

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003**

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HOUSE BILL 1647

Short Title: Enhance Retirement Benefits. (Public)

Sponsors: Representatives Insko; G. Wilson, Luebke, Womble, and Warner.

Referred to: Pensions and Retirement.

May 25, 2004

A BILL TO BE ENTITLED
AN ACT TO ENHANCE THE BENEFITS PAYABLE TO MEMBERS OF THE
TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 135-5(b19) reads as rewritten:

"(b19) Service Retirement Allowance of Members Retiring on or After July 1, ~~2002~~
2002, but Before July 1, 2004. – Upon retirement from service in accordance with
subsection (a) or (a1) above, on or after July 1, 2002, but before July 1, 2004, a member
shall receive the following service retirement allowance:

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

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

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

1. The service retirement allowance payable under
G.S. 135-5(b19)(1)a. reduced by one-third of one percent
(1/3 of 1%) thereof for each month by which his
retirement date precedes the first day of the month

- 1 coincident with or next following the month the member
2 would have attained his 55th birthday; or
- 3 2. The service retirement allowance as computed under
4 G.S. 135-5(b19)(1)a. reduced by five percent (5%) times
5 the difference between 30 years and his creditable
6 service at retirement.
- 7 (2) A member who is not a law enforcement officer or an eligible former
8 law enforcement officer shall receive a service retirement allowance
9 computed as follows:
- 10 a. If the member's service retirement date occurs on or after his
11 65th birthday upon the completion of five years of membership
12 service or after the completion of 30 years of creditable service
13 or on or after his 60th birthday upon the completion of 25 years
14 of creditable service, the allowance shall be equal to one and
15 eighty-two hundredths percent (1.82%) of his average final
16 compensation, multiplied by the number of years of creditable
17 service.
- 18 b. If the member's service retirement date occurs after his 60th
19 birthday and before his 65th birthday and prior to his
20 completion of 25 years or more of creditable service, his
21 retirement allowance shall be computed as in
22 G.S. 135-5(b19)(2)a. but shall be reduced by one-quarter of one
23 percent (1/4 of 1%) thereof for each month by which his
24 retirement date precedes the first day of the month coincident
25 with or next following his 65th birthday.
- 26 c. If the member's early service retirement date occurs on or after
27 his 50th birthday and before his 60th birthday and after
28 completion of 20 years of creditable service but prior to the
29 completion of 30 years of creditable service, his early service
30 retirement allowance shall be equal to the greater of:
- 31 1. The service retirement allowance as computed under
32 G.S. 135-5(b19)(2)a. but reduced by the sum of
33 five-twelfths of one percent (5/12 of 1%) thereof for
34 each month by which his retirement date precedes the
35 first day of the month coincident with or next following
36 the month the member would have attained his 60th
37 birthday, plus one-quarter of one percent (1/4 of 1%)
38 thereof for each month by which his 60th birthday
39 precedes the first day of the month coincident with or
40 next following his 65th birthday; or
- 41 2. The service retirement allowance as computed under
42 G.S. 135-5(b19)(2)a. reduced by five percent (5%) times
43 the difference between 30 years and his creditable
44 service at retirement; or

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

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

8 **SECTION 2.** G.S. 135-5 is amended by adding a new subsection to read:

9 "(b20) Service Retirement Allowance of Members Retiring on or After July 1, 2004.
10 – Upon retirement from service in accordance with subsection (a) or (a1) above, on or
11 after July 1, 2004, a member shall receive the following service retirement allowance:

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

15 a. If the member's service retirement date occurs on or after his
16 55th birthday, and completion of five years of creditable service
17 as a law enforcement officer, or after the completion of 30 years
18 of creditable service, the allowance shall be equal to one and
19 ninety hundredths percent (1.90%) of his average final
20 compensation, multiplied by the number of years of his
21 creditable service.

