

SUBCHAPTER 02C - LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM

SECTION .0100 - GENERAL PROVISIONS

20 NCAC 02C .0101 GENERAL INFORMATION

General information about the Local Governmental Employees' Retirement System includes the following:

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

History Note: Authority G.S. 128-28(g);
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 02C .0102 PURPOSE

20 NCAC 02C .0103 FORMS

History Note: Authority G.S. 128-28(g); 150A-10;
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Repealed Eff. March 1, 1985.

SECTION .0200 - ADMINISTRATION

20 NCAC 02C .0201 ACTUARIAL TABLES: RATES AND ASSUMPTIONS

History Note: Authority G.S. 128-27(m); 128-28(g);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Amended Eff. August 1, 1981;
Repealed Eff. March 1, 2023.

20 NCAC 02C .0202 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 death occurred.

History Note: Authority G.S. 128-27(m); 128-28(g);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977.

20 NCAC 02C .0203 DISCLOSURE OF INFORMATION

History Note: Authority G.S. 128-28(g);
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 02C .0204 FACILITY OF PAYMENT

History Note: Authority G.S. 128-28(g);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;

Repealed Eff. March 1, 2023.

20 NCAC 02C .0205 MEDICAL BOARD

In accordance with the authority contained in G.S. 128-28(l), 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. 128-28(1);
Eff. February 1, 1976;
Readopted Eff. March 1, 2023; September 21, 1977.*

20 NCAC 02C .0206 SURVIVOR'S ALTERNATE BENEFIT

*History Note: Authority G.S. 128-28(a);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.*

20 NCAC 02C .0207 DIRECTOR

*History Note: Authority G.S. 128-28(a);
Eff. February 1, 1976;
Repealed Eff. September 21, 1977.*

20 NCAC 02C .0208 TRANSFER OF MEMBERSHIP

*History Note: Filed as an Emergency Regulation Eff. October 29, 1979, to be Eff. for a Period of 90 Days
to Expire on January 27, 1980;
Statutory Authority G.S. 128-28(g);
Repealed Eff. March 1, 1985.*

20 NCAC 02C .0209 RETROACTIVE MEMBERSHIP SERVICE

*History Note: Authority G.S. 128-24(1); 128-28(g);
Eff. June 1, 1984;
Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.*

20 NCAC 02C .0210 DEFINITIONS

- (a) "Surety" means a written agreement, constituting both a resolution and an "acknowledgement and acceptance letter" as described in Rule .0211 of this Section, given for the fulfillment and guarantee of the withdrawal payment to cease participation in the Retirement System under G.S. 128-30(i).
- (b) "Estimated Withdrawal Liability" means the withdrawal liability under the terms of G.S. 128-30(i) estimated by the Division's consulting actuary. The estimate shall be prepared under the assumption that the participating employer will cease participation 10 years after initial participation.
- (c) "Non-taxing authority" ("NTA") means as an otherwise eligible employer that is not a taxing unit, as defined by G.S. 105-273(16).

*History Note: Authority G.S. 128-23(i);
Eff. October 1, 2023.*

20 NCAC 02C .0211 SURETY FOR NON-TAXING AUTHORITY PARTICIPATION

(a) An NTA shall provide surety to the Board establishing any withdrawal liability the NTA may incur will be paid by submitting a resolution adopted by the NTA's governing body stating the NTA is maintaining an amount equal to or greater than the Estimated Withdrawal Liability in a secure financial instrument and will maintain the funds in such an instrument, including any other secure financial instrument, throughout its participation in the Retirement System. A secure financial instrument may include: an escrow account, a letter of credit, a bond, a deed of trust, or a

deposit in the Ancillary Governmental Participant Investment Program (AGPIP) under G.S. 147-69.3 to the extent such an investment by the NTA is permitted by the Internal Revenue Code and State law.

(b) Any NTA submitting a resolution required under Paragraph (a) of this Rule must also submit to the Division an "acknowledgement and acceptance letter" signed by a person or persons authorized to act on behalf of the NTA. The letter must acknowledge the specific amount of the Estimated Withdrawal Liability; acknowledge that the actual amount of the withdrawal liability, if incurred, will differ from the Estimated Withdrawal Liability; accept the obligation to pay the actual withdrawal liability, if incurred; and attest that the entity has reviewed the withdrawal-related requirements of G.S. 128-30(i).

