

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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HOUSE BILL 188

Short Title: Retirement Administrative Changes 2019.-AB (Public)

Sponsors: Representatives Ross and McNeill (Primary Sponsors).

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Pensions and Retirement, if favorable, Finance, if favorable, Rules, Calendar, and Operations of the House

February 27, 2019

A BILL TO BE ENTITLED

AN ACT TO MAKE CLARIFYING AND ADMINISTRATIVE CHANGES TO LAWS RELATING TO THE STATE TREASURER, TO THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, TO THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM LAWS, AND TO RELATED STATUTES.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 135-4 reads as rewritten:

"§ 135-4. Creditable service.

(a) ~~Under such rules and regulations as the Board of Trustees shall adopt, each member who was a teacher or State employee at any time during the five years immediately preceding the establishment of the System and who became a member prior to July 1, 1946, shall file a detailed statement of all North Carolina service as a teacher or State employee rendered by him prior to the date of establishment for which he claims credit; provided, that, notwithstanding the foregoing, any member retiring on or after July 1, 1965, with credit for not less than 10 years of membership service shall file such detailed statement of service as a teacher or State employee rendered by him prior to July 1, 1941, for which he claims credit; provided, that any member who retired on a service retirement allowance prior to July 1, 1965, who at the time of his retirement did not qualify for credit for his service as a teacher or State employee prior to July 1, 1941, may request on and after July 1, 1971, that his original benefit be recalculated, in accordance with the formula prevailing at the time of his retirement, to include credit for such service with the new benefit to become effective on the first of the month following certification of the prior service.~~

(b) ~~The Board of Trustees shall fix and determine by appropriate rules and regulations how much service in any year is equivalent to one year of service, but in In no case shall more than one year of service be creditable for all services in one year. Service rendered for the regular school year in any district shall be equivalent to one year's service. Service rendered by a school employee in a job-sharing position shall be credited at the rate of one-half year for each regular school year of employment.~~

...

(d) ~~Any member may, up to his date of retirement and within one year thereafter, request the Board of Trustees to modify or correct his prior service credit.~~

(e) Creditable service at retirement on which the retirement allowance of a member shall be based shall consist of the membership service rendered by the member since he or she last became a member, and also if the member has a prior service certificate which is in full force



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1 and effect, the amount of service certified on the prior service certificate; and if the member has
2 sick leave standing to the member's credit upon retirement on or after July 1, 1971, one month of
3 credit for each 20 days or portion thereof, but not less than one hour; sick leave shall not be
4 counted in computing creditable service for the purpose of determining eligibility for disability
5 retirement or for a vested deferred allowance. Creditable service for unused sick leave shall be
6 allowed only for sick leave accrued monthly during employment under a duly adopted sick leave
7 policy and for which the member may be able to take credits and be paid for sick leave without
8 restriction. However, in no instance shall unused sick leave be credited to a member's account at
9 retirement if the member's last day of actual service is more than five years prior to the effective
10 date of the member's retirement. Further, any agency with a sick leave policy that is more
11 generous than that of all State agencies subject to the rules of the Office of State Human
12 Resources shall proportionately adjust each of its retiring employees' sick leave balance to the
13 balance that employee would have had under the rules of the Office of State Human Resources.
14 Days of sick leave standing to a member's credit at retirement shall be determined by dividing
15 the member's total hours of sick leave at retirement by the hours per month such leave was
16 awarded under the employer's duly adopted sick leave policy as the policy applied to the member
17 when the leave was accrued.

18 ~~On and after July 1, 1971, a member whose account was closed on account of absence from~~
19 ~~service under the provisions of G.S. 135-3(3) and who subsequently returns to service for a~~
20 ~~period of five years, may thereafter repay in a lump sum the amount withdrawn plus regular~~
21 ~~interest thereon from the date of withdrawal through the year of repayment and thereby increase~~
22 ~~his creditable service by the amount of creditable service lost when his account was closed.~~

23 ~~On and after July 1, 1973, a member whose account in the North Carolina Local~~
24 ~~Governmental Employees' Retirement System was closed on account of absence from service~~
25 ~~under the provisions of G.S. 128-24(1a) and who subsequently became or becomes a member of~~
26 ~~this System with credit for five years of service, may thereafter repay in a lump sum the amount~~
27 ~~withdrawn from the North Carolina Local Governmental Employees' Retirement System plus~~
28 ~~regular interest thereon from the date of withdrawal through the year of repayment and thereby~~
29 ~~increase his creditable service in this System by the amount of creditable service lost when his~~
30 ~~account was closed.~~

31 ~~On or after July 1, 1979, a member who has obtained 60 months of aggregate service, or five~~
32 ~~years of membership service, as an employee of the North Carolina General Assembly, except~~
33 ~~legislators, participants in the Legislative Intern Program and pages, may make a lump sum~~
34 ~~payment together with interest, and an administrative fee for such service, to the Teachers' and~~
35 ~~State Employees' Retirement System of an amount equal to what he would have contributed had~~
36 ~~he been a member on his first day of employment.~~

37 (e1) ~~On and after January 1, 1985, the~~ The creditable service of a member who was a
38 member of the Law-Enforcement Officers' Retirement System at the time of the transfer of
39 law-enforcement officers employed by the State from that System to this Retirement System and
40 whose accumulated contributions are transferred from that System to this Retirement System,
41 shall include service that was creditable in the Law-Enforcement Officers' Retirement System;
42 and membership service with that System shall be membership service with this Retirement
43 System; provided, notwithstanding any provision of this Article to the contrary, any inchoate or
44 accrued rights of such a member to purchase creditable service for military service, withdrawn
45 service and prior service under the rules and regulations of the Law-Enforcement Officers'
46 Retirement System shall not be diminished and may be purchased as creditable service with this
47 Retirement System under the same conditions which would have otherwise applied.

48 (f) Armed Service Credit. –

49 ...

50 (7) Notwithstanding any other provision of this Chapter, any member and any
51 retired member as herein described may purchase creditable service in the

1 Armed Forces of the United States, not otherwise allowed, by paying a total
2 lump sum payment determined as follows:

- 3 a. For members who completed 10 years of membership service, and
4 retired members who completed 10 years of membership service prior
5 to retirement, whose membership began on or prior to July 1, 1981,
6 and who make this purchase within three years after first becoming
7 eligible, the cost shall be an amount equal to the monthly
8 compensation the member earned when the member first entered
9 membership service times the employee contribution rate at that time
10 times the months of service to be purchased, ~~with sufficient interest~~
11 ~~added thereto~~ multiplied by a factor equivalent to the investment return
12 assumptions determined by the Board of Trustees, compounded
13 annually, from the initial year of membership to the year of payment
14 so as to equal one-half of the cost of allowing this service, plus an
15 administrative fee to be set by the Board of Trustees.

16 ...

17 Creditable service allowed under this subdivision shall be only for the
18 initial period of "active duty", as defined in 38 U.S. Code Section 101(21), in
19 the Armed Forces of the United States up to the date the member was first
20 eligible to be separated and released and for subsequent periods of "active
21 duty", as defined in 38 U.S. Code Section 101(21), as required by the Armed
22 Forces of the United States up to the date of first eligibility for separation or
23 release, but shall not include periods of active duty in the Armed Forces of the
24 United States creditable in any other retirement system except the National
25 Guard or any reserve component of the Armed Forces of the United States,
26 and shall not include periods of "active duty for training", as defined in 38
27 U.S. Code Section 101(22), or periods of "inactive duty training", as defined
28 in 38 U.S. Code Section 101(23), rendered in any reserve component of the
29 Armed Forces of the United States. Provided, creditable service may be
30 allowed only for active duty in the Armed Forces of the United States of a
31 member that resulted in a general or honorable discharge from duty. The
32 member shall submit satisfactory evidence of the service claimed. For
33 purposes of this subsection, membership service may include any membership
34 or prior service credits transferred to this Retirement System pursuant to
35 G.S. 135-18.1.

36 ...

37 (h) During periods when a member is on leave of absence and is receiving less than ~~his~~
38 ~~the member's full compensation, he the member~~ will be deemed to be in service only if ~~he the~~
39 ~~member~~ is contributing to the Retirement System as provided in G.S. 135-8(b)(5). If ~~he the~~
40 ~~member~~ is so contributing, the annual rate of compensation paid to such employee immediately
41 before the leave of absence began will be deemed to be the actual compensation rate of the
42 employee during the leave of absence.

43 ~~(i) Any person who became a member after June 30, 1947, and before July 1, 1955, and~~
44 ~~did not subsequently withdraw his contributions may, prior to his retirement, increase his~~
45 ~~creditable service to the extent of the period of time from the date he became a "teacher or~~
46 ~~employee" as the terms are defined in this Chapter to the date he became a member, but not~~
47 ~~exceeding three months immediately preceding membership, provided that he makes an~~
48 ~~additional contribution in one lump sum equal to five per centum (5%) of the compensation he~~
49 ~~received for the aforesaid period of time plus regular interest thereon from the date he became a~~
50 ~~member to the date of payment.~~

51 ...

1 (k) Notwithstanding any other provision of this Chapter, on or before December 31, 2019,
2 any person who withdrew his or her contributions in accordance with the provisions of
3 G.S. 128-27(f) or G.S. 135-5(f) or the rules and regulations of the Law-Enforcement Officers'
4 Retirement System and who subsequently returns to service may, upon completion of five years
5 of membership service, repay in a total lump sum any and all of the accumulated contributions
6 previously withdrawn with interest compounded annually at the rate of six and one-half percent
7 (6.5%) for each calendar year from the year of withdrawal to the year of repayment plus a fee to
8 cover expense of handling which shall be determined by the Board of Trustees, and receive credit
9 for the service forfeited at time of withdrawal. These provisions shall apply equally to retired
10 members who had attained five years of membership service prior to retirement. The retirement
11 allowance of a retired member who restores service under this subsection shall be increased the
12 month following the month payment is received. The increase in the retirement allowance shall
13 be the difference between the initial retirement allowance, under any optional allowance elected
14 at the time of retirement, and the amount of the retirement allowance, under any optional
15 allowance elected at the time of retirement, to which the retired member would have been entitled
16 had the service not been previously forfeited, adjusted by any increases in the retirement accrual
17 rate occurring between the member's date of retirement and the date of payment. The increase in
18 the retirement allowance shall not include any adjustment for cost-of-living increases granted
19 since the date of retirement.

20 Notwithstanding any provision to the contrary, on or before December 31, 2019, a law
21 enforcement officer who was transferred from the Law Enforcement Officers' Retirement System
22 to this Retirement System pursuant to Article 12C of Chapter 143 of the General Statutes and
23 withdrew his or her accumulated contributions prior to January 1, 1985, in accordance with
24 G.S. 128-27(f) or G.S. 135-5(f) for non-law enforcement service and who has five years or more
25 of membership service standing to his or her credit may repay in a total lump sum the
26 accumulated contributions previously withdrawn with interest compounded annually at the rate
27 of six and one-half percent (6.5%) for each calendar year from the year of withdrawal to the year
28 of repayment plus a fee to cover expense of handling which shall be determined by the Board of
29 Trustees, and receive credit for the service forfeited at time of withdrawal(s). The retirement
30 allowance of a retired member who restores service under this subsection shall be increased the
31 month following the month payment is received. The increase in the retirement allowance shall
32 be the difference between the initial retirement allowance, under any optional allowance elected
33 at the time of retirement, and the amount of the retirement allowance, under any optional
34 allowance elected at the time of retirement, to which the retired member would have been entitled
35 had the service not been previously forfeited, adjusted by any increases in the retirement accrual
36 rate occurring between the member's date of retirement and the date of payment. The increase in
37 the retirement allowance shall not include any adjustment for cost-of-living increases granted
38 since the date of retirement.

39 (k1) North Carolina Withdrawn Service Purchased On and After January 1, 2020. –
40 Notwithstanding any other provision of this Chapter to the contrary, on and after January 1, 2020,
41 any member who withdrew his or her contributions in accordance with the provisions of
42 G.S. 127-27(f) or G.S. 135-5(f) or the rules and regulations of the Law Enforcement Officers'
43 Retirement System, and who subsequently returns to service and completes five years of
44 membership service upon that return, while in service may purchase an amount of creditable
45 service totaling the amount of the membership service associated with the withdrawn
46 contributions, provided that the total of the creditable service purchased under this subsection
47 may not exceed five years. The member shall purchase this service by paying a lump sum amount
48 to the Annuity Savings Fund equal to the full liability increase due to the additional service credits
49 on the basis of the assumptions used for the purposes of the actuarial valuation of the liabilities
50 of the Retirement System, except for the following assumptions specific to this calculation: (i)
51 the allowance shall be assumed to commence at the earliest age at which the member could retire

1 on an unreduced retirement allowance and (ii) assumed annual postretirement allowance
2 increases as set by the Board of Trustees upon the advice of the consulting actuary. The
3 calculation of the amount payable shall also include an administrative fee to be set by the Board.

