

## TITLE 20 – OFFICE OF THE STATE TREASURER

**Notice** is hereby given in accordance with G.S. 150B-21.2 and G.S. 150B-21.3A(c)(2)g. that the Teachers' and State Employees' Retirement System Board of Trustees intends to amend the rules cited as 20 NCAC 02B .0101, .0803, repeal the rules cited as 20 NCAC 02B .0213, .0405, readopt with substantive changes the rules cited as 20 NCAC 02B .0202, .0210, .0302- .0305, .0307, .0401, .0701, .0706, .0806, .0905, .1004, .1006; 02F .0104, readopt without substantive changes the rules cited as 20 NCAC 02B .0211, .0301, .0308, .0402, .0404, .0501, .0502, .0504, .0510, .0802, .0804, .0805, .0807, .0810, .0902- .0904, .0906; 02F .0101, .0107 repeal through readoption the rules cited as 20 NCAC 02B .0503, .0801, .0901, .1003, .1005, .1007, .1101, .1102, .1104, .1204, .1205, .1207; and 02F .0108.

Pursuant to G.S. 150B-21.2(c)(1), the text of the rule(s) proposed for readoption without substantive changes are not required to be published. The text of the rules are available on the OAH website: <http://reports.oah.state.nc.us/ncac.asp>.

**Link to agency website pursuant to G.S. 150B-19.1(c):** <https://www.nctreasurer.com/about/transparency/commitment-transparency/nc-administrative-code-rules>

**Proposed Effective Date:** January 1, 2023

**Instructions on How to Demand a Public Hearing:** (must be requested in writing within 15 days of notice): Submit a written request for public hearing within 15 days after publication of the Notice of Text to: Dept of State Treasurer, Attn: Rulemaking Coordinator, 3200 Atlantic Avenue, Raleigh, NC 27604 or DST.NCAC@nctreasurer.com.

**Reason for Proposed Action:** These proposed rule changes are being made as part of the Teachers' and State Employees' Retirement System (TSERS) Board of Trustees' readoption phase of the decennial review process. Those rules administered by the TSERS Board of Trustees and identified as being "necessary" requiring readoption by December 31, 2022 are included in this rules action. Those rules are either being 1) readopted 'as is;' 2) readopted with substantive changes; 3) readopted without substantive changes; or 4) repealed.

In addition, the TSERS Board of Trustees, as part of a joint action with the Local Governmental Employees' Retirement System (LGERS) Board of Trustees, is seeking to simplify rules related to statutory provisions requiring that service purchases include an administrative fee to be set by the TSERS Board. The Boards are seeking to do this by adopting a new single rule covering all such situations of service purchases. As part of this simplification, the TSERS Board of Trustees is seeking to repeal, through readoption, current rules it administers that cover service purchase situations.

Some rules (not identified as 'necessary' in the first phase of decennial review) are proposed for amendments to conform with statutory requirements, to remove unnecessary words or phrases or to provide clarification. Some rules are being repealed.

**Comments may be submitted to:** Laura Rowe, Rulemaking Coordinator, 3200 Atlantic Avenue, Raleigh, NC 27604; email DST.NCAC@nctreasurer.com

**Comment period ends:** August 1, 2022

**Procedure for Subjecting a Proposed Rule to Legislative Review:** If an objection is not resolved prior to the adoption of the rule, a person may also submit written objections to the Rules Review Commission after the adoption of the Rule. If the Rules Review Commission receives written and signed objections after the adoption of the Rule in accordance with G.S. 150B-21.3(b2) from 10 or more persons clearly requesting review by the legislature and the Rules Review Commission approves the rule, the rule will become effective as provided in G.S. 150B-21.3(b1). The Commission will receive written objections until 5:00 p.m. on the day following the day the Commission approves the rule. The Commission will receive those objections by mail, delivery service, hand delivery, or facsimile transmission. If you have any further questions concerning the submission of objections to the Commission, please call a Commission staff attorney at 984-236-1850.

**Fiscal impact. Does any rule or combination of rules in this notice create an economic impact? Check all that apply.**

- ☒ State funds affected
- ☐ Local funds affected
- ☐ Substantial economic impact ( $\geq$  \$1,000,000)
- ☒ Approved by OSBM
- ☐ No fiscal note required

### CHAPTER 02 - RETIREMENT SYSTEMS

#### SUBCHAPTER 02B - TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM

#### SECTION .0100 - GENERAL PROVISIONS

## 20 NCAC 02B .0101 GENERAL INFORMATION

The following is general information about the Teachers' and State Employees' Retirement System:

- (1) The ~~chief officer~~ Director is the Director of the Retirement ~~Systems~~; Systems Division;
- (2) The mailing address is Retirement Systems Division, Department of State Treasurer, 3200 Atlantic Avenue, Raleigh, North Carolina 27604;
- (3) The office is located ~~in the Longleaf Building~~, at 3200 Atlantic Avenue, Raleigh, North Carolina.

*History Note:* Authority G.S. 135-6(f);  
Eff. February 1, 1976;  
Readopted Eff. September 21, 1977;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 21, 2018;  
Amended Eff. September 1, ~~2019~~, 2019;  
Amended Eff. January 1, 2023.

