

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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HOUSE BILL 1307

Short Title: Increase Retire. Allowance.

(Public)

Sponsors: Representatives Lee and Nesbitt (Co-sponsors).

Referred to: Pensions and Retirement.

May 7, 1993

A BILL TO BE ENTITLED

1 AN ACT TO PROVIDE AN INCREASE TO RETIREES OF THE LOCAL
2 GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM, THE TEACHERS'
3 AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE CONSOLIDATED
4 JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT
5 SYSTEM, AND TO INCREASE THE RETIREMENT FORMULA WITH
6 ADJUSTING INCREASE TO RETIREES OF THE TEACHERS' AND STATE
7 EMPLOYEES' RETIREMENT SYSTEM.
8

9 The General Assembly of North Carolina enacts:

10 Section 1. G.S. 120-4.22A is amended by adding a new subsection to read:

11 "(h) In accordance with subsection (a) of this section, from and after July 1, 1993,
12 the retirement allowance to or on account of beneficiaries whose retirement commenced
13 on or before January 1, 1993, shall be increased by two percent (2%) of the allowance
14 payable on January 1, 1993. Furthermore, from and after July 1, 1993, the retirement
15 allowance to or on account of beneficiaries whose retirement commenced after January
16 1, 1993, but before June 30, 1993, shall be increased by a prorated amount of two
17 percent (2%) of the allowance payable as determined by the Board of Trustees based
18 upon the number of months that a retirement allowance was paid between January 1,
19 1993, and June 30, 1993."

20 Sec. 2. G.S. 128-27 is amended by adding a new subsection to read:

21 "(ll) From and after July 1, 1993, the retirement allowance to or on account of
22 beneficiaries whose retirement commenced on or before July 1, 1992, shall be increased
23 by two percent (2%) of the allowance payable on July 1, 1992, in accordance with G.S.
24 128-27(k). Furthermore, from and after July 1, 1993, the retirement allowance to or on

1 account of beneficiaries whose retirement commenced after July 1, 1992, but before
2 June 30, 1993, shall be increased by a prorated amount of two percent (2%) of the
3 allowance payable as determined by the Board of Trustees based upon the number of
4 months that a retirement allowance was paid between July 1, 1992, and June 30, 1993."

5 Sec. 3. G.S. 135-5(b13) reads as rewritten:

6 "(b13) Service Retirement Allowance of Members Retiring on or after July 1,
7 1992-1992, but before July 1, 1993. – Upon retirement from service in accordance with
8 subsection (a) above, on or after July 1, 1992, but before July 1, 1993, a member shall
9 receive the following service retirement allowance:

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

13 a. If the member's service retirement date occurs on or after his
14 55th birthday, and completion of five years of creditable service
15 as a law enforcement officer, or after the completion of 30 years
16 of creditable service, the allowance shall be equal to one and
17 seventy hundredths percent (1.70%) of his average final
18 compensation, multiplied by the number of years of his
19 creditable service.

20 b. This allowance shall also be governed by the provisions of G.S.
21 135-5(b9)(1)b.

22 (2) A member who is not a law enforcement officer or an eligible former
23 law 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 65th birthday upon the completion of five years of creditable
27 service or after the completion of 30 years of creditable service
28 or on or after his 60th birthday upon the completion of 25 years
29 of creditable service, the allowance shall be equal to one and
30 seventy hundredths percent (1.70%) of his average final
31 compensation, multiplied by the number of years of creditable
32 service.

33 b. This allowance shall also be governed by the provisions of G.S.
34 135-5(b9)(2)b. c. and d."

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

36 "(b14) Service Retirement Allowance of Members Retiring on or after July 1,
37 1993. – Upon retirement from service in accordance with subsection (a) above, on or
38 after July 1, 1993, a member shall receive the following service retirement allowance:

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

42 a. If the member's service retirement date occurs on or after his
43 55th birthday, and completion of five years of creditable service
44 as a law enforcement officer, or after the completion of 30 years

1 of creditable service, the allowance shall be equal to one and
2 seventy-one hundredths percent (1.71%) of his average final
3 compensation, multiplied by the number of years of his
4 creditable service.