4 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
5 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
6 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
7 that the purchase is paid by the member, the cost paid by the member shall be credited to the
8 member's annuity savings account.

9 ...
10 (1) Notwithstanding any other provision of this Chapter, on or before December 31, 2019,
11 any member and any retired member as herein described may purchase creditable service
12 previously rendered to the federal government or to any state, territory, or other governmental
13 subdivision of the United States other than this State by paying a total lump-sum payment
14 determined as follows:

15 (1) For members who completed 10 years of current membership service, and
16 retired members who completed 10 years of current membership service prior
17 to retirement, whose membership began on or before July 1, 1981, and who
18 make such purchase within three years after first becoming eligible, the cost
19 shall be an amount equal to the monthly compensation the member earned
20 when ~~he~~ the member first entered membership service, times the employee
21 contribution rate at that time, times the months of service to be purchased,
22 times two, ~~with sufficient interest added thereto~~ multiplied by a factor
23 equivalent to the investment return assumptions determined by the Board of
24 Trustees, compounded annually, from the initial year of membership to the
25 year of payment so as to equal the full cost of allowing such service, plus an
26 administrative fee to be set by the Board of Trustees.

27 (2) For members who complete five years of current membership service, and
28 retired members who complete five years of current membership service prior
29 to retirement, and eligible members and retired members covered by
30 subdivision (1) of this subsection, whose membership began on or before July
31 1, 1981, but who did not or do not make such purchase within three years after
32 first becoming eligible, the cost shall be an amount equal to the full liability
33 of the service credits calculated on the basis of the assumptions used for the
34 purposes of the actuarial valuation of the System's liabilities and shall take
35 into account the retirement allowance arising on account of the additional
36 service credits commencing at the earliest age at which the member could
37 retire on an unreduced allowance, as determined by the Board of Trustees
38 upon the advice of the consulting actuary, plus an administrative fee to be set
39 by the Board of Trustees. Notwithstanding the foregoing provisions of this
40 subsection that provide for the purchase of service credits, the term "full
41 liability" includes assumed postretirement allowance increases, as determined
42 by the Board of Trustees, from the earliest age at which a member could retire
43 on an unreduced service retirement allowance. Notwithstanding the
44 requirement of five years of current membership service, a member whose
45 membership began prior to the service the member desires to purchase shall
46 be eligible to purchase creditable service under this subdivision upon
47 returning to service as a teacher or employee upon completion of a total of
48 five years of membership service and upon completion of one year of current
49 membership service.

50 Current membership service shall mean membership service earned since the service
51 previously rendered to any state, territory, or other governmental subdivision of the United States

1 other than this State. Creditable service under this subsection shall be allowed only at the rate of
2 one year of out-of-state service for each year of membership service in this State, with a
3 maximum allowable of 10 years of out-of-state service. Such service is limited to full-time
4 service which would be allowable under the laws governing this System. Credit will be allowed
5 only if no benefit is allowable in another public retirement system as a result of the service.

6 (l2) Notwithstanding any provision of this Chapter to the contrary, on and after January
7 1, 2020, any member in service with five or more years of membership service may purchase
8 creditable service previously rendered to the federal government or to any state, territory, or other
9 governmental subdivision of the United States other than this State by paying a total lump sum
10 payment. The amount of creditable service purchased under this subsection may not exceed a
11 total of five years. The member shall purchase this service by paying a lump sum amount to the
12 Annuity Savings Fund equal to the full liability increase due to the additional service credits on
13 the basis of the assumptions used for the purposes of the actuarial valuation of the liabilities of
14 the Retirement System, except for the following assumptions specific to this calculation: (i) the
15 allowance shall be assumed to commence at the earliest age at which the member could retire on
16 an unreduced retirement allowance and (ii) assumed annual postretirement allowance increases
17 as set by the Board of Trustees upon the advice of the consulting actuary. The calculation of the
18 amount payable shall also include an administrative fee to be set by the Board.

19 Creditable service under this subsection shall be allowed only at the rate of one year of
20 out-of-state service for each year of membership service in this State, with a maximum allowable
21 of five years of out-of-state service. Such service is limited to full-time service that would be
22 allowable under the laws governing this Retirement System. Credit will be allowed only if no
23 benefit is allowable in another public retirement system as a result of the service.

24 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
25 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
26 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
27 that the purchase is paid by the member, the cost paid by the member shall be credited to the
28 member's annuity savings account.

29 ...

30 (p) Credit for prior temporary State employment. – Notwithstanding any other provision
31 of this Chapter, on or before December 31, 2019, a member may purchase service credit for
32 temporary State employment upon completion of 10 years of membership service and subject to
33 the condition that the member had been classified as a temporary employee for more than three
34 years. Each employer shall certify to the Board of Trustees that an employee is eligible to
35 purchase this service credit prior to the member making payment. Payment for the service credit
36 shall be in a single lump sum based upon the amount the member would have contributed if he
37 had been properly classified as a permanent employee and been a member of this retirement
38 system.

39 (p1) ~~Part-Time Service Credit.—~~

40 ~~(1) Notwithstanding any other provision of this Chapter, upon completion of five~~
41 ~~years of membership service, any member may purchase service previously~~
42 ~~rendered as a part time teacher or employee of an employer as defined in~~
43 ~~G.S. 135-1(11) or G.S. 128-21(11), except for temporary or part time service~~
44 ~~rendered while a full-time student in pursuit of a degree or diploma in a~~
45 ~~degree-granting program. Payment shall be made in a single lump sum in an~~
46 ~~amount equal to the full actuarial cost of providing credit for the service,~~
47 ~~together with interest and an administrative fee, as determined by the Board~~
48 ~~of Trustees on the advice of the Retirement System's actuary. Notwithstanding~~
49 ~~the provisions of G.S. 135-4(b), the Board of Trustees shall fix and determine~~
50 ~~by appropriate rules and regulations how much service in any year, as based~~
51 ~~on compensation, is equivalent to one year of service in proportion to~~

1 ~~"earnable compensation", but in no case shall more than one year of service~~
2 ~~be creditable for all service in one year. Service rendered for the regular school~~
3 ~~year in any district shall be equivalent to one year's service. Notwithstanding~~
4 ~~the foregoing provisions of this subdivision that provide for the purchase of~~
5 ~~service credits, the terms "full cost", "full liability", and "full actuarial cost"~~
6 ~~include assumed annual post-retirement allowance increases, as determined~~
7 ~~by the Board of Trustees, from the earliest age at which a member could retire~~
8 ~~on an unreduced service allowance.~~

9 (2) ~~Under all requirements and conditions set forth in the preceding subdivision~~
10 ~~of this subsection (p1), except for the requirement that the completion of five~~
11 ~~years of membership service be subsequent to service rendered as a part-time~~
12 ~~teacher or employee of the State, any member with five or more years of~~
13 ~~membership service standing to his credit may purchase additional~~
14 ~~membership service for service rendered as a part-time teacher or employee~~
15 ~~of the State if (i) the member terminates or has terminated employment in any~~
16 ~~capacity as a teacher or employee of the State, (ii) the purchase of the~~
17 ~~additional membership service causes the member to become eligible to~~
18 ~~commence an early or service retirement allowance, and (iii) the member~~
19 ~~immediately elects to commence retirement and become a beneficiary.~~

20 (3) ~~Under all the requirements and conditions set forth in subdivision (1) of this~~
21 ~~subsection, except for the condition that part-time service rendered when a~~
22 ~~full-time student in pursuit of a degree or diploma in a degree-granting~~
23 ~~program is not eligible for purchase, any member with five or more years of~~
24 ~~membership service standing to the member's credit may purchase creditable~~
25 ~~service for service rendered as a part-time teacher or employee of the State if~~
26 ~~that service was rendered on a permanent part-time basis and required at least~~
27 ~~20 hours of service per week.~~

28 (p2) Part-Time Service Credit. – Notwithstanding any other provision of this Chapter to
29 the contrary, any member in service with five or more years of membership service may purchase
30 service previously rendered as a part-time teacher or employee of an employer, as defined in
31 G.S. 135-1(11) or G.S. 128-21(11), except the following service may not be purchased:

32 (1) Part-time service rendered as a bus driver to a public school while a full-time
33 high school student.

34 (2) Temporary or part-time service rendered while a full-time student in pursuit
35 of a degree or diploma in a degree-granting program, unless that service was
36 rendered on a permanent part-time basis and required at least 20 hours of
37 service per week.

38 Payment for service purchased under this subsection shall be made in a single lump sum in
39 an amount calculated by applying the ratio of actual gross compensation earned as a part-time
40 employee to the gross compensation that would have been earned as a full-time employee to the
41 period of service rendered in months. The member shall purchase this service by paying a lump
42 sum amount to the Annuity Savings Fund equal to the full liability increase due to the additional
43 service credits on the basis of the assumptions used for the purposes of the actuarial valuation of
44 the liabilities of the Retirement System, except for the following assumptions specific to this
45 calculation: (i) the allowance shall be assumed to commence at the earliest age at which the
46 member could retire on an unreduced retirement allowance and (ii) assumed annual
47 postretirement allowance increases as set by the Board of Trustees upon the advice of the
48 consulting actuary. The calculation of the amount payable shall also include an administrative
49 fee to be set by the Board.

50 The Board of Trustees shall adopt rules regarding how much service in any year, as based on
51 compensation, is equivalent to one year of service in proportion to earnable compensation, but

1 in no case shall more than one year of service be creditable for all service in one year. Service
2 rendered for the regular school year in any district shall be equivalent to one year of service.

3 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
4 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
5 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
6 that the purchase is paid by the member, the cost paid by the member shall be credited to the
7 member's annuity savings account.

8 ~~(q) Notwithstanding any other provision of this Chapter, any member who entered~~
9 ~~service or was restored to service prior to July 1, 1982, and was excluded from membership~~
10 ~~service solely on account of having attained the age of 62 years, in accordance with former~~
11 ~~G.S. 135-3(6), may purchase membership service credits of such excluded service by making a~~
12 ~~lump sum payment equal to the contributions that would have been deducted pursuant to~~
13 ~~G.S. 135-8(b) had he been a member of the Retirement System, increased by interest calculated~~
14 ~~at a rate of seven percent (7%) per annum.~~

15 (r) Notwithstanding any other provision of this Chapter, any member may purchase
16 creditable service for periods of employer approved leaves of absence when in receipt of benefits
17 under the North Carolina Workers' Compensation Act. This service shall be purchased by paying
18 a cost calculated in the following manner:

19 ...

20 (3) Leaves of Absence Terminating On and After January 1, 1988. – The cost to
21 a member whose employer approved leave of absence, when in receipt of
22 benefits under the North Carolina Workers' Compensation Act, terminates
23 ~~upon or before a return to service~~ on and after January 1, 1988, shall be due
24 and payable to the Annuity Savings Fund within six months from ~~return to~~
25 ~~service~~ end of the leave of absence and shall be a lump sum amount equal to
26 the employee percentage rate of contribution in effect at the time of purchase
27 applied to the annual rate of compensation of the member immediately prior
28 to the leave of absence. For members electing to make this payment, the
29 member's employer which granted the leave of absence, or the member's
30 employer upon a return to service, or both, shall make a matching lump sum
31 payment to the Pension Accumulation Fund within six months from ~~return to~~
32 ~~service~~ the end of the leave of absence equal to the employer percentage rate
33 of contribution in effect at the time of purchase applied to the annual rate of
34 compensation of the member immediately prior to the leave of absence. Such
35 purchases of creditable service are applicable only when members have
36 membership service credits within 30 days prior to the leave of absence and
37 within 12 months following the leave of absence and such membership service
38 is creditable service at the time of purchase. Notwithstanding any other
39 provision of this subdivision, the cost to a member and to a member's
40 employer or former employer or both employers whose amount due is not paid
41 within six months from return to service shall be the amount due plus one
42 percent (1%) per month penalty for each month or fraction thereof that the
43 payment is made after the six-month period.

44 ~~Notwithstanding the requirement of this provision that a member return to~~
45 ~~service, a~~ A member who is in receipt of Workers' Compensation during the
46 period for which he or she would have otherwise been eligible to receive
47 short-term benefits as provided in G.S. 135-105 and who subsequently
48 becomes a beneficiary in receipt of a benefit as provided in G.S. 135-106 may
49 purchase creditable service for any period of employer approved leave of
50 absence when in receipt of benefits under the North Carolina Workers'
51 Compensation Act. The cost to purchase such creditable service shall be as

1 determined above provided the amount due if not paid within six months from
2 the beginning of the long-term disability period as determined in G.S. 135-106
3 shall be the amount due plus one percent (1%) per month penalty for each
4 month or fraction thereof that the payment is made after the six-month period.

