

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 1311*

Short Title: Increase Retirement Benefits.

(Public)

Sponsors: Senators Harris; Forrester, Gunter, Warren, and Winner of Mecklenburg.

Referred to: Pensions and Retirement.

May 25, 1994

A BILL TO BE ENTITLED

AN ACT TO CHANGE THE METHOD FOR CALCULATING THE REDUCTION FOR EARLY RETIREMENT IN THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM; TO INCREASE THE RETIREMENT FORMULA WITH AN ADJUSTING INCREASE TO RETIREES OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM AND OF THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM; AND TO PROVIDE AN INCREASE TO RETIREES OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM, THE LEGISLATIVE RETIREMENT SYSTEM AND THE JUDICIAL RETIREMENT SYSTEM.

The General Assembly of North Carolina enacts:

Section 1. G.S. 128-24(5) reads as rewritten:

"(5) The provisions of this subdivision (5) shall apply to any member whose membership is terminated on or after July 1, 1965, and who becomes entitled to benefits hereunder in accordance with the provisions hereof.

a. Notwithstanding any other provision of this Chapter, any member who separates from service prior to the attainment of the age of 60 years for any reason other than death or retirement for disability as provided in G.S. 128-27(c), after completing 15 or more years of creditable service, and who leaves his total accumulated contributions in said System shall have the right to retire on a deferred retirement allowance upon attaining the age

1 of 60 years; provided that such member may retire only upon
 2 written application to the Board of Trustees setting forth at what
 3 time, not less than one day nor more than 90 days subsequent to
 4 the execution and filing thereof, he desires to be retired; and
 5 further provided that in the case of a member who so separates
 6 from service on or after July 1, 1967, the aforesated
 7 requirement of 15 or more years of creditable service shall be
 8 reduced to 12 or more years of creditable service; and further
 9 provided that in the case of a member who so separates from
 10 service on or after July 1, 1971, or whose account is active on
 11 July 1, 1971, the aforesated requirement of 12 or more years of
 12 creditable service shall be reduced to five or more years of
 13 creditable service. ~~Such deferred retirement allowance shall be~~
 14 ~~computed in accordance with the provisions of G.S. 128-27(b1),~~
 15 ~~provided that such benefits will be computed in accordance with~~
 16 ~~subsection (b2) on or after July 1, 1967, but prior to July 1, 1969; and~~
 17 ~~provided further that such benefits will be computed in accordance~~
 18 ~~with subsection (b3) on or after July 1, 1969.~~ Such deferred
 19 retirement allowance shall be computed in accordance with the
 20 service retirement provisions of this Article pertaining to a
 21 member who is not a law enforcement officer or eligible former
 22 law enforcement officer.

23 b. In lieu of the benefits provided in paragraph a of this
 24 subdivision, any member who separates from service prior to
 25 the attainment of the age of 60 years, for any reason other than
 26 death or retirement for disability as provided in G.S. 128-27(c),
 27 after completing 20 or more years of creditable service, and
 28 who leaves his total accumulated contributions in said System
 29 may elect to retire on an early retirement allowance upon
 30 attaining the age of 50 years or at any time thereafter; provided
 31 that such member may so retire only upon written application to
 32 the Board of Trustees setting forth at what time, not less than
 33 one day nor more than 90 days subsequent to the execution and
 34 filing thereof, he desires to be retired. Such early retirement
 35 allowance so elected shall be equal to the deferred retirement
 36 allowance otherwise payable at the attainment of the age of 60
 37 years reduced by the percentage thereof indicated below.

