

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2003**

**S**

**1**

**SENATE BILL 451\***

Short Title: Enhance Retirement Benefits.-AB

(Public)

---

Sponsors: Senators Reeves and Allran.

---

Referred to: Pensions & Retirement and Aging.

---

March 18, 2003

1                                   A BILL TO BE ENTITLED  
2 AN ACT TO ENHANCE THE BENEFITS PAYABLE FROM THE TEACHERS'  
3       AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE CONSOLIDATED  
4       JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT  
5       SYSTEM.

6 The General Assembly of North Carolina enacts:

7                   **SECTION 1.** G.S. 135-5(b19) reads as rewritten:

8           "(b19) Service Retirement Allowance of Members Retiring on or After July 1, ~~2002-~~  
9 ~~2002, but Before July 1, 2003.~~ – Upon retirement from service in accordance with  
10 subsection (a) or (a1) above, on or after July 1, 2002, but before July 1, 2003, a member  
11 shall 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 eighty-two hundredths percent (1.82%) of his average final  
20 compensation, multiplied by the number of years of his  
21 creditable service.

22           b. If the member's service retirement date occurs on or after his  
23 50th birthday and before his 55th birthday with 15 or more  
24 years of creditable service as a law enforcement officer and  
25 prior to the completion of 30 years of creditable service, his  
26 retirement allowance shall be equal to the greater of:

27           1. The service retirement allowance payable under G.S.  
28 135-5(b19)(1)a. reduced by one-third of one percent (1/3  
29 of 1%) thereof for each month by which his retirement

- 1 date precedes the first day of the month coincident with  
2 or next following the month the member would have  
3 attained his 55th birthday; or  
4 2. The service retirement allowance as computed under  
5 G.S. 135-5(b19)(1)a. reduced by five percent (5%) times  
6 the difference between 30 years and his creditable  
7 service at retirement.
- 8 (2) A member who is not a law enforcement officer or an eligible former  
9 law enforcement officer shall receive a service retirement allowance  
10 computed as follows:
- 11 a. If the member's service retirement date occurs on or after his  
12 65th birthday upon the completion of five years of membership  
13 service or after the completion of 30 years of creditable service  
14 or on or after his 60th birthday upon the completion of 25 years  
15 of creditable service, the allowance shall be equal to one and  
16 eighty-two hundredths percent (1.82%) of his average final  
17 compensation, multiplied by the number of years of creditable  
18 service.
- 19 b. If the member's service retirement date occurs after his 60th  
20 birthday and before his 65th birthday and prior to his  
21 completion of 25 years or more of creditable service, his  
22 retirement allowance shall be computed as in G.S.  
23 135-5(b19)(2)a. but shall be reduced by one-quarter of one  
24 percent (1/4 of 1%) thereof for each month by which his  
25 retirement date precedes the first day of the month coincident  
26 with or next following his 65th birthday.
- 27 c. If the member's early service retirement date occurs on or after  
28 his 50th birthday and before his 60th birthday and after  
29 completion of 20 years of creditable service but prior to the  
30 completion of 30 years of creditable service, his early service  
31 retirement allowance shall be equal to the greater of:
- 32 1. The service retirement allowance as computed under  
33 G.S. 135-5(b19)(2)a. but reduced by the sum of  
34 five-twelfths of one percent (5/12 of 1%) thereof for  
35 each month by which his retirement date precedes the  
36 first day of the month coincident with or next following  
37 the month the member would have attained his 60th  
38 birthday, plus one-quarter of one percent (1/4 of 1%)  
39 thereof for each month by which his 60th birthday  
40 precedes the first day of the month coincident with or  
41 next following his 65th birthday; or  
42 2. The service retirement allowance as computed under  
43 G.S. 135-5(b19)(2)a. reduced by five percent (5%) times

- 1 the difference between 30 years and his creditable  
2 service at retirement; or
- 3 3. If the member's creditable service commenced prior to  
4 July 1, 1994, the service retirement allowance equal to  
5 the actuarial equivalent of the allowance payable at the  
6 age of 60 years as computed in ~~G.S. 135-5(b19)~~G.S.  
7 135-5(b19)(2)b.
- 8 d. Notwithstanding the foregoing provisions, any member whose  
9 creditable service commenced prior to July 1, 1963, shall not  
10 receive less than the benefit provided by G.S. 135-5(b)."

