

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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SENATE BILL 290

Pensions and Retirement/Insurance/State Personnel Committee Substitute Adopted
5/4/95

Short Title: 1995 Retirement Benefits Act/AB.

(Public)

Sponsors:

Referred to: Appropriations

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, AND TO CHANGE THE
8 INSURANCE BENEFITS FOR STATE AND LOCAL GOVERNMENTAL LAW
9 ENFORCEMENT OFFICERS.
10

11 The General Assembly of North Carolina enacts:

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

13 "(b15) Service Retirement Allowance of Members Retiring on or after July 1,
14 ~~1994-1994, but before July 1, 1995.~~ – Upon retirement from service in accordance with
15 subsection (a) or (a1) above, on or after July 1, 1994, but before July 1, 1995, a member
16 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-three hundredths percent (1.73%) 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. 135-
17 5(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.
23 135-5(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-three hundredths percent (1.73%) 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. 135-5(b15)(2)a. but shall be reduced by one-
41 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.
7 135-5(b15)(2)a. but reduced by the sum of five-twelfths of
8 one percent (5/12 of 1%) thereof for each month by which
9 his retirement date precedes the first day of the month
10 coincident with or next following the month the member
11 would have attained his 60th birthday, plus one-quarter of
12 one percent (1/4 of 1%) thereof for each month by which
13 his 60th birthday precedes the first day of the month
14 coincident with or next following his 65th birthday; or
 - 15 2. The service retirement allowance as computed under G.S.
16 135-5(b15)(2)a. reduced by five percent (5%) times the
17 difference between 30 years and his creditable service at
18 retirement; or
 - 19 3. If the member's creditable service commenced prior to
20 July 1, 1994, the service retirement allowance provided by
21 G.S. 135-5(b14)(2)c.
- 22 d. Notwithstanding the foregoing provisions, any member whose
23 creditable service commenced prior to July 1, 1963, shall not
24 receive less than the benefit provided by G.S. 135-5(b)."

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

26 "(b16) Service Retirement Allowance of Members Retiring on or After July 1,
27 1995. – Upon retirement from service in accordance with subsection (a) or (a1) above, on
28 or after July 1, 1995, a member shall receive the following service retirement allowance:

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

- 32 a. If the member's service retirement date occurs on or after his
33 55th birthday, and completion of five years of creditable service
34 as a law enforcement officer, or after the completion of 30 years
35 of creditable service, the allowance shall be equal to one and
36 seventy-five hundredths percent (1.75%) of his average final
37 compensation, multiplied by the number of years of his
38 creditable service.
- 39 b. If the member's service retirement date occurs on or after his
40 50th birthday and before his 55th birthday with 15 or more years
41 of creditable service as a law enforcement officer and prior to the
42 completion of 30 years of creditable service, his retirement
43 allowance shall be equal to the greater of:

- 1 1. The service retirement allowance payable under G.S. 135-
2 5(b16)(1)a. reduced by one-third of one percent (1/3 of
3 1%) thereof for each month by which his retirement date
4 precedes the first day of the month coincident with or next
5 following the month the member would have attained his
6 55th birthday; or
- 7 2. The service retirement allowance as computed under G.S.
8 135-5(b16)(1)a. reduced by five percent (5%) times the
9 difference between 30 years and his creditable service at
10 retirement.
- 11 (2) A member who is not a law enforcement officer or an eligible former
12 law enforcement officer shall receive a service retirement allowance
13 computed as follows:
- 14 a. If the member's service retirement date occurs on or after his
15 65th birthday upon the completion of five years of creditable
16 service or after the completion of 30 years of creditable service
17 or on or after his 60th birthday upon the completion of 25 years
18 of creditable service, the allowance shall be equal to one and
19 seventy-five hundredths percent (1.75%) of his average final
20 compensation, multiplied by the number of years of creditable
21 service.
- 22 b. If the member's service retirement date occurs after his 60th and
23 before his 65th birthday and prior to his completion of 25 years
24 or more of creditable service, his retirement allowance shall be
25 computed as in G.S. 135-5(b16)(2)a. but shall be reduced by one-
26 quarter of one percent (1/4 of 1%) thereof for each month by
27 which his retirement date precedes the first day of the month
28 coincident with or next following his 65th birthday.
- 29 c. If the member's early service retirement date occurs on or after
30 his 50th birthday and before his 60th birthday and after
31 completion of 20 years of creditable service but prior to the
32 completion of 30 years of creditable service, his early service
33 retirement allowance shall be equal to the greater of:
- 34 1. The service retirement allowance as computed under G.S.
35 135-5(b16)(2)a. but reduced by the sum of five-twelfths of
36 one percent (5/12 of 1%) thereof for each month by which
37 his retirement date precedes the first day of the month
38 coincident with or next following the month the member
39 would have attained his 60th birthday, plus one-quarter of
40 one percent (1/4 of 1%) thereof for each month by which
41 his 60th birthday precedes the first day of the month
42 coincident with or next following his 65th birthday; or

