

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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SENATE BILL 1598\*  
Pensions & Retirement Committee Substitute Adopted 7/12/90

Short Title: Retiree's Increase.

(Public)

Sponsors:

Referred to:

June 6, 1990

1 A BILL TO BE ENTITLED  
2 AN ACT TO INCREASE THE RETIREMENT FORMULA FOR MEMBERS AND  
3 BENEFICIARIES OF THE TEACHERS' AND STATE EMPLOYEES'  
4 RETIREMENT SYSTEM AND THE LOCAL GOVERNMENTAL EMPLOYEES'  
5 RETIREMENT SYSTEM, AND TO PROVIDE AN INCREASE TO RETIREES  
6 OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM,  
7 THE CONSOLIDATED JUDICIAL RETIREMENT SYSTEM, THE  
8 LEGISLATIVE RETIREMENT SYSTEM, AND THE LOCAL  
9 GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM.

10 The General Assembly of North Carolina enacts:

11 Section 1. ♦G.S. 135-5(b11) reads as rewritten:

12 "(b11) Service Retirement Allowance of Members Retiring on or after July 1,  
13 ~~1989-1989~~, but before July 1, 1990. – Upon retirement from service in accordance with  
14 subsection (a) above, on or after July 1, 1989, but before July 1, 1990, a member shall  
15 receive the following service retirement allowance:

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

19 a. If the member's service retirement date occurs on or after his  
20 55th birthday, and completion of five years of creditable service  
21 as a law enforcement officer, or after the completion of 30 years  
22 of creditable service, the allowance shall be equal to one and  
23 sixty-three hundredths percent (1.63%) of his average final

- 1 compensation, multiplied by the number of years of his  
2 creditable service.
- 3 b. This allowance shall also be governed by the provisions of G.S.  
4 135-5(b9)(1)b.
- 5 (2) A member who is not a law enforcement officer or an eligible former  
6 law enforcement officer shall receive a service retirement allowance  
7 computed as follows:
- 8 a. If the member's service retirement date occurs on or after his  
9 65th birthday upon the completion of five years of creditable  
10 service or after the completion of 30 years of creditable service  
11 or on or after his 60th birthday upon the completion of 25 years  
12 of creditable service, the allowance shall be equal to one and  
13 sixty-three hundredths percent (1.63%) of his average final  
14 compensation, multiplied by the number of years of creditable  
15 service.
- 16 b. This allowance shall also be governed by the provisions of G.S.  
17 135-5(b9)(2)b. c. and d."

18 Sec. 2. G.S. 135-5 is amended by adding a new subsection to read:

19 "(b12) Service Retirement Allowance of Members Retiring on or after July 1,  
20 1990. – Upon retirement from service in accordance with subsection (a) above, on or  
21 after July 1, 1990, a member shall receive the following service retirement allowance:

- 22 (1) A member who is a law enforcement officer or an eligible former law  
23 enforcement officer shall receive a service retirement allowance  
24 computed as follows:
- 25 a. If the member's service retirement date occurs on or after his  
26 55th birthday, and completion of five years of creditable service  
27 as a law enforcement officer, or after the completion of 30 years  
28 of creditable service, the allowance shall be equal to one and  
29 sixty-four hundredths percent (1.64%) of his average final  
30 compensation, multiplied by the number of years of his  
31 creditable service.
- 32 b. This allowance shall also be governed by the provisions of G.S.  
33 135-5(b9)(1)b.
- 34 (2) A member who is not a law enforcement officer or an eligible former  
35 law enforcement officer shall receive a service retirement allowance  
36 computed as follows:
- 37 a. If the member's service retirement date occurs on or after his  
38 65th birthday upon the completion of five years of creditable  
39 service or after the completion of 30 years of creditable service  
40 or on or after his 60th birthday upon the completion of 25 years  
41 of creditable service, the allowance shall be equal to one and  
42 sixty-four hundredths percent (1.64%) of his average final  
43 compensation, multiplied by the number of years of creditable  
44 service.

1                   b.     This allowance shall also be governed by the provisions of G.S.  
2                         135-5(b9)(2)b. c. and d."