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

27 1. The service retirement allowance payable under
28 G.S. 135-5(b20)(1)a. reduced by one-third of one percent
29 (1/3 of 1%) thereof for each month by which his
30 retirement date precedes the first day of the month
31 coincident with or next following the month the member
32 would have attained his 55th birthday; or

33 2. The service retirement allowance as computed under
34 G.S. 135-5(b20)(1)a. reduced by five percent (5%) times
35 the difference between 30 years and his creditable
36 service at retirement.

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

40 a. If the member's service retirement date occurs on or after his
41 65th birthday upon the completion of five years of membership
42 service or after the completion of 30 years of creditable service
43 or on or after his 60th birthday upon the completion of 25 years
44 of creditable service, the allowance shall be equal to one and

1 ninety hundredths percent (1.90%) of his average final
2 compensation, multiplied by the number of years of creditable
3 service.

4 b. If the member's service retirement date occurs after his 60th
5 birthday and before his 65th birthday and prior to his
6 completion of 25 years or more of creditable service, his
7 retirement allowance shall be computed as in
8 G.S. 135-5(b20)(2)a. but shall be reduced by one-quarter of one
9 percent (1/4 of 1%) thereof for each month by which his
10 retirement date precedes the first day of the month coincident
11 with or next following his 65th birthday.

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

17 1. The service retirement allowance as computed under
18 G.S. 135-5(b20)(2)a. but reduced by the sum of
19 five-twelfths of one percent (5/12 of 1%) thereof for
20 each month by which his retirement date precedes the
21 first day of the month coincident with or next following
22 the month the member would have attained his 60th
23 birthday, plus one-quarter of one percent (1/4 of 1%)
24 thereof for each month by which his 60th birthday
25 precedes the first day of the month coincident with or
26 next following his 65th birthday; or

27 2. The service retirement allowance as computed under
28 G.S. 135-5(b20)(2)a. reduced by five percent (5%) times
29 the difference between 30 years and his creditable
30 service at retirement; or

31 3. If the member's creditable service commenced prior to
32 July 1, 1994, the service retirement allowance equal to
33 the actuarial equivalent of the allowance payable at the
34 age of 60 years as computed in G.S. 135-5(b20)(2)b.

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

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

39 "(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the
40 principal beneficiary designated to receive a return of accumulated contributions shall
41 have the right to elect to receive in lieu thereof the reduced retirement allowance
42 provided by Option 2 of subsection (g) above computed by assuming that the member
43 had retired on the first day of the month following the date of his death, provided that
44 the following conditions apply:

- 1 (1) a. The member had attained such age and/or creditable service to
2 be eligible to commence retirement with an early or service
3 retirement allowance,
4 b. The member had obtained 20 years of creditable service in
5 which case the retirement allowance shall be computed in
6 accordance with ~~G.S. 135-5(b19)(1)b. or G.S. 135-5(b19)(2)e.,~~
7 G.S. 135-5(b20)(1)b. or G.S. 135-5(b20)(2)c., notwithstanding
8 the requirement of obtaining age 50, or
9 c. The member had not commenced to receive a retirement
10 allowance as provided under this Chapter.
11 (2) The member had designated as the principal beneficiary to receive a
12 return of his accumulated contributions one and only one person who
13 was living at the time of his death.
14 (3) The member had not instructed the Board of Trustees in writing that he
15 did not wish the provisions of this subsection to apply.

16 For the purpose of this benefit, a member is considered to be in service at the date of
17 his death if his death occurs within 180 days from the last day of his actual service. The
18 last day of actual service shall be determined as provided in subsection (1) of this
19 section. Upon the death of a member in service, the surviving spouse may make all
20 purchases for creditable service as provided for under this Chapter for which the
21 member had made application in writing prior to the date of death, provided that the
22 date of death occurred prior to or within 60 days after notification of the cost to make
23 the purchase. The term "in service" as used in this subsection includes a member in
24 receipt of a benefit under the Disability Income Plan as provided in Article 6 of this
25 Chapter."

26 **SECTION 4.** This act becomes effective July 1, 2004.