



1 rollover distribution. Effective on and after January 1, 2002, an eligible retirement plan shall  
2 also mean an annuity contract described in Section 403(b) of the Code and an eligible plan  
3 under Section 457(b) of the Code which is maintained by a state, political subdivision of a  
4 state, or any agency or instrumentality of a state or political subdivision of a state and which  
5 agrees to separately account for amounts transferred into such plan from this Plan. The  
6 definition of eligible retirement plan shall also apply in the case of a distribution to surviving  
7 spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic  
8 relations order, as defined in Section 414(p) of the Internal Revenue Code, or a court-ordered  
9 equitable distribution of marital property, as provided under G.S. 50-30. Provided, a distributee  
10 includes an employee or former employee. Provided further, a direct rollover is a payment by  
11 the Plan to the eligible retirement plan specified by the distributee. Effective on and after  
12 January 1, 2007, notwithstanding any other provision of this subsection, a nonspouse  
13 beneficiary of a deceased member may elect, at the time and in the manner prescribed by the  
14 administrator of the Board of Trustees of this Retirement System, to directly roll over any  
15 portion of the beneficiary's distribution from the Retirement System; however, such rollover  
16 shall conform with the provisions of section 402(c)(11) of the Code."

17 **SECTION 1.(b)** G.S. 135-74(d) reads as rewritten:

18 "(d) This subsection applies to distributions made on or after January 1, 1993.  
19 Notwithstanding any other provision of the Plan to the contrary that would otherwise limit a  
20 distributee's election under this Article, a distributee may elect, at the time and in the manner  
21 prescribed by the Plan administrator, to have any portion of an eligible rollover distribution  
22 paid directly to an eligible retirement plan specified by the distributee in a direct rollover.  
23 Provided, an eligible rollover distribution is any distribution of all or any portion of the balance  
24 to the credit of the distributee, except that an eligible rollover distribution does not include: any  
25 distribution that is one of a series of substantially equal periodic payments (not less frequently  
26 than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint  
27 life expectancies) of the distributee and the distributee's designated beneficiary, or for a  
28 specified period of 10 years or more; any distribution to the extent such distribution is required  
29 under section 401(a)(9) of the Code; and the portion of any distribution that is not includible in  
30 gross income (determined without regard to the exclusion for net realized appreciation with  
31 respect to employer securities). Effective as of January 1, 2002, and notwithstanding the  
32 preceding sentence, a portion of a distribution shall not fail to be an eligible rollover  
33 distribution merely because the portion consists of after-tax employee contributions which are  
34 not includible in gross income. However, such portion may be transferred only to an individual  
35 retirement account or annuity described in Section 408(a) or (b) of the Code, or to a qualified  
36 defined contribution plan described in Section 401(a) or 403(a) of the Code that agrees to  
37 separately account for amounts so transferred, including separately accounting for the portion  
38 of such distribution which is includible in gross income and the portion of such distribution  
39 which is not so includible. Provided, an eligible retirement plan is an individual retirement  
40 account described in section 408(a) of the Code, an individual retirement annuity described in  
41 section 408(b) of the Code, an annuity plan described in section 403(a) of the Code, or a  
42 qualified trust described in section 401(a) of the Code, that accepts the distributee's eligible  
43 rollover distribution. Effective on and after January 1, 2002, an eligible retirement plan shall  
44 also mean an annuity contract described in Section 403(b) of the Code and an eligible plan  
45 under Section 457(b) of the Code which is maintained by a state, political subdivision of a  
46 state, or any agency or instrumentality of a state or political subdivision of a state and which  
47 agrees to separately account for amounts transferred into such plan from this Plan. The  
48 definition of eligible retirement plan shall also apply in the case of a distribution to surviving  
49 spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic  
50 relations order, as defined in Section 414(p) of the Internal Revenue Code, or a court-ordered  
51 equitable distribution of marital property, as provided under G.S. 50-30. Provided, a distributee

1 includes an employee or former employee. Provided further, a direct rollover is a payment by  
2 the Plan to the eligible retirement plan specified by the distributee. Effective on and after  
3 January 1, 2007, notwithstanding any other provision of this subsection, a nonspouse  
4 beneficiary of a deceased member may elect, at the time and in the manner prescribed by the  
5 administrator of the Board of Trustees of this Retirement System, to directly roll over any  
6 portion of the beneficiary's distribution from the Retirement System; however, such rollover  
7 shall conform with the provisions of section 402(c)(11) of the Code."

8 **SECTION 1.(c)** G.S. 120-4.31(d) reads as rewritten:

9 "(d) This subsection applies to distributions made on or after January 1, 1993.  
10 Notwithstanding any other provision of the Plan to the contrary that would otherwise limit a  
11 distributee's election under this Article, a distributee may elect, at the time and in the manner  
12 prescribed by the Plan administrator, to have any portion of an eligible rollover distribution  
13 paid directly to an eligible retirement plan specified by the distributee in a direct rollover.  
14 Provided, an eligible rollover distribution is any distribution of all or any portion of the balance  
15 to the credit of the distributee, except that an eligible rollover distribution does not include: any  
16 distribution that is one of a series of substantially equal periodic payments (not less frequently  
17 than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint  
18 life expectancies) of the distributee and the distributee's designated beneficiary, or for a  
19 specified period of 10 years or more; any distribution to the extent such distribution is required  
20 under section 401(a)(9) of the Code; and the portion of any distribution that is not includible in  
21 gross income (determined without regard to the exclusion for net realized appreciation with  
22 respect to employer securities). Effective as of January 1, 2002, and notwithstanding the  
23 preceding sentence, a portion of a distribution shall not fail to be an eligible rollover  
24 distribution merely because the portion consists of after-tax employee contributions that are not  
25 includible in gross income. However, such portion may be transferred only to an individual  
26 retirement account or annuity described in Section 408(a) or (b) of the Code, or to a qualified  
27 defined contribution plan described in Section 401(a) or 403(a) of the Code that agrees to  
28 separately account for amounts so transferred, including separately accounting for the portion  
29 of such distribution which is includible in gross income and the portion of such distribution  
30 which is not so includible. Provided, an eligible retirement plan is an individual retirement  
31 account described in section 408(a) of the Code, an individual retirement annuity described in  
32 section 408(b) of the Code, an annuity plan described in section 403(a) of the Code, or a  
33 qualified trust described in section 401(a) of the Code, that accepts the distributee's eligible  
34 rollover distribution. Effective on and after January 1, 2002, an eligible retirement plan shall  
35 also mean an annuity contract described in Section 403(b) of the Code and an eligible plan  
36 under Section 457(b) of the Code which is maintained by a state, political subdivision of a  
37 state, or any agency or instrumentality of a state or political subdivision of a state and which  
38 agrees to separately account for amounts transferred into such plan from this Plan. The  
39 definition of eligible retirement plan shall also apply in the case of a distribution to surviving  
40 spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic  
41 relations order, as defined in Section 414(p) of the Internal Revenue Code, or a court-ordered  
42 equitable distribution of marital property, as provided under G.S. 50-30. Provided, a distributee  
43 includes an employee or former employee. Provided further, a direct rollover is a payment by  
44 the Plan to the eligible retirement plan specified by the distributee. Effective on and after  
45 January 1, 2007, notwithstanding any other provision of this subsection, a nonspouse  
46 beneficiary of a deceased member may elect, at the time and in the manner prescribed by the  
47 administrator of the Board of Trustees of this Retirement System, to directly roll over any  
48 portion of the beneficiary's distribution from the Retirement System; however, such rollover  
49 shall conform with the provisions of section 402(c)(11) of the Code."

50 **SECTION 1.(d)** G.S. 128-38.2(d) reads as rewritten:

1       "(d) This subsection applies to distributions made on or after January 1, 1993.  
2 Notwithstanding any other provision of the Plan to the contrary that would otherwise limit a  
3 distributee's election under this Article, a distributee may elect, at the time and in the manner  
4 prescribed by the Plan administrator, to have any portion of an eligible rollover distribution  
5 paid directly to an eligible retirement plan specified by the distributee in a direct rollover.  
6 Provided, an eligible rollover distribution is any distribution of all or any portion of the balance  
7 to the credit of the distributee, except that an eligible rollover distribution does not include: any  
8 distribution that is one of a series of substantially equal periodic payments (not less frequently  
9 than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint  
10 life expectancies) of the distributee and the distributee's designated beneficiary, or for a  
11 specified period of 10 years or more; any distribution to the extent such distribution is required  
12 under section 401(a)(9) of the Code; and the portion of any distribution that is not includible in  
13 gross income (determined without regard to the exclusion for net realized appreciation with  
14 respect to employer securities). Effective as of January 1, 2002, and notwithstanding the  
15 preceding sentence, a portion of a distribution shall not fail to be an eligible rollover  
16 distribution merely because the portion consists of after-tax employee contributions which are  
17 not includible in gross income. However, such portion may be transferred only to an individual  
18 retirement account or annuity described in Section 408(a) or (b) of the Code, or to a qualified  
19 defined contribution plan described in Section 401(a) or 403(a) of the Code that agrees to  
20 separately account for amounts so transferred, including separately accounting for the portion  
21 of such distribution which is includible in gross income and the portion of such distribution  
22 which is not so includible. Provided, an eligible retirement plan is an individual retirement  
23 account described in section 408(a) of the Code, an individual retirement annuity described in  
24 section 408(b) of the Code, an annuity plan described in section 403(a) of the Code, or a  
25 qualified trust described in section 401(a) of the Code, that accepts the distributee's eligible  
26 rollover distribution. Effective on and after January 1, 2002, an eligible retirement plan shall  
27 also mean an annuity contract described in Section 403(b) of the Code and an eligible plan  
28 under Section 457(b) of the Code which is maintained by a state, political subdivision of a  
29 state, or any agency or instrumentality of a state or political subdivision of a state and which  
30 agrees to separately account for amounts transferred into such plan from this Plan. The  
31 definition of eligible retirement plan shall also apply in the case of a distribution to surviving  
32 spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic  
33 relations order, as defined in Section 414(p) of the Internal Revenue Code, or a court-ordered  
34 equitable distribution of marital property, as provided under G.S. 50-30. Provided, a distributee  
35 includes an employee or former employee. Provided further, a direct rollover is a payment by  
36 the Plan to the eligible retirement plan specified by the distributee. Effective on and after  
37 January 1, 2007, notwithstanding any other provision of this subsection, a nonspouse  
38 beneficiary of a deceased member may elect, at the time and in the manner prescribed by the  
39 administrator of the Board of Trustees of this Retirement System, to directly roll over any  
40 portion of the beneficiary's distribution from the Retirement System; however, such rollover  
41 shall conform with the provisions of section 402(c)(11) of the Code."

42       **SECTION 2.(a)** G.S. 128-21(11) reads as rewritten:

43       "(11) "Employer" shall mean any county, incorporated city or town, the board of  
44 alcoholic control of any county or incorporated city or town, the North  
45 Carolina League of Municipalities, and the State Association of County  
46 Commissioners. "Employer" shall also mean any separate, juristic political  
47 subdivision of the State as may be approved by the Board of Trustees upon  
48 the advice of the Attorney General. ~~"Employer" also means any fire~~  
49 ~~department that serves a city or county or any part of a city or county and~~  
50 ~~that is supported in whole or in part by municipal or county funds."~~

51       **SECTION 2.(b)** G.S. 58-86-25 reads as rewritten:

1 **"§ 58-86-25. "Eligible firemen" defined; determination and certification of volunteers**  
2 **meeting qualifications.**

3 "Eligible firemen" shall mean all firemen of the State of North Carolina or any political  
4 subdivision thereof, including those performing such functions in the protection of life and  
5 property through fire fighting within a county or city governmental unit and so certified to the  
6 Commissioner of Insurance by the governing body thereof, and who belong to a bona fide fire  
7 department which, as determined by the Commissioner, is classified as not less than class "9"  
8 or class "A" and "AA" departments in accordance with rating methods, schedules,  
9 classifications, underwriting rules, bylaws or regulations effective or applied with respect to the  
10 establishment of rates or premiums used or charged pursuant to Article 36 or 40 of this Chapter  
11 or by such other reasonable methods as the Commissioner may determine, and which operates  
12 fire apparatus and equipment of the value of five thousand dollars (\$5,000) or more, and said  
13 fire department holds drills and meetings not less than four hours monthly and said firemen  
14 attend at least 36 hours of all drills and meetings in each calendar year. "Eligible firemen" shall  
15 also mean an employee of a county whose sole duty is to act as fire marshal, deputy fire  
16 marshal, assistant fire marshal, or firefighter of the county, provided the board of county  
17 commissioners of that county certifies the employee's attendance at no less than 36 hours of all  
18 drills and meetings in each calendar year. "Eligible firemen" shall also mean those persons  
19 meeting the other qualifications of this section, not exceeding 25 volunteer firemen plus one  
20 additional volunteer fireman per 100 population in the area served by their respective  
21 departments. Each department shall annually determine and report the names of those firemen  
22 meeting the eligibility qualifications of this section to its respective governing body, which  
23 upon determination of the validity and accuracy of the qualification shall promptly certify the  
24 list to the North Carolina State Firemen's Association. The Firemen's Association shall provide  
25 a list of those persons meeting the eligibility requirements of this section to the State Treasurer  
26 by ~~July 1~~ January 31 of each year. For the purposes of the preceding sentence, the governing  
27 body of a fire department operated: by a county is the county board of commissioners; by a city  
28 is the city council; by a sanitary district is the sanitary district board; by a corporation, whether  
29 profit or nonprofit, is the corporation's board of directors; and by any other entity is that group  
30 designated by the board."

31 **SECTION 2.(c)** G.S. 58-86-30 reads as rewritten:

32 **"§ 58-86-30. "Eligible rescue squad worker" defined; determination and certification of**  
33 **eligibility.**

34 "Eligible rescue squad worker" means a person who is a member of a rescue or emergency  
35 medical services squad that is eligible for membership in the North Carolina Association of  
36 Rescue and Emergency Medical Services, Inc., and who has attended a minimum of 36 hours  
37 of training and meetings in the last calendar year. Each rescue or emergency medical services  
38 squad eligible for membership in the North Carolina Association of Rescue and Emergency  
39 Medical Services, Inc., must file a roster certified by the secretary of the association of those  
40 rescue or emergency medical services squad workers meeting the requirements of this section  
41 with the State Treasurer by ~~January 1~~ January 31 of each calendar year.

42 "Eligible rescue squad worker" does not mean "eligible fireman" as defined by  
43 G.S. 58-86-25, nor may an "eligible rescue squad worker" qualify also as an "eligible fireman"  
44 in order to receive double benefits available under this Article."

