

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2007**

**H**

**D**

**HOUSE DRH50268-LL-152A (3/6)**

Short Title: Retirement Technical Changes.-AB (Public)

Sponsors: Representatives Bell and J. Harrell (Primary Sponsors).

Referred to:

A BILL TO BE ENTITLED

AN ACT TO MAKE TECHNICAL CORRECTIONS AND OTHER CHANGES TO THE STATUTES GOVERNING THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM, THE LEGISLATIVE RETIREMENT SYSTEM, AND THE CONSOLIDATED JUDICIAL RETIREMENT SYSTEM.

The General Assembly of North Carolina enacts:

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

"(1) Any member may retire upon written application to the Board of Trustees setting forth at what time, as of the first day of a calendar month, not less than one day nor more than ~~90~~ 120 days subsequent to the execution of and filing thereof, he desires to be retired: Provided, that the said member at the time so specified for his retirement shall have attained the age of 60 years and have at least five years of membership service or shall have completed 30 years of creditable service."

**SECTION 2.** G.S. 128-27(a)(1) reads as rewritten:

"(1) Any member may retire upon written application to the Board of Trustees setting forth at what time, as of the first day of a calendar month, not less than one day nor more than ~~90~~ 120 days subsequent to the execution and filing thereof, he desires to be retired: Provided, that the said member at the time so specified for his retirement shall have attained the age of 60 years and have at least five years of creditable service or shall have completed 30 years of creditable service, or if a fireman, he shall have attained the age of 55 years and have at least five years of creditable service."

**SECTION 3.** G.S. 120-4.21(a) reads as rewritten:

1       "(a) Eligibility; Application. – Any member may retire with full benefits who has  
2 reached 65 years of age with five years of creditable service. Any member may retire  
3 with reduced benefits who has reached the age of 50 years with 20 years of creditable  
4 service or 60 years with five years of creditable service. The member shall make written  
5 application to the Board of Trustees to retire on a service retirement allowance on the  
6 first day of the particular calendar month he designates. The designated date shall be no  
7 less than one day nor more than ~~90~~ 120 days from the filing of the application. During  
8 this period of notification, a member may separate from service without forfeiting his  
9 retirement benefits."

10       **SECTION 4.** G.S. 135-57(a) reads as rewritten:

11       "(a) Any member on or after January 1, 1974, who has attained his fiftieth  
12 birthday and five years of membership service may retire upon written application to the  
13 board of trustees setting forth at what time, as of the first day of a calendar month, not  
14 less than one day nor more than ~~90~~ 120 days subsequent to the execution and filing  
15 thereof, he desires to be retired."

16       **SECTION 5.** G.S. 135-5(g1) reads as rewritten:

17       "(g1) In the event of the death of a retired member while in receipt of a retirement  
18 allowance under the provisions of this Article, there shall be paid to such person or  
19 persons as the retiree shall have nominated by written designation duly acknowledged  
20 and filed with the Board of Trustees, if such person or persons are living at the time of  
21 the retiree's death, otherwise to the retiree's legal representatives, a death benefit equal  
22 to the excess, if any, of the accumulated contributions of the retiree at the date of  
23 retirement over the total of the retirement allowances paid prior to the death of the  
24 retiree. For purposes of this subsection, the term "accumulated contributions" includes  
25 amounts of employee voluntary contributions that were transferred from the  
26 Supplemental Retirement Income Plan of North Carolina to this Retirement System at  
27 retirement by eligible law enforcement officers. The additional amount shall be equal to  
28 the difference between the transferred balance in the Supplemental Retirement Income  
29 Plan of North Carolina and the increased benefits paid as a result of the transferred  
30 assets.

31       In the event that a retirement allowance becomes payable to the designated survivor  
32 of a retired member under the provisions above and such retirement allowance to the  
33 survivor shall terminate upon the death of the survivor before the total of the retirement  
34 allowances paid to the retiree and the designated survivor combined equals the amount  
35 of the accumulated contributions of the retiree at the date of retirement, the excess, if  
36 any, of such accumulated contributions over the total of the retirement allowances paid  
37 to the retiree and the survivor combined shall be paid in a lump sum to such person or  
38 persons as the retiree shall have nominated by written designation duly acknowledged  
39 and filed with the Board of Trustees, if such person or persons are living at the time  
40 such payment falls due, otherwise to the retiree's legal representative.