1 2. The service retirement allowance as computed under G.S.
2 135-5(b16)(2)a. reduced by five percent (5%) times the
3 difference between 30 years and his creditable service at
4 retirement; or

5 3. If the member's creditable service commenced prior to
6 July 1, 1994, the service retirement allowance equal to the
7 actuarial equivalent of the allowance payable at the age of
8 60 years as computed in G.S. 135-5(b16)(2)b.

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

12 Sec. 3. G.S. 135-5(m) reads as rewritten:

13 "(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the
14 principal beneficiary designated to receive a return of accumulated contributions shall
15 have the right to elect to receive in lieu thereof the reduced retirement allowance
16 provided by Option 2 of subsection (g) above computed by assuming that the member
17 had retired on the first day of the month following the date of his death, provided that the
18 following conditions apply:

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.~~ G.S. 135-5(b16)(1)b. or ~~G.S. 135-~~
25 ~~5(b15)(2)c.,~~ G.S. 135-5(b16)(2)c., notwithstanding the
26 requirement of obtaining age 50.

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

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

32 For the purpose of this benefit, a member is considered to be in service at the date of
33 his death if his death occurs within 180 days from the last day of his actual service. The
34 last day of actual service shall be determined as provided in subsection (l) of this
35 section. Upon the death of a member in service, the surviving spouse may make all
36 purchases for creditable service as provided for under this Chapter for which the member
37 had made application in writing prior to the date of death, provided that the date of death
38 occurred prior to or within 60 days after notification of the cost to make the purchase.
39 The term "in service" as used in this subsection includes a member in receipt of a benefit
40 under the Disability Income Plan as provided in Article 6 of this Chapter."

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

42 "(zz) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 1995. –
43 From and after July 1, 1995, the retirement allowance to or on account of beneficiaries on

1 the retirement rolls as of June 1, 1995, shall be increased by one and two-tenths of one
2 percent (1.2%) of the allowance payable on June 1, 1995. This allowance shall be
3 calculated on the allowance payable and in effect on June 30, 1995, so as not to be
4 compounded on any other increase granted by act of the 1995 General Assembly."

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

6 "(aaa) From and after July 1, 1995, the retirement allowance to or on account of
7 beneficiaries whose retirement commenced on or before July 1, 1994, shall be increased
8 by two percent (2.0%) of the allowance payable on July 1, 1994, in accordance with G.S.
9 135-5(o). Furthermore, from and after July 1, 1995, the retirement allowance to or on
10 account of beneficiaries whose retirement commenced after July 1, 1994, but before June
11 30, 1995, shall be increased by a prorated amount of two percent (2.0%) of the allowance
12 payable as determined by the Board of Trustees based upon the number of months that a
13 retirement allowance was paid between July 1, 1994, and June 30, 1995."

14 Sec. 6. G.S. 135-65 is amended by adding a new subsection to read:

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

23 Sec. 7. G.S. 120-4.22A is amended by adding a new subsection to read:

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

33 Sec. 8. Required employer salary-related contributions for employees whose
34 salaries are paid from department, office, institution, or agency receipts shall be paid
35 from the same source as the source of the employees' salary. If an employee's salary is
36 paid in part from the General Fund or Highway Fund and in part from department, office,
37 institution, or agency receipts, required employer salary-related contributions may be
38 paid from the General Fund or Highway Fund only to the extent of the proportionate part
39 paid from the General Fund or Highway Fund in support of the salary of the employee,
40 and the remainder of the employer's requirements shall be paid from the source that
41 supplies the remainder of the employee's salary. The requirements of this section as to
42 source of payment are also applicable to payments on behalf of the employee for
43 hospital-medical benefits, longevity pay, unemployment compensation, accumulated

1 leave, workers' compensation, severance pay, separation allowances, and applicable
2 disability income and disability salary continuation benefits.

