

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 Director is the Director of the Retirement Systems Division;
- (2) The mailing address and physical address is Retirement Systems Division, Department of State Treasurer, 3200 Atlantic Avenue, Raleigh, North Carolina 27604.

*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. March 1, 2023; September 1, 2019.*

20 NCAC 02B .0102 PURPOSES

20 NCAC 02B .0103 FORMS

*History Note: Authority G.S. 135-6(f);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Repealed Eff. March 1, 1985.*

SECTION .0200 - ADMINISTRATION

20 NCAC 02B .0201 AVERAGE FINAL COMPENSATION

The term "consecutive calendar years" is defined for the purpose of determining retirement allowances as a period of time consisting of a number of calendar months of creditable service equal to 12 times the number of years specified by statute during which the highest total compensation was earned, adjusted proportionally to the regular term of annual employment.

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

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

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Repealed Eff.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

20 NCAC 02B .0203 OFFICIAL MORTALITY TABLE

20 NCAC 02B .0204 ACTUARIAL CALCULATIONS

20 NCAC 02B .0205 RECOMMENDATIONS OF ACTUARY

20 NCAC 02B .0206 ACTUARIAL VALUATIONS

20 NCAC 02B .0207 RESERVE TRANSFER

*History Note: Authority G.S. 135-6(f); 135-6(m); 135-6(n); 135-6(o); 135-18.1;
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Repealed Eff. August 1, 1981.*

20 NCAC 02B .0208 DEATH OF RETIRED MEMBER

During the month a retired member dies, the legal representative of the deceased shall be entitled to a full check for the month in which the death occurred.

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

20 NCAC 02B .0209 DISCLOSURE OF INFORMATION

*History Note: Authority G.S. 135-6(f);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Amended Eff. March 1, 1985;
Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.*

20 NCAC 02B .0210 MEDICAL BOARD

In accordance with the authority contained in G.S. 135-6(k), membership of the Medical Board consists of five physicians, with a quorum of three required at meetings approving applications for disability retirement.

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

20 NCAC 02B .0211 OPTIONAL RETIREMENT PROGRAM

An individual who is employed by a state university at a rank or in a position ineligible for participation in the Optional Retirement Program, as provided by G.S. 135-5.1, and who later is reclassified to an eligible rank or position shall be permitted to elect to withdraw from the Teachers' and State Employees' Retirement System and to begin participation in the Optional Retirement Program as though the individual were a new employee.

*History Note: Authority G.S. 135-5.1; 135-6(f);
Eff. February 1, 1976;
Readopted Eff. March 1, 2023; September 21, 1977.*

20 NCAC 02B .0212 SURVIVOR'S ALTERNATE BENEFIT

*History Note: Authority G.S. 135-19; 135-6(f);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.*

20 NCAC 02B .0213 DISABILITY RETIREMENT ALLOWANCE DEFINED

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

20 NCAC 02B .0214 RETROACTIVE MEMBERSHIP SERVICE

*History Note: Authority G.S. 135-3(1); 135-6(f);
Eff. June 1, 1984;
Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.*

20 NCAC 02B .0215 TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM OVERPAYMENT SAFE HARBOR

(a) The Board of Trustees determines that the following causes of overpayments are not entirely due to administrative error on the part of the Retirement Systems Division:

- (1) The beneficiary received, but did not repay to the Retirement System or the Disability Income Plan of North Carolina, a benefit from the Social Security Administration, the U.S. Department of Veterans Affairs, other federal agency payments, Workers' Compensation, or the State's military disability program under G.S. 127A-108, where such benefits are required by law to be offset from benefits paid by the Retirement System or the Disability Income Plan of North Carolina, or where repayment of such benefits was agreed upon as a condition of approval for benefits from the Retirement System or the Disability Income Plan of North Carolina.
- (2) The beneficiary, the beneficiary's employer, or the beneficiary's authorized agent submitted any information on an official form to the Retirement Systems Division, either on paper or electronically, that differed from the information ultimately used to determine the eligibility for, or amount of, benefits due.
- (3) The Retirement Systems Division requested information necessary to initiate or continue the payment of benefits, by sending a letter to the mailing address that the beneficiary, the beneficiary's employer, or the beneficiary's authorized agent placed on file with the Retirement Systems Division, allowing at least three weeks between the date of the letter and the date for a response to be received, and the Retirement Systems Division did not receive a response by the time requested.
- (4) A State or local government agency reported information to the Retirement Systems Division, including employment status, dates of service, or amounts of compensation, which changed the eligibility for, or amount of, benefits due to the beneficiary.
- (5) The beneficiary experienced a forfeiture of creditable service for having been convicted of a felony under the provisions of G.S. 135-18.10, G.S. 135-18.10A, G.S. 135-75.1, or G.S. 135-75.1A .

