

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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SENATE BILL 561

Short Title: Law Officers' 25-Year Retirement.

(Public)

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Sponsors: Senators Odom; Carpenter, Carter, Clodfelter, Cooper, Dannelly, Forrester, Hoyle, Kinnaird, Lee, Martin of Guilford, Metcalf, and Warren.

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Referred to: Pensions & Retirement and Aging.

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March 29, 1999

A BILL TO BE ENTITLED

1 AN ACT TO ALLOW LAW OFFICERS WHO ARE MEMBERS OF THE TEACHERS'  
2 AND STATE EMPLOYEES' RETIREMENT SYSTEM OR THE LOCAL  
3 GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM TO RETIRE WITH  
4 UNREDUCED BENEFITS AFTER COMPLETING TWENTY-FIVE YEARS OF  
5 SERVICE.  
6

7 The General Assembly of North Carolina enacts:

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

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

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

16 a. If the member's service retirement date occurs on or after his  
17 55th birthday, and completion of five years of creditable service  
18 as a law enforcement officer, or after the completion of 30 years  
19 of creditable service, the allowance shall be equal to one and

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

1 one percent (5/12 of 1%) thereof for each month by which  
2 his retirement date precedes the first day of the month  
3 coincident with or next following the month the member  
4 would have attained his 60th birthday, plus one-quarter of  
5 one percent (1/4 of 1%) thereof for each month by which  
6 his 60th birthday precedes the first day of the month  
7 coincident with or next following his 65th birthday; or

8 2. The service retirement allowance as computed under G.S.  
9 135-5(b17)(2)a. reduced by five percent (5%) times the  
10 difference between 30 years and his creditable service at  
11 retirement; or

12 3. If the member's creditable service commenced prior to  
13 July 1, 1994, the service retirement allowance equal to the  
14 actuarial equivalent of the allowance payable at the age of  
15 60 years as computed in G.S. 135-5(b17)(2)b.

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

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

20 "(b18) Service Retirement Allowance of Members Retiring on or After July 1,  
21 1999. – Upon retirement from service in accordance with subsection (a) or (a1) above, on  
22 or after July 1, 1999, a member shall receive the following service retirement 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 25 years  
29 of creditable service, the allowance shall be equal to one and  
30 eighty hundredths percent (1.80%) 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 years  
35 of creditable service as a law enforcement officer and prior to the  
36 completion of 25 years of creditable service, his retirement  
37 allowance shall be equal to the greater of:

38 1. The service retirement allowance payable under G.S. 135-  
39 5(b18)(1)a., reduced by one-third of one percent (1/3 of  
40 1%) thereof for each month by which his retirement date  
41 precedes the first day of the month coincident with or next  
42 following the month the member would have attained his  
43 55th birthday; or

- 1                   2.     The service retirement allowance as computed under G.S.  
2                   135-5(b18)(1)a. reduced by five percent (5%) times the  
3                   difference between 25 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 membership  
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           eighty hundredths percent (1.80%) 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  
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. 135-5(b18)(2)a. but shall  
20           be reduced by one-quarter of one percent (1/4 of 1%) thereof for  
21           each month by which his retirement date precedes the first day of  
22           the month 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 G.S.  
29                   135-5(b18)(2)a. but reduced by the sum of five-twelfths of  
30                   one percent (5/12 of 1%) thereof for each month by which  
31                   his retirement date precedes the first day of the month  
32                   coincident with or next following the month the member  
33                   would have attained his 60th birthday, plus one-quarter of  
34                   one percent (1/4 of 1%) thereof for each month by which  
35                   his 60th birthday precedes the first day of the month  
36                   coincident with or next following his 65th birthday; or
- 37                   2.     The service retirement allowance as computed under G.S.  
38                   135-5(b18)(2)a. reduced by five percent (5%) times the  
39                   difference between 30 years and his creditable service at  
40                   retirement; or
- 41                   3.     If the member's creditable service commenced prior to  
42                   July 1, 1994, the service retirement allowance equal to the



- 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-seven hundredths percent (1.77%) of his average final  
6 compensation, multiplied by the number of years of his  
7 creditable service.
- 8 b. If the member's service retirement date occurs on or after his  
9 50th birthday and before his 55th birthday with 15 or more years  
10 of creditable service as a law enforcement officer and prior to the  
11 completion of 30 years of creditable service, his retirement  
12 allowance shall be equal to the greater of:
- 13 1. The service retirement allowance payable under G.S. 128-  
14 27(b17)(1)a. reduced by one-third of one percent ( $\frac{1}{3}$  of  
15 1%) thereof for each month by which his retirement date  
16 precedes the first day of the month coincident with or next  
17 following the month the member would have attained his  
18 55th birthday; or
- 19 2. The service retirement allowance as computed under G.S.  
20 128-27(b17)(1)a. reduced by five percent (5%) times the  
21 difference between 30 years and his creditable service at  
22 retirement.
- 23 (2) A member who is not a law enforcement officer or an eligible former  
24 law 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 65th birthday upon the completion of five years of creditable  
28 service or after the completion of 30 years of creditable service  
29 or on or after his 60th birthday upon the completion of 25 years  
30 of creditable service, the allowance shall be equal to one and  
31 seventy-seven hundredths percent (1.77%) of average final  
32 compensation, multiplied by the number of years of creditable  
33 service.
- 34 b. If the member's service retirement date occurs after his 60th  
35 birthday and before his 65th birthday and prior to his completion  
36 of 25 years or more of creditable service, his retirement  
37 allowance shall be computed as in G.S. 128-27(b17)(2)a. but  
38 shall be reduced by one-quarter of one percent ( $\frac{1}{4}$  of 1%)  
39 thereof for each month by which his retirement date precedes the  
40 first day of the month coincident with or next following his 65th  
41 birthday.
- 42 c. If the member's early service retirement date occurs on or after  
43 his 50th birthday and before his 60th birthday and after

