

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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HOUSE BILL 816

Short Title: Law Officers' 25-Year Retirement.

(Public)

Sponsors: Representatives Hensley; Blue, McComas, Cansler, Sexton, and Mosley.

Referred to: Pensions and Retirement.

April 1, 1999

A BILL TO BE ENTITLED

1 AN ACT TO ALLOW LAW OFFICERS WHO ARE MEMBERS OF THE TEACHERS'
2 AND STATE EMPLOYEES' RETIREMENT SYSTEM OR THE LOCAL
3 GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM TO RETIRE WITH
4 UNREDUCED BENEFITS AFTER COMPLETING TWENTY-FIVE YEARS OF
5 SERVICE.
6

7 The General Assembly of North Carolina enacts:

8 Section 1. G.S. 135-5(b17) reads as rewritten:

9 "(b17) Service Retirement Allowance of Members Retiring on or After July 1,
10 ~~1997~~ 1997, but before July 1, 1999. – Upon retirement from service in accordance with
11 subsection (a) or (a1) above, on or after July 1, 1997, but before July 1, 1999, a member
12 shall receive the following service retirement allowance.

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

- 16 a. If the member's service retirement date occurs on or after his
17 55th birthday, and completion of five years of creditable service
18 as a law enforcement officer, or after the completion of 30 years
19 of creditable service, the allowance shall be equal to one and
20 eighty hundredths percent (1.80%) of his average final

- 1 compensation, multiplied by the number of years of his
2 creditable service.
- 3 b. If the member's service retirement date occurs on or after his
4 50th birthday and before his 55th birthday with 15 or more years
5 of creditable service as a law enforcement officer and prior to the
6 completion of 30 years of creditable service, his retirement
7 allowance shall be equal to the greater of:
- 8 1. The service retirement allowance payable under G.S. 135-
9 5(b17)(1)a, reduced by one-third of one percent ($1/3$ of
10 1%) thereof for each month by which his retirement date
11 precedes the first day of the month coincident with or next
12 following the month the member would have attained his
13 55th birthday; or
- 14 2. The service retirement allowance as computed under G.S.
15 135-5(b17)(1)a. reduced by five percent (5%) times the
16 difference between 30 years and his creditable service at
17 retirement.
- 18 (2) A member who is not a law enforcement officer or an eligible former
19 law enforcement officer shall receive a service retirement allowance
20 computed as follows:
- 21 a. If the member's service retirement date occurs on or after his
22 65th birthday upon the completion of five years of membership
23 service or after the completion of 30 years of creditable service
24 or on or after his 60th birthday upon the completion of 25 years
25 of creditable service, the allowance shall be equal to one and
26 eighty hundredths percent (1.80%) of his average final
27 compensation, multiplied by the number of years of creditable
28 service.
- 29 b. If the member's service retirement date occurs after his 60th
30 birthday and before his 65th birthday and prior to his completion
31 of 25 years or more of creditable service, his retirement
32 allowance shall be computed as in G.S. 135-5(b17)(2)a. but shall
33 be reduced by one-quarter of one percent ($1/4$ of 1%) thereof for
34 each month by which his retirement date precedes the first day of
35 the month coincident with or next following his 65th birthday.
- 36 c. If the member's early service retirement date occurs on or after
37 his 50th birthday and before his 60th birthday and after
38 completion of 20 years of creditable service but prior to the
39 completion of 30 years of creditable service, his early service
40 retirement allowance shall be equal to the greater of:
- 41 1. The service retirement allowance as computed under G.S.
42 135-5(b17)(2)a. but reduced by the sum of five-twelfths of
43 one percent ($5/12$ of 1%) thereof for each month by which

1 his retirement date precedes the first day of the month
2 coincident with or next following the month the member
3 would have attained his 60th birthday, plus one-quarter of
4 one percent (1/4 of 1%) thereof for each month by which
5 his 60th birthday precedes the first day of the month
6 coincident with or next following his 65th birthday; or

7 2. The service retirement allowance as computed under G.S.
8 135-5(b17)(2)a. reduced by five percent (5%) times the
9 difference between 30 years and his creditable service at
10 retirement; or

11 3. If the member's creditable service commenced prior to
12 July 1, 1994, the service retirement allowance equal to the
13 actuarial equivalent of the allowance payable at the age of
14 60 years as computed in G.S. 135-5(b17)(2)b.

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

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

19 "(b18) Service Retirement Allowance of Members Retiring on or After July 1,
20 1999. – Upon retirement from service in accordance with subsection (a) or (a1) above, on
21 or after July 1, 1999, a member shall receive the following service retirement allowance.