5 Whenever the creditable service purchased pursuant to this subsection is
6 for a period that occurs during the four consecutive calendar years that would
7 have produced the highest average annual compensation pursuant to
8 G.S. 135-1(5) had the member not been on leave of absence without pay, then
9 the compensation that the member would have received during the purchased
10 period shall be included in calculating the member's average final
11 compensation. In such cases, the compensation that the member would have
12 received during the purchased period shall be based on the annual rate of
13 compensation of the member immediately prior to the leave of absence.

14 (s) Credit at Full Cost for Temporary Employment. – ~~In addition to the provisions of~~
15 ~~subsection (p) above, any~~ Any member in service with five or more years of membership service
16 may purchase creditable service for State employment when classified as a temporary teacher or
17 employee subject to all of the conditions that the following conditions:

- 18 (1) ~~Member~~ The member was employed by an employer as defined in
19 G.S. 135-1(11) or ~~G.S. 128-21(11);~~ G.S. 128-21(11).
- 20 (2) ~~Member's~~ The member's temporary employment met all other requirements
21 of G.S. 135-1(10) or (25), or ~~G.S. 128-21(10);~~ G.S. 128-21(10).
- 22 (3) ~~Member~~ The member has completed five years or more of membership
23 ~~service;~~ service.
- 24 (4) ~~Member acquires~~ The member has acquired from the employer such
25 certifications of temporary employment as are required by the Board of
26 ~~Trustees; and~~ Trustees.
- 27 (5) ~~Member makes~~

28 The amount of creditable service purchased under this subsection may not exceed a total of
29 five years. A member shall purchase this service by making a lump sum payment into the Annuity
30 Savings Fund equal to the full liability of the service credits calculated on the basis of the
31 assumptions used for purposes of the actuarial valuation of the Retirement System's liabilities
32 and shall take into account the retirement allowance arising on account of the additional service
33 credit commencing at the earliest age at which the member could retire on an unreduced
34 retirement allowance, as determined by the Board of Trustees upon the advice of the actuary,
35 plus an administrative expense fee to be determined by the Board of Trustees. Notwithstanding
36 the foregoing provisions of this subdivision that provide for the purchase of service credits, the
37 terms "full cost", "full liability", and "full actuarial cost" include assumed annual post retirement
38 allowance increases, as determined by the Board of Trustees, from the earliest age at which a
39 member could retire on an unreduced service allowance increase due to the additional service
40 credits on the basis of the assumptions used for the purposes of the actuarial valuation of the
41 liabilities of the Retirement System, except for the following assumptions specific to this
42 calculation: (i) the allowance shall be assumed to commence at the earliest age at which the
43 member could retire on an unreduced retirement allowance and (ii) assumed annual
44 postretirement allowance increases as set by the Board of Trustees upon the advice of the
45 consulting actuary. The calculation of the amount payable shall also include an administrative
46 fee to be set by the Board.

47 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
48 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
49 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
50 that the purchase is paid by the member, the cost paid by the member shall be credited to the
51 member's annuity savings account.

1 The provisions of this subsection shall also apply to the purchase of creditable service for
2 State employment when classified as a permanent hourly employee in accordance with
3 G.S. 126-5(c4).

4 (t) ~~Credit at Full Cost for Local Government Employment. — Any member may purchase~~
5 ~~creditable service for any employment as an employee, as defined in G.S. 128-21(10), of a local~~
6 ~~government employer not creditable in the North Carolina Local Governmental Employees'~~
7 ~~Retirement System upon completion of five years of membership service by making a lump sum~~
8 ~~payment into the Annuity Savings Fund. The payment by the member shall be equal to the full~~
9 ~~liability of the service credits calculated on the basis of the assumptions used for purposes of the~~
10 ~~actuarial valuation of the Retirement System's liabilities, taking into account the additional~~
11 ~~retirement allowance arising on account of the additional service credits commencing at the~~
12 ~~earliest age at which the member could retire with an unreduced retirement allowance, as~~
13 ~~determined by the Board of Trustees upon the advice of the actuary plus an administrative~~
14 ~~expense fee to be determined by the Board of Trustees. Notwithstanding the foregoing provisions~~
15 ~~of this subsection that provide for the purchase of service credits, the terms "full cost", "full~~
16 ~~liability", and "full actuarial cost" include assumed annual post-retirement allowance increases,~~
17 ~~as determined by the Board of Trustees, from the earliest age at which a member could retire on~~
18 ~~an unreduced service allowance.~~

19 (u) ~~Any member who was a wildlife protector who elected to become a member of the~~
20 ~~Law Enforcement Officers' Retirement System pursuant to Chapter 837 of the 1971 Session Laws~~
21 ~~by the transfer of accumulated contributions from this Retirement System to the Law~~
22 ~~Enforcement Officers' Retirement System and who has not subsequently applied for and received~~
23 ~~a return of accumulated contributions shall be entitled to creditable service for the service as a~~
24 ~~non-law enforcement officer forfeited as a result of the transfer pursuant to Chapter 837 of the~~
25 ~~1971 Session Laws.~~

26 ...

27 (w) ~~Credit at Full Cost for Federal Employment. — Notwithstanding any other provisions~~
28 ~~of this Chapter, a member, upon the completion of five years of membership service, member in~~
29 ~~service with five or more years of membership service may purchase creditable service for~~
30 ~~periods of federal employment, provided that the member is not receiving any retirement benefits~~
31 ~~resulting from this federal employment, and provided that the member is not vested in the~~
32 ~~particular federal retirement system to which the member may have belonged while a federal~~
33 ~~employee. The amount of creditable service purchased under this subsection may not exceed a~~
34 ~~total of five years. The member shall purchase this service by making a lump sum amount payable~~
35 ~~to the Annuity Savings Fund equal to the full liability of the service credits calculated on the~~
36 ~~basis of the assumptions used for purposes of the actuarial valuation of the system's liabilities,~~
37 ~~and shall take into account the retirement allowance arising on account of the additional service~~
38 ~~credit commencing at the earliest age at which the member could retire on an unreduced~~
39 ~~retirement allowance, as determined by the Board of Trustees upon the advice of the consulting~~
40 ~~actuary, plus an administrative fee to be set by the Board of Trustees. Notwithstanding the~~
41 ~~foregoing provisions of this subsection that provide for the purchase of service credits, the terms~~
42 ~~"full cost", "full liability", and "full actuarial cost" include assumed annual post-retirement~~
43 ~~allowance increases, as determined by the Board of Trustees, from the earliest age at which a~~
44 ~~member could retire on an unreduced service allowance. increase due to the additional service~~
45 ~~credits on the basis of the assumptions used for the purposes of the actuarial valuation of the~~
46 ~~liabilities of the Retirement System, except for the following assumptions specific to this~~
47 ~~calculation: (i) the allowance shall be assumed to commence at the earliest age at which the~~
48 ~~member could retire on an unreduced retirement allowance and (ii) assumed annual~~
49 ~~postretirement allowance increases as set by the Board of Trustees upon the advice of the~~
50 ~~consulting actuary. The calculation of the amount payable shall also include an administrative~~
51 ~~fee to be set by the Board.~~

1 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
2 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
3 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
4 that the purchase is paid by the member, the cost paid by the member shall be credited to the
5 member's annuity savings account.

6 ~~Members~~ On or before December 31, 2019, members in service may also purchase creditable
7 service for periods of employment with public community service entities within the State funded
8 entirely with federal funds, other than the federal government, that are not covered by the
9 provisions of G.S. 128-21(11) or G.S. 135-1(11), under the same terms and conditions that are
10 applicable to the purchase of creditable service for periods of federal employment in accordance
11 with this subsection. "Public community service entities" as used in this subsection shall mean
12 community action, human relations, manpower development, and community development
13 programs as defined in Articles 19 and 21 of Chapter 160A and Article 18 of Chapter 153A of
14 the General Statutes and any other similar programs that the Board of Trustees may
15 adopt. Statutes.

16 ...

17 (z) Credit at Full Cost for Leave Due to Extended Illness. – Any member in service with
18 five or more years of membership service ~~standing to his credit~~ may purchase creditable service
19 for periods of interrupted service while on leave without pay status due to the member's illness
20 or injury, excluding leave due to maternity, provided that any single such interrupted service
21 shall have included such period of time during which the member failed to earn at least two
22 months membership service, by making a lump sum amount payable to the Annuity Savings
23 Fund equal to the full liability ~~of the service credits calculated on the basis of the assumptions~~
24 ~~used for purposes of the actuarial valuation of the system's liabilities; and the calculation of the~~
25 ~~amount payable shall take into account the retirement allowance arising on account of the~~
26 ~~additional service credit commencing at the earliest age at which the member could retire on an~~
27 ~~unreduced retirement allowance, as determined by the Board of Trustees upon the advice of the~~
28 ~~consulting actuary, plus an administrative fee to be set by the Board of Trustees. Notwithstanding~~
29 ~~the foregoing provisions of this subsection that provide for the purchase of service credits, the~~
30 ~~terms "full cost", "full liability", and "full actuarial cost" include assumed annual post retirement~~
31 ~~allowance increases, as determined by the Board of Trustees, from the earliest age at which a~~
32 ~~member could retire on an unreduced service allowance. increase due to the additional service~~
33 ~~credits on the basis of the assumptions used for the purposes of the actuarial valuation of the~~
34 ~~liabilities of the Retirement System, except for the following assumptions specific to this~~
35 ~~calculation: (i) the allowance shall be assumed to commence at the earliest age at which the~~
36 ~~member could retire on an unreduced retirement allowance and (ii) assumed annual~~
37 ~~postretirement allowance increases as set by the Board of Trustees upon the advice of the~~
38 ~~consulting actuary. The calculation of the amount payable shall also include an administrative~~
39 ~~fee to be set by the Board. The amount of creditable service purchased under this subsection may~~
40 ~~not exceed a total of five years.~~

41 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
42 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
43 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
44 that the purchase is paid by the member, the cost paid by the member shall be credited to the
45 member's annuity savings account.

46 (aa) Credit at Full Cost for ~~Maternity Leave. Parental Leave, Pregnancy or~~
47 ~~Childbirth-Related Leave, or Certain Involuntary Furloughs.~~ – Notwithstanding other provisions
48 of this Chapter, any member in service with five or more years of credited membership service
49 may purchase creditable service for periods of service which were interrupted due to parental
50 leave, pregnancy or childbirth, or involuntary administrative furlough due to a lack of funds to
51 support the position by making a lump sum amount payable to the Annuity Savings Fund equal

1 to the full liability of the service credits calculated on the basis of the assumptions used for
2 purposes of the actuarial valuation of the system's liabilities; and the calculation of the amount
3 payable shall take into account the retirement allowance arising on account of the additional
4 service credit commencing at the earliest age at which the member could retire on an unreduced
5 retirement allowance, as determined by the Board of Trustees upon the advice of the consulting
6 actuary, plus an administrative fee to be set by the Board of Trustees. Creditable service
7 purchased under this subsection may not exceed six months per parental leave, pregnancy or
8 childbirth, or involuntary administrative furlough due to a lack of funds to support the position.
9 Notwithstanding the foregoing provisions of this subsection that provide for the purchase of
10 service credits, the term "full liability" includes assumed annual postretirement allowance
11 increases, as determined by the Board of Trustees, from the earliest age at which a member could
12 retire on an unreduced service allowance. increase due to the additional service credits on the
13 basis of the assumptions used for the purposes of the actuarial valuation of the liabilities of the
14 Retirement System, except for the following assumptions specific to this calculation: (i) the
15 allowance shall be assumed to commence at the earliest age at which the member could retire on
16 an unreduced retirement allowance and (ii) assumed annual postretirement allowance increases
17 as set by the Board of Trustees upon the advice of the consulting actuary. The calculation of the
18 amount payable shall also include an administrative fee to be set by the Board. The amount of
19 creditable service purchased under this subsection may not exceed a total of five years.

20 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
21 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
22 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
23 that the purchase is paid by the member, the cost paid by the member shall be credited to the
24 member's annuity savings account.

25 (bb) Credit at Full Cost for Probationary Local Government ~~Employment~~ Employment
26 Purchased On or Before December 31, 2019. – Notwithstanding any other provision of this
27 Chapter, on or before December 31, 2019, a member may purchase creditable service, prior to
28 retirement, for employment with any local employer as defined in G.S. 128-21(11) when
29 considered to be in a probationary or employer-imposed waiting period status, between the date
30 of employment and the date of membership service with the Local Governmental Employees'
31 Retirement System, provided that the former employer of such a member has revoked this
32 probationary employment or waiting period policy.

