

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

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SENATE BILL 117
Judiciary Committee Substitute Adopted 3/7/17
Appropriations on Pensions, Compensation, and Benefits Committee Substitute Adopted
4/6/17
House Committee Substitute Favorable 6/15/17
PROPOSED HOUSE COMMITTEE SUBSTITUTE S117-PCS45593-TVp-30

Short Title: Forfeit. Retmt/Anti-Spiking/Serv. Purch/TC.

(Public)

Sponsors:

Referred to:

February 22, 2017

A BILL TO BE ENTITLED

AN ACT TO PROHIBIT THE RECEIPT OF BENEFITS FROM THE CONSOLIDATED JUDICIAL RETIREMENT SYSTEM FOR JUDGES WHO HAVE BEEN IMPEACHED AND CONVICTED OR REMOVED FROM OFFICE; TO AMEND FELONY FORFEITURE STATUTES; TO CLARIFY AN ANTI-PENSION-SPIKING CONTRIBUTION-BASED BENEFIT CAP; TO PROVIDE AN EXEMPTION FROM RULE MAKING; TO MAKE OTHER TECHNICAL AND SUBSTANTIVE CHANGES TO LAW RELATING TO THE STATE TREASURER, TO THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, TO THE LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM LAWS, TO THE STATE HEALTH PLAN FOR TEACHERS AND STATE EMPLOYEES, AND RELATED STATUTES; AND TO MAKE A TECHNICAL CORRECTION TO THE STATUTES THAT INDICATE THE YEAR IN OR AFTER WHICH LAW ENFORCEMENT OFFICERS WHO ARE MEMBERS OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM OR THE LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM MAY RETIRE AFTER ACHIEVING TWENTY-FIVE YEARS OF CREDITABLE SERVICE SO THAT THE YEAR IN THE STATUTE AND THE YEAR THE SESSION LAW BECOMES EFFECTIVE ARE IN AGREEMENT.

The General Assembly of North Carolina enacts:

PART I. FORFEITURE OF RETIREMENT BENEFITS/JUDGES

SECTION 1.(a) Article 4 of Chapter 135 of the General Statutes is amended by adding a new section to read:

"§ 135-75.1C. Forfeiture of retirement benefits for conviction on impeachment or removal from office.

(a) Except as provided in G.S. 135-56(k), the Board of Trustees shall not pay any retirement benefits or allowances, except for a return of member contributions plus interest, to any justice or judge of the General Court of Justice for whom the following apply:

- (1) The justice or judge of the General Court of Justice is convicted on impeachment under Article IV of the North Carolina Constitution and Chapter 123 of the General Statutes for reasons other than physical and mental incapacity.



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1 (2) The justice or judge of the General Court of Justice is removed from office
2 under G.S. 7A-376(b).

3 (b) If a justice or judge of the General Court of Justice or former justice or judge of the
4 General Court of Justice whose benefits under the System were forfeited under this section,
5 except for the return of member contributions plus interest, subsequently has the conviction on
6 impeachment or removal from office vacated or set aside for any reason, then the member or
7 former member may seek a reversal of the benefit forfeiture by presenting sufficient evidence to
8 the State Treasurer. If the State Treasurer determines a reversal of the benefit forfeiture is
9 appropriate, then all benefits will be restored upon repayment of all accumulated contributions
10 plus interest. Repayment of all accumulated contributions that have been received by the
11 individual under the forfeiture provisions of this section must be made in a total lump-sum
12 payment with interest compounded annually at a rate of six and one-half percent (6.5%) for each
13 calendar year from the year of forfeiture to the year of repayment. An individual receiving a
14 reversal of benefit forfeiture must receive reinstatement of the service credit forfeited."

15 **SECTION 1.(b)** G.S. 135-75.1B reads as rewritten:

16 "**§ 135-75.1B. Prohibition on purchase of forfeited service.**

17 Any member whose retirement benefits have been forfeited under ~~G.S. 135-75.1~~ or
18 ~~G.S. 135-75.1A~~ G.S. 135-75.1, 135-75.1A, or 135-75.1C is prohibited from subsequently
19 purchasing or repurchasing either those forfeited benefits or any creditable membership service
20 associated with those forfeited benefits."

21 **SECTION 1.(c)** G.S. 135-56 is amended by adding a new subsection to read:

22 "**(k)** If a justice or judge of the General Court of Justice who is in service and has not
23 vested in this System on October 1, 2019, is convicted on impeachment or removed from office
24 for acts committed after October 1, 2019, then that member shall forfeit all benefits under this
25 System, except for a return of member contributions plus interest. If a member who is in service
26 and has vested in this System on October 1, 2019, is convicted on impeachment or removed from
27 office for acts committed after October 1, 2019, then that member is not entitled to any creditable
28 service that accrued after October 1, 2019."

29 **SECTION 1.(d)** G.S. 7A-376(b) reads as rewritten:

30 "(b) Upon recommendation of the Commission, the Supreme Court may issue a public
31 reprimand, censure, suspend, or remove any judge for willful misconduct in office, willful and
32 persistent failure to perform the judge's duties, habitual intemperance, conviction of a crime
33 involving moral turpitude, or conduct prejudicial to the administration of justice that brings the
34 judicial office into disrepute. A judge who is suspended for any of the foregoing reasons shall
35 receive no compensation during the period of that suspension. A judge who is removed for any
36 of the foregoing reasons shall receive no retirement ~~compensation~~ compensation, except for a
37 return of member contributions plus interest as provided in G.S. 135-56(k), and is disqualified
38 from holding further judicial office."

39 **SECTION 1.(e)** The General Assembly and the Supreme Court shall notify the State
40 Treasurer and the Board of Trustees of the conviction on impeachment or removal from office
41 of a justice or judge of the General Court of Justice.

42 **SECTION 1.(f)** This section becomes effective October 1, 2019, and applies to
43 offenses committed on or after that date.

44

45 **PART II. FELONY FORFEITURE STATUTES**

46 **SECTION 2.(a)** G.S. 135-18.10A(b) is repealed.

47 **SECTION 2.(b)** G.S. 128-38.4A(b) is repealed.

48 **SECTION 2.(c)** G.S. 135-75.1A(b) is repealed.

49 **SECTION 2.(d)** G.S. 120-4.33A is repealed.

50

51 **PART III. ANTI-PENSION-SPIKING CONTRIBUTION-BASED BENEFIT CAP**

1 **SECTION 3.(a)** G.S. 135-5(a3) reads as rewritten:

2 "(a3) Anti-Pension-Spiking Contribution-Based Benefit Cap. – Notwithstanding any other
3 provision of this section, every service retirement allowance provided under this section for
4 members who retire on or after January 1, 2015, is subject to adjustment pursuant to a
5 contribution-based benefit cap under this subsection. ~~The Board of Trustees shall adopt~~
6 Notwithstanding Article 2A of Chapter 150B of the General Statutes, the Board of Trustees shall
7 adopt a contribution-based benefit cap factor recommended by the actuary, based upon actual
8 experience, such that no more than three-quarters of one percent (0.75%) of retirement
9 allowances are expected to be capped. The Board of Trustees shall modify such factors every
10 five years, as shall be deemed necessary, based upon the five-year experience study as required
11 by G.S. 135-6(n). Prior to establishing a service retirement allowance under this section, the
12 Board shall:

- 13 (1) Determine an amount equal to the member's accumulated contributions as
14 required under G.S. 135-8(b)(1) for all years during which the member earned
15 membership service, other than service earned through armed service credit
16 under G.S. 135-4(f) or G.S. 135-4(g), used in the calculation of the retirement
17 allowance that the member would receive under this section.
- 18 (2) Determine the amount of a single life annuity that is the actuarial equivalent
19 of the amount determined under subdivision (1) of this subsection, adjusted
20 for the age of the member at the time of retirement or, when appropriate, the
21 age at the time of the member's death.
- 22 (3) Multiply the annuity amount determined under subdivision (2) of this
23 subsection by the contribution-based benefit cap factor.
- 24 (4) Determine the amount of the retirement allowance that results from the
25 member's membership service.

