

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007**

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HOUSE BILL 1947

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

(Public)

Sponsors: Representatives J. Harrell; Faison and Wray.

Referred to: Pensions and Retirement, if favorable, Appropriations.

May 7, 2007

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:

27 "(5) The provisions of this subdivision (5) shall apply to any member
28 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 aforesated 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 aforesated 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 Retirement	Percentage Reduction
59	7

1	58	14
2	57	20
3	56	25
4	55	30
5	54	35
6	53	39
7	52	43
8	51	46
9	50	50

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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 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

1 days subsequent to the execution and filing thereof, he desires
2 to commence retirement. The deferred service retirement
3 allowance shall be computed in accordance with the service
4 retirement provisions of this Article pertaining to law
5 enforcement ~~officers~~; officers, career firefighters, or career
6 rescue squad workers.

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

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

43 d. Should a beneficiary who retired on an early or service
44 retirement allowance be restored to service as an employee,

1 then the retirement allowance shall cease as of the first day of
2 the month following the month in which the beneficiary is
3 restored to service and the beneficiary shall become a member
4 of the Retirement System and shall contribute thereafter as
5 allowed by law at the uniform contribution payable by all
6 members.

7 Upon his subsequent retirement, he shall be paid a
8 retirement allowance determined as follows:

- 9 1. For a member who earns at least three years' membership
10 service after restoration to service, the retirement
11 allowance shall be computed on the basis of his
12 compensation and service before and after the period of
13 prior retirement without restriction; provided, that if the
14 prior allowance was based on a social security leveling
15 payment option, the allowance shall be adjusted
16 actuarially for the difference between the amount
17 received under the optional payment and what would
18 have been paid if the retirement allowance had been paid
19 without optional modification.
- 20 2. For a member who does not earn three years'
21 membership service after restoration to service, the
22 retirement allowance shall be equal to the sum of the
23 retirement allowance to which he would have been
24 entitled had he not been restored to service, without
25 modification of the election of an optional allowance
26 previously made, and the retirement allowance that
27 results from service earned since being restored to
28 service; provided, that if the prior retirement allowance
29 was based on a social security leveling payment option,
30 the prior allowance shall be adjusted actuarially for the
31 difference between the amount that would have been
32 paid for each month had the payment not been suspended
33 and what would have been paid if the retirement
34 allowance had been paid without optional modification."

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

36 "(a) Service Retirement Benefits.

- 37 (1) Any member may retire upon written application to the Board of
38 Trustees setting forth at what time, as of the first day of a calendar
39 month, not less than one day nor more than 90 days subsequent to the
40 execution and filing thereof, he desires to be retired: Provided, that the
41 said member at the time so specified for his retirement shall have
42 attained the age of 60 years and have at least five years of creditable
43 service or shall have completed 30 years of creditable service, or if a
44 ~~fireman, he~~ career firefighter or career rescue squad worker, the

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

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

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

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

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

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

25 "(b21) Service Retirement Allowance of Member Retiring on or After July 1, ~~2003.~~
26 2003, but Before July 1, 2007. – Upon retirement from service in accordance with
27 subsection (a) or (a1) above, on or after July 1, 2003, but before July 1, 2007, a member
28 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 30 years
35 of creditable service, the allowance shall be equal to one and
36 eighty-five hundredths percent (1.85%) 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
41 years of creditable service as a law enforcement officer and
42 prior to the completion of 30 years of creditable service, his
43 retirement allowance shall be equal to the greater of:

- 1 1. The service retirement allowance payable under
2 G.S. 128-27(b21)(1)a. reduced by one-third of one
3 percent ($\frac{1}{3}$ of 1%) thereof for each month by which his
4 retirement date precedes the first day of the month
5 coincident with or next following the month the member
6 would have attained his 55th birthday;
- 7 2. The service retirement allowance as computed under
8 G.S. 128-27(b21)(1)a. reduced by five percent (5%)
9 times the difference between 30 years and his creditable
10 service at 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 eighty-five hundredths percent (1.85%) 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
24 completion of 25 years or more of creditable service, his
25 retirement allowance shall be computed as in
26 G.S. 128-27(b21)(2)a. but shall be reduced by one-quarter of
27 one percent ($\frac{1}{4}$ of 1%) thereof for each month by which his
28 retirement date precedes the first day of the month coincident
29 with or next following his 65th 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
36 G.S. 128-27(b21)(2)a. but reduced by the sum of
37 five-twelfths of one percent ($\frac{5}{12}$ of 1%) thereof for
38 each month by which his retirement date precedes the
39 first day of the month coincident with or next following
40 the month the member would have attained his 60th
41 birthday, plus one-quarter of one percent ($\frac{1}{4}$ of 1%)
42 thereof for each month by which his 60th birthday
43 precedes the first day of the month coincident with or
44 next following his 65th birthday; or

1 2. The service retirement allowance as computed under
2 G.S. 128-27(b21)(2)a. reduced by five percent (5%)
3 times the difference between 30 years and his creditable
4 service at retirement; or

5 3. If the member's creditable service commenced prior to
6 July 1, 1995, the service retirement allowance equal to
7 the actuarial equivalent of the allowance payable at the
8 age of 60 years as computed in G.S. 128-27(b21)(2)b.

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

12 **SECTION 5.** G.S. 128-27 is amended by adding a new subsection to read:

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

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

20 a. If the member's service retirement date occurs on or after his
21 55th birthday and completion of five years of creditable service
22 as a law enforcement officer or after the completion of 30 years
23 of creditable service, the allowance shall be equal to one and
24 eighty-five hundredths percent (1.85%) of his average final
25 compensation, multiplied by the number of years of his
26 creditable service.

27 b. If the member's service retirement date occurs on or after his
28 50th birthday and before his 55th birthday with 15 or more
29 years of creditable service as a law enforcement officer and
30 prior to the completion of 30 years of creditable service, his
31 retirement allowance shall be equal to the greater of:

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

38 2. The service retirement allowance as computed under
39 G.S. 128-27(b22)(1)a. reduced by five percent (5%)
40 times the difference between 30 years and his creditable
41 service at retirement.

42 (2) A member who is a career firefighter, an eligible former career
43 firefighter, a career rescue squad worker, or an eligible former career

1 rescue squad worker shall receive a service retirement allowance
2 computed as follows:

3 a. If the member's service retirement date occurs on or after his
4 55th birthday and completion of five years of creditable service
5 as a career firefighter or a career rescue squad worker, or after
6 the completion of 25 years of creditable service, provided that
7 the last five years of creditable service are as a career firefighter
8 or career rescue squad worker, the allowance shall be equal to
9 the sum of:

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

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

19 b. If the member's service retirement date occurs on or after his
20 50th birthday and before his 55th birthday with 15 or more
21 years of creditable service as career firefighter or career rescue
22 squad worker and prior to the completion of 25 years of
23 creditable service, his retirement allowance shall be equal to the
24 greater of:

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

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

35 (3) A member who is not a law enforcement officer, an eligible former
36 law enforcement officer, a career firefighter, an eligible former career
37 firefighter, a career rescue squad worker, or an eligible former career
38 rescue squad worker 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
44 of creditable service, the allowance shall be equal to one and

1 eighty-five hundredths percent (1.85%) of average final
2 compensation, multiplied by the number of years of creditable
3 service.

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

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

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

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

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

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

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

39 read:

40 "(10) Notwithstanding the foregoing provisions of this subsection, beginning
41 with the December 31, 2006, valuation, the actuary shall determine an
42 additional "accrued liability contribution" on account of each
43 employer's career firefighters and career rescue squad workers. This
44 contribution shall be that percentage of the career firefighters' and

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

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