

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2017

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HOUSE BILL 284

Short Title: 25-Year LEO Retirement Option. (Public)

Sponsors: Representatives Murphy, McNeill, Rogers, and Malone (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Pensions and Retirement, if favorable, Appropriations

March 9, 2017

A BILL TO BE ENTITLED

AN ACT TO ALLOW LAW ENFORCEMENT OFFICERS WHO ARE MEMBERS OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM OR THE LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM TO RETIRE AFTER ACHIEVING TWENTY-FIVE YEARS OF CREDITABLE SERVICE, TO ALLOW FOR SEPARATION BUYOUTS FOR LAW ENFORCEMENT OFFICERS, AND TO ALLOW TRANSFERS UNDER THE SPECIAL RETIREMENT ALLOWANCE TO BE PAID IN WHOLE OR IN PART WITH EMPLOYER CONTRIBUTIONS.

The General Assembly of North Carolina enacts:

SECTION 1. Article 12D of Chapter 143 of the General Statutes is amended by adding a new section to read:

"§ 143-166.43. Separation buyouts for law enforcement officers.

Any State department, agency, or institution, or any local government employer, may, in its discretion, offer a lump sum separation buyout to a law enforcement officer who leaves employment prior to reaching the officer's eligibility for a separation allowance under this Article. The lump sum separation buyout shall be paid from funds available and shall not exceed the total that would otherwise be paid in separation allowance payments under G.S. 143-166.41 or G.S. 143-166.42."

SECTION 2.(a) G.S. 135-5(m2) reads as rewritten:

"(m2) Special Retirement Allowance. – At any time coincident with or following retirement, a member may make a one-time, irrevocable election to transfer any portion of the member's eligible accumulated contributions, not including any Roth after-tax contributions and the earnings thereon, from the Supplemental Retirement Income Plan of North Carolina or the North Carolina Public Employee Deferred Compensation Plan to this Retirement System and receive, in addition to the member's basic service, early or disability retirement allowance, a special retirement allowance which shall be based upon the member's transferred balance.

A member who became a member of the Supplemental Retirement Income Plan prior to retirement and who remains a member of the Supplemental Retirement Income Plan may make a one-time, irrevocable election to transfer eligible balances, not including any Roth after-tax contributions and the earnings thereon, from any of the following plans to the Supplemental Retirement Income Plan, subject to the applicable requirements of the Supplemental Retirement Income Plan, and then through the Supplemental Retirement Income Plan to this Retirement System: (i) a plan participating in the North Carolina Public School Teachers' and Professional Educators' Investment Plan; (ii) a plan described in section 403(b) of the Internal Revenue Code; (iii) a plan described in section 457(b) of the Internal Revenue Code that is maintained by a state,



1 political subdivision of a state, or any agency or instrumentality of a state or political subdivision
2 of a state; (iv) an individual retirement account or annuity described in section 408(a) or section
3 408(b) of the Internal Revenue Code that is eligible to be rolled over and would otherwise be
4 includible in gross income; or (v) a tax-qualified plan described in section 401(a) or section 403(a)
5 of the Internal Revenue Code. In addition, any transfer under this subsection may be paid in whole
6 or in part with employer contributions paid directly to this Retirement System at the time of
7 transfer.

8 Notwithstanding anything to the contrary, a member may not transfer such amounts as will
9 cause the member's retirement allowance under the System to exceed the amount allowable under
10 G.S. 135-18.7(b). The Board of Trustees may establish a minimum amount that must be
11 transferred if a transfer is elected. The member may elect a special retirement allowance with no
12 postretirement increases or a special retirement allowance with annual postretirement increases
13 equal to the annual increase in the U.S. Consumer Price Index. Postretirement increases on any
14 other allowance will not apply to the special retirement allowance. The Board of Trustees shall
15 provide educational materials to the members who apply for the transfer authorized by this
16 section. Those materials shall describe the special retirement allowance and shall explain the
17 relationship between the transferred balance and the monthly benefit and how the member's heirs
18 may be impacted by the election to make this transfer and any costs and fees involved.

