

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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SENATE BILL 290

Short Title: 1995 Retirement Benefits Act/AB.

(Public)

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Sponsors: Senators Soles and Conder.

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Referred to: Pensions and Retirement/Insurance/State Personnel

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March 2, 1995

A BILL TO BE ENTITLED

1 AN ACT TO ENHANCE THE RETIREMENT BENEFITS PAYABLE FROM THE  
2 TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE  
3 CONSOLIDATED JUDICIAL RETIREMENT SYSTEM, THE LEGISLATIVE  
4 RETIREMENT SYSTEM, AND THE LOCAL GOVERNMENTAL EMPLOYEES'  
5 RETIREMENT SYSTEM, AND TO PROVIDE FOR THE FUNDING OF THE  
6 BENEFITS AND FOR THE FUNDING OF THE DISABILITY INCOME PLAN  
7 FOR TEACHERS AND STATE EMPLOYEES.

8  
9 The General Assembly of North Carolina enacts:

10 Section 1. G.S. 135-5(b15) reads as rewritten:

11 "(b15) Service Retirement Allowance of Members Retiring on or after July 1,  
12 ~~1994-1994, but before July 1, 1995.~~ – Upon retirement from service in accordance with  
13 subsection (a) or (a1) above, on or after July 1, 1994, but before July 1, 1995, a member  
14 shall receive the following service retirement allowance:

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

18 a. If the member's service retirement date occurs on or after his  
19 55th birthday, and completion of five years of creditable service  
20 as a law enforcement officer, or after the completion of 30 years

- 1 of creditable service, the allowance shall be equal to one and  
2 seventy-three hundredths percent (1.73%) of his average final  
3 compensation, multiplied by the number of years of his  
4 creditable service.
- 5 b. If the member's service retirement date occurs on or after his  
6 50th birthday and before his 55th birthday with 15 or more years  
7 of creditable service as a law enforcement officer and prior to the  
8 completion of 30 years of creditable service, his retirement  
9 allowance shall be equal to the greater of:
- 10 1. The service retirement allowance payable under G.S. 135-  
11 5(b15)(1)a. reduced by one-third of one percent ( $\frac{1}{3}$  of  
12 1%) thereof for each month by which his retirement date  
13 precedes the first day of the month coincident with or next  
14 following the month the member would have attained his  
15 55th birthday; or
- 16 2. The service retirement allowance as computed under G.S.  
17 135-5(b15)(1)a. reduced by five percent (5%) times the  
18 difference between 30 years and his creditable service at  
19 retirement.
- 20 (2) A member who is not a law enforcement officer or an eligible former  
21 law 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 65th birthday upon the completion of five years of creditable  
25 service or after the completion of 30 years of creditable service  
26 or on or after his 60th birthday upon the completion of 25 years  
27 of creditable service, the allowance shall be equal to one and  
28 seventy-three hundredths percent (1.73%) of his average final  
29 compensation, multiplied by the number of years of creditable  
30 service.
- 31 b. If the member's service retirement date occurs after his 60th and  
32 before his 65th birthday and prior to his completion of 25 years  
33 or more of creditable service, his retirement allowance shall be  
34 computed as in G.S. 135-5(b15)(2)a. but shall be reduced by one-  
35 quarter of one percent ( $\frac{1}{4}$  of 1%) thereof for each month by  
36 which his retirement date precedes the first day of the month  
37 coincident with or next following his 65th birthday.
- 38 c. If the member's early service retirement date occurs on or after  
39 his 50th birthday and before his 60th birthday and after  
40 completion of 20 years of creditable service but prior to the  
41 completion of 30 years of creditable service, his early service  
42 retirement allowance shall be equal to the greater of:

- 1 1. The service retirement allowance as computed under G.S.  
2 135-5(b15)(2)a. but reduced by the sum of five-twelfths of  
3 one percent (5/12 of 1%) thereof for each month by which  
4 his retirement date precedes the first day of the month  
5 coincident with or next following the month the member  
6 would have attained his 60th birthday, plus one-quarter of  
7 one percent (1/4 of 1%) thereof for each month by which  
8 his 60th birthday precedes the first day of the month  
9 coincident with or next following his 65th birthday; or
- 10 2. The service retirement allowance as computed under G.S.  
11 135-5(b15)(2)a. reduced by five percent (5%) times the  
12 difference between 30 years and his creditable service at  
13 retirement; or
- 14 3. If the member's creditable service commenced prior to  
15 July 1, 1994, the service retirement allowance provided by  
16 G.S. 135-5(b14)(2)c.
- 17 d. Notwithstanding the foregoing provisions, any member whose  
18 creditable service commenced prior to July 1, 1963, shall not  
19 receive less than the benefit provided by G.S. 135-5(b)."

