

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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SENATE DRS55375-LL-158 (3/7)

Short Title: Career Fire and Rescue Retirement.

(Public)

Sponsors: Senator Nesbitt.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO DEFINE CAREER FIREFIGHTERS' AND CAREER RESCUE SQUAD WORKERS' ACCRUAL RATES FOR MEMBERS AND BENEFICIARIES OF THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 128-21 is amended by adding new subdivisions to read:

"(7b) "Career firefighter" means a person (i) who is a full-time paid employee of an employer that participates in the Local Governmental Employees' Retirement System and maintains a fire department certified by the North Carolina Department of Insurance, and (ii) who is actively serving in a position with assigned primary duties and responsibilities for the prevention, detection, and suppression of fire.

"(7c) "Career rescue squad worker" means a person (i) who is a full-time paid employee of an employer that participates in the Local Governmental Employees' Retirement System and maintains a rescue squad or emergency medical services team certified by the North Carolina Department of Insurance or the Department of Health and Human Services, and (ii) who is actively serving in a position with assigned primary duties and responsibilities for the alleviation of human suffering and assistance to persons who are in difficulty, who are injured, or who become suddenly ill, by providing proper and efficient care or emergency medical services."

SECTION 2. G.S. 128-24(5) reads as rewritten:

"(5) The provisions of this subdivision (5) shall apply to any member whose membership is terminated on or after July 1, 1965, and who becomes entitled to benefits hereunder in accordance with the provisions hereof.

- 1 a. Notwithstanding any other provision of this Chapter, any
 2 member who separates from service prior to the attainment of
 3 the age of 60 years for any reason other than death or retirement
 4 for disability as provided in G.S. 128-27(c), after completing 15
 5 or more years of creditable service, and who leaves his total
 6 accumulated contributions in said System shall have the right to
 7 retire on a deferred retirement allowance upon attaining the age
 8 of 60 years; provided that such member may retire only upon
 9 written application to the Board of Trustees setting forth at what
 10 time, not less than one day nor more than 90 days subsequent to
 11 the execution and filing thereof, he desires to be retired; and
 12 further provided that in the case of a member who so separates
 13 from service on or after July 1, 1967, the aforestated
 14 requirement of 15 or more years of creditable service shall be
 15 reduced to 12 or more years of creditable service; and further
 16 provided that in the case of a member who so separates from
 17 service on or after July 1, 1971, or whose account is active on
 18 July 1, 1971, the aforestated requirement of 12 or more years of
 19 creditable service shall be reduced to five or more years of
 20 creditable service. Such deferred retirement allowance shall be
 21 computed in accordance with the service retirement provisions
 22 of this Article pertaining to a member who is not a law
 23 enforcement officer or eligible former law enforcement officer.
- 24 b. In lieu of the benefits provided in paragraph a of this subdivision,
 25 any member who separates from service prior to the attainment of
 26 the age of 60 years, for any reason other than death or retirement
 27 for disability as provided in G.S. 128-27(c), after completing 20
 28 or more years of creditable service, and who leaves his total
 29 accumulated contributions in said System may elect to retire on an
 30 early retirement allowance upon attaining the age of 50 years or at
 31 any time thereafter; provided that such member may so retire only
 32 upon written application to the Board of Trustees setting forth at
 33 what time, not less than one day nor more than 90 days subsequent
 34 to the execution and filing thereof, he desires to be retired. Such
 35 early retirement allowance so elected shall be equal to the deferred
 36 retirement allowance otherwise payable at the attainment of the age
 37 of 60 years reduced by the percentage thereof indicated below.