33 The member shall purchase this service by making a lump-sum amount payable to the
34 Annuity Savings Fund equal to the full liability of the service credits calculated on the basis of
35 the assumptions used for purposes of the actuarial valuation of the liabilities of the retirement
36 system, and the calculation of the amount payable shall take into account the retirement
37 allowance arising on account of the additional service credit commencing at the earliest age at
38 which the member could retire on an unreduced retirement allowance, as determined by the
39 Board of Trustees upon the advice of the consulting actuary, plus an administrative fee to be set
40 by the Board of Trustees. Notwithstanding the provisions of this subsection that provide for the
41 purchase of service credits, the term "full liability" includes assumed annual postretirement
42 allowance increases, as determined by the Board of Trustees, from the earliest age at which a
43 member could retire on an unreduced service allowance.

44 (bb1) Credit at Full Cost for Probationary Local Government Employment Purchased On
45 and After January 1, 2020. – Notwithstanding any other provision of this Chapter, on and after
46 January 1, 2020, a member may purchase creditable service, prior to retirement, for employment
47 with any local employer as defined in G.S. 128-21(11) when considered to be in a probationary
48 or employer-imposed waiting period status, between the date of employment and the date of
49 membership service with the Local Governmental Employees' Retirement System.

50 The member shall purchase this service by making a lump sum amount payable to the
51 Annuity Savings Fund equal to the full liability increase due to the additional service credits on

1 the basis of the assumptions used for the purposes of the actuarial valuation of the liabilities of
 2 the Retirement System, except for the following assumptions specific to this calculation: (i) the
 3 allowance shall be assumed to commence at the earliest age at which the member could retire on
 4 an unreduced retirement allowance and (ii) assumed annual postretirement allowance increases
 5 as set by the Board of Trustees upon the advice of the consulting actuary. The calculation of the
 6 amount payable shall also include an administrative fee to be set by the Board.

7 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
 8 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
 9 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
 10 that the purchase is paid by the member, the cost paid by the member shall be credited to the
 11 member's annuity savings account.

12 ...

13 (hh) Credit at Full Cost for Service With The University of North Carolina During Which
 14 a Member Participated in the Optional Retirement Program. – Notwithstanding any other
 15 provisions of this Chapter, a member upon the completion of five years of membership service
 16 Chapter to the contrary, any member in service with five or more years of membership service
 17 may purchase creditable service for periods of employment with The University of North
 18 Carolina during which the member participated in the Optional Retirement Program as provided
 19 for in G.S. 135-5.1, provided that the member is not receiving, and is not entitled to receive, any
 20 retirement benefits resulting from this employment. The amount of creditable service purchased
 21 under this subsection may not exceed a total of five years. The member shall purchase this service
 22 by making a lump-sum amount payable to the Annuity Savings Fund equal to the full liability of
 23 the service credits calculated on the basis of the assumptions used for purposes of the actuarial
 24 valuation of the system's liabilities and shall take into account the retirement allowance arising
 25 on account of the additional service credit commencing at the earliest age at which the member
 26 could retire on an unreduced retirement allowance, as determined by the Board of Trustees upon
 27 the advice of the consulting actuary, plus an administrative fee to be set by the Board of Trustees.
 28 Notwithstanding the foregoing provisions of this subsection that provide for the purchase of
 29 service credits, the terms "full cost," "full liability," and "full actuarial cost" include assumed
 30 annual postretirement allowance increases, as determined by the Board of Trustees, from the
 31 earliest age at which a member could retire on an unreduced service allowance.increase due to
 32 the additional service credits on the basis of the assumptions used for the purposes of the actuarial
 33 valuation of the liabilities of the Retirement System, except for the following assumptions
 34 specific to this calculation: (i) the allowance shall be assumed to commence at the earliest age at
 35 which the member could retire on an unreduced retirement allowance and (ii) assumed annual
 36 postretirement allowance increases as set by the Board of Trustees upon the advice of the
 37 consulting actuary. The calculation of the amount payable shall also include an administrative
 38 fee to be set by the Board.

39 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
 40 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
 41 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
 42 that the purchase is paid by the member, the cost paid by the member shall be credited to the
 43 member's annuity savings account.

44"

45 **SECTION 1.(b)** G.S. 128-26 reads as rewritten:

46 **"§ 128-26. Allowance for service.**

47 ...

48 (b) The Board of Trustees shall fix and determine by appropriate rules and regulations
 49 how much service in any year is equivalent to one year of service, but in In no case shall more
 50 than one year of service be creditable for all service in one calendar year.

1 (c) ~~Subject to the above restrictions and to such other rules and regulations as the Board~~
2 ~~of Trustees may adopt, the Board of Trustees shall verify, as soon as practicable after the filing~~
3 ~~of such statements of service, the service therein claimed.~~

4 In lieu of a determination of the actual compensation of the members that was received during
5 such period of prior service, the Board of Trustees may use for the purpose of this Article the
6 compensation rates which if they had progressed with the rates of salary increase shown in the
7 tables as prescribed in subsection (o) of G.S. 128-28 would have resulted in the same average
8 salary of the member for the five years immediately preceding the date of participation of his
9 employer, as the records show the member actually received.

10 (d) ~~Any member may, up to his date of retirement and within one year thereafter, request~~
11 ~~the Board of Trustees to modify or correct his prior service credit.~~

12 (e) Creditable service at retirement on which the retirement allowance of a member shall
13 be based shall consist of the membership service rendered by the member since he or she last
14 became a member, and also if the member has a prior service certificate which is in full force
15 and effect, the amount of the service certified on the prior service certificate; and if the member
16 has sick leave standing to the member's credit upon retirement on or after July 1, 1971, one month
17 of credit for each 20 days or portion thereof, but not less than one hour; sick leave shall not be
18 counted in computing creditable service for the purpose of determining eligibility for disability
19 retirement or for a vested deferred allowance. Creditable service for unused sick leave shall be
20 allowed only for sick leave accrued monthly during employment under a duly adopted sick leave
21 policy and for which the member may be able to take credits and be paid for sick leave without
22 restriction. However, in no instance shall unused sick leave be credited to a member's account at
23 retirement if the member's last day of actual service is more than 365 days prior to the effective
24 date of the member's retirement. Days of sick leave standing to a member's credit at retirement
25 shall be determined by dividing the member's total hours of sick leave at retirement by the hours
26 per month such leave was awarded under the employer's duly adopted sick leave policy as the
27 policy applied to the member when the leave was accrued.

28 ~~On and after July 1, 1971, a member whose account was closed on account of absence from~~
29 ~~service under the provisions of G.S. 128-24(1a) and who subsequently returns to service for a~~
30 ~~period of five years, may thereafter repay the amount withdrawn plus regular interest thereon~~
31 ~~from the date of withdrawal through the year of repayment and thereby increase his creditable~~
32 ~~service by the amount of creditable service lost when this account was closed.~~

33 ~~On and after July 1, 1973, a member whose account in the Teachers' and State Employees'~~
34 ~~Retirement System was closed on account of absence from service under the provisions of~~
35 ~~G.S. 135-3(3) and who subsequently became or becomes a member of this System with credit~~
36 ~~for five years of service, may thereafter repay in a lump sum the amount withdrawn from the~~
37 ~~Teachers' and State Employees' Retirement System plus regular interest thereon from the date of~~
38 ~~withdrawal through the year of repayment and thereby increase his creditable service in this~~
39 ~~System by the amount of creditable service lost when his account was closed.~~

40 ~~Notwithstanding any other provision of this Chapter, any member who entered service or was~~
41 ~~restored to service prior to July 1, 1982, and was excluded from membership service solely on~~
42 ~~account of having attained the age of 62 years, in accordance with former G.S. 128-24(3a), may~~
43 ~~purchase membership service credits for such excluded service by making a lump sum payment~~
44 ~~equal to the contributions that would have been deducted pursuant to G.S. 128-30(b) had he been~~
45 ~~a member of the Retirement System, increased by interest calculated at a rate of seven percent~~
46 ~~(7%) per annum.~~

47 (e1) On and after January 1, 1986, the creditable service of a member who was a member
48 of the Law Enforcement Officers' Retirement System at the time of the transfer of law
49 enforcement officers employed by participating employers from that System to this Retirement
50 System and whose accumulated contributions are transferred from that System to this Retirement
51 System, includes service that was creditable in the Law Enforcement Officers' Retirement

1 System; and membership service with that System is membership service with this Retirement
2 System; provided, notwithstanding any provisions of this Article to the contrary, any inchoate or
3 accrued rights of such a member to purchase creditable service for military service, withdrawn
4 service and prior service under the rules and regulations of the Law Enforcement Officers'
5 Retirement System may not be diminished and may be purchased as creditable service with this
6 Retirement System under the same conditions that would have otherwise applied.

7 ~~(f) Effective January 1, 1955, there shall be three classes of prior service certificates, to
8 be designated as Class A, Class B and Class C respectively. Each such certificate issued on
9 account of service rendered to a Class A employer shall be a Class A prior service certificate;
10 each such certificate issued on account of service rendered to a Class B employer shall be a Class
11 B prior service certificate; and each such certificate issued on account of service rendered to a
12 Class C employer shall be a Class C prior service certificate. Each Class C prior service certificate
13 shall specify a prior service benefit percentage rate which shall be three per centum (3%) in the
14 case of any member entitled to such certificate who is, at the date of participation of his employer,
15 in a position covered by the Social Security Act under a federal State agreement and which shall
16 be five per centum (5%) in the case of a member entitled to such certificate but who at the date
17 of participation of his employer is in a position not so covered.~~

18 ...

19 (i) Notwithstanding any other provision of this Chapter, on or before December 31, 2019,
20 any person who withdrew his or her contributions in accordance with the provisions of
21 G.S. 128-27(f) or 135-5(f) or the rules and regulations of the Law Enforcement Officers'
22 Retirement System and who subsequently returns to service may, upon completion of five years
23 of prior and current membership service, repay in a total lump sum any and all of the accumulated
24 contributions previously withdrawn with interest compounded annually at the rate of six and
25 one-half percent (6.5%) for each calendar year from the year of withdrawal to the year of
26 repayment plus a fee to cover expense of handling which shall be determined by the Board of
27 Trustees, and receive credit for the service forfeited at time of withdrawal(s). These provisions
28 shall apply equally to retired members who had attained five years of prior and current
29 membership service prior to retirement. The retirement allowance of a retired member who
30 restores service under this subsection shall be increased the month following the month payment
31 is received. The increase in the retirement allowance shall be the difference between the initial
32 retirement allowance, under any optional allowance elected at the time of retirement, and the
33 amount of the retirement allowance, under any optional allowance elected at the time of
34 retirement, to which the retired member would have been entitled had the service not been
35 previously forfeited, adjusted by any increases in the retirement accrual rate occurring between
36 the member's date of retirement and the date of payment. The increase in the retirement allowance
37 shall not include any adjustment for cost-of-living increases granted since the date of retirement.

38 (i1) North Carolina Withdrawn Service Purchased On and After January 1, 2020. –
39 Notwithstanding any other provision of this Article to the contrary, on and after January 1, 2020,
40 any member who withdrew his or her contributions in accordance with the provisions of
41 G.S. 128-27(f) or G.S. 135-5(f) or the rules of the Law Enforcement Officers' Retirement System,
42 and who subsequently returns to service and completes five years of membership service upon
43 that return, while in service may purchase an amount of creditable service totaling the amount of
44 the membership service associated with the withdrawn contributions, provided that the total of
45 the creditable service purchased under this subsection may not exceed a total of five years. The
46 member shall purchase this service by paying a lump sum amount to the Annuity Savings Fund
47 equal to the full liability increase due to the additional service credits on the basis of the
48 assumptions used for the purposes of the actuarial valuation of the liabilities of the Retirement
49 System, except for the following assumptions specific to this calculation: (i) the allowance shall
50 be assumed to commence at the earliest age at which the member could retire on an unreduced
51 retirement allowance and (ii) assumed annual postretirement allowance increases as set by the

1 Board of Trustees upon the advice of the consulting actuary. The calculation of the amount
2 payable shall also include an administrative fee to be set by the Board.

3 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
4 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
5 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
6 that the purchase is paid by the member, the cost paid by the member shall be credited to the
7 member's annuity savings account.

8 ...

