

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025**

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SENATE BILL 707

Short Title: 25-Year LEO Retirement With Full Benefits. (Public)

Sponsors: Senators Smith, Garrett, and Waddell (Primary Sponsors).

Referred to: Rules and Operations of the Senate

March 26, 2025

A BILL TO BE ENTITLED
AN ACT ALLOWING LAW ENFORCEMENT OFFICERS WHO ARE MEMBERS OF THE
TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM OR THE LOCAL
GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM TO RETIRE WITH
UNREDUCED BENEFITS AFTER ACHIEVING TWENTY-FIVE YEARS OF
CREDITABLE SERVICE AND MAKING CONFORMING CHANGES TO THE
RELATED LAWS.

The General Assembly of North Carolina enacts:

**PART I. ALLOW LAW ENFORCEMENT OFFICERS TO RETIRE WITH
UNREDUCED BENEFITS AFTER TWENTY-FIVE YEARS OF CREDITABLE
SERVICE**

SECTION 1.(a) G.S. 135-5(a)(4) reads as rewritten:

"(4) Any member who is a law-enforcement officer and who (i) attains age 50 and completes 15 or more years of creditable service in this capacity, (ii) attains age 55 and completes five or more years of creditable service in this capacity, or (iii) has completed 25 years of creditable service ~~with a minimum of 15 years of creditable service in a law-enforcement capacity~~ may retire upon electronic submission or written application to the Board of Trustees setting forth at what time, as of the first day of a calendar month, not less than one day nor more than 120 days subsequent to the execution and filing thereof, the member desires to be ~~retired; Provided, also, any retired.~~ Any member who has met the conditions herein required but of this subsection, does not retire, and later becomes a teacher or an employee other than as a law-enforcement officer shall continue to have the right to commence retirement."

SECTION 1.(b) G.S. 135-5(b21) reads as rewritten:

"(b21) Service Retirement Allowance of Members Retiring on or After July 1, ~~2019.~~ 2019, and Before January 1, 2026. – Upon retirement from service on or after July 1, 2019, and before January 1, 2026, in accordance with subsection (a) or (a1) of this section, a member shall receive the following service retirement allowance:

...."

SECTION 1.(c) G.S. 135-5 is amended by adding a new subsection to read:

"(b22) Service Retirement Allowance of Members Retiring on or After January 1, 2026. – Upon retirement from service on or after January 1, 2026, in accordance with subsection (a) or (a1) of this section, a member shall receive the following service retirement allowance:



- (1) A member who is a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:
- a. If the member's service retirement date occurs (i) on or after the member's 55th birthday and completion of five years of creditable service as a law enforcement officer or (ii) after the completion of 25 years of creditable service, then the allowance shall be equal to one and eighty-two hundredths percent (1.82%) of the member's average final compensation multiplied by the number of years of the member's creditable service.
 - b. If the member's service retirement date occurs (i) on or after the member's 50th birthday and before the member's 55th birthday and (ii) after the completion of 15 or more years of creditable service as a law enforcement officer but before the completion of 25 years of creditable service, then the retirement allowance shall be equal to the greater of the following amounts:
 1. The service retirement allowance payable under sub-subdivision a. of this subdivision reduced by one-third of one percent (1/3 of 1%) thereof for each month by which the retirement date precedes the first day of the month coincident with, or next following, the month the member would have attained age 55.
 2. The service retirement allowance as computed under sub-subdivision a. of this subdivision reduced by five percent (5%) times the difference between 25 years and the amount of creditable service at retirement.
- (2) A member who is not a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:
- a. If the member's service retirement date occurs (i) on or after the member's 65th birthday and completion of five years of membership service, (ii) after the completion of 30 years of creditable service, or (iii) on or after the member's 60th birthday and completion of 25 years of creditable service, then the allowance shall be equal to one and eighty-two hundredths percent (1.82%) of the member's average final compensation, multiplied by the number of years of creditable service.
 - b. If the member's service retirement date occurs (i) after the member's 60th birthday and before the member's 65th birthday and (ii) prior to the completion of 25 years or more of creditable service, then the retirement allowance is the amount of the retirement allowance in sub-subdivision a. of this subdivision reduced by one-quarter of one percent (1/4 of 1%) thereof for each month by which the retirement date precedes the first day of the month coincident with, or next following, the member's 65th birthday.
 - c. If the member's early service retirement date occurs (i) on or after the member's 50th birthday and before the member's 60th birthday and (ii) after completion of 20 years of creditable service but prior to the completion of 30 years of creditable service, then the early service retirement allowance shall be equal to the greater of the following amounts:

