

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011**

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SENATE BILL 538

Short Title: Local Retirement COLA Authority. (Public)

Sponsors: Senator Hartsell.

Referred to: Pensions & Retirement and Aging.

April 12, 2011

A BILL TO BE ENTITLED
AN ACT TO GRANT AUTHORITY TO THE BOARD OF TRUSTEES OF THE LOCAL
GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM TO AWARD A COST OF
LIVING INCREASE TO LOCAL GOVERNMENT RETIREES.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 128-27(k) reads as rewritten:

"(k) Post-Retirement Increases in Allowances. – As of December 31, 1969, the ratio of the Consumer Price Index to such index one year earlier shall be determined. If such ratio indicates an increase that equals or exceeds three per centum (3%), each beneficiary receiving a retirement allowance as of December 31, 1968, shall be entitled to have his allowance increased three per centum (3%) effective July 1, 1970.

As of December 31, 1970, the ratio of the Consumer Price Index to such index one year earlier shall be determined. If such ratio indicates an increase of at least one per centum (1%), each beneficiary on the retirement rolls as of July 1, 1970, shall be entitled to have his allowance increased effective July 1, 1971, as follows:

Increase In Index	Increase In Allowance
1.00 to 1.49%	1%
1.50 to 2.49%	2%
2.50 to 3.49%	3%
3.50% or more	4%

As of December 31, 1971, an increase in retirement allowances shall be calculated and made effective July 1, 1972, in the manner described in the preceding paragraph. As of December 31 of each year after 1971, the ratio (R) of the Consumer Price Index to such index one year earlier shall be determined, and each beneficiary on the retirement rolls as of July 1 of the year of determination shall be entitled to have his allowance increased effective on July 1 of the year following the year of determination by the same percentage of increase indicated by the ratio (R) calculated to the nearest tenth of one per centum (1/10 of 1%), but not more than four per centum (4%); provided that any such increase in allowances shall be contingent upon the total fund providing sufficient investment gains to cover the additional actuarial liabilities on account of such increase.

The allowance of a surviving annuitant of a beneficiary whose allowance is increased under this subsection shall, when and if payable, be increased by the same per centum.

Any increase in allowance granted hereunder shall be permanent, irrespective of any subsequent decrease in the Consumer Price Index, and shall be included in determining any subsequent increase.



1 Notwithstanding the foregoing linkage between increases in the Consumer Price Index and
2 correlative contingent increases in retirement benefits determined by the availability of
3 sufficient investment gains to cover the additional actuarial liabilities arising from those
4 increased benefits, the Board of Trustees may in any year, regardless of any increase or
5 decrease in the Consumer Price Index, fund a cost-of-living increase in a percentage amount,
6 measured in tenths of one per centum (1/10 of 1%), of up to four percent (4%), provided that
7 the Board may only use actuarial gains to fund such an increase.

8 For purposes of this subsection, Consumer Price Index shall mean the Consumer Price
9 Index (all items – United States city average), as published by the United States Department of
10 Labor, Bureau of Labor Statistics."

11 **SECTION 2.** This act becomes effective July 1, 2011.