

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2007**

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**HOUSE DRH30699-LL-290 (4/22)**

Short Title: Enhance TSERS Benefits/Retirement COLAs. (Public)

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Sponsors: Representatives Bell and J. Harrell (Primary Sponsors).

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Referred to:

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A BILL TO BE ENTITLED

AN ACT TO ENHANCE THE BENEFITS OF MEMBERS OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM AND TO PROVIDE COST-OF-LIVING INCREASES FOR RETIREES OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM, AND THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 135-5(b19) reads as rewritten:

"(b19) Service Retirement Allowance of Members Retiring on or After July 1, ~~2002~~2002, But Before July 1, 2008.– Upon retirement from service in accordance with subsection (a) or (a1) above, on or after July 1, 2002, but before July 1, 2008, 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 eighty-two hundredths percent (1.82%) of his average final compensation, multiplied by the number of years of his creditable service.

b. If the member's service retirement date occurs on or after his 50th birthday and before his 55th birthday with 15 or more years of creditable service as a law enforcement officer and

1 prior to the completion of 30 years of creditable service, his  
2 retirement allowance shall be equal to the greater of:

- 3 1. The service retirement allowance payable under  
4 G.S. 135-5(b19)(1)a. reduced by one-third of one percent  
5 (1/3 of 1%) thereof for each month by which his  
6 retirement date precedes the first day of the month  
7 coincident with or next following the month the member  
8 would have attained his 55th birthday; or
- 9 2. The service retirement allowance as computed under  
10 G.S. 135-5(b19)(1)a. reduced by five percent (5%) times  
11 the difference between 30 years and his creditable  
12 service at retirement.

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

- 16 a. If the member's service retirement date occurs on or after his  
17 65th birthday upon the completion of five years of membership  
18 service or after the completion of 30 years of creditable service  
19 or on or after his 60th birthday upon the completion of 25 years  
20 of creditable service, the allowance shall be equal to one and  
21 eighty-two hundredths percent (1.82%) of his average final  
22 compensation, multiplied by the number of years of creditable  
23 service.
- 24 b. If the member's service retirement date occurs after his 60th  
25 birthday and before his 65th birthday and prior to his  
26 completion of 25 years or more of creditable service, his  
27 retirement allowance shall be computed as in  
28 G.S. 135-5(b19)(2)a. but shall be reduced by one-quarter of one  
29 percent ( $\frac{1}{4}$  of 1%) thereof for each month by which his  
30 retirement date precedes the first day of the month coincident  
31 with or next following his 65th birthday.
- 32 c. If the member's early service retirement date occurs on or after  
33 his 50th birthday and before his 60th birthday and after  
34 completion of 20 years of creditable service but prior to the  
35 completion of 30 years of creditable service, his early service  
36 retirement allowance shall be equal to the greater of:
  - 37 1. The service retirement allowance as computed under  
38 G.S. 135-5(b19)(2)a. but reduced by the sum of  
39 five-twelfths of one percent ( $\frac{5}{12}$  of 1%) thereof for  
40 each month by which his retirement date precedes the  
41 first day of the month coincident with or next following  
42 the month the member would have attained his 60th  
43 birthday, plus one-quarter of one percent ( $\frac{1}{4}$  of 1%)  
44 thereof for each month by which his 60th birthday

- 1 precedes the first day of the month coincident with or  
2 next following his 65th birthday; or  
3 2. The service retirement allowance as computed under  
4 G.S. 135-5(b19)(2)a. reduced by five percent (5%) times  
5 the difference between 30 years and his creditable  
6 service at retirement; or  
7 3. If the member's creditable service commenced prior to  
8 July 1, 1994, the service retirement allowance equal to  
9 the actuarial equivalent of the allowance payable at the  
10 age of 60 years as computed in G.S. 135-5(b19)(2)b.  
11 d. Notwithstanding the foregoing provisions, any member whose  
12 creditable service commenced prior to July 1, 1963, shall not  
13 receive less than the benefit provided by G.S. 135-5(b)."

14 **SECTION 2.** G.S. 135-5 is amended by adding a new subsection to read:

15 "(b20) Service Retirement Allowance of Members Retiring on or After July 1, 2008.  
16 – Upon retirement from service in accordance with subsection (a) or (a1) of this section,  
17 on or after July 1, 2008, a member shall receive the following service retirement  
18 allowance:

- 19 (1) A member who is a law enforcement officer or an eligible former law  
20 enforcement officer shall receive a service retirement allowance  
21 computed as follows:  
22 a. If the member's service retirement date occurs on or after his  
23 55th birthday, and completion of five years of creditable service  
24 as a law enforcement officer, or after the completion of 30 years  
25 of creditable service, the allowance shall be equal to one and  
26 eighty-two hundredths percent (1.84%) of his average final  
27 compensation, multiplied by the number of years of his  
28 creditable service.  
29 b. If the member's service retirement date occurs on or after his  
30 50th birthday and before his 55th birthday with 15 or more  
31 years of creditable service as a law enforcement officer and  
32 prior to the completion of 30 years of creditable service, his  
33 retirement allowance shall be equal to the greater of:  
34 1. The service retirement allowance payable under  
35 G.S. 135-5(b20)(1)a. reduced by one-third of one percent  
36 (1/3 of 1%) thereof for each month by which his  
37 retirement date precedes the first day of the month  
38 coincident with or next following the month the member  
39 would have attained his 55th birthday; or  
40 2. The service retirement allowance as computed under  
41 G.S. 135-5(b20)(1)a. reduced by five percent (5%) times  
42 the difference between 30 years and his creditable  
43 service at retirement.

