

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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SENATE BILL 747
Second Edition Engrossed 5/3/89

Short Title: Retirement Credit Purchases.

(Public)

Sponsors: Senators Royall; Basnight, Block, Bryan, Plyler, Rauch, and Sherron.

Referred to: Pensions and Retirement.

April 3, 1989

A BILL TO BE ENTITLED

1 AN ACT TO PROVIDE A MORE COMPLETE DEFINITION OF FULL COST
2 RETIREMENT SERVICE CREDIT PURCHASES IN THE STATE-
3 ADMINISTERED RETIREMENT SYSTEMS.
4

5 The General Assembly of North Carolina enacts:

6 Section 1. G.S. 128-26(h1) reads as rewritten:

7 "(h1) Any member may purchase creditable service for service as a member of the
8 General Assembly not otherwise creditable under this section, provided the service is
9 not credited in the Legislative Retirement Fund nor the Legislative Retirement System,
10 and further provided the member pays a lump sum amount equal to the full cost of the
11 additional service credits calculated on the basis of the assumptions used for the
12 purposes of the actuarial valuation of the System's liabilities, taking into account the
13 additional retirement allowance arising on account of the additional service credits
14 commencing at the earliest age at which a member could retire on an unreduced
15 retirement allowance as determined by the Board of Trustees upon the advice of the
16 consulting actuary, plus an administrative fee to be set by the Board of Trustees.
17 Notwithstanding the foregoing provisions of this subsection that provide for the
18 purchase of service credits, the terms 'full cost', 'full liability', and 'full actuarial cost'
19 include assumed annual post-retirement allowance increases, as determined by the
20 Board of Trustees, from the earliest age at which a member could retire on an unreduced
21 service allowance."

22 Sec. 2. G.S. 128-26(k) reads as rewritten:

1 ♦ " (k) All repayments and purchases of service credits, allowed under the provisions of
2 this section, must be made within three years after the member first becomes eligible to
3 make such repayments and purchases. Any member who does not repay or purchase
4 service credits within said three years after first eligibility to make such repayments and
5 purchases may, under the same conditions as are otherwise required, repay or purchase
6 service credits provided that the repayment or purchase equals the full cost of the
7 service credits calculated on the basis of the assumptions used for purchases of the
8 actuarial valuation of the System's liabilities and shall take into account the additional
9 retirement allowance arising on account of such additional service credit commencing at
10 the earliest age at which such member could retire on an unreduced retirement
11 allowance as determined by the Board of Trustees upon the advice of the consulting
12 actuary. Notwithstanding the foregoing provisions of this subsection that provide for
13 the purchase of service credits, the terms 'full cost', 'full liability', and 'full actuarial
14 cost' include assumed annual post-retirement allowance increases, as determined by the
15 Board of Trustees, from the earliest age at which a member could retire on an unreduced
16 service allowance."

17 Sec. 3. G.S. 128-26(l) reads as rewritten:

18 ♦ " (l) Notwithstanding any other provision of this Chapter, any member may purchase
19 creditable service for periods of employer approved leaves of absence when in receipt
20 of benefits under the North Carolina Workers' Compensation Act. This service shall be
21 purchased by paying a cost calculated in the following manner:

22 (1) Leaves of Absence Terminated Prior to July 1, 1983. – The cost to a
23 member whose employer approved leave of absence, when in receipt
24 of benefits under the North Carolina Workers' Compensation Act,
25 terminated upon return to service prior to July 1, 1983, shall be a lump
26 sum amount payable to the Annuity Savings Fund equal to the full
27 liability of the service credits calculated on the basis of the
28 assumptions used for purposes of the actuarial valuation of the
29 system's liabilities, and shall take into account the retirement
30 allowance arising on account of the additional service credit
31 commencing at the earliest age at which the member could retire on an
32 unreduced retirement allowance, as determined by the board of
33 trustees upon the advice of the consulting actuary, plus an
34 administrative fee to be set by the board of trustees. Notwithstanding
35 the foregoing provisions of this subdivision that provide for the
36 purchase of service credits, the terms 'full cost', 'full liability', and 'full
37 actuarial cost' include assumed annual post-retirement allowance
38 increases, as determined by the Board of Trustees, from the earliest
39 age at which a member could retire on an unreduced service
40 allowance.

