

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

H

D

HOUSE BILL 284
PROPOSED COMMITTEE SUBSTITUTE H284-PCS40315-SH-8

Short Title: 25-Year LEO Retirement Option.

(Public)

Sponsors:

Referred to:

March 9, 2017

A BILL TO BE ENTITLED

AN ACT TO ALLOW LAW ENFORCEMENT OFFICERS WHO ARE MEMBERS OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM OR THE LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM TO RETIRE AFTER ACHIEVING TWENTY-FIVE YEARS OF CREDITABLE SERVICE, TO ALLOW FOR SEPARATION BUYOUTS FOR LAW ENFORCEMENT OFFICERS, AND TO ALLOW TRANSFERS UNDER THE SPECIAL RETIREMENT ALLOWANCE TO BE PAID IN WHOLE OR IN PART WITH EMPLOYER CONTRIBUTIONS.

The General Assembly of North Carolina enacts:

SECTION 1. Article 12D of Chapter 143 of the General Statutes is amended by adding a new section to read:

"§ 143-166.43. Separation buyouts for law enforcement officers.

Any State department, agency, or institution, or any local government employer, may, in its discretion, offer a lump sum separation buyout to a law enforcement officer who leaves employment prior to reaching the officer's eligibility for a separation allowance under this Article. The lump sum separation buyout shall be paid from funds available and shall not exceed the total that would otherwise be paid in separation allowance payments under G.S. 143-166.41 or G.S. 143-166.42."

SECTION 2.(a) G.S. 135-5(m2) reads as rewritten:

"(m2) Special Retirement Allowance. – At any time coincident with or following retirement, a member may make a one-time, irrevocable election to transfer any portion of the member's eligible accumulated contributions, not including any Roth after-tax contributions and the earnings thereon, from the Supplemental Retirement Income Plan of North Carolina or the North Carolina Public Employee Deferred Compensation Plan to this Retirement System and receive, in addition to the member's basic service, early or disability retirement allowance, a special retirement allowance which shall be based upon the member's transferred balance.

A member who became a member of the Supplemental Retirement Income Plan prior to retirement and who remains a member of the Supplemental Retirement Income Plan may make a one-time, irrevocable election to transfer eligible balances, not including any Roth after-tax contributions and the earnings thereon, from any of the following plans to the Supplemental Retirement Income Plan, subject to the applicable requirements of the Supplemental Retirement Income Plan, and then through the Supplemental Retirement Income Plan to this Retirement System: (i) a plan participating in the North Carolina Public School Teachers' and Professional Educators' Investment Plan; (ii) a plan described in section 403(b) of the Internal Revenue Code; (iii) a plan described in section 457(b) of the Internal Revenue Code that is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political



1 subdivision of a state; (iv) an individual retirement account or annuity described in section
2 408(a) or section 408(b) of the Internal Revenue Code that is eligible to be rolled over and
3 would otherwise be includible in gross income; or (v) a tax-qualified plan described in section
4 401(a) or section 403(a) of the Internal Revenue Code. In addition, any transfer under this
5 subsection may be paid in whole or in part with employer contributions paid directly to this
6 Retirement System at the time of transfer.

7 Notwithstanding anything to the contrary, a member may not transfer such amounts as will
8 cause the member's retirement allowance under the System to exceed the amount allowable
9 under G.S. 135-18.7(b). The Board of Trustees may establish a minimum amount that must be
10 transferred if a transfer is elected. The member may elect a special retirement allowance with
11 no postretirement increases or a special retirement allowance with annual postretirement
12 increases equal to the annual increase in the U.S. Consumer Price Index. Postretirement
13 increases on any other allowance will not apply to the special retirement allowance. The Board
14 of Trustees shall provide educational materials to the members who apply for the transfer
15 authorized by this section. Those materials shall describe the special retirement allowance and
16 shall explain the relationship between the transferred balance and the monthly benefit and how
17 the member's heirs may be impacted by the election to make this transfer and any costs and fees
18 involved.

