

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2001**

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**HOUSE BILL 1255\*  
Committee Substitute Favorable 5/22/01**

Short Title: Increase Retirement Benefits.

(Public)

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Sponsors:

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Referred to:

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April 12, 2001

A BILL TO BE ENTITLED

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

7 The General Assembly of North Carolina enacts:

8 **SECTION 1.** G.S. 135-5(b18) reads as rewritten:

9 "(b18) Service Retirement Allowance of Members Retiring on or After July 1, 2000-  
10 2000, but Before July 1, 2001. – Upon retirement from service in accordance with  
11 subsection (a) or (a1) above, on or after July 1, 2000, but before July 1, 2001, 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  
20 eighty-one hundredths percent (1.81%) of his average final  
21 compensation, multiplied by the number of years of his  
22 creditable service.

23 b. If the member's service retirement date occurs on or after his  
24 50th birthday and before his 55th birthday with 15 or more  
25 years of creditable service as a law enforcement officer and  
26 prior to the completion of 30 years of creditable service, his  
27 retirement allowance shall be equal to the greater of:

28 1. The service retirement allowance payable under G.S.  
29 135-5(b18)(1)a. reduced by one-third of one percent (1/3

- 1 of 1%) thereof for each month by which his retirement  
2 date precedes the first day of the month coincident with  
3 or next following the month the member would have  
4 attained his 55th birthday; or  
5 2. The service retirement allowance as computed under  
6 G.S. 135-5(b18)(1)a. reduced by five percent (5%) times  
7 the difference between 30 years and his creditable  
8 service at retirement.
- 9 (2) A member who is not a law enforcement officer or an eligible former  
10 law enforcement officer shall receive a service retirement allowance  
11 computed as follows:
- 12 a. If the member's service retirement date occurs on or after his  
13 65th birthday upon the completion of five years of membership  
14 service or after the completion of 30 years of creditable service  
15 or on or after his 60th birthday upon the completion of 25 years  
16 of creditable service, the allowance shall be equal to one and  
17 eighty-one hundredths percent (1.81%) of his average final  
18 compensation, multiplied by the number of years of creditable  
19 service.
- 20 b. If the member's service retirement date occurs after his 60th  
21 birthday and before his 65th birthday and prior to his  
22 completion of 25 years or more of creditable service, his  
23 retirement allowance shall be computed as in G.S.  
24 135-5(b18)(2)a. but shall be reduced by one-quarter of one  
25 percent (1/4 of 1%) thereof for each month by which his  
26 retirement date precedes the first day of the month coincident  
27 with or next following his 65th birthday.
- 28 c. If the member's early service retirement date occurs on or after  
29 his 50th birthday and before his 60th birthday and after  
30 completion of 20 years of creditable service but prior to the  
31 completion of 30 years of creditable service, his early service  
32 retirement allowance shall be equal to the greater of:
- 33 1. The service retirement allowance as computed under  
34 G.S. 135-5(b18)(2)a. but reduced by the sum of  
35 five-twelfths of one percent (5/12 of 1%) thereof for  
36 each month by which his retirement date precedes the  
37 first day of the month coincident with or next following  
38 the month the member would have attained his 60th  
39 birthday, plus one-quarter of one percent (1/4 of 1%)  
40 thereof for each month by which his 60th birthday  
41 precedes the first day of the month coincident with or  
42 next following his 65th birthday; or



- 1           (2) A member who is not a law enforcement officer or an eligible former  
2 law enforcement officer shall receive a service retirement allowance  
3 computed as follows:
- 4           a. If the member's service retirement date occurs on or after his  
5 65th birthday upon the completion of five years of membership  
6 service or after the completion of 30 years of creditable service  
7 or on or after his 60th birthday upon the completion of 25 years  
8 of creditable service, the allowance shall be equal to one and  
9 eighty-three hundredths percent (1.83%) of his average final  
10 compensation, multiplied by the number of years of creditable  
11 service.
- 12           b. If the member's service retirement date occurs after his 60th  
13 birthday and before his 65th birthday and prior to his  
14 completion of 25 years or more of creditable service, his  
15 retirement allowance shall be computed as in G.S. 135-  
16 5(b19)(2)a. but shall be reduced by one-quarter of one percent  
17 (1/4 of 1%) thereof for each month by which his retirement date  
18 precedes the first day of the month coincident with or next  
19 following his 65th birthday.
- 20           c. If the member's early service retirement date occurs on or after  
21 his 50th birthday and before his 60th birthday and after  
22 completion of 20 years of creditable service but prior to the  
23 completion of 30 years of creditable service, his early service  
24 retirement allowance shall be equal to the greater of:
- 25           1. The service retirement allowance as computed under  
26 G.S. 135-5(b19)(2)a. but reduced by the sum of five-  
27 twelfths of one percent (5/12 of 1%) thereof for each  
28 month by which his retirement date precedes the first day  
29 of the month coincident with or next following the  
30 month the member would have attained his 60th  
31 birthday, plus one-quarter of one percent (1/4 of 1%)  
32 thereof for each month by which his 60th birthday  
33 precedes the first day of the month coincident with or  
34 next following his 65th birthday; or
- 35           2. The service retirement allowance as computed under  
36 G.S. 135-5(b19)(2)a. reduced by five percent (5%) times  
37 the difference between 30 years and his creditable  
38 service at retirement; or
- 39           3. If the member's creditable service commenced prior to  
40 July 1, 1994, the service retirement allowance equal to  
41 the actuarial equivalent of the allowance payable at the  
42 age of 60 years as computed in G.S. 135-5(b19)(2)b.

