

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2021**

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**HOUSE BILL 160  
PROPOSED COMMITTEE SUBSTITUTE H160-PCS10272-SHp-18**

Short Title: Retirement Service Purchase Rewrite Part II.-AB

(Public)

Sponsors:

Referred to:

March 1, 2021

1 A BILL TO BE ENTITLED  
2 AN ACT MAKING TECHNICAL, CLARIFYING, AND ADMINISTRATIVE CHANGES TO  
3 LAWS RELATING TO SERVICE PURCHASES UNDER THE TEACHERS' AND STATE  
4 EMPLOYEES' RETIREMENT SYSTEM, THE LOCAL GOVERNMENTAL  
5 EMPLOYEES' RETIREMENT SYSTEM, AND THE CONSOLIDATED JUDICIAL  
6 RETIREMENT SYSTEM.

7 The General Assembly of North Carolina enacts:

8  
9 **PART I. CHANGES RELATED TO SERVICE PURCHASES UNDER THE TEACHERS'  
10 AND STATE EMPLOYEES' RETIREMENT SYSTEM**

11 **SECTION 1.1.** G.S. 135-4 reads as rewritten:

12 "**§ 135-4. Creditable service.**

13 ...

14 (p) Credit for prior temporary State employment. – Notwithstanding any other provision  
15 of this Chapter, on or before December 31, 2021, a member may purchase service credit for  
16 temporary State employment upon completion of 10 years of membership service and subject to  
17 the condition that the member had been classified as a temporary employee for more than three  
18 years. Each employer shall certify to the Board of Trustees that an employee is eligible to  
19 purchase this service credit prior to the member making payment. Payment for the service credit  
20 shall be in a single lump sum based upon the amount the member would have contributed if he  
21 had been properly classified as a permanent employee and been a member of this retirement  
22 system. Notwithstanding any provision of this Article to the contrary, any inchoate or accrued  
23 rights of such a member to purchase creditable service that existed before December 31, 2021,  
24 may not be diminished and may be purchased as creditable service with this Retirement System  
25 under the same conditions which would have otherwise applied.

26 ...

27 (cc) Credit for Employment in a Charter School Operated by a Private Nonprofit  
28 Corporation or a Charter School Operated by a Municipality. – Any On or before January 1,  
29 2023, any member may purchase creditable service for any employment as an employee of a  
30 charter school operated by a private nonprofit corporation or a charter school operated by a  
31 municipality whose board of directors did not elect to participate in the Retirement System under  
32 G.S. 135-5.3 upon completion of five years of membership service by making a lump-sum  
33 payment into the Annuity Savings Fund. The payment by the member shall be equal to the full  
34 liability of the service credits calculated on the basis of the assumptions used for purposes of the  
35 actuarial valuation of the Retirement System's liabilities, taking into account the additional  
36 retirement allowance arising on account of the additional service credits commencing at the



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1 earliest age at which the member could retire with an unreduced retirement allowance, as  
2 determined by the Board of Trustees upon the advice of the actuary plus an administrative  
3 expense fee to be determined by the Board of Trustees. Creditable service purchased under this  
4 subsection shall not exceed a total of five years. Notwithstanding the foregoing provisions of this  
5 subsection that provide for the purchase of service credits, the terms "full cost", "full liability",  
6 and "full actuarial cost" include assumed annual postretirement allowance increases, as  
7 determined by the Board of Trustees, from the earliest age at which a member could retire on an  
8 unreduced service allowance.

9 (cc1) Notwithstanding any provision of this Chapter to the contrary, on and after January  
10 1, 2023, any member in service with five or more years of membership service may purchase  
11 creditable service for any employment as an employee of a charter school operated by a private  
12 nonprofit corporation or a charter school operated by a municipality whose board of directors did  
13 not elect to participate in the Retirement System under G.S. 135-5.3 by paying a total lump sum  
14 payment. The amount of creditable service purchased under this subsection may not exceed a  
15 total of five years. The member shall purchase this service by paying a lump sum amount to the  
16 Annuity Savings Fund equal to the full liability increase due to the additional service credits on  
17 the basis of the assumptions used for the purposes of the actuarial valuation of the liabilities of  
18 the Retirement System, except for the following assumptions specific to this calculation: (i) the  
19 allowance shall be assumed to commence at the earliest age at which the member could retire on  
20 an unreduced retirement allowance and (ii) assumed annual postretirement allowance increases  
21 as set by the Board of Trustees upon the advice of the consulting actuary. Subject to the  
22 requirements of this subsection, an employer may pay all or part of the cost of a service purchase  
23 of a member in service. To the extent that the purchase is paid by the employer, the cost paid by  
24 the employer shall be credited to the pension accumulation fund. To the extent that the purchase  
25 is paid by the member, the cost paid by the member shall be credited to the member's annuity  
26 savings account.

