

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

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HOUSE BILL 284
Committee Substitute Favorable 3/30/17
Committee Substitute #2 Favorable 6/28/17
Senate Pensions and Retirement and Aging Committee Substitute Adopted 6/13/18

Short Title: 25-Year LEO Retirement Option.

(Public)

Sponsors:

Referred to:

March 9, 2017

A BILL TO BE ENTITLED

AN ACT TO ALLOW LAW ENFORCEMENT OFFICERS WHO ARE MEMBERS OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM OR THE LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM TO RETIRE AFTER ACHIEVING TWENTY-FIVE YEARS OF CREDITABLE SERVICE, TO ALLOW FOR SEPARATION BUYOUTS FOR LAW ENFORCEMENT OFFICERS, AND TO ALLOW TRANSFERS UNDER THE SPECIAL RETIREMENT ALLOWANCE TO BE PAID IN WHOLE OR IN PART WITH EMPLOYER CONTRIBUTIONS.

The General Assembly of North Carolina enacts:

SECTION 1. Article 12D of Chapter 143 of the General Statutes is amended by adding a new section to read:

"§ 143-166.43. Separation buyouts for law enforcement officers.

Any State department, agency, or institution, or any local government employer, may, in its discretion, offer a lump sum separation buyout to a law enforcement officer who leaves employment prior to reaching the officer's eligibility for a separation allowance under this Article. The lump sum separation buyout shall be paid from funds available and shall not exceed the total that would otherwise be paid in separation allowance payments under G.S. 143-166.41 or G.S. 143-166.42."

SECTION 2.(a) G.S. 135-5(m2) reads as rewritten:

"(m2) Special Retirement Allowance. – At any time coincident with or following retirement, a member may make a one-time, irrevocable election to transfer any portion of the member's eligible accumulated contributions, not including any Roth after-tax contributions and the earnings thereon, from the Supplemental Retirement Income Plan of North Carolina or the North Carolina Public Employee Deferred Compensation Plan to this Retirement System and receive, in addition to the member's basic service, early or disability retirement allowance, a special retirement allowance which shall be based upon the member's transferred balance.

A member who became a member of the Supplemental Retirement Income Plan prior to retirement and who remains a member of the Supplemental Retirement Income Plan may make a one-time, irrevocable election to transfer eligible balances, not including any Roth after-tax contributions and the earnings thereon, from any of the following plans to the Supplemental Retirement Income Plan, subject to the applicable requirements of the Supplemental Retirement Income Plan, and then through the Supplemental Retirement Income Plan to this Retirement System: (i) a plan participating in the North Carolina Public School Teachers' and Professional Educators' Investment Plan; (ii) a plan described in section 403(b) of the Internal Revenue Code;



1 (iii) a plan described in section 457(b) of the Internal Revenue Code that is maintained by a state,
2 political subdivision of a state, or any agency or instrumentality of a state or political subdivision
3 of a state; (iv) an individual retirement account or annuity described in section 408(a) or section
4 408(b) of the Internal Revenue Code that is eligible to be rolled over and would otherwise be
5 includible in gross income; or (v) a tax-qualified plan described in section 401(a) or section
6 403(a) of the Internal Revenue Code. In addition, any transfer under this subsection may be paid
7 in whole or in part with employer contributions paid directly to this Retirement System at the
8 time of transfer.

9 Notwithstanding anything to the contrary, a member may not transfer such amounts as will
10 cause the member's retirement allowance under the System to exceed the amount allowable under
11 G.S. 135-18.7(b). The Board of Trustees may establish a minimum amount that must be
12 transferred if a transfer is elected. The member may elect a special retirement allowance with no
13 postretirement increases or a special retirement allowance with annual postretirement increases
14 equal to the annual increase in the U.S. Consumer Price Index. Postretirement increases on any
15 other allowance will not apply to the special retirement allowance. The Board of Trustees shall
16 provide educational materials to the members who apply for the transfer authorized by this
17 section. Those materials shall describe the special retirement allowance and shall explain the
18 relationship between the transferred balance and the monthly benefit and how the member's heirs
19 may be impacted by the election to make this transfer and any costs and fees involved.