Age at	Percentage
Retirement	Reduction
59	7
58	14
57	20
56	25
55	30

1	54	35
2	53	39
3	52	43
4	51	46
5	50	50

b1. In lieu of the benefits provided in paragraphs a and b of this subdivision, any member who is a law enforcement officer at the time of separation from service prior to the attainment of the age of 50 years, for any reason other than death or disability as provided in this Article, after completing 15 or more years of creditable service in this capacity immediately prior to separation from service, and who leaves his total accumulated contributions in this System, may elect to retire on a deferred early retirement allowance upon attaining the age of 50 years or at any time thereafter; provided, that the member may commence retirement only 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 days subsequent to the execution and filing thereof, he desires to commence retirement. The deferred early retirement allowance shall be computed in accordance with the service retirement provisions of this Article pertaining to law enforcement officers.

b2. In lieu of the benefits provided in paragraphs a and b of this subdivision, any member who is a law enforcement officer at the time of separation from service prior to the attainment of the age of 55 years, for any reason other than death or disability as provided in this Article, after completing five or more years of creditable service in this capacity immediately prior to separation from service, and who leaves his total accumulated contributions in this System may elect to retire on a deferred service retirement allowance upon attaining the age of 55 years or at any time thereafter; provided, that the member may commence retirement only 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 days subsequent to the execution and filing thereof, he desires to commence retirement. The deferred service retirement allowance shall be computed in accordance with the service retirement provisions of this Article pertaining to law enforcement officers.

c. Should a beneficiary who retired on an early or service retirement allowance be reemployed by an employer participating in the Retirement System on a permanent full-

1 time, part-time, temporary, or on fee-for-service basis, whether
2 contractual or otherwise, the retirement allowance shall be
3 suspended if the beneficiary receives or earns any of the
4 following:

- 5 1. Salary or fees or both in excess of one thousand five
6 hundred dollars (\$1,500) per month;
- 7 2. Salary or fees or both in excess of thirteen thousand five
8 hundred dollars (\$13,500) during any consecutive 12
9 calendar months;
- 10 3. Salary or fees or both during any consecutive 12
11 calendar months, which is greater than fifty percent
12 (50%) of the reported compensation during the 12
13 months of service preceding the effective date of
14 retirement; or
- 15 4. Salary or fees or both during any month, which when
16 added to the retirement allowance at retirement exceeds
17 the monthly compensation earned immediately prior to
18 retirement, if reemployed by the same employer within
19 90 days of the effective date of retirement.

20 The suspension of the retirement allowance shall be
21 effective as of the first day of the month in which the
22 beneficiary meets the conditions set forth in conditions 1 or 4 of
23 this paragraph and effective as of the first day of the next
24 succeeding month following the month in which the beneficiary
25 meets the conditions set forth in conditions 2 or 3 of this
26 paragraph. The retirement allowance shall be reinstated the
27 month following termination of reemployment or the month
28 following the month in which the conditions set forth in this
29 paragraph are no longer met. The Board of Trustees may adjust
30 the monetary limits in this paragraph by an amount equivalent
31 to any across-the-board salary increase granted to employees of
32 the State by the General Assembly. Each employer shall report
33 information monthly to the Board of Trustees on forms
34 provided by the Board on each reemployed beneficiary
35 sufficient for the effective enforcement of this paragraph.
36 Notwithstanding the foregoing, any beneficiary may irrevocably
37 elect to recommence membership in the Retirement System
38 immediately upon being restored to service, whereupon the
39 retirement allowance shall cease.

- 40 d. A beneficiary whose retirement allowance is suspended in
41 accordance with the provisions of paragraph c and who is
42 restored to service shall become a member of the Retirement
43 System and shall contribute thereafter as allowed by law at the
44 uniform contribution payable by all members.

1 Upon his subsequent retirement, he shall be paid a
2 retirement allowance determined as follows:

- 3 1. For a member who earns at least three years' membership
4 service after restoration to service, the retirement
5 allowance shall be computed on the basis of his
6 compensation and service before and after the period of
7 prior retirement without restriction; provided, that if the
8 prior allowance was based on a social security leveling
9 payment option, the allowance shall be adjusted
10 actuarially for the difference between the amount
11 received under the optional payment and what would
12 have been paid if the retirement allowance had been paid
13 without optional modification.
- 14 2. For a member who does not earn three years'
15 membership service after restoration to service, the
16 retirement allowance shall be equal to the sum of the
17 retirement allowance to which he would have been
18 entitled had he not been restored to service, without
19 modification of the election of an optional allowance
20 previously made, and the retirement allowance that
21 results from service earned since being restored to
22 service; provided, that if the prior retirement allowance
23 was based on a social security leveling payment option,
24 the prior allowance shall be adjusted actuarially for the
25 difference between the amount that would have been
26 paid for each month had the payment not been suspended
27 and what would have been paid if the retirement
28 allowance had been paid without optional modification."