41 (2) Leaves of Absence Terminating On and After July 1, 1983. – The cost
42 to a member whose employer approved leave of absence, when in
43 receipt of benefits under the North Carolina Workers' Compensation
44 Act, terminates upon return to service on and after July 1, 1983, shall

1 be a lump sum amount due and payable to the Annuity Savings Fund
2 within six months from return to service equal to the total employee
3 and employer percentage rates of contribution in effect at the time of
4 purchase and based on the annual rate of compensation of the member
5 immediately prior to the leave of absence; Provided, however, the cost
6 to a member whose amount due is not paid within six months from
7 return to service shall be the amount due plus one percent (1%) per
8 month penalty for each month or fraction thereof the payment is made
9 beyond the six-month period."

10 Sec. 4. G.S. 128-26(m)(3) reads as rewritten:

11 ♦ "(m) Omitted Membership Service. – A member who had service as an employee as
12 defined in G.S. 135-1(10) and G.S. 128-21(10) or as a teacher as defined in G.S. 135-
13 1(25) and who was omitted from contributing membership through error may be
14 allowed membership service, after submitting clear and convincing evidence of the
15 error, as follows:

- 16 (1) Within 90 days of the omission, by the payment of employee and
17 employer contributions that would have been paid; or
18 (2) After 90 days and prior to three years of the omission, by the payment
19 of the employee and employer contributions that would have been paid
20 plus interest compounded annually at a rate equal to the average yield
21 on the pension accumulation fund for the preceding calendar year; or
22 (3) After three years of the omission, by the payment of an amount equal
23 to the full cost of the service credits calculated on the basis of the
24 assumptions used for the purposes of the actuarial valuation of the
25 system's liabilities, and shall take into account the additional
26 retirement allowance arising on account of such additional service
27 credit commencing at the earliest age at which a member could retire
28 on an unreduced retirement allowance, as determined by the Board of
29 Trustees upon the advice of the consulting actuary, plus an
30 administrative fee to be set by the Board of Trustees.
31 Notwithstanding the foregoing provisions of this subdivision that
32 provide for the purchase of service credits, the terms 'full cost', 'full
33 liability', and 'full actuarial cost' include assumed annual post-
34 retirement allowance increases, as determined by the Board of
35 Trustees, from the earliest age at which a member could retire on an
36 unreduced service allowance.

37 Nothing contained in this subsection shall prevent an employer or member from
38 paying all or a part of the cost of the omitted membership service; and to the extent paid
39 by the employer, the cost paid by the employer shall be credited to the pension
40 accumulation fund; and to the extent paid by the member, the cost paid by the members
41 shall be credited to the member's annuity savings account; provided, however, an
42 employer does not discriminate against any member or group of members in his employ
43 in paying all or any part of the cost of the omitted membership service."

44 Sec. 5. G.S. 128-26(n) reads as rewritten:

1 "(n) Notwithstanding any other provision of this Chapter, any person who
2 withdrew his contribution in accordance with the provisions of G.S. 128-27(f), or G.S.
3 135-5(f) or the rules and regulations of the Law Enforcement Officer's Retirement
4 System and who subsequently returns to service, may, upon completion of five years of
5 membership service, purchase the withdrawn service by making a lump sum amount to
6 the Annuity Savings Fund equal to the full liability of the service credits calculated on
7 the basis of the assumptions used for purposes of the actuarial valuation of the system's
8 liabilities; and the calculation of the amount payable shall take into account the
9 retirement allowance arising on account of the additional service credit commencing at
10 the earliest age at which the member could retire on an unreduced retirement allowance,
11 as determined by the Board of Trustees upon the advice of the consulting actuary, plus
12 an administrative fee to be set by the Board of Trustees. Notwithstanding the foregoing
13 provisions of this subsection that provide for the purchase of service credits, the terms
14 'full cost', 'full liability', and 'full actuarial cost' include assumed annual post-retirement
15 allowance increases, as determined by the Board of Trustees, from the earliest age at
16 which a member could retire on an unreduced service allowance."

