

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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HOUSE BILL 376  
Committee Substitute Favorable 5/4/95

Short Title: 1995 Retirement Benefits Act/AB.

(Public)

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Sponsors:

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Referred to:

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March 7, 1995

A BILL TO BE ENTITLED

1  
2 AN ACT TO ENHANCE THE RETIREMENT BENEFITS PAYABLE FROM THE  
3 TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE  
4 CONSOLIDATED JUDICIAL RETIREMENT SYSTEM, THE LEGISLATIVE  
5 RETIREMENT SYSTEM, AND THE LOCAL GOVERNMENTAL EMPLOYEES'  
6 RETIREMENT SYSTEM, AND TO PROVIDE FOR THE FUNDING OF THE  
7 BENEFITS AND FOR THE FUNDING OF THE DISABILITY INCOME PLAN  
8 FOR TEACHERS AND STATE EMPLOYEES, AND TO CHANGE THE  
9 INSURANCE BENEFITS FOR STATE AND LOCAL GOVERNMENTAL LAW  
10 ENFORCEMENT OFFICERS.

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:

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

- 1 a. If the member's service retirement date occurs on or after his  
2 55th birthday, and completion of five years of creditable service  
3 as a law enforcement officer, or after the completion of 30 years  
4 of creditable service, the allowance shall be equal to one and  
5 seventy-three hundredths percent (1.73%) of his average final  
6 compensation, multiplied by the number of years of his  
7 creditable service.
- 8 b. If the member's service retirement date occurs on or after his  
9 50th birthday and before his 55th birthday with 15 or more years  
10 of creditable service as a law enforcement officer and prior to the  
11 completion of 30 years of creditable service, his retirement  
12 allowance shall be equal to the greater of:
- 13 1. The service retirement allowance payable under G.S. 135-  
14 5(b15)(1)a. reduced by one-third of one percent ( $1/3$  of  
15 1%) thereof for each month by which his retirement date  
16 precedes the first day of the month coincident with or next  
17 following the month the member would have attained his  
18 55th birthday; or
- 19 2. The service retirement allowance as computed under G.S.  
20 135-5(b15)(1)a. reduced by five percent (5%) times the  
21 difference between 30 years and his creditable service at  
22 retirement.
- 23 (2) A member who is not a law enforcement officer or an eligible former  
24 law enforcement officer shall receive a service retirement allowance  
25 computed as follows:
- 26 a. If the member's service retirement date occurs on or after his  
27 65th birthday upon the completion of five years of creditable  
28 service or after the completion of 30 years of creditable service  
29 or on or after his 60th birthday upon the completion of 25 years  
30 of creditable service, the allowance shall be equal to one and  
31 seventy-three hundredths percent (1.73%) of his average final  
32 compensation, multiplied by the number of years of creditable  
33 service.
- 34 b. If the member's service retirement date occurs after his 60th and  
35 before his 65th birthday and prior to his completion of 25 years  
36 or more of creditable service, his retirement allowance shall be  
37 computed as in G.S. 135-5(b15)(2)a. but shall be reduced by one-  
38 quarter of one percent ( $1/4$  of 1%) thereof for each month by  
39 which his retirement date precedes the first day of the month  
40 coincident with or next following his 65th birthday.
- 41 c. If the member's early service retirement date occurs on or after  
42 his 50th birthday and before his 60th birthday and after  
43 completion of 20 years of creditable service but prior to the

1 completion of 30 years of creditable service, his early service  
2 retirement allowance shall be equal to the greater of:

- 3 1. The service retirement allowance as computed under G.S.  
4 135-5(b15)(2)a. but reduced by the sum of five-twelfths of  
5 one percent (5/12 of 1%) thereof for each month by which  
6 his retirement date precedes the first day of the month  
7 coincident with or next following the month the member  
8 would have attained his 60th birthday, plus one-quarter of  
9 one percent (1/4 of 1%) thereof for each month by which  
10 his 60th birthday precedes the first day of the month  
11 coincident with or next following his 65th birthday; or
- 12 2. The service retirement allowance as computed under G.S.  
13 135-5(b15)(2)a. reduced by five percent (5%) times the  
14 difference between 30 years and his creditable service at  
15 retirement; or
- 16 3. If the member's creditable service commenced prior to  
17 July 1, 1994, the service retirement allowance provided by  
18 G.S. 135-5(b14)(2)c.

