

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2013

**H.B. 381**  
**Mar 20, 2013**  
**HOUSE PRINCIPAL CLERK**

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HOUSE DRH70157-LLa-133A (3/7)

Short Title: Retirement Fiscal Integrity Act of 2013.-AB (Public)

Sponsors: Representative Collins.

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO PROVIDE FOR THE FISCAL INTEGRITY OF THE TEACHERS' AND  
3 STATE EMPLOYEES' RETIREMENT SYSTEM, THE LOCAL GOVERNMENTAL  
4 EMPLOYEES' RETIREMENT SYSTEM, AND THE CONSOLIDATED JUDICIAL  
5 RETIREMENT SYSTEM, TO DIRECT THE DEPARTMENT OF STATE TREASURER  
6 TO PROPOSE A TEACHERS' AND STATE EMPLOYEES' OPTIONAL RETIREMENT  
7 SYSTEM, AND TO APPROPRIATE FUNDS FOR THAT SYSTEM.

8 The General Assembly of North Carolina enacts:

9 **SECTION 1.(a)** G.S. 135-1(7a) reads as rewritten:

10 "(7a) a. "Compensation" shall mean all salaries and wages prior to any  
11 reduction pursuant to sections 125, 401(k), 403(b), 414(h)(2), and  
12 457 of the Internal Revenue Code, not including any terminal  
13 payments for unused sick leave, derived from public funds which are  
14 earned by a member of the Retirement System for service as an  
15 employee or teacher in the unit of the Retirement System for which  
16 he is performing full-time work. In addition to the foregoing,  
17 "compensation" shall include:

- 18 1. Performance-based compensation (regardless of whether paid  
19 in a lump sum, in periodic installments, or on a monthly  
20 basis);
- 21 2. Conversion of additional benefits to salary (additional  
22 benefits such as health, life, or disability plans), so long as the  
23 benefits are other than mandated by State law or regulation;
- 24 3. Payment of tax consequences for benefits provided by the  
25 employer, so long as they constitute an adjustment or increase  
26 in salary and not a "reimbursement of expenses";
- 27 4. Payout of vacation leave so long as such payouts are  
28 permitted by applicable law and regulation;
- 29 5. Employee contributions to eligible deferred compensation  
30 plans; and
- 31 6. Effective July 1, 2009, payment of military differential  
32 wages.

33 b. "Compensation" shall not include any payment, as determined by the  
34 Board of Trustees, for the reimbursement of expenses or payments  
35 for housing or any other allowances whether or not classified as



1 salary and wages. "Compensation" includes all special pay  
2 contribution of annual leave made to a 401(a) Special Pay Plan for  
3 the benefit of an employee. Notwithstanding any other provision of  
4 this Chapter, "compensation" shall not include:

- 5 1. Supplement/allowance provided to employee to purchase  
6 additional benefits such as health, life, or disability plans;
- 7 2. Travel supplement/allowance (nonaccountable allowance  
8 plans);
- 9 3. Employer contributions to eligible deferred compensation  
10 plans;
- 11 4. Employer-provided fringe benefits (additional benefits such  
12 as health, life, or disability plans);
- 13 5. Reimbursement of uninsured medical expenses;
- 14 6. Reimbursement of business expenses;
- 15 7. Reimbursement of moving expenses;
- 16 8. Reimbursement/payment of personal expenses;
- 17 9. Incentive payments for early retirement;
- 18 10. Bonuses paid incident to retirement;
- 19 10a. Local supplementation as authorized under G.S. 7A-300.1 for  
20 Judicial Department employees;
- 21 11. Contract buyout/severance payments; and
- 22 12. Payouts for unused sick leave.

23 c. In the event an employer reports as "compensation" payments not  
24 specifically included or excluded as "compensation", such payments  
25 shall be "compensation" for retirement purposes only if the employer  
26 pays the Retirement System the additional actuarial liability created  
27 by such payments. However, any salary or other remuneration  
28 determined by Retirement Systems Division staff, upon conducting a  
29 fraud investigation within the meaning of G.S. 135-1(11b), to have  
30 been paid for the principal purpose of enhancing a member's benefits  
31 under the plan shall be presumed not to be compensation. A  
32 presumption by administrative staff that salary or other remuneration  
33 was paid for the principal purpose of enhancing the member's  
34 benefits under the plan may be rebutted by the member or by the  
35 employer on behalf of the member. Upon receipt of sufficient  
36 evidence to the contrary, the presumption that salary or other  
37 remuneration was paid for the principal purpose of enhancing the  
38 member's benefits under the plan may be reversed. In all such cases,  
39 the decision as to whether the presumption by administrative staff  
40 has been rebutted by sufficient evidence shall lie solely within the  
41 discretion of the Board of Trustees. The Retirement Systems  
42 Division staff may use statistical analyses to identify anomalous  
43 patterns of compensation that require investigation under this  
44 provision."

45 **SECTION 1.(b)** G.S. 128-21(7a) reads as rewritten:

46 "(7a) a. "Compensation" shall mean all salaries and wages prior to any  
47 reduction pursuant to sections 125, 401(k), 403(b), 414(h)(2), and  
48 457 of the Internal Revenue Code, not including any terminal  
49 payments for unused sick leave, derived from public funds which are  
50 earned by a member of the Retirement System for service as an  
51 employee in the unit of the Retirement System for which he is

1 performing full-time work. In addition to the foregoing,  
2 "compensation" shall include:

- 3 1. Performance-based compensation (regardless of whether paid  
4 in a lump sum, periodic installments, or on a monthly basis);
- 5 2. Conversion of additional benefits to salary (additional  
6 benefits such as health, life, or disability plans), so long as the  
7 benefits are other than mandated by State law or regulation;
- 8 3. Payment of tax consequences for benefits provided by the  
9 employer so long as they constitute an adjustment or increase  
10 in salary and not a "reimbursement of expenses";
- 11 4. Payout of vacation leave so long as such payouts are  
12 permitted by applicable law and regulation;
- 13 5. Employee contributions to eligible deferred compensation  
14 plans; and
- 15 6. Effective July 1, 2009, payment of military differential  
16 wages.

