

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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SENATE BILL 379
House Committee Substitute Favorable 6/3/20

Short Title: Retirement Systems Admin. Changes.

(Public)

Sponsors:

Referred to:

March 28, 2019

1 A BILL TO BE ENTITLED
2 AN ACT TO MAKE CLARIFYING AND ADMINISTRATIVE CHANGES TO LAWS
3 RELATING TO THE STATE TREASURER, THE TEACHERS' AND STATE
4 EMPLOYEES' RETIREMENT SYSTEM, THE LOCAL GOVERNMENTAL
5 EMPLOYEES' RETIREMENT SYSTEM, THE CONSOLIDATED JUDICIAL
6 RETIREMENT SYSTEM, THE LEGISLATIVE RETIREMENT SYSTEM, AND TO
7 RELATED STATUTES.

8 The General Assembly of North Carolina enacts:

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

10 "§ 135-4. Creditable service.

11 (a) ~~Under such rules and regulations as the Board of Trustees shall adopt, each member~~
12 ~~who was a teacher or State employee at any time during the five years immediately preceding~~
13 ~~the establishment of the System and who became a member prior to July 1, 1946, shall file a~~
14 ~~detailed statement of all North Carolina service as a teacher or State employee rendered by him~~
15 ~~prior to the date of establishment for which he claims credit; provided, that, notwithstanding the~~
16 ~~foregoing, any member retiring on or after July 1, 1965, with credit for not less than 10 years of~~
17 ~~membership service shall file such detailed statement of service as a teacher or State employee~~
18 ~~rendered by him prior to July 1, 1941, for which he claims credit; provided, that any member~~
19 ~~who retired on a service retirement allowance prior to July 1, 1965, who at the time of his~~
20 ~~retirement did not qualify for credit for his service as a teacher or State employee prior to July 1,~~
21 ~~1941, may request on and after July 1, 1971, that his original benefit be recalculated, in~~
22 ~~accordance with the formula prevailing at the time of his retirement, to include credit for such~~
23 ~~service with the new benefit to become effective on the first of the month following certification~~
24 ~~of the prior service.~~

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

31 ...

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

35 (e) Creditable service at retirement on which the retirement allowance of a member shall
36 be based shall consist of the membership service rendered by the member since he or she last



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

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

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

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

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

49 (f) Armed Service Credit. –

50 ...

1 (7) Notwithstanding any other provision of this Chapter, any member and any
2 retired member as herein described may purchase creditable service in the
3 Armed Forces of the United States, not otherwise allowed, by paying a total
4 lump sum payment determined as follows:

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

18 ...

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

38 ...

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

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

1 received for the aforesaid period of time plus regular interest thereon from the date he became a
2 member to the date of payment.

3 ...

4 (k) Notwithstanding any other provision of this Chapter, on or before December 31, 2021,
5 any person who withdrew his or her contributions in accordance with the provisions of
6 G.S. 128-27(f) or G.S. 135-5(f) or the rules and regulations of the Law-Enforcement Officers'
7 Retirement System and who subsequently returns to service may, upon completion of five years
8 of membership service, repay in a total lump sum any and all of the accumulated contributions
9 previously withdrawn with interest compounded annually at the rate of six and one-half percent
10 (6.5%) for each calendar year from the year of withdrawal to the year of repayment plus a fee to
11 cover expense of handling which shall be determined by the Board of Trustees, and receive credit
12 for the service forfeited at time of withdrawal. These provisions shall apply equally to retired
13 members who had attained five years of membership service prior to retirement. The retirement
14 allowance of a retired member who restores service under this subsection shall be increased the
15 month following the month payment is received. The increase in the retirement allowance shall
16 be the difference between the initial retirement allowance, under any optional allowance elected
17 at the time of retirement, and the amount of the retirement allowance, under any optional
18 allowance elected at the time of retirement, to which the retired member would have been entitled
19 had the service not been previously forfeited, adjusted by any increases in the retirement accrual
20 rate occurring between the member's date of retirement and the date of payment. The increase in
21 the retirement allowance shall not include any adjustment for cost-of-living increases granted
22 since the date of retirement.

23 Notwithstanding any provision to the contrary, on or before December 31, 2021, a law
24 enforcement officer who was transferred from the Law Enforcement Officers' Retirement System
25 to this Retirement System pursuant to Article 12C of Chapter 143 of the General Statutes and
26 withdrew his or her accumulated contributions prior to January 1, 1985, in accordance with
27 G.S. 128-27(f) or G.S. 135-5(f) for non-law enforcement service and who has five years or more
28 of membership service standing to his or her credit may repay in a total lump sum the
29 accumulated contributions previously withdrawn with interest compounded annually at the rate
30 of six and one-half percent (6.5%) for each calendar year from the year of withdrawal to the year
31 of repayment plus a fee to cover expense of handling which shall be determined by the Board of
32 Trustees, and receive credit for the service forfeited at time of withdrawal(s). The retirement
33 allowance of a retired member who restores service under this subsection shall be increased the
34 month following the month payment is received. The increase in the retirement allowance shall
35 be the difference between the initial retirement allowance, under any optional allowance elected
36 at the time of retirement, and the amount of the retirement allowance, under any optional
37 allowance elected at the time of retirement, to which the retired member would have been entitled
38 had the service not been previously forfeited, adjusted by any increases in the retirement accrual
39 rate occurring between the member's date of retirement and the date of payment. The increase in
40 the retirement allowance shall not include any adjustment for cost-of-living increases granted
41 since the date of retirement.