19 For the purpose of determining the special retirement allowance, the Board of Trustees shall
20 adopt straight life annuity factors on the basis of yields on U.S. Treasury Bonds and mortality
21 and such other tables as may be necessary based upon actual experience. A single set of
22 mortality and such other tables will be used for all members, with factors differing only based
23 on the age of the member and the election of postretirement increases. The Board of Trustees
24 shall modify the mortality and such other tables every five years, as shall be deemed necessary,
25 based upon the five-year experience study as required by G.S. 135-6(n). Provided, however, a
26 member who transfers the member's eligible accumulated contributions from an eligible
27 retirement plan pursuant to this subsection to this Retirement System shall be taxed for North
28 Carolina State Income Tax purposes on the special retirement allowance the same as if that
29 special retirement allowance had been paid directly by the eligible plan or the plan through
30 which the transfer was made, whichever is most favorable to the member. The Teachers' and
31 State Employees' Retirement System shall be responsible to determine the taxable amount, if
32 any, and report accordingly.

33 The Supplemental Retirement Board of Trustees established under G.S. 135-96 may assess
34 a one-time flat administrative fee not to exceed the actual cost of the administrative expenses
35 relating to these transfers. An eligible plan shall not assess a fee specifically relating to a
36 transfer of accumulated contributions authorized under this subsection. This provision shall not
37 prohibit other fees that may be assessable under the plan. Each plan, contract, account, or
38 annuity shall fully disclose to any member participating in a transfer under this subsection any
39 surrender charges or other fees, and such disclosure shall be made contemporaneous with the
40 initiation of the transfer by the member.

41 The special retirement allowance shall continue for the life of the member and the
42 beneficiary designated to receive a monthly survivorship benefit under Option 2, 3 or 6 as
43 provided in G.S. 135-5(g), if any. The Board of Trustees, however, shall establish two payment
44 options that guarantee payments as follows:

- 45 (1) A member may elect to receive the special retirement allowance for life but
46 with payments guaranteed for a number of months to be specified by the
47 Board of Trustees. Under this plan, if the member dies before the expiration
48 of the specified number of months, the special retirement allowance will
49 continue to be paid to the member's designated beneficiary for the life of the
50 beneficiary, if Option 2, 3 or 6 is selected. If Option 2, 3 or 6 is not selected,
51 the member's designated beneficiary will receive the benefit only for the

1 remainder of the specified number of months. If the member's designated
2 beneficiary dies before receiving payments for the specified number of
3 months, any remaining payments will be paid to the member's estate.

- 4 (2) A member may elect to receive the special retirement allowance for life but
5 is guaranteed that the sum of the special allowance payments will equal the
6 total of the transferred amount. Under this payment option, if the member
7 dies before receiving the total transferred amount, the special retirement
8 allowance will continue to be paid to the member's designated beneficiary
9 for the life of the beneficiary, if Option 2, 3 or 6 is selected. If Option 2, 3 or
10 6 is not selected, the member's designated beneficiary or the member's estate
11 shall be paid any remaining balance of the transferred amount.

12 The Board of Trustees shall report annually to the Joint Legislative Commission on
13 Governmental Operations on the number of persons who made an election in the previous
14 calendar year, with any recommendations it might make on amendment or repeal based on any
15 identified problems.

16 The General Assembly reserves the right to repeal or amend this subsection, but such repeal
17 or amendment shall not affect any person who has already made the one-time election provided
18 in this subsection."

19 **SECTION 2.(b)** G.S. 128-27(m2) reads as rewritten:

20 "(m2) Special Retirement Allowance. – At any time coincident with or following
21 retirement, a member may make a one-time, irrevocable election to transfer any portion of the
22 member's eligible accumulated contributions, not including any Roth after-tax contributions
23 and the earnings thereon, from the Supplemental Retirement Income Plan of North Carolina or
24 the North Carolina Public Employee Deferred Compensation Plan to this Retirement System
25 and receive, in addition to the member's basic service, early or disability retirement allowance,
26 a special retirement allowance which shall be based upon the member's transferred balance.

27 A member who became a member of the Supplemental Retirement Income Plan prior to
28 retirement and who remains a member of the Supplemental Retirement Income Plan may make
29 a one-time, irrevocable election to transfer eligible balances, not including any Roth after-tax
30 contributions and the earnings thereon, from any of the following plans to the Supplemental
31 Retirement Income Plan, subject to the applicable requirements of the Supplemental Retirement
32 Income Plan, and then through the Supplemental Retirement Income Plan to this Retirement
33 System (i) a plan participating in the North Carolina Public School Teachers' and Professional
34 Educators' Investment Plan; (ii) a plan described in section 403(b) of the Internal Revenue
35 Code; (iii) a plan described in section 457(b) of the Internal Revenue Code that is maintained
36 by a state, political subdivision of a state, or any agency or instrumentality of a state or political
37 subdivision of a state; (iv) an individual retirement account or annuity described in section
38 408(a) or section 408(b) of the Internal Revenue Code that is eligible to be rolled over and
39 would otherwise be includible in gross income; or (v) a tax-qualified plan described in section
40 401(a) or section 403(a) of the Internal Revenue Code. In addition, any transfer under this
41 subsection may be paid in whole or in part with employer contributions paid directly to this
42 Retirement System at the time of transfer.

