

RETIREMENT 2001 LEGISLATIVE HIGHLIGHTS

Formula Accrual Rate (Local Governmental Employees' Retirement System only) –

Legislation was enacted to increase the Local Governmental Employees' Retirement System defined benefit formula accrual rate from 1.78% to 1.81% of a member's average final compensation multiplied by a member's creditable service for early and service retirements effective on or after July 1, 2001.

Sick Leave (Teachers' and State Employees' Retirement System only) –

Legislation was enacted to remove the cap on the number of sick leave days that can be used for credit at retirement for members of the Teachers' Employees' Retirement System retiring on and after July 1, 2001.

Sick Leave (Local Governmental Employees' Retirement System only) –

Legislation was enacted to remove the cap on the number of sick leave days that can be used for credit at retirement for members of the Local Governmental Employees' Retirement System retiring on and after January 1, 2002.

Withdrawn Service Purchases (Teachers' and State Employees' Retirement System only) –

The North Carolina General Assembly recently enacted legislation, effective retroactively to July 1, 2001, that affects active and retired members of the Teachers' and State Employees' Retirement System who have previously withdrawn contributions. The new legislation allows these members the opportunity to restore the years of service that were previously forfeited at a cost which is likely much lower than the cost under the previous provisions of law. Members may restore their withdrawn service at any time prior to or after retirement.

The revised method of cost calculation is based on the amount of contributions previously withdrawn, plus 6 ½% interest compounded annually from the year of withdrawal to the year of repayment, plus a \$25.00 administrative fee. As this method of cost calculation is based upon the amount previously withdrawn, members must restore **all** of the service previously withdrawn. This revised method of cost calculation applies only to the purchase of withdrawn service and only to members of the Teachers' and State Employees' Retirement System. To be eligible, a member must have returned to employment and have completed five or more years of membership service.

As we would expect due to the timing of the enactment of the legislation and the number of affected members, our office has received an enormous number of inquiries for cost calculations. Therefore, if a request for a cost calculation for withdrawn service is received in our office on or before December 31, 2001, we will allow the member a period of up to 60 days from the date we generate the Statement of Cost to purchase the service credits at the cost that would be applicable during 2001.

Thank you for your patience and understanding; and, we assure you that we are processing these cost statements as quickly as possible so that you can take advantage of this opportunity.

