

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 843*

Short Title: Out-of-State Retirement.

(Public)

Sponsors: Senators Warren; Hoyle, Marshall, Edwards, Hunt, Lee, and Ballance.

Referred to: Pensions and Retirement.

April 14, 1993

A BILL TO BE ENTITLED

AN ACT TO RESTORE THE PROVISION FOR PURCHASE OF OUT-OF-STATE SERVICE IN THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM AND THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM.

The General Assembly of North Carolina enacts:

Section 1. G.S. 128-26 is amended by adding a new subsection to read:

"(j2) Notwithstanding any other provision of this Chapter, any member and any retired member as herein described may purchase creditable service previously rendered to any state, territory, or other governmental subdivision of the United States other than this State by paying a total lump sum payment determined as follows:

(1) For members who completed 10 years of membership service, and retired members who completed 10 years of membership service prior to retirement, and whose current membership began on or before January 1, 1988, and who make such purchase within three years after first becoming eligible, the cost shall be an amount equal to the monthly compensation the member earned when he first entered current membership service, times the employee contribution rate at that time, times the months of service to be purchased, times two, with sufficient interest added thereto so as to equal the full cost of allowing such service, plus an administrative fee to be set by the Board of Trustees.

(2) For members who complete five years of membership service, and retired members who complete five years of membership service prior

1 to retirement, and eligible members and retired members covered by
2 subdivision (1) of this subsection, whose current membership began on
3 or before January 1, 1988, but who did not or do not make such
4 purchase within three years after first becoming eligible, the cost shall
5 be an amount equal to the full liability of the service credits calculated
6 on the basis of the assumptions used for the purposes of the actuarial
7 valuation of the System's liabilities and shall take into account the
8 retirement allowance arising on account of the additional service
9 credits commencing at the earliest age at which the member could
10 retire on an unreduced allowance, as determined by the Board of
11 Trustees upon the advice of the consulting actuary, plus an
12 administrative fee to be set by the Board of Trustees. Notwithstanding
13 the foregoing provisions of this subsection that provide for the
14 purchase of service credits, the term 'full liability' includes assumed
15 post-retirement allowance increases, as determined by the Board of
16 Trustees, from the earliest age at which a member could retire on an
17 unreduced service retirement allowance.

18 Creditable service under this subsection shall be allowed only at the rate of one year of
19 out-of-state service for each two years of service in this State, with a maximum
20 allowable of 10 years of out-of-state service. Such service is limited to full-time service
21 which would be allowable under the laws governing this System. Credit will be
22 allowed only if no benefit is allowable in another public retirement system as a result of
23 the service."

24 Sec. 2. G.S. 135-4 is amended by adding a new subsection to read:

25 "(11) Notwithstanding any other provision of this Chapter, any member and any
26 retired member as herein described may purchase creditable service previously rendered
27 to any state, territory, or other governmental subdivision of the United States other than
28 this State by paying a total lump sum payment determined as follows:

29 (1) For members who completed 10 years of membership service, and
30 retired members who completed 10 years of membership service prior
31 to retirement, whose current membership began on or before July 1,
32 1981, and who make such purchase within three years after first
33 becoming eligible, the cost shall be an amount equal to the monthly
34 compensation the member earned when he first entered current
35 membership service, times the employee contribution rate at that time,
36 times the months of service to be purchased, times two, with sufficient
37 interest added thereto so as to equal the full cost of allowing such
38 service, plus an administrative fee to be set by the Board of Trustees.

39 (2) For members who complete five years of membership service, and
40 retired members who complete five years of membership service prior
41 to retirement, and eligible members and retired members covered by
42 subdivision (1) of this subsection, whose current membership began on
43 or before July 1, 1981, but who did not or do not make such purchase
44 within three years after first becoming eligible, the cost shall be an

1 amount equal to the full liability of the service credits calculated on the
2 basis of the assumptions used for the purposes of the actuarial
3 valuation of the System's liabilities and shall take into account the
4 retirement allowance arising on account of the additional service
5 credits commencing at the earliest age at which the member could
6 retire on an unreduced allowance, as determined by the Board of
7 Trustees upon the advice of the consulting actuary, plus an
8 administrative fee to be set by the Board of Trustees. Notwithstanding
9 the foregoing provisions of this subsection that provide for the
10 purchase of service credits, the term 'full liability' includes assumed
11 post-retirement allowance increases, as determined by the Board of
12 Trustees, from the earliest age at which a member could retire on an
13 unreduced service retirement allowance.

14 Creditable service under this subsection shall be allowed only at the rate of one year of
15 out-of-state service for each two years of current membership service in this State, with
16 a maximum allowable of 10 years of out-of-state service. Such service is limited to full-
17 time service which would be allowable under the laws governing this System. Credit
18 will be allowed only if no benefit is allowable in another public retirement system as a
19 result of the service."

20 Sec. 3. This act is effective upon ratification.