

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009

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HOUSE BILL 2054

Short Title: Retirement Technical Corrections.

(Public)

Sponsors: Representative Tucker.

Referred to: Pensions and Retirement.

May 27, 2010

A BILL TO BE ENTITLED

AN ACT TO MAKE TECHNICAL CORRECTIONS TO THE STATUTES GOVERNING  
THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM AND THE  
LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM.

The General Assembly of North Carolina enacts:

**SECTION 1.(a)** G.S. 135-5(g) reads as rewritten:

"(g) Election of Optional Allowance. – With the provision that until the first payment on account of any benefit becomes normally due, or his first retirement check has been cashed, any member may elect to receive his benefits in a retirement allowance payable throughout life, or he may elect to receive the actuarial equivalent of such retirement allowance, including any special retirement allowance, in a reduced allowance payable throughout life under the provisions of one of the options set forth below. The election of ~~Option 2 or Option 3~~ Options 2, 3, or 6 or nomination of the person thereunder shall be revoked if such person nominated dies prior to the date the first payment becomes normally due or until the first retirement check has been cashed. Such election may be revoked by the member prior to the date the first payment becomes normally due or until his first retirement check has been cashed. Provided, however, in the event a member has elected ~~Option 2 or Option 3~~ Options 2, 3, or 5 and nominated his or her spouse to receive a retirement allowance upon the member's death, and the spouse predeceases the member after the first payment becomes normally due or the first retirement check has been cashed, if the member remarries he or she may request to nominate a new spouse to receive the retirement allowance under the previously elected option, within 90 days of the remarriage, and may nominate a new spouse to receive the retirement allowance under the previously elected option by written designation duly acknowledged and filed with the Board of Trustees within 120 days of the remarriage. The new nomination shall be effective on the first day of the month following the month in which it is made and shall provide for a retirement allowance computed to be the actuarial equivalent of the retirement allowance in effect immediately prior to the effective date of the new nomination. Any member having elected Options 2, 3, 5, or 6 and nominated his or her spouse to receive a retirement allowance upon the member's death may, after divorce from his or her spouse, revoke the nomination and elect a new option, effective on the first day of the month following the month in which the new option is elected, providing for a retirement allowance computed to be the actuarial equivalent of the retirement allowance in effect immediately prior to the effective date of the new option. Except as provided in this section, the member may not change the member's retirement benefit option or the member's designated beneficiary for survivor benefits, if any, after the member has cashed the first retirement check or after the twenty-fifth day of the month following the month in which the first check is mailed, whichever comes first.



1 Option 1.(a) In the Case of a Member Who Retires prior to July 1, 1963. – If he dies  
2 before he has received in annuity payments the present value of his annuity  
3 as it was at the time of his retirement, the balance shall be paid to his legal  
4 representatives or to such person as he shall nominate by written  
5 designation duly acknowledged and filed with the Board of Trustees.

6 (b) In the Case of a Member Who Retires on or after July 1, 1963, but prior to  
7 July 1, 1993. – If he dies within 10 years from his retirement date, an  
8 amount equal to his accumulated contributions at retirement, less 1/120  
9 thereof for each month for which he has received a retirement allowance  
10 payment, shall be paid to his legal representatives or to such person as he  
11 shall nominate by written designation duly acknowledged and filed with  
12 the Board of Trustees; or

13 Option 2. Upon his death his reduced retirement allowance shall be continued throughout  
14 the life of and paid to such person as he shall nominate by written designation duly  
15 acknowledged and filed with the Board of Trustees at the time of his retirement, provided that  
16 if the person selected is other than his spouse the reduced retirement allowance payable to the  
17 member shall not be less than one half of the retirement allowance without optional  
18 modification which would otherwise be payable to him; or

19 Option 3. Upon his death, one half of his reduced retirement allowance shall be continued  
20 throughout the life of, and paid to such person as he shall nominate by written designation duly  
21 acknowledged and filed with the Board of Trustees at the time of his retirement; or

22 Option 4. Adjustment of Retirement Allowance for Social Security Benefits. – Until the  
23 first payment on account of any benefit becomes normally due, any member may elect to  
24 convert his benefit otherwise payable on his account after retirement into a retirement  
25 allowance of equivalent actuarial value of such amount that with his benefit under Title II of  
26 the Federal Social Security Act, he will receive, so far as possible, approximately the same  
27 amount per year before and after the earliest age at which he becomes eligible, upon application  
28 therefor, to receive a social security benefit.

29 Option 5. For Members Retiring Prior to July 1, 1993. – The member may elect to receive a  
30 reduced retirement allowance under the conditions of Option 2 or Option 3, as provided for  
31 above, with the modification that if both he and the person nominated die within 10 years from  
32 his retirement date, an amount equal to his accumulated contributions at retirement, less 1/120  
33 thereof for each month for which a retirement allowance has been paid, shall be paid to his  
34 legal representatives or to such person as he shall nominate by written designation duly  
35 acknowledged and filed with the Board of Trustees.

36 Option 6. A member may elect either Option 2 or Option 3 with the added provision that in  
37 the event the designated beneficiary predeceases the member, the retirement allowance payable  
38 to the member after the designated beneficiary's death shall be equal to the retirement  
39 allowance which would have been payable had the member not elected the option.

40 Upon the death of a member after the effective date of a retirement for which the member  
41 has been approved and following receipt by the Board of Trustees of an election of benefits  
42 (Form 6-E or Form 7-E) but prior to the cashing of the first benefit check, the retirement benefit  
43 shall be payable as provided by the member's election of benefits under this subsection.

44 Upon the death of a member after the effective date of a retirement for which the member  
45 has been approved but prior to the receipt by the Board of Trustees of an election of benefits  
46 (Form 6-E or Form 7-E), properly acknowledged and filed by the member, the member's  
47 designated beneficiary for a return of accumulated contributions may elect to receive the  
48 benefit, if only one beneficiary is ~~named for~~ eligible to receive the return of accumulated  
49 contributions. If more than one beneficiary is ~~named for~~ eligible to receive the return of  
50 accumulated contributions, the administrator or executor of the member's estate will select an  
51 option and name the beneficiary or beneficiaries."

**SECTION 1.(b)** G.S. 128-27(g) reads as rewritten:

"(g) Election of Optional Allowance. – With the provision that until the first payment on account of any benefit becomes normally due, or his first retirement check has been cashed, any member may elect to receive his benefits in a retirement allowance payable throughout life, or he may elect to receive the actuarial equivalent of such retirement allowance, including any special retirement allowance, in a reduced allowance payable throughout life under the provisions of one of the Options set forth below. The election of ~~Option two or Option three~~ Options 2, 3, or 6 or nomination of the person thereunder shall be revoked if such person nominated dies prior to the date the first payment becomes normally due or the first retirement check has been cashed. Such election may be revoked by the member prior to the date the first payment becomes normally due or his first retirement check has been cashed. Provided, however, in the event a member has elected ~~Option 2 or Option 3~~ Options 2, 3, or 5 and nominated his or her spouse to receive a retirement allowance upon the member's death, and the spouse predeceases the member after the first payment becomes normally due or the first retirement check has been cashed, if the member remarries he or she may request to nominate a new spouse to receive the retirement allowance under the previously elected option, within 90 days of the remarriage, and may nominate a new spouse to receive the retirement allowance under the previously elected option by written designation duly acknowledged and filed with the Board of Trustees within 120 days of the remarriage. The new nomination shall be effective on the first day of the month following the month in which it is made and shall provide for a retirement allowance computed to be the actuarial equivalent of the retirement allowance in effect immediately prior to the effective date of the new nomination. Any member having elected ~~Options two, three, or six~~ 2, 3, 5, or 6 and nominated his or her spouse to receive a retirement allowance upon the member's death may, after divorce from his or her spouse, revoke the nomination and elect a new option, effective on the first day of the month following the month in which the new option is elected, providing for a retirement allowance computed to be the actuarial equivalent of the retirement allowance in effect immediately prior to the effective date of the new option. Except as provided in this section, the member may not change the member's retirement benefit option or the member's designated beneficiary for survivor benefits, if any, after the member has cashed the first retirement check or after the twenty-fifth day of the month following the month in which the first check is mailed, whichever comes first.

