

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH40424-MRap-44

Short Title: LEOs Return to Work.

(Public)

Sponsors: Representative Carson Smith.

Referred to:

A BILL TO BE ENTITLED
AN ACT TO ALLOW FOR THE CONTINUATION OF RETIREMENT BENEFITS FOR
CERTAIN LAW ENFORCEMENT OFFICERS.

The General Assembly of North Carolina enacts:

**PART I. ALLOW FOR THE CONTINUATION OF RETIREMENT BENEFITS FOR
CERTAIN LAW ENFORCEMENT OFFICERS**

**IN SERVICE RETIREMENT ALLOWANCE DISTRIBUTIONS FOR CERTAIN LAW
ENFORCEMENT OFFICERS**

SECTION 1.1.(a) Article 1 of Chapter 135 of the General Statutes is amended by
adding a new section to read:

"§ 135-5.8. In service distributions; certain State law enforcement officers.

(a) Notwithstanding any provisions of this Article to contrary, both of the following shall
apply to a member who is an employed or retired law enforcement officer:

(1) If the member is in service as a law enforcement officer who has reached 59.5
years of age, the member may elect to receive any retirement allowance for
which the member is otherwise eligible if the member has not separated from
service as a law enforcement officer with the employer under which the
member will begin receiving the retirement allowance.

(2) If the member is a retired law enforcement officer, after a bona fide separation
from service of not less than six months, the member may return to service as
a law enforcement officer and continue to receive that retirement allowance.

(b) If a member in service elects to begin receiving a retirement allowance under
subdivision (a)(1) of this section, then the member is required, at the time of the election to begin
receiving the allowance, to make any elections and creditable service purchases that a member
would be required to make at, or prior to, retirement. This includes the election to begin making
contributions to the retiree death benefit under G.S. 135-5 and the election to transfer Supplement
Retirement Income Plan benefits under G.S. 143-166.30(d).

(c) A member receiving a retirement allowance in accordance with this section shall not
accrue any additional membership service for any employment while the member is receiving
the retirement allowance.

(d) Notwithstanding any requirement in this Article that a member make employee
contributions, once a member elects to begin receiving a retirement allowance under subdivision
(a)(1) of this section or return to service under subdivision (a)(2) of this section, and while
receiving a retirement allowance, the member will stop making, or for a return to service will not



begin to make, employee contributions to the Retirement System and the employer will be required to make payments to the Retirement System in an amount equal to (i) the employer contributions required under this Chapter and (ii) the employee contributions the member would have otherwise been required under this Article to make to the Annuity Savings Fund. The gross salary or wage paid to a member who is receiving a retirement allowance under this section shall be reduced as if the member was making the employee contribution otherwise required under this Article.

(e) A member receiving a retirement allowance under this section is not eligible to participate in the Disability Income Plan of North Carolina under Article 6 of Chapter 135 of the General Statutes. If the member becomes mentally or physically incapacitated and unable to further perform duties of the member's employment while receiving a retirement allowance under this section, then that member will continue to receive the retirement allowance that they had elected to receive under this section.

(f) A member receiving a retirement allowance under this section is not eligible for State contributions to the Supplemental Retirement Income Plan under G.S. 143-166.30(e). All State contributions to the member's Supplemental Retirement Income Plan shall cease upon the member's election to receive a retirement allowance under this section.

(g) A member receiving a retirement allowance under this section is eligible for benefits under Article 12A of Chapter 143 of the General Statutes provided that the member meets the conditions for eligibility required under the Public Safety Employees' Death Benefits Act.

(h) If a member receiving a retirement allowance under this section dies without having otherwise separated from service from the employer, then the member will be treated as retired for the purpose of a death benefit under G.S. 135-5 and the member's designated beneficiaries will receive the benefit as though the member had been retired at the time of death.

(i) If a member receiving a retirement allowance under this section separates from service with the employer for reasons other than death, then that member will be treated as retired under the Retirement System for all purposes on the date of separation. If the member returns to work with an employer after this separation from service, then the member shall do so under the provisions of subdivision (a)(2) of this section or all provisions of G.S. 135-3 shall apply.

(j) Any changes to the retirement allowances of beneficiaries under this Article shall apply with equal force and effect to retirement allowances of members under this section, unless otherwise specified by law.

(k) An election to receive a retirement allowance under subdivision (a)(1) of this section may be revoked by the member only if the member has not yet separated from service from the employer under which the member had begun receiving the retirement allowance. Upon revocation, all of the following shall apply:

(1) G.S. 135-3(a)(8)d.

(2) The employer is no longer responsible for making contributions in the amount required under subsection (d) of this section. The employer remains responsible for making the employer contributions required under this Article.

(3) The member is entitled to make any elections a beneficiary would be entitled to make when being restored to service as an employee.

(4) Any special separation allowance paid to the member under G.S. 143-166.41 shall cease."

SECTION 1.1.(b) G.S. 128-21 reads as rewritten:

"§ 128-21. Definitions.

~~The following words and phrases as used in this Article, unless~~ Unless a different meaning is plainly required by the context, ~~shall have the following meanings:~~ all of the following definitions apply in this Article:

...

(11d) "Justice Officer" is as defined under G.S. 17E-2.