(b) The Retirement Systems Division may initiate a review of the facts and circumstances related to the origin of any overpayment from the Retirement System or the Disability Income Plan of North Carolina, with the purpose of determining if the overpayment was entirely due to administrative error on the part of the Retirement Systems Division and therefore eligible for the alternate repayment terms of G.S. 135-9(c1). The Director of the Retirement Systems Division shall, upon receipt of a written request by a beneficiary, beneficiary's employer, or the beneficiary's authorized agent, initiate such a review. If the Director determines the overpayment is not entirely due to administrative error on the part of the Retirement Systems Division, the Retirement Systems Division shall issue a letter to the requestor setting forth the reason or reasons for the denial. The Director shall make determinations on such requests pursuant to the authority provided under 20 NCAC 02A .0103.

History Note: Authority G.S. 135-6(f); 135-9(c1);
Eff. July 1, 2024.

SECTION .0300 - BENEFICIARIES

20 NCAC 02B .0301 DESIGNATION

Any beneficiaries designated, other than the estate of a member or a trustee named by and acting for the member, must be living persons at the time the designation is made. If it is desired that the estate be beneficiary, this should be indicated on the form.

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

20 NCAC 02B .0302 PRINCIPAL BENEFICIARY

(a) More than one principal beneficiary may be 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 principal beneficiary for the return of accumulated contributions, those surviving principal beneficiaries 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 for the death benefit of an active member or retired member, those surviving principal beneficiaries 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 for the guaranteed refund, those surviving principal beneficiaries 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. March 1, 2023; September 21, 1977.*

20 NCAC 02B .0303 CONTINGENT BENEFICIARY

(a) The following shall apply to 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 predecease the member, payment of the amount due, if any, shall be made to the designated contingent beneficiary or beneficiaries 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 beneficiaries 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 beneficiaries 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) The following shall apply to 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 predecease the member, payment of the amount due, if any, shall be made to the designated contingent beneficiary or beneficiaries 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 beneficiaries 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 beneficiaries 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) The following shall apply to 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 predecease the member, payment of the amount due, if any, shall be made to the designated contingent beneficiary or beneficiaries 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 beneficiaries 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 beneficiaries 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. March 1, 2023; September 21, 1977.

20 NCAC 02B .0304 NO LIVING BENEFICIARY

If no designated 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 administrator or executor of the estate or the collector of funds for the estate of the member.

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

20 NCAC 02B .0305 BENEFICIARY WHO IS A MINOR

(a) Payments to beneficiaries who are minors will be made to an appointed guardian or to the clerk of superior court in the county in which the beneficiary resides to the extent that such payment is authorized by law.

(b) In the event that the appointed guardian or the clerk of superior court in the county in which the beneficiary resides is unwilling or unable to accept payment on behalf of the minor beneficiary 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. March 1, 2023; September 21, 1977.

20 NCAC 02B .0306 CHANGE IN STATUS

History Note: Authority G.S. 135-5(g); 135-6(f);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Repealed Eff. March 1, 1985.

20 NCAC 02B .0307 CHANGE IN BENEFICIARY

Prior to retirement, the member may, at any time, 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). 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;
- (2) The death benefit for active members under the provisions of G.S. 135-5(l) provided the change is submitted within 180 calendar days after the member's last day of active service; or
- (3) The death benefit for retired members under the provisions of G.S. 135-5(l).

The member shall submit any such change to the Board of Trustees using the form approved by the Board of Trustees for designation of the beneficiary for that purpose.