19"

20 **SECTION 2.(b)** G.S. 128-27(m2) reads as rewritten:

21 "(m2) Special Retirement Allowance. – At any time coincident with or following retirement,
22 a member may make a one-time, irrevocable election to transfer any portion of the member's
23 eligible accumulated contributions, not including any Roth after-tax contributions and the earnings
24 thereon, from the Supplemental Retirement Income Plan of North Carolina or the North Carolina
25 Public Employee Deferred Compensation Plan to this Retirement System and receive, in addition
26 to the member's basic service, early or disability retirement allowance, a special retirement
27 allowance which shall be based upon the member's transferred balance.

28 A member who became a member of the Supplemental Retirement Income Plan prior to
29 retirement and who remains a member of the Supplemental Retirement Income Plan may make a
30 one-time, irrevocable election to transfer eligible balances, not including any Roth after-tax
31 contributions and the earnings thereon, from any of the following plans to the Supplemental
32 Retirement Income Plan, subject to the applicable requirements of the Supplemental Retirement
33 Income Plan, and then through the Supplemental Retirement Income Plan to this Retirement
34 System (i) a plan participating in the North Carolina Public School Teachers' and Professional
35 Educators' Investment Plan; (ii) a plan described in section 403(b) of the Internal Revenue Code;
36 (iii) a plan described in section 457(b) of the Internal Revenue Code that is maintained by a state,
37 political subdivision of a state, or any agency or instrumentality of a state or political subdivision
38 of a state; (iv) an individual retirement account or annuity described in section 408(a) or section
39 408(b) of the Internal Revenue Code that is eligible to be rolled over and would otherwise be
40 includible in gross income; or (v) a tax-qualified plan described in section 401(a) or section 403(a)
41 of the Internal Revenue Code. In addition, any transfer under this subsection may be paid in whole
42 or in part with employer contributions paid directly to this Retirement System at the time of
43 transfer.

44 Notwithstanding anything to the contrary, a member may not transfer such amounts as will
45 cause the member's retirement allowance under the System to exceed the amount allowable under
46 G.S. 128-38.2(b). The Board of Trustees may establish a minimum amount that must be
47 transferred if a transfer is elected. The member may elect a special retirement allowance with no
48 postretirement increases or a special retirement allowance with annual postretirement increases
49 equal to the annual increase in the U.S. Consumer Price Index. Postretirement increases on any
50 other allowance will not apply to the special retirement allowance. The Board of Trustees shall
51 provide educational materials to the members who apply for the transfer authorized by this

1 section. Those materials shall describe the special retirement allowance and shall explain the
2 relationship between the transferred balance and the monthly benefit and how the member's heirs
3 may be impacted by the election to make this transfer and any costs and fees involved.

4"

5 **SECTION 3.(a)** G.S. 135-5(a)(4) reads as rewritten:

6 "(4) Any member who is a law-enforcement officer and who (i) attains age 50 and
7 completes 15 or more years of creditable service in this ~~capacity or who~~
8 capacity, (ii) attains age 55 and completes five or more years of creditable
9 service in this capacity, or (iii) has completed 25 years of creditable service
10 may retire upon electronic submission or written application to the Board of
11 Trustees setting forth at what time, as of the first day of a calendar month, not
12 less than one day nor more than 120 days subsequent to the execution and filing
13 thereof, ~~hethe member~~ desires to be retired; Provided, also, any member who
14 has met the conditions herein required but does not retire, and later becomes a
15 teacher or an employee other than as a law-enforcement officer shall continue
16 to have the right to commence retirement."

17 **SECTION 3.(b)** G.S. 135-5(b19) reads as rewritten:

18 "(b19) Service Retirement Allowance of Members Retiring on or After July 1, ~~2002-2002, but~~
19 Before January 1, 2018. – Upon retirement from service in accordance with subsection (a) or (a1)
20 of this section, on or after July 1, 2002, but before January 1, 2018, a member shall receive the
21 following service retirement allowance:

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

25 a. If the member's service retirement date occurs on or after his 55th
26 birthday, and completion of five years of creditable service as a law
27 enforcement officer, or after the completion of 30 years of creditable
28 service, the allowance shall be equal to one and eighty-two hundredths
29 percent (1.82%) of his average final compensation, multiplied by the
30 number of years of his creditable service.

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

36 1. The service retirement allowance payable under
37 G.S. 135-5(b19)(1)a. reduced by one-third of one percent (1/3
38 of 1%) thereof for each month by which his retirement date
39 precedes the first day of the month coincident with or next
40 following the month the member would have attained his 55th
41 birthday; or

42 2. The service retirement allowance as computed under
43 G.S. 135-5(b19)(1)a. reduced by five percent (5%) times the
44 difference between 30 years and his creditable service at
45 retirement.

