

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

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HOUSE BILL 1055
Committee Substitute Favorable 6/6/18

Short Title: Retirement Complexity Reduction Act of 2018.-AB

(Public)

Sponsors:

Referred to:

June 1, 2018

A BILL TO BE ENTITLED

AN ACT TO REDUCE COMPLEXITY AND ADD VALUE TO THE RETIREMENT BENEFITS OF PUBLIC EMPLOYEES AND TO INCREASE ADMINISTRATIVE EFFICIENCIES BY MAKING ADMINISTRATIVE AND PROGRAMMATIC CHANGES TO LAWS RELATING TO THE STATE TREASURER, TO THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, TO THE LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM LAWS, TO THE STATE HEALTH PLAN FOR TEACHERS AND STATE EMPLOYEES, AND TO RELATED STATUTES.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 135-6(l) reads as rewritten:

"(l) Duties of Actuary. – The Board of Trustees shall designate an actuary who shall be the technical adviser of the Board of Trustees on matters regarding the operation of the funds created by the provisions of this Chapter and shall perform such other duties as are required in connection therewith. ~~For purposes of the annual valuation of System assets, the~~ The experience studies, and studies and all other actuarial calculations required by this Chapter, and all the assumptions used by the System's actuary, including mortality tables, interest rates, annuity factors, the contribution-based benefit cap factor, and employer contribution rates, shall be set out in the actuary's periodic ~~reports~~ reports, annual valuations of System assets, or other materials provided to the Board of Trustees. ~~These~~ Notwithstanding Article 2A of Chapter 150B of the General Statutes, these materials, once accepted by the Board, shall be considered part of the Plan documentation governing this Retirement System; ~~similarly, the System and shall be effective the first day of the month following adoption unless a different date is specified in the adopting resolution.~~ The effective date must be after the adoption date. The Board's minutes relative to all actuarial assumptions used by the System shall also be considered part of the Plan documentation governing this Retirement System, with the result of precluding any employer discretion in the determination of benefits payable hereunder, consistent with Section 401(a)(25) of the Internal Revenue Code."

SECTION 1.(b) G.S. 128-28(m) reads as rewritten:

"(m) Duties of Actuary. – The Board of Trustees shall designate an actuary who shall be the technical adviser of the Board of Trustees on matters regarding the operation of the funds created by the provisions of this Chapter and shall perform such other duties as are required in connection therewith. ~~For purposes of the annual valuation of System assets, the~~ The experience studies, and studies and all other actuarial calculations required by this Chapter, and all the assumptions used by the System's actuary, including mortality tables, interest rates, annuity factors, the contribution-based benefit cap factor, and employer contribution rates, shall be set out in the actuary's periodic ~~reports~~ reports, annual valuations of System assets, or other materials



1 provided to the Board of Trustees. ~~These~~ Notwithstanding Article 2A of Chapter 150B of the
 2 General Statutes, these materials, once accepted by the Board, shall be considered part of the
 3 Plan documentation governing this Retirement System; similarly, the System and shall be
 4 effective the first day of the month following adoption unless a different date is specified in the
 5 adopting resolution. The effective date must be after the adoption date. The Board's minutes
 6 relative to all actuarial assumptions used by the System shall also be considered part of the Plan
 7 documentation governing this Retirement System, with the result of precluding any employer
 8 discretion in the determination of benefits payable hereunder, consistent with Section 401(a)(25)
 9 of the Internal Revenue Code."

10 **SECTION 1.(c)** G.S. 150B-1(d) reads as rewritten:

11 "(d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the
 12 following:

13 ...

14 (29) The Retirement System Boards of Trustees established under G.S. 128-28 and
 15 G.S. 135-6 when adopting actuarial tables, assumptions, and
 16 contribution-based benefit cap factors after presentation of recommendations
 17 from the actuary. This exemption includes, but is not limited to, the following
 18 actuarial tables, assumptions, methods, and factors:

- 19 a. Joint and survivor tables.
- 20 b. Reserve transfer tables.
- 21 c. Interest rate assumptions.
- 22 d. Salary increase assumptions.
- 23 e. Mortality assumptions.
- 24 f. Separation and retirement assumptions.
- 25 g. Asset smoothing methods.
- 26 h. Actuarial cost methods.
- 27 i. Contribution-based benefit cap factors.
- 28 j. Required contribution rates.
- 29 k. Amortization policies."

30 **SECTION 1.(d)** G.S. 135-6(n) reads as rewritten:

31 "(n) In 1943, and at least once in each five-year period thereafter, the actuary shall make
 32 an actuarial investigation into the mortality, service and compensation experience of the members
 33 and beneficiaries of the Retirement System, and shall make a valuation of the assets and liabilities
 34 of the funds of the System, and taking into account the result of such investigation and valuation,
 35 the Board of Trustees ~~shall~~ shall do all of the following:

- 36 (1) ~~Adopt for the Retirement System such any necessary mortality, service and~~
 37 ~~service, or other tables as shall be deemed necessary; and~~ tables, and any
 38 necessary contribution-based benefit cap factors for the Retirement System.
- 39 (2) Certify the rates of contributions payable by the State of North Carolina on
 40 account of new entrants at various ages."

41 **SECTION 1.(e)** G.S. 128-28(o) reads as rewritten:

42 "(o) In the year 1945, and at least once in each five-year period thereafter, the actuary shall
 43 make an actuarial investigation into the mortality, service and compensation experience of the
 44 members and beneficiaries of the Retirement System, and shall make a valuation of the assets
 45 and liabilities of the funds of the System, and taking into account the result of such investigation
 46 and valuation, the Board of Trustees ~~shall~~ shall do all of the following:

- 47 (1) ~~Adopt for the Retirement System such any necessary mortality, service and~~
 48 ~~service, or other tables as shall be deemed necessary; and~~ tables, and any
 49 necessary contribution-based benefit cap factors for the Retirement System.
- 50 (2) Certify the rates of contributions payable by the participating units on account
 51 of new entrants at various ages."

1 **SECTION 1.(f)** This section is effective when it becomes law and applies to actuarial
2 investigations and calculations made on or after that date.

3 **SECTION 2.(a)** G.S. 135-6.1 is amended by adding a new subsection to read:

4 "(e1) The Retirement Systems Division of the Department of State Treasurer may disclose
5 to employers who made a contribution for an employee to the Retirement System any information
6 regarding that employee necessary to conduct the business of the Retirement System. Employers
7 in receipt of this information shall treat the information as confidential and this information shall
8 not be a public record."

9 **SECTION 2.(b)** G.S. 135-8(f)(2)f. reads as rewritten:

10 "f. Each employer shall transmit to the Retirement System on account of
11 each member who retires on or after January 1, 2015, having earned
12 his or her last month of membership service as an employee of that
13 employer the lump sum payment, as calculated under G.S. 135-4(jj)
14 for inclusion in the Pension Accumulation Fund, that would have been
15 necessary in order for the retirement system to restore the member's
16 retirement allowance to the pre-cap amount. Employers are not
17 required to make contributions on account of any retiree who became
18 a member on or after January 1, 2015, and who earned at least five
19 years of membership service in the Retirement System after January
20 1, 2015.

21 Under such rules as the Board of Trustees shall adopt, the
22 Retirement System shall report monthly to each employer a list of
23 those members for whom the employer made a contribution to the
24 Retirement System in the preceding month that are most likely to
25 require an additional employer contribution should they elect to retire
26 in the following 12 months, if applicable. Reports received under this
27 section shall not be public records and employers in receipt of a report
28 under this section shall treat the report, and the information contained
29 within that report, as confidential and as though it were still held by
30 the Retirement System under G.S. 135-6.1."

31 **SECTION 2.(c)** G.S. 135-8(j) reads as rewritten:

32 "(j) Pension Spiking Report. – Upon receipt of a report from the Retirement System
33 generated pursuant to G.S. 135-8(f)(2)f., containing a list of employees for whom the employer
34 made a contribution to the North Carolina Teachers' and State Employees' Retirement System
35 that is likely to require an additional employer contribution should the employee elect to retire in
36 the following 12 months, the employer's chief financial officer shall transmit a copy of the report
37 to the chief executive of the employer, as well as to the governing body of the employer, including
38 any board which exercises financial oversight of the employer, if ~~applicable~~ the employer has a
39 governing body. Reports received under this section shall not be public records and employers
40 in receipt of a report under this section shall treat the report, and the information contained within
41 that report, as confidential and as though it were still held by the Retirement System under
42 G.S. 135-6.1."

43 **SECTION 2.(d)** G.S. 128-33.1 is amended by adding a new subsection to read:

44 "(e1) The Retirement Systems Division of the Department of State Treasurer may disclose
45 to employers who made a contribution for an employee to the Retirement System any information
46 regarding that employee necessary to conduct the business of the Retirement System. Employers
47 in receipt of this information shall treat the information as confidential and this information shall
48 not be a public record."

49 **SECTION 2.(e)** G.S. 128-30(g)(2)b. reads as rewritten:

50 "b. Each employer shall transmit to the Retirement System on account of
51 each member who retires on or after January 1, 2015, having earned

his or her last month of membership service as an employee of that employer the lump sum payment, as calculated under G.S. 128-26(y) for inclusion in the Pension Accumulation Fund, that would have been necessary in order for the retirement system to restore the member's retirement allowance to the pre-cap amount. Employers are not required to make contributions on account of any retiree who became a member on or after January 1, 2015, and who earned at least five years of membership service in the Retirement System after January 1, 2015.

Under such rules as the Board of Trustees shall adopt, the Retirement System shall report monthly to each employer a list of those members for whom the employer made a contribution to the Retirement System in the preceding month that are most likely to require an additional employer contribution should they elect to retire in the following 12 months, if applicable. Reports received under this section shall not be public records and employers in receipt of a report under this section shall treat the report, and the information contained within that report, as confidential and as though it were still held by the Retirement System under G.S. 128-33.1."

SECTION 2.(f) G.S. 128-30(j) reads as rewritten:

"(j) Pension Spiking Report. – Upon receipt of a report from the Retirement System generated pursuant to ~~G.S. 135-8(f)(2)f.,~~ G.S. 128-30(g)(2)b., containing a list of employees for whom the employer made a contribution to the North Carolina Local Governmental Employees' Retirement System that is likely to require an additional employer contribution should the employee elect to retire in the following 12 months, the employer's chief financial officer shall transmit a copy of the report to the governing body of the employer, ~~if applicable,~~ the employer has a governing body. Reports received under this section shall not be public records and employers in receipt of a report under this section shall treat the report, and the information contained within that report, as confidential and as though it were still held by the Retirement System under G.S. 128-33.1."

SECTION 3. G.S. 135-48.47 reads as rewritten:

"§ 135-48.47. Participation in State Health Plan by local government employees and dependents.

...

(d) Local governments participating in the Plan as of April 1, 2016, may elect to withdraw from participating in the Plan effective January 1, 2017. Notice of withdrawal must be given by the local government to the Plan no later than September 15, 2016.

(e) Except as permitted under subsection (d) of this section, a local government unit's election to participate in the Plan is irrevocable."

SECTION 4. Article 6 of Chapter 147 of the General Statutes is amended by adding a new section to read:

"§ 147.75.1. Criminal record checks for the Department of State Treasurer.

(a) The Department of State Treasurer may obtain from the State and National Repositories of Criminal Histories or from any other lawful source the criminal history of any of the following individuals:

- (1) A current or prospective permanent or temporary employee of the Department of State Treasurer.
- (2) A contractor with the Department of State Treasurer.
- (3) An employee or agent of a contractor with the Department of State Treasurer.
- (4) A volunteer of the Department of State Treasurer.

1 (5) Any other individual otherwise engaged by the Department of State Treasurer
2 who will have access to health or financial information or data maintained by
3 the Department of State Treasurer that is confidential or otherwise nonpublic.

4 (b) The Department of State Treasurer may deny employment to or dismiss any
5 individual identified under subsection (a) of this section who refuses to consent to a criminal
6 history record check or to the use of fingerprints or other identifying information required by the
7 State or National Repositories of Criminal Histories. Any refusal shall constitute just cause for
8 the employment denial or the dismissal from employment.

9 (c) The Department of State Treasurer may extend a conditional offer of employment
10 pending the results of a criminal history record check authorized by this section."