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

21 "(b16) Service Retirement Allowance of Members Retiring on or after July 1,  
22 1995. – Upon retirement from service in accordance with subsection (a) or (a1) above, on  
23 or after July 1, 1995, a member shall receive the following service retirement allowance:

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

- 27 a. If the member's service retirement date occurs on or after his  
28 55th birthday, and completion of five years of creditable service  
29 as a law enforcement officer, or after the completion of 30 years  
30 of creditable service, the allowance shall be equal to one and  
31 seventy-five hundredths percent (1.75%) of his average final  
32 compensation, multiplied by the number of years of his  
33 creditable service.
- 34 b. If the member's service retirement date occurs on or after his  
35 50th birthday and before his 55th birthday with 15 or more years  
36 of creditable service as a law enforcement officer and prior to the  
37 completion of 30 years of creditable service, his retirement  
38 allowance shall be equal to the greater of:
  - 39 1. The service retirement allowance payable under G.S. 135-  
40 5(b15)(1)a. reduced by one-third of one percent (1/3 of  
41 1%) thereof for each month by which his retirement date  
42 precedes the first day of the month coincident with or next

- 1 following the month the member would have attained his  
2 55th birthday; or
- 3 2. The service retirement allowance as computed under G.S.  
4 135-5(b15)(1)a. reduced by five percent (5%) times the  
5 difference between 30 years and his creditable service at  
6 retirement.
- 7 (2) A member who is not a law enforcement officer or an eligible former  
8 law enforcement officer shall receive a service retirement allowance  
9 computed as follows:
- 10 a. If the member's service retirement date occurs on or after his  
11 65th birthday upon the completion of five years of creditable  
12 service or after the completion of 30 years of creditable service  
13 or on or after his 60th birthday upon the completion of 25 years  
14 of creditable service, the allowance shall be equal to one and  
15 seventy-five hundredths percent (1.75%) of his average final  
16 compensation, multiplied by the number of years of creditable  
17 service.
- 18 b. If the member's service retirement date occurs after his 60th and  
19 before his 65th birthday and prior to his completion of 25 years  
20 or more of creditable service, his retirement allowance shall be  
21 computed as in G.S. 135-5(b15)(2)a. but shall be reduced by one-  
22 quarter of one percent (1/4 of 1%) thereof for each month by  
23 which his retirement date precedes the first day of the month  
24 coincident with or next following his 65th birthday.
- 25 c. If the member's early service retirement date occurs on or after  
26 his 50th birthday and before his 60th birthday and after  
27 completion of 20 years of creditable service but prior to the  
28 completion of 30 years of creditable service, his early service  
29 retirement allowance shall be equal to the greater of:
- 30 1. The service retirement allowance as computed under G.S.  
31 135-5(b15)(2)a. but reduced by the sum of five-twelfths of  
32 one percent (5/12 of 1%) thereof for each month by which  
33 his retirement date precedes the first day of the month  
34 coincident with or next following the month the member  
35 would have attained his 60th birthday, plus one-quarter of  
36 one percent (1/4 of 1%) thereof for each month by which  
37 his 60th birthday precedes the first day of the month  
38 coincident with or next following his 65th birthday; or
- 39 2. The service retirement allowance as computed under G.S.  
40 135-5(b15)(2)a. reduced by five percent (5%) times the  
41 difference between 30 years and his creditable service at  
42 retirement; or

1                   3.     If the member's creditable service commenced prior to  
2                   July 1, 1994, the service retirement allowance provided by  
3                   G.S. 135-5(b14)(2)c.

4                   d.     Notwithstanding the foregoing provisions, any member whose  
5                   creditable service commenced prior to July 1, 1963, shall not  
6                   receive less than the benefit provided by G.S. 135-5(b)."

