

NORTH CAROLINA GENERAL ASSEMBLY
1981 SESSION

CHAPTER 1000
HOUSE BILL 1097

AN ACT TO AMEND G.S. 135-8(b)(5) AND G.S. 128-30(b)(4) TO PROVIDE
ALTERNATIVE MEANS OF PURCHASING RETIREMENT SERVICE CREDITS FOR
EDUCATIONAL PROGRAMS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 135-8(b)(5) and G.S. 128-30(b)(4) are rewritten to read as follows:

"The Board of Trustees may approve the purchase of creditable service by any member for leaves of absence or for interrupted service to an employer for the sole purpose of acquiring knowledge, talents, or abilities and to increase the efficiency of service to the employer. This creditable service shall be limited to a career total of four years for each member and may be obtained in the following manner:

- a. Approved leave of absence. Where the employer grants an approved leave of absence, a member may make monthly contributions to the annuity savings fund on the basis of compensation the member was earning immediately prior to such leave of absence. The employer shall make monthly contributions equal to the normal and accrued liability contribution on such compensation or, in lieu thereof, the member may pay into the annuity savings fund monthly an amount equal to the employer's normal and accrued liability contribution when the policy of the employer is not to make such payment.
- b. No educational leave policy. Where the employer has a policy of not granting educational leaves of absence or the member has unsuccessfully petitioned for leave of absence and the member has interrupted service for educational purposes, the member may make monthly contributions into the annuity savings fund in an amount equal to the employee contribution plus the employer normal and accrued liability contribution on the basis of the compensation the member was earning immediately prior to the interrupted service.
- c. Educational program prior to July 1, 1981. Creditable service for leaves of absence or interrupted service for educational purposes prior to July 1, 1981, may be purchased by a member, before or after retirement, who returned as a contributing employee or teacher within 12 months after completing the educational program and completed 10 years of subsequent membership service, by making a lump sum payment into the annuity savings fund equal to the full cost of the service credits calculated on the basis of the assumptions used for purposes of the actuarial valuation of the system's liabilities and shall take into account the retirement allowance arising on account of the additional service credit commencing at the earliest age at which the member could retire on an unreduced retirement allowance as determined by the board of trustees upon the advice of the consulting actuary, plus a fee to be determined by the board of trustees.

Payments required to be made by the member under subparagraphs a. or b. above shall be due by the 15th of the month following the month for which service credit is allowed and payments made after the due date shall be assessed a one percent (1%) per month penalty for each month or fraction thereof the payment is made beyond the due date; provided, however, the member shall forfeit the right to continue contributions if any payment is not made within 90 days of the due date and payments made shall be refunded and service credits cancelled if the member does not become a contributing employee within 12 months after completing the educational program and fails to complete three years of subsequent consecutive membership service except in the event of death or disability."

Sec. 2. G.S. 135-8(d)(1) is amended by deleting the phrase "In addition, such contributions by employers will be required for each member on leave of absence who makes monthly contributions in accordance with (b)(5) above, and will be based on the salary or wage the member was receiving at the time the leave of absence was granted."

Sec. 3. G.S. 128-30(d)(1) is amended by deleting the phrase "In addition, such contributions by participating employers will be required for each member on leave of absence who makes monthly contributions in accordance with (b)(4) above, and will be based on the salary or wage the member was receiving at the time the leave of absence was granted."

Sec. 4. This act shall become effective upon ratification.

In the General Assembly read three times and ratified, this the 9th day of October, 1981.