

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2019

H.B. 188  
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HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH10088-MRfp-11A

Short Title: Retirement Administrative Changes 2019.-AB

(Public)

Sponsors: Representatives Ross and McNeill (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO MAKE CLARIFYING AND ADMINISTRATIVE CHANGES TO LAWS  
3 RELATING TO THE STATE TREASURER, TO THE TEACHERS' AND STATE  
4 EMPLOYEES' RETIREMENT SYSTEM, TO THE LOCAL GOVERNMENTAL  
5 EMPLOYEES' RETIREMENT SYSTEM LAWS, AND TO RELATED STATUTES.

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.(a)** G.S. 135-4 reads as rewritten:

8 "**§ 135-4. Creditable service.**

9 (a) ~~Under such rules and regulations as the Board of Trustees shall adopt, each member~~  
10 ~~who was a teacher or State employee at any time during the five years immediately preceding~~  
11 ~~the establishment of the System and who became a member prior to July 1, 1946, shall file a~~  
12 ~~detailed statement of all North Carolina service as a teacher or State employee rendered by him~~  
13 ~~prior to the date of establishment for which he claims credit; provided, that, notwithstanding the~~  
14 ~~foregoing, any member retiring on or after July 1, 1965, with credit for not less than 10 years of~~  
15 ~~membership service shall file such detailed statement of service as a teacher or State employee~~  
16 ~~rendered by him prior to July 1, 1941, for which he claims credit; provided, that any member~~  
17 ~~who retired on a service retirement allowance prior to July 1, 1965, who at the time of his~~  
18 ~~retirement did not qualify for credit for his service as a teacher or State employee prior to July 1,~~  
19 ~~1941, may request on and after July 1, 1971, that his original benefit be recalculated, in~~  
20 ~~accordance with the formula prevailing at the time of his retirement, to include credit for such~~  
21 ~~service with the new benefit to become effective on the first of the month following certification~~  
22 ~~of the prior service.~~

23 (b) ~~The Board of Trustees shall fix and determine by appropriate rules and regulations~~  
24 ~~how much service in any year is equivalent to one year of service, but in In no case shall more~~  
25 ~~than one year of service be creditable for all services in one year. Service rendered for the regular~~  
26 ~~school year in any district shall be equivalent to one year's service. Service rendered by a school~~  
27 ~~employee in a job-sharing position shall be credited at the rate of one-half year for each regular~~  
28 ~~school year of employment.~~

29 ...

30 (d) ~~Any member may, up to his date of retirement and within one year thereafter, request~~  
31 ~~the Board of Trustees to modify or correct his prior service credit.~~

32 (e) Creditable service at retirement on which the retirement allowance of a member shall  
33 be based shall consist of the membership service rendered by the member since he or she last  
34 became a member, and also if the member has a prior service certificate which is in full force  
35 and effect, the amount of service certified on the prior service certificate; and if the member has  
36 sick leave standing to the member's credit upon retirement on or after July 1, 1971, one month of



1 credit for each 20 days or portion thereof, but not less than one hour; sick leave shall not be  
2 counted in computing creditable service for the purpose of determining eligibility for disability  
3 retirement or for a vested deferred allowance. Creditable service for unused sick leave shall be  
4 allowed only for sick leave accrued monthly during employment under a duly adopted sick leave  
5 policy and for which the member may be able to take credits and be paid for sick leave without  
6 restriction. However, in no instance shall unused sick leave be credited to a member's account at  
7 retirement if the member's last day of actual service is more than five years prior to the effective  
8 date of the member's retirement. Further, any agency with a sick leave policy that is more  
9 generous than that of all State agencies subject to the rules of the Office of State Human  
10 Resources shall proportionately adjust each of its retiring employees' sick leave balance to the  
11 balance that employee would have had under the rules of the Office of State Human Resources.  
12 Days of sick leave standing to a member's credit at retirement shall be determined by dividing  
13 the member's total hours of sick leave at retirement by the hours per month such leave was  
14 awarded under the employer's duly adopted sick leave policy as the policy applied to the member  
15 when the leave was accrued.

16 ~~On and after July 1, 1971, a member whose account was closed on account of absence from~~  
17 ~~service under the provisions of G.S. 135-3(3) and who subsequently returns to service for a~~  
18 ~~period of five years, may thereafter repay in a lump sum the amount withdrawn plus regular~~  
19 ~~interest thereon from the date of withdrawal through the year of repayment and thereby increase~~  
20 ~~his creditable service by the amount of creditable service lost when his account was closed.~~

21 ~~On and after July 1, 1973, a member whose account in the North Carolina Local~~  
22 ~~Governmental Employees' Retirement System was closed on account of absence from service~~  
23 ~~under the provisions of G.S. 128-24(1a) and who subsequently became or becomes a member of~~  
24 ~~this System with credit for five years of service, may thereafter repay in a lump sum the amount~~  
25 ~~withdrawn from the North Carolina Local Governmental Employees' Retirement System plus~~  
26 ~~regular interest thereon from the date of withdrawal through the year of repayment and thereby~~  
27 ~~increase his creditable service in this System by the amount of creditable service lost when his~~  
28 ~~account was closed.~~

29 ~~On or after July 1, 1979, a member who has obtained 60 months of aggregate service, or five~~  
30 ~~years of membership service, as an employee of the North Carolina General Assembly, except~~  
31 ~~legislators, participants in the Legislative Intern Program and pages, may make a lump sum~~  
32 ~~payment together with interest, and an administrative fee for such service, to the Teachers' and~~  
33 ~~State Employees' Retirement System of an amount equal to what he would have contributed had~~  
34 ~~he been a member on his first day of employment.~~

35 (e1) ~~On and after January 1, 1985, the The creditable service of a member who was a~~  
36 ~~member of the Law-Enforcement Officers' Retirement System at the time of the transfer of~~  
37 ~~law-enforcement officers employed by the State from that System to this Retirement System and~~  
38 ~~whose accumulated contributions are transferred from that System to this Retirement System,~~  
39 ~~shall include service that was creditable in the Law-Enforcement Officers' Retirement System;~~  
40 ~~and membership service with that System shall be membership service with this Retirement~~  
41 ~~System; provided, notwithstanding any provision of this Article to the contrary, any inchoate or~~  
42 ~~accrued rights of such a member to purchase creditable service for military service, withdrawn~~  
43 ~~service and prior service under the rules and regulations of the Law-Enforcement Officers'~~  
44 ~~Retirement System shall not be diminished and may be purchased as creditable service with this~~  
45 ~~Retirement System under the same conditions which would have otherwise applied.~~

46 (f) Armed Service Credit. –

47 ...

48 (7) Notwithstanding any other provision of this Chapter, any member and any  
49 retired member as herein described may purchase creditable service in the  
50 Armed Forces of the United States, not otherwise allowed, by paying a total  
51 lump sum payment determined as follows:

1 a. For members who completed 10 years of membership service, and  
2 retired members who completed 10 years of membership service prior  
3 to retirement, whose membership began on or prior to July 1, 1981,  
4 and who make this purchase within three years after first becoming  
5 eligible, the cost shall be an amount equal to the monthly  
6 compensation the member earned when the member first entered  
7 membership service times the employee contribution rate at that time  
8 times the months of service to be purchased, ~~with sufficient interest~~  
9 ~~added thereto~~ multiplied by a factor equivalent to the investment return  
10 assumptions determined by the Board of Trustees, compounded  
11 annually, from the initial year of membership to the year of payment  
12 so as to equal one-half of the cost of allowing this service, plus an  
13 administrative fee to be set by the Board of Trustees.

14 ...

15 Creditable service allowed under this subdivision shall be only for the  
16 initial period of "active duty", as defined in 38 U.S. Code Section 101(21), in  
17 the Armed Forces of the United States up to the date the member was first  
18 eligible to be separated and released and for subsequent periods of "active  
19 duty", as defined in 38 U.S. Code Section 101(21), as required by the Armed  
20 Forces of the United States up to the date of first eligibility for separation or  
21 release, but shall not include periods of active duty in the Armed Forces of the  
22 United States creditable in any other retirement system except the National  
23 Guard or any reserve component of the Armed Forces of the United States,  
24 and shall not include periods of "active duty for training", as defined in 38  
25 U.S. Code Section 101(22), or periods of "inactive duty training", as defined  
26 in 38 U.S. Code Section 101(23), rendered in any reserve component of the  
27 Armed Forces of the United States. Provided, creditable service may be  
28 allowed only for active duty in the Armed Forces of the United States of a  
29 member that resulted in a general or honorable discharge from duty. The  
30 member shall submit satisfactory evidence of the service claimed. For  
31 purposes of this subsection, membership service may include any membership  
32 or prior service credits transferred to this Retirement System pursuant to  
33 G.S. 135-18.1.

34 ...

35 (h) During periods when a member is on leave of absence and is receiving less than ~~his~~  
36 ~~the member's~~ full compensation, ~~he~~ the member will be deemed to be in service only if ~~he~~ the  
37 member is contributing to the Retirement System as provided in G.S. 135-8(b)(5). If ~~he~~ the  
38 member is so contributing, the annual rate of compensation paid to such employee immediately  
39 before the leave of absence began will be deemed to be the actual compensation rate of the  
40 employee during the leave of absence.

41 (i) ~~Any person who became a member after June 30, 1947, and before July 1, 1955, and~~  
42 ~~did not subsequently withdraw his contributions may, prior to his retirement, increase his~~  
43 ~~creditable service to the extent of the period of time from the date he became a "teacher or~~  
44 ~~employee" as the terms are defined in this Chapter to the date he became a member, but not~~  
45 ~~exceeding three months immediately preceding membership, provided that he makes an~~  
46 ~~additional contribution in one lump sum equal to five per centum (5%) of the compensation he~~  
47 ~~received for the aforesaid period of time plus regular interest thereon from the date he became a~~  
48 ~~member to the date of payment.~~

49 ...

50 (k) Notwithstanding any other provision of this Chapter, on or before December 31, 2019,  
51 any person who withdrew his or her contributions in accordance with the provisions of

1 G.S. 128-27(f) or G.S. 135-5(f) or the rules and regulations of the Law-Enforcement Officers'  
2 Retirement System and who subsequently returns to service may, upon completion of five years  
3 of membership service, repay in a total lump sum any and all of the accumulated contributions  
4 previously withdrawn with interest compounded annually at the rate of six and one-half percent  
5 (6.5%) for each calendar year from the year of withdrawal to the year of repayment plus a fee to  
6 cover expense of handling which shall be determined by the Board of Trustees, and receive credit  
7 for the service forfeited at time of withdrawal. These provisions shall apply equally to retired  
8 members who had attained five years of membership service prior to retirement. The retirement  
9 allowance of a retired member who restores service under this subsection shall be increased the  
10 month following the month payment is received. The increase in the retirement allowance shall  
11 be the difference between the initial retirement allowance, under any optional allowance elected  
12 at the time of retirement, and the amount of the retirement allowance, under any optional  
13 allowance elected at the time of retirement, to which the retired member would have been entitled  
14 had the service not been previously forfeited, adjusted by any increases in the retirement accrual  
15 rate occurring between the member's date of retirement and the date of payment. The increase in  
16 the retirement allowance shall not include any adjustment for cost-of-living increases granted  
17 since the date of retirement.