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

8                   "(zz) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 1995. –  
9                   From and after July 1, 1995, the retirement allowance to or on account of beneficiaries on  
10                   the retirement rolls as of June 1, 1994, shall be increased by one and two-tenths of one  
11                   percent (1.2%) of the allowance payable on June 1, 1995. This allowance shall be  
12                   calculated on the allowance payable and in effect on June 30, 1995, so as not to be  
13                   compounded on any other increase granted by act of the 1995 General Assembly."

14                   Sec. 4. G.S. 135-5 is amended by adding a new subsection to read:

15                   "(aaa)From and after July 1, 1995, the retirement allowance to or on account of  
16                   beneficiaries whose retirement commenced on or before July 1, 1994, shall be increased  
17                   by two percent (2.0%) of the allowance payable on July 1, 1994, in accordance with G.S.  
18                   135-5(o). Furthermore, from and after July 1, 1995, the retirement allowance to or on  
19                   account of beneficiaries whose retirement commenced after July 1, 1994, but before June  
20                   30, 1995, shall be increased by a prorated amount of two percent (2.0%) of the allowance  
21                   payable as determined by the Board of Trustees based upon the number of months that a  
22                   retirement allowance was paid between July 1, 1994, and June 30, 1995."

23                   Sec. 5. G.S. 135-65 is amended by adding a new subsection to read:

24                   "(p) From and after July 1, 1995, the retirement allowance to or on account of  
25                   beneficiaries whose retirement commenced on or before July 1, 1994, shall be increased  
26                   by two percent (2.0%) of the allowance payable on July 1, 1994. Furthermore, from and  
27                   after July 1, 1995, the retirement allowance to or on account of beneficiaries whose  
28                   retirement commenced after July 1, 1994, but before June 30, 1995, shall be increased by  
29                   a prorated amount of two percent (2.0%) of the allowance payable as determined by the  
30                   Board of Trustees based upon the number of months that a retirement allowance was paid  
31                   between July 1, 1994, and June 30, 1995."

32                   Sec. 6. G.S. 120-4.22A is amended by adding a new subsection to read:

33                   "(j) In accordance with subsection (a) of this section, from and after July 1, 1995,  
34                   the retirement allowance to or on account of beneficiaries whose retirement commenced  
35                   on or before January 1, 1995, shall be increased by two percent (2.0%) of the allowance  
36                   payable on January 1, 1995. Furthermore, from and after July 1, 1995, the retirement  
37                   allowance to or on account of beneficiaries whose retirement commenced after January 1,  
38                   1995, but before June 30, 1995, shall be increased by a prorated amount of two percent  
39                   (2.0%) of the allowance payable as determined by the Board of Trustees based upon the  
40                   number of months that a retirement allowance was paid between January 1, 1995, and  
41                   June 30, 1995."

42                   Sec. 7. Required employer salary-related contributions for employees whose  
43 salaries are paid from department, office, institution, or agency receipts shall be paid

1 from the same source as the source of the employees' salary. If an employee's salary is  
2 paid in part from the General Fund or Highway Fund and in part from department, office,  
3 institution, or agency receipts, required employer salary-related contributions may be  
4 paid from the General Fund or Highway Fund only to the extent of the proportionate part  
5 paid from the General Fund or Highway Fund in support of the salary of the employee,  
6 and the remainder of the employer's requirements shall be paid from the source that  
7 supplies the remainder of the employee's salary. The requirements of this section as to  
8 source of payment are also applicable to payments on behalf of the employee for  
9 hospital-medical benefits, longevity pay, unemployment compensation, accumulated  
10 leave, workers' compensation, severance pay, separation allowances, and applicable  
11 disability income and disability salary continuation benefits.

12       Sec. 8. Effective July 1, 1995, the State's employer contribution rates budgeted  
13 for retirement and related benefits as a percentage of covered salaries for the 1995-96  
14 fiscal year are (i) ten and ninety-six hundredths percent (10.96%) - Teachers and State  
15 Employees; (ii) fifteen and ninety-six hundredths percent (15.96%) - State Law  
16 Enforcement Officers; (iii) nine percent (9.00%) - University Employees' Optional  
17 Retirement Program; (iv) twenty-two and sixty-five hundredths percent (22.65%) -  
18 Consolidated Judicial Retirement System; and (v) thirty-six and seven hundredths percent  
19 (36.07%) - Legislative Retirement System. Each of the foregoing contribution rates  
20 includes two percent (2%) for hospital and medical benefits. The rate for State Law  
21 Enforcement Officers includes five percent (5%) for the Supplemental Retirement  
22 Income Plan. The rates for Teachers and State Employees, State Law Enforcement  
23 Officers, and for the University Employees' Optional Retirement Program include fifty-  
24 two hundredths percent (0.52%) for the Disability Income Plan.