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

49 a. If the member's service retirement date occurs on or after his 65th
50 birthday upon the completion of five years of membership service or
51 after the completion of 30 years of creditable service or on or after his

1 60th birthday upon the completion of 25 years of creditable service, the
2 allowance shall be equal to one and eighty-two hundredths percent
3 (1.82%) of his average final compensation, multiplied by the number of
4 years of creditable service.

5 b. If the member's service retirement date occurs after his 60th birthday
6 and before his 65th birthday and prior to his completion of 25 years or
7 more of creditable service, his retirement allowance shall be computed
8 as in G.S. 135-5(b19)(2)a. but shall be reduced by one-quarter of one
9 percent (1/4 of 1%) thereof for each month by which his retirement date
10 precedes the first day of the month coincident with or next following his
11 65th birthday.

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

17 1. The service retirement allowance as computed under
18 G.S. 135-5(b19)(2)a. but reduced by the sum of five-twelfths of
19 one percent (5/12 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 the month the member would have
22 attained his 60th birthday, plus one-quarter of one percent (1/4
23 of 1%) thereof for each month by which his 60th birthday
24 precedes the first day of the month coincident with or next
25 following his 65th birthday; or

26 2. The service retirement allowance as computed under
27 G.S. 135-5(b19)(2)a. reduced by five percent (5%) times the
28 difference between 30 years and his creditable service at
29 retirement; or

30 3. If the member's creditable service commenced prior to July 1,
31 1994, the service retirement allowance equal to the actuarial
32 equivalent of the allowance payable at the age of 60 years as
33 computed in G.S. 135-5(b19)(2)b.

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

37 **SECTION 3.(c)** G.S. 135-5 is amended by adding a new subsection to read:

38 "(b21) Service Retirement Allowance of Members Retiring on or After January 1, 2018. –
39 Upon retirement from service on or after January 1, 2018, in accordance with subsection (a) or
40 (a1) of this section, a member shall receive the following service retirement allowance:

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

44 a. If the member's service retirement date occurs on or after the member's
45 55th birthday and completion of five years of creditable service as a law
46 enforcement officer, or after the completion of 30 years of creditable
47 service, the allowance shall be equal to one and eighty-two hundredths
48 percent (1.82%) of the member's average final compensation, multiplied
49 by the number of years of the member's creditable service.

50 b. If the member's service retirement date occurs prior to the member's
51 50th birthday and after the completion of 25 years of creditable service

- 1 but before the completion of 30 years of creditable service, the
2 retirement allowance shall be equal to the greater of the following
3 amounts:
- 4 1. The service retirement allowance payable under
5 G.S. 135-5(b21)(1)a. reduced by one-third of one percent (1/3 of
6 1%) thereof for each month by which the member's retirement
7 date precedes the first day of the month coincident with or next
8 following the month the member would have attained age 55.
 - 9 2. The service retirement allowance as computed under
10 G.S. 135-5(b21)(1)a. reduced by five percent (5%) times the
11 difference between 30 years and the member's creditable service
12 at retirement plus four percent (4%) times the difference
13 between age 50 and the member's age at retirement.
- 14 c. If the member's service retirement date occurs on or after the member's
15 50th birthday and before the member's 55th birthday with 15 or more
16 years of creditable service as a law enforcement officer and prior to the
17 completion of 30 years of creditable service, the retirement allowance
18 shall be equal to the greater of the following amounts:
- 19 1. The service retirement allowance payable under
20 G.S. 135-5(b21)(1)a. reduced by one-third of one percent (1/3 of
21 1%) thereof for each month by which the retirement date
22 precedes the first day of the month coincident with or next
23 following the month the member would have attained age 55.
 - 24 2. The service retirement allowance as computed under
25 G.S. 135-5(b21)(1)a. reduced by five percent (5%) times the
26 difference between 30 years and the amount of creditable service
27 at retirement.
- 28 (2) A member who is not a law enforcement officer or an eligible former law
29 enforcement officer shall receive a service retirement allowance computed as
30 follows:
- 31 a. If the member's service retirement date occurs on or after the member's
32 65th birthday upon the completion of five years of membership service,
33 or after the completion of 30 years of creditable service, or on or after
34 his 60th birthday upon the completion of 25 years of creditable service,
35 the allowance shall be equal to one and eighty-two hundredths percent
36 (1.82%) of the member's average final compensation, multiplied by the
37 number of years of creditable service.
 - 38 b. If the member's service retirement date occurs after the member's 60th
39 birthday and before the member's 65th birthday and prior to the
40 completion of 25 years or more of creditable service, the retirement
41 allowance shall be computed as in G.S. 135-5(b21)(2)a. but shall be
42 reduced by one-quarter of one percent (1/4 of 1%) thereof for each
43 month by which the retirement date precedes the first day of the month
44 coincident with or next following the member's 65th birthday.
 - 45 c. If the member's early service retirement date occurs on or after the
46 member's 50th birthday and before the member's 60th birthday and after
47 completion of 20 years of creditable service but prior to the completion
48 of 30 years of creditable service, the early service retirement allowance
49 shall be equal to the greater of the following amounts:
- 50 1. The service retirement allowance as computed under
51 G.S. 135-5(b21)(2)a. but reduced by the sum of five-twelfths of