*History Note: Authority G.S. 128-23(i);
Eff. October 1, 2023.*

20 NCAC 02C .0212 LOCAL GOVERNMENTAL 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, 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 Retirement System benefits, or where repayment of such benefits was agreed upon as a condition of approval for benefits from the Retirement System.
- (2) The beneficiary, the beneficiary's employer, or the beneficiary's authorized agent submitted 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 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. 128-38.4 or G.S. 128-38.4A.

(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, 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. 128-31(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. 128-28(g); 128-31(c1);
Eff. July 1, 2024.*

SECTION .0300 - BENEFICIARIES

20 NCAC 02C .0301 DESIGNATION

Any beneficiary designated, other than the estate of the member or a trustee named by and acting for the member, must be a living person 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. 128-27; 128-28(g);
Eff. February 1, 1976;
Readopted Eff. March 1, 2023; September 21, 1977.

20 NCAC 02C .0302 PRINCIPAL BENEFICIARY

(a) More than one principal beneficiary may be designated for the return of accumulated contributions under the provisions of G.S. 128-27(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. 128-27(m), the designated principal beneficiary may elect to receive the alternative benefit under the provisions of G.S. 128-27(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. 128-27(l), 128-27(11), or 128-27(16) 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. 128-27(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. 128-27(f); 128-27(g1); 128-27(l); 128-27(11); 128-27(16); 128-28(g);
Eff. February 1, 1976;
Readopted Eff. March 1, 2023; September 21, 1977.

20 NCAC 02C .0303 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. 128-27(g); 128-28(g);
Eff. February 1, 1976;
Readopted Eff. March 1, 2023; September 21, 1977.

20 NCAC 02C .0304 PAYMENTS TO BENEFICIARIES

(a) Payments to beneficiaries who are minors will be made to an appointed guardian or to the clerk of the superior court in the county 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. 128-27(g); 128-28(g);
Eff. February 1, 1976;
Readopted Eff. March 1, 2023; September 21, 1977.

20 NCAC 02C .0305 STATUS CHANGE

History Note: Authority G.S. 128-27(g); 128-28(g);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Repealed Eff. March 1, 1985.

20 NCAC 02C .0306 BENEFICIARY CHANGE

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. 128-27(f) or the death benefit for active members under the provisions of G.S. 128-27(l) or 128-27(11) A retired member may, at any time, change any beneficiaries designated for:

- (1) The guaranteed refund under the provisions of G.S. 128-27(g1) until such time as the funds have been depleted;
- (2) The death benefit for active members under the provisions of G.S. 128-27(l) or 128-27(11) provided the change is submitted within 180 calendar days after the member's last active day of service; or
- (3) The death benefit for retired members under the provisions of G.S. 128-27(16).

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. 128-27(g); 128-27(g1); 128-27(l); 128-27(11); 128-27(16); 128-28(g); Eff. February 1, 1976; Readopted Eff. March 1, 2023; September 21, 1977.

20 NCAC 02C .0307 CONTINGENT BENEFICIARY

(a) The following shall apply to designating a contingent beneficiary for the return of accumulated contributions under the provisions of G.S. 128-27(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. 128-27(l), 128-27(11), or 128-27(16):

- (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. 128-27(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. 128-27(f); 128-27(g1); 128-27(l); 128-27(l1); 128-27(l6); 128-28(g);
Eff. March 1, 2023.

SECTION .0400 - CONTRIBUTIONS

20 NCAC 02C .0401 CONTRIBUTION RATES

History Note: Filed as an Emergency Amendment [(a)] Eff. July 1, 1979, to be Eff. for a Period of 120 Days to Expire on October 29, 1979;
Statutory Authority G.S. 128-28(o); 128-28(g);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Emergency Amendment [(a)] Made Permanent Eff. October 29, 1979;
Repealed Eff. August 1, 1981.

20 NCAC 02C .0402 EMPLOYER'S 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. 128-28(g); 128-30(g)(1);
Eff. February 1, 1976;
Readopted Eff. March 1, 2023; September 21, 1977.

20 NCAC 02C .0403 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. 128-30(g)(2)b., 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. 128-22; 128-28(g); 128-30(g);
Eff. February 1, 1976;
Readopted Eff. March 1, 2023; September 21, 1977.

20 NCAC 02C .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. 128-28(g); 128-30(g);
Eff. March 1, 1992;
Readopted Eff. March 1, 2023.

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

*History Note: Authority G.S. 128-26(y); 128-27(a3); 128-28(g);
Eff. May 1, 2018;
Repealed Eff. March 1, 2023.*

SECTION .0500 - DISABILITY RETIREMENT

20 NCAC 02C .0501 DISABILITY 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. 128-27(c), paying the expense of the same from the Pension Accumulation Fund.