1 completion of 20 years of creditable service but prior to the  
2 completion of 30 years of creditable service, his early service  
3 retirement allowance shall be equal to the greater of:

- 4 1. The service retirement allowance as computed under G.S.  
5 128-27(b17)(2)a. but reduced by the sum of five-twelfths  
6 of one percent (5/12 of 1%) thereof for each month by  
7 which his retirement date precedes the first day of the  
8 month coincident with or next following the month the  
9 member would have attained his 60th birthday, plus one-  
10 quarter of one percent (1/4 of 1%) thereof for each month  
11 by which his 60th birthday precedes the first day of the  
12 month coincident with or next following his 65th birthday;  
13 or
- 14 2. The service retirement allowance as computed under G.S.  
15 128-27(b17)(2)a. reduced by five percent (5%) times the  
16 difference between 30 years and his creditable service at  
17 retirement; or
- 18 3. If the member's creditable service commenced prior to  
19 July 1, 1995, the service retirement allowance equal to the  
20 actuarial equivalent of the allowance payable at the age of  
21 60 years as computed in G.S. 128-27(b17)(2)b.

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

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

26 "(b18) Service Retirement Allowance of Member Retiring on or After July 1,  
27 1999. – Upon retirement from service in accordance with subsection (a) or (a1) above, on  
28 or after July 1, 1999, a member shall receive the following service retirement allowance:

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

- 32 a. If the member's service retirement date occurs on or after his  
33 55th birthday and completion of five years of creditable service  
34 as a law enforcement officer, or after the completion of 25 years  
35 of creditable service, the allowance shall be equal to one and  
36 seventy-seven hundredths percent (1.77%) of his average final  
37 compensation, multiplied by the number of years of his  
38 creditable service.

- 39 b. If the member's service retirement date occurs on or after his  
40 50th birthday and before his 55th birthday with 15 or more years  
41 of creditable service as a law enforcement officer and prior to the  
42 completion of 25 years of creditable service, his retirement  
43 allowance shall be equal to the greater of:

- 1                   1.     The service retirement allowance payable under G.S. 128-  
2                   27(b18)(1)a. reduced by one-third of one percent (1/3 of  
3                   1%) thereof for each month by which his retirement date  
4                   precedes the first day of the month coincident with or next  
5                   following the month the member would have attained his  
6                   55th birthday; or
- 7                   2.     The service retirement allowance as computed under G.S.  
8                   128-27(b18)(1)a. reduced by five percent (5%) times the  
9                   difference between 25 years and his creditable service at  
10                  retirement.
- 11           (2)    A member who is not a law enforcement officer or an eligible former  
12            law 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            65th birthday upon the completion of five years of creditable  
16            service or after the completion of 30 years of creditable service  
17            or on or after his 60th birthday upon the completion of 25 years  
18            of creditable service, the allowance shall be equal to one and  
19            seventy-seven hundredths percent (1.77%) of average final  
20            compensation, multiplied by the number of years of creditable  
21            service.
- 22            b.    If the member's service retirement date occurs after his 60th  
23            birthday and before his 65th birthday and prior to his completion  
24            of 25 years or more of creditable service, his retirement  
25            allowance shall be computed as in G.S. 128-27(b18)(2)a. but  
26            shall be reduced by one-quarter of one percent (1/4 of 1%)  
27            thereof for each month by which his retirement date precedes the  
28            first day of the month coincident with or next following his 65th  
29            birthday.
- 30            c.    If the member's early service retirement date occurs on or after  
31            his 50th birthday and before his 60th birthday and after  
32            completion of 20 years of creditable service but prior to the  
33            completion of 30 years of creditable service, his early service  
34            retirement allowance shall be equal to the greater of:
- 35                  1.    The service retirement allowance as computed under G.S.  
36                  128-27(b18)(2)a. but reduced by the sum of five-twelfths  
37                  of one percent (5/12 of 1%) thereof for each month by  
38                  which his retirement date precedes the first day of the  
39                  month coincident with or next following the month the  
40                  member would have attained his 60th birthday, plus one-  
41                  quarter of one percent (1/4 of 1%) thereof for each month  
42                  by which his 60th birthday precedes the first day of the



1 month coincident with or next following his 65th birthday;  
2 or

3 2. The service retirement allowance as computed under G.S.  
4 128-27(b18)(2)a. reduced by five percent (5%) times the  
5 difference between 30 years and his creditable service at  
6 retirement; or

7 3. If the member's creditable service commenced prior to  
8 July 1, 1995, the service retirement allowance equal to the  
9 actuarial equivalent of the allowance payable at the age of  
10 60 years as computed in G.S. 128-27(b18)(2)b.

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

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

15 "(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the  
16 principal beneficiary designated to receive a return of accumulated contributions shall  
17 have the right to elect to receive in lieu thereof the reduced retirement allowance  
18 provided by Option two of subsection (g) above computed by assuming that the member  
19 had retired on the first day of the month following the date of his death, provided that all  
20 three of the following conditions apply:

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

24 b. The member had obtained 20 years of creditable service in which  
25 case the retirement allowance shall be computed in accordance  
26 with ~~G.S. 128-27(b17)(1)b.~~ G.S. 128-27(b18)(1)b. or ~~G.S. 128-~~  
27 ~~27(b17)(2)c.,~~ G.S.128-27(b18)(2)c., notwithstanding the  
28 requirement of obtaining age 50.

29 (2) The member had designated as the principal beneficiary to receive a  
30 return of his accumulated contributions one and only one person who is  
31 living at the time of his death.

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

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

41 Section 7. This act becomes effective July 1, 1999.