

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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HOUSE BILL 193

Short Title: Military Service Retirement.

(Public)

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Sponsors: Representatives Bowman; Wood and Buchanan.

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Referred to: Pensions and Retirement.

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February 13, 1989

A BILL TO BE ENTITLED

AN ACT TO REINSTATE THE PURCHASE OF STATE RETIREMENT SERVICE  
CREDIT FOR CERTAIN PERIODS OF MILITARY SERVICE.

The General Assembly of North Carolina enacts:

Section 1. G.S. 120-4.12 is amended by adding a new subsection to the end  
to read:

"(e) Any member of the Retirement System who has five or more years of creditable service as a member of the General Assembly may purchase credit for service in the Armed Forces of the United States eligible under subsection (d) of this section by making a lump sum payment into the Annuity Savings Fund equal to the full actuarial cost as provided for in G.S. 135-4(m)."

Sec. 2. G.S. 128-26 is amended by adding a new subsection (j1) to read:

"(j1) Notwithstanding any other provision of this Chapter, any member and any retired member as herein described may purchase creditable service for service in the Armed Forces of the United States, not otherwise allowed, by paying a total lump sum payment determined as follows:

(1) For members who completed 10 years of membership service, and retired members who completed 10 years of membership service prior to retirement, and whose current membership began on or prior to January 1, 1988, and who make such purchase within three years after first becoming eligible, the cost shall be an amount equal to the monthly compensation the member earned when he first entered current membership service times the employee contribution rate at that time times the months of service to be purchased with sufficient

1 interest added thereto so as to equal one-half of the cost of allowing  
2 such service, plus an administrative fee to be set by the Board of  
3 Trustees.

- 4 (2) For members who complete five years of membership service, and  
5 retired members who complete five years of membership service prior  
6 to retirement, and whose current membership service began after  
7 January 1, 1988, and eligible members and retired members covered  
8 by paragraph (1) of this subdivision, whose current membership began  
9 on or before January 1, 1988, but who did not or do not make such  
10 purchase within three years after first becoming eligible, the cost shall  
11 be an amount equal to the full liability of the service credits calculated  
12 on the basis of the assumptions used for the purposes of the actuarial  
13 valuation of the System's liabilities and shall take into account the  
14 retirement allowance arising on account of the additional service  
15 credits commencing at the earliest age at which the member could  
16 retire on an unreduced allowance, as determined by the Board of  
17 Trustees upon the advice of the consulting actuary, plus an  
18 administrative fee to be set by the Board of Trustees.

19 Creditable service allowed under this subdivision shall be only for the initial period of  
20 active duty in the Armed Forces of the United States up to the date the member was first  
21 eligible to be separated and released and for subsequent periods of active duty as  
22 required by the Armed Forces of the United States up to the date of first eligibility for  
23 separation or release, but shall not include periods of active duty in the Armed Forces of  
24 the United States creditable in any other retirement system except the national guard or  
25 any reserve component of the Armed Forces of the United States. Provided, creditable  
26 service may be allowed only for active duty in the Armed Forces of the United States of  
27 a member that resulted in a general or honorable discharge from duty. The member  
28 shall submit satisfactory evidence of the service claimed.”

29 Sec. 3. G.S. 135-4(f) reads as rewritten:

30 "(f) Armed Service Credit. –

- 31 (1) Teachers and other State employees who entered the armed services of  
32 the United States on or after September 16, 1940, and prior to  
33 February 17, 1941, and who returned to the service of the State within  
34 a period of two years after they were first eligible to be separated or  
35 released from such armed services under other than dishonorable  
36 conditions shall be entitled to full credit for all prior service.
- 37 (2) Teachers and other State employees who entered the armed services of  
38 the United States on or after September 16, 1940, and who returned to  
39 the service of the State prior to October 1, 1952, or who devote not  
40 less than 10 years of service to the State after they are separated or  
41 released from such armed services under other than dishonorable  
42 conditions, shall be entitled to full credit for all prior service, and, in  
43 addition they shall receive membership service credit for the period of  
44 service in such armed services up to the date they were first eligible to

1 be separated or released therefrom, occurring after the date of  
2 establishment of the Retirement System.

