

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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HOUSE BILL 1035

Short Title: Early Retirement Amendment.

(Public)

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Sponsors: Representatives Moore; Barefoot, Mosley, and Yongue.

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Referred to: Pensions and Retirement.

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April 14, 1999

A BILL TO BE ENTITLED

1 AN ACT TO REVISE THE CALCULATION OF THE EARLY RETIREMENT  
2 ALLOWANCE FOR MEMBERS OF THE TEACHERS' AND STATE  
3 EMPLOYEES' RETIREMENT SYSTEM.  
4

5 The General Assembly of North Carolina enacts:

6 Section 1. G.S. 135-5(b17) reads as rewritten:

7 "(b17) Service Retirement Allowance of Members Retiring on or After ~~July 1,~~  
8 ~~1997.~~ July 1, 1997, but Before July 1, 1999. – Upon retirement from service in accordance  
9 with subsection (a) or (a1) above, on or after July 1, 1997, but before July 1, 1999, a  
10 member shall receive the following service retirement allowance.

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

14 a. If the member's service retirement date occurs on or after his  
15 55th birthday, and completion of five years of creditable service  
16 as a law enforcement officer, or after the completion of 30 years  
17 of creditable service, the allowance shall be equal to one and  
18 eighty hundredths percent (1.80%) of his average final  
19 compensation, multiplied by the number of years of his  
20 creditable service.

- 1           b.     If the member's service retirement date occurs on or after his  
2           50th birthday and before his 55th birthday with 15 or more years  
3           of creditable service as a law enforcement officer and prior to the  
4           completion of 30 years of creditable service, his retirement  
5           allowance shall be equal to the greater of:
- 6           1.     The service retirement allowance payable under G.S. 135-  
7           5(b17)(1)a. reduced by one-third of one percent ( $1/3$  of  
8           1%) thereof for each month by which his retirement date  
9           precedes the first day of the month coincident with or next  
10          following the month the member would have attained his  
11          55th birthday; or
- 12          2.     The service retirement allowance as computed under G.S.  
13          135-5(b17)(1)a. reduced by five percent (5%) times the  
14          difference between 30 years and his creditable service at  
15          retirement.
- 16        (2)    A member who is not a law enforcement officer or an eligible former  
17        law 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        65th birthday upon the completion of five years of membership  
21        service or after the completion of 30 years of creditable service  
22        or on or after his 60th birthday upon the completion of 25 years  
23        of creditable service, the allowance shall be equal to one and  
24        eighty hundredths percent (1.80%) of his average final  
25        compensation, multiplied by the number of years of creditable  
26        service.
- 27        b.     If the member's service retirement date occurs after his 60th  
28        birthday and before his 65th birthday and prior to his completion  
29        of 25 years or more of creditable service, his retirement  
30        allowance shall be computed as in G.S. 135-5(b17)(2)a. but shall  
31        be reduced by one-quarter of one percent ( $1/4$  of 1%) thereof for  
32        each month by which his retirement date precedes the first day of  
33        the month coincident with or next following his 65th birthday.
- 34        c.     If the member's early service retirement date occurs on or after  
35        his 50th birthday and before his 60th birthday and after  
36        completion of 20 years of creditable service but prior to the  
37        completion of 30 years of creditable service, his early service  
38        retirement allowance shall be equal to the greater of:
- 39        1.     The service retirement allowance as computed under G.S.  
40        135-5(b17)(2)a. but reduced by the sum of five-twelfths of  
41        one percent ( $5/12$  of 1%) thereof for each month by which  
42        his retirement date precedes the first day of the month  
43        coincident with or next following the month the member

1 would have attained his 60th birthday, plus one-quarter of  
2 one percent (1/4 of 1%) thereof for each month by which  
3 his 60th birthday precedes the first day of the month  
4 coincident with or next following his 65th birthday; or

5 2. The service retirement allowance as computed under G.S.  
6 135-5(b17)(2)a. reduced by five percent (5%) times the  
7 difference between 30 years and his creditable service at  
8 retirement; or

9 3. If the member's creditable service commenced prior to  
10 July 1, 1994, the service retirement allowance equal to the  
11 actuarial equivalent of the allowance payable at the age of  
12 60 years as computed in G.S. 135-5(b17)(2)b.

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

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

17 "(b18) Service Retirement Allowance of Members Retiring on or After July 1,  
18 1999. – Upon retirement from service in accordance with subsection (a) or (a1) above, on  
19 or after July 1, 1999, a member shall receive the following service retirement allowance.

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

23 a. If the member's service retirement date occurs on or after his  
24 55th birthday, and completion of five years of creditable service  
25 as a law enforcement officer, or after the completion of 30 years  
26 of creditable service, the allowance shall be equal to one and  
27 eighty hundredths percent (1.80%) of his average final  
28 compensation, multiplied by the number of years of his  
29 creditable service.

30 b. If the member's service retirement date occurs on or after his  
31 50th birthday and before his 55th birthday with 15 or more years  
32 of creditable service as a law enforcement officer and prior to the  
33 completion of 30 years of creditable service, his retirement  
34 allowance shall be equal to the greater of:

35 1. The service retirement allowance payable under G.S. 135-  
36 5(b17)(1)a. reduced by one-third of one percent (1/3 of  
37 1%) thereof for each month by which his retirement date  
38 precedes the first day of the month coincident with or next  
39 following the month the member would have attained his  
40 55th birthday; or

41 2. The service retirement allowance as computed under G.S.  
42 135-5(b17)(1)a. reduced by three percent (3%) times the

1                    difference between 30 years and his creditable service at  
2                    retirement.

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

6            a. If the member's service retirement date occurs on or after his  
7            65th birthday upon the completion of five years of membership  
8            service or after the completion of 30 years of creditable service  
9            or on or after his 60th birthday upon the completion of 25 years  
10           of creditable service, the allowance shall be equal to one and  
11           eighty hundredths percent (1.80%) of his average final  
12           compensation, multiplied by the number of years of creditable  
13           service.

14           b. If the member's service retirement date occurs after his 60th  
15           birthday and before his 65th birthday and prior to his completion  
16           of 25 years or more of creditable service, his retirement  
17           allowance shall be computed as in G.S. 135-5(b17)(2)a. but shall  
18           be reduced by one-quarter of one percent (1/4 of 1%) thereof for  
19           each month by which his retirement date precedes the first day of  
20           the month coincident with or next following his 65th birthday.

21           c. If the member's early service retirement date occurs on or after  
22           his 50th birthday and before his 60th birthday and after  
23           completion of 20 years of creditable service but prior to the  
24           completion of 30 years of creditable service, his early service  
25           retirement allowance shall be equal to the greater of:

26           1. The service retirement allowance as computed under G.S.  
27           135-5(b17)(2)a. but reduced by the sum of five-twelfths of  
28           one percent (5/12 of 1%) thereof for each month by which  
29           his retirement date precedes the first day of the month  
30           coincident with or next following the month the member  
31           would have attained his 60th birthday, plus one-quarter of  
32           one percent (1/4 of 1%) thereof for each month by which  
33           his 60th birthday precedes the first day of the month  
34           coincident with or next following his 65th birthday; or

35           2. The service retirement allowance as computed under G.S.  
36           135-5(b17)(2)a. reduced by three percent (3%) times the  
37           difference between 30 years and his creditable service at  
38           retirement; or

39           3. If the member's creditable service commenced prior to  
40           July 1, 1994, the service retirement allowance equal to the  
41           actuarial equivalent of the allowance payable at the age of  
42           60 years as computed in G.S. 135-5(b17)(2)b.

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     Section 3. This act becomes effective July 1, 1999.