## SECTION .0200 - ADMINISTRATION

### 20 NCAC 02B .0202 ACTUARIAL TABLES: RATES AND ASSUMPTIONS

(a) Actuarial tables and assumptions will be adopted by the ~~board~~ Board of ~~trustees~~ Trustees after the presentation of the recommendations of the actuary ~~by including the tables, rates, etc. in the minutes of the board with the resolution adopting said tables, rates or assumptions.~~ As provided by G.S. 150B-1(d), these actions of the Board of Trustees are not subject to rule-making requirements.

(b) The ~~director~~ Director of the retirement systems shall maintain a file of copies of all resolutions adopting tables, rates or assumptions and the current version of all tables as amended by the ~~board~~ Board of ~~trustees~~. Trustees. The file shall be open and readily available to the public during regular office hours.

~~(c) This Rule includes but is not limited to the following actuarial tables and assumptions:~~

- ~~(1) — interest rate assumptions;~~
- ~~(2) — salary increase assumptions;~~
- ~~(3) — required contribution rates;~~
- ~~(4) — mortality assumptions;~~
- ~~(5) — separation and retirement assumptions;~~
- ~~(6) — joint and survivor tables;~~
- ~~(7) — reserve transfer tables.~~

~~(d)(c)~~ Tables, rates and assumptions shall become effective on the first day of the month following adoption, unless a specific effective date is included in the adopting resolution. If the specific date is included, the tables, rates or assumptions shall be effective as provided in the adopting resolution.

*History Note:* Authority G.S. 135-6(m); 135-6(f);  
Eff. February 1, 1976;  
Readopted Eff. September 21, 1977;  
Amended Eff. August 1, ~~1981~~, 1981;  
Readopted Eff. January 1, 2023.

### 20 NCAC 02B .0210 MEDICAL BOARD

In accordance with the authority contained in G.S. 135-6(k) membership of the ~~medical~~ Medical ~~board~~ Board ~~is increased from three to~~ consists of five physicians with a quorum of three being required at meetings approving applications for disability retirement.

*History Note:* Authority G.S. 135-6(k); 135-6(f);  
Eff. February 1, 1976;  
Readopted Eff. September 21, ~~1977~~, 1997;  
Readopted Eff. January 1, 2023.

### 20 NCAC 02B .0211 OPTIONAL RETIREMENT PROGRAM (READOPTION WITHOUT SUBSTANTIVE CHANGES)

### 20 NCAC 02B .0213 DISABILITY RETIREMENT ALLOWANCE DEFINED

A member shall be deemed to have been "entitled to receive a disability retirement allowance" if a proper application for disability retirement allowance was received before his death, if he had five or more years of creditable service, if the medical board, after a medical examination of such member pursuant to G.S. 135-5(c), shall certify that such member was mentally or physically incapacitated for the further performance of duty, that such incapacity was incurred at the time of active employment and was continuous thereafter, that such incapacity was likely to be permanent, and that such member should be or should have been retired, and if all other requirements for disability retirement pursuant to G.S. 135-5(c) had been met except that the member need not live to the actual date of retirement.

*History Note:* Authority G.S. 135-5(1)(3);  
Eff. October 29, ~~1979~~, 1979;  
Repealed Eff. January 1, 2023.

## SECTION .0300 - BENEFICIARIES

**20 NCAC 02B .0302 PRINCIPAL BENEFICIARY**

(a) More than one principal beneficiary may be ~~named~~ designated for the return of accumulated contributions under the provisions of G.S. 135-5(f) to share equally. In the event of the death of any so designated for the return of accumulated contributions, ~~named~~; those surviving shall share equally in the total benefits. However, if there is only one living designated principal beneficiary for the return of accumulated contributions at the member's death and the member has met all other requirements under the provisions of G.S. 135-5(m), the designated principal beneficiary may elect to receive the alternative benefit under the provisions of G.S. 135-5(m).

(b) More than one principal beneficiary may be designated for the death benefit of an active member or a retired member under the provisions of G.S. 135-5(l) to share equally. In the event of the death of any so designated principal beneficiary(ies) for the death benefit of an active member or retired member, those surviving principal beneficiary(ies) shall share equally in the total benefits.

(c) More than one principal beneficiary may be designated for the guaranteed refund under the provisions of G.S. 135-5(g1) to share equally. In the event of the death of any so designated principal beneficiary(ies) for the guaranteed refund, those surviving principal beneficiary(ies) shall share equally in the total benefits.

*History Note:* Authority G.S. 135-5(f); 135-5(g); 135-5(g1); 135-5(l); 135-5(m); 135-6(f);  
Eff. February 1, 1976;  
Readopted Eff. September 21, ~~1977~~. 1977;  
Readopted Eff. January 1, 2023.

**20 NCAC 02B .0303 CONTINGENT BENEFICIARY**

~~A principal beneficiary may be named with the stipulation that should he predecease the member, payment of the amount due, if any, will be made to a designated contingent beneficiary. It is permissible to name more than one contingent beneficiary. In the event of the death of any so named, those surviving shall share equally in the total benefits. If more than one principal beneficiary is named, the naming of a contingent beneficiary or beneficiaries will not be permitted.~~

(a) Designating a contingent beneficiary for the return of accumulated contributions under the provisions of G.S. 135-5(f):

- (1) A principal beneficiary may be designated for the return of accumulated contributions with the stipulation that should the principal beneficiary(ies) predecease the member, payment of the amount due, if any, shall be made to the designated contingent beneficiary(ies) for the return of accumulated contributions.
- (2) If more than one principal beneficiary is designated for the return of accumulated contributions, payment of the amount due, if any, shall be paid to any surviving principal beneficiary(ies) designated for the return of accumulated contributions, sharing equally in the total benefits payable, and shall not be paid to any contingent beneficiary.
- (3) It is permissible to designate more than one contingent beneficiary for the return of accumulated contributions. Payment of the amount due, if any, shall be paid to the surviving contingent beneficiary(ies) designated for the return of accumulated contributions, sharing equally in the total benefits, only in the event that there is no surviving principal beneficiary designated for the return of accumulated contributions.

