

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

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HOUSE BILL 79

Short Title: 25-Year Retirement.

(Public)

Sponsors: Representatives Tucker; Alexander, Barefoot, Cansler, Coates, Cox,
Sherrill, Warner, and Womble.

Referred to: Pensions and Retirement.

February 8, 2001

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE FOR TWENTY-FIVE-YEAR RETIREMENT FOR
3 MEMBERS OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT
4 SYSTEM.

5 The General Assembly of North Carolina enacts:

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

7 "(b18) Service Retirement Allowance of Members Retiring on or After July 1, 2000-
8 2000, but Before July 1, 2001. – Upon retirement from service in accordance with
9 subsection (a) or (a1) above, on or after July 1, 2000, but before July 1, 2001, a member
10 shall receive the following service retirement allowance.

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

14 a. If the member's service retirement date occurs on or after his
15 55th birthday, and completion of five years of creditable service
16 as a law enforcement officer, or after the completion of 30 years
17 of creditable service, the allowance shall be equal to one and
18 eighty-one hundredths percent (1.81%) of his average final
19 compensation, multiplied by the number of years of his
20 creditable service.

21 b. If the member's service retirement date occurs on or after his
22 50th birthday and before his 55th birthday with 15 or more
23 years of creditable service as a law enforcement officer and
24 prior to the completion of 30 years of creditable service, his
25 retirement allowance shall be equal to the greater of:

26 1. The service retirement allowance payable under G.S.
27 135-5(b18)(1)a. reduced by one-third of one percent

- 1 (1/3 of 1%) thereof for each month by which his
2 retirement date precedes the first day of the month
3 coincident with or next following the month the member
4 would have 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
- 43 2. The service retirement allowance as computed under
44 G.S. 135-5(b18)(2)a. reduced by five percent (5%) times

- 1 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, 1994, 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. 135-5(b18)b.
- 7 d. Notwithstanding the foregoing provisions, any member whose
8 creditable service commenced prior to July 1, 1963, shall not
9 receive less than the benefit provided by G.S. 135-5(b)."

10 **SECTION 2.** G.S. 135-5 is amended by adding a new subsection to read:

11 "(b19) Service Retirement Allowance of Members Retiring on or After July 1, 2001.
12 – Upon retirement from service in accordance with subsection (a) or (a1) above, on or
13 after July 1, 2001, a member shall receive the following service retirement allowance:

14 (1) A member who is a law enforcement officer or an eligible former law
15 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 55th birthday, and completion of five years of creditable service
19 as a law enforcement officer, or after the completion of 25 years
20 of creditable service, the allowance shall be equal to one and
21 eighty-one hundredths percent (1.81%) of his average final
22 compensation, multiplied by the number of years of his
23 creditable service.

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

29 1. The service retirement allowance payable under G.S.
30 135-5(b19)(1)a. reduced by one-third of one percent
31 (1/3 of 1%) thereof for each month by which his
32 retirement date precedes the first day of the month
33 coincident with or next following the month the member
34 would have attained his 55th birthday; or

35 2. The service retirement allowance as computed under
36 G.S. 135-5(b19)(1)a. reduced by five percent (5%) times
37 the difference between 25 years and his creditable
38 service at retirement.

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

42 a. If the member's service retirement date occurs on or after his
43 65th birthday upon the completion of five years of membership
44 service or after the completion of 25 years of creditable service,

1 the allowance shall be equal to one and eighty-one hundredths
2 percent (1.81%) of his average final compensation, multiplied
3 by the number of years of creditable service.

4 b. If the member's service retirement date occurs after his 60th
5 birthday and before his 65th birthday and prior to his
6 completion of 25 years or more of creditable service, his
7 retirement allowance shall be computed as in G.S. 135-
8 5(b19)(2)a. but shall be reduced by one-quarter of one percent
9 (1/4 of 1%) thereof for each month by which his retirement date
10 precedes the first day of the month coincident with or next
11 following his 65th birthday.

