

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 1997

SESSION LAW 1998-71
HOUSE BILL 1522

AN ACT TO ALLOW MEMBERS OF THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM TO PURCHASE SERVICE RENDERED AS A PART-TIME TEACHER OR STATE EMPLOYEE AND TO ALLOW MEMBERS OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM TO PURCHASE SERVICE RENDERED AS A LOCAL GOVERNMENTAL EMPLOYEE.

The General Assembly of North Carolina enacts:

Section 1. G.S. 128-26(p)(1) reads as rewritten:

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

Section 2. G.S. 128-26(r) reads as rewritten:

"(r) Credit at Full Cost for Temporary ~~Local~~-Government Employment. – Notwithstanding any other provisions of this Chapter, any member may purchase creditable service for ~~local~~-government employment when classified as a temporary employee subject to the conditions that:

- (1) The member was employed by an employer as defined in ~~G.S. 128-21(11); G.S. 128-21(11) or G.S. 135-1(11);~~
- (2) The member's temporary employment met all other requirements of ~~G.S. 128-21(10); G.S. 128-21(10), or G.S. 135-1(10) or (25);~~
- (3) The member has completed five years or more of membership service;
- (4) The member acquires from the employer such certifications of temporary employment as are required by the Board of Trustees; and
- (5) The member makes a lump sum payment into the Annuity Savings Fund equal to the full liability of the service credits calculated on the basis of the assumptions used for purposes of the actuarial valuation of the retirement system's liabilities, and the calculation of the amount payable 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 actuary, plus an administrative fee to be determined by the Board of Trustees. Notwithstanding the foregoing provisions of this subdivision that provide for the purchase of service credits, the terms "full cost", "full liability", and "full actuarial cost" include assumed annual post-retirement allowance increases, as determined by the Board of Trustees, from the earliest age at which a member could retire on an unreduced service allowance."

Section 3. G.S. 135-4(p1)(1) reads as rewritten:

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

age at which a member could retire on an unreduced service allowance."

Section 4. G.S. 135-4(s) reads as rewritten:

"(s) Credit at Full Cost for Temporary State-Employment. – In addition to the provisions of subsection (p) above, any member may purchase creditable service for State employment when classified as a temporary teacher or employee subject to the conditions that the:

- (1) Member was employed by an employer as defined in ~~G.S. 135-1(11);~~ G.S. 135-1(11) or G.S. 128-21(11);
- (2) Member's temporary employment met all other requirements of G.S. ~~135-1(10) or (25); or (25),~~ or G.S. 128-21(10);
- (3) Member has completed five years or more of membership service;
- (4) Member acquires from the employer such certifications of temporary employment as are required by the Board of Trustees; and
- (5) Member makes a lump sum payment into the Annuity Savings Fund equal to the full liability of the service credits calculated on the basis of the assumptions used for purposes of the actuarial valuation of the Retirement 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 actuary, plus an administrative expense fee to be determined by the Board of Trustees. Notwithstanding the foregoing provisions of this subdivision that provide for the purchase of service credits, the terms "full cost", "full liability", and "full actuarial cost" include assumed annual post-retirement allowance increases, as determined by the Board of Trustees, from the earliest age at which a member could retire on an unreduced service allowance.

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

Section 5. This act becomes effective July 1, 1998.

In the General Assembly read three times and ratified this the 29th day of July, 1998.

s/ Dennis A. Wicker
President of the Senate

s/ Harold J. Brubaker
Speaker of the House of Representatives

s/ James B. Hunt, Jr.
Governor

Approved 9:42 p.m. this 30th day of July, 1998