43 Notwithstanding anything to the contrary, a member may not transfer such amounts as will
44 cause the member's retirement allowance under the System to exceed the amount allowable
45 under G.S. 128-38.2(b). The Board of Trustees may establish a minimum amount that must be
46 transferred if a transfer is elected. The member may elect a special retirement allowance with
47 no postretirement increases or a special retirement allowance with annual postretirement
48 increases equal to the annual increase in the U.S. Consumer Price Index. Postretirement
49 increases on any other allowance will not apply to the special retirement allowance. The Board
50 of Trustees shall provide educational materials to the members who apply for the transfer
51 authorized by this section. Those materials shall describe the special retirement allowance and

1 shall explain the relationship between the transferred balance and the monthly benefit and how
2 the member's heirs may be impacted by the election to make this transfer and any costs and fees
3 involved.

4 For the purpose of determining the special retirement allowance, the Board of Trustees shall
5 adopt straight life annuity factors on the basis of yields on U.S. Treasury Bonds and mortality
6 and such other tables as may be necessary based upon actual experience. A single set of
7 mortality and such other tables will be used for all members, with factors differing only based
8 on the age of the member and the election of postretirement increases. The Board of Trustees
9 shall modify the mortality and such other tables every five years, as shall be deemed necessary,
10 based upon the five-year experience study as required by G.S. 128-28(o). Provided, however, a
11 member who transfers the member's eligible accumulated contributions from an eligible
12 retirement plan pursuant to this subsection to this Retirement System shall be taxed for North
13 Carolina State Income Tax purposes on the special retirement allowance the same as if that
14 special retirement allowance had been paid directly by the eligible plan or the plan through
15 which the transfer was made, whichever is most favorable to the member. The Local
16 Governmental Employees' Retirement System shall be responsible to determine the taxable
17 amount, if any, and report accordingly.

18 The special retirement allowance shall continue for the life of the member and the
19 beneficiary designated to receive a monthly survivorship benefit under Option 2, 3 or 6 as
20 provided in G.S. 128-27(g), if any. The Board of Trustees, however, shall establish two
21 payment options that guarantee payments as follows:

- 22 (1) A member may elect to receive the special retirement allowance for life but
23 with payments guaranteed for a number of months to be specified by the
24 Board of Trustees. Under this plan, if the member dies before the expiration
25 of the specified number of months, the special retirement allowance will
26 continue to be paid to the member's designated beneficiary for the life of the
27 beneficiary, if Option 2, 3 or 6 is selected. If Option 2, 3 or 6 is not selected,
28 the member's designated beneficiary will receive the benefit only for the
29 remainder of the specified number of months. If the member's designated
30 beneficiary dies before receiving payments for the specified number of
31 months, any remaining payments will be paid to the member's estate.
- 32 (2) A member may elect to receive the special retirement allowance for life but
33 is guaranteed that the sum of the special allowance payments will equal the
34 total of the transferred amount. Under this payment option, if the member
35 dies before receiving the total transferred amount, the special retirement
36 allowance will continue to be paid to the member's designated beneficiary
37 for the life of the beneficiary, if Option 2, 3 or 6 is selected. If Option 2, 3 or
38 6 is not selected, the member's designated beneficiary or the member's estate
39 shall be paid any remaining balance of the transferred amount.

40 The Supplemental Retirement Board of Trustees established under G.S. 135-96 may assess
41 a one-time flat administrative fee not to exceed the actual cost of the administrative expenses
42 relating to these transfers. An eligible plan shall not assess a fee specifically relating to a
43 transfer of accumulated contributions authorized under this subsection. This provision shall not
44 prohibit other fees that may be assessable under the plan. Each plan, contract, account, or
45 annuity shall fully disclose to any member participating in a transfer under this subsection any
46 surrender charges or other fees, and that disclosure shall be made contemporaneous with the
47 initiation of the transfer by the member.

