

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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HOUSE BILL 1404\*  
Second Edition Engrossed 6/19/92

Short Title: Increase/Adjust Retire. Formula.

(Public)

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Sponsors: Representatives Greenwood, Colton, N.J. Crawford, Nesbitt; Bowman, Culp, Hensley, McLawhorn, Miller, Oldham, Ramsey, and Redwine.

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Referred to: Pensions and Retirement.

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May 28, 1992

A BILL TO BE ENTITLED

1 AN ACT TO INCREASE THE RETIREMENT FORMULAS AND TO PROVIDE  
2 ADJUSTING INCREASES TO RETIREES OF THE TEACHERS' AND STATE  
3 EMPLOYEES' RETIREMENT SYSTEM AND THE LOCAL GOVERNMENTAL  
4 EMPLOYEES' RETIREMENT SYSTEM.  
5

6 The General Assembly of North Carolina enacts:

7 Section 1. G.S. 135-5(b12) reads as rewritten:

8 "(b12) Service Retirement Allowance of Members Retiring on or after July 1,  
9 ~~1990~~ 1990, but before July 1, 1992. – Upon retirement from service in accordance with  
10 subsection (a) above, on or after July 1, 1990, but before July 1, 1992, a member shall  
11 receive the following service retirement allowance:

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

15 a. If the member's service retirement date occurs on or after his  
16 55th birthday, and completion of five years of creditable service  
17 as a law enforcement officer, or after the completion of 30 years  
18 of creditable service, the allowance shall be equal to one and  
19 sixty-four hundredths percent (1.64%) of his average final  
20 compensation, multiplied by the number of years of his  
21 creditable service.

1           b.       This allowance shall also be governed by the provisions of G.S.  
2                    135-5(b9)(1)b.

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

6           a.       If the member's service retirement date occurs on or after his  
7                   65th birthday upon the completion of five years of creditable  
8                   service or after the completion of 30 years of creditable service  
9                   or on or after his 60th birthday upon the completion of 25 years  
10                  of creditable service, the allowance shall be equal to one and  
11                  sixty-four hundredths percent (1.64%) of his average final  
12                  compensation, multiplied by the number of years of creditable  
13                  service.

14          b.       This allowance shall also be governed by the provisions of G.S.  
15                    135-5(b9)(2)b. c. and d."

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

17           "(b13) Service Retirement Allowance of Members Retiring on or after July 1,  
18           1992. – Upon retirement from service in accordance with subsection (a) above, on or  
19           after July 1, 1992, a member shall receive the following service retirement allowance:

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

23           a.       If the member's service retirement date occurs on or after his  
24           55th birthday, and completion of five years of creditable service  
25           as a law enforcement officer, or after the completion of 30 years  
26           of creditable service, the allowance shall be equal to one and  
27           seventy hundredths percent (1.70%) of his average final  
28           compensation, multiplied by the number of years of his  
29           creditable service.

30           b.       This allowance shall also be governed by the provisions of G.S.  
31           135-5(b9)(1)b.

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

35           a.       If the member's service retirement date occurs on or after his  
36           65th birthday upon the completion of five years of creditable  
37           service or after the completion of 30 years of creditable service  
38           or on or after his 60th birthday upon the completion of 25 years  
39           of creditable service, the allowance shall be equal to one and  
40           seventy hundredths percent (1.70%) of his average final  
41           compensation, multiplied by the number of years of creditable  
42           service.

43           b.       This allowance shall also be governed by the provisions of G.S.  
44           135-5(b9)(2)b. c. and d."

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

2           "(tt) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 1992. –  
3 From and after July 1, 1992, the retirement allowance to or on account of beneficiaries  
4 on the retirement rolls as of June 1, 1992, shall be increased by three and six-tenths of  
5 one percent (3.6%) of the allowance payable on June 1, 1992. This allowance shall be  
6 calculated on the allowance payable and in effect on June 30, 1992, so as not to be  
7 compounded on any other increase granted by act of the 1991 Session of the General  
8 Assembly, 1992 Regular Session."