26 The product of the multiplication in subdivision (3) of this subsection is the member's
27 contribution-based benefit cap. If the amount determined under subdivision (4) of this subsection
28 exceeds the member's contribution-based benefit cap, the member's retirement allowance shall
29 be reduced by an amount equal to the difference between the contribution-based benefit cap and
30 the amount determined under subdivision (4) of this subsection.

31 Notwithstanding the foregoing, the retirement allowance of a member with an average final
32 compensation of less than one hundred thousand dollars (\$100,000), as hereinafter indexed, shall
33 not be subject to the contribution-based benefit cap. The minimum average final compensation
34 necessary for a retirement allowance to be subject to the contribution-based benefit cap shall be
35 increased on January 1 each year by the percent change between the June Consumer Price Index
36 in the year prior to retirement and the June Consumer Price Index in the fiscal year most recently
37 ended, calculated to the nearest tenth of a percent (0.1%), provided that this percent change is
38 positive.

39 Notwithstanding the foregoing, the retirement allowance of a member who became a member
40 before January 1, 2015, or who has not earned at least five years of membership service in the
41 Retirement System after January 1, 2015, shall not be reduced; however, the member's last
42 employer shall be required to make an additional contribution as specified in G.S. 135-8(f)(2)f.,
43 if applicable."

44 **SECTION 3.(b)** G.S. 128-27(a3) reads as rewritten:

45 "(a3) Anti-Pension-Spiking Contribution-Based Benefit Cap. – Notwithstanding any other
46 provision of this section, every service retirement allowance provided under this section for
47 members who retire on or after January 1, 2015, is subject to adjustment pursuant to a
48 contribution-based benefit cap under this subsection. ~~The Board of Trustees shall adopt~~
49 Notwithstanding Article 2A of Chapter 150B of the General Statutes, the Board of Trustees shall
50 adopt a contribution-based benefit cap factor recommended by the actuary, based upon actual
51 experience, such that no more than three-quarters of one percent (0.75%) of retirement

1 allowances are expected to be capped. The Board of Trustees shall modify such factors every
2 five years, as shall be deemed necessary, based upon the five-year experience study as required
3 by G.S. 128-28(o).

4 Prior to establishing a service retirement allowance under this section, the Board shall:

- 5 (1) Determine an amount equal to the member's accumulated contributions as
6 required under G.S. 128-30(b)(1) for all years during which the member
7 earned membership service, other than service earned through armed service
8 credit under G.S. 128-26(a1) or G.S. 128-26(j1), used in the calculation of the
9 retirement allowance that the member would receive under this section.
- 10 (2) Determine the amount of a single life annuity that is the actuarial equivalent
11 of the amount determined under subdivision (1) of this subsection, adjusted
12 for the age of the member at the time of retirement or, when appropriate, the
13 age at the time of the member's death.
- 14 (3) Multiply the annuity amount determined under subdivision (2) of this
15 subsection by the contribution-based benefit cap factor.
- 16 (4) Determine the amount of the retirement allowance that results from the
17 member's membership service.

18 The product of the multiplication in subdivision (3) of this subsection is the member's
19 contribution-based benefit cap. If the amount determined under subdivision (4) of this subsection
20 exceeds the member's contribution-based benefit cap, the member's retirement allowance shall
21 be reduced by an amount equal to the difference between the contribution-based benefit cap and
22 the amount determined under subdivision (4) of this subsection.

23 Notwithstanding the foregoing, the retirement allowance of a member with an average final
24 compensation of less than one hundred thousand dollars (\$100,000), as hereinafter indexed, shall
25 not be subject to the contribution-based benefit cap. The minimum average final compensation
26 necessary for a retirement allowance to be subject to the contribution-based benefit cap shall be
27 increased on January 1 each year by the percent change between the June Consumer Price Index
28 in the year prior to retirement and the June Consumer Price Index in the fiscal year most recently
29 ended, calculated to the nearest tenth of a percent (0.1%), provided that this percent change is
30 positive.

31 Notwithstanding the foregoing, the retirement allowance of a member who became a member
32 before January 1, 2015, or who has not earned at least five years of membership service in the
33 Retirement System after January 1, 2015, shall not be reduced; however, the member's last
34 employer shall be required to make an additional contribution as specified in G.S. 128-30(g)(2)b.,
35 if applicable."

36 **SECTION 3.(c)** G.S. 135-6(l) reads as rewritten:

37 "(l) Duties of Actuary. – The Board of Trustees shall designate an actuary who shall be
38 the technical adviser of the Board of Trustees on matters regarding the operation of the funds
39 created by the provisions of this Chapter and shall perform such other duties as are required in
40 connection therewith. ~~For purposes of the annual valuation of System assets, the~~ The experience
41 studies, and studies and all other actuarial calculations required by this Chapter, and all the
42 assumptions used by the System's actuary, including mortality tables, interest rates, annuity
43 factors, the contribution-based benefit cap factor, and employer contribution rates, shall be set
44 out in the actuary's periodic reports-reports, annual valuations of System assets, or other materials
45 provided to the Board of Trustees. These ~~Notwithstanding Article 2A of Chapter 150B of the~~
46 General Statutes, these materials, once accepted by the Board, shall be considered part of the
47 Plan documentation governing this Retirement System; similarly, the System and shall be
48 effective the first day of the month following adoption unless a different date is specified in the
49 adopting resolution. The effective date must be after the adoption date. The Board's minutes
50 relative to all actuarial assumptions used by the System shall also be considered part of the Plan
51 documentation governing this Retirement System, with the result of precluding any employer

1 discretion in the determination of benefits payable hereunder, consistent with Section 401(a)(25)
2 of the Internal Revenue Code."

3 **SECTION 3.(d)** G.S. 128-28(m) reads as rewritten:

4 "(m) Duties of Actuary. – The Board of Trustees shall designate an actuary who shall be
5 the technical adviser of the Board of Trustees on matters regarding the operation of the funds
6 created by the provisions of this Chapter and shall perform such other duties as are required in
7 connection therewith. ~~For purposes of the annual valuation of System assets, the~~ The experience
8 ~~studies, and studies and~~ all other actuarial calculations required by this Chapter, and all the
9 assumptions used by the System's actuary, including mortality tables, interest rates, annuity
10 factors, the contribution-based benefit cap factor, and employer contribution rates, shall be set
11 out in the actuary's periodic ~~reports-reports~~, annual valuations of System assets, or other materials
12 provided to the Board of Trustees. ~~These~~ Notwithstanding Article 2A of Chapter 150B of the
13 General Statutes, these materials, once accepted by the Board, shall be considered part of the
14 Plan documentation governing this Retirement System; ~~similarly, the System and shall be~~
15 effective the first day of the month following adoption unless a different date is specified in the
16 adopting resolution. The effective date must be after the adoption date. The Board's minutes
17 relative to all actuarial assumptions used by the System shall also be considered part of the Plan
18 documentation governing this Retirement System, with the result of precluding any employer
19 discretion in the determination of benefits payable hereunder, consistent with Section 401(a)(25)
20 of the Internal Revenue Code."

21 **SECTION 3.(e)** If House Bill 1055, 2017 Regular Session, becomes law, then
22 subsections (c) and (d) of this section become effective on the date that Section 1 of that act
23 becomes effective and applies to calculations on or after that date and subsections (a) and (b) of
24 this section become effective January 1, 2019, and applies to calculations on or after that date. If
25 House Bill 1055, 2017 Regular Session, does not become law, then this section becomes effective
26 January 1, 2019, and applies to calculations on or after that date.

27 **PART IV. EXEMPTION FROM RULE MAKING**

28 **SECTION 4.(a)** G.S. 150B-1(d) is amended by adding a new subdivision to read:

29 **"§ 150B-1. Policy and scope.**

30 ...

31 (d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the
32 following:

33 ...

34 (29) The Retirement System Boards of Trustees established under G.S. 128-28 and
35 G.S. 135-6 when adopting actuarial tables, assumptions, and
36 contribution-based benefit cap factors after presentation of recommendations
37 from the actuary. This exemption includes, but is not limited to, the following
38 actuarial tables, assumptions, methods, and factors:

- 39 a. Joint and survivor tables.
- 40 b. Reserve transfer tables.
- 41 c. Interest rate assumptions.
- 42 d. Salary increase assumptions.
- 43 e. Mortality assumptions.
- 44 f. Separation and retirement assumptions.
- 45 g. Asset smoothing methods.
- 46 h. Actuarial cost methods.
- 47 i. Contribution-based benefit cap factors.
- 48 j. Required contribution rates.
- 49 k. Amortization policies."