42 (k1) North Carolina Withdrawn Service Purchased On and After January 1, 2022. –
43 Notwithstanding any other provision of this Chapter to the contrary, on and after January 1, 2022,
44 any member who withdrew his or her contributions in accordance with the provisions of
45 G.S. 127-27(f) or G.S. 135-5(f) or the rules and regulations of the Law Enforcement Officers'
46 Retirement System, and who subsequently returns to service and completes five years of
47 membership service upon that return, while in service may purchase an amount of creditable
48 service totaling the amount of the membership service associated with the withdrawn
49 contributions, provided that the total of the creditable service purchased under this subsection
50 may not exceed five years. The member shall purchase this service by paying a lump sum amount
51 to the Annuity Savings Fund equal to the full liability increase due to the additional service credits

1 on the basis of the assumptions used for the purposes of the actuarial valuation of the liabilities
2 of the Retirement System, except for the following assumptions specific to this calculation: (i)
3 the allowance shall be assumed to commence at the earliest age at which the member could retire
4 on an unreduced retirement allowance and (ii) assumed annual postretirement allowance
5 increases as set by the Board of Trustees upon the advice of the consulting actuary. The
6 calculation of the 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 (1) Notwithstanding any other provision of this Chapter, on or before December 31, 2021,
14 any member and any retired member as herein described may purchase creditable service
15 previously rendered to the federal government or to any state, territory, or other governmental
16 subdivision of the United States other than this State by paying a total lump-sum payment
17 determined as follows:

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

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

1 five years of membership service and upon completion of one year of current
2 membership service.

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

10 (l2) Notwithstanding any provision of this Chapter to the contrary, on and after January
11 1, 2021, any member in service with five or more years of membership service may purchase
12 creditable service previously rendered to the federal government or to any state, territory, or other
13 governmental subdivision of the United States other than this State by paying a total lump sum
14 payment. The amount of creditable service purchased under this subsection may not exceed a
15 total of five years. The member shall purchase this service by paying a lump sum amount to the
16 Annuity Savings Fund equal to the full liability increase due to the additional service credits on
17 the basis of the assumptions used for the purposes of the actuarial valuation of the liabilities of
18 the Retirement System, except for the following assumptions specific to this calculation: (i) the
19 allowance shall be assumed to commence at the earliest age at which the member could retire on
20 an unreduced retirement allowance and (ii) assumed annual postretirement allowance increases
21 as set by the Board of Trustees upon the advice of the consulting actuary. The calculation of the
22 amount payable shall also include an administrative fee to be set by the Board.

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

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 ...

34 (p) Credit for prior temporary State employment. – Notwithstanding any other provision
35 of this Chapter, on or before December 31, 2021, a member may purchase service credit for
36 temporary State employment upon completion of 10 years of membership service and subject to
37 the condition that the member had been classified as a temporary employee for more than three
38 years. Each employer shall certify to the Board of Trustees that an employee is eligible to
39 purchase this service credit prior to the member making payment. Payment for the service credit
40 shall be in a single lump sum based upon the amount the member would have contributed if he
41 had been properly classified as a permanent employee and been a member of this retirement
42 system.

43 ~~(p1) Part Time Service Credit.—~~

44 ~~(1) Notwithstanding any other provision of this Chapter, upon completion of five~~
45 ~~years of membership service, any member may purchase service previously~~
46 ~~rendered as a part-time teacher or employee of an employer as defined in~~
47 ~~G.S. 135-1(11) or G.S. 128-21(11), except for temporary or part-time service~~
48 ~~rendered while a full-time student in pursuit of a degree or diploma in a~~
49 ~~degree-granting program. Payment shall be made in a single lump sum in an~~
50 ~~amount equal to the full actuarial cost of providing credit for the service,~~
51 ~~together with interest and an administrative fee, as determined by the Board~~

1 of Trustees on the advice of the Retirement System's actuary. Notwithstanding
2 the provisions of G.S. 135-4(b), the Board of Trustees shall fix and determine
3 by appropriate rules and regulations how much service in any year, as based
4 on compensation, is equivalent to one year of service in proportion to
5 "earnable compensation", but in no case shall more than one year of service
6 be creditable for all service in one year. Service rendered for the regular school
7 year in any district shall be equivalent to one year's service. Notwithstanding
8 the foregoing provisions of this subdivision that provide for the purchase of
9 service credits, the terms "full cost", "full liability", and "full actuarial cost"
10 include assumed annual post-retirement allowance increases, as determined
11 by the Board of Trustees, from the earliest age at which a member could retire
12 on an unreduced service allowance.

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

24 (3) Under all the requirements and conditions set forth in subdivision (1) of this
25 subsection, except for the condition that part-time service rendered when a
26 full-time student in pursuit of a degree or diploma in a degree-granting
27 program is not eligible for purchase, any member with five or more years of
28 membership service standing to the member's credit may purchase creditable
29 service for service rendered as a part-time teacher or employee of the State if
30 that service was rendered on a permanent part-time basis and required at least
31 20 hours of service per week.

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

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

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

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

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

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

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

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

23 ...

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

48 ~~Notwithstanding the requirement of this provision that a member return to~~
49 ~~service, a~~ A member who is in receipt of Workers' Compensation during the
50 period for which he or she would have otherwise been eligible to receive
51 short-term benefits as provided in G.S. 135-105 and who subsequently

1 becomes a beneficiary in receipt of a benefit as provided in G.S. 135-106 may
2 purchase creditable service for any period of employer approved leave of
3 absence when in receipt of benefits under the North Carolina Workers'
4 Compensation Act. The cost to purchase such creditable service shall be as
5 determined above provided the amount due if not paid within six months from
6 the beginning of the long-term disability period as determined in G.S. 135-106
7 shall be the amount due plus one percent (1%) per month penalty for each
8 month or fraction thereof that the payment is made after the six-month period.

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

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

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

32 The amount of creditable service purchased under this subsection may not exceed a total of
33 five years. A member shall purchase this service by making a lump sum payment into the Annuity
34 Savings Fund equal to the full liability of the service credits calculated on the basis of the
35 assumptions used for purposes of the actuarial valuation of the Retirement System's liabilities
36 and shall take into account the retirement allowance arising on account of the additional service
37 credit commencing at the earliest age at which the member could retire on an unreduced
38 retirement allowance, as determined by the Board of Trustees upon the advice of the actuary,
39 plus an administrative expense fee to be determined by the Board of Trustees. Notwithstanding
40 the foregoing provisions of this subdivision that provide for the purchase of service credits, the
41 terms "full cost", "full liability", and "full actuarial cost" include assumed annual post-retirement
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 increase due to the additional service
44 credits on the basis of the assumptions used for the purposes of the actuarial valuation of the
45 liabilities of the Retirement System, except for the following assumptions specific to this
46 calculation: (i) the allowance shall be assumed to commence at the earliest age at which the
47 member could retire on an unreduced retirement allowance and (ii) assumed annual
48 postretirement allowance increases as set by the Board of Trustees upon the advice of the
49 consulting actuary. The calculation of the amount payable shall also include an administrative
50 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 ~~The provisions of this subsection shall also apply to the purchase of creditable service for~~
7 ~~State employment when classified as a permanent hourly employee in accordance with~~
8 ~~G.S. 126-5(c4).~~

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

24 ~~(u) Any member who was a wildlife protector who elected to become a member of the~~
25 ~~Law Enforcement Officers' Retirement System pursuant to Chapter 837 of the 1971 Session Laws~~
26 ~~by the transfer of accumulated contributions from this Retirement System to the Law~~
27 ~~Enforcement Officers' Retirement System and who has not subsequently applied for and received~~
28 ~~a return of accumulated contributions shall be entitled to creditable service for the service as a~~
29 ~~non-law enforcement officer forfeited as a result of the transfer pursuant to Chapter 837 of the~~
30 ~~1971 Session Laws.~~

31 ...