(b) Designating a contingent beneficiary for the death benefit under the provisions of G.S. 135-5(l):

- (1) A principal beneficiary may be designated for the death benefit of an active member or retired member with the stipulation that should the principal beneficiary(ies) predecease the member, payment of the amount due, if any, shall be made to the designated contingent beneficiary(ies) for the death benefit.
- (2) If more than one principal beneficiary is designated for the death benefit, payment of the amount due, if any, shall be paid to any surviving principal beneficiary(ies) designated for the death benefit, sharing equally in the total benefits payable, and shall not be paid to any contingent beneficiary.
- (3) It is permissible to designate more than one contingent beneficiary for the death benefit. Payment of the amount due, if any, shall be paid to the surviving contingent beneficiary(ies) designated for the death benefit, sharing equally in the total benefits, only in the event that there is no surviving principal beneficiary designated for the death benefit.

(c) Designating a contingent beneficiary for the guaranteed refund under the provisions of G.S. 135-5(g1):

- (1) A principal beneficiary may be designated for the guaranteed refund with the stipulation that should the principal beneficiary(ies) predecease the member, payment of the amount due, if any, shall be made to the designated contingent beneficiary(ies) for the guaranteed refund.
- (2) If more than one principal beneficiary is designated for the guaranteed refund, payment of the amount due, if any, shall be paid to any surviving principal beneficiary(ies) designated for the guaranteed refund, sharing equally in the total benefits payable, and shall not be paid to any contingent beneficiary.
- (3) It is permissible to designate more than one contingent beneficiary for the guaranteed refund. Payment of the amount due, if any, shall be paid to the surviving contingent beneficiary(ies) designated for the guaranteed refund, sharing equally in the total benefits, only in the event that there is no surviving principal beneficiary designated for the guaranteed refund.

*History Note:* Authority G.S. 135-5(f); 135-5(g); 135-5(g1); 135-5(l); 135-6(f);  
Eff. February 1, 1976;  
Readopted Eff. September 21, ~~1977~~. 1977;  
Readopted Eff. January 1, 2023.

## **20 NCAC 02B .0304 NO LIVING BENEFICIARY**

If no ~~designated named~~ beneficiary, whether principal or contingent, is living at the time of the member's death, payment of the amount due, if any, will be made to the ~~estate~~ legal representative of the member.

*History Note:* Authority G.S. 135-5(g); 135-6(f);  
Eff. February 1, 1976;  
Readopted Eff. September 21, ~~1977~~ 1977;  
Readopted Eff. January 1, 2023.

## **20 NCAC 02B .0305 BENEFICIARY WHO IS A MINOR**

(a) Payments to beneficiaries who are minors will be made to a duly appointed guardian or to the clerk of superior court in the county in which they reside to the extent that such payment may be authorized by law.

(b) In the event that the duly appointed guardian or the clerk of superior court in the county in which they reside is unwilling or unable to accept payment(s) on behalf of the minor beneficiary(ies), payment may be made to a custodian in accordance with Chapter 33A of the North Carolina General Statutes, entitled North Carolina Uniform Transfers to Minors Act.

*History Note:* Authority G.S. 135-5(g); 135-6(f);  
Eff. February 1, 1976;  
Readopted Eff. September 21, ~~1977~~ 1977;  
Readopted Eff. January 1, 2023.

## **20 NCAC 02B .0307 CHANGE IN BENEFICIARY**

Prior to retirement, the member ~~may, has the right~~ at any time, ~~and from time to time,~~ to change any beneficiaries designated ~~for the return of accumulated contributions under the provisions of G.S. 135-5(f) or the death benefit for active members under the provisions of G.S. 135-5(l) without the knowledge or consent of the beneficiaries.~~ A retired member may, at any time, change any beneficiaries designated for:

- (1) The guaranteed refund under the provisions of G.S. 135-5(g1) until such time as the funds have been depleted; or
- (2) The death benefit for active members under the provisions of G.S. 135-5(l) until such time as the retired member's last day of active service is greater than 180 days prior to the change; or
- (3) The death benefit for retired members under the provisions of G.S. 135-5(l).

Any such change must be submitted to the ~~board~~ Board of trustees. Trustees.

*History Note:* Authority G.S. 135-5(f); 135-5(g); 135-5(g1); 135-5(l); 135-6(f);  
Eff. February 1, 1976;  
Readopted Eff. September 21, ~~1977~~ 1977;  
Readopted Eff. January 1, 2023.

## **20 NCAC 02B .0308 SPECIAL RULE: BENEFICIARY BEFORE JULY 1, 1967 (READOPTION WITHOUT SUBSTANTIVE CHANGES)**

### **SECTION .0400 - EMPLOYER CONTRIBUTIONS**

## **20 NCAC 02B .0401 REFUNDS**

(a) ~~The retirement~~ Retirement system System will make no refunds of employer ~~contributions~~ contributions, paid into the pension accumulation fund by the employer in the amount equal to a percentage of the actual compensation of each member, in cases of erroneous employee deductions except those which are corrected by the employing unit on a subsequent payroll within the calendar year in which the errors occur. The only exception to this Rule is that an error occurring in December may be corrected (without loss of the employer contribution) by submission of a revised payroll with checks for the correct amount before January 31 of the following year.

