

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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SENATE BILL 444

Short Title: Retirement/IRS Change.

(Public)

Sponsors: Senator Block.

Referred to: Pensions and Retirement.

March 15, 1989

A BILL TO BE ENTITLED

AN ACT TO AMEND THE STATE AND LOCAL GOVERNMENT RETIREMENT
SYSTEMS TO CONFORM THEM TO THE INTERNAL REVENUE CODE.

The General Assembly of North Carolina enacts:

Section 1. Article 1A of Chapter 120 of the General Statutes is amended by
adding a new section to the end to read:

"§ 120-4.31. Internal Revenue Code compliance.

(a) Notwithstanding any other provisions of law to the contrary, compensation for any calendar year after 1988 in which employee or employer contributions are made and for which annual compensation is used for computing any benefit under this Article shall not exceed the higher of two hundred thousand dollars (\$200,000) or the amount determined by the Commissioner of Internal Revenue as the limitation for calendar years after 1989; provided the imposition of the limitation shall not reduce a member's benefit below the amount determined as of December 31, 1988.

(b) Notwithstanding any other provisions of law to the contrary, the annual benefit payable on behalf of a member whose retirement begins prior to age 65 shall not exceed, and if necessary shall be reduced to, a benefit that is the actuarial equivalent of the maximum life annuity permitted in respect of such member under Section 415(b) and (e) of the Internal Revenue Code, as adjusted by the Secretary of the Treasury or his delegate pursuant to Section 415(d) of the Code. If a member is a participant under any qualified defined contributions plan that is required to be taken into account for the purposes of the limitation contained in Section 415 of the Internal Revenue Code, the annual benefit payable under this Article shall be reduced to the extent required by

1 Section 415(e) prior to making any reduction under the defined contribution plan
2 provided by the employer.

3 (c) On and after January 1, 1989, the retirement allowance of a member who has
4 terminated employment shall begin the later of April 1 of the calendar year following
5 the calendar year that the member attains 70 1/2 years of age or April 1 of the calendar
6 year following the calendar year in which the member terminates employment."

7 Sec. 2. Article 3 of Chapter 128 of the General Statutes is amended by
8 adding a new section to the end to read:

9 **"§ 128-38.2. Internal Revenue Code compliance.**

10 (a) Notwithstanding any other provisions of law to the contrary, compensation
11 for any calendar year after 1988 in which employee or employer contributions are made
12 and for which annual compensation is used for computing any benefit under this Article
13 shall not exceed the higher of two hundred thousand dollars (\$200,000) or the amount
14 determined by the Commissioner of Internal Revenue as the limitation for calendar
15 years after 1989; provided the imposition of the limitation shall not reduce a member's
16 benefit below the amount determined as of December 31, 1988.

17 (b) Notwithstanding any other provisions of law to the contrary, the annual
18 benefit payable on behalf of a member whose retirement begins prior to age 65 shall not
19 exceed, and if necessary shall be reduced to, a benefit that is the actuarial equivalent of
20 the maximum life annuity permitted in respect of such member under Section 415(b)
21 and (e) of the Internal Revenue Code, as adjusted by the Secretary of the Treasury or his
22 delegate pursuant to Section 415(d) of the Code. If a member is a participant under any
23 qualified defined contributions plan that is required to be taken into account for the
24 purposes of the limitation contained in Section 415 of the Internal Revenue Code, the
25 annual benefit payable under this Article shall be reduced to the extent required by
26 Section 415(e) prior to making any reduction under the defined contribution plan
27 provided by the employer.

28 (c) On and after January 1, 1989, the retirement allowance of a member who has
29 terminated employment shall begin the later of April 1 of the calendar year following
30 the calendar year that the member attains 70 1/2 years of age or April 1 of the calendar
31 year following the calendar year in which the member terminates employment."

32 Sec. 3. Article 1 of Chapter 135 of the General Statutes is amended by
33 adding a new section to the end to read:

34 **"§ 135-18.7. Internal Revenue Code compliance.**

35 (a) Notwithstanding any other provisions of law to the contrary, compensation
36 for any calendar year after 1988 in which employee or employer contributions are made
37 and for which annual compensation is used for computing any benefit under this Article
38 shall not exceed the higher of two hundred thousand dollars (\$200,000) or the amount
39 determined by the Commissioner of Internal Revenue as the limitation for calendar
40 years after 1989; provided the imposition of the limitation shall not reduce a member's
41 benefit below the amount determined as of December 31, 1988.

42 (b) Notwithstanding any other provisions of law to the contrary, the annual
43 benefit payable on behalf of a member whose retirement begins prior to age 65 shall not
44 exceed, and if necessary shall be reduced to, a benefit that is the actuarial equivalent of

1 the maximum life annuity permitted in respect of such member under Section 415(b)
2 and (e) of the Internal Revenue Code, as adjusted by the Secretary of the Treasury or his
3 delegate pursuant to Section 415(d) of the Code. If a member is a participant under any
4 qualified defined contributions plan that is required to be taken into account for the
5 purposes of the limitation contained in Section 415 of the Internal Revenue Code, the
6 annual benefit payable under this Article shall be reduced to the extent required by
7 Section 415(e) prior to making any reduction under the defined contribution plan
8 provided by the employer.

9 (c) On and after January 1, 1989, the retirement allowance of a member who has
10 terminated employment shall begin the later of April 1 of the calendar year following
11 the calendar year that the member attains 70 1/2 years of age or April 1 of the calendar
12 year following the calendar year in which the member terminates employment."

13 Sec. 4. Article 4 of Chapter 135 of the General Statutes is amended by
14 adding a new section to the end to read:

15 **"§ 135-74. Internal Revenue Code compliance.**

16 (a) Notwithstanding any other provisions of law to the contrary, compensation
17 for any calendar year after 1988 in which employee or employer contributions are made
18 and for which annual compensation is used for computing any benefit under this Article
19 shall not exceed the higher of two hundred thousand dollars (\$200,000) or the amount
20 determined by the Commissioner of Internal Revenue as the limitation for calendar
21 years after 1989; provided the imposition of the limitation shall not reduce a member's
22 benefit below the amount determined as of December 31, 1988.

23 (b) Notwithstanding any other provisions of law to the contrary, the annual
24 benefit payable on behalf of a member whose retirement begins prior to age 65 shall not
25 exceed, and if necessary shall be reduced to, a benefit that is the actuarial equivalent of
26 the maximum life annuity permitted in respect of such member under Section 415(b)
27 and (e) of the Internal Revenue Code, as adjusted by the Secretary of the Treasury or his
28 delegate pursuant to Section 415(d) of the Code. If a member is a participant under any
29 qualified defined contributions plan that is required to be taken into account for the
30 purposes of the limitation contained in Section 415 of the Internal Revenue Code, the
31 annual benefit payable under this Article shall be reduced to the extent required by
32 Section 415(e) prior to making any reduction under the defined contribution plan
33 provided by the employer.

34 (c) On and after January 1, 1989, the retirement allowance of a member who has
35 terminated employment shall begin the later of April 1 of the calendar year following
36 the calendar year that the member attains 70 1/2 years of age or April 1 of the calendar
37 year following the calendar year in which the member terminates employment."

38 Sec. 5. This act shall become effective January 1, 1989.