45 **SECTION 2.(d)** G.S. 58-86-35 reads as rewritten:

46 **"§ 58-86-35. Firemen's application for membership in fund; monthly payments by**  
47 **members; payments credited to separate accounts of members; termination of**  
48 **membership.**

49 Those firemen who are eligible pursuant to G.S. 58-86-25 may make application for  
50 membership to the board. Each fireman upon becoming a member of the fund shall pay the  
51 director of the fund the sum of ten dollars (\$10.00) per ~~month.~~ month; each payment shall be

1 made no later than 90 days after the end of the calendar year in which the month occurred. The  
2 monthly payments shall be credited to the separate account of the member and shall be kept by  
3 the custodian so it is available for payment on withdrawal from membership or retirement.

4 A member may elect to terminate membership in the fund at anytime and request the refund  
5 of payments previously made to the fund. However, a member's delinquency in making the  
6 monthly payments required by this section does not result in the termination of membership  
7 without such an election by the member."

8 **SECTION 2.(e)** G.S. 58-86-40 reads as rewritten:

9 **"§ 58-86-40. Rescue squad worker's application for membership in funds; monthly**  
10 **payments by members; payments credited to separate accounts of members;**  
11 **termination of membership.**

12 Those rescue squad workers eligible pursuant to G.S. 58-86-30 may apply to the board for  
13 membership. Each eligible rescue squad worker upon becoming a member shall pay the  
14 director of the fund the sum of ten dollars (\$10.00) per ~~month.~~ month; each payment shall be  
15 made no later than 90 days after the end of the calendar year in which the month occurred. The  
16 monthly payments shall be credited to the separate account of the member and shall be kept by  
17 the custodian so it is available for payment on withdrawal from membership or retirement.

18 A member may elect to terminate membership in the fund at anytime and request the refund  
19 of payments previously made to the fund. However, a member's delinquency in making the  
20 monthly payments required by this section does not result in the termination of membership  
21 without such an election by the member."

22 **SECTION 2.(f)** G.S. 58-86-45(b) reads as rewritten:

23 "(b) An eligible fireman or rescue squad worker who is not yet 35 years old ~~and has not~~  
24 ~~previously elected to become a member~~ may apply to the board of trustees for membership in  
25 the fund at any time. Upon becoming a member, the worker ~~must~~ may make a lump sum  
26 payment of ten dollars (\$10.00) per month retroactively to the time the worker first became  
27 eligible to become a member, plus interest at an annual rate to be set by the board for each year  
28 of retroactive payments. Upon making this lump sum payment, the worker shall be given credit  
29 for all prior service in the same manner as if the worker had applied for membership upon first  
30 becoming eligible.

31 A member who is not yet 35 years old, ~~who applied for membership after first becoming~~  
32 ~~eligible, and who did not receive credit for prior service~~ old may receive credit for the prior  
33 service upon making a lump sum payment of ten dollars (\$10.00) for each month since the  
34 worker first became eligible, plus interest at an annual rate to be set by the board for each year  
35 of retroactive payments. Upon making this lump sum payment, the date of membership shall be  
36 the same as if the worker had applied for membership upon first becoming eligible."

37 **SECTION 2.(g)** G.S. 58-86-50 is repealed.

38 **SECTION 2.(h)** G.S. 58-86-60 reads as rewritten:

39 **"§ 58-86-60. Payments in lump sums.**

40 The board shall direct payment in lump sums from the fund in the following cases:

- 41 (1) To any fireman or rescue squad worker upon the attaining of the age of 55  
42 years, who, for any reason, is not qualified to receive the monthly retirement  
43 pension and who was enrolled as a member of the fund, an amount equal to  
44 the amount paid into the fund by him. This provision shall not be construed  
45 to preclude any active fireman or rescue squad worker from completing the  
46 requisite number of years of active service after attaining the age of 55 years  
47 necessary to entitle him to the pension.
- 48 (2) If any fireman or rescue squad worker dies before attaining the age at which  
49 a pension is payable to him under the provisions of this Article, there shall  
50 be paid to his widow, or if there be no widow, to the person responsible for  
51 his child or children, or if there be no widow or children, then to his heirs at

1 law as may be determined by the board or to his estate, if it is administered  
2 and there are no heirs, an amount equal to the amount paid into the ~~fund~~  
3 member's separate account by or on behalf of the said fireman or rescue  
4 squad worker.

- 5 (3) If any fireman or rescue squad worker dies after beginning to receive the  
6 pension payable to him by this Article, and before receiving an amount equal  
7 to the amount paid into the fund by him, there shall be paid to his widow, or  
8 if there be no widow, then to the person responsible for his child or children,  
9 or if there be no widow or children, then to his heirs at law as may be  
10 determined by the board or to his estate, if it is administered and there are no  
11 heirs, an amount equal to the difference between the amount paid into the  
12 ~~fund~~ member's separate account by or on behalf of the said fireman or rescue  
13 squad worker and the amount received by him as a pensioner.

- 14 (4) Any member withdrawing from the fund shall, upon proper application, be  
15 paid all moneys the individual contributed to the fund without accumulated  
16 earnings on the payments after the time they were ~~made less an~~  
17 ~~administrative fee equal to the lesser of the amount the individual~~  
18 ~~contributed to the fund or twenty five dollars (\$25.00). The administrative~~  
19 ~~fees collected by the fund shall be retained by the Board to defray~~  
20 ~~administrative expenses, including salaries. made.~~ Notwithstanding the  
21 foregoing, if any person, firm, corporation, or other entity has made  
22 contributions on behalf of a member and that member withdraws from the  
23 fund, the person, firm, corporation, or other entity shall be entitled to a  
24 refund equal to the amount of contributions made by them after the Board  
25 has been notified of the contributor's desire to be refunded its contributions  
26 upon the member's withdrawal. ~~Any refunds to a contributor other than a~~  
27 ~~member shall also be subject to the twenty five dollar (\$25.00)~~  
28 ~~administrative fee. If a refund is to be shared by a member and another party~~  
29 ~~the administrative fee shall be applied to each portion on a pro rata basis."~~

30 **SECTION 3.(a)** G.S. 135-5(a)(3) reads as rewritten:

- 31 "(3) Any member who was in service October 8, 1981, who had attained 60 years  
32 of age, may retire upon written application to the Board of Trustees setting  
33 forth at what time, as of the first day of a calendar month, not less than one  
34 day nor more than ~~90~~ 120 days subsequent to the execution and filing  
35 thereof, he desires to be retired."

36 **SECTION 3.(b)** G.S. 135-5(a)(4) reads as rewritten:

- 37 "(4) Any member who is a law-enforcement officer, and who attains age 50 and  
38 completes 15 or more years of creditable service in this capacity or who  
39 attains age 55 and completes five or more years of creditable service in this  
40 capacity, may retire upon written application to the Board of Trustees setting  
41 forth at what time, as of the first day of a calendar month, not less than one  
42 day nor more than ~~90~~ 120 days subsequent to the execution and filing  
43 thereof, he desires to be retired; Provided, also, any member who has met the  
44 conditions herein required but does not retire, and later becomes a teacher or  
45 an employee other than as a law-enforcement officer shall continue to have  
46 the right to commence retirement."

47 **SECTION 3.(c)** G.S. 135-5(a1) reads as rewritten:

48 "(a1) Early Service Retirement Benefits. – Any member may retire and receive a reduced  
49 retirement allowance upon written application to the Board of Trustees setting forth at what  
50 time, as of the first day of a calendar month, not less than one day nor more than ~~90~~ 120 days  
51 subsequent to the execution of and filing thereof, he desires to be retired: Provided, that the said

1 member at the time so specified for his retirement shall have attained the age of 50 years and  
2 have at least 20 years of creditable service."

3 **SECTION 3.(d)** G.S. 135-5(c) reads as rewritten:

4 "(c) Disability Retirement Benefits of Members Leaving Service Prior to January 1,  
5 1988. – The provisions of this subsection shall not be applicable to members in service on or  
6 after January 1, 1988. Upon the application of a member or of his employer, any member who  
7 has had five or more years of creditable service may be retired by the Board of Trustees, on the  
8 first day of any calendar month, not less than one day nor more than ~~90~~ 120 days next  
9 following the date of filing such application, on a disability retirement allowance: Provided,  
10 that the medical board, after a medical examination of such member, shall certify that such  
11 member is mentally or physically incapacitated for the further performance of duty, that such  
12 incapacity was incurred at the time of active employment and has been continuous thereafter,  
13 that such incapacity is likely to be permanent, and that such member should be retired;  
14 Provided further the medical board shall determine if the member is able to engage in gainful  
15 employment and, if so, the member may still be retired and the disability retirement allowance  
16 as a result thereof shall be reduced as in subsection (e) below. Provided further, that the  
17 medical board shall not certify any member as disabled who:

- 18 (1) Applies for disability retirement based upon a mental or physical incapacity  
19 which existed when the member first established membership in the system;  
20 or  
21 (2) Is in receipt of any payments on account of the same disability which existed  
22 when the member first established membership in the system.

23 The Board of Trustees shall require each employee upon enrolling in the retirement system  
24 to provide information on the membership application concerning any mental or physical  
25 incapacities existing at the time the member enrolls.

26 Supplemental disability benefits heretofore provided are hereby made a permanent part of  
27 disability benefits after age 65, and shall not be discontinued at age 65.

28 Notwithstanding the requirement of five or more years of creditable service to the contrary,  
29 a member who is a law-enforcement officer and who has had one year or more of creditable  
30 service and becomes incapacitated for duty as the natural and proximate result of an accident  
31 occurring while in the actual performance of duty, and meets all other requirements for  
32 disability retirement benefits, may be retired by the Board of Trustees on a disability retirement  
33 allowance.

34 Notwithstanding the foregoing to the contrary, any beneficiary who commenced retirement  
35 with an early or service retirement benefit has the right, within three years of his retirement, to  
36 convert to an allowance with disability retirement benefits without modification of any election  
37 of optional allowance previously made; provided, the beneficiary presents clear and convincing  
38 evidence that the beneficiary would have met all applicable requirements for disability  
39 retirement benefits while still in service as a member. The allowance on account of disability  
40 retirement benefits to the beneficiary shall be retroactive to the effective date of early or service  
41 retirement.

42 Notwithstanding the foregoing, the surviving designated beneficiary of a deceased member  
43 who met all other requirements for disability retirement benefits, except whose death occurred  
44 before the first day of the calendar month in which the member's disability retirement  
45 allowance was to be due and payable, may elect to receive the reduced retirement allowance  
46 provided by a fifty percent (50%) joint and survivor payment option in lieu of a return of  
47 accumulated contributions, provided the following conditions apply:

- 48 (1) The member had designated as the principal beneficiary, to receive a return  
49 of accumulated contributions at the time of his death, one and only one  
50 person, and

- 1           (2)    The member had not instructed the Board of Trustees in writing that he did  
2                    not wish the provision of this subsection to apply."

3           **SECTION 3.(e)** G.S. 135-57(d) reads as rewritten:

4           "(d)    Any member who was in service October 8, 1981, who had attained 50 years of age,  
5    may retire upon written application to the board of trustees setting forth at what time, as of the  
6    first day of a calendar month, not less than one day nor more than ~~90~~ 120 days subsequent to  
7    the execution and filing thereof, he desires to be retired."

8           **SECTION 3.(f)** G.S. 135-59(a) reads as rewritten:

9           "(a)    Upon application by or on behalf of the member, any member in service who has  
10    completed five or more years of creditable service and who has not attained his sixty-fifth  
11    birthday may be retired by the Board of Trustees, on the first day of any calendar month, not  
12    less than one day nor more than ~~90~~ 120 days next following the date of filing such application,  
13    on a disability retirement allowance; provided, that the medical board, after a medical  
14    examination of such member, shall certify that such member is mentally or physically  
15    incapacitated for the further performance of duty, that such incapacity was incurred at the time  
16    of active employment and has been continuous thereafter, that such incapacity is likely to be  
17    permanent, and that such member should be retired; and, provided further, that if a member is  
18    removed by the Supreme Court for mental or physical incapacity under the provisions of  
19    G.S. 7A-376, no action is required by the medical board under this section and, provided  
20    further, the medical board shall determine if the member is able to engage in gainful  
21    employment and, if so, the member shall still be retired and the disability retirement allowance  
22    as a result thereof shall be reduced as in G.S. 135-60(d). Provided further, that the medical  
23    board shall not certify any member as disabled who:

- 24           (1)    Applies for disability retirement based upon a mental or physical incapacity  
25                    which existed when the member first established membership in the system;  
26                    or  
27           (2)    Is in receipt of any payments on account of the same disability which existed  
28                    when the member first established membership in the system.

29           The Board of Trustees shall require each employee upon enrolling in the Retirement  
30    System to provide information on the membership application concerning any mental or  
31    physical incapacities existing at the time the member enrolls.

32           Notwithstanding the foregoing to the contrary, any beneficiary who commenced retirement  
33    with an early or service retirement benefit has the right, within three years of this retirement, to  
34    convert to an allowance with disability retirement benefits without modification of any election  
35    of optional allowance previously made; provided, the beneficiary presents clear and convincing  
36    evidence that the beneficiary would have met all applicable requirements for disability  
37    retirement benefits while still in service as a member. The allowance on account of disability  
38    retirement benefits to the beneficiary shall be retroactive to the effective date of early or service  
39    retirement."

40           **SECTION 3.(g)** G.S. 128-24(4) reads as rewritten:

41           "(4)    The provisions of this subdivision (4) shall apply to any member whose  
42                    retirement became effective prior to July 1, 1965, and became entitled to  
43                    benefits hereunder in accordance with the provisions hereof. Such benefits  
44                    shall be computed in accordance with the provisions of G.S. 128-27(b1) as  
45                    in effect at the date of such separation from service.

- 46           a.     Notwithstanding any other provision of this Chapter, any member  
47                    who separates from service prior to the time he shall have attained  
48                    the age of 60 years, or if a uniformed policeman or fireman prior to  
49                    the time he shall have attained the age of 55 years, for any reason  
50                    other than death or retirement for disability as provided in  
51                    G.S. 128-27(c), after completing 20 or more years of creditable

1 service, and who leaves his total accumulated contributions in the  
2 Retirement System, shall have the right to retire on a deferred  
3 retirement allowance upon the date he shall have attained the age of  
4 60 years, or if a uniformed policeman or fireman upon the date he  
5 shall have attained the age of 55 years; provided that such member  
6 may retire only upon written application to the Board of Trustees  
7 setting forth at what time, not less than 30 days nor more than ~~90~~ 120  
8 days next following the date of filing such application, he desires to  
9 be retired. Such deferred retirement allowance shall be computed in  
10 accordance with the provisions of G.S. 128-27(b), paragraphs (1), (2)  
11 and (3).

