

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

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**HOUSE BILL 447
Committee Substitute Favorable 4/25/05**

Short Title: LEO Creditable Service/Workers' Compensation.

(Public)

Sponsors:

Referred to:

March 2, 2005

A BILL TO BE ENTITLED
AN ACT TO PROVIDE THAT CREDITABLE SERVICE FOR LAW
ENFORCEMENT OFFICERS IN THE LOCAL GOVERNMENTAL
EMPLOYEES' RETIREMENT SYSTEM SHALL INCLUDE PERIODS OF
EMPLOYER-APPROVED LEAVES OF ABSENCE WHEN IN RECEIPT OF
WORKERS' COMPENSATION BENEFITS AS A RESULT OF CERTAIN
INJURIES INCURRED IN THE LINE OF DUTY.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 128-26(l) reads as rewritten:

"(l) Notwithstanding any other provision of this Chapter, any member may purchase creditable service for periods of employer approved leaves of absence when in receipt of benefits under the North Carolina Workers' Compensation Act. This service shall be purchased by paying a cost calculated in the following manner:

- (1) Leaves of Absence Terminated Prior to July 1, 1983. – The cost to a member whose employer approved leave of absence, when in receipt of benefits under the North Carolina Workers' Compensation Act, terminated upon return to service prior to July 1, 1983, shall be a lump sum amount payable to the Annuity Savings Fund equal to the full liability of the service credits calculated on the basis of the assumptions used for purposes of the actuarial valuation of the system's liabilities, and shall take into account the retirement allowance arising on account of the additional service credit commencing at the earliest age at which the member could retire on an unreduced retirement allowance, as determined by the board of trustees upon the advice of the consulting actuary, plus an administrative fee to be set by the Board of Trustees. Notwithstanding the foregoing provisions of this subdivision that provide for the purchase of service credits, the terms "full cost", "full liability", and "full actuarial cost" include assumed annual post-retirement allowance

1 increases, as determined by the Board of Trustees, from the earliest
2 age at which a member could retire on an unreduced service
3 allowance.

- 4 (2) Leaves of Absence Terminating On and After July 1, 1983. – The cost
5 to a member whose employer approved leave of absence, when in
6 receipt of benefits under the North Carolina Workers' Compensation
7 Act, terminates upon return to service on and after July 1, 1983, shall
8 be a lump sum amount due and payable to the Annuity Savings Fund
9 within six months from return to service equal to the total employee
10 and employer percentage rates of contribution in effect at the time of
11 purchase and based on the annual rate of compensation of the member
12 immediately prior to the leave of absence; Provided, however, the cost
13 to a member whose amount due is not paid within six months from
14 return to service shall be the amount due plus one percent (1%) per
15 month penalty for each month or fraction thereof the payment is made
16 beyond the six-month period.

17 Whenever the creditable service purchased pursuant to this subsection is for a period
18 that occurs during the four consecutive calendar years that would have produced the
19 highest average annual compensation pursuant to G.S. 128-21(5) had the member not
20 been on leave of absence without pay, then the compensation that the member would
21 have received during the purchased period shall be included in calculating the member's
22 average final compensation. In such cases, the compensation that the member would
23 have received during the purchased period shall be based on the annual rate of
24 compensation of the member immediately prior to the leave of absence.

25 In the case of a law enforcement officer electing to purchase service under this
26 section who is in receipt of benefits under the North Carolina Workers' Compensation
27 Act due to serious bodily injury suffered in the line of duty as a result of an intentional
28 or unlawful act of another, as certified by the head of the employing law enforcement
29 agency, and whose approved leave of absence terminates on or before a return to service
30 on and after August 1, 2005, the employer percentage rate of contribution payable under
31 subdivision (2) of this subsection shall be made by the employer that granted the leave
32 of absence. The cost to the law enforcement officer shall be reduced by the amount paid
33 by the employer. For purposes of this subsection, "serious bodily injury" means bodily
34 injury that creates a substantial risk of death, or that causes serious permanent
35 disfigurement, coma, a permanent or protracted condition that causes extreme pain, or
36 permanent or protracted loss or impairment of the function of any bodily member or
37 organ, or that results in prolonged hospitalization.

38 Nothing in this subsection prevents an employer from voluntarily paying all or a part
39 of the employee portion of the total cost of the service credit purchased, and the
40 employer does not discriminate against any eligible law enforcement officer in this
41 subsection employed by the employer by paying that portion of cost. To the extent paid
42 by the employer, the employee portion paid by the employer shall be credited to the
43 Pension Accumulation Fund; to the extent paid by the member, the employee portion
44 paid by the member shall be credited to the member's annuity savings account. A

1 member shall pay any part of the employee portion of the total cost not paid by the
2 employer."

3 **SECTION 2.** This act becomes effective August 1, 2005, and applies to
4 members who return to service from an approved leave of absence on or after that date.