25       Sec. 9. The 1995 General Assembly authorizes the Board of Trustees of the  
26 Teachers' and State Employees' Retirement System to adopt a fixed amortization period  
27 of nine years for purposes of the unfunded accrued liability for the Retirement System.

28       Sec. 10. G.S. 128-24(5) reads as rewritten:

29       "(5) The provisions of this subdivision (5) shall apply to any member whose  
30 membership is terminated on or after July 1, 1965, and who becomes  
31 entitled to benefits hereunder in accordance with the provisions hereof.

32       a. Notwithstanding any other provision of this Chapter, any  
33 member who separates from service prior to the attainment of the  
34 age of 60 years for any reason other than death or retirement for  
35 disability as provided in G.S. 128-27(c), after completing 15 or  
36 more years of creditable service, and who leaves his total  
37 accumulated contributions in said System shall have the right to  
38 retire on a deferred retirement allowance upon attaining the age  
39 of 60 years; provided that such member may retire only upon  
40 written application to the Board of Trustees setting forth at what  
41 time, not less than one day nor more than 90 days subsequent to  
42 the execution and filing thereof, he desires to be retired; and  
43 further provided that in the case of a member who so separates

1 from service on or after July 1, 1967, the aforesated requirement  
 2 of 15 or more years of creditable service shall be reduced to 12 or  
 3 more years of creditable service; and further provided that in the  
 4 case of a member who so separates from service on or after July  
 5 1, 1971, or whose account is active on July 1, 1971, the  
 6 aforesated requirement of 12 or more years of creditable service  
 7 shall be reduced to five or more years of creditable service. Such  
 8 deferred retirement allowance shall be computed in accordance  
 9 with the service retirement provisions of this Article pertaining to  
 10 a member who is not a law enforcement officer or eligible former  
 11 law enforcement officer.

12 b. In lieu of the benefits provided in paragraph a of this subdivision,  
 13 any member who separates from service prior to the attainment  
 14 of the age of 60 years, for any reason other than death or  
 15 retirement for disability as provided in G.S. 128-27(c), after  
 16 completing 20 or more years of creditable service, and who  
 17 leaves his total accumulated contributions in said System may  
 18 elect to retire on an early retirement allowance upon attaining the  
 19 age of 50 years or at any time thereafter; provided that such  
 20 member may so retire only upon written application to the Board  
 21 of Trustees setting forth at what time, not less than one day nor  
 22 more than 90 days subsequent to the execution and filing thereof,  
 23 he desires to be retired. Such early retirement allowance so  
 24 elected shall be equal to the deferred retirement allowance  
 25 otherwise payable at the attainment of the age of 60 years  
 26 reduced by the percentage thereof indicated below. Age at

Percentage	Reduction
Retirement	
59	7
58	14
57	20
56	25
55	30
54	35
53	39
52	43
51	46
50	50b1.

39 of the benefits provided in paragraphs a and b of this subdivision, any member who is a  
 40 law enforcement officer at the time of separation from service prior to the attainment of  
 41 the age of 50 years, for any reason other than death or disability as provided in this  
 42 Article, after completing 15 or more years of creditable service in this capacity  
 43 immediately prior to separation from service, and who leaves his total accumulated

1 contributions in this System, may elect to retire on a deferred early retirement allowance  
2 upon attaining the age of 50 years or at any time thereafter; provided, that the member  
3 may commence retirement only upon written application to the Board of Trustees setting  
4 forth at what time, as of the first day of a calendar month, not less than one day nor more  
5 than 90 days subsequent to the execution and filing thereof, he desires to commence  
6 retirement. The deferred early retirement allowance shall be computed in accordance with  
7 the service retirement provisions of this Article pertaining to law enforcement officers.