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

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

23 "(b16) Service Retirement Allowance of Members Retiring on or After July 1,  
24 1995. – Upon retirement from service in accordance with subsection (a) or (a1) above, on  
25 or after July 1, 1995, a member shall receive the following service retirement allowance:

26 (1) A member who is a law enforcement officer or an eligible former law  
27 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 55th birthday, and completion of five years of creditable service  
31 as a law enforcement officer, or after the completion of 30 years  
32 of creditable service, the allowance shall be equal to one and  
33 seventy-five hundredths percent (1.75%) of his average final  
34 compensation, multiplied by the number of years of his  
35 creditable service.
- 36 b. If the member's service retirement date occurs on or after his  
37 50th birthday and before his 55th birthday with 15 or more years  
38 of creditable service as a law enforcement officer and prior to the  
39 completion of 30 years of creditable service, his retirement  
40 allowance shall be equal to the greater of:

- 41 1. The service retirement allowance payable under G.S. 135-  
42 5(b16)(1)a. reduced by one-third of one percent (1/3 of  
43 1%) thereof for each month by which his retirement date

1 precedes the first day of the month coincident with or next  
2 following the month the member would have attained his  
3 55th birthday; or

4 2. The service retirement allowance as computed under G.S.  
5 135-5(b16)(1)a. reduced by five percent (5%) times the  
6 difference between 30 years and his creditable service at  
7 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 creditable  
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 seventy-five hundredths percent (1.75%) 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 and  
20 before his 65th birthday and prior to his completion of 25 years  
21 or more of creditable service, his retirement allowance shall be  
22 computed as in G.S. 135-5(b16)(2)a. but shall be reduced by one-  
23 quarter of one percent (1/4 of 1%) thereof for each month by  
24 which his retirement date precedes the first day of the month  
25 coincident with or next following his 65th birthday.

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

31 1. The service retirement allowance as computed under G.S.  
32 135-5(b16)(2)a. but reduced by the sum of five-twelfths of  
33 one percent (5/12 of 1%) thereof for each month by which  
34 his retirement date precedes the first day of the month  
35 coincident with or next following the month the member  
36 would have attained his 60th birthday, plus one-quarter of  
37 one percent (1/4 of 1%) thereof for each month by which  
38 his 60th birthday precedes the first day of the month  
39 coincident with or next following his 65th birthday; or

40 2. The service retirement allowance as computed under G.S.  
41 135-5(b16)(2)a. reduced by five percent (5%) times the  
42 difference between 30 years and his creditable service at  
43 retirement; or

1                   3.     If the member's creditable service commenced prior to  
2                   July 1, 1994, the service retirement allowance equal to the  
3                   actuarial equivalent of the allowance payable at the age of  
4                   60 years as computed in G.S. 135-5(b16)(2)b.

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

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

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

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

18                          b.     The member had obtained 20 years of creditable service in which  
19                          case the retirement allowance shall be computed in accordance  
20                          with ~~G.S. 135-5(b15)(1)b.~~ G.S. 135-5(b16)(1)b. or ~~G.S. 135-~~  
21                          ~~5(b15)(2)c.,~~ G.S. 135-5(b16)(2)c., notwithstanding the  
22                          requirement of obtaining age 50.

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

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

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

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

38                  "(zz) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 1995. –  
39                  From and after July 1, 1995, the retirement allowance to or on account of beneficiaries on  
40                  the retirement rolls as of June 1, 1995, shall be increased by one and two-tenths of one  
41                  percent (1.2%) of the allowance payable on June 1, 1995. This allowance shall be  
42                  calculated on the allowance payable and in effect on June 30, 1995, so as not to be  
43                  compounded on any other increase granted by act of the 1995 General Assembly."