9 (j1) Notwithstanding any other provision of this Chapter, any member and any retired
10 member as herein described may purchase creditable service for service in the Armed Forces of
11 the United States, not otherwise allowed, by paying a total lump sum payment determined as
12 follows:

- 13 (1) For members who completed 10 years of membership service, and retired
14 members who completed 10 years of membership service prior to retirement,
15 and whose membership began on or prior to January 1, 1988, and who make
16 such purchase within three years after first becoming eligible, the cost shall
17 be an amount equal to the monthly compensation the member earned when
18 the member first entered membership service times the employee contribution
19 rate at that time times the months of service to be purchased ~~with sufficient~~
20 ~~interest added thereto~~ multiplied by a factor equivalent to the investment
21 return assumptions determined by the Board of Trustees, compounded
22 annually, from the initial year of membership to the year of payment so as to
23 equal one-half of the cost of allowing such service, plus an administrative fee
24 to be set by the Board of Trustees.

25 ...

26 Creditable service allowed under this subdivision shall be only for the initial period of "active
27 duty", as defined in 38 U.S. Code Section 101(21), in the Armed Forces of the United States up
28 to the date the member was first eligible to be separated and released and for subsequent periods
29 of "active duty", as defined in 38 U.S. Code Section 101(21), as required by the Armed Forces
30 of the United States up to the date of first eligibility for separation or release, but shall not include
31 periods of active duty in the Armed Forces of the United States creditable in any other retirement
32 system except the National Guard or any reserve component of the Armed Forces of the United
33 States, and shall not include periods of "active duty for training", as defined in 38 U.S. Code
34 Section 101(22), or periods of "inactive duty training", as defined in 38 U.S. Code Section
35 101(23), rendered in any reserve component of the Armed Forces of the United States. Provided,
36 creditable service may be allowed only for active duty in the Armed Forces of the United States
37 of a member that resulted in a general or honorable discharge from duty. The member shall
38 submit satisfactory evidence of the service claimed. For purposes of this subsection, membership
39 service may include any membership or prior service credits transferred to this Retirement
40 System pursuant to G.S. 128-24.

41 (j2) Notwithstanding any other provision of this Chapter, on or before December 31, 2019,
42 any member and any retired member as herein described may purchase creditable service
43 previously rendered to the federal government or to any state, territory, or other governmental
44 subdivision of the United States other than this State by paying a total lump-sum payment
45 determined as follows:

- 46 (1) For members who completed 10 years of prior and current membership
47 service, and retired members who completed 10 years of prior and current
48 membership service prior to retirement, and whose membership began on or
49 before January 1, 1988, and who make such purchase within three years after
50 first becoming eligible, the cost shall be an amount equal to the monthly
51 compensation the member earned when ~~he~~ the member first entered

1 membership service, times the employee contribution rate at that time, times
2 the months of service to be purchased, times two, ~~with sufficient interest~~
3 ~~added thereto~~ multiplied by a factor equivalent to the investment return
4 assumptions determined by the Board of Trustees, compounded annually,
5 from the initial year of membership to the year of payment so as to equal the
6 full cost of allowing such service, plus an administrative fee to be set by the
7 Board of Trustees.

- 8 (2) For members who complete five years of prior and current membership
9 service, and retired members who complete five years of prior and current
10 membership service prior to retirement, and eligible members and retired
11 members covered by subdivision (1) of this subsection, whose membership
12 began on or before January 1, 1988, but who did not or do not make such
13 purchase within three years after first becoming eligible, the cost shall be an
14 amount equal to the full liability of the service credits calculated on the basis
15 of the assumptions used for the purposes of the actuarial valuation of the
16 System's liabilities and shall take into account the retirement allowance arising
17 on account of the additional service credits commencing at the earliest age at
18 which the member could retire on an unreduced allowance, as determined by
19 the Board of Trustees upon the advice of the consulting actuary, plus an
20 administrative fee to be set by the Board of Trustees. Notwithstanding the
21 foregoing provisions of this subsection that provide for the purchase of service
22 credits, the term "full liability" includes assumed postretirement allowance
23 increases, as determined by the Board of Trustees, from the earliest age at
24 which a member could retire on an unreduced service retirement allowance.
25 Notwithstanding the requirement of five years of current membership service,
26 a member whose membership began prior to the service the member desires
27 to purchase shall be eligible to purchase creditable service under this
28 subdivision upon returning to service as an employee upon completion of a
29 total of five years of membership service and upon completion of one year of
30 current membership service.

31 Current membership service shall mean membership service earned since the service
32 previously rendered to any state, territory, or other governmental subdivision of the United States
33 other than this State. Creditable service under this subsection shall be allowed only at the rate of
34 one year of out-of-state service for each year of service in this State, with a maximum allowable
35 of 10 years of out-of-state service. Such service is limited to full-time service which would be
36 allowable under the laws governing this System. Credit will be allowed only if no benefit is
37 allowable in another public retirement system as a result of the service.

38 (j3) Notwithstanding any provision of this Article to the contrary, on and after January 1,
39 2020, any member in service with five or more years of membership service may purchase
40 creditable service previously rendered to the federal government or to any state, territory, or other
41 governmental subdivision of the United States other than this State by paying a total lump sum
42 payment. The amount of creditable service purchased under this subsection may not exceed a
43 total of five years. The member shall purchase this service by paying a lump sum amount to the
44 Annuity Savings Fund equal to the full liability increase due to the additional service credits on
45 the basis of the assumptions used for the purposes of the actuarial valuation of the liabilities of
46 the Retirement System, except for the following assumptions specific to this calculation: (i) the
47 allowance shall be assumed to commence at the earliest age at which the member could retire on
48 an unreduced retirement allowance and (ii) assumed annual postretirement allowance increases
49 as set by the Board of Trustees upon the advice of the consulting actuary. The increases as set by
50 the Board of Trustees upon the advice of the consulting actuary shall also include an
51 administrative fee to be set by the Board.

1 Creditable service under this subsection shall be allowed only at the rate of one year of
2 out-of-state service for each year of membership service in this State, with a maximum allowable
3 of five years of out-of-state service. Such service is limited to full-time service that would be
4 allowable under the laws governing this Retirement System. Credit will be allowed only if no
5 benefit is allowable in another public retirement system as a result of the service.

6 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
7 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
8 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
9 that the purchase is paid by the member, the cost paid by the member shall be credited to the
10 member's annuity savings account.

11 ...

12 (l) Notwithstanding any other provision of this Chapter, any member may purchase
13 creditable service for periods of employer approved leaves of absence when in receipt of benefits
14 under the North Carolina Workers' Compensation Act. This service shall be purchased by paying
15 a cost calculated in the following manner:

16 ...

- 17 (2) Leaves of Absence Terminating On and After July 1, 1983. – The cost to a
18 member whose employer approved leave of absence, when in receipt of
19 benefits under the North Carolina Workers' Compensation Act, terminates
20 ~~upon return to service~~ on and after July 1, 1983, shall be a lump sum amount
21 due and payable to the Annuity Savings Fund within six months from ~~return~~
22 ~~to service~~ end of the leave of absence equal to the total employee and employer
23 percentage rates of contribution in effect at the time of purchase and based on
24 the annual rate of compensation of the member immediately prior to the leave
25 of absence; Provided, however, the cost to a member whose amount due is not
26 paid within six months from ~~return to service~~ the end of the leave of absence
27 shall be the amount due plus one percent (1%) per month penalty for each
28 month or fraction thereof the payment is made beyond the six-month period.

29 Whenever the creditable service purchased pursuant to this subsection is for a period that
30 occurs during the four consecutive calendar years that would have produced the highest average
31 annual compensation pursuant to G.S. 128-21(5) had the member not been on leave of absence
32 without pay, then the compensation that the member would have received during the purchased
33 period shall be included in calculating the member's average final compensation. In such cases,
34 the compensation that the member would have received during the purchased period shall be
35 based on the annual rate of compensation of the member immediately prior to the leave of
36 absence.

37 In the case of a law enforcement officer electing to purchase service under this section who
38 is in receipt of benefits under the North Carolina Workers' Compensation Act due to serious
39 bodily injury suffered in the line of duty as a result of an intentional or unlawful act of another,
40 as certified by the head of the employing law enforcement agency, and whose approved leave of
41 absence terminates on or before a return to service on and after August 1, 2006, the employer
42 percentage rate of contribution payable under subdivision (2) of this subsection shall be made by
43 the employer that granted the leave of absence. The cost to the law enforcement officer shall be
44 reduced by the amount paid by the employer. For purposes of this subsection, "serious bodily
45 injury" means bodily injury that creates a substantial risk of death, or that causes serious
46 permanent disfigurement, coma, a permanent or protracted condition that causes extreme pain,
47 or permanent or protracted loss or impairment of the function of any bodily member or organ, or
48 that results in prolonged hospitalization.

49 Nothing in this subsection prevents an employer from voluntarily paying all or a part of the
50 employee portion of the total cost of the service credit purchased, and the employer does not
51 discriminate against any eligible law enforcement officer in this subsection employed by the

1 employer by paying that portion of cost. To the extent paid by the employer, the employee portion
2 paid by the employer shall be credited to the Pension Accumulation Fund; to the extent paid by
3 the member, the employee portion paid by the member shall be credited to the member's annuity
4 savings account. A member shall pay any part of the employee portion of the total cost not paid
5 by the employer.

6 ...

7 (o) Credit at Full Cost for Federal Employment. – Notwithstanding any other provisions
8 of this Chapter, a ~~member, upon the completion of five years of membership service, member in~~
9 service with five or more years of membership service may purchase creditable service for
10 periods of federal employment, provided that the member is not receiving any retirement benefits
11 resulting from this federal employment, and provided that the member is not vested in the
12 particular federal retirement system to which the member may have belonged while a federal
13 employee. The amount of creditable service purchased under this subsection may not exceed a
14 total of five years. The member shall purchase this service by making a lump sum amount payable
15 to the Annuity Savings Fund equal to the full liability ~~of the service credits calculated on the~~
16 ~~basis of the assumptions used for purposes of the actuarial valuation of the liabilities of the~~
17 ~~Retirement System; and the calculation of the amount payable shall take into account the~~
18 ~~retirement allowance arising on account of the additional service credit commencing at the~~
19 ~~earliest age at which the member could retire on an unreduced retirement allowance, as~~
20 ~~determined by the Board of Trustees upon the advice of the consulting actuary, plus an~~
21 ~~administrative fee to be set by the Board of Trustees.~~ increase due to the additional service credits
22 on the basis of the assumptions used for the purposes of the actuarial valuation of the liabilities
23 of the Retirement System, except for the following assumptions specific to this calculation: (i)
24 the allowance shall be assumed to commence at the earliest age at which the member could retire
25 on an unreduced retirement allowance and (ii) assumed annual postretirement allowance
26 increases as set by the Board of Trustees upon the advice of the consulting actuary. The
27 calculation of the amount payable shall also include an administrative fee to be set by the Board.

28 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
29 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
30 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
31 that the purchase is paid by the member, the cost paid by the member shall be credited to the
32 member's annuity savings account.

33 ~~Members~~ On or before December 31, 2019, members may also purchase creditable service
34 for periods of employment with public community service entities within the State funded
35 entirely with federal funds, other than the federal government, that are not covered by the
36 provisions of G.S. 128-21(11) or G.S. 135-1(11), under the same terms and conditions that are
37 applicable to the purchase of creditable service for periods of federal employment in accordance
38 with this subsection. "Public community service entities" as used in this subsection shall mean
39 community action, human relations, manpower development, and community development
40 programs as defined in Articles 19 and 21 of Chapter 160A and Article 18 of Chapter 153A of
41 the General Statutes ~~and any other similar programs that the Board of Trustees may adopt.~~
42 ~~Notwithstanding the foregoing provisions of this subsection that provide for the purchase of~~
43 ~~service credits, the terms "full cost", "full liability", and "full actuarial cost" include assumed~~
44 ~~annual post-retirement allowance increases, as determined by the Board of Trustees, from the~~
45 ~~earliest age at which a member could retire on an unreduced service allowance.~~ Statutes.