(11e) "Law Enforcement Officer" means a full-time paid employee of an employer, who possesses the power of arrest, who has taken the law enforcement oath administered under the authority of the State as prescribed by G.S. 11-11, and who is certified as a law enforcement officer under the provisions of Article 1 of Chapter 17C of the General Statutes or certified as a deputy sheriff under the provisions of Chapter 17E of the General Statutes. "Law enforcement officer" also means the sheriff of the county. The number of paid personnel employed as law enforcement officers by a law enforcement agency may not exceed the number of law enforcement positions approved by the applicable local governing board.

...."

SECTION 1.1.(c) Article 3 of Chapter 128 of the General Statutes is amended by adding a new section to read:

"§ 128-27.1. In service distributions; certain local law enforcement and justice officers.

(a) Notwithstanding any provisions of this Article to contrary, both of the following shall apply to a member who is either an employed or retired law enforcement or justice officer:

(1) If the member is in service as a law enforcement or justice officer who has reached 59.5 years of age, the member may elect to receive any retirement allowance for which the member is otherwise eligible if the member has not separated from service as a law enforcement or justice officer with the employer under which the member will begin receiving the retirement allowance.

(2) If the member is a retired law enforcement or justice officer, after a bona fide separation from service of not less than one month, the member may return to service as a law enforcement or justice officer and continue to receive that retirement allowance.

(b) If a member in service elects to begin receiving a retirement allowance under subdivision (a)(1) of this section, then the member is required, at the time of the election to begin receiving the allowance, to make any elections and creditable service purchases that a member would be required to make at, or prior to, retirement. This includes the election to begin making contributions to the death benefit for retired members under G.S. 128-27 and the election to transfer Supplement Retirement Income Plan benefits under G.S. 143-166.50(e).

(c) A member receiving a retirement allowance in accordance with this section shall not accrue any additional membership service for any employment while the member is receiving the retirement allowance.

(d) Notwithstanding any requirement in this Article requiring a member to make employee contributions, once a member elects to begin receiving a retirement allowance under subdivision (a)(1) of this section or return to service under subdivision (a)(2) of this section, and while receiving a retirement allowance, the member will stop making, or for a return to service will not begin to make, employee contributions to the Retirement System and the employer will be required to make payments to the Retirement System in an amount equal to the total of (i) the employer contributions required under this Article and (ii) the employee contributions the member would have otherwise been required under this Article to make to the Annuity Savings Fund. The gross salary or wage paid to a member who is receiving a retirement allowance under this section shall be reduced as if the member was making the employee contribution otherwise required under this Article.

(e) A member receiving a retirement allowance under this section is not eligible for disability benefits under G.S. 128-27. If the member becomes mentally or physically incapacitated and unable to further perform duties of the member's employment while receiving a retirement allowance under this section, then that member will continue to receive the retirement allowance that they had elected to receive under this section.

(f) A member receiving a retirement allowance under this section is not eligible for employer contributions to the Supplemental Retirement Income Plan under G.S. 143-166.50(e). All employer contributions to the member's Supplemental Retirement Income Plan shall cease upon the member's election to receive a retirement allowance under this section.

(g) A member receiving a retirement allowance under this section is eligible for benefits under Article 12A of Chapter 143 of the General Statutes provided that the member meets the conditions for eligibility required under the Public Safety Employees' Death Benefits Act.

(h) If a member receiving a retirement allowance under this section dies without having otherwise separated from service from the employer, then the member will be treated as retired for the purpose of a death benefit under this Retirement System and the member's designated beneficiaries will receive the death benefit under G.S. 128-27 as though the member had been retired at the time of death.

(i) If a member receiving a retirement allowance under this section separates from service with the employer under which the member had begun receiving the retirement allowance for reasons other than death, then that member will be treated as retired under the Retirement System for all purposes on the date of separation. If the member returns to work with an employer after this separation from service, then the member shall do so under the provisions of subdivision (a)(2) of this section or all provisions of G.S. 128-24 shall apply.

(j) Any changes to the retirement allowances of beneficiaries under this Article shall apply with equal force and effect to retirement allowances of members under this section, unless otherwise specified by law.

(k) An election to receive a retirement allowance under subdivision (a)(1) of this section may be revoked by the member only if the member has not yet separated from service from the employer under which the member had begun receiving the retirement allowance. Upon revocation, all of the following shall apply:

(1) G.S. 128-24(5)d.

(2) The employer is no longer responsible for making contributions in the amount required under subsection (d) of this section. The employer remains responsible for making the employer contributions required under this Article.

(3) The member is entitled to make any elections a beneficiary would be entitled to make when being restored to service as an employee.

(4) Any special separation allowance paid to the member under G.S. 143-166.42 shall cease."

SECTION 1.2.(a) G.S. 135-3 reads as rewritten:

"§ 135-3. Membership.

(a) The membership of this Retirement System ~~shall be~~ is composed as follows:

...

