

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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HOUSE DRH70498-LL-262 (5/1)

Short Title: Career Fire and Rescue 25-Year Retirement.

(Public)

Sponsors: Representative J. Harrell.

Referred to:

A BILL TO BE ENTITLED

1
2 AN ACT TO DEFINE CAREER FIREFIGHTERS' AND CAREER RESCUE SQUAD
3 WORKERS' ACCRUAL RATES FOR MEMBERS AND BENEFICIARIES OF
4 THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM AND
5 TO ALLOW CAREER FIREFIGHTERS AND CAREER RESCUE SQUAD
6 WORKERS TO RETIRE WITH UNREDUCED BENEFITS AFTER
7 COMPLETING TWENTY-FIVE YEARS OF SERVICE.

8 The General Assembly of North Carolina enacts:

9 **SECTION 1.** G.S. 128-21 is amended by adding new subdivisions to read:

10 "(7b) "Career firefighter" means a person (i) who is a full-time paid
11 employee of an employer that participates in the Local Governmental
12 Employees' Retirement System and maintains a fire department
13 certified by the North Carolina Department of Insurance and (ii) who
14 is actively serving in a position with assigned primary duties and
15 responsibilities for the prevention, detection, and suppression of fire.

16 (7c) "Career rescue squad worker" means a person (i) who is a full-time
17 paid employee of an employer that participates in the Local
18 Governmental Employees' Retirement System and maintains a rescue
19 squad or emergency medical services team certified by the North
20 Carolina Department of Insurance or the Department of Health and
21 Human Services and (ii) who is actively serving in a position with
22 assigned primary duties and responsibilities for the alleviation of
23 human suffering and assistance to persons who are in difficulty, who
24 are injured, or who become suddenly ill, by providing proper and
25 efficient care or emergency medical services."

26 **SECTION 2.** G.S. 128-24(5) reads as rewritten:

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"(5) The provisions of this subdivision (5) shall apply to any member whose membership is terminated on or after July 1, 1965, and who becomes entitled to benefits hereunder in accordance with the provisions hereof.

a. Notwithstanding any other provision of this Chapter, any member who separates from service prior to the attainment of the age of 60 years for any reason other than death or retirement for disability as provided in G.S. 128-27(c), after completing 15 or more years of creditable service, and who leaves his total accumulated contributions in said System shall have the right to retire on a deferred retirement allowance upon attaining the age of 60 years; provided that such member may retire only upon written application to the Board of Trustees setting forth at what time, not less than one day nor more than 90 days subsequent to the execution and filing thereof, he desires to be retired; and further provided that in the case of a member who so separates from service on or after July 1, 1967, the aforestated requirement of 15 or more years of creditable service shall be reduced to 12 or more years of creditable service; and further provided that in the case of a member who so separates from service on or after July 1, 1971, or whose account is active on July 1, 1971, the aforestated requirement of 12 or more years of creditable service shall be reduced to five or more years of creditable service. Such deferred retirement allowance shall be computed in accordance with the service retirement provisions of this Article pertaining to a member who is not a law enforcement officer or eligible former law enforcement officer.

b. In lieu of the benefits provided in paragraph a of this subdivision, any member who separates from service prior to the attainment of the age of 60 years, for any reason other than death or retirement for disability as provided in G.S. 128-27(c), after completing 20 or more years of creditable service, and who leaves his total accumulated contributions in said System may elect to retire on an early retirement allowance upon attaining the age of 50 years or at any time thereafter; provided that such member may so retire only upon written application to the Board of Trustees setting forth at what time, not less than one day nor more than 90 days subsequent to the execution and filing thereof, he desires to be retired. Such early retirement allowance so elected shall be equal to the deferred retirement allowance otherwise payable at the attainment of the age of 60 years reduced by the percentage thereof indicated below.