1 one percent (5/12 of 1%) thereof for each month by which the
 2 member's retirement date precedes the first day of the month
 3 coincident with or next following the month the member would
 4 have attained his 60th birthday, plus one-quarter of one percent
 5 (1/4 of 1%) thereof for each month by which the member's 60th
 6 birthday precedes the first day of the month coincident with or
 7 next following the member's 65th birthday.

8 2. The service retirement allowance as computed under
 9 G.S. 135-5(b21)(2)a. reduced by five percent (5%) times the
 10 difference between 30 years and the amount of creditable service
 11 at retirement.

12 3. If the member's creditable service commenced prior to July 1,
 13 1994, the service retirement allowance equal to the actuarial
 14 equivalent of the allowance payable at the age of 60 years as
 15 computed in G.S. 135-5(b21)(2)b.

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

19 **SECTION 3.(d)** G.S. 135-5(m) reads as rewritten:

20 "(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the beneficiary
 21 designated to receive a return of accumulated contributions shall have the right to elect to receive
 22 in lieu thereof the reduced retirement allowance provided by Option 2 of subsection (g) above
 23 computed by assuming that the member had retired on the first day of the month following the
 24 date of ~~his~~the member's death, provided that all four of the following conditions apply:

25 (1) a. The member had attained such age and/or creditable service to be
 26 eligible to commence retirement with an early or service retirement
 27 allowance, or

28 b. The member had obtained 20 years of creditable service in which case
 29 the retirement allowance shall be computed in accordance with ~~G.S.~~
 30 ~~135-5(b19)(1)b. or G.S. 135-5(b19)(2)c.,~~ G.S. 135-5(b21)(1)c. or
 31 G.S. 135-5(b21)(2)c., notwithstanding the requirement of obtaining age
 32 50, or

33 b1. The member was a law enforcement officer who had obtained 15 years
 34 of service as a law enforcement officer and was killed in the line of
 35 duty, in which case the retirement allowance shall be computed in
 36 accordance with ~~G.S. 135-5(b19)(1)b.,~~ G.S. 135-5(b21)(1)c.,
 37 notwithstanding the requirement of obtaining age 50.

38 c. Repealed by Session Laws 2010-72, s. 2(a), effective July 1, 2010.

39 "...."

40 **SECTION 3.(e)** G.S. 128-27(a)(5) reads as rewritten:

41 "(5) Any member who is a law enforcement ~~officer,~~officer and who (i) attains age
 42 50 and completes 15 or more years of creditable service in this ~~capacity or who~~
 43 capacity, or (ii) attains age 55 and completes five or more years of creditable
 44 service in this capacity, or (iii) who has completed 25 years of creditable
 45 service may retire upon electronic submission or written application to the
 46 Board of Trustees setting forth at what time, as of the first day of a calendar
 47 month, not less than one day nor more than 120 days subsequent to the
 48 execution and filing thereof, ~~he~~the member desires to be retired; provided, also,
 49 any member who has met the conditions required by this subdivision but does
 50 not retire, and later becomes an employee other than as a law enforcement
 51 officer, continues to have the right to commence retirement."

