

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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SENATE BILL 733

Short Title: Out-of-State Retirement.

(Public)

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Sponsors: Senators Warren, Sherron, Hobbs, McKoy, Kerr, Martin of Guilford, Perdue, McDaniel, Hoyle, Dannelly, and Albertson.

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Referred to: Pensions and Retirement/Insurance/State Personnel

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April 17, 1995

A BILL TO BE ENTITLED

1 AN ACT TO RESTORE THE PROVISION FOR PURCHASE OF OUT-OF-STATE  
2 SERVICE IN THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT  
3 SYSTEM AND THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT  
4 SYSTEM.  
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6 The General Assembly of North Carolina enacts:

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

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

12 (1) For members who completed 10 years of membership service, and  
13 retired members who completed 10 years of membership service prior  
14 to retirement, and whose current membership began on or before  
15 January 1, 1988, and who make such purchase within three years after  
16 first becoming eligible, the cost shall be an amount equal to the monthly  
17 compensation the member earned when he first entered current  
18 membership service, times the employee contribution rate at that time,  
19 times the months of service to be purchased, times two, with sufficient

1 interest added thereto so as to equal the full cost of allowing such  
2 service, plus an administrative fee to be set by the Board of Trustees.

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

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

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

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

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

- 41 (2) For members who complete five years of membership service, and  
42 retired members who complete five years of membership service prior  
43 to retirement, and eligible members and retired members covered by

1           subdivision (1) of this subsection, whose current membership began on  
2           or before July 1, 1981, but who did not or do not make such purchase  
3           within three years after first becoming eligible, the cost shall be an  
4           amount equal to the full liability of the service credits calculated on the  
5           basis of the assumptions used for the purposes of the actuarial valuation  
6           of the System's liabilities and shall take into account the retirement  
7           allowance arising on account of the additional service credits  
8           commencing at the earliest age at which the member could retire on an  
9           unreduced allowance, as determined by the Board of Trustees upon the  
10           advice of the consulting actuary, plus an administrative fee to be set by  
11           the Board of Trustees. Notwithstanding the foregoing provisions of this  
12           subsection that provide for the purchase of service credits, the term 'full  
13           liability' includes assumed postretirement allowance increases, as  
14           determined by the Board of Trustees, from the earliest age at which a  
15           member could retire on an unreduced service retirement allowance.

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

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