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. March 1, 2023; September 21, 1977.

20 NCAC 02B .0308 SPECIAL RULE: BENEFICIARY BEFORE JULY 1, 1967

In the event of the death of a person who became a member before July 1, 1967, the return of a member's contributions shall be paid to such person as the member intended to receive the return of contributions and whom the member designated as beneficiary for the death benefit as if the member had designated such person for the return of contributions if all of the following conditions are met:

- (1) the member had designated one person for the death benefit at a time when there were separate forms for designation of beneficiary for return of contributions and designation of beneficiary for the death benefit;
- (2) the person designated as beneficiary for the death benefit is living at the time of the member's death;
- (3) any previously designated beneficiary for the return of contributions who is living at the time of the member's death or, if such previously designated beneficiary dies between the time of the member's death and the time of determination of payment of the return of accumulated contributions, the legatee or legatees, heirs at law, successors, or assigns of such beneficiary, waives all claims to or interest in the return of the member's contributions;
- (4) the member did not designate any other person for the return of contributions after making a designation of beneficiary for the death benefit; and
- (5) clear and convincing evidence is presented to the Division showing that the member thought the member had or intended to have designated for the return of contributions the same person whom the member designated as beneficiary for the death benefit.

In such cases, the beneficiary shall be entitled to receive the survivor's alternate benefit pursuant to G.S. 135-5(m) to the same extent that the beneficiary would have been entitled to receive the survivor's alternate benefit under G.S. 135-5(m) if the member had actually designated such beneficiary for the return of contributions in a duly executed and filed form for the designation of beneficiary for return of contributions.

History Note: Authority G.S. 135-5(f); 135-5(m);135-6(f);
Eff. October 29, 1979;
Readopted Eff. March 1, 2023.

SECTION .0400 - EMPLOYER CONTRIBUTIONS

20 NCAC 02B .0401 REFUNDS

(a) The Retirement System will make no refunds of employer 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.

(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; 135-6(f); 135-8(f);
Eff. February 1, 1976;
Readopted Eff. March 1, 2023; September 21, 1977.

20 NCAC 02B .0402 FORWARDING OF EMPLOYER CONTRIBUTIONS

All units shall forward to the Retirement System the employer's contributions monthly at the same time the employee's contributions are forwarded.

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

20 NCAC 02B .0403 CONTRIBUTION RATE

History Note: Authority G.S. 135-6(f); 135-6(m);

Eff. September 21, 1977;
Repealed Eff. August 1, 1981.

20 NCAC 02B .0404 DUE DATE OF CONTRIBUTIONS

Both the employee and employer contributions are due in the Raleigh office of the Retirement System no later than the fifth State government working day of the month succeeding the month for which the contributions are required. Contributions received after the fifth State government working day of the month are delinquent.

History Note: Authority G.S. 135-6(f); 135-8(f);
Eff. March 1, 1992;
Readopted Eff. March 1, 2023.

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

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

SECTION .0500 - TYPES OF RETIREMENT

20 NCAC 02B .0501 DISABILITY RETIREMENT EXAMINATION

The Medical Board is authorized to conduct an examination in doubtful cases of disability to determine whether the member continues to be eligible for a disability retirement pursuant to G.S. 135-5(c), paying the expense of the same from the Pension Accumulation Fund.

History Note: Authority G.S. 135-2; 135-5(c); 135-6(f);
Eff. February 1, 1976;
Readopted Eff. March 1, 2023; September 21, 1977.

20 NCAC 02B .0502 DISABILITY RETIREMENT REPORTS

When the Medical Board, subsequent to a disability retirement, reports that the retired member is engaged in or is able to engage in a gainful occupation, any adjustment required by G.S. 135-5(e)(1) will be made prospectively only and will not require any refund to the State of payments made during the period before a report is made indicating changed status.

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

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

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;
Repealed Eff. March 1, 2023.

20 NCAC 02B .0504 INTEREST CREDITS

When members on disability retirement are reinstated to active service, no interest shall be allowed on their accounts during the year of reinstatement.

