

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2005

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HOUSE BILL 853\*  
Committee Substitute Favorable 6/22/06  
Senate Pensions & Retirement and Aging Committee Substitute Adopted 7/11/06  
Fourth Edition Engrossed 7/12/06

Short Title: Optional Retirement Program Changes. (Public)

Sponsors:

Referred to:

March 22, 2005

A BILL TO BE ENTITLED

AN ACT TO PROVIDE FOR THE PURCHASE OF CREDITABLE SERVICE FOR PERIODS OF SERVICE UNDER THE OPTIONAL RETIREMENT PROGRAM FOR STATE INSTITUTIONS OF HIGHER EDUCATION AND TO INCLUDE THE NORTH CAROLINA SCHOOL OF SCIENCE AND MATHEMATICS WITHIN THE OPTIONAL RETIREMENT PROGRAM FOR THE UNIVERSITY OF NORTH CAROLINA.

The General Assembly of North Carolina enacts:

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

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

1 increases, as determined by the Board of Trustees, from the earliest age at which a  
2 member could retire on an unreduced service allowance."

3 **SECTION 2.** The catch line of G.S. 135-5.1 reads as rewritten:

4 "**§ 135-5.1. Optional retirement program for ~~State institutions of higher~~**  
5 **~~education.~~The University of North Carolina.**"

6 **SECTION 3.** G.S. 135-5.1(a) reads as rewritten:

7 "(a) An Optional Retirement Program provided for in this section is authorized  
8 and established and shall be implemented by the Board of Governors of The University  
9 of North Carolina. The Optional Retirement Program shall be underwritten by the  
10 purchase of annuity contracts, which may be both fixed and variable contracts or a  
11 combination thereof, or financed through the establishment of a trust, for the benefit of  
12 participants in the Program. Participation in the Optional Retirement Program shall be  
13 limited to ~~university~~ University personnel who are eligible for membership in the  
14 Teachers' and State Employees' Retirement Program and who are:

- 15 (1) Administrators and faculty of The University of North Carolina with  
16 the rank of instructor or above;
- 17 (2) The President and employees of The University of North Carolina who  
18 are appointed by the Board of Governors on recommendation of the  
19 President pursuant to G.S. 116-11(4), 116-11(5), and 116-14 or who  
20 are appointed by the Board of Trustees of a constituent institution of  
21 The University of North Carolina upon the recommendation of the  
22 Chancellor pursuant to G.S. 116-40.22(b);
- 23 (3) Nonfaculty instructional and research staff who are exempt from the  
24 State Personnel Act, as defined by the provisions of G.S. ~~126-5(e1)(8);~~  
25 126-5(c1)(8), and the faculty of the North Carolina School of Science  
26 and Mathematics; and
- 27 (4) Field faculty of the Cooperative Agriculture Extension Service, and  
28 tenure track faculty in North Carolina State University agriculture  
29 research programs who are exempt from the State Personnel Act and  
30 who are eligible for membership in the Teachers' and State Employees'  
31 Retirement System pursuant to G.S. 135-3(1), who in any of the cases  
32 described in this subsection (i) had been members of the Optional  
33 Retirement Program under the provisions of Chapter 338, Session  
34 Laws of 1971, immediately prior to July 1, 1985, or (ii) have sought  
35 membership as required in subsection (b), below. Under the Optional  
36 Retirement Program, the State and the participant shall contribute, to  
37 the extent authorized or required, toward the purchase of such  
38 contracts or deposited in such trust on the participant's behalf."

39 **SECTION 4.** Sections 2 and 3 of this act become effective July 1, 2007, and  
40 Section 3 of this act applies only to eligible persons who are employees as of July 1,  
41 2007, or who are employed thereafter. The remainder of this act is effective when it  
42 becomes law.