50 **SECTION 4.(b)** G.S. 135-6(n) reads as rewritten:

1 "(n) In 1943, and at least once in each five-year period thereafter, the actuary shall make
2 an actuarial investigation into the mortality, service and compensation experience of the members
3 and beneficiaries of the Retirement System, and shall make a valuation of the assets and liabilities
4 of the funds of the System, and taking into account the result of such investigation and valuation,
5 the Board of Trustees ~~shall~~ shall do all of the following:

- 6 (1) ~~Adopt for the Retirement System such any necessary mortality, service and~~
7 ~~service, or other tables as shall be deemed necessary; and~~ tables, and any
8 necessary contribution-based benefit cap factors for the Retirement System.
9 (2) Certify the rates of contributions payable by the State of North Carolina on
10 account of new entrants at various ages."

11 **SECTION 4.(c)** G.S. 128-28(o) reads as rewritten:

12 "(o) In the year 1945, and at least once in each five-year period thereafter, the actuary shall
13 make an actuarial investigation into the mortality, service and compensation experience of the
14 members and beneficiaries of the Retirement System, and shall make a valuation of the assets
15 and liabilities of the funds of the System, and taking into account the result of such investigation
16 and valuation, the Board of Trustees ~~shall~~ shall do all of the following:

- 17 (1) ~~Adopt for the Retirement System such any necessary mortality, service and~~
18 ~~service, or other tables as shall be deemed necessary; and~~ tables, and any
19 necessary contribution-based benefit cap factors for the Retirement System.
20 (2) Certify the rates of contributions payable by the participating units on account
21 of new entrants at various ages."

22 **SECTION 4.(d)** If House Bill 1055, 2017 Regular Session, becomes law, then this
23 section becomes effective on the date that Section 1 of that act becomes effective and applies to
24 actuarial tables, assumptions, and contribution-based cap factors changed on or after that date
25 and actuarial investigations and calculations made on or after that date. If House Bill 1055, 2017
26 Regular Session, does not become law, then this section becomes effective January 1, 2019, and
27 applies to actuarial tables, assumptions, and contribution-based cap factors changed on or after
28 that date and actuarial investigations and calculations made on or after that date.

30 **PART V. SERVICE PURCHASE PROVISION EFFECTIVE DATES**

31 **SECTION 5.(a)** If House Bill 1055, 2017 Regular Session, becomes law, then
32 G.S. 135-4, as amended by Section 5.(a) of that act, reads as rewritten:

33 "**§ 135-4. Creditable service.**

34 ...

35 (k) Notwithstanding any other provision of this Chapter, on or before ~~December 31, 2018,~~
36 June 30, 2019, any person who withdrew his or her contributions in accordance with the
37 provisions of G.S. 128-27(f) or G.S. 135-5(f) or the rules and regulations of the
38 Law-Enforcement Officers' Retirement System and who subsequently returns to service may,
39 upon completion of five years of membership service, repay in a total lump sum any and all of
40 the accumulated contributions previously withdrawn with interest compounded annually at the
41 rate of six and one-half percent (6.5%) for each calendar year from the year of withdrawal to the
42 year of repayment plus a fee to cover expense of handling which shall be determined by the
43 Board of Trustees, and receive credit for the service forfeited at time of withdrawal. These
44 provisions shall apply equally to retired members who had attained five years of membership
45 service prior to retirement. The retirement allowance of a retired member who restores service
46 under this subsection shall be increased the month following the month payment is received. The
47 increase in the retirement allowance shall be the difference between the initial retirement
48 allowance, under any optional allowance elected at the time of retirement, and the amount of the
49 retirement allowance, under any optional allowance elected at the time of retirement, to which
50 the retired member would have been entitled had the service not been previously forfeited,
51 adjusted by any increases in the retirement accrual rate occurring between the member's date of

1 retirement and the date of payment. The increase in the retirement allowance shall not include
2 any adjustment for cost-of-living increases granted since the date of retirement.

3 Notwithstanding any provision to the contrary, on or before ~~December 31, 2018~~, June 30,
4 2019, a law enforcement officer who was transferred from the Law Enforcement Officers'
5 Retirement System to this Retirement System pursuant to Article 12C of Chapter 143 of the
6 General Statutes and withdrew his or her accumulated contributions prior to January 1, 1985, in
7 accordance with G.S. 128-27(f) or G.S. 135-5(f) for non-law enforcement service and who has
8 five years or more of membership service standing to his or her credit may repay in a total lump
9 sum the accumulated contributions previously withdrawn with interest compounded annually at
10 the rate of six and one-half percent (6.5%) for each calendar year from the year of withdrawal to
11 the year of repayment plus a fee to cover expense of handling which shall be determined by the
12 Board of Trustees, and receive credit for the service forfeited at time of withdrawal(s). The
13 retirement allowance of a retired member who restores service under this subsection shall be
14 increased the month following the month payment is received. The increase in the retirement
15 allowance shall be the difference between the initial retirement allowance, under any optional
16 allowance elected at the time of retirement, and the amount of the retirement allowance, under
17 any optional allowance elected at the time of retirement, to which the retired member would have
18 been entitled had the service not been previously forfeited, adjusted by any increases in the
19 retirement accrual rate occurring between the member's date of retirement and the date of
20 payment. The increase in the retirement allowance shall not include any adjustment for
21 cost-of-living increases granted since the date of retirement.

22 (k1) North Carolina Withdrawn Service Purchased On and After ~~January 1, 2019~~, July 1,
23 2019. – Notwithstanding any other provision of this Chapter to the contrary, on and after ~~January~~
24 ~~1, 2019~~, July 1, 2019, any member who withdrew his or her contributions in accordance with the
25 provisions of G.S. 127-27(f) or G.S. 135-5(f) or the rules and regulations of the Law Enforcement
26 Officers' Retirement System, and who subsequently returns to service and completes five years
27 of membership service upon that return, while in service may purchase an amount of creditable
28 service totaling the amount of the membership service associated with the withdrawn
29 contributions, provided that the total of the creditable service purchased under this subsection
30 may not exceed five years. The member shall purchase this service by paying a lump sum amount
31 to the Annuity Savings Fund equal to the full liability increase due to the additional service credits
32 on the basis of the assumptions used for the purposes of the actuarial valuation of the liabilities
33 of the Retirement System, except for the following assumptions specific to this calculation: (i)
34 the allowance shall be assumed to commence at the earliest age at which the member could retire
35 on an unreduced retirement allowance and (ii) assumed annual postretirement allowance
36 increases as set by the Board of Trustees upon the advice of the consulting actuary. The
37 calculation of the amount payable shall also include an administrative fee to be set by the Board.

38 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
39 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
40 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
41 that the purchase is paid by the member, the cost paid by the member shall be credited to the
42 member's annuity savings account.

43 ...

44 (l) Notwithstanding any other provision of this Chapter, on or before ~~December 31, 2018~~,
45 June 30, 2019, any member and any retired member as herein described may purchase creditable
46 service previously rendered to any state, territory, or other governmental subdivision of the
47 United States other than this State by paying a total lump-sum payment determined as follows:

- 48 (1) For members who completed 10 years of current membership service, and
49 retired members who completed 10 years of current membership service prior
50 to retirement, whose membership began on or before July 1, 1981, and who
51 make such purchase within three years after first becoming eligible, the cost

1 shall be an amount equal to the monthly compensation the member earned
2 when he first entered membership service, times the employee contribution
3 rate at that time, times the months of service to be purchased, times two, with
4 sufficient interest added thereto so as to equal the full cost of allowing such
5 service, plus an administrative fee to be set by the Board of Trustees.