12 b. In lieu of the benefits provided in paragraph a of this subdivision (4),  
13 any member who separates from service prior to the time he shall  
14 have attained the age of 60 years, or if a uniformed policeman or  
15 fireman prior to the time he shall have attained the age of 55 years,  
16 for any reason other than death or retirement for disability as  
17 provided in G.S. 128-27(c), after completing 30 or more years of  
18 creditable service, and who leaves his total accumulated  
19 contributions in the Retirement System, may elect to retire on an  
20 early retirement allowance; provided that such a member may so  
21 retire only upon written application to the Board of Trustees setting  
22 forth at what time, not less than 30 days nor more than ~~90~~ 120 days  
23 next following the date of filing such application, he desires to be  
24 retired; provided further that such application shall be duly filed  
25 within 60 days following the date of such separation. Such early  
26 retirement allowance so elected shall be the actuarial equivalent of  
27 the deferred retirement allowance otherwise payable at the attainment  
28 of age 60 years, or if a uniformed policeman or fireman at the  
29 attainment of age 55 years, upon proper application therefor.

30 c. Should an employee who retired on an early or service retirement  
31 allowance be restored to service prior to the time he shall have  
32 attained the age of 62 years, or if a uniformed policeman or fireman  
33 prior to the time he shall have attained the age of 55 years, his  
34 allowance shall cease, he shall again become a member of the  
35 Retirement System, and he shall contribute thereafter at the uniform  
36 contribution rate for his class member. Upon his subsequent  
37 retirement, he shall be entitled to an allowance not less than the  
38 allowance described in 1 below reduced by the amount in 2 below.

39 1. The allowance to which he would have been entitled if he  
40 were retiring for the first time, calculated on the basis of his  
41 total creditable service represented by the sum of his  
42 creditable service at the time of his first retirement, and his  
43 creditable service after he was restored to service.

44 2. The actuarial equivalent of the retirement benefits he  
45 previously received.

46 d. Should an employee who retired on an early or service retirement  
47 allowance be restored to service after the attainment of the age of 62  
48 years, his retirement allowance shall be reduced to the extent  
49 necessary (if any) so that the sum of the retirement allowance at the  
50 time of retirement and earnings from employment by a unit of the  
51 Retirement System for any year (beginning January 1 and ending

December 31) will not exceed the member's compensation received for the 12 months of service prior to retirement. Provided, however, that under no circumstances will the member's retirement allowance be reduced below the amount of his annuity as defined in G.S. 128-21(3)."

**SECTION 3.(h)** G.S. 128-24(5) reads as rewritten:

"(5) The provisions of this subdivision (5) shall apply to any member whose membership is terminated on or after July 1, 1965, and who becomes entitled to benefits hereunder in accordance with the provisions hereof.

a. Notwithstanding any other provision of this Chapter, any member who separates from service prior to the attainment of the age of 60 years for any reason other than death or retirement for disability as provided in G.S. 128-27(c), after completing 15 or more years of creditable service, and who leaves his total accumulated contributions in said System shall have the right to retire on a deferred retirement allowance upon attaining the age of 60 years; provided that such member may retire only upon written application to the Board of Trustees setting forth at what time, not less than one day nor more than ~~90~~ 120 days subsequent to the execution and filing thereof, he desires to be retired; and further provided that in the case of a member who so separates from service on or after July 1, 1967, the aforestated requirement of 15 or more years of creditable service shall be reduced to 12 or more years of creditable service; and further provided that in the case of a member who so separates from service on or after July 1, 1971, or whose account is active on July 1, 1971, the aforestated requirement of 12 or more years of creditable service shall be reduced to five or more years of creditable service. Such deferred retirement allowance shall be computed in accordance with the service retirement provisions of this Article pertaining to a member who is not a law enforcement officer or eligible former law enforcement officer.

b. In lieu of the benefits provided in paragraph a of this subdivision, any member who separates from service prior to the attainment of the age of 60 years, for any reason other than death or retirement for disability as provided in G.S. 128-27(c), after completing 20 or more years of creditable service, and who leaves his total accumulated contributions in said System may elect to retire on an early retirement allowance upon attaining the age of 50 years or at any time thereafter; provided that such member may so retire only upon written application to the Board of Trustees setting forth at what time, not less than one day nor more than ~~90~~ 120 days subsequent to the execution and filing thereof, he desires to be retired. Such early retirement allowance so elected shall be equal to the deferred retirement allowance otherwise payable at the attainment of the age of 60 years reduced by the percentage thereof indicated below.

Age at Retirement	Percentage Reduction
59	7
58	14
57	20
56	25

1	55	30
2	54	35
3	53	39
4	52	43
5	51	46
6	50	50

7           b1. In lieu of the benefits provided in paragraphs a and b of this  
8 subdivision, any member who is a law enforcement officer at the  
9 time of separation from service prior to the attainment of the age of  
10 50 years, for any reason other than death or disability as provided in  
11 this Article, after completing 15 or more years of creditable service  
12 in this capacity immediately prior to separation from service, and  
13 who leaves his total accumulated contributions in this System, may  
14 elect to retire on a deferred early retirement allowance upon attaining  
15 the age of 50 years or at any time thereafter; provided, that the  
16 member may commence retirement only upon written application to  
17 the Board of Trustees setting forth at what time, as of the first day of  
18 a calendar month, not less than one day nor more than ~~90~~ 120 days  
19 subsequent to the execution and filing thereof, he desires to  
20 commence retirement. The deferred early retirement allowance shall  
21 be computed in accordance with the service retirement provisions of  
22 this Article pertaining to law enforcement officers.

23           b2. In lieu of the benefits provided in paragraphs a and b of this  
24 subdivision, any member who is a law enforcement officer at the  
25 time of separation from service prior to the attainment of the age of  
26 55 years, for any reason other than death or disability as provided in  
27 this Article, after completing five or more years of creditable service  
28 in this capacity immediately prior to separation from service, and  
29 who leaves his total accumulated contributions in this System may  
30 elect to retire on a deferred service retirement allowance upon  
31 attaining the age of 55 years or at any time thereafter; provided, that  
32 the member may commence retirement only upon written application  
33 to the Board of Trustees setting forth at what time, as of the first day  
34 of a calendar month not less than one day nor more than ~~90~~ 120 days  
35 subsequent to the execution and filing thereof, he desires to  
36 commence retirement. The deferred service retirement allowance  
37 shall be computed in accordance with the service retirement  
38 provisions of this Article pertaining to law enforcement officers.

39           b3. Deferred retirement allowance of members retiring on or after July 1,  
40 1995. – In lieu of the benefits provided in paragraphs a. and b. of this  
41 subdivision, any member who separates from service prior to  
42 attainment of age 60 years, after completing 20 or more years of  
43 creditable service, and who leaves his total accumulated  
44 contributions in said System, may elect to retire on a deferred  
45 retirement allowance upon attaining the age of 50 years or any time  
46 thereafter; provided that such member may so retire only upon  
47 written application to the Board of Trustees setting forth at what  
48 time, not less than one day nor more than ~~90~~ 120 days subsequent to  
49 the execution and filing thereof, he desires to be retired. Such  
50 deferred retirement allowance shall be computed in accordance with  
51 the service retirement provisions of this Article pertaining to a

1 member who is not a law enforcement officer or an eligible former  
2 law enforcement officer.

- 3 c. Should a beneficiary who retired on an early or service retirement  
4 allowance be reemployed by, or otherwise engaged to perform  
5 services for, an employer participating in the Retirement System on a  
6 part-time, temporary, interim, or on fee-for-service basis, whether  
7 contractual or otherwise, and if such beneficiary earns an amount  
8 during the 12-month period immediately following the effective date  
9 of retirement or in any calendar year which exceeds fifty percent  
10 (50%) of the reported compensation, excluding terminal payments,  
11 during the 12 months of service preceding the effective date of  
12 retirement, or twenty thousand dollars (\$20,000), whichever is  
13 greater, as hereinafter indexed, then the retirement allowance shall be  
14 suspended as of the first day of the month following the month in  
15 which the reemployment earnings exceed the amount above, for the  
16 balance of the calendar year, except when the reemployment earnings  
17 exceed the amount above in the month of December, in which case  
18 the retirement allowance shall not be suspended. The retirement  
19 allowance of the beneficiary shall be reinstated as of January 1 of  
20 each year following suspension. The amount that may be earned  
21 before suspension shall be increased on January 1 of each year by the  
22 ratio of the Consumer Price Index to the Index one year earlier,  
23 calculated to the nearest tenth of a percent (1/10 of 1%).

- 24 d. Should a beneficiary who retired on an early or service retirement  
25 allowance be restored to service as an employee, then the retirement  
26 allowance shall cease as of the first day of the month following the  
27 month in which the beneficiary is restored to service and the  
28 beneficiary shall become a member of the Retirement System and  
29 shall contribute thereafter as allowed by law at the uniform  
30 contribution payable by all members.

31 Upon his subsequent retirement, he shall be paid a retirement  
32 allowance determined as follows:

- 33 1. For a member who earns at least three years' membership  
34 service after restoration to service, the retirement allowance  
35 shall be computed on the basis of his compensation and  
36 service before and after the period of prior retirement without  
37 restriction; provided, that if the prior allowance was based on  
38 a social security leveling payment option, the allowance shall  
39 be adjusted actuarially for the difference between the amount  
40 received under the optional payment and what would have  
41 been paid if the retirement allowance had been paid without  
42 optional modification.
- 43 2. For a member who does not earn three years' membership  
44 service after restoration to service, the retirement allowance  
45 shall be equal to the sum of the retirement allowance to which  
46 he would have been entitled had he not been restored to  
47 service, without modification of the election of an optional  
48 allowance previously made, and the retirement allowance that  
49 results from service earned since being restored to service;  
50 provided, that if the prior retirement allowance was based on  
51 a social security leveling payment option, the prior allowance

1 shall be adjusted actuarially for the difference between the  
2 amount that would have been paid for each month had the  
3 payment not been suspended and what would have been paid  
4 if the retirement allowance had been paid without optional  
5 modification."

6 **SECTION 3.(i)** G.S. 128-27(a) reads as rewritten:

7 "(a) Service Retirement Benefits. –

8 (1) Any member may retire upon written application to the Board of Trustees  
9 setting forth at what time, as of the first day of a calendar month, not less  
10 than one day nor more than 120 days subsequent to the execution and filing  
11 thereof, he desires to be retired: Provided, that the said member at the time  
12 so specified for his retirement shall have attained the age of 60 years and  
13 have at least five years of creditable service or shall have completed 30 years  
14 of creditable service, or if a fireman, he shall have attained the age of 55  
15 years and have at least five years of creditable service.

16 (2) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1019, s. 1.

17 (3) Repealed by Session Laws 1971, c. 325, s. 12.

18 (4) Any member who was in service October 8, 1981, who had attained 60 years  
19 of age, may retire upon written application to the Board of Trustees setting  
20 forth at what time, as of the first day of a calendar month, not less than one  
21 day nor more than ~~90~~ 120 days subsequent to the execution and filing  
22 thereof, he desires to be retired.

23 (5) Any member who is a law enforcement officer, and who attains age 50 and  
24 completes 15 or more years of creditable service in this capacity or who  
25 attains age 55 and completes five or more years of creditable service in this  
26 capacity, may retire upon written application to the Board of Trustees setting  
27 forth at what time, as of the first day of a calendar month, not less than one  
28 day nor more than ~~90~~ 120 days subsequent to the execution and filing  
29 thereof, he desires to be retired; provided, also, any member who has met the  
30 conditions required by this subdivision but does not retire, and later becomes  
31 an employee other than as a law enforcement officer, continues to have the  
32 right to commence retirement."

33 **SECTION 3.(j)** G.S. 128-27(a1) reads as rewritten:

34 "(a1) Early Service Retirement Benefits. – Any member may retire and receive a reduced  
35 retirement allowance upon written application to the Board of Trustees setting forth at what  
36 time, as of the first day of a calendar month, not less than one day nor more than ~~90~~ 120 days  
37 subsequent to the execution and filing thereof, he desires to be retired: Provided, that the said  
38 member at the time so specified for his retirement shall have attained the age of 50 years and  
39 have at least 20 years of creditable service."

40 **SECTION 3.(k)** G.S. 128-27(c) reads as rewritten:

41 "(c) Disability Retirement Benefits. – Upon the application of a member or of his  
42 employer, any member who has had five or more years of creditable service may be retired by  
43 the Board of Trustees, on the first day of any calendar month, not less than one day nor more  
44 than ~~90~~ 120 days next following the date of filing such application, on a disability retirement  
45 allowance: Provided, that the medical board, after a medical examination of such member, shall  
46 certify that such member is mentally or physically incapacitated for the further performance of  
47 duty, that such incapacity was incurred at the time of active employment and has been  
48 continuous thereafter, that such incapacity is likely to be permanent, and that such member  
49 should be retired; Provided further the medical board shall determine if the member is able to  
50 engage in gainful employment and, if so, the member may still be retired and the disability

1 retirement allowance as a result thereof shall be reduced as in subsection (e) below. Provided  
2 further, that the Medical Board shall not certify any member as disabled who:

- 3 (1) Applies for disability retirement based upon a mental or physical incapacity  
4 which existed when the member first established membership in the system;  
5 or
- 6 (2) Is in receipt of any payments on account of the same disability which existed  
7 when the member first established membership in the system.

8 The Board of Trustees shall require each employee upon enrolling in the retirement system  
9 to provide information on the membership application concerning any mental or physical  
10 incapacities existing at the time the member enrolls.

11 Notwithstanding the requirement of five or more years of creditable service to the contrary,  
12 a member who is a law enforcement officer or a fireman as defined in G.S. 58-86-25 or rescue  
13 squad worker as defined in G.S. 58-86-30 and who has had one year or more of creditable  
14 service and becomes incapacitated for duty as the natural and proximate result of an accident  
15 occurring while in the actual performance of duty, and meets all other requirements for  
16 disability retirement benefits, may be retired by the Board of Trustees on a disability retirement  
17 allowance.

18 Notwithstanding the foregoing to the contrary, any beneficiary who commenced retirement  
19 with an early or service retirement benefit has the right, within three years of his retirement, to  
20 convert to an allowance with disability retirement benefits without modification of any election  
21 of optional allowance previously made; provided, the beneficiary would have met all applicable  
22 requirements for disability retirement benefits while still in service as a member. The allowance  
23 on account of disability retirement benefits to the beneficiary shall be retroactive to the  
24 effective date of early or service retirement.

25 Notwithstanding the foregoing, effective April 1, 1991, the surviving designated  
26 beneficiary of a deceased member who met all other requirements for disability retirement  
27 benefits, except whose death occurred before the first day of the calendar month in which the  
28 member's disability retirement allowance was to be due and payable, may elect to receive the  
29 reduced retirement allowance provided by a one hundred percent (100%) joint and survivor  
30 payment option in lieu of a return of accumulated contributions, provided the following  
31 conditions apply:

- 32 (1) The member had designated as the principal beneficiary, to receive a return  
33 of accumulated contributions at the time of his death, one and only one  
34 person, and
- 35 (2) The member had not instructed the Board of Trustees in writing that he did  
36 not wish the provision of this subsection to apply."

