

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 527

Pensions and Retirement Committee Substitute Adopted 4/27/93

Short Title: Increase Retire. Allowance.

(Public)

Sponsors:

Referred to: Appropriations.

March 23, 1993

A BILL TO BE ENTITLED

1 AN ACT TO PROVIDE AN INCREASE TO RETIREES OF THE LOCAL
2 GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM, THE TEACHERS'
3 AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE CONSOLIDATED
4 JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT
5 SYSTEM, AND TO INCREASE THE RETIREMENT FORMULA WITH
6 ADJUSTING INCREASE TO RETIREES OF THE TEACHERS' AND STATE
7 EMPLOYEES' RETIREMENT SYSTEM.
8

9 The General Assembly of North Carolina enacts:

10 Section 1. G.S. 120-4.22A is amended by adding a new subsection to read:

11 "(h) In accordance with subsection (a) of this section, from and after July 1, 1993,
12 the retirement allowance to or on account of beneficiaries whose retirement commenced
13 on or before January 1, 1993, shall be increased by three percent (3%) of the allowance
14 payable on January 1, 1993. Furthermore, from and after July 1, 1993, the retirement
15 allowance to or on account of beneficiaries whose retirement commenced after January
16 1, 1993, but before June 30, 1993, shall be increased by a prorated amount of three
17 percent (3%) of the allowance payable as determined by the Board of Trustees based
18 upon the number of months that a retirement allowance was paid between January 1,
19 1993, and June 30, 1993."

20 Sec. 2. G.S. 128-27 is amended by adding a new subsection to read:

21 "(ll) From and after July 1, 1993, the retirement allowance to or on account of
22 beneficiaries whose retirement commenced on or before July 1, 1992, shall be increased
23 by three percent (3%) of the allowance payable on July 1, 1992, in accordance with G.S.

1 128-27(k). Furthermore, from and after July 1, 1993, the retirement allowance to or on
2 account of beneficiaries whose retirement commenced after July 1, 1992, but before
3 June 30, 1993, shall be increased by a prorated amount of three percent (3%) of the
4 allowance payable as determined by the Board of Trustees based upon the number of
5 months that a retirement allowance was paid between July 1, 1992, and June 30, 1993."

6 Sec. 3. G.S. 135-5(b13) reads as rewritten:

7 "(b13) Service Retirement Allowance of Members Retiring on or after July 1,
8 ~~1992-1992~~, but before July 1, 1993. – Upon retirement from service in accordance with
9 subsection (a) above, on or after July 1, 1992, but before July 1, 1993, a member shall
10 receive the following service retirement allowance:

11 (1) A member who is a law enforcement officer or an eligible former law
12 enforcement officer shall receive a service retirement allowance
13 computed as follows:

14 a. If the member's service retirement date occurs on or after his
15 55th birthday, and completion of five years of creditable service
16 as a law enforcement officer, or after the completion of 30 years
17 of creditable service, the allowance shall be equal to one and
18 seventy hundredths percent (1.70%) of his average final
19 compensation, multiplied by the number of years of his
20 creditable service.

21 b. This allowance shall also be governed by the provisions of G.S.
22 135-5(b9)(1)b.

23 (2) A member who is not a law enforcement officer or an eligible former
24 law enforcement officer shall receive a service retirement allowance
25 computed as follows:

26 a. If the member's service retirement date occurs on or after his
27 65th birthday upon the completion of five years of creditable
28 service or after the completion of 30 years of creditable service
29 or on or after his 60th birthday upon the completion of 25 years
30 of creditable service, the allowance shall be equal to one and
31 seventy hundredths percent (1.70%) of his average final
32 compensation, multiplied by the number of years of creditable
33 service.

34 b. This allowance shall also be governed by the provisions of G.S.
35 135-5(b9)(2)b. c. and d."

36 Sec. 4. G.S. 135-5 is amended by adding a new subsection to read:

37 "(b14) Service Retirement Allowance of Members Retiring on or after July 1,
38 1993. – Upon retirement from service in accordance with subsection (a) above, on or
39 after July 1, 1993, a member shall receive the following service retirement allowance:

40 (1) A member who is a law enforcement officer or an eligible former law
41 enforcement officer shall receive a service retirement allowance
42 computed as follows:

43 a. If the member's service retirement date occurs on or after his
44 55th birthday, and completion of five years of creditable service

1 as a law enforcement officer, or after the completion of 30 years
2 of creditable service, the allowance shall be equal to one and
3 seventy-one hundredths percent (1.71%) of his average final
4 compensation, multiplied by the number of years of his
5 creditable service.