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

37 (k1) North Carolina Withdrawn Service Purchased On and After January 1, 2020. –  
38 Notwithstanding any other provision of this Chapter to the contrary, on and after January 1, 2020,  
39 any member who withdrew his or her contributions in accordance with the provisions of  
40 G.S. 127-27(f) or G.S. 135-5(f) or the rules and regulations of the Law Enforcement Officers'  
41 Retirement System, and who subsequently returns to service and completes five years of  
42 membership service upon that return, while in service may purchase an amount of creditable  
43 service totaling the amount of the membership service associated with the withdrawn  
44 contributions, provided that the total of the creditable service purchased under this subsection  
45 may not exceed five years. The member shall purchase this service by paying a lump sum amount  
46 to the Annuity Savings Fund equal to the full liability increase due to the additional service credits  
47 on the basis of the assumptions used for the purposes of the actuarial valuation of the liabilities  
48 of the Retirement System, except for the following assumptions specific to this calculation: (i)  
49 the allowance shall be assumed to commence at the earliest age at which the member could retire  
50 on an unreduced retirement allowance and (ii) assumed annual postretirement allowance

1 increases as set by the Board of Trustees upon the advice of the consulting actuary. The  
2 calculation of the amount payable shall also include an administrative fee to be set by the Board.

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 (1) Notwithstanding any other provision of this Chapter, on or before December 31, 2019,  
10 any member and any retired member as herein described may purchase creditable service  
11 previously rendered to the federal government or to any state, territory, or other governmental  
12 subdivision of the United States other than this State by paying a total lump-sum payment  
13 determined as follows:

14 (1) For members who completed 10 years of current membership service, and  
15 retired members who completed 10 years of current membership service prior  
16 to retirement, whose membership began on or before July 1, 1981, and who  
17 make such purchase within three years after first becoming eligible, the cost  
18 shall be an amount equal to the monthly compensation the member earned  
19 when ~~he~~ the member first entered membership service, times the employee  
20 contribution rate at that time, times the months of service to be purchased,  
21 times two, ~~with sufficient interest added thereto~~ multiplied by a factor  
22 equivalent to the investment return assumptions determined by the Board of  
23 Trustees, compounded annually, from the initial year of membership to the  
24 year of payment so as to equal the full cost of allowing such service, plus an  
25 administrative fee to be set by the Board of Trustees.

26 (2) For members who complete five years of current membership service, and  
27 retired members who complete five years of current membership service prior  
28 to retirement, and eligible members and retired members covered by  
29 subdivision (1) of this subsection, whose membership began on or before July  
30 1, 1981, but who did not or do not make such purchase within three years after  
31 first becoming eligible, the cost shall be an amount equal to the full liability  
32 of the service credits calculated on the basis of the assumptions used for the  
33 purposes of the actuarial valuation of the System's liabilities and shall take  
34 into account the retirement allowance arising on account of the additional  
35 service credits commencing at the earliest age at which the member could  
36 retire on an unreduced allowance, as determined by the Board of Trustees  
37 upon the advice of the consulting actuary, plus an administrative fee to be set  
38 by the Board of Trustees. Notwithstanding the foregoing provisions of this  
39 subsection that provide for the purchase of service credits, the term "full  
40 liability" includes assumed postretirement allowance increases, as determined  
41 by the Board of Trustees, from the earliest age at which a member could retire  
42 on an unreduced service retirement allowance. Notwithstanding the  
43 requirement of five years of current membership service, a member whose  
44 membership began prior to the service the member desires to purchase shall  
45 be eligible to purchase creditable service under this subdivision upon  
46 returning to service as a teacher or employee upon completion of a total of  
47 five years of membership service and upon completion of one year of current  
48 membership service.

49 Current membership service shall mean membership service earned since the service  
50 previously rendered to any state, territory, or other governmental subdivision of the United States  
51 other than this State. Creditable service under this subsection shall be allowed only at the rate of

1 one year of out-of-state service for each year of membership service in this State, with a  
2 maximum allowable of 10 years of out-of-state service. Such service is limited to full-time  
3 service which would be allowable under the laws governing this System. Credit will be allowed  
4 only if no benefit is allowable in another public retirement system as a result of the service.

5 (l2) Notwithstanding any provision of this Chapter to the contrary, on and after January  
6 1, 2020, any member in service with five or more years of membership service may purchase  
7 creditable service previously rendered to the federal government or to any state, territory, or other  
8 governmental subdivision of the United States other than this State by paying a total lump sum  
9 payment. The amount of creditable service purchased under this subsection may not exceed a  
10 total of five years. The member shall purchase this service by paying a lump sum amount to the  
11 Annuity Savings Fund equal to the full liability increase due to the additional service credits on  
12 the basis of the assumptions used for the purposes of the actuarial valuation of the liabilities of  
13 the Retirement System, except for the following assumptions specific to this calculation: (i) the  
14 allowance shall be assumed to commence at the earliest age at which the member could retire on  
15 an unreduced retirement allowance and (ii) assumed annual postretirement allowance increases  
16 as set by the Board of Trustees upon the advice of the consulting actuary. The calculation of the  
17 amount payable shall also include an administrative fee to be set by the Board.

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

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

28 ...

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

38 (p1) ~~Part Time Service Credit.—~~

39 ~~(1) Notwithstanding any other provision of this Chapter, upon completion of five~~  
40 ~~years of membership service, any member may purchase service previously~~  
41 ~~rendered as a part time teacher or employee of an employer as defined in~~  
42 ~~G.S. 135-1(11) or G.S. 128-21(11), except for temporary or part time service~~  
43 ~~rendered while a full time student in pursuit of a degree or diploma in a~~  
44 ~~degree granting program. Payment shall be made in a single lump sum in an~~  
45 ~~amount equal to the full actuarial cost of providing credit for the service,~~  
46 ~~together with interest and an administrative fee, as determined by the Board~~  
47 ~~of Trustees on the advice of the Retirement System's actuary. Notwithstanding~~  
48 ~~the provisions of G.S. 135-4(b), the Board of Trustees shall fix and determine~~  
49 ~~by appropriate rules and regulations how much service in any year, as based~~  
50 ~~on compensation, is equivalent to one year of service in proportion to~~  
51 ~~"earnable compensation", but in no case shall more than one year of service~~

1 be creditable for all service in one year. Service rendered for the regular school  
2 year in any district shall be equivalent to one year's service. Notwithstanding  
3 the foregoing provisions of this subdivision that provide for the purchase of  
4 service credits, the terms "full cost", "full liability", and "full actuarial cost"  
5 include assumed annual post retirement allowance increases, as determined  
6 by the Board of Trustees, from the earliest age at which a member could retire  
7 on an unreduced service allowance.

8 (2) Under all requirements and conditions set forth in the preceding subdivision  
9 of this subsection (p1), except for the requirement that the completion of five  
10 years of membership service be subsequent to service rendered as a part-time  
11 teacher or employee of the State, any member with five or more years of  
12 membership service standing to his credit may purchase additional  
13 membership service for service rendered as a part-time teacher or employee  
14 of the State if (i) the member terminates or has terminated employment in any  
15 capacity as a teacher or employee of the State, (ii) the purchase of the  
16 additional membership service causes the member to become eligible to  
17 commence an early or service retirement allowance, and (iii) the member  
18 immediately elects to commence retirement and become a beneficiary.

19 (3) Under all the requirements and conditions set forth in subdivision (1) of this  
20 subsection, except for the condition that part-time service rendered when a  
21 full-time student in pursuit of a degree or diploma in a degree-granting  
22 program is not eligible for purchase, any member with five or more years of  
23 membership service standing to the member's credit may purchase creditable  
24 service for service rendered as a part-time teacher or employee of the State if  
25 that service was rendered on a permanent part-time basis and required at least  
26 20 hours of service per week.

27 (p2) Part-Time Service Credit. – Notwithstanding any other provision of this Chapter to  
28 the contrary, any member in service with five or more years of membership service may purchase  
29 service previously rendered as a part-time teacher or employee of an employer, as defined in  
30 G.S. 135-1(11) or G.S. 128-21(11), except the following service may not be purchased:

31 (1) Part-time service rendered as a bus driver to a public school while a full-time  
32 high school student.

33 (2) Temporary or part-time service rendered while a full-time student in pursuit  
34 of a degree or diploma in a degree-granting program, unless that service was  
35 rendered on a permanent part-time basis and required at least 20 hours of  
36 service per week.

37 Payment for service purchased under this subsection shall be made in a single lump sum in  
38 an amount calculated by applying the ratio of actual gross compensation earned as a part-time  
39 employee to the gross compensation that would have been earned as a full-time employee to the  
40 period of service rendered in months. The member shall purchase this service by paying a lump  
41 sum amount to the Annuity Savings Fund equal to the full liability increase due to the additional  
42 service credits on the basis of the assumptions used for the purposes of the actuarial valuation of  
43 the liabilities of the Retirement System, except for the following assumptions specific to this  
44 calculation: (i) the allowance shall be assumed to commence at the earliest age at which the  
45 member could retire on an unreduced retirement allowance and (ii) assumed annual  
46 postretirement allowance increases as set by the Board of Trustees upon the advice of the  
47 consulting actuary. The calculation of the amount payable shall also include an administrative  
48 fee to be set by the Board.

49 The Board of Trustees shall adopt rules regarding how much service in any year, as based on  
50 compensation, is equivalent to one year of service in proportion to earnable compensation, but

1 in no case shall more than one year of service be creditable for all service in one year. Service  
2 rendered for the regular school year in any district shall be equivalent to one year of 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 ~~(q) Notwithstanding any other provision of this Chapter, any member who entered~~  
9 ~~service or was restored to service prior to July 1, 1982, and was excluded from membership~~  
10 ~~service solely on account of having attained the age of 62 years, in accordance with former~~  
11 ~~G.S. 135-3(6), may purchase membership service credits of such excluded service by making a~~  
12 ~~lump-sum payment equal to the contributions that would have been deducted pursuant to~~  
13 ~~G.S. 135-8(b) had he been a member of the Retirement System, increased by interest calculated~~  
14 ~~at a rate of seven percent (7%) per annum.~~

15 (r) Notwithstanding any other provision of this Chapter, any member may purchase  
16 creditable service for periods of employer approved leaves of absence when in receipt of benefits  
17 under the North Carolina Workers' Compensation Act. This service shall be purchased by paying  
18 a cost calculated in the following manner:

19 ...

20 (3) Leaves of Absence Terminating On and After January 1, 1988. – The cost to  
21 a member whose employer approved leave of absence, when in receipt of  
22 benefits under the North Carolina Workers' Compensation Act, terminates  
23 ~~upon or before a return to service~~ on and after January 1, 1988, shall be due  
24 and payable to the Annuity Savings Fund within six months from ~~return to~~  
25 ~~service~~ end of the leave of absence and shall be a lump sum amount equal to  
26 the employee percentage rate of contribution in effect at the time of purchase  
27 applied to the annual rate of compensation of the member immediately prior  
28 to the leave of absence. For members electing to make this payment, the  
29 member's employer which granted the leave of absence, or the member's  
30 employer upon a return to service, or both, shall make a matching lump sum  
31 payment to the Pension Accumulation Fund within six months from ~~return to~~  
32 ~~service~~ the end of the leave of absence equal to the employer percentage rate  
33 of contribution in effect at the time of purchase applied to the annual rate of  
34 compensation of the member immediately prior to the leave of absence. Such  
35 purchases of creditable service are applicable only when members have  
36 membership service credits within 30 days prior to the leave of absence and  
37 within 12 months following the leave of absence and such membership service  
38 is creditable service at the time of purchase. Notwithstanding any other  
39 provision of this subdivision, the cost to a member and to a member's  
40 employer or former employer or both employers whose amount due is not paid  
41 within six months from return to service shall be the amount due plus one  
42 percent (1%) per month penalty for each month or fraction thereof that the  
43 payment is made after the six-month period.