1. The amount of the service retirement allowance as computed under sub-subdivision a. of this subdivision reduced by the sum of five-twelfths of one percent (5/12 of 1%) thereof for each month by which the member's retirement date precedes the first day of the month coincident with, or next following, the month the member would have attained age 60, plus one-quarter of one percent (1/4 of 1%) thereof for each month by which the member's 60th birthday precedes the first day of the month coincident with, or next following, the member's 65th birthday.
2. The amount of the service retirement allowance as computed under sub-subdivision a. of this subdivision reduced by five percent (5%) times the difference between 30 years and the amount of creditable service at retirement.
3. If the member's creditable service commenced prior to July 1, 1994, the service retirement allowance equal to the actuarial equivalent of the allowance payable at the age of 60 years as computed in sub-subdivision b. of this subdivision.
- d. Notwithstanding the foregoing provisions of this subsection, any member whose creditable service commenced prior to July 1, 1963, shall not receive less than the benefit provided by subsection (b) of this section."

SECTION 1.(d) G.S. 135-5(m) reads as rewritten:

"(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the beneficiary designated to receive a return of accumulated contributions shall have the right to elect to receive in lieu thereof the reduced retirement allowance provided by Option 2 of subsection (g) ~~above of this section~~ computed by assuming that the member had retired on the first day of the month following the date of the member's death, provided that all four of the following conditions apply:

(1) The member falls into one of the following categories:

- a. The member had attained ~~such age and/or the minimum age~~, creditable service ~~amount, or combination of both necessary~~ to be eligible to commence retirement with an early or service retirement ~~allowance, or allowance.~~
- b. The member had obtained 20 years of creditable service in which case the retirement allowance shall be computed in accordance with G.S. 135-5(b21)(1)c. ~~or G.S. 135-5(b21)(2)c.,~~ sub-subdivision (b22)(1)b. or sub-subdivision (b22)(2)c. of this section notwithstanding the requirement of obtaining age 50, ~~or 50.~~

...."

SECTION 2.(a) G.S. 128-27(a)(5) reads as rewritten:

- "(5) Any member who is a law enforcement officer and who (i) attains age 50 and completes 15 or more years of creditable service in this capacity, or (ii) attains age 55 and completes five or more years of creditable service in this capacity, or (iii) who has completed 25 years of creditable service ~~with a minimum of 15 years of creditable service in a law enforcement capacity~~ may retire upon electronic submission or written application to the Board of Trustees setting forth at what time, as of the first day of a calendar month, not less than one day nor more than 120 days subsequent to the execution and filing thereof, the member desires to be ~~retired; provided, also, any retired.~~ Any member who has met the conditions required by this subdivision but does not retire, and

1 later becomes an employee other than as a law enforcement officer, continues
2 to have the right to commence retirement."

3 **SECTION 2.(b)** G.S. 128-27(b22) reads as rewritten:

4 "(b22) Service Retirement Allowance of Member Retiring on or After July 1, 2019–2019,
5 and Before January 1, 2026. – Upon retirement from service in accordance with subsection (a)
6 or (a1) of this section, on or after July 1, 2019, and before January 1, 2026, a member shall
7 receive the following service retirement allowance:

8"

9 **SECTION 2.(c)** G.S. 128-27 is amended by adding a new subsection to read:

10 "(b23) Service Retirement Allowance of Member Retiring on or After January 1, 2026. –
11 Upon retirement from service in accordance with subsection (a) or (a1) of this section, on or after
12 January 1, 2026, a member shall receive the following service retirement allowance:

13 (1) A member who is a law enforcement officer or an eligible former law
14 enforcement officer shall receive a service retirement allowance computed as
15 follows:

16 a. If the member's service retirement date occurs (i) on or after the
17 member's 55th birthday and completion of five years of creditable
18 service as a law enforcement officer or (ii) after the completion of 25
19 years of creditable service, then the allowance shall be equal to one
20 and eighty-five hundredths percent (1.85%) of the member's average
21 final compensation multiplied by the number of years of the member's
22 creditable service.