- 6 (2) For members who complete five years of current membership service, and
7 retired members who complete five years of current membership service prior
8 to retirement, and eligible members and retired members covered by
9 subdivision (1) of this subsection, whose membership began on or before July
10 1, 1981, but who did not or do not make such purchase within three years after
11 first becoming eligible, the cost shall be an amount equal to the full liability
12 of the service credits calculated on the basis of the assumptions used for the
13 purposes of the actuarial valuation of the System's liabilities and shall take
14 into account the retirement allowance arising on account of the additional
15 service credits commencing at the earliest age at which the member could
16 retire on an unreduced allowance, as determined by the Board of Trustees
17 upon the advice of the consulting actuary, plus an administrative fee to be set
18 by the Board of Trustees. Notwithstanding the foregoing provisions of this
19 subsection that provide for the purchase of service credits, the term "full
20 liability" includes assumed postretirement allowance increases, as determined
21 by the Board of Trustees, from the earliest age at which a member could retire
22 on an unreduced service retirement allowance. Notwithstanding the
23 requirement of five years of current membership service, a member whose
24 membership began prior to the service the member desires to purchase shall
25 be eligible to purchase creditable service under this subdivision upon
26 returning to service as a teacher or employee upon completion of a total of
27 five years of membership service and upon completion of one year of current
28 membership service.

29 Current membership service shall mean membership service earned since the service
30 previously rendered to any state, territory, or other governmental subdivision of the United States
31 other than this State. Creditable service under this subsection shall be allowed only at the rate of
32 one year of out-of-state service for each year of membership service in this State, with a
33 maximum allowable of 10 years of out-of-state service. Such service is limited to full-time
34 service which would be allowable under the laws governing this System. Credit will be allowed
35 only if no benefit is allowable in another public retirement system as a result of the service.

36 (12) Notwithstanding any provision of this Chapter to the contrary, on and after ~~January~~
37 ~~1, 2019,~~ July 1, 2019, any member in service with five or more years of membership service may
38 purchase creditable service previously rendered to any state, territory, or other governmental
39 subdivision of the United States other than this State by paying a total lump sum payment. The
40 amount of creditable service purchased under this subsection may not exceed a total of five years.
41 The member shall purchase this service by paying a lump sum amount to the Annuity Savings
42 Fund equal to the full liability increase due to the additional service credits on the basis of the
43 assumptions used for the purposes of the actuarial valuation of the liabilities of the Retirement
44 System, except for the following assumptions specific to this calculation: (i) the allowance shall
45 be assumed to commence at the earliest age at which the member could retire on an unreduced
46 retirement allowance and (ii) assumed annual postretirement allowance increases as set by the
47 Board of Trustees upon the advice of the consulting actuary. The calculation of the amount
48 payable shall also include an administrative fee to be set by the Board.

49 Creditable service under this subsection shall be allowed only at the rate of one year of
50 out-of-state service for each year of membership service in this State, with a maximum allowable
51 of five years of out-of-state service. Such service is limited to full-time service that would be

1 allowable under the laws governing this Retirement System. Credit will be allowed only if no
2 benefit is allowable in another public retirement system as a result of the service.

3 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
4 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
5 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
6 that the purchase is paid by the member, the cost paid by the member shall be credited to the
7 member's annuity savings account.

8 ...

9 (p) Credit for prior temporary State employment. – Notwithstanding any other provision
10 of this Chapter, on or before ~~December 31, 2018~~, June 30, 2019, a member may purchase service
11 credit for temporary State employment upon completion of 10 years of membership service and
12 subject to the condition that the member had been classified as a temporary employee for more
13 than three years. Each employer shall certify to the Board of Trustees that an employee is eligible
14 to purchase this service credit prior to the member making payment. Payment for the service
15 credit shall be in a single lump sum based upon the amount the member would have contributed
16 if he had been properly classified as a permanent employee and been a member of this retirement
17 system.

18 ...

19 (w) Credit at Full Cost for Federal Employment. – Notwithstanding any other provisions
20 of this Chapter, a member in service with five or more years of membership service may purchase
21 creditable service for periods of federal employment, provided that the member is not receiving
22 any retirement benefits resulting from this federal employment, and provided that the member is
23 not vested in the particular federal retirement system to which the member may have belonged
24 while a federal employee. The amount of creditable service purchased under this subsection may
25 not exceed a total of five years. The member shall purchase this service by making a lump sum
26 amount payable to the Annuity Savings Fund equal to the full liability increase due to the
27 additional service credits on the basis of the assumptions used for the purposes of the actuarial
28 valuation of the liabilities of the Retirement System, except for the following assumptions
29 specific to this calculation: (i) the allowance shall be assumed to commence at the earliest age at
30 which the member could retire on an unreduced retirement allowance and (ii) assumed annual
31 postretirement allowance increases as set by the Board of Trustees upon the advice of the
32 consulting actuary. The calculation of the amount payable shall also include an administrative
33 fee to be set by the Board.

34 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
35 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
36 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
37 that the purchase is paid by the member, the cost paid by the member shall be credited to the
38 member's annuity savings account.

39 On or before ~~December 31, 2018~~, June 30, 2019, members in service may also purchase
40 creditable service for periods of employment with public community service entities within the
41 State funded entirely with federal funds, other than the federal government, that are not covered
42 by the provisions of G.S. 128-21(11) or G.S. 135-1(11), under the same terms and conditions that
43 are applicable to the purchase of creditable service for periods of federal employment in
44 accordance with this subsection. "Public community service entities" as used in this subsection
45 shall mean community action, human relations, manpower development, and community
46 development programs as defined in Articles 19 and 21 of Chapter 160A and Article 18 of
47 Chapter 153A of the General Statutes.

48 ...

49 (bb) Credit at Full Cost for Probationary Local Government Employment Purchased On
50 or Before ~~December 31, 2018~~, June 30, 2019. – Notwithstanding any other provision of this
51 Chapter, on or before ~~December 31, 2018~~, June 30, 2019, a member may purchase creditable

1 service, prior to retirement, for employment with any local employer as defined in
2 G.S. 128-21(11) when considered to be in a probationary or employer-imposed waiting period
3 status, between the date of employment and the date of membership service with the Local
4 Governmental Employees' Retirement System, provided that the former employer of such a
5 member has revoked this probationary employment or waiting period policy.

6 The member shall purchase this service by making a lump-sum amount payable to the
7 Annuity Savings Fund equal to the full liability of the service credits calculated on the basis of
8 the assumptions used for purposes of the actuarial valuation of the liabilities of the retirement
9 system, and the calculation of the amount payable shall take into account the retirement
10 allowance arising on account of the additional service credit commencing at the earliest age at
11 which the member could retire on an unreduced retirement allowance, as determined by the
12 Board of Trustees upon the advice of the consulting actuary, plus an administrative fee to be set
13 by the Board of Trustees. Notwithstanding the provisions of this subsection that provide for the
14 purchase of service credits, the term "full liability" includes assumed annual postretirement
15 allowance increases, as determined by the Board of Trustees, from the earliest age at which a
16 member could retire on an unreduced service allowance.

17 (bb1) Credit at Full Cost for Probationary Local Government Employment Purchased On
18 and After ~~January 1, 2019~~, July 1, 2019. – Notwithstanding any other provision of this Chapter,
19 on and after ~~January 1, 2019~~, July 1, 2019, a member may purchase creditable service, prior to
20 retirement, for employment with any local employer as defined in G.S. 128-21(11) when
21 considered to be in a probationary or employer-imposed waiting period status, between the date
22 of employment and the date of membership service with the Local Governmental Employees'
23 Retirement System.

24 The member shall purchase this service by making a lump sum amount payable to the
25 Annuity Savings Fund equal to the full liability increase due to the additional service credits on
26 the basis of the assumptions used for the purposes of the actuarial valuation of the liabilities of
27 the Retirement System, except for the following assumptions specific to this calculation: (i) the
28 allowance shall be assumed to commence at the earliest age at which the member could retire on
29 an unreduced retirement allowance and (ii) assumed annual postretirement allowance increases
30 as set by the Board of Trustees upon the advice of the consulting actuary. The calculation of the
31 amount payable shall also include an administrative fee to be set by the Board.

32 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
33 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
34 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
35 that the purchase is paid by the member, the cost paid by the member shall be credited to the
36 member's annuity savings account.