44 ~~Notwithstanding the requirement of this provision that a member return to~~  
45 ~~service, a~~ A member who is in receipt of Workers' Compensation during the  
46 period for which he or she would have otherwise been eligible to receive  
47 short-term benefits as provided in G.S. 135-105 and who subsequently  
48 becomes a beneficiary in receipt of a benefit as provided in G.S. 135-106 may  
49 purchase creditable service for any period of employer approved leave of  
50 absence when in receipt of benefits under the North Carolina Workers'  
51 Compensation Act. The cost to purchase such creditable service shall be as



1 determined above provided the amount due if not paid within six months from  
2 the beginning of the long-term disability period as determined in G.S. 135-106  
3 shall be the amount due plus one percent (1%) per month penalty for each  
4 month or fraction thereof that the payment is made after the six-month period.

5 Whenever the creditable service purchased pursuant to this subsection is  
6 for a period that occurs during the four consecutive calendar years that would  
7 have produced the highest average annual compensation pursuant to  
8 G.S. 135-1(5) had the member not been on leave of absence without pay, then  
9 the compensation that the member would have received during the purchased  
10 period shall be included in calculating the member's average final  
11 compensation. In such cases, the compensation that the member would have  
12 received during the purchased period shall be based on the annual rate of  
13 compensation of the member immediately prior to the leave of absence.

14 (s) Credit at Full Cost for Temporary Employment. – ~~In addition to the provisions of~~  
15 ~~subsection (p) above, any~~ Any member in service with five or more years of membership service  
16 may purchase creditable service for State employment when classified as a temporary teacher or  
17 employee subject to all of the conditions that the following conditions:

- 18 (1) ~~Member~~ The member was employed by an employer as defined in  
19 G.S. 135-1(11) or ~~G.S. 128-21(11);~~ G.S. 128-21(11).
- 20 (2) ~~Member's~~ The member's temporary employment met all other requirements  
21 of G.S. 135-1(10) or (25), or ~~G.S. 128-21(10);~~ G.S. 128-21(10).
- 22 (3) ~~Member~~ The member has completed five years or more of membership  
23 ~~service;~~ service.
- 24 (4) ~~Member acquires~~ The member has acquired from the employer such  
25 certifications of temporary employment as are required by the Board of  
26 ~~Trustees; and~~ Trustees.
- 27 (5) ~~Member makes~~

28 The amount of creditable service purchased under this subsection may not exceed a total of  
29 five years. A member shall purchase this service by making a lump sum payment into the Annuity  
30 Savings Fund equal to the full liability of the service credits calculated on the basis of the  
31 assumptions used for purposes of the actuarial valuation of the Retirement System's liabilities  
32 and shall take into account the retirement allowance arising on account of the additional service  
33 credit commencing at the earliest age at which the member could retire on an unreduced  
34 retirement allowance, as determined by the Board of Trustees upon the advice of the actuary,  
35 plus an administrative expense fee to be determined by the Board of Trustees. Notwithstanding  
36 the foregoing provisions of this subdivision that provide for the purchase of service credits, the  
37 terms "full cost", "full liability", and "full actuarial cost" include assumed annual post retirement  
38 allowance increases, as determined by the Board of Trustees, from the earliest age at which a  
39 member could retire on an unreduced service allowance increase due to the additional service  
40 credits on the basis of the assumptions used for the purposes of the actuarial valuation of the  
41 liabilities of the Retirement System, except for the following assumptions specific to this  
42 calculation: (i) the allowance shall be assumed to commence at the earliest age at which the  
43 member could retire on an unreduced retirement allowance and (ii) assumed annual  
44 postretirement allowance increases as set by the Board of Trustees upon the advice of the  
45 consulting actuary. The calculation of the amount payable shall also include an administrative  
46 fee to be set by the Board.

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

1 The provisions of this subsection shall also apply to the purchase of creditable service for  
2 State employment when classified as a permanent hourly employee in accordance with  
3 G.S. 126-5(c4).

4 (t) Credit at Full Cost for Local Government Employment. — Any member may purchase  
5 creditable service for any employment as an employee, as defined in G.S. 128-21(10), of a local  
6 government employer not creditable in the North Carolina Local Governmental Employees'  
7 Retirement System upon completion of five years of membership service by making a lump sum  
8 payment into the Annuity Savings Fund. The payment by the member shall be equal to the full  
9 liability of the service credits calculated on the basis of the assumptions used for purposes of the  
10 actuarial valuation of the Retirement System's liabilities, taking into account the additional  
11 retirement allowance arising on account of the additional service credits commencing at the  
12 earliest age at which the member could retire with an unreduced retirement allowance, as  
13 determined by the Board of Trustees upon the advice of the actuary plus an administrative  
14 expense fee to be determined by the Board of Trustees. Notwithstanding the foregoing provisions  
15 of this subsection that provide for the purchase of service credits, the terms "full cost", "full  
16 liability", and "full actuarial cost" include assumed annual post-retirement allowance increases,  
17 as determined by the Board of Trustees, from the earliest age at which a member could retire on  
18 an unreduced service allowance.

19 (u) Any member who was a wildlife protector who elected to become a member of the  
20 Law Enforcement Officers' Retirement System pursuant to Chapter 837 of the 1971 Session Laws  
21 by the transfer of accumulated contributions from this Retirement System to the Law  
22 Enforcement Officers' Retirement System and who has not subsequently applied for and received  
23 a return of accumulated contributions shall be entitled to creditable service for the service as a  
24 non-law enforcement officer forfeited as a result of the transfer pursuant to Chapter 837 of the  
25 1971 Session Laws.

26 ...

27 (w) Credit at Full Cost for Federal Employment. — Notwithstanding any other provisions  
28 of this Chapter, a member, upon the completion of five years of membership service, member in  
29 service with five or more years of membership service may purchase creditable service for  
30 periods of federal employment, provided that the member is not receiving any retirement benefits  
31 resulting from this federal employment, and provided that the member is not vested in the  
32 particular federal retirement system to which the member may have belonged while a federal  
33 employee. The amount of creditable service purchased under this subsection may not exceed a  
34 total of five years. The member shall purchase this service by making a lump sum amount payable  
35 to the Annuity Savings Fund equal to the full liability of the service credits calculated on the  
36 basis of the assumptions used for purposes of the actuarial valuation of the system's liabilities,  
37 and shall take into account the retirement allowance arising on account of the additional service  
38 credit commencing at the earliest age at which the member could retire on an unreduced  
39 retirement allowance, as determined by the Board of Trustees upon the advice of the consulting  
40 actuary, plus an administrative fee to be set by the Board of Trustees. Notwithstanding the  
41 foregoing provisions of this subsection that provide for the purchase of service credits, the terms  
42 "full cost", "full liability", and "full actuarial cost" include assumed annual post-retirement  
43 allowance increases, as determined by the Board of Trustees, from the earliest age at which a  
44 member could retire on an unreduced service allowance. increase due to the additional service  
45 credits on the basis of the assumptions used for the purposes of the actuarial valuation of the  
46 liabilities of the Retirement System, except for the following assumptions specific to this  
47 calculation: (i) the allowance shall be assumed to commence at the earliest age at which the  
48 member could retire on an unreduced retirement allowance and (ii) assumed annual  
49 postretirement allowance increases as set by the Board of Trustees upon the advice of the  
50 consulting actuary. The calculation of the amount payable shall also include an administrative  
51 fee to be set by the Board.

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

6 ~~Members~~ On or before December 31, 2019, members in service may also purchase creditable  
7 service for periods of employment with public community service entities within the State funded  
8 entirely with federal funds, other than the federal government, that are not covered by the  
9 provisions of G.S. 128-21(11) or G.S. 135-1(11), under the same terms and conditions that are  
10 applicable to the purchase of creditable service for periods of federal employment in accordance  
11 with this subsection. "Public community service entities" as used in this subsection shall mean  
12 community action, human relations, manpower development, and community development  
13 programs as defined in Articles 19 and 21 of Chapter 160A and Article 18 of Chapter 153A of  
14 the General Statutes and any other similar programs that the Board of Trustees may  
15 adopt. ~~Statutes.~~

16 ...

17 (z) Credit at Full Cost for Leave Due to Extended Illness. – Any member in service with  
18 five or more years of membership service ~~standing to his credit~~ may purchase creditable service  
19 for periods of interrupted service while on leave without pay status due to the member's illness  
20 or injury, excluding leave due to maternity, provided that any single such interrupted service  
21 shall have included such period of time during which the member failed to earn at least two  
22 months membership service, by making a lump sum amount payable to the Annuity Savings  
23 Fund equal to the full liability ~~of the service credits calculated on the basis of the assumptions~~  
24 used for purposes of the actuarial valuation of the system's liabilities; and the calculation of the  
25 amount payable shall take into account the retirement allowance arising on account of the  
26 additional service credit commencing at the earliest age at which the member could retire on an  
27 unreduced retirement allowance, as determined by the Board of Trustees upon the advice of the  
28 consulting actuary, plus an administrative fee to be set by the Board of Trustees. Notwithstanding  
29 the foregoing provisions of this subsection that provide for the purchase of service credits, the  
30 terms "full cost", "full liability", and "full actuarial cost" include assumed annual post-retirement  
31 allowance increases, as determined by the Board of Trustees, from the earliest age at which a  
32 member could retire on an unreduced service allowance. ~~increase due to the additional service~~  
33 credits on the basis of the assumptions used for the purposes of the actuarial valuation of the  
34 liabilities of the Retirement System, except for the following assumptions specific to this  
35 calculation: (i) the allowance shall be assumed to commence at the earliest age at which the  
36 member could retire on an unreduced retirement allowance and (ii) assumed annual  
37 postretirement allowance increases as set by the Board of Trustees upon the advice of the  
38 consulting actuary. The calculation of the amount payable shall also include an administrative  
39 fee to be set by the Board. The amount of creditable service purchased under this subsection may  
40 not exceed a total of five years.

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

46 (aa) Credit at Full Cost for ~~Maternity Leave. Parental Leave, Pregnancy or~~  
47 Childbirth-Related Leave, or Certain Involuntary Furloughs. – Notwithstanding other provisions  
48 of this Chapter, any member in service with five or more years of credited membership service  
49 may purchase creditable service for periods of service which were interrupted due to parental  
50 leave, pregnancy or childbirth, or involuntary administrative furlough due to a lack of funds to  
51 support the position by making a lump sum amount payable to the Annuity Savings Fund equal

1 to the full liability of the service credits calculated on the basis of the assumptions used for  
2 purposes of the actuarial valuation of the system's liabilities; and the calculation of the amount  
3 payable shall take into account the retirement allowance arising on account of the additional  
4 service credit commencing at the earliest age at which the member could retire on an unreduced  
5 retirement allowance, as determined by the Board of Trustees upon the advice of the consulting  
6 actuary, plus an administrative fee to be set by the Board of Trustees. Creditable service  
7 purchased under this subsection may not exceed six months per parental leave, pregnancy or  
8 childbirth, or involuntary administrative furlough due to a lack of funds to support the position.  
9 Notwithstanding the foregoing provisions of this subsection that provide for the purchase of  
10 service credits, the term "full liability" includes assumed annual postretirement allowance  
11 increases, as determined by the Board of Trustees, from the earliest age at which a member could  
12 retire on an unreduced service allowance. increase due to the additional service credits on the  
13 basis of the assumptions used for the purposes of the actuarial valuation of the liabilities of the  
14 Retirement System, except for the following assumptions specific to this calculation: (i) the  
15 allowance shall be assumed to commence at the earliest age at which the member could retire on  
16 an unreduced retirement allowance and (ii) assumed annual postretirement allowance increases  
17 as set by the Board of Trustees upon the advice of the consulting actuary. The calculation of the  
18 amount payable shall also include an administrative fee to be set by the Board. The amount of  
19 creditable service purchased under this subsection may not exceed a total of five years.

