

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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SENATE BILL 943

Short Title: Retirement Formula Increase.

(Public)

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Sponsors: Senator Johnson of Wake.

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Referred to: Pensions and Retirement.

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April 19, 1989

A BILL TO BE ENTITLED

AN ACT TO INCREASE THE RETIREMENT FORMULA FOR MEMBERS AND BENEFICIARIES OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM AND MEMBERS AND BENEFICIARIES OF THE LOCAL GOVERNMENT RETIREMENT SYSTEM.

The General Assembly of North Carolina enacts:

Section 1. G.S. 135-5(b10) reads as rewritten:

"(b10) Service Retirement Allowance of Members Retiring on or after July 1, ~~1988~~1988, but before July 1, 1989. – Upon retirement from service in accordance with subsection (a) above, on or after July 1, 1988, but before July 1, 1989, a member shall receive the following service retirement allowance:

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

a. If the member's service retirement date occurs on or after his 55th birthday, and completion of five years of creditable service as a law enforcement officer, or after the completion of 30 years of creditable service, the allowance shall be equal to one and sixty hundredths percent (1.60%) of his average final compensation, multiplied by the number of years of his creditable service.

b. This allowance shall also be governed by the provisions of G.S. 135-5(b9)(1)b.

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

4 a. If the member's service retirement date occurs on or after his  
5 65th birthday upon the completion of five years of creditable  
6 service or after the completion of 30 years of creditable service  
7 or on or after his 60th birthday upon the completion of 25 years  
8 of creditable service, such allowance shall be equal to one and  
9 sixty hundredths percent (1.60%) of his average final  
10 compensation, multiplied by the number of years of his  
11 creditable service.

12 b. This allowance shall also be governed by the provisions of G.S.  
13 135-5(b9)(2)b., c. and d."

14 Sec. 2. G.S. 135-5 is amended by adding a new subsection to read:

15 "(b11) Service Retirement Allowance of Members Retiring on or after July 1,  
16 1989. – Upon retirement from service in accordance with subsection (a) above, on or  
17 after July 1, 1989, a member shall receive the following service retirement allowance:

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

21 a. If the member's service retirement date occurs on or after his  
22 55th birthday, and completion of five years of creditable service  
23 as a law enforcement officer, or after the completion of 30 years  
24 of creditable service, the allowance shall be equal to one and  
25 sixty-two hundredths percent (1.62%) of his average final  
26 compensation, multiplied by the number of years of his  
27 creditable service.

28 b. This allowance shall also be governed by the provisions of G.S.  
29 135-5(b9)(1)b.

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

33 a. If the member's service retirement date occurs on or after his  
34 65th birthday upon the completion of five years of creditable  
35 service or after the completion of 30 years of creditable service  
36 or on or after his 60th birthday upon the completion of 25 years  
37 of creditable service, such allowance shall be equal to one and  
38 sixty-two hundredths percent (1.62%) of his average final  
39 compensation, multiplied by the number of years of his  
40 creditable service.

41 b. This allowance shall also be governed by the provisions of G.S.  
42 135-5(b9)(2)b., c. and d."

43 Sec. 3. G.S. 135-5 is amended by adding a new subsection to read:

1       "(pp) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 1989.  
2 From and after July 1, 1989, the retirement allowance to or on account of beneficiaries  
3 on the retirement rolls as of June 30, 1989, shall be increased by two-tenths percent  
4 (.2%) of the allowance payable on June 30, 1989. This allowance shall be calculated on  
5 the basis of the allowance payable and in effect on June 30, 1989, so as not to be  
6 compounded on any other increase payable under subsection (k) of this section or  
7 otherwise granted by act of the 1989 Session of the General Assembly."