12 c. If the member's early service retirement date occurs on or after
13 his 50th birthday and before his 60th birthday and after
14 completion of 20 years of creditable service but prior to the
15 completion of 25 years of creditable service, his early service
16 retirement allowance shall be equal to the greater of:

17 1. The service retirement allowance as computed under
18 G.S. 135-5(b19)(2)a. but reduced by the sum of five-
19 twelfths of one percent (5/12 of 1%) thereof for each
20 month by which his retirement date precedes the first day
21 of the month coincident with or next following the
22 month the member would have attained his 60th
23 birthday, plus one-quarter of one percent (1/4 of 1%)
24 thereof for each month by which his 60th birthday
25 precedes the first day of the month coincident with or
26 next following his 65th birthday; or

27 2. The service retirement allowance as computed under
28 G.S. 135-5(b19)(2)a. reduced by five percent (5%) times
29 the difference between 25 years and his creditable
30 service at retirement; or

31 3. If the member's creditable service commenced prior to
32 July 1, 1994, the service retirement allowance equal to
33 the actuarial equivalent of the allowance payable at the
34 age of 60 years as computed in G.S. 135-5(b19)b.

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

38 **SECTION 3.** G.S. 135-5(m) reads as rewritten:

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

- 1 (1) a. The member had attained such age and/or creditable service to
2 be eligible to commence retirement with an early or service
3 retirement allowance, or
4 b. The member had obtained 20 years of creditable service in
5 which case the retirement allowance shall be computed in
6 accordance with ~~G.S. 135-5(b18)(1)b. or G.S. 135-5(b18)(2)c.~~,
7 G.S. 135-5(b19)(1)b. or G.S. 135-5(b19)(2)c., notwithstanding
8 the requirement of obtaining age 50.
- 9 (2) The member had designated as the principal beneficiary to receive a
10 return of his accumulated contributions one and only one person who
11 was living at the time of his death.
- 12 (3) The member had not instructed the Board of Trustees in writing that he
13 did not wish the provisions of this subsection to apply.

14 For the purpose of this benefit, a member is considered to be in service at the date of
15 his death if his death occurs within 180 days from the last day of his actual service. The
16 last day of actual service shall be determined as provided in subsection (1) of this
17 section. Upon the death of a member in service, the surviving spouse may make all
18 purchases for creditable service as provided for under this Chapter for which the
19 member had made application in writing prior to the date of death, provided that the
20 date of death occurred prior to or within 60 days after notification of the cost to make
21 the purchase. The term "in service" as used in this subsection includes a member in
22 receipt of a benefit under the Disability Income Plan as provided in Article 6 of this
23 Chapter."

24 **SECTION 4.** G.S. 128-27(b18) reads as rewritten:

25 "~~(b18) Service Retirement Allowance of Member Retiring on or After July 1, 2000.~~
26 2000, but Before July 1, 2001. – Upon retirement from service in accordance with
27 subsection (a) or (a1) above, on or after July 1, 2000, but before July 1, 2001, a member
28 shall receive the following service retirement allowance:

- 29 (1) A member who is a law enforcement officer or an eligible former law
30 enforcement officer shall receive a service retirement allowance
31 computed as follows:
- 32 a. If the member's service retirement date occurs on or after his
33 55th birthday and completion of five years of creditable service
34 as a law enforcement officer, or after the completion of 30 years
35 of creditable service, the allowance shall be equal to one and
36 seventy-eight hundredths percent (1.78%) of his average final
37 compensation, multiplied by the number of years of his
38 creditable service.
- 39 b. If the member's service retirement date occurs on or after his
40 50th birthday and before his 55th birthday with 15 or more
41 years of creditable service as a law enforcement officer and
42 prior to the completion of 30 years of creditable service, his
43 retirement allowance shall be equal to the greater of:

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

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

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

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

12 **SECTION 5.** G.S. 128-27 is amended by adding a new subsection to read:

13 "(b19) Service Retirement Allowance of Member Retiring on or After July 1, 2001.
14 – Upon retirement from service in accordance with subsection (a) or (a1) above, on or
15 after July 1, 2001, a member shall receive the following service retirement allowance:

16 (1) A member who is a law enforcement officer or an eligible former law
17 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 55th birthday and completion of five years of creditable service
21 as a law enforcement officer, or after the completion of 25 years
22 of creditable service, the allowance shall be equal to one and
23 seventy-eight hundredths percent (1.78%) of his average final
24 compensation, multiplied by the number of years of his
25 creditable service.