17 b. "Compensation" shall not include any payment, as determined by the  
18 Board of Trustees, for the reimbursement of expenses or payments  
19 for housing or any other allowances whether or not classified as  
20 salary and wages. Notwithstanding any other provision of this  
21 Chapter, "compensation" shall not include:

- 22 1. Supplement/allowance provided to employee to purchase  
23 additional benefits such as health, life, or disability plans;
- 24 2. Travel supplement/allowance (nonaccountable allowance  
25 plans);
- 26 3. Employer contributions to eligible deferred compensation  
27 plans;
- 28 4. Employer-provided fringe benefits (additional benefits such  
29 as health, life, or disability plans);
- 30 5. Reimbursement of uninsured medical expenses;
- 31 6. Reimbursement of business expenses;
- 32 7. Reimbursement of moving expenses;
- 33 8. Reimbursement/payment of personal expenses;
- 34 9. Incentive payments for early retirement;
- 35 10. Bonuses paid incident to retirement;
- 36 11. Contract buyout/severance payments; and
- 37 12. Payouts for unused sick leave.

38 c. In the event an employer reports as "compensation" payments not  
39 specifically included or excluded as "compensation", such payments  
40 shall be "compensation" for retirement purposes only if the employer  
41 pays the Retirement System the additional actuarial liability created  
42 by such payments. However, any salary or other remuneration  
43 determined by Retirement Systems Division staff, upon conducting a  
44 fraud investigation within the meaning of G.S. 128-1(11c), to have  
45 been paid for the principal purpose of enhancing a member's benefits  
46 under the plan shall be presumed not to be compensation. A  
47 presumption by administrative staff that salary or other remuneration  
48 was paid for the principal purpose of enhancing the member's  
49 benefits under the plan may be rebutted by the member or by the  
50 employer on behalf of the member. Upon receipt of sufficient  
51 evidence to the contrary, the presumption that salary or other

1                    remuneration was paid for the principal purpose of enhancing the  
2                    member's benefits under the plan may be reversed. In all such cases,  
3                    the decision as to whether the presumption by administrative staff  
4                    has been rebutted by sufficient evidence shall lie solely within the  
5                    discretion of the Board of Trustees. The Retirement Systems  
6                    Division staff may use statistical analyses to identify anomalous  
7                    patterns of compensation that require investigation under this  
8                    provision."

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

10                    "(a3) Notwithstanding any other provision of this section, every service retirement  
11                    allowance provided under this section for members who became members on or after July 1,  
12                    2013, is subject to adjustment pursuant to a contribution-based benefit cap under this  
13                    subsection. A contribution-based benefit cap factor shall be established by the Board of  
14                    Trustees upon the advice of the consulting actuary. Prior to establishing a service allowance  
15                    under this section, the Board shall:

16                    (1)            Determine an amount equal to the member's contributions plus interest.

17                    (2)            Determine the amount of a single life annuity that is the actuarial equivalent  
18                    of the amount determined under subdivision (1) of this subsection, adjusted  
19                    for the age of the member at the time of retirement or, when appropriate, the  
20                    age at the time of the member's death.

21                    (3)            Multiply the annuity amount determined under subdivision (2) of this  
22                    subsection by the contribution-based benefit cap factor.

23                    The product of the multiplication in subdivision (3) of this subsection is the member's  
24                    contribution-based benefit cap. If the retirement allowance that the member would receive  
25                    under this section exceeds the member's contribution-based benefit cap, the member's  
26                    retirement allowance shall be reduced to an amount equal to that benefit cap."

27                    **SECTION 2.(b)** G.S. 128-27 is amended by adding a new section to read:

28                    "(a3) Notwithstanding any other provision of this section, every service retirement  
29                    allowance provided under this section for members who became members on or after July 1,  
30                    2013, is subject to adjustment pursuant to a contribution-based benefit cap under this  
31                    subsection. A contribution-based benefit cap factor shall be established by the Board of  
32                    Trustees upon the advice of the consulting actuary. Prior to establishing a service allowance  
33                    under this section, the Board shall:

34                    (1)            Determine an amount equal to the member's contributions plus interest.

35                    (2)            Determine the amount of a single life annuity that is the actuarial equivalent  
36                    of the amount determined under subdivision (1) of this subsection, adjusted  
37                    for the age of the member at the time of retirement or, when appropriate, the  
38                    age at the time of the member's death.

39                    (3)            Multiply the annuity amount determined under subdivision (2) of this  
40                    subsection by the contribution-based benefit cap factor.

41                    The product of the multiplication in subdivision (3) of this subsection is the member's  
42                    contribution-based benefit cap. If the retirement allowance that the member would receive  
43                    under this section exceeds the member's contribution-based benefit cap, the member's  
44                    retirement allowance shall be reduced to an amount equal to that benefit cap."

45                    **SECTION 3.(a)** G.S. 135-4 reads as rewritten:

46                    "(ff) Retroactive Membership Service. – A member who is reinstated to service as an  
47                    employee as defined in G.S. 135-1(10) or as a teacher as defined in G.S. 135-1(25)  
48                    retroactively to the date of prior involuntary termination (~~with backpay and benefits~~) may be  
49                    allowed membership service, after submitting clear and convincing evidence of the  
50                    reinstatement, and certification that any arrangements regarding backpay and benefits have  
51                    been agreed to by the employee and employer, as follows:

- 1 (1) Within 90 days of the involuntary termination, by the payment of employee  
2 and employer contributions that would have been paid; or  
3 (2) After 90 days of the involuntary termination, by the payment of the  
4 employee and employer contributions that would have been paid plus  
5 interest compounded annually at a rate equal to the greater of the average  
6 yield on the pension accumulation fund for the preceding calendar year or  
7 the actuarial investment rate-of-return assumption, as adopted by the Board  
8 of Trustees.

9 Nothing contained in this subsection shall prevent an employer or member from paying all  
10 or a part of the cost of the retroactive membership service; and to the extent paid by the  
11 employer, the cost paid by the employer shall be credited to the pension accumulation fund;  
12 and to the extent paid by the member, the cost paid by the member shall be credited to the  
13 member's annuity savings account; provided, however, an employer does not discriminate  
14 against any member or group of members in his employ in paying all or any part of the cost of  
15 the retroactive membership service.

16 In the event a member received a return of accumulated contributions subsequent to an  
17 involuntary termination as provided in G.S. 135-5(f), the member may redeposit, within 90  
18 days of reinstatement retroactive to the date of prior involuntary termination, in the annuity  
19 savings fund by single payment an amount equal to the total amount he previously withdrew  
20 plus regular interest and restore the creditable service forfeited upon receiving his return of  
21 accumulated contributions.