37"

38 **SECTION 5.(b)** If House Bill 1055, 2017 Regular Session, becomes law, then
39 G.S. 128-26, as amended by Section 5.(b) of that act, reads as rewritten:

40 "**§ 128-26. Allowance for service.**

41 ...

42 (i) Notwithstanding any other provision of this Chapter, on or before ~~December 31, 2018~~,
43 June 30, 2019, any person who withdrew his or her contributions in accordance with the
44 provisions of G.S. 128-27(f) or 135-5(f) or the rules and regulations of the Law Enforcement
45 Officers' Retirement System and who subsequently returns to service may, upon completion of
46 five years of prior and current membership service, repay in a total lump sum any and all of the
47 accumulated contributions previously withdrawn with interest compounded annually at the rate
48 of six and one-half percent (6.5%) for each calendar year from the year of withdrawal to the year
49 of repayment plus a fee to cover expense of handling which shall be determined by the Board of
50 Trustees, and receive credit for the service forfeited at time of withdrawal(s). These provisions
51 shall apply equally to retired members who had attained five years of prior and current

1 membership service prior to retirement. The retirement allowance of a retired member who
2 restores service under this subsection shall be increased the month following the month payment
3 is received. The increase in the retirement allowance shall be the difference between the initial
4 retirement allowance, under any optional allowance elected at the time of retirement, and the
5 amount of the retirement allowance, under any optional allowance elected at the time of
6 retirement, to which the retired member would have been entitled had the service not been
7 previously forfeited, adjusted by any increases in the retirement accrual rate occurring between
8 the member's date of retirement and the date of payment. The increase in the retirement allowance
9 shall not include any adjustment for cost-of-living increases granted since the date of retirement.

10 (i1) ~~North Carolina Withdrawn Service Purchased On and After January 1, 2019.~~ July 1,
11 2019. – Notwithstanding any other provision of this Article to the contrary, on and after ~~January~~
12 ~~1, 2019,~~ July 1, 2019, any member who withdrew his or her contributions in accordance with the
13 provisions of G.S. 128-27(f) or G.S. 135-5(f) or the rules of the Law Enforcement Officer's
14 Retirement System, and who subsequently returns to service and completes five years of
15 membership service upon that return, while in service may purchase an amount of creditable
16 service totaling the amount of the membership service associated with the withdrawn
17 contributions, provided that the total of the creditable service purchased under this subsection
18 may not exceed a total of five years. The member shall purchase this service by paying a lump
19 sum amount to the Annuity Savings Fund equal to the full liability increase due to the additional
20 service credits on the basis of the assumptions used for the purposes of the actuarial valuation of
21 the liabilities of the Retirement System, except for the following assumptions specific to this
22 calculation: (i) the allowance shall be assumed to commence at the earliest age at which the
23 member could retire on an unreduced retirement allowance and (ii) assumed annual
24 postretirement allowance increases as set by the Board of Trustees upon the advice of the
25 consulting actuary. The calculation of the amount payable shall also include an administrative
26 fee to be set by the Board.

27 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
28 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
29 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
30 that the purchase is paid by the member, the cost paid by the member shall be credited to the
31 member's annuity savings account.

32 ...

33 (j2) ~~Notwithstanding any other provision of this Chapter, on or before December 31, 2018,~~
34 June 30, 2019, any member and any retired member as herein described may purchase creditable
35 service previously rendered to any state, territory, or other governmental subdivision of the
36 United States other than this State by paying a total lump-sum payment determined as follows:

37 (1) For members who completed 10 years of prior and current membership
38 service, and retired members who completed 10 years of prior and current
39 membership service prior to retirement, and whose membership began on or
40 before January 1, 1988, and who make such purchase within three years after
41 first becoming eligible, the cost shall be an amount equal to the monthly
42 compensation the member earned when he first entered membership service,
43 times the employee contribution rate at that time, times the months of service
44 to be purchased, times two, with sufficient interest added thereto so as to equal
45 the full cost of allowing such service, plus an administrative fee to be set by
46 the Board of Trustees.

47 (2) For members who complete five years of prior and current membership
48 service, and retired members who complete five years of prior and current
49 membership service prior to retirement, and eligible members and retired
50 members covered by subdivision (1) of this subsection, whose membership
51 began on or before January 1, 1988, but who did not or do not make such

1 purchase within three years after first becoming eligible, the cost shall be an
2 amount equal to the full liability of the service credits calculated on the basis
3 of the assumptions used for the purposes of the actuarial valuation of the
4 System's liabilities and shall take into account the retirement allowance arising
5 on account of the additional service credits commencing at the earliest age at
6 which the member could retire on an unreduced allowance, as determined by
7 the Board of Trustees upon the advice of the consulting actuary, plus an
8 administrative fee to be set by the Board of Trustees. Notwithstanding the
9 foregoing provisions of this subsection that provide for the purchase of service
10 credits, the term "full liability" includes assumed postretirement allowance
11 increases, as determined by the Board of Trustees, from the earliest age at
12 which a member could retire on an unreduced service retirement allowance.
13 Notwithstanding the requirement of five years of current membership service,
14 a member whose membership began prior to the service the member desires
15 to purchase shall be eligible to purchase creditable service under this
16 subdivision upon returning to service as an employee upon completion of a
17 total of five years of membership service and upon completion of one year of
18 current membership service.

19 Current membership service shall mean membership service earned since the service
20 previously rendered to any state, territory, or other governmental subdivision of the United States
21 other than this State. Creditable service under this subsection shall be allowed only at the rate of
22 one year of out-of-state service for each year of service in this State, with a maximum allowable
23 of 10 years of out-of-state service. Such service is limited to full-time service which would be
24 allowable under the laws governing this System. Credit will be allowed only if no benefit is
25 allowable in another public retirement system as a result of the service.

26 (j3) Notwithstanding any provision of this Article to the contrary, on and after ~~January 1,~~
27 ~~2019, July 1, 2019,~~ any member in service with five or more years of membership service may
28 purchase creditable service previously rendered to any state, territory, or other governmental
29 subdivision of the United States other than this State by paying a total lump sum payment. The
30 amount of creditable service purchased under this subsection may not exceed a total of five years.
31 The member shall purchase this service by paying a lump sum amount to the Annuity Savings
32 Fund equal to the full liability increase due to the additional service credits on the basis of the
33 assumptions used for the purposes of the actuarial valuation of the liabilities of the Retirement
34 System, except for the following assumptions specific to this calculation: (i) the allowance shall
35 be assumed to commence at the earliest age at which the member could retire on an unreduced
36 retirement allowance and (ii) assumed annual postretirement allowance increases as set by the
37 Board of Trustees upon the advice of the consulting actuary. The increases as set by the Board
38 of Trustees upon the advice of the consulting actuary shall also include an administrative fee to
39 be set by the Board.

40 Creditable service under this subsection shall be allowed only at the rate of one year of
41 out-of-state service for each year of membership service in this State, with a maximum allowable
42 of five years of out-of-state service. Such service is limited to full-time service that would be
43 allowable under the laws governing this Retirement System. Credit will be allowed only if no
44 benefit is allowable in another public retirement system as a result of the service.

45 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
46 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
47 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
48 that the purchase is paid by the member, the cost paid by the member shall be credited to the
49 member's annuity savings account.

50 ...

1 (o) Credit at Full Cost for Federal Employment. – Notwithstanding any other provisions
2 of this Chapter, a member in service with five or more years of membership service may purchase
3 creditable service for periods of federal employment, provided that the member is not receiving
4 any retirement benefits resulting from this federal employment, and provided that the member is
5 not vested in the particular federal retirement system to which the member may have belonged
6 while a federal employee. The amount of creditable service purchased under this subsection may
7 not exceed a total of five years. The member shall purchase this service by making a lump sum
8 amount payable to the Annuity Savings Fund equal to the full liability increase due to the
9 additional service credits on the basis of the assumptions used for the purposes of the actuarial
10 valuation of the liabilities of the Retirement System, except for the following assumptions
11 specific to this calculation: (i) the allowance shall be assumed to commence at the earliest age at
12 which the member could retire on an unreduced retirement allowance and (ii) assumed annual
13 postretirement allowance increases as set by the Board of Trustees upon the advice of the
14 consulting actuary. The calculation of the amount payable shall also include an administrative
15 fee to be set by the Board.