11 **SECTION 5.(a)** G.S. 135-4 reads as rewritten:

12 **"§ 135-4. Creditable service.**

13 ~~(a) Under such rules and regulations as the Board of Trustees shall adopt, each member~~
14 ~~who was a teacher or State employee at any time during the five years immediately preceding~~
15 ~~the establishment of the System and who became a member prior to July 1, 1946, shall file a~~
16 ~~detailed statement of all North Carolina service as a teacher or State employee rendered by him~~
17 ~~prior to the date of establishment for which he claims credit; provided, that, notwithstanding the~~
18 ~~foregoing, any member retiring on or after July 1, 1965, with credit for not less than 10 years of~~
19 ~~membership service shall file such detailed statement of service as a teacher or State employee~~
20 ~~rendered by him prior to July 1, 1941, for which he claims credit; provided, that any member~~
21 ~~who retired on a service retirement allowance prior to July 1, 1965, who at the time of his~~
22 ~~retirement did not qualify for credit for his service as a teacher or State employee prior to July 1,~~
23 ~~1941, may request on and after July 1, 1971, that his original benefit be recalculated, in~~
24 ~~accordance with the formula prevailing at the time of his retirement, to include credit for such~~
25 ~~service with the new benefit to become effective on the first of the month following certification~~
26 ~~of the prior service.~~

27 ~~(b) The Board of Trustees shall fix and determine by appropriate rules and regulations~~
28 ~~how much service in any year is equivalent to one year of service, but in In no case shall more~~
29 ~~than one year of service be creditable for all services in one year. Service rendered for the regular~~
30 ~~school year in any district shall be equivalent to one year's service. Service rendered by a school~~
31 ~~employee in a job-sharing position shall be credited at the rate of one-half year for each regular~~
32 ~~school year of employment.~~

33 ~~...~~
34 ~~(d) Any member may, up to his date of retirement and within one year thereafter, request~~
35 ~~the Board of Trustees to modify or correct his prior service credit.~~

36 (e) Creditable service at retirement on which the retirement allowance of a member shall
37 be based shall consist of the membership service rendered by the member since he or she last
38 became a member, and also if the member has a prior service certificate which is in full force
39 and effect, the amount of service certified on the prior service certificate; and if the member has
40 sick leave standing to the member's credit upon retirement on or after July 1, 1971, one month of
41 credit for each 20 days or portion thereof, but not less than one hour; sick leave shall not be
42 counted in computing creditable service for the purpose of determining eligibility for disability
43 retirement or for a vested deferred allowance. Creditable service for unused sick leave shall be
44 allowed only for sick leave accrued monthly during employment under a duly adopted sick leave
45 policy and for which the member may be able to take credits and be paid for sick leave without
46 restriction. However, in no instance shall unused sick leave be credited to a member's account at
47 retirement if the member's last day of actual service is more than five years prior to the effective
48 date of the member's retirement. Further, any agency with a sick leave policy that is more
49 generous than that of all State agencies subject to the rules of the Office of State Human
50 Resources shall proportionately adjust each of its retiring employees' sick leave balance to the
51 balance that employee would have had under the rules of the Office of State Human Resources.

1 Days of sick leave standing to a member's credit at retirement shall be determined by dividing
2 the member's total hours of sick leave at retirement by the hours per month such leave was
3 awarded under the employer's duly adopted sick leave policy as the policy applied to the member
4 when the leave was accrued.

5 ~~On and after July 1, 1971, a member whose account was closed on account of absence from~~
6 ~~service under the provisions of G.S. 135-3(3) and who subsequently returns to service for a~~
7 ~~period of five years, may thereafter repay in a lump sum the amount withdrawn plus regular~~
8 ~~interest thereon from the date of withdrawal through the year of repayment and thereby increase~~
9 ~~his creditable service by the amount of creditable service lost when his account was closed.~~

10 ~~On and after July 1, 1973, a member whose account in the North Carolina Local~~
11 ~~Governmental Employees' Retirement System was closed on account of absence from service~~
12 ~~under the provisions of G.S. 128-24(1a) and who subsequently became or becomes a member of~~
13 ~~this System with credit for five years of service, may thereafter repay in a lump sum the amount~~
14 ~~withdrawn from the North Carolina Local Governmental Employees' Retirement System plus~~
15 ~~regular interest thereon from the date of withdrawal through the year of repayment and thereby~~
16 ~~increase his creditable service in this System by the amount of creditable service lost when his~~
17 ~~account was closed.~~

18 (e1) ~~On or after July 1, 1979, a~~ A member who has obtained 60 months of aggregate
19 service, or five years of membership service, as an employee of the North Carolina General
20 Assembly, except legislators, participants in the Legislative Intern Program and pages, may make
21 a lump sum payment together with interest, and an administrative fee for such service, to the
22 Teachers' and State Employees' Retirement System of an amount equal to what ~~he~~ the member
23 would have contributed had ~~he~~ the member been a member on his or her first day of employment.

24 (e2) ~~On and after January 1, 1985, the~~ The creditable service of a member who was a
25 member of the Law-Enforcement Officers' Retirement System at the time of the transfer of
26 law-enforcement officers employed by the State from that System to this Retirement System and
27 whose accumulated contributions are transferred from that System to this Retirement System,
28 shall include service that was creditable in the Law-Enforcement Officers' Retirement System;
29 and membership service with that System shall be membership service with this Retirement
30 System; provided, notwithstanding any provision of this Article to the contrary, any inchoate or
31 accrued rights of such a member to purchase creditable service for military service, withdrawn
32 service and prior service under the rules and regulations of the Law-Enforcement Officers'
33 Retirement System shall not be diminished and may be purchased as creditable service with this
34 Retirement System under the same conditions which would have otherwise applied.

35 ...

36 (h) During periods when a member is on leave of absence and is receiving less than ~~his~~
37 the member's full compensation, ~~he~~ the member will be deemed to be in service only if ~~he~~ the
38 member is contributing to the Retirement System as provided in G.S. 135-8(b)(5). If ~~he~~ the
39 member is so contributing, the annual rate of compensation paid to such employee immediately
40 before the leave of absence began will be deemed to be the actual compensation rate of the
41 employee during the leave of absence.

42 (i) ~~Any person who became a member after June 30, 1947, and before July 1, 1955, and~~
43 ~~did not subsequently withdraw his contributions may, prior to his retirement, increase his~~
44 ~~creditable service to the extent of the period of time from the date he became a "teacher or~~
45 ~~employee" as the terms are defined in this Chapter to the date he became a member, but not~~
46 ~~exceeding three months immediately preceding membership, provided that he makes an~~
47 ~~additional contribution in one lump sum equal to five per centum (5%) of the compensation he~~
48 ~~received for the aforesaid period of time plus regular interest thereon from the date he became a~~
49 ~~member to the date of payment.~~

50 ...

1 (k) Notwithstanding any other provision of this Chapter, on or before December 31, 2018,
2 any person who withdrew his or her contributions in accordance with the provisions of
3 G.S. 128-27(f) or G.S. 135-5(f) or the rules and regulations of the Law-Enforcement Officers'
4 Retirement System and who subsequently returns to service may, upon completion of five years
5 of membership service, repay in a total lump sum any and all of the accumulated contributions
6 previously withdrawn with interest compounded annually at the rate of six and one-half percent
7 (6.5%) for each calendar year from the year of withdrawal to the year of repayment plus a fee to
8 cover expense of handling which shall be determined by the Board of Trustees, and receive credit
9 for the service forfeited at time of withdrawal. These provisions shall apply equally to retired
10 members who had attained five years of membership service prior to retirement. The retirement
11 allowance of a retired member who restores service under this subsection shall be increased the
12 month following the month payment is received. The increase in the retirement allowance shall
13 be the difference between the initial retirement allowance, under any optional allowance elected
14 at the time of retirement, and the amount of the retirement allowance, under any optional
15 allowance elected at the time of retirement, to which the retired member would have been entitled
16 had the service not been previously forfeited, adjusted by any increases in the retirement accrual
17 rate occurring between the member's date of retirement and the date of payment. The increase in
18 the retirement allowance shall not include any adjustment for cost-of-living increases granted
19 since the date of retirement.

20 Notwithstanding any provision to the contrary, on or before December 31, 2018, a law
21 enforcement officer who was transferred from the Law Enforcement Officers' Retirement System
22 to this Retirement System pursuant to Article 12C of Chapter 143 of the General Statutes and
23 withdrew his or her accumulated contributions prior to January 1, 1985, in accordance with
24 G.S. 128-27(f) or G.S. 135-5(f) for non-law enforcement service and who has five years or more
25 of membership service standing to his or her credit may repay in a total lump sum the
26 accumulated contributions previously withdrawn with interest compounded annually at the rate
27 of six and one-half percent (6.5%) for each calendar year from the year of withdrawal to the year
28 of repayment plus a fee to cover expense of handling which shall be determined by the Board of
29 Trustees, and receive credit for the service forfeited at time of withdrawal(s). The retirement
30 allowance of a retired member who restores service under this subsection shall be increased the
31 month following the month payment is received. The increase in the retirement allowance shall
32 be the difference between the initial retirement allowance, under any optional allowance elected
33 at the time of retirement, and the amount of the retirement allowance, under any optional
34 allowance elected at the time of retirement, to which the retired member would have been entitled
35 had the service not been previously forfeited, adjusted by any increases in the retirement accrual
36 rate occurring between the member's date of retirement and the date of payment. The increase in
37 the retirement allowance shall not include any adjustment for cost-of-living increases granted
38 since the date of retirement.

39 (k1) North Carolina Withdrawn Service Purchased On and After January 1, 2019. –
40 Notwithstanding any other provision of this Chapter to the contrary, on and after January 1, 2019,
41 any member who withdrew his or her contributions in accordance with the provisions of
42 G.S. 127-27(f) or G.S. 135-5(f) or the rules and regulations of the Law Enforcement Officers'
43 Retirement System, and who subsequently returns to service and completes five years of
44 membership service upon that return, while in service may purchase an amount of creditable
45 service totaling the amount of the membership service associated with the withdrawn
46 contributions, provided that the total of the creditable service purchased under this subsection
47 may not exceed five years. The member shall purchase this service by paying a lump sum amount
48 to the Annuity Savings Fund equal to the full liability increase due to the additional service credits
49 on the basis of the assumptions used for the purposes of the actuarial valuation of the liabilities
50 of the Retirement System, except for the following assumptions specific to this calculation: (i)
51 the allowance shall be assumed to commence at the earliest age at which the member could retire

1 on an unreduced retirement allowance and (ii) assumed annual postretirement allowance
2 increases as set by the Board of Trustees upon the advice of the consulting actuary. The
3 calculation of the amount payable shall also include an administrative fee to be set by the Board.

4 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
5 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
6 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
7 that the purchase is paid by the member, the cost paid by the member shall be credited to the
8 member's annuity savings account.

9 ...
10 (11) Notwithstanding any other provision of this Chapter, on or before December 31, 2018,
11 any member and any retired member as herein described may purchase creditable service
12 previously rendered to any state, territory, or other governmental subdivision of the United States
13 other than this State by paying a total lump-sum payment determined as follows:

14 (1) For members who completed 10 years of current membership service, and
15 retired members who completed 10 years of current membership service prior
16 to retirement, whose membership began on or before July 1, 1981, and who
17 make such purchase within three years after first becoming eligible, the cost
18 shall be an amount equal to the monthly compensation the member earned
19 when he first entered membership service, times the employee contribution
20 rate at that time, times the months of service to be purchased, times two, with
21 sufficient interest added thereto so as to equal the full cost of allowing such
22 service, plus an administrative fee to be set by the Board of Trustees.

23 (2) For members who complete five years of current membership service, and
24 retired members who complete five years of current membership service prior
25 to retirement, and eligible members and retired members covered by
26 subdivision (1) of this subsection, whose membership began on or before July
27 1, 1981, but who did not or do not make such purchase within three years after
28 first becoming eligible, the cost shall be an amount equal to the full liability
29 of the service credits calculated on the basis of the assumptions used for the
30 purposes of the actuarial valuation of the System's liabilities and shall take
31 into account the retirement allowance arising on account of the additional
32 service credits commencing at the earliest age at which the member could
33 retire on an unreduced allowance, as determined by the Board of Trustees
34 upon the advice of the consulting actuary, plus an administrative fee to be set
35 by the Board of Trustees. Notwithstanding the foregoing provisions of this
36 subsection that provide for the purchase of service credits, the term "full
37 liability" includes assumed postretirement allowance increases, as determined
38 by the Board of Trustees, from the earliest age at which a member could retire
39 on an unreduced service retirement allowance. Notwithstanding the
40 requirement of five years of current membership service, a member whose
41 membership began prior to the service the member desires to purchase shall
42 be eligible to purchase creditable service under this subdivision upon
43 returning to service as a teacher or employee upon completion of a total of
44 five years of membership service and upon completion of one year of current
45 membership service.