27 ...."

28 **SECTION 1.2.(a)** G.S. 135-4(j1) reads as rewritten:

29 "(j1) ~~Any~~ Prior to January 1, 2023, any member may purchase creditable service for service  
30 as a member of the General Assembly not otherwise creditable under this section, provided the  
31 service is not credited in the Legislative Retirement Fund nor the Legislative Retirement System,  
32 and further provided the member pays a lump sum amount equal to the full cost of the additional  
33 service credits calculated on the basis of the assumptions used for the purposes of the actuarial  
34 valuation of the System's liabilities, taking into account the additional retirement allowance  
35 arising on account of the additional service credits commencing at the earliest age at which a  
36 member could retire on an unreduced retirement allowance as determined by the Board of  
37 Trustees upon the advice of the consulting actuary, plus an administrative fee to be set by the  
38 Board of Trustees. Notwithstanding the foregoing provisions of this subsection that provide for  
39 the purchase of service credits, the terms "full cost", "full liability", and "full actuarial cost"  
40 include assumed annual post-retirement allowance increases, as determined by the Board of  
41 Trustees, from the earliest age at which a member could retire on an unreduced service  
42 allowance."

43 **SECTION 1.2.(b)** G.S. 135-4 (j2) reads as rewritten:

44 "(j2) Notwithstanding any provision of this Chapter to the contrary on and after January 1,  
45 2023, any member in service with five or more years of membership service may purchase  
46 creditable service for service as a member of the General Assembly not otherwise creditable  
47 under this section, provided the service is not created in the Legislative Retirement Fund nor the  
48 Legislative Retirement System, by paying a total lump sum payment. The amount of creditable  
49 service purchased under this subsection may not exceed a total of five years. The member shall  
50 purchase this service by paying a lump sum amount to the Annuity Savings Fund equal to the  
51 full liability increase due to the additional service credits on the basis of the assumptions used

1 for the purposes of the actuarial valuation of the liabilities of the Retirement System, except for  
2 the following assumptions specific to this calculation: (i) the allowance shall be assumed to  
3 commence at the earliest age at which the member could retire on an unreduced retirement  
4 allowance and (ii) assumed annual postretirement allowance increases as set by the Board of  
5 Trustees upon the advice of the consulting actuary. Subject to the requirements of this subsection,  
6 an employer may pay all or part of the cost of a service purchase of a member in service. To the  
7 extent that the purchase is paid by the employer, the cost paid by the employer shall be credited  
8 to the pension accumulation fund. To the extent that the purchase is paid by the member, the cost  
9 paid by the member shall be credited to the member's annuity savings account. The creditable  
10 service of a member who was a member of the Local Governmental Employees' Retirement  
11 System, the Consolidated Judicial Retirement System, or the Legislative Retirement System, and  
12 whose accumulated contributions and reserves are transferred from that System to this System,  
13 includes service that was creditable in the Local Governmental Employees' Retirement System,  
14 the Consolidated Judicial Retirement System, or the Legislative Retirement System, and  
15 membership service with those Retirement Systems is membership service with this Retirement  
16 System."

