

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007**

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SENATE DRS15284-LL-302 (5/1)

Short Title: Purchase Service/Certain Private Employment. (Public)

Sponsors: Senator Soles.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO PROVIDE FOR THE PURCHASE OF CREDITABLE SERVICE BY MEMBERS OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM AND THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM FOR PERIODS OF NON-QUALIFIED PRIVATE EMPLOYMENT.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 135-4 is amended by adding a new subsection to read:

"(ii) Credit at Full Cost for Non-Qualified Private Employment. – Notwithstanding any other provisions of this Chapter, any member may purchase a maximum of five years of creditable service for nonqualified employment with a private business entity, upon the completion of five years of membership service, by making a lump-sum payment into the Annuity Savings Fund. The member shall obtain written verification of the service from the private employer. The payment by the member shall be equal to the full liability of the service credits calculated on the basis of the assumptions used for purposes of the actuarial valuation of the retirement systems' liabilities, and the calculation of the amount payable shall take into account the additional retirement allowance arising on account of the additional service credits commencing at the earliest age at which the member could retire with an unreduced retirement allowance, as determined by the Board of Trustees upon the advice of the actuary plus an administrative fee to be determined by the Board of Trustees. Notwithstanding the foregoing provisions of this subsection that provide for the purchase of service credits, the terms "full cost," "full liability," and "full actuarial cost" include assumed annual postretirement allowance increases, as determined by the Board of Trustees, from the earliest age at which a member could retire on an unreduced service allowance."

SECTION 2. G.S. 128-26 is amended by adding a new subsection to read:

1 "(u1) Credit at Full Cost for Non-Qualified Private Employment. –
2 Notwithstanding any other provisions of this Chapter, any member may purchase a
3 maximum of five years of creditable service for non-qualified employment with a
4 private business entity, upon the completion of five years of membership service, by
5 making a lump-sum payment into the Annuity Savings Fund. The member shall obtain
6 written verification of the service from the private employer. The payment by the
7 member shall be equal to the full liability of the service credits calculated on the basis of
8 the assumptions used for purposes of the actuarial valuation of the retirement systems'
9 liabilities, and the calculation of the amount payable shall take into account the
10 additional retirement allowance arising on account of the additional service credits
11 commencing at the earliest age at which the member could retire with an unreduced
12 retirement allowance, as determined by the Board of Trustees upon the advice of the
13 actuary plus an administrative fee to be determined by the Board of Trustees.
14 Notwithstanding the foregoing provisions of this subsection that provide for the
15 purchase of service credits, the terms "full cost," "full liability," and "full actuarial cost"
16 include assumed annual postretirement allowance increases, as determined by the Board
17 of Trustees, from the earliest age at which a member could retire on an unreduced
18 service allowance."

19 **SECTION 3.** This act becomes effective July 1, 2008.