

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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HOUSE BILL 777
Committee Substitute Favorable 5/23/07

Short Title: Retirement Technical Changes.-AB

(Public)

Sponsors:

Referred to:

March 15, 2007

A BILL TO BE ENTITLED

1
2 AN ACT TO MAKE TECHNICAL CORRECTIONS AND OTHER CHANGES TO
3 THE STATUTES GOVERNING THE TEACHERS' AND STATE EMPLOYEES'
4 RETIREMENT SYSTEM, THE LOCAL GOVERNMENTAL EMPLOYEES'
5 RETIREMENT SYSTEM, THE LEGISLATIVE RETIREMENT SYSTEM, AND
6 THE CONSOLIDATED JUDICIAL RETIREMENT SYSTEM.

7 The General Assembly of North Carolina enacts:

8 **SECTION 1.** G.S. 135-5(a)(1) reads as rewritten:

9 "(1) Any member may retire upon written application to the Board of
10 Trustees setting forth at what time, as of the first day of a calendar
11 month, not less than one day nor more than ~~90~~ 120 days subsequent to
12 the execution of and filing thereof, he desires to be retired: Provided,
13 that the said member at the time so specified for his retirement shall
14 have attained the age of 60 years and have at least five years of
15 membership service or shall have completed 30 years of creditable
16 service."

17 **SECTION 2.** G.S. 128-27(a)(1) reads as rewritten:

18 "(1) Any member may retire upon written application to the Board of
19 Trustees setting forth at what time, as of the first day of a calendar
20 month, not less than one day nor more than ~~90~~ 120 days subsequent to
21 the execution and filing thereof, he desires to be retired: Provided, that
22 the said member at the time so specified for his retirement shall have
23 attained the age of 60 years and have at least five years of creditable
24 service or shall have completed 30 years of creditable service, or if a
25 fireman, he shall have attained the age of 55 years and have at least
26 five years of creditable service."

27 **SECTION 3.** G.S. 120-4.21(a) reads as rewritten:

28 "(a) Eligibility; Application. – Any member may retire with full benefits who has
29 reached 65 years of age with five years of creditable service. Any member may retire

1 with reduced benefits who has reached the age of 50 years with 20 years of creditable
2 service or 60 years with five years of creditable service. The member shall make written
3 application to the Board of Trustees to retire on a service retirement allowance on the
4 first day of the particular calendar month he designates. The designated date shall be no
5 less than one day nor more than ~~90~~120 days from the filing of the application. During
6 this period of notification, a member may separate from service without forfeiting his
7 retirement benefits."

8 **SECTION 4.** G.S. 135-57(a) reads as rewritten:

9 "(a) Any member on or after January 1, 1974, who has attained his fiftieth
10 birthday and five years of membership service may retire upon written application to the
11 board of trustees setting forth at what time, as of the first day of a calendar month, not
12 less than one day nor more than ~~90~~120 days subsequent to the execution and filing
13 thereof, he desires to be retired."

14 **SECTION 5.** G.S. 135-5(g1) reads as rewritten:

15 "(g1) In the event of the death of a retired member while in receipt of a retirement
16 allowance under the provisions of this Article, there shall be paid to such person or
17 persons as the retiree shall have nominated by written designation duly acknowledged
18 and filed with the Board of Trustees, if such person or persons are living at the time of
19 the retiree's death, otherwise to the retiree's legal representatives, a death benefit equal
20 to the excess, if any, of the accumulated contributions of the retiree at the date of
21 retirement over the total of the retirement allowances paid prior to the death of the
22 retiree. For purposes of this subsection, the term "accumulated contributions" includes
23 amounts of employee voluntary contributions that were transferred from the
24 Supplemental Retirement Income Plan of North Carolina to this Retirement System at
25 retirement by eligible law enforcement officers. The additional amount shall be equal to
26 the difference between the transferred balance in the Supplemental Retirement Income
27 Plan of North Carolina and the increased benefits paid as a result of the transferred
28 assets.

29 In the event that a retirement allowance becomes payable to the designated survivor
30 of a retired member under the provisions above and such retirement allowance to the
31 survivor shall terminate upon the death of the survivor before the total of the retirement
32 allowances paid to the retiree and the designated survivor combined equals the amount
33 of the accumulated contributions of the retiree at the date of retirement, the excess, if
34 any, of such accumulated contributions over the total of the retirement allowances paid
35 to the retiree and the survivor combined shall be paid in a lump sum to such person or
36 persons as the retiree shall have nominated by written designation duly acknowledged
37 and filed with the Board of Trustees, if such person or persons are living at the time
38 such payment falls due, otherwise to the retiree's legal representative.

39 In the event that a retirement allowance becomes payable to the principal beneficiary
40 designated to receive a return of accumulated contributions pursuant to subsection (m)
41 of this section and that beneficiary dies before the total of the retirement allowances
42 paid equals the amount of the accumulated contributions of the member at the date of
43 the member's death, the excess of those accumulated contributions over the total of the
44 retirement allowances paid to the beneficiary shall be paid in a lump sum to the person

1 or persons the member has designated as the contingent beneficiary for return of
2 accumulated contributions, if the person or persons are living at the time the payment
3 falls due, otherwise to the principal beneficiary's legal representative.