(b) ~~Notwithstanding the provisions of sub-subdivisions c. and d. any provision of subdivision (8)-(a)(8) of this section to the contrary, a beneficiary who was a beneficiary retired on an early or service retirement with the Law Enforcement Officers' Retirement System at the time of the transfer of law enforcement officers employed by the State and beneficiaries last employed by the State to this Retirement System on January 1, 1985, and who also was a contributing member of this Retirement System on January 1, 1985, shall continue to be paid his or her retirement allowance without restriction and may continue as a member of this Retirement System with all the rights and privileges appendant to membership.~~

(b1) Notwithstanding any provision of subdivision (a)(8) of this section to the contrary, a beneficiary who retired on an early or service retirement as a law enforcement officer may, upon a return to service, continue to be paid the retirement allowance without restriction if the beneficiary is eligible for distributions while in service under G.S. 135-5.8(a)(2).

...

(f) In order to satisfy the Internal Revenue Service requirements that a retirement is a bona fide separation from service and to the protect the actuarial integrity of the Retirement System, a bona fide separation is deemed to occur when a member has severed the employment relationship with the employer and the Board of Trustees has received all applicable termination notifications. In order to maintain this presumption of a bona fide separation, no later than 60 days from the date a beneficiary is reemployed with an employer, the employer and the beneficiary shall file original sworn affidavits with the Board of Trustees attesting to the following, as applicable:

(1) Prior to the beneficiary's retirement, the employer and the beneficiary did not have an explicit understanding that the beneficiary would be subsequently employed by the employer.

(2) The employer and the beneficiary did not reasonably anticipate that, subsequent to the beneficiary's retirement, the beneficiary would perform for that employer more than twenty percent (20%) of the average level of bona fide services performed by the beneficiary for that employer during the 36-month period immediately preceding the beneficiary's retirement."

SECTION 1.2.(b) G.S. 128-24 reads as rewritten:

"§ 128-24. Membership.

(a) The membership of this Retirement System ~~shall be~~ is composed as follows:

...

~~(5a)(b)~~ Notwithstanding the any provisions of paragraphs c and d of the subdivision (5)-(a)(5) of this section to the contrary, a beneficiary who was a beneficiary retired on an early or service retirement with the Law Enforcement Officers' Retirement System at the time of the transfer of law enforcement officers employed by a participating employer and beneficiaries last employed by a participating employer to this Retirement System on January 1, 1986, and who also was a contributing member of this Retirement System on January 1, 1986, shall continue to be paid his the retirement allowance without restriction and may continue as a member of this Retirement System with all the rights and privileges appendant to membership. Any beneficiary who retired on an early or service retirement allowance as an employee of any participating employer under the Law Enforcement Officers' Retirement System and becomes employed as an employee by an employer participating in the Retirement System after January 1, 1986, becomes subject to the provisions of G.S. 128-24(5)c. and G.S. 128-24(5)d. on and after January 1, 1989.

(b1) Notwithstanding any provision of subdivision (a)(5) of this section to the contrary, a beneficiary who retired on an early or service retirement as a law enforcement or justice officer may, upon a return to service, continue to be paid the retirement allowance without restriction if the beneficiary is eligible for distributions while in service under G.S. 128-27.1(a)(2).

~~(6)(c)~~ Employees of a sending agency participating in an intergovernmental exchange of personnel under the provisions of Article 10 of Chapter 126 shall remain members entitled to all benefits of the System provided that the requirements of Article 10 of Chapter 126 are met; provided further, that a met. A member may retain membership status while serving as an assigned employee or employee on leave under the provisions of Article 10 of Chapter 126 for purposes of receiving the death benefit regardless of whether he the member and his the employer are contributing to his the member's account during the exchange period except that no duplicate benefits shall be paid.

(d) In order to satisfy the Internal Revenue Service requirements that a retirement is a bona fide separation from service and to the protect the actuarial integrity of the Retirement System, a bona fide separation is deemed to occur when a member has severed the employment relationship with the employer and the Board of Trustees has received all applicable termination notifications. In order to maintain this presumption of a bona fide separation, no later than 60 days from the date a beneficiary is reemployed with an employer, the employer and the

beneficiary shall file original sworn affidavits with the Board of Trustees attesting to the following, as applicable:

- (1) Prior to the beneficiary's retirement, the employer and the beneficiary did not have an explicit understanding that the beneficiary would be subsequently employed by the employer.
- (2) The employer and the beneficiary did not reasonably anticipate that, subsequent to the beneficiary's retirement, the beneficiary would perform for that employer more than twenty percent (20%) of the average level of bona fide services performed by the beneficiary for that employer during the 36-month period immediately preceding the beneficiary's retirement."

CONTINUATION OF SPECIAL SEPARATION ALLOWANCE

SECTION 2.1.(a) G.S. 143-166.41 reads as rewritten:

"§ 143-166.41. Special separation allowance—allowance for State law enforcement officers.