22 In the event that this service purchase provision is invoked in a settlement of a dispute  
23 between and employee and an employer, the average final compensation used for any  
24 recalculation of a retirement benefit shall not be based on hypothetical compensation for any  
25 months subsequent to the date of the prior involuntary termination triggering the use of this  
26 provision."

27 **SECTION 3.(b)** G.S. 128-26(v) reads as rewritten:

28 "(v) Retroactive Membership Service. – A member who is reinstated to service as an  
29 employee as defined in G.S. 128-21(10) retroactively to the date of prior involuntary  
30 termination (with backpay and benefits) may be allowed membership service, after submitting  
31 clear and convincing evidence of the reinstatement, and certification that any arrangements  
32 regarding backpay and benefits have been agreed to by the employee and employer, as follows:

- 33 (1) Within 90 days of the involuntary termination, by the payment of employee  
34 and employer contributions that would have been paid; or  
35 (2) After 90 days of the involuntary termination, by the payment of the  
36 employee and employer contributions that would have been paid plus  
37 interest compounded annually at a rate equal to the greater of the average  
38 yield on the pension accumulation fund for the preceding calendar year or  
39 the actuarial investment rate-of-return assumption, as adopted by the Board  
40 of Trustees.

41 Nothing contained in this subsection shall prevent an employer or member from paying all  
42 or a part of the cost of the retroactive membership service; and to the extent paid by the  
43 employer, the cost paid by the employer shall be credited to the pension accumulation fund;  
44 and to the extent paid by the member, the cost paid by the member shall be credited to the  
45 member's annuity savings account; provided, however, an employer does not discriminate  
46 against any member or group of members in his employ in paying all or any part of the cost of  
47 the retroactive membership service.

48 In the event a member received a return of accumulated contributions subsequent to an  
49 involuntary termination as provided in G.S. 128-27(f), the member may redeposit, within 90  
50 days of reinstatement retroactive to the date of prior involuntary termination, in the annuity  
51 savings fund by single payment, an amount equal to the total amount he previously withdrew

1 plus regular interest and restore the creditable service forfeited upon receiving his return of  
2 accumulated contributions.

3 In the event that this service purchase provision is invoked in a settlement of a dispute  
4 between and employee and an employer, the average final compensation used for any  
5 recalculation of a retirement benefit shall not be based on hypothetical compensation for any  
6 months subsequent to the date of the prior involuntary termination triggering the use of this  
7 provision."

8 **SECTION 4.(a)** G.S. 135-3(8) reads as rewritten:

9 "(8) The provisions of this subsection (8) shall apply to any member whose  
10 membership is terminated on or after July 1, 1963 and who becomes entitled  
11 to benefits hereunder in accordance with the provisions hereof.

12 a. Notwithstanding any other provision of this Chapter, any member  
13 ~~who became a member prior to August 1, 2011, and~~ who separates  
14 from service prior to the attainment of the age of 60 years for any  
15 reason other than death or retirement for disability as provided in  
16 G.S. 135-5(c), after completing 15 or more years of creditable  
17 service, and who leaves his total accumulated contributions in said  
18 System shall have the right to retire on a deferred retirement  
19 allowance upon attaining the age of 60 years; provided that such  
20 member may retire only upon electronic submission or written  
21 application to the Board of Trustees setting forth at what time, not  
22 less than one day nor more than ~~420-90~~ days subsequent to the  
23 execution and filing thereof, he desires to be retired; and further  
24 provided that in the case of a member who so separates from service  
25 on or after July 1, 1967, or whose account is active on July 1, 1967,  
26 or has not withdrawn his contributions, the aforesated requirement  
27 of 15 or more years of creditable service shall be reduced to 12 or  
28 more years of creditable service; and further provided that in the case  
29 of a member who so separates from service on or after July 1, 1971,  
30 or whose account is active on July 1, 1971, the aforesated  
31 requirement of 12 or more years of creditable service shall be  
32 reduced to five or more years of creditable service. Such deferred  
33 retirement allowance shall be computed in accordance with the  
34 service retirement provisions of this Article pertaining to a member  
35 who is not a law enforcement officer or an eligible former law  
36 enforcement officer. Notwithstanding the foregoing, any member  
37 whose services as a teacher or employee are terminated for any  
38 reason other than retirement, who becomes employed by a nonprofit,  
39 nonsectarian private school in North Carolina below the college level  
40 within one year after such teacher or employee has ceased to be a  
41 teacher or employee, may elect to leave his total accumulated  
42 contributions in the Teachers' and State Employees' Retirement  
43 System during the period he is in the employment of such employer;  
44 provided that he files notice thereof in writing with the Board of  
45 Trustees of the Retirement System within five years after separation  
46 from service as a public school teacher or State employee; such  
47 member shall be deemed to have met the requirements of the above  
48 provisions of this subdivision upon attainment of age 60 while in  
49 such employment provided that he is otherwise vested.

50 b. In lieu of the benefits provided in paragraph a of this subdivision (8),  
51 any member ~~who became a member prior to August 1, 2011, and~~

1 who separates from service prior to the attainment of the age of 60  
 2 years, for any reason other than death or retirement for disability as  
 3 provided in G.S. 135-5(c), after completing 20 or more years of  
 4 creditable service, and who leaves his total accumulated  
 5 contributions in said System, may elect to retire on an early  
 6 retirement allowance upon attaining the age of 50 years or at any  
 7 time thereafter; provided that such member may so retire only upon  
 8 electronic submission or written application to the Board of Trustees  
 9 setting forth at what time, not less than one day nor more than ~~120~~ 90  
 10 days subsequent to the execution and filing thereof, he desires to be  
 11 retired. Such early retirement allowance so elected shall be equal to  
 12 the deferred retirement allowance otherwise payable at the attainment  
 13 of the age of 60 years reduced by the percentage thereof indicated  
 14 below.