4 In the event a retiree purchases creditable service as provided in G.S. 135-4, there
5 shall be paid to such person or persons as the retiree shall have nominated by written
6 designation duly acknowledged and filed with the Board of Trustees, if such person or
7 persons are living at the time of the retiree's death, otherwise to the retiree's legal
8 representatives, an additional death benefit equal to the excess, if any, of the cost of the
9 creditable service purchased less the administrative fee, if any, over the total of the
10 increase in the retirement allowance attributable to the additional creditable service,
11 paid from the month following the month in which payment was received to the death
12 of the retiree.

13 In the event that a retirement allowance becomes payable to the designated survivor
14 of a retired member under the provisions above and such retirement allowance to the
15 survivor shall terminate upon the death of the survivor before the total of the increase in
16 the retirement allowance attributable to the additional creditable service paid to the
17 retiree and the designated survivor combined equals the cost of the creditable service
18 purchased less the administrative fee, the excess, if any, shall be paid in a lump sum to
19 such person or persons as the retiree shall have nominated by written designation duly
20 acknowledged and filed with the Board of Trustees, if such person or persons are living
21 at the time such payment falls due, otherwise to the retiree's legal representative."

22 **SECTION 6.** G.S. 128-27(g1) reads as rewritten:

23 "(g1) In the event of the death of a retired member while in receipt of a retirement
24 allowance under the provisions of this Article, there shall be paid to such person or
25 persons as the retiree shall have nominated by written designation duly acknowledged
26 and filed with the Board of Trustees, if such person or persons are living at the time of
27 the retiree's death, otherwise to the retiree's legal representatives, a death benefit equal
28 to the excess, if any, of the accumulated contributions of the retiree at the date of
29 retirement over the total of the retirement allowances paid prior to the death of the
30 retiree. For purposes of this subsection, the term "accumulated contributions" includes
31 amounts of employee voluntary contributions that were transferred from the
32 Supplemental Retirement Income Plan of North Carolina to this Retirement System at
33 retirement by eligible law enforcement officers. The additional amount shall be equal to
34 the difference between the transferred balance in the Supplemental Retirement Income
35 Plan of North Carolina and the increased benefits paid as a result of the transferred
36 assets.

37 In the event that a retirement allowance becomes payable to the designated survivor
38 of a retired member under the provisions above and such retirement allowance to the
39 survivor shall terminate upon the death of the survivor before the total of the retirement
40 allowances paid to the retiree and the designated survivor combined equals the amount
41 of the accumulated contributions of the retiree at the date of retirement, the excess, if
42 any, of such accumulated contributions over the total of the retirement allowances paid
43 to the retiree and the survivor combined shall be paid in a lump sum to such person or
44 persons as the retiree shall have nominated by written designation duly acknowledged

1 and filed with the Board of Trustees, if such person or persons are living at the time
2 such payment falls due, otherwise to the retiree's legal representative.

3 In the event that a retirement allowance becomes payable to the principal beneficiary
4 designated to receive a return of accumulated contributions pursuant to subsection (m)
5 of this section and that beneficiary dies before the total of the retirement allowances
6 paid equals the amount of the accumulated contributions of the member at the date of
7 the member's death, the excess of those accumulated contributions over the total of the
8 retirement allowances paid to the beneficiary shall be paid in a lump sum to the person
9 or persons the member has designated as the contingent beneficiary for return of
10 accumulated contributions, if the person or persons are living at the time the payment
11 falls due, otherwise to the principal beneficiary's legal representative.

12 In the event a retiree purchases creditable service as provided in G.S. 128-26, there
13 shall be paid to such person or persons as the retiree shall have nominated by written
14 designation duly acknowledged and filed with the Board of Trustees, if such person or
15 persons are living at the time of the retiree's death, otherwise to the retiree's legal
16 representatives, an additional death benefit equal to the excess, if any, of the cost of the
17 creditable service purchased less the administrative fee, if any, over the total of the
18 increase in the retirement allowance attributable to the additional creditable service,
19 paid from the month following the month in which payment was received to the death
20 of the retiree.

21 In the event that a retirement allowance becomes payable to the designated survivor
22 of a retired member under the provisions above, and such retirement allowance to the
23 survivor shall terminate upon the death of the survivor before the total of the increase in
24 the retirement allowance attributable to the additional creditable service paid to the
25 retiree and the designated survivor combined equals the cost of the creditable service
26 purchased less the administrative fee, the excess, if any, shall be paid in a lump sum to
27 such person or persons as the retiree shall have nominated by written designation duly
28 acknowledged and filed with the Board of Trustees, if such person or persons are living
29 at the time such payment falls due, otherwise to the retiree's legal representative."