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

31 1. The service retirement allowance payable under G.S.
32 128-27(b19)(1)a. reduced by one-third of one percent
33 (1/3 of 1%) thereof for each month by which his
34 retirement date precedes the first day of the month
35 coincident with or next following the month the member
36 would have attained his 55th birthday;

37 2. The service retirement allowance as computed under
38 G.S. 128-27(b19)(1)a. reduced by five percent (5%)
39 times the difference between 25 years and his creditable
40 service at retirement.

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

- 1 a. If the member's service retirement date occurs on or after his
2 65th birthday upon the completion of five years of creditable
3 service or after the completion of 25 years of creditable service,
4 the allowance shall be equal to one and seventy-eight
5 hundredths percent (1.78%) of average final compensation,
6 multiplied by the number of years of creditable service.
- 7 b. If the member's service retirement date occurs after his 60th
8 birthday and before his 65th birthday and prior to his
9 completion of 25 years or more of creditable service, his
10 retirement allowance shall be computed as in G.S. 128-
11 27(b19)(2)a. but shall be reduced by one-quarter of one percent
12 (1/4 of 1%) thereof for each month by which his retirement date
13 precedes the first day of the month coincident with or next
14 following his 65th birthday.
- 15 c. If the member's early service retirement date occurs on or after
16 his 50th birthday and before his 60th birthday and after
17 completion of 20 years of creditable service but prior to the
18 completion of 25 years of creditable service, his early service
19 retirement allowance shall be equal to the greater of:
- 20 1. The service retirement allowance as computed under
21 G.S. 128-27(b19)(2)a. but reduced by the sum of five-
22 twelfths of one percent (5/12 of 1%) thereof for each
23 month by which his retirement date precedes the first day
24 of the month coincident with or next following the
25 month the member would have attained his 60th
26 birthday, plus one-quarter of one percent (1/4 of 1%)
27 thereof for each month by which his 60th birthday
28 precedes the first day of the month coincident with or
29 next following his 65th birthday; or
- 30 2. The service retirement allowance as computed under
31 G.S. 128-27(b19)(2)a. reduced by five percent (5%)
32 times the difference between 25 years and his creditable
33 service at retirement; or
- 34 3. If the member's creditable service commenced prior to
35 July 1, 1995, the service retirement allowance equal to
36 the actuarial equivalent of the allowance payable at the
37 age of 60 years as computed in G.S. 128-27(b19)(2)b.
- 38 d. Notwithstanding the foregoing provisions, any member whose
39 creditable service commenced prior to July 1, 1965, shall not
40 receive less than the benefit provided by G.S. 128-27(b)."

41 **SECTION 6.** G.S. 135-5(m) reads as rewritten:

42 "(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the
43 principal beneficiary designated to receive a return of accumulated contributions shall
44 have the right to elect to receive in lieu thereof the reduced retirement allowance

1 provided by Option two of subsection (g) above computed by assuming that the member
2 had retired on the first day of the month following the date of his death, provided that all
3 three of the following conditions apply:

- 4 (1) a. The member had attained such age and/or creditable service to
5 be eligible to commence retirement with an early or service
6 retirement allowance, or
7 b. The member had obtained 20 years of creditable service in
8 which case the retirement allowance shall be computed in
9 accordance with ~~G.S. 128-27(b18)(1)b. or G.S. 128-~~
10 ~~27(b18)(2)e.,~~ G.S. 128-27(b19)(1)b. or G.S. 128-27(b19)(2)c.,
11 notwithstanding the requirement of obtaining age 50.
12 (2) The member had designated as the principal beneficiary to receive a
13 return of his accumulated contributions one and only one person who
14 is living at the time of his death.
15 (3) The member had not instructed the Board of Trustees in writing that he
16 did not wish the provisions of this subsection apply.

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

25 **SECTION 7.** This act becomes effective July 1, 2001.