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

25 (bb) Credit at Full Cost for Probationary Local Government ~~Employment~~ Employment  
26 Purchased On or Before December 31, 2019. – Notwithstanding any other provision of this  
27 Chapter, on or before December 31, 2019, a member may purchase creditable service, prior to  
28 retirement, for employment with any local employer as defined in G.S. 128-21(11) when  
29 considered to be in a probationary or employer-imposed waiting period status, between the date  
30 of employment and the date of membership service with the Local Governmental Employees'  
31 Retirement System, provided that the former employer of such a member has revoked this  
32 probationary employment or waiting period policy.

33 The member shall purchase this service by making a lump-sum amount payable to the  
34 Annuity Savings Fund equal to the full liability of the service credits calculated on the basis of  
35 the assumptions used for purposes of the actuarial valuation of the liabilities of the retirement  
36 system, and the calculation of the amount payable shall take into account the retirement  
37 allowance arising on account of the additional service credit commencing at the earliest age at  
38 which the member could retire on an unreduced retirement allowance, as determined by the  
39 Board of Trustees upon the advice of the consulting actuary, plus an administrative fee to be set  
40 by the Board of Trustees. Notwithstanding the provisions of this subsection that provide for the  
41 purchase of service credits, the term "full liability" includes assumed annual postretirement  
42 allowance increases, as determined by the Board of Trustees, from the earliest age at which a  
43 member could retire on an unreduced service allowance.

44 (bb1) Credit at Full Cost for Probationary Local Government Employment Purchased On  
45 and After January 1, 2020. – Notwithstanding any other provision of this Chapter, on and after  
46 January 1, 2020, a member may purchase creditable service, prior to retirement, for employment  
47 with any local employer as defined in G.S. 128-21(11) when considered to be in a probationary  
48 or employer-imposed waiting period status, between the date of employment and the date of  
49 membership service with the Local Governmental Employees' Retirement System.

50 The member shall purchase this service by making a lump sum amount payable to the  
51 Annuity Savings Fund equal to the full liability increase due to the additional service credits on

1 the basis of the assumptions used for the purposes of the actuarial valuation of the liabilities of  
 2 the Retirement System, except for the following assumptions specific to this calculation: (i) the  
 3 allowance shall be assumed to commence at the earliest age at which the member could retire on  
 4 an unreduced retirement allowance and (ii) assumed annual postretirement allowance increases  
 5 as set by the Board of Trustees upon the advice of the consulting actuary. The calculation of the  
 6 amount payable shall also include an administrative fee to be set by the Board.

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

12 ...

13 (hh) Credit at Full Cost for Service With The University of North Carolina During Which  
 14 a Member Participated in the Optional Retirement Program. – Notwithstanding any other  
 15 provisions of this Chapter, a member upon the completion of five years of membership service  
 16 Chapter to the contrary, any member in service with five or more years of membership service  
 17 may purchase creditable service for periods of employment with The University of North  
 18 Carolina during which the member participated in the Optional Retirement Program as provided  
 19 for in G.S. 135-5.1, provided that the member is not receiving, and is not entitled to receive, any  
 20 retirement benefits resulting from this employment. The amount of creditable service purchased  
 21 under this subsection may not exceed a total of five years. The member shall purchase this service  
 22 by making a lump-sum amount payable to the Annuity Savings Fund equal to the full liability of  
 23 the service credits calculated on the basis of the assumptions used for purposes of the actuarial  
 24 valuation of the system's liabilities and shall take into account the retirement allowance arising  
 25 on account of the additional service credit commencing at the earliest age at which the member  
 26 could retire on an unreduced retirement allowance, as determined by the Board of Trustees upon  
 27 the advice of the consulting actuary, plus an administrative fee to be set by the Board of Trustees.  
 28 Notwithstanding the foregoing provisions of this subsection that provide for the purchase of  
 29 service credits, the terms "full cost," "full liability," and "full actuarial cost" include assumed  
 30 annual postretirement allowance increases, as determined by the Board of Trustees, from the  
 31 earliest age at which a member could retire on an unreduced service allowance increase due to  
 32 the additional service credits on the basis of the assumptions used for the purposes of the actuarial  
 33 valuation of the liabilities of the Retirement System, except for the following assumptions  
 34 specific to this calculation: (i) the allowance shall be assumed to commence at the earliest age at  
 35 which the member could retire on an unreduced retirement allowance and (ii) assumed annual  
 36 postretirement allowance increases as set by the Board of Trustees upon the advice of the  
 37 consulting actuary. The calculation of the amount payable shall also include an administrative  
 38 fee to be set by the Board.

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

44 ...."

45 **SECTION 1.(b)** G.S. 128-26 reads as rewritten:

46 "**§ 128-26. Allowance for service.**

47 ...

48 (b) The Board of Trustees shall fix and determine by appropriate rules and regulations  
 49 how much service in any year is equivalent to one year of service, but in In no case shall more  
 50 than one year of service be creditable for all service in one calendar year.

1       (c) ~~Subject to the above restrictions and to such other rules and regulations as the Board~~  
2 ~~of Trustees may adopt, the Board of Trustees shall verify, as soon as practicable after the filing~~  
3 ~~of such statements of service, the service therein claimed.~~

4       In lieu of a determination of the actual compensation of the members that was received during  
5 such period of prior service, the Board of Trustees may use for the purpose of this Article the  
6 compensation rates which if they had progressed with the rates of salary increase shown in the  
7 tables as prescribed in subsection (o) of G.S. 128-28 would have resulted in the same average  
8 salary of the member for the five years immediately preceding the date of participation of his  
9 employer, as the records show the member actually received.

10       (d) ~~Any member may, up to his date of retirement and within one year thereafter, request~~  
11 ~~the Board of Trustees to modify or correct his prior service credit.~~

12       (e) Creditable service at retirement on which the retirement allowance of a member shall  
13 be based shall consist of the membership service rendered by the member since he or she last  
14 became a member, and also if the member has a prior service certificate which is in full force  
15 and effect, the amount of the service certified on the prior service certificate; and if the member  
16 has sick leave standing to the member's credit upon retirement on or after July 1, 1971, one month  
17 of credit for each 20 days or portion thereof, but not less than one hour; sick leave shall not be  
18 counted in computing creditable service for the purpose of determining eligibility for disability  
19 retirement or for a vested deferred allowance. Creditable service for unused sick leave shall be  
20 allowed only for sick leave accrued monthly during employment under a duly adopted sick leave  
21 policy and for which the member may be able to take credits and be paid for sick leave without  
22 restriction. However, in no instance shall unused sick leave be credited to a member's account at  
23 retirement if the member's last day of actual service is more than 365 days prior to the effective  
24 date of the member's retirement. Days of sick leave standing to a member's credit at retirement  
25 shall be determined by dividing the member's total hours of sick leave at retirement by the hours  
26 per month such leave was awarded under the employer's duly adopted sick leave policy as the  
27 policy applied to the member when the leave was accrued.

28       ~~On and after July 1, 1971, a member whose account was closed on account of absence from~~  
29 ~~service under the provisions of G.S. 128-24(1a) and who subsequently returns to service for a~~  
30 ~~period of five years, may thereafter repay the amount withdrawn plus regular interest thereon~~  
31 ~~from the date of withdrawal through the year of repayment and thereby increase his creditable~~  
32 ~~service by the amount of creditable service lost when this account was closed.~~

33       ~~On and after July 1, 1973, a member whose account in the Teachers' and State Employees'~~  
34 ~~Retirement System was closed on account of absence from service under the provisions of~~  
35 ~~G.S. 135-3(3) and who subsequently became or becomes a member of this System with credit~~  
36 ~~for five years of service, may thereafter repay in a lump sum the amount withdrawn from the~~  
37 ~~Teachers' and State Employees' Retirement System plus regular interest thereon from the date of~~  
38 ~~withdrawal through the year of repayment and thereby increase his creditable service in this~~  
39 ~~System by the amount of creditable service lost when his account was closed.~~

40       ~~Notwithstanding any other provision of this Chapter, any member who entered service or was~~  
41 ~~restored to service prior to July 1, 1982, and was excluded from membership service solely on~~  
42 ~~account of having attained the age of 62 years, in accordance with former G.S. 128-24(3a), may~~  
43 ~~purchase membership service credits for such excluded service by making a lump sum payment~~  
44 ~~equal to the contributions that would have been deducted pursuant to G.S. 128-30(b) had he been~~  
45 ~~a member of the Retirement System, increased by interest calculated at a rate of seven percent~~  
46 ~~(7%) per annum.~~

47       (e1) On and after January 1, 1986, the creditable service of a member who was a member  
48 of the Law Enforcement Officers' Retirement System at the time of the transfer of law  
49 enforcement officers employed by participating employers from that System to this Retirement  
50 System and whose accumulated contributions are transferred from that System to this Retirement  
51 System, includes service that was creditable in the Law Enforcement Officers' Retirement

1 System; and membership service with that System is membership service with this Retirement  
2 System; provided, notwithstanding any provisions of this Article to the contrary, any inchoate or  
3 accrued rights of such a member to purchase creditable service for military service, withdrawn  
4 service and prior service under the rules and regulations of the Law Enforcement Officers'  
5 Retirement System may not be diminished and may be purchased as creditable service with this  
6 Retirement System under the same conditions that would have otherwise applied.

7 ~~(f) Effective January 1, 1955, there shall be three classes of prior service certificates, to  
8 be designated as Class A, Class B and Class C respectively. Each such certificate issued on  
9 account of service rendered to a Class A employer shall be a Class A prior service certificate;  
10 each such certificate issued on account of service rendered to a Class B employer shall be a Class  
11 B prior service certificate; and each such certificate issued on account of service rendered to a  
12 Class C employer shall be a Class C prior service certificate. Each Class C prior service certificate  
13 shall specify a prior service benefit percentage rate which shall be three per centum (3%) in the  
14 case of any member entitled to such certificate who is, at the date of participation of his employer,  
15 in a position covered by the Social Security Act under a federal State agreement and which shall  
16 be five per centum (5%) in the case of a member entitled to such certificate but who at the date  
17 of participation of his employer is in a position not so covered.~~

18 ...

19 (i) Notwithstanding any other provision of this Chapter, on or before December 31, 2019,  
20 any person who withdrew his or her contributions in accordance with the provisions of  
21 G.S. 128-27(f) or 135-5(f) or the rules and regulations of the Law Enforcement Officers'  
22 Retirement System and who subsequently returns to service may, upon completion of five years  
23 of prior and current membership service, repay in a total lump sum any and all of the accumulated  
24 contributions previously withdrawn with interest compounded annually at the rate of six and  
25 one-half percent (6.5%) for each calendar year from the year of withdrawal to the year of  
26 repayment plus a fee to cover expense of handling which shall be determined by the Board of  
27 Trustees, and receive credit for the service forfeited at time of withdrawal(s). These provisions  
28 shall apply equally to retired members who had attained five years of prior and current  
29 membership service prior to retirement. The retirement allowance of a retired member who  
30 restores service under this subsection shall be increased the month following the month payment  
31 is received. The increase in the retirement allowance shall be the difference between the initial  
32 retirement allowance, under any optional allowance elected at the time of retirement, and the  
33 amount of the retirement allowance, under any optional allowance elected at the time of  
34 retirement, to which the retired member would have been entitled had the service not been  
35 previously forfeited, adjusted by any increases in the retirement accrual rate occurring between  
36 the member's date of retirement and the date of payment. The increase in the retirement allowance  
37 shall not include any adjustment for cost-of-living increases granted since the date of retirement.

