

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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SENATE BILL 1236*

Short Title: Change Retirement Benefits.

(Public)

Sponsors: Senators Phillips; and Carpenter.

Referred to: Pensions & Retirement and Aging.

May 16, 2000

A BILL TO BE ENTITLED

1 AN ACT TO ENHANCE THE BENEFITS PAYABLE FROM THE TEACHERS' AND
2 STATE EMPLOYEES' RETIREMENT SYSTEM, THE CONSOLIDATED
3 JUDICIAL RETIREMENT SYSTEM, THE LEGISLATIVE RETIREMENT
4 SYSTEM, AND THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT
5 SYSTEM.
6

7 The General Assembly of North Carolina enacts:

8 Section 1. G.S. 135-5 is amended by adding a new subsection to read:

9 "(ggg) From and after July 1, 2000, the retirement allowance to or on account of
10 beneficiaries whose retirement commenced on or before July 1, 1999, shall be increased
11 by three and six-tenths percent (3.6%) of the allowance payable on June 1, 2000, in
12 accordance with G.S. 135-5(o). Furthermore, from and after July 1, 2000, the retirement
13 allowance to or on account of beneficiaries whose retirement commenced after July 1,
14 1999, but before June 30, 2000, shall be increased by a prorated amount of three and six-
15 tenths percent (3.6%) of the allowance payable as determined by the Board of Trustees
16 based upon the number of months that a retirement allowance was paid between July 1,
17 1999, and June 30, 2000."

18 Section 2. G.S. 135-65 is amended by adding a new subsection to read:

19 "(u) From and after July 1, 2000, the retirement allowance to or on account of
20 beneficiaries whose retirement commenced on or before July 1, 1999, shall be increased

1 by two and six-tenths percent (2.6%) of the allowance payable on June 1, 2000.
2 Furthermore, from and after July 1, 2000, the retirement allowance to or on account of
3 beneficiaries whose retirement commenced after July 1, 1999, but before June 30, 2000,
4 shall be increased by a prorated amount of two and six-tenths percent (2.6%) of the
5 allowance payable as determined by the Board of Trustees based upon the number of
6 months that a retirement allowance was paid between July 1, 1999, and June 30, 2000."

7 Section 3. G.S. 120-4.22A is amended by adding a new subsection to read:

8 "(o) In accordance with subsection (a) of this section, from and after July 1, 2000,
9 the retirement allowance to or on account of beneficiaries whose retirement commenced
10 on or before January 1, 2000, shall be increased by three and six-tenths percent (3.6%) of
11 the allowance payable on June 1, 2000. Furthermore, from and after July 1, 2000, the
12 retirement allowance to or on account of beneficiaries whose retirement commenced after
13 January 1, 2000, but before June 30, 2000, shall be increased by a prorated amount of
14 three and six-tenths percent (3.6%) of the allowance payable as determined by the Board
15 of Trustees based upon the number of months that a retirement allowance was paid
16 between January 1, 2000, and June 30, 2000."

17 Section 4. G.S. 128-27(b17) reads as rewritten:

18 "(b17) Service Retirement Allowance of Member Retiring on or After July 1,
19 1998-1998, But Before July 1, 2000. – Upon retirement from service in accordance with
20 subsection (a) or (a1) above, on or after July 1, 1998, but before July 1, 2000, a member
21 shall receive the following service retirement allowance:

22 (1) A member who is a law enforcement officer or an eligible former law
23 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 55th birthday and completion of five years of creditable service
27 as a law enforcement officer, or after the completion of 30 years
28 of creditable service, the allowance shall be equal to one and
29 seventy-seven hundredths percent (1.77%) of his average final
30 compensation, multiplied by the number of years of his
31 creditable service.