(a) Annual Special Separation Allowance. – Notwithstanding any other provision of law, every sworn law-enforcement officer as defined by G.S. 135-1(11c) or G.S. 143-166.30(a)(4) employed by a State department, agency, or institution who qualifies under this section shall receive, receive an annual special separation allowance beginning in the month in which he retires on a basic service retirement under the provisions of G.S. 135-5(a), an annual separation allowance equal to eighty-five hundredths percent (0.85%) of the annual equivalent of the base rate of compensation most recently applicable to him for each year of creditable service. The allowance shall be paid in equal installments on the payroll frequency used by the employer. To qualify for the allowance the officer shall either of the following applies:

- (1) Have (i) completed 30 or more years of creditable service or, (ii) have attained 55 years of age and completed five or more years of creditable service; and The officer retires on a basic service retirement under the provisions of G.S. 135-5(a).
- (2) Not have attained 62 years of age; and The officer elects to begin receiving a retirement allowance while still in service under G.S. 135-5.8(a)(1).
- (3) Have completed at least five years of continuous service as a law enforcement officer as herein defined immediately preceding a service retirement. Any break in the continuous service required by this subsection because of disability retirement or disability salary continuation benefits shall not adversely affect an officer's qualification to receive the allowance, provided the officer returns to service within 45 days after the disability benefits cease and is otherwise qualified to receive the allowance.

...

(b) As used in this section, "creditable service" means the Definitions. – The following definitions apply in this section:

- (1) Allowance. – The annual special separation allowance for State law enforcement officers provided for under this section.
- (2) Creditable service. – The service for which credit is allowed under the retirement system of which the officer is a member, provided that at least fifty percent (50%) of the service is as a law enforcement officer as herein defined or as a probation/parole officer as defined in G.S. 135-1(17a) member.
- (3) Law enforcement officer. – As defined in either G.S. 135-1 or G.S. 143-166.30(a).
- (4) Officer. – A law enforcement officer.

(b1) Eligibility for Allowance. – To be eligible for an allowance under this section, an officer is required to meet all of the following criteria:

- (1) The officer (i) has completed 30 or more years of creditable service or (ii) is 55 years of age or older and completed five or more years of creditable service.
- (2) The officer is less than 62 years of age.
- (3) The officer has completed at least five years of continuous service as a law enforcement officer immediately preceding the officer's service retirement. Any break in this required continuous service that is a result of disability retirement or disability salary continuation benefits shall not adversely affect an officer's qualification to receive an allowance under this subdivision so long as the officer returned to service within 45 days after the disability benefits had ceased and is otherwise qualified to receive the allowance.
- (4) At least fifty percent (50%) of the officer's creditable service is as a law enforcement officer, or for service prior to July 1, 2017, as a probation/parole officer.
- (b2) Allowance Amount. – The amount of the allowance under this section shall be calculated as follows:
- (1) For retired officers, the amount of the allowance is equal to eighty-five hundredths percent (0.85%) of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service.
- (2) For officers in service who have elected to receive a retirement allowance as provided for under G.S. 135-5.8(a)(1), the amount of the allowance is equal to eighty-five hundredths percent (0.85%) of the annual equivalent of the base rate of compensation and years of creditable service applicable to the officer at the time the officer makes the election to receive the allowance under G.S. 135-5.8.
- (c) Cessation of Payment. – Payment of the allowance to a retired officer under the provisions of this section shall cease at the first occurrence of one of the following:
- (1) The death of the officer.
- (2) The last day of the month in which the officer attains 62 years of age.
- (3) The first day of reemployment by any State department, agency, or institution, except that this subdivision does not apply to an officer returning to State employment in any of the following circumstances:
- a. The retired officer is reemployed in a public safety position that requires all of the following of the occupant:
1. The occupant possesses the power of arrest.
2. The occupant has taken the law enforcement oath administered under the authority of the State as prescribed by G.S. 11-11.
3. The occupant is certified as a law enforcement officer under the provisions of Article 1 of Chapter 17C of the General Statutes or as deputy sheriff under the provisions of Chapter 17E of the General Statutes and exercises the authority of a law enforcement officer or deputy sheriff.
- b. The retired officer is reemployed in a position exempt from the North Carolina Human Resources Act in an agency other than the agency from which that officer retired.
- c. The retired officer has elected to receive distributions while in service under G.S. 135-5.8(a)(2) upon the reemployment.
- (4) If an officer in service has elected to receive a retirement allowance under G.S. 135-5.8(a)(1), the revocation of that election. If an officer later retires after a revocation of that election and if the officer otherwise qualifies for the allowance under this section, then the officer shall be paid the separation

allowance under this section as though the officer had not previously received the allowance.

(d) Impact of Other Benefits or Actions. – This section does not affect the benefits to which an individual may be entitled from State, federal, or private retirement systems. The benefits payable under this section shall not be subject to any increases in salary or retirement allowances that may be authorized by the General Assembly for employees of the State or retired employees of the State.

(e) Eligibility Determinations. – The head of each State department, agency, or institution shall determine the eligibility of employees for the benefits provided ~~herein~~ under this section.

(f) Transfer of Funds. – The Director of the Budget may authorize from time to time the transfer of funds within the budgets of each State department, agency, or institution necessary to carry out the purposes of this ~~Article~~ section. These funds shall be taken from ~~those funds~~ appropriated to the department, agency, or institution for salaries and related fringe benefits.

(g) Responsibility for Payment. – The head of each State department, agency, or institution shall make the payments set forth in ~~subsection (a)~~ this section to those persons certified under subsection (e) of this section from funds available under subsection ~~(f)~~ (f) of this section. The allowance shall be paid in equal installments on the payroll frequency used by the employer from which the officer retired."