9           Sec. 4. In order to fund the provisions of Sections 1 through 3 and Section 9  
10 of this act, the Board of Trustees of the Teachers' and State Employees' Retirement  
11 System, with the advice of its consulting actuary, shall apply the unencumbered  
12 actuarial gain in the System by allocating the percentage of payroll contribution rates  
13 for employers between the normal and accrued liability contributions to the Retirement  
14 System without an increase in the total employer contribution rate.

15           Sec. 5. G.S. 128-27(b12) reads as rewritten:

16           "(b12) Service Retirement Allowance of Members Retiring on or after July 1,  
17 ~~1990~~1990, but before July 1, 1992. – Upon retirement from service in accordance with  
18 subsection (a) above, on or after July 1, 1990, but before July 1, 1992, a member shall  
19 receive the following service retirement allowance:

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

23           a. If the member's service retirement date occurs on or after his  
24 55th birthday, and completion of five years of creditable service  
25 as a law enforcement officer, or after the completion of 30 years  
26 of creditable service, the allowance shall be equal to one and  
27 sixty-four hundredths percent (1.64%) of his average final  
28 compensation, multiplied by the number of years of his  
29 creditable service.

30           b. This allowance shall also be governed by the provisions of G.S.  
31 128-27(b8)(2).

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

35           a. If the member's service retirement date occurs on or after his  
36 65th birthday upon the completion of five years of creditable  
37 service or after the completion of 30 years of creditable service  
38 or on or after his 60th birthday upon the completion of 25 years  
39 of creditable service, the allowance shall be equal to one and  
40 sixty-four hundredths percent (1.64%) of his average final  
41 compensation, multiplied by the number of years of creditable  
42 service.

43           b. This allowance shall also be governed by the provisions of G.S.  
44 128-27(b7)(2a) and (3)."

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

2           "(b13) Service Retirement Allowance of Members Retiring on or after July 1,  
3 1992. – Upon retirement from service in accordance with subsection (a) above, on or  
4 after July 1, 1992, a member shall receive the following service retirement allowance:

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

8           a. If the member's service retirement date occurs on or after his  
9 55th birthday, and completion of five years of creditable service  
10 as a law enforcement officer, or after the completion of 30 years  
11 of creditable service, the allowance shall be equal to one and  
12 seventy hundredths percent (1.70%) of his average final  
13 compensation, multiplied by the number of years of his  
14 creditable service.

15           b. This allowance shall also be governed by the provisions of G.S.  
16 128-27(b8)(2).

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

20           a. If the member's service retirement date occurs on or after his  
21 65th birthday upon the completion of five years of creditable  
22 service or after the completion of 30 years of creditable service  
23 or on or after his 60th birthday upon the completion of 25 years  
24 of creditable service, the allowance shall be equal to one and  
25 seventy hundredths percent (1.70%) of his average final  
26 compensation, multiplied by the number of years of creditable  
27 service.

28           b. This allowance shall also be governed by the provisions of G.S.  
29 128-27(b7)(2a), (2b), and (3)."

30           Sec. 7. G.S. 128-27 is amended by adding a new subsection to read:

31           "(jj) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 1992. –  
32 From and after July 1, 1992, the retirement allowance to or on account of beneficiaries  
33 on the retirement rolls as of June 1, 1992, shall be increased by three and six-tenths of  
34 one percent (3.6%) of the allowance payable on June 1, 1992. This allowance shall be  
35 calculated on the allowance payable and in effect on June 30, 1992, so as not to be  
36 compounded on any other increase payable under subsection (k) of this section or  
37 otherwise granted by act of the 1991 Session of the General Assembly, 1992 Regular  
38 Session."

