

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 1580*

Short Title: Increase Retirement Allowance.

(Public)

Sponsors: Senator Sherron.

Referred to: Pensions and Retirement.

May 25, 1994

A BILL TO BE ENTITLED

AN ACT TO INCREASE THE RETIREMENT FORMULA WITH AN ADJUSTING
INCREASE TO RETIREES OF THE TEACHERS' AND STATE EMPLOYEES'
RETIREMENT SYSTEM.

The General Assembly of North Carolina enacts:

Section 1. G.S. 135-5(b14) reads as rewritten:

"(b14) Service Retirement Allowance of Members Retiring on or after July 1,
~~1993-1993~~, but before July 1, 1994. – Upon retirement from service in accordance with
subsection (a) above, on or after July 1, 1993, but before July 1, 1994, a member shall
receive the following service retirement allowance:

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

a. If the member's service retirement date occurs on or after his
55th birthday, and completion of five years of creditable service
as a law enforcement officer, or after the completion of 30 years
of creditable service, the allowance shall be equal to one and
seventy-one hundredths percent (1.71%) of his average final
compensation, multiplied by the number of years of his
creditable service.

b. If the member's service retirement date occurs after his 50th and
before his 55th birthday with 15 or more years of creditable
service as a law enforcement officer and prior to the completion
of 30 years of creditable service, the allowance shall be

1 computed as in G.S. 135-5(b14)(1)a., but shall be reduced by
2 one-third of one percent (1/3 of 1%) thereof for each month by
3 which the retirement date precedes the first day of the month
4 coincident with or next following his 55th birthday.

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

8 a. If the member's service retirement date occurs on or after his
9 65th birthday upon the completion of five years of creditable
10 service or after the completion of 30 years of creditable service
11 or on or after his 60th birthday upon the completion of 25 years
12 of creditable service, the allowance shall be equal to one and
13 seventy-one hundredths percent (1.71%) of his average final
14 compensation, multiplied by the number of years of creditable
15 service.

16 b. If the member's service retirement date occurs after his 60th
17 birthday and before his 65th birthday and prior to the
18 completion of 25 years or more of creditable service, the
19 retirement allowance shall be computed as in G.S. 135-
20 5(b14)(2)a. but shall be reduced by one-quarter of one percent
21 (1/4 of 1%) thereof for each month by which his retirement date
22 precedes the first day of the month coincident with or next
23 following his 65th birthday.

24 c. If the member's service retirement date occurs before his 60th
25 birthday and prior to the completion of 30 or more years of
26 creditable service, the service retirement allowance shall be the
27 actuarial equivalent of the allowance payable at the age of 60
28 years as computed in G.S. 135(b14)(2)b [G.S. 135-5(b14)(2)b.].

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

32 Sec. 2. G.S. 135-5 is amended by adding two new subsections to read:

33 "(b15) Service Retirement Allowance of Members Retiring on or after July 1,
34 1994. – Upon retirement from service in accordance with subsection (a) above, on or
35 after July 1, 1994, a member shall receive the following service retirement allowance:

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

39 a. If the member's service retirement date occurs on or after his
40 55th birthday, and completion of five years of creditable service
41 as a law enforcement officer, or after the completion of 30 years
42 of creditable service, the allowance shall be equal to one and
43 seventy-three hundredths percent (1.73%) of his average final

1 compensation, multiplied by the number of years of his
2 creditable service.

3 b. If the member's service retirement date occurs after his 50th and
4 before his 55th birthday with 15 or more years of creditable
5 service as a law enforcement officer and prior to the completion
6 of 30 years of creditable service, the allowance shall be
7 computed as in G.S. 135-5(b15)(1)a., but shall be reduced by
8 one-third of one percent (1/3 of 1%) thereof for each month by
9 which the retirement date precedes the first day of the month
10 coincident with or next following his 55th birthday.

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

14 a. If the member's service retirement date occurs on or after his
15 65th birthday upon the completion of five years of creditable
16 service or after the completion of 30 years of creditable service
17 or on or after his 60th birthday upon the completion of 25 years
18 of creditable service, the allowance shall be equal to one and
19 seventy-three hundredths percent (1.73%) of his average final
20 compensation, multiplied by the number of years of creditable
21 service.

22 b. If the member's service retirement date occurs after his 60th
23 birthday and before his 65th birthday and prior to the
24 completion of 25 years or more of creditable service, the
25 retirement allowance shall be computed as in G.S. 135-
26 5(b15)(2)a. but shall be reduced by one-quarter of one percent
27 (1/4 of 1%) thereof for each month by which his retirement date
28 precedes the first day of the month coincident with or next
29 following his 65th birthday.

30 c. If the member's service retirement date occurs before his 60th
31 birthday and prior to the completion of 30 or more years of
32 creditable service, the service retirement allowance shall be the
33 actuarial equivalent of the allowance payable at the age of 60
34 years as computed in G.S. 135-5(b15)(2)b.

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

38 "(xx) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 1994. –
39 From and after July 1, 1994, the retirement allowance to or on account of beneficiaries
40 on the retirement rolls as of June 1, 1994, shall be increased by one and two-tenths of
41 one percent (1.2%) of the allowance payable on June 1, 1994. This allowance shall be
42 calculated on the allowance payable and in effect on June 30, 1994, so as not to be
43 compounded on any other increase granted by act of the 1993 General Assembly, 1994
44 Regular Session."

1 Sec. 3. This act becomes effective July 1, 1994.