46 Current membership service shall mean membership service earned since the service
47 previously rendered to any state, territory, or other governmental subdivision of the United States
48 other than this State. Creditable service under this subsection shall be allowed only at the rate of
49 one year of out-of-state service for each year of membership service in this State, with a
50 maximum allowable of 10 years of out-of-state service. Such service is limited to full-time

1 service which would be allowable under the laws governing this System. Credit will be allowed
2 only if no benefit is allowable in another public retirement system as a result of the service.

3 (l2) Notwithstanding any provision of this Chapter to the contrary, on and after January
4 1, 2019, any member in service with five or more years of membership service may purchase
5 creditable service previously rendered to any state, territory, or other governmental subdivision
6 of the United States other than this State by paying a total lump sum payment. The amount of
7 creditable service purchased under this subsection may not exceed a total of five years. The
8 member shall purchase this service by paying a lump sum amount to the Annuity Savings Fund
9 equal to the full liability increase due to the additional service credits on the basis of the
10 assumptions used for the purposes of the actuarial valuation of the liabilities of the Retirement
11 System, except for the following assumptions specific to this calculation: (i) the allowance shall
12 be assumed to commence at the earliest age at which the member could retire on an unreduced
13 retirement allowance and (ii) assumed annual postretirement allowance increases as set by the
14 Board of Trustees upon the advice of the consulting actuary. The calculation of the amount
15 payable shall also include an administrative fee to be set by the Board.

16 Creditable service under this subsection shall be allowed only at the rate of one year of
17 out-of-state service for each year of membership service in this State, with a maximum allowable
18 of five years of out-of-state service. Such service is limited to full-time service that would be
19 allowable under the laws governing this Retirement System. Credit will be allowed only if no
20 benefit is allowable in another public retirement system as a result of the service.

21 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
22 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
23 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
24 that the purchase is paid by the member, the cost paid by the member shall be credited to the
25 member's annuity savings account.

26 ...

27 (p) Credit for prior temporary State employment. – Notwithstanding any other provision
28 of this Chapter, on or before December 31, 2018, a member may purchase service credit for
29 temporary State employment upon completion of 10 years of membership service and subject to
30 the condition that the member had been classified as a temporary employee for more than three
31 years. Each employer shall certify to the Board of Trustees that an employee is eligible to
32 purchase this service credit prior to the member making payment. Payment for the service credit
33 shall be in a single lump sum based upon the amount the member would have contributed if he
34 had been properly classified as a permanent employee and been a member of this retirement
35 system.

36 (p1) ~~Part-Time Service Credit.—~~

37 ~~(1) Notwithstanding any other provision of this Chapter, upon completion of five~~
38 ~~years of membership service, any member may purchase service previously~~
39 ~~rendered as a part-time teacher or employee of an employer as defined in~~
40 ~~G.S. 135-1(11) or G.S. 128-21(11), except for temporary or part-time service~~
41 ~~rendered while a full-time student in pursuit of a degree or diploma in a~~
42 ~~degree-granting program. Payment shall be made in a single lump sum in an~~
43 ~~amount equal to the full actuarial cost of providing credit for the service,~~
44 ~~together with interest and an administrative fee, as determined by the Board~~
45 ~~of Trustees on the advice of the Retirement System's actuary. Notwithstanding~~
46 ~~the provisions of G.S. 135-4(b), the Board of Trustees shall fix and determine~~
47 ~~by appropriate rules and regulations how much service in any year, as based~~
48 ~~on compensation, is equivalent to one year of service in proportion to~~
49 ~~"earnable compensation", but in no case shall more than one year of service~~
50 ~~be creditable for all service in one year. Service rendered for the regular school~~
51 ~~year in any district shall be equivalent to one year's service. Notwithstanding~~

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

6 (2) Under all requirements and conditions set forth in the preceding subdivision
7 of this subsection (p1), except for the requirement that the completion of five
8 years of membership service be subsequent to service rendered as a part-time
9 teacher or employee of the State, any member with five or more years of
10 membership service standing to his credit may purchase additional
11 membership service for service rendered as a part-time teacher or employee
12 of the State if (i) the member terminates or has terminated employment in any
13 capacity as a teacher or employee of the State, (ii) the purchase of the
14 additional membership service causes the member to become eligible to
15 commence an early or service retirement allowance, and (iii) the member
16 immediately elects to commence retirement and become a beneficiary.

17 (3) Under all the requirements and conditions set forth in subdivision (1) of this
18 subsection, except for the condition that part-time service rendered when a
19 full-time student in pursuit of a degree or diploma in a degree-granting
20 program is not eligible for purchase, any member with five or more years of
21 membership service standing to the member's credit may purchase creditable
22 service for service rendered as a part-time teacher or employee of the State if
23 that service was rendered on a permanent part-time basis and required at least
24 20 hours of service per week.

25 (p2) Part-Time Service Credit. – Notwithstanding any other provision of this Chapter to
26 the contrary, any member in service with five or more years of membership service may purchase
27 service previously rendered as a part-time teacher or employee of an employer, as defined in
28 G.S. 135-1(11) or G.S. 128-21(11), except the following service may not be purchased:

29 (1) Part-time service rendered as a bus driver to a public school while a full-time
30 high school student.

31 (2) Temporary or part-time service rendered while a full-time student in pursuit
32 of a degree or diploma in a degree-granting program, unless that service was
33 rendered on a permanent part-time basis and required at least 20 hours of
34 service per week.

35 Payment for service purchased under this subsection shall be made in a single lump sum in
36 an amount calculated by applying the ratio of actual gross compensation earned as a part-time
37 employee to the gross compensation that would have been earned as a full-time employee to the
38 period of service rendered in months. The member shall purchase this service by paying a lump
39 sum amount to the Annuity Savings Fund equal to the full liability increase due to the additional
40 service credits on the basis of the assumptions used for the purposes of the actuarial valuation of
41 the liabilities of the Retirement System, except for the following assumptions specific to this
42 calculation: (i) the allowance shall be assumed to commence at the earliest age at which the
43 member could retire on an unreduced retirement allowance and (ii) assumed annual
44 postretirement allowance increases as set by the Board of Trustees upon the advice of the
45 consulting actuary. The calculation of the amount payable shall also include an administrative
46 fee to be set by the Board.

47 The Board of Trustees shall adopt rules regarding how much service in any year, as based on
48 compensation, is equivalent to one year of service in proportion to earnable compensation, but
49 in no case shall more than one year of service be creditable for all service in one year. Service
50 rendered for the regular school year in any district shall be equivalent to one year of service.

1 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
2 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
3 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
4 that the purchase is paid by the member, the cost paid by the member shall be credited to the
5 member's annuity savings account.

6 ~~(q) Notwithstanding any other provision of this Chapter, any member who entered~~
7 ~~service or was restored to service prior to July 1, 1982, and was excluded from membership~~
8 ~~service solely on account of having attained the age of 62 years, in accordance with former~~
9 ~~G.S. 135-3(6), may purchase membership service credits of such excluded service by making a~~
10 ~~lump sum payment equal to the contributions that would have been deducted pursuant to~~
11 ~~G.S. 135-8(b) had he been a member of the Retirement System, increased by interest calculated~~
12 ~~at a rate of seven percent (7%) per annum.~~

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

17 ...

18 (3) Leaves of Absence Terminating On and After January 1, 1988. – The cost to
19 a member whose employer approved leave of absence, when in receipt of
20 benefits under the North Carolina Workers' Compensation Act, terminates
21 ~~upon or before a return to service~~ on and after January 1, 1988, shall be due
22 and payable to the Annuity Savings Fund within six months from ~~return to~~
23 ~~service~~ end of the leave of absence and shall be a lump sum amount equal to
24 the employee percentage rate of contribution in effect at the time of purchase
25 applied to the annual rate of compensation of the member immediately prior
26 to the leave of absence. For members electing to make this payment, the
27 member's employer which granted the leave of absence, or the member's
28 employer upon a return to service, or both, shall make a matching lump sum
29 payment to the Pension Accumulation Fund within six months from ~~return to~~
30 ~~service~~ the end of the leave of absence equal to the employer percentage rate
31 of contribution in effect at the time of purchase applied to the annual rate of
32 compensation of the member immediately prior to the leave of absence. Such
33 purchases of creditable service are applicable only when members have
34 membership service credits within 30 days prior to the leave of absence and
35 within 12 months following the leave of absence and such membership service
36 is creditable service at the time of purchase. Notwithstanding any other
37 provision of this subdivision, the cost to a member and to a member's
38 employer or former employer or both employers whose amount due is not paid
39 within six months from return to service shall be the amount due plus one
40 percent (1%) per month penalty for each month or fraction thereof that the
41 payment is made after the six-month period.

42 ~~Notwithstanding the requirement of this provision that a member return to~~
43 ~~service, a~~ A member who is in receipt of Workers' Compensation during the
44 period for which he or she would have otherwise been eligible to receive
45 short-term benefits as provided in G.S. 135-105 and who subsequently
46 becomes a beneficiary in receipt of a benefit as provided in G.S. 135-106 may
47 purchase creditable service for any period of employer approved leave of
48 absence when in receipt of benefits under the North Carolina Workers'
49 Compensation Act. The cost to purchase such creditable service shall be as
50 determined above provided the amount due if not paid within six months from
51 the beginning of the long-term disability period as determined in G.S. 135-106

1 shall be the amount due plus one percent (1%) per month penalty for each
2 month or fraction thereof that the payment is made after the six-month period.

3 Whenever the creditable service purchased pursuant to this subsection is
4 for a period that occurs during the four consecutive calendar years that would
5 have produced the highest average annual compensation pursuant to
6 G.S. 135-1(5) had the member not been on leave of absence without pay, then
7 the compensation that the member would have received during the purchased
8 period shall be included in calculating the member's average final
9 compensation. In such cases, the compensation that the member would have
10 received during the purchased period shall be based on the annual rate of
11 compensation of the member immediately prior to the leave of absence.

12 (s) Credit at Full Cost for Temporary Employment. – ~~In addition to the provisions of~~
13 ~~subsection (p) above, any~~ Any member in service with five or more years of membership service
14 may purchase creditable service for State employment when classified as a temporary teacher or
15 employee subject to all of the conditions that the following conditions:

- 16 (1) ~~Member~~ The member was employed by an employer as defined in
17 G.S. 135-1(11) or ~~G.S. 128-21(11);~~ G.S. 128-21(11).
- 18 (2) ~~Member's~~ The member's temporary employment met all other requirements
19 of G.S. 135-1(10) or (25), or ~~G.S. 128-21(10);~~ G.S. 128-21(10).
- 20 (3) ~~Member~~ The member has completed five years or more of membership
21 ~~service;~~ service.
- 22 (4) ~~Member acquires~~ The member has acquired from the employer such
23 certifications of temporary employment as are required by the Board of
24 ~~Trustees;~~ Trustees.
- 25 (5) ~~Member makes~~

26 The amount of creditable service purchased under this subsection may not exceed a total of
27 five years. A member shall purchase this service by making a lump sum payment into the Annuity
28 Savings Fund equal to the full liability of the service credits calculated on the basis of the
29 assumptions used for purposes of the actuarial valuation of the Retirement System's liabilities
30 and shall take into account the retirement allowance arising on account of the additional service
31 credit commencing at the earliest age at which the member could retire on an unreduced
32 retirement allowance, as determined by the Board of Trustees upon the advice of the actuary,
33 plus an administrative expense fee to be determined by the Board of Trustees. Notwithstanding
34 the foregoing provisions of this subdivision that provide for the purchase of service credits, the
35 terms "full cost", "full liability", and "full actuarial cost" include assumed annual post retirement
36 allowance increases, as determined by the Board of Trustees, from the earliest age at which a
37 member could retire on an unreduced service allowance increase due to the additional service
38 credits on the basis of the assumptions used for the purposes of the actuarial valuation of the
39 liabilities of the Retirement System, except for the following assumptions specific to this
40 calculation: (i) the allowance shall be assumed to commence at the earliest age at which the
41 member could retire on an unreduced retirement allowance and (ii) assumed annual
42 postretirement allowance increases as set by the Board of Trustees upon the advice of the
43 consulting actuary. The calculation of the amount payable shall also include an administrative
44 fee to be set by the Board.

