

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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HOUSE BILL 1331

Short Title: Purchase Part-Time Retirement Service. (Public)

Sponsors: Representatives Insko; and Wainwright.

Referred to: Pensions and Retirement.

April 20, 2005

1 A BILL TO BE ENTITLED
2 AN ACT TO MODIFY THE FORMULA FOR THE PURCHASE OF PART-TIME
3 SERVICE IN THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT
4 SYSTEM.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** G.S. 135-4(p1)(1) reads as rewritten:

7 "(1) Notwithstanding any other provision of this Chapter, upon completion
8 of five years of membership service, any member may purchase
9 service previously rendered as a part-time teacher or employee of an
10 employer as defined in G.S. 135-1(11) or G.S. 128-21(11), except for
11 temporary or part-time service rendered while a full-time student in
12 pursuit of a degree or diploma in a degree-granting program. Service
13 may be purchased either in full or in one-year increments. Payment
14 shall be made in a single lump sum in an amount equal to ~~the full~~
15 ~~actuarial cost of providing credit for the service,~~ twelve percent (12%)
16 of compensation at the time of service plus interest compounded
17 annually at the rate of six and one-half percent (6.5%) for each
18 calendar year from the year of part-time service to the year of service
19 purchase, together with ~~interest and~~ an administrative fee, as
20 determined by the Board of ~~Trustees on the advice of the Retirement~~
21 ~~System's actuary.~~ Trustees. Notwithstanding the provisions of
22 G.S. 135-4(b), the Board of Trustees shall fix and determine by
23 appropriate rules and regulations how much service in any year, as
24 based on compensation, is equivalent to one year of service in
25 proportion to "earnable compensation", but in no case shall more than
26 one year of service be creditable for all service in one year. Service
27 rendered for the regular school year in any district shall be equivalent
28 to one year's service. For the purpose of computing a one-year
29 increment for service by employees not in school districts,

1 three-fourths time or greater shall be considered full-time.
2 ~~Notwithstanding the foregoing provisions of this subdivision that~~
3 ~~provide for the purchase of service credits, the terms "full cost", "full~~
4 ~~liability", and "full actuarial cost" include assumed annual~~
5 ~~post-retirement allowance increases, as determined by the Board of~~
6 ~~Trustees, from the earliest age at which a member could retire on an~~
7 ~~unreduced service allowance."~~

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