*History Note: Authority G.S. 128-22; 128-27(c); 128-28(g);
Eff. February 1, 1976;
Readopted Eff. March 1, 2023; September 21, 1977.*

20 NCAC 02C .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. 128-27(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. 128-27(e)(1); 128-28(g);
Eff. February 1, 1976;
Readopted Eff. March 1, 2023; September 21, 1977.*

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

*History Note: Authority G.S. 128-27(c); 128-28(g);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Amended Eff. August 1, 1981;
Repealed Eff. March 1, 2023.*

20 NCAC 02C .0504 REINSTATEMENT TO ACTIVE SERVICE

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. 128-28(g); 128-29(b);
Eff. February 1, 1976;
Readopted Eff. March 1, 2023; September 21, 1977.*

SECTION .0600 - INVESTMENTS

- 20 NCAC 02C .0601 STOCK PURCHASE**
- 20 NCAC 02C .0602 INVESTMENT COMMITTEE**
- 20 NCAC 02C .0603 FUNDS OF THE SYSTEM**
- 20 NCAC 02C .0604 EQUITY RESERVE**

*History Note: Authority G.S. 128-29; 128-29.1; 128-28(g);
Eff. February 1, 1976;
Repealed Eff. September 21, 1977.*

SECTION .0700 - LEAVES OF ABSENCE

20 NCAC 02C .0701 EDUCATIONAL LEAVES OF ABSENCE

History Note: Authority G.S. 128-28(g); 128-30(b)(4);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Amended Eff. March 1, 1982;
Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.

20 NCAC 02C .0702 LIMITATION
20 NCAC 02C .0703 PRIOR SERVICE CREDIT

History Note: Authority G.S. 128-30(b)(4); 128-28(g);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Repealed Eff. March 1, 1982.

20 NCAC 02C .0704 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 02C .1500, as then effective.
- (b) 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 Teachers' and State 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 Local Governmental Employees' Retirement System, may purchase creditable service as in Paragraph (a) of this Rule.
- (c) 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. 128-26(1); 128-28(g);
Eff. December 1, 1983;
Amended Eff. August 1, 1988;
Readopted Eff. March 1, 2023.

SECTION .0800 - MEMBERSHIP

20 NCAC 02C .0801 PARTICIPATION
20 NCAC 02C .0802 REGULARLY EMPLOYED

History Note: Authority G.S. 128-21(10); 128-25; 128-28(g);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.

20 NCAC 02C .0803 TRANSFERRED SERVICE

History Note: Authority G.S. 128-28(g);
Eff. September 21, 1977;
Amended Eff. March 1, 1985; September 1, 1982;
Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.

SECTION .0900 - MILITARY SERVICE (INCHOATE RIGHTS ONLY)

20 NCAC 02C .0901 LEAVE

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. 128-26(i1); 128-27(f); 128-28(g); S.L. 1987, C. 617;
Eff. February 1, 1976;
Readopted Eff. March 1, 2023; September 21, 1977.

20 NCAC 02C .0902 FEE

History Note: Authority G.S. 128-26(a); 128-28(g);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Repealed Eff. March 1, 2023.

20 NCAC 02C .0903 QUALIFYING FOR CREDIT

History Note: Authority G.S. 128-26(a); 128-28(g);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.

20 NCAC 02C .0904 COMPUTATION OF COST

The cost of purchasing credit for military service is calculated as follows:

- (1) the monthly compensation the member earned when the member first entered membership; multiplied by
- (2) the contribution rate at the time the member first entered membership; 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. 128-26(a); 128-28(g); S.L. 1987, C. 617;
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Amended Eff. March 1, 2023.

20 NCAC 02C .0905 CONTRIBUTION RATE

History Note: Authority G.S. 128-26(a); 128-28(g);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Repealed Eff. August 1, 1981.

20 NCAC 02C .0906 CIVIL SERVICE PROGRAM

A member of the Local Governmental 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. 128-26(a); 128-28(g); S.L. 1987, C. 617;
Eff. February 1, 1976;
Readopted Eff. March 1, 2023; September 21, 1977.

20 NCAC 02C .0907 EXCLUSION

The exclusion for purchase of service in the Armed Forces of the United States as it pertains to credit for any other retirement system shall not include "service-connected disability" benefits received from the Veterans Administration of the Federal Government except when such benefits are a supplement to 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. 128-26(a); 128-28(g); S.L. 1987, C. 617;
Eff. February 1, 1976;
Readopted Eff. March 1, 2023; September 21, 1977.