48 The Board of Trustees shall report annually to the Joint Legislative Commission on
49 Governmental Operations on the number of persons who made an election in the previous
50 calendar year, with any recommendations it might make on amendment or repeal based on any
51 identified problems.

1 The General Assembly reserves the right to repeal or amend this subsection, but such repeal
2 or amendment shall not affect any person who has already made the one-time election provided
3 in this subsection."

4 **SECTION 3.(a)** G.S. 135-5(a)(4) reads as rewritten:

5 "(4) Any member who is a law-enforcement officer and who (i) attains age 50
6 and completes 15 or more years of creditable service in this ~~capacity or who~~
7 capacity, (ii) attains age 55 and completes five or more years of creditable
8 service in this capacity, or (iii) has completed 25 years of creditable service
9 with a minimum of 15 years of creditable service in a law enforcement
10 capacity may retire upon electronic submission or written application to the
11 Board of Trustees setting forth at what time, as of the first day of a calendar
12 month, not less than one day nor more than 120 days subsequent to the
13 execution and filing thereof, ~~he~~ the member desires to be retired; Provided,
14 also, any member who has met the conditions herein required but does not
15 retire, and later becomes a teacher or an employee other than as a
16 law-enforcement officer shall continue to have the right to commence
17 retirement."

18 **SECTION 3.(b)** G.S. 135-5(b19) reads as rewritten:

19 "(b19) Service Retirement Allowance of Members Retiring on or After July 1, ~~2002-2002,~~
20 but Before January 1, 2018. – Upon retirement from service in accordance with subsection (a)
21 or (a1) of this section, on or after July 1, 2002, but before January 1, 2018, a member shall
22 receive the following service retirement allowance:

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

26 a. If the member's service retirement date occurs on or after his 55th
27 birthday, and completion of five years of creditable service as a law
28 enforcement officer, or after the completion of 30 years of creditable
29 service, the allowance shall be equal to one and eighty-two
30 hundredths percent (1.82%) of his average final compensation,
31 multiplied by the number of years of his creditable service.

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

37 1. The service retirement allowance payable under
38 G.S. 135-5(b19)(1)a. reduced by one-third of one percent (1/3
39 of 1%) thereof for each month by which his retirement date
40 precedes the first day of the month coincident with or next
41 following the month the member would have attained his
42 55th birthday; or

43 2. The service retirement allowance as computed under
44 G.S. 135-5(b19)(1)a. reduced by five percent (5%) times the
45 difference between 30 years and his creditable service at
46 retirement.

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

50 a. If the member's service retirement date occurs on or after his 65th
51 birthday upon the completion of five years of membership service or

1 after the completion of 30 years of creditable service or on or after
2 his 60th birthday upon the completion of 25 years of creditable
3 service, the allowance shall be equal to one and eighty-two
4 hundredths percent (1.82%) of his average final compensation,
5 multiplied by the number of years of creditable service.

6 b. If the member's service retirement date occurs after his 60th birthday
7 and before his 65th birthday and prior to his completion of 25 years
8 or more of creditable service, his retirement allowance shall be
9 computed as in G.S. 135-5(b19)(2)a. but shall be reduced by
10 one-quarter of one percent (1/4 of 1%) thereof for each month by
11 which his retirement date precedes the first day of the month
12 coincident with or next following his 65th birthday.

13 c. If the member's early service retirement date occurs on or after his
14 50th birthday and before his 60th birthday and after completion of 20
15 years of creditable service but prior to the completion of 30 years of
16 creditable service, his early service retirement allowance shall be
17 equal to the greater of:

18 1. The service retirement allowance as computed under
19 G.S. 135-5(b19)(2)a. but reduced by the sum of five-twelfths
20 of one percent (5/12 of 1%) thereof for each month by which
21 his retirement date precedes the first day of the month
22 coincident with or next following the month the member
23 would have attained his 60th birthday, plus one-quarter of one
24 percent (1/4 of 1%) thereof for each month by which his 60th
25 birthday precedes the first day of the month coincident with
26 or next following his 65th birthday; or

27 2. The service retirement allowance as computed under
28 G.S. 135-5(b19)(2)a. reduced by five percent (5%) times the
29 difference between 30 years and his creditable service at
30 retirement; or

31 3. If the member's creditable service commenced prior to July 1,
32 1994, the service retirement allowance equal to the actuarial
33 equivalent of the allowance payable at the age of 60 years as
34 computed in G.S. 135-5(b19)(2)b.