8           b2. In lieu of the benefits provided in paragraphs a and b of this  
9 subdivision, any member who is a law enforcement officer at the  
10 time of separation from service prior to the attainment of the age  
11 of 55 years, for any reason other than death or disability as  
12 provided in this Article, after completing five or more years of  
13 creditable service in this capacity immediately prior to separation  
14 from service, and who leaves his total accumulated contributions  
15 in this System may elect to retire on a deferred service retirement  
16 allowance upon attaining the age of 55 years or at any time  
17 thereafter; provided, that the member may commence retirement  
18 only upon written application to the Board of Trustees setting  
19 forth at what time, as of the first day of a calendar month not less  
20 than one day nor more than 90 days subsequent to the execution  
21 and filing thereof, he desires to commence retirement. The  
22 deferred service retirement allowance shall be computed in  
23 accordance with the service retirement provisions of this Article  
24 pertaining to law enforcement officers.

25           b3. Vested deferred retirement allowance of members retiring on or  
26 after July 1, 1995. – In lieu of the benefits provided in paragraphs  
27 a. and b. of this subdivision, any member who separates from  
28 service prior to attainment of age 60 years, after completing 20 or  
29 more years of creditable service, and who leaves his total  
30 accumulated contributions in said System, may elect to retire on  
31 a deferred retirement allowance upon attaining the age of 50  
32 years or any time thereafter; provided that such member may so  
33 retire only upon written application to the Board of Trustees  
34 setting forth at what time, not less than one day nor more than 90  
35 days subsequent to the execution and filing thereof, he desires to  
36 be retired. Such deferred retirement allowance shall be  
37 computed in accordance with the service retirement provisions of  
38 this Article pertaining to a member who is not a law enforcement  
39 officer or an eligible former law enforcement officer.

40           c. Should a beneficiary who retired on an early or service  
41 retirement allowance be reemployed, or otherwise engaged to  
42 perform services, by an employer participating in the Retirement  
43 System on a part-time, temporary, interim, or on fee-for-service



1 basis, whether contractual or otherwise, and if such beneficiary  
2 earns an amount in any calendar year which exceeds fifty percent  
3 (50%) of the reported compensation, excluding terminal  
4 payments, during the 12 months of service preceding the  
5 effective date of retirement, or twenty thousand dollars  
6 (\$20,000), whichever is greater, as hereinafter indexed, then the  
7 retirement allowance shall be suspended as of the first day of the  
8 month following the month in which the reemployment earnings  
9 exceed the amount above, for the balance of the calendar year.  
10 The retirement allowance of the beneficiary shall be reinstated as  
11 of January 1 of each year following suspension. The amount that  
12 may be earned before suspension shall be increased on January 1  
13 of each year by the ratio of the Consumer Price Index to the  
14 Index one year earlier, calculated to the nearest tenth of a percent  
15 (1/10 of 1%).

- 16 d. Should a beneficiary who retired on an early or service  
17 retirement allowance be restored to service as an employee, then  
18 the retirement allowance shall cease as of the first day of the  
19 month following the month in which the beneficiary is restored  
20 to service and the beneficiary shall become a member of the  
21 Retirement System and shall contribute thereafter as allowed by  
22 law at the uniform contribution payable by all members.

23 Upon his subsequent retirement, he shall be paid a retirement  
24 allowance determined as follows:

- 25 1. For a member who earns at least three years' membership  
26 service after restoration to service, the retirement  
27 allowance shall be computed on the basis of his  
28 compensation and service before and after the period of  
29 prior retirement without restriction; provided, that if the  
30 prior allowance was based on a social security leveling  
31 payment option, the allowance shall be adjusted  
32 actuarially for the difference between the amount received  
33 under the optional payment and what would have been  
34 paid if the retirement allowance had been paid without  
35 optional modification.
- 36 2. For a member who does not earn three years' membership  
37 service after restoration to service, the retirement  
38 allowance shall be equal to the sum of the retirement  
39 allowance to which he would have been entitled had he  
40 not been restored to service, without modification of the  
41 election of an optional allowance previously made, and  
42 the retirement allowance that results from service earned  
43 since being restored to service; provided, that if the prior

1 retirement allowance was based on a social security  
2 leveling payment option, the prior allowance shall be  
3 adjusted actuarially for the difference between the amount  
4 that would have been paid for each month had the  
5 payment not been suspended and what would have been  
6 paid if the retirement allowance had been paid without  
7 optional modification."