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

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

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

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

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

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

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

42          Sec. 9. Effective July 1, 1995, the State's employer contribution rates budgeted  
43 for retirement and related benefits as a percentage of covered salaries for the 1995-96

1 fiscal year are (i) ten and eighty-three hundredths percent (10.83%) - Teachers and State  
2 Employees; (ii) fifteen and eighty-three hundredths percent (15.83%) - State Law  
3 Enforcement Officers; (iii) nine and ten hundredths percent (9.10%) - University  
4 Employees' Optional Retirement Program; (iv) twenty-two and sixty-five hundredths  
5 percent (22.65%) - Consolidated Judicial Retirement System; and (v) thirty-six and seven  
6 hundredths percent (36.07%) - Legislative Retirement System. Each of the foregoing  
7 contribution rates includes two percent (2%) for hospital and medical benefits. The rate  
8 for State Law Enforcement Officers includes five percent (5%) for the Supplemental  
9 Retirement Income Plan. The rates for Teachers and State Employees, State Law  
10 Enforcement Officers, and for the University Employees' Optional Retirement Program  
11 include fifty-two hundredths percent (0.52%) for the Disability Income Plan.

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

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

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

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

42 b. In lieu of the benefits provided in paragraph a of this subdivision,  
43 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 time of separation from service prior to the attainment of the age of 55 years, for any reason other than death or disability as provided in this Article, after completing five or more years of creditable service in this capacity immediately prior to separation



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

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

27 c. Should a beneficiary who retired on an early or service  
28 retirement allowance be reemployed, or otherwise engaged to  
29 perform services, by an employer participating in the Retirement  
30 System on a part-time, temporary, interim, or on fee-for-service  
31 basis, whether contractual or otherwise, and if such beneficiary  
32 earns an amount in any calendar year which exceeds fifty percent  
33 (50%) of the reported compensation, excluding terminal  
34 payments, during the 12 months of service preceding the  
35 effective date of retirement, or twenty thousand dollars  
36 (\$20,000), whichever is greater, as hereinafter indexed, then the  
37 retirement allowance shall be suspended as of the first day of the  
38 month following the month in which the reemployment earnings  
39 exceed the amount above, for the balance of the calendar year.  
40 The retirement allowance of the beneficiary shall be reinstated as  
41 of January 1 of each year following suspension. The amount that  
42 may be earned before suspension shall be increased on January 1  
43 of each year by the ratio of the Consumer Price Index to the

1 Index one year earlier, calculated to the nearest tenth of a percent  
2 (1/10 of 1%).

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

10 Upon his subsequent retirement, he shall be paid a retirement  
11 allowance determined as follows:

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

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

39 "(b14) Service Retirement Allowance of Members Retiring on or after July 1,  
40 ~~1994~~1994, but before July 1, 1995. – Upon retirement from service in accordance with  
41 subsection (a) or (a1) above, on or after July 1, 1994, but before July 1, 1995, a member  
42 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-one hundredths percent (1.71%) of his average final  
9 compensation, multiplied by the number of years of his  
10 creditable service.

11 b. This allowance shall also be governed by the provisions of G.S.  
12 128-27(b8)(2).

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

16 a. If the member's service retirement date occurs on or after his  
17 65th birthday upon the completion of five years of creditable  
18 service or after the completion of 30 years of creditable service  
19 or on or after his 60th birthday upon the completion of 25 years  
20 of creditable service, the allowance shall be equal to one and  
21 seventy-one hundredths percent (1.71%) of his average final  
22 compensation, multiplied by the number of years of creditable  
23 service.

24 b. This allowance shall also be governed by the provisions of G.S.  
25 128-27(b7)(2a), (2b), and (3)."