37 **SECTION 3.(I)** G.S. 120-4.22(a) reads as rewritten:

38 "(a) Eligibility; Application. – Upon application by or on behalf of the member, any  
39 member in service who has completed at least five years of creditable service and who has not  
40 reached his 60th birthday may, after medical certification, be retired on a disability retirement  
41 allowance by the Board of Trustees on the first day of the particular calendar month designated  
42 by the applicant. The designated date shall be no less than one day nor more than ~~90~~ 120 days  
43 from the filing of the application."

44 **SECTION 4.(a)** G.S. 128-32.1 reads as rewritten:

45 **"§ 128-32.1. Failure to respond.**

46 If a member fails to respond in any way within 90 days after preliminary option figures and  
47 ~~Form 6-E, Election of Benefits, the Form 6-E~~ are mailed, ~~the Form 6, Application for Service,~~  
48 ~~Early, or Disability Retirement, the Form 6~~ shall be null and void; the retirement system shall  
49 not be liable for any benefits due on account of the voided application, and a new application  
50 must be filed establishing a subsequent effective date of retirement. If an applicant for  
51 disability retirement fails to furnish requested additional medical information within 90 days

1 following such request, the application shall be declared null and void under the same  
2 conditions outlined above, unless the applicant is eligible for early or service retirement in  
3 which case the application shall be processed accordingly, using the same effective date as  
4 would have been used had the application for disability retirement been approved."

5 **SECTION 4.(b)** G.S. 135-10.1 reads as rewritten:

6 "**§ 135-10.1. Failure to respond.**

7 If a member fails to respond in any way within 90 days after preliminary option figures and  
8 ~~Form 6-E, Election of Benefits, the Form 6-E~~ are mailed, ~~the Form 6, Application for Service,~~  
9 ~~Early or Disability Retirement, the Form 6~~ shall be null and void; the retirement system shall  
10 not be liable for any benefits due on account of the voided application, and a new application  
11 must be filed establishing a subsequent effective date of retirement. If an applicant for  
12 disability retirement fails to furnish requested additional medical information within 90 days  
13 following such request, the application shall be declared null and void under the same  
14 conditions outlined above, unless the applicant is eligible for early or service retirement in  
15 which case the application shall be processed accordingly, using the same effective date as  
16 would have been used had the application for disability retirement been approved."

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

18 "(g) Election of Optional Allowance. – With the provision that until the first payment on  
19 account of any benefit becomes normally due, or his first retirement check has been cashed,  
20 any member may elect to receive his benefits in a retirement allowance payable throughout life,  
21 or he may elect to receive the actuarial equivalent of such retirement allowance, including any  
22 special retirement allowance, in a reduced allowance payable throughout life under the  
23 provisions of one of the options set forth below. The election of Option 2 or Option 3 or  
24 nomination of the person thereunder shall be revoked if such person nominated dies prior to the  
25 date the first payment becomes normally due or until the first retirement check has been cashed.  
26 Such election may be revoked by the member prior to the date the first payment becomes  
27 normally due or until his first retirement check has been cashed. Provided, however, in the  
28 event a member has elected Option 2 or Option 3 and nominated his or her spouse to receive a  
29 retirement allowance upon the member's death, and the spouse predeceases the member after  
30 the first payment becomes normally due or the first retirement check has been cashed, if the  
31 member remarries he or she may request to nominate a new spouse to receive the retirement  
32 allowance under the previously elected option, within 90 days of the remarriage, and may  
33 nominate a new spouse to receive the retirement allowance under the previously elected option  
34 by written designation duly acknowledged and filed with the Board of Trustees within 120 days  
35 of the remarriage. The new nomination shall be effective on the first day of the month in which  
36 it is made and shall provide for a retirement allowance computed to be the actuarial equivalent  
37 of the retirement allowance in effect immediately prior to the effective date of the new  
38 nomination. Any member having elected Options 2, 3, or 6 and nominated his or her spouse to  
39 receive a retirement allowance upon the member's death may, after divorce from his or her  
40 spouse, revoke the nomination and elect a new option, effective on the first day of the month in  
41 which the new option is elected, providing for a retirement allowance computed to be the  
42 actuarial equivalent of the retirement allowance in effect immediately prior to the effective date  
43 of the new option.

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

49 (b) In the Case of a Member Who Retires on or after July 1, 1963, but prior to  
50 July 1, 1993. – If he dies within 10 years from his retirement date, an amount  
51 equal to his accumulated contributions at retirement, less 1/120 thereof for

1 each month for which he has received a retirement allowance payment, shall  
2 be paid to his legal representatives or to such person as he shall nominate by  
3 written designation duly acknowledged and filed with the Board of Trustees;  
4 or

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

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

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

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

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

32 Upon the death of a member after the effective date of a retirement for which the member  
33 has been approved and following receipt by the Board of Trustees of an election of benefits, but  
34 prior to the cashing of the first benefit check, the retirement benefit shall be payable as  
35 provided by the member's election of benefits under this subsection."

36 **SECTION 5.(b)** G.S. 135-5(g1) reads as rewritten:

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

47 In the event that a retirement allowance becomes payable to the designated survivor of a  
48 retired member under the provisions above and such retirement allowance to the survivor shall  
49 terminate upon the death of the survivor before the total of the retirement allowances paid to  
50 the retiree and the designated survivor combined equals the amount of the accumulated  
51 contributions of the retiree at the date of retirement, the excess, if any, of such accumulated

1 contributions over the total of the retirement allowances paid to the retiree and the survivor  
2 combined shall be paid in a lump sum to such person or persons as the retiree shall have  
3 nominated by written designation duly acknowledged and filed with the Board of Trustees, if  
4 such person or persons are living at the time such payment falls due, otherwise to the retiree's  
5 legal representative. For purposes of this paragraph, the term "accumulated contributions"  
6 includes amounts of employee voluntary contributions that were transferred from the  
7 Supplemental Retirement Income Plan of North Carolina to this Retirement System at  
8 retirement by eligible law enforcement officers.

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

21 In the event a retiree purchases creditable service as provided in G.S. 135-4, there shall be  
22 paid to such person or persons as the retiree shall have nominated by written designation duly  
23 acknowledged and filed with the Board of Trustees, if such person or persons are living at the  
24 time of the retiree's death, otherwise to the retiree's legal representatives, an additional death  
25 benefit equal to the excess, if any, of the cost of the creditable service purchased less the  
26 administrative fee, if any, over the total of the increase in the retirement allowance attributable  
27 to the additional creditable service, paid from the month following the month in which payment  
28 was received to the death of the retiree.

29 In the event that a retirement allowance becomes payable to the designated survivor of a  
30 retired member under the provisions above and such retirement allowance to the survivor shall  
31 terminate upon the death of the survivor before the total of the increase in the retirement  
32 allowance attributable to the additional creditable service paid to the retiree and the designated  
33 survivor combined equals the cost of the creditable service purchased less the administrative  
34 fee, the excess, if any, shall be paid in a lump sum to such person or persons as the retiree shall  
35 have nominated by written designation duly acknowledged and filed with the Board of  
36 Trustees, if such person or persons are living at the time such payment falls due, otherwise to  
37 the retiree's legal representative.

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

41 **SECTION 5.(c)** G.S. 135-5(m) reads as rewritten:

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

- 47 (1) a. The member had attained such age and/or creditable service to be  
48 eligible to commence retirement with an early or service retirement  
49 allowance,  
50 b. The member had obtained 20 years of creditable service in which  
51 case the retirement allowance shall be computed in accordance with

- 1 G.S. 135-5(b19)(1)b. or G.S. 135-5(b19)(2)c., notwithstanding the  
2 requirement of obtaining age 50, or  
3 c. 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 to receive a return  
6 of his accumulated contributions one and only one person who was living at  
7 the time of his death.  
8 (3) The member had not instructed the Board of Trustees in writing that he did  
9 not wish the provisions of this subsection to apply.

10 For the purpose of this benefit, a member is considered to be in service at the date of his  
11 death if his death occurs within 180 days from the last day of his actual service. The last day of  
12 actual service shall be determined as provided in subsection (1) of this section. Upon the death  
13 of a member in service, the surviving spouse may make all purchases for creditable service as  
14 provided for under this Chapter for which the member had made application in writing prior to  
15 the date of death, provided that the date of death occurred prior to or within 60 days after  
16 notification of the cost to make the purchase. The term "in service" as used in this subsection  
17 includes a member in receipt of a benefit under the Disability Income Plan as provided in  
18 Article 6 of this Chapter.

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

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

29 Upon the death of a member after the effective date of a retirement for which the member  
30 has been approved but prior to the receipt by the Board of Trustees of an election of benefits  
31 properly acknowledged and filed by the member, the member's designated beneficiary for a  
32 return of accumulated contributions may elect to receive the benefit provided for in this  
33 subsection."

34 **SECTION 5.(d)** G.S. 128-27(g) reads as rewritten:

35 "(g) Election of Optional Allowance. – With the provision that until the first payment on  
36 account of any benefit becomes normally due, or his first retirement check has been cashed,  
37 any member may elect to receive his benefits in a retirement allowance payable throughout life,  
38 or he may elect to receive the actuarial equivalent of such retirement allowance, including any  
39 special retirement allowance, in a reduced allowance payable throughout life under the  
40 provisions of one of the Options set forth below. The election of Option two or Option three or  
41 nomination of the person thereunder shall be revoked if such person nominated dies prior to the  
42 date the first payment becomes normally due or the first retirement check has been cashed.  
43 Such election may be revoked by the member prior to the date the first payment becomes  
44 normally due or his first retirement check has been cashed. Provided, however, in the event a  
45 member has elected Option 2 or Option 3 and nominated his or her spouse to receive a  
46 retirement allowance upon the member's death, and the spouse predeceases the member after  
47 the first payment becomes normally due or the first retirement check has been cashed, if the  
48 member remarries he or she may request to nominate a new spouse to receive the retirement  
49 allowance under the previously elected option, within 90 days of the remarriage, and may  
50 nominate a new spouse to receive the retirement allowance under the previously elected option  
51 by written designation duly acknowledged and filed with the Board of Trustees within 120 days

1 of the remarriage. The new nomination shall be effective on the first day of the month in which  
2 it is made and shall provide for a retirement allowance computed to be the actuarial equivalent  
3 of the retirement allowance in effect immediately prior to the effective date of the new  
4 nomination. Any member having elected Options two, three, or six and nominated his or her  
5 spouse to receive a retirement allowance upon the member's death may, after divorce from his  
6 or her spouse, revoke the nomination and elect a new option, effective on the first day of the  
7 month in which the new option is elected, providing for a retirement allowance computed to be  
8 the actuarial equivalent of the retirement allowance in effect immediately prior to the effective  
9 date of the new option.

10 Option one.

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

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

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

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

40 Option five. For Members Retiring prior to July 1, 1993. – The member may elect to  
41 receive a reduced retirement allowance under the conditions of Option two or Option three, as  
42 provided for above, with the modification that if both he and the person nominated die within  
43 10 years from his retirement date, an amount equal to his accumulated contributions at  
44 retirement, less 1/120th thereof for each month for which a retirement allowance has been paid,  
45 shall be paid to his legal representatives or to such person as he shall nominate by written  
46 designation duly acknowledged and filed with the Board of Trustees.

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

1 Upon the death of a member after the effective date of a retirement for which the member  
2 has been approved and following receipt by the Board of Trustees of an election of benefits, but  
3 prior to the cashing of the first benefit check, the retirement benefit shall be payable as  
4 provided by the member's election of benefits under this subsection."

5 **SECTION 5.(e)** G.S. 128-27(g1) reads as rewritten:

6 "(g1) In the event of the death of a retired member while in receipt of a retirement  
7 allowance under the provisions of this Article, there shall be paid to such person or persons as  
8 the retiree shall have nominated by written designation duly acknowledged and filed with the  
9 Board of Trustees, if such person or persons are living at the time of the retiree's death,  
10 otherwise to the retiree's legal representatives, a death benefit equal to the excess, if any, of the  
11 accumulated contributions of the retiree at the date of retirement over the total of the retirement  
12 allowances paid prior to the death of the retiree. For purposes of this paragraph, the term  
13 "accumulated contributions" includes amounts of employee voluntary contributions that were  
14 transferred from the Supplemental Retirement Income Plan of North Carolina to this  
15 Retirement System at retirement by eligible law enforcement officers.

16 In the event that a retirement allowance becomes payable to the designated survivor of a  
17 retired member under the provisions above and such retirement allowance to the survivor shall  
18 terminate upon the death of the survivor before the total of the retirement allowances paid to  
19 the retiree and the designated survivor combined equals the amount of the accumulated  
20 contributions of the retiree at the date of retirement, the excess, if any, of such accumulated  
21 contributions over the total of the retirement allowances paid to the retiree and the survivor  
22 combined shall be paid in a lump sum to such person or persons as the retiree shall have  
23 nominated by written designation duly acknowledged and filed with the Board of Trustees, if  
24 such person or persons are living at the time such payment falls due, otherwise to the retiree's  
25 legal representative. For purposes of this paragraph, the term "accumulated contributions"  
26 includes amounts of employee voluntary contributions that were transferred from the  
27 Supplemental Retirement Income Plan of North Carolina to this Retirement System at  
28 retirement by eligible law enforcement officers.

29 In the event that a retirement allowance becomes payable to the principal beneficiary  
30 designated to receive a return of accumulated contributions pursuant to subsection (m) of this  
31 section and that beneficiary dies before the total of the retirement allowances paid equals the  
32 amount of the accumulated contributions of the member at the date of the member's death, the  
33 excess of those accumulated contributions over the total of the retirement allowances paid to  
34 the beneficiary shall be paid in a lump sum to the person or persons the member has designated  
35 as the contingent beneficiary for return of accumulated contributions, if the person or persons  
36 are living at the time the payment falls due, otherwise to the principal beneficiary's legal  
37 representative. For purposes of this paragraph, the term "accumulated contributions" includes  
38 amounts of employee voluntary contributions that were transferred from the Supplemental  
39 Retirement Income Plan of North Carolina to this Retirement System at retirement by eligible  
40 law enforcement officers.

41 In the event a retiree purchases creditable service as provided in G.S. 128-26, there shall be  
42 paid to such person or persons as the retiree shall have nominated by written designation duly  
43 acknowledged and filed with the Board of Trustees, if such person or persons are living at the  
44 time of the retiree's death, otherwise to the retiree's legal representatives, an additional death  
45 benefit equal to the excess, if any, of the cost of the creditable service purchased less the  
46 administrative fee, if any, over the total of the increase in the retirement allowance attributable  
47 to the additional creditable service, paid from the month following the month in which payment  
48 was received to the death of the retiree.