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

25 a. If the member's service retirement date occurs on or after his
26 55th birthday, and completion of five years of creditable service
27 as a law enforcement officer, or after the completion of 25 years
28 of creditable service, the allowance shall be equal to one and
29 eighty hundredths percent (1.80%) of his average final
30 compensation, multiplied by the number of years of his
31 creditable service.

32 b. If the member's service retirement date occurs on or after his
33 50th birthday and before his 55th birthday with 15 or more years
34 of creditable service as a law enforcement officer and prior to the
35 completion of 25 years of creditable service, his retirement
36 allowance shall be equal to the greater of:

37 1. The service retirement allowance payable under G.S. 135-
38 5(b18)(1)a. reduced by one-third of one percent (1/3 of
39 1%) thereof for each month by which his retirement date
40 precedes the first day of the month coincident with or next
41 following the month the member would have attained his
42 55th birthday; or

- 1 2. The service retirement allowance as computed under G.S.
2 135-5(b18)(1)a. reduced by five percent (5%) times the
3 difference between 25 years and his creditable service at
4 retirement.
- 5 (2) A member who is not a law enforcement officer or an eligible former
6 law enforcement officer shall receive a service retirement allowance
7 computed as follows:
- 8 a. If the member's service retirement date occurs on or after his
9 65th birthday upon the completion of five years of membership
10 service or after the completion of 30 years of creditable service
11 or on or after his 60th birthday upon the completion of 25 years
12 of creditable service, the allowance shall be equal to one and
13 eighty hundredths percent (1.80%) of his average final
14 compensation, multiplied by the number of years of creditable
15 service.
- 16 b. If the member's service retirement date occurs after his 60th
17 birthday and before his 65th birthday and prior to his completion
18 of 25 years or more of creditable service, his retirement
19 allowance shall be computed as in G.S. 135-5(b18)(2)a. but shall
20 be reduced by one-quarter of one percent (1/4 of 1%) thereof for
21 each month by which his retirement date precedes the first day of
22 the month coincident with or next following his 65th birthday.
- 23 c. If the member's early service retirement date occurs on or after
24 his 50th birthday and before his 60th birthday and after
25 completion of 20 years of creditable service but prior to the
26 completion of 30 years of creditable service, his early service
27 retirement allowance shall be equal to the greater of:
- 28 1. The service retirement allowance as computed under G.S.
29 135-5(b18)(2)a. but reduced by the sum of five-twelfths of
30 one percent (5/12 of 1%) thereof for each month by which
31 his retirement date precedes the first day of the month
32 coincident with or next following the month the member
33 would have attained his 60th birthday, plus one-quarter of
34 one percent (1/4 of 1%) thereof for each month by which
35 his 60th birthday precedes the first day of the month
36 coincident with or next following his 65th birthday; or
- 37 2. The service retirement allowance as computed under G.S.
38 135-5(b18)(2)a. reduced by five percent (5%) times the
39 difference between 30 years and his creditable service at
40 retirement; or
- 41 3. If the member's creditable service commenced prior to
42 July 1, 1994, the service retirement allowance equal to the

1 actuarial equivalent of the allowance payable at the age of
2 60 years as computed in G.S. 135-5(b17)(2)b.

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

6 Section 3. G.S. 135-5(m) reads as rewritten:

7 "(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the
8 principal beneficiary designated to receive a return of accumulated contributions shall
9 have the right to elect to receive in lieu thereof the reduced retirement allowance
10 provided by Option 2 of subsection (g) above computed by assuming that the member
11 had retired on the first day of the month following the date of his death, provided that the
12 following conditions apply:

- 13 (1) a. The member had attained such age and/or creditable service to be
14 eligible to commence retirement with an early or service retirement
15 allowance, or
16 b. The member had obtained 20 years of creditable service in which
17 case the retirement allowance shall be computed in accordance
18 with ~~G.S. 135-5(b17)(1)b.~~ G.S. 135-5(b18)(1)b. or ~~G.S. 135-~~
19 ~~5(b17)(2)e.,~~ G.S. 135-5(b18)(2)c., notwithstanding the
20 requirement of obtaining age 50.
21 (2) The member had designated as the principal beneficiary to receive a
22 return of his accumulated contributions one and only one person who
23 was living at the time of his death.
24 (3) The member had not instructed the Board of Trustees in writing that he
25 did not wish the provisions of this subsection to apply.