23 b. If the member's service retirement date occurs (i) on or after the
24 member's 50th birthday and before the member's 55th birthday and (ii)
25 after the completion of 15 or more years of creditable service as a law
26 enforcement officer but before the completion of 25 years of creditable
27 service, then the retirement allowance shall be equal to the greater of
28 the following amounts:

29 1. The service retirement allowance payable under
30 sub-subdivision a. of this subdivision reduced by one-third of
31 one percent (1/3 of 1%) thereof for each month by which the
32 retirement date precedes the first day of the month coincident
33 with, or next following, the month the member would have
34 attained age 55.

35 2. The service retirement allowance as computed under
36 sub-subdivision a. of this subdivision reduced by five percent
37 (5%) times the difference between 25 years and the amount of
38 creditable service at retirement.

39 (2) A member who is not a law enforcement officer or an eligible law enforcement
40 officer shall receive a service retirement allowance computed as follows:

41 a. If the member's service retirement date occurs (i) on or after the
42 member's 65th birthday and the completion of five years of creditable
43 service, (ii) after the completion of 30 years of creditable service, or
44 (iii) on or after the member's 60th birthday and the completion of 25
45 years of creditable service, then the allowance shall be equal to one
46 and eighty-five hundredths percent (1.85%) of the member's average
47 final compensation, multiplied by the number of years of creditable
48 service.

49 b. If the member's service retirement date occurs (i) after the member's
50 60th birthday and before the member's 65th birthday and (ii) prior to
51 the completion of 25 years or more of creditable service, then the

retirement allowance is the amount of the retirement allowance in sub-subdivision a. of this subdivision reduced by one-quarter of one percent (1/4 of 1%) thereof for each month by which the retirement date precedes the first day of the month coincident with, or next following, the member's 65th birthday.

c. If the member's early service retirement date occurs (i) on or after the member's 50th birthday and before the member's 60th birthday and (ii) after completion of 20 years of creditable service but prior to the completion of 30 years of creditable service, then the early service retirement allowance shall be equal to the greater of the following amounts:

1. The amount of the service retirement allowance as computed under sub-subdivision a. of this subdivision reduced by the sum of five-twelfths of one percent (5/12 of 1%) thereof for each month by which the retirement date precedes the first day of the month coincident with, or next following, the month the member would have attained age 60, plus one-quarter of one percent (1/4 of 1%) thereof for each month by which the member's 60th birthday precedes the first day of the month coincident with, or next following, the member's 65th birthday.
2. The amount of the service retirement allowance as computed under sub-subdivision a. of this subdivision reduced by five percent (5%) times the difference between 30 years and the amount of creditable service at retirement.
3. If the member's creditable service commenced prior to July 1, 1995, the amount of the actuarial equivalent of the allowance payable at the age of 60 years as computed in sub-subdivision b. of this subdivision.

d. Notwithstanding the foregoing provisions, any member whose creditable service commenced prior to July 1, 1965, shall not receive less than the benefit provided by subsection (b) of this section."