45 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
46 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
47 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
48 that the purchase is paid by the member, the cost paid by the member shall be credited to the
49 member's annuity savings account.

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

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

19 (u) ~~Any member who was a wildlife protector who elected to become a member of the~~
20 ~~Law Enforcement Officers' Retirement System pursuant to Chapter 837 of the 1971 Session Laws~~
21 ~~by the transfer of accumulated contributions from this Retirement System to the Law~~
22 ~~Enforcement Officers' Retirement System and who has not subsequently applied for and received~~
23 ~~a return of accumulated contributions shall be entitled to creditable service for the service as a~~
24 ~~non-law enforcement officer forfeited as a result of the transfer pursuant to Chapter 837 of the~~
25 ~~1971 Session Laws.~~

26 ...
27 (w) ~~Credit at Full Cost for Federal Employment. — Notwithstanding any other provisions~~
28 ~~of this Chapter, a member, upon the completion of five years of membership service, member in~~
29 ~~service with five or more years of membership service may purchase creditable service for~~
30 ~~periods of federal employment, provided that the member is not receiving any retirement benefits~~
31 ~~resulting from this federal employment, and provided that the member is not vested in the~~
32 ~~particular federal retirement system to which the member may have belonged while a federal~~
33 ~~employee. The amount of creditable service purchased under this subsection may not exceed a~~
34 ~~total of five years. The member shall purchase this service by making a lump sum amount payable~~
35 ~~to the Annuity Savings Fund equal to the full liability of the service credits calculated on the~~
36 ~~basis of the assumptions used for purposes of the actuarial valuation of the system's liabilities,~~
37 ~~and shall take into account the retirement allowance arising on account of the additional service~~
38 ~~credit commencing at the earliest age at which the member could retire on an unreduced~~
39 ~~retirement allowance, as determined by the Board of Trustees upon the advice of the consulting~~
40 ~~actuary, plus an administrative fee to be set by the Board of Trustees. Notwithstanding the~~
41 ~~foregoing provisions of this subsection that provide for the purchase of service credits, the terms~~
42 ~~"full cost", "full liability", and "full actuarial cost" include assumed annual post-retirement~~
43 ~~allowance increases, as determined by the Board of Trustees, from the earliest age at which a~~
44 ~~member could retire on an unreduced service allowance. increase due to the additional service~~
45 ~~credits on the basis of the assumptions used for the purposes of the actuarial valuation of the~~
46 ~~liabilities of the Retirement System, except for the following assumptions specific to this~~
47 ~~calculation: (i) the allowance shall be assumed to commence at the earliest age at which the~~
48 ~~member could retire on an unreduced retirement allowance and (ii) assumed annual~~
49 ~~postretirement allowance increases as set by the Board of Trustees upon the advice of the~~
50 ~~consulting actuary. The calculation of the amount payable shall also include an administrative~~
51 ~~fee to be set by the Board.~~

1 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
2 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
3 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
4 that the purchase is paid by the member, the cost paid by the member shall be credited to the
5 member's annuity savings account.

6 ~~Members~~ On or before December 31, 2018, members in service may also purchase creditable
7 service for periods of employment with public community service entities within the State funded
8 entirely with federal funds, other than the federal government, that are not covered by the
9 provisions of G.S. 128-21(11) or G.S. 135-1(11), under the same terms and conditions that are
10 applicable to the purchase of creditable service for periods of federal employment in accordance
11 with this subsection. "Public community service entities" as used in this subsection shall mean
12 community action, human relations, manpower development, and community development
13 programs as defined in Articles 19 and 21 of Chapter 160A and Article 18 of Chapter 153A of
14 the General Statutes and any other similar programs that the Board of Trustees may
15 adopt. ~~Statutes.~~

16 ...
17 (z) Credit at Full Cost for Leave Due to Extended Illness. – Any member in service with
18 five or more years of membership service ~~standing to his credit~~ may purchase creditable service
19 for periods of interrupted service while on leave without pay status due to the member's illness
20 or injury, excluding leave due to maternity, provided that any single such interrupted service
21 shall have included such period of time during which the member failed to earn at least two
22 months membership service, by making a lump sum amount payable to the Annuity Savings
23 Fund equal to the full liability ~~of the service credits calculated on the basis of the assumptions~~
24 used for purposes of the actuarial valuation of the system's liabilities; and the calculation of the
25 amount payable 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 retire on an
27 unreduced retirement allowance, as determined by the Board of Trustees upon the advice of the
28 consulting actuary, plus an administrative fee to be set by the Board of Trustees. Notwithstanding
29 the foregoing provisions of this subsection that provide for the purchase of service credits, the
30 terms "full cost", "full liability", and "full actuarial cost" include assumed annual post retirement
31 allowance increases, as determined by the Board of Trustees, from the earliest age at which a
32 member could retire on an unreduced service allowance. ~~increase due to the additional service~~
33 credits on the basis of the assumptions used for the purposes of the actuarial valuation of the
34 liabilities of the Retirement System, except for the following assumptions specific to this
35 calculation: (i) the allowance shall be assumed to commence at the earliest age at which the
36 member could retire on an unreduced retirement allowance and (ii) assumed annual
37 postretirement allowance increases as set by the Board of Trustees upon the advice of the
38 consulting actuary. The calculation of the amount payable shall also include an administrative
39 fee to be set by the Board. The amount of creditable service purchased under this subsection may
40 not exceed a total of five years.

41 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
42 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
43 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
44 that the purchase is paid by the member, the cost paid by the member shall be credited to the
45 member's annuity savings account.

46 (aa) Credit at Full Cost for ~~Maternity Leave~~ Parental Leave, Pregnancy or
47 Childbirth-Related Leave, or Certain Involuntary Furloughs. – Notwithstanding other provisions
48 of this Chapter, any member in service with five or more years of credited membership service
49 may purchase creditable service for periods of service which were interrupted due to parental
50 leave, pregnancy or childbirth, or involuntary administrative furlough due to a lack of funds to
51 support the position by making a lump sum amount payable to the Annuity Savings Fund equal

1 to the full liability of the service credits calculated on the basis of the assumptions used for
2 purposes of the actuarial valuation of the system's liabilities; and the calculation of the amount
3 payable shall take into account the retirement allowance arising on account of the additional
4 service 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 consulting
6 actuary, plus an administrative fee to be set by the Board of Trustees. Creditable service
7 purchased under this subsection may not exceed six months per parental leave, pregnancy or
8 childbirth, or involuntary administrative furlough due to a lack of funds to support the position.
9 Notwithstanding the foregoing provisions of this subsection that provide for the purchase of
10 service credits, the term "full liability" includes assumed annual postretirement allowance
11 increases, as determined by the Board of Trustees, from the earliest age at which a member could
12 retire on an unreduced service allowance. increase due to the additional service credits on the
13 basis of the assumptions used for the purposes of the actuarial valuation of the liabilities of the
14 Retirement System, except for the following assumptions specific to this calculation: (i) the
15 allowance shall be assumed to commence at the earliest age at which the member could retire on
16 an unreduced retirement allowance and (ii) assumed annual postretirement allowance increases
17 as set by the Board of Trustees upon the advice of the consulting actuary. The calculation of the
18 amount payable shall also include an administrative fee to be set by the Board. The amount of
19 creditable service purchased under this subsection may not exceed a total of five years.

20 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
21 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
22 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
23 that the purchase is paid by the member, the cost paid by the member shall be credited to the
24 member's annuity savings account.

25 (bb) Credit at Full Cost for Probationary Local Government Employment.Employment
26 Purchased On or Before December 31, 2018. – Notwithstanding any other provision of this
27 Chapter, on or before December 31, 2018, a member may purchase creditable service, prior to
28 retirement, for employment with any local employer as defined in G.S. 128-21(11) when
29 considered to be in a probationary or employer-imposed waiting period status, between the date
30 of employment and the date of membership service with the Local Governmental Employees'
31 Retirement System, provided that the former employer of such a member has revoked this
32 probationary employment or waiting period policy.

33 The member shall purchase this service by making a lump-sum amount payable to the
34 Annuity Savings Fund equal to the full liability of the service credits calculated on the basis of
35 the assumptions used for purposes of the actuarial valuation of the liabilities of the retirement
36 system, and the calculation of the amount payable shall take into account the retirement
37 allowance arising on account of the additional service credit commencing at the earliest age at
38 which the member could retire on an unreduced retirement allowance, as determined by the
39 Board of Trustees upon the advice of the consulting actuary, plus an administrative fee to be set
40 by the Board of Trustees. Notwithstanding the provisions of this subsection that provide for the
41 purchase of service credits, the term "full liability" includes assumed annual postretirement
42 allowance 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 (bb1) Credit at Full Cost for Probationary Local Government Employment Purchased On
45 and After January 1, 2019. – Notwithstanding any other provision of this Chapter, on and after
46 January 1, 2019, a member may purchase creditable service, prior to retirement, for employment
47 with any local employer as defined in G.S. 128-21(11) when considered to be in a probationary
48 or employer-imposed waiting period status, between the date of employment and the date of
49 membership service with the Local Governmental Employees' Retirement System.

50 The member shall purchase this service by making a lump sum amount payable to the
51 Annuity Savings Fund equal to the full liability increase due to the additional service credits on

1 the basis of the assumptions used for the purposes of the actuarial valuation of the liabilities of
 2 the Retirement System, except for the following assumptions specific to this calculation: (i) the
 3 allowance shall be assumed to commence at the earliest age at which the member could retire on
 4 an unreduced retirement allowance and (ii) assumed annual postretirement allowance increases
 5 as set by the Board of Trustees upon the advice of the consulting actuary. The calculation of the
 6 amount payable shall also include an administrative fee to be set by the Board.

7 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
 8 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
 9 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
 10 that the purchase is paid by the member, the cost paid by the member shall be credited to the
 11 member's annuity savings account.

12 ...
 13 (hh) Credit at Full Cost for Service With The University of North Carolina During Which
 14 a Member Participated in the Optional Retirement Program. – Notwithstanding any other
 15 provisions of this Chapter, a member upon the completion of five years of membership service
 16 Chapter to the contrary, any member in service with five or more years of membership service
 17 may purchase creditable service for periods of employment with The University of North
 18 Carolina during which the member participated in the Optional Retirement Program as provided
 19 for in G.S. 135-5.1, provided that the member is not receiving, and is not entitled to receive, any
 20 retirement benefits resulting from this employment. The amount of creditable service purchased
 21 under this subsection may not exceed a total of five years. The member shall purchase this service
 22 by making a lump-sum amount payable to the Annuity Savings Fund equal to the full liability of
 23 the service credits calculated on the basis of the assumptions used for purposes of the actuarial
 24 valuation of the system's liabilities and shall take into account the retirement allowance arising
 25 on account of the additional service credit commencing at the earliest age at which the member
 26 could retire on an unreduced retirement allowance, as determined by the Board of Trustees upon
 27 the advice of the consulting actuary, plus an administrative fee to be set by the Board of Trustees.
 28 Notwithstanding the foregoing provisions of this subsection that provide for the purchase of
 29 service credits, the terms "full cost," "full liability," and "full actuarial cost" include assumed
 30 annual postretirement allowance increases, as determined by the Board of Trustees, from the
 31 earliest age at which a member could retire on an unreduced service allowance.increase due to
 32 the additional service credits on the basis of the assumptions used for the purposes of the actuarial
 33 valuation of the liabilities of the Retirement System, except for the following assumptions
 34 specific to this calculation: (i) the allowance shall be assumed to commence at the earliest age at
 35 which the member could retire on an unreduced retirement allowance and (ii) assumed annual
 36 postretirement allowance increases as set by the Board of Trustees upon the advice of the
 37 consulting actuary. The calculation of the amount payable shall also include an administrative
 38 fee to be set by the Board.

39 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
 40 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
 41 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
 42 that the purchase is paid by the member, the cost paid by the member shall be credited to the
 43 member's annuity savings account.

44"

45 **SECTION 5.(b)** G.S. 128-26 reads as rewritten:
 46 **"§ 128-26. Allowance for service.**

47 ...
 48 (b) The Board of Trustees shall fix and determine by appropriate rules and regulations
 49 how much service in any year is equivalent to one year of service, but in In no case shall more
 50 than one year of service be creditable for all service in one calendar year.