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

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

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 ~~Members~~ On or before December 31, 2021, members in service may also purchase creditable
12 service for periods of employment with public community service entities within the State funded
13 entirely with federal funds, other than the federal government, that are not covered by the
14 provisions of G.S. 128-21(11) or G.S. 135-1(11), under the same terms and conditions that are
15 applicable to the purchase of creditable service for periods of federal employment in accordance
16 with this subsection. "Public community service entities" as used in this subsection shall mean
17 community action, human relations, manpower development, and community development
18 programs as defined in Articles 19 and 21 of Chapter 160A and Article 18 of Chapter 153A of the
19 General Statutes and any other similar programs that the Board of Trustees may
20 adopt. ~~Statutes.~~

21 ...

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

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

1 (aa) ~~Credit at Full Cost for Maternity Leave. Parental Leave, Pregnancy or~~
2 ~~Childbirth-Related Leave, or Certain Involuntary Furloughs.~~ – Notwithstanding other provisions
3 of this Chapter, any member in service with five or more years of credited membership service
4 may purchase creditable service for periods of service which were interrupted due to parental
5 leave, pregnancy or childbirth, or involuntary administrative furlough due to a lack of funds to
6 support the position by making a lump sum amount payable to the Annuity Savings Fund equal
7 to the full liability ~~of the service credits calculated on the basis of the assumptions used for~~
8 ~~purposes of the actuarial valuation of the system's liabilities; and the calculation of the amount~~
9 ~~payable shall take into account the retirement allowance arising on account of the additional~~
10 ~~service credit commencing at the earliest age at which the member could retire on an unreduced~~
11 ~~retirement allowance, as determined by the Board of Trustees upon the advice of the consulting~~
12 ~~actuary, plus an administrative fee to be set by the Board of Trustees. Creditable service~~
13 ~~purchased under this subsection may not exceed six months per parental leave, pregnancy or~~
14 ~~childbirth, or involuntary administrative furlough due to a lack of funds to support the position.~~
15 ~~Notwithstanding the foregoing provisions of this subsection that provide for the purchase of~~
16 ~~service credits, the term "full liability" includes assumed annual postretirement allowance~~
17 ~~increases, as determined by the Board of Trustees, from the earliest age at which a member could~~
18 ~~retire on an unreduced service allowance.~~ increase due to the additional service credits on the
19 basis of the assumptions used for the purposes of the actuarial valuation of the liabilities of the
20 Retirement System, except for the following assumptions specific to this calculation: (i) the
21 allowance shall be assumed to commence at the earliest age at which the member could retire on
22 an unreduced retirement allowance and (ii) assumed annual postretirement allowance increases
23 as set by the Board of Trustees upon the advice of the consulting actuary. The calculation of the
24 amount payable shall also include an administrative fee to be set by the Board. The amount of
25 creditable service purchased under this subsection may not exceed a total of five years.

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

31 (bb) Credit at Full Cost for Probationary Local Government Employment ~~Employment~~
32 Purchased On or Before December 31, 2021. – Notwithstanding any other provision of this
33 Chapter, on or before December 31, 2021, a member may purchase creditable service, prior to
34 retirement, for employment with any local employer as defined in G.S. 128-21(11) when
35 considered to be in a probationary or employer-imposed waiting period status, between the date
36 of employment and the date of membership service with the Local Governmental Employees'
37 Retirement System, provided that the former employer of such a member has revoked this
38 probationary employment or waiting period policy.

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

50 (bb1) Credit at Full Cost for Probationary Local Government Employment Purchased On
51 and After January 1, 2022. – Notwithstanding any other provision of this Chapter, on and after

1 January 1, 2022, a member may purchase creditable service, prior to retirement, for employment
2 with any local employer as defined in G.S. 128-21(11) when considered to be in a probationary
3 or employer-imposed waiting period status, between the date of employment and the date of
4 membership service with the Local Governmental Employees' Retirement System.

5 The member shall purchase this service by making a lump sum amount payable to the
6 Annuity Savings Fund equal to the full liability increase due to the additional service credits on
7 the basis of the assumptions used for the purposes of the actuarial valuation of the liabilities of
8 the Retirement System, except for the following assumptions specific to this calculation: (i) the
9 allowance shall be assumed to commence at the earliest age at which the member could retire on
10 an unreduced retirement allowance and (ii) assumed annual postretirement allowance increases
11 as set by the Board of Trustees upon the advice of the consulting actuary. The calculation of the
12 amount payable shall also include an administrative fee to be set by the Board.

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 ...

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

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

50"

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

1 "§ 128-26. Allowance for service.

2 ...

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

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

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

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

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

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

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

45 ~~Notwithstanding any other provision of this Chapter, any member who entered service or was~~
46 ~~restored to service prior to July 1, 1982, and was excluded from membership service solely on~~
47 ~~account of having attained the age of 62 years, in accordance with former G.S. 128-24(3a), may~~
48 ~~purchase membership service credits for such excluded service by making a lump sum payment~~
49 ~~equal to the contributions that would have been deducted pursuant to G.S. 128-30(b) had he been~~
50 ~~a member of the Retirement System, increased by interest calculated at a rate of seven percent~~
51 ~~(7%) per annum.~~

1 (e1) On and after January 1, 1986, the creditable service of a member who was a member
2 of the Law Enforcement Officers' Retirement System at the time of the transfer of law
3 enforcement officers employed by participating employers from that System to this Retirement
4 System and whose accumulated contributions are transferred from that System to this Retirement
5 System, includes service that was creditable in the Law Enforcement Officers' Retirement
6 System; and membership service with that System is membership service with this Retirement
7 System; provided, notwithstanding any provisions of this Article to the contrary, any inchoate or
8 accrued rights of such a member to purchase creditable service for military service, withdrawn
9 service and prior service under the rules and regulations of the Law Enforcement Officers'
10 Retirement System may not be diminished and may be purchased as creditable service with this
11 Retirement System under the same conditions that would have otherwise applied.