8           Sec. 4. G.S. 128-27(b10) reads as rewritten:

9       "(b10) Service Retirement Allowance of Members Retiring on or after July 1,  
10 ~~1988~~1988, but before July 1, 1989. – Upon retirement from service in accordance with  
11 subsection (a) above, on or after July 1, 1988, but before July 1, 1989, a member shall  
12 receive the following service retirement allowance:

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

16           a. If the member's service retirement date occurs on or after his  
17 55th birthday, and completion of five years of creditable service  
18 as a law enforcement officer, or after the completion of 30 years  
19 of creditable service, the allowance shall be equal to one and  
20 sixty hundredths percent (1.60%) of his average final  
21 compensation, multiplied by the number of years of his  
22 creditable service.

23           b. Such allowance shall also be governed by the provisions of G.S.  
24 128-27(b8)(2).

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

28           a. If the member's service retirement date occurs on or after his  
29 65th birthday upon the completion of five years of creditable  
30 service or after the completion of 30 years of creditable service,  
31 or on or after his 60th birthday upon the completion of 25 years  
32 of creditable service, such allowance shall be equal to one and  
33 sixty-hundredths percent (1.60%) of his average final  
34 compensation, multiplied by the number of years of his  
35 creditable service.

36           b. Such allowance shall also be governed by the provisions of G.S.  
37 128-27(b7)(2a), (2b) and (3)."

38           Sec. 5. G.S. 128-27 is amended by adding a new subsection to read:

39       "(b11) Service Retirement Allowance of Members Retiring on or after July 1,  
40 1989. – Upon retirement from service in accordance with subsection (a) above, on or  
41 after July 1, 1989, a member shall receive the following service retirement allowance:

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

- 1           a.     If the member's service retirement date occurs on or after his  
2                 55th birthday, and completion of five years of creditable service  
3                 as a law enforcement officer, or after the completion of 30 years  
4                 of creditable service, the allowance shall be equal to one and  
5                 sixty-two hundredths percent (1.62%) of his average final  
6                 compensation, multiplied by the number of years of his  
7                 creditable service.
- 8           b.     Such allowance shall also be governed by the provisions of G.S.  
9                 128-27(b8)(2).

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

- 13           a.     If the member's service retirement date occurs on or after his  
14                 65th birthday upon the completion of five years of creditable  
15                 service or after the completion of 30 years of creditable service,  
16                 or on or after his 60th birthday upon the completion of 25 years  
17                 of creditable service, such allowance shall be equal to one and  
18                 sixty-two hundredths percent (1.62%) of his average final  
19                 compensation, multiplied by the number of years of his  
20                 creditable service.
- 21           b.     Such allowance shall also be governed by the provisions of G.S.  
22                 128-27(b7)(2a), (2b) and (3)."

23       Sec. 6. G.S. 128-27 is amended by adding a new subsection to read:

24       "( ff) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 1989.  
25       From and after July 1, 1989, the retirement allowance to or on account of beneficiaries  
26       on the retirement rolls as of June 30, 1989, shall be increased by two-tenths percent  
27       (.2%) of the allowance payable on June 30, 1989. This allowance shall be calculated on  
28       the basis of the allowance payable and in effect on June 30, 1989, so as not to be  
29       compounded on any other increase payable under subsection (k) of this section or  
30       otherwise granted by act of the 1989 Session of the General Assembly."

31       Sec. 7. In order to fund the provisions of this act, the Board of Trustees of the  
32 Teachers' and State Employees' Retirement System, with the advice of its consulting  
33 actuary, shall apply unencumbered actuarial gain remaining after application of this gain  
34 to cost-of-living increases for retired members and any other increases in retirement  
35 benefits contained in the 1989-90 Current Operations Appropriations Act, and shall  
36 allocate the percentage of payroll contribution rates for employers among the normal  
37 and accrued liability contributions to the Retirement System without an increase in the  
38 total employer contribution rate and without an increase in the scheduled amortization  
39 period for liquidation of unfunded accrued liabilities in the Retirement System.

40       Sec. 8. This act shall become effective July 1, 1989.