

NORTH CAROLINA GENERAL ASSEMBLY
1973 SESSION

CHAPTER 1311
SENATE BILL 1154

AN ACT TO PROVIDE CREDIT FOR TEACHERS AND STATE EMPLOYEES AS RECOMMENDED BY THE INTERIM APPROPRIATIONS SUBCOMMITTEE ON RETIREMENT SYSTEMS STUDY AS DIRECTED BY RESOLUTION 91 RATIFIED MAY 18, 1973.

The General Assembly of North Carolina enacts:

Section 1. G.S. 135-4(f), as the same appears in the 1973 Cumulative Supplement to the General Statutes, is hereby amended by the addition of a new subdivision (6) to read as follows:

"(6) Notwithstanding any other provision of this Chapter, teachers and other State employees not otherwise allowed service credit for service in the armed forces of the United States may, upon completion of 10 years of membership service, purchase such service credit by paying in a total lump sum an amount, based on the compensation the member earned when he first entered membership and the employee contribution rate at that time, with sufficient interest added thereto so as to equal one half the cost of allowing such service, plus a fee to cover expense of handling payment to be determined by the Board of Trustees and assessed the member at the time of payment; provided that credit will be allowed only for the initial period of active duty in the armed forces of the United States up to the time the member was first eligible to be separated or released therefrom, and subsequent periods of such active duty as required by the armed forces of the United States up to the date of first eligibility for separation or release therefrom; and further provided that the member submit satisfactory evidence of the service claimed and that service credit be allowed only for that period of active service in the armed forces of the United States not creditable in any other retirement system, except the National Guard or any reserve component of the armed forces of the United States. These provisions shall apply equally to retired members who had attained 10 years of membership service prior to retirement. Cost as used in this subsection shall mean the amount of money required to provide additional retirement benefits based on service credit allowed at the time any adjustment to the service credit of a member is made."

Sec. 2. G.S. 135-4, as the same appears in the 1973 Cumulative Supplement to the General Statutes, is hereby amended by the addition of a new subsection (k) to read as follows:

"(k) Notwithstanding any other provision of this Chapter, any person who withdrew his contributions in accordance with the provisions of G.S. 128-27(f) or G.S. 135-5(f) and who subsequently returns to service may, upon completion of 10 years of membership service, repay in a total lump sum any and all of the accumulated contributions previously withdrawn with sufficient interest added thereto to cover one half of the cost of providing such additional credit plus a fee to cover expense of handling which shall be determined by the Board of Trustees and receive credit for the service forfeited at time of withdrawal(s), provided that he left service

prior to July 1, 1974. Any person who leaves service after June 30, 1974, and who withdraws his contributions in accordance with G.S. 128-27(f) or G.S. 135-5(f) and who subsequently returns to service may, upon completion of 10 years of membership service, repay in a total lump sum any and all of the accumulated contributions previously withdrawn with sufficient interest added thereto to cover the full cost of providing such additional credit plus a fee to cover expense of handling which shall be determined by the Board of Trustees and receive credit for the service forfeited at time of withdrawal(s). These provisions shall apply equally to retired members who had attained 10 years of membership service prior to retirement. Cost as used in this subsection shall mean the amount of money required to provide additional retirement benefits based on service credit allowed at the time any adjustment to the service credit of a member is made."

Sec. 3. G.S. 135-4, as the same appears in the 1973 Cumulative Supplement to the General Statutes, is hereby amended by the addition of a new subsection (1) to read as follows:

"(1) Notwithstanding any other provision of this Chapter, any member may, upon completion of 10 years of current membership service, purchase credit for service previously rendered to any state, territory or other governmental subdivision of the United States other than this State at the rate of one year of out-of-state service for each two years of service in this State with a maximum allowable of 10 years of out-of-state service. Such service is limited to full-time service which would be allowable under the laws governing this system. Credit will be allowed only if the member was not vested at time of separation and the service was not creditable after separation or withdrawal in any other public retirement system and only if no benefit is allowable in another public retirement system as a result of such service. Payment shall be permitted only on a total lump sum, an amount based on the compensation the member earned when he first entered membership and the employee contribution rate at that time and shall be equal to the full cost of providing credit for such service plus a fee to cover expense of handling which shall be determined by the Board of Trustees. These provisions shall apply equally to retired members who had attained 10 years of membership service prior to retirement. Cost as used in this subsection shall mean the amount of money required to provide additional retirement benefits based on service credit allowed at the time any adjustment to the service credit of an individual is made."

Sec. 4. The employer portion of the annual cost to fund the provisions of this act shall be paid by the employer based on the employer contribution rate as determined by the actuary and no cost shall be paid from funds now held by the Retirement System.

Sec. 5. All repayments must be made within three years after the member first becomes eligible to make such repayment.

Sec. 6. This act shall become effective July 1, 1974.

In the General Assembly read three times and ratified, this the 12th day of April, 1974.