

May 26, 2010

**S 1450. STATE RETIREMENT AGE AND SERVICE CHANGE.** Filed 5/26/10. *TO ESTABLISH A NORMAL RETIREMENT AGE FOR MEMBERS OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM WHO BEGIN SERVICE ON OR AFTER JANUARY 1, 2011, TO ELIMINATE LONGEVITY PAY FOR STATE EMPLOYEES AND OFFICERS WHO BEGIN SERVICE ON OR AFTER JANUARY 1, 2011, TO MAKE CHANGES IN THE STATE HEALTH PLAN FOR NEW EMPLOYEES, AND TO CHANGE THE DEFINITION OF "LAW ENFORCEMENT OFFICER" FOR PURPOSES OF BENEFITS FOR NEW EMPLOYEES.*

*Normal Retirement Age* . Enacts new subdivision (14a) to GS 135-1 to provide that *normal retirement age* means age 60. Enacts new GS 135-5(a)(1a), providing that any member whose current membership begins on or after January 1, 2011, may retire if he or she has attained normal retirement age and has at least five years of membership service. Amends GS 135-5(a)(1) to indicate that any member as of December 31, 2010 may retire under the specifications of that provision. Enacts new GS 135-5(a)(4a) to provide that any member whose current membership begins on or after January 1, 2011, who is a law enforcement officer, who attains age 60 and completes five or more years of creditable service as an officer may retire but that any member who meets these conditions but does not retire and later becomes a teacher or an employee other than a law enforcement officer will continue to have the right to begin retirement. Amends GS 135-5(a)(4) to indicate that any member as of December 31, 2010, who is a law enforcement officer, who attains the age of 50 and completes 15 or more years of creditable service, or who attains the age of 55 and completes five or more years of creditable service, may retire under the specifications of that provision. Enacts new GS 135-5(a2) to provide early service retirement benefits to any member whose current membership begins on or after January 1, 2011 if he or she is 55 years old and has at least 20 years of creditable service. Amends GS 135-5(a1) (pertaining to early service retirement benefits), GS 135-5(b19) (service retirement allowance of members retiring on or after July 1, 2002), GS 135-5(m) (survivor's alternate benefit), and GS 135-3(8)b1, b2, and b3 (benefits for various membership circumstances) to add the December 31, 2010 date and requiring that respective members be members as of that date.

*Service Retirement Allowance for Membership beginning on or after Jan. 1, 2011.* Enacts new subsection (b20) to GS 135-5 to provide guidelines for the service retirement allowance for members whose membership begins on or after January 1, 2011: (1) an eligible law enforcement officer will receive an allowance [a] equal to 1.82% of the member's average final compensation multiplied by the number of years of creditable service if the retirement date occurs after the member's 55th birthday and 25 years of creditable service, or after age 60 with five years of creditable service; or [b] the actuarial equivalent of the allowance payable at age 60 if the retirement date occurs on or after the member's 55th birthday and before the 60th with at least 20, but less than 25 years of creditable service; (2) a member who is not a current or a former eligible law enforcement officer will receive an allowance [a] equal to 1.82% of the member's average final compensation multiplied by the number of years of creditable service if he or she retires on or after the 65th birthday with at least five years of service or after age 60 with 25 years of creditable service; [b] as computed in GS 135-5(b20)(2)a, but will be reduced by 5% per year or prorated by the month for each year by which the member retires, if the retirement date occurs after the member's 60th but before the 65th birthday and before the completion of 25 years of creditable service; [c] as computed in GS 135-5(b20)(2)a, but will be the actuarial equivalent of the allowance payable at age 65 if the retirement date occurs on or after the member's 55th but before the 60th birthday and after the completion of 20 years of service.

*Survivor's Alternate Benefit.* Enacts new GS 135-5(m2) to provide that upon the death of a member whose current membership began on or after January 1, 2011, the principal beneficiary designated to receive a return of accumulated contributions may elect to receive the reduced retirement allowance under Option 2 of GS 135-5(g), provided that the specified conditions apply.

*Prospective Elimination of Longevity pay.* Enacts new GS 126-8.6 to provide that any State employee subject to the provisions of GS Chapter 126 and who is employed on December 31, 2010 and continuously thereafter, will be eligible to receive or can become eligible to receive longevity pay and future increases according to applicable pay schedules. Indicates that any State employee subject to GS Chapter 126, not employed on December 31, 2010 and hired on or after January 1, 2011, will not be eligible to participate in the State's longevity pay program. Also

allows any State employee employed on December 31, 2010 but exempt from the provisions of GS Chapter 126 to receive longevity pay and any future increases. Indicates that any State employee not employed on December 31, 2010, exempt from GS Chapter 126, and hired on or after January 1, 2011, will not be eligible to participate in the longevity pay program. Enacts new subsection (c12) to GS 126-5 to provide that all provisions of proposed GS 126-8.6 will apply to all exempt and nonexempt employees in the executive, legislative, and judicial branches of State government, to public school and community college employees, and to University of North Carolina employees. Makes numerous conforming changes to specific statutes establishing longevity pay for various officials to make it clear that the longevity pay under those sections is eliminated prospectively pursuant to GS 126-8.6.

*State Health Plan.* Amends GS 135-45.2(b) to make the following list of persons hired or taking office on or after January 1, 2011 eligible for coverage under the Plan, on a partially contributory basis: (a) all permanent full-time employees that are either paid from general or special state funds, or paid from non-state funds and in a group covered by the employing unit; also includes employees not otherwise covered by the Plan who fill permanent job positions on a recurring basis, working 30 or more hours per week for nine or more months per calendar year; (b) permanent hourly employees working at least 1/2 of the workdays of each pay period; (c) General Assembly employees not otherwise covered; (d) General Assembly members; (e) employees on official leave of absence while completing a full-time program in school administration as a Principal Fellow; (f) employees formerly covered by the provisions of this section, other than retired employees, and who fit specified criteria; (g) any member enrolled pursuant to sub-subdivision (a) or (b) of the subdivision who is on approved leave of absence; and (h) employees on approved Family and Medical Leave. Authorizes the General Assembly to periodically set the required contribution amount. Requires persons covered under GS 135-45.2(b)(3) to contribute a monthly \$10 premium to their coverage. Makes conforming changes to GS 135-45.2(a).

*Law Enforcement Officers.* Amends GS 135-1(11b) and GS 143-166.30(a)(4), distinguishing between law enforcement officers whose membership began on or before December 31, 2010, and those beginning on or after January 1, 2011, and defines the latter as a full-time paid employee of the State Bureau of Investigation, the State Highway Patrol, or the Alcohol Law Enforcement Division who is actively serving in a position with assigned duties and responsibilities for prevention and detection of crime or the general enforcement of criminal laws or serving civil processes, and who possesses the power of arrest. Makes conforming changes to GS 143-166.30(e).

Effective January 1, 2011.

**Intro. by Garrou.**

GS 7A, 58, 62, 95, 97, 106, 114, 115C, 126, 135,  
138, 143, 143C, 147,