

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007**

S

1

SENATE BILL 1238

Short Title: Career Fire and Rescue Retirement.

(Public)

Sponsors: Senator Nesbitt.

Referred to: Pensions, Retirement & Aging.

March 26, 2007

A BILL TO BE ENTITLED
AN ACT TO DEFINE CAREER FIREFIGHTERS' AND CAREER RESCUE SQUAD
WORKERS' ACCRUAL RATES FOR MEMBERS AND BENEFICIARIES OF
THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 128-21 is amended by adding new subdivisions to read:

"(7b) "Career firefighter" means a person (i) who is a full-time paid employee of an employer that participates in the Local Governmental Employees' Retirement System and maintains a fire department certified by the North Carolina Department of Insurance, and (ii) who is actively serving in a position with assigned primary duties and responsibilities for the prevention, detection, and suppression of fire.

"(7c) "Career rescue squad worker" means a person (i) who is a full-time paid employee of an employer that participates in the Local Governmental Employees' Retirement System and maintains a rescue squad or emergency medical services team certified by the North Carolina Department of Insurance or the Department of Health and Human Services, and (ii) who is actively serving in a position with assigned primary duties and responsibilities for the alleviation of human suffering and assistance to persons who are in difficulty, who are injured, or who become suddenly ill, by providing proper and efficient care or emergency medical services."

SECTION 2. G.S. 128-24(5) reads as rewritten:

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

a. Notwithstanding any other provision of this Chapter, any member who separates from service prior to the attainment of

1 the age of 60 years for any reason other than death or retirement
 2 for disability as provided in G.S. 128-27(c), after completing 15
 3 or more years of creditable service, and who leaves his total
 4 accumulated contributions in said System shall have the right to
 5 retire on a deferred retirement allowance upon attaining the age
 6 of 60 years; provided that such member may retire only upon
 7 written application to the Board of Trustees setting forth at what
 8 time, not less than one day nor more than 90 days subsequent to
 9 the execution and filing thereof, he desires to be retired; and
 10 further provided that in the case of a member who so separates
 11 from service on or after July 1, 1967, the aforesated
 12 requirement of 15 or more years of creditable service shall be
 13 reduced to 12 or more years of creditable service; and further
 14 provided that in the case of a member who so separates from
 15 service on or after July 1, 1971, or whose account is active on
 16 July 1, 1971, the aforesated requirement of 12 or more years of
 17 creditable service shall be reduced to five or more years of
 18 creditable service. Such deferred retirement allowance shall be
 19 computed in accordance with the service retirement provisions
 20 of this Article pertaining to a member who is not a law
 21 enforcement officer or eligible former law enforcement officer.

22 b. In lieu of the benefits provided in paragraph a of this subdivision,
 23 any member who separates from service prior to the attainment of
 24 the age of 60 years, for any reason other than death or retirement
 25 for disability as provided in G.S. 128-27(c), after completing 20 or
 26 more years of creditable service, and who leaves his total
 27 accumulated contributions in said System may elect to retire on an
 28 early retirement allowance upon attaining the age of 50 years or at
 29 any time thereafter; provided that such member may so retire only
 30 upon written application to the Board of Trustees setting forth at
 31 what time, not less than one day nor more than 90 days subsequent
 32 to the execution and filing thereof, he desires to be retired. Such
 33 early retirement allowance so elected shall be equal to the deferred
 34 retirement allowance otherwise payable at the attainment of the age
 35 of 60 years reduced by the percentage thereof indicated below.