49 In the event that a retirement allowance becomes payable to the designated survivor of a  
50 retired member under the provisions above, and such retirement allowance to the survivor shall  
51 terminate upon the death of the survivor before the total of the increase in the retirement

1 allowance attributable to the additional creditable service paid to the retiree and the designated  
2 survivor combined equals the cost of the creditable service purchased less the administrative  
3 fee, the excess, if any, shall be paid in a lump sum to such person or persons as the retiree shall  
4 have nominated by written designation duly acknowledged and filed with the Board of  
5 Trustees, if such person or persons are living at the time such payment falls due, otherwise to  
6 the retiree's legal representative.

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

10 **SECTION 5.(f)** G.S. 128-27(m) reads as rewritten:

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

- 16 (1) a. The member had attained such age and/or creditable service to be  
17 eligible to commence retirement with an early or service retirement  
18 allowance, or  
19 b. The member had obtained 20 years of creditable service in which  
20 case the retirement allowance shall be computed in accordance with  
21 G.S. 128-27(b21)(1)b. or G.S. 128-27(b21)(2)c., notwithstanding the  
22 requirement of obtaining age 50, or  
23 c. The member had not commenced to receive a retirement allowance  
24 as provided under this Chapter.  
25 (2) The member had designated as the principal beneficiary to receive a return  
26 of his accumulated contributions one and only one person who is living at  
27 the time of his death.  
28 (3) The member had not instructed the Board of Trustees in writing that he did  
29 not wish the provisions of this subsection apply.

30 For the purpose of this benefit, a member is considered to be in service at the date of his  
31 death if his death occurs within 180 days from the last day of his actual service. The last day of  
32 actual service shall be determined as provided in subsection (l) of this section. Upon the death  
33 of a member in service, the surviving spouse may make all purchases for creditable service as  
34 provided for under this Chapter for which the member had made application in writing prior to  
35 the date of death, provided that the date of death occurred prior to or within 60 days after  
36 notification of the cost to make the purchase.

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

41 Upon the death of a member after the effective date of a retirement for which the member  
42 has been approved but prior to the receipt by the Board of Trustees of an election of benefits  
43 properly acknowledged and filed by the member, the member's designated beneficiary for a  
44 return of accumulated contributions may elect to receive the benefit provided for in this  
45 subsection."

46 **SECTION 6.(a)** G.S. 135-5(l) reads as rewritten:

47 "(l) Death Benefit Plan. – There is hereby created a Group Life Insurance Plan  
48 (hereinafter called the "Plan") which is established as an employee welfare benefit plan that is  
49 separate and apart from the Retirement System and under which the members of the Retirement  
50 System shall participate and be eligible for group life insurance benefits. Upon receipt of proof,  
51 satisfactory to the Board of Trustees in their capacity as trustees under the Group Life

1 Insurance Plan, of the death, in service, of a member who had completed at least one full  
2 calendar year of membership in the Retirement System, there shall be paid to such person as he  
3 shall have nominated by written designation duly acknowledged and filed with the Board of  
4 Trustees, if such person is living at the time of the member's death, otherwise to the member's  
5 legal representatives, a death benefit. Such death benefit shall be equal to the greater of:

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

8 (2) The greatest compensation on which contributions were made by the  
9 member during a 12-month period of service within the 24-month period of  
10 service ending on the last day of the month preceding the month in which his  
11 last day of actual service occurs;

12 (3), (4) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1049, s. 2.  
13 subject to a minimum of twenty-five thousand dollars (\$25,000) and to a maximum of fifty  
14 thousand dollars (\$50,000). Such death benefit shall be payable apart and separate from the  
15 payment of the member's accumulated contributions under the System on his death pursuant to  
16 the provisions of subsection (f) of this section. For the purpose of the Plan, a member shall be  
17 deemed to be in service at the date of his death if his death occurs within 180 days from the last  
18 day of his actual service.

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

22 (1) After December 31, 1968 and after he has attained age 70; or

23 (2) After December 31, 1969 and after he has attained age 69; or

24 (3) After December 31, 1970 and after he has attained age 68; or

25 (4) After December 31, 1971 and after he has attained age 67; or

26 (5) After December 31, 1972 and after he has attained age 66; or

27 (6) After December 31, 1973 and after he has attained age 65; or

28 (7) After December 31, 1978, but before January 1, 1987, and after he has  
29 attained age 70.

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

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

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

49 (1) For the purpose of determining eligibility only, in this subsection "calendar  
50 year" shall mean any period of 12 consecutive months or, if less, the period  
51 covered by an annual contract of employment. For all other purposes in this

1 subsection "calendar year" shall mean the 12 months beginning January 1  
2 and ending December 31.

3 (2) Last day of actual service shall be:

4 a. When employment has been terminated, the last day the member  
5 actually worked.

6 b. When employment has not been terminated, the date on which an  
7 absent member's sick and annual leave expire, unless he is on  
8 approved leave of absence and is in service under the provisions of  
9 G.S. 135-4(h).

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

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

20 (4) A member on leave of absence from his position as a teacher or State  
21 employee for the purpose of serving as a member or officer of the General  
22 Assembly shall be deemed to be in service during sessions of the General  
23 Assembly and thereby covered by the provisions of the death benefit. The  
24 amount of the death benefit for such member shall be the equivalent of the  
25 salary to which the member would have been entitled as a teacher or State  
26 employee during the 12-month period immediately prior to the month in  
27 which death occurred, not to be less than twenty-five thousand dollars  
28 (\$25,000) nor to exceed fifty thousand dollars (\$50,000).

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

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

45 Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this  
46 subsection, of the death of a retired member of the Retirement System on or after July 1, 1988,  
47 but before January 1, 1999, there shall be paid a death benefit to the surviving spouse of the  
48 deceased retired member or to the deceased retired member's legal representative if not  
49 survived by a spouse; provided the retired member has elected, when first eligible, to make, and  
50 has continuously made, in advance of his death required contributions as determined by the  
51 Board of Trustees on a fully contributory basis, through retirement allowance deductions or

1 other methods adopted by the Board of Trustees, to a group death benefit trust fund  
2 administered by the Board of Trustees separate and apart from the Retirement System's  
3 Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum  
4 payment in the amount of five thousand dollars (\$5,000) upon the completion of twenty-four  
5 months of contributions required under this subsection. Should death occur before the  
6 completion of twenty-four months of contributions required under this subsection, the deceased  
7 retired member's surviving spouse or legal representative if not survived by a spouse shall be  
8 paid the sum of the retired member's contributions required by this subsection plus interest to  
9 be determined by the Board of Trustees.

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

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

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

1 contributions required under this subsection, the deceased retired member's surviving spouse or  
2 legal representative if not survived by a spouse shall be paid the sum of the retired member's  
3 contributions required by this subsection plus interest to be determined by the Board of  
4 Trustees."

5 **SECTION 6.(b)** G.S. 128-27(1) reads as rewritten:

6 "(1) **Death Benefit Plan.** – The provisions of this subsection shall become effective for  
7 any employer only after an agreement to that effect has been executed by the employer and the  
8 Director of the Retirement System. There is hereby created a Group Life Insurance Plan  
9 (hereinafter called the "Plan") which is established as an employee welfare benefit plan that is  
10 separate and apart from the Retirement System and under which the members of the Retirement  
11 System shall participate and be eligible for group life insurance benefits. Upon receipt of proof,  
12 satisfactory to the Board of Trustees in their capacity as trustees under the Group Life  
13 Insurance Plan, of the death, in service, of a member who had completed at least one full  
14 calendar year of membership in the Retirement System, there shall be paid to such person as he  
15 shall have nominated by written designation duly acknowledged and filed with the Board of  
16 Trustees, if such person is living at the time of the member's death, otherwise to the member's  
17 legal representatives, a death benefit. Such death benefit shall be equal to the greater of:

- 18 (1) The compensation on which contributions were made by the member during  
19 the calendar year preceding the year in which his death occurs, or
- 20 (2) The greatest compensation on which contributions were made by the  
21 member during a 12-month period of service within the 24-month period of  
22 service ending on the last day of the month preceding the month in which his  
23 last day of actual service occurs;
- 24 (3) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1049, s. 2;

25 subject to a minimum of twenty-five thousand dollars (\$25,000) and a maximum of fifty  
26 thousand dollars (\$50,000). Such death benefit shall be payable apart and separate from the  
27 payment of the member's accumulated contributions under the System on his death pursuant to  
28 the provisions of subsection (f) of this section. For the purpose of the Plan, a member shall be  
29 deemed to be in service at the date of his death if his death occurs within 180 days from the last  
30 day of his actual service.

31 The death benefit provided in this subsection shall not be payable, notwithstanding the  
32 member's compliance with all the conditions set forth in the preceding paragraph, if his death  
33 occurs

- 34 (1) After June 30, 1969 and after he has attained age 70; or
- 35 (2) After December 31, 1969 and after he has attained age 69; or
- 36 (3) After December 31, 1970 and after he has attained age 68; or
- 37 (4) After December 31, 1971 and after he has attained age 67; or
- 38 (5) After December 31, 1972 and after he has attained age 66; or
- 39 (6) After December 31, 1973 and after he has attained age 65; or
- 40 (7) After December 31, 1978, but before January 1, 1987, and after he has  
41 attained age 70.

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

48 Notwithstanding the above provisions, the Board of Trustees may and is specifically  
49 authorized to provide the death benefit according to the terms and conditions otherwise  
50 appearing in this Plan in the form of group life insurance, either (i) by purchasing a contract or  
51 contracts of group life insurance with any life insurance company or companies licensed and

1 authorized to transact business in this State for the purpose of insuring the lives of members in  
2 service, or (ii) by establishing a separate trust fund qualified under section 501(c)(9) of the  
3 Internal Revenue Code of 1954, as amended, for such purpose. To that end the Board of  
4 Trustees is authorized, empowered and directed to investigate the desirability of utilizing group  
5 life insurance by either of the foregoing methods for the purpose of providing the death benefit.  
6 If a separate trust fund is established, it shall be operated in accordance with rules and  
7 regulations adopted by the Board of Trustees and all investment earnings on the trust fund shall  
8 be credited to such fund.

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

- 10 (1) For the purpose of determining eligibility only, in this subsection "calendar  
11 year" shall mean any period of 12 consecutive months. For all other  
12 purposes in this subsection "calendar year" shall mean the 12 months  
13 beginning January 1 and ending December 31.
- 14 (2) Last day of actual service shall be:
- 15 a. When employment has been terminated, the last day the member  
16 actually worked.
- 17 b. When employment has not been terminated, the date on which an  
18 absent member's sick and annual leave expire.
- 19 c. When a participant's employment is interrupted by reason of service  
20 in the Uniformed Services, as that term is defined in section 4303(16)  
21 of the Uniformed Services Employment and Reemployment Rights  
22 Act, Public Law 103-353, and the participant does not return  
23 immediately after that service to employment with a covered  
24 employer in this System, the date on which the participant was first  
25 eligible to be separated or released from his or her involuntary  
26 military service.
- 27 (3) For a period when a member is on leave of absence, his status with respect to  
28 the death benefit will be determined by the provisions of G.S. 128-26(g).
- 29 (4) A member on leave of absence from his position as a local governmental  
30 employee for the purpose of serving as a member or officer of the General  
31 Assembly shall be deemed to be in service during sessions of the General  
32 Assembly and thereby covered by the provisions of the death benefit, if  
33 applicable. The amount of the death benefit for such member shall be the  
34 equivalent of the salary to which the member would have been entitled as a  
35 local governmental employee during the 12-month period immediately prior  
36 to the month in which death occurred, not to be less than twenty-five  
37 thousand dollars (\$25,000) nor to exceed fifty thousand dollars (\$50,000).

38 The provisions of the Retirement System pertaining to administration, G.S. 128-28, and  
39 management of funds, G.S. 128-29, are hereby made applicable to the Plan."

40 **SECTION 6.(c)** G.S. 135-63 is amended by adding a new subsection to read:

41 "(e) For purposes of this subsection, a participant whose employment is interrupted by  
42 reason of service in the Uniformed Services, as that term is defined in section 4303(16) of the  
43 Uniformed Services Employment and Reemployment Rights Act, Public Law 103-353, shall be  
44 deemed to be "in service" until the last day of such service in the Uniformed Services. If the  
45 participant does not return immediately after that service to employment with a covered  
46 employer in this System, then the participant shall be deemed "in service" until the date on  
47 which the participant was first eligible to be separated or released from his or her involuntary  
48 military service."

49 **SECTION 6.(d)** G.S. 120-4.27 reads as rewritten:

50 "§ 120-4.27. **Death benefit.**

1 The designated beneficiary of a member who dies while in service after completing one  
2 year of creditable service shall receive a lump-sum payment of an amount equal to the deceased  
3 member's highest annual salary, to a maximum of fifteen thousand dollars (\$15,000). For  
4 purposes of this death benefit "in service" means currently serving as a member of the North  
5 Carolina General Assembly. "In service" also means service in the Uniformed Services, as that  
6 term is defined in section 4303(16) of the Uniformed Services Employment and Reemployment  
7 Rights Act, Public Law 103-353, if that service begins during the member's term of office. If  
8 the participant does not return immediately after that service to employment with a covered  
9 employer in this System, then the participant shall be deemed "in service" until the date on  
10 which the participant was first eligible to be separated or released from his or her involuntary  
11 military service.

12 The death benefit provided by this section shall be designated a group life insurance benefit  
13 payable under an employee welfare benefit plan that is separate and apart from the Retirement  
14 System but under which the members of the Retirement System shall participate and be eligible  
15 for group life insurance benefits. The Board of Trustees is authorized to provide the death  
16 benefit in the form of group life insurance either by purchasing a contract or contracts of group  
17 life insurance with any life insurance company or companies licensed and authorized to  
18 transact business in the State of North Carolina for the purpose of insuring the lives of qualified  
19 members in service, or by establishing or affiliating with a separate trust fund qualified under  
20 Section 501(c)(9) of the Internal Revenue Code of 1954, as amended.

21 Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a retired  
22 member of the Retirement System or Retirement Fund on or after July 1, 1988, but before  
23 January 1, 1999, there shall be paid a death benefit to the surviving spouse of a deceased retired  
24 member, or to the deceased retired member's legal representative if not survived by a spouse;  
25 provided the retired member has elected, when first eligible, to make, and has continuously  
26 made, in advance of his death required contributions as determined by the Retirement System  
27 on a fully contributory basis, through retirement allowance deductions or other methods  
28 adopted by the Retirement System, to a group death benefit trust fund administered by the  
29 Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund and  
30 Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the amount of  
31 five thousand dollars (\$5,000) upon the completion of twenty-four months of contributions  
32 required under this subsection. Should death occur before the completion of twenty-four  
33 months of contributions required under this subsection, the deceased retired member's surviving  
34 spouse or legal representative if not survived by a spouse shall be paid the sum of the retired  
35 member's contributions required by this subsection plus interest to be determined by the Board  
36 of Trustees.