3                   Sec. 3. G.S. 135-5 is amended by adding a new subsection to read:

4                   "(rr) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 1990.  
5 From and after July 1, 1990, the retirement allowance to or on account of beneficiaries  
6 on the retirement rolls as of June 1, 1990, shall be increased by six-tenths of one percent  
7 (0.6%) of the allowance payable on June 1, 1990. This allowance shall be calculated on  
8 the basis of the allowance payable and in effect on June 30, 1990, so as not to be  
9 compounded on any other increase granted by act of the 1989 Session of the General  
10 Assembly (1990 Regular Session)."

11                   Sec. 4. G.S. 135-5 is amended by adding a new subsection to read:

12                   "(ss) From and after July 1, 1990, the retirement allowance to or on account of  
13 beneficiaries whose retirement commenced on or before July 1, 1989, shall be increased  
14 by six and one-tenth percent (6.1%) of the allowance payable on July 1, 1989, in  
15 accordance with G.S. 135-5(o). Furthermore, from and after July 1, 1990, the  
16 retirement allowance to or on account of beneficiaries whose retirement commenced  
17 after July 1, 1989, but before June 30, 1990, shall be increased by a prorated amount of  
18 six and one-tenth percent (6.1%) of the allowance payable as determined by the Board  
19 of Trustees based upon the number of months that a retirement allowance was paid  
20 between July 1, 1989, and June 30, 1990."

21                   Sec. 5. G.S. 135-58(a) reads as rewritten:

22                   "(a) Any member who retires under the provisions of subsection (a) or subsection  
23 (c) of G.S. 135-57 before July 1, 1990, after he either has attained his sixty-fifth  
24 birthday or has completed 24 years or more of creditable service shall receive an annual  
25 retirement allowance, payable monthly, which shall commence on the effective date of  
26 his retirement and shall be continued on the first day of each month thereafter during his  
27 lifetime, the amount of which shall be computed as the sum of (1), (2) and (3)  
28 following, provided that in no event shall the annual allowance payable to any member  
29 be greater than an amount which, when added to the allowance, if any, to which he is  
30 entitled under the Teachers' and State Employees' Retirement System, the Legislative  
31 Retirement System or the North Carolina Local Governmental Employees' Retirement  
32 System (prior in any case to any reduction for early retirement or for an optional mode  
33 of payment) would total three fourths of his final compensation:

- 34                   (1) Four percent (4%) of his final compensation, multiplied by the  
35                   number of years of his creditable service rendered as a justice of the  
36                   Supreme Court or judge of the Court of Appeals;  
37                   (2) Three and one-half percent (3 1/2%) of his final compensation,  
38                   multiplied by the number of years of his creditable service rendered as  
39                   a judge of the superior court or as administrative officer of the courts;  
40                   (3) Three percent (3%) of his final compensation, multiplied by the  
41                   number of years of his creditable service rendered as a judge of the  
42                   district court, district attorney, or clerk of superior court."

43                   Sec. 6. G.S. 135-58 is amended by adding a new subsection to read:

1       "(a1) Any member who retires under the provisions of subsection (a) or subsection  
2 (c) of G.S. 135-57 on or after July 1, 1990, after he either has attained his 65th birthday  
3 or has completed 24 years or more of creditable service shall receive an annual  
4 retirement allowance, payable monthly, which shall commence on the effective date of  
5 his retirement and shall be continued on the first day of each month thereafter during his  
6 lifetime, the amount of which shall be computed as the sum of (1), (2), and (3)  
7 following, provided that in no event shall the annual allowance payable to any member  
8 be greater than an amount which, when added to the allowance, if any, to which he is  
9 entitled under the Teachers' and State Employees' Retirement System, the Legislative  
10 Retirement System or the North Carolina Local Governmental Employees' Retirement  
11 System (prior in any case to any reduction for early retirement or for an optional mode  
12 of payment) would total three-fourths of his final compensation:

13               (1) Four and two-hundredths percent (4.02%) of his final  
14 compensation, multiplied by the number of years of his creditable  
15 service rendered as a justice of the Supreme Court or judge of the  
16 Court of Appeals;

17               (2) Three and fifty-two hundredths percent (3.52%) of his final  
18 compensation, multiplied by the number of years of his creditable  
19 service rendered as a judge of the superior court or as administrative  
20 officer of the courts;

21               (3) Three and two-hundredths percent (3.02%) of his final  
22 compensation, multiplied by the number of years of his creditable  
23 service rendered as a judge of the district court, district attorney, or  
24 clerk of superior court."