Age at Retirement	Percentage Reduction
59	7
58	14
57	20
56	25

1	55	30
2	54	35
3	53	39
4	52	43
5	51	46
6	50	50

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- b1. In lieu of the benefits provided in paragraphs a and b of this subdivision, any member who is a law enforcement ~~officer~~ officer, career firefighter, or career rescue squad worker at the time of separation from service prior to the attainment of the age of 50 years, for any reason other than death or disability as provided in this Article, after completing 15 or more years of creditable service in this capacity immediately prior to separation from service, and who leaves his total accumulated contributions in this System, may elect to retire on a deferred early retirement allowance upon attaining the age of 50 years or at any time thereafter; provided, that the member may commence retirement only upon written application to the Board of Trustees setting forth at what time, as of the first day of a calendar month, not less than one day nor more than 90 days subsequent to the execution and filing thereof, he desires to commence retirement. The deferred early retirement allowance shall be computed in accordance with the service retirement provisions of this Article pertaining to law enforcement ~~officers~~ officers, career firefighters, or career rescue squad workers.
- b2. In lieu of the benefits provided in paragraphs a and b of this subdivision, any member who is a law enforcement ~~officer~~ officer, career firefighter, or career rescue squad worker at the time of separation from service prior to the attainment of the age of 55 years, for any reason other than death or disability as provided in this Article, after completing five or more years of creditable service in this capacity immediately prior to separation from service, and who leaves his total accumulated contributions in this System may elect to retire on a deferred service retirement allowance upon attaining the age of 55 years or at any time thereafter; provided, that the member may commence retirement only upon written application to the Board of Trustees setting forth at what time, as of the first day of a calendar month not less than one day nor more than 90 days subsequent to the execution and filing thereof, he desires to commence retirement. The deferred service retirement allowance shall be computed in accordance with the service

1 retirement provisions of this Article pertaining to law
2 enforcement ~~officers.~~ officers, career firefighters, or career
3 rescue squad workers.

4 b3. Deferred retirement allowance of members retiring on or after
5 July 1, 1995. – In lieu of the benefits provided in paragraphs a.
6 and b. of this subdivision, any member who separates from
7 service prior to attainment of age 60 years, after completing 20
8 or more years of creditable service, and who leaves his total
9 accumulated contributions in said System, may elect to retire on
10 a deferred retirement allowance upon attaining the age of 50
11 years or any time thereafter; provided that such member may so
12 retire only upon written application to the Board of Trustees
13 setting forth at what time, not less than one day nor more than
14 90 days subsequent to the execution and filing thereof, he
15 desires to be retired. Such deferred retirement allowance shall
16 be computed in accordance with the service retirement
17 provisions of this Article pertaining to a member who is not a
18 law enforcement officer or an eligible former law enforcement
19 officer.

20 c. Should a beneficiary who retired on an early or service
21 retirement allowance be reemployed, or otherwise engaged to
22 perform services, by an employer participating in the
23 Retirement System on a part-time, temporary, interim, or on
24 fee-for-service basis, whether contractual or otherwise, and if
25 such beneficiary earns an amount during the 12-month period
26 immediately following the effective date of retirement or in any
27 calendar year which exceeds fifty percent (50%) of the reported
28 compensation, excluding terminal payments, during the 12
29 months of service preceding the effective date of retirement, or
30 twenty thousand dollars (\$20,000), whichever is greater, as
31 hereinafter indexed, then the retirement allowance shall be
32 suspended as of the first day of the month following the month
33 in which the reemployment earnings exceed the amount above,
34 for the balance of the calendar year. The retirement allowance
35 of the beneficiary shall be reinstated as of January 1 of each
36 year following suspension. The amount that may be earned
37 before suspension shall be increased on January 1 of each year
38 by the ratio of the Consumer Price Index to the Index one year
39 earlier, calculated to the nearest tenth of a percent (1/10 of 1%).

40 d. Should a beneficiary who retired on an early or service
41 retirement allowance be restored to service as an employee,
42 then the retirement allowance shall cease as of the first day of
43 the month following the month in which the beneficiary is
44 restored to service and the beneficiary shall become a member

1 of the Retirement System and shall contribute thereafter as
2 allowed by law at the uniform contribution payable by all
3 members.