1 **SECTION 3.(f)** G.S. 128-27(b21) reads as rewritten:

2 "(b21) Service Retirement Allowance of Member Retiring on or After July 1, ~~2003-2003~~, but
3 Before January 1, 2018. – Upon retirement from service in accordance with subsection (a) or (a1)
4 above, on or after July 1, 2003, but before January 1, 2018, a member shall receive the following
5 service retirement allowance:

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

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

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

20 1. The service retirement allowance payable under
21 G.S. 128-27(b21)(1)a. reduced by one-third of one percent (1/3
22 of 1%) thereof for each month by which his retirement date
23 precedes the first day of the month coincident with or next
24 following the month the member would have attained his 55th
25 birthday;

26 2. The service retirement allowance as computed under
27 G.S. 128-27(b21)(1)a. reduced by five percent (5%) times the
28 difference between 30 years and his creditable service at
29 retirement.

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

33 a. If the member's service retirement date occurs on or after his 65th
34 birthday upon the completion of five years of creditable service or after
35 the completion of 30 years of creditable service or on or after his 60th
36 birthday upon the completion of 25 years of creditable service, the
37 allowance shall be equal to one and eighty-five hundredths percent
38 (1.85%) of average final compensation, multiplied by the number of
39 years of creditable service.

40 b. If the member's service retirement date occurs after his 60th birthday
41 and before his 65th birthday and prior to his completion of 25 years or
42 more of creditable service, his retirement allowance shall be computed
43 as in G.S. 128-27(b21)(2) a. but shall be reduced by one-quarter of one
44 percent (1/4 of 1%) thereof for each month by which his retirement date
45 precedes the first day of the month coincident with or next following his
46 65th birthday.

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

- 1 1. The service retirement allowance as computed under
2 G.S. 128-27(b21)(2)a. but reduced by the sum of five-twelfths of
3 one percent (5/12 of 1%) thereof for each month by which his
4 retirement date precedes the first day of the month coincident
5 with or next following the month the member would have
6 attained his 60th birthday, plus one-quarter of one percent (1/4
7 of 1%) thereof for each month by which his 60th birthday
8 precedes the first day of the month coincident with or next
9 following his 65th birthday; or
- 10 2. The service retirement allowance as computed under
11 G.S. 128-27(b21)(2)a. reduced by five percent (5%) times the
12 difference between 30 years and his creditable service at
13 retirement; or
- 14 3. If the member's creditable service commenced prior to July 1,
15 1995, the service retirement allowance equal to the actuarial
16 equivalent of the allowance payable at the age of 60 years as
17 computed in G.S. 128-27(b21)(2)b.
- 18 d. Notwithstanding the foregoing provisions, any member whose
19 creditable service commenced prior to July 1, 1965, shall not receive
20 less than the benefit provided by G.S. 128-27(b)."

21 **SECTION 3.(g)** G.S. 128-27 is amended by adding a new subsection to read:

22 "(b22) Service Retirement Allowance of Member Retiring on or After January 1, 2018. –
23 Upon retirement from service in accordance with subsection (a) or (a1) above, on or after January
24 1, 2018, a member shall receive the following service retirement allowance:

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

28 a. If the member's service retirement date occurs on or after the member's
29 55th birthday and completion of five years of creditable service as a law
30 enforcement officer, or after the completion of 30 years of creditable
31 service, the allowance shall be equal to one and eighty-five hundredths
32 percent (1.85%) of the member's average final compensation, multiplied
33 by the number of years of the member's creditable service.

34 b. If the member's service retirement date occurs prior to the member's
35 50th birthday and after the completion of 25 years of creditable service
36 but before the completion of 30 years of creditable service, the
37 retirement allowance shall be equal to the greater of the following
38 amounts:

39 1. The service retirement allowance payable under
40 G.S. 128-27(b22)(1)a. reduced by one-third of one percent (1/3
41 of 1%) thereof for each month by which the member's retirement
42 date precedes the first day of the month coincident with or next
43 following the month the member would have attained age 55.

44 2. The service retirement allowance as computed under
45 G.S. 128-27(b22)(1)a. reduced by five percent (5%) times the
46 difference between 30 years and the member's creditable service
47 at retirement plus four percent (4%) times the difference
48 between 50 and the member's age at retirement.

