

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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HOUSE BILL 777

Short Title: Purchase Opt/Credit for Prior Year FT Service. (Public)

Sponsors: Representatives Belk, Gill, Hurley, and Martin (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Pensions and Retirement, if favorable, Rules, Calendar, and Operations of the House

April 16, 2019

A BILL TO BE ENTITLED

AN ACT TO ALLOW FOR THE PURCHASE OF CREDITABLE SERVICE IN THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM AND THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM FOR SERVICE IN A PRIOR YEAR WHEN THAT SERVICE WAS ASSUMED TO BE PART-TIME BUT WAS ACTUALLY FULL-TIME SERVICE.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 135-4 is amended by adding a new subsection to read:

"(p2) Credit For Prior Year Full-time Service. – An individual who was not eligible to earn membership service in a calendar year due to the anticipation that the individual would not meet the definition of employee under G.S. 135-1 because that individual would not work at least 30 hours per week for nine or more months in that calendar year may purchase creditable service for that calendar year if that individual did work at least 30 hours per week for nine or more months in that calendar year. The following requirements apply to this purchase of creditable service:

- (1) No later than January 31 of each year, all employers shall provide written notification of the total hours worked in the preceding calendar year to any individual who worked at least 30 hours per week for nine or more months in the preceding calendar year who was classified as part-time and who was not eligible to earn membership service due to that classification. Employers must send a copy of each notification to the Retirement Systems Division no later than January 31 of each year.
- (2) An individual who received the written notification under subdivision (1) of this section may purchase the applicable amount of creditable service based upon the hours that the individual actually worked in the preceding calendar year. The creditable service must be purchased as a lump sum in an amount equal to the employee contributions that would have been required had the individual been earning membership service in that preceding calendar year. Purchases made under this subdivision must be made and paid in full within 30 days of receipt of the written notification. Any service not purchased by this deadline may be eligible for purchase under subsection (p1) of this section.
- (3) Upon receipt of the full payment as required by subdivision (2) of this subsection, the Retirement Systems Division shall issue an invoice to the



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- 1 employer in the amount that the employer would have contributed had the
2 individual been earning membership service in the preceding calendar year.
3 (4) Employers of any individual purchasing service credit under this section shall
4 remit in one lump sum the amount that the employer would have contributed
5 had the individual been earning membership service in the preceding calendar
6 year. Payments must be made and paid in full within 30 days of receipt of the
7 invoice from the Retirement Systems Division under subdivision (3) of this
8 subsection.
9 (5) The cumulative amount of creditable service purchased under this subsection
10 may not exceed a total of five years.
11 (6) This subsection does not apply to retired members."

12 **SECTION 1.(b)** G.S. 128-26 is amended by adding a new subsection to read:

13 "(p1) Credit For Prior Year Full-time Service. – An individual who was not eligible to earn
14 membership service in a calendar year due to the anticipation that the individual would not meet
15 the definition of employee under G.S. 128-21 because that individual held a position that was
16 anticipated to require less than 1,000 hours work in that calendar year may purchase creditable
17 service for that calendar year if that individual did work at least 1,000 hours in that calendar year.
18 The following requirements apply to this purchase of creditable service:

- 19 (1) No later than January 31 of each year, all employers shall provide written
20 notification of the total hours worked in the preceding calendar year to any
21 individual who worked at least 1,000 hours in the preceding calendar year who
22 was classified as part-time and who was not eligible to earn membership
23 service due to that classification. Employers must send a copy of each
24 notification to the Retirement Systems Division no later than January 31 of
25 each year.
26 (2) An individual who received the written notification under subdivision (1) of
27 this section may purchase the applicable amount of creditable service based
28 upon the hours that the individual actually worked in the preceding calendar
29 year. The creditable service must be purchased as a lump sum in an amount
30 equal to the employee contributions that would have been required had the
31 individual been earning membership service in that preceding calendar year.
32 Purchases made under this subdivision must be made and paid in full within
33 30 days of receipt of the written notification. Any service not purchased by
34 this deadline may be eligible for purchase under subsection (p) of this section.
35 (3) Upon receipt of the full payment as required by subdivision (2) of this
36 subsection, the Retirement Systems Division shall issue an invoice to the
37 employer in the amount that the employer would have contributed had the
38 individual been earning membership service in the preceding calendar year.
39 (4) Employers of any individual purchasing service credit under this section shall
40 remit in one lump sum the amount that the employer would have contributed
41 had the individual been earning membership service in the preceding calendar
42 year. Payments must be made and paid in full within 30 days of receipt of the
43 invoice from the Retirement Systems Division under subdivision (3) of this
44 subsection.
45 (5) The cumulative amount of creditable service purchased under this subsection
46 may not exceed a total of five years.
47 (6) This subsection does not apply to retired members."

48 **SECTION 2.** This act becomes effective January 1, 2021, and applies to the purchase
49 of service for work performed on or after January 1, 2020.