

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2007**

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**HOUSE BILL 777**

Short Title: Retirement Technical Changes.-AB (Public)

Sponsors: Representatives Bell, J. Harrell (Primary Sponsors); and Wainwright.

Referred to: Pensions and Retirement.

March 15, 2007

A BILL TO BE ENTITLED  
AN ACT TO MAKE TECHNICAL CORRECTIONS AND OTHER CHANGES TO  
THE STATUTES GOVERNING THE TEACHERS' AND STATE EMPLOYEES'  
RETIREMENT SYSTEM, THE LOCAL GOVERNMENTAL EMPLOYEES'  
RETIREMENT SYSTEM, THE LEGISLATIVE RETIREMENT SYSTEM, AND  
THE CONSOLIDATED JUDICIAL RETIREMENT SYSTEM.

The General Assembly of North Carolina enacts:

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

"(1) Any member may retire 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~~ 120 days subsequent to the execution of and filing thereof, he desires to be retired: Provided, that the said member at the time so specified for his retirement shall have attained the age of 60 years and have at least five years of membership service or shall have completed 30 years of creditable service."

**SECTION 2.** G.S. 128-27(a)(1) reads as rewritten:

"(1) Any member may retire 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~~ 120 days subsequent to the execution and filing thereof, he desires to be retired: Provided, that the said member at the time so specified for his retirement shall have attained the age of 60 years and have at least five years of creditable service or shall have completed 30 years of creditable service, or if a fireman, he shall have attained the age of 55 years and have at least five years of creditable service."

**SECTION 3.** G.S. 120-4.21(a) reads as rewritten:

"(a) Eligibility; Application. – Any member may retire with full benefits who has reached 65 years of age with five years of creditable service. Any member may retire

1 with reduced benefits who has reached the age of 50 years with 20 years of creditable  
2 service or 60 years with five years of creditable service. The member shall make written  
3 application to the Board of Trustees to retire on a service retirement allowance on the  
4 first day of the particular calendar month he designates. The designated date shall be no  
5 less than one day nor more than ~~90~~ 120 days from the filing of the application. During  
6 this period of notification, a member may separate from service without forfeiting his  
7 retirement benefits."

8 **SECTION 4.** G.S. 135-57(a) reads as rewritten:

9 "(a) Any member on or after January 1, 1974, who has attained his fiftieth  
10 birthday and five years of membership service may retire upon written application to the  
11 board of trustees setting forth at what time, as of the first day of a calendar month, not  
12 less than one day nor more than ~~90~~ 120 days subsequent to the execution and filing  
13 thereof, he desires to be retired."

14 **SECTION 5.** G.S. 135-5(g1) reads as rewritten:

15 "(g1) In the event of the death of a retired member while in receipt of a retirement  
16 allowance under the provisions of this Article, there shall be paid to such person or  
17 persons as the retiree shall have nominated by written designation duly acknowledged  
18 and filed with the Board of Trustees, if such person or persons are living at the time of  
19 the retiree's death, otherwise to the retiree's legal representatives, a death benefit equal  
20 to the excess, if any, of the accumulated contributions of the retiree at the date of  
21 retirement over the total of the retirement allowances paid prior to the death of the  
22 retiree. For purposes of this subsection, the term "accumulated contributions" includes  
23 amounts of employee voluntary contributions that were transferred from the  
24 Supplemental Retirement Income Plan of North Carolina to this Retirement System at  
25 retirement by eligible law enforcement officers. The additional amount shall be equal to  
26 the difference between the transferred balance in the Supplemental Retirement Income  
27 Plan of North Carolina and the increased benefits paid as a result of the transferred  
28 assets.

29 In the event that a retirement allowance becomes payable to the designated survivor  
30 of a retired member under the provisions above and such retirement allowance to the  
31 survivor shall terminate upon the death of the survivor before the total of the retirement  
32 allowances paid to the retiree and the designated survivor combined equals the amount  
33 of the accumulated contributions of the retiree at the date of retirement, the excess, if  
34 any, of such accumulated contributions over the total of the retirement allowances paid  
35 to the retiree and the survivor combined shall be paid in a lump sum to such person or  
36 persons as the retiree shall have nominated by written designation duly acknowledged  
37 and filed with the Board of Trustees, if such person or persons are living at the time  
38 such payment falls due, otherwise to the retiree's legal representative.