38 (i1) North Carolina Withdrawn Service Purchased On and After January 1, 2020. –  
39 Notwithstanding any other provision of this Article to the contrary, on and after January 1, 2020,  
40 any member who withdrew his or her contributions in accordance with the provisions of  
41 G.S. 128-27(f) or G.S. 135-5(f) or the rules of the Law Enforcement Officers' Retirement System,  
42 and who subsequently returns to service and completes five years of membership service upon  
43 that return, while in service may purchase an amount of creditable service totaling the amount of  
44 the membership service associated with the withdrawn contributions, provided that the total of  
45 the creditable service purchased under this subsection may not exceed a total of five years. The  
46 member shall purchase this service by paying a lump sum amount to the Annuity Savings Fund  
47 equal to the full liability increase due to the additional service credits on the basis of the  
48 assumptions used for the purposes of the actuarial valuation of the liabilities of the Retirement  
49 System, except for the following assumptions specific to this calculation: (i) the allowance shall  
50 be assumed to commence at the earliest age at which the member could retire on an unreduced  
51 retirement allowance and (ii) assumed annual postretirement allowance increases as set by the

1 Board of Trustees upon the advice of the consulting actuary. The calculation of the amount  
2 payable shall also include an administrative fee to be set by the Board.

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 (j1) Notwithstanding any other provision of this Chapter, any member and any retired  
10 member as herein described may purchase creditable service for service in the Armed Forces of  
11 the United States, not otherwise allowed, by paying a total lump sum payment determined as  
12 follows:

- 13 (1) For members who completed 10 years of membership service, and retired  
14 members who completed 10 years of membership service prior to retirement,  
15 and whose membership began on or prior to January 1, 1988, and who make  
16 such purchase within three years after first becoming eligible, the cost shall  
17 be an amount equal to the monthly compensation the member earned when  
18 the member first entered membership service times the employee contribution  
19 rate at that time times the months of service to be purchased ~~with sufficient~~  
20 ~~interest added thereto~~ multiplied by a factor equivalent to the investment  
21 return assumptions determined by the Board of Trustees, compounded  
22 annually, from the initial year of membership to the year of payment so as to  
23 equal one-half of the cost of allowing such service, plus an administrative fee  
24 to be set by the Board of Trustees.

25 ...

26 Creditable service allowed under this subdivision shall be only for the initial period of "active  
27 duty", as defined in 38 U.S. Code Section 101(21), in the Armed Forces of the United States up  
28 to the date the member was first eligible to be separated and released and for subsequent periods  
29 of "active duty", as defined in 38 U.S. Code Section 101(21), as required by the Armed Forces  
30 of the United States up to the date of first eligibility for separation or release, but shall not include  
31 periods of active duty in the Armed Forces of the United States creditable in any other retirement  
32 system except the National Guard or any reserve component of the Armed Forces of the United  
33 States, and shall not include periods of "active duty for training", as defined in 38 U.S. Code  
34 Section 101(22), or periods of "inactive duty training", as defined in 38 U.S. Code Section  
35 101(23), rendered in any reserve component of the Armed Forces of the United States. Provided,  
36 creditable service may be allowed only for active duty in the Armed Forces of the United States  
37 of a member that resulted in a general or honorable discharge from duty. The member shall  
38 submit satisfactory evidence of the service claimed. For purposes of this subsection, membership  
39 service may include any membership or prior service credits transferred to this Retirement  
40 System pursuant to G.S. 128-24.

41 (j2) Notwithstanding any other provision of this Chapter, on or before December 31, 2019,  
42 any member and any retired member as herein described may purchase creditable service  
43 previously rendered to the federal government or to any state, territory, or other governmental  
44 subdivision of the United States other than this State by paying a total lump-sum payment  
45 determined as follows:

- 46 (1) For members who completed 10 years of prior and current membership  
47 service, and retired members who completed 10 years of prior and current  
48 membership service prior to retirement, and whose membership began on or  
49 before January 1, 1988, and who make such purchase within three years after  
50 first becoming eligible, the cost shall be an amount equal to the monthly  
51 compensation the member earned when ~~he~~ the member first entered



1 membership service, times the employee contribution rate at that time, times  
2 the months of service to be purchased, times two, ~~with sufficient interest~~  
3 ~~added thereto~~ multiplied by a factor equivalent to the investment return  
4 assumptions determined by the Board of Trustees, compounded annually,  
5 from the initial year of membership to the year of payment so as to equal the  
6 full cost of allowing such service, plus an administrative fee to be set by the  
7 Board of Trustees.

- 8 (2) For members who complete five years of prior and current membership  
9 service, and retired members who complete five years of prior and current  
10 membership service prior to retirement, and eligible members and retired  
11 members covered by subdivision (1) of this subsection, whose membership  
12 began on or before January 1, 1988, but who did not or do not make such  
13 purchase within three years after first becoming eligible, the cost shall be an  
14 amount equal to the full liability of the service credits calculated on the basis  
15 of the assumptions used for the purposes of the actuarial valuation of the  
16 System's liabilities and shall take into account the retirement allowance arising  
17 on account of the additional service credits commencing at the earliest age at  
18 which the member could retire on an unreduced allowance, as determined by  
19 the Board of Trustees upon the advice of the consulting actuary, plus an  
20 administrative fee to be set by the Board of Trustees. Notwithstanding the  
21 foregoing provisions of this subsection that provide for the purchase of service  
22 credits, the term "full liability" includes assumed postretirement allowance  
23 increases, as determined by the Board of Trustees, from the earliest age at  
24 which a member could retire on an unreduced service retirement allowance.  
25 Notwithstanding the requirement of five years of current membership service,  
26 a member whose membership began prior to the service the member desires  
27 to purchase shall be eligible to purchase creditable service under this  
28 subdivision upon returning to service as an employee upon completion of a  
29 total of five years of membership service and upon completion of one year of  
30 current membership service.

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

38 (j3) Notwithstanding any provision of this Article to the contrary, on and after January 1,  
39 2020, any member in service with five or more years of membership service may purchase  
40 creditable service previously rendered to the federal government or to any state, territory, or other  
41 governmental subdivision of the United States other than this State by paying a total lump sum  
42 payment. The amount of creditable service purchased under this subsection may not exceed a  
43 total of five years. The member shall purchase this service by paying a lump sum amount to the  
44 Annuity Savings Fund equal to the full liability increase due to the additional service credits on  
45 the basis of the assumptions used for the purposes of the actuarial valuation of the liabilities of  
46 the Retirement System, except for the following assumptions specific to this calculation: (i) the  
47 allowance shall be assumed to commence at the earliest age at which the member could retire on  
48 an unreduced retirement allowance and (ii) assumed annual postretirement allowance increases  
49 as set by the Board of Trustees upon the advice of the consulting actuary. The increases as set by  
50 the Board of Trustees upon the advice of the consulting actuary shall also include an  
51 administrative fee to be set by the Board.

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

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

11 ...

12 (l) Notwithstanding any other provision of this Chapter, any member may purchase  
13 creditable service for periods of employer approved leaves of absence when in receipt of benefits  
14 under the North Carolina Workers' Compensation Act. This service shall be purchased by paying  
15 a cost calculated in the following manner:

16 ...

- 17 (2) Leaves of Absence Terminating On and After July 1, 1983. – The cost to a  
18 member whose employer approved leave of absence, when in receipt of  
19 benefits under the North Carolina Workers' Compensation Act, terminates  
20 ~~upon return to service~~ on and after July 1, 1983, shall be a lump sum amount  
21 due and payable to the Annuity Savings Fund within six months from ~~return~~  
22 ~~to service~~ end of the leave of absence equal to the total employee and employer  
23 percentage rates of contribution in effect at the time of purchase and based on  
24 the annual rate of compensation of the member immediately prior to the leave  
25 of absence; Provided, however, the cost to a member whose amount due is not  
26 paid within six months from ~~return to service~~ the end of the leave of absence  
27 shall be the amount due plus one percent (1%) per month penalty for each  
28 month or fraction thereof the payment is made beyond the six-month period.

29 Whenever the creditable service purchased pursuant to this subsection is for a period that  
30 occurs during the four consecutive calendar years that would have produced the highest average  
31 annual compensation pursuant to G.S. 128-21(5) had the member not been on leave of absence  
32 without pay, then the compensation that the member would have received during the purchased  
33 period shall be included in calculating the member's average final compensation. In such cases,  
34 the compensation that the member would have received during the purchased period shall be  
35 based on the annual rate of compensation of the member immediately prior to the leave of  
36 absence.

37 In the case of a law enforcement officer electing to purchase service under this section who  
38 is in receipt of benefits under the North Carolina Workers' Compensation Act due to serious  
39 bodily injury suffered in the line of duty as a result of an intentional or unlawful act of another,  
40 as certified by the head of the employing law enforcement agency, and whose approved leave of  
41 absence terminates on or before a return to service on and after August 1, 2006, the employer  
42 percentage rate of contribution payable under subdivision (2) of this subsection shall be made by  
43 the employer that granted the leave of absence. The cost to the law enforcement officer shall be  
44 reduced by the amount paid by the employer. For purposes of this subsection, "serious bodily  
45 injury" means bodily injury that creates a substantial risk of death, or that causes serious  
46 permanent disfigurement, coma, a permanent or protracted condition that causes extreme pain,  
47 or permanent or protracted loss or impairment of the function of any bodily member or organ, or  
48 that results in prolonged hospitalization.

49 Nothing in this subsection prevents an employer from voluntarily paying all or a part of the  
50 employee portion of the total cost of the service credit purchased, and the employer does not  
51 discriminate against any eligible law enforcement officer in this subsection employed by the

1 employer by paying that portion of cost. To the extent paid by the employer, the employee portion  
2 paid by the employer shall be credited to the Pension Accumulation Fund; to the extent paid by  
3 the member, the employee portion paid by the member shall be credited to the member's annuity  
4 savings account. A member shall pay any part of the employee portion of the total cost not paid  
5 by the employer.

6 ...

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

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

33 ~~Members—~~ On or before December 31, 2019, members may also purchase creditable service  
34 for periods of employment with public community service entities within the State funded  
35 entirely with federal funds, other than the federal government, that are not covered by the  
36 provisions of G.S. 128-21(11) or G.S. 135-1(11), under the same terms and conditions that are  
37 applicable to the purchase of creditable service for periods of federal employment in accordance  
38 with this subsection. "Public community service entities" as used in this subsection shall mean  
39 community action, human relations, manpower development, and community development  
40 programs as defined in Articles 19 and 21 of Chapter 160A and Article 18 of Chapter 153A of  
41 the General Statutes ~~and any other similar programs that the Board of Trustees may adopt.~~  
42 ~~Notwithstanding the foregoing provisions of this subsection that provide for the purchase of~~  
43 ~~service credits, the terms "full cost", "full liability", and "full actuarial cost" include assumed~~  
44 ~~annual post-retirement allowance increases, as determined by the Board of Trustees, from the~~  
45 ~~earliest age at which a member could retire on an unreduced service allowance.~~ Statutes.