(b) Notwithstanding Paragraph (a) of this Rule, an error occurring in December may be corrected (and the associated employer contribution be refunded in the form of a credit toward future required employer contributions) by the employer's submission of a revised payroll report for the correct amount before January 31 of the following year.

(c) If an employer makes an additional contribution to the pension accumulation fund as a result of the contribution-based benefit cap, and the Retirement System receives information which alters the calculation of the retirement benefit used to determine the contribution under the provisions of G.S. 135-8(f)(2)(f.), any contribution not required based on the new information will be refunded to the employer in the form of a credit toward future required employer contributions.

*History Note:* Authority G.S. 135-2; 135-8(f); 135-6(f);  
Eff. February 1, 1976;  
Readopted Eff. September 21, ~~1977~~ 1977;  
Readopted Eff. January 1, 2023.

## **20 NCAC 02B .0402 FORWARDING OF EMPLOYER CONTRIBUTIONS (READOPTION WITHOUT SUBSTANTIVE CHANGES)**

## **20 NCAC 02B .0404 DUE DATE OF CONTRIBUTIONS (READOPTION WITHOUT SUBSTANTIVE CHANGES)**

**~~20 NCAC 02B .0405~~      ~~ANTI-PENSION SPIKING CONTRIBUTION-BASED BENEFIT CAP FACTOR (TSERS)~~**

~~The contribution based benefit cap factor for the Teachers' and State Employees' Retirement System is 4.5.~~

*History Note:*      *Authority G.S. 135-4(jj); 135-5(a3); 135-6(f);*  
*Eff. March 21, 2019; 2019;*  
*Repealed Eff. January 1, 2023.*

**SECTION .0500 - TYPES OF RETIREMENT**

**20 NCAC 02B .0501      DISABILITY RETIREMENT EXAMINATION (READOPTIO**  
**WITHOUT SUBSTANTIVE CHANGES)**

**20 NCAC 02B .0502      DISABILITY RETIREMENT REPORTS (READOPTIO**  
**WITHOUT SUBSTANTIVE CHANGES)**

**20 NCAC 02B .0503      FEES: INDEPENDENT MEDICAL EXAMS-DISABILITY RETIREMENTS**

~~Physicians employed upon the recommendations of the Medical Board to examine and report on special cases of disability retirement applicants and re-examination of disability beneficiaries shall be paid fees commensurate with usual, customary and reasonable charges for such tests, examinations, procedures and reports as the Medical Board might request; and, the amounts of such fees shall be predetermined by mutual agreement between the director and the physicians so employed, with the advice of the Medical Board as to the amounts, provided that no fee for any one applicant or beneficiary shall exceed the sum of one hundred and fifty dollars (\$150.00).~~

*History Note:*      *Authority G.S. 135-6(f); 135-6(k);*  
*Eff. February 1, 1976;*  
*Readopted Eff. September 21, 1977;*  
*Amended Eff. August 1, 1981; 1981;*  
*Repealed Eff. January 1, 2023.*

**20 NCAC 02B .0504      INTEREST CREDITS (READOPTIO**  
**WITHOUT SUBSTANTIVE CHANGES)**

**20 NCAC 02B .0510      PENSIONS (READOPTIO**  
**WITHOUT SUBSTANTIVE CHANGES)**

**SECTION .0700 - LEAVES OF ABSENCE**

**20 NCAC 02B .0701      EDUCATIONAL LEAVES OF ABSENCE**

~~(a) All members, who request approval to purchase creditable service and who fulfill all of the requirements of law and the rules of the board, shall be allowed to purchase the service in accordance with the law and the rules of the board.~~

~~(b) Payments to be made for purchases on account of current leave of absence shall be submitted on Form 224, Payment of Contributions for a Current Leave of Absence, which shall be submitted as required by law. If the employer will make the monthly contributions equal to the normal and accrued liability contribution, the employer shall submit the total payment. If the member will make the entire payment, the member shall submit the total payment. In any case in which the employer continues to make salary payments, in whole or part, the director may make an agreement with the employer on how to make the payments which is not inconsistent with the law or the rules of the board.~~

~~(c) Contributions for purchase of service shall not be accepted unless the member has applied for permission to purchase the service not later than the due date of the payment for the first month for which credit is to be purchased. Applications after the last day of the first month for which service is to be purchased and the due date thereof shall be accompanied by a check in payment of the contribution for said month.~~

~~(d) Payment shall be deemed to have been made on the date received by the board, provided that a payment made by mail which is clearly postmarked on or before the due date shall be deemed paid when due.~~

~~(e) Purchases of service credit for leaves of absence prior to July 1, 1981 shall be made in the same manner as prescribed in 20 NCAC 2B .1200, DELAYED PURCHASE OF SERVICE CREDITS.~~

~~(a) For the purposes of G.S. 135-8(b)(5), "stipend" shall mean "a fixed sum of money paid periodically for services and to defray the cost of travel, housing, meals, or other living expenses resulting from participation in a full-time degree program."~~

~~(b) If the employer makes the monthly employer contribution equal to the normal and accrued liability contribution, the employer shall submit the total employer payment to the Retirement System.~~