46 (p) Part-Time Service Credit.—

47 (1) ~~Notwithstanding any other provision of this Chapter, upon completion of five~~
48 ~~years of membership service, any member may purchase service previously~~
49 ~~rendered as a part-time employee of a participating employer as defined in~~
50 ~~G.S. 128-21(11) or G.S. 135-1(11), except for temporary or part-time service~~
51 ~~rendered while a full-time student in pursuit of a degree or diploma in a~~

1 ~~degree-granting program. Payment shall be made in a single lump sum in an~~
2 ~~amount equal to the full actuarial cost of providing credit for the service,~~
3 ~~together with interest and an administrative fee, as determined by the Board~~
4 ~~of Trustees on the advice of the Retirement System's actuary. Notwithstanding~~
5 ~~the provisions of G.S. 128-26(b), the Board of Trustees shall fix and determine~~
6 ~~by appropriate rules and regulations how much service in any year, as based~~
7 ~~on compensation, is equivalent to one year of service in proportion to~~
8 ~~"earnable compensation", but in no case shall more than one year of service~~
9 ~~be creditable for all service in one year. Notwithstanding the foregoing~~
10 ~~provisions of this subdivision that provide for the purchase of service credits,~~
11 ~~the terms "full cost", "full liability", and "full actuarial cost" include assumed~~
12 ~~annual post-retirement allowance increases, as determined by the Board of~~
13 ~~Trustees, from the earliest age at which a member could retire on an unreduced~~
14 ~~service allowance.~~

15 (2) ~~Under all requirements and conditions set forth in the preceding subdivision~~
16 ~~of this subsection, except for the requirement that the completion of five years~~
17 ~~of membership service be subsequent to service rendered as a part-time~~
18 ~~employee, any member with five or more years of membership service~~
19 ~~standing to his credit may purchase additional membership service for service~~
20 ~~rendered as a part-time employee of an employer as defined in~~
21 ~~G.S. 128-21(11) if (i) the member terminates or has terminated employment~~
22 ~~in any capacity as an employee, (ii) the purchase of the additional membership~~
23 ~~service causes the member to become eligible to commence an early or service~~
24 ~~retirement allowance, and (iii) the member immediately elects to commence~~
25 ~~retirement and become a beneficiary.~~

26 (p1) Part-Time Service Credit. – Notwithstanding any other provision of this Article to the
27 contrary, any member in service with five or more years of membership service may purchase
28 service previously rendered as a part-time teacher or employee of an employer, as defined in
29 G.S. 135-1(11) or G.S. 128-21(11), except the following service may not be purchased:

- 30 (1) Part-time service rendered as a bus driver to a public school while a full-time
31 high school student.
32 (2) Temporary or part-time service rendered while a full-time student in pursuit
33 of a degree or diploma in a degree-granting program, unless that service was
34 rendered on a permanent part-time basis and required at least 20 hours of
35 service per week.

36 Payment for service purchased under this subsection shall be made in a single lump sum in
37 an amount calculated by applying the ratio of actual gross compensation earned as a part-time
38 employee to the gross compensation that would have been earned as a full-time employee to the
39 period of service rendered in months. The member shall purchase this service by paying a lump
40 sum amount to the Annuity Savings Fund equal to the full liability increase due to the additional
41 service credits on the basis of the assumptions used for the purposes of the actuarial valuation of
42 the liabilities of the Retirement System, except for the following assumptions specific to this
43 calculation: (i) the allowance shall be assumed to commence at the earliest age at which the
44 member could retire on an unreduced retirement allowance and (ii) assumed annual
45 postretirement allowance increases as set by the Board of Trustees upon the advice of the
46 consulting actuary. The calculation of the amount payable shall also include an administrative
47 fee to be set by the Board.

48 The Board of Trustees shall adopt rules regarding how much service in any year, as based on
49 compensation, is equivalent to one year of service in proportion to earnable compensation, but
50 in no case shall more than one year of service be creditable for all service in one year. Service
51 rendered for the regular school year in any district shall be equivalent to one year of service.

1 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
2 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
3 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
4 that the purchase is paid by the member, the cost paid by the member shall be credited to the
5 member's annuity savings account.

6 (q) Credit at Full Cost for Probationary ~~Employment~~ Employment Purchased On or
7 Before December 31, 2019. – Notwithstanding any other provision of this Chapter, on or before
8 December 31, 2019, a member may purchase creditable service, prior to retirement, for
9 employment with an employer as defined in this Article when considered to be in a probationary
10 or employer imposed waiting period status and thereby not regularly employed, between date of
11 employment and date of membership service with the retirement system, provided that the
12 employer or former employer of such a member has revoked this probationary employment or
13 waiting period policy.

14 Provided, the member shall purchase this service by making a lump sum amount payable to
15 the Annuity Savings Fund equal to the full liability of the service credits calculated on the basis
16 of the assumptions used for purposes of the actuarial valuation of the liabilities of the retirement
17 system, and the calculation of the amount payable shall take into account the retirement
18 allowance arising on account of the additional service credit commencing at the earliest age at
19 which the member could retire on an unreduced retirement allowance, as determined by the
20 Board of Trustees upon the advice of the consulting actuary, plus an administrative fee to be set
21 by the Board of Trustees. In no instance shall the amount payable be less than the contributions
22 a member would have made during the employment plus four percent (4%) interest compounded
23 annually.

24 Notwithstanding the foregoing provisions of this subsection that provide for the purchase of
25 service credits, the terms "full cost", "full liability", and "full actuarial cost" include assumed
26 annual post-retirement allowance increases, as determined by the Board of Trustees, from the
27 earliest age at which a member could retire on an unreduced service allowance.

28 Nothing contained in this subsection shall prevent an employer or member from paying all
29 or a part of the cost of the probationary employment; and to the extent paid by the employer, the
30 cost paid by the employer shall be credited to the pension accumulation fund; and to the extent
31 paid by the member, the cost paid by the member shall be credited to the member's annuity
32 savings account; provided, however, an employer does not discriminate against any member or
33 group of members in its current employ in paying all or any part of the cost of the probationary
34 employment. In the event an employer pays all or a part of the full actuarial cost, the employer
35 may, at its option, pay such amount either in a lump sum or by increasing its "accrued liability
36 contribution" for the remainder of its accrued liability period. In the event an employer has
37 satisfied its accrued liability contribution, the employer may amortize its portion of the full
38 actuarial cost over a period not to exceed 10 years. The expense of making an actuarial valuation
39 to determine the accrued liability contribution or the additional accrued liability contribution,
40 required to amortize the portion of the full actuarial cost paid by the employer, shall be paid by
41 the employer in a lump sum at the time of the actuarial valuation.

42 (q1) Credit at Full Cost for Probationary Employment Purchased On or After January 1,
43 2020. – Notwithstanding any other provision of this Chapter, on and after January 1, 2020, a
44 member in service with five or more years of service may purchase creditable service for
45 employment with an employer as defined in this Article when considered to be in a probationary
46 or employer-imposed waiting period status and thereby not regularly employed between date of
47 employment and date of membership service with the retirement system. The amount of
48 creditable service purchased under this subsection may not exceed five years.

49 The member shall purchase this service by paying a lump sum amount to the Annuity Savings
50 Fund equal to the full liability increase due to the additional service credits on the basis of the
51 assumptions used for the purposes of the actuarial valuation of the liabilities of the Retirement

1 System, except for the following assumptions specific to this calculation: (i) the allowance shall
2 be assumed to commence at the earliest age at which the member could retire on an unreduced
3 retirement allowance and (ii) assumed annual postretirement allowance increases as set by the
4 Board of Trustees upon the advice of the consulting actuary. The increases as set by the Board
5 of Trustees upon the advice of the consulting actuary shall also include an administrative fee to
6 be set by the Board.

7 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
8 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
9 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
10 that the purchase is paid by the member, the cost paid by the member shall be credited to the
11 member's annuity savings account.

12 (r) Credit at Full Cost for Temporary Government Employment. – Notwithstanding any
13 other provisions of this Chapter, any member in service with five or more years of membership
14 service may purchase creditable service for government employment when classified as a
15 temporary employee subject to the conditions that all of the following conditions:

16 (1) The member was employed by an employer as defined in G.S. 128-21(11) or
17 G.S. 135-1(11); G.S. 135-1(11).

18 (2) The member's temporary employment met all other requirements of
19 G.S. 128-21(10), or G.S. 135-1(10) or (25); (25).

20 (3) The member has completed five years or more of membership service;
21 service.

22 (4) The member acquires has acquired from the employer such certifications of
23 temporary employment as are required by the Board of Trustees; and Trustees.

24 (5) The member makes

25 The amount of creditable service purchased under this subsection may not exceed a total of
26 five years. A member shall purchase this service by making a lump sum payment into the Annuity
27 Savings Fund equal to the full liability of the service credits calculated on the basis of the
28 assumptions used for purposes of the actuarial valuation of the retirement system's liabilities, and
29 the calculation of the amount payable shall take into account the retirement allowance arising on
30 account of the additional service credit commencing at the earliest age at which the member
31 could retire on an unreduced retirement allowance, as determined by the Board of Trustees upon
32 the advice of the actuary, plus an administrative fee to be determined by the Board of Trustees.
33 Notwithstanding the foregoing provisions of this subdivision that provide for the purchase of
34 service credits, the terms "full cost", "full liability", and "full actuarial cost" include assumed
35 annual post-retirement allowance increases, as determined by the Board of Trustees, from the
36 earliest age at which a member could retire on an unreduced service allowance increase due to
37 the additional service credits on the basis of the assumptions used for the purposes of the actuarial
38 valuation of the liabilities of the Retirement System, except for the following assumptions
39 specific to this calculation: (i) the allowance shall be assumed to commence at the earliest age at
40 which the member could retire on an unreduced retirement allowance and (ii) assumed annual
41 postretirement allowance increases as set by the Board of Trustees upon the advice of the
42 consulting actuary. The calculation of the amount payable shall also include an administrative
43 fee to be set by the Board.

44 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
45 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
46 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
47 that the purchase is paid by the member, the cost paid by the member shall be credited to the
48 member's annuity savings account.

49 (s) Credit at Full Cost for Employment Not Otherwise Creditable. – Notwithstanding any
50 other provisions of this Chapter, any member in service with five or more years of membership
51 service may purchase creditable service for any employment as an employee, as defined in

1 G.S. 128-21(10), of a local government employer not creditable in any other retirement system
2 or plan, upon completion of five years of membership service by making a lump sum payment
3 into the Annuity Savings Fund. The payment by the member shall be equal to the full liability of
4 the service credits calculated on the basis of the assumptions used for purposes of the actuarial
5 valuation of the retirement system's liabilities, and the calculation of the amount payable shall
6 take into account the additional retirement allowance arising on account of the additional service
7 credits commencing at the earliest age at which the member could retire with an unreduced
8 retirement allowance, as determined by the Board of Trustees upon the advice of the actuary plus
9 an administrative fee to be determined by the Board of Trustees. Notwithstanding the foregoing
10 provisions of this subsection that provide for the purchase of service credits, the terms "full cost",
11 "full liability", and "full actuarial cost" include assumed annual post retirement allowance
12 increases, as determined by the Board of Trustees, from the earliest age at which a member could
13 retire on an unreduced service allowance plan, provided that the employer is, at the time of
14 purchase, a participating employer in the Retirement System but was not a participating employer
15 in the Retirement System at the time the service was rendered by the member. The amount of
16 creditable service purchased under this subsection may not exceed a total of five years. A member
17 shall purchase this service by making a lump sum payment into the Annuity Savings Fund equal
18 to the full liability increase due to the additional service credits on the basis of the assumptions
19 used for the purposes of the actuarial valuation of the liabilities of the Retirement System, except
20 for the following assumptions specific to this calculation: (i) the allowance shall be assumed to
21 commence at the earliest age at which the member could retire on an unreduced retirement
22 allowance and (ii) assumed annual postretirement allowance increases as set by the Board of
23 Trustees upon the advice of the consulting actuary. The calculation of the amount payable shall
24 also include an administrative fee to be set by the Board.

25 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
26 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
27 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
28 that the purchase is paid by the member, the cost paid by the member shall be credited to the
29 member's annuity savings account.

30"

31 **SECTION 1.(c)** G.S. 135-1.1(b) reads as rewritten:

32 "(b) Notwithstanding any other provision of this Chapter, any State board or agency
33 charged with the duty of administering any law relating to the examination and licensing of
34 persons to practice a profession, trade, or occupation, and who is subject to the provisions of the
35 State Budget Act, Chapter 143C of the General Statutes, may make an irrevocable election by
36 appropriate resolution of the board, on or before October 1, 2000, to become an employer in the
37 Teachers' and State Employees' Retirement System. Retirement System coverage shall be
38 conditioned on the board's payment of all of the employer's contributions or matching funds from
39 funds of the board and on the board's collecting from its employees the employees' contributions,
40 at such rates as may be fixed by law and by the rules of the Board of Trustees of the Retirement
41 System, under G.S. 135-8, the Current Operations Appropriations Act, or any other applicable
42 law, all of such funds to be paid to the Retirement System and placed in the appropriate funds.
43 Any person who is was an employee of the board on the date the board makes an irrevocable
44 election to participate in the Retirement System may purchase creditable service for periods of
45 employment with the board prior to the election by making a lump sum payment equal to the full
46 cost of the service credits calculated on the basis of the assumptions used for the purposes of the
47 actuarial valuation of the system's liabilities, and shall take into account the additional retirement
48 allowance arising on account of such additional service credit commencing at the earliest age at
49 which a member could retire on an unreduced retirement allowance, as determined by the Board
50 of Trustees upon the advice of the consulting actuary, plus an administrative fee to be set by the
51 Board of Trustees. Notwithstanding the foregoing provisions of this subdivision that provide for

1 ~~the purchase of service credits, the terms "full cost", "full liability", and "full actuarial cost"~~
2 ~~include assumed annual postretirement allowance increases, as determined by the Board of~~
3 ~~Trustees, from the earliest age at which a member could retire on an unreduced service~~
4 ~~allowance.~~ election, provided that (i) the person is a member in service and (ii) the purchase is
5 made on or before December 31, 2019. The amount of creditable service purchased under this
6 subsection may not exceed a total of five years. A member shall purchase this service by paying
7 a lump sum amount to the Annuity Savings Fund equal to the full liability increase due to the
8 additional service credits on the basis of the assumptions used for the purposes of the actuarial
9 valuation of the liabilities of the Retirement System, except for the following assumptions
10 specific to this calculation: (i) the allowance shall be assumed to commence at the earliest age at
11 which the employee could retire on an unreduced retirement allowance and (ii) assumed annual
12 postretirement allowance increases as set by the Board of Trustees upon the advice of the
13 consulting actuary. The increases as set by the Board of Trustees upon the advice of the
14 consulting actuary shall also include an administrative fee to be set by the Board."