20 For the purpose of determining the special retirement allowance, the Board of Trustees shall
21 adopt straight life annuity factors on the basis of yields on U.S. Treasury Bonds and mortality
22 and such other tables as may be necessary based upon actual experience. A single set of mortality
23 and such other tables will be used for all members, with factors differing only based on the age
24 of the member and the election of postretirement increases. The Board of Trustees shall modify
25 the mortality and such other tables every five years, as shall be deemed necessary, based upon
26 the five-year experience study as required by G.S. 135-6(n). Provided, however, a member who
27 transfers the member's eligible accumulated contributions from an eligible retirement plan
28 pursuant to this subsection to this Retirement System shall be taxed for North Carolina State
29 Income Tax purposes on the special retirement allowance the same as if that special retirement
30 allowance had been paid directly by the eligible plan or the plan through which the transfer was
31 made, whichever is most favorable to the member. The Teachers' and State Employees'
32 Retirement System shall be responsible to determine the taxable amount, if any, and report
33 accordingly.

34 The Supplemental Retirement Board of Trustees established under G.S. 135-96 may assess a
35 one-time flat administrative fee not to exceed the actual cost of the administrative expenses
36 relating to these transfers. An eligible plan shall not assess a fee specifically relating to a transfer
37 of accumulated contributions authorized under this subsection. This provision shall not prohibit
38 other fees that may be assessable under the plan. Each plan, contract, account, or annuity shall
39 fully disclose to any member participating in a transfer under this subsection any surrender
40 charges or other fees, and such disclosure shall be made contemporaneous with the initiation of
41 the transfer by the member.

42 The special retirement allowance shall continue for the life of the member and the beneficiary
43 designated to receive a monthly survivorship benefit under Option 2, 3 or 6 as provided in
44 G.S. 135-5(g), if any. The Board of Trustees, however, shall establish two payment options that
45 guarantee payments as follows:

- 46 (1) A member may elect to receive the special retirement allowance for life but
47 with payments guaranteed for a number of months to be specified by the Board
48 of Trustees. Under this plan, if the member dies before the expiration of the
49 specified number of months, the special retirement allowance will continue to
50 be paid to the member's designated beneficiary for the life of the beneficiary,
51 if Option 2, 3 or 6 is selected. If Option 2, 3 or 6 is not selected, the member's

1 designated beneficiary will receive the benefit only for the remainder of the
2 specified number of months. If the member's designated beneficiary dies
3 before receiving payments for the specified number of months, any remaining
4 payments will be paid to the member's estate.

- 5 (2) A member may elect to receive the special retirement allowance for life but is
6 guaranteed that the sum of the special allowance payments will equal the total
7 of the transferred amount. Under this payment option, if the member dies
8 before receiving the total transferred amount, the special retirement allowance
9 will continue to be paid to the member's designated beneficiary for the life of
10 the beneficiary, if Option 2, 3 or 6 is selected. If Option 2, 3 or 6 is not selected,
11 the member's designated beneficiary or the member's estate shall be paid any
12 remaining balance of the transferred amount.

13 The Board of Trustees shall report annually to the Joint Legislative Commission on
14 Governmental Operations on the number of persons who made an election in the previous
15 calendar year, with any recommendations it might make on amendment or repeal based on any
16 identified problems.

17 The General Assembly reserves the right to repeal or amend this subsection, but such repeal
18 or amendment shall not affect any person who has already made the one-time election provided
19 in this subsection."

20 **SECTION 2.(b)** G.S. 128-27(m2) reads as rewritten:

21 "(m2) Special Retirement Allowance. – At any time coincident with or following retirement,
22 a member may make a one-time, irrevocable election to transfer any portion of the member's
23 eligible accumulated contributions, not including any Roth after-tax contributions and the
24 earnings thereon, from the Supplemental Retirement Income Plan of North Carolina or the North
25 Carolina Public Employee Deferred Compensation Plan to this Retirement System and receive,
26 in addition to the member's basic service, early or disability retirement allowance, a special
27 retirement allowance which shall be based upon the member's transferred balance.