## Option one.

- (a) In the Case of a Member Who Retires prior to July 1, 1965. – If he dies before he has received in annuity payments the present value of his annuity as it was at the time of his retirement, the balance shall be paid to such person as he shall nominate by written designation duly acknowledged and filed with the Board of Trustees or, if none, to his legal representative.
- (b) In the Case of a Member Who Retires on or after July 1, 1965, but prior to July 1, 1993. – If he dies within 10 years from his retirement date, an amount equal to his accumulated contributions at retirement, less one one-hundred-twentieth thereof for each month for which he has received a retirement allowance payment, shall be paid to such person as he shall nominate by written designation duly acknowledged and filed with the Board of Trustees or, if none, to his legal representative; or

Option two. Upon his death his reduced retirement allowance shall be continued throughout the life of and paid to such person as he shall nominate by written designation duly acknowledged and filed with the Board of Trustees at the time of his retirement, provided that if the person selected is other than his spouse the reduced retirement allowance payable to the member shall not be less than one half of the retirement allowance without optional modification which would otherwise be payable to him; or

1 Option three. Upon his death, one half of his reduced retirement allowance shall be  
2 continued throughout the life of, and paid to such person as he shall nominate by written  
3 designation duly acknowledged and filed with the Board of Trustees at the time of his  
4 retirement; or

5 Option four. Adjustment of Retirement Allowance for Social Security Benefits. – Until the  
6 first payment on account of any benefit becomes normally due, any member may elect to  
7 convert his benefit otherwise payable on his account after retirement into a retirement  
8 allowance of equivalent actuarial value of such amount that with his benefit under Title II of  
9 the Federal Social Security Act, he will receive, so far as possible, approximately the same  
10 amount per year before and after the earliest age at which he becomes eligible, upon application  
11 therefor, to receive a social security benefit.

12 Option five. For Members Retiring prior to July 1, 1993. – The member may elect to  
13 receive a reduced retirement allowance under the conditions of Option two or Option three, as  
14 provided for above, with the modification that if both he and the person nominated die within  
15 10 years from his retirement date, an amount equal to his accumulated contributions at  
16 retirement, less 1/120th thereof for each month for which a retirement allowance has been paid,  
17 shall be paid to his legal representatives or to such person as he shall nominate by written  
18 designation duly acknowledged and filed with the Board of Trustees.

19 Option six. A member may elect either Option two or Option three with the added provision  
20 that in the event the designated beneficiary predeceases the member, the retirement allowance  
21 payable to the member after the designated beneficiary's death shall be equal to the retirement  
22 allowance which would have been payable had the member not elected the option.

23 Upon the death of a member after the effective date of a retirement for which the member  
24 has been approved and following receipt by the Board of Trustees of an election of benefits  
25 (Form 6-E or Form 7-E) but prior to the cashing of the first benefit check, the retirement benefit  
26 shall be payable as provided by the member's election of benefits under this subsection.

27 Upon the death of a member after the effective date of a retirement for which the member  
28 has been approved but prior to the receipt by the Board of Trustees of an election of benefits  
29 (Form 6-E or Form 7-E), properly acknowledged and filed by the member, the member's  
30 designated beneficiary for a return of accumulated contributions may elect to receive the  
31 benefit, if only one beneficiary is ~~named for~~ eligible to receive the return of accumulated  
32 contributions. If more than one beneficiary is ~~named for~~ eligible to receive the return of  
33 accumulated contributions, the administrator or executor of the member's estate will select an  
34 option and name the beneficiary or beneficiaries."

35 **SECTION 2.(a)** G.S. 135-5(m) reads as rewritten:

36 "(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the ~~principal~~  
37 beneficiary designated to receive a return of accumulated contributions shall have the right to  
38 elect to receive in lieu thereof the reduced retirement allowance provided by Option 2 of  
39 subsection (g) above computed by assuming that the member had retired on the first day of the  
40 month following the date of his death, provided that all four of the following conditions apply:

- 41 (1) a. The member had attained such age and/or creditable service to be  
42 eligible to commence retirement with an early or service retirement  
43 allowance, or  
44 b. The member had obtained 20 years of creditable service in which  
45 case the retirement allowance shall be computed in accordance with  
46 G.S. 135-5(b19)(1)b. or G.S. 135-5(b19)(2)c., notwithstanding the  
47 requirement of obtaining age 50, or  
48 b1. The member was a law enforcement officer who had obtained 15  
49 years of service as a law enforcement officer and was killed in the  
50 line of duty, in which case the retirement allowance shall be

- 1                   computed in accordance with G.S. 135-5(b19)(1)b., notwithstanding  
2                   the requirement of obtaining age ~~50~~, 50.  
3           e.       ~~The member had not commenced to receive a retirement allowance~~  
4                   ~~as provided under this Chapter.~~  
5       (2)   ~~The member had designated as the principal beneficiary~~ At the time of the  
6                   member's death, one and only one beneficiary is eligible to receive a return  
7                   of his accumulated ~~contributions one and only one person who was living at~~  
8                   ~~the time of his death.~~ contributions.  
9       (3)   The member had not instructed the Board of Trustees in writing that he did  
10                  not wish the provisions of this subsection to apply.  
11       (4)   The member had not commenced to receive a retirement allowance as  
12                  provided under this Chapter.

13                   For the purpose of this benefit, a member is considered to be in service at  
14                   the date of his death if his death occurs within 180 days from the last day of  
15                   his actual service. The last day of actual service shall be determined as  
16                   provided in subsection (l) of this section. Upon the death of a member in  
17                   service, the surviving spouse may make all purchases for creditable service  
18                   as provided for under this Chapter for which the member had made  
19                   application in writing prior to the date of death, provided that the date of  
20                   death occurred prior to or within 60 days after notification of the cost to  
21                   make the purchase. The term "in service" as used in this subsection includes  
22                   a member in receipt of a benefit under the Disability Income Plan as  
23                   provided in Article 6 of this Chapter.

24                   Notwithstanding the foregoing, a member who is in receipt of Workers'  
25                   Compensation during the period for which the member would have  
26                   otherwise been eligible to receive short-term benefits, as provided in  
27                   G.S. 135-105, and who dies on or after 181 days from the last day of the  
28                   member's actual service but on or before the date the benefits as provided in  
29                   G.S. 135-105 would have ended, shall be considered in service at the time of  
30                   the member's death for the purpose of this benefit.

31                   For the purpose of calculating this benefit any terminal payouts made  
32                   after the date of death that meet the definition of compensation shall be  
33                   credited to the month prior to the month of death. These terminal payouts do  
34                   not include salary or wages paid for work performed during the month of  
35                   death."

36       **SECTION 2.(b)** G.S. 128-27(m) reads as rewritten:

37       "(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the ~~principal~~  
38       beneficiary designated to receive a return of accumulated contributions shall have the right to  
39       elect to receive in lieu thereof the reduced retirement allowance provided by Option two of  
40       subsection (g) above computed by assuming that the member had retired on the first day of the  
41       month following the date of his death, provided that all ~~three~~ four of the following conditions  
42       apply:

- 43           (1)   a.       The member had attained such age and/or creditable service to be  
44                   eligible to commence retirement with an early or service retirement  
45                   allowance, or  
46                   b.       The member had obtained 20 years of creditable service in which  
47                   case the retirement allowance shall be computed in accordance with  
48                   G.S. 128-27(b21)(1)b. or G.S. 128-27(b21)(2)c., notwithstanding the  
49                   requirement of obtaining age 50, or  
50                   b1.     The member was a law enforcement officer who had obtained 15  
51                   years of service as a law enforcement officer and was killed in the

1 line of duty, in which case the retirement allowance shall be  
2 computed in accordance with G.S. 128-27(b21)(1)b., notwithstanding  
3 the requirement of obtaining age 50, ~~or 50.~~

4 e. ~~The member had not commenced to receive a retirement allowance~~  
5 ~~as provided under this Chapter.~~

6 (2) ~~The member had designated as the principal beneficiary~~ At the time of the  
7 member's death, one and only one beneficiary is eligible to receive a return  
8 of his accumulated contributions one and only one person who is living at  
9 the time of his death. ~~contributions.~~

10 (3) The member had not instructed the Board of Trustees in writing that he did  
11 not wish the provisions of this subsection apply.