46 (p) Part-Time Service Credit.—

47 (1) ~~Notwithstanding any other provision of this Chapter, upon completion of five~~  
48 ~~years of membership service, any member may purchase service previously~~  
49 ~~rendered as a part-time employee of a participating employer as defined in~~  
50 ~~G.S. 128-21(11) or G.S. 135-1(11), except for temporary or part-time service~~  
51 ~~rendered while a full-time student in pursuit of a degree or diploma in a~~

1 ~~degree-granting program. Payment shall be made in a single lump sum in an~~  
2 ~~amount equal to the full actuarial cost of providing credit for the service,~~  
3 ~~together with interest and an administrative fee, as determined by the Board~~  
4 ~~of Trustees on the advice of the Retirement System's actuary. Notwithstanding~~  
5 ~~the provisions of G.S. 128-26(b), the Board of Trustees shall fix and determine~~  
6 ~~by appropriate rules and regulations how much service in any year, as based~~  
7 ~~on compensation, is equivalent to one year of service in proportion to~~  
8 ~~"earnable compensation", but in no case shall more than one year of service~~  
9 ~~be creditable for all service in one year. Notwithstanding the foregoing~~  
10 ~~provisions of this subdivision that provide for the purchase of service credits,~~  
11 ~~the terms "full cost", "full liability", and "full actuarial cost" include assumed~~  
12 ~~annual post-retirement allowance increases, as determined by the Board of~~  
13 ~~Trustees, from the earliest age at which a member could retire on an unreduced~~  
14 ~~service allowance.~~

15 (2) ~~Under all requirements and conditions set forth in the preceding subdivision~~  
16 ~~of this subsection, except for the requirement that the completion of five years~~  
17 ~~of membership service be subsequent to service rendered as a part-time~~  
18 ~~employee, any member with five or more years of membership service~~  
19 ~~standing to his credit may purchase additional membership service for service~~  
20 ~~rendered as a part-time employee of an employer as defined in~~  
21 ~~G.S. 128-21(11) if (i) the member terminates or has terminated employment~~  
22 ~~in any capacity as an employee, (ii) the purchase of the additional membership~~  
23 ~~service causes the member to become eligible to commence an early or service~~  
24 ~~retirement allowance, and (iii) the member immediately elects to commence~~  
25 ~~retirement and become a beneficiary.~~

26 (p1) Part-Time Service Credit. – Notwithstanding any other provision of this Article to the  
27 contrary, any member in service with five or more years of membership service may purchase  
28 service previously rendered as a part-time teacher or employee of an employer, as defined in  
29 G.S. 135-1(11) or G.S. 128-21(11), except the following service may not be purchased:

- 30 (1) Part-time service rendered as a bus driver to a public school while a full-time  
31 high school student.  
32 (2) Temporary or part-time service rendered while a full-time student in pursuit  
33 of a degree or diploma in a degree-granting program, unless that service was  
34 rendered on a permanent part-time basis and required at least 20 hours of  
35 service per week.

36 Payment for service purchased under this subsection shall be made in a single lump sum in  
37 an amount calculated by applying the ratio of actual gross compensation earned as a part-time  
38 employee to the gross compensation that would have been earned as a full-time employee to the  
39 period of service rendered in months. The member shall purchase this service by paying a lump  
40 sum amount to the Annuity Savings Fund equal to the full liability increase due to the additional  
41 service credits on the basis of the assumptions used for the purposes of the actuarial valuation of  
42 the liabilities of the Retirement System, except for the following assumptions specific to this  
43 calculation: (i) the allowance shall be assumed to commence at the earliest age at which the  
44 member could retire on an unreduced retirement allowance and (ii) assumed annual  
45 postretirement allowance increases as set by the Board of Trustees upon the advice of the  
46 consulting actuary. The calculation of the amount payable shall also include an administrative  
47 fee to be set by the Board.

48 The Board of Trustees shall adopt rules regarding how much service in any year, as based on  
49 compensation, is equivalent to one year of service in proportion to earnable compensation, but  
50 in no case shall more than one year of service be creditable for all service in one year. Service  
51 rendered for the regular school year in any district shall be equivalent to one year of service.

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

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

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

24 Notwithstanding the foregoing provisions of this subsection that provide for the purchase of  
25 service credits, the terms "full cost", "full liability", and "full actuarial cost" include assumed  
26 annual post-retirement allowance increases, as determined by the Board of Trustees, from the  
27 earliest age at which a member could retire on an unreduced service allowance.

28 Nothing contained in this subsection shall prevent an employer or member from paying all  
29 or a part of the cost of the probationary employment; and to the extent paid by the employer, the  
30 cost paid by the employer shall be credited to the pension accumulation fund; and to the extent  
31 paid by the member, the cost paid by the member shall be credited to the member's annuity  
32 savings account; provided, however, an employer does not discriminate against any member or  
33 group of members in its current employ in paying all or any part of the cost of the probationary  
34 employment. In the event an employer pays all or a part of the full actuarial cost, the employer  
35 may, at its option, pay such amount either in a lump sum or by increasing its "accrued liability  
36 contribution" for the remainder of its accrued liability period. In the event an employer has  
37 satisfied its accrued liability contribution, the employer may amortize its portion of the full  
38 actuarial cost over a period not to exceed 10 years. The expense of making an actuarial valuation  
39 to determine the accrued liability contribution or the additional accrued liability contribution,  
40 required to amortize the portion of the full actuarial cost paid by the employer, shall be paid by  
41 the employer in a lump sum at the time of the actuarial valuation.

42 (q1) Credit at Full Cost for Probationary Employment Purchased On or After January 1,  
43 2020. – Notwithstanding any other provision of this Chapter, on and after January 1, 2020, a  
44 member in service with five or more years of service may purchase creditable service for  
45 employment with an employer as defined in this Article when considered to be in a probationary  
46 or employer-imposed waiting period status and thereby not regularly employed between date of  
47 employment and date of membership service with the retirement system. The amount of  
48 creditable service purchased under this subsection may not exceed five years.

49 The member shall purchase this service by paying a lump sum amount to the Annuity Savings  
50 Fund equal to the full liability increase due to the additional service credits on the basis of the  
51 assumptions used for the purposes of the actuarial valuation of the liabilities of the Retirement

1 System, except for the following assumptions specific to this calculation: (i) the allowance shall  
2 be assumed to commence at the earliest age at which the member could retire on an unreduced  
3 retirement allowance and (ii) assumed annual postretirement allowance increases as set by the  
4 Board of Trustees upon the advice of the consulting actuary. The increases as set by the Board  
5 of Trustees upon the advice of the consulting actuary shall also include an administrative fee to  
6 be set by the Board.

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

12 (r) Credit at Full Cost for Temporary Government Employment. – Notwithstanding any  
13 other provisions of this Chapter, any member in service with five or more years of membership  
14 service may purchase creditable service for government employment when classified as a  
15 temporary employee subject to the conditions that all of the following conditions:

16 (1) The member was employed by an employer as defined in G.S. 128-21(11) or  
17 G.S. 135-1(11);G.S. 135-1(11).

18 (2) The member's temporary employment met all other requirements of  
19 G.S. 128-21(10), or G.S. 135-1(10) or (25);(25).

20 (3) The member has completed five years or more of membership service;  
21 service.

22 (4) The member acquires has acquired from the employer such certifications of  
23 temporary employment as are required by the Board of Trustees; and Trustees.

24 (5) The member makes

25 The amount of creditable service purchased under this subsection may not exceed a total of  
26 five years. A member shall purchase this service by making a lump sum payment into the Annuity  
27 Savings Fund equal to the full liability of the service credits calculated on the basis of the  
28 assumptions used for purposes of the actuarial valuation of the retirement system's liabilities, and  
29 the calculation of the amount payable shall take into account the retirement allowance arising on  
30 account of the additional service credit commencing at the earliest age at which the member  
31 could retire on an unreduced retirement allowance, as determined by the Board of Trustees upon  
32 the advice of the actuary, plus an administrative fee to be determined by the Board of Trustees.  
33 Notwithstanding the foregoing provisions of this subdivision that provide for the purchase of  
34 service credits, the terms "full cost", "full liability", and "full actuarial cost" include assumed  
35 annual post retirement allowance increases, as determined by the Board of Trustees, from the  
36 earliest age at which a member could retire on an unreduced service allowance increase due to  
37 the additional service credits on the basis of the assumptions used for the purposes of the actuarial  
38 valuation of the liabilities of the Retirement System, except for the following assumptions  
39 specific to this calculation: (i) the allowance shall be assumed to commence at the earliest age at  
40 which the member could retire on an unreduced retirement allowance and (ii) assumed annual  
41 postretirement allowance increases as set by the Board of Trustees upon the advice of the  
42 consulting actuary. The calculation of the amount payable shall also include an administrative  
43 fee to be set by the Board.

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

49 (s) Credit at Full Cost for Employment Not Otherwise Creditable. – Notwithstanding any  
50 other provisions of this Chapter, any member in service with five or more years of membership  
51 service may purchase creditable service for any employment as an employee, as defined in

1 G.S. 128-21(10), of a local government employer not creditable in any other retirement system  
2 or plan, upon completion of five years of membership service by making a lump sum payment  
3 into the Annuity Savings Fund. The payment by the member shall be equal to the full liability of  
4 the service credits calculated on the basis of the assumptions used for purposes of the actuarial  
5 valuation of the retirement system's liabilities, and the calculation of the amount payable shall  
6 take into account the additional retirement allowance arising on account of the additional service  
7 credits commencing at the earliest age at which the member could retire with an unreduced  
8 retirement allowance, as determined by the Board of Trustees upon the advice of the actuary plus  
9 an administrative fee to be determined by the Board of Trustees. Notwithstanding the foregoing  
10 provisions of this subsection that provide for the purchase of service credits, the terms "full cost",  
11 "full liability", and "full actuarial cost" include assumed annual post retirement allowance  
12 increases, as determined by the Board of Trustees, from the earliest age at which a member could  
13 retire on an unreduced service allowance plan, provided that the employer is, at the time of  
14 purchase, a participating employer in the Retirement System but was not a participating employer  
15 in the Retirement System at the time the service was rendered by the member. The amount of  
16 creditable service purchased under this subsection may not exceed a total of five years. A member  
17 shall purchase this service by making a lump sum payment into the Annuity Savings Fund equal  
18 to the full liability increase due to the additional service credits on the basis of the assumptions  
19 used for the purposes of the actuarial valuation of the liabilities of the Retirement System, except  
20 for the following assumptions specific to this calculation: (i) the allowance shall be assumed to  
21 commence at the earliest age at which the member could retire on an unreduced retirement  
22 allowance and (ii) assumed annual postretirement allowance increases as set by the Board of  
23 Trustees upon the advice of the consulting actuary. The calculation of the amount payable shall  
24 also include an administrative fee to be set by the Board.

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

30 ...."

