

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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SENATE BILL 379
House Committee Substitute Favorable 6/3/20
House Committee Substitute #2 Favorable 6/3/20

Short Title: Retirement Systems Admin. Changes.

(Public)

Sponsors:

Referred to:

March 28, 2019

A BILL TO BE ENTITLED

AN ACT TO MAKE CLARIFYING AND ADMINISTRATIVE CHANGES TO LAWS RELATING TO THE STATE TREASURER, THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM, THE CONSOLIDATED JUDICIAL RETIREMENT SYSTEM, THE LEGISLATIVE RETIREMENT SYSTEM, AND TO RELATED STATUTES, AND TO AUTHORIZE THE LEGISLATIVE SERVICES COMMISSION TO OBTAIN CRIMINAL RECORD CHECKS OF ANY PROSPECTIVE EMPLOYEES, VOLUNTEERS, OR CONTRACTORS OF THE GENERAL ASSEMBLY.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 135-4 reads as rewritten:

"§ 135-4. Creditable service.

(a) ~~Under such rules and regulations as the Board of Trustees shall adopt, each member who was a teacher or State employee at any time during the five years immediately preceding the establishment of the System and who became a member prior to July 1, 1946, shall file a detailed statement of all North Carolina service as a teacher or State employee rendered by him prior to the date of establishment for which he claims credit; provided, that, notwithstanding the foregoing, any member retiring on or after July 1, 1965, with credit for not less than 10 years of membership service shall file such detailed statement of service as a teacher or State employee rendered by him prior to July 1, 1941, for which he claims credit; provided, that any member who retired on a service retirement allowance prior to July 1, 1965, who at the time of his retirement did not qualify for credit for his service as a teacher or State employee prior to July 1, 1941, may request on and after July 1, 1971, that his original benefit be recalculated, in accordance with the formula prevailing at the time of his retirement, to include credit for such service with the new benefit to become effective on the first of the month following certification of the prior service.~~

(b) ~~The Board of Trustees shall fix and determine by appropriate rules and regulations how much service in any year is equivalent to one year of service, but in In no case shall more than one year of service be creditable for all services in one year. Service rendered for the regular school year in any district shall be equivalent to one year's service. Service rendered by a school employee in a job-sharing position shall be credited at the rate of one-half year for each regular school year of employment.~~

...



1 (d) Any member may, up to his date of retirement and within one year thereafter, request
2 the Board of Trustees to modify or correct ~~his prior service credit.~~ service credit that was earned
3 prior to retirement.

4 (e) Creditable service at retirement on which the retirement allowance of a member shall
5 be based shall consist of the membership service rendered by the member since he or she last
6 became a member, and also if the member has a prior service certificate which is in full force
7 and effect, the amount of service certified on the prior service certificate; and if the member has
8 sick leave standing to the member's credit upon retirement on or after July 1, 1971, one month of
9 credit for each 20 days or portion thereof, but not less than one hour; sick leave shall not be
10 counted in computing creditable service for the purpose of determining eligibility for disability
11 retirement or for a vested deferred allowance. Creditable service for unused sick leave shall be
12 allowed only for sick leave accrued monthly during employment under a duly adopted sick leave
13 policy and for which the member may be able to take credits and be paid for sick leave without
14 restriction. However, in no instance shall unused sick leave be credited to a member's account at
15 retirement if the member's last day of actual service is more than five years prior to the effective
16 date of the member's retirement. Further, any agency with a sick leave policy that is more
17 generous than that of all State agencies subject to the rules of the Office of State Human
18 Resources shall proportionately adjust each of its retiring employees' sick leave balance to the
19 balance that employee would have had under the rules of the Office of State Human Resources.
20 Days of sick leave standing to a member's credit at retirement shall be determined by dividing
21 the member's total hours of sick leave at retirement by the hours per month such leave was
22 awarded under the employer's duly adopted sick leave policy as the policy applied to the member
23 when the leave was accrued.

24 ~~On and after July 1, 1971, a member whose account was closed on account of absence from~~
25 ~~service under the provisions of G.S. 135-3(3) and who subsequently returns to service for a~~
26 ~~period of five years, may thereafter repay in a lump sum the amount withdrawn plus regular~~
27 ~~interest thereon from the date of withdrawal through the year of repayment and thereby increase~~
28 ~~his creditable service by the amount of creditable service lost when his account was closed.~~

29 ~~On and after July 1, 1973, a member whose account in the North Carolina Local~~
30 ~~Governmental Employees' Retirement System was closed on account of absence from service~~
31 ~~under the provisions of G.S. 128-24(1a) and who subsequently became or becomes a member of~~
32 ~~this System with credit for five years of service, may thereafter repay in a lump sum the amount~~
33 ~~withdrawn from the North Carolina Local Governmental Employees' Retirement System plus~~
34 ~~regular interest thereon from the date of withdrawal through the year of repayment and thereby~~
35 ~~increase his creditable service in this System by the amount of creditable service lost when his~~
36 ~~account was closed.~~

37 ~~On or after July 1, 1979, a member who has obtained 60 months of aggregate service, or five~~
38 ~~years of membership service, as an employee of the North Carolina General Assembly, except~~
39 ~~legislators, participants in the Legislative Intern Program and pages, may make a lump sum~~
40 ~~payment together with interest, and an administrative fee for such service, to the Teachers' and~~
41 ~~State Employees' Retirement System of an amount equal to what he would have contributed had~~
42 ~~he been a member on his first day of employment.~~

43 ~~(e1) On and after January 1, 1985, the~~ The creditable service of a member who was a
44 member of the Law-Enforcement Officers' Retirement System at the time of the transfer of
45 law-enforcement officers employed by the State from that System to this Retirement System and
46 whose accumulated contributions are transferred from that System to this Retirement System,
47 shall include service that was creditable in the Law-Enforcement Officers' Retirement System;
48 and membership service with that System shall be membership service with this Retirement
49 System; provided, notwithstanding any provision of this Article to the contrary, any inchoate or
50 accrued rights of such a member to purchase creditable service for military service, withdrawn
51 service and prior service under the rules and regulations of the Law-Enforcement Officers'

1 Retirement System shall not be diminished and may be purchased as creditable service with this
2 Retirement System under the same conditions which would have otherwise applied.

3 (f) Armed Service Credit. –

4 ...
5 (7) Notwithstanding any other provision of this Chapter, any member and any
6 retired member as herein described may purchase creditable service in the
7 Armed Forces of the United States, not otherwise allowed, by paying a total
8 lump sum payment determined as follows:

9 a. For members who completed 10 years of membership service, and
10 retired members who completed 10 years of membership service prior
11 to retirement, whose membership began on or prior to July 1, 1981,
12 and who make this purchase within three years after first becoming
13 eligible, the cost shall be an amount equal to the monthly
14 compensation the member earned when the member first entered
15 membership service times the employee contribution rate at that time
16 times the months of service to be purchased, ~~with sufficient interest~~
17 ~~added thereto multiplied by a factor equivalent to the investment return~~
18 assumptions determined by the Board of Trustees, compounded
19 annually, from the initial year of membership to the year of payment
20 so as to equal one-half of the cost of allowing this service, plus an
21 administrative fee to be set by the Board of Trustees.

22 ...
23 Creditable service allowed under this subdivision shall be only for the
24 initial period of "active duty", as defined in 38 U.S. Code Section 101(21), in
25 the Armed Forces of the United States up to the date the member was first
26 eligible to be separated and released and for subsequent periods of "active
27 duty", as defined in 38 U.S. Code Section 101(21), as required by the Armed
28 Forces of the United States up to the date of first eligibility for separation or
29 release, but shall not include periods of active duty in the Armed Forces of the
30 United States creditable in any other retirement system except the National
31 Guard or any reserve component of the Armed Forces of the United States,
32 and shall not include periods of "active duty for training", as defined in 38
33 U.S. Code Section 101(22), or periods of "inactive duty training", as defined
34 in 38 U.S. Code Section 101(23), rendered in any reserve component of the
35 Armed Forces of the United States. Provided, creditable service may be
36 allowed only for active duty in the Armed Forces of the United States of a
37 member that resulted in a general or honorable discharge from duty. The
38 member shall submit satisfactory evidence of the service claimed. For
39 purposes of this subsection, membership service may include any membership
40 or prior service credits transferred to this Retirement System pursuant to
41 G.S. 135-18.1.

42 ...
43 (h) During periods when a member is on leave of absence and is receiving less than ~~his~~
44 the member's full compensation, ~~he the member~~ will be deemed to be in service only if ~~he the~~
45 member is contributing to the Retirement System as provided in G.S. 135-8(b)(5). If ~~he the~~
46 member is so contributing, the annual rate of compensation paid to such employee immediately
47 before the leave of absence began will be deemed to be the actual compensation rate of the
48 employee during the leave of absence.

49 ~~(i) Any person who became a member after June 30, 1947, and before July 1, 1955, and~~
50 ~~did not subsequently withdraw his contributions may, prior to his retirement, increase his~~
51 ~~creditable service to the extent of the period of time from the date he became a "teacher or~~

1 ~~employee" as the terms are defined in this Chapter to the date he became a member, but not~~
2 ~~exceeding three months immediately preceding membership, provided that he makes an~~
3 ~~additional contribution in one lump sum equal to five per centum (5%) of the compensation he~~
4 ~~received for the aforesaid period of time plus regular interest thereon from the date he became a~~
5 ~~member to the date of payment.~~

6 ...

7 (k) Notwithstanding any other provision of this Chapter, on or before December 31, 2021,
8 any person who withdrew his or her contributions in accordance with the provisions of
9 G.S. 128-27(f) or G.S. 135-5(f) or the rules and regulations of the Law-Enforcement Officers'
10 Retirement System and who subsequently returns to service may, upon completion of five years
11 of membership service, repay in a total lump sum any and all of the accumulated contributions
12 previously withdrawn with interest compounded annually at the rate of six and one-half percent
13 (6.5%) for each calendar year from the year of withdrawal to the year of repayment plus a fee to
14 cover expense of handling which shall be determined by the Board of Trustees, and receive credit
15 for the service forfeited at time of withdrawal. These provisions shall apply equally to retired
16 members who had attained five years of membership service prior to retirement. The retirement
17 allowance of a retired member who restores service under this subsection shall be increased the
18 month following the month payment is received. The increase in the retirement allowance shall
19 be the difference between the initial retirement allowance, under any optional allowance elected
20 at the time of retirement, and the amount of the retirement allowance, under any optional
21 allowance elected at the time of retirement, to which the retired member would have been entitled
22 had the service not been previously forfeited, adjusted by any increases in the retirement accrual
23 rate occurring between the member's date of retirement and the date of payment. The increase in
24 the retirement allowance shall not include any adjustment for cost-of-living increases granted
25 since the date of retirement.

26 Notwithstanding any provision to the contrary, on or before December 31, 2021, a law
27 enforcement officer who was transferred from the Law Enforcement Officers' Retirement System
28 to this Retirement System pursuant to Article 12C of Chapter 143 of the General Statutes and
29 withdrew his or her accumulated contributions prior to January 1, 1985, in accordance with
30 G.S. 128-27(f) or G.S. 135-5(f) for non-law enforcement service and who has five years or more
31 of membership service standing to his or her credit may repay in a total lump sum the
32 accumulated contributions previously withdrawn with interest compounded annually at the rate
33 of six and one-half percent (6.5%) for each calendar year from the year of withdrawal to the year
34 of repayment plus a fee to cover expense of handling which shall be determined by the Board of
35 Trustees, and receive credit for the service forfeited at time of withdrawal(s). The retirement
36 allowance of a retired member who restores service under this subsection shall be increased the
37 month following the month payment is received. The increase in the retirement allowance shall
38 be the difference between the initial retirement allowance, under any optional allowance elected
39 at the time of retirement, and the amount of the retirement allowance, under any optional
40 allowance elected at the time of retirement, to which the retired member would have been entitled
41 had the service not been previously forfeited, adjusted by any increases in the retirement accrual
42 rate occurring between the member's date of retirement and the date of payment. The increase in
43 the retirement allowance shall not include any adjustment for cost-of-living increases granted
44 since the date of retirement.

45 (k1) North Carolina Withdrawn Service Purchased On and After January 1, 2022. –
46 Notwithstanding any other provision of this Chapter to the contrary, on and after January 1, 2022,
47 any member who withdrew his or her contributions in accordance with the provisions of
48 G.S. 127-27(f) or G.S. 135-5(f) or the rules and regulations of the Law Enforcement Officers'
49 Retirement System, and who subsequently returns to service and completes five years of
50 membership service upon that return, while in service may purchase an amount of creditable
51 service totaling the amount of the membership service associated with the withdrawn

1 contributions, provided that the total of the creditable service purchased under this subsection
2 may not exceed five years. The member shall purchase this service by paying a lump sum amount
3 to the Annuity Savings Fund equal to the full liability increase due to the additional service credits
4 on the basis of the assumptions used for the purposes of the actuarial valuation of the liabilities
5 of the Retirement System, except for the following assumptions specific to this calculation: (i)
6 the allowance shall be assumed to commence at the earliest age at which the member could retire
7 on an unreduced retirement allowance and (ii) assumed annual postretirement allowance
8 increases as set by the Board of Trustees upon the advice of the consulting actuary. The
9 calculation of the amount payable shall also include an administrative fee to be set by the Board.