~~(c) If the member makes the entire payment, the member shall submit the total employer and employee contribution to the Retirement System.~~

~~(d) A member, who is currently making contributions to purchase service for an educational leave of absence, and whose position before the leave of absence was paid on a less than 12-month basis, shall make the payment in the month after the regularly scheduled due date for payment of salary and shall earn service credits for said contributions in the same manner the member as he would if the member he was currently being employed in that last position.~~

*History Note:*      *Authority G.S. 135-6(f); 135-8(b)(5);*  
*Eff. February 1, 1976;*  
*Readopted Eff. September 21, 1977;*

*Amended Eff. March 1, ~~1982~~ 1982;*  
*Readopted Eff. January 1, 2023.*

## **20 NCAC 02B .0706 WORKERS' COMPENSATION LEAVES OF ABSENCE**

(a) All members, who request approval to purchase creditable service and who fulfill all of the requirements of law and the rules of the ~~board, Board,~~ shall be allowed to purchase the service in accordance with the law and rules of the ~~board, Board.~~

(b) Purchases of creditable service for leaves of absence prior to July 1, 1983 shall be made in the same manner as prescribed in Section 20 NCAC 2B .1200 ~~1200, as then effective. DELAYED PURCHASE OF SERVICE CREDITS. A fee in the amount of twenty five dollars (\$25.00) for each payment will be assessed members at the time of purchase as provided by law.~~

(c) Purchases of creditable service for leaves of absence on and after July 1, 1983 shall be paid in the manner prescribed in law equal to the sum of the total employer and employee percentage rates of contribution in effect at the time of purchase multiplied by the annual rate of compensation of the member immediately prior to the leave of absence applied to the period of the leave commencing on the first day and ending on the last day before return to service.

(d) Members who had leaves of absence which otherwise met all requirements of law for purchase as creditable service except that the leaves of absence interrupted membership in the Local Governmental Employees' Retirement System or the Law Enforcement Officers' Retirement System and whose membership service before and after the leaves of absence has become membership service in the Teachers' and State Employees' Retirement System, may purchase creditable service as in Paragraph (b) of this Rule.

(e) Members may purchase creditable service for leaves of absence only when they have membership service credits immediately prior to and immediately after the leaves of absence and such membership service is creditable service at the time of purchase.

*History Note: Authority G.S. 135-4(r); 135-6(f);*  
*Eff. December 1, 1983;*  
*Amended Eff. August 1, ~~1988~~ 1988;*  
*Readopted Eff. January 1, 2023.*

## **SECTION .0800 - MILITARY SERVICE (INCHOATE RIGHTS ONLY)**

### **20 NCAC 02B .0801 FEE**

~~A fee in the amount of twenty five dollars (\$25.00) for each payment will be assessed each individual at the time of payment to help defray the expense of handling.~~

*History Note: Authority G.S. 135-4(f)(6); 135-6(f);*  
*Eff. February 1, 1976;*  
*Readopted Eff. September 21, ~~1977~~ 1977;*  
*Repealed Eff. January 1, 2023.*

### **20 NCAC 02B .0802 QUALIFYING FOR CREDIT (READOPTION WITHOUT SUBSTANTIVE CHANGES)**

#### **20 NCAC 02B .0803 COMPUTATION OF COST**

The cost of purchasing credit for military service is calculated as follows:

- (1) 1/12 of the annualized rate of compensation the member earned when the member ~~he~~ first entered membership; multiplied by times
- (2) the employee contribution rate at that time; multiplied by times
- (3) the number of months of military service for which credit is to be purchased; plus
- (4) a factor equivalent to interest at the rate of six and one-half percent, compounded annually, from the initial year of membership to the year of payment.

*History Note: Authority G.S. 135-4(f); 135-6(f);*  
*Eff. February 1, 1976;*  
*Readopted September 21, ~~1977~~ 1977;*  
*Amended Eff. January 1, 2023.*

### **20 NCAC 02B .0804 CIVIL SERVICE PARTICIPATION (READOPTION WITHOUT SUBSTANTIVE CHANGES)**

### **20 NCAC 02B .0805 SERVICE CONNECTED DISABILITY (READOPTION WITHOUT SUBSTANTIVE CHANGES)**

#### **20 NCAC 02B .0806 RECALCULATION OF BENEFITS**

For members already retired who ~~avail themselves of these provisions~~ purchase service under G.S. 135-4(f)(6), any recalculation of benefits shall be based on the law in effect at the time of the individual's retirement including the additional service credit and effect shall be given for all benefit increases subsequent to the date of retirement which shall be a part of the total cost of providing the additional service credit.