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

4           **SECTION 3.** G.S. 135-5 is amended by adding two new subsections to read:

5           "(iii) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 2001. –  
6           From and after July 1, 2001, the retirement allowance to or on account of beneficiaries  
7           on the retirement rolls as of June 1, 2001, shall be increased by one and one-tenth  
8           percent (1.1%) of the allowance payable on June 1, 2001. This allowance shall be  
9           calculated on the allowance payable and in effect on June 30, 2001, so as not to be  
10           compounded on any other increase granted by act of the 2001 General Assembly.

11           (jjj) From and after July 1, 2001, the retirement allowance to or on account of  
12           beneficiaries whose retirement commenced on or before July 1, 2000, shall be increased  
13           by three and five-tenths percent (3.5%) of the allowance payable on June 1, 2001, in  
14           accordance with G.S. 135-5(o). Furthermore, from and after July 1, 2001, the retirement  
15           allowance to or on account of beneficiaries whose retirement commenced after July 1,  
16           2000, but before June 30, 2001, shall be increased by a prorated amount of three and  
17           five-tenths percent (3.5%) of the allowance payable as determined by the Board of  
18           Trustees based upon the number of months that a retirement allowance was paid  
19           between July 1, 2000, and June 30, 2001."

20           **SECTION 4.** G.S. 135-5(m) reads as rewritten:

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

- 27           (1)    a.     The member had attained such age and/or creditable service to  
28                     be eligible to commence retirement with an early or service  
29                     retirement allowance, or  
30                     b.     The member had obtained 20 years of creditable service in  
31                     which case the retirement allowance shall be computed in  
32                     accordance with ~~G.S. 135-5(b18)(1)b. or G.S. 135-5(b18)(2)c.,~~  
33                     G.S. 135-5(b19)(1)b. or G.S. 135-5(b19)(2)c., notwithstanding  
34                     the requirement of obtaining age 50.
- 35           (2)    The member had designated as the principal beneficiary to receive a  
36                     return of his accumulated contributions one and only one person who  
37                     was living at the time of his death.
- 38           (3)    The member had not instructed the Board of Trustees in writing that he  
39                     did not wish the provisions of this subsection to apply.

40           For the purpose of this benefit, a member is considered to be in service at the date of  
41           his death if his death occurs within 180 days from the last day of his actual service. The  
42           last day of actual service shall be determined as provided in subsection (1) of this

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

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

9 "(v) From and after July 1, 2001, the retirement allowance to or on account of  
10 beneficiaries whose retirement commenced on or before July 1, 2000, shall be increased  
11 by three and five-tenths percent (3.5%) of the allowance payable on June 1, 2001.  
12 Furthermore, from and after July 1, 2001, the retirement allowance to or on account of  
13 beneficiaries whose retirement commenced after July 1, 2000, but before June 30, 2001,  
14 shall be increased by a prorated amount of three and five-tenths percent (3.5%) 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, 2000, and June 30, 2001."

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

19 "(p) In accordance with subsection (a) of this section, from and after July 1, 2001,  
20 the retirement allowance to or on account of beneficiaries whose retirement commenced  
21 on or before January 1, 2001, shall be increased by three and five-tenths percent (3.5%)  
22 of the allowance payable on June 1, 2001. Furthermore, from and after July 1, 2001, the  
23 retirement allowance to or on account of beneficiaries whose retirement commenced  
24 after January 1, 2001, but before June 30, 2001, shall be increased by a prorated amount  
25 of three and five-tenths percent (3.5%) of the allowance payable as determined by the  
26 Board of Trustees based upon the number of months that a retirement allowance was  
27 paid between January 1, 2001, and June 30, 2001."