17 **SECTION 1.3.** G.S. 135-4(ff) reads as rewritten:

18 "(ff) Retroactive Membership Service. – A member who is reinstated to service as an  
19 employee as defined in G.S. 135-1(10) or as a teacher as defined in G.S. 135-1(25) retroactively  
20 to the date of prior involuntary termination with back pay, as defined by the State Human  
21 Resources Commission, and associated benefits may be allowed membership service, after  
22 submitting clear and convincing evidence of the reinstatement, payment of back pay, and  
23 restoration of associated benefits, as follows:

- 24 (1) When the reinstatement to service is by court order, final decision of an  
25 Administrative Law Judge, or with the approval of the Office of State Human  
26 Resources Director, and is:  
27 a. Within 90 days of the involuntary termination, by the payment of  
28 employee and employer contributions that would have been paid; or  
29 b. After 90 days of the involuntary termination, by the payment of the  
30 employee and employer contributions that would have been paid plus  
31 interest compounded annually at a rate equal to the greater of the  
32 average yield on the pension accumulation fund for the preceding  
33 calendar year or the actuarial investment rate-of-return assumption, as  
34 adopted by the Board of Trustees.
- 35 (2) When the reinstatement to service is by settlement agreement voluntarily  
36 entered into by the affected parties, by the payment of a lump-sum amount  
37 equal to the full liability of the service credits calculated on the basis of the  
38 assumptions used for purposes of the actuarial valuation of the system's  
39 liabilities, taking into account the retirement allowance arising on account of  
40 the additional service credit commencing at the earliest age at which the  
41 member could retire on an unreduced retirement allowance, as determined by  
42 the Board of Trustees upon the advice of the consulting actuary, plus an  
43 administrative fee to be set by the Board of Trustees. Notwithstanding the  
44 foregoing provisions of this subsection that provide for the purchase of service  
45 credits, the terms "full cost," "full liability," and "full actuarial cost" include  
46 assumed annual postretirement allowance increases, as determined by the  
47 Board of Trustees, from the earliest age at which a member could retire on an  
48 unreduced service allowance.

49 ~~Nothing contained in this subsection shall prevent an employer or member from paying all~~  
50 ~~or a part of the cost of the retroactive membership service; and to the extent paid by the employer,~~  
51 ~~the cost paid by the employer shall be credited to the pension accumulation fund; and to the~~

1 extent paid by the member, the cost paid by the member shall be credited to the member's annuity  
2 savings account; amount. The member shall purchase this service by paying a lump sum amount  
3 to the annuity savings fund equal to the full liability increase due to the additional service credits  
4 on the basis of the assumptions used for the purposes of the actuarial valuation of the liabilities  
5 of the Retirement System, except for the following assumptions specific to this calculation: (i)  
6 the allowance shall be assumed to commence at the earliest age at which the member could retire  
7 on an unreduced retirement allowance and (ii) assumed annual postretirement allowance  
8 increases as set by the Board of Trustees upon the advice of the consulting actuary. The  
9 calculation of the amount payable shall also include an administrative fee to be set by the Board.

10 Subject to the requirements of this subsection, an employer may pay all or part of the cost of  
11 a service purchase of a member in service. To the extent that the purchase is paid by the employer,  
12 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent  
13 the purchase is paid by the member, the cost paid by the member shall be credited to the member's  
14 annuity savings account; provided, however, that an employer does not discriminate against any  
15 employed member or group of employed members in his employ in paying all or any part of the  
16 cost of the retroactive membership service.

17 In the event a member received a return of accumulated contributions subsequent to an  
18 involuntary termination as provided in G.S. 135-5(f), the member may redeposit, within 90 days  
19 ~~of~~ after reinstatement retroactive to the date of prior involuntary termination, in the annuity  
20 savings fund by single payment an amount equal to the total amount ~~he~~ the member previously  
21 withdrew plus regular interest and restore the creditable service forfeited upon receiving ~~his~~ the  
22 return of accumulated contributions."

23 **SECTION 1.4.(a)** Subsections (j), (k), (l), (w), and (bb) of G.S. 135-4 are repealed.

24 **SECTION 1.4.(b)** This section becomes effective July 1, 2022.

## 25 26 **PART II. CHANGES RELATED TO SERVICE PURCHASES UNDER THE LOCAL** 27 **GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM**

28 **SECTION 2.1.** G.S. 128-24(2) reads as rewritten:

29 "(2) All persons who are employees of a participating county, city, or town except  
30 those who shall notify the Board of Trustees in writing, on or before 30 days  
31 following the date of participation in the Retirement System by such county,  
32 city or town: Provided, further, that employees of county social services and  
33 health departments whose compensation is derived from federal, State, and  
34 local funds may be members of the North Carolina Local Governmental  
35 Employees' Retirement System to the full extent of their compensation. Any  
36 member on or after July 1, 1969, and prior to January 1, 2023, may deposit in  
37 the annuity savings fund by a single payment the contributions plus interest  
38 which would have been credited to his account had he not signed a nonelection  
39 blank, and be entitled to such membership service credits and any prior service  
40 credits which became void upon execution of such nonelection blank;  
41 provided that the employer will pay the appropriate matching contributions.