28 A member who became a member of the Supplemental Retirement Income Plan prior to
29 retirement and who remains a member of the Supplemental Retirement Income Plan may make
30 a one-time, irrevocable election to transfer eligible balances, not including any Roth after-tax
31 contributions and the earnings thereon, from any of the following plans to the Supplemental
32 Retirement Income Plan, subject to the applicable requirements of the Supplemental Retirement
33 Income Plan, and then through the Supplemental Retirement Income Plan to this Retirement
34 System (i) a plan participating in the North Carolina Public School Teachers' and Professional
35 Educators' Investment Plan; (ii) a plan described in section 403(b) of the Internal Revenue Code;
36 (iii) a plan described in section 457(b) of the Internal Revenue Code that is maintained by a state,
37 political subdivision of a state, or any agency or instrumentality of a state or political subdivision
38 of a state; (iv) an individual retirement account or annuity described in section 408(a) or section
39 408(b) of the Internal Revenue Code that is eligible to be rolled over and would otherwise be
40 includible in gross income; or (v) a tax-qualified plan described in section 401(a) or section
41 403(a) of the Internal Revenue Code. In addition, any transfer under this subsection may be paid
42 in whole or in part with employer contributions paid directly to this Retirement System at the
43 time of transfer.

44 Notwithstanding anything to the contrary, a member may not transfer such amounts as will
45 cause the member's retirement allowance under the System to exceed the amount allowable under
46 G.S. 128-38.2(b). The Board of Trustees may establish a minimum amount that must be
47 transferred if a transfer is elected. The member may elect a special retirement allowance with no
48 postretirement increases or a special retirement allowance with annual postretirement increases
49 equal to the annual increase in the U.S. Consumer Price Index. Postretirement increases on any
50 other allowance will not apply to the special retirement allowance. The Board of Trustees shall
51 provide educational materials to the members who apply for the transfer authorized by this

1 section. Those materials shall describe the special retirement allowance and shall explain the
2 relationship between the transferred balance and the monthly benefit and how the member's heirs
3 may be impacted by the election to make this transfer and any costs and fees involved.

4 For the purpose of determining the special retirement allowance, the Board of Trustees shall
5 adopt straight life annuity factors on the basis of yields on U.S. Treasury Bonds and mortality
6 and such other tables as may be necessary based upon actual experience. A single set of mortality
7 and such other tables will be used for all members, with factors differing only based on the age
8 of the member and the election of postretirement increases. The Board of Trustees shall modify
9 the mortality and such other tables every five years, as shall be deemed necessary, based upon
10 the five-year experience study as required by G.S. 128-28(o). Provided, however, a member who
11 transfers the member's eligible accumulated contributions from an eligible retirement plan
12 pursuant to this subsection to this Retirement System shall be taxed for North Carolina State
13 Income Tax purposes on the special retirement allowance the same as if that special retirement
14 allowance had been paid directly by the eligible plan or the plan through which the transfer was
15 made, whichever is most favorable to the member. The Local Governmental Employees'
16 Retirement System shall be responsible to determine the taxable amount, if any, and report
17 accordingly.

18 The special retirement allowance shall continue for the life of the member and the beneficiary
19 designated to receive a monthly survivorship benefit under Option 2, 3 or 6 as provided in
20 G.S. 128-27(g), if any. The Board of Trustees, however, shall establish two payment options that
21 guarantee payments as follows:

- 22 (1) A member may elect to receive the special retirement allowance for life but
23 with payments guaranteed for a number of months to be specified by the Board
24 of Trustees. Under this plan, if the member dies before the expiration of the
25 specified number of months, the special retirement allowance will continue to
26 be paid to the member's designated beneficiary for the life of the beneficiary,
27 if Option 2, 3 or 6 is selected. If Option 2, 3 or 6 is not selected, the member's
28 designated beneficiary will receive the benefit only for the remainder of the
29 specified number of months. If the member's designated beneficiary dies
30 before receiving payments for the specified number of months, any remaining
31 payments will be paid to the member's estate.
- 32 (2) A member may elect to receive the special retirement allowance for life but is
33 guaranteed that the sum of the special allowance payments will equal the total
34 of the transferred amount. Under this payment option, if the member dies
35 before receiving the total transferred amount, the special retirement allowance
36 will continue to be paid to the member's designated beneficiary for the life of
37 the beneficiary, if Option 2, 3 or 6 is selected. If Option 2, 3 or 6 is not selected,
38 the member's designated beneficiary or the member's estate shall be paid any
39 remaining balance of the transferred amount.