16 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
17 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
18 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
19 that the purchase is paid by the member, the cost paid by the member shall be credited to the
20 member's annuity savings account.

21 On or before ~~December 31, 2018~~, June 30, 2019, members may also purchase creditable
22 service for periods of employment with public community service entities within the State funded
23 entirely with federal funds, other than the federal government, that are not covered by the
24 provisions of G.S. 128-21(11) or G.S. 135-1(11), under the same terms and conditions that are
25 applicable to the purchase of creditable service for periods of federal employment in accordance
26 with this subsection. "Public community service entities" as used in this subsection shall mean
27 community action, human relations, manpower development, and community development
28 programs as defined in Articles 19 and 21 of Chapter 160A and Article 18 of Chapter 153A of
29 the General Statutes.

30 ...

31 (q) Credit at Full Cost for Probationary Employment Purchased On or Before ~~December~~
32 ~~31, 2018~~, June 30, 2019. – Notwithstanding any other provision of this Chapter, on or before
33 ~~December 31, 2018~~, June 30, 2019, a member may purchase creditable service, prior to
34 retirement, for employment with an employer as defined in this Article when considered to be in
35 a probationary or employer imposed waiting period status and thereby not regularly employed,
36 between date of employment and date of membership service with the retirement system,
37 provided that the employer or former employer of such a member has revoked this probationary
38 employment or waiting period policy.

39 Provided, the member shall purchase this service by making a lump sum amount payable to
40 the Annuity Savings Fund equal to the full liability of the service credits calculated on the basis
41 of the assumptions used for purposes of the actuarial valuation of the liabilities of the retirement
42 system, and the calculation of the amount payable shall take into account the retirement
43 allowance arising on account of the additional service credit commencing at the earliest age at
44 which the member could retire on an unreduced retirement allowance, as determined by the
45 Board of Trustees upon the advice of the consulting actuary, plus an administrative fee to be set
46 by the Board of Trustees. In no instance shall the amount payable be less than the contributions
47 a member would have made during the employment plus four percent (4%) interest compounded
48 annually.

49 Notwithstanding the foregoing provisions of this subsection that provide for the purchase of
50 service credits, the terms "full cost", "full liability", and "full actuarial cost" include assumed

1 annual post-retirement allowance increases, as determined by the Board of Trustees, from the
2 earliest age at which a member could retire on an unreduced service allowance.

3 Nothing contained in this subsection shall prevent an employer or member from paying all
4 or a part of the cost of the probationary employment; and to the extent paid by the employer, the
5 cost paid by the employer shall be credited to the pension accumulation fund; and to the extent
6 paid by the member, the cost paid by the member shall be credited to the member's annuity
7 savings account; provided, however, an employer does not discriminate against any member or
8 group of members in its current employ in paying all or any part of the cost of the probationary
9 employment. In the event an employer pays all or a part of the full actuarial cost, the employer
10 may, at its option, pay such amount either in a lump sum or by increasing its "accrued liability
11 contribution" for the remainder of its accrued liability period. In the event an employer has
12 satisfied its accrued liability contribution, the employer may amortize its portion of the full
13 actuarial cost over a period not to exceed 10 years. The expense of making an actuarial valuation
14 to determine the accrued liability contribution or the additional accrued liability contribution,
15 required to amortize the portion of the full actuarial cost paid by the employer, shall be paid by
16 the employer in a lump sum at the time of the actuarial valuation.

17 (q1) Credit at Full Cost for Probationary Employment Purchased On or After ~~January 1,~~
18 ~~2019.~~ July 1, 2019. – Notwithstanding any other provision of this Chapter, on and after ~~January~~
19 ~~1, 2019,~~ July 1, 2019, a member in service with five or more years of service may purchase
20 creditable service for employment with an employer as defined in this Article when considered
21 to be in a probationary or employer-imposed waiting period status and thereby not regularly
22 employed between date of employment and date of membership service with the retirement
23 system. The amount of creditable service purchased under this subsection may not exceed five
24 years.

25 The member shall purchase this service by paying a lump sum amount to the Annuity Savings
26 Fund equal to the full liability increase due to the additional service credits on the basis of the
27 assumptions used for the purposes of the actuarial valuation of the liabilities of the Retirement
28 System, except for the following assumptions specific to this calculation: (i) the allowance shall
29 be assumed to commence at the earliest age at which the member could retire on an unreduced
30 retirement allowance and (ii) assumed annual postretirement allowance increases as set by the
31 Board of Trustees upon the advice of the consulting actuary. The increases as set by the Board
32 of Trustees upon the advice of the consulting actuary shall also include an administrative fee to
33 be set by the Board.

34 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
35 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
36 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
37 that the purchase is paid by the member, the cost paid by the member shall be credited to the
38 member's annuity savings account.

39"

40 **SECTION 5.(c)** If House Bill 1055, 2017 Regular Session, becomes law, then
41 G.S. 135-1.1(b) as amended by Section 5.(c) of that act, reads as rewritten:

42 "(b) Notwithstanding any other provision of this Chapter, any State board or agency
43 charged with the duty of administering any law relating to the examination and licensing of
44 persons to practice a profession, trade, or occupation, and who is subject to the provisions of the
45 State Budget Act, Chapter 143C of the General Statutes, may make an irrevocable election by
46 appropriate resolution of the board, on or before October 1, 2000, to become an employer in the
47 Teachers' and State Employees' Retirement System. Retirement System coverage shall be
48 conditioned on the board's payment of all of the employer's contributions or matching funds from
49 funds of the board and on the board's collecting from its employees the employees' contributions,
50 at such rates as may be fixed under G.S. 135-8, the Current Operations Appropriations Act, or
51 any other applicable law, all of such funds to be paid to the Retirement System and placed in the

1 appropriate funds. Any person who was an employee of the board on the date the board makes
2 an irrevocable election to participate in the Retirement System may purchase creditable service
3 for periods of employment with the board prior to the election, provided that (i) the person is a
4 member in service and (ii) the purchase is made on or before ~~December 31, 2018~~, June 30, 2019.
5 The amount of creditable service purchased under this subsection may not exceed a total of five
6 years. A member shall purchase this service by paying a lump sum amount to the Annuity
7 Savings Fund equal to the full liability increase due to the additional service credits on the basis
8 of the assumptions used for the purposes of the actuarial valuation of the liabilities of the
9 Retirement System, except for the following assumptions specific to this calculation: (i) the
10 allowance shall be assumed to commence at the earliest age at which the employee could retire
11 on an unreduced retirement allowance and (ii) assumed annual postretirement allowance
12 increases as set by the Board of Trustees upon the advice of the consulting actuary. The increases
13 as set by the Board of Trustees upon the advice of the consulting actuary shall also include an
14 administrative fee to be set by the Board."

15 **SECTION 5.(d)** If House Bill 1055, 2017 Regular Session, becomes law, then
16 G.S. 135-56(b) as amended by Section 5.(d) of that act, reads as rewritten:

17 "(b) On or before ~~December 31, 2018~~, June 30, 2019, when membership ceases as a result
18 of a member's withdrawal of his or her accumulated contributions, the prior service and previous
19 membership service of the member shall no longer be considered to be creditable service;
20 provided, however, that if a member whose creditable service has been cancelled in accordance
21 with this subsection subsequently returns to membership for a period of five years, the member
22 may thereafter repay in a lump sum the amount withdrawn plus regular interest thereon from the
23 date of withdrawal through the date of repayment and thereby increase his or her creditable
24 service by the amount of creditable service lost when the member withdrew his or her
25 accumulated contributions."

