



1 employer shall pay the full cost of the omitted membership service when discovered three or  
2 more years after the omission if the employer acknowledges, in writing, that the omission was  
3 caused by the employer's error. To the extent paid by the employer, the cost paid by the employer  
4 shall be credited to the pension accumulation fund; and to the extent paid by the member, the  
5 cost paid by the members shall be credited to the member's annuity savings account; provided,  
6 however, an employer does not discriminate against any member or group of members in his  
7 employ in paying all or any part of the cost of the omitted membership service."

8 **SECTION 2.** G.S. 128-26(m) reads as rewritten:

9 "(m) Omitted Membership Service. – A member who had service as an employee as  
10 defined in G.S. 135-1(10) and G.S. 128-21(10) or as a teacher as defined in G.S. 135-1(25) and  
11 who was omitted from contributing membership through error may be allowed membership  
12 service, after submitting clear and convincing evidence of the error, as follows:

- 13 (1) within 90 days of the omission, by the payment of employee and employer  
14 contributions that would have been paid; or
- 15 (2) after 90 days and prior to three years of the omission, by the payment of the  
16 employee and employer contributions that would have been paid plus interest  
17 compounded annually at a rate equal to the greater of the average yield on the  
18 pension accumulation fund for the preceding calendar year or the actuarial  
19 investment rate-of-return assumption, as adopted by the Board of Trustees; or
- 20 (3) after three years of the omission, by the payment of an amount equal to the  
21 full cost of the service credits calculated on the basis of the assumptions used  
22 for the purposes of the actuarial valuation of the System's liabilities, and shall  
23 take into account the additional retirement allowance arising on account of  
24 such additional service credit commencing at the earliest age at which a  
25 member could retire on an unreduced retirement allowance, as determined by  
26 the Board of Trustees upon the advice of the consulting actuary, plus an  
27 administrative fee to be set by the Board of Trustees. Notwithstanding the  
28 foregoing provisions of this subdivision that provide for the purchase of  
29 service credits, the terms "full cost", "full liability", and "full actuarial cost"  
30 include assumed annual post-retirement allowance increases, as determined  
31 by the Board of Trustees, from the earliest age at which a member could retire  
32 on an unreduced service allowance.

33 Nothing contained in this subsection shall prevent an employer or member from paying all  
34 or a part of the cost of the omitted membership service; ~~and to provided, however, that an~~  
35 employer shall pay the full cost of the omitted membership service when discovered three or  
36 more years after the omission if the employer acknowledges, in writing, that the omission was  
37 caused by the employer's error. To the extent paid by the employer, the cost paid by the employer  
38 shall be credited to the pension accumulation fund; and to the extent paid by the member, the  
39 cost paid by the members shall be credited to the member's annuity savings account; provided,  
40 however, an employer does not discriminate against any member or group of members in his  
41 employ in paying all or any part of the cost of the omitted membership service. In the event an  
42 employer pays all or a part of the full actuarial cost as determined in subdivision (3) of this  
43 subsection, the employer may, at its option, pay such amount either in a lump sum or by  
44 increasing its "accrued liability contribution" for the remainder of its accrued liability period. In  
45 the event an employer has satisfied its accrued liability contribution, the employer may amortize  
46 its portion of the full actuarial cost over a period not to exceed ten years. The expense of making  
47 an actuarial valuation to determine the accrued liability contribution or the additional accrued  
48 liability contribution, required to amortize the portion of the full actuarial cost paid by the  
49 employer, shall be paid by the employer in a lump sum at the time of the actuarial valuation."

50 **SECTION 3.** This act becomes effective July 1, 2022, and applies to erroneously  
51 omitted membership service discovered on or after that date.