

GENERAL ASSEMBLY OF NORTH CAROLINA  
1985 SESSION

CHAPTER 407  
HOUSE BILL 1266

AN ACT TO PERMIT A MEMBER OF THE TEACHERS' AND STATE  
EMPLOYEES' RETIREMENT SYSTEM AND THE LOCAL GOVERNMENTAL  
EMPLOYEES' RETIREMENT SYSTEM TO PURCHASE MEMBERSHIP  
SERVICE CREDITS FOR OMITTED CONTRIBUTIONS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 128-26 is amended by adding a new subsection (m) and G.S. 135-4 is amended by adding a new subsection (u) to read:

"Omitted Membership Service - A member who had service as an employee as defined in G.S. 135-1(10) and G.S. 128-21(10) or as a teacher as defined in G.S. 135-1(25) and who was omitted from contributing membership through error may be allowed membership service, after submitting clear and convincing evidence of the error, as follows:

(a) within 90 days of the omission, by the payment of employee and employer contributions that would have been paid; or

(b) after 90 days and prior to three years of the omission, by the payment of the employee and employer contributions that would have been paid plus interest compounded annually at a rate equal to the average yield on the pension accumulation fund for the preceding calendar year; or

(c) after three years of the omission, by the payment of an amount equal to the full cost of the service credits calculated on the basis of the assumptions used for the purposes of the actuarial valuation of the system's liabilities, and shall take into account the additional retirement allowance arising on account of such additional service credit commencing at the earliest age at which a 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.

Nothing contained in this subsection shall prevent an employer or member from paying all or a part of the cost of the omitted membership service; and to the extent paid by the employer, the cost paid by the employer shall be credited to the pension accumulation fund; and to the extent paid by the member, the cost paid by the members shall be credited to the member's annuity savings account; provided, however, an employer does not discriminate against any member or group of members in his employ in paying all or any part of the cost of the omitted membership service."

Sec. 2. Notwithstanding the provisions of G.S. 128- 26(m) or G.S. 135-4(u) any member of the Local Governmental Employees' Retirement System or Teachers' and State Employees' Retirement System, who presents clear and convincing evidence

that he was quoted a cost to purchase omitted membership service by either Retirement System within three years prior to the effective date of this act under some other rule, regulation or administrative interpretation, shall continue to have the right to purchase omitted membership service based on the same rule, regulation or administrative interpretation if such cost is paid within 180 days of the effective date of this act.

Sec. 3. This act is effective upon ratification.

In the General Assembly read three times and ratified, this the 17th day of June, 1985.