17 Sec. 6. G.S. 128-26(o) reads as rewritten:

18 "(o) Credit at Full Cost for Federal Employment. – Notwithstanding any other
19 provisions of this Chapter, a member, upon the completion of five years of membership
20 service, may purchase creditable service for periods of federal employment, provided
21 that the member is not receiving any retirement benefits resulting from this federal
22 employment, and provided that the member is not vested in the particular federal
23 retirement system to which the member may have belonged while a federal employee.
24 The member shall purchase this service by making a lump sum amount payable to the
25 Annuity Savings Fund equal to the full liability of the service credits calculated on the
26 basis of the assumptions used for purposes of the actuarial valuation of the liabilities of
27 the Retirement System; and the calculation of the amount payable shall take into
28 account the retirement allowance arising on account of the additional service credit
29 commencing at the earliest age at which the member could retire on an unreduced
30 retirement allowance, as determined by the Board of Trustees upon the advice of the
31 consulting actuary, plus an administrative fee to be set by the Board of Trustees.
32 Members may also purchase creditable service for periods of employment with public
33 community service entities within the State funded entirely with federal funds, other
34 than the federal government, that are not covered by the provisions of G.S. 128-21(11)
35 or G.S. 135-1(11), under the same terms and conditions that are applicable to the
36 purchase of creditable service for periods of federal employment in accordance with this
37 subsection. 'Public community service entities' as used in this ~~subdivision~~ subsection
38 shall mean community action, human relations, manpower development, and
39 community development programs as defined in Articles 19 and 21 of Chapter 160A
40 and Article 18 of Chapter 153A of the General Statutes and any other similar programs
41 that the Board of Trustees may adopt. Notwithstanding the foregoing provisions of this
42 subsection that provide for the purchase of service credits, the terms 'full cost', 'full
43 liability', and 'full actuarial cost' include assumed annual post-retirement 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 Sec. 7. G.S. 128-26(p) reads as rewritten:

4 "(p) Part-Time Service Credit. –

5 (1) Notwithstanding any other provision of this Chapter, upon completion
6 of five years of membership service, any member may purchase
7 service previously rendered as a part-time employee of a participating
8 employer as defined in G.S. 128-21(11), except for temporary or part-
9 time service rendered while a full-time student in pursuit of a degree or
10 diploma in a degree-granting program. Payment shall be made in a
11 single lump sum in an amount equal to the full actuarial cost of
12 providing credit for the service, together with interest and an
13 administrative fee, as determined by the Board of Trustees on the
14 advice of the Retirement System's actuary. Notwithstanding the
15 provisions of G.S. 128-26(b), the Board of Trustees shall fix and
16 determine by appropriate rules and regulations how much service in
17 any year, as based on compensation, is equivalent to one year of
18 service in proportion to 'earnable compensation', but in no case shall
19 more than one year of service be creditable for all service in one year.
20 Notwithstanding the foregoing provisions of this subdivision that
21 provide for the purchase of service credits, the terms 'full cost', 'full
22 liability', and 'full actuarial cost' include assumed annual post-
23 retirement allowance increases, as determined by the Board of
24 Trustees, from the earliest age at which a member could retire on an
25 unreduced service allowance.

26 (2) Under all requirements and conditions set forth in the preceding
27 subdivision of this subsection, except for the requirement that the
28 completion of five years of membership service be subsequent to
29 service rendered as a part-time employee, any member with five or
30 more years of membership service standing to his credit may purchase
31 additional membership service for service rendered as a part-time
32 employee of an employer as defined in G.S. 128-21(11) if (i) the
33 member terminates or has terminated employment in any capacity as
34 an employee, (ii) the purchase of the additional membership service
35 causes the member to become eligible to commence an early or service
36 retirement allowance, and (iii) the member immediately elects to
37 commence retirement and become a beneficiary."

38 Sec. 8. G.S. 128-26(q) reads as rewritten:

39 "(q) Credit at Full Cost for Probationary Employment. – Notwithstanding any
40 other provision of this Chapter, a member may purchase creditable service, prior to
41 retirement, for employment with an employer as defined in this Article when considered
42 to be in a probationary or employer imposed waiting period status and thereby not
43 regularly employed, between date of employment and date of membership service with

1 the retirement system, provided that the employer or former employer of such a member
2 has revoked this probationary employment or waiting period policy.

3 Provided, the member shall purchase this service by making a lump sum amount
4 payable to the Annuity Savings Fund equal to the full liability of the service credits
5 calculated on the basis of the assumptions used for purposes of the actuarial valuation of
6 the liabilities of the retirement system, and the calculation of the amount payable shall
7 take into account the retirement allowance arising on account of the additional service
8 credit commencing at the earliest age at which the member could retire on an unreduced
9 retirement allowance, as determined by the Board of Trustees upon the advice of the
10 consulting actuary, plus an administrative fee to be set by the Board of Trustees. In no
11 instance shall the amount payable be less than the contributions a member would have
12 made during the employment plus four percent (4%) interest compounded annually.