30 **SECTION 7.** G.S. 135-105(c) reads as rewritten:

31 "(c) The monthly benefit as provided in subsection (a) of this section shall be
32 equal to fifty percent (50%) of 1/12th of the annual base rate of compensation last
33 payable to the participant prior to the beginning of the short-term benefit period as may
34 be adjusted for percentage increases as provided under G.S. 135-108 plus fifty percent
35 (50%) of 1/12th of the annual longevity payment to which the participant would be
36 eligible, to a maximum of three thousand dollars (\$3,000) per month reduced by
37 monthly payments for Workers' Compensation to which the participant may be entitled.
38 The monthly benefit shall be further reduced by the amount of any payments from the
39 federal Veterans Administration, any other federal agency, or any payments made under
40 the provisions of G.S. 127A-108, to which the participant or beneficiary may be entitled
41 on account of the same disability. Provided, in any event, the benefit payable shall be no
42 less than ten dollars (\$10.00) a month. Provided, that should a participant have earnings
43 in an amount greater than the short-term benefit, the amount of the short-term benefit

1 shall be reduced on a dollar-for-dollar basis by the amount that exceeds the short-term
2 benefit."

3 **SECTION 8.** G.S. 135-5(ppp) is repealed.

4 **SECTION 9.** G.S. 135-4 is amended by adding a new subsection to read:

5 "(gg) Credit at Full Cost for Service With The University of North Carolina During
6 Which a Member Participated in the Optional Retirement Program. – Notwithstanding
7 any other provisions of this Chapter, a member upon the completion of five years of
8 membership service may purchase creditable service for periods of employment with
9 The University of North Carolina during which the member participated in the Optional
10 Retirement Program as provided for in G.S. 135-5.1, provided that the member is not
11 receiving, and is not entitled to receive, any retirement benefits resulting from this
12 employment. The member shall purchase this service by making a lump-sum amount
13 payable to the Annuity Savings Fund equal to the full liability of the service credits
14 calculated on the basis of the assumptions used for purposes of the actuarial valuation of
15 the system's liabilities and shall take into account the retirement allowance arising on
16 account of the additional service credit commencing at the earliest age at which the
17 member could retire on an unreduced retirement allowance, as determined by the Board
18 of Trustees upon the advice of the consulting actuary, plus an administrative fee to be
19 set by the Board of Trustees. Notwithstanding the foregoing provisions of this
20 subsection that provide for the purchase of service credits, the terms "full cost," "full
21 liability," and "full actuarial cost" include assumed annual postretirement allowance
22 increases, as determined by the Board of Trustees, from the earliest age at which a
23 member could retire on an unreduced service allowance."

24 **SECTION 10.** G.S. 135-3(8)c. reads as rewritten:

25 "c. Should a beneficiary who retired on an early or service
26 retirement allowance under this Chapter be ~~reemployed,~~
27 reemployed by, or otherwise engaged to perform ~~services,~~
28 services for, an employer participating in the Retirement
29 System on a part-time, temporary, interim, or on a
30 fee-for-service basis, whether contractual or otherwise, and if
31 such beneficiary earns an amount during the 12-month period
32 immediately following the effective date of retirement or in any
33 calendar year which exceeds fifty percent (50%) of the reported
34 compensation, excluding terminal payments, during the 12
35 months of service preceding the effective date of retirement, or
36 twenty thousand dollars (\$20,000), whichever is greater, as
37 hereinafter indexed, then the retirement allowance shall be
38 suspended as of the first day of the month following the month
39 in which the reemployment earnings exceed the amount above,
40 for the balance of the calendar ~~year.~~year, except when the
41 reemployment earnings exceed the amount above in the month
42 of December, in which case the retirement allowance shall not
43 be suspended. The retirement allowance of the beneficiary shall
44 be reinstated as of January 1 of each year following suspension.

1 The amount that may be earned before suspension shall be
2 increased on January 1 of each year by the ratio of the
3 Consumer Price Index to the Index one year earlier, calculated
4 to the nearest tenth of a percent (1/10 of 1%)."

5 **SECTION 11.** G.S. 128-24(5)c. reads as rewritten:

6 "c. Should a beneficiary who retired on an early or service
7 retirement allowance be ~~reemployed,~~ reemployed by, or
8 otherwise engaged to perform ~~services,~~ by services for, an
9 employer participating in the Retirement System on a part-time,
10 temporary, interim, or on fee-for-service basis, whether
11 contractual or otherwise, and if such beneficiary earns an
12 amount during the 12-month period immediately following the
13 effective date of retirement or in any calendar year which
14 exceeds fifty percent (50%) of the reported compensation,
15 excluding terminal payments, during the 12 months of service
16 preceding the effective date of retirement, or twenty thousand
17 dollars (\$20,000), whichever is greater, as hereinafter indexed,
18 then the retirement allowance shall be suspended as of the first
19 day of the month following the month in which the
20 reemployment earnings exceed the amount above, for the
21 balance of the calendar ~~year.~~ year, except when the
22 reemployment earnings exceed the amount above in the month
23 of December, in which case the retirement allowance shall not
24 be suspended. The retirement allowance of the beneficiary shall
25 be reinstated as of January 1 of each year following suspension.
26 The amount that may be earned before suspension shall be
27 increased on January 1 of each year by the ratio of the
28 Consumer Price Index to the Index one year earlier, calculated
29 to the nearest tenth of a percent (1/10 of 1%)."

30 **SECTION 12.** This act becomes effective July 1, 2007.