10 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
11 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
12 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
13 that the purchase is paid by the member, the cost paid by the member shall be credited to the
14 member's annuity savings account.

15 ...

16 (1) Notwithstanding any other provision of this Chapter, on or before December 31, 2021,
17 any member and any retired member as herein described may purchase creditable service
18 previously rendered to the federal government or to any state, territory, or other governmental
19 subdivision of the United States other than this State by paying a total lump-sum payment
20 determined as follows:

21 (1) For members who completed 10 years of current membership service, and
22 retired members who completed 10 years of current membership service prior
23 to retirement, whose membership began on or before July 1, 1981, and who
24 make such purchase within three years after first becoming eligible, the cost
25 shall be an amount equal to the monthly compensation the member earned
26 when ~~he~~ the member first entered membership service, times the employee
27 contribution rate at that time, times the months of service to be purchased,
28 times two, ~~with sufficient interest added thereto~~ multiplied by a factor
29 equivalent to the investment return assumptions determined by the Board of
30 Trustees, compounded annually, from the initial year of membership to the
31 year of payment so as to equal the full cost of allowing such service, plus an
32 administrative fee to be set by the Board of Trustees.

33 (2) For members who complete five years of current membership service, and
34 retired members who complete five years of current membership service prior
35 to retirement, and eligible members and retired members covered by
36 subdivision (1) of this subsection, whose membership began on or before July
37 1, 1981, but who did not or do not make such purchase within three years after
38 first becoming eligible, the cost shall be an amount equal to the full liability
39 of the service credits calculated on the basis of the assumptions used for the
40 purposes of the actuarial valuation of the System's liabilities and shall take
41 into account the retirement allowance arising on account of the additional
42 service credits commencing at the earliest age at which the member could
43 retire on an unreduced allowance, as determined by the Board of Trustees
44 upon the advice of the consulting actuary, plus an administrative fee to be set
45 by the Board of Trustees. Notwithstanding the foregoing provisions of this
46 subsection that provide for the purchase of service credits, the term "full
47 liability" includes assumed postretirement allowance increases, as determined
48 by the Board of Trustees, from the earliest age at which a member could retire
49 on an unreduced service retirement allowance. Notwithstanding the
50 requirement of five years of current membership service, a member whose
51 membership began prior to the service the member desires to purchase shall

1 be eligible to purchase creditable service under this subdivision upon
2 returning to service as a teacher or employee upon completion of a total of
3 five years of membership service and upon completion of one year of current
4 membership service.

5 Current membership service shall mean membership service earned since the service
6 previously rendered to any state, territory, or other governmental subdivision of the United States
7 other than this State. Creditable service under this subsection shall be allowed only at the rate of
8 one year of out-of-state service for each year of membership service in this State, with a
9 maximum allowable of 10 years of out-of-state service. Such service is limited to full-time
10 service which would be allowable under the laws governing this System. Credit will be allowed
11 only if no benefit is allowable in another public retirement system as a result of the service.

12 (l2) Notwithstanding any provision of this Chapter to the contrary, on and after January
13 1, 2021, any member in service with five or more years of membership service may purchase
14 creditable service previously rendered to the federal government or to any state, territory, or other
15 governmental subdivision of the United States other than this State by paying a total lump sum
16 payment. The amount of creditable service purchased under this subsection may not exceed a
17 total of five years. The member shall purchase this service by paying a lump sum amount to the
18 Annuity Savings Fund equal to the full liability increase due to the additional service credits on
19 the basis of the assumptions used for the purposes of the actuarial valuation of the liabilities of
20 the Retirement System, except for the following assumptions specific to this calculation: (i) the
21 allowance shall be assumed to commence at the earliest age at which the member could retire on
22 an unreduced retirement allowance and (ii) assumed annual postretirement allowance increases
23 as set by the Board of Trustees upon the advice of the consulting actuary. The calculation of the
24 amount payable shall also include an administrative fee to be set by the Board.

25 Creditable service under this subsection shall be allowed only at the rate of one year of
26 out-of-state service for each year of membership service in this State, with a maximum allowable
27 of five years of out-of-state service. Such service is limited to full-time service that would be
28 allowable under the laws governing this Retirement System. Credit will be allowed only if no
29 benefit is allowable in another public retirement system as a result of the service.

30 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
31 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
32 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
33 that the purchase is paid by the member, the cost paid by the member shall be credited to the
34 member's annuity savings account.

35 ...

36 (p) Credit for prior temporary State employment. – Notwithstanding any other provision
37 of this Chapter, on or before December 31, 2021, a member may purchase service credit for
38 temporary State employment upon completion of 10 years of membership service and subject to
39 the condition that the member had been classified as a temporary employee for more than three
40 years. Each employer shall certify to the Board of Trustees that an employee is eligible to
41 purchase this service credit prior to the member making payment. Payment for the service credit
42 shall be in a single lump sum based upon the amount the member would have contributed if he
43 had been properly classified as a permanent employee and been a member of this retirement
44 system.

45 (p1) ~~Part-Time Service Credit.—~~

46 ~~(1) Notwithstanding any other provision of this Chapter, upon completion of five~~
47 ~~years of membership service, any member may purchase service previously~~
48 ~~rendered as a part time teacher or employee of an employer as defined in~~
49 ~~G.S. 135-1(11) or G.S. 128-21(11), except for temporary or part-time service~~
50 ~~rendered while a full-time student in pursuit of a degree or diploma in a~~
51 ~~degree-granting program. Payment shall be made in a single lump sum in an~~

1 amount equal to the full actuarial cost of providing credit for the service,
2 together with interest and an administrative fee, as determined by the Board
3 of Trustees on the advice of the Retirement System's actuary. Notwithstanding
4 the provisions of G.S. 135-4(b), the Board of Trustees shall fix and determine
5 by appropriate rules and regulations how much service in any year, as based
6 on compensation, is equivalent to one year of service in proportion to
7 "earnable compensation", but in no case shall more than one year of service
8 be creditable for all service in one year. Service rendered for the regular school
9 year in any district shall be equivalent to one year's service. Notwithstanding
10 the foregoing provisions of this subdivision that provide for the purchase of
11 service credits, the terms "full cost", "full liability", and "full actuarial cost"
12 include assumed annual post retirement allowance increases, as determined
13 by the Board of Trustees, from the earliest age at which a member could retire
14 on an unreduced service allowance.

15 (2) Under all requirements and conditions set forth in the preceding subdivision
16 of this subsection (p1), except for the requirement that the completion of five
17 years of membership service be subsequent to service rendered as a part-time
18 teacher or employee of the State, any member with five or more years of
19 membership service standing to his credit may purchase additional
20 membership service for service rendered as a part-time teacher or employee
21 of the State if (i) the member terminates or has terminated employment in any
22 capacity as a teacher or employee of the State, (ii) the purchase of the
23 additional membership service causes the member to become eligible to
24 commence an early or service retirement allowance, and (iii) the member
25 immediately elects to commence retirement and become a beneficiary.

26 (3) Under all the requirements and conditions set forth in subdivision (1) of this
27 subsection, except for the condition that part-time service rendered when a
28 full-time student in pursuit of a degree or diploma in a degree-granting
29 program is not eligible for purchase, any member with five or more years of
30 membership service standing to the member's credit may purchase creditable
31 service for service rendered as a part-time teacher or employee of the State if
32 that service was rendered on a permanent part-time basis and required at least
33 20 hours of service per week.

34 (p2) Part-Time Service Credit. – Notwithstanding any other provision of this Chapter to
35 the contrary, any member in service with five or more years of membership service may purchase
36 service previously rendered as a part-time teacher or employee of an employer, as defined in
37 G.S. 135-1(11) or G.S. 128-21(11), except the following service may not be purchased:

38 (1) Part-time service rendered as a bus driver to a public school while a full-time
39 high school student.

40 (2) Temporary or part-time service rendered while a full-time student in pursuit
41 of a degree or diploma in a degree-granting program, unless that service was
42 rendered on a permanent part-time basis and required at least 20 hours of
43 service per week.

44 Payment for service purchased under this subsection shall be made in a single lump sum in
45 an amount calculated by applying the ratio of actual gross compensation earned as a part-time
46 employee to the gross compensation that would have been earned as a full-time employee to the
47 period of service rendered in months. The member shall purchase this service by paying a lump
48 sum amount to the Annuity Savings Fund equal to the full liability increase due to the additional
49 service credits on the basis of the assumptions used for the purposes of the actuarial valuation of
50 the liabilities of the Retirement System, except for the following assumptions specific to this
51 calculation: (i) the allowance shall be assumed to commence at the earliest age at which the

1 member could retire on an unreduced retirement allowance and (ii) assumed annual
2 postretirement allowance increases as set by the Board of Trustees upon the advice of the
3 consulting actuary. The calculation of the amount payable shall also include an administrative
4 fee to be set by the Board.

5 The Board of Trustees shall adopt rules regarding how much service in any year, as based on
6 compensation, is equivalent to one year of service in proportion to earnable compensation, but
7 in no case shall more than one year of service be creditable for all service in one year. Service
8 rendered for the regular school year in any district shall be equivalent to one year of service.

9 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
10 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
11 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
12 that the purchase is paid by the member, the cost paid by the member shall be credited to the
13 member's annuity savings account.

14 ~~(q) Notwithstanding any other provision of this Chapter, any member who entered~~
15 ~~service or was restored to service prior to July 1, 1982, and was excluded from membership~~
16 ~~service solely on account of having attained the age of 62 years, in accordance with former~~
17 ~~G.S. 135-3(6), may purchase membership service credits of such excluded service by making a~~
18 ~~lump sum payment equal to the contributions that would have been deducted pursuant to~~
19 ~~G.S. 135-8(b) had he been a member of the Retirement System, increased by interest calculated~~
20 ~~at a rate of seven percent (7%) per annum.~~

21 (r) Notwithstanding any other provision of this Chapter, any member may purchase
22 creditable service for periods of employer approved leaves of absence when in receipt of benefits
23 under the North Carolina Workers' Compensation Act. This service shall be purchased by paying
24 a cost calculated in the following manner:

25 ...

26 (3) Leaves of Absence Terminating On and After January 1, 1988. – The cost to
27 a member whose employer approved leave of absence, when in receipt of
28 benefits under the North Carolina Workers' Compensation Act, terminates
29 ~~upon or before a return to service~~ on and after January 1, 1988, shall be due
30 and payable to the Annuity Savings Fund within six months from ~~return to~~
31 ~~service~~ end of the leave of absence and shall be a lump sum amount equal to
32 the employee percentage rate of contribution in effect at the time of purchase
33 applied to the annual rate of compensation of the member immediately prior
34 to the leave of absence. For members electing to make this payment, the
35 member's employer which granted the leave of absence, or the member's
36 employer upon a return to service, or both, shall make a matching lump sum
37 payment to the Pension Accumulation Fund within six months from ~~return to~~
38 ~~service~~ the end of the leave of absence equal to the employer percentage rate
39 of contribution in effect at the time of purchase applied to the annual rate of
40 compensation of the member immediately prior to the leave of absence. Such
41 purchases of creditable service are applicable only when members have
42 membership service credits within 30 days prior to the leave of absence and
43 within 12 months following the leave of absence and such membership service
44 is creditable service at the time of purchase. Notwithstanding any other
45 provision of this subdivision, the cost to a member and to a member's
46 employer or former employer or both employers whose amount due is not paid
47 within six months from return to service shall be the amount due plus one
48 percent (1%) per month penalty for each month or fraction thereof that the
49 payment is made after the six-month period.

50 ~~Notwithstanding the requirement of this provision that a member return to~~
51 ~~service, a~~ A member who is in receipt of Workers' Compensation during the

1 period for which he or she would have otherwise been eligible to receive
2 short-term benefits as provided in G.S. 135-105 and who subsequently
3 becomes a beneficiary in receipt of a benefit as provided in G.S. 135-106 may
4 purchase creditable service for any period of employer approved leave of
5 absence when in receipt of benefits under the North Carolina Workers'
6 Compensation Act. The cost to purchase such creditable service shall be as
7 determined above provided the amount due if not paid within six months from
8 the beginning of the long-term disability period as determined in G.S. 135-106
9 shall be the amount due plus one percent (1%) per month penalty for each
10 month or fraction thereof that the payment is made after the six-month period.

11 Whenever the creditable service purchased pursuant to this subsection is
12 for a period that occurs during the four consecutive calendar years that would
13 have produced the highest average annual compensation pursuant to
14 G.S. 135-1(5) had the member not been on leave of absence without pay, then
15 the compensation that the member would have received during the purchased
16 period shall be included in calculating the member's average final
17 compensation. In such cases, the compensation that the member would have
18 received during the purchased period shall be based on the annual rate of
19 compensation of the member immediately prior to the leave of absence.