13 Nothing contained in this subsection shall prevent an employer from paying all or
14 part of the cost; and, to the extent paid by an employer, payments shall be credited to
15 the Pension Accumulation Fund; and to the extent paid by a member, payments shall be
16 credited to the Annuity Savings Fund; provided, however, an employer may not
17 discriminate against any member or group of members in his employ in paying all or
18 any part of this cost. Notwithstanding the foregoing provisions of this subsection that
19 provide for the purchase of service credits, the terms 'full cost', 'full liability', and 'full
20 actuarial cost' include assumed annual post-retirement allowance increases, as
21 determined by the Board of Trustees, from the earliest age at which a member could
22 retire on an unreduced service allowance."

23 Sec. 9. G.S. 128-26(r) reads as rewritten:

24 "(r) Credit at Full Cost for Temporary Local Government Employment. –
25 Notwithstanding any other provisions of this Chapter, any member may purchase
26 creditable service for local government employment when classified as a temporary
27 employee subject to the conditions that:

- 28 (1) The member was employed by an employer as defined in G.S. 128-
29 21(11);
- 30 (2) The member's temporary employment met all other requirements of
31 G.S. 128-21(10);
- 32 (3) The member has completed five years or more of membership service;
- 33 (4) The member acquires from the employer such certifications of
34 temporary employment as are required by the Board of Trustees; and
- 35 (5) The member makes a lump sum payment into the Annuity ~~Saving~~
36 Savings Fund equal to the full liability of the service credits calculated
37 on the basis of the assumptions used for purposes of the actuarial
38 valuation of the retirement system's liabilities, and the calculation of
39 the amount payable shall take into account the retirement allowance
40 arising on account of the additional service credit commencing at the
41 earliest age at which the member could retire on an unreduced
42 retirement allowance, as determined by the Board of Trustees upon the
43 advise of the actuary, plus an administrative fee to be determined by
44 the Board of Trustees. Notwithstanding the foregoing provisions of

1 this subdivision that provide for the purchase of service credits, the
2 terms 'full cost', 'full liability', and 'full actuarial cost' include
3 assumed annual post-retirement allowance increases, as determined by
4 the Board of Trustees, from the earliest age at which a member could
5 retire on an unreduced service allowance."

6 Sec. 10. G.S. 128-26(s) reads as rewritten:

7 "(s) Credit at Full Cost for Employment Not Otherwise Creditable. –
8 Notwithstanding any other provisions of this Chapter, any member may purchase
9 creditable service for any employment as an employee, as defined in G.S. 128-21(10),
10 of a local government employer not creditable in any other retirement system or plan,
11 upon completion of five years of membership service by making a lump sum payment
12 into the Annuity Savings Fund. The payment by the member shall be equal to the full
13 liability of the service credits calculated on the basis of the assumptions used for
14 purposes of the actuarial valuation of the retirement system's liabilities, and the
15 calculation of the amount payable shall take into account the additional retirement
16 allowance arising on account of the additional service credits commencing at the earliest
17 age at which the member could retire with an unreduced retirement allowance, as
18 determined by the Board of Trustees upon the advice of the actuary plus an
19 administrative fee to be determined by the Board of Trustees. Notwithstanding the
20 foregoing provisions of this subsection that provide for the purchase of service credits,
21 the terms 'full cost', 'full liability', and 'full actuarial cost' include assumed annual post-
22 retirement allowance increases, as determined by the Board of Trustees, from the
23 earliest age at which a member could retire on an unreduced service allowance."

24 Sec. 11. G.S. 135-4(j1) reads as rewritten:

25 "(j1) Any member may purchase creditable service for service as a member of the
26 General Assembly not otherwise creditable under this section, provided the service is
27 not credited in the Legislative Retirement Fund nor the Legislative Retirement System,
28 and further provided the member pays a lump sum amount equal to the full cost of the
29 additional service credits calculated on the basis of the assumptions used for the
30 purposes of the actuarial valuation of the System's liabilities, taking into account the
31 additional retirement allowance arising on account of the additional service credits
32 commencing at the earliest age at which a member could retire on an unreduced
33 retirement allowance as determined by the Board of Trustees upon the advice of the
34 consulting actuary, plus an administrative fee to be set by the Board of Trustees.
35 Notwithstanding the foregoing provisions of this subsection that provide for the
36 purchase of service credits, the terms 'full cost', 'full liability', and 'full actuarial cost'
37 include assumed annual post-retirement allowance increases, as determined by the
38 Board of Trustees, from the earliest age at which a member could retire on an unreduced
39 service allowance."