42 On and after January 1, 2023, the member shall purchase this service by  
43 paying a lump sum amount to the annuity savings fund equal to the full  
44 liability increase due to the additional service credits on the basis of the  
45 assumptions used for the purposes of the actuarial valuation of the liabilities  
46 of the Retirement System, except for the following assumptions specific to  
47 this calculation: (i) the allowance shall be assumed to commence at the earliest  
48 age at which the member could retire on an unreduced retirement allowance  
49 and (ii) assumed annual postretirement allowance increases as set by the  
50 Board of Trustees upon the advice of the consulting actuary. Subject to the  
51 requirements of this subsection, an employer may pay all or part of the cost of

1 a service purchase of a member in service. To the extent that the purchase is  
2 paid by the employer, the cost paid by the employer shall be credited to the  
3 pension accumulation fund. To the extent that the purchase is paid by the  
4 member, the cost paid by the member shall be credited to the member's  
5 annuity savings account provided, however, that an employer does not  
6 discriminate against any employed member or group of employed members  
7 in paying all or any part of the cost of the membership service."

8 **SECTION 2.2.(a)** G.S. 128-26(h1) reads as rewritten:

9 "(h1) Any Prior to January 1, 2023, any member may purchase creditable service for service  
10 as a member of the General Assembly not otherwise creditable under this section, provided the  
11 service is not credited in the Legislative Retirement Fund nor the Legislative Retirement System,  
12 and further provided the member pays a lump sum amount equal to the full cost of the additional  
13 service credits calculated on the basis of the assumptions used for the purposes of the actuarial  
14 valuation of the System's liabilities, taking into account the additional retirement allowance  
15 arising on account of the additional service credits commencing at the earliest age at which a  
16 member could retire on an unreduced retirement allowance as determined by the Board of  
17 Trustees upon the advice of the consulting actuary, plus an administrative fee to be set by the  
18 Board of Trustees. Notwithstanding the foregoing provisions of this subsection that provide for  
19 the purchase of service credits, the terms "full cost", "full liability", and "full actuarial cost"  
20 include assumed annual post-retirement allowance increases, as determined by the Board of  
21 Trustees, from the earliest age at which a member could retire on an unreduced service  
22 allowance."

23 **SECTION 2.2.(b)** G.S. 128-26 is amended by adding a new subsection to read:

24 "(h2) Notwithstanding any provision of this Chapter to the contrary on and after January 1,  
25 2023, any member in service with five or more years of membership service may purchase  
26 creditable service for service as a member of the General Assembly not otherwise creditable  
27 under this section, provided the service is not created in the Legislative Retirement Fund nor the  
28 Legislative Retirement System, by paying a total lump sum payment. The amount of creditable  
29 service purchased under this subsection may not exceed a total of five years. The member shall  
30 purchase this service by paying a lump sum amount to the Annuity Savings Fund equal to the  
31 full liability increase due to the additional service credits on the basis of the assumptions used  
32 for the purposes of the actuarial valuation of the liabilities of the Retirement System, except for  
33 the following assumptions specific to this calculation: (i) the allowance shall be assumed to  
34 commence at the earliest age at which the member could retire on an unreduced retirement  
35 allowance and (ii) assumed annual postretirement allowance increases as set by the Board of  
36 Trustees upon the advice of the consulting actuary. Subject to the requirements of this subsection,  
37 an employer may pay all or part of the cost of a service purchase of a member in service. To the  
38 extent that the purchase is paid by the employer, the cost paid by the employer shall be credited  
39 to the pension accumulation fund. To the extent that the purchase is paid by the member, the cost  
40 paid by the member shall be credited to the member's annuity savings account."

