



## NORTH CAROLINA STATE LODGE FRATERNAL ORDER OF POLICE

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Randy L. Hagler  
State President

- - MEMORANDUM - -

Lynn S. Wilson  
State Secretary

TO: All Local Lodges

FROM: Jeff Gray  
Legislative Agent

RE: Comparison of 25 Year Retirement Bills

DATE: March 24, 2017

Much to the surprise of many, not one, but two bills to allow law enforcement officers to retire after 25 years of service have been introduced this Session. These bills have generated a lot of questions such as, "What is the difference between the two bills?" and "Which one should we support?" This Memorandum is to explain the differenced and to notify you of the decision of the State Trustees and Executive Board at the recent Spring Board meeting.

I became aware of one when a draft version was circulated via e-mail among officers and ended up with President Hagler shortly after the session started. After talking with the bill sponsor, Dr. Greg Murphy, a freshman Representative from Pitt County, at length about past efforts, he seemed to be more interested in a study of the issues that have caused previous bills to fail. When a somewhat similar bill was introduced in the Senate, the House version was quickly introduced.

Interestingly, Governor Cooper has recommended--but with no specifics as to funding--25 year retirement for State law enforcement officers in his proposed State Budget with a small appropriation of \$7 million.

The bills currently introduced are as follows:

**Senate Bill 199, "Law Enforcement Officer Retirement/25 Years,"** would give law enforcement officers who are members of the Teachers' and State Employees' Retirement System, and the Local Governmental Employees' Retirement System the option to retire after completing 25 years of creditable service. Currently, officers need to complete 30 or more years of creditable service in order to maximize their retirement benefit.

State law enforcement officers opting to retire after 25 years of creditable service would continue to use the current percentage of 1.82% of the officer's average final compensation to calculate their retirement pay. The number arrived at by multiplying this percentage by the officer's average final compensation would then be multiplied by the officer's years of service to get the officer's retirement pay. Local law enforcement officers would continue to use the current

percentage of 1.85% of the officer's average final compensation to calculate their retirement pay. However, the monthly retirement benefit for an officer retiring with only 25 years of creditable service would be less than the monthly benefit for an officer retiring after 30 years of creditable service because the officer would be working fewer years, and therefore would receive less retirement money per month.

Introduced by Senator Bill Cook of Dare County, this bill has marked differences from the version of a bill that the FOP has had introduced in past years. "Our" version has always provided for an unreduced benefit for both State and local officers.

The bill would also allow State and local law enforcement officers to collect their Special Separation Allowance after 25 years of creditable service. The officer would still receive 0.85% of the officer's most recent annual compensation. The officer's monthly special separation allowance benefit would be less because the officer would have worked fewer years, but the officer would collect the benefit for five additional years. Again, the FOP has always advocated for unreduced benefits.

**House Bill 284, "25-Year LEO Retirement Option"**, is Representative Murphy's bill and is substantially similar to Senate Bill 199, "Law Enforcement Officer Retirement/25 Years," above. However, House Bill 284 would reduce "by 1/3 of 1% per month for each month prior to age 55 if the officer" retires between age 50 and 55 with 15 years of service. This bill does not allow State and local law enforcement officers to collect their Special Separation Allowance if they retire after 25 years credible service. It does, however, create a benefit provision that would allow, but not require, any State or local government employer to offer a lump sum payout of an officer's Special Separation Allowance to the officer if the officer chooses to take a reduced retirement (such as the 25 year retirement option). The lump sum payout by the employer would not be able to exceed the total amount of money the officer would normally receive in special separation allowance payments had the officer stayed for a full 30 year retirement.

As a medical doctor, Representative Murphy is especially attuned to the toll taken on the human body by a career in law enforcement and is seeking a means to address those issues.

Both bills are good bills - - and the introduction of each is truly appreciated - - but because of better benefits provisions and the retention of the Special Separation Allowance even upon retirement after 25 years, a formal motion was made and passed at the Spring Board Meeting held in Lexington, NC on March 18<sup>th</sup> that Senate Bill 199 was the preferred bill.

As mentioned above, in another surprise turn, Governor Roy Cooper submitted his 2017-2019 recommended State Budget two weeks ago. One of the items in the recommended Budget would provide funding to allow State law enforcement officers who are members of the Teachers' and State Employees' Retirement System to retire with unreduced benefits after completing 25 years of service. Currently, no bills or other documents provide the specifics as to how eligibility for this 25 year retirement proposal would be determined. However, the Governor's staff will be preparing a recommended special provision to implement the revised State LEO benefit.

The provision in the recommended Budget also says that it “amends the special separation allowance benefit for law enforcement officers” but it does not specify how the benefit would be amended. According to the Governor’s staff this benefit change would also ensure the Special Separation Allowance benefit for State law enforcement officers becomes effective earlier in a manner that is commensurate with the earlier retirement date proposed.

This proposal would not apply to local law enforcement officers who are members of the Local Governmental Employees’ Retirement System.

Whether the Governor’s action, coupled with these two new bills, will prompt the General Assembly to include a similar provision in the actual State Budget will not play out for some time, but I will be advocating for such and continually monitoring this very important issue.

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