1 ~~(c) Subject to the above restrictions and to such other rules and regulations as the Board~~
2 ~~of Trustees may adopt, the Board of Trustees shall verify, as soon as practicable after the filing~~
3 ~~of such statements of service, the service therein claimed.~~

4 ~~In lieu of a determination of the actual compensation of the members that was received during~~
5 ~~such period of prior service, the Board of Trustees may use for the purpose of this Article the~~
6 ~~compensation rates which if they had progressed with the rates of salary increase shown in the~~
7 ~~tables as prescribed in subsection (o) of G.S. 128-28 would have resulted in the same average~~
8 ~~salary of the member for the five years immediately preceding the date of participation of his~~
9 ~~employer, as the records show the member actually received.~~

10 ~~(d) Any member may, up to his date of retirement and within one year thereafter, request~~
11 ~~the Board of Trustees to modify or correct his prior service credit.~~

12 (e) Creditable service at retirement on which the retirement allowance of a member shall
13 be based shall consist of the membership service rendered by the member since he or she last
14 became a member, and also if the member has a prior service certificate which is in full force
15 and effect, the amount of the service certified on the prior service certificate; and if the member
16 has sick leave standing to the member's credit upon retirement on or after July 1, 1971, one month
17 of credit for each 20 days or portion thereof, but not less than one hour; sick leave shall not be
18 counted in computing creditable service for the purpose of determining eligibility for disability
19 retirement or for a vested deferred allowance. Creditable service for unused sick leave shall be
20 allowed only for sick leave accrued monthly during employment under a duly adopted sick leave
21 policy and for which the member may be able to take credits and be paid for sick leave without
22 restriction. However, in no instance shall unused sick leave be credited to a member's account at
23 retirement if the member's last day of actual service is more than 365 days prior to the effective
24 date of the member's retirement. Days of sick leave standing to a member's credit at retirement
25 shall be determined by dividing the member's total hours of sick leave at retirement by the hours
26 per month such leave was awarded under the employer's duly adopted sick leave policy as the
27 policy applied to the member when the leave was accrued.

28 ~~On and after July 1, 1971, a member whose account was closed on account of absence from~~
29 ~~service under the provisions of G.S. 128-24(1a) and who subsequently returns to service for a~~
30 ~~period of five years, may thereafter repay the amount withdrawn plus regular interest thereon~~
31 ~~from the date of withdrawal through the year of repayment and thereby increase his creditable~~
32 ~~service by the amount of creditable service lost when this account was closed.~~

33 ~~On and after July 1, 1973, a member whose account in the Teachers' and State Employees'~~
34 ~~Retirement System was closed on account of absence from service under the provisions of~~
35 ~~G.S. 135-3(3) and who subsequently became or becomes a member of this System with credit~~
36 ~~for five years of service, may thereafter repay in a lump sum the amount withdrawn from the~~
37 ~~Teachers' and State Employees' Retirement System plus regular interest thereon from the date of~~
38 ~~withdrawal through the year of repayment and thereby increase his creditable service in this~~
39 ~~System by the amount of creditable service lost when his account was closed.~~

40 ~~Notwithstanding any other provision of this Chapter, any member who entered service or was~~
41 ~~restored to service prior to July 1, 1982, and was excluded from membership service solely on~~
42 ~~account of having attained the age of 62 years, in accordance with former G.S. 128-24(3a), may~~
43 ~~purchase membership service credits for such excluded service by making a lump sum payment~~
44 ~~equal to the contributions that would have been deducted pursuant to G.S. 128-30(b) had he been~~
45 ~~a member of the Retirement System, increased by interest calculated at a rate of seven percent~~
46 ~~(7%) per annum.~~

47 (e1) On and after January 1, 1986, the creditable service of a member who was a member
48 of the Law Enforcement Officers' Retirement System at the time of the transfer of law
49 enforcement officers employed by participating employers from that System to this Retirement
50 System and whose accumulated contributions are transferred from that System to this Retirement
51 System, includes service that was creditable in the Law Enforcement Officers' Retirement

1 System; and membership service with that System is membership service with this Retirement
2 System; provided, notwithstanding any provisions of this Article to the contrary, any inchoate or
3 accrued rights of such a member to purchase creditable service for military service, withdrawn
4 service and prior service under the rules and regulations of the Law Enforcement Officers'
5 Retirement System may not be diminished and may be purchased as creditable service with this
6 Retirement System under the same conditions that would have otherwise applied.

7 ~~(f) Effective January 1, 1955, there shall be three classes of prior service certificates, to
8 be designated as Class A, Class B and Class C respectively. Each such certificate issued on
9 account of service rendered to a Class A employer shall be a Class A prior service certificate;
10 each such certificate issued on account of service rendered to a Class B employer shall be a Class
11 B prior service certificate; and each such certificate issued on account of service rendered to a
12 Class C employer shall be a Class C prior service certificate. Each Class C prior service certificate
13 shall specify a prior service benefit percentage rate which shall be three per centum (3%) in the
14 case of any member entitled to such certificate who is, at the date of participation of his employer,
15 in a position covered by the Social Security Act under a federal State agreement and which shall
16 be five per centum (5%) in the case of a member entitled to such certificate but who at the date
17 of participation of his employer is in a position not so covered.~~

18 ...

19 (i) Notwithstanding any other provision of this Chapter, on or before December 31, 2018,
20 any person who withdrew his or her contributions in accordance with the provisions of
21 G.S. 128-27(f) or 135-5(f) or the rules and regulations of the Law Enforcement Officers'
22 Retirement System and who subsequently returns to service may, upon completion of five years
23 of prior and current membership service, repay in a total lump sum any and all of the accumulated
24 contributions previously withdrawn with interest compounded annually at the rate of six and
25 one-half percent (6.5%) for each calendar year from the year of withdrawal to the year of
26 repayment plus a fee to cover expense of handling which shall be determined by the Board of
27 Trustees, and receive credit for the service forfeited at time of withdrawal(s). These provisions
28 shall apply equally to retired members who had attained five years of prior and current
29 membership service prior to retirement. The retirement allowance of a retired member who
30 restores service under this subsection shall be increased the month following the month payment
31 is received. The increase in the retirement allowance shall be the difference between the initial
32 retirement allowance, under any optional allowance elected at the time of retirement, and the
33 amount of the retirement allowance, under any optional allowance elected at the time of
34 retirement, to which the retired member would have been entitled had the service not been
35 previously forfeited, adjusted by any increases in the retirement accrual rate occurring between
36 the member's date of retirement and the date of payment. The increase in the retirement allowance
37 shall not include any adjustment for cost-of-living increases granted since the date of retirement.

38 (i1) North Carolina Withdrawn Service Purchased On and After January 1, 2019. –
39 Notwithstanding any other provision of this Article to the contrary, on and after January 1, 2019,
40 any member who withdrew his or her contributions in accordance with the provisions of
41 G.S. 128-27(f) or G.S. 135-5(f) or the rules of the Law Enforcement Officer's Retirement System,
42 and who subsequently returns to service and completes five years of membership service upon
43 that return, while in service may purchase an amount of creditable service totaling the amount of
44 the membership service associated with the withdrawn contributions, provided that the total of
45 the creditable service purchased under this subsection may not exceed a total of five years. The
46 member shall purchase this service by paying a lump sum amount to the Annuity Savings Fund
47 equal to the full liability increase due to the additional service credits on the basis of the
48 assumptions used for the purposes of the actuarial valuation of the liabilities of the Retirement
49 System, except for the following assumptions specific to this calculation: (i) the allowance shall
50 be assumed to commence at the earliest age at which the member could retire on an unreduced
51 retirement allowance and (ii) assumed annual postretirement allowance increases as set by the

1 Board of Trustees upon the advice of the consulting actuary. The calculation of the amount
2 payable shall also include an administrative fee to be set by the Board.

3 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
4 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
5 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
6 that the purchase is paid by the member, the cost paid by the member shall be credited to the
7 member's annuity savings account.

8 ...
9 (j2) Notwithstanding any other provision of this Chapter, on or before December 31, 2018,
10 any member and any retired member as herein described may purchase creditable service
11 previously rendered to any state, territory, or other governmental subdivision of the United States
12 other than this State by paying a total lump-sum payment determined as follows:

13 (1) For members who completed 10 years of prior and current membership
14 service, and retired members who completed 10 years of prior and current
15 membership service prior to retirement, and whose membership began on or
16 before January 1, 1988, and who make such purchase within three years after
17 first becoming eligible, the cost shall be an amount equal to the monthly
18 compensation the member earned when he first entered membership service,
19 times the employee contribution rate at that time, times the months of service
20 to be purchased, times two, with sufficient interest added thereto so as to equal
21 the full cost of allowing such service, plus an administrative fee to be set by
22 the Board of Trustees.

23 (2) For members who complete five years of prior and current membership
24 service, and retired members who complete five years of prior and current
25 membership service prior to retirement, and eligible members and retired
26 members covered by subdivision (1) of this subsection, whose membership
27 began on or before January 1, 1988, but who did not or do not make such
28 purchase within three years after first becoming eligible, the cost shall be an
29 amount equal to the full liability of the service credits calculated on the basis
30 of the assumptions used for the purposes of the actuarial valuation of the
31 System's liabilities and shall take into account the retirement allowance arising
32 on account of the additional service credits commencing at the earliest age at
33 which the member could retire on an unreduced allowance, as determined by
34 the Board of Trustees upon the advice of the consulting actuary, plus an
35 administrative fee to be set by the Board of Trustees. Notwithstanding the
36 foregoing provisions of this subsection that provide for the purchase of service
37 credits, the term "full liability" includes assumed postretirement allowance
38 increases, as determined by the Board of Trustees, from the earliest age at
39 which a member could retire on an unreduced service retirement allowance.
40 Notwithstanding the requirement of five years of current membership service,
41 a member whose membership began prior to the service the member desires
42 to purchase shall be eligible to purchase creditable service under this
43 subdivision upon returning to service as an employee upon completion of a
44 total of five years of membership service and upon completion of one year of
45 current membership service.

46 Current membership service shall mean membership service earned since the service
47 previously rendered to any state, territory, or other governmental subdivision of the United States
48 other than this State. Creditable service under this subsection shall be allowed only at the rate of
49 one year of out-of-state service for each year of service in this State, with a maximum allowable
50 of 10 years of out-of-state service. Such service is limited to full-time service which would be

1 allowable under the laws governing this System. Credit will be allowed only if no benefit is
2 allowable in another public retirement system as a result of the service.

3 (j3) Notwithstanding any provision of this Article to the contrary, on and after January 1,
4 2019, any member in service with five or more years of membership service may purchase
5 creditable service previously rendered to any state, territory, or other governmental subdivision
6 of the United States other than this State by paying a total lump sum payment. The amount of
7 creditable service purchased under this subsection may not exceed a total of five years. The
8 member shall purchase this service by paying a lump sum amount to the Annuity Savings Fund
9 equal to the full liability increase due to the additional service credits on the basis of the
10 assumptions used for the purposes of the actuarial valuation of the liabilities of the Retirement
11 System, except for the following assumptions specific to this calculation: (i) the allowance shall
12 be assumed to commence at the earliest age at which the member could retire on an unreduced
13 retirement allowance and (ii) assumed annual postretirement allowance increases as set by the
14 Board of Trustees upon the advice of the consulting actuary. The increases as set by the Board
15 of Trustees upon the advice of the consulting actuary shall also include an administrative fee to
16 be set by the Board.

17 Creditable service under this subsection shall be allowed only at the rate of one year of
18 out-of-state service for each year of membership service in this State, with a maximum allowable
19 of five years of out-of-state service. Such service is limited to full-time service that would be
20 allowable under the laws governing this Retirement System. Credit will be allowed only if no
21 benefit is allowable in another public retirement system as a result of the service.

22 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
23 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
24 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
25 that the purchase is paid by the member, the cost paid by the member shall be credited to the
26 member's annuity savings account.

27 ...

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

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

45 Whenever the creditable service purchased pursuant to this subsection is for a period that
46 occurs during the four consecutive calendar years that would have produced the highest average
47 annual compensation pursuant to G.S. 128-21(5) had the member not been on leave of absence
48 without pay, then the compensation that the member would have received during the purchased
49 period shall be included in calculating the member's average final compensation. In such cases,
50 the compensation that the member would have received during the purchased period shall be

1 based on the annual rate of compensation of the member immediately prior to the leave of
2 absence.