SECTION 2.1.(b) G.S. 143-166.42 reads as rewritten:

"§ 143-166.42. Special separation allowances for local law enforcement officers.

(a) Annual Special Separation Allowance. – On and after January 1, 1987, every sworn law enforcement officer as defined by G.S. 128-21(11d) or G.S. 143-166.50(a)(3) employed by a local government employer who qualifies under this section shall ~~receive~~ receive an annual special separation allowance beginning in the month in which ~~the~~ either of the following applies:

(1) The officer retires on a basic service retirement under the provisions of G.S. 128-27(a), an annual separation allowance equal to eighty five hundredths percent (0.85%) of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The allowance shall be paid in equal installments on the payroll frequency used by the employer. G.S. 128-27(a).

(2) The officer elects to begin receiving a retirement allowance while still in service under G.S. 128-27.1(a)(1).

(a1) Eligibility for Allowance. – To qualify for the allowance, the officer ~~shall~~ shall meet all of the following criteria:

(1) ~~Have~~ The officer has (i) completed 30 or more years of creditable service or (ii) ~~have attained~~ is 55 years of age or older and has completed five or more years of creditable ~~service; and~~ service.

(2) ~~Not have attained~~ The officer is less than 62 years of ~~age; and~~ age.

(3) ~~Have~~ The officer has completed at least five years of continuous service as a law enforcement officer ~~as herein defined~~ immediately preceding a service retirement. Any break in ~~the~~ this required continuous service ~~required by this subsection because that is a result~~ of disability retirement or disability salary continuation benefits shall not adversely affect an officer's qualification to receive the allowance, provided the officer returns to service within 45 days after the disability benefits cease and is otherwise qualified to receive the allowance.

(4) At least fifty percent (50%) of the officer's creditable service is as a law enforcement officer.

(b) ~~As used in this section, "creditable service" means the service~~ Definitions. – The following definitions apply in this section:

- (1) Allowance. – The annual special separation allowance for local law enforcement officers provided for under this section.
- (2) Creditable service. – The service for which credit is allowed under the retirement system of which the officer is a ~~member~~, provided that at least fifty percent (50%) of the service is as a law enforcement officer as herein ~~defined~~ member.
- (3) Law enforcement officer. – As defined in G.S. 128-21 or G.S. 143-166.50(a).
- (4) Officer. – Law enforcement officer.
- (b1) Calculation of Allowance Amount. – The amount of the allowance under this section shall be calculated as follows:
- (1) For retired officers, the amount of the allowance is equal to eighty-five hundredths percent (0.85%) of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service.
- (2) For officers in service who have elected to receive a retirement allowance as provided for under G.S. 128-27.1(a)(1), the amount of the allowance is equal to eighty-five hundredths percent (0.85%) of the annual equivalent of the base rate of compensation and years of creditable service applicable to the officer at the time the officer makes the election to receive the allowance under G.S. 128-27.1.
- (c) Cessation of Payment. – Payment of the allowance to a retired officer under the provisions of this section shall cease at the first ~~of~~ occurrence of any of the following:
- (1) The death of the ~~officer~~ officer.
- (2) The last day of the month in which the officer attains 62 years of ~~age~~; or age.
- (3) The first day of reemployment by a local government ~~employer in any capacity~~ employer, except that this subdivision does not apply to a retired officer returning to local government employment in any of the following circumstances:
- a. The retired officer is reemployed as the sheriff of a county or in a public safety position that requires all of the following of the occupant:
1. The occupant possesses the power of arrest.
2. The occupant has taken the law enforcement oath administered under the authority of the State as prescribed by G.S. 11-11.
3. The occupant is certified as a law enforcement officer under the provisions of Article 1 of Chapter 17C of the General Statutes or as deputy sheriff under the provisions of Chapter 17E of the General Statutes and exercises the authority of a law enforcement officer or deputy sheriff.
- b. The retired officer is reemployed in service to a county board of elections on an election day or during the hours for early voting under Part 5 of Article 14A of Chapter 163 of the General Statutes in a capacity that complies with G.S. 128-21(19) and does not result in cessation or suspension of the retiree's benefit from the Local Government Employees' Retirement System.
- c. The retired officer has elected to receive distributions while in service under G.S. 128-27.1(a)(2) upon the reemployment.
- (4) If an officer in service has elected to receive a retirement allowance under G.S. 128-27.1(a)(1), the revocation of that election. If an officer later retires after a revocation of that election and if the officer otherwise qualifies for the allowance under this section, then the officer shall be paid the separation

allowance under this section as though the officer had not previously received the allowance.

(e1) ~~Notwithstanding the provisions of subdivision (3) of subsection (c) of this section, payments to a retired officer shall not cease when a local government employer employs a retired officer or any of the following:~~

(1) ~~In a public safety position in a capacity not requiring participation in the Local Governmental Employees' Retirement System.~~

(2) ~~In service to a county board of elections on an election day or during the hours for early voting under Part 5 of Article 14A of Chapter 163 of the General Statutes in a capacity that complies with G.S. 128-21(19) and does not result in cessation or suspension of the retiree's benefit from the Local Government Employees' Retirement System.~~

(d) Impact of Other Benefits or Actions. – This section does not affect the benefits to which an individual may be entitled from State, local, federal, or private retirement systems. The benefits payable under this section shall not be subject to any increases in salary or retirement allowances that may be authorized by local government employers or for retired employees of local governments.