Age at Retirement	Percentage Reduction
59	7
58	14
57	20
56	25
55	30
54	35

1	53	39
2	52	43
3	51	46
4	50	50

5
6 b1. In lieu of the benefits provided in paragraphs a and b of this
7 subdivision, any member who is a law enforcement ~~officer~~
8 officer, career firefighter, or career rescue squad worker at the
9 time of separation from service prior to the attainment of the
10 age of 50 years, for any reason other than death or disability as
11 provided in this Article, after completing 15 or more years of
12 creditable service in this capacity immediately prior to
13 separation from service, and who leaves his total accumulated
14 contributions in this System, may elect to retire on a deferred
15 early retirement allowance upon attaining the age of 50 years or
16 at any time thereafter; provided, that the member may
17 commence retirement only upon written application to the
18 Board of Trustees setting forth at what time, as of the first day
19 of a calendar month, not less than one day nor more than 90
20 days subsequent to the execution and filing thereof, he desires
21 to commence retirement. The deferred early retirement
22 allowance shall be computed in accordance with the service
23 retirement provisions of this Article pertaining to law
24 enforcement ~~officers.~~ officers, career firefighters, or career
25 rescue squad workers.

26 b2. In lieu of the benefits provided in paragraphs a and b of this
27 subdivision, any member who is a law enforcement ~~officer~~
28 officer, career firefighter, or career rescue squad worker at the
29 time of separation from service prior to the attainment of the
30 age of 55 years, for any reason other than death or disability as
31 provided in this Article, after completing five or more years of
32 creditable service in this capacity immediately prior to
33 separation from service, and who leaves his total accumulated
34 contributions in this System may elect to retire on a deferred
35 service retirement allowance upon attaining the age of 55 years
36 or at any time thereafter; provided, that the member may
37 commence retirement only upon written application to the
38 Board of Trustees setting forth at what time, as of the first day
39 of a calendar month not less than one day nor more than 90
40 days subsequent to the execution and filing thereof, he desires
41 to commence retirement. The deferred service retirement
42 allowance shall be computed in accordance with the service
43 retirement provisions of this Article pertaining to law

- 1 enforcement ~~officers.~~ officers, career firefighters, or career
2 rescue squad workers.
- 3 b3. Deferred retirement allowance of members retiring on or after
4 July 1, 1995. – In lieu of the benefits provided in paragraphs a.
5 and b. of this subdivision, any member who separates from
6 service prior to attainment of age 60 years, after completing 20
7 or more years of creditable service, and who leaves his total
8 accumulated contributions in said System, may elect to retire on
9 a deferred retirement allowance upon attaining the age of 50
10 years or any time thereafter; provided that such member may so
11 retire only upon written application to the Board of Trustees
12 setting forth at what time, not less than one day nor more than
13 90 days subsequent to the execution and filing thereof, he
14 desires to be retired. Such deferred retirement allowance shall
15 be computed in accordance with the service retirement
16 provisions of this Article pertaining to a member who is not a
17 law enforcement officer or an eligible former law enforcement
18 officer.
- 19 c. Should a beneficiary who retired on an early or service
20 retirement allowance be reemployed, or otherwise engaged to
21 perform services, by an employer participating in the
22 Retirement System on a part-time, temporary, interim, or on
23 fee-for-service basis, whether contractual or otherwise, and if
24 such beneficiary earns an amount during the 12-month period
25 immediately following the effective date of retirement or in any
26 calendar year which exceeds fifty percent (50%) of the reported
27 compensation, excluding terminal payments, during the 12
28 months of service preceding the effective date of retirement, or
29 twenty thousand dollars (\$20,000), whichever is greater, as
30 hereinafter indexed, then the retirement allowance shall be
31 suspended as of the first day of the month following the month
32 in which the reemployment earnings exceed the amount above,
33 for the balance of the calendar year. The retirement allowance
34 of the beneficiary shall be reinstated as of January 1 of each
35 year following suspension. The amount that may be earned
36 before suspension shall be increased on January 1 of each year
37 by the ratio of the Consumer Price Index to the Index one year
38 earlier, calculated to the nearest tenth of a percent (1/10 of 1%).
- 39 d. Should a beneficiary who retired on an early or service
40 retirement allowance be restored to service as an employee,
41 then the retirement allowance shall cease as of the first day of
42 the month following the month in which the beneficiary is
43 restored to service and the beneficiary shall become a member
44 of the Retirement System and shall contribute thereafter as

1 allowed by law at the uniform contribution payable by all
2 members.