12 (4) The member had not commenced to receive a retirement allowance as  
13 provided under this Chapter.

14 For the purpose of this benefit, a member is considered to be in service at the date of his  
15 death if his death occurs within 180 days from the last day of his actual service. The last day of  
16 actual service shall be determined as provided in subsection (1) of this section. Upon the death  
17 of a member in service, the surviving spouse may make all purchases for creditable service as  
18 provided for under this Chapter for which the member had made application in writing prior to  
19 the date of death, provided that the date of death occurred prior to or within 60 days after  
20 notification of the cost to make the purchase.

21 For the purpose of calculating this benefit, any terminal payouts made after the date of  
22 death that meet the definition of compensation shall be credited to the month prior to the month  
23 of death. These terminal payouts do not include salary or wages paid for work performed  
24 during the month of death."

25 **SECTION 3.(a)** G.S. 135-45.2(f) reads as rewritten:

26 "(f) Former employees who are receiving disability retirement benefits or disability  
27 income benefits pursuant to Article 6 of Chapter 135 of the General ~~Statutes,~~ Statutes or who  
28 are approved for those benefits but not in receipt of the benefits due to exhaustion of leave,  
29 provided the former employee has at least five years of retirement membership service,  
30 contributory retirement service with an employing unit of a State-supported retirement system,  
31 shall be eligible for the benefit provisions of this Plan, as set forth in this Part, on a  
32 noncontributory basis. Such coverage shall terminate as of the end of the month in which such  
33 former employee is no longer eligible for disability retirement benefits or disability income  
34 benefits pursuant to Article 6 of this Chapter."

35 **SECTION 3.(b)** G.S. 135-5(1) reads as rewritten:

36 "(1) Death Benefit Plan. – There is hereby created a Group Life Insurance Plan  
37 (hereinafter called the "Plan") which is established as an employee welfare benefit plan that is  
38 separate and apart from the Retirement System and under which the members of the Retirement  
39 System shall participate and be eligible for group life insurance benefits. Upon receipt of proof,  
40 satisfactory to the Board of Trustees in their capacity as trustees under the Group Life  
41 Insurance Plan, of the death, in service, of a member who had completed at least one full  
42 calendar year of membership in the Retirement System, there shall be paid to such person as he  
43 shall have nominated by electronic submission prior to completing 10 years of service in a form  
44 approved by the Board of Trustees or by written designation duly acknowledged and filed with  
45 the Board of Trustees, if such person is living at the time of the member's death, otherwise to  
46 the member's legal representatives, a death benefit. Such death benefit shall be equal to the  
47 greater of:

48 (1) The compensation on which contributions were made by the member during  
49 the calendar year preceding the year in which his death occurs, or

50 (2) The greatest compensation on which contributions were made by the  
51 member during a 12-month period of service within the 24-month period of

1 service ending on the last day of the month preceding the month in which his  
2 last day of actual service occurs;

3 (3), (4) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1049, s. 2.  
4 subject to a minimum of twenty-five thousand dollars (\$25,000) and to a maximum of fifty  
5 thousand dollars (\$50,000). Such death benefit shall be payable apart and separate from the  
6 payment of the member's accumulated contributions under the System on his death pursuant to  
7 the provisions of subsection (f) of this section. For the purpose of the Plan, a member shall be  
8 deemed to be in service at the date of his death if his death occurs within 180 days from the last  
9 day of his actual service.

10 The death benefit provided in this subsection (l) shall not be payable, notwithstanding the  
11 member's compliance with all the conditions set forth in the preceding paragraph, if his death  
12 occurs

- 13 (1) After December 31, 1968 and after he has attained age 70; or
- 14 (2) After December 31, 1969 and after he has attained age 69; or
- 15 (3) After December 31, 1970 and after he has attained age 68; or
- 16 (4) After December 31, 1971 and after he has attained age 67; or
- 17 (5) After December 31, 1972 and after he has attained age 66; or
- 18 (6) After December 31, 1973 and after he has attained age 65; or
- 19 (7) After December 31, 1978, but before January 1, 1987, and after he has  
20 attained age 70.

21 Notwithstanding the above provisions, the death benefit shall be payable on account of the  
22 death of any member who died or dies on or after January 1, 1974, but before January 1, 1979,  
23 after attaining age 65, if he or she had not yet attained age 65, if he or she had not yet attained  
24 age 66, was at the time of death completing the work year for those individuals under specific  
25 contract, or during the fiscal year for those individuals not under specific contract, in which he  
26 or she attained 65, and otherwise met all conditions for payment of the death benefit.

27 Notwithstanding the above provisions, the Board of Trustees may and is specifically  
28 authorized to provide the death benefit according to the terms and conditions otherwise  
29 appearing in this Plan in the form of group life insurance, either (i) by purchasing a contract or  
30 contracts of group life insurance with any life insurance company or companies licensed and  
31 authorized to transact business in this State for the purpose of insuring the lives of members in  
32 service, or (ii) by establishing a separate trust fund qualified under Section 501(c)(9) of the  
33 Internal Revenue Code of 1954, as amended, for such purpose. To that end the Board of  
34 Trustees is authorized, empowered and directed to investigate the desirability of utilizing group  
35 life insurance by either of the foregoing methods for the purpose of providing the death benefit.  
36 If a separate trust fund is established, it shall be operated in accordance with rules and  
37 regulations adopted by the Board of Trustees and all investment earnings on the trust fund shall  
38 be credited to such fund.

39 In administration of the death benefit the following shall apply:

- 40 (1) For the purpose of determining eligibility only, in this subsection "calendar  
41 year" shall mean any period of 12 consecutive months or, if less, the period  
42 covered by an annual contract of employment. For all other purposes in this  
43 subsection "calendar year" shall mean the 12 months beginning January 1  
44 and ending December 31.
- 45 (2) Last day of actual service shall be:
  - 46 a. When employment has been terminated, the last day the member  
47 actually worked.
  - 48 b. When employment has not been terminated, the date on which an  
49 absent member's sick and annual leave expire, unless he is on  
50 approved leave of absence and is in service under the provisions of  
51 G.S. 135-4(h).

1 c. When a participant's employment is interrupted by reason of service  
2 in the Uniformed Services, as that term is defined in section 4303(16)  
3 of the Uniformed Services Employment and Reemployment Rights  
4 Act, Public Law 103-353, and the participant does not return  
5 immediately after that service to employment with a covered  
6 employer in this System, the date on which the participant was first  
7 eligible to be separated or released from his or her involuntary  
8 military service.

9 (3) For a period when a member is on leave of absence, his status with respect to  
10 the death benefit will be determined by the provisions of G.S. 135-4(h).

11 (4) A member on leave of absence from his position as a teacher or State  
12 employee for the purpose of serving as a member or officer of the General  
13 Assembly shall be deemed to be in service during sessions of the General  
14 Assembly and thereby covered by the provisions of the death benefit. The  
15 amount of the death benefit for such member shall be the equivalent of the  
16 salary to which the member would have been entitled as a teacher or State  
17 employee during the 12-month period immediately prior to the month in  
18 which death occurred, not to be less than twenty-five thousand dollars  
19 (\$25,000) nor to exceed fifty thousand dollars (\$50,000).

20 The provisions of the Retirement System pertaining to Administration, G.S. 135-6, and  
21 management of funds, G.S. 135-7, are hereby made applicable to the Plan.