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

23 ...

24 (i) Notwithstanding any other provision of this Chapter, on or before December 31, 2021,
25 any person who withdrew his or her contributions in accordance with the provisions of
26 G.S. 128-27(f) or 135-5(f) or the rules and regulations of the Law Enforcement Officers'
27 Retirement System and who subsequently returns to service may, upon completion of five years
28 of prior and current membership service, repay in a total lump sum any and all of the accumulated
29 contributions previously withdrawn with interest compounded annually at the rate of six and
30 one-half percent (6.5%) for each calendar year from the year of withdrawal to the year of
31 repayment plus a fee to cover expense of handling which shall be determined by the Board of
32 Trustees, and receive credit for the service forfeited at time of withdrawal(s). These provisions
33 shall apply equally to retired members who had attained five years of prior and current
34 membership service prior to retirement. The retirement allowance of a retired member who
35 restores service under this subsection shall be increased the month following the month payment
36 is received. The increase in the retirement allowance shall be the difference between the initial
37 retirement allowance, under any optional allowance elected at the time of retirement, and the
38 amount of the retirement allowance, under any optional allowance elected at the time of
39 retirement, to which the retired member would have been entitled had the service not been
40 previously forfeited, adjusted by any increases in the retirement accrual rate occurring between
41 the member's date of retirement and the date of payment. The increase in the retirement allowance
42 shall not include any adjustment for cost-of-living increases granted since the date of retirement.

43 (i1) North Carolina Withdrawn Service Purchased On and After January 1, 2022. –
44 Notwithstanding any other provision of this Article to the contrary, on and after January 1, 2022,
45 any member who withdrew his or her contributions in accordance with the provisions of
46 G.S. 128-27(f) or G.S. 135-5(f) or the rules of the Law Enforcement Officers' Retirement System,
47 and who subsequently returns to service and completes five years of membership service upon
48 that return, while in service may purchase an amount of creditable service totaling the amount of
49 the membership service associated with the withdrawn contributions, provided that the total of
50 the creditable service purchased under this subsection may not exceed a total of five years. The
51 member shall purchase this service by paying a lump sum amount to the Annuity Savings Fund

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

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

13 ...

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

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

30 ...

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

46 (j2) Notwithstanding any other provision of this Chapter, on or before December 31, 2021,
47 any member and any retired member as herein described may purchase creditable service
48 previously rendered to the federal government or to any state, territory, or other governmental
49 subdivision of the United States other than this State by paying a total lump-sum payment
50 determined as follows:

1 (1) For members who completed 10 years of prior and current membership
2 service, and retired members who completed 10 years of prior and current
3 membership service prior to retirement, and whose membership began on or
4 before January 1, 1988, and who make such purchase within three years after
5 first becoming eligible, the cost shall be an amount equal to the monthly
6 compensation the member earned when ~~he~~the member first entered
7 membership service, times the employee contribution rate at that time, times
8 the months of service to be purchased, times two, ~~with sufficient interest~~
9 ~~added thereto~~multiplied by a factor equivalent to the investment return
10 assumptions determined by the Board of Trustees, compounded annually,
11 from the initial year of membership to the year of payment so as to equal the
12 full cost of allowing such service, plus an administrative fee to be set by the
13 Board of Trustees.

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

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

44 (j3) Notwithstanding any provision of this Article to the contrary, on and after January 1,
45 2022, any member in service with five or more years of membership service may purchase
46 creditable service previously rendered to the federal government or to any state, territory, or other
47 governmental subdivision of the United States other than this State by paying a total lump sum
48 payment. The amount of creditable service purchased under this subsection may not exceed a
49 total of five years. The member shall purchase this service by paying a lump sum amount to the
50 Annuity Savings Fund equal to the full liability increase due to the additional service credits on
51 the basis of the assumptions used for the purposes of the actuarial valuation of the liabilities of

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

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

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

17 ...

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

22 ...

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

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

43 In the case of a law enforcement officer electing to purchase service under this section who
44 is in receipt of benefits under the North Carolina Workers' Compensation Act due to serious
45 bodily injury suffered in the line of duty as a result of an intentional or unlawful act of another,
46 as certified by the head of the employing law enforcement agency, and whose approved leave of
47 absence terminates on or before a return to service on and after August 1, 2006, the employer
48 percentage rate of contribution payable under subdivision (2) of this subsection shall be made by
49 the employer that granted the leave of absence. The cost to the law enforcement officer shall be
50 reduced by the amount paid by the employer. For purposes of this subsection, "serious bodily
51 injury" means bodily injury that creates a substantial risk of death, or that causes serious

1 permanent disfigurement, coma, a permanent or protracted condition that causes extreme pain,
2 or permanent or protracted loss or impairment of the function of any bodily member or organ, or
3 that results in prolonged hospitalization.

4 Nothing in this subsection prevents an employer from voluntarily paying all or a part of the
5 employee portion of the total cost of the service credit purchased, and the employer does not
6 discriminate against any eligible law enforcement officer in this subsection employed by the
7 employer by paying that portion of cost. To the extent paid by the employer, the employee portion
8 paid by the employer shall be credited to the Pension Accumulation Fund; to the extent paid by
9 the member, the employee portion paid by the member shall be credited to the member's annuity
10 savings account. A member shall pay any part of the employee portion of the total cost not paid
11 by the employer.

12 ...

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

34 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
35 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
36 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
37 that the purchase is paid by the member, the cost paid by the member shall be credited to the
38 member's annuity savings account.