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

38 **SECTION 3.(c)** G.S. 135-5 is amended by adding a new subsection to read:

39 "(b21) Service Retirement Allowance of Members Retiring on or After January 1, 2018. –
40 Upon retirement from service on or after January 1, 2018, in accordance with subsection (a) or
41 (a1) of this section, a member shall receive the following service retirement allowance:

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

45 a. If the member's service retirement date occurs on or after the
46 member's 55th birthday and completion of five years of creditable
47 service as a law enforcement officer, or after the completion of 30
48 years of creditable service, the allowance shall be equal to one and
49 eighty-two hundredths percent (1.82%) of the member's average final
50 compensation, multiplied by the number of years of the member's
51 creditable service.

- 1 b. If the member's service retirement date occurs prior to the member's
2 50th birthday and after the completion of 25 years of creditable
3 service with a minimum of 15 years of creditable service in a law
4 enforcement capacity but before the completion of 30 years of
5 creditable service, the retirement allowance shall be equal to the
6 greater of the following amounts:
- 7 1. The service retirement allowance payable under
8 G.S. 135-5(b21)(1)a. reduced by one-third of one percent (1/3
9 of 1%) thereof for each month by which the member's
10 retirement date precedes the first day of the month coincident
11 with or next following the month the member would have
12 attained age 55.
- 13 2. The service retirement allowance as computed under
14 G.S. 135-5(b21)(1)a. reduced by five percent (5%) times the
15 difference between 30 years and the member's creditable
16 service at retirement plus four percent (4%) times the
17 difference between age 50 and the member's age at
18 retirement.
- 19 c. If the member's service retirement date occurs on or after the
20 member's 50th birthday and before the member's 55th birthday with
21 15 or more years of creditable service as a law enforcement officer
22 and prior to the completion of 30 years of creditable service, the
23 retirement allowance shall be equal to the greater of the following
24 amounts:
- 25 1. The service retirement allowance payable under
26 G.S. 135-5(b21)(1)a. reduced by one-third of one percent (1/3
27 of 1%) thereof for each month by which the retirement date
28 precedes the first day of the month coincident with or next
29 following the month the member would have attained age 55.
- 30 2. The service retirement allowance as computed under
31 G.S. 135-5(b21)(1)a. reduced by five percent (5%) times the
32 difference between 30 years and the amount of creditable
33 service at retirement.
- 34 (2) A member who is not a law enforcement officer or an eligible former law
35 enforcement officer shall receive a service retirement allowance computed
36 as follows:
- 37 a. If the member's service retirement date occurs on or after the
38 member's 65th birthday upon the completion of five years of
39 membership service, or after the completion of 30 years of creditable
40 service, or on or after his 60th birthday upon the completion of 25
41 years of creditable service, the allowance shall be equal to one and
42 eighty-two hundredths percent (1.82%) of the member's average final
43 compensation, multiplied by the number of years of creditable
44 service.
- 45 b. If the member's service retirement date occurs after the member's
46 60th birthday and before the member's 65th birthday and prior to the
47 completion of 25 years or more of creditable service, the retirement
48 allowance shall be computed as in G.S. 135-5(b21)(2)a. but shall be
49 reduced by one-quarter of one percent (1/4 of 1%) thereof for each
50 month by which the retirement date precedes the first day of the
51 month coincident with or next following the member's 65th birthday.

- 1 c. If the member's early service retirement date occurs on or after the
 2 member's 50th birthday and before the member's 60th birthday and
 3 after completion of 20 years of creditable service but prior to the
 4 completion of 30 years of creditable service, the early service
 5 retirement allowance shall be equal to the greater of the following
 6 amounts:
- 7 1. The service retirement allowance as computed under
 8 G.S. 135-5(b21)(2)a. but reduced by the sum of five-twelfths
 9 of one percent (5/12 of 1%) thereof for each month by which
 10 the member's retirement date precedes the first day of the
 11 month coincident with or next following the month the
 12 member would have attained his 60th birthday, plus
 13 one-quarter of one percent (1/4 of 1%) thereof for each month
 14 by which the member's 60th birthday precedes the first day of
 15 the month coincident with or next following the member's
 16 65th birthday.
 - 17 2. The service retirement allowance as computed under
 18 G.S. 135-5(b21)(2)a. reduced by five percent (5%) times the
 19 difference between 30 years and the amount of creditable
 20 service at retirement.
 - 21 3. If the member's creditable service commenced prior to July 1,
 22 1994, the service retirement allowance equal to the actuarial
 23 equivalent of the allowance payable at the age of 60 years as
 24 computed in G.S. 135-5(b21)(2)b.
- 25 d. Notwithstanding the foregoing provisions, any member whose
 26 creditable service commenced prior to July 1, 1963, shall not receive
 27 less than the benefit provided by G.S. 135-5(b)."