Age at Retirement	Percentage Reduction
59	7
58	14
57	20
56	25
55	30
54	35
53	39
52	43
51	46
50	50

- 15  
16  
17  
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26
- b1. In lieu of the benefits provided in paragraphs a and b of this  
 27 subdivision, any member ~~who became a member prior to August 1,~~  
 28 ~~2011, and~~ who is a law-enforcement officer at the time of separation  
 29 from service prior to the attainment of the age of 50 years, for any  
 30 reason other than death or disability as provided in this Article, after  
 31 completing 15 or more years of creditable service in this capacity  
 32 immediately prior to separation from service, and who leaves his  
 33 total accumulated contributions in this System may elect to retire on  
 34 a deferred early retirement allowance upon attaining the age of 50  
 35 years or at any time thereafter; provided, that the member may  
 36 commence retirement only upon electronic submission or written  
 37 application to the Board of Trustees setting forth at what time, as of  
 38 the first day of a calendar month, not less than one day nor more than  
 39 ~~120~~ 90 days subsequent to the execution and filing thereof, he desires  
 40 to commence retirement. The deferred early retirement allowance  
 41 shall be computed in accordance with the service retirement  
 42 provisions of this Article pertaining to law-enforcement officers.
- b2. In lieu of the benefits provided in paragraphs a and b of this  
 43 subdivision, any member ~~who became a member prior to August 1,~~  
 44 ~~2011, and~~ who is a law-enforcement officer at the time of separation  
 45 from service prior to the attainment of the age of 55 years, for any  
 46 reason other than death or disability as provided in this Article, after  
 47 completing five or more years of creditable service in this capacity  
 48 immediately prior to separation from service, and who leaves his  
 49 total accumulated contributions in this System may elect to retire on  
 50  
 51

1 a deferred early retirement allowance upon attaining the age of 55  
2 years or at any time thereafter; provided, that the member may  
3 commence retirement only upon electronic submission or written  
4 application to the Board of Trustees setting forth at what time, as of  
5 the first day of a calendar month not less than one day nor more than  
6 ~~120-90~~ days subsequent to the execution and filing thereof, he desires  
7 to commence retirement. The deferred early retirement allowance  
8 shall be computed in accordance with the service retirement  
9 provisions of this Article pertaining to law-enforcement officers.

10 b3. Vested deferred retirement allowance of members retiring on or after  
11 July 1, 1994. – In lieu of the benefits provided in paragraphs a. and b.  
12 of this subdivision, any member ~~who became a member prior to~~  
13 ~~August 1, 2011, and who separates from service prior to attainment~~  
14 ~~of age 60 years, after completing 20 or more years of creditable~~  
15 ~~service, and who leaves his total accumulated contributions in said~~  
16 ~~System, may elect to retire on a deferred retirement allowance upon~~  
17 ~~attaining the age of 50 years or any time thereafter; provided that~~  
18 ~~such member may so retire only upon electronic submission or~~  
19 ~~written application to the Board of Trustees setting forth at what~~  
20 ~~time, not less than one day nor more than 120-90 days subsequent to~~  
21 ~~the execution and filing thereof, he desires to be retired. Such~~  
22 ~~deferred retirement allowance shall be computed in accordance with~~  
23 ~~the service retirement provisions of this Article pertaining to a~~  
24 ~~member who is not a law enforcement officer or an eligible former~~  
25 ~~law enforcement officer.~~

26 b4. ~~Any member who became a member on or after August 1, 2011, and~~  
27 ~~who is not a law enforcement officer and (i) separates from service~~  
28 ~~prior to the attainment of the age of 60 years, after completing 25 or~~  
29 ~~more years of creditable service, and who leaves the member's total~~  
30 ~~accumulated contributions in said System, may elect to retire on an~~  
31 ~~unreduced service retirement allowance upon attaining the age of 60~~  
32 ~~years or at any time thereafter; or (ii) separates from service prior to~~  
33 ~~the attainment of the age of 50 years, after completing 20 or more~~  
34 ~~years of creditable service, and who leaves the member's total~~  
35 ~~accumulated contributions in said System, may elect to retire on an~~  
36 ~~early reduced retirement allowance upon attaining the age of 50 years~~  
37 ~~or at any time thereafter; or (iii) separates from service prior to the~~  
38 ~~attainment of the age of 60 years, after completing 10 or more years~~  
39 ~~but less than 25 years of creditable service, and who leaves the~~  
40 ~~member's total accumulated contributions in said System, may elect~~  
41 ~~to retire on an early reduced retirement allowance upon attaining the~~  
42 ~~age of 60 years or at any time thereafter; or (iv) separates from~~  
43 ~~service prior to the attainment of the age of 65 years, after~~  
44 ~~completing 10 or more years of creditable service, and who leaves~~  
45 ~~the member's total accumulated contributions in said System, may~~  
46 ~~elect to retire on an unreduced retirement allowance upon attaining~~  
47 ~~the age of 65 years or at any time thereafter; provided that such~~  
48 ~~member may so retire only upon electronic submission or written~~  
49 ~~application to the Board of Trustees setting forth at what time, not~~  
50 ~~less than one day nor more than 120 days subsequent to the execution~~  
51 ~~and filing thereof, the member desires to be retired.~~

b5: ~~Any member who became a member on or after August 1, 2011, who is a law enforcement officer and (i) separates from service prior to attainment of age 50 years, after completing 15 or more years of creditable service in this capacity, and who leaves the member's total accumulated contributions in said System, may elect to retire on an early reduced retirement allowance upon attaining the age of 50 years or any time thereafter; or (ii) separates from service prior to attainment of age 55 years, after completing 10 or more years of creditable service in this capacity, and who leaves the member's total accumulated contributions in said System, may elect to retire on an unreduced retirement allowance upon attaining the age of 55 years or any time thereafter; provided that such member may so retire only upon electronic submission or written application to the Board of Trustees setting forth at what time, not less than one day nor more than 120 days subsequent to the execution and filing thereof, the member desires to be retired.~~

...."

**SECTION 4.(b)** G.S. 135-5 reads as rewritten:

**"§ 135-5. Benefits.**

(a) Service Retirement Benefits.

(1) ~~Any member who became a member prior to August 1, 2011,~~ may retire upon electronic submission or 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 120 days subsequent to the execution of and filing thereof, he desires to be retired: Provided, that the said member at the time so specified for his retirement shall have attained the age of 60 years and have at least five years of membership service or shall have completed 30 years of creditable service.