41       In the event that a retirement allowance becomes payable to the principal beneficiary  
42 designated to receive a return of accumulated contributions pursuant to subsection (m)  
43 of this section and that beneficiary dies before the total of the retirement allowances  
44 paid equals the amount of the accumulated contributions of the member at the date of

1 the member's death, the excess of those accumulated contributions over the total of the  
2 retirement allowances paid to the beneficiary shall be paid in a lump sum to the person  
3 or persons the member has designated as the contingent beneficiary for return of  
4 accumulated contributions, if the person or persons are living at the time the payment  
5 falls due, otherwise to the principal beneficiary's legal representative.

6 In the event a retiree purchases creditable service as provided in G.S. 135-4, there  
7 shall be paid to such person or persons as the retiree shall have nominated by written  
8 designation duly acknowledged and filed with the Board of Trustees, if such person or  
9 persons are living at the time of the retiree's death, otherwise to the retiree's legal  
10 representatives, an additional death benefit equal to the excess, if any, of the cost of the  
11 creditable service purchased less the administrative fee, if any, over the total of the  
12 increase in the retirement allowance attributable to the additional creditable service,  
13 paid from the month following the month in which payment was received to the death  
14 of the retiree.

15 In the event that a retirement allowance becomes payable to the designated survivor  
16 of a retired member under the provisions above and such retirement allowance to the  
17 survivor shall terminate upon the death of the survivor before the total of the increase in  
18 the retirement allowance attributable to the additional creditable service paid to the  
19 retiree and the designated survivor combined equals the cost of the creditable service  
20 purchased less the administrative fee, the excess, if any, shall be paid in a lump sum to  
21 such person or persons as the retiree shall have nominated by written designation duly  
22 acknowledged and filed with the Board of Trustees, if such person or persons are living  
23 at the time such payment falls due, otherwise to the retiree's legal representative."

24 **SECTION 6.** G.S. 128-27(g1) reads as rewritten:

25 "(g1) In the event of the death of a retired member while in receipt of a retirement  
26 allowance under the provisions of this Article, there shall be paid to such person or  
27 persons as the retiree shall have nominated by written designation duly acknowledged  
28 and filed with the Board of Trustees, if such person or persons are living at the time of  
29 the retiree's death, otherwise to the retiree's legal representatives, a death benefit equal  
30 to the excess, if any, of the accumulated contributions of the retiree at the date of  
31 retirement over the total of the retirement allowances paid prior to the death of the  
32 retiree. For purposes of this subsection, the term "accumulated contributions" includes  
33 amounts of employee voluntary contributions that were transferred from the  
34 Supplemental Retirement Income Plan of North Carolina to this Retirement System at  
35 retirement by eligible law enforcement officers. The additional amount shall be equal to  
36 the difference between the transferred balance in the Supplemental Retirement Income  
37 Plan of North Carolina and the increased benefits paid as a result of the transferred  
38 assets.

39 In the event that a retirement allowance becomes payable to the designated survivor  
40 of a retired member under the provisions above and such retirement allowance to the  
41 survivor shall terminate upon the death of the survivor before the total of the retirement  
42 allowances paid to the retiree and the designated survivor combined equals the amount  
43 of the accumulated contributions of the retiree at the date of retirement, the excess, if  
44 any, of such accumulated contributions over the total of the retirement allowances paid

1 to the retiree and the survivor combined shall be paid in a lump sum to such person or  
2 persons as the retiree shall have nominated by written designation duly acknowledged  
3 and filed with the Board of Trustees, if such person or persons are living at the time  
4 such payment falls due, otherwise to the retiree's legal representative.

5 In the event that a retirement allowance becomes payable to the principal beneficiary  
6 designated to receive a return of accumulated contributions pursuant to subsection (m)  
7 of this section and that beneficiary dies before the total of the retirement allowances  
8 paid equals the amount of the accumulated contributions of the member at the date of  
9 the member's death, the excess of those accumulated contributions over the total of the  
10 retirement allowances paid to the beneficiary shall be paid in a lump sum to the person  
11 or persons the member has designated as the contingent beneficiary for return of  
12 accumulated contributions, if the person or persons are living at the time the payment  
13 falls due, otherwise to the principal beneficiary's legal representative.