*History Note: Authority G.S. 135-4(f)(6); 135-6(f);*  
*Eff. February 1, 1976;*  
*Readopted Eff. September 21, ~~1977~~ 1977;*

**20 NCAC 02B .0807 CHANGE IN BENEFITS (READOPTION WITHOUT SUBSTANTIVE CHANGES)**

**20 NCAC 02B .0810 RESTORING MEMBERSHIP (READOPTION WITHOUT SUBSTANTIVE CHANGES)**

**SECTION .0900 - OUT-OF-STATE SERVICE (INCHOATE RIGHTS ONLY)**

**20 NCAC 02B .0901 FEE**

~~A fee in the amount of twenty five dollars (\$25.00) for each payment will be assessed each individual at the time of payment to help defray the expense of handling out of state service credit.~~

*History Note: Authority G.S. 135-4(l); 135-6(f);  
Eff. February 1, 1976;  
Readopted Eff. September 21, 1977. 1977;  
Repealed Eff. January 1, 2023.*

**20 NCAC 02B .0902 QUALIFYING FOR CREDIT (READOPTION WITHOUT SUBSTANTIVE CHANGES)**

**20 NCAC 02B .0903 DEFINITION (READOPTION WITHOUT SUBSTANTIVE CHANGES)**

**20 NCAC 02B .0904 COMPUTATION OF COST (READOPTION WITHOUT SUBSTANTIVE CHANGES)**

**20 NCAC 02B .0905 RECALCULATION OF BENEFITS**

~~For members already retired who avail themselves of the provisions for out of state service, purchase service under G.S. 135-4(l), any recalculation of benefits shall be based on the law in effect at the time of the individual's retirement including the additional service credit and effect shall be given for all benefit increases subsequent to the date of retirement which shall be a part of the total cost of providing the additional service credit.~~

*History Note: Authority G.S. 135-4(l); 135-6(f);  
Eff. February 1, 1976;  
Readopted Eff. September 21, 1977. 1977;  
Readopted Eff. January 1, 2023.*

**20 NCAC 02B .0906 CHANGE IN BENEFITS (READOPTION WITHOUT SUBSTANTIVE CHANGES)**

**SECTION .1000 - PRIOR SERVICE**

**20 NCAC 02B .1003 PRIOR SERVICE WITH GENERAL ASSEMBLY**

~~(a) Employees eligible under S.L. 1979, Ch. 698 to purchase such service may make application to purchase prior service as a full time employee of the General Assembly for which membership credit was not previously allowed.~~

~~(b) The Legislative Services Officer shall certify to the retirement system that the applicant was a full time employee during the period for which the application is made. The said certification shall also certify the total hours and salary paid in each month. Provided, however, if the Legislative Services Officer certified that the monthly data is not available, he may certify the data in the form in which it is available.~~

~~(c) If earnings and service are certified on a monthly basis, compute the required contributions and earned service in the same manner as would have been calculated if paid at that time.~~

~~(d) If earnings and service are not certified on a monthly basis, compute the required contribution at the highest rate in effect during the period for which certified. Allow one month of service for each 20 days. To the extent possible, integrate periods of service to be purchased with intervening periods of membership service.~~

~~(e) Fractional months of service for multiple service period being certified shall be added together to determine the total allowable service. Remaining fractional months in excess of one half shall be considered to be a full month.~~

~~(f) Regular interest, as provided for in G.S. 135-7(b), shall be calculated and charged through the year of purchase.~~

~~(g) An administrative fee of \$25.00 shall be collected at the time application is made to purchase service.~~

~~(h) No person shall purchase less than the total service for which they are eligible.~~

*History Note: Authority G.S. 135-4(j1); 135-6(f);  
Eff. October 29, 1979. 1979;  
Repealed Eff. January 1, 2023.*

**20 NCAC 02B .1004 TEMPORARY SERVICE PURCHASE (INCHOATE RIGHTS ONLY)**

~~(a) A member eligible under G.S. 135-4(p) to purchase service for temporary State employment shall make the application on Form 222, apply for the purchase. Application to Purchase Service Credits for Full Time Temporary State Employment. Employer certification of temporary State employment and the compensation received for such service shall be made on Form 222-A, Employer Certification of Full Time Temporary Service, and shall accompany the application.~~

- (b) Temporary State employment means employment under which the member would have been unconditionally required to make contributions at the time of employment if not classified at the time of employment as a "temporary" employee.
- (c) ~~Since the actual cost to fund the liability created on account of the purchase has a direct relationship to the purchasing member's current level of compensation, the employer cost will be computed on the member's level of compensation at the time of purchase. The employer cost, therefore, shall be equal to the total employee and employer rates of contribution at the member's level of compensation at the time of purchase and for the period of service being purchased, less the required member contribution.~~
- (d) No purchases shall be allowed for 36 months or less.

*History Note:* Authority G.S. 135-4(p); 135-6(f);  
Eff. March 1, 1982;  
Amended Eff. March 1, 1985; September 1, ~~1982~~; 1982;  
Readopted Eff. January 1, 2023.

## **20 NCAC 02B .1005 TEMPORARY SERVICE PURCHASE: FULL ACTUARIAL LIABILITY**

- (a) ~~All members, who request approval to purchase creditable service for temporary state employment and who fulfill all of the requirements of law and the rules of the board, shall be allowed to purchase the service in accordance with the law and rules of the board.~~
- (b) ~~Purchases of creditable service for temporary state employment shall be made in the same manner as prescribed in 20 NCAC 2B .1200 DELAYED PURCHASE OF SERVICE CREDITS.~~
- (c) ~~Members requesting approval to purchase creditable service shall make application on and acquire certification from the employer of the temporary employment on Form 222-B, Application to Purchase Temporary State Employment.~~
- (d) ~~The phrase "temporary employment" as used in G.S. 135-4(s)(2) shall mean a period of continuous temporary employment prior to membership, except when multiple periods of temporary employment were interrupted by less than 90 calendar days or by the number of days between consecutive academic/school years.~~
- (e) ~~The phrase "completed 10 years or more of membership service" as used in G.S. 135-4(q)(3) shall mean membership service completed after the temporary state employment.~~
- (f) ~~A fee in the amount of twenty five dollars (\$25.00) for each payment shall be assessed members at the time of purchase as provided by law.~~

*History Note:* Authority G.S. 135-4(s); 135-6(f);  
Eff. December 1, 1983;  
Amended Eff. August 1, 1988; September 1, ~~1984~~; 1984;  
Repealed January 1, 2023.