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

20 NCAC 02B .0505 EARLY RETIREMENT
20 NCAC 02B .0506 SERVICE RETIREMENT
20 NCAC 02B .0507 PERSONNEL EMPLOYED

History Note: *Authority G.S. 135-6(f);*
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Repealed Eff. March 1, 1985.

20 NCAC 02B .0508 FAILURE TO RESPOND

History Note: *Authority G.S. 135-5(a)(1); 135-6(f);*
Eff. February 1, 1976;
Readopted Eff. September 21, 1977.
Pursuant to G.S. 150B-33(b)(9), Administrative Law Judge Melissa Owens Lassiter declared Rule
20 NCAC 02B .0508 void as applied in Burton L. Russell v. Department of State Treasurer,
Retirement Systems Division (03 DST 1715);
Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.

20 NCAC 02B .0509 RETIREMENT ALLOWANCE

History Note: *Authority G.S. 135-18.1; 135-6(f);*
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Repealed Eff. December 1, 1981.

20 NCAC 02B .0510 PENSIONS

Payment of a full month's benefit shall be made for the month in which death occurs, regardless of the date, with no further benefits to be paid thereafter.

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

SECTION .0600 - INVESTMENTS

20 NCAC 02B .0601 STOCK
20 NCAC 02B .0602 AUTHORIZATION
20 NCAC 02B .0603 VALUATION EQUITY RESERVE

History Note: *Authority G.S. 135-7.2; 135-6(f);*
Eff. February 1, 1976;
Repealed Eff. September 21, 1977.

SECTION .0700 - LEAVES OF ABSENCE

20 NCAC 02B .0701 EDUCATIONAL LEAVES OF ABSENCE

- (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 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 the contributions in the same manner the member would if the member 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;
Readopted Eff. March 1, 2023.

20 NCAC 02B .0702 REQUESTS TO CONTRIBUTE
20 NCAC 02B .0703 MANDATORY LEAVE OF ABSENCE
20 NCAC 02B .0704 MEMBER AGE SIXTY-FIVE
20 NCAC 02B .0705 LIMITATION

History Note: Authority G.S. 135-8(b)(5); 135-6(f);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Repealed Eff. March 1, 1982.

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

(a) Purchases of creditable service for leaves of absence prior to July 1, 1983 shall be made in the same manner as prescribed in 20 NCAC 02B .1200, as then effective.

(b) 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.

(c) 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.

(d) 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;
Readopted Eff. March 1, 2023.

SECTION .0800 - MILITARY SERVICE (INCHOATE RIGHTS ONLY)

20 NCAC 02B .0801 FEE

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

20 NCAC 02B .0802 QUALIFYING FOR CREDIT

In order to qualify, each individual must pay for the full period of military service for which the member is eligible.

History Note: Authority G.S. 135-4(f)(6); 135-6(f); S.L. 1981, C. 636;
Eff. February 1, 1976;
Readopted Eff. March 1, 2023; September 21, 1977;

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 first entered membership; multiplied by
- (2) the employee contribution rate at that time; multiplied by
- (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); S.L. 1981, C. 636;
Eff. February 1, 1976;
Readopted September 21, 1977;
Amended Eff. March 1, 2023.

20 NCAC 02B .0804 CIVIL SERVICE PARTICIPATION

A member of the Teachers' and State Employees' Retirement System whose employment in this State requires the member to participate in the Federal Civil Service Program in lieu of the Social Security program shall not be barred from receiving military service credit for which the member is otherwise eligible in the Retirement System, despite the fact that the member may also receive credit under the Federal Civil Service Program for the same period of military service, provided that the member makes the required payment.

History Note: Authority G.S. 135-4(f)(6); 135-6(f); S.L. 1981, C. 636;
Eff. February 1, 1976;
Readopted Eff. March 1, 2023; September 21, 1977.