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

37 1. The service retirement allowance payable under G.S. 128-
38 27(b17)(1)a. reduced by one-third of one percent (1/3 of
39 1%) thereof for each month by which his retirement date
40 precedes the first day of the month coincident with or next
41 following the month the member would have attained his
42 55th birthday; or

- 1 2. The service retirement allowance as computed under G.S.
2 128-27(b17)(1)a. reduced by five percent (5%) times the
3 difference between 30 years and his creditable service at
4 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-seven hundredths percent (1.77%) of 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
17 birthday and before his 65th birthday and prior to his completion
18 of 25 years or more of creditable service, his retirement
19 allowance shall be computed as in G.S. 128-27(b17)(2)a. but
20 shall be reduced by one-quarter of one percent (1/4 of 1%)
21 thereof for each month by which his retirement date precedes the
22 first day of the month coincident with or next following his 65th
23 birthday.
- 24 c. If the member's early service retirement date occurs on or after
25 his 50th birthday and before his 60th birthday and after
26 completion of 20 years of creditable service but prior to the
27 completion of 30 years of creditable service, his early service
28 retirement allowance shall be equal to the greater of:
- 29 1. The service retirement allowance as computed under G.S.
30 128-27(b17)(2)a. but reduced by the sum of five-twelfths
31 of one percent (5/12 of 1%) thereof for each month by
32 which his retirement date precedes the first day of the
33 month coincident with or next following the month the
34 member would have attained his 60th birthday, plus one-
35 quarter of one percent (1/4 of 1%) thereof for each month
36 by which his 60th birthday precedes the first day of the
37 month coincident with or next following his 65th birthday;
38 or
- 39 2. The service retirement allowance as computed under G.S.
40 128-27(b17)(2)a. reduced by five percent (5%) times the
41 difference between 30 years and his creditable service at
42 retirement; or

1 3. If the member's creditable service commenced prior to
2 July 1, 1995, the service retirement allowance equal to the
3 actuarial equivalent of the allowance payable at the age of
4 60 years as computed in G.S. 128-27(b17)(2)b.

5 d. Notwithstanding the foregoing provisions, any member whose
6 creditable service commenced prior to July 1, 1965, shall not
7 receive less than the benefit provided by G.S. 128-27(b)."

8 Section 5. G.S. 128-27 is amended by adding a new subsection to read:

9 "(b18) Service Retirement Allowance of Member Retiring on or After July 1, 2000. –
10 Upon retirement from service in accordance with subsection (a) or (a1) above, on or after
11 July 1, 2000, a member shall receive the following service retirement allowance:

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

15 a. If the member's service retirement date occurs on or after his
16 55th birthday and completion of five years of creditable service
17 as a law enforcement officer, or after the completion of 30 years
18 of creditable service, the allowance shall be equal to one and
19 seventy-eight hundredths percent (1.78%) of his average final
20 compensation, multiplied by the number of years of his
21 creditable service.

22 b. If the member's service retirement date occurs on or after his
23 50th birthday and before his 55th birthday with 15 or more years
24 of creditable service as a law enforcement officer and prior to the
25 completion of 30 years of creditable service, his retirement
26 allowance shall be equal to the greater of:

27 1. The service retirement allowance payable under G.S. 128-
28 27(b18)(1)a. reduced by one-third of one percent (1/3 of
29 1%) thereof for each month by which his retirement date
30 precedes the first day of the month coincident with or next
31 following the month the member would have attained his
32 55th birthday; or

33 2. The service retirement allowance as computed under G.S.
34 128-27(b18)(1)a. reduced by five percent (5%) times the
35 difference between 30 years and his creditable service at
36 retirement.

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

40 a. If the member's service retirement date occurs on or after his
41 65th birthday upon the completion of five years of creditable
42 service or after the completion of 30 years of creditable service
43 or on or after his 60th birthday upon the completion of 25 years

1 of creditable service, the allowance shall be equal to one and
2 seventy-eight hundredths percent (1.78%) of average final
3 compensation, multiplied by the number of years of creditable
4 service.

5 b. If the member's service retirement date occurs after his 60th
6 birthday and before his 65th birthday and prior to his completion
7 of 25 years or more of creditable service, his retirement
8 allowance shall be computed as in G.S. 128-27(b18)(2)a. but
9 shall be reduced by one-quarter of one percent (1/4 of 1%)
10 thereof for each month by which his retirement date precedes the
11 first day of the month coincident with or next following his 65th
12 birthday.