15 **SECTION 1.(d)** G.S. 135-56(b) reads as rewritten:

16 "(b) ~~When~~ On or before December 31, 2019, when membership ceases as a result of a
17 member's withdrawal of his or her accumulated contributions, the prior service and previous
18 membership service of the member shall no longer be considered to be creditable service;
19 provided, however, that if a member whose creditable service has been cancelled in accordance
20 with this subsection subsequently returns to membership for a period of five years, ~~he~~ the member
21 may thereafter repay in a lump sum the amount withdrawn plus regular interest thereon from the
22 date of withdrawal through the date of repayment and thereby increase his or her creditable
23 service by the amount of creditable service lost when ~~he~~ the member withdrew his or her
24 accumulated contributions."

25 **SECTION 1.(e)** G.S. 135-56 is amended by adding a new subsection to read:

26 "(b1) On and after January 1, 2020, when membership ceases as a result of a member's
27 withdrawal of his or her accumulated contributions, the prior service and previous membership
28 service of the member shall no longer be considered to be creditable service. If a member whose
29 creditable service has been cancelled in accordance with this subsection subsequently returns to
30 membership service and completes five years of membership service upon that return, then the
31 member may purchase an amount of creditable service corresponding to the total of the
32 membership service associated with the withdrawn contributions, provided that the total amount
33 of creditable service purchased under this subsection may not exceed five years. The member
34 shall purchase this service by paying a lump sum amount to the Annuity Savings Fund equal to
35 the full liability increase due to the additional service credits on the basis of the assumptions used
36 for the purposes of the actuarial valuation of the liabilities of the Retirement System, except for
37 the following assumptions specific to this calculation: (i) the allowance shall be assumed to
38 commence at the earliest age at which the member could retire on an unreduced retirement
39 allowance and (ii) assumed annual postretirement allowance increases as set by the Board of
40 Trustees upon the advice of the consulting actuary. The increases as set by the Board of Trustees
41 upon the advice of the consulting actuary shall also include an administrative fee to be set by the
42 Board.

43 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
44 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
45 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
46 that the purchase is paid by the member, the cost paid by the member shall be credited to the
47 member's annuity savings account."

48 **SECTION 1.(f)** G.S. 120-4.15 reads as rewritten:

49 **"§ 120-4.15. Repayment of contributions.**

50 (a) ~~Repayment~~ On or before December 31, 2019, repayment of contributions withdrawn
51 from the Legislative Retirement Fund and System shall be at the rate of seven percent (7%) of

1 the highest monthly compensation received as a legislator at the time of purchase for each month
2 of creditable service restored plus an administrative fee to be paid in lump sum.

3 (b) On and after January 1, 2020, repayment of contributions withdrawn from the
4 Legislative Retirement Fund and System shall be in an amount equal to the full liability increase
5 due to the additional service credits on the basis of the assumptions used for the purposes of the
6 actuarial valuation of the liabilities of the Retirement System, except for the following
7 assumptions specific to this calculation: (i) the allowance shall be assumed to commence at the
8 earliest age at which the member could retire on an unreduced retirement allowance and (ii)
9 assumed annual postretirement allowance increases as set by the Board of Trustees of the
10 Teachers' and State Employees' Retirement System upon the advice of the consulting actuary.
11 The calculation of the amount payable shall also include an administrative fee to be set by the
12 Board of Trustees of the Teachers' and State Employees' Retirement System.

13 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
14 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
15 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
16 that the purchase is paid by the member, the cost paid by the member shall be credited to the
17 member's annuity savings account."

18 **SECTION 1.(g)** G.S. 120-4.16(a) reads as rewritten:

19 "(a) All repayments and purchases of service credit, allowed under this Article, shall be
20 made within two years after the member first becomes eligible to make such repayments and
21 purchases. All such repayments and purchases not made within two years after the member
22 becomes eligible shall equal the full ~~actuarial cost of the additional service credit as defined in~~
23 G.S. 135-4(m) liability increase due to the additional service credits on the basis of the
24 assumptions used for the purposes of the actuarial valuation of the liabilities of the Retirement
25 System, except for the following assumptions specific to this calculation: (i) the allowance shall
26 be assumed to commence at the earliest age at which the member could retire on an unreduced
27 retirement allowance and (ii) assumed annual postretirement allowance increases as set by the
28 Board of Trustees of the Teachers' and State Employees' Retirement System upon the advice of
29 the consulting actuary. The calculation of the amount payable shall also include an administrative
30 fee to be set by the Board of Trustees of the Teachers' and State Employees' Retirement System."

31 **SECTION 1.(h)** G.S. 126-8.5(a) reads as rewritten:

32 "(a) When the Director of the Budget determines that the closing of a State institution or
33 a reduction in force will accomplish economies in the State Budget, ~~he~~ the Director of the Budget
34 shall pay either a discontinued service retirement allowance or severance wages to any affected
35 State employee, provided reemployment is not available. As used in this section, "economies in
36 the State Budget" means economies resulting from elimination of a job and its responsibilities or
37 from a lack of funds to support the job. In determining whether to pay a discontinued service
38 retirement allowance or severance wages, the Director of the Budget shall consider the
39 recommendation of the department head involved and any recommendation of the Director of
40 the Office of State Human Resources. Severance wages shall not be paid to an employee who
41 chooses a discontinued service retirement. Severance wages shall not be subject to employer or
42 employee retirement contributions. Severance wages shall be paid according to the policies
43 adopted by the State Human Resources Commission.

44 Notwithstanding any other provisions of the State's retirement laws, any employee of the
45 State who is a member of the Teachers' and State Employees' Retirement System or the
46 Law-Enforcement Officers' Retirement System and ~~who has his whose job is~~ involuntarily
47 terminated as a result of economies in the State Budget may be entitled to a discontinued service
48 retirement allowance, subject to the approval of the employing agency and the availability of
49 agency funds. An unreduced discontinued service retirement allowance, not otherwise allowed,
50 may be approved for employees with 20 or more years of creditable retirement service who are
51 at least 55 years of age; or a discontinued service retirement allowance, not otherwise allowed,

1 may be approved for employees with 20 or more years of creditable retirement service who are
2 at least 50 years of age, reduced by one-fourth of one percent (1/4 of 1%) for each month that
3 retirement precedes ~~his~~ the employee's fifty-fifth birthday. In cases where a discontinued service
4 retirement allowance is approved, the employing agency shall make a lump sum payment to the
5 Administrator of the State Retirement Systems equal to the actuarial present value of the
6 additional liabilities imposed upon the System, to be determined by the System's consulting
7 actuary, as a result of the discontinued service retirement, plus an administrative fee to be
8 determined by the ~~Administrator~~ Administrator, plus an amount to be deposited in the Retiree
9 Health Benefit Fund. The amount to be deposited in the Retiree Health Benefit Fund shall be
10 calculated by multiplying the number of years between the employee's date of discontinued
11 service retirement and the employee's earliest unreduced retirement date under G.S. 135-5 by the
12 most recent employer contribution rate to the Retiree Health Benefit Fund and then, if the
13 employee is or would be eligible for retiree medical coverage under the State Health Plan for
14 Teachers and State Employees, multiplying that figure by the salary used in the discontinued
15 salary retirement calculation.

16 The salary used to determine severance wages under this section is the last annual salary
17 except that if the employee was promoted within the previous 12 months, the last annual salary
18 is that annual salary prior to the promotion. If the annual salary prior to the promotion is used, it
19 shall be adjusted to account for any across-the-board legislative salary increases. Excluded from
20 any calculation are any benefits such as, but not limited to, overtime pay, shift pay, holiday
21 premium, or longevity pay. The salary used to determine the discontinued retirement allowance
22 under this section is the same as the average final compensation under G.S. 135-1(5)."

23 **SECTION 1.(i)** G.S. 135-3(3) reads as rewritten:

24 "(3) ~~Should any member in any period of six consecutive years after becoming a~~
25 ~~member be absent from service more than five years, or should he withdraw~~
26 ~~his accumulated contributions, or should he become a beneficiary or die, he~~
27 ~~shall thereupon cease to be a member: Provided that on and after July 1, 1967,~~
28 ~~should any member in any period of eight consecutive years after becoming a~~
29 ~~member be absent from service more than seven years, or should he withdraw~~
30 ~~his accumulated contributions, or should he become a beneficiary or die, he~~
31 ~~shall thereupon cease to be a member; provided further that the period of~~
32 ~~absence from service shall be computed from January 1, 1962, or later date of~~
33 ~~separation for any member whose contributions were not withdrawn prior to~~
34 ~~July 1, 1967: Provided that on and after July 1, 1971, a A member shall cease~~
35 ~~to be a member only if ~~he~~ the member withdraws his or her accumulated~~
36 ~~contributions, or becomes a beneficiary, or dies.~~

37 ~~Notwithstanding the foregoing, any persons whose membership was~~
38 ~~terminated under the provisions set forth above who had five or more years of~~
39 ~~creditable service and had not effected a return of contributions may elect to~~
40 ~~receive a retirement allowance on or after age 60; provided that this member~~
41 ~~may retire only upon electronic submission or written application to the Board~~
42 ~~of Trustees setting forth at which time, not less than 30 days nor more than 90~~
43 ~~days subsequent to the execution and filing, he desires to be retired."~~

44 **SECTION 1.(j)** G.S. 128-24(1a) reads as rewritten:

45 "(1a) ~~Should any member in any period of eight consecutive years after becoming~~
46 ~~a member be absent from service more than seven years, or should he~~
47 ~~withdraw his accumulated contributions or should he become a beneficiary or~~
48 ~~die, he shall thereupon cease to be a member; provided that on and after July~~
49 ~~1, 1971, a A member shall cease to be a member only if ~~he~~ the member~~
50 ~~withdraws his or her accumulated contributions, or becomes a beneficiary, or~~
51 ~~dies."~~

1 **SECTION 1.(k)** For all service purchases that are required to have been made by
2 December 31, 2019, the Retirement Systems Division of the Department of State Treasurer shall
3 accept and process all service purchase request forms that are received by the Retirement Systems
4 Division on or before December 31, 2019.

5 **SECTION 2.(a)** G.S. 135-6(l) reads as rewritten:

6 "(l) Duties of Actuary. – The Board of Trustees shall designate an actuary who shall be
7 the technical adviser of the Board of Trustees on matters regarding the operation of the funds
8 created by the provisions of this Chapter and shall perform such other duties as are required in
9 connection therewith. ~~For purposes of the annual valuation of System assets, the~~ The experience
10 ~~studies, and studies and~~ and all other actuarial calculations required by this Chapter, and all the
11 assumptions used by the System's actuary, including mortality tables, interest rates, annuity
12 factors, the contribution-based benefit cap factor, and employer contribution rates, shall be set
13 out in the actuary's periodic reports-reports, annual valuations of System assets, or other materials
14 provided to the Board of Trustees. These Notwithstanding Article 2A of Chapter 150B of the
15 General Statutes, these materials, once accepted by the Board, shall be considered part of the
16 Plan documentation governing this Retirement System; similarly, the System and shall be
17 effective the first day of the month following adoption unless a different date is specified in the
18 adopting resolution. The effective date shall not retroactively affect a contribution rate. The
19 Board's minutes relative to all actuarial assumptions used by the System shall also be considered
20 part of the Plan documentation governing this Retirement System, with the result of precluding
21 any employer discretion in the determination of benefits payable hereunder, consistent with
22 Section 401(a)(25) of the Internal Revenue Code.