28 **SECTION 3.(d)** G.S. 135-5(m) reads as rewritten:

29 "(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the
 30 beneficiary designated to receive a return of accumulated contributions shall have the right to
 31 elect to receive in lieu thereof the reduced retirement allowance provided by Option 2 of
 32 subsection (g) above computed by assuming that the member had retired on the first day of the
 33 month following the date of ~~his~~the member's death, provided that all four of the following
 34 conditions apply:

- 35 (1) a. The member had attained such age and/or creditable service to be
 36 eligible to commence retirement with an early or service retirement
 37 allowance, or
- 38 b. The member had obtained 20 years of creditable service in which
 39 case the retirement allowance shall be computed in accordance with
 40 ~~G.S. 135-5(b19)(1)b. or G.S. 135-5(b19)(2)c.,~~ G.S. 135-5(b21)(1)c.
 41 or G.S. 135-5(b21)(2)c., notwithstanding the requirement of
 42 obtaining age 50, or
- 43 b1. The member was a law enforcement officer who had obtained 15
 44 years of service as a law enforcement officer and was killed in the
 45 line of duty, in which case the retirement allowance shall be
 46 computed in accordance with ~~G.S.~~
 47 ~~135-5(b19)(1)b.,~~ G.S. 135-5(b21)(1)c., notwithstanding the
 48 requirement of obtaining age 50.
- 49 c. Repealed by Session Laws 2010-72, s. 2(a), effective July 1, 2010.

50 "

51 **SECTION 3.(e)** G.S. 128-27(a)(5) reads as rewritten:

1 "(5) Any member who is a law enforcement ~~officer~~, officer and who (i) attains
2 age 50 and completes 15 or more years of creditable service in this ~~capacity~~
3 ~~or who capacity, or~~ (ii) attains age 55 and completes five or more years of
4 creditable service in this capacity, or (iii) who has completed 25 years of
5 creditable service with a minimum of 15 years of creditable service in a law
6 enforcement capacity may retire upon electronic submission or written
7 application to the Board of Trustees setting forth at what time, as of the first
8 day of a calendar month, not less than one day nor more than 120 days
9 subsequent to the execution and filing thereof, ~~he~~ the member desires to be
10 retired; provided, also, any member who has met the conditions required by
11 this subdivision but does not retire, and later becomes an employee other
12 than as a law enforcement officer, continues to have the right to commence
13 retirement."

14 **SECTION 3.(f)** G.S. 128-27(b21) reads as rewritten:

15 "(b21) Service Retirement Allowance of Member Retiring on or After July 1, ~~2003-2003,~~
16 but Before January 1, 2018. – Upon retirement from service in accordance with subsection (a)
17 or (a1) above, on or after July 1, 2003, but before January 1, 2018, a member shall receive the
18 following service retirement 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 computed
21 as follows:

22 a. If the member's service retirement date occurs on or after his 55th
23 birthday and completion of five years of creditable service as a law
24 enforcement officer, or after the completion of 30 years of creditable
25 service, the allowance shall be equal to one and eighty-five
26 hundredths percent (1.85%) of his average final compensation,
27 multiplied by the number of years of his creditable service.

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

- 33 1. The service retirement allowance payable under
34 G.S. 128-27(b21)(1)a. reduced by one-third of one percent
35 (1/3 of 1%) thereof for each month by which his retirement
36 date precedes the first day of the month coincident with or
37 next following the month the member would have attained his
38 55th birthday;
- 39 2. The service retirement allowance as computed under
40 G.S. 128-27(b21)(1)a. reduced by five percent (5%) times the
41 difference between 30 years and his creditable service at
42 retirement.