8 Sec. 11. G.S. 128-27(b14) reads as rewritten:

9 "(b14) Service Retirement Allowance of Members Retiring on or after July 1,  
10 1994.1994, but before July 1, 1995. – Upon retirement from service in accordance with  
11 subsection (a) or (a1) above, on or after July 1, 1994, but before July 1, 1995, a member  
12 shall 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 seventy-one hundredths percent (1.71%) of his average final  
21 compensation, multiplied by the number of years of his  
22 creditable service.

23 b. This 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, the allowance shall be equal to one and  
33 seventy-one hundredths percent (1.71%) of his average final  
34 compensation, multiplied by the number of years of creditable  
35 service.

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

38 Sec. 12. G.S. 128-27 is amended by adding a new subsection to read:

39 "(b15) Service Retirement Allowance of Members Retiring on or after July 1,  
40 1995. – Upon retirement from service in accordance with subsection (a) or (a1) above, on  
41 or after July 1, 1995, a member shall receive the following service retirement allowance:

- 1           (1) A member who is a law enforcement officer or an eligible former law  
2 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 55th birthday, and completion of five years of creditable service  
6 as a law enforcement officer, or after the completion of 30 years  
7 of creditable service, the allowance shall be equal to one and  
8 seventy-two hundredths percent (1.72%) of his average final  
9 compensation, multiplied by the number of years of his  
10 creditable service.
- 11           b. If the member's service retirement date occurs on or after his  
12 50th birthday and before his 55th birthday with 15 or more years  
13 of creditable service as a law enforcement officer and prior to the  
14 completion of 30 years of creditable service, his retirement  
15 allowance shall be equal to the greater of:
- 16               1. The service retirement allowance payable under G.S. 128-  
17 27(b15)(1)a. reduced by one-third of one percent (1/3 of  
18 1%) thereof for each month by which his retirement date  
19 precedes the first day of the month coincident with or next  
20 following the month the member would have attained his  
21 55th birthday; or
- 22               2. The service retirement allowance as computed under G.S.  
23 128-27(b15)(1)a. reduced by five percent (5%) times the  
24 difference between 30 years and his creditable service at  
25 retirement.
- 26           (2) A member who is not a law enforcement officer or an eligible former  
27 law enforcement officer shall receive a service retirement allowance  
28 computed as follows:
- 29           a. If the member's service retirement date occurs on or after his  
30 65th birthday upon the completion of five years of creditable  
31 service or after the completion of 30 years of creditable service  
32 or on or after his 60th birthday upon the completion of 25 years  
33 of creditable service, the allowance shall be equal to one and  
34 seventy-two hundredths percent (1.72%) of his average final  
35 compensation, multiplied by the number of years of creditable  
36 service.
- 37           b. If the member's service retirement date occurs after his 60th and  
38 before his 65th birthday and prior to his completion of 25 years  
39 or more of creditable service, his retirement allowance shall be  
40 computed as in G.S. 127-28(b15)(2)a. but shall be reduced by  
41 one-quarter of one percent (1/4 of 1%) thereof for each month by  
42 which his retirement date precedes the first day of the month  
43 coincident with or next following his 65th birthday.

- 1           c.     If the member's early service retirement date occurs on or after  
2           his 50th birthday and before his 60th birthday and after  
3           completion of 20 years of creditable service but prior to the  
4           completion of 30 years of creditable service, his early service  
5           retirement allowance shall be equal to the greater of:
- 6               1.     The service retirement allowance as computed under G.S.  
7               128-27(b15)(2)a. but reduced by the sum of five-twelfths  
8               of one percent (5/12 of 1%) thereof for each month by  
9               which his retirement date precedes the first day of the  
10              month coincident with or next following the month the  
11              member would have attained his 60th birthday, plus one-  
12              quarter of one percent (1/4 of 1%) thereof for each month  
13              by which his 60th birthday precedes the first day of the  
14              month coincident with or next following his 65th birthday;  
15              or
- 16              2.     The service retirement allowance as computed under G.S.  
17              128-27(b15)(2)a. reduced by five percent (5%) times the  
18              difference between 30 years and his creditable service at  
19              retirement; or
- 20              3.     If the member's creditable service commenced prior to  
21              July 1, 1995, the service retirement allowance provided by  
22              G.S. 128-27(b14)(2)c.
- 23           d.     Notwithstanding the foregoing provisions, any member whose  
24           creditable service commenced prior to July 1, 1963, shall not  
25           receive less than the benefit provided by G.S. 127-28(b)."