31 **SECTION 1.(c)** G.S. 135-1.1(b) reads as rewritten:

32 "(b) Notwithstanding any other provision of this Chapter, any State board or agency  
33 charged with the duty of administering any law relating to the examination and licensing of  
34 persons to practice a profession, trade, or occupation, and who is subject to the provisions of the  
35 State Budget Act, Chapter 143C of the General Statutes, may make an irrevocable election by  
36 appropriate resolution of the board, on or before October 1, 2000, to become an employer in the  
37 Teachers' and State Employees' Retirement System. Retirement System coverage shall be  
38 conditioned on the board's payment of all of the employer's contributions or matching funds from  
39 funds of the board and on the board's collecting from its employees the employees' contributions,  
40 at such rates as may be fixed by law and by the rules of the Board of Trustees of the Retirement  
41 System, under G.S. 135-8, the Current Operations Appropriations Act, or any other applicable  
42 law, all of such funds to be paid to the Retirement System and placed in the appropriate funds.  
43 Any person who is was an employee of the board on the date the board makes an irrevocable  
44 election to participate in the Retirement System may purchase creditable service for periods of  
45 employment with the board prior to the election by making a lump sum payment equal to the full  
46 cost of the service credits calculated on the basis of the assumptions used for the purposes of the  
47 actuarial valuation of the system's liabilities, and shall take into account the additional retirement  
48 allowance arising on account of such additional service credit commencing at the earliest age at  
49 which a member could retire on an unreduced retirement allowance, as determined by the Board  
50 of Trustees upon the advice of the consulting actuary, plus an administrative fee to be set by the  
51 Board of Trustees. Notwithstanding the foregoing provisions of this subdivision that provide for

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

15 **SECTION 1.(d)** G.S. 135-56(b) reads as rewritten:

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

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

26 "(b1) On and after January 1, 2020, when membership ceases as a result of a member's  
27 withdrawal of his or her accumulated contributions, the prior service and previous membership  
28 service of the member shall no longer be considered to be creditable service. If a member whose  
29 creditable service has been cancelled in accordance with this subsection subsequently returns to  
30 membership service and completes five years of membership service upon that return, then the  
31 member may purchase an amount of creditable service corresponding to the total of the  
32 membership service associated with the withdrawn contributions, provided that the total amount  
33 of creditable service purchased under this subsection may not exceed five years. The member  
34 shall purchase this service by paying a lump sum amount to the Annuity Savings Fund equal to  
35 the full liability increase due to the additional service credits on the basis of the assumptions used  
36 for the purposes of the actuarial valuation of the liabilities of the Retirement System, except for  
37 the following assumptions specific to this calculation: (i) the allowance shall be assumed to  
38 commence at the earliest age at which the member could retire on an unreduced retirement  
39 allowance and (ii) assumed annual postretirement allowance increases as set by the Board of  
40 Trustees upon the advice of the consulting actuary. The increases as set by the Board of Trustees  
41 upon the advice of the consulting actuary shall also include an administrative fee to be set by the  
42 Board.

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

48 **SECTION 1.(f)** G.S. 120-4.15 reads as rewritten:

49 **"§ 120-4.15. Repayment of contributions.**

50 (a) ~~Repayment~~ On or before December 31, 2019, repayment of contributions withdrawn  
51 from the Legislative Retirement Fund and System shall be at the rate of seven percent (7%) of



1 the highest monthly compensation received as a legislator at the time of purchase for each month  
2 of creditable service restored plus an administrative fee to be paid in lump sum.

3 (b) On and after January 1, 2020, repayment of contributions withdrawn from the  
4 Legislative Retirement Fund and System shall be in an amount equal to the full liability increase  
5 due to the additional service credits on the basis of the assumptions used for the purposes of the  
6 actuarial valuation of the liabilities of the Retirement System, except for the following  
7 assumptions specific to this calculation: (i) the allowance shall be assumed to commence at the  
8 earliest age at which the member could retire on an unreduced retirement allowance and (ii)  
9 assumed annual postretirement allowance increases as set by the Board of Trustees of the  
10 Teachers' and State Employees' Retirement System upon the advice of the consulting actuary.  
11 The calculation of the amount payable shall also include an administrative fee to be set by the  
12 Board of Trustees of the Teachers' and State Employees' Retirement System.

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

18 **SECTION 1.(g)** G.S. 120-4.16(a) reads as rewritten:

19 "(a) All repayments and purchases of service credit, allowed under this Article, shall be  
20 made within two years after the member first becomes eligible to make such repayments and  
21 purchases. All such repayments and purchases not made within two years after the member  
22 becomes eligible shall equal the full ~~actuarial cost of the additional service credit as defined in~~  
23 G.S. 135-4(m) liability increase due to the additional service credits on the basis of the  
24 assumptions used for the purposes of the actuarial valuation of the liabilities of the Retirement  
25 System, except for the following assumptions specific to this calculation: (i) the allowance shall  
26 be assumed to commence at the earliest age at which the member could retire on an unreduced  
27 retirement allowance and (ii) assumed annual postretirement allowance increases as set by the  
28 Board of Trustees of the Teachers' and State Employees' Retirement System upon the advice of  
29 the consulting actuary. The calculation of the amount payable shall also include an administrative  
30 fee to be set by the Board of Trustees of the Teachers' and State Employees' Retirement System."

31 **SECTION 1.(h)** G.S. 126-8.5(a) reads as rewritten:

32 "(a) When the Director of the Budget determines that the closing of a State institution or  
33 a reduction in force will accomplish economies in the State Budget, ~~he~~ the Director of the Budget  
34 shall pay either a discontinued service retirement allowance or severance wages to any affected  
35 State employee, provided reemployment is not available. As used in this section, "economies in  
36 the State Budget" means economies resulting from elimination of a job and its responsibilities or  
37 from a lack of funds to support the job. In determining whether to pay a discontinued service  
38 retirement allowance or severance wages, the Director of the Budget shall consider the  
39 recommendation of the department head involved and any recommendation of the Director of  
40 the Office of State Human Resources. Severance wages shall not be paid to an employee who  
41 chooses a discontinued service retirement. Severance wages shall not be subject to employer or  
42 employee retirement contributions. Severance wages shall be paid according to the policies  
43 adopted by the State Human Resources Commission.

44 Notwithstanding any other provisions of the State's retirement laws, any employee of the  
45 State who is a member of the Teachers' and State Employees' Retirement System or the  
46 Law-Enforcement Officers' Retirement System and ~~who has his whose job is~~ involuntarily  
47 terminated as a result of economies in the State Budget may be entitled to a discontinued service  
48 retirement allowance, subject to the approval of the employing agency and the availability of  
49 agency funds. An unreduced discontinued service retirement allowance, not otherwise allowed,  
50 may be approved for employees with 20 or more years of creditable retirement service who are  
51 at least 55 years of age; or a discontinued service retirement allowance, not otherwise allowed,

1 may be approved for employees with 20 or more years of creditable retirement service who are  
 2 at least 50 years of age, reduced by one-fourth of one percent (1/4 of 1%) for each month that  
 3 retirement precedes ~~his~~ the employee's fifty-fifth birthday. In cases where a discontinued service  
 4 retirement allowance is approved, the employing agency shall make a lump sum payment to the  
 5 Administrator of the State Retirement Systems equal to the actuarial present value of the  
 6 additional liabilities imposed upon the System, to be determined by the System's consulting  
 7 actuary, as a result of the discontinued service retirement, plus an administrative fee to be  
 8 determined by the ~~Administrator~~ Administrator, plus an amount to be deposited in the Retiree  
 9 Health Benefit Fund. The amount to be deposited in the Retiree Health Benefit Fund shall be  
 10 calculated by multiplying the number of years between the employee's date of discontinued  
 11 service retirement and the employee's earliest unreduced retirement date under G.S. 135-5 by the  
 12 most recent employer contribution rate to the Retiree Health Benefit Fund and then, if the  
 13 employee is or would be eligible for retiree medical coverage under the State Health Plan for  
 14 Teachers and State Employees, multiplying that figure by the salary used in the discontinued  
 15 salary retirement calculation.

16 The salary used to determine severance wages under this section is the last annual salary  
 17 except that if the employee was promoted within the previous 12 months, the last annual salary  
 18 is that annual salary prior to the promotion. If the annual salary prior to the promotion is used, it  
 19 shall be adjusted to account for any across-the-board legislative salary increases. Excluded from  
 20 any calculation are any benefits such as, but not limited to, overtime pay, shift pay, holiday  
 21 premium, or longevity pay. The salary used to determine the discontinued retirement allowance  
 22 under this section is the same as the average final compensation under G.S. 135-1(5)."

23 **SECTION 1.(i)** G.S. 135-3(3) reads as rewritten:

24 "(3) ~~Should any member in any period of six consecutive years after becoming a~~  
 25 ~~member be absent from service more than five years, or should he withdraw~~  
 26 ~~his accumulated contributions, or should he become a beneficiary or die, he~~  
 27 ~~shall thereupon cease to be a member: Provided that on and after July 1, 1967,~~  
 28 ~~should any member in any period of eight consecutive years after becoming a~~  
 29 ~~member be absent from service more than seven years, or should he withdraw~~  
 30 ~~his accumulated contributions, or should he become a beneficiary or die, he~~  
 31 ~~shall thereupon cease to be a member; provided further that the period of~~  
 32 ~~absence from service shall be computed from January 1, 1962, or later date of~~  
 33 ~~separation for any member whose contributions were not withdrawn prior to~~  
 34 ~~July 1, 1967: Provided that on and after July 1, 1971, a A member shall cease~~  
 35 ~~to be a member only if ~~he~~ the member withdraws his or her accumulated~~  
 36 ~~contributions, or becomes a beneficiary, or dies.~~

37 ~~Notwithstanding the foregoing, any persons whose membership was~~  
 38 ~~terminated under the provisions set forth above who had five or more years of~~  
 39 ~~creditable service and had not effected a return of contributions may elect to~~  
 40 ~~receive a retirement allowance on or after age 60; provided that this member~~  
 41 ~~may retire only upon electronic submission or written application to the Board~~  
 42 ~~of Trustees setting forth at which time, not less than 30 days nor more than 90~~  
 43 ~~days subsequent to the execution and filing, he desires to be retired."~~

44 **SECTION 1.(j)** G.S. 128-24(1a) reads as rewritten:

45 "(1a) ~~Should any member in any period of eight consecutive years after becoming~~  
 46 ~~a member be absent from service more than seven years, or should he~~  
 47 ~~withdraw his accumulated contributions or should he become a beneficiary or~~  
 48 ~~die, he shall thereupon cease to be a member; provided that on and after July~~  
 49 ~~1, 1971, a A member shall cease to be a member only if ~~he~~ the member~~  
 50 ~~withdraws his or her accumulated contributions, or becomes a beneficiary, or~~  
 51 ~~dies."~~

1           **SECTION 1.(k)** For all service purchases that are required to have been made by  
2 December 31, 2019, the Retirement Systems Division of the Department of State Treasurer shall  
3 accept and process all service purchase request forms that are received by the Retirement Systems  
4 Division on or before December 31, 2019.

5           **SECTION 2.(a)** G.S. 135-6(l) reads as rewritten:

6           "(l) Duties of Actuary. – The Board of Trustees shall designate an actuary who shall be  
7 the technical adviser of the Board of Trustees on matters regarding the operation of the funds  
8 created by the provisions of this Chapter and shall perform such other duties as are required in  
9 connection therewith. ~~For purposes of the annual valuation of System assets, the~~ The experience  
10 ~~studies, and studies and~~ studies and all other actuarial calculations required by this Chapter, and all the  
11 assumptions used by the System's actuary, including mortality tables, interest rates, annuity  
12 factors, the contribution-based benefit cap factor, and employer contribution rates, shall be set  
13 out in the actuary's periodic ~~reports-reports~~, annual valuations of System assets, or other materials  
14 provided to the Board of Trustees. ~~These~~ Notwithstanding Article 2A of Chapter 150B of the  
15 General Statutes, these materials, once accepted by the Board, shall be considered part of the  
16 Plan documentation governing this Retirement System; similarly, the System and shall be  
17 effective the first day of the month following adoption unless a different date is specified in the  
18 adopting resolution. The effective date shall not retroactively affect a contribution rate. The  
19 Board's minutes relative to all actuarial assumptions used by the System shall also be considered  
20 part of the Plan documentation governing this Retirement System, with the result of precluding  
21 any employer discretion in the determination of benefits payable hereunder, consistent with  
22 Section 401(a)(25) of the Internal Revenue Code.