28 **SECTION 7.** G.S. 128-27(b18) reads as rewritten:

29 "(b18) Service Retirement Allowance of Member Retiring on or After July 1, 2000-  
30 2000, but Before July 1, 2001. – Upon retirement from service in accordance with  
31 subsection (a) or (a1) above, on or after July 1, 2000, but before July 1, 2001, a member  
32 shall receive the following service retirement allowance:

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

36 a. If the member's service retirement date occurs on or after his  
37 55th birthday and completion of five years of creditable service  
38 as a law enforcement officer, or after the completion of 30 years  
39 of creditable service, the allowance shall be equal to one and  
40 seventy-eight hundredths percent (1.78%) of his average final  
41 compensation, multiplied by the number of years of his  
42 creditable service.

- 1                   b.     If the member's service retirement date occurs on or after his  
2                   50th birthday and before his 55th birthday with 15 or more  
3                   years of creditable service as a law enforcement officer and  
4                   prior to the completion of 30 years of creditable service, his  
5                   retirement allowance shall be equal to the greater of:
- 6                   1.     The service retirement allowance payable under G.S.  
7                   128-27(b18)(1)a. reduced by one-third of one percent  
8                   (1/3 of 1%) thereof for each month by which his  
9                   retirement date precedes the first day of the month  
10                  coincident with or next following the month the member  
11                  would have attained his 55th birthday;
  - 12                  2.     The service retirement allowance as computed under  
13                  G.S. 128-27(b18)(1)a. reduced by five percent (5%)  
14                  times the difference between 30 years and his creditable  
15                  service at retirement.
- 16           (2)     A member who is not a law enforcement officer or an eligible former  
17           law enforcement officer shall receive a service retirement allowance  
18           computed as follows:
- 19           a.     If the member's service retirement date occurs on or after his  
20           65th birthday upon the completion of five years of creditable  
21           service or after the completion of 30 years of creditable service  
22           or on or after his 60th birthday upon the completion of 25 years  
23           of creditable service, the allowance shall be equal to one and  
24           seventy-eight hundredths percent (1.78%) of average final  
25           compensation, multiplied by the number of years of creditable  
26           service.
  - 27           b.     If the member's service retirement date occurs after his 60th  
28           birthday and before his 65th birthday and prior to his  
29           completion of 25 years or more of creditable service, his  
30           retirement allowance shall be computed as in G.S.  
31           128-27(b18)(2)a. but shall be reduced by one-quarter of one  
32           percent (1/4 of 1%) thereof for each month by which his  
33           retirement date precedes the first day of the month coincident  
34           with or next following his 65th birthday.
  - 35           c.     If the member's early service retirement date occurs on or after  
36           his 50th birthday and before his 60th birthday and after  
37           completion of 20 years of creditable service but prior to the  
38           completion of 30 years of creditable service, his early service  
39           retirement allowance shall be equal to the greater of:
- 40           1.     The service retirement allowance as computed under  
41           G.S. 128-27(b18)(2)a. but reduced by the sum of  
42           five-twelfths of one percent (5/12 of 1%) thereof for

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

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

12 3. If the member's creditable service commenced prior to  
13 July 1, 1995, the service retirement allowance equal to  
14 the actuarial equivalent of the allowance payable at the  
15 age of 60 years as computed in G.S. 128-27(b18)(2)b.

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

19 **SECTION 8.** G.S. 128-27 is amended by adding a new subsection to read:

20 "(b19) Service Retirement Allowance of Member Retiring on or After July 1, 2001.  
21 – Upon retirement from service in accordance with subsection (a) or (a1) above, on or  
22 after July 1, 2001, 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-three hundredths percent (1.83%) 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  
35 years of creditable service as a law enforcement officer and  
36 prior to the completion of 30 years of creditable service, his  
37 retirement allowance shall be equal to the greater of:

38 1. The service retirement allowance payable under G.S.  
39 128-27(b19)(1)a. reduced by one-third of one percent  
40 (1/3 of 1%) thereof for each month by which his  
41 retirement date precedes the first day of the month