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

30 "(a1) Early Service Retirement Benefits. – Any member may retire and receive a
31 reduced retirement allowance upon written application to the Board of Trustees setting
32 forth at what time, as of the first day of a calendar month, not less than one day nor
33 more than 90 days subsequent to the execution and filing thereof, he desires to be
34 retired: Provided, that the said member at the time so specified for his retirement shall
35 have attained the age of 50 years and have at least 20 years of creditable service."

36 Sec. 3. G.S. 128-27(b13) reads as rewritten:

37 "(b13) Service Retirement Allowance of Members Retiring on or after July 1,
38 1992-1992, but before July 1, 1994. – Upon retirement from service in accordance with
39 subsection (a) above, on or after July 1, 1992, but before July 1, 1994, a member shall
40 receive the following service retirement allowance:

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

- 1 a. If the member's service retirement date occurs on or after his
2 55th birthday, and completion of five years of creditable service
3 as a law enforcement officer, or after the completion of 30 years
4 of creditable service, the allowance shall be equal to one and
5 seventy hundredths percent (1.70%) of his average final
6 compensation, multiplied by the number of years of his
7 creditable service.
- 8 b. This allowance shall also be governed by the provisions of G.S.
9 128-27(b8)(2).
- 10 (2) A member who is not a law enforcement officer or an eligible former
11 law 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 65th birthday upon the completion of five years of creditable
15 service or after the completion of 30 years of creditable service
16 or on or after his 60th birthday upon the completion of 25 years
17 of creditable service, the allowance shall be equal to one and
18 seventy hundredths percent (1.70%) of his average final
19 compensation, multiplied by the number of years of creditable
20 service.
- 21 b. This allowance shall also be governed by the provisions of G.S.
22 128-27(b7)(2a), (2b), and (3)."

23 Sec. 4. G.S. 128-27 is amended by adding a new subsection to read:

24 "(b14) Service Retirement Allowance of Members Retiring on or after July 1,
25 1994. – Upon retirement from service in accordance with subsection (a) or (a1) above,
26 on or after July 1, 1994, a member shall receive the following service retirement
27 allowance:

- 28 (1) A member who is a law enforcement officer or an eligible former law
29 enforcement officer shall receive a service retirement allowance
30 computed as follows:
- 31 a. If the member's service retirement date occurs on or after his
32 55th birthday, and completion of five years of creditable service
33 as a law enforcement officer, or after the completion of 30 years
34 of creditable service, the allowance shall be equal to one and
35 seventy-one hundredths percent (1.71%) of his average final
36 compensation, multiplied by the number of years of his
37 creditable service.
- 38 b. This allowance shall also be governed by the provisions of G.S.
39 128-27(b8)(2).
- 40 (2) A member who is not a law enforcement officer or an eligible former
41 law enforcement officer shall receive a service retirement allowance
42 computed as follows:
- 43 a. If the member's service retirement date occurs on or after his
44 65th birthday upon the completion of five years of creditable

1 service or after the completion of 30 years of creditable service
2 or on or after his 60th birthday upon the completion of 25 years
3 of creditable service, the allowance shall be equal to one and
4 seventy-one hundredths percent (1.71%) of his average final
5 compensation, multiplied by the number of years of creditable
6 service.

7 b. This allowance shall also be governed by the provisions of G.S.
8 128-27(b7)(2a), (2b), and (3)."

9 Sec. 5. G.S. 135-3(8) reads as rewritten:

10 "(8) The provisions of this subsection (8) shall apply to any member whose
11 membership is terminated on or after July 1, 1963 and who becomes
12 entitled to benefits hereunder in accordance with the provisions hereof.