Age at	Percentage
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	Retirement	Reduction
1		
2	59	7
3	58	14
4	57	20
5	56	25
6	55	30
7	54	35
8	53	39
9	52	43
10	51	46
11	50	50
12		

b1. In lieu of the benefits provided in paragraphs a and b of this subdivision, any member who is a law enforcement ~~officer~~ officer, career firefighter, or career rescue squad worker at the time of separation from service prior to the attainment of the age of 50 years, for any reason other than death or disability as provided in this Article, after completing 15 or more years of creditable service in this capacity immediately prior to separation from service, and who leaves his total accumulated contributions in this System, may elect to retire on a deferred early retirement allowance upon attaining the age of 50 years or at any time thereafter; provided, that the member may commence retirement only upon written application to the Board of Trustees setting forth at what time, as of the first day of a calendar month, not less than one day nor more than 90 days subsequent to the execution and filing thereof, he desires to commence retirement. The deferred early retirement allowance shall be computed in accordance with the service retirement provisions of this Article pertaining to law enforcement ~~officers~~ officers, career firefighters, or career rescue squad workers.

b2. In lieu of the benefits provided in paragraphs a and b of this subdivision, any member who is a law enforcement ~~officer~~ officer, career firefighter, or career rescue squad worker at the time of separation from service prior to the attainment of the age of 55 years, for any reason other than death or disability as provided in this Article, after completing five or more years of creditable service in this capacity immediately prior to separation from service, and who leaves his total accumulated contributions in this System may elect to retire on a deferred service retirement allowance upon attaining the age of 55 years or at any time thereafter; provided, that the member may commence retirement only upon written application to the

1 Board of Trustees setting forth at what time, as of the first day
2 of a calendar month not less than one day nor more than 90
3 days subsequent to the execution and filing thereof, he desires
4 to commence retirement. The deferred service retirement
5 allowance shall be computed in accordance with the service
6 retirement provisions of this Article pertaining to law
7 enforcement ~~officers.~~ officers, career firefighters, or career
8 rescue squad workers.

9 b3. Deferred retirement allowance of members retiring on or after
10 July 1, 1995. – In lieu of the benefits provided in paragraphs a.
11 and b. of this subdivision, any member who separates from
12 service prior to attainment of age 60 years, after completing 20
13 or more years of creditable service, and who leaves his total
14 accumulated contributions in said System, may elect to retire on
15 a deferred retirement allowance upon attaining the age of 50
16 years or any time thereafter; provided that such member may so
17 retire only upon written application to the Board of Trustees
18 setting forth at what time, not less than one day nor more than
19 90 days subsequent to the execution and filing thereof, he
20 desires to be retired. Such deferred retirement allowance shall
21 be computed in accordance with the service retirement
22 provisions of this Article pertaining to a member who is not a
23 law enforcement officer or an eligible former law enforcement
24 officer.

25 c. Should a beneficiary who retired on an early or service
26 retirement allowance be reemployed, or otherwise engaged to
27 perform services, by an employer participating in the
28 Retirement System on a part-time, temporary, interim, or on
29 fee-for-service basis, whether contractual or otherwise, and if
30 such beneficiary earns an amount during the 12-month period
31 immediately following the effective date of retirement or in any
32 calendar year which exceeds fifty percent (50%) of the reported
33 compensation, excluding terminal payments, during the 12
34 months of service preceding the effective date of retirement, or
35 twenty thousand dollars (\$20,000), whichever is greater, as
36 hereinafter indexed, then the retirement allowance shall be
37 suspended as of the first day of the month following the month
38 in which the reemployment earnings exceed the amount above,
39 for the balance of the calendar year. The retirement allowance
40 of the beneficiary shall be reinstated as of January 1 of each
41 year following suspension. The amount that may be earned
42 before suspension shall be increased on January 1 of each year
43 by the ratio of the Consumer Price Index to the Index one year
44 earlier, calculated to the nearest tenth of a percent (1/10 of 1%).

1 d. Should a beneficiary who retired on an early or service
2 retirement allowance be restored to service as an employee,
3 then the retirement allowance shall cease as of the first day of
4 the month following the month in which the beneficiary is
5 restored to service and the beneficiary shall become a member
6 of the Retirement System and shall contribute thereafter as
7 allowed by law at the uniform contribution payable by all
8 members.