20 (s) Credit at Full Cost for Temporary Employment. – ~~In addition to the provisions of~~
21 ~~subsection (p) above, any~~ Any member in service with five or more years of membership service
22 may purchase creditable service for State employment when classified as a temporary teacher or
23 employee subject to all of the conditions that the following conditions:

- 24 (1) ~~Member~~ The member was employed by an employer as defined in
25 G.S. 135-1(11) or ~~G.S. 128-21(11);~~ G.S. 128-21(11).
26 (2) ~~Member's~~ The member's temporary employment met all other requirements
27 of G.S. 135-1(10) or (25), or ~~G.S. 128-21(10);~~ G.S. 128-21(10).
28 (3) ~~Member~~ The member has completed five years or more of membership
29 ~~service;~~ service.
30 (4) ~~Member~~ acquires ~~The member~~ has acquired from the employer such
31 certifications of temporary employment as are required by the Board of
32 ~~Trustees;~~ Trustees.
33 (5) ~~Member~~ makes

34 The amount of creditable service purchased under this subsection may not exceed a total of
35 five years. A member shall purchase this service by making a lump sum payment into the Annuity
36 Savings Fund equal to the full liability of the service credits calculated on the basis of the
37 assumptions used for purposes of the actuarial valuation of the Retirement System's liabilities
38 and shall take into account the retirement allowance arising on account of the additional service
39 credit commencing at the earliest age at which the member could retire on an unreduced
40 retirement allowance, as determined by the Board of Trustees upon the advice of the actuary,
41 plus an administrative expense fee to be determined by the Board of Trustees. Notwithstanding
42 the foregoing provisions of this subdivision that provide for the purchase of service credits, the
43 terms "full cost", "full liability", and "full actuarial cost" include assumed annual post retirement
44 allowance increases, as determined by the Board of Trustees, from the earliest age at which a
45 member could retire on an unreduced service allowance. increase due to the additional service
46 credits on the basis of the assumptions used for the purposes of the actuarial valuation of the
47 liabilities of the Retirement System, except for the following assumptions specific to this
48 calculation: (i) the allowance shall be assumed to commence at the earliest age at which the
49 member could retire on an unreduced retirement allowance and (ii) assumed annual
50 postretirement allowance increases as set by the Board of Trustees upon the advice of the

1 consulting actuary. The calculation of the amount payable shall also include an administrative
2 fee to be set by the Board.

3 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
4 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
5 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
6 that the purchase is paid by the member, the cost paid by the member shall be credited to the
7 member's annuity savings account.

8 ~~The provisions of this subsection shall also apply to the purchase of creditable service for~~
9 ~~State employment when classified as a permanent hourly employee in accordance with~~
10 ~~G.S. 126-5(c4).~~

11 ~~(t) Credit at Full Cost for Local Government Employment. — Any member may purchase~~
12 ~~creditable service for any employment as an employee, as defined in G.S. 128-21(10), of a local~~
13 ~~government employer not creditable in the North Carolina Local Governmental Employees'~~
14 ~~Retirement System upon completion of five years of membership service by making a lump sum~~
15 ~~payment into the Annuity Savings Fund. The payment by the member shall be equal to the full~~
16 ~~liability of the service credits calculated on the basis of the assumptions used for purposes of the~~
17 ~~actuarial valuation of the Retirement System's liabilities, taking into account the additional~~
18 ~~retirement allowance arising on account of the additional service credits commencing at the~~
19 ~~earliest age at which the member could retire with an unreduced retirement allowance, as~~
20 ~~determined by the Board of Trustees upon the advice of the actuary plus an administrative~~
21 ~~expense fee to be determined by the Board of Trustees. Notwithstanding the foregoing provisions~~
22 ~~of this subsection that provide for the purchase of service credits, the terms "full cost", "full~~
23 ~~liability", and "full actuarial cost" include assumed annual post-retirement allowance increases,~~
24 ~~as determined by the Board of Trustees, from the earliest age at which a member could retire on~~
25 ~~an unreduced service allowance.~~

26 ~~(u) Any member who was a wildlife protector who elected to become a member of the~~
27 ~~Law Enforcement Officers' Retirement System pursuant to Chapter 837 of the 1971 Session Laws~~
28 ~~by the transfer of accumulated contributions from this Retirement System to the Law~~
29 ~~Enforcement Officers' Retirement System and who has not subsequently applied for and received~~
30 ~~a return of accumulated contributions shall be entitled to creditable service for the service as a~~
31 ~~non-law enforcement officer forfeited as a result of the transfer pursuant to Chapter 837 of the~~
32 ~~1971 Session Laws.~~

33 ...

34 (w) Credit at Full Cost for Federal Employment. – Notwithstanding any other provisions
35 of this Chapter, a member, upon the completion of five years of membership service, member in
36 service with five or more years of membership service may purchase creditable service for
37 periods of federal employment, provided that the member is not receiving any retirement benefits
38 resulting from this federal employment, and provided that the member is not vested in the
39 particular federal retirement system to which the member may have belonged while a federal
40 employee. The amount of creditable service purchased under this subsection may not exceed a
41 total of five years. The member shall purchase this service by making a lump sum amount payable
42 to the Annuity Savings Fund equal to the full liability of the service credits calculated on the
43 basis of the assumptions used for purposes of the actuarial valuation of the system's liabilities,
44 and shall take into account the retirement allowance arising on account of the additional service
45 credit commencing at the earliest age at which the member could retire on an unreduced
46 retirement allowance, as determined by the Board of Trustees upon the advice of the consulting
47 actuary, plus an administrative fee to be set by the Board of Trustees. Notwithstanding the
48 foregoing provisions of this subsection that provide for the purchase of service credits, the terms
49 "full cost", "full liability", and "full actuarial cost" include assumed annual post-retirement
50 allowance increases, as determined by the Board of Trustees, from the earliest age at which a
51 member could retire on an unreduced service allowance. increase due to the additional service

1 credits on the basis of the assumptions used for the purposes of the actuarial valuation of the
2 liabilities of the Retirement System, except for the following assumptions specific to this
3 calculation: (i) the allowance shall be assumed to commence at the earliest age at which the
4 member could retire on an unreduced retirement allowance and (ii) assumed annual
5 postretirement allowance increases as set by the Board of Trustees upon the advice of the
6 consulting actuary. The calculation of the amount payable shall also include an administrative
7 fee to be set by the Board.

8 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
9 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
10 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
11 that the purchase is paid by the member, the cost paid by the member shall be credited to the
12 member's annuity savings account.

13 ~~Members~~ On or before December 31, 2021, members in service may also purchase creditable
14 service for periods of employment with public community service entities within the State funded
15 entirely with federal funds, other than the federal government, that are not covered by the
16 provisions of G.S. 128-21(11) or G.S. 135-1(11), under the same terms and conditions that are
17 applicable to the purchase of creditable service for periods of federal employment in accordance
18 with this subsection. "Public community service entities" as used in this subsection shall mean
19 community action, human relations, manpower development, and community development
20 programs as defined in Articles 19 and 21 of Chapter 160A and Article 18 of Chapter 153A of
21 the General Statutes and any other similar programs that the Board of Trustees may
22 adopt. ~~Statutes.~~

23 ...

24 (z) Credit at Full Cost for Leave Due to Extended Illness. – Any member in service with
25 five or more years of membership service ~~standing to his credit~~ may purchase creditable service
26 for periods of interrupted service while on leave without pay status due to the member's illness
27 or injury, excluding leave due to maternity, provided that any single such interrupted service
28 shall have included such period of time during which the member failed to earn at least two
29 months membership service, by making a lump sum amount payable to the Annuity Savings
30 Fund equal to the full liability ~~of the service credits calculated on the basis of the assumptions~~
31 used for purposes of the actuarial valuation of the system's liabilities; and the calculation of the
32 amount payable shall take into account the retirement allowance arising on account of the
33 additional service credit commencing at the earliest age at which the member could retire on an
34 unreduced retirement allowance, as determined by the Board of Trustees upon the advice of the
35 consulting actuary, plus an administrative fee to be set by the Board of Trustees. Notwithstanding
36 the foregoing provisions of this subsection that provide for the purchase of service credits, the
37 terms "full cost", "full liability", and "full actuarial cost" include assumed annual post retirement
38 allowance increases, as determined by the Board of Trustees, from the earliest age at which a
39 member could retire on an unreduced service allowance. ~~increase due to the additional service~~
40 credits on the basis of the assumptions used for the purposes of the actuarial valuation of the
41 liabilities of the Retirement System, except for the following assumptions specific to this
42 calculation: (i) the allowance shall be assumed to commence at the earliest age at which the
43 member could retire on an unreduced retirement allowance and (ii) assumed annual
44 postretirement allowance increases as set by the Board of Trustees upon the advice of the
45 consulting actuary. The calculation of the amount payable shall also include an administrative
46 fee to be set by the Board. The amount of creditable service purchased under this subsection may
47 not exceed a total of five years.

48 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
49 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
50 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent

1 that the purchase is paid by the member, the cost paid by the member shall be credited to the
2 member's annuity savings account.

3 (aa) Credit at Full Cost for ~~Maternity Leave. Parental Leave, Pregnancy or~~
4 ~~Childbirth-Related Leave, or Certain Involuntary Furloughs.~~ – Notwithstanding other provisions
5 of this Chapter, any member in service with five or more years of credited membership service
6 may purchase creditable service for periods of service which were interrupted due to parental
7 leave, pregnancy or childbirth, or involuntary administrative furlough due to a lack of funds to
8 support the position by making a lump sum amount payable to the Annuity Savings Fund equal
9 to the full liability of the service credits calculated on the basis of the assumptions used for
10 purposes of the actuarial valuation of the system's liabilities; and the calculation of the amount
11 payable shall take into account the retirement allowance arising on account of the additional
12 service credit commencing at the earliest age at which the member could retire on an unreduced
13 retirement allowance, as determined by the Board of Trustees upon the advice of the consulting
14 actuary, plus an administrative fee to be set by the Board of Trustees. Creditable service
15 purchased under this subsection may not exceed six months per parental leave, pregnancy or
16 childbirth, or involuntary administrative furlough due to a lack of funds to support the position.
17 Notwithstanding the foregoing provisions of this subsection that provide for the purchase of
18 service credits, the term "full liability" includes assumed annual postretirement allowance
19 increases, as determined by the Board of Trustees, from the earliest age at which a member could
20 retire on an unreduced service allowance. increase due to the additional service credits on the
21 basis of the assumptions used for the purposes of the actuarial valuation of the liabilities of the
22 Retirement System, except for the following assumptions specific to this calculation: (i) the
23 allowance shall be assumed to commence at the earliest age at which the member could retire on
24 an unreduced retirement allowance and (ii) assumed annual postretirement allowance increases
25 as set by the Board of Trustees upon the advice of the consulting actuary. The calculation of the
26 amount payable shall also include an administrative fee to be set by the Board. The amount of
27 creditable service purchased under this subsection may not exceed a total of five years.

28 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
29 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
30 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
31 that the purchase is paid by the member, the cost paid by the member shall be credited to the
32 member's annuity savings account.

33 (bb) Credit at Full Cost for Probationary Local Government ~~Employment~~ Employment
34 Purchased On or Before December 31, 2021. – Notwithstanding any other provision of this
35 Chapter, on or before December 31, 2021, a member may purchase creditable service, prior to
36 retirement, for employment with any local employer as defined in G.S. 128-21(11) when
37 considered to be in a probationary or employer-imposed waiting period status, between the date
38 of employment and the date of membership service with the Local Governmental Employees'
39 Retirement System, provided that the former employer of such a member has revoked this
40 probationary employment or waiting period policy.

41 The member shall purchase this service by making a lump-sum amount payable to the
42 Annuity Savings Fund equal to the full liability of the service credits calculated on the basis of
43 the assumptions used for purposes of the actuarial valuation of the liabilities of the retirement
44 system, and the calculation of the amount payable shall take into account the retirement
45 allowance arising on account of the additional service credit commencing at the earliest age at
46 which the member could retire on an unreduced retirement allowance, as determined by the
47 Board of Trustees upon the advice of the consulting actuary, plus an administrative fee to be set
48 by the Board of Trustees. Notwithstanding the provisions of this subsection that provide for the
49 purchase of service credits, the term "full liability" includes assumed annual postretirement
50 allowance increases, as determined by the Board of Trustees, from the earliest age at which a
51 member could retire on an unreduced service allowance.

1 (bb1) Credit at Full Cost for Probationary Local Government Employment Purchased On
2 and After January 1, 2022. – Notwithstanding any other provision of this Chapter, on and after
3 January 1, 2022, a member may purchase creditable service, prior to retirement, for employment
4 with any local employer as defined in G.S. 128-21(11) when considered to be in a probationary
5 or employer-imposed waiting period status, between the date of employment and the date of
6 membership service with the Local Governmental Employees' Retirement System.

7 The member shall purchase this service by making a lump sum amount payable to the
8 Annuity Savings Fund equal to the full liability increase due to the additional service credits on
9 the basis of the assumptions used for the purposes of the actuarial valuation of the liabilities of
10 the Retirement System, except for the following assumptions specific to this calculation: (i) the
11 allowance shall be assumed to commence at the earliest age at which the member could retire on
12 an unreduced retirement allowance and (ii) assumed annual postretirement allowance increases
13 as set by the Board of Trustees upon the advice of the consulting actuary. The calculation of the
14 amount payable shall also include an administrative fee to be set by the Board.

15 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
16 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
17 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
18 that the purchase is paid by the member, the cost paid by the member shall be credited to the
19 member's annuity savings account.

20 ...

