

NORTH CAROLINA GENERAL ASSEMBLY
1971 SESSION

CHAPTER 326
SENATE BILL 381

AN ACT ENLARGING AND EXTENDING BENEFITS OF THE NORTH CAROLINA
LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM.

The General Assembly of North Carolina do enact:

Section 1. (a) G.S. 128-24(5)a. is hereby amended by striking out the period following the word "service" in line 16, inserting a semicolon in lieu thereof, and adding the following words:

"and further provided that in the case of a member who so separates from service on or after July 1, 1971, or whose account is active on July 1, 1971, the aforesated requirement of 12 or more years of creditable service shall be reduced to five or more years of creditable service."

(b) G.S. 128-24(1a) is hereby amended by striking out the period at the end thereof, inserting a semicolon in lieu thereof, and adding the following words:

"provided that on and after July 1, 1971, a member shall cease to be a member only if he withdraws his accumulated contributions, or becomes a beneficiary, or dies."

Sec. 2. G.S. 128-24(5)b. is hereby amended by striking out the last sentence and inserting the following in lieu thereof:

"Such early retirement allowance so elected shall be equal to the deferred retirement allowance otherwise payable at the attainment of the age of 60 years reduced by the percentage thereof indicated below.

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

Sec. 3. G.S. 128-27(c) is hereby amended by striking out all of the first sentence preceding the colon in line five and inserting in lieu thereof the following:

"(c) Disability Retirement Benefits. — Upon the application of a member or of his employer, any member who has had five or more years of creditable service may be retired by the board of trustees, on the first day of any calendar month, not less than 30 and not more than 90 days next following the date of filing such application, on a disability retirement allowance".

Sec. 4. (a) G.S. 128-27(d2) is hereby amended by striking out the first five lines and inserting in lieu thereof the following:

"(d2) Allowance on Disability Retirement of Persons Retiring on or After July 1, 1969, but Prior to July 1, 1971. — Upon retirement for disability, in accordance with subsection (c) above, on or after July 1, 1969, but prior to July 1, 1971, a member shall receive a service

retirement allowance if he has attained the age of 60 years, otherwise he shall receive a disability retirement allowance which shall be computed as follows:"

(b) G.S. 128-27 is hereby amended by inserting a new subsection, to be designated as subsection (d3) and to read as follows:

"(d3) Allowance on Disability Retirement of Persons Retiring on or After July 1, 1971. — Upon retirement for disability, in accordance with subsection (c) above on or after July 1, 1971, a member shall receive a service retirement allowance if he has attained the age of 65 years, otherwise he shall receive a disability retirement allowance which shall be computed as follows:

- (1) Such allowance shall be equal to a service retirement allowance calculated on the basis of the member's average final compensation prior to his disability retirement and the creditable service he would have had at the age of 65 years if he had continued in service.
- (2) Notwithstanding the foregoing provisions, any member whose creditable service commenced prior to July 1, 1971, shall receive not less than the benefit provided by G.S. 128-27(d2)."

Sec. 5. G.S. 128-27(f) is hereby amended by striking out the first sentence ending with the word "thereon" in line 10 and inserting in lieu thereof the following:

"Should a member cease to be an employee except by death or retirement under the provisions of this chapter, he shall upon submission of an application be paid, not earlier than 60 days from receipt in the Raleigh offices of the board of trustees of an acceptable application on a form provided by the Retirement System, the sum of his contributions and the accumulated regular interest thereon, provided that he has not in the meantime returned to service."

Sec. 6. G.S. 128-27(k) is hereby rewritten to read as follows:

"(k) Post Retirement Increases in Allowances. — As of December 31, 1969, the ratio of the Consumer Price Index to such index one year earlier shall be determined. If such ratio indicates an increase that equals or exceeds three per centum, each beneficiary receiving a retirement allowance as of December 31, 1968, shall be entitled to have his allowance increased three per centum effective July 1, 1970.

As of December 31, 1970, the ratio of the Consumer Price Index to such index one year earlier shall be determined. If such ratio indicates an increase of at least one per centum, each beneficiary on the retirement rolls as of July 1, 1970, shall be entitled to have his allowance increased effective July 1, 1971 as follows:

<u>Increase in Index</u>	<u>Increase in Allowance</u>
1.00 to 1.49%	1%
1.50 to 2.49%	2%
2.50 to 3.49%	3%
3.50% or more	4%

As of December 31st of each year after 1970, the ratio of the Consumer Price Index to such index one year earlier shall be determined. If such ratio indicates an increase of at least one per centum, each beneficiary on the retirement rolls as of July 1st of the year of determination shall be entitled to have his allowance increased to the extent indicated in the foregoing table effective on July 1st of the year following the year of determination; provided that any such increase in allowances shall be contingent upon the total fund providing sufficient investment gains to cover the additional actuarial liabilities on account of such increase.

The allowance of a surviving annuitant of a beneficiary whose allowance is increased under this subsection shall, when and if payable, be increased by the same per centum.

Any increase in allowance granted hereunder shall be permanent, irrespective of any subsequent decrease in the Consumer Price Index, and shall be included in determining any subsequent increase.

For purposes of this subsection, Consumer Price Index shall mean the Consumer Price Index (all items - United States City average), as published by the United States Department of Labor, Bureau of Labor Statistics."

Sec. 7. G.S. 128-27 is hereby amended by adding a new subsection at the end to be designated as subsection (n), and to read as follows:

"(n) Increases in Benefits Paid in Respect to Members Retired Prior to July 1, 1967. — From and after July 1, 1971, the monthly benefits to or on account of persons who commenced receiving benefits prior to July 1, 1965, shall be increased by 20 percent thereof; the monthly benefits to or on account of persons who commenced receiving benefits after June 30, 1965 and before July 1, 1967, shall be increased by five percent thereof. These increases shall be calculated after monthly retirement allowances as of July 1, 1971 have been increased to the extent provided for in subsection (k) above."

Sec. 8. This act shall become effective July 1, 1971.

In the General Assembly read three times and ratified, this the 6th day of May, 1971.