13 a. Notwithstanding any other provision of this Chapter, any
14 member who separates from service prior to the attainment of
15 the age of 60 years for any reason other than death or retirement
16 for disability as provided in G.S. 135-5(c), after completing 15
17 or more years of creditable service, and who leaves his total
18 accumulated contributions in said System shall have the right to
19 retire on a deferred retirement allowance upon attaining the age
20 of 60 years; provided that such member may retire only upon
21 written application to the Board of Trustees setting forth at what
22 time, not less than one day nor more than 90 days subsequent to
23 the execution and filing thereof, he desires to be retired; and
24 further provided that in the case of a member who so separates
25 from service on or after July 1, 1967, or whose account is active
26 on July 1, 1967, or has not withdrawn his contributions, the
27 aforesated requirement of 15 or more years of creditable
28 service shall be reduced to 12 or more years of creditable
29 service; and further provided that in the case of a member who
30 so separates from service on or after July 1, 1971, or whose
31 account is active on July 1, 1971, the aforesated requirement of
32 12 or more years of creditable service shall be reduced to five
33 or more years of creditable service. ~~Such deferred retirement~~
34 ~~allowance shall be computed in accordance with the provisions of~~
35 ~~G.S. 135-5(b1); provided that such benefits will be computed in~~
36 ~~accordance with (b2) on or after July 1, 1967, but prior to July 1,~~
37 ~~1969; and provided further that such benefits will be computed in~~
38 ~~accordance with (b3) on or after July 1, 1969. —~~Such deferred
39 retirement allowance shall be computed in accordance with the
40 service retirement provisions of this Article pertaining to a
41 member who is not a law enforcement officer or an eligible
42 former law enforcement officer. Notwithstanding the
43 foregoing, any member whose services as a teacher or
44 employee are terminated for any reason other than retirement,

1 who becomes employed by a nonprofit, nonsectarian private
 2 school in North Carolina below the college level within one
 3 year after such teacher or employee has ceased to be a teacher
 4 or employee, may elect to leave his total accumulated
 5 contributions in the Teachers' and State Employees' Retirement
 6 System during the period he is in the employment of such
 7 employer; provided that he files notice thereof in writing with
 8 the Board of Trustees of the Retirement System within five
 9 years after separation from service as a public school teacher or
 10 State employee; such member shall be deemed to have met the
 11 requirements of the above provisions of this subdivision upon
 12 attainment of age 60 while in such employment provided that
 13 he is otherwise vested.

14 b. In lieu of the benefits provided in paragraph a of this
 15 subdivision (8), any member who separates from service prior
 16 to the attainment of the age of 60 years, for any reason other
 17 than death or retirement for disability as provided in G.S. 135-
 18 5(c), after completing 20 or more years of creditable service,
 19 and who leaves his total accumulated contributions in said
 20 System, may elect to retire on an early retirement allowance
 21 upon attaining the age of 50 years or at any time thereafter;
 22 provided that such member may so retire only upon written
 23 application to the Board of Trustees setting forth at what time,
 24 not less than one day nor more than 90 days subsequent to the
 25 execution and filing thereof, he desires to be retired. Such early
 26 retirement allowance so elected shall be equal to the deferred
 27 retirement allowance otherwise payable at the attainment of the
 28 age of 60 years reduced by the percentage thereof indicated
 29 below.

Age at	Percentage Retirement Reduction
59	7
58	14
57	20
56	25
55	30
54	35
53	39
52	43
51	46
50	50

40 b1. In lieu of the benefits provided in paragraphs a and b of this
 41 subdivision, any member who is a law-enforcement officer at
 42
 43
 44

1 the time of separation from service prior to the attainment of the
2 age of 50 years, for any reason other than death or disability as
3 provided in this Article, after completing 15 or more years of
4 creditable service in this capacity immediately prior to
5 separation from service, and who leaves his total accumulated
6 contributions in this System may elect to retire on a deferred
7 early retirement allowance upon attaining the age of 50 years or
8 at any time thereafter; provided, that the member may
9 commence retirement only upon written application to the
10 Board of Trustees setting forth at what time, as of the first day
11 of a calendar month, not less than one day nor more than 90
12 days subsequent to the execution and filing thereof, he desires
13 to commence retirement. The deferred early retirement
14 allowance shall be computed in accordance with the service
15 retirement provisions of this Article pertaining to law-
16 enforcement officers.