39 ~~Members~~ On or before December 31, 2021, members may also purchase creditable service
40 for periods of employment with public community service entities within the State funded
41 entirely with federal funds, other than the federal government, that are not covered by the
42 provisions of G.S. 128-21(11) or G.S. 135-1(11), under the same terms and conditions that are
43 applicable to the purchase of creditable service for periods of federal employment in accordance
44 with this subsection. "Public community service entities" as used in this subsection shall mean
45 community action, human relations, manpower development, and community development
46 programs as defined in Articles 19 and 21 of Chapter 160A and Article 18 of Chapter 153A of
47 the General Statutes ~~and any other similar programs that the Board of Trustees may adopt.~~
48 ~~Notwithstanding the foregoing provisions of this subsection that provide for the purchase of~~
49 ~~service credits, the terms "full cost", "full liability", and "full actuarial cost" include assumed~~
50 ~~annual post-retirement allowance increases, as determined by the Board of Trustees, from the~~
51 ~~earliest age at which a member could retire on an unreduced service allowance.~~ Statutes.

(p) ~~Part Time Service Credit.—~~

~~(1) Notwithstanding any other provision of this Chapter, upon completion of five years of membership service, any member may purchase service previously rendered as a part-time employee of a participating employer as defined in G.S. 128-21(11) or G.S. 135-1(11), except for temporary or part-time service rendered while a full-time student in pursuit of a degree or diploma in a degree-granting program. Payment shall be made in a single lump sum in an amount equal to the full actuarial cost of providing credit for the service, together with interest and an administrative fee, as determined by the Board of Trustees on the advice of the Retirement System's actuary. Notwithstanding the provisions of G.S. 128-26(b), the Board of Trustees shall fix and determine by appropriate rules and regulations how much service in any year, as based on compensation, is equivalent to one year of service in proportion to "earnable compensation", but in no case shall more than one year of service be creditable for all service in one year. Notwithstanding the foregoing provisions of this subdivision that provide for the purchase of service credits, the terms "full cost", "full liability", and "full actuarial cost" include assumed annual post-retirement allowance increases, as determined by the Board of Trustees, from the earliest age at which a member could retire on an unreduced service allowance.~~

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

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

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

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

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

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

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

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 (q) Credit at Full Cost for Probationary ~~Employment~~ Employment Purchased On or
13 Before December 31, 2021. – Notwithstanding any other provision of this Chapter, on or before
14 December 31, 2021, a member may purchase creditable service, prior to retirement, for
15 employment with an employer as defined in this Article when considered to be in a probationary
16 or employer imposed waiting period status and thereby not regularly employed, between date of
17 employment and date of membership service with the retirement system, provided that the
18 employer or former employer of such a member has revoked this probationary employment or
19 waiting period policy.

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

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

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

48 (q1) Credit at Full Cost for Probationary Employment Purchased On or After January 1,
49 2022. – Notwithstanding any other provision of this Chapter, on and after January 1, 2022, a
50 member in service with five or more years of service may purchase creditable service for
51 employment with an employer as defined in this Article when considered to be in a probationary

1 or employer-imposed waiting period status and thereby not regularly employed between date of
2 employment and date of membership service with the retirement system. The amount of
3 creditable service purchased under this subsection may not exceed five years.

4 The member shall purchase this service by paying a lump sum amount to the Annuity Savings
5 Fund equal to the full liability increase due to the additional service credits on the basis of the
6 assumptions used for the purposes of the actuarial valuation of the liabilities of the Retirement
7 System, except for the following assumptions specific to this calculation: (i) the allowance shall
8 be assumed to commence at the earliest age at which the member could retire on an unreduced
9 retirement allowance and (ii) assumed annual postretirement allowance increases as set by the
10 Board of Trustees upon the advice of the consulting actuary. The increases as set by the Board
11 of Trustees upon the advice of the consulting actuary shall also include an administrative fee to
12 be set by the Board.

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

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

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

1 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
2 that the purchase is paid by the member, the cost paid by the member shall be credited to the
3 member's annuity savings account.

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

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

36"

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

38 "(b) Notwithstanding any other provision of this Chapter, any State board or agency
39 charged with the duty of administering any law relating to the examination and licensing of
40 persons to practice a profession, trade, or occupation, and who is subject to the provisions of the
41 State Budget Act, Chapter 143C of the General Statutes, may make an irrevocable election by
42 appropriate resolution of the board, on or before October 1, 2000, to become an employer in the
43 Teachers' and State Employees' Retirement System. Retirement System coverage shall be
44 conditioned on the board's payment of all of the employer's contributions or matching funds from
45 funds of the board and on the board's collecting from its employees the employees' contributions,
46 at such rates as may be fixed by law and by the rules of the Board of Trustees of the Retirement
47 System, under G.S. 135-8, the Current Operations Appropriations Act, or any other applicable
48 law, all of such funds to be paid to the Retirement System and placed in the appropriate funds.
49 Any person who is was an employee of the board on the date the board makes an irrevocable
50 election to participate in the Retirement System may purchase creditable service for periods of
51 employment with the board prior to the election by making a lump sum payment equal to the full

1 cost of the service credits calculated on the basis of the assumptions used for the purposes of the
2 actuarial valuation of the system's liabilities, and shall take into account the additional retirement
3 allowance arising on account of such additional service credit commencing at the earliest age at
4 which a member could retire on an unreduced retirement allowance, as determined by the Board
5 of Trustees upon the advice of the consulting actuary, plus an administrative fee to be set by the
6 Board of Trustees. Notwithstanding the foregoing provisions of this subdivision that provide for
7 the purchase of service credits, the terms "full cost", "full liability", and "full actuarial cost"
8 include assumed annual postretirement allowance increases, as determined by the Board of
9 Trustees, from the earliest age at which a member could retire on an unreduced service
10 allowance election, provided that (i) the person is a member in service and (ii) the purchase is
11 made on or before December 31, 2021. The amount of creditable service purchased under this
12 subsection may not exceed a total of five years. A member shall purchase this service by paying
13 a lump sum amount to the Annuity Savings Fund equal to the full liability increase due to the
14 additional service credits on the basis of the assumptions used for the purposes of the actuarial
15 valuation of the liabilities of the Retirement System, except for the following assumptions
16 specific to this calculation: (i) the allowance shall be assumed to commence at the earliest age at
17 which the employee could retire on an unreduced retirement allowance and (ii) assumed annual
18 postretirement allowance increases as set by the Board of Trustees upon the advice of the
19 consulting actuary. The increases as set by the Board of Trustees upon the advice of the
20 consulting actuary shall also include an administrative fee to be set by the Board."

