GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2005

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HOUSE BILL 2223* Committee Substitute Favorable 6/22/06

Short Title:	Charlotte Firefighters' Retirement Changes.	

Sponsors:

Referred to:

May 22, 2006

1	A BILL TO BE ENTITLED
2	AN ACT TO AMEND THE LAW ESTABLISHING THE CHARLOTTE
3	FIREFIGHTERS' RETIREMENT SYSTEM.
4	The General Assembly of North Carolina enacts:
5	SECTION 1. Subdivision (9) of Section 2 of Chapter 926 of the 1947
6	Session Laws, as rewritten by Section 1 of Chapter 830 of the 1991 Session Laws, as
7	amended by Chapter 171 of the 1995 Session Laws, Chapter 640 of the 1993 Session
8	Laws, S.L. 1999-100, S.L. 2001-22, and S.L. 2002-43, reads as rewritten:
9	"(9) 'Compensation' means the remuneration reportable on Form W-2
10	earned by a Member for services performed as an employee of the
11	Charlotte Fire Department prior to any reductions pursuant to sections
12	125, 401(k), 402(k), 402(e)(3), 414(h)(2), 403(b), 408(k)(6), and 457
13	of the Internal Revenue Code. Compensation shall include payments
14	for unused sick and vacation days, longevity payments, bonus
15	payments, and merit increases. For the purpose of calculating a
16	Member's Final Average Salary, (i) payments for unused sick and
17	vacation days shall be included as Compensation to the extent that the
18	vacation and sick days for which payments are made could have
19	accrued during two Plan Years of the Member's last five years of
20	Membership Service, and (ii) payments for longevity shall be included
21	as Compensation to the extent such payments were made during two
22	Plan Years of the Member's last five years of Membership Service.
23	Effective July 1, 2002, for purposes of applying the limitations
24	described in Section 51 of this Act, compensation paid or made
25	available during such limitation years shall also include elective
26	amounts that are not includible in the gross income of the Member by
27	reason of section $132(f)(4)$ of the Internal Revenue Code.
28	In addition to the other applicable limitations set forth in this Act,
29	and notwithstanding any other provision of this Act to the contrary, for

(Public)

Plan Years beginning on or after January 1, 2002, the annual
Compensation of each Member taken into account under the Act shall
not exceed two hundred thousand dollars (\$2000,000), the annual
compensation limit under section 401(a)(17) of the Internal Revenue
Code, as amended by section 611(c) of the Economic Growth and Tax
Relief Reconciliation Act of 2001. Annual compensation means
compensation during the Plan Year or such other 12-month period
over which Compensation is otherwise determined (the 'determination
period'). If a determination period consists of fewer than 12 months,
the annual compensation limit will be multiplied by a fraction, the
numerator of which is the number of months in the determination
period, and the denominator of which is 12. For purposes of
determining benefit accruals in a plan year, beginning after December
31, 2001, the compensation limit for any prior determination period
shall be two hundred thousand dollars (\$200,000). The two hundred
thousand dollars (\$200,000) limit on annual compensation shall be
adjusted for cost-of-living increases in accordance with section
401(a)(17)(B) of the Code."
SECTION 2. Section 13.1 of Chapter 926 of the 1947 Session Laws, as
rewritten by Section 1 of Chapter 830 of the 1991 Session Laws, Chapter 171 of the
1995 Session Laws, Chapter 640 of the 1993 Session Laws, S.L. 1999-100, S.L.
2001-22, and S.L. 2002-43, is amended by adding a new subsection to read:
"(c) In the event of a mandatory distribution greater than one thousand dollars
(\$1,000) that is made without the Member's consent and is made to the Member before
the Member attains the later of age 62 or Normal Retirement Age, if the Member does
not elect to have such distribution paid directly to an eligible retirement plan specified
by the Member in a direct rollover or to receive the distribution from the Plan, the
Administrator shall pay the distribution in a direct rollover to an individual retirement
plan designated by the Administrator."

30 **SECTION 3.** None of the provisions of this act shall create an additional 31 liability for the Charlotte Firefighters' Retirement System unless sufficient assets are 32 available to pay for the liability.

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SECTION 4. This act becomes effective July 1, 2006.