

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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HOUSE BILL 1967

Short Title: Retirement Service Transfer.

(Public)

Sponsors: Representative Flaherty.

Referred to: Pensions and Retirement.

June 1, 1994

A BILL TO BE ENTITLED

1 AN ACT TO PROVIDE FOR MEMBERS OF THE CONSOLIDATED JUDICIAL
2 RETIREMENT SYSTEM TO TRANSFER CREDITABLE SERVICE FROM THE
3 TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM TO THE
4 CONSOLIDATED JUDICIAL RETIREMENT SYSTEM.
5

6 The General Assembly of North Carolina enacts:

7 Section 1. G.S. 135-28.1 is amended by adding a new subsection to read:

8 "(f) Notwithstanding the provisions of paragraphs (a), (b), (c), (d), and (e) of this
9 subdivision, on or after July 1, 1994, the accumulated contributions and creditable
10 service of any member whose service as a teacher or State employee has been or is
11 terminated other than by retirement or death and, who, while still a member of this
12 Retirement System, became or becomes a member, as defined in G.S. 135-53(11), of the
13 Consolidated Judicial Retirement System, shall be transferred from this Retirement
14 System to the Consolidated Judicial Retirement System provided any such member of
15 the Consolidated Judicial Retirement System elected to leave his total accumulated
16 contributions in the Teachers' and State Employees' Retirement System and further
17 provided his account in the Teachers' and State Employees' Retirement System remains
18 active. In order to effect the transfer of a member's creditable service from the
19 Teachers' and State Employees' Retirement System to the Consolidated Judicial
20 Retirement System on and after July 1, 1994, the accumulated contributions of each
21 member credited in the annuity savings fund in the Teachers' and State Employees'
22 Retirement System shall be transferred and credited to the annuity savings fund in the
23 Consolidated Judicial Retirement System."

24 Sec. 2. G.S. 135-56 is amended by adding a new subsection to read:

1 "(f) On and after July 1, 1994, the creditable service of a member, who was a
2 member of the Teachers' and State Employees' Retirement System and whose
3 accumulated contributions are transferred from that System to this System, includes
4 service that was creditable in the Teachers' and State Employees Retirement System;
5 and membership service with that Retirement System is membership service with this
6 Retirement System."

7 Sec. 3. G.S. 135-56.2 reads as rewritten:

8 "**§ 135-56.2. Creditable service for other employment.**

9 Any member may purchase creditable service for service as a State teacher or
10 employee, as defined under G.S. 135-1(10) and (25), and for service as an
11 employee of local government, as defined under G.S. 128-21(10). A member, upon the
12 completion of 10 years of membership service, may also purchase creditable service for
13 periods of federal employment, provided that the member is not receiving any
14 retirement benefits resulting from this federal employment, and provided that the
15 member is not vested in the particular federal retirement system to which the member
16 may have belonged while a federal employee. The member, after the transfer of any
17 accumulated contributions from the Teachers' and State Employees' Retirement System
18 or Local Governmental Employees' Retirement System, shall pay an amount equal to
19 the full cost of the service credits calculated on the basis of the assumptions used for
20 purposes of the actuarial valuation of the Retirement System's liabilities, taking into
21 account the additional retirement allowance arising on account of the additional service
22 credits commencing at the earliest age at which the member could retire with an
23 unreduced retirement allowance as determined by the Board of Trustees upon the advice
24 of the consulting actuary, plus an administrative fee as set by the Board of Trustees. As
25 an alternative to transferring any accumulated contributions from ~~the Teachers' and State~~
26 ~~Employees' Retirement System or the Local Governmental Employees' Retirement System~~
27 to the Consolidated Judicial Retirement System, a member may irrevocably elect to
28 transfer these contributions to the Supplemental Retirement Income Plan of North
29 Carolina as determined by the Plan's Board of Trustees and the Department of State
30 Treasurer in accordance with the provisions of G.S. 135-94(a)(4). Notwithstanding the
31 foregoing provisions of this section that provide for the purchase of service credits, the
32 terms 'full cost', 'full liability', and 'full actuarial cost' include assumed annual post-
33 retirement allowance increases, as determined by the Board of Trustees, from the
34 earliest age at which a member could retire on an unreduced service allowance."

35 Sec. 4. G.S. 135-58(a1) reads as rewritten:

36 "(a1) Any member who retires under the provisions of subsection (a) or subsection
37 (c) of G.S. 135-57 on or after July 1, 1990, but before July 1, 1994, after he either has
38 attained his 65th birthday or has completed 24 years or more of creditable service shall
39 receive an annual retirement allowance, payable monthly, which shall commence on the
40 effective date of his retirement and shall be continued on the first day of each month
41 thereafter during his lifetime, the amount of which shall be computed as the sum of (1),
42 (2), and (3) following, provided that in no event shall the annual allowance payable to
43 any member be greater than an amount which, when added to the allowance, if any, to
44 which he is entitled under the Teachers' and State Employees' Retirement System, the

1 Legislative Retirement System or the North Carolina Local Governmental Employees'
2 Retirement System (prior in any case to any reduction for early retirement or for an
3 optional mode of payment) would total three-fourths of his final compensation:

- 4 (1) Four and two-hundredths percent (4.02%) of his final compensation,
5 multiplied by the number of years of his creditable service rendered as
6 a justice of the Supreme Court or judge of the Court of Appeals;
- 7 (2) Three and fifty-two hundredths percent (3.52%) of his final
8 compensation, multiplied by the number of years of his creditable
9 service rendered as a judge of the superior court or as administrative
10 officer of the courts;
- 11 (3) Three and two-hundredths percent (3.02%) of his final compensation,
12 multiplied by the number of years of his creditable service rendered as
13 a judge of the district court, district attorney, or clerk of superior
14 court."