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

22 "(b) ~~When~~ On or before December 31, 2021, when membership ceases as a result of a
23 member's withdrawal of his or her accumulated contributions, the prior service and previous
24 membership service of the member shall no longer be considered to be creditable service;
25 provided, however, that if a member whose creditable service has been cancelled in accordance
26 with this subsection subsequently returns to membership for a period of five years, ~~he~~ the member
27 may thereafter repay in a lump sum the amount withdrawn plus regular interest thereon from the
28 date of withdrawal through the date of repayment and thereby increase his or her creditable
29 service by the amount of creditable service lost when ~~he~~ the member withdrew his or her
30 accumulated contributions."

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

32 "(b1) On and after January 1, 2022, when membership ceases as a result of a member's
33 withdrawal of his or her accumulated contributions, the prior service and previous membership
34 service of the member shall no longer be creditable service. If a member whose creditable service
35 has been cancelled in accordance with this subsection subsequently returns to membership
36 service and completes five years of membership service upon that return, then the member may
37 purchase an amount of creditable service corresponding to the total of the membership service
38 associated with the withdrawn contributions, provided that the total amount of creditable service
39 purchased under this subsection may not exceed five years. The member shall purchase this
40 service by paying a lump sum amount to the Annuity Savings Fund equal to the full liability
41 increase due to the additional service credits on the basis of the assumptions used for the purposes
42 of the actuarial valuation of the liabilities of the Retirement System, except for the following
43 assumptions specific to this calculation: (i) the allowance shall be assumed to commence at the
44 earliest age at which the member could retire on an unreduced retirement allowance and (ii)
45 assumed annual postretirement allowance increases as set by the Board of Trustees upon the
46 advice of the consulting actuary. The increases as set by the Board of Trustees upon the advice
47 of the consulting actuary shall also include an administrative fee to be set by the Board.

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

1 that the purchase is paid by the member, the cost paid by the member shall be credited to the
2 member's annuity savings account."

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

4 "**§ 120-4.15. Repayment of contributions.**

5 (a) Repayment On or before December 31, 2021, repayment of contributions withdrawn
6 from the Legislative Retirement Fund and System shall be at the rate of seven percent (7%) of
7 the highest monthly compensation received as a legislator at the time of purchase for each month
8 of creditable service restored plus an administrative fee to be paid in lump sum.

9 (b) On and after January 1, 2022, repayment of contributions withdrawn from the
10 Legislative Retirement Fund and System shall be in an amount equal to the full liability increase
11 due to the additional service credits on the basis of the assumptions used for the purposes of the
12 actuarial valuation of the liabilities of the Retirement System, except for the following
13 assumptions specific to this calculation: (i) the allowance shall be assumed to commence at the
14 earliest age at which the member could retire on an unreduced retirement allowance and (ii)
15 assumed annual postretirement allowance increases as set by the Board of Trustees of the
16 Teachers' and State Employees' Retirement System upon the advice of the consulting actuary.
17 The calculation of the amount payable shall also include an administrative fee to be set by the
18 Board of Trustees of the Teachers' and State Employees' Retirement System.

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

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

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

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

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

50 Notwithstanding any other provisions of the State's retirement laws, any employee of the
51 State who is a member of the Teachers' and State Employees' Retirement System or the

1 Law-Enforcement Officers' Retirement System and ~~who has his whose~~ job is involuntarily
 2 terminated as a result of economies in the State Budget may be entitled to a discontinued service
 3 retirement allowance, subject to the approval of the employing agency and the availability of
 4 agency funds. An unreduced discontinued service retirement allowance, not otherwise allowed,
 5 may be approved for employees with 20 or more years of creditable retirement service who are
 6 at least 55 years of age; or a discontinued service retirement allowance, not otherwise allowed,
 7 may be approved for employees with 20 or more years of creditable retirement service who are
 8 at least 50 years of age, reduced by one-fourth of one percent (1/4 of 1%) for each month that
 9 retirement precedes ~~his the~~ employee's fifty-fifth birthday. In cases where a discontinued service
 10 retirement allowance is approved, the employing agency shall make a lump sum payment to the
 11 Administrator of the State Retirement Systems equal to the actuarial present value of the
 12 additional liabilities imposed upon the System, to be determined by the System's consulting
 13 actuary, as a result of the discontinued service retirement, plus an administrative fee to be
 14 determined by the ~~Administrator.~~ Administrator, plus an amount to be deposited in the Retiree
 15 Health Benefit Fund. The amount to be deposited in the Retiree Health Benefit Fund shall be
 16 calculated by multiplying the number of years between the employee's date of discontinued
 17 service retirement and the employee's earliest unreduced retirement date under G.S. 135-5 by the
 18 most recent employer contribution rate to the Retiree Health Benefit Fund and then, if the
 19 employee is or would be eligible for retiree medical coverage under the State Health Plan for
 20 Teachers and State Employees, multiplying that figure by the salary used in the discontinued
 21 salary retirement calculation.

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

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

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

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

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

1 "~~(1a) Should any member in any period of eight consecutive years after becoming~~
2 ~~a member be absent from service more than seven years, or should he~~
3 ~~withdraw his accumulated contributions or should he become a beneficiary or~~
4 ~~die, he shall thereupon cease to be a member; provided that on and after July~~
5 ~~1, 1971, a~~ A member shall cease to be a member only if ~~he~~ the member
6 ~~withdraws his~~ or her accumulated contributions, or becomes a beneficiary, or
7 dies."

8 **SECTION 1.(k)** For all service purchases that are required to have been made by
9 December 31, 2021, the Retirement Systems Division of the Department of State Treasurer shall
10 accept and process all service purchase request forms that are received by the Retirement Systems
11 Division on or before December 31, 2021.

12 **SECTION 2.(a)** G.S. 135-6 is amended by adding a new subsection to read:

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

18 **SECTION 2.(b)** G.S. 128-28 is amended by adding a new subsection to read:

19 "(f1) Effect of Vote Related to Contributory Death Benefit. – No decision of the Board
20 related to the Contributory Death Benefit provided for under this Article shall take effect unless
21 and until this same decision has been made and voted on by the Board of Trustees of the Teachers'
22 and State Employees' Retirement System."