26 **SECTION 5.(e)** If House Bill 1055, 2017 Regular Session, becomes law, then
27 G.S. 135-56(b1), as enacted by Section 5.(e) of that act, reads as rewritten:

28 "(b1) On and after ~~January 1, 2019~~, July 1, 2019, when membership ceases as a result of a
29 member's withdrawal of his or her accumulated contributions, the prior service and previous
30 membership service of the member shall no longer be considered to be creditable service. If a
31 member whose creditable service has been cancelled in accordance with this subsection
32 subsequently returns to membership service and completes five years of membership service
33 upon that return, then the member may purchase an amount of creditable service corresponding
34 to the total of the membership service associated with the withdrawn contributions, provided that
35 the total amount of creditable service purchased under this subsection may not exceed five years.
36 The member shall purchase this service by paying a lump sum amount to the Annuity Savings
37 Fund equal to the full liability increase due to the additional service credits on the basis of the
38 assumptions used for the purposes of the actuarial valuation of the liabilities of the Retirement
39 System, except for the following assumptions specific to this calculation: (i) the allowance shall
40 be assumed to commence at the earliest age at which the member could retire on an unreduced
41 retirement allowance and (ii) assumed annual postretirement allowance increases as set by the
42 Board of Trustees upon the advice of the consulting actuary. The increases as set by the Board
43 of Trustees upon the advice of the consulting actuary shall also include an administrative fee to
44 be set by the Board.

45 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
46 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
47 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
48 that the purchase is paid by the member, the cost paid by the member shall be credited to the
49 member's annuity savings account."

50 **SECTION 5.(f)** If House Bill 1055, 2017 Regular Session, becomes law, then
51 G.S. 120-4.15, as amended by Section 5.(f) of that act, reads as rewritten:

1 **"§ 120-4.15. Repayment of contributions.**

2 (a) On or before ~~December 31, 2018,~~ June 30, 2019, repayment of contributions
3 withdrawn from the Legislative Retirement Fund and System shall be at the rate of seven percent
4 (7%) of the highest monthly compensation received as a legislator at the time of purchase for
5 each month of creditable service restored plus an administrative fee to be paid in lump sum.

6 (b) On and after ~~January 1, 2019,~~ July 1, 2019, repayment of contributions withdrawn
7 from the Legislative Retirement Fund and System shall be in an amount equal to the full liability
8 increase due to the additional service credits on the basis of the assumptions used for the purposes
9 of the actuarial valuation of the liabilities of the Retirement System, except for the following
10 assumptions specific to this calculation: (i) the allowance shall be assumed to commence at the
11 earliest age at which the member could retire on an unreduced retirement allowance and (ii)
12 assumed annual postretirement allowance increases as set by the Board of Trustees of the
13 Teachers' and State Employees' Retirement System upon the advice of the consulting actuary.
14 The calculation of the amount payable shall also include an administrative fee to be set by the
15 Board of Trustees of the Teachers' and State Employees' Retirement System.

16 Subject to the requirements of this subsection, an employer may pay all or part of the cost of
17 a service purchase of a member in service. To the extent that the purchase is paid by the employer,
18 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent
19 that the purchase is paid by the member, the cost paid by the member shall be credited to the
20 member's annuity savings account."

21 **SECTION 5.(g)** If House Bill 1055, 2017 Regular Session, becomes law, then
22 Section 5.(k) of that act reads as rewritten:

23 **"SECTION 5.(k)** For all service purchases that are required to have been made by ~~December~~
24 ~~31, 2018,~~ June 30, 2019, the Retirement Systems Division of the Department of State Treasurer
25 shall accept and process all service purchase request forms that are received by the Retirement
26 Systems Division on or before ~~December 31, 2018,~~ June 30, 2019."

27 **SECTION 5.(h)** If House Bill 1055, 2017 Regular Session, becomes law, then this
28 section becomes effective on the date that Section 5 of that act becomes effective.
29

30 **PART VI. ADJUSTMENTS TO OPTIONAL RETIREMENT ALLOWANCE**
31 **ELECTIONS**

32 **SECTION 6.(a)** If House Bill 1055, 2017 Regular Session, becomes law, then
33 G.S. 135-5(g), as amended by Section 6.(a) of that act, reads as rewritten:

34 "(g) Election of Optional Allowance. – With the provision that until the first payment on
35 account of any benefit becomes normally due, or the member's first retirement check has been
36 cashed, any member may elect to receive his or her benefits in a retirement allowance payable
37 throughout life, or the member may elect to receive the actuarial equivalent of such retirement
38 allowance, including any special retirement allowance, in a reduced allowance payable
39 throughout life under the provisions of one of the options set forth below. The election of Option
40 2, 3, or 6 or nomination of the person thereunder shall be revoked if such person nominated dies
41 prior to the date the first payment becomes normally due or until the member's first retirement
42 check has been cashed. Such election may be revoked by the member prior to the date the first
43 payment becomes normally due or until the member's first retirement check has been cashed.
44 Provided, however, in the event a member has elected Option 2, 3, or 5 and nominated his or her
45 spouse to receive a retirement allowance upon the member's death, and the spouse predeceases
46 the member after the first payment becomes normally due or the first retirement check has been
47 cashed, if the member remarries he or she may request to nominate a new spouse to receive the
48 retirement allowance under the previously elected option, within 90 days of the remarriage, and
49 may nominate a new spouse to receive the retirement allowance under the previously elected
50 option by written designation duly acknowledged and filed with the Board of Trustees within
51 120 days of the remarriage. The new nomination shall be effective on the first day of the month

1 in which it is made and shall provide for a retirement allowance computed to be the actuarial
2 equivalent of the retirement allowance in effect immediately prior to the effective date of the new
3 nomination. Any member having elected Option 2, 3, 5, or 6 and nominated his or her spouse to
4 receive a retirement allowance upon the member's death may, after divorce from his or her
5 spouse, revoke the nomination and elect a new option, effective on the first day of the month in
6 which the new option is elected, providing for a retirement allowance computed to be the
7 actuarial equivalent of the retirement allowance in effect immediately prior to the effective date
8 of the new option. Except as provided in this section, the member may not change the member's
9 retirement benefit option or the member's designated beneficiary for survivor benefits, if any,
10 after the member has cashed the first retirement check or after the 25th day of the month
11 following the month in which the first check is mailed, whichever comes first. The following are
12 optional allowances that a member may elect under this subsection:

13 ...

14 Option 4. Adjustment of Retirement Allowance for Social Security ~~Benefits.~~ ~~Benefits for~~
15 ~~Members Retiring On or Before December 1, 2018.~~ ~~Benefits.~~ – Until the first payment on account
16 of any benefit becomes normally due, any member ~~retiring on or before December 1, 2018,~~ may
17 elect to convert his or her benefit otherwise payable on the member's account after retirement
18 into a retirement allowance of equivalent actuarial value of such amount that with the member's
19 benefit under Title II of the Federal Social Security Act, the member will receive, so far as
20 possible, approximately the same amount per year before and after the earliest age at which the
21 member becomes eligible, effective as of the first of the month following the month of initial
22 entitlement, upon application therefor, to receive a social security benefit.

23 ...

24 Option 6. For Members Retiring On or Before ~~December 1, 2018.~~ January 1, 2020. – A
25 member retiring on or before ~~December 1, 2018,~~ January 1, 2020, may elect either Option 2 or
26 Option 3 with the added provision that in the event the designated beneficiary predeceases the
27 member, the retirement allowance payable to the member after the designated beneficiary's death
28 shall be equal to the retirement allowance which would have been payable had the member not
29 elected the option.

30 Upon the death of a member after the effective date of a retirement for which the member
31 has been approved and following receipt by the Board of Trustees of an election of benefits (Form
32 6-E or Form 7-E) but prior to the cashing of the first benefit check, the retirement benefit shall
33 be payable as provided by the member's election of benefits under this subsection.

34 Upon the death of a member after the effective date of a retirement for which the member
35 has been approved but prior to the receipt by the Board of Trustees of an election of benefits
36 (Form 6-E or Form 7-E), properly acknowledged and filed by the member, the member's
37 designated beneficiary for a return of accumulated contributions may elect to receive the benefit,
38 if only one beneficiary is eligible to receive the return of accumulated contributions. If more than
39 one beneficiary is eligible to receive the return of accumulated contributions, or if no beneficiary
40 has been designated, the administrator or executor of the member's estate will select an option
41 and name the beneficiary or beneficiaries."