37 Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a retired  
38 member of the Retirement System or Retirement Fund on or after January 1, 1999, but before  
39 July 1, 2004, there shall be paid a death benefit to the surviving spouse of a deceased retired  
40 member, or to the deceased retired member's legal representative if not survived by a spouse;  
41 provided the retired member has elected, when first eligible, to make, and has continuously  
42 made, in advance of his death required contributions as determined by the Retirement System  
43 on a fully contributory basis, through retirement allowance deductions or other methods  
44 adopted by the Retirement System, to a group death benefit trust fund administered by the  
45 Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund and  
46 Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the amount of  
47 six thousand dollars (\$6,000) upon the completion of 24 months of contributions required under  
48 this subsection. Should death occur before the completion of 24 months of contributions  
49 required under this subsection, the deceased retired member's surviving spouse or legal  
50 representative if not survived by a spouse shall be paid the sum of the retired member's

1 contributions required by this subsection plus interest to be determined by the Board of  
2 Trustees.

3 Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a retired  
4 member of the Retirement System or Retirement Fund on or after July 1, 2004, but before July  
5 1, 2007, there shall be paid a death benefit to the surviving spouse of a deceased retired  
6 member, or to the deceased retired member's legal representative if not survived by a spouse;  
7 provided the retired member has elected, when first eligible, to make, and has continuously  
8 made, in advance of his death required contributions as determined by the Retirement System  
9 on a fully contributory basis, through retirement allowance deductions or other methods  
10 adopted by the Retirement System, to a group death benefit trust fund administered by the  
11 Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund and  
12 Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the amount of  
13 nine thousand dollars (\$9,000) upon the completion of 24 months of contributions required  
14 under this subsection. Should death occur before the completion of 24 months of contributions  
15 required under this subsection, the deceased retired member's surviving spouse or legal  
16 representative if not survived by a spouse shall be paid the sum of the retired member's  
17 contributions required by this subsection plus interest to be determined by the Board of  
18 Trustees.

19 Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a retired  
20 member of the Retirement System or Retirement Fund on or after July 1, 2007, there shall be  
21 paid a death benefit to the surviving spouse of a deceased retired member, or to the deceased  
22 retired member's legal representative if not survived by a spouse; provided the retired member  
23 has elected, when first eligible, to make, and has continuously made, in advance of his death  
24 required contributions as determined by the Retirement System on a fully contributory basis,  
25 through retirement allowance deductions or other methods adopted by the Retirement System,  
26 to a group death benefit trust fund administered by the Board of Trustees separate and apart  
27 from the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. This  
28 death benefit shall be a lump-sum payment in the amount of ten thousand dollars (\$10,000)  
29 upon the completion of 24 months of contributions required under this subsection. Should death  
30 occur 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 **SECTION 6.(e)** G.S. 135-1(7a) reads as rewritten:

35 "(7a) a. "Compensation" shall mean all salaries and wages prior to any  
36 reduction pursuant to sections 125, 401(k), 403(b), 414(h)(2), and  
37 457 of the Internal Revenue Code, not including any terminal  
38 payments for unused sick leave, derived from public funds which are  
39 earned by a member of the Retirement System for service as an  
40 employee or teacher in the unit of the Retirement System for which  
41 he is performing full-time work. In addition to the foregoing,  
42 "compensation" shall include:

- 43 1. Performance-based compensation (regardless of whether paid  
44 in a lump sum, in periodic installments, or on a monthly  
45 basis);
- 46 2. Conversion of additional benefits to salary (additional  
47 benefits such as health, life, or disability plans), so long as the  
48 benefits are other than mandated by State law or regulation;
- 49 3. Payment of tax consequences for benefits provided by the  
50 employer, so long as they constitute an adjustment or increase  
51 in salary and not a "reimbursement of expenses";

- 1 4. Payout of vacation leave so long as such payouts are  
2 permitted by applicable law and regulation; ~~and~~  
3 5. Employee contributions to eligible deferred compensation  
4 ~~plans; plans; and~~  
5 6. Effective July 1, 2009, payment of military differential  
6 wages.  
7 b. "Compensation" shall not include any payment, as determined by the  
8 Board of Trustees, for the reimbursement of expenses or payments  
9 for housing or any other allowances whether or not classified as  
10 salary and wages. "Compensation" includes all special pay  
11 contribution of annual leave made to a 401(a) Special Pay Plan for  
12 the benefit of an employee. Notwithstanding any other provision of  
13 this Chapter, "compensation" shall not include:  
14 1. Supplement/allowance provided to employee to purchase  
15 additional benefits such as health, life, or disability plans;  
16 2. Travel supplement/allowance (nonaccountable allowance  
17 plans);  
18 3. Employer contributions to eligible deferred compensation  
19 plans;  
20 4. Employer-provided fringe benefits (additional benefits such  
21 as health, life, or disability plans);  
22 5. Reimbursement of uninsured medical expenses;  
23 6. Reimbursement of business expenses;  
24 7. Reimbursement of moving expenses;  
25 8. Reimbursement/payment of personal expenses;  
26 9. Incentive payments for early retirement;  
27 10. Bonuses paid incident to retirement;  
28 11. Contract buyout/severance payments; and  
29 12. Payouts for unused sick leave.  
30 c. In the event an employer reports as "compensation" payments not  
31 specifically included or excluded as "compensation", such payments  
32 shall be "compensation" for retirement purposes only if the employer  
33 pays the Retirement System the additional actuarial liability created  
34 by such payments."

35 **SECTION 6.(f)** G.S.128-21(7a) reads as rewritten:

- 36 "(7a) a. "Compensation" shall mean all salaries and wages prior to any  
37 reduction pursuant to sections 125, 401(k), 403(b), 414(h)(2), and  
38 457 of the Internal Revenue Code, not including any terminal  
39 payments for unused sick leave, derived from public funds which are  
40 earned by a member of the Retirement System for service as an  
41 employee in the unit of the Retirement System for which he is  
42 performing full-time work. In addition to the foregoing,  
43 "compensation" shall include:  
44 1. Performance-based compensation (regardless of whether paid  
45 in a lump sum, periodic installments, or on a monthly basis);  
46 2. Conversion of additional benefits to salary (additional  
47 benefits such as health, life, or disability plans), so long as the  
48 benefits are other than mandated by State law or regulation;  
49 3. Payment of tax consequences for benefits provided by the  
50 employer so long as they constitute an adjustment or increase  
51 in salary and not a "reimbursement of expenses";

- 1 4. Payout of vacation leave so long as such payouts are  
2 permitted by applicable law and regulation; ~~and~~  
3 5. Employee contributions to eligible deferred compensation  
4 ~~plans; plans; and~~  
5 6. Effective July 1, 2009, payment of military differential  
6 wages.  
7 b. "Compensation" shall not include any payment, as determined by the  
8 Board of Trustees, for the reimbursement of expenses or payments  
9 for housing or any other allowances whether or not classified as  
10 salary and wages. Notwithstanding any other provision of this  
11 Chapter, "compensation" shall not include:  
12 1. Supplement/allowance provided to employee to purchase  
13 additional benefits such as health, life, or disability plans;  
14 2. Travel supplement/allowance (nonaccountable allowance  
15 plans);  
16 3. Employer contributions to eligible deferred compensation  
17 plans;  
18 4. Employer-provided fringe benefits (additional benefits such  
19 as health, life, or disability plans);  
20 5. Reimbursement of uninsured medical expenses;  
21 6. Reimbursement of business expenses;  
22 7. Reimbursement of moving expenses;  
23 8. Reimbursement/payment of personal expenses;  
24 9. Incentive payments for early retirement;  
25 10. Bonuses paid incident to retirement;  
26 11. Contract buyout/severance payments; and  
27 12. Payouts for unused sick leave.  
28 c. In the event an employer reports as "compensation" payments not  
29 specifically included or excluded as "compensation", such payments  
30 shall be "compensation" for retirement purposes only if the employer  
31 pays the Retirement System the additional actuarial liability created  
32 by such payments."

33 **SECTION 6.(g)** G.S. 135-53(5) reads as rewritten:

34 "(5) "Compensation" shall mean all salaries and wages derived from public funds  
35 which are earned by a member of the Retirement System for his service as a  
36 justice or judge, or district attorney, or clerk of superior court, or public  
37 defender, or the Director of Indigent Defense Services. Effective July 1,  
38 2009, "compensation" also means payment of military differential wages."

39 **SECTION 6.(h)** G.S. 120-4.8(5) reads as rewritten:

40 "(5) "Compensation" means salary and expense allowance paid for service as a  
41 legislator in the North Carolina General Assembly, exclusive of travel and  
42 per diem. Effective July 1, 2009, "compensation" also means payment of  
43 military differential wages."

44 **SECTION 6.(i)** G.S. 135-1(10) reads as rewritten:

45 "(10) "Employee" shall mean all full-time employees, agents or officers of the  
46 State of North Carolina or any of its departments, bureaus and institutions  
47 other than educational, whether such employees are elected, appointed or  
48 employed: Provided that the term "employee" shall not include any person  
49 who is a member of the Consolidated Judicial Retirement System, any  
50 member of the General Assembly or any part-time or temporary employee.  
51 Notwithstanding any other provision of law, "employee" shall include all

1 employees of the General Assembly except participants in the Legislative  
2 Intern Program, pages, and beneficiaries in receipt of a monthly retirement  
3 allowance under this Chapter who are reemployed on a temporary basis.  
4 "Employee" also includes any participant whose employment is interrupted  
5 by reason of service in the Uniformed Services, as that term is defined in  
6 section 4303(16) of the Uniformed Services Employment and  
7 Reemployment Rights Act, Public Law 103-353, if that participant was an  
8 employee at the time of the interruption; if the participant does not return  
9 immediately after that service to employment with a covered employer in  
10 this System, then the participant shall be deemed "in service" until the date  
11 on which the participant was first eligible to be separated or released from  
12 his or her involuntary military service. In all cases of doubt, the Board of  
13 Trustees shall determine whether any person is an employee as defined in  
14 this Chapter. "Employee" shall also mean every full-time civilian employee  
15 of the army national guard and air national guard of this State who is  
16 employed pursuant to section 709 of Title 32 of the United States Code and  
17 paid from federal appropriated funds, but held by the federal authorities not  
18 to be a federal employee: Provided, however, that the authority or agency  
19 paying the salaries of such employees shall deduct or cause to be deducted  
20 from each employee's salary the employee's contribution in accordance with  
21 applicable provisions of G.S. 135-8 and remit the same, either directly or  
22 indirectly, to the Retirement System; coverage of employees described in  
23 this sentence shall commence upon the first day of the calendar year or fiscal  
24 year, whichever is earlier, next following the date of execution of an  
25 agreement between the Secretary of Defense of the United States and the  
26 Adjutant General of the State acting for the Governor in behalf of the State,  
27 but no credit shall be allowed pursuant to this sentence for any service  
28 previously rendered in the above-described capacity as a civilian employee  
29 of the national guard: Provided, further, that the Adjutant General, in his  
30 discretion, may terminate the Retirement System coverage of the  
31 above-described national guard employees if a federal retirement system is  
32 established for such employees and the Adjutant General elects to secure  
33 coverage of such employees under such federal retirement system. Any  
34 full-time civilian employee of the national guard described above who is  
35 now or hereafter may become a member of the Retirement System may  
36 secure Retirement System credit for such service as a national guard civilian  
37 employee for the period preceding the time when such employees became  
38 eligible for Retirement System coverage by paying to the Retirement System  
39 an amount equal to that which would have constituted employee  
40 contributions if he had been a member during the years of ineligibility, plus  
41 interest. Employees of State agencies, departments, institutions, boards, and  
42 commissions who are employed in permanent job positions on a recurring  
43 basis and who work 30 or more hours per week for nine or more months per  
44 calendar year are covered by the provisions of this subdivision. On and after  
45 August 1, 2001, a person who is a nonimmigrant alien and who otherwise  
46 meets the requirements of this subdivision shall not be excluded from the  
47 definition of "employee" solely because the person holds a temporary or  
48 time-limited visa."

49 **SECTION 6.(j)** G.S. 128-21(10) reads as rewritten:

50 "(10) "Employee" shall mean any person who is regularly employed in the service  
51 of and whose salary or compensation is paid by the employer as defined in

1 subdivision (11) of this section, whether employed or appointed for stated  
2 terms or otherwise, except teachers in the public schools and except such  
3 employees who hold office by popular election as are not required to devote  
4 a major portion of their time to the duties of their office. "Employee" also  
5 means all full-time, paid firemen who are employed by any fire department  
6 that serves a city or county or any part of a city or county and that is  
7 supported in whole or in part by municipal or county funds. "Employee" also  
8 includes any participant whose employment is interrupted by reason of  
9 service in the Uniformed Services, as that term is defined in section  
10 4303(16) of the Uniformed Services Employment and Reemployment Rights  
11 Act, Public Law 103-353, if that participant was an employee at the time of  
12 the interruption; if the participant does not return immediately after that  
13 service to employment with a covered employer in this System, then the  
14 participant shall be deemed "in service" until the date on which the  
15 participant was first eligible to be separated or released from his or her  
16 involuntary military service. In all cases of doubt the Board of Trustees shall  
17 decide who is an employee. On and after August 1, 2001, a person who is a  
18 nonimmigrant alien and who otherwise meets the requirements of this  
19 subdivision shall not be excluded from the definition of "employee" solely  
20 because the person holds a temporary or time-limited visa."

21 **SECTION 7.(a)** G.S. 135-8(b2) reads as rewritten:

22 "(b2) Retroactive Adjustment in Compensation or an Underreporting of Compensation. –  
23 A member or beneficiary who is awarded backpay in cases of a denied promotional opportunity  
24 in which the aggrieved member or beneficiary is granted a promotion retroactively, or in cases  
25 in which an employer errs in the reporting of compensation, including the employee and  
26 employer contributions, the member or beneficiary and employer may make employee and  
27 employer contributions on the retroactive or additional compensation, after submitting clear  
28 and convincing evidence of the retroactive promotion or underreporting of compensation, as  
29 follows:

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

39 For members or beneficiaries electing to make the employee contributions on the  
40 retroactive adjustment in compensation or on the underreported compensation, the member's or  
41 beneficiary's employer, which granted the retroactive promotion or erred in underreporting  
42 compensation and contributions, shall make the required employer contributions. Nothing  
43 contained in this subsection shall prevent an employer from paying all or a part of the interest  
44 assessed on the employee contributions; and to the extent paid by the employer, the interest  
45 paid by the employer shall be credited to the pension accumulation fund; provided, however, an  
46 employer does not discriminate against any member or beneficiary or group of members or  
47 beneficiaries in his employ in paying all or any part of the interest assessed on the employee  
48 contributions due.