40 The Supplemental Retirement Board of Trustees established under G.S. 135-96 may assess a
41 one-time flat administrative fee not to exceed the actual cost of the administrative expenses
42 relating to these transfers. An eligible plan shall not assess a fee specifically relating to a transfer
43 of accumulated contributions authorized under this subsection. This provision shall not prohibit
44 other fees that may be assessable under the plan. Each plan, contract, account, or annuity shall
45 fully disclose to any member participating in a transfer under this subsection any surrender
46 charges or other fees, and that disclosure shall be made contemporaneous with the initiation of
47 the transfer by the member.

48 The Board of Trustees shall report annually to the Joint Legislative Commission on
49 Governmental Operations on the number of persons who made an election in the previous
50 calendar year, with any recommendations it might make on amendment or repeal based on any
51 identified problems.

1 The General Assembly reserves the right to repeal or amend this subsection, but such repeal
2 or amendment shall not affect any person who has already made the one-time election provided
3 in this subsection."

4 **SECTION 3.(a)** G.S. 135-5(a)(4) reads as rewritten:

5 "(4) Any member who is a law-enforcement officer and who (i) attains age 50 and
6 completes 15 or more years of creditable service in this ~~capacity or who~~
7 capacity, (ii) attains age 55 and completes five or more years of creditable
8 service in this capacity, or (iii) has completed 25 years of creditable service
9 with a minimum of 15 years of creditable service in a law enforcement
10 capacity may retire upon electronic submission or written application to the
11 Board of Trustees setting forth at what time, as of the first day of a calendar
12 month, not less than one day nor more than 120 days subsequent to the
13 execution and filing thereof, ~~he~~ the member desires to be retired; Provided,
14 also, any member who has met the conditions herein required but does not
15 retire, and later becomes a teacher or an employee other than as a
16 law-enforcement officer shall continue to have the right to commence
17 retirement."

18 **SECTION 3.(b)** G.S. 135-5(b19) reads as rewritten:

19 "(b19) Service Retirement Allowance of Members Retiring on or After July 1, ~~2002-2002,~~
20 but Before July 1, 2018. – Upon retirement from service in accordance with subsection (a) or
21 (a1) of this section, on or after July 1, 2002, but before July 1, 2018, a member shall receive the
22 following service retirement allowance:

- 23 (1) A member who is a law enforcement officer or an eligible former law
24 enforcement officer shall receive a service retirement allowance computed as
25 follows:
- 26 a. If the member's service retirement date occurs on or after his 55th
27 birthday, and completion of five years of creditable service as a law
28 enforcement officer, or after the completion of 30 years of creditable
29 service, the allowance shall be equal to one and eighty-two hundredths
30 percent (1.82%) of his average final compensation, multiplied by the
31 number of years of his creditable service.
 - 32 b. If the member's service retirement date occurs on or after his 50th
33 birthday and before his 55th birthday with 15 or more years of
34 creditable service as a law enforcement officer and prior to the
35 completion of 30 years of creditable service, his retirement allowance
36 shall be equal to the greater of:
 - 37 1. The service retirement allowance payable under
38 G.S. 135-5(b19)(1)a. reduced by one-third of one percent (1/3
39 of 1%) thereof for each month by which his retirement date
40 precedes the first day of the month coincident with or next
41 following the month the member would have attained his 55th
42 birthday; or
 - 43 2. The service retirement allowance as computed under
44 G.S. 135-5(b19)(1)a. reduced by five percent (5%) times the
45 difference between 30 years and his creditable service at
46 retirement.
- 47 (2) A member who is not a law enforcement officer or an eligible former law
48 enforcement officer shall receive a service retirement allowance computed as
49 follows:
- 50 a. If the member's service retirement date occurs on or after his 65th
51 birthday upon the completion of five years of membership service or

1 after the completion of 30 years of creditable service or on or after his
2 60th birthday upon the completion of 25 years of creditable service,
3 the allowance shall be equal to one and eighty-two hundredths percent
4 (1.82%) of his average final compensation, multiplied by the number
5 of years of creditable service.