23 **SECTION 3.** G.S. 143-162.1 is amended by adding a new subsection to read:

24 "(e) The provisions of subsection (b) of this section shall not apply to any call center
25 operated under the Department of State Treasurer."

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

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

47 In the event that an employer fails to submit payment of any required
48 contributions or payments to the Retirement Systems Division, other than the
49 one percent (1%) payment provided for in the first paragraph of this
50 subdivision, within 90 days after the date set by the Board of Trustees, the
51 Board shall notify the State Treasurer of its intent to collect the delinquent

1 contributions and other payments due to the Retirement Systems Division and
2 request an interception of State appropriations due to the participating
3 employer.

4 ~~Upon such~~ Except as provided in this subdivision, upon notification by
5 the Board of Trustees to the State Treasurer and the Office of State Budget
6 and Management as to the default of the employer, the Office of State Budget
7 and Management shall withhold from any State appropriation due to that
8 employer an amount equal to the sum of all delinquent contributions and other
9 debts due to the Retirement Systems Division and shall transmit that amount
10 to the Retirement Systems Division. For the purposes of this subsection, the
11 date set by the Board of Trustees for payment of the contribution-based benefit
12 cap liability shall be 12 months after the member's effective date of
13 retirement."

14 **SECTION 4.(b)** G.S. 128-30(g)(3) reads as rewritten:

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

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

44 ~~Upon such~~ Except as provided in this subdivision, upon notification by
45 the Board of Trustees to the State Treasurer and the Office of State Budget
46 and Management as to the default of the employer, the Office of State Budget
47 and Management shall withhold from any State appropriation due to that
48 employer an amount equal to the sum of all delinquent contributions and other
49 debts due to the Retirement Systems Division and shall transmit that amount
50 to the Retirement Systems Division. For the purposes of this subsection, the
51 date set by the Board of Trustees for payment of the contribution-based benefit

1 cap liability shall be 12 months after the member's effective date of
2 retirement."

3 **SECTION 5.** G.S. 147-68(b) reads as rewritten:

4 **"§ 147-68. To receive and disburse moneys; to make reports.**

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

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

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

11 **SECTION 6.(a)** G.S. 143-166.84(c) reads as rewritten:

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

20 **SECTION 6.(b)** Section 5(b) of S.L. 2017-128 reads as rewritten:

21 **"SECTION 5.(b)** This section becomes effective July 1, 2017, ~~and expires July 1,~~
22 ~~2022.2017."~~

23 **SECTION 6.(c)** This section becomes effective October 1, 2020, and applies to all
24 elections to have sick leave applied to service under the Sheriffs' Supplemental Pension Fund on
25 or after that date.

26 **SECTION 7.(a)** G.S. 135-3(8)c1 reads as rewritten:

27 "c1. Within 90 days of the end of each month in which a beneficiary is
28 reemployed under the provisions of sub subdivision c. of this
29 subdivision, each employer shall provide a report for that month on
30 each reemployed beneficiary, including the terms of the
31 reemployment, the date of the reemployment, and the amount of the
32 monthly compensation. ~~If such a~~ the required report is not received
33 within the required 90 days, the Board may ~~assess~~ do any or all the
34 following:

35 1. Assess the employer with a penalty of ten percent (10%) of the
36 compensation of the unreported reemployed beneficiaries
37 during the months for which the employer did not report the
38 reemployed beneficiaries, with a minimum penalty of
39 twenty-five dollars (\$25.00). If after being assessed a penalty,
40 an employer provides clear and convincing evidence that the
41 failure to report resulted from a lack of oversight or some other
42 event beyond the employer's control and was not a deliberate
43 attempt to omit the reporting of reemployed beneficiaries, the
44 Board may reduce the penalty to not less than two percent (2%)
45 of the compensation of the unreported reemployed
46 beneficiaries during the months for which the employer failed
47 to report, with a minimum penalty of twenty five dollars
48 (\$25.00).

49 2. Require the employer to reimburse the Retirement System for
50 any retirement allowance paid to the beneficiary during a
51 period when the allowance would have been suspended under

1 sub-subdivision c. of this subdivision had the report been
 2 received within the required 90 days.

- 3 3. Require the employer to pay any amounts that the beneficiary
 4 would have been required to pay to the Retirement System
 5 under sub-subdivision f. of this subdivision had the report been
 6 received within the required 90 days.

7 Upon receipt by the employer of notice that ~~a penalty has been~~
 8 ~~assessed under this sub-subdivision, any payment is due to the~~
 9 Retirement System under this sub-subdivision, the employer shall
 10 remit the payment of the ~~penalty amount due~~ to the Retirement
 11 System, in one lump sum, no later than 90 days from the date of the
 12 notice.

13 If an employer is required to make payments to the Retirement System
 14 under sub-sub-subdivision 2. or sub-sub-subdivision 3. of this
 15 sub-subdivision, then (i) the beneficiary shall have no obligation to
 16 reimburse the Retirement System for related amounts under
 17 sub-subdivisions c. or f. of this subdivision, (ii) the provisions of
 18 G.S. 135-9(b) relating to offsetting overpayments against payments
 19 made from the Retirement System to the member or beneficiary shall
 20 not apply, (iii) the Retirement System shall have no duty under
 21 G.S. 143-64.80 to pursue repayment of overpayments from the
 22 beneficiary, (iv) the overpayments shall not be considered a debt of
 23 the beneficiary under Chapter 105A of the General Statutes, and (v)
 24 the beneficiary's effective date of retirement shall be adjusted if the
 25 adjustment is required under sub-subdivision f. of this subdivision."