21 (hh) Credit at Full Cost for Service With The University of North Carolina During Which
22 a Member Participated in the Optional Retirement Program. – Notwithstanding any other
23 provisions of this Chapter, a member upon the completion of five years of membership service
24 Chapter to the contrary, any member in service with five or more years of membership service
25 may purchase creditable service for periods of employment with The University of North
26 Carolina during which the member participated in the Optional Retirement Program as provided
27 for in G.S. 135-5.1, provided that the member is not receiving, and is not entitled to receive, any
28 retirement benefits resulting from this employment. The amount of creditable service purchased
29 under this subsection may not exceed a total of five years. The member shall purchase this service
30 by making a lump-sum amount payable to the Annuity Savings Fund equal to the full liability of
31 the service credits calculated on the basis of the assumptions used for purposes of the actuarial
32 valuation of the system's liabilities and shall take into account the retirement allowance arising
33 on account of the additional service credit commencing at the earliest age at which the member
34 could retire on an unreduced retirement allowance, as determined by the Board of Trustees upon
35 the advice of the consulting actuary, plus an administrative fee to be set by the Board of Trustees.
36 Notwithstanding the foregoing provisions of this subsection that provide for the purchase of
37 service credits, the terms "full cost," "full liability," and "full actuarial cost" include assumed
38 annual postretirement allowance increases, as determined by the Board of Trustees, from the
39 earliest age at which a member could retire on an unreduced service allowance increase due to
40 the additional service credits on the basis of the assumptions used for the purposes of the actuarial
41 valuation of the liabilities of the Retirement System, except for the following assumptions
42 specific to this calculation: (i) the allowance shall be assumed to commence at the earliest age at
43 which the member could retire on an unreduced retirement allowance and (ii) assumed annual
44 postretirement allowance increases as set by the Board of Trustees upon the advice of the
45 consulting actuary. The calculation of the amount payable shall also include an administrative
46 fee to be set by the Board.

47 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
48 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
49 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
50 that the purchase is paid by the member, the cost paid by the member shall be credited to the
51 member's annuity savings account.

1"

2 SECTION 1.(b) G.S. 128-26 reads as rewritten:

3 "§ 128-26. Allowance for service.

4 ...

5 (b) ~~The Board of Trustees shall fix and determine by appropriate rules and regulations~~
6 ~~how much service in any year is equivalent to one year of service, but in In no case shall more~~
7 ~~than one year of service be creditable for all service in one calendar year.~~

8 (c) ~~Subject to the above restrictions and to such other rules and regulations as the Board~~
9 ~~of Trustees may adopt, the Board of Trustees shall verify, as soon as practicable after the filing~~
10 ~~of such statements of service, the service therein claimed.~~

11 ~~In lieu of a determination of the actual compensation of the members that was received during~~
12 ~~such period of prior service, the Board of Trustees may use for the purpose of this Article the~~
13 ~~compensation rates which if they had progressed with the rates of salary increase shown in the~~
14 ~~tables as prescribed in subsection (o) of G.S. 128-28 would have resulted in the same average~~
15 ~~salary of the member for the five years immediately preceding the date of participation of his~~
16 ~~employer, as the records show the member actually received.~~

17 (d) ~~Any member may, up to his date of retirement and within one year thereafter, request~~
18 ~~the Board of Trustees to modify or correct his prior service credit.~~

19 (e) Creditable service at retirement on which the retirement allowance of a member shall
20 be based shall consist of the membership service rendered by the member since he or she last
21 became a member, and also if the member has a prior service certificate which is in full force
22 and effect, the amount of the service certified on the prior service certificate; and if the member
23 has sick leave standing to the member's credit upon retirement on or after July 1, 1971, one month
24 of credit for each 20 days or portion thereof, but not less than one hour; sick leave shall not be
25 counted in computing creditable service for the purpose of determining eligibility for disability
26 retirement or for a vested deferred allowance. Creditable service for unused sick leave shall be
27 allowed only for sick leave accrued monthly during employment under a duly adopted sick leave
28 policy and for which the member may be able to take credits and be paid for sick leave without
29 restriction. However, in no instance shall unused sick leave be credited to a member's account at
30 retirement if the member's last day of actual service is more than 365 days prior to the effective
31 date of the member's retirement. Days of sick leave standing to a member's credit at retirement
32 shall be determined by dividing the member's total hours of sick leave at retirement by the hours
33 per month such leave was awarded under the employer's duly adopted sick leave policy as the
34 policy applied to the member when the leave was accrued.

35 ~~On and after July 1, 1971, a member whose account was closed on account of absence from~~
36 ~~service under the provisions of G.S. 128-24(1a) and who subsequently returns to service for a~~
37 ~~period of five years, may thereafter repay the amount withdrawn plus regular interest thereon~~
38 ~~from the date of withdrawal through the year of repayment and thereby increase his creditable~~
39 ~~service by the amount of creditable service lost when this account was closed.~~

40 ~~On and after July 1, 1973, a member whose account in the Teachers' and State Employees'~~
41 ~~Retirement System was closed on account of absence from service under the provisions of~~
42 ~~G.S. 135-3(3) and who subsequently became or becomes a member of this System with credit~~
43 ~~for five years of service, may thereafter repay in a lump sum the amount withdrawn from the~~
44 ~~Teachers' and State Employees' Retirement System plus regular interest thereon from the date of~~
45 ~~withdrawal through the year of repayment and thereby increase his creditable service in this~~
46 ~~System by the amount of creditable service lost when his account was closed.~~

47 Notwithstanding any other provision of this Chapter, any member who entered service or was
48 restored to service prior to July 1, 1982, and was excluded from membership service solely on
49 account of having attained the age of 62 years, in accordance with former G.S. 128-24(3a), may
50 purchase membership service credits for such excluded service by making a lump sum payment
51 equal to the contributions that would have been deducted pursuant to G.S. 128-30(b) had he been

1 a member of the Retirement System, increased by interest calculated at a rate of seven percent
2 (7%) per annum.

3 (e1) On and after January 1, 1986, the creditable service of a member who was a member
4 of the Law Enforcement Officers' Retirement System at the time of the transfer of law
5 enforcement officers employed by participating employers from that System to this Retirement
6 System and whose accumulated contributions are transferred from that System to this Retirement
7 System, includes service that was creditable in the Law Enforcement Officers' Retirement
8 System; and membership service with that System is membership service with this Retirement
9 System; provided, notwithstanding any provisions of this Article to the contrary, any inchoate or
10 accrued rights of such a member to purchase creditable service for military service, withdrawn
11 service and prior service under the rules and regulations of the Law Enforcement Officers'
12 Retirement System may not be diminished and may be purchased as creditable service with this
13 Retirement System under the same conditions that would have otherwise applied.

14 (f) ~~Effective January 1, 1955, there shall be three classes of prior service certificates, to~~
15 ~~be designated as Class A, Class B and Class C respectively. Each such certificate issued on~~
16 ~~account of service rendered to a Class A employer shall be a Class A prior service certificate;~~
17 ~~each such certificate issued on account of service rendered to a Class B employer shall be a Class~~
18 ~~B prior service certificate; and each such certificate issued on account of service rendered to a~~
19 ~~Class C employer shall be a Class C prior service certificate. Each Class C prior service certificate~~
20 ~~shall specify a prior service benefit percentage rate which shall be three per centum (3%) in the~~
21 ~~ease of any member entitled to such certificate who is, at the date of participation of his employer,~~
22 ~~in a position covered by the Social Security Act under a federal State agreement and which shall~~
23 ~~be five per centum (5%) in the case of a member entitled to such certificate but who at the date~~
24 ~~of participation of his employer is in a position not so covered.~~

25 ...

26 (i) Notwithstanding any other provision of this Chapter, on or before December 31, 2021,
27 any person who withdrew his or her contributions in accordance with the provisions of
28 G.S. 128-27(f) or 135-5(f) or the rules and regulations of the Law Enforcement Officers'
29 Retirement System and who subsequently returns to service may, upon completion of five years
30 of prior and current membership service, repay in a total lump sum any and all of the accumulated
31 contributions previously withdrawn with interest compounded annually at the rate of six and
32 one-half percent (6.5%) for each calendar year from the year of withdrawal to the year of
33 repayment plus a fee to cover expense of handling which shall be determined by the Board of
34 Trustees, and receive credit for the service forfeited at time of withdrawal(s). These provisions
35 shall apply equally to retired members who had attained five years of prior and current
36 membership service prior to retirement. The retirement allowance of a retired member who
37 restores service under this subsection shall be increased the month following the month payment
38 is received. The increase in the retirement allowance shall be the difference between the initial
39 retirement allowance, under any optional allowance elected at the time of retirement, and the
40 amount of the retirement allowance, under any optional allowance elected at the time of
41 retirement, to which the retired member would have been entitled had the service not been
42 previously forfeited, adjusted by any increases in the retirement accrual rate occurring between
43 the member's date of retirement and the date of payment. The increase in the retirement allowance
44 shall not include any adjustment for cost-of-living increases granted since the date of retirement.

45 (i1) North Carolina Withdrawn Service Purchased On and After January 1, 2022. –
46 Notwithstanding any other provision of this Article to the contrary, on and after January 1, 2022,
47 any member who withdrew his or her contributions in accordance with the provisions of
48 G.S. 128-27(f) or G.S. 135-5(f) or the rules of the Law Enforcement Officers' Retirement System,
49 and who subsequently returns to service and completes five years of membership service upon
50 that return, while in service may purchase an amount of creditable service totaling the amount of
51 the membership service associated with the withdrawn contributions, provided that the total of

1 the creditable service purchased under this subsection may not exceed a total of five years. The
2 member shall purchase this service by paying a lump sum amount to the Annuity Savings Fund
3 equal to the full liability increase due to the additional service credits on the basis of the
4 assumptions used for the purposes of the actuarial valuation of the liabilities of the Retirement
5 System, except for the following assumptions specific to this calculation: (i) the allowance shall
6 be assumed to commence at the earliest age at which the member could retire on an unreduced
7 retirement allowance and (ii) assumed annual postretirement allowance increases as set by the
8 Board of Trustees upon the advice of the consulting actuary. The calculation of the amount
9 payable shall also include an administrative fee to be set by the Board.

10 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
11 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
12 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
13 that the purchase is paid by the member, the cost paid by the member shall be credited to the
14 member's annuity savings account.

15 ...

16 (j1) Notwithstanding any other provision of this Chapter, any member and any retired
17 member as herein described may purchase creditable service for service in the Armed Forces of
18 the United States, not otherwise allowed, by paying a total lump sum payment determined as
19 follows:

- 20 (1) For members who completed 10 years of membership service, and retired
21 members who completed 10 years of membership service prior to retirement,
22 and whose membership began on or prior to January 1, 1988, and who make
23 such purchase within three years after first becoming eligible, the cost shall
24 be an amount equal to the monthly compensation the member earned when
25 the member first entered membership service times the employee contribution
26 rate at that time times the months of service to be purchased ~~with sufficient~~
27 ~~interest added thereto~~ multiplied by a factor equivalent to the investment
28 return assumptions determined by the Board of Trustees, compounded
29 annually, from the initial year of membership to the year of payment so as to
30 equal one-half of the cost of allowing such service, plus an administrative fee
31 to be set by the Board of Trustees.

32 ...

33 Creditable service allowed under this subdivision shall be only for the initial period of "active
34 duty", as defined in 38 U.S. Code Section 101(21), in the Armed Forces of the United States up
35 to the date the member was first eligible to be separated and released and for subsequent periods
36 of "active duty", as defined in 38 U.S. Code Section 101(21), as required by the Armed Forces
37 of the United States up to the date of first eligibility for separation or release, but shall not include
38 periods of active duty in the Armed Forces of the United States creditable in any other retirement
39 system except the National Guard or any reserve component of the Armed Forces of the United
40 States, and shall not include periods of "active duty for training", as defined in 38 U.S. Code
41 Section 101(22), or periods of "inactive duty training", as defined in 38 U.S. Code Section
42 101(23), rendered in any reserve component of the Armed Forces of the United States. Provided,
43 creditable service may be allowed only for active duty in the Armed Forces of the United States
44 of a member that resulted in a general or honorable discharge from duty. The member shall
45 submit satisfactory evidence of the service claimed. For purposes of this subsection, membership
46 service may include any membership or prior service credits transferred to this Retirement
47 System pursuant to G.S. 128-24.

48 (j2) Notwithstanding any other provision of this Chapter, on or before December 31, 2021,
49 any member and any retired member as herein described may purchase creditable service
50 previously rendered to the federal government or to any state, territory, or other governmental

1 subdivision of the United States other than this State by paying a total lump-sum payment
2 determined as follows:

3 (1) For members who completed 10 years of prior and current membership
4 service, and retired members who completed 10 years of prior and current
5 membership service prior to retirement, and whose membership began on or
6 before January 1, 1988, and who make such purchase within three years after
7 first becoming eligible, the cost shall be an amount equal to the monthly
8 compensation the member earned when ~~he~~the member first entered
9 membership service, times the employee contribution rate at that time, times
10 the months of service to be purchased, times two, ~~with sufficient interest~~
11 ~~added thereto~~multiplied by a factor equivalent to the investment return
12 assumptions determined by the Board of Trustees, compounded annually,
13 from the initial year of membership to the year of payment so as to equal the
14 full cost of allowing such service, plus an administrative fee to be set by the
15 Board of Trustees.