22 A member who is a beneficiary of the Disability Income Plan provided for in Article 6 of  
23 this Chapter, or a member who is in receipt of Workers' Compensation during the period for  
24 which he or she would have otherwise been eligible to receive short-term benefits or extended  
25 short-term benefits as provided in G.S. 135-105 and dies on or after 181 days from the last day  
26 of his or her actual service but prior to the date the benefits as provided in G.S. 135-105 would  
27 have ended, shall be eligible for group life insurance benefits as provided in this subsection,  
28 notwithstanding that the member is no longer an employee or teacher or that the member's  
29 death occurs after the eligibility period after active service. The basis of the death benefit  
30 payable hereunder shall be the higher of the death benefit computed as above or a death benefit  
31 based on compensation used in computing the benefit payable under G.S. 135-105 and  
32 G.S. 135-106, as may be adjusted for percentage post-disability increases, all subject to the  
33 maximum dollar limitation as provided above. A member in receipt of benefits from the  
34 Disability Income Plan under the provisions of G.S. 135-112 whose right to a benefit accrued  
35 under the former Disability Salary Continuation Plan shall not be covered under the provisions  
36 of this paragraph.

37 Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this  
38 subsection, of the death of a retired member of the Retirement System on or after July 1, 1988,  
39 but before January 1, 1999, there shall be paid a death benefit to the surviving spouse of the  
40 deceased retired member or to the deceased retired member's legal representative if not  
41 survived by a spouse; provided the retired member has elected, when first eligible, to make, and  
42 has continuously made, in advance of his death required contributions as determined by the  
43 Board of Trustees on a fully contributory basis, through retirement allowance deductions or  
44 other methods adopted by the Board of Trustees, to a group death benefit trust fund  
45 administered by the Board of Trustees separate and apart from the Retirement System's  
46 Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum  
47 payment in the amount of five thousand dollars (\$5,000) upon the completion of twenty-four  
48 months of contributions required under this subsection. Should death occur before the  
49 completion of twenty-four months of contributions required under this subsection, the deceased  
50 retired member's surviving spouse or legal representative if not survived by a spouse shall be



1 paid the sum of the retired member's contributions required by this subsection plus interest to  
2 be determined by the Board of Trustees.

3 Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this  
4 subsection, of the death of a retired member of the Retirement System on or after January 1,  
5 1999, but before July 1, 2004, there shall be paid a death benefit to the surviving spouse of the  
6 deceased retired member or to the deceased retired member's legal representative if not  
7 survived by a spouse; provided the retired member has elected, when first eligible, to make, and  
8 has continuously made, in advance of his death required contributions as determined by the  
9 Board of Trustees on a fully contributory basis, through retirement allowance deductions or  
10 other methods adopted by the Board of Trustees, to a group death benefit trust fund  
11 administered by the Board of Trustees separate and apart from the Retirement System's  
12 Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum  
13 payment in the amount of six thousand dollars (\$6,000) upon the completion of 24 months of  
14 contributions required under this subsection. Should death occur before the completion of 24  
15 months of contributions required under this subsection, the deceased retired member's surviving  
16 spouse or legal representative if not survived by a spouse shall be paid the sum of the retired  
17 member's contributions required by this subsection plus interest to be determined by the Board  
18 of Trustees.

19 Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this  
20 subsection, of the death of a retired member of the Retirement System on or after July 1, 2004,  
21 but before July 1, 2007, there shall be paid a death benefit to the surviving spouse of the  
22 deceased retired member or to the deceased retired member's legal representative if not  
23 survived by a spouse; provided the retired member has elected, when first eligible, to make, and  
24 has continuously made, in advance of his death required contributions as determined by the  
25 Board of Trustees on a fully contributory basis, through retirement allowance deductions or  
26 other methods adopted by the Board of Trustees, to a group death benefit trust fund  
27 administered by the Board of Trustees Fund and Pension Accumulation Fund. This death  
28 benefit shall be a lump-sum payment in the amount of nine thousand dollars (\$9,000) upon the  
29 completion of 24 months of contributions required under this subsection. Should death occur  
30 before the completion of 24 months of contributions required under this subsection, the  
31 deceased retired member's surviving spouse or legal representative if not survived by a spouse  
32 shall be paid the sum of the retired member's contributions required by this subsection plus  
33 interest to be determined by the Board of Trustees.

34 Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this  
35 subsection, of the death of a retired member of the Retirement System on or after July 1, 2007,  
36 there shall be paid a death benefit to the surviving spouse of the deceased retired member or to  
37 the deceased retired member's legal representative if not survived by a spouse; provided the  
38 retired member has elected, when first eligible, to make, and has continuously made, in  
39 advance of his death required contributions as determined by the Board of Trustees on a fully  
40 contributory basis, through retirement allowance deductions or other methods adopted by the  
41 Board of Trustees, to a group death benefit trust fund administered by the Board of Trustees  
42 Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the  
43 amount of ten thousand dollars (\$10,000) upon the completion of 24 months of contributions  
44 required under this subsection. Should death occur before the completion of 24 months of  
45 contributions required under this subsection, the deceased retired member's surviving spouse or  
46 legal representative if not survived by a spouse shall be paid the sum of the retired member's  
47 contributions required by this subsection plus interest to be determined by the Board of  
48 Trustees."

49 **SECTION 4.(a)** G.S. 135-3(8)d. reads as rewritten:

50 "d. Should a beneficiary who retired on an early or service retirement  
51 allowance under this Chapter be restored to service as an employee

1 or teacher, then the retirement allowance shall cease as of the first of  
2 the month following the month in which the beneficiary is restored to  
3 service and the beneficiary shall become a member of the Retirement  
4 System and shall contribute thereafter as allowed by law at the  
5 uniform contribution payable by all members.

6 Upon his subsequent retirement, he shall be paid a retirement  
7 allowance determined as follows:

- 8 1. For a member who earns at least three years' membership  
9 service after restoration to service, the retirement allowance  
10 shall be computed on the basis of his compensation and  
11 service before and after the period of prior retirement without  
12 restrictions; provided, that if the prior allowance was based  
13 on a social security leveling payment option, the allowance  
14 shall be adjusted actuarially for the difference between the  
15 amount received under the optional payment and what would  
16 have been paid if the retirement allowance had been paid  
17 without optional modification. In the alternative, the member  
18 may receive a refund of the member's accumulated  
19 contributions for the period of service after restoration to  
20 service in accordance with G.S. 135-5(f).
- 21 2. For a member who does not earn three years' membership  
22 service after restoration to service, the retirement allowance  
23 shall be equal to the sum of the retirement allowance to which  
24 he would have been entitled had he not been restored to  
25 service, without modification of the election of an optional  
26 allowance previously made, and the retirement allowance that  
27 results from service earned since being restored to service;  
28 provided, that if the prior retirement allowance was based on  
29 a social security leveling payment option, the prior allowance  
30 shall be adjusted actuarially for the difference between the  
31 amount that would have been paid for each month had the  
32 payment not been suspended and what would have been paid  
33 if the retirement allowance had been paid without optional  
34 modification. In the alternative, the member may receive a  
35 refund of the member's accumulated contributions for the  
36 period of service after restoration to service in accordance  
37 with G.S. 135-5(f), or the member may allow this new  
38 account to remain inactive."

39 **SECTION 4.(b)** G.S. 128-24(5)d. reads as rewritten:

- 40 "d. Should a beneficiary who retired on an early or service retirement  
41 allowance be restored to service as an employee, then the retirement  
42 allowance shall cease as of the first day of the month following the  
43 month in which the beneficiary is restored to service and the  
44 beneficiary shall become a member of the Retirement System and  
45 shall contribute thereafter as allowed by law at the uniform  
46 contribution payable by all members.

47 Upon his subsequent retirement, he shall be paid a retirement  
48 allowance determined as follows:

- 49 1. For a member who earns at least three years' membership  
50 service after restoration to service, the retirement allowance  
51 shall be computed on the basis of his compensation and

1 service before and after the period of prior retirement without  
 2 restriction; provided, that if the prior allowance was based on  
 3 a social security leveling payment option, the allowance shall  
 4 be adjusted actuarially for the difference between the amount  
 5 received under the optional payment and what would have  
 6 been paid if the retirement allowance had been paid without  
 7 optional modification. In the alternative, the member may  
 8 receive a refund of the member's accumulated contributions  
 9 for the period of service after restoration to service in  
 10 accordance with G.S. 128-27(f).