11 **SECTION 2.** G.S. 135-5 is amended by adding a new subsection to read:

12 "(b20) Service Retirement Allowance of Members Retiring on or After July 1, 2003.  
13 – Upon retirement from service in accordance with subsection (a) or (a1) above, on or  
14 after July 1, 2003, a member 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  
21 of creditable service, the allowance shall be equal to one and  
22 eighty-three hundredths percent (1.83%) of his average final  
23 compensation, multiplied by the number of years of his  
24 creditable service.

25 b. If the member's service retirement date occurs on or after his  
26 50th birthday and before his 55th birthday with 15 or more  
27 years of creditable service as a law enforcement officer and  
28 prior to the completion of 30 years of creditable service, his  
29 retirement allowance shall be equal to the greater of:

30 1. The service retirement allowance payable under G.S.  
31 135-5(b20)(1)a. reduced by one-third of one percent (1/3  
32 of 1%) thereof for each month by which his retirement  
33 date precedes the first day of the month coincident with  
34 or next following the month the member would have  
35 attained his 55th birthday; or

36 2. The service retirement allowance as computed under  
37 G.S. 135-5(b20)(1)a. reduced by five percent (5%) times  
38 the difference between 30 years and his creditable  
39 service at retirement.

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

43 a. If the member's service retirement date occurs on or after his  
44 65th birthday upon the completion of five years of membership

1 service or after the completion of 30 years of creditable service  
2 or on or after his 60th birthday upon the completion of 25 years  
3 of creditable service, the allowance shall be equal to one and  
4 eighty-three hundredths percent (1.83%) of his average final  
5 compensation, multiplied by the number of years of creditable  
6 service.

7 b. If the member's service retirement date occurs after his 60th  
8 birthday and before his 65th birthday and prior to his  
9 completion of 25 years or more of creditable service, his  
10 retirement allowance shall be computed as in G.S.  
11 135-5(b20)(2)a. but shall be reduced by one-quarter of one  
12 percent (1/4 of 1%) thereof for each month by which his  
13 retirement date precedes the first day of the month coincident  
14 with or next following his 65th birthday.

15 c. If the member's early service retirement date occurs on or after  
16 his 50th birthday and before his 60th birthday and after  
17 completion of 20 years of creditable service but prior to the  
18 completion of 30 years of creditable service, his early service  
19 retirement allowance shall be equal to the greater of:

20 1. The service retirement allowance as computed under  
21 G.S. 135-5(b20)(2)a. but reduced by the sum of  
22 five-twelfths of one percent (5/12 of 1%) thereof for  
23 each month by which his retirement date precedes the  
24 first day of the month coincident with or next following  
25 the month the member would have attained his 60th  
26 birthday, plus one-quarter of one percent (1/4 of 1%)  
27 thereof for each month by which his 60th birthday  
28 precedes the first day of the month coincident with or  
29 next following his 65th birthday; or

30 2. The service retirement allowance as computed under  
31 G.S. 135-5(b20)(2)a. reduced by five percent (5%) times  
32 the difference between 30 years and his creditable  
33 service at retirement; or

34 3. If the member's creditable service commenced prior to  
35 July 1, 1994, the service retirement allowance equal to  
36 the actuarial equivalent of the allowance payable at the  
37 age of 60 years as computed in G.S. 135-5(b20)(2)b.