6 b. If the member's service retirement date occurs after his 50th and
7 before his 55th birthday with 15 or more years of creditable
8 service as a law enforcement officer and prior to the completion
9 of 30 years of creditable service, the allowance shall be
10 computed as in G.S. 135-5(b14)(1)a., but shall be reduced by
11 one-third of one percent (1/3 of 1%) thereof for each month by
12 which the retirement date precedes the first day of the month
13 coincident with or next following his 55th birthday.

14 (2) A member who is not a law enforcement officer or an eligible former
15 law enforcement officer shall receive a service retirement allowance
16 computed as follows:

17 a. If the member's service retirement date occurs on or after his
18 65th birthday upon the completion of five years of creditable
19 service or after the completion of 30 years of creditable service
20 or on or after his 60th birthday upon the completion of 25 years
21 of creditable service, the allowance shall be equal to one and
22 seventy-one hundredths percent (1.71%) of his average final
23 compensation, multiplied by the number of years of creditable
24 service.

25 b. If the member's service retirement date occurs after his 60th
26 birthday and before his 65th birthday and prior to the
27 completion of 25 years or more of creditable service, the
28 retirement allowance shall be computed as in G.S. 135-
29 5(b14)(2)a. but shall be reduced by one-quarter of one percent
30 (1/4 of 1%) thereof for each month by which his retirement date
31 precedes the first day of the month coincident with or next
32 following his 65th birthday.

33 c. If the member's service retirement date occurs before his 60th
34 birthday and prior to the completion of 30 or more years of
35 creditable service, the service retirement allowance shall be the
36 actuarial equivalent of the allowance payable at the age of 60
37 years as computed in G.S. 135(b14)(2)b.

38 d. Notwithstanding the foregoing provisions, any member whose
39 creditable service commenced prior to July 1, 1963, shall
40 receive not less than the benefit provided by G.S 135-5(b)."

41 Sec. 5. G.S 135-5 is amended by adding two new subsections to read:

42 "(vv) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 1993. –
43 From and after July 1, 1993, the retirement allowance to or on account of beneficiaries
44 on the retirement rolls as of June 1, 1993, shall be increased by six-tenths of one percent

1 (.6%) of the allowance payable on July 1, 1993. This allowance shall be calculated on
2 the allowance payable and in effect on June 30, 1993, so as not to be compounded on
3 any other increase granted by act of the 1993 General Assembly. Furthermore, from
4 and after July 1, 1993, the retirement allowance to or on account of beneficiaries whose
5 retirement commenced after July 1, 1992, but before June 30, 1993, shall be increased
6 by a prorated amount of two percent (2%) of the allowance payable as determined by
7 the Board of Trustees based upon the number of months that a retirement allowance was
8 paid between July 1, 1992, and June 30, 1993.

9 "(ww) From and after July 1, 1993, the retirement allowance to or on account of
10 beneficiaries whose retirement commenced on or before July 1, 1992, shall be increased
11 by three percent (3%) of the allowance payable on July 1, 1992, in accordance with G.S.
12 135-5(o). Furthermore, from and after July 1, 1993, the retirement allowance to or on
13 account of beneficiaries whose retirement commenced after July 1, 1992, but before
14 June 30, 1993, shall be increased by a prorated amount of three percent (3%) of the
15 allowance payable as determined by the Board of Trustees based upon the number of
16 months that a retirement allowance was paid between July 1, 1992, and June 30, 1993."

17 Sec. 6. G.S. 135-65 is amended by adding a new subsection to read:

18 "(n) From and after July 1, 1993, the retirement allowance to or on account of
19 beneficiaries whose retirement commenced on or before July 1, 1992, shall be increased
20 by three percent (3%) of the allowance payable on July 1, 1992, in accordance with G.S.
21 135-50. Furthermore, from and after July 1, 1993, the retirement allowance to or on
22 account of beneficiaries whose retirement commenced after July 1, 1992, but before
23 June 30, 1993, shall be increased by a prorated amount of three percent (3%) of the
24 allowance payable as determined by the Board of Trustees based upon the number of
25 months that a retirement allowance was paid between July 1, 1992, and June 30, 1993."

26 Sec. 7. In order to fund the provisions of this act, the Board of Trustees of the
27 Teachers' and State Employees' Retirement System, the Consolidated Judicial
28 Retirement System, and the Legislative Retirement System, with the advice of the
29 consulting actuary, shall apply the unencumbered actuarial gains in the Systems by
30 allocating the percentage of payroll contribution rates for employers between the normal
31 and accrued liability contributions to the Retirement System without an increase in the
32 total employer contribution rate. The Board of Trustees of the Local Governmental
33 Employees' Retirement System, with the advice of its consulting actuary, shall apply the
34 unencumbered actuarial gain in the System to the normal percentage contribution of
35 payroll for employers to the Retirement System without an increase in the total
36 employer contribution rate.

37 Sec. 8. This act becomes effective July 1, 1993.