4 Upon his subsequent retirement, he shall be paid a
5 retirement allowance determined as follows:

6 1. For a member who earns at least three years' membership
7 service after restoration to service, the retirement
8 allowance shall be computed on the basis of his
9 compensation and service before and after the period of
10 prior retirement without restriction; provided, that if the
11 prior allowance was based on a social security leveling
12 payment option, the allowance shall be adjusted
13 actuarially for the difference between the amount
14 received under the optional payment and what would
15 have been paid if the retirement allowance had been paid
16 without optional modification.

17 2. For a member who does not earn three years'
18 membership service after restoration to service, the
19 retirement allowance shall be equal to the sum of the
20 retirement allowance to which he would have been
21 entitled had he not been restored to service, without
22 modification of the election of an optional allowance
23 previously made, and the retirement allowance that
24 results from service earned since being restored to
25 service; provided, that if the prior retirement allowance
26 was based on a social security leveling payment option,
27 the prior allowance shall be adjusted actuarially for the
28 difference between the amount that would have been
29 paid for each month had the payment not been suspended
30 and what would have been paid if the retirement
31 allowance had been paid without optional modification."

32 **SECTION 3.** G.S. 128-27(a) reads as rewritten:

33 "(a) Service Retirement Benefits. –

34 (1) Any member may retire upon written application to the Board of
35 Trustees setting forth at what time, as of the first day of a calendar
36 month, not less than one day nor more than 90 days subsequent to the
37 execution and filing thereof, he desires to be retired: Provided, that the
38 said member at the time so specified for his retirement shall have
39 attained the age of 60 years and have at least five years of creditable
40 service or shall have completed 30 years of creditable service, or if a
41 ~~fireman, he~~ career firefighter or career rescue squad worker, the
42 member shall have attained the age of 55 years and have at least five
43 years of creditable service completed at least 30 years of creditable

1 service provided that the last five years of creditable service is as a
2 career firefighter or career rescue squad worker.

3 (2) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1019, s. 1.

4 (3) Repealed by Session Laws 1971, c. 325, s. 12.

5 (4) Any member who was in service October 8, 1981, who had attained 60
6 years of age, may retire upon written application to the Board of
7 Trustees setting forth at what time, as of the first day of a calendar
8 month, not less than one day nor more than 90 days subsequent to the
9 execution and filing thereof, he desires to be retired.

10 (5) Any member who is a law enforcement officer, career firefighter, or
11 career rescue squad worker and who attains age 50 and completes 15
12 or more years of creditable service in this capacity or who attains age
13 55 and completes five or more years of creditable service in this
14 capacity, may retire upon written application to the Board of Trustees
15 setting forth at what time, as of the first day of a calendar month, not
16 less than one day nor more than 90 days subsequent to the execution
17 and filing thereof, ~~he~~ the member desires to be retired; provided, also,
18 any member who has met the conditions required by this ~~subdivision~~
19 section but does not retire, and later becomes an employee other than
20 as a law enforcement officer, career firefighter, or career rescue squad
21 worker, continues to have the right to commence retirement."

22 **SECTION 4.** G.S. 128-27(b21) reads as rewritten:

23 "(b21) Service Retirement Allowance of Member Retiring on or After July 1, ~~2003.~~
24 2003, but Before July 1, 2007. – Upon retirement from service in accordance with
25 subsection (a) or (a1) above, on or after July 1, 2003, but before July 1, 2007, a member
26 shall receive the following service retirement allowance:

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

30 a. If the member's service retirement date occurs on or after his
31 55th birthday and completion of five years of creditable service
32 as a law enforcement officer, or after the completion of 30 years
33 of creditable service, the allowance shall be equal to one and
34 eighty-five hundredths percent (1.85%) of his average final
35 compensation, multiplied by the number of years of his
36 creditable service.