3 Sec. 9. Effective July 1, 1995, the State's employer contribution rates budgeted
4 for retirement and related benefits as a percentage of covered salaries for the 1995-96
5 fiscal year are (i) ten and ninety-six hundredths percent (10.96%) - Teachers and State
6 Employees; (ii) fifteen and ninety-six hundredths percent (15.96%) - State Law
7 Enforcement Officers; (iii) nine and ten hundredths percent (9.10%) - University
8 Employees' Optional Retirement Program; (iv) twenty-two and sixty-five hundredths
9 percent (22.65%) - Consolidated Judicial Retirement System; and (v) thirty-six and seven
10 hundredths percent (36.07%) - Legislative Retirement System. Each of the foregoing
11 contribution rates includes two percent (2%) for hospital and medical benefits. The rate
12 for State Law Enforcement Officers includes five percent (5%) for the Supplemental
13 Retirement Income Plan. The rates for Teachers and State Employees, State Law
14 Enforcement Officers, and for the University Employees' Optional Retirement Program
15 include fifty-two hundredths percent (0.52%) for the Disability Income Plan.

16 Sec. 10. The 1995 General Assembly authorizes the Board of Trustees of the
17 Teachers' and State Employees' Retirement System to adopt a fixed amortization period
18 of nine years for purposes of the unfunded accrued liability for the Retirement System.

19 Sec. 11. G.S. 128-24(5) reads as rewritten:

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

- 23 a. Notwithstanding any other provision of this Chapter, any
24 member who separates from service prior to the attainment of the
25 age of 60 years for any reason other than death or retirement for
26 disability as provided in G.S. 128-27(c), after completing 15 or
27 more years of creditable service, and who leaves his total
28 accumulated contributions in said System shall have the right to
29 retire on a deferred retirement allowance upon attaining the age
30 of 60 years; provided that such member may retire only upon
31 written application to the Board of Trustees setting forth at what
32 time, not less than one day nor more than 90 days subsequent to
33 the execution and filing thereof, he desires to be retired; and
34 further provided that in the case of a member who so separates
35 from service on or after July 1, 1967, the aforesated requirement
36 of 15 or more years of creditable service shall be reduced to 12 or
37 more years of creditable service; and further provided that in the
38 case of a member who so separates from service on or after July
39 1, 1971, or whose account is active on July 1, 1971, the
40 aforesated requirement of 12 or more years of creditable service
41 shall be reduced to five or more years of creditable service. Such
42 deferred retirement allowance shall be computed in accordance
43 with the service retirement provisions of this Article pertaining to

a member who is not a law enforcement officer or eligible former law enforcement officer.

b. In lieu of the benefits provided in paragraph a of this subdivision, any member who separates from service prior to the attainment of the age of 60 years, for any reason other than death or retirement for disability as provided in G.S. 128-27(c), after completing 20 or more years of creditable service, and who leaves his total accumulated contributions in said System may elect to retire on an early retirement allowance upon attaining the age of 50 years or at any time thereafter; provided that such member may so retire only upon written application to the Board of Trustees setting forth at what time, not less than one day nor more than 90 days subsequent to the execution and filing thereof, he desires to be retired. 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. Age at

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

of the benefits provided in paragraphs a and b of this subdivision, any member who is a law enforcement officer at the time of separation from service prior to the attainment of the age of 50 years, for any reason other than death or disability as provided in this Article, after completing 15 or more years of creditable service in this capacity immediately prior to separation from service, and who leaves his total accumulated contributions in this System, may elect to retire on a deferred early retirement allowance upon attaining the age of 50 years or at any time thereafter; provided, that the member may commence retirement only upon written application to the Board of Trustees setting forth at what time, as of the first day of a calendar month, not less than one day nor more than 90 days subsequent to the execution and filing thereof, he desires to commence retirement. The deferred early retirement allowance shall be computed in accordance with the service retirement provisions of this Article pertaining to law enforcement officers.

b2. In lieu of the benefits provided in paragraphs a and b of this subdivision, any member who is a law enforcement officer at the

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

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

31 c. Should a beneficiary who retired on an early or service
32 retirement allowance be reemployed, or otherwise engaged to
33 perform services, by an employer participating in the Retirement
34 System on a part-time, temporary, interim, or on fee-for-service
35 basis, whether contractual or otherwise, and if such beneficiary
36 earns an amount in any calendar year which exceeds fifty percent
37 (50%) of the reported compensation, excluding terminal
38 payments, during the 12 months of service preceding the
39 effective date of retirement, or twenty thousand dollars
40 (\$20,000), whichever is greater, as hereinafter indexed, then the
41 retirement allowance shall be suspended as of the first day of the
42 month following the month in which the reemployment earnings
43 exceed the amount above, for the balance of the calendar year.

