



HOUSE BILL 777: Purchase Opt/Credit for Prior Year FT Service.

2019-2020 General Assembly

Committee:	House Pensions and Retirement. If favorable, re-refer to Rules, Calendar, and Operations of the House	Date:	May 5, 2019
Introduced by:	Reps. Belk, Gill, Hurley, Martin	Prepared by:	Theresa Matula
Analysis of:	First Edition		Committee Staff

OVERVIEW: *House Bill 777 would amend the Teachers and State Employee's Retirement System (TSERS) and the Local Governmental Employees' Retirement System (LGERS) to allow an individual who did not earn membership service in a calendar year because the individual was not expected to work full-time, to purchase that service if their actual work hours exceed the system requirements which are 30 hours per week for nine or more months of the year for the TSERS, and 1,000 hours per year for the LGERS.*

BILL ANALYSIS: HB 777 would allow the purchase of service in the TSERS and LGERS an individual worked hours more hours than was originally anticipated and meets specified criteria.

Section 1(a) amends the TSERS creditable service statute (G.S. 135-4) by adding a new section allowing an individual who was not eligible to earn membership service in a calendar year, because it was anticipated that the individual would not meet the definition of employee (G.S. 135-1), to purchase creditable service for that calendar year in accordance with the following requirements:

- (1) *No later than January 31 of each year*, all employers must provide written notification of the total hours worked in the preceding calendar year to any individual *who worked at least 30 hours per week for nine or more months in the preceding calendar year* who was classified as part time and who was not eligible to earn membership service due to that classification. A copy of each notification must be sent to the Retirement Systems Division.
- (2) An individual who received the written notification above is allowed to purchase the applicable amount of creditable service based upon the hours that the individual actually worked in the preceding calendar year. The creditable service must be purchased as a lump sum in an amount equal to the employee contributions that would have been required had the individual been earning membership service in that preceding calendar year. Purchases made under this subdivision must be made and paid in full within 30 days of receipt of the written notification.
- (3) Upon receipt of the full payment as required by subdivision (2) of this subsection, the Retirement Systems Division must issue an invoice to the employer in the amount that the employer would have contributed had the individual been earning membership service in the preceding calendar year.
- (4) Employers of any individual purchasing service credit under the section must remit in one lump sum the amount that the employer would have contributed had the individual been earning membership service in the preceding calendar year. Payments must be made and paid in full within 30 days of receipt of the invoice from the Retirement Systems Division under subdivision (3) of this subsection.

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(5) The cumulative amount of creditable service purchased under this subsection may not exceed a total of five years.

(6) Does not apply to retired members.

Section 1.(b) adds a subsection similar to Section 1(a) to G.S. 128-26 for LGERS employees, however the individual must have worked at least 1,000 hours in the preceding calendar year.

EFFECTIVE DATE: HB 777 would become effective January 1, 2021, and apply to the purchase of service for work performed on or after January 1, 2020.