3 Upon his subsequent retirement, he shall be paid a
4 retirement allowance determined as follows:

5 1. For a member who earns at least three years' membership
6 service after restoration to service, the retirement
7 allowance shall be computed on the basis of his
8 compensation and service before and after the period of
9 prior retirement without restriction; provided, that if the
10 prior allowance was based on a social security leveling
11 payment option, the allowance shall be adjusted
12 actuarially for the difference between the amount
13 received under the optional payment and what would
14 have been paid if the retirement allowance had been paid
15 without optional modification.

16 2. For a member who does not earn three years'
17 membership service after restoration to service, the
18 retirement allowance shall be equal to the sum of the
19 retirement allowance to which he would have been
20 entitled had he not been restored to service, without
21 modification of the election of an optional allowance
22 previously made, and the retirement allowance that
23 results from service earned since being restored to
24 service; provided, that if the prior retirement allowance
25 was based on a social security leveling payment option,
26 the prior allowance shall be adjusted actuarially for the
27 difference between the amount that would have been
28 paid for each month had the payment not been suspended
29 and what would have been paid if the retirement
30 allowance had been paid without optional modification."

31 **SECTION 3.** G.S. 128-27(a) reads as rewritten:

32 "(a) Service Retirement Benefits. –

33 (1) Any member may retire upon written application to the Board of
34 Trustees setting forth at what time, as of the first day of a calendar
35 month, not less than one day nor more than 90 days subsequent to the
36 execution and filing thereof, he desires to be retired: Provided, that the
37 said member at the time so specified for his retirement shall have
38 attained the age of 60 years and have at least five years of creditable
39 service or shall have completed 30 years of creditable service, or if a
40 ~~fireman, he~~ career firefighter or career rescue squad worker, the
41 member shall have attained the age of 55 years and have at least five
42 years of creditable service completed at least 30 years of creditable
43 service provided that the last five years of creditable service is as a
44 career firefighter or career rescue squad worker.

- 1 (2) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1019, s. 1.
 2 (3) Repealed by Session Laws 1971, c. 325, s. 12.
 3 (4) Any member who was in service October 8, 1981, who had attained 60
 4 years of age, may retire upon written application to the Board of
 5 Trustees setting forth at what time, as of the first day of a calendar
 6 month, not less than one day nor more than 90 days subsequent to the
 7 execution and filing thereof, he desires to be retired.
 8 (5) Any member who is a law enforcement officer, career firefighter, or
 9 career rescue squad worker and who attains age 50 and completes 15
 10 or more years of creditable service in this capacity or who attains age
 11 55 and completes five or more years of creditable service in this
 12 capacity, may retire upon written application to the Board of Trustees
 13 setting forth at what time, as of the first day of a calendar month, not
 14 less than one day nor more than 90 days subsequent to the execution
 15 and filing thereof, ~~he~~ the member desires to be retired; provided, also,
 16 any member who has met the conditions required by this ~~subdivision~~
 17 section but does not retire, and later becomes an employee other than
 18 as a law enforcement officer, career firefighter, or career rescue squad
 19 worker, continues to have the right to commence retirement."

20 **SECTION 4.** G.S. 128-27(b21) reads as rewritten:

21 "(b21) Service Retirement Allowance of Member Retiring on or After July 1, ~~2003.~~
 22 2003, but Before July 1, 2007. – Upon retirement from service in accordance with
 23 subsection (a) or (a1) above, on or after July 1, 2003, but before July 1, 2007, a member
 24 shall receive the following service retirement allowance:

- 25 (1) A member who is a law enforcement officer or an eligible former law
 26 enforcement officer shall receive a service retirement allowance
 27 computed as follows:
 28 a. If the member's service retirement date occurs on or after his
 29 55th birthday and completion of five years of creditable service
 30 as a law enforcement officer, or after the completion of 30 years
 31 of creditable service, the allowance shall be equal to one and
 32 eighty-five hundredths percent (1.85%) of his average final
 33 compensation, multiplied by the number of years of his
 34 creditable service.
 35 b. If the member's service retirement date occurs on or after his
 36 50th birthday and before his 55th birthday with 15 or more
 37 years of creditable service as a law enforcement officer and
 38 prior to the completion of 30 years of creditable service, his
 39 retirement allowance shall be equal to the greater of:
 40 1. The service retirement allowance payable under
 41 G.S. 128-27(b21)(1)a. reduced by one-third of one
 42 percent (1/3 of 1%) thereof for each month by which his
 43 retirement date precedes the first day of the month

- 1 coincident with or next following the month the member
2 would have attained his 55th birthday;
- 3 2. The service retirement allowance as computed under
4 G.S. 128-27(b21)(1)a. reduced by five percent (5%)
5 times the difference between 30 years and his creditable
6 service at retirement.
- 7 (2) A member who is not a law enforcement officer or an eligible former
8 law enforcement officer shall receive a service retirement allowance
9 computed as follows:
- 10 a. If the member's service retirement date occurs on or after his
11 65th birthday upon the completion of five years of creditable
12 service or after the completion of 30 years of creditable service
13 or on or after his 60th birthday upon the completion of 25 years
14 of creditable service, the allowance shall be equal to one and
15 eighty-five hundredths percent (1.85%) of average final
16 compensation, multiplied by the number of years of creditable
17 service.
- 18 b. If the member's service retirement date occurs after his 60th
19 birthday and before his 65th birthday and prior to his
20 completion of 25 years or more of creditable service, his
21 retirement allowance shall be computed as in
22 G.S. 128-27(b21)(2)a. but shall be reduced by one-quarter of
23 one percent ($\frac{1}{4}$ of 1%) thereof for each month by which his
24 retirement date precedes the first day of the month coincident
25 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
32 G.S. 128-27(b21)(2)a. but reduced by the sum of
33 five-twelfths of one percent ($\frac{5}{12}$ of 1%) thereof for
34 each month by which his retirement date precedes the
35 first day of the month coincident with or next following
36 the month the member would have attained his 60th
37 birthday, plus one-quarter of one percent ($\frac{1}{4}$ of 1%)
38 thereof for each month by which his 60th birthday
39 precedes the first day of the month coincident with or
40 next following his 65th birthday; or
- 41 2. The service retirement allowance as computed under
42 G.S. 128-27(b21)(2)a. reduced by five percent (5%)
43 times the difference between 30 years and his creditable
44 service at retirement; or

1 3. If the member's creditable service commenced prior to
2 July 1, 1995, the service retirement allowance equal to
3 the actuarial equivalent of the allowance payable at the
4 age of 60 years as computed in G.S. 128-27(b21)(2)b.

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

8 **SECTION 5.** G.S. 128-27 is amended by adding a new subsection to read:

9 "(b22) Service Retirement Allowance of Member Retiring on or After July 1, 2007.
10 – Upon retirement from service in accordance with subsection (a) or (a1) of this section,
11 on or after July 1, 2007, a member shall receive the following service retirement
12 allowance:

13 (1) A member who is a law enforcement officer, an eligible former law
14 enforcement officer, a career firefighter, an eligible former career
15 firefighter, a career rescue squad worker, or an eligible former career
16 rescue squad worker shall receive a service retirement allowance
17 computed as follows:

18 a. If the member's service retirement date occurs on or after his
19 55th birthday and completion of five years of creditable service
20 as a law enforcement officer, career firefighter, or a career
21 rescue squad worker, or after the completion of 30 years of
22 creditable service, the allowance shall be equal to one and
23 eighty-five hundredths percent (1.85%) of his average final
24 compensation, multiplied by the number of years of his
25 creditable service.