SECTION 2.(d) G.S. 128-27(m) reads as rewritten:

"(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the beneficiary designated to receive a return of accumulated contributions shall have the right to elect to receive in lieu thereof the reduced retirement allowance provided by Option two of subsection (g) ~~above~~ of this section computed by assuming that the member had retired on the first day of the month following the date of the member's death, provided that all four of the following conditions apply:

(1) The member falls into one of the following categories:

- a. The member had attained ~~such age and/or the minimum age~~, creditable service ~~amount~~, or combination of both necessary to be eligible to commence retirement with an early or service retirement ~~allowance~~, ~~or allowance~~.
- b. The member had obtained 20 years of creditable service in which case the retirement allowance shall be computed in accordance with G.S. 128-27(b22)(1)c. or G.S. 128-27(b22)(2)c., sub-subdivision (b23)(1)b. or sub-subdivision (b23)(2)c. of this section, notwithstanding the requirement of obtaining age 50, ~~or 50~~.

...."

SECTION 3.(a) This Part applies to law enforcement officers retiring on or after January 1, 2026.

SECTION 3.(b) Subsections (a) and (d) of Section 1 and subsections (a) and (d) of Section 2 of this Part become effective January 1, 2026. The remainder of this Part is effective when it becomes law.

PART II. CONFORMING CHANGES

SECTION 4.(a) G.S. 143-166.41 reads as rewritten:

"§ 143-166.41. Special separation allowance.allowance options 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(11e) 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 the~~ officer 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. employer. To qualify for the allowance the officer shall:~~

- (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~~
- (2) ~~Not have attained 62 years of age; and~~
- (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.~~ G.S. 135-5(a).

...

(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.
- (5) Probation/parole officer. – As defined in G.S. 135-1.

(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 25 or more years of creditable service or (ii) is 55 years of age or older and has 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 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.

(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; 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 any State department, agency, or institution, except that this subdivision does not apply to an officer returning to State employment in a position exempt from the North Carolina Human Resources Act in an agency other than the agency from which that officer retired.

(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) 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 4.(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 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).

(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 30-25 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

1 subsection because that is a result of disability retirement or disability salary
2 continuation benefits shall not adversely affect an officer's qualification to
3 receive the allowance, provided the officer returns to service within 45 days
4 after the disability benefits cease and is otherwise qualified to receive the
5 allowance.

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

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

10 (1) Allowance. – The annual special separation allowance for local law
11 enforcement officers provided for under this section.

12 (2) Creditable service. – The service for which credit is allowed under the
13 retirement system of which the officer is a member, provided that at least fifty
14 percent (50%) of the service is as a law enforcement officer as herein
15 defined. member.

16 (3) Law enforcement officer. – As defined in G.S. 128-21 or G.S. 143-166.50(a).

17 (4) Officer. – Law enforcement officer.

18 (b1) Allowance Amount. – The amount of the allowance under this section is equal to
19 eighty-five hundredths percent (0.85%) of the annual equivalent of the base rate of compensation
20 most recently applicable to the officer for each year of creditable service.

21 (c) Cessation of Payment. – Payment of the allowance to a retired officer under the
22 provisions of this section shall cease at the first occurrence of any of the following:

23 (1) The death of the officer; officer.

24 (2) The last day of the month in which the officer attains 62 years of age; or age.

25 (3) The first day of reemployment by a local government employer in any
26 capacity employer, except that this subdivision does not apply to a retired
27 officer returning to local government employment in any of the following
28 circumstances:

29 a. The retired officer is reemployed in service to a county board of
30 elections on an election day or during the hours for early voting under
31 Part 5 of Article 14A of Chapter 163 of the General Statutes in a
32 capacity that complies with G.S. 128-21(19) and does not result in
33 cessation or suspension of the retiree's benefit from the Local
34 Governmental Employees' Retirement System.

35 b. The retired officer is reemployed in a public safety position in a
36 capacity not requiring participation in the Local Governmental
37 Employees' Retirement System or an equivalent locally sponsored
38 retirement plan.

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

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

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

49 (d) Impact of Other Benefits or Actions. – This section does not affect the benefits to
50 which an individual may be entitled from State, local, federal, or private retirement systems. The
51 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."

SECTION 4.(c) This section is effective January 1, 2026, and applies to law enforcement officers retiring on or after that date.

PART III. EFFECTIVE DATE

SECTION 5. Except as otherwise provided, this act is effective when it becomes law.