

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

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HOUSE BILL 284
Committee Substitute Favorable 3/30/17
PROPOSED COMMITTEE SUBSTITUTE H284-PCS40634-MR-1

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 authorized by this section. Those materials shall describe the special retirement allowance and
2 shall explain the relationship between the transferred balance and the monthly benefit and how
3 the member's heirs may be impacted by the election to make this transfer and any costs and fees
4 involved.

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

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

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

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

49 The Board of Trustees shall report annually to the Joint Legislative Commission on
50 Governmental Operations on the number of persons who made an election in the previous

1 calendar year, with any recommendations it might make on an amendment or repeal based on any
2 identified problems.

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

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

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

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

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

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

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

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

- 39 1. The service retirement allowance payable under
40 G.S. 135-5(b19)(1)a. reduced by one-third of one percent (1/3
41 of 1%) thereof for each month by which his retirement date
42 precedes the first day of the month coincident with or next
43 following the month the member would have attained his
44 55th birthday; or
- 45 2. The service retirement allowance as computed under
46 G.S. 135-5(b19)(1)a. reduced by five percent (5%) times the
47 difference between 30 years and his creditable service at
48 retirement.

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

- 1 a. If the member's service retirement date occurs on or after his 65th
2 birthday upon the completion of five years of membership service or
3 after the completion of 30 years of creditable service or on or after
4 his 60th birthday upon the completion of 25 years of creditable
5 service, the allowance shall be equal to one and eighty-two
6 hundredths percent (1.82%) of his average final compensation,
7 multiplied by the number of years of creditable service.
- 8 b. If the member's service retirement date occurs after his 60th birthday
9 and before his 65th birthday and prior to his completion of 25 years
10 or more of creditable service, his retirement allowance shall be
11 computed as in G.S. 135-5(b19)(2)a. but shall be reduced by
12 one-quarter of one percent (1/4 of 1%) thereof for each month by
13 which his retirement date precedes the first day of the month
14 coincident with or next following his 65th birthday.
- 15 c. If the member's early service retirement date occurs on or after his
16 50th birthday and before his 60th birthday and after completion of 20
17 years of creditable service but prior to the completion of 30 years of
18 creditable service, his early service retirement allowance shall be
19 equal to the greater of:
- 20 1. The service retirement allowance as computed under
21 G.S. 135-5(b19)(2)a. but reduced by the sum of five-twelfths
22 of one percent (5/12 of 1%) thereof for each month by which
23 his retirement date precedes the first day of the month
24 coincident with or next following the month the member
25 would have attained his 60th birthday, plus one-quarter of one
26 percent (1/4 of 1%) thereof for each month by which his 60th
27 birthday precedes the first day of the month coincident with
28 or next following his 65th birthday; or
- 29 2. The service retirement allowance as computed under
30 G.S. 135-5(b19)(2)a. reduced by five percent (5%) times the
31 difference between 30 years and his creditable service at
32 retirement; or
- 33 3. If the member's creditable service commenced prior to July 1,
34 1994, the service retirement allowance equal to the actuarial
35 equivalent of the allowance payable at the age of 60 years as
36 computed in G.S. 135-5(b19)(2)b.
- 37 d. Notwithstanding the foregoing provisions, any member whose
38 creditable service commenced prior to July 1, 1963, shall not receive
39 less than the benefit provided by G.S. 135-5(b)."

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

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

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

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

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

1 month by which the retirement date precedes the first day of the
 2 month coincident with or next following the member's 65th birthday.

3 c. If the member's early service retirement date occurs on or after the
 4 member's 50th birthday and before the member's 60th birthday and
 5 after completion of 20 years of creditable service but prior to the
 6 completion of 30 years of creditable service, the early service
 7 retirement allowance shall be equal to the greater of the following
 8 amounts:

9 1. The service retirement allowance as computed under
 10 G.S. 135-5(b21)(2)a. but reduced by the sum of five-twelfths
 11 of one percent (5/12 of 1%) thereof for each month by which
 12 the member's retirement date precedes the first day of the
 13 month coincident with or next following the month the
 14 member would have attained his 60th birthday, plus
 15 one-quarter of one percent (1/4 of 1%) thereof for each month
 16 by which the member's 60th birthday precedes the first day of
 17 the month coincident with or next following the member's
 18 65th birthday.

19 2. The service retirement allowance as computed under
 20 G.S. 135-5(b21)(2)a. reduced by five percent (5%) times the
 21 difference between 30 years and the amount of creditable
 22 service at retirement.

23 3. If the member's creditable service commenced prior to July 1,
 24 1994, the service retirement allowance equal to the actuarial
 25 equivalent of the allowance payable at the age of 60 years as
 26 computed in G.S. 135-5(b21)(2)b.

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

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

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

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

40 b. The member had obtained 20 years of creditable service in which
 41 case the retirement allowance shall be computed in accordance with
 42 ~~G.S. 135-5(b19)(1)b. or G.S. 135-5(b19)(2)e.,~~ G.S. 135-5(b21)(1)c.
 43 or G.S. 135-5(b21)(2)c., notwithstanding the requirement of
 44 obtaining age 50, or

45 b1. The member was a law enforcement officer who had obtained 15
 46 years of service as a law enforcement officer and was killed in the
 47 line of duty, in which case the retirement allowance shall be
 48 computed in accordance with ~~G.S.~~
 49 ~~135-5(b19)(1)b.,~~ G.S. 135-5(b21)(1)c., notwithstanding the
 50 requirement of obtaining age 50.