26 For the purpose of this benefit, a member is considered to be in service at the date of
27 his death if his death occurs within 180 days from the last day of his actual service. The
28 last day of actual service shall be determined as provided in subsection (l) of this
29 section. Upon the death of a member in service, the surviving spouse may make all
30 purchases for creditable service as provided for under this Chapter for which the member
31 had made application in writing prior to the date of death, provided that the date of death
32 occurred prior to or within 60 days after notification of the cost to make the purchase.
33 The term "in service" as used in this subsection includes a member in receipt of a benefit
34 under the Disability Income Plan as provided in Article 6 of this Chapter."

35 Section 4. G.S. 128-27(b17) reads as rewritten:

36 "(b17) Service Retirement Allowance of Member Retiring on or After July 1,
37 ~~1998-1999, but before July 1, 1999.~~ – Upon retirement from service in accordance with
38 subsection (a) or (a1) above, on or after July 1, 1998, but before July 1, 1999, a member
39 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:

- 1 a. If the member's service retirement date occurs on or after his
2 55th birthday and completion of five years of creditable service
3 as a law enforcement officer, or after the completion of 30 years
4 of creditable service, the allowance shall be equal to one and
5 seventy-seven hundredths percent (1.77%) of his average final
6 compensation, multiplied by the number of years of his
7 creditable service.
- 8 b. If the member's service retirement date occurs on or after his
9 50th birthday and before his 55th birthday with 15 or more years
10 of creditable service as a law enforcement officer and prior to the
11 completion of 30 years of creditable service, his retirement
12 allowance shall be equal to the greater of:
- 13 1. The service retirement allowance payable under G.S. 128-
14 27(b17)(1)a. reduced by one-third of one percent ($1/3$ of
15 1%) thereof for each month by which his retirement date
16 precedes the first day of the month coincident with or next
17 following the month the member would have attained his
18 55th birthday; or
- 19 2. The service retirement allowance as computed under G.S.
20 128-27(b17)(1)a. reduced by five percent (5%) times the
21 difference between 30 years and his creditable service at
22 retirement.
- 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-seven hundredths percent (1.77%) of average final
32 compensation, multiplied by the number of years of creditable
33 service.
- 34 b. If the member's service retirement date occurs after his 60th
35 birthday and before his 65th birthday and prior to his completion
36 of 25 years or more of creditable service, his retirement
37 allowance shall be computed as in G.S. 128-27(b17)(2)a. but
38 shall be reduced by one-quarter of one percent ($1/4$ of 1%)
39 thereof for each month by which his retirement date precedes the
40 first day of the month coincident with or next following his 65th
41 birthday.
- 42 c. If the member's early service retirement date occurs on or after
43 his 50th birthday and before his 60th birthday and after

1 completion of 20 years of creditable service but prior to the
2 completion of 30 years of creditable service, his early service
3 retirement allowance shall be equal to the greater of:

- 4 1. The service retirement allowance as computed under G.S.
5 128-27(b17)(2)a. but reduced by the sum of five-twelfths
6 of one percent (5/12 of 1%) thereof for each month by
7 which his retirement date precedes the first day of the
8 month coincident with or next following the month the
9 member would have attained his 60th birthday, plus one-
10 quarter of one percent (1/4 of 1%) thereof for each month
11 by which his 60th birthday precedes the first day of the
12 month coincident with or next following his 65th birthday;
13 or
- 14 2. The service retirement allowance as computed under G.S.
15 128-27(b17)(2)a. reduced by five percent (5%) times the
16 difference between 30 years and his creditable service at
17 retirement; or
- 18 3. If the member's creditable service commenced prior to
19 July 1, 1995, the service retirement allowance equal to the
20 actuarial equivalent of the allowance payable at the age of
21 60 years as computed in G.S. 128-27(b17)(2)b.

- 22 d. Notwithstanding the foregoing provisions, any member whose
23 creditable service commenced prior to July 1, 1965, shall not
24 receive less than the benefit provided by G.S. 128-27(b)."

25 Section 5. G.S. 128-27 is amended by adding a new subsection to read:

26 "(b18) Service Retirement Allowance of Member Retiring on or After July 1,
27 1999. – Upon retirement from service in accordance with subsection (a) or (a1) above, on
28 or after July 1, 1999, a member shall receive the following service retirement allowance:

- 29 (1) A member who is a law enforcement officer or an eligible former law
30 enforcement officer shall receive a service retirement allowance
31 computed as follows:

- 32 a. If the member's service retirement date occurs on or after his
33 55th birthday and completion of five years of creditable service
34 as a law enforcement officer, or after the completion of 25 years
35 of creditable service, the allowance shall be equal to one and
36 seventy-seven hundredths percent (1.77%) of his average final
37 compensation, multiplied by the number of years of his
38 creditable service.