(e) Eligibility Determinations. – The governing body of each local employer shall determine the eligibility of employees for the benefits provided ~~herein~~ under this section.

(f) Responsibility for Payment. – The governing body of each local employer shall make the payments set forth in ~~subsection (a) of this section~~ to those persons certified under subsection (e) of this section from funds available. The allowance shall be paid in equal installments on the payroll frequency used by the employer from which the officer retired."

CONTINUATION OF SHERIFFS' SUPPLEMENTAL PENSION

SECTION 3.1. G.S. 143-166.84 reads as rewritten:

"§ 143-166.84. Eligibility.

...

(a3) A county sheriff who (i) has completed at least 10 years of eligible service as a sheriff, (ii) is at least 55 years of age or who has attained at least 30 years of creditable service regardless of age, and (iii) has elected to receive a retirement allowance while in service under G.S. 128-27.1(a)(1) is eligible to receive a monthly supplemental pension benefit under this Article so long as the election to receive a retirement allowance while in service under G.S. 128-27.1(a)(1) has not been subsequently revoked.

(b) ~~Each eligible If a retired sheriff as defined in is eligible under subsections (a), (a1), and (a2) of this section relating to age and service shall be entitled to receive a monthly pension benefit under this Article beginning~~ Article, then those monthly benefit payments shall begin with the month immediately following the effective date of retirement.

(b2) If a sheriff who is in service is eligible under subsection (a3) of this section to receive a monthly pension benefit under this Article, then those monthly benefit payments shall begin with the month in which the officer elects to begin receiving the retirement allowance under G.S. 128-27.1(a)(1).

...."

SECTION 3.2. G.S. 166-85 reads as rewritten:

"§ 143-166.85. Benefits.

(a) ~~An eligible A retired sheriff entitled to receive a supplemental pension benefit under this Article shall be entitled to and receive an annual pension benefit, payable in equal monthly installments, equal to an amount that, when added to a retired retirement allowance at retirement from the Local Governmental Employees' Retirement System or to the amount he the retired sheriff would have been eligible to receive if service had not been forfeited by the withdrawal of accumulated contributions, is equal to seventy-five percent (75%) of a sheriff's equivalent annual~~

1 salary immediately preceding retirement computed on the latest monthly base rate, to a maximum
2 amount that does not exceed (i) one thousand five hundred dollars (\$1,500) or (ii) the sheriff's
3 equivalent annual salary immediately preceding retirement computed on the latest monthly base
4 rate when the benefit described in this subsection is added to the amount of the benefit the sheriff
5 receives under G.S. 143-166.42 and the amount of the sheriff's ~~retired~~-retirement allowance ~~at~~
6 ~~retirement~~ from the Local Governmental Employees' Retirement System or the amount the
7 sheriff would have been eligible to receive if service had not been forfeited by the withdrawal of
8 accumulated contributions.

9 (a1) A sheriff who is still in service and who is entitled to receive a supplemental pension
10 benefit under this Article shall receive an annual pension benefit, payable in equal monthly
11 installments, equal to an amount that, when added to a retirement allowance from the Local
12 Governmental Employees' Retirement System, is equal to seventy-five percent (75%) of a
13 sheriff's equivalent annual salary immediately preceding the sheriff's election to begin receiving
14 a retirement allowance while in service under G.S. 128-27.1 computed on the latest monthly base
15 rate to a maximum amount that does not exceed (i) one thousand five hundred dollars (\$1,500)
16 or (ii) the sheriff's equivalent annual salary immediately preceding the sheriff's election to begin
17 receiving a retirement allowance while in service under G.S. 128-27.1 computed on the latest
18 monthly base rate when the benefit described in this subsection is added to the amount of the
19 benefit the sheriff receives under G.S. 143-166.42 and the amount of the sheriff's retirement
20 allowance from the Local Governmental Employees' Retirement System.

21 (b) All monthly ~~pensions~~-pension benefits payable under this Article shall be paid on the
22 last business day of each month.

23 (c) At the death of the pensioner, supplemental pension benefits under this Article for the
24 current calendar year will continue and be paid in monthly installments to the decedent's spouse
25 or estate, in accordance with the provisions of Chapter 28A of the General Statutes. Benefits
26 under this Article will cease upon the last payment being made in December of the current year.

27 (d) Monthly ~~pensions~~-pension benefits payable under this Article will cease upon the at
28 the first occurrence of one of the following:

29 (1) The full-time reemployment of a pensioner with an employer participating in
30 the Local Governmental Employees' Retirement System for as long as the
31 pensioner is so ~~reemployed~~-reemployed, except under any of the following
32 circumstances:

33 a. The pensioner is reemployed full-time as the sheriff of a county or in
34 a public safety position meeting all of the requirements of a public
35 safety position under G.S. 143-166.42(c)(3).

36 b. The pensioner has elected to receive distributions while in service
37 under G.S. 128-27.1(a)(2) upon the reemployment.