- 11 2. For a member who does not earn three years' membership  
 12 service after restoration to service, the retirement allowance  
 13 shall be equal to the sum of the retirement allowance to which  
 14 he would have been entitled had he not been restored to  
 15 service, without modification of the election of an optional  
 16 allowance previously made, and the retirement allowance that  
 17 results from service earned since being restored to service;  
 18 provided, that if the prior retirement allowance was based on  
 19 a social security leveling payment option, the prior allowance  
 20 shall be adjusted actuarially for the difference between the  
 21 amount that would have been paid for each month had the  
 22 payment not been suspended and what would have been paid  
 23 if the retirement allowance had been paid without optional  
 24 modification. In the alternative, the member may receive a  
 25 refund of the member's accumulated contributions for the  
 26 period of service after restoration to service in accordance  
 27 with G.S. 128-27(f), or the member may allow this new  
 28 account to remain inactive."

29 **SECTION 5.(a)** G.S. 135-4(gg) reads as rewritten:

30 "(gg) If a member who is an elected government official and has not vested in this System  
 31 on July 1, 2007, is convicted of an offense listed in G.S. 135-18.10 for acts committed after  
 32 July 1, 2007, then that member shall forfeit all benefits under this ~~System~~. System, except for a  
 33 return of member contributions plus interest. If a member who is an elected government official  
 34 and has vested in this System on July 1, 2007, is convicted of an offense listed in  
 35 G.S. 135-18.10 for acts committed after July 1, 2007, then that member is not entitled to any  
 36 creditable service that accrued after July 1, 2007. No member shall forfeit any benefit or  
 37 creditable service earned from a position not as an elected government official."

38 **SECTION 5.(b)** G.S. 128-26(w) reads as rewritten:

39 "(w) If a member who is an elected government official and has not vested in this System  
 40 on July 1, 2007, is convicted of an offense listed in G.S. 128-38.4 for acts committed after July  
 41 1, 2007, then that member shall forfeit all benefits under this ~~System~~. System, except for a  
 42 return of member contributions plus interest. If a member who is an elected government official  
 43 and has vested in this System on July 1, 2007, is convicted of an offense listed in G.S. 128-38.4  
 44 for acts committed after July 1, 2007, then that member is not entitled to any creditable service  
 45 that accrued after July 1, 2007. No member shall forfeit any benefit or creditable service earned  
 46 from a position not as an elected government official."

47 **SECTION 6.(a)** G.S. 135-10.1 reads as rewritten:

48 "**§ 135-10.1. Failure to respond.**

49 If a member fails to respond ~~in any way~~ within ~~90~~ 120 days after preliminary option figures  
 50 and the Form 6-E or Form 7-E are mailed, or if a member fails to respond within 120 days after  
 51 the effective date of retirement, whichever is later, the Form 6 or Form 7 shall be null and void;

1 the retirement system shall not be liable for any benefits due on account of the voided  
2 application, and a new application must be filed establishing a subsequent effective date of  
3 retirement. If an applicant for disability retirement fails to furnish requested additional medical  
4 information within 90 days following such request, the application shall be declared null and  
5 void under the same conditions outlined above, unless the applicant is eligible for early or  
6 service retirement in which case the application shall be processed accordingly, using the same  
7 effective date as would have been used had the application for disability retirement been  
8 approved. The Director of the Retirement Systems Division, acting on behalf of the Board of  
9 Trustees, may extend the ~~90-day~~ 120-day limitation provided for in this section when a member  
10 has suffered incapacitation such that a reasonable person would not have expected the member  
11 to be able to complete the required paperwork within the regular deadline, or when an omission  
12 by the Retirement Systems Division prevents the member from having sufficient time to meet  
13 the regular deadline."

14 **SECTION 6.(b)** G.S. 128-32.1 reads as rewritten:

15 "**§ 128-32.1. Failure to respond.**

16 If a member fails to respond ~~in any way~~ within ~~90~~ 120 days after preliminary option figures  
17 and the Form 6-E or Form 7-E are mailed, or if a member fails to respond within 120 days after  
18 the effective date of retirement, whichever is later, the Form 6 or Form 7 shall be null and void;  
19 the retirement system shall not be liable for any benefits due on account of the voided  
20 application, and a new application must be filed establishing a subsequent effective date of  
21 retirement. If an applicant for disability retirement fails to furnish requested additional medical  
22 information within 90 days following such request, the application shall be declared null and  
23 void under the same conditions outlined above, unless the applicant is eligible for early or  
24 service retirement in which case the application shall be processed accordingly, using the same  
25 effective date as would have been used had the application for disability retirement been  
26 approved. The Director of the Retirement Systems Division, acting on behalf of the Board of  
27 Trustees, may extend the ~~90-day~~ 120-day limitation provided for in this section when a member  
28 has suffered incapacitation such that a reasonable person would not have expected the member  
29 to be able to complete the required paperwork within the regular deadline, or when an omission  
30 by the Retirement Systems Division prevents the member from having sufficient time to meet  
31 the regular deadline."

32 **SECTION 7.** G.S. 135-106(b) reads as rewritten:

33 "(b) After the commencement of benefits under this section, the benefits payable under  
34 the terms of this section during the first 36 months of the long-term disability period shall be  
35 equal to sixty-five percent (65%) of 1/12th of the annual base rate of compensation last payable  
36 to the participant or beneficiary prior to the beginning of the short-term disability period as may  
37 be adjusted for percentage increases as provided under G.S. 135-108, plus sixty-five percent  
38 (65%) of 1/12th of the annual longevity payment to which the participant or beneficiary would  
39 be eligible, to a maximum of three thousand nine hundred dollars (\$3,900) per month reduced  
40 by any primary Social Security disability benefits and by monthly payments for Workers'  
41 Compensation to which the participant or beneficiary may be entitled. When primary Social  
42 Security disability benefits are increased by cost-of-living adjustments, the increased reduction  
43 shall be applied in the first month following the month in which the member becomes entitled  
44 to the increased Social Security benefit. The monthly benefit shall be further reduced by the  
45 amount of any monthly payments from the federal Department of Veterans Affairs, any other  
46 federal agency or any payments made under the provisions of G.S. 127A-108, to which the  
47 participant or beneficiary may be entitled on account of the same disability. Provided, in any  
48 event, the benefit payable shall be no less than ten dollars (\$10.00) a month. However, a  
49 disabled participant may elect to receive any salary continuation as provided in G.S. 135-104 in  
50 lieu of long-term disability benefits; provided such election shall not extend the first 36  
51 consecutive calendar months of the long-term disability period. An election to receive any

1 salary continuation for any part of any given day shall be in lieu of any long-term benefit  
2 payable for that day, provided further, any lump-sum payout for vacation leave shall be treated  
3 as if the beneficiary or participant had exhausted the leave and shall be in lieu of any long-term  
4 benefit otherwise payable. Provided that, in any event, a beneficiary's benefit shall be reduced  
5 during the first 36 months of the long-term disability period by an amount, as determined by  
6 the Board of Trustees, equal to a primary Social Security retirement benefit to which the  
7 beneficiary might be entitled.

8 After 36 months of long-term disability, no further benefits are payable under the terms of  
9 this section unless the member has been approved and is in receipt of primary Social Security  
10 disability benefits. In that case the benefits payable shall be equal to sixty-five percent (65%) of  
11 1/12th of the annual base rate of compensation last payable to the participant or beneficiary  
12 prior to the beginning of the short-term disability period as may be adjusted for percentage  
13 increases as provided under G.S. 135-108, plus sixty-five percent (65%) of 1/12th of the annual  
14 longevity payment to which the participant or beneficiary would be eligible, to a maximum of  
15 three thousand nine hundred dollars (\$3,900) per month reduced by the primary Social Security  
16 disability benefits and by monthly payments for Workers' Compensation to which the  
17 participant or beneficiary may be entitled. When primary Social Security disability benefits are  
18 increased by cost-of-living adjustments, the increased reduction shall be applied in the first  
19 month following the month in which the member becomes entitled to the increased Social  
20 Security benefit. The monthly benefit shall be further reduced by the amount of any monthly  
21 payments from the federal Department of Veterans Affairs, for payments from any other  
22 federal agency, or for any payments made under the provisions of G.S. 127A-108, to which the  
23 participant or beneficiary may be entitled on account of the same disability. Provided, in any  
24 event, the benefit payable shall be no less than ten dollars (\$10.00) a month.

