

GENERAL ASSEMBLY OF NORTH CAROLINA
1987 SESSION

CHAPTER 1110
SENATE BILL 601

AN ACT TO INCREASE THE RETIREMENT FORMULA FOR MEMBERS AND BENEFICIARIES OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM AND MEMBERS AND BENEFICIARIES OF THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM.

The General Assembly of North Carolina enacts:

Section 1. G.S. 135-5(b9) is amended by rewriting the language preceding the first colon to read:

"Service Retirement Allowance of Members Retiring on or after July 1, 1985, but before July 1, 1988. Upon retirement from service, in accordance with subsection (a) above, on or after July 1, 1985, but before July 1, 1988, a member shall receive the following service retirement allowance".

Sec. 2. G.S. 135-5 is amended by adding a new subsection to read:

"(b10) Service Retirement Allowance of Members Retiring on or after July 1, 1988. Upon retirement from service in accordance with subsection (a) above, on or after July 1, 1988, a member shall receive the following service retirement allowance:

- (1) A member who is a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:
 - a. If the member's service retirement date occurs on or after his 55th birthday, and completion of five years of creditable service as a law enforcement officer, or after the completion of 30 years of creditable service, the allowance shall be equal to one and sixty hundredths percent (1.60%) of his average final compensation, multiplied by the number of years of his creditable service.
 - b. This allowance shall also be governed by the provisions of G.S. 135-5(b9)(1)b.
- (2) A member who is not a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:
 - a. If the member's service retirement date occurs on or after his 65th birthday upon the completion of five years of creditable service or after the completion of 30 years of creditable service or on or after his 60th birthday upon the completion of 25 years of creditable service, such allowance shall be equal to one and

sixty hundredths percent (1.60%) of his average final compensation, multiplied by the number of years of his creditable service.

- b. This allowance shall also be governed by the provisions of G.S. 135-5(b9)(2)b., c. and d."

Sec. 3. G.S. 135-5 is further amended by adding a new subsection to read:

"(oo) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 1988. From and after July 1, 1988, the retirement allowance to or on account of beneficiaries on the retirement rolls as of June 1, 1988, shall be increased by one and two-tenths percent (1.2%) of the allowance payable on June 1, 1988. This allowance shall be calculated on the basis of the allowance payable and in effect on June 30, 1988, so as not to be compounded on any other increase payable under subsection (o) of this section or otherwise granted by act of the 1987 Session of the General Assembly."

Sec. 4. G.S. 128-27(b8) is amended by rewriting the language preceding the first colon to read:

"Service Retirement Allowance of Law Enforcement Officers Retiring on or after January 1, 1986, but before July 1, 1988. Upon retirement from service, in accordance with subsection (a) above, on or after January 1, 1986, but before July 1, 1988, a member who is a law enforcement officer or an eligible former law enforcement officer shall receive the following service retirement allowance".

Sec. 5. G.S. 128-27(b9) is amended by rewriting the language preceding the first colon to read:

"Service Retirement Allowance of Members Retiring on or after July 1, 1985, but before July 1, 1988. Upon retirement from service, in accordance with subsection (a) above, on or after July 1, 1985, but before July 1, 1988, a member shall receive the following service retirement allowance".

Sec. 6. G.S. 128-27 is amended by adding a new subsection to read:

"(b10) Service Retirement Allowance of Members Retiring on or after July 1, 1988. Upon retirement from service in accordance with subsection (a) above, on or after July 1, 1988, a member shall receive the following service retirement allowance:

- (1) A member who is a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:
 - a. If the member's service retirement date occurs on or after his 55th birthday, and completion of five years of creditable service as a law enforcement officer, or after the completion of 30 years of creditable service, the allowance shall be equal to one and sixty hundredths percent (1.60%) of his average final compensation, multiplied by the number of years of his creditable service.
 - b. Such allowance shall also be governed by the provisions of G.S. 128-27(b8)(2).

- (2) A member who is not a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:
- a. If the member's service retirement date occurs on or after his 65th birthday upon the completion of five years of creditable service or after the completion of 30 years of creditable service, or on or after his 60th birthday upon the completion of 25 years of creditable service, such allowance shall be equal to one and sixty-hundredths percent (1.60%) of his average final compensation, multiplied by the number of years of his creditable service.
 - b. Such allowance shall also be governed by the provisions of G.S. 128-27(b7)(2a), (2b) and (3)."

Sec. 7. G.S. 128-27 is further amended by adding a new subsection to read:

"(ee) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 1988. From and after July 1, 1988, the retirement allowance to or on account of beneficiaries on the retirement rolls as of June 1, 1988, shall be increased by one and two-tenths percent (1.2%) of the allowance payable on June 1, 1988. This allowance shall be calculated on the basis of the allowance payable and in effect on June 30, 1988, so as not to be compounded on any other increase payable under subsection (k) of this section or otherwise granted by act of the 1987 Session of the General Assembly.

Sec. 8. G.S. 128-26(e) is amended in the first paragraph by deleting the phrase, "but sick leave shall not be counted in computing creditable service for the purpose of determining eligibility for service retirement, disability retirement, early retirement or for a vested deferred allowance" and substituting the phrase, "but sick leave shall not be counted in computing creditable service for the purpose of determining eligibility for disability retirement or for a vested deferred allowance."

Sec. 9. G.S. 135-4(e) is amended in the first paragraph by deleting the phrase ", but sick leave shall not be counted in computing creditable service for the purpose of determining eligibility for early retirement, disability retirement, or for a vested deferred allowance." and substituting the phrase ", but sick leave shall not be counted in computing creditable service for the purpose of determining eligibility for disability retirement or for a vested deferred allowance."

Sec. 10. In order to fund the provisions of this act, the Board of Trustees of the Teachers' and State Employees' Retirement System, with the advice of its consulting actuary, shall apply unencumbered actuarial gain remaining after application of such gain to cost-of-living increases for retired members and any other increases in retirement benefits contained in the 1988-89 Current Operating Appropriations Act, and shall reallocate the percentage of payroll contribution rates for employers among the normal and accrued liability contributions to the Retirement System without an increase in the total employer contribution rate and without an increase in the scheduled amortization period for liquidation of unfunded accrued liabilities of the Retirement System.

Sec. 11. In order to fund the provisions of this act, the Board of Trustees of the Local Governmental Employees' Retirement System, with the advice of its consulting actuary, shall apply unencumbered actuarial gain remaining after application of such gain to cost-of-living increases for retired members and any other increases in retirement benefits contained in the 1988-89 Current Operating Appropriations Act before increasing the employer contribution rate to the Retirement System.

Sec. 11.1. G.S. 120-111.3 is amended in the first paragraph by adding a sentence to read: "Any bill referred to the Committee on Pensions and Retirement cannot be further considered by that house until such bill has received a favorable report, a report without prejudice, or has been recalled from that committee."

Sec. 11.2. The General Assembly hereby expresses its intent that no further changes in the benefit accrual rates of the Teachers' and State Employees' Retirement System or the Local Governmental Employees' Retirement System shall be made in the next biennium.

Sec. 12. This act shall become effective July 1, 1988.

In the General Assembly read three times and ratified this the 12th day of July, 1988.