42 **SECTION 6.(b)** If House Bill 1055, 2017 Regular Session, becomes law, then
43 G.S. 128-27, as amended by Section 6.(b) of that act, reads as rewritten:

44 "(g) Election of Optional Allowance. – With the provision that until the first payment on
45 account of any benefit becomes normally due, or the member's first retirement check has been
46 cashed, any member may elect to receive his or her benefits in a retirement allowance payable
47 throughout life, or the member may elect to receive the actuarial equivalent of such retirement
48 allowance, including any special retirement allowance, in a reduced allowance payable
49 throughout life under the provisions of one of the Options set forth below. The election of Option
50 2, 3, or 6 or nomination of the person thereunder shall be revoked if such person nominated dies
51 prior to the date the first payment becomes normally due or the first retirement check has been

1 cashed. Such election may be revoked by the member prior to the date the first payment becomes
2 normally due or the member's first retirement check has been cashed. Provided, however, in the
3 event a member has elected Option 2, 3, or 5 and nominated his or her spouse to receive a
4 retirement allowance upon the member's death, and the spouse predeceases the member after the
5 first payment becomes normally due or the first retirement check has been cashed, if the member
6 remarries he or she may request to nominate a new spouse to receive the retirement allowance
7 under the previously elected option, within 90 days of the remarriage, and may nominate a new
8 spouse to receive the retirement allowance under the previously elected option by written
9 designation duly acknowledged and filed with the Board of Trustees within 120 days of the
10 remarriage. The new nomination shall be effective on the first day of the month in which it is
11 made and shall provide for a retirement allowance computed to be the actuarial equivalent of the
12 retirement allowance in effect immediately prior to the effective date of the new nomination. Any
13 member having elected Option 2, 3, 5, or 6 and nominated his or her spouse to receive a
14 retirement allowance upon the member's death may, after divorce from his or her spouse, revoke
15 the nomination and elect a new option, effective on the first day of the month in which the new
16 option is elected, providing for a retirement allowance computed to be the actuarial equivalent
17 of the retirement allowance in effect immediately prior to the effective date of the new option.
18 Except as provided in this section, the member may not change the member's retirement benefit
19 option or the member's designated beneficiary for survivor benefits, if any, after the member has
20 cashed the first retirement check or after the 25th day of the month following the month in which
21 the first check is mailed, whichever comes first. The following are optional allowances that a
22 member may elect under this subsection:

23 ...

24 Option four. Adjustment of Retirement Allowance for Social Security ~~Benefits~~. ~~Benefits for~~
25 ~~Members Retiring On or Before December 1, 2018.~~ Benefits. – Until the first payment on account
26 of any benefit becomes normally due, any member ~~retiring on or before December 1, 2018,~~ may
27 elect to convert his or her benefit otherwise payable on the member's account after retirement
28 into a retirement allowance of equivalent actuarial value of such amount that with the member's
29 benefit under Title II of the Federal Social Security Act, the member will receive, so far as
30 possible, approximately the same amount per year before and after the earliest age at which the
31 member becomes eligible, effective as of the first of the month following the month of initial
32 entitlement, upon application therefor, to receive a social security benefit.

33 ...

34 Option six. For Members Retiring On or Before ~~December 1, 2018.~~ January 1, 2020. – A
35 member retiring on or before ~~December 1, 2018,~~ January 1, 2020, may elect either Option two or
36 Option three with the added provision that in the event the designated beneficiary predeceases
37 the member, the retirement allowance payable to the member after the designated beneficiary's
38 death shall be equal to the retirement allowance which would have been payable had the member
39 not elected the option.

40 Upon the death of a member after the effective date of a retirement for which the member
41 has been approved and following receipt by the Board of Trustees of an election of benefits (Form
42 6-E or Form 7-E) but prior to the cashing of the first benefit check, the retirement benefit shall
43 be payable as provided by the member's election of benefits under this subsection.

44 Upon the death of a member after the effective date of a retirement for which the member
45 has been approved but prior to the receipt by the Board of Trustees of an election of benefits
46 (Form 6-E or Form 7-E), properly acknowledged and filed by the member, the member's
47 designated beneficiary for a return of accumulated contributions may elect to receive the benefit,
48 if only one beneficiary is eligible to receive the return of accumulated contributions. If more than
49 one beneficiary is eligible to receive the return of accumulated contributions, or if no beneficiary
50 has been designated, the administrator or executor of the member's estate will select an option
51 and name the beneficiary or beneficiaries."

1 **SECTION 6.(c)** If House Bill 1055, 2017 Regular Session, becomes law, then this
2 section becomes effective on the date that Section 6 of that act becomes effective.

3
4 **PART VII. CLARIFICATION OF LIEN PRIORITY**

5 **SECTION 7.(a)** If House Bill 1055, 2017 Regular Session becomes law, then
6 Section 3(b) of Session Law 2018-84, as amended by Section 7 of that act, reads as rewritten:

7 **"SECTION 3.(b)** This section is effective when it becomes law and applies to charter
8 schools electing to cease participation in the Teachers' and State Employees' Retirement System
9 on or after that date. Priority of the lien over nongovernmental liens and rights, created under
10 subsection (a) of this section, shall apply only to nongovernmental liens and rights that have
11 attached to the applicable property on or after the effective date of this section. Subsection (a) of
12 this section expires five years after the effective date of this section. Any charter school entering
13 a withdrawal liability payment plan prior to the expiration date shall have the full three years to
14 complete the payment plan ~~and the lien priority shall apply during the entire period of the~~
15 payment plan."

16 **SECTION 7.(b)** If House Bill 1055, 2017 Regular Session, does not become law,
17 Section 3(b) of Session Law 2018-84 reads as rewritten:

18 **"SECTION 3.(b)** This section is effective when it becomes law and applies to charter
19 schools electing to cease participation in the Teachers' and State Employees' Retirement System
20 on or after that date. Priority of the lien over nongovernmental liens and rights, created under
21 subsection (a) of this section, shall apply only to nongovernmental liens and rights that have
22 attached to the applicable property on or after the effective date of this section. Subsection (a) of
23 this section expires five years after the effective date of this section. Any charter school entering
24 a withdrawal liability payment plan prior to the expiration date shall have the full three years to
25 complete the payment plan and the lien priority shall apply during the entire period of the
26 payment plan."

27
28 **PART VIII. TECHNICAL CORRECTION TO LEO 25-YEAR RETIREMENT**

29 **SECTION 8.(a)** G.S. 135-5(b19), as amended by S.L. 2018-22, Section 3.(b), reads
30 as rewritten:

31 "(b19) Service Retirement Allowance of Members Retiring on or After July 1, 2002, but
32 Before July 1, ~~2018, 2019.~~ – Upon retirement from service in accordance with subsection (a) or
33 (a1) of this section, on or after July 1, 2002, but before July 1, ~~2018, 2019,~~ a member shall receive
34 the following service retirement allowance:

35 "

36 **SECTION 8.(b)** G.S. 135-5(b21), as enacted by S.L. 2018-22, Section 3.(c), reads
37 as rewritten:

38 "(b21) Service Retirement Allowance of Members Retiring on or After July 1, ~~2018, 2019.~~ –
39 Upon retirement from service on or after July 1, ~~2018, 2019,~~ in accordance with subsection (a)
40 or (a1) of this section, a member shall receive the following service retirement allowance:

41 "

42 **SECTION 8.(c)** G.S. 128-27(b21), as amended by S.L. 2018-22, Section 3.(f), reads
43 as rewritten:

44 "(b21) Service Retirement Allowance of Member Retiring on or After July 1, 2003, but
45 Before July 1, ~~2018, 2019.~~ – Upon retirement from service in accordance with subsection (a) or
46 (a1) above, on or after July 1, 2003, but before July 1, ~~2018, 2019,~~ a member shall receive the
47 following service retirement allowance:

48 "

49 **SECTION 8.(d)** G.S. 128-27(b22) as enacted by S.L. 2018-22, Section 3.(g), reads
50 as rewritten:

1 "(b22) Service Retirement Allowance of Member Retiring on or After July 1, ~~2018~~2019. –
2 Upon retirement from service in accordance with subsection (a) or (aa1) of this section, on or
3 after July 1, ~~2018~~2019, a member shall receive the following service retirement allowance:

4 "

5 **SECTION 8.(e)** This section becomes effective July 1, 2019.

6

7 **PART IX. EFFECTIVE DATE**

8 **SECTION 9.** Except as otherwise provided, this act is effective when it becomes
9 law.