16 (2) For members who complete five years of prior and current membership
17 service, and retired members who complete five years of prior and current
18 membership service prior to retirement, and eligible members and retired
19 members covered by subdivision (1) of this subsection, whose membership
20 began on or before January 1, 1988, but who did not or do not make such
21 purchase within three years after first becoming eligible, the cost shall be an
22 amount equal to the full liability of the service credits calculated on the basis
23 of the assumptions used for the purposes of the actuarial valuation of the
24 System's liabilities and shall take into account the retirement allowance arising
25 on account of the additional service credits commencing at the earliest age at
26 which the member could retire on an unreduced allowance, as determined by
27 the Board of Trustees upon the advice of the consulting actuary, plus an
28 administrative fee to be set by the Board of Trustees. Notwithstanding the
29 foregoing provisions of this subsection that provide for the purchase of service
30 credits, the term "full liability" includes assumed postretirement allowance
31 increases, as determined by the Board of Trustees, from the earliest age at
32 which a member could retire on an unreduced service retirement allowance.
33 Notwithstanding the requirement of five years of current membership service,
34 a member whose membership began prior to the service the member desires
35 to purchase shall be eligible to purchase creditable service under this
36 subdivision upon returning to service as an employee upon completion of a
37 total of five years of membership service and upon completion of one year of
38 current membership service.

39 Current membership service shall mean membership service earned since the service
40 previously rendered to any state, territory, or other governmental subdivision of the United States
41 other than this State. Creditable service under this subsection shall be allowed only at the rate of
42 one year of out-of-state service for each year of service in this State, with a maximum allowable
43 of 10 years of out-of-state service. Such service is limited to full-time service which would be
44 allowable under the laws governing this System. Credit will be allowed only if no benefit is
45 allowable in another public retirement system as a result of the service.

46 (j3) Notwithstanding any provision of this Article to the contrary, on and after January 1,
47 2022, any member in service with five or more years of membership service may purchase
48 creditable service previously rendered to the federal government or to any state, territory, or other
49 governmental subdivision of the United States other than this State by paying a total lump sum
50 payment. The amount of creditable service purchased under this subsection may not exceed a
51 total of five years. The member shall purchase this service by paying a lump sum amount to the

1 Annuity Savings Fund equal to the full liability increase due to the additional service credits on
2 the basis of the assumptions used for the purposes of the actuarial valuation of the liabilities of
3 the Retirement System, except for the following assumptions specific to this calculation: (i) the
4 allowance shall be assumed to commence at the earliest age at which the member could retire on
5 an unreduced retirement allowance and (ii) assumed annual postretirement allowance increases
6 as set by the Board of Trustees upon the advice of the consulting actuary. The increases as set by
7 the Board of Trustees upon the advice of the consulting actuary shall also include an
8 administrative fee to be set by the Board.

9 Creditable service under this subsection shall be allowed only at the rate of one year of
10 out-of-state service for each year of membership service in this State, with a maximum allowable
11 of five years of out-of-state service. Such service is limited to full-time service that would be
12 allowable under the laws governing this Retirement System. Credit will be allowed only if no
13 benefit is allowable in another public retirement system as a result of the service.

14 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
15 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
16 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
17 that the purchase is paid by the member, the cost paid by the member shall be credited to the
18 member's annuity savings account.

19 ...

20 (l) Notwithstanding any other provision of this Chapter, any member may purchase
21 creditable service for periods of employer approved leaves of absence when in receipt of benefits
22 under the North Carolina Workers' Compensation Act. This service shall be purchased by paying
23 a cost calculated in the following manner:

24 ...

- 25 (2) Leaves of Absence Terminating On and After July 1, 1983. – The cost to a
26 member whose employer approved leave of absence, when in receipt of
27 benefits under the North Carolina Workers' Compensation Act, terminates
28 ~~upon return to service~~ on and after July 1, 1983, shall be a lump sum amount
29 due and payable to the Annuity Savings Fund within six months from ~~return~~
30 ~~to service~~ end of the leave of absence equal to the total employee and employer
31 percentage rates of contribution in effect at the time of purchase and based on
32 the annual rate of compensation of the member immediately prior to the leave
33 of absence; Provided, however, the cost to a member whose amount due is not
34 paid within six months from ~~return to service~~ the end of the leave of absence
35 shall be the amount due plus one percent (1%) per month penalty for each
36 month or fraction thereof the payment is made beyond the six-month period.

37 Whenever the creditable service purchased pursuant to this subsection is for a period that
38 occurs during the four consecutive calendar years that would have produced the highest average
39 annual compensation pursuant to G.S. 128-21(5) had the member not been on leave of absence
40 without pay, then the compensation that the member would have received during the purchased
41 period shall be included in calculating the member's average final compensation. In such cases,
42 the compensation that the member would have received during the purchased period shall be
43 based on the annual rate of compensation of the member immediately prior to the leave of
44 absence.

45 In the case of a law enforcement officer electing to purchase service under this section who
46 is in receipt of benefits under the North Carolina Workers' Compensation Act due to serious
47 bodily injury suffered in the line of duty as a result of an intentional or unlawful act of another,
48 as certified by the head of the employing law enforcement agency, and whose approved leave of
49 absence terminates on or before a return to service on and after August 1, 2006, the employer
50 percentage rate of contribution payable under subdivision (2) of this subsection shall be made by
51 the employer that granted the leave of absence. The cost to the law enforcement officer shall be

1 reduced by the amount paid by the employer. For purposes of this subsection, "serious bodily
2 injury" means bodily injury that creates a substantial risk of death, or that causes serious
3 permanent disfigurement, coma, a permanent or protracted condition that causes extreme pain,
4 or permanent or protracted loss or impairment of the function of any bodily member or organ, or
5 that results in prolonged hospitalization.

6 Nothing in this subsection prevents an employer from voluntarily paying all or a part of the
7 employee portion of the total cost of the service credit purchased, and the employer does not
8 discriminate against any eligible law enforcement officer in this subsection employed by the
9 employer by paying that portion of cost. To the extent paid by the employer, the employee portion
10 paid by the employer shall be credited to the Pension Accumulation Fund; to the extent paid by
11 the member, the employee portion paid by the member shall be credited to the member's annuity
12 savings account. A member shall pay any part of the employee portion of the total cost not paid
13 by the employer.

14 ...

15 (o) Credit at Full Cost for Federal Employment. – Notwithstanding any other provisions
16 of this Chapter, ~~a member, upon the completion of five years of membership service, member in~~
17 service with five or more years of membership service may purchase creditable service for
18 periods of federal employment, provided that the member is not receiving any retirement benefits
19 resulting from this federal employment, and provided that the member is not vested in the
20 particular federal retirement system to which the member may have belonged while a federal
21 employee. The amount of creditable service purchased under this subsection may not exceed a
22 total of five years. The member shall purchase this service by making a lump sum amount payable
23 to the Annuity Savings Fund equal to the full liability ~~of the service credits calculated on the~~
24 ~~basis of the assumptions used for purposes of the actuarial valuation of the liabilities of the~~
25 Retirement System; and the calculation of the amount payable shall take into account the
26 retirement allowance arising on account of the additional service credit commencing at the
27 earliest age at which the member could retire on an unreduced retirement allowance, as
28 determined by the Board of Trustees upon the advice of the consulting actuary, plus an
29 administrative fee to be set by the Board of Trustees. increase due to the additional service credits
30 on the basis of the assumptions used for the purposes of the actuarial valuation of the liabilities
31 of the Retirement System, except for the following assumptions specific to this calculation: (i)
32 the allowance shall be assumed to commence at the earliest age at which the member could retire
33 on an unreduced retirement allowance and (ii) assumed annual postretirement allowance
34 increases as set by the Board of Trustees upon the advice of the consulting actuary. The
35 calculation of the amount payable shall also include an administrative fee to be set by the Board.

36 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
37 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
38 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
39 that the purchase is paid by the member, the cost paid by the member shall be credited to the
40 member's annuity savings account.

41 ~~Members~~ On or before December 31, 2021, members may also purchase creditable service
42 for periods of employment with public community service entities within the State funded
43 entirely with federal funds, other than the federal government, that are not covered by the
44 provisions of G.S. 128-21(11) or G.S. 135-1(11), under the same terms and conditions that are
45 applicable to the purchase of creditable service for periods of federal employment in accordance
46 with this subsection. "Public community service entities" as used in this subsection shall mean
47 community action, human relations, manpower development, and community development
48 programs as defined in Articles 19 and 21 of Chapter 160A and Article 18 of Chapter 153A of
49 the General Statutes ~~and any other similar programs that the Board of Trustees may adopt.~~
50 ~~Notwithstanding the foregoing provisions of this subsection that provide for the purchase of~~
51 ~~service credits, the terms "full cost", "full liability", and "full actuarial cost" include assumed~~

1 annual post retirement allowance increases, as determined by the Board of Trustees, from the
2 earliest age at which a member could retire on an unreduced service allowance. Statutes.

3 ~~(p) Part-Time Service Credit.—~~

4 ~~(1) Notwithstanding any other provision of this Chapter, upon completion of five~~
5 ~~years of membership service, any member may purchase service previously~~
6 ~~rendered as a part-time employee of a participating employer as defined in~~
7 ~~G.S. 128-21(11) or G.S. 135-1(11), except for temporary or part-time service~~
8 ~~rendered while a full-time student in pursuit of a degree or diploma in a~~
9 ~~degree-granting program. Payment shall be made in a single lump sum in an~~
10 ~~amount equal to the full actuarial cost of providing credit for the service,~~
11 ~~together with interest and an administrative fee, as determined by the Board~~
12 ~~of Trustees on the advice of the Retirement System's actuary. Notwithstanding~~
13 ~~the provisions of G.S. 128-26(b), the Board of Trustees shall fix and determine~~
14 ~~by appropriate rules and regulations how much service in any year, as based~~
15 ~~on compensation, is equivalent to one year of service in proportion to~~
16 ~~"earnable compensation", but in no case shall more than one year of service~~
17 ~~be creditable for all service in one year. Notwithstanding the foregoing~~
18 ~~provisions of this subdivision that provide for the purchase of service credits,~~
19 ~~the terms "full cost", "full liability", and "full actuarial cost" include assumed~~
20 ~~annual post-retirement allowance increases, as determined by the Board of~~
21 ~~Trustees, from the earliest age at which a member could retire on an unreduced~~
22 ~~service allowance.~~

23 ~~(2) Under all requirements and conditions set forth in the preceding subdivision~~
24 ~~of this subsection, except for the requirement that the completion of five years~~
25 ~~of membership service be subsequent to service rendered as a part-time~~
26 ~~employee, any member with five or more years of membership service~~
27 ~~standing to his credit may purchase additional membership service for service~~
28 ~~rendered as a part-time employee of an employer as defined in~~
29 ~~G.S. 128-21(11) if (i) the member terminates or has terminated employment~~
30 ~~in any capacity as an employee, (ii) the purchase of the additional membership~~
31 ~~service causes the member to become eligible to commence an early or service~~
32 ~~retirement allowance, and (iii) the member immediately elects to commence~~
33 ~~retirement and become a beneficiary.~~

34 (p1) Part-Time Service Credit. – Notwithstanding any other provision of this Article to the
35 contrary, any member in service with five or more years of membership service may purchase
36 service previously rendered as a part-time teacher or employee of an employer, as defined in
37 G.S. 135-1(11) or G.S. 128-21(11), except the following service may not be purchased:

38 (1) Part-time service rendered as a bus driver to a public school while a full-time
39 high school student.

40 (2) Temporary or part-time service rendered while a full-time student in pursuit
41 of a degree or diploma in a degree-granting program, unless that service was
42 rendered on a permanent part-time basis and required at least 20 hours of
43 service per week.

44 Payment for service purchased under this subsection shall be made in a single lump sum in
45 an amount calculated by applying the ratio of actual gross compensation earned as a part-time
46 employee to the gross compensation that would have been earned as a full-time employee to the
47 period of service rendered in months. The member shall purchase this service by paying a lump
48 sum amount to the Annuity Savings Fund equal to the full liability increase due to the additional
49 service credits on the basis of the assumptions used for the purposes of the actuarial valuation of
50 the liabilities of the Retirement System, except for the following assumptions specific to this
51 calculation: (i) the allowance shall be assumed to commence at the earliest age at which the

1 member could retire on an unreduced retirement allowance and (ii) assumed annual
2 postretirement allowance increases as set by the Board of Trustees upon the advice of the
3 consulting actuary. The calculation of the amount payable shall also include an administrative
4 fee to be set by the Board.

5 The Board of Trustees shall adopt rules regarding how much service in any year, as based on
6 compensation, is equivalent to one year of service in proportion to earnable compensation, but
7 in no case shall more than one year of service be creditable for all service in one year. Service
8 rendered for the regular school year in any district shall be equivalent to one year of service.

9 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
10 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
11 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
12 that the purchase is paid by the member, the cost paid by the member shall be credited to the
13 member's annuity savings account.

14 (q) Credit at Full Cost for Probationary ~~Employment~~ Employment Purchased On or
15 Before December 31, 2021. – Notwithstanding any other provision of this Chapter, on or before
16 December 31, 2021, a member may purchase creditable service, prior to retirement, for
17 employment with an employer as defined in this Article when considered to be in a probationary
18 or employer imposed waiting period status and thereby not regularly employed, between date of
19 employment and date of membership service with the retirement system, provided that the
20 employer or former employer of such a member has revoked this probationary employment or
21 waiting period policy.