20 NCAC 02B .0805 SERVICE CONNECTED DISABILITY

The exclusion for purchase of service in the Armed Forces of the United States as it pertains to credit in any other retirement system shall not include "service connected disability" benefits received from the Veteran's Administration of the Federal Government except when such benefits are a supplement of a military longevity retirement ("retired pay") benefit. The term "service connected disability" has the same meaning as used in Title 38, Chapter 11 of the United States Code which is hereby incorporated by reference, including subsequent additions and amendments, and is available online, at no cost, at <https://uscode.house.gov/browse/prelim@title38/part2&edition=prelim>. The term "retired pay" has the same meaning as used in Title 10, Chapter 71 of the United States Code which is hereby incorporated by reference, including subsequent additions and amendments, and is available online, at no cost, at <https://uscode.house.gov/browse/prelim@title10/subtitleA/part2/chapter71&edition=prelim>.

History Note: Authority G.S. 135-4(f)(6); 135-6(f); S.L. 1981, C. 636;
Eff. February 1, 1976;
Readopted Eff. March 1, 2023; September 21, 1977.

20 NCAC 02B .0806 RECALCULATION OF BENEFITS

For members already retired who 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. The calculation of both the benefit and the cost of the credit shall include the effects of the additional service credit resulting from the purchase and all benefit increases subsequent to the date of retirement.

History Note: Authority G.S. 135-4(f)(6); 135-6(f); S.L. 1981, C. 636;
Eff. February 1, 1976;
Readopted Eff. March 1, 2023; September 21, 1977.

20 NCAC 02B .0807 CHANGE IN BENEFITS

For members already retired, any change in benefits resulting from the purchase of credit pursuant to this Section shall become effective as of the first of the month following receipt of the required payment.

History Note: Authority G.S. 135-4(f)(6); 135-6(f); S.L. 1981, C. 636;
Eff. February 1, 1976;
Readopted Eff. March 1, 2023; September 21, 1977.

20 NCAC 02B .0808 EMPLOYER PORTION OF ANNUAL COST
20 NCAC 02B .0809 PAYMENTS

History Note: Authority G.S. 135-4(f)(6); 135-6(f);
Eff. February 1, 1976;
Readopted September 21, 1977;
Repealed Eff. March 1, 1985.

20 NCAC 02B .0810 RESTORING MEMBERSHIP

When a member on military leave has withdrawn all of the member's contributions, the member shall be permitted to pay back the amount withdrawn, to the extent permitted by law, restore membership, and receive credit for the associated period of military leave.

History Note: Authority G.S. 135-4(f); 135-4(k1); 135-6(f); S.L. 1981, C. 636;
Eff. February 1, 1976;
Readopted Eff. March 1, 2023; September 21, 1977.

20 NCAC 02B .0811 INITIAL PERIOD OF ACTIVE DUTY

History Note: Authority G.S. 135-4(f); 135-6(f);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.

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

20 NCAC 02B .0901 FEE

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

20 NCAC 02B .0902 QUALIFYING FOR CREDIT

In order to qualify for out-of-state service credit, each individual must pay for all or such portion of the member's out-of-state service period in full years as the member desires of out-of-state service for which the member is eligible.

History Note: Authority G.S. 135-4(l); 135-6(f); S.L. 1981, C. 636;
Eff. February 1, 1976;
Readopted Eff. March 1, 2023; September 21, 1977.

20 NCAC 02B .0903 DEFINITION

"Other governmental subdivision of the United States," as used in G.S. 135-4(l), means a state or territory and its subdivisions but not the United States government, except as specifically provided by statute.

History Note: Authority G.S. 135-4(l); 135-6(f); S.L. 1981, C. 636;
Eff. February 1, 1976;
Readopted Eff. March 1, 2023; September 21, 1977.

20 NCAC 02B .0904 COMPUTATION OF COST

The cost of purchasing credit for out-of-state service is calculated as follows:

- (1) the monthly compensation the member earned when the member first entered membership; multiplied by
- (2) the employee contribution rate at that time; multiplied by
- (3) the number of months of out-of-state service for which credit is to be purchased; multiplied by
- (4) two; plus
- (5) 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(l); 135-6(f); S.L. 1981, C. 636;
Eff. February 1, 1976;
Readopted Eff. March 1, 2023; September 21, 1977.

