

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

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HOUSE BILL 1390
Committee Substitute Favorable 6/20/01

Short Title: Retirement Withdrawal Service.

(Public)

Sponsors:

Referred to:

April 26, 2001

A BILL TO BE ENTITLED

1 AN ACT TO ALLOW THE PURCHASE OF WITHDRAWAL SERVICE IN THE
2 TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM.
3

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** G.S. 135-4(k) reads as rewritten:

6 "(k) Notwithstanding any other provision of this Chapter, any person who
7 withdrew his contributions in accordance with the provisions of G.S. 128-27(f) or G.S.
8 135-5(f) or the rules and regulations of the Law-Enforcement Officers' Retirement
9 System and who subsequently returns to service may, upon completion of ~~10~~ five years
10 of membership service, repay in a total lump sum any and all of the accumulated
11 contributions previously withdrawn with ~~sufficient interest added thereto to cover one~~
12 ~~half of the cost of providing such additional credit plus a fee to cover expense of~~
13 ~~handling which shall be determined by the Board of Trustees and receive credit for the~~
14 ~~service forfeited at time of withdrawal(s), provided that he left service prior to July 1,~~
15 ~~1974. interest compounded annually at the rate of six and one-half percent (6.5%) for~~
16 ~~each calendar year from the year of withdrawal to the year of repayment plus a fee to~~
17 ~~cover expense of handling which shall be determined by the Board of Trustees, and~~
18 ~~receive credit for the service forfeited at time of withdrawal. Any person who leaves~~
19 ~~service after June 30, 1974, and who withdraws his contributions in accordance with~~
20 ~~G.S. 128-27(f) or G.S. 135-5(f) or the rules and regulations of the Law Enforcement~~
21 ~~Officers' Retirement System and who subsequently returns to service may, upon~~
22 ~~completion of 10 years of membership service, repay in a total lump sum any and all of~~
23 ~~the accumulated contributions previously withdrawn with sufficient interest added~~
24 ~~thereto to cover the full cost of providing such additional credit plus a fee to cover~~
25 ~~expense of handling which shall be determined by the Board of Trustees and receive~~
26 ~~credit for the service forfeited at time of withdrawal(s). These provisions shall apply~~
27 ~~equally to retired members who had attained 10~~ five years of membership service prior
28 to retirement. ~~Cost as used in this subsection shall mean the amount of money required~~

1 ~~to provide additional retirement benefits based on service credit allowed at the time any~~
2 ~~adjustment to the service credit of a member is made.~~

3 Notwithstanding any provision to the contrary, a law enforcement officer who was
4 transferred from the Law Enforcement Officers' Retirement System to this Retirement
5 System pursuant to Article 12C of Chapter 143 of the General Statutes and withdrew his
6 accumulated contributions prior to January 1, 1985, in accordance with G.S. 128-27(f)
7 or G.S. 135-5(f) for non-law enforcement service and who has ~~40~~ five years or more of
8 membership service standing to his credit may repay in a total lump sum the
9 accumulated contributions previously withdrawn with ~~sufficient interest added thereto~~
10 ~~to cover one-half the cost of providing such additional credits plus a fee to cover the~~
11 ~~expense of handling which shall be determined by the Board of Trustees and receive~~
12 ~~credit for the creditable service forfeited at the time of withdrawal. interest compounded~~
13 annually at the rate of six and one-half percent (6.5%) for each calendar year from the
14 year of withdrawal to the year of repayment plus a fee to cover expense of handling
15 which shall be determined by the Board of Trustees, and receive credit for the service
16 forfeited at time of withdrawal."

17 **SECTION 2.** G.S. 135-4(m) reads as rewritten:

18 "(m) Notwithstanding any language to the contrary of any provision of this section,
19 or of any repealed provision of this section that was repealed with the inchoate and
20 accrued rights preserved, all repayments and purchases of service credits, allowed under
21 the provisions of this section or of any repealed provision of this section that was
22 repealed with inchoate and accrued rights preserved, must be made within three years
23 after the member first becomes eligible to make such repayments and purchases. Any
24 member who does not repay or purchase service credits within said three years after first
25 eligibility to make such repayments and purchases may, under the same conditions as
26 are otherwise required, repay or purchase service credits provided that the repayment or
27 purchase equals the full cost of the service credits calculated on the basis of the
28 assumptions used for purposes of the actuarial valuation of the system's liabilities and
29 shall take into account the additional retirement allowance arising on account of such
30 additional service credit commencing at the earliest age at which such member could
31 retire on an unreduced retirement allowance as determined by the Board of Trustees
32 upon the advice of the consulting actuary. Notwithstanding the foregoing provisions of
33 this subsection that provide for the purchase of service credits, the terms "full cost",
34 "full liability", and "full actuarial cost" include assumed annual post-retirement
35 allowance increases, as determined by the Board of Trustees, from the earliest age at
36 which a member could retire on an unreduced service allowance. Notwithstanding the
37 foregoing, on and after July 1, 2001, the provisions of this subsection shall not apply to
38 the repayment of contributions withdrawn pursuant to subsection (k) of this section."

39 **SECTION 3.** G.S. 135-4(x) is repealed.

40 **SECTION 4.** This act becomes effective July 1, 2001.