22 Provided, the member shall purchase this service by making a lump sum amount payable to
23 the Annuity Savings Fund equal to the full liability of the service credits calculated on the basis
24 of the assumptions used for purposes of the actuarial valuation of the liabilities of the retirement
25 system, and the calculation of the amount payable shall take into account the retirement
26 allowance arising on account of the additional service credit commencing at the earliest age at
27 which the member could retire on an unreduced retirement allowance, as determined by the
28 Board of Trustees upon the advice of the consulting actuary, plus an administrative fee to be set
29 by the Board of Trustees. In no instance shall the amount payable be less than the contributions
30 a member would have made during the employment plus four percent (4%) interest compounded
31 annually.

32 Notwithstanding the foregoing provisions of this subsection that provide for the purchase of
33 service credits, the terms "full cost", "full liability", and "full actuarial cost" include assumed
34 annual post-retirement allowance increases, as determined by the Board of Trustees, from the
35 earliest age at which a member could retire on an unreduced service allowance.

36 Nothing contained in this subsection shall prevent an employer or member from paying all
37 or a part of the cost of the probationary employment; and to the extent paid by the employer, the
38 cost paid by the employer shall be credited to the pension accumulation fund; and to the extent
39 paid by the member, the cost paid by the member shall be credited to the member's annuity
40 savings account; provided, however, an employer does not discriminate against any member or
41 group of members in its current employ in paying all or any part of the cost of the probationary
42 employment. In the event an employer pays all or a part of the full actuarial cost, the employer
43 may, at its option, pay such amount either in a lump sum or by increasing its "accrued liability
44 contribution" for the remainder of its accrued liability period. In the event an employer has
45 satisfied its accrued liability contribution, the employer may amortize its portion of the full
46 actuarial cost over a period not to exceed 10 years. The expense of making an actuarial valuation
47 to determine the accrued liability contribution or the additional accrued liability contribution,
48 required to amortize the portion of the full actuarial cost paid by the employer, shall be paid by
49 the employer in a lump sum at the time of the actuarial valuation.

50 (q1) Credit at Full Cost for Probationary Employment Purchased On or After January 1,
51 2022. – Notwithstanding any other provision of this Chapter, on and after January 1, 2022, a

1 member in service with five or more years of service may purchase creditable service for
2 employment with an employer as defined in this Article when considered to be in a probationary
3 or employer-imposed waiting period status and thereby not regularly employed between date of
4 employment and date of membership service with the retirement system. The amount of
5 creditable service purchased under this subsection may not exceed five years.

6 The member shall purchase this service by paying a lump sum amount to the Annuity Savings
7 Fund equal to the full liability increase due to the additional service credits on the basis of the
8 assumptions used for the purposes of the actuarial valuation of the liabilities of the Retirement
9 System, except for the following assumptions specific to this calculation: (i) the allowance shall
10 be assumed to commence at the earliest age at which the member could retire on an unreduced
11 retirement allowance and (ii) assumed annual postretirement allowance increases as set by the
12 Board of Trustees upon the advice of the consulting actuary. The increases as set by the Board
13 of Trustees upon the advice of the consulting actuary shall also include an administrative fee to
14 be set by the Board.

15 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
16 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
17 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
18 that the purchase is paid by the member, the cost paid by the member shall be credited to the
19 member's annuity savings account.

20 (r) Credit at Full Cost for Temporary Government Employment. – Notwithstanding any
21 other provisions of this Chapter, any member in service with five or more years of membership
22 service may purchase creditable service for government employment when classified as a
23 temporary employee subject to the conditions that all the following conditions:

- 24 (1) The member was employed by an employer as defined in G.S. 128-21(11) or
25 G.S. 135-1(11);G.S. 135-1(11).
- 26 (2) The member's temporary employment met all other requirements of
27 G.S. 128-21(10), or G.S. 135-1(10) or (25);(25).
- 28 (3) The member has completed five years or more of membership service;
29 service.
- 30 (4) The member acquires has acquired from the employer such certifications of
31 temporary employment as are required by the Board of Trustees; and Trustees.
- 32 (5) The member makes

33 The amount of creditable service purchased under this subsection may not exceed a total of
34 five years. A member shall purchase this service by making a lump sum payment into the Annuity
35 Savings Fund equal to the full liability of the service credits calculated on the basis of the
36 assumptions used for purposes of the actuarial valuation of the retirement system's liabilities, and
37 the calculation of the amount payable shall take into account the retirement allowance arising on
38 account of the additional service credit commencing at the earliest age at which the member
39 could retire on an unreduced retirement allowance, as determined by the Board of Trustees upon
40 the advice of the actuary, plus an administrative fee to be determined by the Board of Trustees.
41 Notwithstanding the foregoing provisions of this subdivision that provide for the purchase of
42 service credits, the terms "full cost", "full liability", and "full actuarial cost" include assumed
43 annual post-retirement allowance increases, as determined by the Board of Trustees, from the
44 earliest age at which a member could retire on an unreduced service allowance.increase due to
45 the additional service credits on the basis of the assumptions used for the purposes of the actuarial
46 valuation of the liabilities of the Retirement System, except for the following assumptions
47 specific to this calculation: (i) the allowance shall be assumed to commence at the earliest age at
48 which the member could retire on an unreduced retirement allowance and (ii) assumed annual
49 postretirement allowance increases as set by the Board of Trustees upon the advice of the
50 consulting actuary. The calculation of the amount payable shall also include an administrative
51 fee to be set by the Board.

1 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
2 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
3 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
4 that the purchase is paid by the member, the cost paid by the member shall be credited to the
5 member's annuity savings account.

6 (s) Credit at Full Cost for Employment Not Otherwise Creditable. – Notwithstanding any
7 other provisions of this Chapter, any member in service with five or more years of membership
8 service may purchase creditable service for any employment as an employee, as defined in
9 G.S. 128-21(10), of a local government employer not creditable in any other retirement system
10 or plan, upon completion of five years of membership service by making a lump sum payment
11 into the Annuity Savings Fund. The payment by the member shall be equal to the full liability of
12 the service credits calculated on the basis of the assumptions used for purposes of the actuarial
13 valuation of the retirement system's liabilities, and the calculation of the amount payable shall
14 take into account the additional retirement allowance arising on account of the additional service
15 credits commencing at the earliest age at which the member could retire with an unreduced
16 retirement allowance, as determined by the Board of Trustees upon the advice of the actuary plus
17 an administrative fee to be determined by the Board of Trustees. Notwithstanding the foregoing
18 provisions of this subsection that provide for the purchase of service credits, the terms "full cost",
19 "full liability", and "full actuarial cost" include assumed annual post-retirement allowance
20 increases, as determined by the Board of Trustees, from the earliest age at which a member could
21 retire on an unreduced service allowance plan, provided that the employer is, at the time of
22 purchase, a participating employer in the Retirement System but was not a participating employer
23 in the Retirement System at the time the service was rendered by the member. The amount of
24 creditable service purchased under this subsection may not exceed a total of five years. A member
25 shall purchase this service by making a lump sum payment into the Annuity Savings Fund equal
26 to the full liability increase due to the additional service credits on the basis of the assumptions
27 used for the purposes of the actuarial valuation of the liabilities of the Retirement System, except
28 for the following assumptions specific to this calculation: (i) the allowance shall be assumed to
29 commence at the earliest age at which the member could retire on an unreduced retirement
30 allowance and (ii) assumed annual postretirement allowance increases as set by the Board of
31 Trustees upon the advice of the consulting actuary. The calculation of the amount payable shall
32 also include an administrative fee to be set by the Board.

33 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
34 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
35 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
36 that the purchase is paid by the member, the cost paid by the member shall be credited to the
37 member's annuity savings account.

38"

39 **SECTION 1.(c)** G.S. 135-1.1(b) reads as rewritten:

40 "(b) Notwithstanding any other provision of this Chapter, any State board or agency
41 charged with the duty of administering any law relating to the examination and licensing of
42 persons to practice a profession, trade, or occupation, and who is subject to the provisions of the
43 State Budget Act, Chapter 143C of the General Statutes, may make an irrevocable election by
44 appropriate resolution of the board, on or before October 1, 2000, to become an employer in the
45 Teachers' and State Employees' Retirement System. Retirement System coverage shall be
46 conditioned on the board's payment of all of the employer's contributions or matching funds from
47 funds of the board and on the board's collecting from its employees the employees' contributions,
48 at such rates as may be fixed by law and by the rules of the Board of Trustees of the Retirement
49 System, under G.S. 135-8, the Current Operations Appropriations Act, or any other applicable
50 law, all of such funds to be paid to the Retirement System and placed in the appropriate funds.
51 Any person who is was an employee of the board on the date the board makes an irrevocable

1 election to participate in the Retirement System may purchase creditable service for periods of
2 employment with the board prior to the election ~~by making a lump sum payment equal to the full~~
3 ~~cost of the service credits calculated on the basis of the assumptions used for the purposes of the~~
4 ~~actuarial valuation of the system's liabilities, and shall take into account the additional retirement~~
5 ~~allowance arising on account of such additional service credit commencing at the earliest age at~~
6 ~~which a member could retire on an unreduced retirement allowance, as determined by the Board~~
7 ~~of Trustees upon the advice of the consulting actuary, plus an administrative fee to be set by the~~
8 ~~Board of Trustees. Notwithstanding the foregoing provisions of this subdivision that provide for~~
9 ~~the purchase of service credits, the terms "full cost", "full liability", and "full actuarial cost"~~
10 ~~include assumed annual postretirement allowance increases, as determined by the Board of~~
11 ~~Trustees, from the earliest age at which a member could retire on an unreduced service~~
12 ~~allowance.~~ election, provided that (i) the person is a member in service and (ii) the purchase is
13 made on or before December 31, 2021. The amount of creditable service purchased under this
14 subsection may not exceed a total of five years. A member shall purchase this service by paying
15 a lump sum amount to the Annuity Savings Fund equal to the full liability increase due to the
16 additional service credits on the basis of the assumptions used for the purposes of the actuarial
17 valuation of the liabilities of the Retirement System, except for the following assumptions
18 specific to this calculation: (i) the allowance shall be assumed to commence at the earliest age at
19 which the employee could retire on an unreduced retirement allowance and (ii) assumed annual
20 postretirement allowance increases as set by the Board of Trustees upon the advice of the
21 consulting actuary. The increases as set by the Board of Trustees upon the advice of the
22 consulting actuary shall also include an administrative fee to be set by the Board."

23 **SECTION 1.(d)** G.S. 135-56(b) reads as rewritten:

24 "(b) ~~When~~ On or before December 31, 2021, when membership ceases as a result of a
25 member's withdrawal of his or her accumulated contributions, the prior service and previous
26 membership service of the member shall no longer be considered to be creditable service;
27 provided, however, that if a member whose creditable service has been cancelled in accordance
28 with this subsection subsequently returns to membership for a period of five years, ~~he~~ the member
29 may thereafter repay in a lump sum the amount withdrawn plus regular interest thereon from the
30 date of withdrawal through the date of repayment and thereby increase his or her creditable
31 service by the amount of creditable service lost when ~~he~~ the member withdrew his or her
32 accumulated contributions."

33 **SECTION 1.(e)** G.S. 135-56 is amended by adding a new subsection to read:

34 "(b1) On and after January 1, 2022, when membership ceases as a result of a member's
35 withdrawal of his or her accumulated contributions, the prior service and previous membership
36 service of the member shall no longer be creditable service. If a member whose creditable service
37 has been cancelled in accordance with this subsection subsequently returns to membership
38 service and completes five years of membership service upon that return, then the member may
39 purchase an amount of creditable service corresponding to the total of the membership service
40 associated with the withdrawn contributions, provided that the total amount of creditable service
41 purchased under this subsection may not exceed five years. The member shall purchase this
42 service by paying a lump sum amount to the Annuity Savings Fund equal to the full liability
43 increase due to the additional service credits on the basis of the assumptions used for the purposes
44 of the actuarial valuation of the liabilities of the Retirement System, except for the following
45 assumptions specific to this calculation: (i) the allowance shall be assumed to commence at the
46 earliest age at which the member could retire on an unreduced retirement allowance and (ii)
47 assumed annual postretirement allowance increases as set by the Board of Trustees upon the
48 advice of the consulting actuary. The increases as set by the Board of Trustees upon the advice
49 of the consulting actuary shall also include an administrative fee to be set by the Board.

50 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
51 a service purchase of a member in service. To the extent that the purchase is paid by the employer,

1 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
2 that the purchase is paid by the member, the cost paid by the member shall be credited to the
3 member's annuity savings account."

4 **SECTION 1.(f)** G.S. 120-4.15 reads as rewritten:

5 **"§ 120-4.15. Repayment of contributions.**

6 (a) ~~Repayment~~ On or before December 31, 2021, repayment of contributions withdrawn
7 from the Legislative Retirement Fund and System shall be at the rate of seven percent (7%) of
8 the highest monthly compensation received as a legislator at the time of purchase for each month
9 of creditable service restored plus an administrative fee to be paid in lump sum.