37 b. If the member's service retirement date occurs on or after his
38 50th birthday and before his 55th birthday with 15 or more
39 years of creditable service as a law enforcement officer and
40 prior to the completion of 30 years of creditable service, his
41 retirement allowance shall be equal to the greater of:

42 1. The service retirement allowance payable under
43 G.S. 128-27(b21)(1)a. reduced by one-third of one
44 percent (1/3 of 1%) thereof for each month by which his

- 1 retirement date precedes the first day of the month
2 coincident with or next following the month the member
3 would have attained his 55th birthday;
- 4 2. The service retirement allowance as computed under
5 G.S. 128-27(b21)(1)a. reduced by five percent (5%)
6 times the difference between 30 years and his creditable
7 service at retirement.
- 8 (2) A member who is not a law enforcement officer or an eligible former
9 law enforcement officer shall receive a service retirement allowance
10 computed as follows:
- 11 a. If the member's service retirement date occurs on or after his
12 65th birthday upon the completion of five years of creditable
13 service or after the completion of 30 years of creditable service
14 or on or after his 60th birthday upon the completion of 25 years
15 of creditable service, the allowance shall be equal to one and
16 eighty-five hundredths percent (1.85%) of average final
17 compensation, multiplied by the number of years of creditable
18 service.
- 19 b. If the member's service retirement date occurs after his 60th
20 birthday and before his 65th birthday and prior to his
21 completion of 25 years or more of creditable service, his
22 retirement allowance shall be computed as in
23 G.S. 128-27(b21)(2)a. but shall be reduced by one-quarter of
24 one percent ($\frac{1}{4}$ of 1%) thereof for each month by which his
25 retirement date precedes the first day of the month coincident
26 with or next following his 65th birthday.
- 27 c. If the member's early service retirement date occurs on or after
28 his 50th birthday and before his 60th birthday and after
29 completion of 20 years of creditable service but prior to the
30 completion of 30 years of creditable service, his early service
31 retirement allowance shall be equal to the greater of:
- 32 1. The service retirement allowance as computed under
33 G.S. 128-27(b21)(2)a. but reduced by the sum of
34 five-twelfths of one percent ($\frac{5}{12}$ of 1%) thereof for
35 each month by which his retirement date precedes the
36 first day of the month coincident with or next following
37 the month the member would have attained his 60th
38 birthday, plus one-quarter of one percent ($\frac{1}{4}$ of 1%)
39 thereof for each month by which his 60th birthday
40 precedes the first day of the month coincident with or
41 next following his 65th birthday; or
- 42 2. The service retirement allowance as computed under
43 G.S. 128-27(b21)(2)a. reduced by five percent (5%)

- 1 times the difference between 30 years and his creditable
2 service at retirement; or
- 3 3. If the member's creditable service commenced prior to
4 July 1, 1995, the service retirement allowance equal to
5 the actuarial equivalent of the allowance payable at the
6 age of 60 years as computed in G.S. 128-27(b21)(2)b.
- 7 d. Notwithstanding the foregoing provisions, any member whose
8 creditable service commenced prior to July 1, 1965, shall not
9 receive less than the benefit provided by G.S. 128-27(b)."

10 **SECTION 5.** G.S. 128-27 is amended by adding a new subsection to read:

11 "(b22) Service Retirement Allowance of Member Retiring on or After July 1, 2007.
12 – Upon retirement from service in accordance with subsection (a) or (a1) of this section,
13 on or after July 1, 2007, a member shall receive the following service retirement
14 allowance:

15 (1) A member who is a law enforcement officer, an eligible former law
16 enforcement officer, a career firefighter, an eligible former career
17 firefighter, a career rescue squad worker, or an eligible former career
18 rescue squad worker shall receive a service retirement allowance
19 computed as follows:

20 a. If the member's service retirement date occurs on or after his
21 55th birthday and completion of five years of creditable service
22 as a law enforcement officer, career firefighter, or a career
23 rescue squad worker, or after the completion of 30 years of
24 creditable service, the allowance shall be equal to one and
25 eighty-five hundredths percent (1.85%) of his average final
26 compensation, multiplied by the number of years of his
27 creditable service.