38 (2) If a pensioner who is in service has elected to receive a retirement allowance
39 under G.S. 128.27.1(a)(1), the revocation of that election. If a sheriff later
40 retires after the revocation and if the sheriff otherwise qualifies for a
41 supplemental pension benefit under this Article, then the sheriff shall be paid
42 the monthly pension benefit as though the sheriff had not previously received
43 the supplemental pension benefit under this Article.

44"

45 **PART I EFFECTIVE DATE**

46 **SECTION 3.3.** This Part is effective October 1, 2025.

47 **PART II. TECHNICAL AND CONFORMING CHANGES**

48 **SECTION 4.1.** G.S. 135-103 is amended by adding a new subsection to read:
49
50

"(c) Notwithstanding subsection (a) of this section, any member of the Retirement System that has elected to begin receiving a retirement allowance under G.S. 135-5.8 is ineligible to participate in the Disability Income Plan while receiving a retirement allowance."

SECTION 4.2. G.S. 143-166.81(a) is repealed.

SECTION 4.3. G.S. 134-166.60(a) reads as rewritten:

"(a) A Separate Insurance Benefits Plan, hereinafter called the "Plan", is to be an employee welfare benefit plan, established for the benefit of (i) all law enforcement officers, as defined in ~~G.S. 135-1(11e) and G.S. 128-21(11d)~~ G.S. 135-1 and G.S. 128-21, employed by the State and local governments and (ii) all former law-enforcement officers previously employed by the State and local governments, who had 20 or more years of service as an officer or are in receipt of a disability retirement allowance from any State-administered retirement system or are in receipt of a benefit from the Disability Income Plan of North Carolina, who shall be participants."

SECTION 4.4.(a) G.S. 143-166.30 is rewritten to read:

"§ 143-166.30. Retirement benefits for State law-enforcement officers.

(a) Definitions. – ~~The following words and phrases as used definitions apply in this Article, unless a different meaning is plainly required by the context, shall have the following meanings:~~Article:

...

(7a) "Plan" means the Supplemental Retirement Income Plan for State Law Enforcement Officers.

...

(d) ~~Supplemental Retirement Income Plan for State Law Enforcement Law Enforcement Officers. – As of January 1, 1985, there shall be created a Supplemental Retirement Income Plan, hereinafter called the "Plan," established for the benefit of all law enforcement All law enforcement officers employed by the State, who shall be participants. The Board of Trustees of the State Retirement System shall administer the Plan and shall, under the terms and conditions otherwise appearing herein, provide Plan benefits either (i) by establishing a separate trust fund in conformance with Section 401(a), Section 401(k) or other sections of the Internal Revenue Code of 1954 as amended or, (ii) by causing the Plan to affiliate with some master trust fund providing the same benefits for participants. The Plan shall be separate and apart from any retirement systems.~~State are participants in the Supplemental Retirement Income Plan as provided by Article 5 of Chapter 135 of the General Statutes. All of the following shall apply:

(1) In addition to the contributions transferred from the Law-Enforcement Officers' Retirement System and the contributions otherwise provided for in this Article, participants may make voluntary contributions to the Plan to be credited to the designated individual accounts of participants.

(2) All contributions to the Plan shall be credited to the individual accounts of participants, and except as provided in subsection (g1) of this section, shall be fully and immediately vested in the name of the participant, and shall be invested according to each participant's election, as provided by the Board of Trustees, including but not limited to time deposits, and both fixed and variable investments. The Plan may provide for loans to participants, at reasonable rates of interest to be charged, from participants' individual accounts, and may provide for withdrawal of contributions on account of hardship.

(3) The benefit to a participant in the Plan shall be either a lump-sum distribution or a distribution in periodic installments of the participant's account payable under retirement, disability, or termination of employment. Upon the death of a participant there shall be paid the same lump-sum distribution or periodic installments to the surviving spouse of the participant or otherwise to the participant's estate; provided, should a participant instruct the Board of

1 Trustees in writing that ~~he the participant~~ does not wish these benefits to be
2 paid to ~~his the participant's~~ spouse or estate, then the benefits shall be paid to
3 the person or persons as the participant may name for this purpose.

- 4 (4) Upon ~~retirement~~, retirement or the election to receive a retirement allowance
5 under G.S. 135-5.8(a)(1), a participant in the Plan may elect to transfer any
6 portion of ~~his~~ eligible accumulated contributions, not including any Roth
7 after-tax contributions and the earnings thereon, ~~contributions or earnings~~, to
8 the Teachers' and State Employees' Retirement System and receive, in
9 addition to ~~his the~~ basic service, ~~early early~~, or disability retirement ~~allowance~~
10 allowance, a special retirement allowance which shall be based on ~~his the~~
11 participant's eligible accumulated account balance at the date of the transfer
12 of the assets.

13 (e) State Contributions to the Supplemental Retirement Income Plan. – Under all other
14 restrictions ~~as are herein provided~~, the ~~provided~~ for under this section, the following State
15 contributions shall be made:

- 16 (1) ~~The State shall contribute monthly to the individual accounts of participants~~
17 ~~who are employed by the State an amount equal to five percent (5%) of the~~
18 ~~compensation of each participant. The contributions so paid shall be in~~
19 ~~addition to the contributions on account of court cost assessments as~~
20 ~~hereinafter provided.~~
21 (2) Contributions shall be made to the individual accounts of all participants in
22 the Plan on a per capita basis in equal shares, equal to the sum of the one-half
23 dollar (\$0.50) for each cost of court assessed and collected under G.S. 7A-304.