1 The retirement allowance of the beneficiary shall be reinstated as
2 of January 1 of each year following suspension. The amount that
3 may be earned before suspension shall be increased on January 1
4 of each year by the ratio of the Consumer Price Index to the
5 Index one year earlier, calculated to the nearest tenth of a percent
6 (1/10 of 1%).

- 7 d. Should a beneficiary who retired on an early or service
8 retirement allowance be restored to service as an employee, then
9 the retirement allowance shall cease as of the first day of the
10 month following the month in which the beneficiary is restored
11 to service and the beneficiary shall become a member of the
12 Retirement System and shall contribute thereafter as allowed by
13 law at the uniform contribution payable by all members.

14 Upon his subsequent retirement, he shall be paid a retirement
15 allowance determined as follows:

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

42 Sec. 12. G.S. 128-27(b14) reads as rewritten:

1 "(b14) Service Retirement Allowance of Members Retiring on or after July 1,
2 ~~1994.1994, but before July 1, 1995.~~ – Upon retirement from service in accordance with
3 subsection (a) or (a1) above, on or after July 1, 1994, but before July 1, 1995, a member
4 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-one hundredths percent (1.71%) 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-one hundredths percent (1.71%) 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. 13. G.S. 128-27 is amended by adding a new subsection to read:

31 "(b15) Service Retirement Allowance of Members Retiring on or After July 1,
32 1995. – Upon retirement from service in accordance with subsection (a) or (a1) above, on
33 or after July 1, 1995, a member shall receive the following service retirement allowance:

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

37 a. If the member's service retirement date occurs on or after his
38 55th birthday, and completion of five years of creditable service
39 as a law enforcement officer, or after the completion of 30 years
40 of creditable service, the allowance shall be equal to one and
41 seventy-two hundredths percent (1.72%) of his average final
42 compensation, multiplied by the number of years of his
43 creditable service.

1 b. If the member's service retirement date occurs on or after his
2 50th birthday and before his 55th birthday with 15 or more years
3 of creditable service as a law enforcement officer and prior to the
4 completion of 30 years of creditable service, his retirement
5 allowance shall be equal to the greater of:

6 1. The service retirement allowance payable under G.S. 128-
7 27(b15)(1)a. reduced by one-third of one percent (1/3 of
8 1%) thereof for each month by which his retirement date
9 precedes the first day of the month coincident with or next
10 following the month the member would have attained his
11 55th birthday; or

12 2. The service retirement allowance as computed under G.S.
13 128-27(b15)(1)a. reduced by five percent (5%) times the
14 difference between 30 years and his creditable service at
15 retirement.

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

19 a. If the member's service retirement date occurs on or after his
20 65th birthday upon the completion of five years of creditable
21 service or after the completion of 30 years of creditable service
22 or on or after his 60th birthday upon the completion of 25 years
23 of creditable service, the allowance shall be equal to one and
24 seventy-two hundredths percent (1.72%) of his average final
25 compensation, multiplied by the number of years of creditable
26 service.

27 b. If the member's service retirement date occurs after his 60th and
28 before his 65th birthday and prior to his completion of 25 years
29 or more of creditable service, his retirement allowance shall be
30 computed as in G.S. 128-27(b15)(2)a. but shall be reduced by
31 one-quarter of one percent (1/4 of 1%) thereof for each month by
32 which his retirement date precedes the first day of the month
33 coincident with or next following his 65th birthday.

