

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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HOUSE BILL 2772

Short Title: Enhance TSERS Benefits/Retirement COLAs. (Public)

Sponsors: Representatives Bell, J. Harrell (Primary Sponsors); Coleman, England, Faison, Farmer-Butterfield, Lucas, McLawhorn, Pierce, Ross, Spear, Tarleton, Weiss, and Womble.

Referred to: Pensions and Retirement, if favorable, Appropriations.

May 29, 2008

A BILL TO BE ENTITLED

1
2 AN ACT TO ENHANCE THE BENEFITS OF MEMBERS OF THE TEACHERS'
3 AND STATE EMPLOYEES' RETIREMENT SYSTEM AND TO PROVIDE
4 COST-OF-LIVING INCREASES FOR RETIREES OF THE TEACHERS' AND
5 STATE EMPLOYEES' RETIREMENT SYSTEM, THE JUDICIAL RETIREMENT
6 SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM, AND THE
7 LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM.

8 The General Assembly of North Carolina enacts:

9 **SECTION 1.** G.S. 135-5(b19) reads as rewritten:

10 "(b19) Service Retirement Allowance of Members Retiring on or After July 1, ~~2002-~~
11 ~~2002, But Before July 1, 2008.~~– Upon retirement from service in accordance with
12 subsection (a) or (a1) above, on or after July 1, 2002, but before July 1, 2008, a member
13 shall receive the following service retirement allowance:

14 (1) A member who is a law enforcement officer or an eligible former law
15 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 55th birthday, and completion of five years of creditable service
19 as a law enforcement officer, or after the completion of 30 years
20 of creditable service, the allowance shall be equal to one and
21 eighty-two hundredths percent (1.82%) of his average final
22 compensation, multiplied by the number of years of his
23 creditable service.

24 b. If the member's service retirement date occurs on or after his
25 50th birthday and before his 55th birthday with 15 or more
26 years of creditable service as a law enforcement officer and

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

- 3 1. The service retirement allowance payable under
4 G.S. 135-5(b19)(1)a. reduced by one-third of one percent
5 (1/3 of 1%) thereof for each month by which his
6 retirement date precedes the first day of the month
7 coincident with or next following the month the member
8 would have attained his 55th birthday; or
- 9 2. The service retirement allowance as computed under
10 G.S. 135-5(b19)(1)a. reduced by five percent (5%) times
11 the difference between 30 years and his creditable
12 service at retirement.

13 (2) A member who is not a law enforcement officer or an eligible former
14 law 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 65th birthday upon the completion of five years of membership
18 service or after the completion of 30 years of creditable service
19 or on or after his 60th birthday upon the completion of 25 years
20 of creditable service, the allowance shall be equal to one and
21 eighty-two hundredths percent (1.82%) of his average final
22 compensation, multiplied by the number of years of creditable
23 service.
- 24 b. If the member's service retirement date occurs after his 60th
25 birthday and before his 65th birthday and prior to his
26 completion of 25 years or more of creditable service, his
27 retirement allowance shall be computed as in
28 G.S. 135-5(b19)(2)a. but shall be reduced by one-quarter of one
29 percent ($\frac{1}{4}$ of 1%) thereof for each month by which his
30 retirement date precedes the first day of the month coincident
31 with or next following his 65th birthday.
- 32 c. If the member's early service retirement date occurs on or after
33 his 50th birthday and before his 60th birthday and after
34 completion of 20 years of creditable service but prior to the
35 completion of 30 years of creditable service, his early service
36 retirement allowance shall be equal to the greater of:
 - 37 1. The service retirement allowance as computed under
38 G.S. 135-5(b19)(2)a. but reduced by the sum of
39 five-twelfths of one percent ($\frac{5}{12}$ of 1%) thereof for
40 each month by which his retirement date precedes the
41 first day of the month coincident with or next following
42 the month the member would have attained his 60th
43 birthday, plus one-quarter of one percent ($\frac{1}{4}$ of 1%)
44 thereof for each month by which his 60th birthday

- 1 precedes the first day of the month coincident with or
2 next following his 65th birthday; or
3 2. The service retirement allowance as computed under
4 G.S. 135-5(b19)(2)a. reduced by five percent (5%) times
5 the difference between 30 years and his creditable
6 service at retirement; or
7 3. If the member's creditable service commenced prior to
8 July 1, 1994, the service retirement allowance equal to
9 the actuarial equivalent of the allowance payable at the
10 age of 60 years as computed in G.S. 135-5(b19)(2)b.
11 d. Notwithstanding the foregoing provisions, any member whose
12 creditable service commenced prior to July 1, 1963, shall not
13 receive less than the benefit provided by G.S. 135-5(b)."

14 **SECTION 2.** G.S. 135-5 is amended by adding a new subsection to read:

15 "(b20) Service Retirement Allowance of Members Retiring on or After July 1, 2008.
16 – Upon retirement from service in accordance with subsection (a) or (a1) of this section,
17 on or after July 1, 2008, a member shall receive the following service retirement
18 allowance:

- 19 (1) A member who is a law enforcement officer or an eligible former law
20 enforcement officer shall receive a service retirement allowance
21 computed as follows:
22 a. If the member's service retirement date occurs on or after his
23 55th birthday, and completion of five years of creditable service
24 as a law enforcement officer, or after the completion of 30 years
25 of creditable service, the allowance shall be equal to one and
26 eighty-two hundredths percent (1.84%) of his average final
27 compensation, multiplied by the number of years of his
28 creditable service.
29 b. If the member's service retirement date occurs on or after his
30 50th birthday and before his 55th birthday with 15 or more
31 years of creditable service as a law enforcement officer and
32 prior to the completion of 30 years of creditable service, his
33 retirement allowance shall be equal to the greater of:
34 1. The service retirement allowance payable under
35 G.S. 135-5(b20)(1)a. reduced by one-third of one percent
36 (1/3 of 1%) thereof for each month by which his
37 retirement date precedes the first day of the month
38 coincident with or next following the month the member
39 would have attained his 55th birthday; or
40 2. The service retirement allowance as computed under
41 G.S. 135-5(b20)(1)a. reduced by five percent (5%) times
42 the difference between 30 years and his creditable
43 service at retirement.