41 **SECTION 2.3.** G.S. 128-26(v) reads as rewritten:

42 "(v) **Retroactive Membership Service.** – A member who is reinstated to service as an  
43 employee as defined in G.S. 128-21(10) retroactively to the date of prior involuntary termination  
44 with back pay and associated benefits may be allowed membership service, after submitting clear  
45 and convincing evidence of the reinstatement, payment of back pay, and restoration of associated  
46 benefits, as follows:

47 (1) When the reinstatement to service is by court order and is:

- 48 a. Within 90 days of the involuntary termination, by the payment of  
49 employee and employer contributions that would have been paid; or  
50 b. After 90 days of the involuntary termination, by the payment of the  
51 employee and employer contributions that would have been paid plus

1 interest compounded annually at a rate equal to the greater of the  
 2 average yield on the pension accumulation fund for the preceding  
 3 calendar year or the actuarial investment rate-of-return assumption, as  
 4 adopted by the Board of Trustees.

- 5 (2) When the reinstatement to service is by settlement agreement voluntarily  
 6 entered into by the affected parties, by the payment of a lump-sum amount  
 7 equal to the full liability of the service credits calculated on the basis of the  
 8 assumptions used for purposes of the actuarial valuation of the system's  
 9 liabilities, taking into account the retirement allowance arising on account of  
 10 the additional service credit commencing at the earliest age at which the  
 11 member could retire on an unreduced retirement allowance, as determined by  
 12 the Board of Trustees upon the advice of the consulting actuary, plus an  
 13 administrative fee to be set by the Board of Trustees. Notwithstanding the  
 14 foregoing provisions of this subsection that provide for the purchase of service  
 15 credits, the terms "full cost," "full liability," and "full actuarial cost" include  
 16 assumed annual postretirement allowance increases, as determined by the  
 17 Board of Trustees, from the earliest age at which a member could retire on an  
 18 unreduced service allowance.

19 ~~Nothing contained in this subsection shall prevent an employer or member from paying all~~  
 20 ~~or a part of the cost of the retroactive membership service; and to the extent paid by the employer,~~  
 21 ~~the cost paid by the employer shall be credited to the pension accumulation fund; and to the~~  
 22 ~~extent paid by the member, the cost paid by the member shall be credited to the member's annuity~~  
 23 ~~savings account; amount. The member shall purchase this service by paying a lump sum amount~~  
 24 ~~to the annuity savings fund equal to the full liability increase due to the additional service credits~~  
 25 ~~on the basis of the assumptions used for the purposes of the actuarial valuation of the liabilities~~  
 26 ~~of the Retirement System, except for the following assumptions specific to this calculation: (i)~~  
 27 ~~the allowance shall be assumed to commence at the earliest age at which the member could retire~~  
 28 ~~on an unreduced retirement allowance and (ii) assumed annual postretirement allowance~~  
 29 ~~increases as set by the Board of Trustees upon the advice of the consulting actuary. The~~  
 30 ~~calculation of the amount payable shall also include an administrative fee to be set by the Board.~~

31 Subject to the requirements of this subsection, an employer may pay all or part of the cost of  
 32 a service purchase of a member in service. To the extent that the purchase is paid by the employer,  
 33 the cost paid by the employer shall be credited to the pension accumulation fund. To the extent  
 34 the purchase is paid by the member, the cost paid by the member shall be credited to the member's  
 35 annuity savings account; provided, however, that an employer does not discriminate against any  
 36 employed member or group of employed members in his employ in paying all or any part of the  
 37 cost of the retroactive membership service.

38 In the event a member received a return of accumulated contributions subsequent to an  
 39 involuntary termination as provided in G.S. 128-27(f), the member may redeposit, within 90 days  
 40 ~~of~~ after reinstatement retroactive to the date of prior involuntary termination, in the annuity  
 41 savings fund by single payment, an amount equal to the total amount ~~he~~ the member previously  
 42 withdrew plus regular interest and restore the creditable service forfeited upon receiving ~~his~~ the  
 43 return of accumulated contributions."

44 **SECTION 2.4.(a)** Subsections (h) and (o) of G.S. 128-26 are repealed.

45 **SECTION 2.4.(b)** This section becomes effective July 1, 2022.