20 NCAC 02C .0908 RECALCULATION OF BENEFITS

For members already retired who obtain military service credit, 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. 128-26(a); 128-28(g); S.L. 1987, C. 617;
Eff. February 1, 1976;
Readopted Eff. March 1, 2023; September 21, 1977.

20 NCAC 02C .0909 CHANGE IN BENEFITS

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

History Note: Authority G.S. 128-26(a); 128-28(g);
Eff. February 1, 1976;
Readopted Eff. March 1, 2023; September 21, 1977.

20 NCAC 02C .0910 EMPLOYER PORTION OF ANNUAL COST

History Note: Authority G.S. 128-26(a); 128-28(g);
Eff. February 1, 1976;
Repealed Eff. September 21, 1977.

20 NCAC 02C .0911 PAYMENTS

History Note: Authority G.S. 128-26(a); 128-28(g);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Repealed Eff. March 1, 1985.

20 NCAC 02C .0912 INITIAL PERIOD OF ACTIVE DUTY

History Note: Authority G.S. 128-26(a); 128-28(g);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.

SECTION .1000 - OUT-OF-STATE SERVICE (INCHOATE RIGHTS ONLY)

20 NCAC 02C .1001 FEE

History Note: Authority G.S. 128-26(j); 128-28(g);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Repealed Eff. March 1, 2023.

20 NCAC 02C .1002 QUALIFYING FOR CREDIT

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

History Note: Authority G.S. 128-26(j); 128-28(g); S.L. 1987, C. 617;
Eff. February 1, 1976;
Readopted Eff. March 1, 2023; September 21, 1977.

20 NCAC 02C .1003 OTHER GOVERNMENTAL SUBDIVISION

"Other governmental subdivision of the United States" means a state or territory and its subdivisions but not the United States Government.

History Note: Authority G.S. 128-28(g); S.L. 1987, C. 617;
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Amended Eff. August 1, 1988;
Readopted Eff. March 1, 2023.

20 NCAC 02C .1004 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 service; 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 year of initial membership to the year of payment.

History Note: Authority G.S. 128-26(j); 128-28(g); S.L. 1987, C. 617;
Eff. February 1, 1976;
Readopted Eff. March 1, 2023; September 21, 1977.

20 NCAC 02C .1005 NO COST TO LOCAL UNITS

History Note: Authority G.S. 128-26(j); 128-28(g);
Eff. February 1, 1976;
Repealed Eff. September 21, 1977.

20 NCAC 02C .1006 RECALCULATION OF BENEFITS

For members already retired who purchase service under G.S. 128-26(j), as repealed by Session Law 1987-617, s. 3, where the text of the repealed statutory provision may be found in the Editor's Note to G.S. 128-26 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. 128-26(j); 128-28(g); S.L. 1987, C. 617;
Eff. February 1, 1976;
Readopted Eff. March 1, 2023; September 21, 1977.

20 NCAC 02C .1007 CHANGE IN BENEFITS

For members already retired, any change in benefits resulting from the provisions for obtaining credit 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. 128-26(j); 128-28(g); S.L. 1987, C. 617;
Eff. February 1, 1976;
Readopted Eff. March 1, 2023; September 21, 1977.*

20 NCAC 02C .1008 PAYMENTS

*History Note: Authority G.S. 128-26(j); 128-28(g);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Repealed Eff. March 1, 1985.*

SECTION .1100 - PRIOR SERVICE

20 NCAC 02C .1101 EMPLOYMENT BY A WATER WORKS

20 NCAC 02C .1102 NURSES

*History Note: Authority G.S. 128-26; 128-28(g);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.*

SECTION .1200 - RETIREMENT ALLOWANCES

20 NCAC 02C .1201 SERVICE RETIREMENT

*History Note: Authority G.S. 128-24(4)a.; 128-28(g);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Repealed Eff. March 1, 2023.*

20 NCAC 02C .1202 FAILURE TO RESPOND
20 NCAC 02C .1203 MEMBERSHIP IN BOTH SYSTEMS

*History Note: Authority G.S. 128-27(a); 128-28(g); 128-34;
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.*

20 NCAC 02C .1204 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. 128-28(g);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977.*

SECTION .1300 - VOLUNTARILY WITHDRAWN CONTRIBUTIONS

20 NCAC 02C .1301 FEE
20 NCAC 02C .1302 QUALIFYING FOR CREDIT

History Note: Authority G.S. 128-26(i); 128-28(g);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Repealed Eff. March 1, 2023.