25       Sec. 7. G.S. 135-65 is amended by adding a new subsection to read:

26       "(k) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 1990.  
27 From and after July 1, 1990, the retirement allowance to or on account of beneficiaries  
28 on the retirement rolls as of June 1, 1990, shall be increased by six-tenths percent  
29 (0.6%) of the allowance payable on June 1, 1990. This allowance shall be calculated on  
30 the basis of the allowance payable and in effect on June 30, 1990, so as not to be  
31 compounded on any other increase granted by act of the 1989 Session of the General  
32 Assembly (1990 Regular Session)."

33       Sec. 8. G.S. 135-65 is amended by adding a new subsection to read:

34       "(1) From and after July 1, 1990, the retirement allowance to or on account of  
35 beneficiaries whose retirement commenced on or before July 1, 1989, shall be increased  
36 by six and one-tenth percent (6.1%) of the allowance payable on July 1, 1989.  
37 Furthermore, from and after July 1, 1990, the retirement allowance to or on account of  
38 beneficiaries whose retirement commenced after July 1, 1989, but before June 30, 1990,  
39 shall be increased by a prorated amount of six and one-tenth percent (6.1%) of the  
40 allowance payable as determined by the Board of Trustees based upon the number of  
41 months that a retirement allowance was paid between July 1, 1989, and June 30, 1990."

42       Sec. 9. G.S. 120-4.21 reads as rewritten:

43       "**§ 120-4.21. Service retirement benefits.**

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

10 (b) Computation. – Upon retirement from service in accordance with subsection  
11 (a) of this ~~section~~, section before July 1, 1990, a member shall receive a service  
12 retirement allowance computed as follows:

13 (1) For a member whose retirement date occurs on or after his 65th  
14 birthday and upon completion of five years of creditable service, four  
15 percent (4%) of his 'highest annual salary,' multiplied by the number  
16 of years of creditable service.

17 (2) For a member whose retirement date occurs on or after his 60th and  
18 before his 65th birthday and upon completion of five years of  
19 creditable service, computation as in subdivision (1) of this subsection,  
20 reduced by one-fourth of one percent (1/4 of 1%) for each month his  
21 retirement date precedes his 65th birthday.

22 (b1) Computation. – Upon retirement from service in accordance with subsection  
23 (a) of this section on or after July 1, 1990, a member shall receive a service retirement  
24 allowance computed as follows:

25 (1) For a member whose retirement date occurs on or after his  
26 65th birthday and upon completion of five years of creditable  
27 service, four and two-hundredths percent (4.02%) of his 'highest  
28 annual salary,' multiplied by the number of years of creditable  
29 service.

30 (2) For a member whose retirement date occurs on or after his  
31 60th and before his 65th birthday and upon completion of five years  
32 of creditable service, computation as in subdivision (1) of this  
33 subsection, reduced by one-fourth of one percent (1/4 of 1%) for  
34 each month his retirement date precedes his 65th birthday.

35 (c) Limitations. – In no event shall any member receive a service retirement  
36 allowance greater than seventy-five percent (75%) of his 'highest annual salary' nor  
37 shall he receive any service retirement allowance whatever while employed in a position  
38 that makes him a contributing member of any of the following retirement systems: The  
39 Teachers' and State Employees' Retirement System, the North Carolina Local  
40 Governmental Employees' Retirement System, the Law-Enforcement Officers'  
41 Retirement System, the Uniform Judicial Retirement System of North Carolina, the  
42 Uniform Solicitorial Retirement System of North Carolina or the Uniform Clerks of  
43 Court Retirement System of North Carolina. If he should become a member of any of

1 these systems, payment of his service retirement allowance shall be suspended until he  
2 withdraws from membership in that system.”

3 Sec. 10. G.S. 120-4.22A is amended by adding a new subsection to read:

4 "(f) In accordance with subsection (a) of this section, from and after July 1, 1990,  
5 the retirement allowance to or on account of beneficiaries whose retirement commenced  
6 on or before January 1, 1990, shall be increased by the same amount as provided to  
7 retired members and beneficiaries of the Teachers' and State Employees' Retirement  
8 System pursuant to the provisions of G.S. 135-5(rr) and (ss)."