39 In the event that a retirement allowance becomes payable to the principal beneficiary  
40 designated to receive a return of accumulated contributions pursuant to subsection (m)  
41 of this section and that beneficiary dies before the total of the retirement allowances  
42 paid equals the amount of the accumulated contributions of the member at the date of  
43 the member's death, the excess of those accumulated contributions over the total of the  
44 retirement allowances paid to the beneficiary shall be paid in a lump sum to the person

1 or persons the member has designated as the contingent beneficiary for return of  
2 accumulated contributions, if the person or persons are living at the time the payment  
3 falls due, otherwise to the principal beneficiary's legal representative.

4 In the event a retiree purchases creditable service as provided in G.S. 135-4, there  
5 shall be paid to such person or persons as the retiree shall have nominated by written  
6 designation duly acknowledged and filed with the Board of Trustees, if such person or  
7 persons are living at the time of the retiree's death, otherwise to the retiree's legal  
8 representatives, an additional death benefit equal to the excess, if any, of the cost of the  
9 creditable service purchased less the administrative fee, if any, over the total of the  
10 increase in the retirement allowance attributable to the additional creditable service,  
11 paid from the month following the month in which payment was received to the death  
12 of the retiree.

13 In the event that a retirement allowance becomes payable to the designated survivor  
14 of a retired member under the provisions above and such retirement allowance to the  
15 survivor shall terminate upon the death of the survivor before the total of the increase in  
16 the retirement allowance attributable to the additional creditable service paid to the  
17 retiree and the designated survivor combined equals the cost of the creditable service  
18 purchased less the administrative fee, the excess, if any, shall be paid in a lump sum to  
19 such person or persons as the retiree shall have nominated by written designation duly  
20 acknowledged and filed with the Board of Trustees, if such person or persons are living  
21 at the time such payment falls due, otherwise to the retiree's legal representative."

22 **SECTION 6.** G.S. 128-27(g1) reads as rewritten:

23 "(g1) In the event of the death of a retired member while in receipt of a retirement  
24 allowance under the provisions of this Article, there shall be paid to such person or  
25 persons as the retiree shall have nominated by written designation duly acknowledged  
26 and filed with the Board of Trustees, if such person or persons are living at the time of  
27 the retiree's death, otherwise to the retiree's legal representatives, a death benefit equal  
28 to the excess, if any, of the accumulated contributions of the retiree at the date of  
29 retirement over the total of the retirement allowances paid prior to the death of the  
30 retiree. For purposes of this subsection, the term "accumulated contributions" includes  
31 amounts of employee voluntary contributions that were transferred from the  
32 Supplemental Retirement Income Plan of North Carolina to this Retirement System at  
33 retirement by eligible law enforcement officers. The additional amount shall be equal to  
34 the difference between the transferred balance in the Supplemental Retirement Income  
35 Plan of North Carolina and the increased benefits paid as a result of the transferred  
36 assets.

37 In the event that a retirement allowance becomes payable to the designated survivor  
38 of a retired member under the provisions above and such retirement allowance to the  
39 survivor shall terminate upon the death of the survivor before the total of the retirement  
40 allowances paid to the retiree and the designated survivor combined equals the amount  
41 of the accumulated contributions of the retiree at the date of retirement, the excess, if  
42 any, of such accumulated contributions over the total of the retirement allowances paid  
43 to the retiree and the survivor combined shall be paid in a lump sum to such person or  
44 persons as the retiree shall have nominated by written designation duly acknowledged

1 and filed with the Board of Trustees, if such person or persons are living at the time  
2 such payment falls due, otherwise to the retiree's legal representative.

3 In the event that a retirement allowance becomes payable to the principal beneficiary  
4 designated to receive a return of accumulated contributions pursuant to subsection (m)  
5 of this section and that beneficiary dies before the total of the retirement allowances  
6 paid equals the amount of the accumulated contributions of the member at the date of  
7 the member's death, the excess of those accumulated contributions over the total of the  
8 retirement allowances paid to the beneficiary shall be paid in a lump sum to the person  
9 or persons the member has designated as the contingent beneficiary for return of  
10 accumulated contributions, if the person or persons are living at the time the payment  
11 falls due, otherwise to the principal beneficiary's legal representative.