3 In the case of a law enforcement officer electing to purchase service under this section who
4 is in receipt of benefits under the North Carolina Workers' Compensation Act due to serious
5 bodily injury suffered in the line of duty as a result of an intentional or unlawful act of another,
6 as certified by the head of the employing law enforcement agency, and whose approved leave of
7 absence terminates on or before a return to service on and after August 1, 2006, the employer
8 percentage rate of contribution payable under subdivision (2) of this subsection shall be made by
9 the employer that granted the leave of absence. The cost to the law enforcement officer shall be
10 reduced by the amount paid by the employer. For purposes of this subsection, "serious bodily
11 injury" means bodily injury that creates a substantial risk of death, or that causes serious
12 permanent disfigurement, coma, a permanent or protracted condition that causes extreme pain,
13 or permanent or protracted loss or impairment of the function of any bodily member or organ, or
14 that results in prolonged hospitalization.

15 Nothing in this subsection prevents an employer from voluntarily paying all or a part of the
16 employee portion of the total cost of the service credit purchased, and the employer does not
17 discriminate against any eligible law enforcement officer in this subsection employed by the
18 employer by paying that portion of cost. To the extent paid by the employer, the employee portion
19 paid by the employer shall be credited to the Pension Accumulation Fund; to the extent paid by
20 the member, the employee portion paid by the member shall be credited to the member's annuity
21 savings account. A member shall pay any part of the employee portion of the total cost not paid
22 by the employer.

23 ...

24 (o) ~~Credit at Full Cost for Federal Employment. – Notwithstanding any other provisions~~
25 ~~of this Chapter, a member, upon the completion of five years of membership service, member in~~
26 ~~service with five or more years of membership service may purchase creditable service for~~
27 ~~periods of federal employment, provided that the member is not receiving any retirement benefits~~
28 ~~resulting from this federal employment, and provided that the member is not vested in the~~
29 ~~particular federal retirement system to which the member may have belonged while a federal~~
30 ~~employee. The amount of creditable service purchased under this subsection may not exceed a~~
31 ~~total of five years. The member shall purchase this service by making a lump sum amount payable~~
32 ~~to the Annuity Savings Fund equal to the full liability of the service credits calculated on the~~
33 ~~basis of the assumptions used for purposes of the actuarial valuation of the liabilities of the~~
34 ~~Retirement System; and the calculation of the amount payable shall take into account the~~
35 ~~retirement allowance arising on account of the additional service credit commencing at the~~
36 ~~earliest age at which the member could retire on an unreduced retirement allowance, as~~
37 ~~determined by the Board of Trustees upon the advice of the consulting actuary, plus an~~
38 ~~administrative fee to be set by the Board of Trustees. increase due to the additional service credits~~
39 ~~on the basis of the assumptions used for the purposes of the actuarial valuation of the liabilities~~
40 ~~of the Retirement System, except for the following assumptions specific to this calculation: (i)~~
41 ~~the allowance shall be assumed to commence at the earliest age at which the member could retire~~
42 ~~on an unreduced retirement allowance and (ii) assumed annual postretirement allowance~~
43 ~~increases as set by the Board of Trustees upon the advice of the consulting actuary. The~~
44 ~~calculation of the amount payable shall also include an administrative fee to be set by the Board.~~

45 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
46 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
47 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
48 that the purchase is paid by the member, the cost paid by the member shall be credited to the
49 member's annuity savings account.

50 Members—On or before December 31, 2018, members may also purchase creditable service
51 for periods of employment with public community service entities within the State funded

1 entirely with federal funds, other than the federal government, that are not covered by the
2 provisions of G.S. 128-21(11) or G.S. 135-1(11), under the same terms and conditions that are
3 applicable to the purchase of creditable service for periods of federal employment in accordance
4 with this subsection. "Public community service entities" as used in this subsection shall mean
5 community action, human relations, manpower development, and community development
6 programs as defined in Articles 19 and 21 of Chapter 160A and Article 18 of Chapter 153A of
7 the General Statutes and any other similar programs that the Board of Trustees may adopt.
8 Notwithstanding the foregoing provisions of this subsection that provide for the purchase of
9 service credits, the terms "full cost", "full liability", and "full actuarial cost" include assumed
10 annual post-retirement allowance increases, as determined by the Board of Trustees, from the
11 earliest age at which a member could retire on an unreduced service allowance. Statutes.

12 (p) ~~Part-Time Service Credit.~~

13 (1) ~~Notwithstanding any other provision of this Chapter, upon completion of five~~
14 ~~years of membership service, any member may purchase service previously~~
15 ~~rendered as a part time employee of a participating employer as defined in~~
16 ~~G.S. 128-21(11) or G.S. 135-1(11), except for temporary or part-time service~~
17 ~~rendered while a full-time student in pursuit of a degree or diploma in a~~
18 ~~degree-granting program. Payment shall be made in a single lump sum in an~~
19 ~~amount equal to the full actuarial cost of providing credit for the service,~~
20 ~~together with interest and an administrative fee, as determined by the Board~~
21 ~~of Trustees on the advice of the Retirement System's actuary. Notwithstanding~~
22 ~~the provisions of G.S. 128-26(b), the Board of Trustees shall fix and determine~~
23 ~~by appropriate rules and regulations how much service in any year, as based~~
24 ~~on compensation, is equivalent to one year of service in proportion to~~
25 ~~"earnable compensation", but in no case shall more than one year of service~~
26 ~~be creditable for all service in one year. Notwithstanding the foregoing~~
27 ~~provisions of this subdivision that provide for the purchase of service credits,~~
28 ~~the terms "full cost", "full liability", and "full actuarial cost" include assumed~~
29 ~~annual post-retirement allowance increases, as determined by the Board of~~
30 ~~Trustees, from the earliest age at which a member could retire on an unreduced~~
31 ~~service allowance.~~

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

43 (p1) Part-Time Service Credit. – Notwithstanding any other provision of this Article to the
44 contrary, any member in service with five or more years of membership service may purchase
45 service previously rendered as a part-time teacher or employee of an employer, as defined in
46 G.S. 135-1(11) or G.S. 128-21(11), except the following service may not be purchased:

47 (1) Part-time service rendered as a bus driver to a public school while a full-time
48 high school student.

49 (2) Temporary or part-time service rendered while a full-time student in pursuit
50 of a degree or diploma in a degree-granting program, unless that service was

1 rendered on a permanent part-time basis and required at least 20 hours of
2 service per week.

3 Payment for service purchased under this subsection shall be made in a single lump sum in
4 an amount calculated by applying the ratio of actual gross compensation earned as a part-time
5 employee to the gross compensation that would have been earned as a full-time employee to the
6 period of service rendered in months. The member shall purchase this service by paying a lump
7 sum amount to the Annuity Savings Fund equal to the full liability increase due to the additional
8 service credits on the basis of the assumptions used for the purposes of the actuarial valuation of
9 the liabilities of the Retirement System, except for the following assumptions specific to this
10 calculation: (i) the allowance shall be assumed to commence at the earliest age at which the
11 member could retire on an unreduced retirement allowance and (ii) assumed annual
12 postretirement allowance increases as set by the Board of Trustees upon the advice of the
13 consulting actuary. The calculation of the amount payable shall also include an administrative
14 fee to be set by the Board.

15 The Board of Trustees shall adopt rules regarding how much service in any year, as based on
16 compensation, is equivalent to one year of service in proportion to earnable compensation, but
17 in no case shall more than one year of service be creditable for all service in one year. Service
18 rendered for the regular school year in any district shall be equivalent to one year of service.

19 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
20 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
21 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
22 that the purchase is paid by the member, the cost paid by the member shall be credited to the
23 member's annuity savings account.

24 (q) Credit at Full Cost for Probationary ~~Employment~~ Employment Purchased On or
25 Before December 31, 2018. – Notwithstanding any other provision of this Chapter, on or before
26 December 31, 2018, a member may purchase creditable service, prior to retirement, for
27 employment with an employer as defined in this Article when considered to be in a probationary
28 or employer imposed waiting period status and thereby not regularly employed, between date of
29 employment and date of membership service with the retirement system, provided that the
30 employer or former employer of such a member has revoked this probationary employment or
31 waiting period policy.

32 Provided, the member shall purchase this service by making a lump sum amount payable to
33 the Annuity Savings Fund equal to the full liability of the service credits calculated on the basis
34 of the assumptions used for purposes of the actuarial valuation of the liabilities of the retirement
35 system, and the calculation of the amount payable shall take into account the retirement
36 allowance arising on account of the additional service credit commencing at the earliest age at
37 which the member could retire on an unreduced retirement allowance, as determined by the
38 Board of Trustees upon the advice of the consulting actuary, plus an administrative fee to be set
39 by the Board of Trustees. In no instance shall the amount payable be less than the contributions
40 a member would have made during the employment plus four percent (4%) interest compounded
41 annually.

42 Notwithstanding the foregoing provisions of this subsection that provide for the purchase of
43 service credits, the terms "full cost", "full liability", and "full actuarial cost" include assumed
44 annual post-retirement allowance increases, as determined by the Board of Trustees, from the
45 earliest age at which a member could retire on an unreduced service allowance.

46 Nothing contained in this subsection shall prevent an employer or member from paying all
47 or a part of the cost of the probationary employment; and to the extent paid by the employer, the
48 cost paid by the employer shall be credited to the pension accumulation fund; and to the extent
49 paid by the member, the cost paid by the member shall be credited to the member's annuity
50 savings account; provided, however, an employer does not discriminate against any member or
51 group of members in its current employ in paying all or any part of the cost of the probationary

1 employment. In the event an employer pays all or a part of the full actuarial cost, the employer
2 may, at its option, pay such amount either in a lump sum or by increasing its "accrued liability
3 contribution" for the remainder of its accrued liability period. In the event an employer has
4 satisfied its accrued liability contribution, the employer may amortize its portion of the full
5 actuarial cost over a period not to exceed 10 years. The expense of making an actuarial valuation
6 to determine the accrued liability contribution or the additional accrued liability contribution,
7 required to amortize the portion of the full actuarial cost paid by the employer, shall be paid by
8 the employer in a lump sum at the time of the actuarial valuation.

9 (q1) Credit at Full Cost for Probationary Employment Purchased On or After January 1,
10 2019. – Notwithstanding any other provision of this Chapter, on and after January 1, 2019, a
11 member in service with five or more years of service may purchase creditable service for
12 employment with an employer as defined in this Article when considered to be in a probationary
13 or employer-imposed waiting period status and thereby not regularly employed between date of
14 employment and date of membership service with the retirement system. The amount of
15 creditable service purchased under this subsection may not exceed five years.

16 The member shall purchase this service by paying a lump sum amount to the Annuity Savings
17 Fund equal to the full liability increase due to the additional service credits on the basis of the
18 assumptions used for the purposes of the actuarial valuation of the liabilities of the Retirement
19 System, except for the following assumptions specific to this calculation: (i) the allowance shall
20 be assumed to commence at the earliest age at which the member could retire on an unreduced
21 retirement allowance and (ii) assumed annual postretirement allowance increases as set by the
22 Board of Trustees upon the advice of the consulting actuary. The increases as set by the Board
23 of Trustees upon the advice of the consulting actuary shall also include an administrative fee to
24 be set by the Board.

25 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
26 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
27 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
28 that the purchase is paid by the member, the cost paid by the member shall be credited to the
29 member's annuity savings account.