(1a) ~~Any member who became a member on or after August 1, 2011, may retire upon electronic submission or 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 120 days subsequent to the execution of and filing thereof, the member desires to be retired: Provided, that the said member at the time so specified for the member's retirement shall have attained the age of 60 years and have at least 10 years of membership service or shall have completed 30 years of creditable service.~~

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

(3) Any member who was in service October 8, 1981, who had attained 60 years of age, may retire upon electronic submission or 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 120 days subsequent to the execution and filing thereof, he desires to be retired.

(4) Any member who is a law-enforcement officer, ~~who became a member prior to August 1, 2011,~~ officer and who attains age 50 and completes 15 or more years of creditable service in this capacity or who attains age 55 and completes five or more years of creditable service in this capacity, may retire upon electronic submission or 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 120 days subsequent to the execution and filing thereof, he desires to be retired; Provided, also, any member who has met the conditions herein required but does not retire, and later becomes a teacher or

1 an employee other than as a law-enforcement officer shall continue to have  
2 the right to commence retirement.

3 ~~(4a) Any member who is a law enforcement officer, who became a member on or~~  
4 ~~after August 1, 2011, and who attains age 50 and completes 15 or more years~~  
5 ~~of creditable service in this capacity or who attains age 55 and completes 10~~  
6 ~~or more years of creditable service in this capacity, may retire upon~~  
7 ~~electronic submission or written application to the Board of Trustees setting~~  
8 ~~forth at what time, as of the first day of a calendar month, not less than one~~  
9 ~~day nor more than 120 days subsequent to the execution and filing thereof,~~  
10 ~~the member desires to be retired; Provided, also, any member who has met~~  
11 ~~the conditions herein required but does not retire, and later becomes a~~  
12 ~~teacher or an employee other than as a law enforcement officer shall~~  
13 ~~continue to have the right to commence retirement.~~

14 (5) Any member who is eligible for and is being paid a benefit under the  
15 Disability Income Plan as provided in G.S. 135-105 or G.S. 135-106 shall be  
16 deemed a member in service and may not retire under the provisions of this  
17 section. Any member who has made electronic submission or written  
18 application for long-term or extended short-term benefits under the  
19 Disability Income Plan as provided in G.S. 135-105 or G.S. 135-106, and  
20 who has been rejected by the Plan's Medical Board for a long-term or  
21 extended short-term benefit shall have 90 days from the date of notification  
22 of the rejection to convert his application to an early or service retirement  
23 application, provided that the member meets the eligibility requirements,  
24 effective the first day of the month following the month in which short-term  
25 disability benefits ended or the first day of the month following the month in  
26 which any salary continuation as may be provided in G.S. 135-104 ended,  
27 whichever is later.

28 (a1) Early Service Retirement Benefits. – Any member may retire and receive a reduced  
29 retirement allowance upon electronic submission or written application to the Board of Trustees  
30 setting forth at what time, as of the first day of a calendar month, not less than one day nor  
31 more than 120 days subsequent to the execution of and filing thereof, he desires to be retired:  
32 Provided, that the said member at the time so specified for his retirement shall have attained the  
33 age of 50 years and have at least 20 years of creditable service.

34 ~~(a2) Early Service Retirement Benefits. – Any member who became a member on or~~  
35 ~~after August 1, 2011, who is a law enforcement officer may retire and receive a reduced~~  
36 ~~retirement allowance upon electronic submission or written application to the Board of Trustees~~  
37 ~~setting forth at what time, as of the first day of a calendar month, not less than one day nor~~  
38 ~~more than 120 days subsequent to the execution of and filing thereof, the member desires to be~~  
39 ~~retired; however, the member at the time so specified for the member's retirement shall have~~  
40 ~~attained the age of 50 years and have at least 15 years of creditable service.~~

41 ...

42 (b19) Service Retirement Allowance of Members Who Became a Member Prior to August  
43 1, 2011, Retiring on or After July 1, 2002. – Upon retirement from service in accordance with  
44 subdivision (a)(1), ~~(a)(4)~~, or subsection (a) or (a1) of this section, on or after July 1, 2002, a  
45 member shall receive the following service retirement allowance:

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

49 a. If the member's service retirement date occurs on or after his 55th  
50 birthday, and completion of five years of creditable service as a law  
51 enforcement officer, or after the completion of 30 years of creditable

- 1 service, the allowance shall be equal to one and eighty-two  
2 hundredths percent (1.82%) of his average final compensation,  
3 multiplied by the number of years of his creditable service.
- 4 b. If the member's service retirement date occurs on or after his 50th  
5 birthday and before his 55th birthday with 15 or more years of  
6 creditable service as a law enforcement officer and prior to the  
7 completion of 30 years of creditable service, his retirement allowance  
8 shall be equal to the greater of:
- 9 1. The service retirement allowance payable under  
10 G.S. 135-5(b19)(1)a. reduced by one-third of one percent (1/3  
11 of 1%) thereof for each month by which his retirement date  
12 precedes the first day of the month coincident with or next  
13 following the month the member would have attained his  
14 55th birthday; or
- 15 2. The service retirement allowance as computed under  
16 G.S. 135-5(b19)(1)a. reduced by five percent (5%) times the  
17 difference between 30 years and his creditable service at  
18 retirement.
- 19 (2) A member who is not a law enforcement officer or an eligible former law  
20 enforcement officer shall receive a service retirement allowance computed  
21 as follows:
- 22 a. If the member's service retirement date occurs on or after his 65th  
23 birthday upon the completion of five years of membership service or  
24 after the completion of 30 years of creditable service or on or after  
25 his 60th birthday upon the completion of 25 years of creditable  
26 service, the allowance shall be equal to one and eighty-two  
27 hundredths percent (1.82%) of his average final compensation,  
28 multiplied by the number of years of creditable service.
- 29 b. If the member's service retirement date occurs after his 60th birthday  
30 and before his 65th birthday and prior to his completion of 25 years  
31 or more of creditable service, his retirement allowance shall be  
32 computed as in G.S. 135-5(b19)(2)a. but shall be reduced by  
33 one-quarter of one percent ( $\frac{1}{4}$  of 1%) thereof for each month by  
34 which his retirement date precedes the first day of the month  
35 coincident with or next following his 65th birthday.
- 36 c. If the member's early service retirement date occurs on or after his  
37 50th birthday and before his 60th birthday and after completion of 20  
38 years of creditable service but prior to the completion of 30 years of  
39 creditable service, his early service retirement allowance shall be  
40 equal to the greater of:
- 41 1. The service retirement allowance as computed under  
42 G.S. 135-5(b19)(2)a. but reduced by the sum of five-twelfths  
43 of one percent ( $\frac{5}{12}$  of 1%) thereof for each month by which  
44 his retirement date precedes the first day of the month  
45 coincident with or next following the month the member  
46 would have attained his 60th birthday, plus one-quarter of one  
47 percent ( $\frac{1}{4}$  of 1%) thereof for each month by which his 60th  
48 birthday precedes the first day of the month coincident with  
49 or next following his 65th birthday; or
- 50 2. The service retirement allowance as computed under  
51 G.S. 135-5(b19)(2)a. reduced by five percent (5%) times the