40 Sec. 12. G.S. 135-4(m) reads as rewritten:

41 ♦ " (m) All repayments and purchases of service credits, allowed under the provisions
42 of this section, must be made within three years after the member first becomes eligible
43 to make such repayments and purchases. Any member who does not repay or purchase
44 service credits within said three years after first eligibility to make such repayments and

1 purchases may, under the same conditions as are otherwise required, repay or purchase
2 service credits provided that the repayment or purchase equals the full cost of the
3 service credits calculated on the basis of the assumptions used for purposes of the
4 actuarial valuation of the system's liabilities and shall take into account the additional
5 retirement allowance arising on account of such additional service credit commencing at
6 the earliest age at which such member could retire on an unreduced retirement
7 allowance as determined by the Board of Trustees upon the advice of the consulting
8 actuary. Notwithstanding the foregoing provisions of this subsection that provide for
9 the purchase of service credits, the terms 'full cost', 'full liability', and 'full actuarial
10 cost' include assumed annual post-retirement allowance increases, as determined by the
11 Board of Trustees, from the earliest age at which a member could retire on an unreduced
12 service allowance."

13 Sec. 13. G.S. 135-4(p1) reads as rewritten:

14 "(p1) Part-Time Service Credit. –

15 (1) Notwithstanding any other provision of this Chapter, upon completion
16 of five years of membership service, any member may purchase
17 service previously rendered as a part-time teacher or employee of the
18 State, except for temporary or part-time service rendered while a full-
19 time student in pursuit of a degree or diploma in a degree-granting
20 program. Payment shall be made in a single lump sum in an amount
21 equal to the full actuarial cost of providing credit for the service,
22 together with interest and an administrative fee, as determined by the
23 Board of Trustees on the advice of the Retirement System's actuary.
24 Notwithstanding the provisions of G.S. 135-4(b), the Board of
25 Trustees shall fix and determine by appropriate rules and regulations
26 how much service in any year, as based on compensation, is equivalent
27 to one year of service in proportion to 'earnable compensation', but in
28 no case shall more than one year of service be creditable for all service
29 in one year. Service rendered for the regular school year in any district
30 shall be equivalent to one year's service. Notwithstanding the
31 foregoing provisions of this subdivision that provide for the purchase
32 of service credits, the terms 'full cost', 'full liability', and 'full actuarial
33 cost' include assumed annual post-retirement allowance increases, as
34 determined by the Board of Trustees, from the earliest age at which a
35 member could retire on an unreduced service allowance.

36 (2) Under all requirements and conditions set forth in the preceding
37 subdivision of this subsection (p1), except for the requirement that the
38 completion of five years of membership service be subsequent to
39 service rendered as a part-time teacher or employee of the State, any
40 member with five or more years of membership service standing to
41 his credit may purchase additional membership service for service
42 rendered as a part-time teacher or employee of the State if (i) the
43 member terminates or has terminated employment in any capacity as a
44 teacher or employee of the State, (ii) the purchase of the additional

1 membership service causes the member to become eligible to
2 commence an early or service retirement allowance, and (iii) the
3 member immediately elects to commence retirement and become a
4 beneficiary."

5 Sec. 14. G.S. 135-4(r) reads as rewritten:

6 ♦ " (r) Notwithstanding any other provision of this Chapter, any member may purchase
7 creditable service for periods of employer approved leaves of absence when in receipt
8 of benefits under the North Carolina Workers' Compensation Act. This service shall be
9 purchased by paying a cost calculated in the following manner:

10 (1) Leaves of Absence Terminated Prior to July 1, 1983. – The cost to a
11 member whose employer approved leave of absence, when in receipt
12 of benefits under the North Carolina Workers' Compensation Act,
13 terminated upon return to service prior to July 1, 1983, shall be a lump
14 sum amount payable to the Annuity Savings Fund equal to the full
15 liability of the service credits calculated on the basis of the
16 assumptions used for purposes of the actuarial valuation of the
17 system's liabilities, and shall take into account the retirement
18 allowance arising on account of the additional service credit
19 commencing at the earliest age at which the member could retire on an
20 unreduced retirement allowance, as determined by the board of
21 trustees upon the advice of the consulting actuary, plus an
22 administrative fee to be set by the board of trustees. Notwithstanding
23 the foregoing provisions of this subdivision that provide for the
24 purchase of service credits, the terms 'full cost', 'full liability', and 'full
25 actuarial cost' include assumed annual post-retirement allowance
26 increases, as determined by the Board of Trustees, from the earliest
27 age at which a member could retire on an unreduced service
28 allowance.

29 (2) Leaves of Absence Terminating On and After July 1, 1983, but before
30 January 1, 1988. – The cost to a member whose employer approved
31 leave of absence, when in receipt of benefits under the North Carolina
32 Workers' Compensation Act, terminates upon return to service on and
33 after July 1, 1983, but before January 1, 1988, shall be a lump sum
34 amount due and payable to the Annuity Savings Fund within six
35 months from return to service equal to the total employee and
36 employer percentage rates of contribution in effect at the time of
37 purchase and based on the annual rate of compensation of the member
38 immediately prior to the leave of absence; Provided, however, the cost
39 to a member whose amount due is not paid within six months from
40 return to service shall be the amount due plus one percent (1%) per
41 month penalty for each month or fraction thereof the payment is made
42 beyond the six-month period.

43 (3) Leaves of Absence Terminating On and After January 1, 1988. – The
44 cost to a member whose employer approved leave of absence, when in

1 receipt of benefits under the North Carolina Workers' Compensation
2 Act, terminates upon or before a return to service on and after January
3 1, 1988, shall be due and payable to the Annuity Savings Fund within
4 six months from return to service and shall be a lump sum amount
5 equal to the employee percentage rate of contribution in effect at the
6 time of purchase applied to the annual rate of compensation of the
7 member immediately prior to the leave of absence. For members
8 electing to make this payment, the member's employer which granted
9 the leave of absence, or the member's employer upon a return to
10 service, or both, shall make a matching lump sum payment to the
11 Pension Accumulation Fund within six months from return to service
12 equal to the employer percentage rate of contribution in effect at the
13 time of purchase applied to the annual rate of compensation of the
14 member immediately prior to the leave of absence. Such purchases of
15 creditable service are applicable only when members have
16 membership service credits within 30 days prior to the leave of
17 absence and within 12 months following the leave of absence and such
18 membership service is creditable service at the time of purchase.
19 Notwithstanding any other provision of this subdivision, the cost to a
20 member and to a member's employer or former employer or both
21 employers whose amount due is not paid within six months from
22 return to service shall be the amount due plus one percent (1%) per
23 month penalty for each month or fraction thereof that the payment is
24 made after the six-month period."

25 Sec. 15. G.S. 135-4(s) reads as rewritten:

26 "(s) Credit at Full Cost for Temporary State Employment. – In addition to the
27 provisions of subsection (p) above, any member may purchase creditable service for
28 State employment when classified as a temporary teacher or employee subject to the
29 conditions that the:

- 30 (1) Member was employed by an employer as defined in G.S. 135-1(11);
- 31 (2) Member's temporary employment met all other requirements of G.S.
32 135-1(10) or (25);
- 33 (3) Member has completed five years or more of membership service;
- 34 (4) Member acquires from the employer such certifications of temporary
35 employment as are required by the Board of Trustees; and
- 36 (5) Member makes a lump sum payment into the Annuity Savings Fund
37 equal to the full liability of the service credits calculated on the basis
38 of the assumptions used for purposes of the actuarial valuation of the
39 Retirement System's liabilities and shall take into account the
40 retirement allowance arising on account of the additional service credit
41 commencing at the earliest age at which the member could retire on an
42 unreduced retirement allowance, as determined by the Board of
43 Trustees upon the advice of the actuary, plus an administrative expense
44 fee to be determined by the Board of Trustees. Notwithstanding the

1 foregoing provisions of this subdivision that provide for the purchase
2 of service credits, the terms 'full cost', 'full liability', and 'full actuarial
3 cost' include assumed annual post-retirement allowance increases, as
4 determined by the Board of Trustees, from the earliest age at which a
5 member could retire on an unreduced service allowance.

