

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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SENATE BILL 733  
Second Edition Engrossed 6/8/95

Short Title: Out-of-State Retirement.

(Public)

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Sponsors: Senators Warren, Sherron, Hobbs, McKoy, Kerr, Martin of Guilford, Perdue, McDaniel, Hoyle, Dannelly, and Albertson.

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Referred to: Pensions and Retirement/Insurance/State Personnel

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April 17, 1995

1 A BILL TO BE ENTITLED  
2 AN ACT TO RESTORE THE PROVISION FOR PURCHASE OF OUT-OF-STATE  
3 SERVICE IN THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT  
4 SYSTEM AND THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT  
5 SYSTEM.

6 The General Assembly of North Carolina enacts:

7 Section 1. G.S. 128-26 is amended by adding a new subsection to read:

8 "(j2) Notwithstanding any other provision of this Chapter, any member and any  
9 retired member as herein described may purchase creditable service previously rendered  
10 to any state, territory, or other governmental subdivision of the United States other than  
11 this State by paying a total lump-sum payment determined as follows:

12 (1) For members who completed 10 years of prior and current membership  
13 service, and retired members who completed 10 years of prior and  
14 current membership service prior to retirement, and whose current  
15 membership began on or before January 1, 1988, and who make such  
16 purchase within three years after first becoming eligible, the cost shall  
17 be an amount equal to the monthly compensation the member earned  
18 when he first entered current membership service, times the employee

1           contribution rate at that time, times the months of service to be  
2           purchased, times two, with sufficient interest added thereto so as to  
3           equal the full cost of allowing such service, plus an administrative fee to  
4           be set by the Board of Trustees.

- 5           (2) For members who complete five years of prior and current membership  
6           service, and retired members who complete five years of prior and  
7           current membership service prior to retirement, and eligible members  
8           and retired members covered by subdivision (1) of this subsection,  
9           whose current membership began on or before January 1, 1988, but who  
10           did not or do not make such purchase within three years after first  
11           becoming eligible, the cost shall be an amount equal to the full liability  
12           of the service credits calculated on the basis of the assumptions used for  
13           the purposes of the actuarial valuation of the System's liabilities and  
14           shall take into account the retirement allowance arising on account of  
15           the additional service credits commencing at the earliest age at which  
16           the member could retire on an unreduced allowance, as determined by  
17           the Board of Trustees upon the advice of the consulting actuary, plus an  
18           administrative fee to be set by the Board of Trustees. Notwithstanding  
19           the foregoing provisions of this subsection that provide for the purchase  
20           of service credits, the term 'full liability' includes assumed  
21           postretirement allowance increases, as determined by the Board of  
22           Trustees, from the earliest age at which a member could retire on an  
23           unreduced service retirement allowance.

24 Creditable service under this subsection shall be allowed only at the rate of one year of  
25 out-of-state service for each two years of service in this State, with a maximum allowable  
26 of 10 years of out-of-state service. Such service is limited to full-time service which  
27 would be allowable under the laws governing this System. Credit will be allowed only if  
28 no benefit is allowable in another public retirement system as a result of the service."

29           Sec. 2. G.S. 135-4 is amended by adding a new subsection to read:

30           "(11) Notwithstanding any other provision of this Chapter, any member and any  
31 retired member as herein described may purchase creditable service previously rendered  
32 to any state, territory, or other governmental subdivision of the United States other than  
33 this State by paying a total lump-sum payment determined as follows:

- 34           (1) For members who completed 10 years of membership service, and  
35           retired members who completed 10 years of membership service prior  
36           to retirement, whose current membership began on or before July 1,  
37           1981, and who make such purchase within three years after first  
38           becoming eligible, the cost shall be an amount equal to the monthly  
39           compensation the member earned when he first entered current  
40           membership service, times the employee contribution rate at that time,  
41           times the months of service to be purchased, times two, with sufficient  
42           interest added thereto so as to equal the full cost of allowing such  
43           service, plus an administrative fee to be set by the Board of Trustees.

1           (2) For members who complete five years of membership service, and  
2 retired members who complete five years of membership service prior  
3 to retirement, and eligible members and retired members covered by  
4 subdivision (1) of this subsection, whose current membership began on  
5 or before July 1, 1981, but who did not or do not make such purchase  
6 within three years after first becoming eligible, the cost shall be an  
7 amount equal to the full liability of the service credits calculated on the  
8 basis of the assumptions used for the purposes of the actuarial valuation  
9 of the System's liabilities and shall take into account the retirement  
10 allowance arising on account of the additional service credits  
11 commencing at the earliest age at which the member could retire on an  
12 unreduced allowance, as determined by the Board of Trustees upon the  
13 advice of the consulting actuary, plus an administrative fee to be set by  
14 the Board of Trustees. Notwithstanding the foregoing provisions of this  
15 subsection that provide for the purchase of service credits, the term 'full  
16 liability' includes assumed postretirement allowance increases, as  
17 determined by the Board of Trustees, from the earliest age at which a  
18 member could retire on an unreduced service retirement allowance.

19 Creditable service under this subsection shall be allowed only at the rate of one year of  
20 out-of-state service for each two years of current membership service in this State, with a  
21 maximum allowable of 10 years of out-of-state service. Such service is limited to full-  
22 time service which would be allowable under the laws governing this System. Credit will  
23 be allowed only if no benefit is allowable in another public retirement system as a result  
24 of the service."

25           Sec. 3. This act is effective upon ratification.