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

4 a. If the member's service retirement date occurs on or after his
5 65th birthday upon the completion of five years of membership
6 service or after the completion of 30 years of creditable service
7 or on or after his 60th birthday upon the completion of 25 years
8 of creditable service, the allowance shall be equal to one and
9 eighty-two hundredths percent (1.84%) of his average final
10 compensation, multiplied by the number of years of creditable
11 service.

12 b. If the member's service retirement date occurs after his 60th
13 birthday and before his 65th birthday and prior to his
14 completion of 25 years or more of creditable service, his
15 retirement allowance shall be computed as in
16 G.S. 135-5(b20)(2)a. but shall be reduced by one-quarter of one
17 percent (¼ of 1%) thereof for each month by which his
18 retirement date precedes the first day of the month coincident
19 with or next following his 65th birthday.

20 c. If the member's early service retirement date occurs on or after
21 his 50th birthday and before his 60th birthday and after
22 completion of 20 years of creditable service but prior to the
23 completion of 30 years of creditable service, his early service
24 retirement allowance shall be equal to the greater of:

25 1. The service retirement allowance as computed under
26 G.S. 135-5(b20)(2)a. but reduced by the sum of
27 five-twelfths of one percent (5/12 of 1%) thereof for
28 each month by which his retirement date precedes the
29 first day of the month coincident with or next following
30 the month the member would have attained his 60th
31 birthday, plus one-quarter of one percent (¼ of 1%)
32 thereof for each month by which his 60th birthday
33 precedes the first day of the month coincident with or
34 next following his 65th birthday; or

35 2. The service retirement allowance as computed under
36 G.S. 135-5(b20)(2)a. reduced by five percent (5%) times
37 the difference between 30 years and his creditable
38 service at retirement; or

39 3. If the member's creditable service commenced prior to
40 July 1, 1994, the service retirement allowance equal to
41 the actuarial equivalent of the allowance payable at the
42 age of 60 years as computed in G.S. 135-5(b20)(2)b.

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

4 **SECTION 3.** G.S. 135-5 is amended by adding a new subsection to read:

5 "(rrr) From and after July 1, 2008, the retirement allowance to or on account of
6 beneficiaries whose retirement commenced on or before July 1, 2007, shall be increased
7 by four and one-tenth percent (4.1%) of the allowance payable on June 1, 2008, in
8 accordance with G.S. 135-5(o). Furthermore, from and after July 1, 2008, the retirement
9 allowance to or on account of beneficiaries whose retirement commenced after July 1,
10 2007, but before June 30, 2008, shall be increased by a prorated amount of four and
11 one-tenth percent (4.1%) of the allowance payable as determined by the Board of
12 Trustees based upon the number of months that a retirement allowance was paid
13 between July 1, 2007, and June 30, 2008."

14 **SECTION 4.** G.S. 135-65 is amended by adding a new subsection to read:

15 "(cc) From and after July 1, 2008, the retirement allowance to or on account of
16 beneficiaries whose retirement commenced on or before July 1, 2007, shall be increased
17 by four one-tenth percent (4.1%) of the allowance payable on June 1, 2008.
18 Furthermore, from and after July 1, 2008, the retirement allowance to or on account of
19 beneficiaries whose retirement commenced after July 1, 2007, but before June 30, 2008,
20 shall be increased by a prorated amount of four and one-tenth percent (4.1%) of the
21 allowance payable as determined by the Board of Trustees based upon the number of
22 months that a retirement allowance was paid between July 1, 2007, and June 30, 2008."

23 **SECTION 5.** G.S. 120-4.22A is amended by adding a new subsection to
24 read:

25 "(w) In accordance with subsection (a) of this section, from and after July 1, 2008,
26 the retirement allowance to or on account of beneficiaries whose retirement commenced
27 on or before January 1, 2008, shall be increased by four and one-tenth percent (4.1%) of
28 the allowance payable on June 1, 2008. Furthermore, from and after July 1, 2008, the
29 retirement allowance to or on account of beneficiaries whose retirement commenced
30 after January 1, 2008, but before June 30, 2008, shall be increased by a prorated amount
31 of four and one-tenth percent (4.1%) of the allowance payable as determined by the
32 Board of Trustees based upon the number of months that a retirement allowance was
33 paid between January 1, 2008, and June 30, 2008."

34 **SECTION 6.** G.S. 128-27 is amended by adding a new subsection to read:

35 "(hhh) From and after July 1, 2008, the retirement allowance to or on account of
36 beneficiaries whose retirement commenced on or before July 1, 2007, shall be increased
37 by two and one-tenth percent (2.1%) of the allowance payable on June 1, 2008, in
38 accordance with subsection (k) of this section. Furthermore, from and after July 1, 2007,
39 the retirement allowance to or on account of beneficiaries whose retirement commenced
40 after July 1, 2007, but before June 30, 2008, shall be increased by a prorated amount of
41 two and one-tenth percent (2.1%) of the allowance payable as determined by the Board
42 of Trustees based upon the number of months that a retirement allowance was paid
43 between July 1, 2007, and June 30, 2008."

44 **SECTION 7.** This act becomes effective July 1, 2008.