28 b. If the member's service retirement date occurs on or after his
29 50th birthday and before his 55th birthday with 15 or more
30 years of creditable service as a law enforcement officer, career
31 firefighter, or career rescue squad worker and prior to the
32 completion of 30 years of creditable service, his retirement
33 allowance shall be equal to the greater of:

34 1. The service retirement allowance payable under
35 G.S. 128-27(b22)(1)a. reduced by one-third of one
36 percent (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;

40 2. The service retirement allowance as computed under
41 G.S. 128-27(b22)(1)a. reduced by five percent (5%)
42 times the difference between 30 years and his creditable
43 service at retirement.

1 (2) A member who is not a law enforcement officer, an eligible former
2 law enforcement officer, a career firefighter, an eligible former career
3 firefighter, a career rescue squad worker, or an eligible former career
4 rescue squad worker shall receive a service retirement allowance
5 computed as follows:

6 a. If the member's service retirement date occurs on or after his
7 65th birthday upon the completion of five years of creditable
8 service or after the completion of 30 years of creditable service
9 or on or after his 60th birthday upon the completion of 25 years
10 of creditable service, the allowance shall be equal to one and
11 eighty-five hundredths percent (1.85%) of average final
12 compensation, multiplied by the number of years of creditable
13 service.

14 b. If the member's service retirement date occurs after his 60th
15 birthday and before his 65th birthday and prior to his
16 completion of 25 years or more of creditable service, his
17 retirement allowance shall be computed as in
18 G.S. 128-27(b22)(2)a. but shall be reduced by one-quarter of
19 one percent (1/4 of 1%) thereof for each month by which his
20 retirement date precedes the first day of the month coincident
21 with or next following his 65th birthday.

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

27 1. The service retirement allowance as computed under
28 G.S. 128-27(b22)(2)a. but reduced by the sum of
29 five-twelfths of one percent (5/12 of 1%) thereof for
30 each month by which his retirement date precedes the
31 first day of the month coincident with or next following
32 the month the member would have attained his 60th
33 birthday, plus one-quarter of one percent (1/4 of 1%)
34 thereof for each month by which his 60th birthday
35 precedes the first day of the month coincident with or
36 next following his 65th birthday; or

37 2. The service retirement allowance as computed under
38 G.S. 128-27(b22)(2)a. reduced by five percent (5%)
39 times the difference between 30 years and his creditable
40 service at retirement; or

41 3. If the member's creditable service commenced prior to
42 July 1, 1995, the service retirement allowance equal to
43 the actuarial equivalent of the allowance payable at the
44 age of 60 years as computed in G.S. 128-27(b22)(2)b.

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

4 **SECTION 6.** G.S. 128-30(d) is amended by adding a new subdivision to

5 read:

6 "(10) Notwithstanding the foregoing provisions of this subsection, beginning
7 with the December 31, 2006, valuation, the actuary shall determine an
8 additional "accrued liability contribution" on account of each
9 employer's career firefighters and career rescue squad workers. This
10 contribution shall be that percentage of the career firefighters' and
11 career rescue squad workers' compensation necessary to liquidate the
12 "existing unfunded accrued liability" over a period of years to be
13 determined by the Board of Trustees. The "existing unfunded accrued
14 liability" for each employer shall be equal to the sum of two liabilities.
15 The first is that portion of the unfunded accrued liability for additional
16 benefits payable to each employer's career firefighters and career
17 rescue squad workers who are members of the Retirement Sysytem on
18 June 30, 2007. The "accrued liability contribution" determined on the
19 basis of this paragraph shall be added to that determined under
20 subdivisions (3) and (9) of this subsection and shall be included in the
21 total amount payable under subdivision (5) of this subsection."

22 **SECTION 7.** This act becomes effective July 1, 2007, and applies to persons
23 retiring on or after that date.