10 (b) On and after January 1, 2022, repayment of contributions withdrawn from the
11 Legislative Retirement Fund and System shall be in an amount equal to the full liability increase
12 due to the additional service credits on the basis of the assumptions used for the purposes of the
13 actuarial valuation of the liabilities of the Retirement System, except for the following
14 assumptions specific to this calculation: (i) the allowance shall be assumed to commence at the
15 earliest age at which the member could retire on an unreduced retirement allowance and (ii)
16 assumed annual postretirement allowance increases as set by the Board of Trustees of the
17 Teachers' and State Employees' Retirement System upon the advice of the consulting actuary.
18 The calculation of the amount payable shall also include an administrative fee to be set by the
19 Board of Trustees of the Teachers' and State Employees' Retirement System.

20 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
21 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
22 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
23 that the purchase is paid by the member, the cost paid by the member shall be credited to the
24 member's annuity savings account."

25 **SECTION 1.(g)** G.S. 120-4.16(a) reads as rewritten:

26 "(a) All repayments and purchases of service credit, allowed under this Article, shall be
27 made within two years after the member first becomes eligible to make such repayments and
28 purchases. All such repayments and purchases not made within two years after the member
29 becomes eligible shall equal the full ~~actuarial cost of the additional service credit as defined in~~
30 ~~G.S. 135-4(m)~~ liability increase due to the additional service credits on the basis of the
31 assumptions used for the purposes of the actuarial valuation of the liabilities of the Retirement
32 System, except for the following assumptions specific to this calculation: (i) the allowance shall
33 be assumed to commence at the earliest age at which the member could retire on an unreduced
34 retirement allowance and (ii) assumed annual postretirement allowance increases as set by the
35 Board of Trustees of the Teachers' and State Employees' Retirement System upon the advice of
36 the consulting actuary. The calculation of the amount payable shall also include an administrative
37 fee to be set by the Board of Trustees of the Teachers' and State Employees' Retirement System."

38 **SECTION 1.(h)** G.S. 126-8.5(a) reads as rewritten:

39 "(a) When the Director of the Budget determines that the closing of a State institution or
40 a reduction in force will accomplish economies in the State Budget, ~~he~~ the Director of the Budget
41 shall pay either a discontinued service retirement allowance or severance wages to any affected
42 State employee, provided reemployment is not available. As used in this section, "economies in
43 the State Budget" means economies resulting from elimination of a job and its responsibilities or
44 from a lack of funds to support the job. In determining whether to pay a discontinued service
45 retirement allowance or severance wages, the Director of the Budget shall consider the
46 recommendation of the department head involved and any recommendation of the Director of
47 the Office of State Human Resources. Severance wages shall not be paid to an employee who
48 chooses a discontinued service retirement. Severance wages shall not be subject to employer or
49 employee retirement contributions. Severance wages shall be paid according to the policies
50 adopted by the State Human Resources Commission.

1 Notwithstanding any other provisions of the State's retirement laws, any employee of the
2 State who is a member of the Teachers' and State Employees' Retirement System or the
3 Law-Enforcement Officers' Retirement System and ~~who has his whose job is~~ involuntarily
4 terminated as a result of economies in the State Budget may be entitled to a discontinued service
5 retirement allowance, subject to the approval of the employing agency and the availability of
6 agency funds. An unreduced discontinued service retirement allowance, not otherwise allowed,
7 may be approved for employees with 20 or more years of creditable retirement service who are
8 at least 55 years of age; or a discontinued service retirement allowance, not otherwise allowed,
9 may be approved for employees with 20 or more years of creditable retirement service who are
10 at least 50 years of age, reduced by one-fourth of one percent (1/4 of 1%) for each month that
11 retirement precedes ~~his the employee's~~ fifty-fifth birthday. In cases where a discontinued service
12 retirement allowance is approved, the employing agency shall make a lump sum payment to the
13 Administrator of the State Retirement Systems equal to the actuarial present value of the
14 additional liabilities imposed upon the System, to be determined by the System's consulting
15 actuary, as a result of the discontinued service retirement, plus an administrative fee to be
16 determined by the ~~Administrator Administrator~~, plus an amount to be deposited in the Retiree
17 Health Benefit Fund. The amount to be deposited in the Retiree Health Benefit Fund shall be
18 calculated by multiplying the number of years between the employee's date of discontinued
19 service retirement and the employee's earliest unreduced retirement date under G.S. 135-5 by the
20 most recent employer contribution rate to the Retiree Health Benefit Fund and then, if the
21 employee is or would be eligible for retiree medical coverage under the State Health Plan for
22 Teachers and State Employees, multiplying that figure by the salary used in the discontinued
23 salary retirement calculation.

24 The salary used to determine severance wages under this section is the last annual salary
25 except that if the employee was promoted within the previous 12 months, the last annual salary
26 is that annual salary prior to the promotion. If the annual salary prior to the promotion is used, it
27 shall be adjusted to account for any across-the-board legislative salary increases. Excluded from
28 any calculation are any benefits such as, but not limited to, overtime pay, shift pay, holiday
29 premium, or longevity pay. The salary used to determine the discontinued retirement allowance
30 under this section is the same as the average final compensation under G.S. 135-1(5)."

31 **SECTION 1.(i)** G.S. 135-3(3) reads as rewritten:

32 "(3) ~~Should any member in any period of six consecutive years after becoming a~~
33 ~~member be absent from service more than five years, or should he withdraw~~
34 ~~his accumulated contributions, or should he become a beneficiary or die, he~~
35 ~~shall thereupon cease to be a member: Provided that on and after July 1, 1967,~~
36 ~~should any member in any period of eight consecutive years after becoming a~~
37 ~~member be absent from service more than seven years, or should he withdraw~~
38 ~~his accumulated contributions, or should he become a beneficiary or die, he~~
39 ~~shall thereupon cease to be a member; provided further that the period of~~
40 ~~absence from service shall be computed from January 1, 1962, or later date of~~
41 ~~separation for any member whose contributions were not withdrawn prior to~~
42 ~~July 1, 1967: Provided that on and after July 1, 1971, a A member shall cease~~
43 ~~to be a member only if ~~he the member~~ withdraws his or her accumulated~~
44 ~~contributions, or becomes a beneficiary, or dies.~~

45 ~~Notwithstanding the foregoing, any persons whose membership was~~
46 ~~terminated under the provisions set forth above who had five or more years of~~
47 ~~creditable service and had not effected a return of contributions may elect to~~
48 ~~receive a retirement allowance on or after age 60; provided that this member~~
49 ~~may retire only upon electronic submission or written application to the Board~~
50 ~~of Trustees setting forth at which time, not less than 30 days nor more than 90~~
51 ~~days subsequent to the execution and filing, he desires to be retired."~~

1 **SECTION 1.(j)** G.S. 128-24(1a) reads as rewritten:

2 "~~(1a) Should any member in any period of eight consecutive years after becoming~~
3 ~~a member be absent from service more than seven years, or should he~~
4 ~~withdraw his accumulated contributions or should he become a beneficiary or~~
5 ~~die, he shall thereupon cease to be a member; provided that on and after July~~
6 ~~1, 1971, a A member shall cease to be a member only if he the member~~
7 ~~withdraws his or her accumulated contributions, or becomes a beneficiary, or~~
8 ~~dies."~~

9 **SECTION 1.(k)** For all service purchases that are required to have been made by
10 December 31, 2021, the Retirement Systems Division of the Department of State Treasurer shall
11 accept and process all service purchase request forms that are received by the Retirement Systems
12 Division on or before December 31, 2021.

13 **SECTION 2.(a)** G.S. 135-6 is amended by adding a new subsection to read:

14 "(e1) Effect of Vote Related to Contributory Death Benefit. – No decision of the Board
15 related to the Contributory Death Benefit provided for under this Chapter, Chapter 120, or
16 Chapter 127A of the General Statutes, shall take effect unless and until this same decision has
17 been made and voted on by the Board of Trustees of the Local Governmental Employees
18 Retirement System."

19 **SECTION 2.(b)** G.S. 128-28 is amended by adding a new subsection to read:

20 "(f1) Effect of Vote Related to Contributory Death Benefit. – No decision of the Board
21 related to the Contributory Death Benefit provided for under this Article shall take effect unless
22 and until this same decision has been made and voted on by the Board of Trustees of the Teachers'
23 and State Employees' Retirement System."

24 **SECTION 3.** G.S. 143-162.1 is amended by adding a new subsection to read:

25 "(e) The provisions of subsection (b) of this section shall not apply to any call center
26 operated under the Department of State Treasurer."

27 **SECTION 4.(a)** G.S. 135-8(f)(3) reads as rewritten:

28 "(3) In the event the employee or employer contributions required under this
29 section are not received by the date set by the Board of Trustees and provided
30 that a one-time exception has not been agreed upon in advance due to exigent
31 circumstances, the Board shall assess the employer with a penalty, in lieu of
32 interest, of 1% per month with a minimum penalty of twenty-five dollars
33 (\$25.00). The Board may waive one penalty per employer every five years if
34 the Board finds that the employer has consistently demonstrated good-faith
35 efforts to comply with the set deadline. If within 90 days after request therefor
36 by the Board any employer shall not have provided the System with the
37 records and other information required hereunder or if the full accrued amount
38 of the contributions provided for under this section due from members
39 employed by an employer or from an employer other than the State shall not
40 have been received by the System from the chief fiscal officer of such
41 employer within 30 days after the last due date as herein provided, then,
42 notwithstanding anything herein or in the provisions of any other law to the
43 contrary, upon notification by the Board to the State Treasurer as to the default
44 of such employer as herein provided, any distributions which might otherwise
45 be made to such employer from any funds of the State shall be withheld from
46 such employer until notice from the Board to the State Treasurer that such
47 employer is no longer in default.

48 In the event that an employer fails to submit payment of any required
49 contributions or payments to the Retirement Systems Division, other than the
50 one percent (1%) payment provided for in the first paragraph of this
51 subdivision, within 90 days after the date set by the Board of Trustees, the

1 Board shall notify the State Treasurer of its intent to collect the delinquent
2 contributions and other payments due to the Retirement Systems Division and
3 request an interception of State appropriations due to the participating
4 employer.

5 ~~Upon such~~ Except as provided in this subdivision, upon notification by
6 the Board of Trustees to the State Treasurer and the Office of State Budget
7 and Management as to the default of the employer, the Office of State Budget
8 and Management shall withhold from any State appropriation due to that
9 employer an amount equal to the sum of all delinquent contributions and other
10 debts due to the Retirement Systems Division and shall transmit that amount
11 to the Retirement Systems Division. For the purposes of this subsection, the
12 date set by the Board of Trustees for payment of the contribution-based benefit
13 cap liability shall be 12 months after the member's effective date of
14 retirement."

15 **SECTION 4.(b)** G.S. 128-30(g)(3) reads as rewritten:

16 "(3) In the event the employee or employer contributions required under this
17 section are not received by the date set by the Board of Trustees and provided
18 that a one-time exception has not been agreed upon in advance due to exigent
19 circumstances, the Board shall assess the employer with a penalty, in lieu of
20 interest, of 1% per month with a minimum penalty of twenty-five dollars
21 (\$25.00). The Board may waive one penalty per employer every five years if
22 the Board finds that the employer has consistently demonstrated good-faith
23 efforts to comply with the set deadline. If within 90 days after request therefor
24 by the Board any employer shall not have provided the System with the
25 records and other information required hereunder or if the full accrued amount
26 of the contributions provided for under this section due from members
27 employed by an employer or from an employer shall not have been received
28 by the System from the chief fiscal officer of such employer within 30 days
29 after the last due date as herein provided, then, notwithstanding anything
30 herein or in the provisions of any other law to the contrary, upon notification
31 by the Board to the State Treasurer as to the default of such employer as herein
32 provided, any distributions which might otherwise be made to such employer,
33 or the municipality or county of which such employer is an integral part, from
34 any funds of the State or any funds collected by the State shall be withheld
35 from such employer until notice from the Board to the State Treasurer that
36 such employer is no longer in default.

37 In the event that an employer fails to submit payment of any required
38 contributions or payments to the Retirement Systems Division, other than the
39 one percent (1%) payment provided for in the first paragraph of this
40 subdivision, within 90 days after the date set by the Board of Trustees, the
41 Board shall notify the State Treasurer of its intent to collect the delinquent
42 contributions and other payments due to the Retirement Systems Division and
43 request an interception of State appropriations due to the participating
44 employer.

45 ~~Upon such~~ Except as provided in this subdivision, upon notification by
46 the Board of Trustees to the State Treasurer and the Office of State Budget
47 and Management as to the default of the employer, the Office of State Budget
48 and Management shall withhold from any State appropriation due to that
49 employer an amount equal to the sum of all delinquent contributions and other
50 debts due to the Retirement Systems Division and shall transmit that amount
51 to the Retirement Systems Division. For the purposes of this subsection, the

1 date set by the Board of Trustees for payment of the contribution-based benefit
2 cap liability shall be 12 months after the member's effective date of
3 retirement."

4 **SECTION 5.** G.S. 147-68(b) reads as rewritten:

5 **"§ 147-68. To receive and disburse moneys; to make reports.**

6 "(b) No moneys shall be paid out of the treasury except on warrant or pursuant to an
7 electronic transfer initiated by the State, unless there one of the following applies:

8 (1) There is a legislative appropriation or authority to pay the same.