26 **SECTION 7.(b)** G.S. 128-24(5)c1 reads as rewritten:

27 "c1. Within 90 days of the end of each month in which a beneficiary is
 28 reemployed under the provisions of sub-subdivision c. of this
 29 subdivision, each employer shall provide a report for that month on
 30 each reemployed beneficiary, including the terms of the
 31 reemployment, the date of the reemployment, and the amount of the
 32 monthly compensation. ~~If such a~~ the required report is not received
 33 within the required 90 days, the Board may ~~assess~~ do any or all the
 34 following:

- 35 1. Assess the employer with a penalty of ten percent (10%) of the
 36 compensation of the unreported reemployed beneficiaries
 37 during the months for which the employer did not report the
 38 reemployed beneficiaries, with a minimum penalty of
 39 twenty-five dollars (\$25.00). If after being assessed a penalty,
 40 an employer provides clear and convincing evidence that the
 41 failure to report resulted from a lack of oversight or some other
 42 event beyond the employer's control and was not a deliberate
 43 attempt to omit the reporting of reemployed beneficiaries, the
 44 Board may reduce the penalty to not less than two percent (2%)
 45 of the compensation of the unreported reemployed
 46 beneficiaries during the months for which the employer failed to
 47 report, with a minimum penalty of twenty-five dollars
 48 (\$25.00).
- 49 2. Require the employer to reimburse the Retirement System for
 50 any retirement allowance paid to the beneficiary during a
 51 period when the allowance would have been suspended under

sub-subdivision c. of this subdivision had the report been received within the required 90 days.

- 3. Require the employer to pay any amounts that the beneficiary would have been required to pay to the Retirement System under sub-subdivision f. of this subdivision had the report been received within the required 90 days.

Upon receipt by the employer of notice that ~~a penalty has been assessed under this sub-subdivision, any payment is due to the Retirement System under this sub-subdivision,~~ the employer shall remit the payment of the ~~penalty amount due~~ to the Retirement System, in one lump sum, no later than 90 days from the date of the notice.

If an employer is required to make payments to the Retirement System under sub-sub-subdivision 2. or sub-sub-subdivision 3. of this sub-subdivision, then (i) the beneficiary shall have no obligation to reimburse the Retirement System for related amounts under sub-subdivisions c. or e. of this subdivision, (ii) the provisions of G.S. 128-31(b) relating to offsetting overpayments against payments made from the Retirement System to the member or beneficiary shall not apply, (iii) the Retirement System shall have no duty under G.S. 143-64.80 to pursue repayment of overpayments from the beneficiary, (iv) the overpayments shall not be considered a debt of the beneficiary under Chapter 105A of the General Statutes, and (v) the beneficiary's effective date of retirement shall be adjusted if the adjustment is required under sub-subdivision e. of this subdivision."

SECTION 7.(c) This section is effective July 1, 2021, and applies to reports required to be made on or after that date.

SECTION 8.(a) G.S. 135-7(h) reads rewritten:

"(h) Legislative Enactment Implementation Arrangement. – The Legislative Enactment Implementation Arrangement (LEIA) is established effective October 1, 2017, and placed under the management of the Board of Trustees. The purpose of the LEIA is to provide for timely administrative implementation of legislative provisions regarding the retirement of, or payment of retirement benefits to, public officers or public employees. The LEIA shall have the following parameters:

- ...
 - (2) Funding of the LEIA. – In the event that the General Assembly creates or modifies any provision for the retirement of, or payment of retirement benefits to, public officers or public employees that has a cost savings as measured by actuarial note required by Article 15 of Chapter 120 of the General Statutes, the Board of Trustees may direct up to one hundredth percent (0.01%) of the required contributions to fund the LEIA. These funds must be deposited in a separate fund from the fund into which regular employer contributions are deposited for the Retirement System. The Board of Trustees shall not direct any employer contributions into the LEIA after November 1, ~~2021~~2026.

...."

SECTION 8.(b) G.S. 128-29(g) reads as rewritten:

"(g) Legislative Enactment Implementation Arrangement. – The Legislative Enactment Implementation Arrangement (LEIA) is established effective October 1, 2017, and placed under the management of the Board of Trustees. The purpose of the LEIA is to provide for timely administrative implementation of legislative provisions regarding the retirement of, or payment

1 of retirement benefits to, public officers or public employees. The LEIA shall have the following
2 parameters:

3 ...

- 4 (2) Funding of the LEIA. – In the event that the General Assembly creates or
5 modifies any provision for the retirement of, or payment of retirement benefits
6 to, public officers or public employees that has a cost savings as measured by
7 actuarial note required by Article 15 of Chapter 120 of the General Statutes,
8 the Board of Trustees may direct up to one hundredth percent (0.01%) of the
9 required contributions to fund the LEIA. These funds must be deposited in a
10 separate fund from the fund into which regular employer contributions are
11 deposited for the Retirement System. The Board of Trustees shall not direct
12 any employer contributions into the LEIA after November 1, ~~2021~~2026.

13"

14 **SECTION 9.** Article 6 of Chapter 147 of the General Statutes is amended by adding
15 a new section to read:

16 "**§ 147-75.1. Criminal record checks for the Department of State Treasurer.**

17 (a) The Department of State Treasurer may obtain from the State and National
18 Repositories of Criminal Histories or from any other lawful source the criminal history of any of
19 the following individuals:

- 20 (1) A current or prospective permanent or temporary employee of the Department
21 of State Treasurer.
22 (2) A contractor with the Department of State Treasurer.
23 (3) An employee or agent of a contractor with the Department of State Treasurer
24 who is performing or will perform work for the Department of State Treasurer.
25 (4) A volunteer of the Department of State Treasurer.
26 (5) Any other individual otherwise engaged by the Department of State Treasurer
27 who will have access to health or financial information or data maintained by
28 the Department of State Treasurer that is confidential or otherwise nonpublic.

29 (b) The Department of State Treasurer may deny employment to or dismiss any
30 individual identified under subdivisions (1), (2), (4), and (5) of subsection (a) of this section who
31 refuses to consent to a criminal history record check or to the use of fingerprints or other
32 identifying information required by the State or National Repositories of Criminal Histories. Any
33 refusal shall constitute just cause for the employment denial or the dismissal from employment.

34 (c) The Department of State Treasurer may extend a conditional offer of employment
35 pending the results of a criminal history record check authorized by this section."

36 **SECTION 10.** If any provision of this act or its application is held invalid, the
37 invalidity does not affect other provisions or applications of this act that can be given effect
38 without the invalid provisions or application, and to this end the provisions of this act are
39 severable.

40 **SECTION 11.** Except as otherwise provided, this act is effective when it becomes
41 law.