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

4           a. If the member's service retirement date occurs on or after his  
5 65th birthday upon the completion of five years of membership  
6 service or after the completion of 30 years of creditable service  
7 or on or after his 60th birthday upon the completion of 25 years  
8 of creditable service, the allowance shall be equal to one and  
9 eighty-two hundredths percent (1.84%) of his average final  
10 compensation, multiplied by the number of years of creditable  
11 service.

12           b. If the member's service retirement date occurs after his 60th  
13 birthday and before his 65th birthday and prior to his  
14 completion of 25 years or more of creditable service, his  
15 retirement allowance shall be computed as in  
16 G.S. 135-5(b20)(2)a. but shall be reduced by one-quarter of one  
17 percent (¼ of 1%) thereof for each month by which his  
18 retirement date precedes the first day of the month coincident  
19 with or next following his 65th birthday.

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

25           1. The service retirement allowance as computed under  
26 G.S. 135-5(b20)(2)a. but reduced by the sum of  
27 five-twelfths of one percent (5/12 of 1%) thereof for  
28 each month by which his retirement date precedes the  
29 first day of the month coincident with or next following  
30 the month the member would have attained his 60th  
31 birthday, plus one-quarter of one percent (¼ of 1%)  
32 thereof for each month by which his 60th birthday  
33 precedes the first day of the month coincident with or  
34 next following his 65th birthday; or

35           2. The service retirement allowance as computed under  
36 G.S. 135-5(b20)(2)a. reduced by five percent (5%) times  
37 the difference between 30 years and his creditable  
38 service at retirement; or

39           3. If the member's creditable service commenced prior to  
40 July 1, 1994, the service retirement allowance equal to  
41 the actuarial equivalent of the allowance payable at the  
42 age of 60 years as computed in G.S. 135-5(b20)(2)b.

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

4           **SECTION 3.** G.S. 135-5 is amended by adding a new subsection to read:

5           "(rrr) From and after July 1, 2008, the retirement allowance to or on account of  
6           beneficiaries whose retirement commenced on or before July 1, 2007, shall be increased  
7           by four and one-tenth percent (4.1%) of the allowance payable on June 1, 2008, in  
8           accordance with G.S. 135-5(o). Furthermore, from and after July 1, 2008, the retirement  
9           allowance to or on account of beneficiaries whose retirement commenced after July 1,  
10          2007, but before June 30, 2008, shall be increased by a prorated amount of four and  
11          one-tenth percent (4.1%) of the allowance payable as determined by the Board of  
12          Trustees based upon the number of months that a retirement allowance was paid  
13          between July 1, 2007, and June 30, 2008."

14          **SECTION 4.** G.S. 135-65 is amended by adding a new subsection to read:

15          "(cc) From and after July 1, 2008, the retirement allowance to or on account of  
16          beneficiaries whose retirement commenced on or before July 1, 2007, shall be increased  
17          by four one-tenth percent (4.1%) of the allowance payable on June 1, 2008.  
18          Furthermore, from and after July 1, 2008, the retirement allowance to or on account of  
19          beneficiaries whose retirement commenced after July 1, 2007, but before June 30, 2008,  
20          shall be increased by a prorated amount of four and one-tenth percent (4.1%) of the  
21          allowance payable as determined by the Board of Trustees based upon the number of  
22          months that a retirement allowance was paid between July 1, 2007, and June 30, 2008."

23          **SECTION 5.** G.S. 120-4.22A is amended by adding a new subsection to  
24          read:

25          "(w) In accordance with subsection (a) of this section, from and after July 1, 2008,  
26          the retirement allowance to or on account of beneficiaries whose retirement commenced  
27          on or before January 1, 2008, shall be increased by four and one-tenth percent (4.1%) of  
28          the allowance payable on June 1, 2008. Furthermore, from and after July 1, 2008, the  
29          retirement allowance to or on account of beneficiaries whose retirement commenced  
30          after January 1, 2008, but before June 30, 2008, shall be increased by a prorated amount  
31          of four and one-tenth percent (4.1%) of the allowance payable as determined by the  
32          Board of Trustees based upon the number of months that a retirement allowance was  
33          paid between January 1, 2008, and June 30, 2008."

34          **SECTION 6.** G.S. 128-27 is amended by adding a new subsection to read:

35          "(hhh) From and after July 1, 2008, the retirement allowance to or on account of  
36          beneficiaries whose retirement commenced on or before July 1, 2007, shall be increased  
37          by two and one-tenth percent (2.1%) of the allowance payable on June 1, 2008, in  
38          accordance with subsection (k) of this section. Furthermore, from and after July 1, 2007,  
39          the retirement allowance to or on account of beneficiaries whose retirement commenced  
40          after July 1, 2007, but before June 30, 2008, shall be increased by a prorated amount of  
41          two and one-tenth percent (2.1%) of the allowance payable as determined by the Board  
42          of Trustees based upon the number of months that a retirement allowance was paid  
43          between July 1, 2007, and June 30, 2008."

44          **SECTION 7.** This act becomes effective July 1, 2008.