- 1 difference between 30 years and his creditable service at  
2 retirement; or
- 3 3. If the member's creditable service commenced prior to July 1,  
4 1994, the service retirement allowance equal to the actuarial  
5 equivalent of the allowance payable at the age of 60 years as  
6 computed in G.S. 135-5(b19)(2)b.
- 7 d. Notwithstanding the foregoing provisions, any member whose  
8 creditable service commenced prior to July 1, 1963, shall not receive  
9 less than the benefit provided by G.S. 135-5(b).
- 10 ~~(b20) Service Retirement Allowance of Members Who Became a Member On or After~~  
11 ~~August 1, 2011. Upon retirement from service in accordance with subdivision (a)(1a) or~~  
12 ~~(a)(4a) or subsection (a1) or (a2) of this section, a member shall receive the following service~~  
13 ~~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 computed~~  
16 ~~as follows:~~
- 17 a. ~~If the member's service retirement date occurs on or after the~~  
18 ~~member's 55th birthday, and completion of 10 years of creditable~~  
19 ~~service as a law enforcement officer, or after the completion of 30~~  
20 ~~years of creditable service, the allowance shall be equal to one and~~  
21 ~~eighty two hundredths percent (1.82%) of the member's average final~~  
22 ~~compensation, multiplied by the number of years of his creditable~~  
23 ~~service.~~
- 24 b. ~~If the member's service retirement date occurs on or after the~~  
25 ~~member's 50th birthday and before the member's 55th birthday with~~  
26 ~~15 or more years of creditable service as a law enforcement officer~~  
27 ~~and prior to the completion of 30 years of creditable service, the~~  
28 ~~member's retirement allowance shall be equal to the greater of:~~
- 29 1. ~~The service retirement allowance payable under~~  
30 ~~G.S. 135-5(b20)(1)a. reduced by one third of one percent (1/3~~  
31 ~~of 1%) thereof for each month by which the member's~~  
32 ~~retirement date precedes the first day of the month coincident~~  
33 ~~with or next following the month the member would have~~  
34 ~~attained the member's 55th birthday; or~~
- 35 2. ~~The service retirement allowance as computed under~~  
36 ~~G.S. 135-5(b20)(1)a. reduced by five percent (5%) times the~~  
37 ~~difference between 30 years and the member's creditable~~  
38 ~~service at retirement.~~
- 39 (2) ~~A member who is not a law enforcement officer or an eligible former law~~  
40 ~~enforcement officer shall receive a service retirement allowance computed~~  
41 ~~as follows:~~
- 42 a. ~~If the member's service retirement date occurs on or after his 65th~~  
43 ~~birthday upon the completion of 10 years of membership service or~~  
44 ~~after the completion of 30 years of creditable service or on or after~~  
45 ~~the member's 60th birthday upon the completion of 25 years of~~  
46 ~~creditable service, the allowance shall be equal to one and eighty two~~  
47 ~~hundredths percent (1.82%) of the member's average final~~  
48 ~~compensation, multiplied by the number of years of creditable~~  
49 ~~service.~~
- 50 b. ~~If the member's service retirement date occurs after the member's~~  
51 ~~60th birthday and before the member's 65th birthday and prior to the~~

1 member's completion of 25 years or more of creditable service, the  
2 member's retirement allowance shall be computed as in  
3 G.S. 135-5(b20)(2)a. but shall be reduced by one fourth of one  
4 percent (1/4 of 1%) thereof for each month by which the member's  
5 retirement date precedes the first day of the month coincident with or  
6 next following the member's 65th birthday.

7 e. ~~If the member's early service retirement date occurs on or after the~~  
8 ~~member's 50th birthday and before the member's 60th birthday and~~  
9 ~~after completion of 20 years of creditable service but prior to the~~  
10 ~~completion of 30 years of creditable service, the member's early~~  
11 ~~service retirement allowance shall be equal to the greater of:~~

12 1. ~~The service retirement allowance as computed under~~  
13 ~~G.S. 135-5(b20)(2)a. but reduced by the sum of five twelfths~~  
14 ~~of one percent (5/12 of 1%) thereof for each month by which~~  
15 ~~the member's retirement date precedes the first day of the~~  
16 ~~month coincident with or next following the month the~~  
17 ~~member would have attained his 60th birthday, plus~~  
18 ~~one fourth of one percent (1/4 of 1%) thereof for each month~~  
19 ~~by which his 60th birthday precedes the first day of the month~~  
20 ~~coincident with or next following the member's 65th birthday;~~

21 ~~or~~

22 2. ~~The service retirement allowance as computed under~~  
23 ~~G.S. 135-5(b20)(2)a. reduced by five percent (5%) times the~~  
24 ~~difference between 30 years and the member's creditable~~  
25 ~~service at retirement.~~

26 ...

27 (m) Survivor's Alternate Benefit. – Upon the death of a member in service, ~~who became~~  
28 ~~a member prior to August 1, 2011,~~ the beneficiary designated to receive a return of accumulated  
29 contributions shall have the right to elect to receive in lieu thereof the reduced retirement  
30 allowance provided by Option 2 of subsection (g) above computed by assuming that the  
31 member had retired on the first day of the month following the date of his death, provided that  
32 all four of the following conditions apply:

- 33 (1) a. The member had attained such age and/or creditable service to be  
34 eligible to commence retirement with an early or service retirement  
35 allowance, or  
36 b. The member had obtained 20 years of creditable service in which  
37 case the retirement allowance shall be computed in accordance with  
38 G.S. 135-5(b19)(1)b. or G.S. 135-5(b19)(2)c., notwithstanding the  
39 requirement of obtaining age 50, or  
40 b1. The member was a law enforcement officer who had obtained 15  
41 years of service as a law enforcement officer and was killed in the  
42 line of duty, in which case the retirement allowance shall be  
43 computed in accordance with G.S. 135-5(b19)(1)b., notwithstanding  
44 the requirement of obtaining age 50.  
45 c. Repealed by Session Laws 2010-72, s. 2(a), effective July 1, 2010.  
46 (2) At the time of the member's death, one and only one beneficiary is eligible to  
47 receive a return of his accumulated contributions.  
48 (3) The member had not instructed the Board of Trustees in writing that he did  
49 not wish the provisions of this subsection to apply.  
50 (4) The member had not commenced to receive a retirement allowance as  
51 provided under this Chapter.