6 The provisions of this subsection shall also apply to the purchase of creditable service
7 for State employment when classified as a permanent hourly employee in accordance
8 with G.S. 126-5(c4)."

9 Sec. 16. G.S. 135-4(t) reads as rewritten:

10 "(t) Credit at Full Cost for Local Government Employment. – Any member may
11 purchase creditable service for any employment as an employee, as defined in G.S. 128-
12 21(10), of a local government employer not creditable in the North Carolina Local
13 Governmental Employees' Retirement System upon completion of five years of
14 membership service by making a lump-sum payment into the Annuity Savings Fund.
15 The payment by the member shall be equal to the full liability of the service credits
16 calculated on the basis of the assumptions used for purposes of the actuarial valuation of
17 the Retirement System's liabilities, taking into account the additional retirement
18 allowance arising on account of the additional service credits commencing at the earliest
19 age at which the member could retire with an unreduced retirement allowance, as
20 determined by the Board of Trustees upon the advice of the actuary plus an
21 administrative expense fee to be determined by the Board of Trustees. Notwithstanding
22 the foregoing provisions of this subsection that provide for the purchase of service
23 credits, the terms 'full cost', 'full liability', and 'full actuarial cost' include assumed
24 annual post-retirement allowance increases, as determined by the Board of Trustees,
25 from the earliest age at which a member could retire on an unreduced service
26 allowance."

27 Sec. 17. G.S. 135-4(v) reads as rewritten:

28 ♦ " (v) Omitted Membership Service – A member who had service as an employee as
29 defined in G.S. 135-1(10) and G.S. 128-21(10) or as a teacher as defined in G.S. 135-
30 1(25) and who was omitted from contributing membership through error may be
31 allowed membership service, after submitting clear and convincing evidence of the
32 error, as follows:

- 33 (1) Within 90 days of the omission, by the payment of employee and
34 employer contributions that would have been paid; or
- 35 (2) After 90 days and prior to three years of the omission, by the payment
36 of the employee and employer contributions that would have been paid
37 plus interest compounded annually at a rate equal to the average yield
38 on the pension accumulation fund for the preceding calendar year; or
- 39 (3) After three years of the omission, by the payment of an amount equal
40 to the full cost of the service credits calculated on the basis of the
41 assumptions used for the purposes of the actuarial valuation of the
42 system's liabilities, and shall take into account the additional
43 retirement allowance arising on account of such additional service
44 credit commencing at the earliest age at which a member could retire

1 on an unreduced retirement allowance, as determined by the Board of
2 Trustees upon the advice of the consulting actuary, plus an
3 administrative fee to be set by the Board of Trustees.
4 Notwithstanding the foregoing provisions of this subdivision that
5 provide for the purchase of service credits, the terms 'full cost', 'full
6 liability', and 'full actuarial cost' include assumed annual post-
7 retirement allowance increases, as determined by the Board of
8 Trustees, from the earliest age at which a member could retire on an
9 unreduced service allowance.

10 Nothing contained in this subsection shall prevent an employer or member from
11 paying all or a part of the cost of the omitted membership service; and to the extent paid
12 by the employer, the cost paid by the employer shall be credited to the pension
13 accumulation fund; and to the extent paid by the member, the cost paid by the members
14 shall be credited to the member's annuity savings account; provided, however, an
15 employer does not discriminate against any member or group of members in his employ
16 in paying all or any part of the cost of the omitted membership service."

17 Sec. 18. G.S. 135-4(w) reads as rewritten:

18 "(w) Credit at Full Cost for Federal Employment. – Notwithstanding any other
19 provisions of this Chapter, a member, upon the completion of five years of membership
20 service, may purchase creditable service for periods of federal employment, provided
21 that the member is not receiving any retirement benefits resulting from this federal
22 employment, and provided that the member is not vested in the particular federal
23 retirement system to which the member may have belonged while a federal employee.
24 The member shall purchase this service by making a lump sum amount payable to the
25 Annuity Savings Fund equal to the full liability of the service credits calculated on the
26 basis of the assumptions used for purposes of the actuarial valuation of the system's
27 liabilities, and shall take into account the retirement allowance arising on account of the
28 additional service credit commencing at the earliest age at which the member could
29 retire on an unreduced retirement allowance, as determined by the Board of Trustees
30 upon the advice of the consulting actuary, plus an administrative fee to be set by the
31 Board of Trustees. Notwithstanding the foregoing provisions of this subsection that
32 provide for the purchase of service credits, the terms 'full cost', 'full liability', and 'full
33 actuarial cost' include assumed annual post-retirement allowance increases, as
34 determined by the Board of Trustees, from the earliest age at which a member could
35 retire on an unreduced service allowance.