26           Sec. 13. G.S. 128-27 is amended by adding three new subsections to read:

27           "(oo) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 1995. –  
28           From and after July 1, 1995, the retirement allowance to or on account of beneficiaries on  
29           the retirement rolls as of June 1, 1995, shall be increased by six-tenths of one percent  
30           (0.6%) of the allowance payable on June 1, 1995. This allowance shall be calculated on  
31           the allowance payable and in effect on June 30, 1995, so as not to be compounded on any  
32           other increase payable under subsection (k) of this section or otherwise granted by act of  
33           the 1995 General Assembly.

34           (pp) From and after July 1, 1995, the retirement allowance to or on account of  
35           beneficiaries whose retirement commenced on or before July 1, 1993, shall be increased  
36           by seven-tenths of one percent (0.7%) of the allowance payable on July 1, 1993, in  
37           accordance with G.S. 128-27(k). Furthermore, from and after July 1, 1994, the retirement  
38           allowance to or on account of beneficiaries whose retirement commenced after July 1,  
39           1993, but before June 30, 1994, shall be increased by a prorated amount of seven-tenths  
40           of one percent (0.7%) of the allowance payable as determined by the Board of Trustees  
41           based upon the number of months that a retirement allowance was paid between July 1,  
42           1993, and June 30, 1994.

1        (qq) From and after July 1, 1995, the retirement allowance to or on account of  
2 beneficiaries whose retirement commenced on or before July 1, 1994, shall be increased  
3 by two percent (2.0%) of the allowance payable on July 1, 1994, in accordance with G.S.  
4 128-27(k). Furthermore, from and after July 1, 1995, the retirement allowance to or on  
5 account of beneficiaries whose retirement commenced after July 1, 1994, but before June  
6 30, 1995, shall be increased by a prorated amount of two percent (2.0%) of the allowance  
7 payable as determined by the Board of Trustees based upon the number of months that a  
8 retirement allowance was paid between July 1, 1994, and June 30, 1995."

9        Sec. 14. G.S 128-27(m) reads as rewritten:

10        "(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the  
11 principal beneficiary designated to receive a return of accumulated contributions shall  
12 have the right to elect to receive in lieu thereof the reduced retirement allowance  
13 provided by Option two of subsection (g) above computed by assuming that the member  
14 had retired on the first day of the month following the date of his death, provided that all  
15 three of the following conditions apply:

16        ~~(1) The member had attained such age and/or creditable service to be~~  
17 ~~eligible to commence retirement with an early or service retirement~~  
18 ~~allowance or had attained 20 years of creditable service.~~

19        (1) a. The member had attained such age and/or creditable service to be  
20 eligible to commence retirement with an early or service retirement  
21 allowance, or

22        b. The member had obtained 20 years of creditable service in which  
23 case the retirement allowance shall be computed in accordance  
24 with G.S. 135-5(b15)(1)b. or G.S. 135-5(b15)(2)c.,  
25 notwithstanding the requirement of obtaining age 50.

26        (2) The member had designated as the principal beneficiary to receive a  
27 return of his accumulated contributions one and only one person who is  
28 living at the time of his death.

29        (3) The member had not instructed the Board of Trustees in writing that he  
30 did not wish the provisions of this subsection apply.

31        For the purpose of this benefit, a member is considered to be in service at the date of  
32 his death if his death occurs within 180 days from the last day of his actual service. The  
33 last day of actual service shall be determined as provided in subsection (l) of this  
34 section. Upon the death of a member in service, the surviving spouse may make all  
35 purchases for creditable service as provided for under this Chapter for which the member  
36 had made application in writing prior to the date of death, provided that the date of death  
37 occurred prior to or within 60 days after notification of the cost to make the purchase."

38        Sec. 15. This act becomes effective July 1, 1995.