



# HOUSE BILL 665: Sheriffs' Supp. Pension Fund Changes.

2017-2018 General Assembly

---

<b>Committee:</b>	House Pensions and Retirement	<b>Date:</b>	April 24, 2017
<b>Introduced by:</b>	Rep. McNeill	<b>Prepared by:</b>	Theresa Matula
<b>Analysis of:</b>	First Edition		Committee Staff

---

**OVERVIEW:** *House Bill 665 allows the Department of Justice to fund the Sheriffs' Supplemental Pension Fund insufficiency, if any, by billing each county for the amount of the anticipated insufficiency on a pro rata amount based on each county's population. The bill would become effective when it becomes law.*

**CURRENT LAW:** G.S. 7A-304(a)(3a) requires that \$1.25 from court costs collected in criminal cases must be remitted to the Department of Justice to fund the supplemental pension benefits for sheriffs.

G.S. 7A-311(a)(1) imposes a \$30 fee for each item of civil process served. At least 50% of the fees collected must be used by the county to ensure the timely service of process within the county, which may include hiring additional law enforcement personnel upon the recommendation of the sheriff.

**Article 12H, Chapter 143** provides for the **Sheriffs' Supplemental Pension Fund**. Enacted in 1985, the stated purpose of the Sheriff's Supplemental Pension Fund is to attract the most highly qualified talent available within the State to the position of sheriff and to fully recognize that sheriffs are constitutional officials elected by the people and are also officers of the court enforcing the laws of the State. The Department of Justice (DOJ) administers the fund.

G.S. 143-166.84 (a), (a1) and (a2) provide that each county sheriff who meets the following criteria is eligible for a benefit:

- A county sheriff who has retired from the Local Governmental Employees' Retirement (LGERS) system and is 55 years of age or has 30 years of creditable service regardless of age and who has completed at least 10 years of eligible service as sheriff.
- A county sheriff who withdrew service in the LGERS prior to July 1, 1986, and who is age 55 or attained 30 years of service regardless of age and who has completed at least 10 years of eligible service is entitled to receive a monthly pension provided the sheriff is not eligible to receive any retirement benefit from any State or locally sponsored plan.
- A county sheriff who has been approved for disability benefits from the LGERS is eligible to receive benefits based on years of creditable service as a sheriff, regardless of age, provided the retiree has at least 10 years of eligible service as a sheriff.

G.S. 143-166.85 provides that benefits are paid in equal monthly installments equal to one share for each full year of eligible service as a sheriff multiplied by the total number of years of eligible service. The "per share" amount is determined by dividing the total number of years of eligible service for all eligible retired sheriffs on December 31 of each year into the amount to be disbursed. Monthly benefits are limited to a maximum amount.

G.S. 143-166.83 provides for disbursements from the Fund. Currently **subsection (e)** provides that, "If, for any reason, the Fund shall be insufficient to pay any pension benefits or other charges, then all

Karen Cochrane-Brown  
Director



Legislative Analysis  
Division  
919-733-2578

# House Bill 665

Page 2

benefits or payments shall be reduced pro rata for as long as the deficiency in amount exists. No claim shall accrue with respect to any amount by which a pension payment shall have been reduced."

**BILL ANALYSIS:** House Bill 665 amends G.S. 143-166.83(e) to provide that if the fund is insufficient to pay pension benefits, the Department of Justice (DOJ) is required to calculate the anticipated insufficiency at the beginning of each calendar year and to bill each county for the amount of the anticipated insufficiency no later than January 31. The amount billed to each county is a pro rata amount based on the county's population. Each county must pay the amount by March 1 of that calendar year. A county may use a portion of the civil process service fee under G.S. 7A-311(a)(1) that is not required to be utilized to ensure the timely service of process with the county, other funds, or both.

**EFFECTIVE DATE:** House Bill 665 would become effective when it becomes law.

**BACKGROUND:** As described in G.S. 143-166.85 the amount of the monthly benefit is based on multiplying the total years of service as a sheriff by the "per share" amount. According to the annual reports for the Sheriffs' Supplemental Pension Fund, the "per share" amount for 2013 was \$748.58, for 2014 it was \$606.58, it was \$541.32 for 2015, and was calculated to be \$556.72 for 2016. Also according to the latest annual report, effective January 1, 2016, a total of 94 retired Sheriffs were participating in the program.