25 Notwithstanding the foregoing, the long-term disability benefit is payable so long as the  
26 beneficiary is disabled and is in receipt of a primary Social Security disability benefit until the  
27 earliest date at which the beneficiary is eligible for an unreduced service retirement allowance  
28 from the Retirement System, at which time the beneficiary would receive a retirement  
29 allowance calculated on the basis of the beneficiary's average final compensation at the time of  
30 disability as adjusted to reflect compensation increases subsequent to the time of disability and  
31 the creditable service accumulated by the beneficiary, including creditable service while in  
32 receipt of benefits under the Plan. In the event the beneficiary has not been approved and is not  
33 in receipt of a primary Social Security disability benefit, the long-term disability benefit shall  
34 cease after the first 36 months of the long-term disability period. However, a beneficiary shall  
35 be entitled to a restoration of the long-term disability benefit in the event the Social Security  
36 Administration grants a retroactive approval for primary Social Security disability benefits with  
37 a benefit effective date within the first 36 months of the long-term disability period. In such  
38 event, the long-term disability benefit shall be restored retroactively to the date of cessation."

39 **SECTION 8.(a)** G.S. 135-8(b2) reads as rewritten:

40 "(b2) Retroactive Adjustment in Compensation or an Underreporting of Compensation. –  
41 A member or beneficiary who is awarded backpay in cases of a denied promotional opportunity  
42 or wrongful demotion in which the aggrieved member or beneficiary is granted a promotion or  
43 a demotion is reversed retroactively, or in cases in which an employer errs in the reporting of  
44 compensation, including the employee and employer contributions, the member or beneficiary  
45 and employer may make employee and employer contributions on the retroactive or additional  
46 compensation, after submitting clear and convincing evidence of the retroactive promotion or  
47 underreporting of compensation, as follows:

- 48 (1) Within 90 days of the denial of the promotion or the error in reporting, by  
49 the payment of employee and employer contributions that would have been  
50 paid; or

- 1           (2) After 90 days of the denial of the promotion or the error in reporting, by the  
2           payment of the employee and employer contributions that would have been  
3           paid plus interest compounded annually at a rate equal to the greater of the  
4           average yield on the pension accumulation fund for the preceding calendar  
5           year or the actuarial investment rate-of-return assumption, as adopted by the  
6           Board of Trustees.

7           For members or beneficiaries electing to make the employee contributions on the  
8           retroactive adjustment in compensation or on the underreported compensation, the member's or  
9           beneficiary's employer, which granted the retroactive promotion or erred in underreporting  
10          compensation and contributions, shall make the required employer contributions. Nothing  
11          contained in this subsection shall prevent an employer from paying all or a part of the interest  
12          assessed on the employee contributions; and to the extent paid by the employer, the interest  
13          paid by the employer shall be credited to the pension accumulation fund; provided, however, an  
14          employer does not discriminate against any member or beneficiary or group of members or  
15          beneficiaries in his employ in paying all or any part of the interest assessed on the employee  
16          contributions due.

17          In the event the retroactive adjustment in compensation or the underreported compensation  
18          is for a period that occurs during the four consecutive calendar years that would have produced  
19          the highest average annual compensation pursuant to G.S. 135-1(5) the compensation the  
20          member or beneficiary would have received during the period shall be included in calculating  
21          the member's or beneficiary's average final compensation only in the event the appropriate  
22          employee and employer contributions are paid on such compensation.

23          An employer error in underreporting compensation shall not include a retroactive increase  
24          in compensation that occurs during the four consecutive calendar years that would have  
25          produced the highest average annual compensation pursuant to G.S. 135-1(5) for reasons other  
26          than a wrongfully denied promotional opportunity or wrongful demotion where the member is  
27          promoted or the demotion is reversed retroactively."

28                 **SECTION 8.(b)** G.S. 128-30(b2) reads as rewritten:

29                 "(b2) Retroactive Adjustment in Compensation or an Underreporting of Compensation. –  
30                 A member or beneficiary who is awarded backpay in cases of a denied promotional opportunity  
31                 or wrongful demotion in which the aggrieved member or beneficiary is granted a promotion or  
32                 a demotion is reversed retroactively, or in cases in which an employer errs in the reporting of  
33                 compensation, including the employee and employer contributions, the member or beneficiary  
34                 and employer may make employee and employer contributions on the retroactive or additional  
35                 compensation after submitting clear and convincing evidence of the retroactive promotion or  
36                 underreporting of compensation, as follows:

- 37                 (1) Within 90 days of the denial of the promotion or the error in reporting, by the  
38                 payment of employee and employer contributions that would have been  
39                 paid; or  
40                 (2) After 90 days of the denial of the promotion or the error in reporting, by the  
41                 payment of the employee and employer contributions that would have been  
42                 paid plus interest compounded annually at a rate equal to the greater of the  
43                 average yield on the pension accumulation fund for the preceding calendar  
44                 year or the actuarial investment rate-of-return assumption, as adopted by the  
45                 Board of Trustees.

46                 For members or beneficiaries electing to make the employee contributions on the  
47                 retroactive adjustment in compensation or on the underreported compensation, the member's or  
48                 beneficiary's employer, which granted the retroactive promotion or erred in underreporting  
49                 compensation and contributions, shall make the required employer contributions. Nothing  
50                 contained in this subsection shall prevent an employer from paying all or a part of the interest  
51                 assessed on the employee contributions; and to the extent paid by the employer, the interest

1 paid by the employer shall be credited to the pension accumulation fund; provided, however, an  
2 employer does not discriminate against any member or beneficiary or group of members or  
3 beneficiaries in his employ in paying all or any part of the interest assessed on the employee  
4 contributions due.

5 In the event the retroactive adjustment in compensation or the underreported compensation  
6 is for a period that occurs during the four consecutive calendar years that would have produced  
7 the highest average annual compensation pursuant to G.S. 135-1(5), the compensation the  
8 member or beneficiary would have received during the period shall be included in calculating  
9 the member's or beneficiary's average final compensation only in the event the appropriate  
10 employee and employer contributions are paid on such compensation.

11 An employer error in underreporting compensation shall not include a retroactive increase  
12 in compensation that occurs during the four consecutive calendar years that would have  
13 produced the highest average annual compensation pursuant to G.S. 135-1(5), for reasons other  
14 than a wrongfully denied promotional opportunity or wrongful demotion where the member is  
15 promoted or the demotion is reversed retroactively."

16 **SECTION 9.(a)** G.S. 135-5(g1) reads as rewritten:

17 "(g1) In the event of the death of a retired member while in receipt of a retirement  
18 allowance under the provisions of this Article, there shall be paid to such person or persons as  
19 the retiree shall have nominated by electronic submission in a form approved by the Board of  
20 Trustees or by written designation duly acknowledged and filed with the Board of Trustees, if  
21 such person or persons are living at the time of the retiree's death, otherwise to the retiree's  
22 legal representatives, a death benefit equal to the excess, if any, of the accumulated  
23 contributions of the retiree at the date of retirement over the total of the retirement allowances  
24 paid prior to the death of the retiree. ~~For purposes of this paragraph, the term "accumulated~~  
25 ~~contributions" includes amounts of employee voluntary contributions that were transferred~~  
26 ~~from the Supplemental Retirement Income Plan of North Carolina to this Retirement System at~~  
27 ~~retirement by eligible law enforcement officers. In the event that a retiree is receiving a Special~~  
28 ~~Retirement Allowance under subsection (m1) of this section, there shall be paid to such person~~  
29 ~~or persons as the retiree shall have nominated by electronic submission in a form approved by~~  
30 ~~the Board of Trustees or by written designation duly acknowledged and filed with the Board of~~  
31 ~~Trustees, if such person or persons are living at the time of the retiree's death, otherwise to the~~  
32 ~~retiree's legal representatives, an additional death benefit equal to the excess, if any, of the~~  
33 ~~employee voluntary contributions that were transferred from the Supplemental Retirement~~  
34 ~~Income Plan of North Carolina over the total of the Special Retirement Allowances paid prior~~  
35 ~~to the death of the retiree.~~

36 In the event that a retirement allowance becomes payable to the designated survivor of a  
37 retired member under the provisions above and such retirement allowance to the survivor shall  
38 terminate upon the death of the survivor before the total of the retirement allowances paid to  
39 the retiree and the designated survivor combined equals the amount of the accumulated  
40 contributions of the retiree at the date of retirement, the excess, if any, of such accumulated  
41 contributions over the total of the retirement allowances paid to the retiree and the survivor  
42 combined shall be paid in a lump sum to such person or persons as the retiree shall have  
43 nominated by electronic submission in a form approved by the Board of Trustees or by written  
44 designation duly acknowledged and filed with the Board of Trustees, if such person or persons  
45 are living at the time such payment falls due, otherwise to the retiree's legal representative. For  
46 purposes of this paragraph, the term "accumulated contributions" includes amounts of  
47 employee voluntary contributions that were transferred from the Supplemental Retirement  
48 Income Plan of North Carolina to this Retirement System at retirement by eligible law  
49 enforcement officers.