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

13 c. If the member's early service retirement date occurs on or after his 50th
14 birthday and before his 60th birthday and after completion of 20 years
15 of creditable service but prior to the completion of 30 years of
16 creditable service, his early service retirement allowance shall be equal
17 to the greater of:

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

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

31 3. If the member's creditable service commenced prior to July 1,
32 1994, the service retirement allowance equal to the actuarial
33 equivalent of the allowance payable at the age of 60 years as
34 computed in G.S. 135-5(b19)(2)b.

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

38 **SECTION 3.(c)** G.S. 135-5 is amended by adding a new subsection to read:

39 "(b21) Service Retirement Allowance of Members Retiring on or After July 1, 2018. – Upon
40 retirement from service on or after July 1, 2018, in accordance with subsection (a) or (a1) of this
41 section, a member shall receive the following service retirement allowance:

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

45 a. If the member's service retirement date occurs on or after the member's
46 55th birthday and completion of five years of creditable service as a
47 law enforcement officer, or after the completion of 30 years of
48 creditable service, the allowance shall be equal to one and eighty-two
49 hundredths percent (1.82%) of the member's average final
50 compensation, multiplied by the number of years of the member's
51 creditable service.

- 1 b. If the member's service retirement date occurs prior to the member's
2 50th birthday and after the completion of 25 years of creditable service
3 with a minimum of 15 years of creditable service in a law enforcement
4 capacity but before the completion of 30 years of creditable service,
5 the retirement allowance shall be equal to the greater of the following
6 amounts:
- 7 1. The service retirement allowance payable under
8 G.S. 135-5(b21)(1)a. reduced by one-third of one percent (1/3
9 of 1%) thereof for each month by which the member's
10 retirement date precedes the first day of the month coincident
11 with or next following the month the member would have
12 attained age 55.
- 13 2. The service retirement allowance as computed under
14 G.S. 135-5(b21)(1)a. reduced by five percent (5%) times the
15 difference between 30 years and the member's creditable
16 service at retirement plus four percent (4%) times the
17 difference between age 50 and the member's age at retirement.
- 18 c. If the member's service retirement date occurs on or after the member's
19 50th birthday and before the member's 55th birthday with 15 or more
20 years of creditable service as a law enforcement officer and prior to
21 the completion of 30 years of creditable service, the retirement
22 allowance shall be equal to the greater of the following amounts:
- 23 1. The service retirement allowance payable under
24 G.S. 135-5(b21)(1)a. reduced by one-third of one percent (1/3
25 of 1%) thereof for each month by which the retirement date
26 precedes the first day of the month coincident with or next
27 following the month the member would have attained age 55.
- 28 2. The service retirement allowance as computed under
29 G.S. 135-5(b21)(1)a. reduced by five percent (5%) times the
30 difference between 30 years and the amount of creditable
31 service at retirement.
- 32 (2) A member who is not a law enforcement officer or an eligible former law
33 enforcement officer shall receive a service retirement allowance computed as
34 follows:
- 35 a. If the member's service retirement date occurs on or after the member's
36 65th birthday upon the completion of five years of membership
37 service, or after the completion of 30 years of creditable service, or on
38 or after his 60th birthday upon the completion of 25 years of creditable
39 service, the allowance shall be equal to one and eighty-two hundredths
40 percent (1.82%) of the member's average final compensation,
41 multiplied by the number of years of creditable service.
- 42 b. If the member's service retirement date occurs after the member's 60th
43 birthday and before the member's 65th birthday and prior to the
44 completion of 25 years or more of creditable service, the retirement
45 allowance shall be computed as in G.S. 135-5(b21)(2)a. but shall be
46 reduced by one-quarter of one percent (1/4 of 1%) thereof for each
47 month by which the retirement date precedes the first day of the month
48 coincident with or next following the member's 65th birthday.
- 49 c. If the member's early service retirement date occurs on or after the
50 member's 50th birthday and before the member's 60th birthday and
51 after completion of 20 years of creditable service but prior to the