## **20 NCAC 02B .1006 PART-TIME SERVICE PURCHASE: FULL ACTUARIAL LIABILITY**

- (a) ~~Members requesting approval to purchase creditable service shall make application on and acquire certification from the employer of the part time employment on the form designated for this purpose.~~
- (b) ~~The phrase "part-time" as used in G.S. 135-4(p2) 135-4(pl) shall refer to duties performed on less than a full-time basis.~~
- (c) ~~The phrase "completed 10 years or more of membership service" as used in G.S. 135-4(pl) shall mean membership service completed after the "part time" state employment.~~
- (d) ~~The amount of part time service to be purchased shall be computed as follows:~~
  - (1) ~~Determine the ratio of the actual gross compensation earned as a part time employee (numerator) to the gross compensation that would have been earned as a full time employee (denominator);~~
  - (2) ~~Apply the ratio (quotient) determined in (1) of this Paragraph to the period of service rendered in months.~~
- (e) ~~Purchases of creditable service for part time state employment shall be made in the same manner as prescribed in 20 NCAC 2B .1200.~~
- (f) ~~A fee in the amount of twenty five dollars (\$25.00) for each payment shall be assessed members at the time of purchase as provided by law.~~

*History Note:* Authority G.S. 135-4 (p2)(p4); 135-6(f);  
Eff. March 1, ~~1985~~; 1985;  
Readopted Eff. January 1, 2023.

## **20 NCAC 02B .1007 LOCAL GOVERNMENT SERVICE PURCHASE: FULL ACTUARIAL LIABILITY**

- (a) ~~Members requesting approval to purchase creditable service shall make application on and acquire certification from the employer, of the local government employment on the form designated for this purpose.~~
- (b) ~~The phrase "local government employment" shall mean service while regularly employed as defined in 20 NCAC 2C .0802.~~
- (c) ~~The phrase "local government employer" shall mean a local governmental entity as defined in G.S. 128-21(11).~~
- (d) ~~The phrase "upon completion of 10 years of membership service" as used in G.S. 135-4(t) shall mean membership service completed after the local governmental employment.~~
- (e) ~~Purchases of creditable service for local government employment shall be made in the same amount as prescribed in 20 NCAC 2B .1200.~~
- (f) ~~A fee in the amount of twenty five dollars (\$25.00) for each payment shall be assessed members at the time of purchase as provided by law.~~



*History Note:* Authority G.S. 135-4(t); 135-6(f);  
Eff. March 1, ~~1985~~; 1985;  
Repealed Eff. January 1, 2023.

## SECTION .1100 - VOLUNTARILY WITHDRAWN CONTRIBUTIONS

### 20 NCAC 02B .1101 FEE

~~A fee in the amount of twenty five dollars (\$25.00) for each payment will be assessed each individual at the time of payment for voluntarily withdrawn contributions to help defray the expense of handling.~~

*History Note:* Authority G.S. 135-4(k); 135-6(f);  
Eff. February 1, 1976;  
Readopted Eff. September 21, ~~1977~~; 1977;  
Repealed Eff. January 1, 2023.

### 20 NCAC 02B .1102 QUALIFICATION

~~In order to qualify for service credit, each individual must restore all accounts previously withdrawn on a voluntary basis.~~

*History Note:* Authority G.S. 135-4(k); 135-6(f);  
Eff. February 1, 1976;  
Readopted Eff. September 21, ~~1977~~; 1977;  
Repealed Eff. January 1, 2023.

### 20 NCAC 02B .1104 RECALCULATION OF BENEFITS

~~For members already retired who avail themselves of these provisions, any recalculation of benefits shall be based on the law in effect at the time of the individual's retirement including the additional service credit and effect shall be given for all benefit increases subsequent to the date of retirement which shall be a part of the total cost of providing the additional service credit.~~

*History Note:* Authority G.S. 135-4(k); 135-6(f);  
Eff. February 1, 1976;  
Readopted Eff. September 21, ~~1977~~; 1977;  
Repealed Eff. January 1, 2023.

## SECTION .1200 - DELAYED PURCHASE OF SERVICE CREDITS

### 20 NCAC 02B .1204 DEFINITIONS

~~The following words and phrases have the meanings indicated when used in this Section, unless the context clearly requires another meaning:~~

- ~~(1) "earliest retirement date" is the first date at which the applicant could retire with an unreduced benefit;~~
- ~~(2) "nearest age" is year and whole month of the age of the member which is closest to the date specified;~~
- ~~(3) "estimated allowance (with purchase)" is the estimated retirement allowance computed in the normal manner at the earliest retirement date and the years of service the applicant would have if the purchase is made;~~
- ~~(4) "estimated allowance (without purchase)" is the estimated allowance computed in the normal manner at the earliest retirement date and the years of service which the applicant would have at that time if no purchase is made.~~

*History Note:* Authority G.S. 135-6(f);  
Eff. October 29, 1979;  
Amended Eff. March 1, 1985; June 1, ~~1982~~; 1982;  
Repealed Eff. January 1, 2023.