46  
 47 **PART III. CHANGES RELATED TO SERVICE PURCHASES UNDER THE**  
 48 **CONSOLIDATED JUDICIAL RETIREMENT SYSTEM**

49 **SECTION 3.1.** G.S. 135-56 reads as rewritten:

50 **"§ 135-56. Creditable service.**

51 ...

1 (d) ~~Any~~ Prior to January 1, 2023, any member may purchase creditable service for service  
2 as a judge, district attorney, or clerk of superior court, when not otherwise provided for in this  
3 section, and as a judge of any lawfully constituted court of this State inferior to the superior court,  
4 not to include service as a magistrate, justice of the peace or mayor's court judge. The member,  
5 after the transfer of any accumulated contributions from the Teachers' and State Employees'  
6 Retirement System or Local Governmental Employees' Retirement System, shall pay an amount  
7 equal to the full cost of the service credits calculated on the basis of the assumptions used for  
8 purposes of the actuarial valuation of the System's liabilities, taking into account the additional  
9 retirement allowance arising on account of the additional service credit commencing at the  
10 earliest age at which the member could retire with an unreduced retirement allowance as  
11 determined by the Board of Trustees upon the advice of the consulting actuary. Notwithstanding  
12 the foregoing provisions of this subsection that provide for the purchase of service credits, the  
13 terms "full cost", "full liability", and "full actuarial cost" include assumed annual post-retirement  
14 allowance increases, as determined by the Board of Trustees, from the earliest age at which a  
15 member could retire on an unreduced service allowance.

16 (d1) Notwithstanding any provision of this Chapter to the contrary, on and after January  
17 1, 2023, any member may purchase creditable service for service as a judge, district attorney, or  
18 clerk of superior court, when not otherwise provided for in this section, and as a judge of any  
19 lawfully constituted court of this State inferior to the superior court, not to include service as a  
20 magistrate, justice of the peace, or mayor's court judge. The member, after the transfer of any  
21 accumulated contributions from the Teachers' and State Employees' Retirement System or Local  
22 Governmental Employees' Retirement System, shall pay an amount equal to the full cost of the  
23 additional service credits calculated on the basis of the assumptions used for purposes of the  
24 actuarial valuation of the System's liabilities, taking into account the additional retirement  
25 allowance arising on account of the additional service credit commencing at the earliest age at  
26 which the member could retire with an unreduced retirement allowance as determined by the  
27 Board of Trustees upon the advice of the consulting actuary, plus an administrative fee to be set  
28 by the Board of Trustees. Notwithstanding the foregoing provisions of this subsection that  
29 provide for the purchase of service credits, the terms "full cost", "full liability", and "full actuarial  
30 cost" include assumed annual postretirement allowance increases, as determined by the Board of  
31 Trustees, from the earliest age at which a member could retire on an unreduced service allowance.

32 ...."

33 **SECTION 3.2.(a)** G.S. 135-56(e) reads as rewritten:

34 "(e) ~~Any~~ Prior to January 1, 2023, any member may purchase creditable service for service  
35 as a member of the General Assembly not otherwise creditable under this section, provided the  
36 service is not credited in the Legislative Retirement Fund nor the Legislative Retirement System,  
37 and further provided the member pays a lump sum amount equal to the full cost of the additional  
38 service credits calculated on the basis of the assumptions used for the purposes of the actuarial  
39 valuation of the System's liabilities, taking into account the additional retirement allowance  
40 arising on account of the additional service credits commencing at the earliest age at which a  
41 member could retire on an unreduced retirement allowance as determined by the Board of  
42 Trustees upon the advice of the consulting actuary, plus an administrative fee to be set by the  
43 Board of Trustees. Notwithstanding the foregoing provisions of this subsection that provide for  
44 the purchase of service credits, the terms "full cost", "full liability", and "full actuarial cost"  
45 include assumed annual post-retirement allowance increases, as determined by the Board of  
46 Trustees, from the earliest age at which a member could retire on an unreduced service  
47 allowance."