1 completion of 30 years of creditable service, the early service
 2 retirement allowance shall be equal to the greater of the following
 3 amounts:

- 4 1. The service retirement allowance as computed under
 5 G.S. 135-5(b21)(2)a. but reduced by the sum of five-twelfths
 6 of one percent (5/12 of 1%) thereof for each month by which
 7 the member's retirement date precedes the first day of the
 8 month coincident with or next following the month the
 9 member would have attained his 60th birthday, plus
 10 one-quarter of one percent (1/4 of 1%) thereof for each month
 11 by which the member's 60th birthday precedes the first day of
 12 the month coincident with or next following the member's 65th
 13 birthday.
- 14 2. The service retirement allowance as computed under
 15 G.S. 135-5(b21)(2)a. reduced by five percent (5%) times the
 16 difference between 30 years and the amount of creditable
 17 service at retirement.
- 18 3. If the member's creditable service commenced prior to July 1,
 19 1994, the service retirement allowance equal to the actuarial
 20 equivalent of the allowance payable at the age of 60 years as
 21 computed in G.S. 135-5(b21)(2)b.

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

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

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

- 31 (1) a. The member had attained such age and/or creditable service to be
 32 eligible to commence retirement with an early or service retirement
 33 allowance, or
 34 b. The member had obtained 20 years of creditable service in which case
 35 the retirement allowance shall be computed in accordance with ~~G.S.~~
 36 ~~135-5(b19)(1)b. or G.S. 135-5(b19)(2)e., G.S. 135-5(b21)(1)c. or~~
 37 ~~G.S. 135-5(b21)(2)c.,~~ notwithstanding the requirement of obtaining
 38 age 50, or
 39 b1. The member was a law enforcement officer who had obtained 15 years
 40 of service as a law enforcement officer and was killed in the line of
 41 duty, in which case the retirement allowance shall be computed in
 42 accordance with ~~G.S. 135-5(b19)(1)b.,~~ G.S. 135-5(b21)(1)c.,
 43 notwithstanding the requirement of obtaining age 50.
 44 c. Repealed by Session Laws 2010-72, s. 2(a), effective July 1, 2010.

45 "...."

46 **SECTION 3.(e)** G.S. 128-27(a)(5) reads as rewritten:

47 "(5) Any member who is a law enforcement ~~officer, officer~~ and who (i) attains age
 48 50 and completes 15 or more years of creditable service in this ~~capacity or~~
 49 ~~who capacity, or~~ (ii) attains age 55 and completes five or more years of
 50 creditable service in this capacity, or (iii) who has completed 25 years of
 51 creditable service with a minimum of 15 years of creditable service in a law

1 enforcement capacity may retire upon electronic submission or written
2 application to the Board of Trustees setting forth at what time, as of the first
3 day of a calendar month, not less than one day nor more than 120 days
4 subsequent to the execution and filing thereof, ~~he~~ the member desires to be
5 retired; provided, also, any member who has met the conditions required by
6 this subdivision but does not retire, and later becomes an employee other than
7 as a law enforcement officer, continues to have the right to commence
8 retirement."

9 **SECTION 3.(f)** G.S. 128-27(b21) reads as rewritten:

10 "(b21) Service Retirement Allowance of Member Retiring on or After July 1, ~~2003-2003~~, but
11 Before July 1, 2018. – Upon retirement from service in accordance with subsection (a) or (a1)
12 above, on or after July 1, 2003, but before July 1, 2018, a member shall receive the following
13 service retirement allowance:

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

17 a. If the member's service retirement date occurs on or after his 55th
18 birthday and completion of five years of creditable service as a law
19 enforcement officer, or after the completion of 30 years of creditable
20 service, the allowance shall be equal to one and eighty-five hundredths
21 percent (1.85%) of his average final compensation, multiplied by the
22 number of years of his creditable service.

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

- 28 1. The service retirement allowance payable under
29 G.S. 128-27(b21)(1)a. reduced by one-third of one percent (1/3
30 of 1%) thereof for each month by which his retirement date
31 precedes the first day of the month coincident with or next
32 following the month the member would have attained his 55th
33 birthday;
- 34 2. The service retirement allowance as computed under
35 G.S. 128-27(b21)(1)a. reduced by five percent (5%) times the
36 difference between 30 years and his creditable service at
37 retirement.