50 In the event that a retirement allowance becomes payable to the principal beneficiary  
51 designated to receive a return of accumulated contributions pursuant to subsection (m) of this

1 section and that beneficiary dies before the total of the retirement allowances paid equals the  
2 amount of the accumulated contributions of the member at the date of the member's death, the  
3 excess of those accumulated contributions over the total of the retirement allowances paid to  
4 the beneficiary shall be paid in a lump sum to the person or persons the member has designated  
5 as the contingent beneficiary for return of accumulated contributions, if the person or persons  
6 are living at the time the payment falls due, otherwise to the principal beneficiary's legal  
7 representative. For purposes of this paragraph, the term "accumulated contributions" includes  
8 amounts of employee voluntary contributions that were transferred from the Supplemental  
9 Retirement Income Plan of North Carolina to this Retirement System at retirement by eligible  
10 law enforcement officers.

11 In the event a retiree purchases creditable service as provided in G.S. 135-4, there shall be  
12 paid to such person or persons as the retiree shall have nominated by electronic submission in a  
13 form approved by the Board of Trustees or by written designation duly acknowledged and filed  
14 with the Board of Trustees, if such person or persons are living at the time of the retiree's death,  
15 otherwise to the retiree's legal representatives, an additional death benefit equal to the excess, if  
16 any, of the cost of the creditable service purchased less the administrative fee, if any, over the  
17 total of the increase in the retirement allowance attributable to the additional creditable service,  
18 paid from the month following the month in which payment was received to the death of the  
19 retiree.

20 In the event that a retirement allowance becomes payable to the designated survivor of a  
21 retired member under the provisions above and such retirement allowance to the survivor shall  
22 terminate upon the death of the survivor before the total of the increase in the retirement  
23 allowance attributable to the additional creditable service paid to the retiree and the designated  
24 survivor combined equals the cost of the creditable service purchased less the administrative  
25 fee, the excess, if any, shall be paid in a lump sum to such person or persons as the retiree shall  
26 have nominated by electronic submission in a form approved by the Board of Trustees or by  
27 written designation duly acknowledged and filed with the Board of Trustees, if such person or  
28 persons are living at the time such payment falls due, otherwise to the retiree's legal  
29 representative.

30 In the event that a retiree dies without having designated a beneficiary to receive a benefit  
31 under the provisions of this subsection, any such benefit that becomes payable shall be paid to  
32 the member's estate."

33 **SECTION 9.(b)** G.S. 128-27(g1) reads as rewritten:

34 "(g1) In the event of the death of a retired member while in receipt of a retirement  
35 allowance under the provisions of this Article, there shall be paid to such person or persons as  
36 the retiree shall have nominated by electronic submission in a form approved by the Board of  
37 Trustees or by written designation duly acknowledged and filed with the Board of Trustees, if  
38 such person or persons are living at the time of the retiree's death, otherwise to the retiree's  
39 legal representatives, a death benefit equal to the excess, if any, of the accumulated  
40 contributions of the retiree at the date of retirement over the total of the retirement allowances  
41 paid prior to the death of the retiree. ~~For purposes of this paragraph, the term "accumulated~~  
42 ~~contributions" includes amounts of employee voluntary contributions that were transferred~~  
43 ~~from the Supplemental Retirement Income Plan of North Carolina to this Retirement System at~~  
44 ~~retirement by eligible law enforcement officers.~~ In the event that a retiree is receiving a Special  
45 Retirement Allowance under subsection (m1) of this section, there shall be paid to such person  
46 or persons as the retiree shall have nominated by electronic submission in a form approved by  
47 the Board of Trustees or by written designation duly acknowledged and filed with the Board of  
48 Trustees, if such person or persons are living at the time of the retiree's death, otherwise to the  
49 retiree's legal representatives, an additional death benefit equal to the excess, if any, of the  
50 employee voluntary contributions that were transferred from the Supplemental Retirement



1 Income Plan of North Carolina over the total of the Special Retirement Allowances paid prior  
2 to the death of the retiree.

3 In the event that a retirement allowance becomes payable to the designated survivor of a  
4 retired member under the provisions above and such retirement allowance to the survivor shall  
5 terminate upon the death of the survivor before the total of the retirement allowances paid to  
6 the retiree and the designated survivor combined equals the amount of the accumulated  
7 contributions of the retiree at the date of retirement, the excess, if any, of such accumulated  
8 contributions over the total of the retirement allowances paid to the retiree and the survivor  
9 combined shall be paid in a lump sum to such person or persons as the retiree shall have  
10 nominated by electronic submission in a form approved by the Board of Trustees or by written  
11 designation duly acknowledged and filed with the Board of Trustees, if such person or persons  
12 are living at the time such payment falls due, otherwise to the retiree's legal representative. For  
13 purposes of this paragraph, the term "accumulated contributions" includes amounts of  
14 employee voluntary contributions that were transferred from the Supplemental Retirement  
15 Income Plan of North Carolina to this Retirement System at retirement by eligible law  
16 enforcement officers.

17 In the event that a retirement allowance becomes payable to the principal beneficiary  
18 designated to receive a return of accumulated contributions pursuant to subsection (m) of this  
19 section and that beneficiary dies before the total of the retirement allowances paid equals the  
20 amount of the accumulated contributions of the member at the date of the member's death, the  
21 excess of those accumulated contributions over the total of the retirement allowances paid to  
22 the beneficiary shall be paid in a lump sum to the person or persons the member has designated  
23 as the contingent beneficiary for return of accumulated contributions, if the person or persons  
24 are living at the time the payment falls due, otherwise to the principal beneficiary's legal  
25 representative. For purposes of this paragraph, the term "accumulated contributions" includes  
26 amounts of employee voluntary contributions that were transferred from the Supplemental  
27 Retirement Income Plan of North Carolina to this Retirement System at retirement by eligible  
28 law enforcement officers.

29 In the event a retiree purchases creditable service as provided in G.S. 128-26, there shall be  
30 paid to such person or persons as the retiree shall have nominated by electronic submission in a  
31 form approved by the Board of Trustees or by written designation duly acknowledged and filed  
32 with the Board of Trustees, if such person or persons are living at the time of the retiree's death,  
33 otherwise to the retiree's legal representatives, an additional death benefit equal to the excess, if  
34 any, of the cost of the creditable service purchased less the administrative fee, if any, over the  
35 total of the increase in the retirement allowance attributable to the additional creditable service,  
36 paid from the month following the month in which payment was received to the death of the  
37 retiree.

38 In the event that a retirement allowance becomes payable to the designated survivor of a  
39 retired member under the provisions above, and such retirement allowance to the survivor shall  
40 terminate upon the death of the survivor before the total of the increase in the retirement  
41 allowance attributable to the additional creditable service paid to the retiree and the designated  
42 survivor combined equals the cost of the creditable service purchased less the administrative  
43 fee, the excess, if any, shall be paid in a lump sum to such person or persons as the retiree shall  
44 have nominated by electronic submission in a form approved by the Board of Trustees or by  
45 written designation duly acknowledged and filed with the Board of Trustees, if such person or  
46 persons are living at the time such payment falls due, otherwise to the retiree's legal  
47 representative.

