

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

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HOUSE BILL 943

Senate Pensions & Retirement and Aging Committee Substitute Adopted 9/5/01

Short Title: Discontinued Service Retirement Allowance.

(Public)

Sponsors:

Referred to:

April 2, 2001

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE DISCONTINUED SERVICE RETIREMENT ALLOWANCES UNDER THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 128-27 is amended by adding a new subsection to read:

"(a2) Discontinued Service Retirement Allowance. – A member whose employment with a participating employer is involuntarily terminated as a result of a termination event as defined in this subsection may be allowed a discontinued service retirement allowance, provided that the discontinued service retirement allowance is approved by the terminated member's participating employer, and provided that reemployment with that participating employer is not available to the member at the time of the termination event. For purposes of this section, "termination event" means termination of employment as a result of (i) the participating employer's cessation of operations; (ii) the participating employer's dissolution; (iii) the merger of a participating employer with and into an unrelated entity, other than another participating employer; (iv) the acquisition of the participating employer by an unrelated entity, other than another participating employer; or (v) the determination by the participating employer that a reduction in force will accomplish economies in the participating employer's budget resulting from either the elimination of a job and its responsibilities or from lack of funds to support the job.

Upon the occurrence of a termination event, and subject to the provisions of this subsection, an unreduced discontinued service retirement allowance, not otherwise allowed under this Chapter, may be approved for terminated members with 20 or more years of creditable service who are at least 55 years of age. Alternatively, upon the occurrence of a termination event, a discontinued service retirement allowance, not otherwise allowed under this Chapter, may be approved for terminated members with 20 or more years of creditable service who are at least 50 years of age, reduced by one-

1 fourth of one percent (1/4 of 1%) for each month that retirement precedes the member's
2 fifty-fifth birthday.

3 In cases in which a discontinued service retirement allowance is approved, the
4 terminated member's employer shall be responsible for making a lump-sum payment to
5 the Retirement System's Board of Trustees equal to the actuarial present value of the
6 additional liabilities imposed upon the Retirement System, to be determined by the
7 Retirement System's consulting actuary, as a result of the discontinued service
8 retirement allowance, plus an administrative fee to be determined by the Board of
9 Trustees. An employer shall not discriminate against any member or group of members
10 employed by the employer in the approval or disapproval of a discontinued service
11 retirement allowance."

12 **SECTION 2.** This act is effective when it becomes law.