48 **SECTION 3.2.(b)** G.S. 135-56 is amended by adding a new subsection to read:

49 "(e1) Notwithstanding any provision of this Chapter to the contrary, on and after January  
50 1, 2023, any member in service with five or more years of membership service may purchase  
51 creditable service for service as a member of the General Assembly not otherwise creditable

1 under this section, provided the service is not credited in the Legislative Retirement Fund nor the  
2 Legislative Retirement System, by paying a total lump sum payment. The amount of creditable  
3 service purchased under this subsection may not exceed a total of five years. The member shall  
4 purchase this service by paying a lump sum amount to the Annuity Savings Fund equal to the  
5 full liability increase due to the additional service credits on the basis of the assumptions used  
6 for the purposes of the actuarial valuation of the liabilities of the Retirement System, except for  
7 the following assumptions specific to this calculation: (i) the allowance shall be assumed to  
8 commence at the earliest age at which the member could retire on an unreduced retirement  
9 allowance and (ii) assumed annual postretirement allowance increases as set by the Board of  
10 Trustees upon the advice of the consulting actuary. Subject to the requirements of this subsection,  
11 an employer may pay all or part of the cost of a service purchase of a member in service. To the  
12 extent that the purchase is paid by the employer, the cost paid by the employer shall be credited  
13 to the pension accumulation fund. To the extent that the purchase is paid by the member, the cost  
14 paid by the member shall be credited to the member's annuity savings account."

15 **SECTION 3.3.** G.S. 135-56.2 reads as rewritten:

16 **"§ 135-56.2. Creditable service for other employment.**

17 Any member may purchase creditable service for service as a State teacher or employee, as  
18 defined under G.S. 135-1(10) and (25), and for service as an employee of local government, as  
19 defined under G.S. 128-21(10). A member, upon the completion of 10 years of membership  
20 service, may also purchase creditable service for periods of federal employment, provided that  
21 the member is not receiving any retirement benefits resulting from this federal employment, and  
22 provided that the member is not vested in the particular federal retirement system to which the  
23 member may have belonged while a federal employee. The member, after the transfer of any  
24 accumulated contributions from the Teachers' and State Employees' Retirement System or Local  
25 Governmental Employees' Retirement System, shall ~~pay an amount equal to the full cost of the~~  
26 ~~service credits calculated on the basis of the assumptions used for purposes of the actuarial~~  
27 ~~valuation of the Retirement System's liabilities, taking into account the additional retirement~~  
28 ~~allowance arising on account of the additional service credits commencing at the earliest age at~~  
29 ~~which the member could retire with an unreduced retirement allowance as determined by the~~  
30 ~~Board of Trustees upon the advice of the consulting actuary, plus an administrative fee as set by~~  
31 ~~the Board of Trustees.~~ purchase this service by paying a lump sum amount to the annuity savings  
32 fund equal to the full liability increase due to the additional service credits on the basis of the  
33 assumptions used for the purposes of the actuarial valuation of the liabilities of the Retirement  
34 System, except for the following assumptions specific to this calculation: (i) the allowance shall  
35 be assumed to commence at the earliest age at which the member could retire on an unreduced  
36 retirement allowance and (ii) assumed annual postretirement allowance increases as set by the  
37 Board of Trustees upon the advice of the consulting actuary. Subject to the requirements of this  
38 subsection, an employer may pay all or part of the cost of a service purchase of a member in  
39 service. To the extent that the purchase is paid by the employer, the cost paid by the employer  
40 shall be credited to the pension accumulation fund. As an alternative to transferring any  
41 accumulated contributions from the Teachers' and State Employees' Retirement System or the  
42 Local Governmental Employees' Retirement System to the Consolidated Judicial Retirement  
43 System, a member may irrevocably elect to transfer these contributions to the Supplemental  
44 Retirement Income Plan of North Carolina as determined by the Plan's Board of Trustees and the  
45 Department of State Treasurer in accordance with the provisions of G.S. 135-94(a)(4).  
46 Notwithstanding the foregoing provisions of this section that provide for the purchase of service  
47 credits, the terms "full cost", "full liability", and "full actuarial cost" include assumed annual  
48 post-retirement allowance increases, as determined by the Board of Trustees, from the earliest  
49 age at which a member could retire on an unreduced service allowance."

50  
51 **PART IV. EFFECTIVE DATE**



1                   **SECTION 4.1.** Except as otherwise provided, this act becomes effective January 1,  
2   2022, and applies to purchases of creditable service occurring on or after that date.