

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2019

H.B. 777  
Apr 15, 2019  
HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH40053-MRp-13

Short Title: Purchase Opt/Credit for Prior Year FT Service. (Public)

Sponsors: Representatives Belk, Gill, Hurley, and Martin (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO ALLOW FOR THE PURCHASE OF CREDITABLE SERVICE IN THE  
3 TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM AND THE LOCAL  
4 GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM FOR SERVICE IN A  
5 PRIOR YEAR WHEN THAT SERVICE WAS ASSUMED TO BE PART-TIME BUT WAS  
6 ACTUALLY FULL-TIME SERVICE.

7 The General Assembly of North Carolina enacts:

8 **SECTION 1.(a)** G.S. 135-4 is amended by adding a new subsection to read:

9 "(p2) Credit For Prior Year Full-time Service. – An individual who was not eligible to earn  
10 membership service in a calendar year due to the anticipation that the individual would not meet  
11 the definition of employee under G.S. 135-1 because that individual would not work at least 30  
12 hours per week for nine or more months in that calendar year may purchase creditable service  
13 for that calendar year if that individual did work at least 30 hours per week for nine or more  
14 months in that calendar year. The following requirements apply to this purchase of creditable  
15 service:

- 16 (1) No later than January 31 of each year, all employers shall provide written  
17 notification of the total hours worked in the preceding calendar year to any  
18 individual who worked at least 30 hours per week for nine or more months in  
19 the preceding calendar year who was classified as part-time and who was not  
20 eligible to earn membership service due to that classification. Employers must  
21 send a copy of each notification to the Retirement Systems Division no later  
22 than January 31 of each year.
- 23 (2) An individual who received the written notification under subdivision (1) of  
24 this section may purchase the applicable amount of creditable service based  
25 upon the hours that the individual actually worked in the preceding calendar  
26 year. The creditable service must be purchased as a lump sum in an amount  
27 equal to the employee contributions that would have been required had the  
28 individual been earning membership service in that preceding calendar year.  
29 Purchases made under this subdivision must be made and paid in full within  
30 30 days of receipt of the written notification. Any service not purchased by  
31 this deadline may be eligible for purchase under subsection (p1) of this  
32 section.
- 33 (3) Upon receipt of the full payment as required by subdivision (2) of this  
34 subsection, the Retirement Systems Division shall issue an invoice to the  
35 employer in the amount that the employer would have contributed had the  
36 individual been earning membership service in the preceding calendar year.



1           (4)    Employers of any individual purchasing service credit under this section shall  
2           remit in one lump sum the amount that the employer would have contributed  
3           had the individual been earning membership service in the preceding calendar  
4           year. Payments must be made and paid in full within 30 days of receipt of the  
5           invoice from the Retirement Systems Division under subdivision (3) of this  
6           subsection.

7           (5)    The cumulative amount of creditable service purchased under this subsection  
8           may not exceed a total of five years.

9           (6)    This subsection does not apply to retired members."

10          **SECTION 1.(b)** G.S. 128-26 is amended by adding a new subsection to read:

11          "(p1) Credit For Prior Year Full-time Service. – An individual who was not eligible to earn  
12          membership service in a calendar year due to the anticipation that the individual would not meet  
13          the definition of employee under G.S. 128-21 because that individual held a position that was  
14          anticipated to require less than 1,000 hours work in that calendar year may purchase creditable  
15          service for that calendar year if that individual did work at least 1,000 hours in that calendar year.  
16          The following requirements apply to this purchase of creditable service:

17           (1)    No later than January 31 of each year, all employers shall provide written  
18           notification of the total hours worked in the preceding calendar year to any  
19           individual who worked at least 1,000 hours in the preceding calendar year who  
20           was classified as part-time and who was not eligible to earn membership  
21           service due to that classification. Employers must send a copy of each  
22           notification to the Retirement Systems Division no later than January 31 of  
23           each year.

24           (2)    An individual who received the written notification under subdivision (1) of  
25           this section may purchase the applicable amount of creditable service based  
26           upon the hours that the individual actually worked in the preceding calendar  
27           year. The creditable service must be purchased as a lump sum in an amount  
28           equal to the employee contributions that would have been required had the  
29           individual been earning membership service in that preceding calendar year.  
30           Purchases made under this subdivision must be made and paid in full within  
31           30 days of receipt of the written notification. Any service not purchased by  
32           this deadline may be eligible for purchase under subsection (p) of this section.

33           (3)    Upon receipt of the full payment as required by subdivision (2) of this  
34           subsection, the Retirement Systems Division shall issue an invoice to the  
35           employer in the amount that the employer would have contributed had the  
36           individual been earning membership service in the preceding calendar year.

37           (4)    Employers of any individual purchasing service credit under this section shall  
38           remit in one lump sum the amount that the employer would have contributed  
39           had the individual been earning membership service in the preceding calendar  
40           year. Payments must be made and paid in full within 30 days of receipt of the  
41           invoice from the Retirement Systems Division under subdivision (3) of this  
42           subsection.

43           (5)    The cumulative amount of creditable service purchased under this subsection  
44           may not exceed a total of five years.

45           (6)    This subsection does not apply to retired members."

46          **SECTION 2.** This act becomes effective January 1, 2021, and applies to the purchase  
47          of service for work performed on or after January 1, 2020.