13 c. If the member's early service retirement date occurs on or after
14 his 50th birthday and before his 60th birthday and after
15 completion of 20 years of creditable service but prior to the
16 completion of 30 years of creditable service, his early service
17 retirement allowance shall be equal to the greater of:

18 1. The service retirement allowance as computed under G.S.
19 128-27(b18)(2)a. but reduced by the sum of five-twelfths
20 of one percent (5/12 of 1%) thereof for each month by
21 which his retirement date precedes the first day of the
22 month coincident with or next following the month the
23 member would have attained his 60th birthday, plus one-
24 quarter of one percent (1/4 of 1%) thereof for each month
25 by which his 60th birthday precedes the first day of the
26 month coincident with or next following his 65th birthday;
27 or

28 2. The service retirement allowance as computed under G.S.
29 128-27(b18)(2)a. reduced by five percent (5%) times the
30 difference between 30 years and his creditable service at
31 retirement; or

32 3. If the member's creditable service commenced prior to
33 July 1, 1995, the service retirement allowance equal to the
34 actuarial equivalent of the allowance payable at the age of
35 60 years as computed in G.S. 128-27(b18)(2)b.

36 d. Notwithstanding the foregoing provisions, any member whose
37 creditable service commenced prior to July 1, 1965, shall not
38 receive less than the benefit provided by G.S. 128-27(b)."

39 Section 6. G.S. 128-27(m) reads as rewritten:

40 "(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the
41 principal beneficiary designated to receive a return of accumulated contributions shall
42 have the right to elect to receive in lieu thereof the reduced retirement allowance
43 provided by Option two of subsection (g) above computed by assuming that the member

1 had retired on the first day of the month following the date of his death, provided that all
2 three of the following conditions apply:

- 3 (1) a. The member had attained such age and/or creditable service to be
4 eligible to commence retirement with an early or service retirement
5 allowance, or
6 b. The member had obtained 20 years of creditable service in which
7 case the retirement allowance shall be computed in accordance
8 with ~~G.S. 128-27(b17)(1)b. or G.S. 128-27(b17)(2)c.,~~ G.S. 128-
9 27(b18)(1)b. or G.S. 128-(b18)(2)c., notwithstanding the
10 requirement of obtaining age 50.
11 (2) The member had designated as the principal beneficiary to receive a
12 return of his accumulated contributions one and only one person who is
13 living at the time of his death.
14 (3) The member had not instructed the Board of Trustees in writing that he
15 did not wish the provisions of this subsection apply.

16 For the purpose of this benefit, a member is considered to be in service at the date of
17 his death if his death occurs within 180 days from the last day of his actual service. The
18 last day of actual service shall be determined as provided in subsection (l) of this
19 section. Upon the death of a member in service, the surviving spouse may make all
20 purchases for creditable service as provided for under this Chapter for which the member
21 had made application in writing prior to the date of death, provided that the date of death
22 occurred prior to or within 60 days after notification of the cost to make the purchase."

23 Section 7. G.S. 128-27 is amended by adding two new subsections to read:

24 "(xx) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 2000. –
25 From and after July 1, 2000, the retirement allowance to or on account of beneficiaries on
26 the retirement rolls as of June 1, 2000, shall be increased by six-tenths of one percent
27 (0.6%) of the allowance payable on June 1, 2000. This allowance shall be calculated on
28 the allowance payable and in effect on June 30, 2000, so as not to be compounded on any
29 other increase payable under subsection (k) of this section or otherwise granted by act of
30 the 1999 General Assembly, 2000 Regular Session.

31 (yy) From and after July 1, 2000, the retirement allowance to or on account of
32 beneficiaries whose retirement commenced on or before July 1, 1999, shall be increased
33 by three and eight-tenths percent (3.8%) of the allowance payable on June 1, 2000, in
34 accordance with subsection (k) of this section. Furthermore, from and after July 1, 2000,
35 the retirement allowance to or on account of beneficiaries whose retirement commenced
36 after July 1, 1999, but before June 30, 2000, shall be increased by a prorated amount of
37 three and eight-tenths percent (3.8%) of the allowance payable as determined by the
38 Board of Trustees based upon the number of months that a retirement allowance was paid
39 between July 1, 1999, and June 30, 2000."

40 Section 8. This act becomes effective July 1, 2000.