39           Sec. 8. G.S. 128-27 is amended by adding a new subsection to read:

40           "(kk) From and after July 1, 1992, the retirement allowance to or on account of  
41 beneficiaries whose retirement commenced on or before July 1, 1991, shall be increased  
42 by one and six-tenths percent (1.6%) of the allowance payable on July 1, 1991, in  
43 accordance with G.S. 128-27(k). Furthermore, from and after July 1, 1992, the  
44 retirement allowance to or on account of beneficiaries whose retirement commenced

1 after July 1, 1991, but before June 30, 1992, shall be increased by a prorated amount of  
2 one and six-tenths percent (1.6%) of the allowance payable as determined by the Board  
3 of Trustees based upon the number of months that a retirement allowance was paid  
4 between July 1, 1991 and June 30, 1992."

5 Sec. 9. G.S. 135-5 is amended by adding a new subsection to read:

6 "(uu) From and after July 1, 1992, the retirement allowance to or on account of  
7 beneficiaries whose retirement commenced on or before July 1, 1991, shall be increased  
8 by one and six-tenths percent (1.6%) of the allowance payable on July 1, 1991, in  
9 accordance with G.S. 135-5(o). Furthermore, from and after July 1, 1992, the  
10 retirement allowance to or on account of beneficiaries whose retirement commenced  
11 after July 1, 1991, but before June 30, 1992, shall be increased by a prorated amount of  
12 one and six-tenths percent (1.6%) of the allowance payable as determined by the Board  
13 of Trustees based upon the number of months that a retirement allowance was paid  
14 between July 1, 1991 and June 30, 1992."

15 Sec. 10. G.S. 135-65 is amended by adding a new subsection to read:

16 "(m) From and after July 1, 1992, the retirement allowance to or on account of  
17 beneficiaries whose retirement commenced on or before July 1, 1991, shall be increased  
18 by one and six-tenths percent (1.6%) of the allowance payable on July 1, 1991.  
19 Furthermore, from and after July 1, 1992, the retirement allowance to or on account of  
20 beneficiaries whose retirement commenced after July 1, 1991, but before June 30, 1992,  
21 shall be increased by a prorated amount of one and six-tenths percent (1.6%) of the  
22 allowance payable as determined by the Board of Trustees based upon the number of  
23 months that a retirement allowance was paid between July 1, 1991 and June 30, 1992."

24 Sec. 11. G.S. 120-4.22A is amended by adding a new subsection to read:

25 "(g) In accordance with subsection (a) of this section, from and after July 1, 1992,  
26 the retirement allowance to or on account of beneficiaries whose retirement commenced  
27 on or before January 1, 1992, shall be increased by one and six-tenths percent (1.6%) of  
28 the allowance payable on July 1, 1992. Furthermore, from and after July 1, 1992, the  
29 retirement allowance to or on account of beneficiaries whose retirement commenced  
30 after January 1, 1992, but before June 30, 1992, shall be increased by a prorated amount  
31 of one and six-tenths percent (1.6%) of the allowance payable as determined by the  
32 Board of Trustees based upon the number of months that a retirement allowance was  
33 paid between January 1, 1992 and June 30, 1992."

34 Sec. 12. In order to fund the provisions of Sections 5 through 8 of this act,  
35 the Board of Trustees of the Local Governmental Employees' Retirement System, with  
36 the advice of its consulting actuary, shall apply the unencumbered actuarial gain in the  
37 System to the normal percentage contribution of payroll for employers to the Retirement  
38 System without an increase in the total employer's contribution rate.

39 Sec. 13. In order to fund the provisions of Section 10 of this act, the Board of  
40 Trustees of the Consolidated Judicial Retirement System, with the advice of its  
41 consulting actuary, shall apply the unencumbered actuarial gain in the System to the  
42 normal percentage contribution of payroll for employers to the Retirement System  
43 without an increase in the total employer's contribution rate.

44 Sec. 14. This act becomes effective July 1, 1992.