

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2001**

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**HOUSE BILL 943**

Short Title: Discontinued Membership Service.

(Public)

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Sponsors: Representative Barefoot.

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Referred to: Pensions and Retirement.

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April 2, 2001

A BILL TO BE ENTITLED

1 AN ACT TO AUTHORIZE DISCONTINUED MEMBERSHIP SERVICE  
2 ALLOWANCES UNDER THE LOCAL GOVERNMENTAL EMPLOYEES'  
3 RETIREMENT SYSTEM.  
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5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** G.S. 128-26 is amended by adding a new subsection to read:

7 "(t) Discontinued Membership Service. – A member whose employment with a  
8 participating employer is involuntarily terminated as a result of a termination event as  
9 defined in this subsection may be allowed a discontinued service allowance, provided  
10 that the discontinued service allowance is approved by the terminated member's  
11 participating employer, and provided that reemployment with another participating  
12 employer is not available to the member at the time of the termination event. For  
13 purposes of this section, "termination event" means termination of employment as a  
14 result of (i) the participating employer's cessation of operations; (ii) the participating  
15 employer's dissolution; (iii) the merger of a participating employer with and into an  
16 unrelated entity, other than another participating employer; (iv) the acquisition of the  
17 participating employer by an unrelated entity, other than another participating employer;  
18 or (v) the determination by the participating employer that a reduction in force will  
19 accomplish economies in the participating employer's budget resulting from either the  
20 elimination of a job and its responsibilities or from lack of funds to support the job.

21 Upon the occurrence of a termination event, and subject to the provisions of this  
22 section, an unreduced membership service allowance, not otherwise allowed under this  
23 Chapter, may be approved for terminated members with 20 or more years of creditable  
24 membership service who are at least 55 years of age. Alternatively, upon the occurrence  
25 of a termination event, a discontinued service allowance, not otherwise allowed under  
26 this Chapter, may be approved for terminated members with 20 or more years of  
27 creditable membership service who are at least 50 years of age, reduced by one-fourth  
28 of one percent (1/4 of 1%) for each month that retirement precedes the member's fifty-

1 fifth birthday. In cases in which a discontinued membership service allowance is  
2 approved, the terminated member's employer shall be responsible for making a lump-  
3 sum payment to the Retirement System's Board of Trustees equal to the actuarial  
4 present value of the additional liabilities imposed upon the Retirement System, to be  
5 determined by the Retirement System's consulting actuary, as a result of the  
6 discontinued membership service allowance, plus an administrative fee to be  
7 determined by the Board of Trustees."

8           **SECTION 2.** This act is effective when it becomes law.