36 Members may also purchase creditable service for periods of employment with
37 public community service entities within the State funded entirely with federal funds,
38 other than the federal government, that are not covered by the provisions of G.S. 128-
39 21(11) or G.S. 135-1(11), under the same terms and conditions that are applicable to
40 the purchase of creditable service for periods of federal employment in accordance with
41 this subsection. 'Public community service entities' as used in this subsection shall
42 mean community action, human relations, manpower development, and community
43 development programs as defined in Articles 19 and 21 of Chapter 160A and Article 18

1 of Chapter 153A of the General Statutes and any other similar programs that the Board
2 of Trustees may adopt."

3 Sec. 19. G.S. 135-4(x) reads as rewritten:

4 "(x) Notwithstanding any other provision of this Chapter, any person who
5 withdrew his contribution in accordance with the provisions of G.S. 128-27(f), or G.S.
6 135-5(f) or the rules and regulations of the Law-Enforcement Officer's Retirement
7 System, and who subsequently returns to service, may, upon completion of five years of
8 membership service, purchase the withdrawn service by making a lump sum amount to
9 the Annuity Savings Fund equal to the full liability of the service credits calculated on
10 the basis of the assumptions used for purposes of the actuarial valuation of the system's
11 liabilities; and the calculation of the amount payable shall take into account the
12 retirement allowance arising on account of the additional service credit commencing at
13 the earliest age at which the member could retire on an unreduced retirement allowance,
14 as determined by the Board of Trustees upon the advice of the consulting actuary, plus
15 an administrative fee to be set by the Board of Trustees. Notwithstanding the foregoing
16 provisions of this subsection that provide for the purchase of service credits, the terms
17 'full cost', 'full liability', and 'full actuarial cost' include assumed annual post-retirement
18 allowance increases, as determined by the Board of Trustees, from the earliest age at
19 which a member could retire on an unreduced service allowance."

20 Sec. 20. G.S. 135-4(z) reads as rewritten:

21 ♦ "(z) Credit at Full Cost for Leave due to Extended Illness. – Any member in service
22 with five or more years of membership service standing to his credit may purchase
23 creditable service for periods of interrupted service while on leave without pay status
24 due to the member's illness or injury, excluding leave due to maternity, provided that
25 any single such interrupted service shall have included such period of time during which
26 the member failed to earn at least two months membership service, by making a lump
27 sum amount payable to the Annuity Savings Fund equal to the full liability of the
28 service credits calculated on the basis of the assumptions used for purposes of the
29 actuarial valuation of the system's liabilities; and the calculation of the amount payable
30 shall take into account the retirement allowance arising on account of the additional
31 service credit commencing at the earliest age at which the member could retire on an
32 unreduced retirement allowance, as determined by the Board of Trustees upon the
33 advice of the consulting actuary, plus an administrative fee to be set by the Board of
34 Trustees. Notwithstanding the foregoing provisions of this subsection that provide for
35 the purchase of service credits, the terms 'full cost', 'full liability', and 'full actuarial
36 cost' include assumed annual post-retirement allowance increases, as determined by the
37 Board of Trustees, from the earliest age at which a member could retire on an unreduced
38 service allowance."

39 Sec. 21. (a) G.S. 135-56(d) and G.S. 135-56(e) are each amended by adding a
40 sentence to read:

41 "Notwithstanding the foregoing provisions of this subsection that provide for the
42 purchase of service credits, the terms 'full cost', 'full liability', and 'full actuarial cost'
43 include assumed annual post-retirement allowance increases, as determined by the

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

3 (b) G.S. 135-56.2 is amended by adding a sentence to read:

4 "Notwithstanding the foregoing provisions of this section that provide for the
5 purchase of service credits, the terms 'full cost', 'full liability', and 'full actuarial cost'
6 include assumed annual post-retirement allowance increases, as determined by the
7 Board of Trustees, from the earliest age at which a member could retire on an unreduced
8 service allowance."

9 Sec. 22. This act is effective upon ratification.