20 NCAC 02B .0905 RECALCULATION OF BENEFITS

For members already retired who purchase service under G.S. 135-4(l), as repealed by Session Law 1981-636, s. 1, where the text of the repealed statutory provision may be found in the Editor's Note to G.S. 135-4 in the 2021 Edition of the General Statutes of North Carolina, any recalculation of benefits shall be based on the law in effect at the time of the individual's retirement. The calculation of both the benefit and the cost of the credit shall include the effects of the additional service credit resulting from the purchase and all benefit increases subsequent to the date of retirement.

History Note: Authority G.S. 135-4(l); 135-6(f); S.L. 1981, C. 636;
Eff. February 1, 1976;
Readopted Eff. March 1, 2023; September 21, 1977.

20 NCAC 02B .0906 CHANGE IN BENEFITS

For members already retired, any change in benefits resulting from the provisions for out-of-state service shall become effective as of the first of the month following receipt of the required payment.

History Note: Authority G.S. 135-4(l); 135-6(f); S.L. 1981, C. 636;
Eff. February 1, 1976;
Readopted Eff. March 1, 2023; September 21, 1977.

20 NCAC 02B .0907 COST TO EMPLOYER

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

20 NCAC 02B .0908 PAYMENTS

History Note: Authority G.S. 135-4(l); 135-6(f);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Repealed Eff. March 1, 1985.

SECTION .1000 - PRIOR SERVICE

20 NCAC 02B .1001 PUBLIC SCHOOL TEACHERS

History Note: Authority G.S. 135-4;
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.

20 NCAC 02B .1002 SERVICE UNDER WPA

History Note: Authority G.S. 135-4;
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Repealed Eff. March 1, 1985.

20 NCAC 02B .1003 PRIOR SERVICE WITH GENERAL ASSEMBLY

History Note: Authority G.S. 135-4(j1); 135-6(f);
Eff. October 29, 1979;
Repealed Eff. March 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 apply for the purchase. Employer certification of temporary State employment and the compensation received for such service shall accompany the application. The application shall include: the member's Member Identification Number; last employer under the Retirement System; and the member's signature and signature date. For each temporary position for which the member desires to purchase credit, the application shall identify the government employer, position title, start date, end date, and the member's last name while working in the position. The employer's certification shall include the position title, start and end date of the eligible period, number of months in the annual contract to perform services, beginning and ending months of the annual contract period for retirement service purposes, and the name, position, employer, email address, telephone number, signature, and signature date of the employer contact certifying the information.

(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) The employer cost, 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.

History Note: Authority G.S. 135-4(p); 135-6(f); S.L. 2020-29;
Eff. March 1, 1982;
Amended Eff. March 1, 1985; September 1, 1982;
Readopted Eff. March 1, 2023.

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

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

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

"Part-time" as used in G.S. 135-4(p2) means duties performed on less than a full-time basis as classified by the employer.

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

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

History Note: Authority G.S. 135-4(t); 135-6(f);

Eff. March 1, 1985;
Repealed Eff. March 1, 2023.

SECTION .1100 - VOLUNTARILY WITHDRAWN CONTRIBUTIONS

20 NCAC 02B .1101 FEE **20 NCAC 02B .1102 QUALIFICATION**

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

20 NCAC 02B .1103 COMPUTATION OF COST

History Note: Authority G.S. 135-4(k); 135-6(f);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Amended Eff. June 1, 1984;
Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.

20 NCAC 02B .1104 RECALCULATION OF BENEFITS

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

20 NCAC 02B .1105 CHANGE IN BENEFITS

History Note: Authority G.S. 135-4(k); 135-6(f);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.

20 NCAC 02B .1106 EMPLOYER COST **20 NCAC 02B .1107 PAYMENTS**

History Note: Authority G.S. 135-4(m); 135-6(f);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Repealed Eff. March 1, 1985.

20 NCAC 02B .1108 WILDLIFE PROTECTORS

History Note: Authority G.S. 135-6(f);
Eff. March 1, 1985;
Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.

SECTION .1200 - DELAYED PURCHASE OF SERVICE CREDITS

20 NCAC 02B .1201 APPLICATION OF SECTION

History Note: Authority G.S. 135-6(f);
Eff. October 29, 1979;
Amended Eff. March 1, 1985;