30 (r) Credit at Full Cost for Temporary Government Employment. – Notwithstanding any
31 other provisions of this Chapter, any member in service with five or more years of membership
32 service may purchase creditable service for government employment when classified as a
33 temporary employee subject to the conditions that: all of the following conditions:

- 34 (1) The member was employed by an employer as defined in G.S. 128-21(11) or
35 G.S. 135-1(11);G.S. 135-1(11).
- 36 (2) The member's temporary employment met all other requirements of
37 G.S. 128-21(10), or G.S. 135-1(10) or ~~(25);(25).~~
- 38 (3) The member has completed five years or more of membership service;
39 service.
- 40 (4) The member ~~acquires~~ has acquired from the employer such certifications of
41 temporary employment as are required by the Board of Trustees; and Trustees.
- 42 (5) The member makes

43 The amount of creditable service purchased under this subsection may not exceed a total of
44 five years. A member shall purchase this service by making a lump sum payment into the Annuity
45 Savings Fund equal to the full liability of the service credits calculated on the basis of the
46 assumptions used for purposes of the actuarial valuation of the retirement system's liabilities, and
47 the calculation of the amount payable shall take into account the retirement allowance arising on
48 account of the additional service credit commencing at the earliest age at which the member
49 could retire on an unreduced retirement allowance, as determined by the Board of Trustees upon
50 the advice of the actuary, plus an administrative fee to be determined by the Board of Trustees.
51 Notwithstanding the foregoing provisions of this subdivision that provide for the purchase of

1 ~~service credits, the terms "full cost", "full liability", and "full actuarial cost" include assumed~~
2 ~~annual post retirement allowance increases, as determined by the Board of Trustees, from the~~
3 ~~earliest age at which a member could retire on an unreduced service allowance.increase due to~~
4 ~~the additional service credits on the basis of the assumptions used for the purposes of the actuarial~~
5 ~~valuation of the liabilities of the Retirement System, except for the following assumptions~~
6 ~~specific to this calculation: (i) the allowance shall be assumed to commence at the earliest age at~~
7 ~~which the member could retire on an unreduced retirement allowance and (ii) assumed annual~~
8 ~~postretirement allowance increases as set by the Board of Trustees upon the advice of the~~
9 ~~consulting actuary. The calculation of the amount payable shall also include an administrative~~
10 ~~fee to be set by the Board.~~

11 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
12 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
13 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
14 that the purchase is paid by the member, the cost paid by the member shall be credited to the
15 member's annuity savings account.

16 (s) Credit at Full Cost for Employment Not Otherwise Creditable. – Notwithstanding any
17 other provisions of this Chapter, any member in service with five or more years of membership
18 service may purchase creditable service for any employment as an employee, as defined in
19 G.S. 128-21(10), of a local government employer not creditable in any other retirement system
20 or plan, upon completion of five years of membership service by making a lump sum payment
21 into the Annuity Savings Fund. The payment by the member shall be equal to the full liability of
22 the service credits calculated on the basis of the assumptions used for purposes of the actuarial
23 valuation of the retirement system's liabilities, and the calculation of the amount payable shall
24 take into account the additional retirement allowance arising on account of the additional service
25 credits commencing at the earliest age at which the member could retire with an unreduced
26 retirement allowance, as determined by the Board of Trustees upon the advice of the actuary plus
27 an administrative fee to be determined by the Board of Trustees. Notwithstanding the foregoing
28 provisions of this subsection that provide for the purchase of service credits, the terms "full cost",
29 "full liability", and "full actuarial cost" include assumed annual post retirement allowance
30 increases, as determined by the Board of Trustees, from the earliest age at which a member could
31 retire on an unreduced service allowance.plan, provided that the employer is, at the time of
32 purchase, a participating employer in the Retirement System but was not a participating employer
33 in the Retirement System at the time the service was rendered by the member. The amount of
34 creditable service purchased under this subsection may not exceed a total of five years. A member
35 shall purchase this service by making a lump sum payment into the Annuity Savings Fund equal
36 to the full liability increase due to the additional service credits on the basis of the assumptions
37 used for the purposes of the actuarial valuation of the liabilities of the Retirement System, except
38 for the following assumptions specific to this calculation: (i) the allowance shall be assumed to
39 commence at the earliest age at which the member could retire on an unreduced retirement
40 allowance and (ii) assumed annual postretirement allowance increases as set by the Board of
41 Trustees upon the advice of the consulting actuary. The calculation of the amount payable shall
42 also include an administrative fee to be set by the Board.

43 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
44 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
45 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
46 that the purchase is paid by the member, the cost paid by the member shall be credited to the
47 member's annuity savings account.

48"

49 **SECTION 5.(c)** G.S. 135-1.1(b) reads as rewritten:

50 "(b) Notwithstanding any other provision of this Chapter, any State board or agency
51 charged with the duty of administering any law relating to the examination and licensing of

1 persons to practice a profession, trade, or occupation, and who is subject to the provisions of the
2 State Budget Act, Chapter 143C of the General Statutes, may make an irrevocable election by
3 appropriate resolution of the board, on or before October 1, 2000, to become an employer in the
4 Teachers' and State Employees' Retirement System. Retirement System coverage shall be
5 conditioned on the board's payment of all of the employer's contributions or matching funds from
6 funds of the board and on the board's collecting from its employees the employees' contributions,
7 at such rates as may be fixed ~~by law and by the rules of the Board of Trustees of the Retirement~~
8 ~~System, under G.S. 135-8, the Current Operations Appropriations Act, or any other applicable~~
9 ~~law, all of such funds to be paid to the Retirement System and placed in the appropriate funds.~~
10 Any person who ~~is~~ was an employee of the board on the date the board makes an irrevocable
11 election to participate in the Retirement System may purchase creditable service for periods of
12 employment with the board prior to the election ~~by making a lump sum payment equal to the full~~
13 ~~cost of the service credits calculated on the basis of the assumptions used for the purposes of the~~
14 ~~actuarial valuation of the system's liabilities, and shall take into account the additional retirement~~
15 ~~allowance arising on account of such additional service credit commencing at the earliest age at~~
16 ~~which a member could retire on an unreduced retirement allowance, as determined by the Board~~
17 ~~of Trustees upon the advice of the consulting actuary, plus an administrative fee to be set by the~~
18 ~~Board of Trustees. Notwithstanding the foregoing provisions of this subdivision that provide for~~
19 ~~the purchase of service credits, the terms "full cost", "full liability", and "full actuarial cost"~~
20 ~~include assumed annual postretirement allowance increases, as determined by the Board of~~
21 ~~Trustees, from the earliest age at which a member could retire on an unreduced service~~
22 ~~allowance.~~ election, provided that (i) the person is a member in service and (ii) the purchase is
23 made on or before December 31, 2018. The amount of creditable service purchased under this
24 subsection may not exceed a total of five years. A member shall purchase this service by paying
25 a lump sum amount to the Annuity Savings Fund equal to the full liability increase due to the
26 additional service credits on the basis of the assumptions used for the purposes of the actuarial
27 valuation of the liabilities of the Retirement System, except for the following assumptions
28 specific to this calculation: (i) the allowance shall be assumed to commence at the earliest age at
29 which the employee could retire on an unreduced retirement allowance and (ii) assumed annual
30 postretirement allowance increases as set by the Board of Trustees upon the advice of the
31 consulting actuary. The increases as set by the Board of Trustees upon the advice of the
32 consulting actuary shall also include an administrative fee to be set by the Board."

33 **SECTION 5.(d)** G.S. 135-56(b) reads as rewritten:

34 "(b) ~~When~~ On or before December 31, 2018, when membership ceases as a result of a
35 member's withdrawal of his or her accumulated contributions, the prior service and previous
36 membership service of the member shall no longer be considered to be creditable service;
37 provided, however, that if a member whose creditable service has been cancelled in accordance
38 with this subsection subsequently returns to membership for a period of five years, ~~he~~ the member
39 may thereafter repay in a lump sum the amount withdrawn plus regular interest thereon from the
40 date of withdrawal through the date of repayment and thereby increase his or her creditable
41 service by the amount of creditable service lost when ~~he~~ the member withdrew his or her
42 accumulated contributions."

43 **SECTION 5.(e)** G.S. 135-56 is amended by adding a new subsection to read:

44 "(b1) On and after January 1, 2019, when membership ceases as a result of a member's
45 withdrawal of his or her accumulated contributions, the prior service and previous membership
46 service of the member shall no longer be considered to be creditable service. If a member whose
47 creditable service has been cancelled in accordance with this subsection subsequently returns to
48 membership service and completes five years of membership service upon that return, then the
49 member may purchase an amount of creditable service corresponding to the total of the
50 membership service associated with the withdrawn contributions, provided that the total amount
51 of creditable service purchased under this subsection may not exceed five years. The member

1 shall purchase this service by paying a lump sum amount to the Annuity Savings Fund equal to
2 the full liability increase due to the additional service credits on the basis of the assumptions used
3 for the purposes of the actuarial valuation of the liabilities of the Retirement System, except for
4 the following assumptions specific to this calculation: (i) the allowance shall be assumed to
5 commence at the earliest age at which the member could retire on an unreduced retirement
6 allowance and (ii) assumed annual postretirement allowance increases as set by the Board of
7 Trustees upon the advice of the consulting actuary. The increases as set by the Board of Trustees
8 upon the advice of the consulting actuary shall also include an administrative fee to be set by the
9 Board.

10 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
11 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
12 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
13 that the purchase is paid by the member, the cost paid by the member shall be credited to the
14 member's annuity savings account."

15 **SECTION 5.(f)** G.S. 120-4.15 reads as rewritten:

16 "**§ 120-4.15. Repayment of contributions.**

17 (a) Repayment On or before December 31, 2018, repayment of contributions withdrawn
18 from the Legislative Retirement Fund and System shall be at the rate of seven percent (7%) of
19 the highest monthly compensation received as a legislator at the time of purchase for each month
20 of creditable service restored plus an administrative fee to be paid in lump sum.

21 (b) On and after January 1, 2019, repayment of contributions withdrawn from the
22 Legislative Retirement Fund and System shall be in an amount equal to the full liability increase
23 due to the additional service credits on the basis of the assumptions used for the purposes of the
24 actuarial valuation of the liabilities of the Retirement System, except for the following
25 assumptions specific to this calculation: (i) the allowance shall be assumed to commence at the
26 earliest age at which the member could retire on an unreduced retirement allowance and (ii)
27 assumed annual postretirement allowance increases as set by the Board of Trustees of the
28 Teachers' and State Employees' Retirement System upon the advice of the consulting actuary.
29 The calculation of the amount payable shall also include an administrative fee to be set by the
30 Board of Trustees of the Teachers' and State Employees' Retirement System.

31 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
32 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
33 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
34 that the purchase is paid by the member, the cost paid by the member shall be credited to the
35 member's annuity savings account."

36 **SECTION 5.(g)** G.S. 120-4.16(a) reads as rewritten:

37 "(a) All repayments and purchases of service credit, allowed under this Article, shall be
38 made within two years after the member first becomes eligible to make such repayments and
39 purchases. All such repayments and purchases not made within two years after the member
40 becomes eligible shall equal the full ~~actuarial cost of the additional service credit as defined in~~
41 G.S. 135-4(m).liability increase due to the additional service credits on the basis of the
42 assumptions used for the purposes of the actuarial valuation of the liabilities of the Retirement
43 System, except for the following assumptions specific to this calculation: (i) the allowance shall
44 be assumed to commence at the earliest age at which the member could retire on an unreduced
45 retirement allowance and (ii) assumed annual postretirement allowance increases as set by the
46 Board of Trustees of the Teachers' and State Employees' Retirement System upon the advice of
47 the consulting actuary. The calculation of the amount payable shall also include an administrative
48 fee to be set by the Board of Trustees of the Teachers' and State Employees' Retirement System."

49 **SECTION 5.(h)** G.S. 126-8.5(a) reads as rewritten:

50 "(a) When the Director of the Budget determines that the closing of a State institution or
51 a reduction in force will accomplish economies in the State Budget, ~~he~~ the Director of the Budget

1 shall pay either a discontinued service retirement allowance or severance wages to any affected
2 State employee, provided reemployment is not available. As used in this section, "economies in
3 the State Budget" means economies resulting from elimination of a job and its responsibilities or
4 from a lack of funds to support the job. In determining whether to pay a discontinued service
5 retirement allowance or severance wages, the Director of the Budget shall consider the
6 recommendation of the department head involved and any recommendation of the Director of
7 the Office of State Human Resources. Severance wages shall not be paid to an employee who
8 chooses a discontinued service retirement. Severance wages shall not be subject to employer or
9 employee retirement contributions. Severance wages shall be paid according to the policies
10 adopted by the State Human Resources Commission.