### 20 NCAC 02B .1205 COMPUTATION OF COST

~~The cost of a delayed purchase of service credit is computed as follows:~~

- ~~(1) Determine earliest retirement dates;~~
- ~~(2) Determine estimated average final compensation (with purchase) and (without purchase) by multiplying the total compensation actually paid for the period for which 12 months' service credit will have been earned through the current month by the factor determined from the table of Salary Factors using the member's nearest age on the last day of the current month and at the earliest retirement date (with purchase) and (without purchase). Provided that if the member is out of service but not retired, has passed his 65th birthday, or has 30 years of service credit without the purchase, the estimated average final compensation will be calculated in the normal manner for the compensation and service recorded by the Retirement System;~~
- ~~(3) Determine estimated allowance (with purchase);~~
- ~~(4) Determine required reserve on estimated allowance (with purchase) by multiplying the estimated allowance (with purchase) by the reserve factor found in the Table of Reserve Factors for the nearest ages at purchase date and at earliest retirement date;~~
- ~~(5) Determine estimated allowance (without purchase);~~

- ~~(6) Determine available reserve on estimated allowance (without purchase) by multiplying the estimated allowance (without purchase) by the reserve factor for the nearest ages at purchase date and at earliest retirement date;~~
- ~~(7) The cost of purchasing service credit is the difference between the required reserve (with purchase) and the available reserve (without purchase). Provided that if the difference between the required reserve and the available reserve is zero, the cost of purchasing the service credit is the estimated average final compensation (with purchase) times the number of years service purchased, times the statutory service factor, times the reserve factor for the nearest ages at the last day of the last month for which the compensation used was recorded and at earliest retirement date (with purchase);~~

*History Note:* Authority G.S. 135-6(f);  
Eff. October 29, 1979;  
Amended Eff. June 1, 1982; 1982;  
Repealed Eff. January 1, 2023.

## **20 NCAC 02B .1207 SPECIAL RULE FOR RETIRED APPLICANTS**

The cost of a delayed purchase of service credit for a person currently receiving a retirement allowance is computed as follows:

- ~~(1) Determine the estimated allowance (with purchase), what is the monthly amount that the applicant would be receiving, if he had retired at his original retirement date for his present option, with his current creditable service plus the service to be purchased, by using the factors applicable at his actual retirement date, and including all cost of living and special percentage increases which he has actually received since his first monthly retirement benefits.~~
- ~~(2) Determine the difference between his estimated allowance (with purchase) and his present monthly retirement benefit.~~
- ~~(3) Determine the cost of purchasing the service credit by multiplying the difference in monthly benefit by twelve, and then dividing by the option factor from the Table of Option Factors for his current option and then multiplying by the reserve factor from the Table of Reserve Factors for his current age and retirement age.~~

*History Note:* Authority G.S. 135-6(f); 135-4(m);  
Eff. March 1, 1982;  
Amended Eff. March 1, 1985; 1985;  
Repealed Eff. January 1, 2023.

## **SUBCHAPTER 02F - CONSOLIDATED JUDICIAL RETIREMENT SYSTEM OF NORTH CAROLINA**

### **20 NCAC 02F .0101 GENERAL INFORMATION (READOPTION WITHOUT SUBSTANTIVE CHANGES)**

#### **20 NCAC 02F .0104 ACTUARIAL TABLES: RATES AND ASSUMPTIONS**

(a) Actuarial tables and assumptions will be adopted by the ~~board~~ Board of trustees ~~Trustees~~ after the presentation of the recommendations of the ~~actuary~~ actuary, ~~by including the tables, rates, etc. in the minutes of the board with the resolution adopting said tables, rates or assumptions.~~ As provided by G.S. 150B-1(d), these actions of the Board of Trustees are not subject to rule-making requirements.

(b) The ~~director of the retirement systems~~ Director shall maintain a file of copies of all resolutions adopting tables, rates or assumptions and the current version of all tables as amended by the ~~board~~ Board of trustees. ~~Trustees~~. The file shall be open and readily available to the public during regular office hours.

~~(c) This Rule includes but is not limited to the following actuarial tables and assumptions:~~

- ~~(1) interest rate assumptions;~~
- ~~(2) salary increase assumptions;~~
- ~~(3) required contribution rates;~~
- ~~(4) mortality assumptions;~~
- ~~(5) separation and retirement assumptions;~~
- ~~(6) joint and survivor tables;~~
- ~~(7) reserve transfer tables.~~

~~(d)(c)~~ Tables, rates and assumptions shall become effective on the first day of the month following adoption, unless a specific effective date is included in the adopting resolution. If the specific date is included, the tables, rates or assumptions shall be effective as provided in the adopting resolution.

*History Note:* Authority G.S. 135-69; 135-6(f);  
Eff. September 21, 1977;  
Amended Eff. August 1, 1981; 1981;  
Readopted Eff. January 1, 2023.

### **20 NCAC 02F .0107 FINAL COMPENSATION FOR THREE-FOURTHS LIMITATION (READOPTION WITHOUT SUBSTANTIVE CHANGES)**

#### **20 NCAC 02F .0108 FULL ACTUARIAL COST**

"Full cost of the service credits" will be calculated in substantially the same manner as in 20 NCAC 2B .1200 using the tables, rates, assumptions, etc. adopted by the board for the Consolidated Judicial Retirement System.

*History Note:* Authority G.S. 135-52; 135-6(f);  
Eff. March 1, ~~1985~~ 1985;  
Repealed Eff. January 1, 2023.