9 Upon his subsequent retirement, he shall be paid a
10 retirement allowance determined as follows:

11 1. For a member who earns at least three years' membership
12 service after restoration to service, the retirement
13 allowance shall be computed on the basis of his
14 compensation and service before and after the period of
15 prior retirement without restriction; provided, that if the
16 prior allowance was based on a social security leveling
17 payment option, the allowance shall be adjusted
18 actuarially for the difference between the amount
19 received under the optional payment and what would
20 have been paid if the retirement allowance had been paid
21 without optional modification.

22 2. For a member who does not earn three years'
23 membership service after restoration to service, the
24 retirement allowance shall be equal to the sum of the
25 retirement allowance to which he would have been
26 entitled had he not been restored to service, without
27 modification of the election of an optional allowance
28 previously made, and the retirement allowance that
29 results from service earned since being restored to
30 service; provided, that if the prior retirement allowance
31 was based on a social security leveling payment option,
32 the prior allowance shall be adjusted actuarially for the
33 difference between the amount that would have been
34 paid for each month had the payment not been suspended
35 and what would have been paid if the retirement
36 allowance had been paid without optional modification."

37 **SECTION 3.** G.S. 128-27(a) reads as rewritten:

38 "(a) Service Retirement Benefits.

39 (1) Any member may retire upon written application to the Board of
40 Trustees setting forth at what time, as of the first day of a calendar
41 month, not less than one day nor more than 90 days subsequent to the
42 execution and filing thereof, he desires to be retired: Provided, that the
43 said member at the time so specified for his retirement shall have
44 attained the age of 60 years and have at least five years of creditable

1 service or shall have completed 30 years of creditable service, or if a
2 ~~fireman, he~~ career firefighter or career rescue squad worker, the
3 member shall have attained the age of 55 years and have at least five
4 years of creditable service completed at least 25 years of creditable
5 service provided that the last five years of creditable service is as a
6 career firefighter or career rescue squad worker.

7 (2) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1019, s. 1.

8 (3) Repealed by Session Laws 1971, c. 325, s. 12.

9 (4) Any member who was in service October 8, 1981, who had attained 60
10 years of age, may retire upon written application to the Board of
11 Trustees setting forth at what time, as of the first day of a calendar
12 month, not less than one day nor more than 90 days subsequent to the
13 execution and filing thereof, he desires to be retired.

14 (5) Any member who is a law enforcement officer, career firefighter, or
15 career rescue squad worker and who attains age 50 and completes 15
16 or more years of creditable service in this capacity or who attains age
17 55 and completes five or more years of creditable service in this
18 capacity, may retire upon written application to the Board of Trustees
19 setting forth at what time, as of the first day of a calendar month, not
20 less than one day nor more than 90 days subsequent to the execution
21 and filing thereof, ~~he~~ the member desires to be retired; provided, also,
22 any member who has met the conditions required by this ~~subdivision~~
23 section but does not retire, and later becomes an employee other than
24 as a law enforcement officer, career firefighter, or career rescue squad
25 worker, continues to have the right to commence retirement."

26 **SECTION 4.** G.S. 128-27(b21) reads as rewritten:

27 "(b21) Service Retirement Allowance of Member Retiring on or After July 1, ~~2003.~~
28 2003, but Before July 1, 2007. – Upon retirement from service in accordance with
29 subsection (a) or (a1) above, on or after July 1, 2003, but before July 1, 2007, a member
30 shall receive the following service retirement allowance:

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

34 a. If the member's service retirement date occurs on or after his
35 55th birthday and completion of five years of creditable service
36 as a law enforcement officer, or after the completion of 30 years
37 of creditable service, the allowance shall be equal to one and
38 eighty-five hundredths percent (1.85%) of his average final
39 compensation, multiplied by the number of years of his
40 creditable service.

41 b. If the member's service retirement date occurs on or after his
42 50th birthday and before his 55th birthday with 15 or more
43 years of creditable service as a law enforcement officer and

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

- 3 1. The service retirement allowance payable under
4 G.S. 128-27(b21)(1)a. reduced by one-third of one
5 percent ($\frac{1}{3}$ of 1%) thereof for each month by which his
6 retirement date precedes the first day of the month
7 coincident with or next following the month the member
8 would have attained his 55th birthday;
- 9 2. The service retirement allowance as computed under
10 G.S. 128-27(b21)(1)a. reduced by five percent (5%)
11 times the difference between 30 years and his creditable
12 service at retirement.