11 Notwithstanding any other provisions of the State's retirement laws, any employee of the
12 State who is a member of the Teachers' and State Employees' Retirement System or the
13 Law-Enforcement Officers' Retirement System and ~~who has his whose job is~~ involuntarily
14 terminated as a result of economies in the State Budget may be entitled to a discontinued service
15 retirement allowance, subject to the approval of the employing agency and the availability of
16 agency funds. An unreduced discontinued service retirement allowance, not otherwise allowed,
17 may be approved for employees with 20 or more years of creditable retirement service who are
18 at least 55 years of age; or a discontinued service retirement allowance, not otherwise allowed,
19 may be approved for employees with 20 or more years of creditable retirement service who are
20 at least 50 years of age, reduced by one-fourth of one percent (1/4 of 1%) for each month that
21 retirement precedes ~~his~~ the employee's fifty-fifth birthday. In cases where a discontinued service
22 retirement allowance is approved, the employing agency shall make a lump sum payment to the
23 Administrator of the State Retirement Systems equal to the actuarial present value of the
24 additional liabilities imposed upon the System, to be determined by the System's consulting
25 actuary, as a result of the discontinued service retirement, plus an administrative fee to be
26 determined by the ~~Administrator~~ Administrator, plus an amount to be deposited in the Retiree
27 Health Benefit Fund. The amount to be deposited in the Retiree Health Benefit Fund shall be
28 calculated by multiplying the number of years between the employee's date of discontinued
29 service retirement and the employee's earliest unreduced retirement date under G.S. 135-5 by the
30 most recent employer contribution rate to the Retiree Health Benefit Fund and then, if the
31 employee is or would be eligible for retiree medical coverage under the State Health Plan for
32 Teachers and State Employees, multiplying that figure by the salary used in the discontinued
33 salary retirement calculation.

34 The salary used to determine severance wages under this section is the last annual salary
35 except that if the employee was promoted within the previous 12 months, the last annual salary
36 is that annual salary prior to the promotion. If the annual salary prior to the promotion is used, it
37 shall be adjusted to account for any across-the-board legislative salary increases. Excluded from
38 any calculation are any benefits such as, but not limited to, overtime pay, shift pay, holiday
39 premium, or longevity pay. The salary used to determine the discontinued retirement allowance
40 under this section is the same as the average final compensation under G.S. 135-1(5)."

41 **SECTION 5.(i)** G.S. 135-3(3) reads as rewritten:

42 "(3) ~~Should any member in any period of six consecutive years after becoming a~~
43 ~~member be absent from service more than five years, or should he withdraw~~
44 ~~his accumulated contributions, or should he become a beneficiary or die, he~~
45 ~~shall thereupon cease to be a member. Provided that on and after July 1, 1967,~~
46 ~~should any member in any period of eight consecutive years after becoming a~~
47 ~~member be absent from service more than seven years, or should he withdraw~~
48 ~~his accumulated contributions, or should he become a beneficiary or die, he~~
49 ~~shall thereupon cease to be a member; provided further that the period of~~
50 ~~absence from service shall be computed from January 1, 1962, or later date of~~
51 ~~separation for any member whose contributions were not withdrawn prior to~~

1 July 1, 1967: Provided that on and after July 1, 1971, a A member shall cease
2 to be a member only if ~~he~~ the member withdraws his or her accumulated
3 contributions, or becomes a beneficiary, or dies.

4 Notwithstanding the foregoing, any persons whose membership was
5 terminated under the provisions set forth above who had five or more years of
6 creditable service and had not effected a return of contributions may elect to
7 receive a retirement allowance on or after age 60; provided that this member
8 may retire only upon electronic submission or written application to the Board
9 of Trustees setting forth at which time, not less than 30 days nor more than 90
10 days subsequent to the execution and filing, he desires to be retired."

11 **SECTION 5.(j)** G.S. 128-24(1a) reads as rewritten:

12 "(1a) ~~Should any member in any period of eight consecutive years after becoming~~
13 ~~a member be absent from service more than seven years, or should he~~
14 ~~withdraw his accumulated contributions or should he become a beneficiary or~~
15 ~~die, he shall thereupon cease to be a member; provided that on and after July~~
16 ~~1, 1971, a A member shall cease to be a member only if ~~he~~ the member~~
17 ~~withdraws his or her accumulated contributions, or becomes a beneficiary, or~~
18 ~~dies."~~

19 **SECTION 5.(k)** For all service purchases that are required to have been made by
20 December 31, 2018, the Retirement Systems Division of the Department of State Treasurer shall
21 accept and process all service purchase request forms that are received by the Retirement Systems
22 Division on or before December 31, 2018.

23 **SECTION 6.(a)** G.S. 135-5(g) reads as rewritten:

24 "(g) Election of Optional Allowance. – With the provision that until the first payment on
25 account of any benefit becomes normally due, or the member's first retirement check has been
26 cashed, any member may elect to receive his or her benefits in a retirement allowance payable
27 throughout life, or the member may elect to receive the actuarial equivalent of such retirement
28 allowance, including any special retirement allowance, in a reduced allowance payable
29 throughout life under the provisions of one of the options set forth below. The election of Option
30 2, 3, or 6 or nomination of the person thereunder shall be revoked if such person nominated dies
31 prior to the date the first payment becomes normally due or until the member's first retirement
32 check has been cashed. Such election may be revoked by the member prior to the date the first
33 payment becomes normally due or until the member's first retirement check has been cashed.
34 Provided, however, in the event a member has elected Option 2, 3, or 5 and nominated his or her
35 spouse to receive a retirement allowance upon the member's death, and the spouse predeceases
36 the member after the first payment becomes normally due or the first retirement check has been
37 cashed, if the member remarries he or she may request to nominate a new spouse to receive the
38 retirement allowance under the previously elected option, within 90 days of the remarriage, and
39 may nominate a new spouse to receive the retirement allowance under the previously elected
40 option by written designation duly acknowledged and filed with the Board of Trustees within
41 120 days of the remarriage. The new nomination shall be effective on the first day of the month
42 in which it is made and shall provide for a retirement allowance computed to be the actuarial
43 equivalent of the retirement allowance in effect immediately prior to the effective date of the new
44 nomination. Any member having elected Option 2, 3, 5, or 6 and nominated his or her spouse to
45 receive a retirement allowance upon the member's death may, after divorce from his or her
46 spouse, revoke the nomination and elect a new option, effective on the first day of the month in
47 which the new option is elected, providing for a retirement allowance computed to be the
48 actuarial equivalent of the retirement allowance in effect immediately prior to the effective date
49 of the new option. Except as provided in this section, the member may not change the member's
50 retirement benefit option or the member's designated beneficiary for survivor benefits, if any,
51 after the member has cashed the first retirement check or after the 25th day of the month

1 following the month in which the first check is mailed, whichever comes first. The following are
2 optional allowances that a member may elect under this subsection:

3 ...

4 Option 4. Adjustment of Retirement Allowance for Social Security ~~Benefits.~~Benefits for
5 Members Retiring On or Before December 1, 2018. – Until the first payment on account of any
6 benefit becomes normally due, any member retiring on or before December 1, 2018, may elect
7 to convert his or her benefit otherwise payable on ~~his~~the member's account after retirement into
8 a retirement allowance of equivalent actuarial value of such amount that with ~~his~~the member's
9 benefit under Title II of the Federal Social Security Act, ~~he~~the member will receive, so far as
10 possible, approximately the same amount per year before and after the earliest age at which ~~he~~
11 the member becomes eligible, effective as of the first of the month following the month of initial
12 entitlement, upon application therefor, to receive a social security benefit.

13 ...

14 Option 6. For Members Retiring On or Before December 1, 2018. – A member retiring on or
15 before December 1, 2018, may elect either Option 2 or Option 3 with the added provision that in
16 the event the designated beneficiary predeceases the member, the retirement allowance payable
17 to the member after the designated beneficiary's death shall be equal to the retirement allowance
18 which would have been payable had the member not elected the option.

19 Upon the death of a member after the effective date of a retirement for which the member
20 has been approved and following receipt by the Board of Trustees of an election of benefits (Form
21 6-E or Form 7-E) but prior to the cashing of the first benefit check, the retirement benefit shall
22 be payable as provided by the member's election of benefits under this subsection.

23 Upon the death of a member after the effective date of a retirement for which the member
24 has been approved but prior to the receipt by the Board of Trustees of an election of benefits
25 (Form 6-E or Form 7-E), properly acknowledged and filed by the member, the member's
26 designated beneficiary for a return of accumulated contributions may elect to receive the benefit,
27 if only one beneficiary is eligible to receive the return of accumulated contributions. If more than
28 one beneficiary is eligible to receive the return of accumulated contributions, or if no beneficiary
29 has been designated, the administrator or executor of the member's estate will select an option
30 and name the beneficiary or beneficiaries."

31 **SECTION 6.(b)** G.S. 128-27(g) reads as rewritten:

32 "(g) Election of Optional Allowance. – With the provision that until the first payment on
33 account of any benefit becomes normally due, or the member's first retirement check has been
34 cashed, any member may elect to receive his or her benefits in a retirement allowance payable
35 throughout life, or the member may elect to receive the actuarial equivalent of such retirement
36 allowance, including any special retirement allowance, in a reduced allowance payable
37 throughout life under the provisions of one of the Options set forth below. The election of Option
38 2, 3, or 6 or nomination of the person thereunder shall be revoked if such person nominated dies
39 prior to the date the first payment becomes normally due or the first retirement check has been
40 cashed. Such election may be revoked by the member prior to the date the first payment becomes
41 normally due or the member's first retirement check has been cashed. Provided, however, in the
42 event a member has elected Option 2, 3, or 5 and nominated his or her spouse to receive a
43 retirement allowance upon the member's death, and the spouse predeceases the member after the
44 first payment becomes normally due or the first retirement check has been cashed, if the member
45 remarries he or she may request to nominate a new spouse to receive the retirement allowance
46 under the previously elected option, within 90 days of the remarriage, and may nominate a new
47 spouse to receive the retirement allowance under the previously elected option by written
48 designation duly acknowledged and filed with the Board of Trustees within 120 days of the
49 remarriage. The new nomination shall be effective on the first day of the month in which it is
50 made and shall provide for a retirement allowance computed to be the actuarial equivalent of the
51 retirement allowance in effect immediately prior to the effective date of the new nomination. Any

1 member having elected Option 2, 3, 5, or 6 and nominated his or her spouse to receive a
2 retirement allowance upon the member's death may, after divorce from his or her spouse, revoke
3 the nomination and elect a new option, effective on the first day of the month in which the new
4 option is elected, providing for a retirement allowance computed to be the actuarial equivalent
5 of the retirement allowance in effect immediately prior to the effective date of the new option.
6 Except as provided in this section, the member may not change the member's retirement benefit
7 option or the member's designated beneficiary for survivor benefits, if any, after the member has
8 cashed the first retirement check or after the 25th day of the month following the month in which
9 the first check is mailed, whichever comes first. The following are optional allowances that a
10 member may elect under this subsection:

11 ...

12 Option four. Adjustment of Retirement Allowance for Social Security ~~Benefits~~. Benefits for
13 Members Retiring On or Before December 1, 2018. – Until the first payment on account of any
14 benefit becomes normally due, any member retiring on or before December 1, 2018, may elect
15 to convert his or her benefit otherwise payable on ~~his~~ the member's account after retirement into
16 a retirement allowance of equivalent actuarial value of such amount that with ~~his~~ the member's
17 benefit under Title II of the Federal Social Security Act, ~~he~~ the member will receive, so far as
18 possible, approximately the same amount per year before and after the earliest age at which ~~he~~
19 the member becomes eligible, effective as of the first of the month following the month of initial
20 entitlement, upon application therefor, to receive a social security benefit.

21 ...

22 Option six. For Members Retiring On or Before December 1, 2018. – A member retiring on
23 or before December 1, 2018, may elect either Option two or Option three with the added
24 provision that in the event the designated beneficiary predeceases the member, the retirement
25 allowance payable to the member after the designated beneficiary's death shall be equal to the
26 retirement allowance which would have been payable had the member not elected the option.

27 Upon the death of a member after the effective date of a retirement for which the member
28 has been approved and following receipt by the Board of Trustees of an election of benefits (Form
29 6-E or Form 7-E) but prior to the cashing of the first benefit check, the retirement benefit shall
30 be payable as provided by the member's election of benefits under this subsection.

31 Upon the death of a member after the effective date of a retirement for which the member
32 has been approved but prior to the receipt by the Board of Trustees of an election of benefits
33 (Form 6-E or Form 7-E), properly acknowledged and filed by the member, the member's
34 designated beneficiary for a return of accumulated contributions may elect to receive the benefit,
35 if only one beneficiary is eligible to receive the return of accumulated contributions. If more than
36 one beneficiary is eligible to receive the return of accumulated contributions, or if no beneficiary
37 has been designated, the administrator or executor of the member's estate will select an option
38 and name the beneficiary or beneficiaries."

39 **SECTION 7.** Except as otherwise provided, this act is effective when it becomes
40 law.