49 c. If the member's service retirement date occurs on or after the member's
50 50th birthday and before the member's 55th birthday with 15 or more
51 years of creditable service as a law enforcement officer and prior to the

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

3 1. The service retirement allowance payable under
4 G.S. 128-27(b22)(1)a. reduced by one-third of one percent (1/3
5 of 1%) thereof for each month by which the retirement date
6 precedes the first day of the month coincident with or next
7 following the month the member would have attained age 55.

8 2. The service retirement allowance as computed under
9 G.S. 128-27(b22)(1)a. reduced by five percent (5%) times the
10 difference between 30 years and the amount of creditable service
11 at retirement.

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

15 a. If the member's service retirement date occurs on or after the member's
16 65th birthday upon the completion of five years of creditable service, or
17 after the completion of 30 years of creditable service, or on or after the
18 member's 60th birthday upon the completion of 25 years of creditable
19 service, the allowance shall be equal to one and eighty-five hundredths
20 percent (1.85%) of the member's average final compensation, multiplied
21 by the number of years of creditable service.

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

29 c. If the member's early service retirement date occurs on or after the
30 member's 50th birthday and before the member's 60th birthday and after
31 completion of 20 years of creditable service but prior to the completion
32 of 30 years of creditable service, the early service retirement allowance
33 shall be equal to the greater of the following amounts:

34 1. The service retirement allowance as computed under
35 G.S. 128-27(b22)(2)a. but reduced by the sum of five-twelfths of
36 one percent (5/12 of 1%) thereof for each month by which the
37 retirement date precedes the first day of the month coincident
38 with or next following the month the member would have
39 attained the member's 60th birthday, plus one-quarter of one
40 percent (1/4 of 1%) thereof for each month by which the
41 member's 60th birthday precedes the first day of the month
42 coincident with or next following the member's 65th birthday.

43 2. The service retirement allowance as computed under
44 G.S. 128-27(b22)(2)a. reduced by five percent (5%) times the
45 difference between 30 years and the amount of creditable service
46 at retirement.

47 3. If the member's creditable service commenced prior to July 1,
48 1995, the service retirement allowance equal to the actuarial
49 equivalent of the allowance payable at the age of 60 years as
50 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 receive
3 less than the benefit provided by G.S. 128-27(b)."

4 **SECTION 3.(h)** G.S. 128-27(m) reads as rewritten:

5 "(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the beneficiary
6 designated to receive a return of accumulated contributions shall have the right to elect to receive
7 in lieu thereof the reduced retirement allowance provided by Option two of subsection (g) above
8 computed by assuming that the member had retired on the first day of the month following the
9 date of ~~his~~the member's death, provided that all four of the following conditions apply:

10 (1) a. The member had attained such age and/or creditable service to be
11 eligible to commence retirement with an early or service retirement
12 allowance, or

13 b. The member had obtained 20 years of creditable service in which case
14 the retirement allowance shall be computed in accordance with ~~G.S.~~
15 ~~128-27(b21)(1)b. or G.S. 128-27(b21)(2)e.,~~G.S. 128-27(b22)(1)c. or
16 G.S. 128-27(b22)(2)c., notwithstanding the requirement of obtaining
17 age 50, or

18 b1. The member was a law enforcement officer who had obtained 15 years
19 of service as a law enforcement officer and was killed in the line of
20 duty, or the member was a firefighter or a rescue squad worker who had
21 obtained 15 years of service as a firefighter or a rescue squad worker
22 and was killed in the line of duty, in which cases the retirement
23 allowance shall be computed in accordance with ~~G.S.~~
24 ~~128-27(b21)(1)b.,~~G.S. 128-27(b22)(1)c., notwithstanding the
25 requirement of obtaining age 50.

26 c. Repealed by Session Laws 2010-72, s. 2(b), effective July 1, 2010.

27 "

28 **SECTION 4.** Notwithstanding any other provision of law to the contrary, in order to
29 administer the changes to the special retirement allowance as well as the change in creditable
30 service required for law enforcement officers to retire with a reduced benefit, as provided for in
31 Sections 2 and 3 of this act, the Retirement Systems Division of the Department of State Treasurer
32 may increase receipts from the retirement assets of the corresponding retirement system or pay
33 costs associated with the administration of these changes directly from the retirement assets.

34 **SECTION 5.** Sections 2 and 3 of this act become effective January 1, 2018. The
35 remainder of this act is effective when it becomes law.