3 (3) Teachers and other State employees who enter the armed services of  
4 the United States on or after July 1, 1950, or who engage in active  
5 military service on or after July 1, 1950, and who return to the service  
6 of the State within a period of two years after they are first eligible to  
7 be separated or released from such active military service under other  
8 than dishonorable conditions shall be entitled to full membership  
9 service credit for the period of such active service in the armed  
10 services.

11 (4) Under such rules as the ~~board of trustees~~ Board of Trustees shall adopt,  
12 credit will be provided by the Retirement System with respect to each  
13 such teacher or other State employee in the amounts that he would  
14 have been paid during such service in such armed services on the basis  
15 of his earnable compensation when such service commenced. Such  
16 contributions shall be credited to the individual account of the member  
17 in the annuity savings fund, in such manner as the ~~board of trustees~~  
18 Board of Trustees shall determine, but any such contributions so  
19 credited and any regular interest thereon shall be available to the  
20 member only in the form of an annuity, or benefit in lieu thereof, upon  
21 his retirement on a service, disability or special retirement allowance;  
22 and in the event of cessation of membership or death prior thereto, any  
23 such contributions so credited and regular interest thereon shall not be  
24 payable to him or on his account, but shall be transferred from the  
25 annuity savings fund to the pension accumulation fund. If any  
26 payments were made by a member on account of such service as  
27 provided by subdivision (5) of subsection (b) of G.S. 135-8, the Board  
28 of Trustees shall refund to or reimburse such member for such  
29 payments.

30 (5) The provisions of this subsection shall also apply to members of the  
31 national guard with respect to teachers and State employees who are  
32 called into federal service or who are called into State service, to the  
33 extent that such persons fail to receive compensation for performance  
34 of the duties of their employment other than for service in the national  
35 guard.

36 (6) Repealed by Session Laws 1981, c. 636, s. 1.

37 (7) Notwithstanding any other provision of this Chapter, any member and  
38 any retired member as herein described may purchase creditable  
39 service in the Armed Forces of the United States, not otherwise  
40 allowed, by paying a total lump sum payment determined as follows:

41 a. For members who completed 10 years of membership service,  
42 and retired members who completed 10 years of membership  
43 service prior to retirement, whose current membership began on  
44 or prior to July 1, 1981, and who make this purchase within

1                   three years after first becoming eligible, the cost shall be an  
2                   amount equal to the monthly compensation the member earned  
3                   when he first entered current membership service times the  
4                   employee contribution rate at that time times the months of  
5                   service to be purchased, with sufficient interest added thereto so  
6                   as to equal one-half of the cost of allowing this service, plus an  
7                   administrative fee to be set by the Board of Trustees.

8                   b. For members who complete five years of membership service,  
9                   and retired members who complete five years of membership  
10                  service prior to retirement, and whose current membership  
11                  service began after July 1, 1981, and eligible members and  
12                  retired members covered by paragraph a. of this subdivision,  
13                  whose current membership began on or before July 1, 1981, but  
14                  who did not or do not make this purchase within three years  
15                  after first becoming eligible, the cost shall be an amount equal  
16                  to the full liability of the service credits calculated on the basis  
17                  of the assumptions used for the purposes of the actuarial  
18                  valuation of the System's liabilities and shall take into account  
19                  the retirement allowance arising on account of the additional  
20                  service credits commencing at the earliest age at which the  
21                  member could retire on an unreduced allowance, as determined  
22                  by the Board of Trustees upon the advice of the consulting  
23                  actuary, plus an administrative fee to be set by the Board of  
24                  Trustees.

25                  Creditable service allowed under this subdivision shall be only for the  
26                  initial period of active duty in the Armed Forces of the United States  
27                  up to the date the member was first eligible to be separated and  
28                  released and for subsequent periods of active duty as required by the  
29                  Armed Forces of the United States up to the date of first eligibility for  
30                  separation or release, but shall not include periods of active duty in the  
31                  Armed Forces of the United States creditable in any other retirement  
32                  system except the national guard or any reserve component of the  
33                  Armed Forces of the United States. Provided, creditable service may  
34                  be allowed only for active duty in the Armed Forces of the United  
35                  States of a member that resulted in a general or honorable discharge  
36                  from duty. The member shall submit satisfactory evidence of the  
37                  service claimed."

38                  Sec. 4. This act shall become effective October 1, 1989.