1 For the purpose of this benefit, a member is considered to be in service at the date of his  
2 death if his death occurs within 180 days from the last day of his actual service. The last day of  
3 actual service shall be determined as provided in subsection (1) of this section. Upon the death  
4 of a member in service, the surviving spouse may make all purchases for creditable service as  
5 provided for under this Chapter for which the member had made application in writing prior to  
6 the date of death, provided that the date of death occurred prior to or within 60 days after  
7 notification of the cost to make the purchase. The term "in service" as used in this subsection  
8 includes a member in receipt of a benefit under the Disability Income Plan as provided in  
9 Article 6 of this Chapter.

10 Notwithstanding the foregoing, a member who is in receipt of Workers' Compensation  
11 during the period for which the member would have otherwise been eligible to receive  
12 short-term benefits, as provided in G.S. 135-105, and who dies on or after 181 days from the  
13 last day of the member's actual service but on or before the date the benefits as provided in  
14 G.S. 135-105 would have ended, shall be considered in service at the time of the member's  
15 death for the purpose of this benefit.

16 For the purpose of calculating this benefit any terminal payouts made after the date of death  
17 that meet the definition of compensation shall be credited to the month prior to the month of  
18 death. These terminal payouts do not include salary or wages paid for work performed during  
19 the month of death.

20 ...

21 ~~(m3) Survivor's Alternate Benefit.— Upon the death of a member in service who became~~  
22 ~~a member on or after August 1, 2011, the principal beneficiary designated to receive a return of~~  
23 ~~accumulated contributions shall have the right to elect to receive in lieu thereof the reduced~~  
24 ~~retirement allowance provided by Option 2 of subsection (g) of this section computed by~~  
25 ~~assuming that the member had retired on the first day of the month following the date of the~~  
26 ~~member's death, provided that the following conditions apply:~~

- 27 (1) a. ~~The member had attained such age and/or creditable service to be~~  
28 ~~eligible to commence retirement with an early or service retirement~~  
29 ~~allowance.~~  
30 b. ~~The member had obtained 20 years of creditable service in which~~  
31 ~~ease the retirement allowance shall be computed in accordance with~~  
32 ~~G.S. 135-5(b20)(1)b. or G.S. 135-5(b20)(2)c., notwithstanding the~~  
33 ~~requirement of obtaining age 50,~~  
34 b1. ~~The member was a law enforcement officer who had attained 15~~  
35 ~~years of service as a law enforcement officer and was killed in the~~  
36 ~~line of duty, in which case the retirement allowance shall be~~  
37 ~~computed in accordance with G.S. 135-5(b20)(1)b., notwithstanding~~  
38 ~~the requirement of attaining age 50.~~  
39 e. ~~The member had not commenced to receive a retirement allowance~~  
40 ~~as provided under this Chapter.~~

41 (2) ~~At the time of the member's death, one and only one person is eligible to~~  
42 ~~receive a return of the member's contributions.~~

43 (3) ~~The member had not instructed the Board of Trustees in writing that the~~  
44 ~~member did not wish the provisions of this subsection to apply.~~

45 For the purpose of this benefit, a member is considered to be in service at the date of the  
46 member's death if the member's death occurs within 180 days from the last day of the member's  
47 actual service. The last day of actual service shall be determined as provided in subdivision (1)  
48 of this subsection. Upon the death of a member in service, the surviving spouse may make all  
49 purchases for creditable service as provided for under this Chapter for which the member had  
50 made application in writing prior to the date of death, provided that the date of death occurred  
51 prior to or within 60 days after notification of the cost to make the purchase. The term, "in

1 service" as used in this subsection, includes a member in receipt of a benefit under the  
2 Disability Income Plan as provided in Article 6 of this Chapter.

3 ~~Notwithstanding the foregoing, a member who is in receipt of Workers' Compensation~~  
4 ~~during the period for which the member would have otherwise been eligible to receive~~  
5 ~~short term benefits, as provided in G.S. 135-105, and who dies on or after 181 days from the~~  
6 ~~last day of the member's actual service but on or before the date the benefits as provided in~~  
7 ~~G.S. 135-105 would have ended, shall be considered in service at the time of the member's~~  
8 ~~death for the purpose of this benefit.~~

9 ~~For the purpose of calculating this benefit, any terminal payouts made after the date of~~  
10 ~~death that meet the definition of compensation shall be credited to the month prior to the month~~  
11 ~~of death. These terminal payouts do not include salary or wages paid for work performed~~  
12 ~~during the month of death.~~

13 ...."

14 **SECTION 4.(c)** G.S. 135-57 reads as rewritten:

15 **"§ 135-57. Service retirement.**

16 (a) Any member on or after January 1, 1974, ~~who became a member prior to August 1,~~  
17 ~~2011,~~and who has attained his fiftieth birthday and five years of membership service may retire  
18 upon electronic submission or written application to the board of trustees setting forth at what  
19 time, as of the first day of a calendar month, not less than one day nor more than 120 days  
20 subsequent to the execution and filing thereof, he desires to be retired.

21 ~~(a1) Any member who became a member on or after August 1, 2011, and who has~~  
22 ~~attained the member's fiftieth birthday and 10 years of membership service may retire upon~~  
23 ~~electronic submission or written application to the Board of Trustees setting forth at what time,~~  
24 ~~as of the first day of a calendar month, not less than one day nor more than 120 days~~  
25 ~~subsequent to the execution and filing thereof, the member desires to be retired.~~

26 (b) Any member who is a justice or judge of the General Court of Justice shall be  
27 automatically retired as of the first day of the calendar month coinciding with or next following  
28 the later of January 1, 1974, or his attainment of his seventy-second birthday; provided,  
29 however, that no judge who is a member on January 1, 1974, shall be forced to retire under the  
30 provisions of this subsection at an earlier date than the last day that he is permitted to remain in  
31 office under the provisions of G.S. 7A-4.20.