23           With regards to payment for the administration of subsections (n) and (o) of this section, the  
24 Retirement Systems Division of the Department of State Treasurer may increase receipts from  
25 the retirement assets of the corresponding retirement system or may pay the costs directly from  
26 the retirement assets."

27           **SECTION 2.(b)** G.S. 128-28(m) reads as rewritten:

28           "(m) Duties of Actuary. – The Board of Trustees shall designate an actuary who shall be  
29 the technical adviser of the Board of Trustees on matters regarding the operation of the funds  
30 created by the provisions of this Chapter and shall perform such other duties as are required in  
31 connection therewith. ~~For purposes of the annual valuation of System assets, the~~ The experience  
32 ~~studies, and studies and~~ studies and all other actuarial calculations required by this Chapter, and all the  
33 assumptions used by the System's actuary, including mortality tables, interest rates, annuity  
34 factors, the contribution-based benefit cap factor, and employer contribution rates, shall be set  
35 out in the actuary's periodic ~~reports-reports~~, annual valuations of System assets, or other materials  
36 provided to the Board of Trustees. ~~These~~ Notwithstanding Article 2A of Chapter 150B of the  
37 General Statutes, these materials, once accepted by the Board, shall be considered part of the  
38 Plan documentation governing this Retirement System; similarly, the System and shall be  
39 effective the first day of the month following adoption unless a different date is specified in the  
40 adopting resolution. The effective date shall not retroactively affect a contribution rate. The  
41 Board's minutes relative to all actuarial assumptions used by the System shall also be considered  
42 part of the Plan documentation governing this Retirement System, with the result of precluding  
43 any employer discretion in the determination of benefits payable hereunder, consistent with  
44 Section 401(a)(25) of the Internal Revenue Code.

45           With regards to payment for the administration of subsections (o) and (p) of this section, the  
46 Retirement Systems Division of the Department of State Treasurer may increase receipts from  
47 the retirement assets of the corresponding retirement system or may pay the costs directly from  
48 the retirement assets."

49           **SECTION 2.(c)** G.S. 150B-1(d) is amended by adding a new subdivision to read:

50           "**§ 150B-1. Policy and scope.**

51           ...

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

3 ...

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

- 9 a. Joint and survivor tables.  
10 b. Reserve transfer tables.  
11 c. Interest rate assumptions.  
12 d. Salary increase assumptions.  
13 e. Mortality assumptions.  
14 f. Separation and retirement assumptions.  
15 g. Asset smoothing methods.  
16 h. Actuarial cost methods.  
17 i. Contribution-based benefit cap factors.  
18 j. Required contribution rates.  
19 k. Amortization policies."

20 **SECTION 2.(d)** G.S. 135-6(n) reads as rewritten:

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

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

31 **SECTION 2.(e)** G.S. 128-28(o) reads as rewritten:

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

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

42 **SECTION 2.(f)** Subsection(c) of this section is effective when it becomes law and  
43 the exemption applies to actuarial tables, assumptions, and contribution-based cap factors  
44 changed on or after that date. The remainder of this section is effective when it becomes law and  
45 applies to actuarial investigations and calculations made on or after that date.

46 **SECTION 3.(a)** G.S. 135-6 is amended by adding a new subsection to read:

47 "(e1) Effect of Vote Related to Contributory Death Benefit. – No decision of the Board  
48 related to the Contributory Death Benefit provided for under this Chapter, Chapter 120, or  
49 Chapter 127A of the General Statutes, shall take effect unless and until this same decision has  
50 been made and voted on by the Board of Trustees of the Local Governmental Employees  
51 Retirement System."

1           **SECTION 3.(b)** G.S. 128-28 is amended by adding a new subsection to read:  
2           "(f1) Effect of Vote Related to Contributory Death Benefit. – No decision of the Board  
3 related to the Contributory Death Benefit provided for under this Article shall take effect unless  
4 and until this same decision has been made and voted on by the Board of Trustees of the Teachers'  
5 and State Employees' Retirement System."

6           **SECTION 4.** G.S. 143-162.1 is amended by adding a new subsection to read:  
7           "(e) The provisions of subsection (b) of this section shall not apply to any call center  
8 operated under the Department of State Treasurer."

9           **SECTION 5.(a)** G.S. 135-1 is amended by adding a new subdivision to read:  
10           "(8a) "Duly acknowledged" means notarized, including electronic notarization, or  
11 verified through an identity authentication service approved by the  
12 Department of State Treasurer."

13           **SECTION 5.(b)** G.S. 128-21 is amended by adding a new subdivision to read:  
14           "(8a) "Duly acknowledged" means notarized, including electronic notarization, or  
15 verified through an identity authentication service approved by the  
16 Department of State Treasurer."

17           **SECTION 6.(a)** G.S. 135-8(f)(3) reads as rewritten:  
18           "(3) In the event the employee or employer contributions required under this  
19 section are not received by the date set by the Board of Trustees and provided  
20 that a one-time exception has not been agreed upon in advance due to exigent  
21 circumstances, the Board shall assess the employer with a penalty, in lieu of  
22 interest, of 1% per month with a minimum penalty of twenty-five dollars  
23 (\$25.00). The Board may waive one penalty per employer every five years if  
24 the Board finds that the employer has consistently demonstrated good-faith  
25 efforts to comply with the set deadline. If within 90 days after request therefor  
26 by the Board any employer shall not have provided the System with the  
27 records and other information required hereunder or if the full accrued amount  
28 of the contributions provided for under this section due from members  
29 employed by an employer or from an employer other than the State shall not  
30 have been received by the System from the chief fiscal officer of such  
31 employer within 30 days after the last due date as herein provided, then,  
32 notwithstanding anything herein or in the provisions of any other law to the  
33 contrary, upon notification by the Board to the State Treasurer as to the default  
34 of such employer as herein provided, any distributions which might otherwise  
35 be made to such employer from any funds of the State shall be withheld from  
36 such employer until notice from the Board to the State Treasurer that such  
37 employer is no longer in default.

38 In the event that an employer fails to submit payment of any required  
39 contributions or payments to the Retirement Systems Division, other than the  
40 one percent (1%) payment provided for in the first paragraph of this  
41 subdivision, within 90 days after the date set by the Board of Trustees, the  
42 Board shall notify the State Treasurer of its intent to collect the delinquent  
43 contributions and other payments due to the Retirement Systems Division and  
44 request an interception of State appropriations due to the participating  
45 employer.

46           ~~Upon such~~ Except as provided in this subdivision, upon notification by the  
47 Board of Trustees to the State Treasurer and the Office of State Budget and  
48 Management as to the default of the employer, the Office of State Budget and  
49 Management shall withhold from any State appropriation due to that employer  
50 an amount equal to the sum of all delinquent contributions and other debts due  
51 to the Retirement Systems Division and shall transmit that amount to the

1 Retirement Systems Division. The effective date of an interception of State  
2 funds for a contribution-based benefit cap liability shall be the later of  
3 December 1, 2019, or twelve months after the member's effective date of  
4 retirement."

5 **SECTION 6.(b)** G.S. 128-30(g)(3) reads as rewritten:

6 "(3) In the event the employee or employer contributions required under this  
7 section are not received by the date set by the Board of Trustees and provided  
8 that a one-time exception has not been agreed upon in advance due to exigent  
9 circumstances, the Board shall assess the employer with a penalty, in lieu of  
10 interest, of 1% per month with a minimum penalty of twenty-five dollars  
11 (\$25.00). The Board may waive one penalty per employer every five years if  
12 the Board finds that the employer has consistently demonstrated good-faith  
13 efforts to comply with the set deadline. If within 90 days after request therefor  
14 by the Board any employer shall not have provided the System with the  
15 records and other information required hereunder or if the full accrued amount  
16 of the contributions provided for under this section due from members  
17 employed by an employer or from an employer shall not have been received  
18 by the System from the chief fiscal officer of such employer within 30 days  
19 after the last due date as herein provided, then, notwithstanding anything  
20 herein or in the provisions of any other law to the contrary, upon notification  
21 by the Board to the State Treasurer as to the default of such employer as herein  
22 provided, any distributions which might otherwise be made to such employer,  
23 or the municipality or county of which such employer is an integral part, from  
24 any funds of the State or any funds collected by the State shall be withheld  
25 from such employer until notice from the Board to the State Treasurer that  
26 such employer is no longer in default.

27 In the event that an employer fails to submit payment of any required  
28 contributions or payments to the Retirement Systems Division, other than the  
29 one percent (1%) payment provided for in the first paragraph of this  
30 subdivision, within 90 days after the date set by the Board of Trustees, the  
31 Board shall notify the State Treasurer of its intent to collect the delinquent  
32 contributions and other payments due to the Retirement Systems Division and  
33 request an interception of State appropriations due to the participating  
34 employer. ~~Upon such~~

35 Except as provided in this subdivision, upon notification by the Board of  
36 Trustees to the State Treasurer and the Office of State Budget and  
37 Management as to the default of the employer, the Office of State Budget and  
38 Management shall withhold from any State appropriation due to that employer  
39 an amount equal to the sum of all delinquent contributions and other debts due  
40 to the Retirement Systems Division and shall transmit that amount to the  
41 Retirement Systems Division. The effective date of an interception of State  
42 funds for a contribution-based benefits cap liability shall be the later of May  
43 1, 2019, or twelve months after the member's effective date of retirement."

44 **SECTION 7.** G.S. 147-68(b) reads as rewritten:

45 **"§ 147-68. To receive and disburse moneys; to make reports.**

46 "(b) No moneys shall be paid out of the treasury except on warrant or pursuant to an  
47 electronic transfer initiated by the State, unless there one of the following applies:

48 (1) There is a legislative appropriation or authority to pay the same.

49 (2) There is an electronic debit initiated by the federal government or by the  
50 government of another state to satisfy a bona fide financial obligation of the  
51 State."

1           **SECTION 8.(a)** G.S. 143-166.84(c) reads as rewritten:

2           "(c) For the purposes of this Article, the term "eligible service as sheriff" means  
3 membership service rendered since the person became sheriff and, if the person has sick leave  
4 standing to his or her credit accrued as a member of the Local Governmental Employees'  
5 Retirement System and, after notification to the Retirement Systems Division by the retiring  
6 sheriff and the Department of Justice, elects to have all of that sick leave applied to service under  
7 this Article instead of service in the Local Governmental Employees' Retirement System, one  
8 month of credit for each 20 days or portion thereof, but not less than one hour, and subject to all  
9 the requirements and restrictions of G.S. 128-26(e)."

10           **SECTION 8.(b)** Section 5(b) of S.L. 2017-128 reads as rewritten:

11           "**SECTION 5.(b)** This section becomes effective July 1, 2017, ~~and expires July 1,~~  
12 ~~2022.2017.~~"

13           **SECTION 8.(c)** This section becomes effective October 1, 2019, and applies to all  
14 elections to have sick leave applied to service under the Sherriffs' Supplemental Pension Fund  
15 on or after that date.

16           **SECTION 9.** If any provision of this act or its application is held invalid, the  
17 invalidity does not affect other provisions or applications of this act that can be given effect  
18 without the invalid provisions or application, and to this end the provisions of this act are  
19 severable.

20           **SECTION 10.** Except as otherwise provided, this act is effective when it becomes  
21 law.