13 (2) A member who is not a law enforcement officer or an eligible former
14 law 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 65th birthday upon the completion of five years of creditable
18 service or after the completion of 30 years of creditable service
19 or on or after his 60th birthday upon the completion of 25 years
20 of creditable service, the allowance shall be equal to one and
21 eighty-five hundredths percent (1.85%) of average final
22 compensation, multiplied by the number of years of creditable
23 service.
- 24 b. If the member's service retirement date occurs after his 60th
25 birthday and before his 65th birthday and prior to his
26 completion of 25 years or more of creditable service, his
27 retirement allowance shall be computed as in
28 G.S. 128-27(b21)(2)a. but shall be reduced by one-quarter of
29 one percent ($\frac{1}{4}$ of 1%) thereof for each month by which his
30 retirement date precedes the first day of the month coincident
31 with or next following his 65th birthday.
- 32 c. If the member's early service retirement date occurs on or after
33 his 50th birthday and before his 60th birthday and after
34 completion of 20 years of creditable service but prior to the
35 completion of 30 years of creditable service, his early service
36 retirement allowance shall be equal to the greater of:
 - 37 1. The service retirement allowance as computed under
38 G.S. 128-27(b21)(2)a. but reduced by the sum of
39 five-twelfths of one percent ($\frac{5}{12}$ of 1%) thereof for
40 each month by which his retirement date precedes the
41 first day of the month coincident with or next following
42 the month the member would have attained his 60th
43 birthday, plus one-quarter of one percent ($\frac{1}{4}$ of 1%)
44 thereof for each month by which his 60th birthday

- 1 precedes the first day of the month coincident with or
2 next following his 65th birthday; or
3 2. The service retirement allowance as computed under
4 G.S. 128-27(b21)(2)a. reduced by five percent (5%)
5 times the difference between 30 years and his creditable
6 service at retirement; or
7 3. If the member's creditable service commenced prior to
8 July 1, 1995, the service retirement allowance equal to
9 the actuarial equivalent of the allowance payable at the
10 age of 60 years as computed in G.S. 128-27(b21)(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 5.** G.S. 128-27 is amended by adding a new subsection to read:

15 "(b22) Service Retirement Allowance of Member Retiring on or After July 1, 2007.
16 – Upon retirement from service in accordance with subsection (a) or (a1) of this section,
17 on or after July 1, 2007, a member shall receive the following service retirement
18 allowance:

- 19 (1) A member who is a law enforcement officer or an eligible former law
20 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 55th birthday and completion of five years of creditable service
24 as a law enforcement officer or after the completion of 30 years
25 of creditable service, the allowance shall be equal to one and
26 eighty-five hundredths percent (1.85%) of his average final
27 compensation, multiplied by the number of years of his
28 creditable service.
29 b. If the member's service retirement date occurs on or after his
30 50th birthday and before his 55th birthday with 15 or more
31 years of creditable service as a law enforcement officer and
32 prior to the completion of 30 years of creditable service, his
33 retirement allowance shall be equal to the greater of:
34 1. The service retirement allowance payable under
35 G.S. 128-27(b22)(1)a. reduced by one-third of one
36 percent (1/3 of 1%) thereof for each month by which his
37 retirement date precedes the first day of the month
38 coincident with or next following the month the member
39 would have attained his 55th birthday;
40 2. The service retirement allowance as computed under
41 G.S. 128-27(b22)(1)a. reduced by five percent (5%)
42 times the difference between 30 years and his creditable
43 service at retirement.

1 (2) A member who is a career firefighter, an eligible former career
2 firefighter, a career rescue squad worker, or an eligible former career
3 rescue squad worker shall receive a service retirement allowance
4 computed as follows:

5 a. If the member's service retirement date occurs on or after his
6 55th birthday and completion of five years of creditable service
7 as a career firefighter or a career rescue squad worker, or after
8 the completion of 25 years of creditable service, provided that
9 the last five years of creditable service are as a career firefighter
10 or career rescue squad worker, the allowance shall be equal to
11 the sum of:

12 1. One and eighty-five hundredths percent (1.85%) of the
13 member's average final compensation, multiplied by the
14 number of years of creditable service earned by the
15 member in service other than as a career firefighter or
16 career rescue squad worker;

17 2. Two and twenty hundredths percent (2.20%) of the
18 member's average final compensation, multiplied by the
19 number of years of creditable service earned as a
20 professional firefighter or rescue squad worker.