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

41 **SECTION 3.** G.S. 135-5(m) reads as rewritten:

42 "(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the  
43 principal beneficiary designated to receive a return of accumulated contributions shall  
44 have the right to elect to receive in lieu thereof the reduced retirement allowance

1 provided by Option 2 of subsection (g) above computed by assuming that the member  
2 had retired on the first day of the month following the date of his death, provided that  
3 the following conditions apply:

- 4 (1) a. The member had attained such age and/or creditable service to  
5 be eligible to commence retirement with an early or service  
6 retirement allowance, or  
7 b. The member had obtained 20 years of creditable service in  
8 which case the retirement allowance shall be computed in  
9 accordance with ~~G.S. 135-5(b19)(1)b. or G.S. 135-5(b19)(2)c.,~~  
10 G.S. 135-5(b20)(1)b. or G.S. 135-5(b20)(2)c., notwithstanding  
11 the requirement of obtaining age 50.  
12 (2) The member had designated as the principal beneficiary to receive a  
13 return of his accumulated contributions one and only one person who  
14 was living at the time of his death.  
15 (3) The member had not instructed the Board of Trustees in writing that he  
16 did not wish the provisions of this subsection to apply.

17 For the purpose of this benefit, a member is considered to be in service at the date of  
18 his death if his death occurs within 180 days from the last day of his actual service. The  
19 last day of actual service shall be determined as provided in subsection (l) of this  
20 section. Upon the death of a member in service, the surviving spouse may make all  
21 purchases for creditable service as provided for under this Chapter for which the  
22 member had made application in writing prior to the date of death, provided that the  
23 date of death occurred prior to or within 60 days after notification of the cost to make  
24 the purchase. The term "in service" as used in this subsection includes a member in  
25 receipt of a benefit under the Disability Income Plan as provided in Article 6 of this  
26 Chapter."

27 **SECTION 4.** G.S. 135-5 is amended by adding two new subsections to read:

28 "(lll) From and after July 1, 2003, the retirement allowance to or on account of  
29 beneficiaries whose retirement commenced on or before July 1, 2002, shall be increased  
30 by two percent (2%) of the allowance payable on June 1, 2003, in accordance with G.S.  
31 135-5(o). Furthermore, from and after July 1, 2003, the retirement allowance to or on  
32 account of beneficiaries whose retirement commenced after July 1, 2002, but before  
33 June 30, 2003, shall be increased by a prorated amount of two percent (2%) of the  
34 allowance payable as determined by the Board of Trustees based upon the number of  
35 months that a retirement allowance was paid between July 1, 2002, and June 30, 2003.

36 (mmm) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 2003. –  
37 From and after July 1, 2003, the retirement allowance to or on account of beneficiaries  
38 on the retirement rolls as of June 1, 2003, shall be increased by five-tenths of one  
39 percent (0.5%) of the allowance payable on June 1, 2003. This allowance shall be  
40 calculated on the allowance payable and in effect on June 30, 2003, so as not to be  
41 compounded on any other increase granted by act of the 2003 General Assembly."

42 **SECTION 5.** G.S. 135-65 is amended by adding a new subsection to read:

43 "(x) From and after July 1, 2003, the retirement allowance to or on account of  
44 beneficiaries whose retirement commenced on or before July 1, 2002, shall be increased

1 by two percent (2%) of the allowance payable on June 1, 2003. Furthermore, from and  
2 after July 1, 2003, the retirement allowance to or on account of beneficiaries whose  
3 retirement commenced after July 1, 2002, but before June 30, 2003, shall be increased  
4 by a prorated amount of two percent (2%) of the allowance payable as determined by  
5 the Board of Trustees based upon the number of months that a retirement allowance was  
6 paid between July 1, 2002, and June 30, 2003."

7           **SECTION 6.** G.S. 120-4.22A is amended by adding a new subsection to  
8 read:

9           "(r) In accordance with subsection (a) of this section, from and after July 1, 2003,  
10 the retirement allowance to or on account of beneficiaries whose retirement commenced  
11 on or before January 1, 2003, shall be increased by two percent (2%) of the allowance  
12 payable on June 1, 2003. Furthermore, from and after July 1, 2003, the retirement  
13 allowance to or on account of beneficiaries whose retirement commenced after January  
14 1, 2003, but before June 30, 2003, shall be increased by a prorated amount of two  
15 percent (2%) of the allowance payable as determined by the Board of Trustees based  
16 upon the number of months that a retirement allowance was paid between January 1,  
17 2003, and June 30, 2003."

18           **SECTION 7.** This act becomes effective July 1, 2003.