32 (c) Any member who terminates service on or after January 1, 1974, having  
33 accumulated five or more years of creditable service ~~and having become a member prior to~~  
34 ~~August 1, 2011,~~may retire under the provisions of subsection (a) above, provided that he shall  
35 not have withdrawn his accumulated contributions prior to the effective date of his retirement,  
36 and the requirement of subsection (a) that the member be in service shall not apply.

37 ~~(c1) Any member having accumulated 10 or more years of creditable service and having~~  
38 ~~become a member on or after August 1, 2011, may retire under the provisions of subsection~~  
39 ~~(a1) above, provided that the member shall not have withdrawn the member's accumulated~~  
40 ~~contributions prior to the effective date of the member's retirement, and the requirement of~~  
41 ~~subsection (a1) that the member be in service shall not apply.~~

42 (d) Any member who was in service October 8, 1981, who had attained 50 years of age,  
43 may retire upon electronic submission or written application to the board of trustees setting  
44 forth at what time, as of the first day of a calendar month, not less than one day nor more than  
45 120 days subsequent to the execution and filing thereof, he desires to be retired."

46 **SECTION 4.(d)** G.S. 143-166.41 reads as rewritten:

47 **"§ 143-166.41. Special separation allowance.**

48 (a) Notwithstanding any other provision of law, every sworn law-enforcement officer  
49 as defined by G.S. 135-1(11c) or G.S. 143-166.30(a)(4) employed by a State department,  
50 agency, or institution ~~prior to August 1, 2011,~~and who qualifies under this section shall receive,  
51 beginning in the month in which he retires on a basic service retirement under the provisions of

1 ~~G.S. 135-5(a),~~ G.S. 135-5(a) or G.S. 143-166.30, an annual separation allowance equal to  
2 eighty-five hundredths percent (0.85%) of the annual equivalent of the base rate of  
3 compensation most recently applicable to him for each year of creditable service. The  
4 allowance shall be paid in equal installments on the payroll frequency used by the employer. To  
5 qualify for the allowance the officer shall:

- 6 (1) Have (i) completed 30 or more years of creditable service or, (ii) have  
7 attained 55 years of age and completed five or more years of creditable  
8 service; and
- 9 (2) Not have attained 62 years of age; and
- 10 (3) Have completed at least five years of continuous service as a law  
11 enforcement officer as herein defined immediately preceding a service  
12 retirement. Any break in the continuous service required by this subsection  
13 because of disability retirement or disability salary continuation benefits  
14 shall not adversely affect an officer's qualification to receive the allowance,  
15 provided the officer returns to service within 45 days after the disability  
16 benefits cease and is otherwise qualified to receive the allowance.

17 ~~(a1) Notwithstanding any other provision of law, every sworn law enforcement officer~~  
18 ~~as defined by G.S. 135-1(11e) or G.S. 143-166.30(a)(4) employed by a State department,~~  
19 ~~agency, or institution on or after August 1, 2011, and who qualifies under this section shall~~  
20 ~~receive, beginning in the month in which the member retires on a basic service retirement under~~  
21 ~~the provisions of G.S. 135-5(a), an annual separation allowance equal to eighty five hundredths~~  
22 ~~percent (0.85%) of the annual equivalent of the base rate of compensation most recently~~  
23 ~~applicable to him for each year of creditable service. The allowance shall be paid in equal~~  
24 ~~installments on the payroll frequency used by the employer. To qualify for the allowance, the~~  
25 ~~officer shall:~~

- 26 (1) ~~Have (i) completed 30 or more years of creditable service or (ii) attained 55~~  
27 ~~years of age and completed 10 or more years of creditable service; and~~
- 28 (2) ~~Not have attained 62 years of age; and~~
- 29 (3) ~~Have completed at least 10 years of continuous service as a law enforcement~~  
30 ~~officer as herein defined immediately preceding a service retirement. Any~~  
31 ~~break in the continuous service required by this subsection because of~~  
32 ~~disability retirement or disability salary continuation benefits shall not~~  
33 ~~adversely affect an officer's qualification to receive the allowance, provided~~  
34 ~~the officer returns to service within 45 days after the disability benefits cease~~  
35 ~~and is otherwise qualified to receive the allowance.~~

36 ...."

37 **SECTION 5.** The Department of State Treasurer shall, by May 1, 2014, propose a  
38 legal and administrative framework to the General Assembly for an optional retirement plan  
39 that may be elected in lieu of participation in the Teachers' and State Employees' Retirement  
40 System established in Chapter 135 of the General Statutes. This framework shall be designed to  
41 comply with the requirements of the Internal Revenue Code of 1986, as amended, and shall  
42 identify the persons or entities that shall serve as fiduciaries under the plan. The plan  
43 established for this purpose shall be known as the "Teachers' and State Employees' Optional  
44 Retirement System of North Carolina." The plan shall be the sole alternative plan available to  
45 employees eligible for participation in the Retirement System for Teachers and State  
46 Employees established in Chapter 135 of the General Statutes.

47 **SECTION 6.** There is appropriated from the General Fund to the Department of  
48 State Treasurer the sum of one million dollars (\$1,000,000) for the 2013-2014 fiscal year and  
49 the sum of three million dollars (\$3,000,000) for the 2014-2015 fiscal year to provide the  
50 start-up costs for establishment of the Teachers' and State Employees' Optional Retirement  
51 System. These funds shall not revert at the end of the fiscal year but shall remain available to

1 the Department to provide these start-up costs. The funds shall be held in an account by the  
2 Department of State Treasurer until such time as the funds are expended for the exclusive  
3 benefit of future participants in the Teachers' and State Employees' Optional Retirement  
4 System.

5 **SECTION 7.** There is appropriated from the General Fund to the Department of  
6 State Treasurer the sum of three hundred ten thousand dollars (\$310,000) for the 2013-2014  
7 fiscal year and the sum of six hundred fifteen thousand dollars (\$615,000) for the 2014-2015  
8 fiscal year to establish seven positions to staff the start-up of the Teachers' and State  
9 Employees' Optional Retirement System.

10 **SECTION 8.** This act becomes effective July 1, 2013.