5 b. If the member's service retirement date occurs after his 50th and
6 before his 55th birthday with 15 or more years of creditable
7 service as a law enforcement officer and prior to the completion
8 of 30 years of creditable service, the allowance shall be
9 computed as in G.S. 135-5(b14)(1)a., but shall be reduced by
10 one-third of one percent (1/3 of 1%) thereof for each month by
11 which the retirement date precedes the first day of the month
12 coincident with or next following his 55th birthday.

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 seventy-one hundredths percent (1.71%) of his average final
22 compensation, multiplied by the number of years of creditable
23 service.

24 b. If the member's service retirement date occurs after his 60th
25 birthday and before his 65th birthday and prior to the
26 completion of 25 years or more of creditable service, the
27 retirement allowance shall be computed as in G.S. 135-
28 5(b14)(2)a. but shall be reduced by one-quarter of one percent
29 (1/4 of 1%) thereof for each month by which his retirement date
30 precedes the first day of the month coincident with or next
31 following his 65th birthday.

32 c. If the member's service retirement date occurs before his 60th
33 birthday and prior to the completion of 30 or more years of
34 creditable service, the service retirement allowance shall be the
35 actuarial equivalent of the allowance payable at the age of 60
36 years as computed in G.S. 135(b14)(2)b.

37 d. Notwithstanding the foregoing provisions, any member whose
38 creditable service commenced prior to July 1, 1963, shall
39 receive not less than the benefit provided by G.S 135-5(b)."

40 Sec. 5. G.S 135-5 is amended by adding two new subsections to read:

41 "(vv) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 1993. –
42 From and after July 1, 1993, the retirement allowance to or on account of beneficiaries
43 on the retirement rolls as of June 1, 1993, shall be increased by six-tenths of one percent
44 (.6%) of the allowance payable on July 1, 1993. This allowance shall be calculated on

1 the allowance payable and in effect on June 30, 1993, so as not to be compounded on
2 any other increase granted by act of the 1993 General Assembly. Furthermore, from
3 and after July 1, 1993, the retirement allowance to or on account of beneficiaries whose
4 retirement commenced after July 1, 1992, but before June 30, 1993, shall be increased
5 by a prorated amount of two percent (2%) of the allowance payable as determined by
6 the Board of Trustees based upon the number of months that a retirement allowance was
7 paid between July 1, 1992, and June 30, 1993.

8 "(ww) From and after July 1, 1993, the retirement allowance to or on account of
9 beneficiaries whose retirement commenced on or before July 1, 1992, shall be increased
10 by two percent (2%) of the allowance payable on July 1, 1992, in accordance with G.S.
11 135-5(o). Furthermore, from and after July 1, 1993, the retirement allowance to or on
12 account of beneficiaries whose retirement commenced after July 1, 1992, but before
13 June 30, 1993, shall be increased by a prorated amount of two percent (2%) of the
14 allowance payable as determined by the Board of Trustees based upon the number of
15 months that a retirement allowance was paid between July 1, 1992, and June 30, 1993."

16 Sec. 6. G.S. 135-65 is amended by adding a new subsection to read:

17 "(n) From and after July 1, 1993, the retirement allowance to or on account of
18 beneficiaries whose retirement commenced on or before July 1, 1992, shall be increased
19 by two percent (2%) of the allowance payable on July 1, 1992, in accordance with G.S.
20 135-50. Furthermore, from and after July 1, 1993, the retirement allowance to or on
21 account of beneficiaries whose retirement commenced after July 1, 1992, but before
22 June 30, 1993, shall be increased by a prorated amount of two percent (2%) of the
23 allowance payable as determined by the Board of Trustees based upon the number of
24 months that a retirement allowance was paid between July 1, 1992, and June 30, 1993."

25 Sec. 7. In order to fund the provisions of this act, the Board of Trustees of the
26 Teachers' and State Employees' Retirement System, the Consolidated Judicial
27 Retirement System, and the Legislative Retirement System, with the advice of the
28 consulting actuary, shall apply the unencumbered actuarial gains in the Systems by
29 allocating the percentage of payroll contribution rates for employers between the normal
30 and accrued liability contributions to the Retirement System without an increase in the
31 total employer contribution rate. The Board of Trustees of the Local Governmental
32 Employees' Retirement System, with the advice of its consulting actuary, shall apply the
33 unencumbered actuarial gain in the System to the normal percentage contribution of
34 payroll for employers to the Retirement System without an increase in the total
35 employer contribution rate.

36 Sec. 8. This act becomes effective July 1, 1993.