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

1"

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

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

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

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

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

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

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

35 1. The service retirement allowance payable under
36 G.S. 128-27(b21)(1)a. reduced by one-third of one percent
37 (1/3 of 1%) thereof for each month by which his retirement
38 date precedes the first day of the month coincident with or
39 next following the month the member would have attained his
40 55th birthday;

41 2. The service retirement allowance as computed under
42 G.S. 128-27(b21)(1)a. reduced by five percent (5%) times the
43 difference between 30 years and his creditable service at
44 retirement.

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

48 a. If the member's service retirement date occurs on or after his 65th
49 birthday upon the completion of five years of creditable service or
50 after the completion of 30 years of creditable service or on or after
51 his 60th birthday upon the completion of 25 years of creditable

1 service, the allowance shall be equal to one and eighty-five
2 hundredths percent (1.85%) of average final compensation,
3 multiplied by the number of years of creditable service.

4 b. If the member's service retirement date occurs after his 60th birthday
5 and before his 65th birthday and prior to his completion of 25 years
6 or more of creditable service, his retirement allowance shall be
7 computed as in G.S. 128-27(b21)(2) a. but shall be reduced by
8 one-quarter of one percent (1/4 of 1%) thereof for each month by
9 which his retirement date precedes the first day of the month
10 coincident with or next following his 65th birthday.

11 c. If the member's early service retirement date occurs on or after his
12 50th birthday and before his 60th birthday and after completion of 20
13 years of creditable service but prior to the completion of 30 years of
14 creditable service, his early service retirement allowance shall be
15 equal to the greater of:

16 1. The service retirement allowance as computed under
17 G.S. 128-27(b21)(2)a. but reduced by the sum of
18 five-twelfths of one percent (5/12 of 1%) thereof for each
19 month by which his retirement date precedes the first day of
20 the month coincident with or next following the month the
21 member would have attained his 60th birthday, plus
22 one-quarter of one percent (1/4 of 1%) thereof for each month
23 by which his 60th birthday precedes the first day of the month
24 coincident with or next following his 65th birthday; or

25 2. The service retirement allowance as computed under
26 G.S. 128-27(b21)(2)a. reduced by five percent (5%) times the
27 difference between 30 years and his creditable service at
28 retirement; or

29 3. If the member's creditable service commenced prior to July 1,
30 1995, the service retirement allowance equal to the actuarial
31 equivalent of the allowance payable at the age of 60 years as
32 computed in G.S. 128-27(b21)(2)b.

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

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

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

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

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

50 b. If the member's service retirement date occurs prior to the member's
51 50th birthday and after the completion of 25 years of creditable

1 service with a minimum of 15 years of creditable service in a law
2 enforcement capacity but before the completion of 30 years of
3 creditable service, the retirement allowance shall be equal to the
4 greater of the following amounts:

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

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

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

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

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

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

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

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

50 c. If the member's early service retirement date occurs on or after the
51 member's 50th birthday and before the member's 60th birthday and

1 after completion of 20 years of creditable service but prior to the
 2 completion of 30 years of creditable service, the early service
 3 retirement allowance shall be equal to the greater of the following
 4 amounts:

- 5 1. The service retirement allowance as computed under
 6 G.S. 128-27(b22)(2)a. but reduced by the sum of
 7 five-twelfths of one percent (5/12 of 1%) thereof for each
 8 month by which the retirement date precedes the first day of
 9 the month coincident with or next following the month the
 10 member would have attained the member's 60th birthday,
 11 plus one-quarter of one percent (1/4 of 1%) thereof for each
 12 month by which the member's 60th birthday precedes the first
 13 day of the month coincident with or next following the
 14 member's 65th birthday.
- 15 2. The service retirement allowance as computed under
 16 G.S. 128-27(b22)(2)a. reduced by five percent (5%) times the
 17 difference between 30 years and the amount of creditable
 18 service at retirement.
- 19 3. If the member's creditable service commenced prior to July 1,
 20 1995, the service retirement allowance equal to the actuarial
 21 equivalent of the allowance payable at the age of 60 years as
 22 computed in G.S. 128-27(b22)(2)b.

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

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

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

- 33 (1) a. The member had attained such age and/or creditable service to be
 34 eligible to commence retirement with an early or service retirement
 35 allowance, or
- 36 b. The member had obtained 20 years of creditable service in which
 37 case the retirement allowance shall be computed in accordance with
 38 ~~G.S. 128-27(b21)(1)b.~~ or G.S. 128-27(b21)(2)c.,
 39 G.S. 128-27(b22)(1)c. or G.S. 128-27(b22)(2)c., notwithstanding the
 40 requirement of obtaining age 50, or
- 41 b1. The member was a law enforcement officer who had obtained 15
 42 years of service as a law enforcement officer and was killed in the
 43 line of duty, or the member was a firefighter or a rescue squad
 44 worker who had obtained 15 years of service as a firefighter or a
 45 rescue squad worker and was killed in the line of duty, in which
 46 cases the retirement allowance shall be computed in accordance with
 47 ~~G.S. 128-27(b21)(1)b.,~~ G.S. 128-27(b22)(1)c., notwithstanding the
 48 requirement of obtaining age 50.
- 49 c. Repealed by Session Laws 2010-72, s. 2(b), effective July 1, 2010.

50 "...."

1 **SECTION 4.** Notwithstanding any other provision of law to the contrary, in order
2 to administer the changes to the special retirement allowance, as well as the change in
3 creditable service required for law enforcement officers to retire with a reduced benefit, as
4 provided for in Sections 2 and 3 of this act, the Retirement Systems Division of the Department
5 of State Treasurer may increase receipts from the retirement assets of the corresponding
6 retirement system or pay costs associated with the administration of these changes directly
7 from the retirement assets.

8 **SECTION 5.** Sections 2 and 3 of this act become effective July 1, 2018. The
9 remainder of this act is effective when it becomes law.