



HOUSE BILL 160: Retirement Service Purchase Rewrite Part II.

2021-2022 General Assembly

Committee:		Date:	September 21, 2021
Introduced by:		Prepared by:	Theresa Matula
Analysis of:	S.L. 2021-57		Legislative Analyst

OVERVIEW: *S.L. 2021-57 amends service purchase requirements for the Teachers' and State Employees' Retirement System (TSERS), Local Governmental Employees' Retirement System (LGERS), and the Consolidated Judicial Retirement System (CJRS).*

These changes became effective January 1, 2022 and apply to the purchase of creditable service occurring on or after that date.

The act also repeals duplicative statutes or those that are no longer necessary in TSERS and LGERS and these changes become effective July 1, 2022.

BILL ANALYSIS: S.L. 2021-57 amends the service purchase requirements outlined below in TSERS, LGERS, and CJRS.

- *Credit for Prior Temporary State Employment - Section 1.1 amends TSERS pertaining to credit for prior temporary State employment to clarify that the right to purchase creditable service that existed before December 31, 2021, is not diminished.*
- *For the situations listed below, the act outlines the process for purchasing service prior to January 1, 2023, and for purchasing service on and after January 1, 2023. For purchases on and after January 1, 2023, the member must purchase the service by paying a lump sum amount equal to the full liability increase due to the additional service credits on the basis of the assumptions used for the purposes of the actuarial valuation of the liabilities of the Retirement System, except for the following assumptions specific to this calculation: (i) the allowance is assumed to commence at the earliest age at which the member could retire on an unreduced retirement allowance and (ii) assumed annual postretirement allowance increases as set by the Board of Trustees upon the advice of the consulting actuary.*
 - *Credit for Employment in a Charter School Operated by a Private Nonprofit or Municipality - Section 1.1 amends the current TSERS statute pertaining to the purchase of creditable service for employment in a charter school operated by a private nonprofit corporation or a municipality, and whose board did not elect to participate in the Retirement System, to provide that this statute applies prior January 1, 2023. It adds a new subsection to provide for service purchase as a charter school employee on and after January 1, 2023, and in addition to the process described above, the amount of service purchase may not exceed a total of five years.*
 - *Service as a Member of the General Assembly - Section 1.2(a) for TSERS, Section 2.2(a) for LGERS and Section 3.2(a) for CJRS provide that the current statutes pertaining to the purchase of service as a member of the General Assembly are effective prior to January 1, 2023. Section 1.2(b) for TSERS, Section 2.2(b) for LGERS and Section 3.2(b) for CJRS, provide for service purchases on and after January 1, 2023, and in addition to the process described above, the bill specifies that*

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any member with five or more years of membership service may purchase creditable service for service as a member of the General Assembly and the amount purchased may not exceed a total of five years.

- *Retroactive Membership Service* - Section 1.3 amends TSERS statutes, Section 2.3 amends LGERS statutes, and Section 3.3 amends CJRS statutes, pertaining to service purchases for retroactive membership service in accordance with the process described above.
- *LGERS Service* - Section 2.1 provides for service purchases for LGERS members in accordance with the process described above.
- *Service as a Judge, District Attorney, Clerk of Superior Court* – Section 3.1 amends CJRS statutes pertaining to service purchases prior to January 1, 2023. A new subsection is added for purchases on and after January 1, 2023, to provide that after the transfer of any accumulated contributions from TSERS or LGERS, the member must pay an amount equal to the full cost of the additional service credits calculated on the basis of the assumptions used for purposes of the actuarial valuation of the System's liabilities, taking into account the additional retirement allowance arising on account of the additional service credit commencing at the earliest age at which the member could retire with an unreduced retirement as determined by the Board, plus an administrative fee.
- *Statutory repeals* - Section 1.4 repeals duplicative or statutes that are no longer necessary in TSERS and Section 2.4 repeals duplicative or statutes that are no longer necessary in LGERS. Both sections become effective July 1, 2022.

EFFECTIVE DATE: Except as otherwise provided this act became effective January 1, 2022, and applies to purchases of creditable service occurring on or after that date.