23 With regards to payment for the administration of subsections (n) and (o) of this section, the
24 Retirement Systems Division of the Department of State Treasurer may increase receipts from
25 the retirement assets of the corresponding retirement system or may pay the costs directly from
26 the retirement assets."

27 **SECTION 2.(b)** G.S. 128-28(m) reads as rewritten:

28 "(m) Duties of Actuary. – The Board of Trustees shall designate an actuary who shall be
29 the technical adviser of the Board of Trustees on matters regarding the operation of the funds
30 created by the provisions of this Chapter and shall perform such other duties as are required in
31 connection therewith. ~~For purposes of the annual valuation of System assets, the~~ The experience
32 ~~studies, and studies and~~ and all other actuarial calculations required by this Chapter, and all the
33 assumptions used by the System's actuary, including mortality tables, interest rates, annuity
34 factors, the contribution-based benefit cap factor, and employer contribution rates, shall be set
35 out in the actuary's periodic reports-reports, annual valuations of System assets, or other materials
36 provided to the Board of Trustees. These Notwithstanding Article 2A of Chapter 150B of the
37 General Statutes, these materials, once accepted by the Board, shall be considered part of the
38 Plan documentation governing this Retirement System; similarly, the System and shall be
39 effective the first day of the month following adoption unless a different date is specified in the
40 adopting resolution. The effective date shall not retroactively affect a contribution rate. The
41 Board's minutes relative to all actuarial assumptions used by the System shall also be considered
42 part of the Plan documentation governing this Retirement System, with the result of precluding
43 any employer discretion in the determination of benefits payable hereunder, consistent with
44 Section 401(a)(25) of the Internal Revenue Code.

45 With regards to payment for the administration of subsections (o) and (p) of this section, the
46 Retirement Systems Division of the Department of State Treasurer may increase receipts from
47 the retirement assets of the corresponding retirement system or may pay the costs directly from
48 the retirement assets."

49 **SECTION 2.(c)** G.S. 150B-1(d) is amended by adding a new subdivision to read:

50 "**§ 150B-1. Policy and scope.**

51 ...

1 (d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the
2 following:

3 ...

4 (29) The Retirement System Boards of Trustees established under G.S. 128-28 and
5 G.S. 135-6 when adopting actuarial tables, assumptions, and
6 contribution-based benefit cap factors after presentation of recommendations
7 from the actuary. This exemption includes, but is not limited to, the following
8 actuarial tables, assumptions, methods, and factors:

- 9 a. Joint and survivor tables.
10 b. Reserve transfer tables.
11 c. Interest rate assumptions.
12 d. Salary increase assumptions.
13 e. Mortality assumptions.
14 f. Separation and retirement assumptions.
15 g. Asset smoothing methods.
16 h. Actuarial cost methods.
17 i. Contribution-based benefit cap factors.
18 j. Required contribution rates.
19 k. Amortization policies."

20 **SECTION 2.(d)** G.S. 135-6(n) reads as rewritten:

21 "(n) In 1943, and at least once in each five-year period thereafter, the actuary shall make
22 an actuarial investigation into the mortality, service and compensation experience of the members
23 and beneficiaries of the Retirement System, and shall make a valuation of the assets and liabilities
24 of the funds of the System, and taking into account the result of such investigation and valuation,
25 the Board of Trustees ~~shall~~shall do all of the following:

- 26 (1) ~~Adopt for the Retirement System such any necessary mortality, service and~~
27 ~~service, or other tables as shall be deemed necessary; and~~tables, and any
28 necessary contribution-based benefit cap factors for the Retirement System.
29 (2) Certify the rates of contributions payable by the State of North Carolina on
30 account of new entrants at various ages."

31 **SECTION 2.(e)** G.S. 128-28(o) reads as rewritten:

32 "(o) In the year 1945, and at least once in each five-year period thereafter, the actuary shall
33 make an actuarial investigation into the mortality, service and compensation experience of the
34 members and beneficiaries of the Retirement System, and shall make a valuation of the assets
35 and liabilities of the funds of the System, and taking into account the result of such investigation
36 and valuation, the Board of Trustees ~~shall~~shall do all of the following:

- 37 (1) ~~Adopt for the Retirement System such any necessary mortality, service and~~
38 ~~service, or other tables as shall be deemed necessary; and~~tables, and any
39 necessary contribution-based benefit cap factors for the Retirement System.
40 (2) Certify the rates of contributions payable by the participating units on account
41 of new entrants at various ages."

42 **SECTION 2.(f)** Subsection(c) of this section is effective when it becomes law and
43 the exemption applies to actuarial tables, assumptions, and contribution-based cap factors
44 changed on or after that date. The remainder of this section is effective when it becomes law and
45 applies to actuarial investigations and calculations made on or after that date.

46 **SECTION 3.(a)** G.S. 135-6 is amended by adding a new subsection to read:

47 "(e1) Effect of Vote Related to Contributory Death Benefit. – No decision of the Board
48 related to the Contributory Death Benefit provided for under this Chapter, Chapter 120, or
49 Chapter 127A of the General Statutes, shall take effect unless and until this same decision has
50 been made and voted on by the Board of Trustees of the Local Governmental Employees
51 Retirement System."

1 **SECTION 3.(b)** G.S. 128-28 is amended by adding a new subsection to read:
2 "(f1) Effect of Vote Related to Contributory Death Benefit. – No decision of the Board
3 related to the Contributory Death Benefit provided for under this Article shall take effect unless
4 and until this same decision has been made and voted on by the Board of Trustees of the Teachers'
5 and State Employees' Retirement System."

6 **SECTION 4.** G.S. 143-162.1 is amended by adding a new subsection to read:
7 "(e) The provisions of subsection (b) of this section shall not apply to any call center
8 operated under the Department of State Treasurer."

9 **SECTION 5.(a)** G.S. 135-1 is amended by adding a new subdivision to read:
10 "(8a) "Duly acknowledged" means notarized, including electronic notarization, or
11 verified through an identity authentication service approved by the
12 Department of State Treasurer."

13 **SECTION 5.(b)** G.S. 128-21 is amended by adding a new subdivision to read:
14 "(8a) "Duly acknowledged" means notarized, including electronic notarization, or
15 verified through an identity authentication service approved by the
16 Department of State Treasurer."

17 **SECTION 6.(a)** G.S. 135-8(f)(3) reads as rewritten:
18 "(3) In the event the employee or employer contributions required under this
19 section are not received by the date set by the Board of Trustees and provided
20 that a one-time exception has not been agreed upon in advance due to exigent
21 circumstances, the Board shall assess the employer with a penalty, in lieu of
22 interest, of 1% per month with a minimum penalty of twenty-five dollars
23 (\$25.00). The Board may waive one penalty per employer every five years if
24 the Board finds that the employer has consistently demonstrated good-faith
25 efforts to comply with the set deadline. If within 90 days after request therefor
26 by the Board any employer shall not have provided the System with the
27 records and other information required hereunder or if the full accrued amount
28 of the contributions provided for under this section due from members
29 employed by an employer or from an employer other than the State shall not
30 have been received by the System from the chief fiscal officer of such
31 employer within 30 days after the last due date as herein provided, then,
32 notwithstanding anything herein or in the provisions of any other law to the
33 contrary, upon notification by the Board to the State Treasurer as to the default
34 of such employer as herein provided, any distributions which might otherwise
35 be made to such employer from any funds of the State shall be withheld from
36 such employer until notice from the Board to the State Treasurer that such
37 employer is no longer in default.

38 In the event that an employer fails to submit payment of any required
39 contributions or payments to the Retirement Systems Division, other than the
40 one percent (1%) payment provided for in the first paragraph of this
41 subdivision, within 90 days after the date set by the Board of Trustees, the
42 Board shall notify the State Treasurer of its intent to collect the delinquent
43 contributions and other payments due to the Retirement Systems Division and
44 request an interception of State appropriations due to the participating
45 employer.

46 ~~Upon such~~ Except as provided in this subdivision, upon notification by the
47 Board of Trustees to the State Treasurer and the Office of State Budget and
48 Management as to the default of the employer, the Office of State Budget and
49 Management shall withhold from any State appropriation due to that employer
50 an amount equal to the sum of all delinquent contributions and other debts due
51 to the Retirement Systems Division and shall transmit that amount to the

1 Retirement Systems Division. The effective date of an interception of State
2 funds for a contribution-based benefit cap liability shall be the later of
3 December 1, 2019, or twelve months after the member's effective date of
4 retirement."

5 **SECTION 6.(b)** G.S. 128-30(g)(3) reads as rewritten:

6 "(3) In the event the employee or employer contributions required under this
7 section are not received by the date set by the Board of Trustees and provided
8 that a one-time exception has not been agreed upon in advance due to exigent
9 circumstances, the Board shall assess the employer with a penalty, in lieu of
10 interest, of 1% per month with a minimum penalty of twenty-five dollars
11 (\$25.00). The Board may waive one penalty per employer every five years if
12 the Board finds that the employer has consistently demonstrated good-faith
13 efforts to comply with the set deadline. If within 90 days after request therefor
14 by the Board any employer shall not have provided the System with the
15 records and other information required hereunder or if the full accrued amount
16 of the contributions provided for under this section due from members
17 employed by an employer or from an employer shall not have been received
18 by the System from the chief fiscal officer of such employer within 30 days
19 after the last due date as herein provided, then, notwithstanding anything
20 herein or in the provisions of any other law to the contrary, upon notification
21 by the Board to the State Treasurer as to the default of such employer as herein
22 provided, any distributions which might otherwise be made to such employer,
23 or the municipality or county of which such employer is an integral part, from
24 any funds of the State or any funds collected by the State shall be withheld
25 from such employer until notice from the Board to the State Treasurer that
26 such employer is no longer in default.

27 In the event that an employer fails to submit payment of any required
28 contributions or payments to the Retirement Systems Division, other than the
29 one percent (1%) payment provided for in the first paragraph of this
30 subdivision, within 90 days after the date set by the Board of Trustees, the
31 Board shall notify the State Treasurer of its intent to collect the delinquent
32 contributions and other payments due to the Retirement Systems Division and
33 request an interception of State appropriations due to the participating
34 employer. ~~Upon such~~

35 Except as provided in this subdivision, upon notification by the Board of
36 Trustees to the State Treasurer and the Office of State Budget and
37 Management as to the default of the employer, the Office of State Budget and
38 Management shall withhold from any State appropriation due to that employer
39 an amount equal to the sum of all delinquent contributions and other debts due
40 to the Retirement Systems Division and shall transmit that amount to the
41 Retirement Systems Division. The effective date of an interception of State
42 funds for a contribution-based benefits cap liability shall be the later of May
43 1, 2019, or twelve months after the member's effective date of retirement."

44 **SECTION 7.** G.S. 147-68(b) reads as rewritten:

45 **"§ 147-68. To receive and disburse moneys; to make reports.**

46 "(b) No moneys shall be paid out of the treasury except on warrant or pursuant to an
47 electronic transfer initiated by the State, unless there one of the following applies:

48 (1) There is a legislative appropriation or authority to pay the same.

49 (2) There is an electronic debit initiated by the federal government or by the
50 government of another state to satisfy a bona fide financial obligation of the
51 State."

1 **SECTION 8.(a)** G.S. 143-166.84(c) reads as rewritten:

2 "(c) For the purposes of this Article, the term "eligible service as sheriff" means
3 membership service rendered since the person became sheriff and, if the person has sick leave
4 standing to his or her credit accrued as a member of the Local Governmental Employees'
5 Retirement System and, after notification to the Retirement Systems Division by the retiring
6 sheriff and the Department of Justice, elects to have all of that sick leave applied to service under
7 this Article instead of service in the Local Governmental Employees' Retirement System, one
8 month of credit for each 20 days or portion thereof, but not less than one hour, and subject to all
9 the requirements and restrictions of G.S. 128-26(e)."

10 **SECTION 8.(b)** Section 5(b) of S.L. 2017-128 reads as rewritten:

11 "**SECTION 5.(b)** This section becomes effective July 1, 2017, ~~and expires July 1,~~
12 ~~2022.2017.~~"

13 **SECTION 8.(c)** This section becomes effective October 1, 2019, and applies to all
14 elections to have sick leave applied to service under the Sherriffs' Supplemental Pension Fund
15 on or after that date.

16 **SECTION 9.** If any provision of this act or its application is held invalid, the
17 invalidity does not affect other provisions or applications of this act that can be given effect
18 without the invalid provisions or application, and to this end the provisions of this act are
19 severable.

20 **SECTION 10.** Except as otherwise provided, this act is effective when it becomes
21 law.