12 In the event a retiree purchases creditable service as provided in G.S. 128-26, there  
13 shall be paid to such person or persons as the retiree shall have nominated by written  
14 designation duly acknowledged and filed with the Board of Trustees, if such person or  
15 persons are living at the time of the retiree's death, otherwise to the retiree's legal  
16 representatives, an additional death benefit equal to the excess, if any, of the cost of the  
17 creditable service purchased less the administrative fee, if any, over the total of the  
18 increase in the retirement allowance attributable to the additional creditable service,  
19 paid from the month following the month in which payment was received to the death  
20 of the retiree.

21 In the event that a retirement allowance becomes payable to the designated survivor  
22 of a retired member under the provisions above, and such retirement allowance to the  
23 survivor shall terminate upon the death of the survivor before the total of the increase in  
24 the retirement allowance attributable to the additional creditable service paid to the  
25 retiree and the designated survivor combined equals the cost of the creditable service  
26 purchased less the administrative fee, the excess, if any, shall be paid in a lump sum to  
27 such person or persons as the retiree shall have nominated by written designation duly  
28 acknowledged and filed with the Board of Trustees, if such person or persons are living  
29 at the time such payment falls due, otherwise to the retiree's legal representative."

30 **SECTION 7.** G.S. 135-105(c) reads as rewritten:

31 "(c) The monthly benefit as provided in subsection (a) of this section shall be  
32 equal to fifty percent (50%) of 1/12th of the annual base rate of compensation last  
33 payable to the participant prior to the beginning of the short-term benefit period as may  
34 be adjusted for percentage increases as provided under G.S. 135-108 plus fifty percent  
35 (50%) of 1/12th of the annual longevity payment to which the participant would be  
36 eligible, to a maximum of three thousand dollars (\$3,000) per month reduced by  
37 monthly payments for Workers' Compensation to which the participant may be entitled.  
38 The monthly benefit shall be further reduced by the amount of any payments from the  
39 federal Veterans Administration, any other federal agency, or any payments made under  
40 the provisions of G.S. 127A-108, to which the participant or beneficiary may be entitled  
41 on account of the same disability. Provided, in any event, the benefit payable shall be no  
42 less than ten dollars (\$10.00) a month. Provided, that should a participant have earnings  
43 in an amount greater than the short-term benefit, the amount of the short-term benefit

1 shall be reduced on a dollar-for-dollar basis by the amount that exceeds the short-term  
2 benefit."

3 **SECTION 8.** G.S. 135-5(ppp) is repealed.

4 **SECTION 9.** G.S. 135-4 is amended by adding a new subsection to read:

5 "(gg) Credit at Full Cost for Service with The University of North Carolina During  
6 Which a Member Participated in the Optional Retirement Program. – Notwithstanding  
7 any other provisions of this Chapter, a member upon the completion of five years of  
8 membership service, may purchase creditable service for periods of employment with  
9 The University of North Carolina during which the member participated in the Optional  
10 Retirement Program as provided for in G.S. 135-5.1, provided that the member is not  
11 receiving, and is not entitled to receive, any retirement benefits resulting from this  
12 employment. The member shall purchase this service by making a lump-sum amount  
13 payable to the Annuity Savings Fund equal to the full liability of the service credits  
14 calculated on the basis of the assumptions used for purposes of the actuarial valuation of  
15 the system's liabilities, and shall take into account the retirement allowance arising on  
16 account of the additional service credit commencing at the earliest age at which the  
17 member could retire on an unreduced retirement allowance, as determined by the Board  
18 of Trustees upon the advice of the consulting actuary, plus an administrative fee to be  
19 set by the Board of Trustees. Notwithstanding the foregoing provisions of this  
20 subsection that provide for the purchase of service credits, the terms "full cost", "full  
21 liability", and "full actuarial cost" include assumed annual postretirement allowance  
22 increases, as determined by the Board of Trustees, from the earliest age at which a  
23 member could retire on an unreduced service allowance."

24 **SECTION 10.** This act becomes effective July 1, 2007.