- 1                   coincident with or next following the month the member  
2                   would have attained his 55th birthday;
- 3                   2.   The service retirement allowance as computed under  
4                   G.S. 128-27(b19)(1)a. reduced by five percent (5%)  
5                   times the difference between 30 years and his creditable  
6                   service at retirement.
- 7                   (2)   A member who is not a law enforcement officer or an eligible former  
8                   law enforcement officer shall receive a service retirement allowance  
9                   computed as follows:
- 10                  a.   If the member's service retirement date occurs on or after his  
11                  65th birthday upon the completion of five years of creditable  
12                  service or after the completion of 30 years of creditable service  
13                  or on or after his 60th birthday upon the completion of 25 years  
14                  of creditable service, the allowance shall be equal to one and  
15                  eighty-three hundredths percent (1.83%) of average final  
16                  compensation, multiplied by the number of years of creditable  
17                  service.
- 18                  b.   If the member's service retirement date occurs after his 60th  
19                  birthday and before his 65th birthday and prior to his  
20                  completion of 25 years or more of creditable service, his  
21                  retirement allowance shall be computed as in G.S. 128-  
22                  27(b19)(2)a. but shall be reduced by one-quarter of one percent  
23                  (1/4 of 1%) thereof for each month by which his retirement date  
24                  precedes the first day of the month coincident with or next  
25                  following his 65th birthday.
- 26                  c.   If the member's early service retirement date occurs on or after  
27                  his 50th birthday and before his 60th birthday and after  
28                  completion of 20 years of creditable service but prior to the  
29                  completion of 30 years of creditable service, his early service  
30                  retirement allowance shall be equal to the greater of:
- 31                        1.   The service retirement allowance as computed under  
32                        G.S. 128-27(b19)(2)a. but reduced by the sum of five-  
33                        twelfths of one percent (5/12 of 1%) thereof for each  
34                        month by which his retirement date precedes the first day  
35                        of the month coincident with or next following the  
36                        month the member would have attained his 60th  
37                        birthday, plus one-quarter of one percent (1/4 of 1%)  
38                        thereof for each month by which his 60th birthday  
39                        precedes the first day of the month coincident with or  
40                        next following his 65th birthday; or
- 41                        2.   The service retirement allowance as computed under  
42                        G.S. 128-27(b19)(2)a. reduced by five percent (5%)

1 times the difference between 30 years and his creditable  
2 service at retirement; or

3 3. If the member's creditable service commenced prior to  
4 July 1, 1995, the service retirement allowance equal to  
5 the actuarial equivalent of the allowance payable at the  
6 age of 60 years as computed in G.S. 128-27(b19)(2)b.

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

10 **SECTION 9.** G.S. 128-27(m) reads as rewritten:

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

- 17 (1) a. The member had attained such age and/or creditable service to  
18 be eligible to commence retirement with an early or service  
19 retirement allowance, or  
20 b. The member had obtained 20 years of creditable service in  
21 which case the retirement allowance shall be computed in  
22 accordance with ~~G.S. 128-27(b18)(1)b. or G.S. 128-~~  
23 ~~27(b18)(2)c.,~~ G.S. 128-27(b19)(1)b. or G.S. 128-27(b19)(2)c.,  
24 notwithstanding the requirement of obtaining age 50.  
25 (2) The member had designated as the principal beneficiary to receive a  
26 return of his accumulated contributions one and only one person who  
27 is living at the time of his death.  
28 (3) The member had not instructed the Board of Trustees in writing that he  
29 did not wish the provisions of this subsection apply.

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

38 **SECTION 10.** G.S. 128-27 is amended by adding two new subsections to  
39 read:

40 "(zz) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 2001. –  
41 From and after July 1, 2001, the retirement allowance to or on account of beneficiaries  
42 on the retirement rolls as of June 1, 2001, shall be increased by two and eight-tenths

1 percent (2.8%) of the allowance payable on June 1, 2001. This allowance shall be  
2 calculated on the allowance payable and in effect on June 30, 2001, so as not to be  
3 compounded on any other increase payable under subsection (k) of this section or  
4 otherwise granted by act of the 2001 General Assembly.

5 (aaa) From and after July 1, 2001, the retirement allowance to or on account of  
6 beneficiaries whose retirement commenced on or before July 1, 2000, shall be increased  
7 by three and five-tenths percent (3.5%) of the allowance payable on June 1, 2001, in  
8 accordance with subsection (k) of this section. Furthermore, from and after July 1, 2001,  
9 the retirement allowance to or on account of beneficiaries whose retirement commenced  
10 after July 1, 2000, but before June 30, 2001, shall be increased by a prorated amount of  
11 three and five-tenths percent (3.5%) of the allowance payable as determined by the  
12 Board of Trustees based upon the number of months that a retirement allowance was  
13 paid between July 1, 2000, and June 30, 2001."

14 **SECTION 11.** This act becomes effective July 1, 2001.