24 If a law enforcement officer elects to receive a retirement allowance under
25 G.S. 135-5.8(a)(1), the contributions under this subsection shall cease.

26"

27 **SECTION 4.4.(b)** G.S. 143-166.50(e) reads as rewritten:

28 "(e) Supplemental Retirement Income Plan for Local Governmental Law-Enforcement
29 Officers. – ~~As of January 1, 1986, all~~ All law-enforcement officers employed by a local
30 government employer, are participating members of the Supplemental Retirement Income Plan
31 as provided by Article 5 of Chapter 135 of the General Statutes. ~~In addition to the contributions~~
32 ~~transferred from the Law Enforcement Officers' Retirement System, participants may make~~
33 ~~voluntary contributions to the Supplemental Retirement Income Plan to be credited to the~~
34 ~~designated individual accounts of participants. From July 1, 1987, until July 1, 1988, local~~
35 ~~government employers of law enforcement officers shall contribute an amount equal to at least~~
36 ~~two percent (2%) of participating local officers' monthly compensation to the Supplemental~~
37 ~~Retirement Income Plan to be credited to the designated individual accounts of participating local~~
38 ~~officers; and on and after July 1, 1988, local~~ All of the following apply to the Supplemental
39 Retirement Income Plan for Local Government Officers:

- 40 (1) Local government employers of law enforcement officers shall contribute an
41 amount equal to five percent (5%) of participating local officers' monthly
42 compensation to the Supplemental Retirement Income Plan to be credited to
43 the designated individual accounts of participating local officers.
44 (2) Additional contributions shall also be made to the individual accounts of all
45 participants in the Plan, except for Sheriffs, on a per capita equal-share basis
46 from the sum of one dollar and twenty-five cents (\$1.25) for each cost of court
47 collected under G.S. 7A-304.
48 (3) Contributions under subdivisions (1) and (2) of this subsection shall cease
49 upon the officer's election to receive a retirement allowance under
50 G.S. 128-27.1(a)(1).

(4) Upon ~~retirement, retirement, or the election to receive a retirement allowance under G.S. 128-27.1(a)(1),~~ a participant in the Plan may elect to transfer any portion of ~~his~~ eligible accumulated contributions, not including any Roth after-tax contributions ~~and the earnings thereon, or earnings,~~ to the Local Governmental Employees' Retirement System and receive, in addition to ~~his~~ the basic service, ~~early-early,~~ or disability retirement ~~allowance-allowance,~~ a special retirement allowance ~~which shall be that is~~ based on ~~his-the~~ participant's eligible accumulated account balance at the date of the transfer of the assets."

SECTION 4.5. This Part is effective October 1, 2025.

PART III. FUNDS TO ADDRESS INCREASED COSTS

SECTION 5.1. Effective July 1, 2025, there is appropriated from the General Fund to the Department of State Treasurer the sum of ten million dollars (\$10,000,000) in recurring funds for each year of the 2025-2027 fiscal biennium to be used to address the increased costs as result of the implementation of this act.

PART IV. SEVERABILITY AND EFFECTIVE DATE

SECTION 6.1.(a) If any provision of this act or its application is held invalid, the invalidity does not affect other provisions or applications of this act that can be given effect without the invalid provisions or application and, to this end, the provisions of this act are severable.

SECTION 6.1.(b) If the Internal Revenue Service (IRS) notifies the State Treasurer that one or more provisions of this act is not in compliance with federal law or regulations, then each provision to which the IRS notification pertains shall expire 30 days from receipt of the notification by the State Treasurer. The State Treasurer shall notify the Revisor of Statutes of any IRS notification that requires the expiration of a provision of this act in accordance with this section.

SECTION 6.2.(a) All of the following expire on December 31, 2029:

- (1) G.S. 135-5.8.
- (2) G.S. 135-3(b1).
- (3) G.S. 128-27.1.
- (4) G.S. 128-24(b1).
- (5) G.S. 143-166.41(a)(2), 143-166.41(b2)(2), 143-166.41(c)(3)c., and 143-166.41(c)(4).
- (6) G.S. 143-166.42(a)(2), 143-166.42(b1)(2), 143-166.42(c)(3)c., and 143-166.42(c)(4).
- (7) Subsections (a3) and (b2) of G.S. 143-166.84.
- (8) G.S. 143-166.85(a1), 143-166.85(d)(1)b., and 143-166.85(d)(2).
- (9) G.S. 135-103(c).

SECTION 6.2.(b) Any law enforcement officer who is in service and in receipt of a retirement allowance under G.S. 135-5.8 or G.S. 128-27.1 on the date of the expiration of statutes under subsection (a) of this section shall be allowed to continue that service and to receive the retirement allowance. Upon separation from that service, all provisions of G.S. 135-3 and G.S. 128-24 shall apply to any subsequent return to work.

SECTION 6.3. Except as otherwise provided, this act is effective when it becomes law.