14 In the event a retiree purchases creditable service as provided in G.S. 128-26, there  
15 shall be paid to such person or persons as the retiree shall have nominated by written  
16 designation duly acknowledged and filed with the Board of Trustees, if such person or  
17 persons are living at the time of the retiree's death, otherwise to the retiree's legal  
18 representatives, an additional death benefit equal to the excess, if any, of the cost of the  
19 creditable service purchased less the administrative fee, if any, over the total of the  
20 increase in the retirement allowance attributable to the additional creditable service,  
21 paid from the month following the month in which payment was received to the death  
22 of the retiree.

23 In the event that a retirement allowance becomes payable to the designated survivor  
24 of a retired member under the provisions above, and such retirement allowance to the  
25 survivor shall terminate upon the death of the survivor before the total of the increase in  
26 the retirement allowance attributable to the additional creditable service paid to the  
27 retiree and the designated survivor combined equals the cost of the creditable service  
28 purchased less the administrative fee, the excess, if any, shall be paid in a lump sum to  
29 such person or persons as the retiree shall have nominated by written designation duly  
30 acknowledged and filed with the Board of Trustees, if such person or persons are living  
31 at the time such payment falls due, otherwise to the retiree's legal representative."

32 **SECTION 7.** G.S. 135-105(c) reads as rewritten:

33 "(c) The monthly benefit as provided in subsection (a) of this section shall be  
34 equal to fifty percent (50%) of 1/12th of the annual base rate of compensation last  
35 payable to the participant prior to the beginning of the short-term benefit period as may  
36 be adjusted for percentage increases as provided under G.S. 135-108 plus fifty percent  
37 (50%) of 1/12th of the annual longevity payment to which the participant would be  
38 eligible, to a maximum of three thousand dollars (\$3,000) per month reduced by  
39 monthly payments for Workers' Compensation to which the participant may be entitled.  
40 The monthly benefit shall be further reduced by the amount of any payments from the  
41 federal Veterans Administration, any other federal agency, or any payments made under  
42 the provisions of G.S. 127A-108, to which the participant or beneficiary may be entitled  
43 on account of the same disability. Provided, in any event, the benefit payable shall be no  
44 less than ten dollars (\$10.00) a month. Provided, that should a participant have earnings

1 in an amount greater than the short-term benefit, the amount of the short-term benefit  
2 shall be reduced on a dollar-for-dollar basis by the amount that exceeds the short-term  
3 benefit."

4 **SECTION 8.** G.S. 135-5(ppp) is repealed.

5 **SECTION 9.** G.S. 135-4 is amended by adding a new subsection to read:

6 "(gg) Credit at Full Cost for Service with The University of North Carolina During  
7 Which a Member Participated in the Optional Retirement Program. – Notwithstanding  
8 any other provisions of this Chapter, a member upon the completion of five years of  
9 membership service, may purchase creditable service for periods of employment with  
10 The University of North Carolina during which the member participated in the Optional  
11 Retirement Program as provided for in G.S. 135-5.1, provided that the member is not  
12 receiving, and is not entitled to receive, any retirement benefits resulting from this  
13 employment. The member shall purchase this service by making a lump-sum amount  
14 payable to the Annuity Savings Fund equal to the full liability of the service credits  
15 calculated on the basis of the assumptions used for purposes of the actuarial valuation of  
16 the system's liabilities, and shall take into account the retirement allowance arising on  
17 account of the additional service credit commencing at the earliest age at which the  
18 member could retire on an unreduced retirement allowance, as determined by the Board  
19 of Trustees upon the advice of the consulting actuary, plus an administrative fee to be  
20 set by the Board of Trustees. Notwithstanding the foregoing provisions of this  
21 subsection that provide for the purchase of service credits, the terms "full cost", "full  
22 liability", and "full actuarial cost" include assumed annual postretirement allowance  
23 increases, as determined by the Board of Trustees, from the earliest age at which a  
24 member could retire on an unreduced service allowance."

25 **SECTION 10.** This act becomes effective July 1, 2007.