

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2017

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SENATE BILL DRS35143-MR-52 (02/21)

Short Title: Account for Impact Future Benefits/TSERS. (Public)

Sponsors: Senator Hise (Primary Sponsor).

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO MAKE TRANSPARENT THE LIABILITY ACCRUED BY THE TEACHERS'  
3 AND STATE EMPLOYEES' RETIREMENT SYSTEM RELATED TO  
4 COST-OF-LIVING ADJUSTMENTS AND GRANTS OF SPECIAL ANNUAL LEAVE  
5 BONUSES.

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** G.S. 135-8 is amended by adding a new subsection to read:

8 "(h) Present Value of Future Benefits. – Notwithstanding subsections (d) and (g) of this  
9 section, the contributions to the Pension Accumulation Fund shall include a rate per centum of  
10 the total annual compensation of all members equal to the additional present value of future  
11 benefits related to any cost-of-living adjustment or special annual leave bonus granted in the  
12 current fiscal year divided by expected current fiscal year compensation. This additional  
13 present value of future benefits shall be calculated using an interest assumption rate equal to the  
14 interest assumption rate adopted under G.S. 135-6(o) minus two percent (2%)."

15 **SECTION 2.** It is the intent of the General Assembly to create a reserve upon the  
16 initial increase in contributions pursuant to Section 1 of this act. It is the intent of the General  
17 Assembly to appropriate funds to that reserve each time a cost-of-living adjustment is made or  
18 special bonus leave is granted. The reserve shall be utilized to fund the additional liability  
19 accrued by the Teachers' and State Employees' Retirement System based upon the present value  
20 of future benefits related to the cost-of-living adjustment or the special annual bonus leave  
21 granted. This additional present value of future benefits shall be calculated using an interest  
22 assumption rate equal to the interest assumption rate adopted under G.S. 135-6(o) minus two  
23 percent (2%).

24 **SECTION 3.** This act is effective when it becomes law.