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

41 a. If the member's service retirement date occurs on or after his 65th
42 birthday upon the completion of five years of creditable service or after
43 the completion of 30 years of creditable service or on or after his 60th
44 birthday upon the completion of 25 years of creditable service, the
45 allowance shall be equal to one and eighty-five hundredths percent
46 (1.85%) of average final compensation, multiplied by the number of
47 years of creditable service.

48 b. If the member's service retirement date occurs after his 60th birthday
49 and before his 65th birthday and prior to his completion of 25 years or
50 more of creditable service, his retirement allowance shall be computed
51 as in G.S. 128-27(b21)(2) a. but shall be reduced by one-quarter of one

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

4 c. If the member's early service retirement date occurs on or after his 50th
5 birthday and before his 60th birthday and after completion of 20 years
6 of creditable service but prior to the completion of 30 years of
7 creditable service, his early service retirement allowance shall be equal
8 to the greater of:

9 1. The service retirement allowance as computed under
10 G.S. 128-27(b21)(2)a. but reduced by the sum of five-twelfths
11 of one percent (5/12 of 1%) thereof for each month by which
12 his retirement date precedes the first day of the month
13 coincident with or next following the month the member would
14 have attained his 60th birthday, plus one-quarter of one percent
15 (1/4 of 1%) thereof for each month by which his 60th birthday
16 precedes the first day of the month coincident with or next
17 following his 65th birthday; or

18 2. The service retirement allowance as computed under
19 G.S. 128-27(b21)(2)a. reduced by five percent (5%) times the
20 difference between 30 years and his creditable service at
21 retirement; or

22 3. If the member's creditable service commenced prior to July 1,
23 1995, the service retirement allowance equal to the actuarial
24 equivalent of the allowance payable at the age of 60 years as
25 computed in G.S. 128-27(b21)(2)b.

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

29 **SECTION 3.(g)** G.S. 128-27 is amended by adding a new subsection to read:

30 "(b22) Service Retirement Allowance of Member Retiring on or After July 1, 2018. – Upon
31 retirement from service in accordance with subsection (a) or (a1) of this section, on or after July
32 1, 2018, a member shall receive the following service retirement allowance:

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

36 a. If the member's service retirement date occurs on or after the member's
37 55th birthday and completion of five years of creditable service as a
38 law enforcement officer, or after the completion of 30 years of
39 creditable service, the allowance shall be equal to one and eighty-five
40 hundredths percent (1.85%) of the member's average final
41 compensation, multiplied by the number of years of the member's
42 creditable service.

43 b. If the member's service retirement date occurs prior to the member's
44 50th birthday and after the completion of 25 years of creditable service
45 with a minimum of 15 years of creditable service in a law enforcement
46 capacity but before the completion of 30 years of creditable service,
47 the retirement allowance shall be equal to the greater of the following
48 amounts:

49 1. The service retirement allowance payable under
50 G.S. 128-27(b22)(1)a. reduced by one-third of one percent (1/3
51 of 1%) thereof for each month by which the member's