17 b2. In lieu of the benefits provided in paragraphs a and b of this
18 subdivision, any member who is a law-enforcement officer at
19 the time of separation from service prior to the attainment of the
20 age of 55 years, for any reason other than death or disability as
21 provided in this Article, after completing five or more years of
22 creditable service in this capacity immediately prior to
23 separation from service, and who leaves his total accumulated
24 contributions in this System may elect to retire on a deferred
25 early retirement allowance upon attaining the age of 55 years or
26 at any time thereafter; provided, that the member may
27 commence retirement only upon written application to the
28 Board of Trustees setting forth at what time, as of the first day
29 of a calendar month not less than one day nor more than 90
30 days subsequent to the execution and filing thereof, he desires
31 to commence retirement. The deferred early retirement
32 allowance shall be computed in accordance with the service
33 retirement provisions of this Article pertaining to law-
34 enforcement officers.

35 b3. Vested deferred retirement allowance of members retiring on or
36 after July 1, 1994. – In lieu of the benefits provided in
37 paragraphs a. and b. of this subdivision, any member who
38 separates from service prior to attainment of age 60 years, after
39 completing 20 or more years of creditable service, and who
40 leaves his total accumulated contributions in said System, may
41 elect to retire on a deferred retirement allowance upon attaining
42 the age of 50 years or any time thereafter; provided that such
43 member may so retire only upon written application to the
44 Board of Trustees setting forth at what time, not less than one

1 day nor more than 90 days subsequent to the execution and
2 filing thereof, he desires to be retired. Such deferred retirement
3 allowance shall be computed in accordance with the service
4 retirement provisions of this Article pertaining to a member
5 who is not a law enforcement officer or an eligible former law
6 enforcement officer.

7 c. Should a beneficiary who retired on an early or service
8 retirement allowance be reemployed by an employer
9 participating in the Retirement System on a permanent full-
10 time, part-time, temporary, or on fee-for-service basis, whether
11 contractual or otherwise, the retirement allowance shall be
12 suspended if the beneficiary receives or earns any of the
13 following:

- 14 1. Salary or fees or both in excess of one thousand five
15 hundred dollars (\$1,500) per month;
- 16 2. Salary or fees or both in excess of thirteen thousand five
17 hundred (\$13,500) during any consecutive 12 calendar
18 months;
- 19 3. Salary or fees or both during any consecutive 12
20 calendar months, which is greater than fifty percent
21 (50%) of the reported compensation during the 12
22 months of service preceding the effective date of
23 retirement; or
- 24 4. Salary or fees or both during any month, which when
25 added to the retirement allowance at retirement exceeds
26 the monthly compensation earned immediately prior to
27 retirement, if reemployed by the same employer within
28 90 days of the effective date of retirement.

29 The suspension of the retirement allowance shall be
30 effective as of the first day of the month in which the
31 beneficiary meets the conditions set forth in conditions 1
32 or 4 of this paragraph and effective as of the first day of
33 the next succeeding month following the month in which
34 the beneficiary meets the conditions set forth in
35 conditions 2 or 3 of this paragraph. The retirement
36 allowance shall be reinstated the month following
37 termination of reemployment or the month following the
38 month in which the conditions set forth in this paragraph
39 are no longer met. The Board of Trustees may adjust the
40 monetary limits in this paragraph by an amount
41 equivalent to any across-the-board salary increase
42 granted to employees of the State by the General
43 Assembly. Each employer shall report information
44 monthly to the Board of Trustees on forms provided by

1 the Board on each reemployed beneficiary sufficient for
2 the effective enforcement of this paragraph.
3 Notwithstanding the foregoing, any beneficiary may
4 irrevocable elect to recommence membership in the
5 Retirement System immediately upon being restored to
6 service, whereupon the retirement allowance shall cease.

- 7 d. A beneficiary whose retirement allowance is suspended in
8 accordance with the provisions of paragraph c and who is
9 restored to service shall become a member of the Retirement
10 System and shall contribute thereafter as allowed by law at the
11 uniform contribution payable by all members.

