commenced on or before July 1, 1999, shall be increased  
43                    by three and eight-tenths percent (3.8%) of the allowance payable on June 1, 2000, in

1 accordance with subsection (k) of this section. Furthermore, from and after July 1, 2000,  
2 the retirement allowance to or on account of beneficiaries whose retirement commenced  
3 after July 1, 1999, but before June 30, 2000, shall be increased by a prorated amount of  
4 three and eight-tenths percent (3.8%) of the allowance payable as determined by the  
5 Board of Trustees based upon the number of months that a retirement allowance was paid  
6 between July 1, 1999, and June 30, 2000."

7           Section 11. This act becomes effective July 1, 2000.