15 Sec. 5. G.S. 135-58 is amended by adding a new subsection to read:

16 "(a2) Any member who retires under the provisions of subsection (a) or subsection
17 (c) of G.S. 135-57 on or after July 1, 1994, after he has either attained his 65th birthday
18 or has completed 24 years or more of creditable service, shall receive an annual
19 retirement allowance, payable monthly, which shall commence on the effective date of
20 his retirement and shall be continued on the first day of each month thereafter during his
21 lifetime, the amount of which shall be computed as the sum of the amounts in
22 subdivisions (1), (2), (3), and (4) following, provided that in no event shall the annual
23 allowance payable to any member be greater than an amount which, when added to the
24 allowance, if any, to which he is entitled under the Legislative Retirement System or the
25 North Carolina Local Governmental Employees' Retirement System (prior in any case
26 to any reduction for early retirement or for an optional mode of payment) would total
27 three-fourths of his final compensation:

- 28 (1) Four and two-hundredths percent (4.02%) of his final compensation,
29 multiplied by the number of years of his creditable service rendered as
30 a justice of the Supreme Court or judge of the Court of Appeals;
- 31 (2) Three and fifty-two hundredths percent (3.52%) of his final
32 compensation, multiplied by the number of years of his creditable
33 service rendered as a judge of the superior court or as administrative
34 officer of the courts;
- 35 (3) Three and two-hundredths percent (3.02%) of his final compensation,
36 multiplied by the number of years of his creditable service, rendered as
37 a judge of the district court, district attorney, or clerk of superior court;
- 38 (4) A service retirement allowance computed in accordance with the
39 service retirement provisions of Article 1 of this Chapter using an
40 average final compensation as defined in G.S. 135-53(2a) and
41 creditable service equal to the number of years of his creditable service
42 which was transferred from the Teachers' and State Employees'
43 Retirement System to this System as provided in G.S. 135-56."

44 Sec. 6. G.S. 135-53 is amended by adding a new subsection to read:

1 "(2a) 'Average final compensation' shall mean the average annual compensation of
2 a member during the 48 consecutive calendar months of membership service producing
3 the highest such average."

4 Sec. 7. G.S. 135-60(a) reads as rewritten:

5 "(a) Upon retirement for disability in accordance with G.S. 135-59, a member
6 shall receive a disability retirement allowance computed and payable as provided for
7 service retirement in G.S. ~~135-58(a)~~135-58(a2) except that the member's creditable
8 service shall be taken as the creditable service he would have had had he continued in
9 service to the earliest date he could have retired on an unreduced service retirement
10 allowance as a member in the same division of the General Court of Justice in which he
11 was serving on his disability retirement date."

12 Sec. 8. Chapter 135 is amended by adding a new section to read:

13 **"§ 135-70A. Transfer of members from the Teachers' and State Employees'**
14 **Retirement System.**

15 (a) On or after July 1, 1994, the accumulated contributions and creditable
16 service, if any, of a former teacher or State employee, as defined in G.S. 135-1(10) and
17 G.S. 135-1(25) respectively, who is an actively contributing member of the
18 Consolidated Judicial Retirement System, shall be transferred from the Teachers' and
19 State Employees' Retirement System to the Consolidated Judicial Retirement System
20 provided any such member of the Consolidated Judicial Retirement System elected to
21 leave his total accumulated contributions in the Teachers' and State Employees'
22 Retirement System and further provided his account in the Teachers' and State
23 Employees' Retirement System remains active. The accumulated contributions and
24 creditable service of any member whose service as a teacher or State employee is
25 terminated other than by retirement or death and, who becomes a member of the
26 Consolidated Judicial Retirement System on or after July 1, 1994, shall be transferred
27 from the Teachers' and State Employees' Retirement System to the Consolidated
28 Judicial Retirement System provided any such member of the Consolidated Judicial
29 Retirement System elected to leave his total accumulated contributions in the Teachers'
30 and State Employees' Retirement System and further provided his account in the
31 Teachers' and State Employees' Retirement System remains active. In order to effect
32 the transfer of a member's creditable service from the Teachers' and State Employees'
33 Retirement System to the Consolidated Judicial Retirement System on and after July 1,
34 1994, the accumulated contributions of each member credited in the annuity savings
35 fund in the Teachers' and State Employees' Retirement System shall be transferred and
36 credited to the annuity savings fund in the Consolidated Judicial Retirement System.

37 (b) The Board of Trustees shall effect such rules as it may deem necessary to
38 administer the preceding subsection and to prevent any duplication of service credits or
39 benefits that might otherwise occur."

40 Sec. 9. This act becomes effective July 1, 1994.