12 Upon his subsequent retirement, he shall be paid a
13 retirement allowance determined as follows:

- 14 1. For a member who earns at least three years' membership
15 service after restoration to service, the retirement
16 allowance shall be computed on the basis of his
17 compensation and service before and after the period of
18 prior retirement without restrictions; provided, that if the
19 prior allowance was based on a social security leveling
20 payment option, the allowance shall be adjusted
21 actuarially for the difference between the amount
22 received under the optional payment and what would
23 have been paid if the retirement allowance had been paid
24 without optional modification.
- 25 2. For a member who does not earn three years'
26 membership service after restoration to service, the
27 retirement allowance shall be equal to the sum of the
28 retirement allowance to which he would have been
29 entitled had he not been restored to service, without
30 modification of the election of an optional allowance
31 previously made, and the retirement allowance that
32 results from service earned since being restored to
33 service; provided, that if the prior retirement allowance
34 was based on a social security leveling payment option,
35 the prior allowance shall be adjusted actuarially for the
36 difference between the amount that would have been
37 paid for each month had the payment not been suspended
38 and what would have been paid if the retirement
39 allowance had been paid without optional modification.

- 40 e. Any beneficiary who retired on an early or service retirement
41 allowance as an employee of any State department, agency or
42 institution under the Law Enforcement Officers' Retirement
43 System and becomes employed as an employee by a State
44 department, agency, or institution as an employer participating

1 in the Retirement System shall become subject to the provisions
2 of G.S. 135-3(8)c and G.S. 135-3(8)d on and after January 1,
3 1989."

4 Sec. 6. G.S. 135-5 is amended by adding a new subsection to read:

5 "(a1) Early Service Retirement Benefits. – Any member may retire and receive a
6 reduced retirement allowance upon written application to the Board of Trustees setting
7 forth at what time, as of the first day of a calendar month, not less than one day nor
8 more than 90 days subsequent to the execution of and filing thereof, he desires to be
9 retired: Provided, that the said member at the time so specified for his retirement shall
10 have attained the age of 50 years and have at least 20 years of creditable service."

11 Sec. 7. G.S. 135-5(b14) reads as rewritten:

12 "(b14) Service Retirement Allowance of Members Retiring on or after July 1,
13 ~~1993-1993, but before July 1, 1994.~~ – Upon retirement from service in accordance with
14 subsection (a) above, on or after July 1, 1993, but before July 1, 1994, 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 seventy-one hundredths percent (1.71%) of his average final
24 compensation, multiplied by the number of years of his
25 creditable service.

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

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

- 1 b. If the member's service retirement date occurs after his 60th
2 birthday and before his 65th birthday and prior to the
3 completion of 25 years or more of creditable service, the
4 retirement allowance shall be computed as in G.S. 135-
5 5(b14)(2)a. but shall be reduced by one-quarter of one percent
6 (1/4 of 1%) thereof for each month by which his retirement date
7 precedes the first day of the month coincident with or next
8 following his 65th birthday.
- 9 c. If the member's service retirement date occurs before his 60th
10 birthday and prior to the completion of 30 or more years of
11 creditable service, the service retirement allowance shall be the
12 actuarial equivalent of the allowance payable at the age of 60
13 years as computed in G.S. 135(b14)(2)b [G.S. 135-5(b14)(2)b.].
- 14 d. Notwithstanding the foregoing provisions, any member whose
15 creditable service commenced prior to July 1, 1963, shall
16 receive not less than the benefit provided by ~~G.S.~~ G.S. 135-
17 5(b)."

18 Sec. 8. G.S. 135-5 is amended by adding a new subsection to read:

19 "(b15) Service Retirement Allowance of Members Retiring on or after July 1,
20 1994. – Upon retirement from service in accordance with subsection (a) or (a1) above,
21 on or after July 1, 1994, a member shall receive the following service retirement
22 allowance:

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

26 a. If the member's service retirement date occurs on or after his
27 55th birthday, and completion of five years of creditable service
28 as a law enforcement officer, or after the completion of 30 years
29 of creditable service, the allowance shall be equal to one and
30 seventy-three hundredths percent (1.73%) of his average final
31 compensation, multiplied by the number of years of his
32 creditable service.