48 In the event that a retiree dies without having designated a beneficiary to receive a benefit  
49 under the provisions of this subsection, any such benefit that becomes payable shall be paid to  
50 the member's estate."

51 **SECTION 10.(a)** G.S. 135-5(m1) reads as rewritten:

1 "(m1) Special Retirement Allowance for Law Enforcement Officers. – Upon retirement, a  
2 member who is a law enforcement officer may elect to transfer any portion of his eligible  
3 accumulated contributions, not including any Roth after-tax contributions and the earnings  
4 thereon, from the Supplemental Retirement Income Plan of North Carolina to this Retirement  
5 System and receive, in addition to his basic service, early or disability retirement allowance, a  
6 special retirement allowance which shall be based upon his eligible accumulated account  
7 balance at the date of the transfer of the assets to this System. For the purpose of determining  
8 the special retirement allowance, the Board of Trustees shall adopt straight life annuity factors  
9 on the basis of mortality tables, such other tables as may be necessary and the interest  
10 assumption rate recommended by the actuary based upon actual experience including an  
11 assumed annual post-retirement allowance increase of four percent (4%). The Board of  
12 Trustees shall modify such factors every five years, as shall be deemed necessary, based upon  
13 the five year experience study as required by G.S. 135-6(n). Provided, however, a member,  
14 who transfers his eligible accumulated contributions from the Supplemental Retirement Income  
15 Plan of North Carolina, shall be taxed for North Carolina State Income tax purposes on the  
16 special retirement allowance the same as if that special retirement allowance had been paid  
17 directly by the Supplemental Retirement Income Plan of North Carolina. The Teachers' and  
18 State Employees' Retirement System shall be responsible to determine the taxable amount, if  
19 any, and report accordingly."

20 **SECTION 10.(b)** G.S. 128-27(m1) reads as rewritten:

21 "(m1) Special Retirement Allowance for Law Enforcement Officers. – Upon retirement, a  
22 member who is a law enforcement officer may elect to transfer any portion of his eligible  
23 accumulated contributions, not including any Roth after-tax contributions and the earnings  
24 thereon, from the Supplemental Retirement Income Plan of North Carolina to this Retirement  
25 System and receive, in addition to his basic service, early or disability retirement allowance, a  
26 special retirement allowance which shall be based upon his eligible accumulated account  
27 balance at the date of the transfer of the assets to this System. For the purpose of determining  
28 the special retirement allowance, the Board of Trustees shall adopt straight life annuity factors  
29 on the basis of mortality tables, such other tables as may be necessary and the interest  
30 assumption rate recommended by the actuary based upon actual experience including an  
31 assumed annual post-retirement allowance increase of four percent (4%). The Board of  
32 Trustees shall modify such factors every five years, as shall be deemed necessary, based upon  
33 the five year experience study as required by G.S. 128-29(o). Provided, however, a member  
34 who transfers his eligible accumulated contributions from the Supplemental Retirement Income  
35 Plan of North Carolina shall be taxed for North Carolina State Income tax purposes on the  
36 special retirement allowance the same as if that special retirement allowance had been paid  
37 directly by the Supplemental Retirement Income Plan of North Carolina. The Local  
38 Governmental Employees' Retirement System shall be responsible to determine the taxable  
39 amount, if any, and report accordingly."

40 **SECTION 11.(a)** G.S. 143-166.30(d) reads as rewritten:

41 "(d) Supplemental Retirement Income Plan for State Law-Enforcement Officers. – As of  
42 January 1, 1985, there shall be created a Supplemental Retirement Income Plan, hereinafter  
43 called the "Plan," established for the benefit of all law-enforcement officers employed by the  
44 State, who shall be participants. The Board of Trustees of the State Retirement System shall  
45 administer the Plan and shall, under the terms and conditions otherwise appearing herein,  
46 provide Plan benefits either (i) by establishing a separate trust fund in conformance with  
47 Section 401(a), Section 401(k) or other sections of the Internal Revenue Code of 1954 as  
48 amended or, (ii) by causing the Plan to affiliate with some master trust fund providing the same  
49 benefits for participants. The Plan shall be separate and apart from any retirement systems.

50 In addition to the contributions transferred from the Law-Enforcement Officers' Retirement  
51 System and the contributions otherwise provided for in this Article, participants may make

1 voluntary contributions to the Plan to be credited to the designated individual accounts of  
2 participants; provided, in no instance shall the total contributions by a participant exceed ten  
3 percent (10%) of a participant's compensation within any calendar year.

4 All contributions to the Plan shall be credited to the individual accounts of participants, and  
5 shall be fully and immediately vested in the name of the participant, and shall be invested  
6 according to each participant's election, as provided by the Board of Trustees, including but not  
7 limited to time deposits, and both fixed and variable investments. The Plan may provide for  
8 loans to participants, at reasonable rates of interest to be charged, from participants' individual  
9 accounts, and may provide for withdrawal of contributions on account of hardship.

10 The benefit to a participant in the Plan shall be either a lump-sum distribution or a  
11 distribution in periodic installments of the participant's account payable under retirement,  
12 disability, or termination of employment. Upon the death of a participant there shall be paid the  
13 same lump-sum distribution or periodic installments to the surviving spouse of the participant  
14 or otherwise to the participant's estate; provided, should a participant instruct the Board of  
15 Trustees in writing that he does not wish these benefits to be paid to his spouse or estate, then  
16 the benefits shall be paid to the person or persons as the participant may name for this purpose.

17 Upon retirement, a participant in the Plan may elect to transfer any portion of his eligible  
18 accumulated contributions, not including any Roth after-tax contributions and the earnings  
19 thereon, to the Teachers' and State Employees' Retirement System and receive, in addition to  
20 his basic service, early or disability retirement allowance a special retirement allowance which  
21 shall be based on his eligible accumulated account balance at the date of the transfer of the  
22 assets."

23 **SECTION 11.(b)** G.S. 143-166.50(e) reads as rewritten:

24 "(e) Supplemental Retirement Income Plan for Local Governmental Law-Enforcement  
25 Officers. – As of January 1, 1986, all law-enforcement officers employed by a local  
26 government employer, are participating members of the Supplemental Retirement Income Plan  
27 as provided by Article 5 of Chapter 135 of the General Statutes. In addition to the contributions  
28 transferred from the Law-Enforcement Officers' Retirement System, participants may make  
29 voluntary contributions to the Supplemental Retirement Income Plan to be credited to the  
30 designated individual accounts of participants; provided, in no instance shall the total  
31 contributions by a participant exceed ten percent (10%) of a participant's compensation within  
32 any calendar year. From July 1, 1987, until July 1, 1988, local government employers of law  
33 enforcement officers shall contribute an amount equal to at least two percent (2%) of  
34 participating local officers' monthly compensation to the Supplemental Retirement Income Plan  
35 to be credited to the designated individual accounts of participating local officers; and on and  
36 after July 1, 1988, local government employers of law enforcement officers shall contribute an  
37 amount equal to five percent (5%) of participating local officers' monthly compensation to the  
38 Supplemental Retirement Income Plan to be credited to the designated individual accounts of  
39 participating local officers.

40 Additional contributions shall also be made to the individual accounts of all participants in  
41 the Plan, except for Sheriffs, on a per capita equal-share basis from the sum of one dollar and  
42 twenty-five cents (\$1.25) for each cost of court collected under G.S. 7A-304.

43 Upon retirement, a participant in the Plan may elect to transfer any portion of his eligible  
44 accumulated contributions, not including any Roth after-tax contributions and the earnings  
45 thereon, to the Local Governmental Employees' Retirement System and receive, in addition to  
46 his basic service, early or disability retirement allowance a special retirement allowance which  
47 shall be based on his eligible accumulated account balance at the date of the transfer of the  
48 assets."

49 **SECTION 12.** This act becomes effective July 1, 2010.