26 Sec. 13. G.S. 128-27 is amended by adding a new subsection to read:

27 "(b15) Service Retirement Allowance of Members Retiring on or After July 1,  
28 1995. – Upon retirement from service in accordance with subsection (a) or (a1) above, on  
29 or after July 1, 1995, a member shall receive the following service retirement allowance:

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

33 a. If the member's service retirement date occurs on or after his  
34 55th birthday, and completion of five years of creditable service  
35 as a law enforcement officer, or after the completion of 30 years  
36 of creditable service, the allowance shall be equal to one and  
37 seventy-two hundredths percent (1.72%) of his average final  
38 compensation, multiplied by the number of years of his  
39 creditable service.

40 b. If the member's service retirement date occurs on or after his  
41 50th birthday and before his 55th birthday with 15 or more years  
42 of creditable service as a law enforcement officer and prior to the

1 completion of 30 years of creditable service, his retirement  
2 allowance shall be equal to the greater of:

- 3 1. The service retirement allowance payable under G.S. 128-  
4 27(b15)(1)a. reduced by one-third of one percent (1/3 of  
5 1%) thereof for each month by which his retirement date  
6 precedes the first day of the month coincident with or next  
7 following the month the member would have attained his  
8 55th birthday; or  
9 2. The service retirement allowance as computed under G.S.  
10 128-27(b15)(1)a. reduced by five percent (5%) times the  
11 difference between 30 years and his creditable service at  
12 retirement.

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

- 16 a. If the member's service retirement date occurs on or after his  
17 65th birthday upon the completion of five years of creditable  
18 service or after the completion of 30 years of creditable service  
19 or on or after his 60th birthday upon the completion of 25 years  
20 of creditable service, the allowance shall be equal to one and  
21 seventy-two hundredths percent (1.72%) of his average final  
22 compensation, multiplied by the number of years of creditable  
23 service.
- 24 b. If the member's service retirement date occurs after his 60th and  
25 before his 65th birthday and prior to his completion of 25 years  
26 or more of creditable service, his retirement allowance shall be  
27 computed as in G.S. 128-27(b15)(2)a. but shall be reduced by  
28 one-quarter of one percent (1/4 of 1%) thereof for each month by  
29 which his retirement date precedes the first day of the month  
30 coincident with or next following his 65th birthday.
- 31 c. If the member's early service retirement date occurs on or after  
32 his 50th birthday and before his 60th birthday and after  
33 completion of 20 years of creditable service but prior to the  
34 completion of 30 years of creditable service, his early service  
35 retirement allowance shall be equal to the greater of:
- 36 1. The service retirement allowance as computed under G.S.  
37 128-27(b15)(2)a. but reduced by the sum of five-twelfths  
38 of one percent (5/12 of 1%) thereof for each month by  
39 which his retirement date precedes the first day of the  
40 month coincident with or next following the month the  
41 member would have attained his 60th birthday, plus one-  
42 quarter of one percent (1/4 of 1%) thereof for each month  
43 by which his 60th birthday precedes the first day of the

1 month coincident with or next following his 65th birthday;  
2 or

3 2. The service retirement allowance as computed under G.S.  
4 128-27(b15)(2)a. reduced by five percent (5%) times the  
5 difference between 30 years and his creditable service at  
6 retirement; or

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

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

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

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

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

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

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

40 "(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the  
41 principal beneficiary designated to receive a return of accumulated contributions shall  
42 have the right to elect to receive in lieu thereof the reduced retirement allowance  
43 provided by Option two of subsection (g) above computed by assuming that the member

1 had retired on the first day of the month following the date of his death, provided that all  
2 three of the following conditions apply:

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

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

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

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

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

18 For the purpose of this benefit, a member is considered to be in service at the date of  
19 his death if his death occurs within 180 days from the last day of his actual service. The  
20 last day of actual service shall be determined as provided in subsection (1) of this  
21 section. Upon the death of a member in service, the surviving spouse may make all  
22 purchases for creditable service as provided for under this Chapter for which the member  
23 had made application in writing prior to the date of death, provided that the date of death  
24 occurred prior to or within 60 days after notification of the cost to make the purchase."

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

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

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

30 (2) A group life insurance benefit for participants employed by an employer  
31 at the time of death, not to exceed ~~five-six~~ thousand dollars ~~(\$5,000);~~  
32 (\$6,000);

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

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

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