33 b. If the member's service retirement date occurs on or after his
34 50th birthday and before his 55th birthday with 15 or more
35 years of creditable service as a law enforcement officer and
36 prior to the completion of 30 years of creditable service, his
37 retirement allowance shall be equal to the greater of:

38 1. The service retirement allowance payable under G.S.
39 135-5(b15)(1)a. reduced by one-third of one percent (1/3
40 of 1%) thereof for each month by which his retirement
41 date precedes the first day of the month coincident with
42 or next following the month the member would have
43 attained his 55th birthday; or

- 1 2. The service retirement allowance as computed under
2 G.S. 135-5(b15)(1)a. reduced by five percent (5%) times
3 the difference between 30 years and his creditable
4 service at retirement.
- 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 seventy-three hundredths percent (1.73%) of his average final
14 compensation, multiplied by the number of years of creditable
15 service.
- 16 b. If the member's service retirement date occurs after his 60th and
17 before his 65th birthday and prior to his completion of 25 years
18 or more of creditable service, his retirement allowance shall be
19 computed as in G.S. 135-5(b15)(2)a. but shall be reduced by
20 one-quarter of one percent (1/4 of 1%) thereof for each month
21 by which his retirement date precedes the first day of the month
22 coincident with or next following his 65th birthday.
- 23 c. If the member's early service retirement date occurs on or after
24 his 50th birthday and before his 60th birthday and after
25 completion of 20 years of creditable service but prior to the
26 completion of 30 years of creditable service, his early service
27 retirement allowance shall be equal to the greater of:
- 28 1. The service retirement allowance as computed under
29 G.S. 135-5(b15)(2)a. but reduced by the sum of five-
30 twelfths of one percent (5/12 of 1%) thereof for each
31 month by which his retirement date precedes the first day
32 of the month coincident with or next following the
33 month the member would have attained his 60th
34 birthday, plus one-quarter of one percent (1/4 of 1%)
35 thereof for each month by which his 60th birthday
36 precedes the first day of the month coincident with or
37 next following his 65th birthday; or
- 38 2. The service retirement allowance as computed under
39 G.S. 135-5(b15)(2)a. reduced by five percent (5%) times
40 the difference between 30 years and his creditable
41 service at retirement; or
- 42 3. If the member's creditable service commenced prior to
43 July 1, 1994, the service retirement allowance provided
44 by G.S. 135-5(b14)(2)c.

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

4 Sec. 9. G.S. 135-5(m) reads as rewritten:

5 "(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the
6 principal beneficiary designated to receive a return of accumulated contributions shall
7 have the right to elect to receive in lieu thereof the reduced retirement allowance
8 provided by Option 2 of subsection (g) above computed by assuming that the member
9 had retired on the first day of the month following the date of his death, provided that ~~at~~
10 ~~three of the~~ following conditions apply:

11 ~~(1) The member had attained such age and/or creditable service to be~~
12 ~~eligible to commence retirement with an early or service retirement~~
13 ~~allowance or had attained 20 years of creditable service.~~

14 (1) a. The member had attained such age and/or creditable service to be
15 eligible to commence retirement with an early or service retirement
16 allowance, or

17 b. The member had obtained 20 years of creditable service in
18 which case the retirement allowance shall be computed in
19 accordance with G.S. 135-5(b15)(1)b. or G.S. 135-5(b15)(2)c.,
20 notwithstanding the requirement of obtaining age 50.

21 (2) The member had designated as the principal beneficiary to receive a
22 return of his accumulated contributions one and only one person who
23 was living at the time of his death.

24 (3) The member had not instructed the Board of Trustees in writing that he
25 did not wish the provisions of this subsection to apply.

26 For the purpose of this benefit, a member is considered to be in service at the date of
27 his death if his death occurs within 180 days from the last day of his actual service. The
28 last day of actual service shall be determined as provided in subsection (l) of this
29 section. Upon the death of a member in service, the surviving spouse may make all
30 purchases for creditable service as provided for under this Chapter for which the
31 member had made application in writing prior to the date of death, provided that the
32 date of death occurred prior to or within 60 days after notification of the cost to make
33 the purchase. The term 'in service' as used in this subsection includes a member in
34 receipt of a benefit under the Disability Income Plan as provided in Article 6 of this
35 Chapter."