9 Sec. 11. G.S. 128-27(b11) reads as rewritten:

10 "(b11) Service Retirement Allowance of Members Retiring on or after July 1,  
11 ~~1989-1989~~, but before July 1, 1990. – Upon retirement from service in accordance with  
12 subsection (a) above, on or after July 1, 1989, but before July 1, 1990, a member shall  
13 receive the following service retirement allowance:

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

17 a. If the member's service retirement date occurs on or after his  
18 55th birthday, and completion of five years of creditable service  
19 as a law enforcement officer, or after the completion of 30 years  
20 of creditable service, the allowance shall be equal to one and  
21 sixty-three hundredths percent (1.63%) of his average final  
22 compensation, multiplied by the number of years of his  
23 creditable service.

24 b. This allowance shall also be governed by the provisions of G.S.  
25 128-27(b8)(2).

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

29 a. If the member's service retirement date occurs on or after his  
30 65th birthday upon the completion of five years of creditable  
31 service or after the completion of 30 years of creditable service  
32 or on or after his 60th birthday upon the completion of 25 years  
33 of creditable service, the allowance shall be equal to one and  
34 sixty-three hundredths percent (1.63%) of his average final  
35 compensation, multiplied by the number of years of creditable  
36 service.

37 b. This allowance shall also be governed by the provisions of G.S.  
38 128-27(b7)(2a) and (3)."

39 Sec. 12. G.S. 128-27 is amended by adding a new subsection to read:

40 "(b12) Service Retirement Allowance of Members Retiring on or after July 1,  
41 1990. – Upon retirement from service in accordance with subsection (a) above, on or  
42 after July 1, 1990, a member shall receive the following service retirement allowance:

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

4           a. If the member's service retirement date occurs on or after his  
5 55th birthday, and completion of five years of creditable service  
6 as a law enforcement officer, or after the completion of 30 years  
7 of creditable service, the allowance shall be equal to one and  
8 sixty-four hundredths percent (1.64%) of his average final  
9 compensation, multiplied by the number of years of his  
10 creditable service.

11           b. This allowance shall also be governed by the provisions of G.S.  
12 128-27(b8)(2).

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

16           a. If the member's service retirement date occurs on or after his  
17 65th birthday upon the completion of five years of creditable  
18 service or after the completion of 30 years of creditable service  
19 or on or after his 60th birthday upon the completion of 25 years  
20 of creditable service, the allowance shall be equal to one and  
21 sixty-four hundredths percent (1.64%) of his average final  
22 compensation, multiplied by the number of years of creditable  
23 service.

24           b. This allowance shall also be governed by the provisions of G.S.  
25 128-27(b7)(2a) and (3)."

26           Sec. 13. G.S. 128-27 is amended by adding a new subsection to read:

27           "(hh) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 1990.  
28 From and after July 1, 1990, the retirement allowance to or on account of beneficiaries  
29 on the retirement rolls as of June 1, 1990, shall be increased by six-tenths of one percent  
30 (0.6%) of the allowance payable on June 1, 1990. This allowance shall be calculated on  
31 the basis of the allowance payable and in effect on June 30, 1990, so as not to be  
32 compounded on any other increase granted by act of the 1989 Session of the General  
33 Assembly (1990 Regular Session)."

34           Sec. 14. G.S. 128-27 is amended by adding a new subsection to read:

35           "(ii) From and after July 1, 1990, the retirement allowance to or on account of  
36 beneficiaries whose retirement commenced on or before July 1, 1989, shall be increased  
37 by six and one-tenth percent (6.1%) of the allowance payable on July 1, 1989, in  
38 accordance with G.S. 128-27(k). Furthermore, from and after July 1, 1990, the  
39 retirement allowance to or on account of beneficiaries whose retirement commenced  
40 after July 1, 1989, but before June 30, 1990, shall be increased by a prorated amount of  
41 six and one-tenth percent (6.1%) of the allowance payable as determined by the Board  
42 of Trustees based upon the number of months that a retirement allowance was paid  
43 between July 1, 1989, and June 30, 1990."

44           Sec. 15. This act shall become effective July 1, 1990.