- 39 b. If the member's service retirement date occurs on or after his
40 50th birthday and before his 55th birthday with 15 or more years
41 of creditable service as a law enforcement officer and prior to the
42 completion of 25 years of creditable service, his retirement
43 allowance shall be equal to the greater of:

- 1 1. The service retirement allowance payable under G.S. 128-
2 27(b18)(1)a. reduced by one-third of one percent (1/3 of
3 1%) thereof for each month by which his retirement date
4 precedes the first day of the month coincident with or next
5 following the month the member would have attained his
6 55th birthday; or
- 7 2. The service retirement allowance as computed under G.S.
8 128-27(b18)(1)a. reduced by five percent (5%) times the
9 difference between 25 years and his creditable service at
10 retirement.
- 11 (2) A member who is not a law enforcement officer or an eligible former
12 law 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 65th birthday upon the completion of five years of creditable
16 service or after the completion of 30 years of creditable service
17 or on or after his 60th birthday upon the completion of 25 years
18 of creditable service, the allowance shall be equal to one and
19 seventy-seven hundredths percent (1.77%) of average final
20 compensation, multiplied by the number of years of creditable
21 service.
- 22 b. If the member's service retirement date occurs after his 60th
23 birthday and before his 65th birthday and prior to his completion
24 of 25 years or more of creditable service, his retirement
25 allowance shall be computed as in G.S. 128-27(b18)(2)a. but
26 shall be reduced by one-quarter of one percent (1/4 of 1%)
27 thereof for each month by which his retirement date precedes the
28 first day of the month coincident with or next following his 65th
29 birthday.
- 30 c. If the member's early service retirement date occurs on or after
31 his 50th birthday and before his 60th birthday and after
32 completion of 20 years of creditable service but prior to the
33 completion of 30 years of creditable service, his early service
34 retirement allowance shall be equal to the greater of:
- 35 1. The service retirement allowance as computed under G.S.
36 128-27(b18)(2)a. but reduced by the sum of five-twelfths
37 of one percent (5/12 of 1%) thereof for each month by
38 which his retirement date precedes the first day of the
39 month coincident with or next following the month the
40 member would have attained his 60th birthday, plus one-
41 quarter of one percent (1/4 of 1%) thereof for each month
42 by which his 60th birthday precedes the first day of the

1 month coincident with or next following his 65th birthday;
2 or

3 2. The service retirement allowance as computed under G.S.
4 128-27(b18)(2)a. reduced by five percent (5%) times the
5 difference between 30 years and his creditable service at
6 retirement; or

7 3. If the member's creditable service commenced prior to
8 July 1, 1995, the service retirement allowance equal to the
9 actuarial equivalent of the allowance payable at the age of
10 60 years as computed in G.S. 128-27(b18)(2)b.

11 d. Notwithstanding the foregoing provisions, any member whose
12 creditable service commenced prior to July 1, 1965, shall not
13 receive less than the benefit provided by G.S. 128-27(b)."

14 Section 6. G.S. 128-27(m) reads as rewritten:

15 "(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the
16 principal beneficiary designated to receive a return of accumulated contributions shall
17 have the right to elect to receive in lieu thereof the reduced retirement allowance
18 provided by Option two of subsection (g) above computed by assuming that the member
19 had retired on the first day of the month following the date of his death, provided that all
20 three of the following conditions apply:

21 (1) a. The member had attained such age and/or creditable service to be
22 eligible to commence retirement with an early or service retirement
23 allowance, or

24 b. The member had obtained 20 years of creditable service in which
25 case the retirement allowance shall be computed in accordance
26 with ~~G.S. 128-27(b17)(1)b.~~ G.S. 128-27(b18)(1)b. or ~~G.S. 128-~~
27 ~~27(b17)(2)c.,~~ G.S. 128-27(b18)(2)c., notwithstanding the
28 requirement of obtaining age 50.

29 (2) The member had designated as the principal beneficiary to receive a
30 return of his accumulated contributions one and only one person who is
31 living at the time of his death.

32 (3) The member had not instructed the Board of Trustees in writing that he
33 did not wish the provisions of this subsection apply.

34 For the purpose of this benefit, a member is considered to be in service at the date of
35 his death if his death occurs within 180 days from the last day of his actual service. The
36 last day of actual service shall be determined as provided in subsection (l) of this
37 section. Upon the death of a member in service, the surviving spouse may make all
38 purchases for creditable service as provided for under this Chapter for which the member
39 had made application in writing prior to the date of death, provided that the date of death
40 occurred prior to or within 60 days after notification of the cost to make the purchase."

41 Section 7. This act becomes effective July 1, 1999.