- 1 retirement date precedes the first day of the month coincident
2 with or next following the month the member would have
3 attained age 55.
- 4 2. The service retirement allowance as computed under
5 G.S. 128-27(b22)(1)a. reduced by five percent (5%) times the
6 difference between 30 years and the member's creditable
7 service at retirement plus four percent (4%) times the
8 difference between 50 and the member's age at retirement.
- 9 c. If the member's service retirement date occurs on or after the member's
10 50th birthday and before the member's 55th birthday with 15 or more
11 years of creditable service as a law enforcement officer and prior to
12 the completion of 30 years of creditable service, the retirement
13 allowance shall be equal to the greater of the following amounts:
- 14 1. The service retirement allowance payable under
15 G.S. 128-27(b22)(1)a. reduced by one-third of one percent (1/3
16 of 1%) thereof for each month by which the retirement date
17 precedes the first day of the month coincident with or next
18 following the month the member would have attained age 55.
- 19 2. The service retirement allowance as computed under
20 G.S. 128-27(b22)(1)a. reduced by five percent (5%) times the
21 difference between 30 years and the amount of creditable
22 service at retirement.
- 23 (2) A member who is not a law enforcement officer or an eligible former law
24 enforcement officer shall receive a service retirement allowance computed as
25 follows:
- 26 a. If the member's service retirement date occurs on or after the member's
27 65th birthday upon the completion of five years of creditable service,
28 or after the completion of 30 years of creditable service, or on or after
29 the member's 60th birthday upon the completion of 25 years of
30 creditable service, the allowance shall be equal to one and eighty-five
31 hundredths percent (1.85%) of the member's average final
32 compensation, multiplied by the number of years of creditable service.
- 33 b. If the member's service retirement date occurs after the member's 60th
34 birthday and before the member's 65th birthday and prior to the
35 completion of 25 years or more of creditable service, the retirement
36 allowance shall be computed as in G.S. 128-27(b22)(2)a. but shall be
37 reduced by one-quarter of one percent (1/4 of 1%) thereof for each
38 month by which the retirement date precedes the first day of the month
39 coincident with or next following the member's 65th birthday.
- 40 c. If the member's early service retirement date occurs on or after the
41 member's 50th birthday and before the member's 60th birthday and
42 after completion of 20 years of creditable service but prior to the
43 completion of 30 years of creditable service, the early service
44 retirement allowance shall be equal to the greater of the following
45 amounts:
- 46 1. The service retirement allowance as computed under
47 G.S. 128-27(b22)(2)a. but reduced by the sum of five-twelfths
48 of one percent (5/12 of 1%) thereof for each month by which
49 the retirement date precedes the first day of the month
50 coincident with or next following the month the member would
51 have attained the member's 60th birthday, plus one-quarter of

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

4 2. The service retirement allowance as computed under
 5 G.S. 128-27(b22)(2)a. reduced by five percent (5%) times the
 6 difference between 30 years and the amount of creditable
 7 service at retirement.

8 3. If the member's creditable service commenced prior to July 1,
 9 1995, the service retirement allowance equal to the actuarial
 10 equivalent of the allowance payable at the age of 60 years as
 11 computed in G.S. 128-27(b22)(2)b.

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

15 **SECTION 3.(h)** G.S. 128-27(m) reads as rewritten:

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

21 (1) a. The member had attained such age and/or creditable service to be
 22 eligible to commence retirement with an early or service retirement
 23 allowance, or

24 b. The member had obtained 20 years of creditable service in which case
 25 the retirement allowance shall be computed in accordance with ~~G.S.~~
 26 ~~128-27(b21)(1)b. or G.S. 128-27(b21)(2)c.,~~ G.S. 128-27(b22)(1)c. or
 27 G.S. 128-27(b22)(2)c., notwithstanding the requirement of obtaining
 28 age 50, or

29 b1. The member was a law enforcement officer who had obtained 15 years
 30 of service as a law enforcement officer and was killed in the line of
 31 duty, or the member was a firefighter or a rescue squad worker who
 32 had obtained 15 years of service as a firefighter or a rescue squad
 33 worker and was killed in the line of duty, in which cases the retirement
 34 allowance shall be computed in accordance with ~~G.S.~~
 35 ~~128-27(b21)(1)b.,~~ G.S. 128-27(b22)(1)c., notwithstanding the
 36 requirement of obtaining age 50.

37 c. Repealed by Session Laws 2010-72, s. 2(b), effective July 1, 2010.

38"

39 **SECTION 4.** Notwithstanding any other provision of law to the contrary, in order to
 40 administer the changes to the special retirement allowance, as well as the change in creditable
 41 service required for law enforcement officers to retire with a reduced benefit, as provided for in
 42 Sections 2 and 3 of this act, the Retirement Systems Division of the Department of State
 43 Treasurer may increase receipts from the retirement assets of the corresponding retirement
 44 system or pay costs associated with the administration of these changes directly from the
 45 retirement assets.

46 **SECTION 5.** Sections 2 and 3 of this act become effective July 1, 2019. The
 47 remainder of this act is effective when it becomes law.