34 c. If the member's early service retirement date occurs on or after
35 his 50th birthday and before his 60th birthday and after
36 completion of 20 years of creditable service but prior to the
37 completion of 30 years of creditable service, his early service
38 retirement allowance shall be equal to the greater of:

39 1. The service retirement allowance as computed under G.S.
40 128-27(b15)(2)a. but reduced by the sum of five-twelfths
41 of one percent (5/12 of 1%) thereof for each month by
42 which his retirement date precedes the first day of the
43 month coincident with or next following the month the

1 member would have attained his 60th birthday, plus one-
2 quarter of one percent (1/4 of 1%) thereof for each month
3 by which his 60th birthday precedes the first day of the
4 month coincident with or next following his 65th birthday;

5 or

6 2. The service retirement allowance as computed under G.S.
7 128-27(b15)(2)a. reduced by five percent (5%) times the
8 difference between 30 years and his creditable service at
9 retirement; or

10 3. If the member's creditable service commenced prior to
11 July 1, 1995, the service retirement allowance equal to the
12 actuarial equivalent of the allowance payable at the age of
13 60 years as computed in G.S. 128-27(b15)(2)b.

14 d. Notwithstanding the foregoing provisions, any member whose
15 creditable service commenced prior to July 1, 1965, shall not
16 receive less than the benefit provided by G.S. 128-27(b)."

17 Sec. 14. G.S. 128-27 is amended by adding three new subsections to read:

18 "(oo) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 1995. –
19 From and after July 1, 1995, the retirement allowance to or on account of beneficiaries on
20 the retirement rolls as of June 1, 1995, shall be increased by six-tenths of one percent
21 (0.6%) of the allowance payable on June 1, 1995. This allowance shall be calculated on
22 the allowance payable and in effect on June 30, 1995, so as not to be compounded on any
23 other increase payable under subsection (k) of this section or otherwise granted by act of
24 the 1995 General Assembly.

25 (pp) From and after July 1, 1995, the retirement allowance to or on account of
26 beneficiaries whose retirement commenced on or before July 1, 1993, shall be increased
27 by seven-tenths of one percent (0.7%) of the allowance payable on July 1, 1993, in
28 accordance with G.S. 128-27(k). Furthermore, from and after July 1, 1995, the retirement
29 allowance to or on account of beneficiaries whose retirement commenced after July 1,
30 1993, but before June 30, 1994, shall be increased by a prorated amount of seven-tenths
31 of one percent (0.7%) of the allowance payable as determined by the Board of Trustees
32 based upon the number of months that a retirement allowance was paid between July 1,
33 1993, and June 30, 1994.

34 (qq) From and after July 1, 1995, the retirement allowance to or on account of
35 beneficiaries whose retirement commenced on or before July 1, 1994, shall be increased
36 by two percent (2.0%) of the allowance payable on July 1, 1994, in accordance with G.S.
37 128-27(k). Furthermore, from and after July 1, 1995, the retirement allowance to or on
38 account of beneficiaries whose retirement commenced after July 1, 1994, but before June
39 30, 1995, shall be increased by a prorated amount of two percent (2.0%) of the allowance
40 payable as determined by the Board of Trustees based upon the number of months that a
41 retirement allowance was paid between July 1, 1994, and June 30, 1995."

42 Sec. 15. G.S 128-27(m) reads as rewritten:

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

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

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

13 b. The member had obtained 20 years of creditable service in which
14 case the retirement allowance shall be computed in accordance
15 with G.S. 128-27(b15)(1)b. or G.S. 128-27(b15)(2)c.,
16 notwithstanding the requirement of obtaining age 50.

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

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

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

29 Sec. 16. Effective October 1, 1995, G.S. 143-166.60(d) reads as rewritten:

30 "(d) The Boards of Trustees shall ~~promulgate adopt such rules and regulations~~ as
31 are necessary to ~~establish~~ administer benefits under the Plan, within the availability of
32 funds, to provide:

33 ~~(1) An accident and sickness disability insurance benefit;~~

34 (2) A group life insurance benefit for participants employed by an employer
35 at the time of death, not to exceed ~~five-six~~ six thousand dollars ~~(\$5,000);~~
36 ~~(\$6,000);~~

37 (3) A group life insurance benefit for participants who are eligible former
38 officers, not to exceed ~~four-six~~ six thousand dollars ~~(\$4,000);~~ ~~(\$6,000);~~ and

39 (4) An accidental line-of-duty insurance death benefit not to exceed two
40 thousand one hundred dollars (\$2,100) in total on account of the death
41 of a participant caused by an accident while in the actual performance of
42 duty as an officer."

1 Sec. 17. Section 16 of this act becomes effective October 1, 1995. The
2 remainder of this act becomes effective July 1, 1995.