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

37 "(i) In accordance with subsection (a) of this section, from and after July 1, 1994,
38 the retirement allowance to or on account of beneficiaries whose retirement commenced
39 on or before January 1, 1994, shall be increased by three and one-half percent (3.5%) of
40 the allowance payable on January 1, 1994. Furthermore, from and after July 1, 1994,
41 the retirement allowance to or on account of beneficiaries whose retirement commenced
42 after January 1, 1994, but before June 30, 1994, shall be increased by a prorated amount
43 of three and one-half percent (3.5%) of the allowance payable as determined by the

1 Board of Trustees based upon the number of months that a retirement allowance was
2 paid between January 1, 1994, and June 30, 1994."

3 Sec. 11. G.S. 128-27 is amended by adding two new subsections to read:

4 "(mm) Increase in Allowance as to Persons on Retirement Rolls as of June 1,
5 1994. – From and after July 1, 1994, the retirement allowance to or on account of
6 beneficiaries on the retirement rolls as of June 1, 1994, shall be increased by six-tenths
7 of one percent (.6%) of the allowance payable on June 1, 1994. This allowance shall be
8 calculated on the allowance payable and in effect on June 30, 1994, so as not to be
9 compounded on any other increase payable under subsection (k) of this section or
10 otherwise granted by act of the 1993 General Assembly, 1994 Regular Session.

11 (nn) From and after July 1, 1994, the retirement allowance to or on account of
12 beneficiaries whose retirement commenced on or before July 1, 1993, shall be increased
13 by two and eight-tenths percent (2.8%) of the allowance payable on July 1, 1993, in
14 accordance with G.S. 128-27(k). Furthermore, from and after July 1, 1994, the
15 retirement allowance to or on account of beneficiaries whose retirement commenced
16 after July 1, 1993, but before June 30, 1994, shall be increased by a prorated amount of
17 two and eight-tenths percent (2.8%) of the allowance payable as determined by the
18 Board of Trustees based upon the number of months that a retirement allowance was
19 paid between July 1, 1993, and June 30, 1994."

20 Sec. 12. G.S. 135-5 is amended by adding two new subsections to read:

21 "(xx) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 1994. –
22 From and after July 1, 1994, the retirement allowance to or on account of beneficiaries
23 on the retirement rolls as of June 1, 1994, shall be increased by one and two-tenths of
24 one percent (1.2%) of the allowance payable on June 1, 1994. This allowance shall be
25 calculated on the allowance payable and in effect on June 30, 1994, so as not to be
26 compounded on any other increase granted by act of the 1993 General Assembly, 1994
27 Regular Session.

28 (yy) From and after July 1, 1994, the retirement allowance to or on account of
29 beneficiaries whose retirement commenced on or before July 1, 1993, shall be increased
30 by three and one-half percent (3.5%) of the allowance payable on July 1, 1993, in
31 accordance with G.S. 135-5(o). Furthermore, from and after July 1, 1994, the
32 retirement allowance to or on account of beneficiaries whose retirement commenced
33 after July 1, 1993, but before June 30, 1994, shall be increased by a prorated amount of
34 three and one-half percent (3.5%) of the allowance payable as determined by the Board
35 of Trustees based upon the number of months that a retirement allowance was paid
36 between July 1, 1993, and June 30, 1994."

37 Sec. 13. G.S. 135-65 is amended by adding a new subsection to read:

38 "(o) From and after July 1, 1994, the retirement allowance to or on account of
39 beneficiaries whose retirement commenced on or before July 1, 1993, shall be increased
40 by three and one-half percent (3.5%) of the allowance payable on July 1, 1993.
41 Furthermore, from and after July 1, 1994, the retirement allowance to or on account of
42 beneficiaries whose retirement commenced after July 1, 1993, but before June 30, 1994,
43 shall be increased by a prorated amount of three and one-half percent (3.5%) of the

- 1 allowance payable as determined by the Board of Trustees based upon the number of
2 months that a retirement allowance was paid between July 1, 1993, and June 30, 1994."
3 Sec. 14. This act becomes effective July 1, 1994.