20 NCAC 02C .1303 COMPUTATION OF COST

History Note: Authority G.S. 128-26(i); 128-28(g);
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 02C .1304 CONTRIBUTION RATE

History Note: Authority G.S. 128-26(i); 128-28(g);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Repealed Eff. August 1, 1981.

20 NCAC 02C .1305 RECALCULATION OF BENEFITS
20 NCAC 02C .1306 CHANGE IN BENEFITS

History Note: Authority G.S. 128-26(i); 128-28(g);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.

20 NCAC 02C .1307 EMPLOYER PORTION OF ANNUAL COST

History Note: Authority G.S. 128-26(i); 128-28(g);
Eff. February 1, 1976;
Repealed Eff. September 21, 1977.

20 NCAC 02C .1308 PAYMENTS

History Note: Authority G.S. 128-26(i); 128-28(g);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Repealed Eff. March 1, 1985.

SECTION .1400 - DELAYED PURCHASE OF SERVICE CREDITS

20 NCAC 02C .1401 APPLICATION OF SECTION

History Note: Filed as an Emergency Regulation Eff. October 29, 1979, to be Eff. for a Period of 90 Days
to Expire on January 27, 1980;
Statutory Authority G.S. 128-28(g);
Expired Eff. January 27, 1980.

20 NCAC 02C .1402 ACTUARIAL TABLES

History Note: Filed as an Emergency Regulation Eff. October 29, 1979, to be Eff. for a Period of 90 Days
to Expire on January 27, 1980;

*Statutory Authority G.S. 128-28(g);
Expired Eff. January 27, 1980.*

20 NCAC 02C .1403 APPLICABILITY OF OTHER SECTIONS

*History Note: Filed as an Emergency Regulation Eff. October 29, 1979, to be Eff. for a Period of 90 Days
to Expire on January 27, 1980;
Statutory Authority G.S. 128-28(g);
Expired Eff. January 27, 1980.*

20 NCAC 02C .1404 DEFINITIONS

*History Note: Filed as an Emergency Regulation Eff. October 29, 1979, to be Eff. for a Period of 90 Days
to Expire on January 27, 1980;
Statutory Authority G.S. 128-28(g);
Expired Eff. January 27, 1980.*

20 NCAC 02C .1405 COMPUTATION OF COST

*History Note: Filed as an Emergency Regulation Eff. October 29, 1979, to be Eff. for a Period of 90 Days
to Expire on January 27, 1980;
Statutory Authority G.S. 128-28(g);
Expired Eff. January 27, 1980.*

20 NCAC 02C .1406 EXTENT OF SERVICE TO BE PURCHASED

*History Note: Filed as an Emergency Regulation Eff. October 29, 1979, to be Eff. for a Period of 90 Days
to Expire on January 27, 1980;
Statutory Authority G.S. 128-28(g);
Expired Eff. January 27, 1980.*

SECTION .1500 - DELAYED PURCHASE OF SERVICE CREDITS

20 NCAC 02C .1501 APPLICATION OF SECTION

*History Note: Authority G.S. 128-26(k); 128-28(g);
Eff. December 1, 1981;
Amended Eff. March 1, 1985;
Repealed Eff. March 1, 2023.*

20 NCAC 02C .1502 APPLICABILITY OF OTHER SECTIONS

*History Note: Authority G.S. 128-26(k); 128-28(g);
Eff. December 1, 1981;
Repealed Eff. March 1, 1985.*

20 NCAC 02C .1503 DEFINITIONS

20 NCAC 02C .1504 COMPUTATION OF COST

20 NCAC 02C .1505 EXTENT OF SERVICE TO BE PURCHASED

*History Note: Authority G.S. 128-26(k); 128-28(g);
Eff. December 1, 1981;
Amended Eff. March 1, 1985; June 1, 1982;
Repealed Eff. March 1, 2023.*

20 NCAC 02C .1506 SPECIAL RULE FOR RETIRED APPLICANTS

History Note: Authority G.S. 128-26(k); 128-28(g);
Eff. June 1, 1982;
Amended Eff. March 1, 1985;
Repealed Eff. March 1, 2023.

**SECTION .1600 - PURCHASE OF SERVICE CREDITS FOR PROBATIONARY REGULAR
EMPLOYMENT**

20 NCAC 02C .1601 APPLICATION OF SECTION
20 NCAC 02C .1602 ELIGIBILITY
20 NCAC 02C .1603 COMPUTATION OF COST

History Note: Authority G.S. 128-21(10); 128-24(1); 128-28(g);
Eff. June 1, 1986;
Amended Eff. August 1, 1988;
Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.