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

46 a. If the member's service retirement date occurs on or after his 65th
47 birthday upon the completion of five years of creditable service or
48 after the completion of 30 years of creditable service or on or after
49 his 60th birthday upon the completion of 25 years of creditable
50 service, the allowance shall be equal to one and eighty-five

- 1 hundredths percent (1.85%) of average final compensation,
2 multiplied by the number of years of creditable service.
- 3 b. If the member's service retirement date occurs after his 60th birthday
4 and before his 65th birthday and prior to his completion of 25 years
5 or more of creditable service, his retirement allowance shall be
6 computed as in G.S. 128-27(b21)(2) a. but shall be reduced by
7 one-quarter of one percent (1/4 of 1%) thereof for each month by
8 which his retirement date precedes the first day of the month
9 coincident with or next following his 65th birthday.
- 10 c. If the member's early service retirement date occurs on or after his
11 50th birthday and before his 60th birthday and after completion of 20
12 years of creditable service but prior to the completion of 30 years of
13 creditable service, his early service retirement allowance shall be
14 equal to the greater of:
- 15 1. The service retirement allowance as computed under
16 G.S. 128-27(b21)(2)a. but reduced by the sum of
17 five-twelfths of one percent (5/12 of 1%) thereof for each
18 month by which his retirement date precedes the first day of
19 the month coincident with or next following the month the
20 member would have attained his 60th birthday, plus
21 one-quarter of one percent (1/4 of 1%) thereof for each month
22 by which his 60th birthday precedes the first day of the month
23 coincident with or next following his 65th birthday; or
- 24 2. The service retirement allowance as computed under
25 G.S. 128-27(b21)(2)a. reduced by five percent (5%) times the
26 difference between 30 years and his creditable service at
27 retirement; or
- 28 3. If the member's creditable service commenced prior to July 1,
29 1995, the service retirement allowance equal to the actuarial
30 equivalent of the allowance payable at the age of 60 years as
31 computed in G.S. 128-27(b21)(2)b.
- 32 d. Notwithstanding the foregoing provisions, any member whose
33 creditable service commenced prior to July 1, 1965, shall not receive
34 less than the benefit provided by G.S. 128-27(b)."

35 **SECTION 3.(g)** G.S. 128-27 is amended by adding a new subsection to read:

36 "(b22) Service Retirement Allowance of Member Retiring on or After January 1, 2018. –
37 Upon retirement from service in accordance with subsection (a) or (a1) of this section, on or
38 after January 1, 2018, a member shall receive the following service retirement allowance:

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

42 a. If the member's service retirement date occurs on or after the
43 member's 55th birthday and completion of five years of creditable
44 service as a law enforcement officer, or after the completion of 30
45 years of creditable service, the allowance shall be equal to one and
46 eighty-five hundredths percent (1.85%) of the member's average final
47 compensation, multiplied by the number of years of the member's
48 creditable service.

49 b. If the member's service retirement date occurs prior to the member's
50 50th birthday and after the completion of 25 years of creditable
51 service with a minimum of 15 years of creditable service in a law

1 enforcement capacity but before the completion of 30 years of
2 creditable service, the retirement allowance shall be equal to the
3 greater of the following amounts:

4 1. The service retirement allowance payable under
5 G.S. 128-27(b22)(1)a. reduced by one-third of one percent
6 (1/3 of 1%) thereof for each month by which the member's
7 retirement date precedes the first day of the month coincident
8 with or next following the month the member would have
9 attained age 55.

10 2. The service retirement allowance as computed under
11 G.S. 128-27(b22)(1)a. reduced by five percent (5%) times the
12 difference between 30 years and the member's creditable
13 service at retirement plus four percent (4%) times the
14 difference between 50 and the member's age at retirement.

15 c. If the member's service retirement date occurs on or after the
16 member's 50th birthday and before the member's 55th birthday with
17 15 or more years of creditable service as a law enforcement officer
18 and prior to the completion of 30 years of creditable service, the
19 retirement allowance shall be equal to the greater of the following
20 amounts:

21 1. The service retirement allowance payable under
22 G.S. 128-27(b22)(1)a. reduced by one-third of one percent
23 (1/3 of 1%) thereof for each month by which the retirement
24 date precedes the first day of the month coincident with or
25 next following the month the member would have attained
26 age 55.

27 2. The service retirement allowance as computed under
28 G.S. 128-27(b22)(1)a. reduced by five percent (5%) times the
29 difference between 30 years and the amount of creditable
30 service at retirement.