21 b. If the member's service retirement date occurs on or after his
22 50th birthday and before his 55th birthday with 15 or more
23 years of creditable service as career firefighter or career rescue
24 squad worker and prior to the completion of 25 years of
25 creditable service, his retirement allowance shall be equal to the
26 greater of:

27 1. The service retirement allowance payable under
28 G.S. 128-27(b22)(1)a. reduced by one-third of one
29 percent (1/3 of 1%) thereof for each month by which his
30 retirement date precedes the first day of the month
31 coincident with or next following the month the member
32 would have attained his 55th birthday;

33 2. The service retirement allowance as computed under
34 G.S. 128-27(b22)(1)a. reduced by five percent (5%)
35 times the difference between 25 years and his creditable
36 service at retirement.

37 (3) A member who is not a law enforcement officer, an eligible former
38 law enforcement officer, a career firefighter, an eligible former career
39 firefighter, a career rescue squad worker, or an eligible former career
40 rescue squad worker shall receive a service retirement allowance
41 computed as follows:

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

1 or on or after his 60th birthday upon the completion of 25 years
2 of creditable service, the allowance shall be equal to one and
3 eighty-five hundredths percent (1.85%) of average final
4 compensation, multiplied by the number of years of creditable
5 service.

6 b. If the member's service retirement date occurs after his 60th
7 birthday and before his 65th birthday and prior to his
8 completion of 25 years or more of creditable service, his
9 retirement allowance shall be computed as in
10 G.S. 128-27(b22)(2)a. but shall be reduced by one-quarter of
11 one percent (1/4 of 1%) thereof for each month by which his
12 retirement date precedes the first day of the month coincident
13 with or next following his 65th birthday.

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

19 1. The service retirement allowance as computed under
20 G.S. 128-27(b22)(2)a. but reduced by the sum of
21 five-twelfths of one percent (5/12 of 1%) thereof for
22 each month by which his retirement date precedes the
23 first day of the month coincident with or next following
24 the month the member would have attained his 60th
25 birthday, plus one-quarter of one percent (1/4 of 1%)
26 thereof for each month by which his 60th birthday
27 precedes the first day of the month coincident with or
28 next following his 65th birthday; or

29 2. The service retirement allowance as computed under
30 G.S. 128-27(b22)(2)a. reduced by five percent (5%)
31 times the difference between 30 years and his creditable
32 service at retirement; or

33 3. If the member's creditable service commenced prior to
34 July 1, 1995, the service retirement allowance equal to
35 the actuarial equivalent of the allowance payable at the
36 age of 60 years as computed in G.S. 128-27(b22)(2)b.

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

40 **SECTION 6.** G.S. 128-30(d) is amended by adding a new subdivision to

41 read:

42 "(10) Notwithstanding the foregoing provisions of this subsection, beginning
43 with the December 31, 2006, valuation, the actuary shall determine an
44 additional "accrued liability contribution" on account of each

1 employer's career firefighters and career rescue squad workers. This
2 contribution shall be that percentage of the career firefighters' and
3 career rescue squad workers' compensation necessary to liquidate the
4 "existing unfunded accrued liability" over a period of years to be
5 determined by the Board of Trustees. The "existing unfunded accrued
6 liability" for each employer shall be equal to the sum of two liabilities.
7 The first is that portion of the unfunded accrued liability for additional
8 benefits payable to each employer's career firefighters and career
9 rescue squad workers who are members of the Retirement System on
10 June 30, 2007. The "accrued liability contribution" determined on the
11 basis of this subdivision shall be added to that determined under
12 subdivisions (3) and (9) of this subsection and shall be included in the
13 total amount payable under subdivision (5) of this subsection."

14 **SECTION 7.** This act becomes effective July 1, 2007, and applies to persons
15 retiring on or after that date.