49 In the event the retroactive adjustment in compensation or the underreported compensation  
50 is for a period that occurs during the four consecutive calendar years that would have produced  
51 the highest average annual compensation pursuant to G.S. 135-1(5) the compensation the

1 member or beneficiary would have received during the period shall be included in calculating  
2 the member's or beneficiary's average final compensation only in the event the appropriate  
3 employee and employer contributions are paid on such compensation.

4 An employer error in underreporting compensation shall not include a retroactive increase  
5 in compensation that occurs during the four consecutive calendar years that would have  
6 produced the highest average annual compensation pursuant to G.S. 135-1(5) for reasons other  
7 than a wrongfully denied promotional opportunity where the member is promoted  
8 retroactively."

9 **SECTION 7.(b)** G.S. 128-30(b2) reads as rewritten:

10 "(b2) Retroactive Adjustment in Compensation or an Underreporting of Compensation. –  
11 A member or beneficiary who is awarded backpay in cases of a denied promotional opportunity  
12 in which the aggrieved member or beneficiary is granted a promotion retroactively, or in cases  
13 in which an employer errs in the reporting of compensation, including the employee and  
14 employer contributions, the member or beneficiary and employer may make employee and  
15 employer contributions on the retroactive or additional compensation after submitting clear and  
16 convincing evidence of the retroactive promotion or underreporting of compensation, as  
17 follows:

- 18 (1) Within 90 days of the denial of the promotion or the error in reporting, by  
19 the payment of employee and employer contributions that would have been  
20 paid; or  
21 (2) After 90 days of the denial of the promotion or the error in reporting, by the  
22 payment of the employee and employer contributions that would have been  
23 paid plus interest compounded annually at a rate equal to the greater of the  
24 average yield on the pension accumulation fund for the preceding calendar  
25 year or the actuarial investment rate-of-return assumption, as adopted by the  
26 Board of Trustees.

27 For members or beneficiaries electing to make the employee contributions on the  
28 retroactive adjustment in compensation or on the underreported compensation, the member's or  
29 beneficiary's employer, which granted the retroactive promotion or erred in underreporting  
30 compensation and contributions, shall make the required employer contributions. Nothing  
31 contained in this subsection shall prevent an employer from paying all or a part of the interest  
32 assessed on the employee contributions; and to the extent paid by the employer, the interest  
33 paid by the employer shall be credited to the pension accumulation fund; provided, however, an  
34 employer does not discriminate against any member or beneficiary or group of members or  
35 beneficiaries in his employ in paying all or any part of the interest assessed on the employee  
36 contributions due.

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

43 An employer error in underreporting compensation shall not include a retroactive increase  
44 in compensation that occurs during the four consecutive calendar years that would have  
45 produced the highest average annual compensation pursuant to G.S. 135-1(5), for reasons other  
46 than a wrongfully denied promotional opportunity where the member is promoted  
47 retroactively."

48 **SECTION 8.(a)** G.S. 135-3(8) is amended by adding a new sub-subdivision to  
49 read:

50 "c1. Employers shall report each reemployment covered by the provisions  
51 of sub-subdivision c. of this subdivision within 90 days of the

1                    reemployment, including the nature of the reemployment, the date of  
2                    the reemployment, and the compensation. If such a report is not  
3                    received within the required 90 days, the Board shall assess the  
4                    employer with a penalty of one percent (1%) per month with a  
5                    minimum penalty of twenty-five dollars (\$25.00)."

6                    **SECTION 8.(b)** G.S. 128-24(5) is amended by adding a new sub-subdivision to  
7 read:

8                    "c1. Employers shall report each reemployment covered by the provisions  
9                    of sub-subdivision c. of this subdivision within 90 days of the  
10                    reemployment, including the nature of the reemployment, the date of  
11                    the reemployment, and the compensation. If such a report is not  
12                    received within the required 90 days, the Board shall assess the  
13                    employer with a penalty of one percent (1%) per month with a  
14                    minimum penalty of twenty-five dollars (\$25.00)."

15                    **SECTION 9.** G.S. 135-5(c), amended by Section 3(d) of this act, reads as  
16 rewritten:

17                    "(c) Disability Retirement Benefits of Members Leaving Service Prior to January 1,  
18 1988. – The provisions of this subsection shall not be applicable to members in service on or  
19 after January 1, 1988. Upon the application of a member or of his employer, any member who  
20 has had five or more years of creditable service may be retired by the Board of Trustees, on the  
21 first day of any calendar month, not less than one day nor more than 120 days next following  
22 the date of filing such application, on a disability retirement allowance: Provided, that the  
23 medical board, after a medical examination of such member, shall certify that such member is  
24 mentally or physically incapacitated for the further performance of duty, that such incapacity  
25 was incurred at the time of active employment and has been continuous thereafter, that such  
26 incapacity is likely to be permanent, and that such member should be retired; Provided further  
27 the medical board shall determine if the member is able to engage in gainful employment and,  
28 if so, the member may still be retired and the disability retirement allowance as a result thereof  
29 shall be reduced as in subsection (e) below. Provided further, that the medical board shall not  
30 certify any member as disabled who:

- 31                    (1) Applies for disability retirement based upon a mental or physical incapacity  
32                    which existed when the member first established membership in the system;  
33                    or  
34                    (2) Is in receipt of any payments on account of the same disability which existed  
35                    when the member first established membership in the system.

36                    The Board of Trustees shall require each employee upon enrolling in the retirement system  
37 to provide information on the membership application concerning any mental or physical  
38 incapacities existing at the time the member enrolls.

39                    Supplemental disability benefits heretofore provided are hereby made a permanent part of  
40 disability benefits after age 65, and shall not be discontinued at age 65.

41                    Notwithstanding the requirement of five or more years of creditable service to the contrary,  
42 a member who is a law-enforcement officer and who has had one year or more of creditable  
43 service and becomes incapacitated for duty as the natural and proximate result of an accident  
44 occurring while in the actual performance of duty, and meets all other requirements for  
45 disability retirement benefits, may be retired by the Board of Trustees on a disability retirement  
46 allowance.

47                    Notwithstanding the foregoing to the contrary, any beneficiary who commenced retirement  
48 with an early or service retirement benefit has the right, within three years of his retirement, to  
49 convert to an allowance with disability retirement benefits without modification of any election  
50 of optional allowance previously made; provided, the beneficiary presents clear and convincing  
51 evidence that the beneficiary would have met all applicable requirements for disability

1 retirement benefits while still in service as a member. The allowance on account of disability  
2 retirement benefits to the beneficiary shall be retroactive to the effective date of early or service  
3 retirement.

4 Notwithstanding the foregoing, the surviving designated beneficiary of a deceased member  
5 who met all other requirements for disability retirement benefits, except whose death occurred  
6 before the first day of the calendar month in which the member's disability retirement  
7 allowance was to be due and payable, may elect to receive the reduced retirement allowance  
8 provided by a ~~fifty percent (50%)~~ one hundred percent (100%) joint and survivor payment  
9 option in lieu of a return of accumulated contributions, provided the following conditions  
10 apply:

- 11 (1) The member had designated as the principal beneficiary, to receive a return  
12 of accumulated contributions at the time of his death, one and only one  
13 person, and
- 14 (2) The member had not instructed the Board of Trustees in writing that he did  
15 not wish the provision of this subsection to apply."

16 **SECTION 10.** G.S. 127A-40(b) reads as rewritten:

17 "(b) Payment to a retired member of the North Carolina national guard under the  
18 provisions of this section will cease at the death of the individual and no payment will be made  
19 to beneficiaries or to the decedent's ~~estate.~~ estate, except that the legal representative of a  
20 retired member who dies shall be entitled to a full check for the month in which the death  
21 occurred."

22 **SECTION 11.(a)** G.S. 135-63(a) reads as rewritten:

23 "(a) Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a  
24 member in service, there shall be paid in a lump sum to such person as the member shall have  
25 nominated by electronic submission prior to completing 10 years of service in a form approved  
26 by the Board of Trustees or by written designation duly acknowledged and filed with the Board  
27 of Trustees, if such person is living at the time of the member's death, otherwise to the  
28 member's legal representatives, a death benefit equal to the sum of (i) the member's  
29 accumulated contributions, plus (ii) the member's final compensation; provided, however, that  
30 if the member has attained his fiftieth birthday with at least five years of membership service at  
31 his date of death, and if the designated recipient of the death benefits is the member's spouse  
32 who survives him, and if the spouse so elects, then the lump-sum death benefit provided for  
33 herein shall consist only of a payment equal to the member's final compensation and there shall  
34 be paid to the surviving spouse an annual retirement allowance, payable monthly, which shall  
35 commence on the first day of the calendar month coinciding with or next following the death of  
36 the member and shall be continued on the first day of each month thereafter until the  
37 remarriage or death of the spouse. The amount of any such retirement allowance shall be equal  
38 to one half of the amount of the retirement allowance to which the member would have been  
39 entitled had he retired under the provisions of G.S. 135-57(a) on the first day of the calendar  
40 month coinciding with or next following his date of death, reduced by two percent (2%) thereof  
41 for each full year, if any, by which the age of the member at his date of death exceeds that of  
42 his spouse. If the retirement allowance to the spouse shall terminate on the remarriage or death  
43 of the spouse before the total of the retirement allowance payments made equals the amount of  
44 the member's accumulated contributions at date of death, the excess of such accumulated  
45 contributions over the total of the retirement allowances paid to the spouse shall be paid in a  
46 lump sum to such person as the member shall have nominated by electronic submission in a  
47 form approved by the Board of Trustees or by written designation duly acknowledged and filed  
48 with the Board of Trustees, if such person is living at the time such payment falls due,  
49 otherwise to the former member's legal representatives."

50 **SECTION 11.(b)** G.S. 135-63(c) reads as rewritten:

1       "(c) Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a  
2 member not in service, there shall be paid in a lump sum to such person as the member shall  
3 have nominated by electronic submission prior to completing 10 years of service in a form  
4 approved by the Board of Trustees or by written designation duly acknowledged and filed with  
5 the Board of Trustees, if such person is living at the time of the member's death, otherwise to  
6 the member's legal representatives, a death benefit equal to the member's accumulated  
7 contributions."

8               **SECTION 11.(c)** G.S. 135-64(c) reads as rewritten:

9       "(c) In the event of the death of a former member while in receipt of a retirement  
10 allowance under the provisions of G.S. 135-58, 135-60, or 135-61, if such former member is  
11 not survived by a spouse to whom a retirement allowance is payable under the provisions of  
12 subsection (a) or subsection (b) above, nor survived by a beneficiary to whom a monthly  
13 survivorship benefit is payable under one of the optional modes of payment under G.S. 135-61,  
14 there shall be paid to such person as the member shall have nominated by electronic submission  
15 in a form approved by the Board of Trustees or by written designation duly acknowledged and  
16 filed with the Board of Trustees, if such person is living at the time of the member's death,  
17 otherwise to the member's legal representatives, a death benefit equal to the excess, if any,  
18 the accumulated contributions of the member at his date of retirement over the total of the  
19 retirement allowances paid to him prior to his death."

20               **SECTION 11.(d)** G.S. 135-64(d) reads as rewritten:

21       "(d) In the event that a retirement allowance becomes payable to the spouse of a former  
22 member under the provisions of subsection (a) or subsection (b) above, or to the designated  
23 survivor of a former member under one of the optional modes of payment under G.S. 135-61,  
24 and such retirement allowance to the spouse shall terminate on the remarriage or death of the  
25 spouse, or on the death of the designated survivor, before the total of the retirement allowances  
26 paid to the former member and his spouse or designated survivor combined equals the amount  
27 of the member's accumulated contributions at his date of retirement, the excess of such  
28 accumulated contributions over the total of the retirement allowances paid to the former  
29 member and his spouse or designated survivor combined shall be paid in a lump sum to such  
30 person as the member shall have nominated by electronic submission in a form approved by the  
31 Board of Trustees or by written designation duly acknowledged and filed with the Board of  
32 Trustees, if such person is living at the time such payment falls due, otherwise to the former  
33 member's legal representatives."

34               **SECTION 11.(e)** G.S. 135-5(f) reads as rewritten:

35       "(f) Return of Accumulated Contributions. – Should a member cease to be a teacher or  
36 State employee except by death or retirement under the provisions of this Chapter, he shall  
37 upon submission of an application be paid, not earlier than 60 days from the date of termination  
38 of service, his contributions, and if he has attained at least five years of membership service or  
39 if termination of his membership service is involuntary as certified by the employer, the  
40 accumulated regular interest thereon, provided that he has not in the meantime returned to  
41 service. Upon payment of such sum his membership in the System shall cease and, if he  
42 thereafter again becomes a member, no credit shall be allowed for any service previously  
43 rendered except as provided in G.S. 135-4, and such payment shall be in full and complete  
44 discharge of any rights in or to any benefits otherwise payable hereunder. Upon receipt of proof  
45 satisfactory to the Board of Trustees of the death, prior to retirement, of a member or former  
46 member there shall be paid to such person or persons as he shall have nominated by electronic  
47 submission prior to completing 10 years of service in a form approved by the Board of Trustees  
48 or by written designation duly acknowledged and filed with the Board of Trustees, if such  
49 person or persons are living at the time of the member's death, otherwise to the member's legal  
50 representatives, the amount of his accumulated contributions at the time of his death, unless the  
51 beneficiary elects to receive the alternate benefit under the provisions of (m) below. An

1 extension service employee who made contributions to the Local Governmental Employees'  
2 Retirement System and the Teachers' and State Employees' Retirement System as a result of  
3 dual employment may not be paid his accumulated contributions unless he is eligible to be paid  
4 his accumulated contributions in both systems for the same period of service.

5 Pursuant to the provisions of G.S. 135-56.2, a member who is also a member of the  
6 Consolidated Judicial Retirement System may irrevocably elect to transfer any accumulated  
7 contributions to the Consolidated Judicial Retirement System or to the Supplemental  
8 Retirement Income Plan and forfeit any rights in or to any benefits otherwise payable  
9 hereunder.

10 A member who is a participant or beneficiary of the Disability Income Plan of North  
11 Carolina as is provided in Article 6 of this Chapter shall not be paid a return of accumulated  
12 contributions, notwithstanding the member's status as an employee or teacher. Notwithstanding  
13 any other provision of law to the contrary, a member who is a beneficiary of the Disability  
14 Income Plan of North Carolina as provided in Article 6 of this Chapter and who is receiving  
15 disability benefits under the transition provisions as provided in G.S. 135-112, shall not be  
16 prohibited from receiving a return of accumulated contributions as provided in this subsection."