9 (2) There is an electronic debit initiated by the federal government or by the
10 government of another state to satisfy a bona fide financial obligation of the
11 State."

12 **SECTION 6.(a)** G.S. 143-166.84(c) reads as rewritten:

13 "(c) For the purposes of this Article, the term "eligible service as sheriff" means
14 membership service rendered since the person became sheriff and, if the person has sick leave
15 standing to his or her credit accrued as a member of the Local Governmental Employees'
16 Retirement System and, after notification to the Retirement Systems Division by the retiring
17 sheriff and the Department of Justice, elects to have all of that sick leave applied to service under
18 this Article instead of service in the Local Governmental Employees' Retirement System, one
19 month of credit for each 20 days or portion thereof, but not less than one hour, and subject to all
20 the requirements and restrictions of G.S. 128-26(e)."

21 **SECTION 6.(b)** Section 5(b) of S.L. 2017-128 reads as rewritten:

22 **"SECTION 5.(b)** This section becomes effective July 1, ~~2017, and expires July 1,~~
23 ~~2022-2017."~~

24 **SECTION 6.(c)** This section becomes effective October 1, 2020, and applies to all
25 elections to have sick leave applied to service under the Sheriffs' Supplemental Pension Fund on
26 or after that date.

27 **SECTION 7.(a)** G.S. 135-3(8)c1 reads as rewritten:

28 "c1. Within 90 days of the end of each month in which a beneficiary is
29 reemployed under the provisions of sub subdivision c. of this
30 subdivision, each employer shall provide a report for that month on
31 each reemployed beneficiary, including the terms of the
32 reemployment, the date of the reemployment, and the amount of the
33 monthly compensation. ~~If such a the required~~ report is not received
34 within the required 90 days, the Board may ~~assess-do any or all the~~
35 following:

36 1. Assess the employer with a penalty of ten percent (10%) of the
37 compensation of the unreported reemployed beneficiaries
38 during the months for which the employer did not report the
39 reemployed beneficiaries, with a minimum penalty of
40 twenty-five dollars (\$25.00). If after being assessed a penalty,
41 an employer provides clear and convincing evidence that the
42 failure to report resulted from a lack of oversight or some other
43 event beyond the employer's control and was not a deliberate
44 attempt to omit the reporting of reemployed beneficiaries, the
45 Board may reduce the penalty to not less than two percent (2%)
46 of the compensation of the unreported reemployed
47 beneficiaries during the months for which the employer failed
48 to report, with a minimum penalty of twenty five dollars
49 (\$25.00).

50 2. Require the employer to reimburse the Retirement System for
51 any retirement allowance paid to the beneficiary during a

1 period when the allowance would have been suspended under
 2 sub-subdivision c. of this subdivision had the report been
 3 received within the required 90 days.

- 4 3. Require the employer to pay any amounts that the beneficiary
 5 would have been required to pay to the Retirement System
 6 under sub-subdivision f. of this subdivision had the report been
 7 received within the required 90 days.

8 Upon receipt by the employer of notice that ~~a penalty has been~~
 9 ~~assessed under this sub-subdivision, any payment is due to the~~
 10 Retirement System under this sub-subdivision, the employer shall
 11 remit the payment of the ~~penalty amount due~~ to the Retirement
 12 System, in one lump sum, no later than 90 days from the date of the
 13 notice.

14 If an employer is required to make payments to the Retirement
 15 System under sub-sub-subdivision 2. or sub-sub-subdivision 3. of this
 16 sub-subdivision, then (i) the beneficiary shall have no obligation to
 17 reimburse the Retirement System for related amounts under
 18 sub-subdivisions c. or f. of this subdivision, (ii) the provisions of
 19 G.S. 135-9(b) relating to offsetting overpayments against payments
 20 made from the Retirement System to the member or beneficiary shall
 21 not apply, (iii) the Retirement System shall have no duty under
 22 G.S. 143-64.80 to pursue repayment of overpayments from the
 23 beneficiary, (iv) the overpayments shall not be considered a debt of
 24 the beneficiary under Chapter 105A of the General Statutes, and (v)
 25 the beneficiary's effective date of retirement shall be adjusted if the
 26 adjustment is required under sub-subdivision f. of this subdivision."

27 **SECTION 7.(b)** G.S. 128-24(5)c1 reads as rewritten:

28 "c1. Within 90 days of the end of each month in which a beneficiary is
 29 reemployed under the provisions of sub-subdivision c. of this
 30 subdivision, each employer shall provide a report for that month on
 31 each reemployed beneficiary, including the terms of the
 32 reemployment, the date of the reemployment, and the amount of the
 33 monthly compensation. ~~If such a the required~~ report is not received
 34 within the required 90 days, the Board may ~~assess~~ do any or all the
 35 following:

- 36 1. Assess the employer with a penalty of ten percent (10%) of the
 37 compensation of the unreported reemployed beneficiaries
 38 during the months for which the employer did not report the
 39 reemployed beneficiaries, with a minimum penalty of
 40 twenty-five dollars (\$25.00). If after being assessed a penalty,
 41 an employer provides clear and convincing evidence that the
 42 failure to report resulted from a lack of oversight or some other
 43 event beyond the employer's control and was not a deliberate
 44 attempt to omit the reporting of reemployed beneficiaries, the
 45 Board may reduce the penalty to not less than two percent (2%)
 46 of the compensation of the unreported reemployed
 47 beneficiaries during the months for which the employer failed
 48 to report, with a minimum penalty of twenty-five dollars
 49 (\$25.00).
- 50 2. Require the employer to reimburse the Retirement System for
 51 any retirement allowance paid to the beneficiary during a

1 period when the allowance would have been suspended under
 2 sub-subdivision c. of this subdivision had the report been
 3 received within the required 90 days.

4 3. Require the employer to pay any amounts that the beneficiary
 5 would have been required to pay to the Retirement System
 6 under sub-subdivision f. of this subdivision had the report been
 7 received within the required 90 days.

8 Upon receipt by the employer of notice that ~~a penalty has been~~
 9 ~~assessed under this sub-subdivision, any payment is due to the~~
 10 Retirement System under this sub-subdivision, the employer shall
 11 remit the payment of the ~~penalty amount due~~ to the Retirement
 12 System, in one lump sum, no later than 90 days from the date of the
 13 notice.

14 If an employer is required to make payments to the Retirement
 15 System under sub-sub-subdivision 2. or sub-sub-subdivision 3. of this
 16 sub-subdivision, then (i) the beneficiary shall have no obligation to
 17 reimburse the Retirement System for related amounts under
 18 sub-subdivisions c. or e. of this subdivision, (ii) the provisions of
 19 G.S. 128-31(b) relating to offsetting overpayments against payments
 20 made from the Retirement System to the member or beneficiary shall
 21 not apply, (iii) the Retirement System shall have no duty under
 22 G.S. 143-64.80 to pursue repayment of overpayments from the
 23 beneficiary, (iv) the overpayments shall not be considered a debt of
 24 the beneficiary under Chapter 105A of the General Statutes, and (v)
 25 the beneficiary's effective date of retirement shall be adjusted if the
 26 adjustment is required under sub-subdivision e. of this subdivision."

27 **SECTION 7.(c)** This section is effective July 1, 2021, and applies to reports required
 28 to be made on or after that date.

29 **SECTION 8.(a)** G.S. 135-7(h) reads rewritten:

30 "(h) Legislative Enactment Implementation Arrangement. – The Legislative Enactment
 31 Implementation Arrangement (LEIA) is established effective October 1, 2017, and placed under
 32 the management of the Board of Trustees. The purpose of the LEIA is to provide for timely
 33 administrative implementation of legislative provisions regarding the retirement of, or payment
 34 of retirement benefits to, public officers or public employees. The LEIA shall have the following
 35 parameters:

36 ...
 37 (2) Funding of the LEIA. – In the event that the General Assembly creates or
 38 modifies any provision for the retirement of, or payment of retirement benefits
 39 to, public officers or public employees that has a cost savings as measured by
 40 actuarial note required by Article 15 of Chapter 120 of the General Statutes,
 41 the Board of Trustees may direct up to one hundredth percent (0.01%) of the
 42 required contributions to fund the LEIA. These funds must be deposited in a
 43 separate fund from the fund into which regular employer contributions are
 44 deposited for the Retirement System. The Board of Trustees shall not direct
 45 any employer contributions into the LEIA after November 1, ~~2021-2026.~~

46"

47 **SECTION 8.(b)** G.S. 128-29(g) reads as rewritten:

48 "(g) Legislative Enactment Implementation Arrangement. – The Legislative Enactment
 49 Implementation Arrangement (LEIA) is established effective October 1, 2017, and placed under
 50 the management of the Board of Trustees. The purpose of the LEIA is to provide for timely
 51 administrative implementation of legislative provisions regarding the retirement of, or payment

1 of retirement benefits to, public officers or public employees. The LEIA shall have the following
 2 parameters:

- 3 ...
- 4 (2) Funding of the LEIA. – In the event that the General Assembly creates or
 5 modifies any provision for the retirement of, or payment of retirement benefits
 6 to, public officers or public employees that has a cost savings as measured by
 7 actuarial note required by Article 15 of Chapter 120 of the General Statutes,
 8 the Board of Trustees may direct up to one hundredth percent (0.01%) of the
 9 required contributions to fund the LEIA. These funds must be deposited in a
 10 separate fund from the fund into which regular employer contributions are
 11 deposited for the Retirement System. The Board of Trustees shall not direct
 12 any employer contributions into the LEIA after November 1, ~~2021~~2026.

13"

14 **SECTION 9.** Article 6 of Chapter 147 of the General Statutes is amended by adding
 15 a new section to read:

16 "**§ 147-75.1. Criminal record checks for the Department of State Treasurer.**

17 (a) The Department of State Treasurer may obtain from the State and National
 18 Repositories of Criminal Histories or from any other lawful source the criminal history of any of
 19 the following individuals:

- 20 (1) A current or prospective permanent or temporary employee of the Department
 21 of State Treasurer.
- 22 (2) A contractor with the Department of State Treasurer.
- 23 (3) An employee or agent of a contractor with the Department of State Treasurer
 24 who is performing or will perform work for the Department of State Treasurer.
- 25 (4) A volunteer of the Department of State Treasurer.
- 26 (5) Any other individual otherwise engaged by the Department of State Treasurer
 27 who will have access to health or financial information or data maintained by
 28 the Department of State Treasurer that is confidential or otherwise nonpublic.

29 (b) The Department of State Treasurer may deny employment to or dismiss any
 30 individual identified under subdivisions (1), (2), (4), and (5) of subsection (a) of this section who
 31 refuses to consent to a criminal history record check or to the use of fingerprints or other
 32 identifying information required by the State or National Repositories of Criminal Histories. Any
 33 refusal shall constitute just cause for the employment denial or the dismissal from employment.

34 (c) The Department of State Treasurer may extend a conditional offer of employment
 35 pending the results of a criminal history record check authorized by this section."

36 **SECTION 10.** If any provision of this act or its application is held invalid, the
 37 invalidity does not affect other provisions or applications of this act that can be given effect
 38 without the invalid provisions or application, and to this end the provisions of this act are
 39 severable.

40 **SECTION 11.** G.S. 120-32 is amended by adding a new subdivision to read:

41 "**§ 120-32. Commission duties.**

42 The Legislative Services Commission is authorized to:

- 43 ...
- 44 (2a) Obtain a criminal history record check of a prospective employee, volunteer,
 45 or contractor of the General Assembly. The criminal history record check shall
 46 be conducted by the State Bureau of Investigation as provided in
 47 G.S. 143B-972. The criminal history report shall be provided to the
 48 Legislative Services Officer and is not a public record under Chapter 132 of
 49 the General Statutes.

50"

1 **SECTION 12.(a)** Subpart D of Part 4 of Article 13 of Chapter 143B of the General
2 Statutes is amended by adding a new section to read:

3 **"§ 143B-972. Criminal record checks for the Legislative Services Commission.**

4 The Department of Public Safety may provide to the Legislative Services Officer from the
5 State and National Repositories of Criminal Histories the criminal history of any prospective
6 employee, volunteer, or contractor of the General Assembly. The Legislative Services Officer
7 shall provide to the Department of Public Safety, along with the request, the fingerprints of the
8 prospective employee, volunteer, or contractor, a form signed by the prospective employee,
9 volunteer, or contractor consenting to the criminal record check and use of fingerprints and other
10 identifying information required by the State and National Repositories and any additional
11 information required by the Department of Public Safety. The fingerprints of the prospective
12 employee, volunteer, or contractor shall be forwarded to the State Bureau of Investigation for a
13 search of the State's criminal history record file, and the State Bureau of Investigation shall
14 forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history
15 record check. The Legislative Services Officer shall keep all information obtained pursuant to
16 this section confidential. The Department of Public Safety may charge a fee to offset the cost
17 incurred by it to conduct a criminal record check under this section. The fee shall not exceed the
18 actual cost of locating, editing, researching, and retrieving the information."

19 **SECTION 12.(b)** This section becomes effective October 1, 2020.

20 **SECTION 13.** Except as otherwise provided, this act is effective when it becomes
21 law.