26 b. If the member's service retirement date occurs on or after his
27 50th birthday and before his 55th birthday with 15 or more
28 years of creditable service as a law enforcement officer, career
29 firefighter, or career rescue squad worker and prior to the
30 completion of 30 years of creditable service, his retirement
31 allowance shall be equal to the greater of:

32 1. The service retirement allowance payable under
33 G.S. 128-27(b22)(1)a. reduced by one-third of one
34 percent (1/3 of 1%) thereof for each month by which his
35 retirement date precedes the first day of the month
36 coincident with or next following the month the member
37 would have attained his 55th birthday;

38 2. The service retirement allowance as computed under
39 G.S. 128-27(b22)(1)a. reduced by five percent (5%)
40 times the difference between 30 years and his creditable
41 service at retirement.

42 (2) A member who is not a law enforcement officer, an eligible former
43 law enforcement officer, a career firefighter, an eligible former career
44 firefighter, a career rescue squad worker, or an eligible former career

1 rescue squad worker shall receive a service retirement allowance
2 computed as follows:

3 a. If the member's service retirement date occurs on or after his
4 65th birthday upon the completion of five years of creditable
5 service or after the completion of 30 years of creditable service
6 or on or after his 60th birthday upon the completion of 25 years
7 of creditable service, the allowance shall be equal to one and
8 eighty-five hundredths percent (1.85%) of average final
9 compensation, multiplied by the number of years of creditable
10 service.

11 b. If the member's service retirement date occurs after his 60th
12 birthday and before his 65th birthday and prior to his
13 completion of 25 years or more of creditable service, his
14 retirement allowance shall be computed as in
15 G.S. 128-27(b22)(2)a. but shall be reduced by one-quarter of
16 one percent (1/4 of 1%) thereof for each month by which his
17 retirement date precedes the first day of the month coincident
18 with or next following his 65th birthday.

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

24 1. The service retirement allowance as computed under
25 G.S. 128-27(b22)(2)a. but reduced by the sum of
26 five-twelfths of one percent (5/12 of 1%) thereof for
27 each month by which his retirement date precedes the
28 first day of the month coincident with or next following
29 the month the member would have attained his 60th
30 birthday, plus one-quarter of one percent (1/4 of 1%)
31 thereof for each month by which his 60th birthday
32 precedes the first day of the month coincident with or
33 next following his 65th birthday; or

34 2. The service retirement allowance as computed under
35 G.S. 128-27(b22)(2)a. reduced by five percent (5%)
36 times the difference between 30 years and his creditable
37 service at retirement; or

38 3. If the member's creditable service commenced prior to
39 July 1, 1995, the service retirement allowance equal to
40 the actuarial equivalent of the allowance payable at the
41 age of 60 years as computed in G.S. 128-27(b22)(2)b.

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

1 **SECTION 6.** G.S. 128-30(d) is amended by adding a new subdivision to
2 read:

3 "(10) Notwithstanding the foregoing provisions of this subsection, beginning
4 with the December 31, 2006, valuation, the actuary shall determine an
5 additional "accrued liability contribution" on account of each
6 employer's career firefighters and career rescue squad workers. This
7 contribution shall be that percentage of the career firefighters' and
8 career rescue squad workers' compensation necessary to liquidate the
9 "existing unfunded accrued liability" over a period of years to be
10 determined by the Board of Trustees. The "existing unfunded accrued
11 liability" for each employer shall be equal to the sum of two liabilities.
12 The first is that portion of the unfunded accrued liability for additional
13 benefits payable to each employer's career firefighters and career
14 rescue squad workers who are members of the Retirement Sysytem on
15 June 30, 2007. The "accrued liability contribution" determined on the
16 basis of this paragraph shall be added to that determined under
17 subdivisions (3) and (9) of this subsection and shall be included in the
18 total amount payable under subdivision (5) of this subsection."

19 **SECTION 7.** This act becomes effective July 1, 2007, and applies to persons
20 retiring on or after that date.