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

34 a. If the member's service retirement date occurs on or after the
35 member's 65th birthday upon the completion of five years of
36 creditable service, or after the completion of 30 years of creditable
37 service, or on or after the member's 60th birthday upon the
38 completion of 25 years of creditable service, the allowance shall be
39 equal to one and eighty-five hundredths percent (1.85%) of the
40 member's average final compensation, multiplied by the number of
41 years of creditable service.

42 b. If the member's service retirement date occurs after the member's
43 60th birthday and before the member's 65th birthday and prior to the
44 completion of 25 years or more of creditable service, the retirement
45 allowance shall be computed as in G.S. 128-27(b22)(2)a. but shall be
46 reduced by one-quarter of one percent (1/4 of 1%) thereof for each
47 month by which the retirement date precedes the first day of the
48 month coincident with or next following the member's 65th birthday.

49 c. If the member's early service retirement date occurs on or after the
50 member's 50th birthday and before the member's 60th birthday and
51 after completion of 20 years of creditable service but prior to the

1 completion of 30 years of creditable service, the early service
 2 retirement allowance shall be equal to the greater of the following
 3 amounts:

4 1. The service retirement allowance as computed under
 5 G.S. 128-27(b22)(2)a. but reduced by the sum of
 6 five-twelfths of one percent (5/12 of 1%) thereof for each
 7 month by which the retirement date precedes the first day of
 8 the month coincident with or next following the month the
 9 member would have attained the member's 60th birthday,
 10 plus one-quarter of one percent (1/4 of 1%) thereof for each
 11 month by which the member's 60th birthday precedes the first
 12 day of the month coincident with or next following the
 13 member's 65th birthday.

14 2. The service retirement allowance as computed under
 15 G.S. 128-27(b22)(2)a. reduced by five percent (5%) times the
 16 difference between 30 years and the amount of creditable
 17 service at retirement.

18 3. If the member's creditable service commenced prior to July 1,
 19 1995, the service retirement allowance equal to the actuarial
 20 equivalent of the allowance payable at the age of 60 years as
 21 computed in G.S. 128-27(b22)(2)b.

22 d. Notwithstanding the foregoing provisions, any member whose
 23 creditable service commenced prior to July 1, 1965, shall not receive
 24 less than the benefit provided by G.S. 128-27(b)."

25 **SECTION 3.(h)** G.S. 128-27(m) reads as rewritten:

26 "(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the
 27 beneficiary designated to receive a return of accumulated contributions shall have the right to
 28 elect to receive in lieu thereof the reduced retirement allowance provided by Option two of
 29 subsection (g) above computed by assuming that the member had retired on the first day of the
 30 month following the date of ~~his~~ the member's death, provided that all four of the following
 31 conditions apply:

32 (1) a. The member had attained such age and/or creditable service to be
 33 eligible to commence retirement with an early or service retirement
 34 allowance, or

35 b. The member had obtained 20 years of creditable service in which
 36 case the retirement allowance shall be computed in accordance with
 37 G.S. 128-27(b21)(1)b. or G.S. 128-27(b21)(2)e.,
 38 G.S. 128-27(b22)(1)c. or G.S. 128-27(b22)(2)c., notwithstanding the
 39 requirement of obtaining age 50, or

40 b1. The member was a law enforcement officer who had obtained 15
 41 years of service as a law enforcement officer and was killed in the
 42 line of duty, or the member was a firefighter or a rescue squad
 43 worker who had obtained 15 years of service as a firefighter or a
 44 rescue squad worker and was killed in the line of duty, in which
 45 cases the retirement allowance shall be computed in accordance with
 46 G.S. 128-27(b21)(1)b., G.S. 128-27(b22)(1)c., notwithstanding the
 47 requirement of obtaining age 50.

48 c. Repealed by Session Laws 2010-72, s. 2(b), effective July 1, 2010.

49 "...."

50 **SECTION 4.** Notwithstanding any other provision of law to the contrary, in order
 51 to administer the changes to the special retirement allowance, as well as the change in

1 creditable service required for law enforcement officers to retire with a reduced benefit, as
2 provided for in Sections 2 and 3 of this act, the Retirement Systems Division of the Department
3 of State Treasurer may increase receipts from the retirement assets of the corresponding
4 retirement system or pay costs associated with the administration of these changes directly
5 from the retirement assets.

6 **SECTION 5.** Sections 2 and 3 of this act become effective January 1, 2018. The
7 remainder of this act is effective when it becomes law.