17 **SECTION 11.(f)** G.S. 135-5(g1), as amended by Section 5(b) of this act, reads as  
18 rewritten:

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

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

44 In the event that a retirement allowance becomes payable to the principal beneficiary  
45 designated to receive a return of accumulated contributions pursuant to subsection (m) of this  
46 section and that beneficiary dies before the total of the retirement allowances paid equals the  
47 amount of the accumulated contributions of the member at the date of the member's death, the  
48 excess of those accumulated contributions over the total of the retirement allowances paid to  
49 the beneficiary shall be paid in a lump sum to the person or persons the member has designated  
50 as the contingent beneficiary for return of accumulated contributions, if the person or persons  
51 are living at the time the payment falls due, otherwise to the principal beneficiary's legal

1 representative. For purposes of this paragraph, the term "accumulated contributions" includes  
2 amounts of employee voluntary contributions that were transferred from the Supplemental  
3 Retirement Income Plan of North Carolina to this Retirement System at retirement by eligible  
4 law enforcement officers.

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

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

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

27 **SECTION 11.(g)** G.S. 135-5(1), as amended by Section 6(a) of this act, reads as  
28 rewritten:

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

- 41 (1) The compensation on which contributions were made by the member during  
42 the calendar year preceding the year in which his death occurs, or
- 43 (2) The greatest compensation on which contributions were made by the  
44 member during a 12-month period of service within the 24-month period of  
45 service ending on the last day of the month preceding the month in which his  
46 last day of actual service occurs;

47 (3), (4) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1049, s. 2.  
48 subject to a minimum of twenty-five thousand dollars (\$25,000) and to a maximum of fifty  
49 thousand dollars (\$50,000). Such death benefit shall be payable apart and separate from the  
50 payment of the member's accumulated contributions under the System on his death pursuant to  
51 the provisions of subsection (f) of this section. For the purpose of the Plan, a member shall be

1 deemed to be in service at the date of his death if his death occurs within 180 days from the last  
2 day of his actual service.

3 The death benefit provided in this subsection (1) shall not be payable, notwithstanding the  
4 member's compliance with all the conditions set forth in the preceding paragraph, if his death  
5 occurs

- 6 (1) After December 31, 1968 and after he has attained age 70; or
- 7 (2) After December 31, 1969 and after he has attained age 69; or
- 8 (3) After December 31, 1970 and after he has attained age 68; or
- 9 (4) After December 31, 1971 and after he has attained age 67; or
- 10 (5) After December 31, 1972 and after he has attained age 66; or
- 11 (6) After December 31, 1973 and after he has attained age 65; or
- 12 (7) After December 31, 1978, but before January 1, 1987, and after he has  
13 attained age 70.

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

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

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

- 33 (1) For the purpose of determining eligibility only, in this subsection "calendar  
34 year" shall mean any period of 12 consecutive months or, if less, the period  
35 covered by an annual contract of employment. For all other purposes in this  
36 subsection "calendar year" shall mean the 12 months beginning January 1  
37 and ending December 31.
- 38 (2) Last day of actual service shall be:
  - 39 a. When employment has been terminated, the last day the member  
40 actually worked.
  - 41 b. When employment has not been terminated, the date on which an  
42 absent member's sick and annual leave expire, unless he is on  
43 approved leave of absence and is in service under the provisions of  
44 G.S. 135-4(h).
  - 45 c. When a participant's employment is interrupted by reason of service  
46 in the Uniformed Services, as that term is defined in section 4303(16)  
47 of the Uniformed Services Employment and Reemployment Rights  
48 Act, Public Law 103-353, and the participant does not return  
49 immediately after that service to employment with a covered  
50 employer in this System, the date on which the participant was first

1 eligible to be separated or released from his or her involuntary  
2 military service.

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

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

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

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

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

46 Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this  
47 subsection, of the death of a retired member of the Retirement System on or after January 1,  
48 1999, but before July 1, 2004, there shall be paid a death benefit to the surviving spouse of the  
49 deceased retired member or to the deceased retired member's legal representative if not  
50 survived by a spouse; provided the retired member has elected, when first eligible, to make, and  
51 has continuously made, in advance of his death required contributions as determined by the

1 Board of Trustees on a fully contributory basis, through retirement allowance deductions or  
2 other methods adopted by the Board of Trustees, to a group death benefit trust fund  
3 administered by the Board of Trustees separate and apart from the Retirement System's  
4 Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum  
5 payment in the amount of six thousand dollars (\$6,000) upon the completion of 24 months of  
6 contributions required under this subsection. Should death occur before the completion of 24  
7 months of contributions required under this subsection, the deceased retired member's surviving  
8 spouse or legal representative if not survived by a spouse shall be paid the sum of the retired  
9 member's contributions required by this subsection plus interest to be determined by the Board  
10 of Trustees.

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

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

41 **SECTION 11.(h)** G.S. 128-27(f) reads as rewritten:

42 "(f) Return of Accumulated Contributions. – Should a member cease to be an employee  
43 except by death or retirement under the provisions of this Chapter, he shall upon submission of  
44 an application be paid, not earlier than 60 days from the date of termination of service, his  
45 contributions and, if he has attained at least five years of membership service or if termination  
46 of his membership service is involuntary as certified by the employer, the accumulated regular  
47 interest thereon, provided that he has not in the meantime returned to service. Upon payment of  
48 such sum his membership in the System shall cease and, if he thereafter again becomes a  
49 member, no credit shall be allowed for any service previously rendered except as provided in  
50 G.S. 128-26; and such payment shall be in full and complete discharge of any rights in or to  
51 any benefits otherwise payable hereunder. Upon receipt of proof satisfactory to the Board of

1 Trustees of the death, prior to retirement, of a member or former member there shall be paid to  
2 such person or persons as he shall have nominated by electronic submission prior to completing  
3 10 years of service in a form approved by the Board of Trustees or by written designation duly  
4 acknowledged and filed with the Board of Trustees, if such person or persons are living at the  
5 time of the member's death, otherwise to the member's legal representatives, the amount of his  
6 accumulated contributions at the time of his death, unless the beneficiary elects to receive the  
7 alternate benefit under the provisions of (m) below. An extension service employee who made  
8 contributions to the Local Governmental Employees' Retirement System and the Teachers' and  
9 State Employees' Retirement System as a result of dual employment may not be paid his  
10 accumulated contributions unless he is eligible to be paid his accumulated contributions in both  
11 systems for the same period of service.

12 Pursuant to the provisions of G.S. 135-56.2, a member who is also a member of the  
13 Consolidated Judicial Retirement System may irrevocably elect to transfer any accumulated  
14 contributions to the Consolidated Judicial Retirement System or to the Supplemental  
15 Retirement Income Plan and forfeit any rights in or to any benefits otherwise payable  
16 hereunder."

17 **SECTION 11.(i)** G.S. 128-27(g1), as amended by Section 5(e) of this act, reads as  
18 rewritten:

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

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

44 In the event that a retirement allowance becomes payable to the principal beneficiary  
45 designated to receive a return of accumulated contributions pursuant to subsection (m) of this  
46 section and that beneficiary dies before the total of the retirement allowances paid equals the  
47 amount of the accumulated contributions of the member at the date of the member's death, the  
48 excess of those accumulated contributions over the total of the retirement allowances paid to  
49 the beneficiary shall be paid in a lump sum to the person or persons the member has designated  
50 as the contingent beneficiary for return of accumulated contributions, if the person or persons  
51 are living at the time the payment falls due, otherwise to the principal beneficiary's legal

1 representative. For purposes of this paragraph, the term "accumulated contributions" includes  
2 amounts of employee voluntary contributions that were transferred from the Supplemental  
3 Retirement Income Plan of North Carolina to this Retirement System at retirement by eligible  
4 law enforcement officers.

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

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

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

27 **SECTION 11.(j)** G.S. 128-27(l), as amended by Section 6(b) of this act, reads as  
28 rewritten:

29 "(l) Death Benefit Plan. – The provisions of this subsection shall become effective for  
30 any employer only after an agreement to that effect has been executed by the employer and the  
31 Director of the Retirement System. There is hereby created a Group Life Insurance Plan  
32 (hereinafter called the "Plan") which is established as an employee welfare benefit plan that is  
33 separate and apart from the Retirement System and under which the members of the Retirement  
34 System shall participate and be eligible for group life insurance benefits. Upon receipt of proof,  
35 satisfactory to the Board of Trustees in their capacity as trustees under the Group Life  
36 Insurance Plan, of the death, in service, of a member who had completed at least one full  
37 calendar year of membership in the Retirement System, there shall be paid to such person as he  
38 shall have nominated by electronic submission prior to completing 10 years of service in a form  
39 approved by the Board of Trustees or by written designation duly acknowledged and filed with  
40 the Board of Trustees, if such person is living at the time of the member's death, otherwise to  
41 the member's legal representatives, a death benefit. Such death benefit shall be equal to the  
42 greater of:

- 43 (1) The compensation on which contributions were made by the member during  
44 the calendar year preceding the year in which his death occurs, or
- 45 (2) The greatest compensation on which contributions were made by the  
46 member during a 12-month period of service within the 24-month period of  
47 service ending on the last day of the month preceding the month in which his  
48 last day of actual service occurs;
- 49 (3) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1049, s. 2;  
50 subject to a minimum of twenty-five thousand dollars (\$25,000) and a maximum of fifty  
51 thousand dollars (\$50,000). Such death benefit shall be payable apart and separate from the

1 payment of the member's accumulated contributions under the System on his death pursuant to  
2 the provisions of subsection (f) of this section. For the purpose of the Plan, a member shall be  
3 deemed to be in service at the date of his death if his death occurs within 180 days from the last  
4 day of his actual service.

5 The death benefit provided in this subsection shall not be payable, notwithstanding the  
6 member's compliance with all the conditions set forth in the preceding paragraph, if his death  
7 occurs

- 8 (1) After June 30, 1969 and after he has attained age 70; or
- 9 (2) After December 31, 1969 and after he has attained age 69; or
- 10 (3) After December 31, 1970 and after he has attained age 68; or
- 11 (4) After December 31, 1971 and after he has attained age 67; or
- 12 (5) After December 31, 1972 and after he has attained age 66; or
- 13 (6) After December 31, 1973 and after he has attained age 65; or
- 14 (7) After December 31, 1978, but before January 1, 1987, and after he has  
15 attained age 70.

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

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

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

- 35 (1) For the purpose of determining eligibility only, in this subsection "calendar  
36 year" shall mean any period of 12 consecutive months. For all other  
37 purposes in this subsection "calendar year" shall mean the 12 months  
38 beginning January 1 and ending December 31.
- 39 (2) Last day of actual service shall be:
  - 40 a. When employment has been terminated, the last day the member  
41 actually worked.
  - 42 b. When employment has not been terminated, the date on which an  
43 absent member's sick and annual leave expire.
  - 44 c. When a participant's employment is interrupted by reason of service  
45 in the Uniformed Services, as that term is defined in section 4303(16)  
46 of the Uniformed Services Employment and Reemployment Rights  
47 Act, Public Law 103-353, and the participant does not return  
48 immediately after that service to employment with a covered  
49 employer in this System, the date on which the participant was first  
50 eligible to be separated or released from his or her involuntary  
51 military service.

- 1 (3) For a period when a member is on leave of absence, his status with respect to  
2 the death benefit will be determined by the provisions of G.S. 128-26(g).  
3 (4) A member on leave of absence from his position as a local governmental  
4 employee for the purpose of serving as a member or officer of the General  
5 Assembly shall be deemed to be in service during sessions of the General  
6 Assembly and thereby covered by the provisions of the death benefit, if  
7 applicable. The amount of the death benefit for such member shall be the  
8 equivalent of the salary to which the member would have been entitled as a  
9 local governmental employee during the 12-month period immediately prior  
10 to the month in which death occurred, not to be less than twenty-five  
11 thousand dollars (\$25,000) nor to exceed fifty thousand dollars (\$50,000).

12 The provisions of the Retirement System pertaining to administration, G.S. 128-28, and  
13 management of funds, G.S. 128-29, are hereby made applicable to the Plan."

14 **SECTION 11.(k)** G.S. 120-4.25 reads as rewritten:

15 **"§ 120-4.25. Return of accumulated contributions.**

16 If a member ceases to be a member of the General Assembly except by death or retirement,  
17 he shall, upon submission of an application, be paid not earlier than 60 days following the date  
18 of termination of service, the sum of his contributions if he has less than five years of creditable  
19 service, or the sum of his accumulated contributions if he has five or more years of creditable  
20 service, provided he has not in the meantime returned to service. Upon payment of this sum his  
21 membership in the System ceases. If he becomes a member afterwards, no credit shall be  
22 allowed for any service previously rendered except as provided in G.S. 120-4.14 and the  
23 payment shall be in full and complete discharge of any rights in or to any benefits otherwise  
24 payable under this Article. Upon receipt of proof satisfactory to the Board of Trustees of the  
25 death, prior to retirement, of a member or former member, there shall be paid to the person or  
26 persons he nominated by electronic submission prior to completing 10 years of service in a  
27 form approved by the Board of Trustees or by written designation duly acknowledged and filed  
28 with the Board of Trustees, if the person or persons are living at the time of the member's death,  
29 otherwise to the member's legal representatives, the amount of his accumulated contributions at  
30 the time of his death, unless the beneficiary elects to receive the alternate benefit under the  
31 provisions of G.S. 120-4.28."

32 **SECTION 11.(l)** G.S. 120-4.26A reads as rewritten:

33 **"§ 120-4.26A. Benefits on death after retirement.**

34 In the event of the death of a retired member while in receipt of a retirement allowance  
35 under the provisions of this Article, there shall be paid to such person or persons as the retiree  
36 shall have nominated by electronic submission in a form approved by the Board of Trustees or  
37 by written designation duly acknowledged and filed with the Board of Trustees, if such person  
38 or persons are living at the time of the retiree's death, otherwise to the retiree's legal  
39 representatives, a death benefit equal to the excess, if any, of the accumulated contributions of  
40 the retiree at the date of retirement over the total of the retirement allowances paid prior to the  
41 death of the retiree.

42 In the event that a retirement allowance becomes payable to the designated survivor of a  
43 retired member under the provisions of G.S. 120-4.26 and such retirement allowance to the  
44 survivor shall terminate upon the death of the survivor before the total of the retirement  
45 allowances paid to the retiree and the designated survivor combined equals the amount of the  
46 accumulated contributions of the retiree at the date of retirement, the excess, if any, of such  
47 accumulated contributions over the total of the retirement allowances paid to the retiree and the  
48 survivor combined shall be paid in a lump sum to such person or persons as the retiree shall  
49 have nominated by electronic submission in a form approved by the Board of Trustees or by  
50 written designation duly acknowledged and filed with the Board of Trustees, if such person or

1 persons are living at the time such payment falls due, otherwise to the retiree's legal  
2 representative."

3 **SECTION 12.(a)** G.S. 135-3(3) reads as rewritten:

4 "(3) Should any member in any period of six consecutive years after becoming a  
5 member be absent from service more than five years, or should he withdraw  
6 his accumulated contributions, or should he become a beneficiary or die, he  
7 shall thereupon cease to be a member: Provided that on and after July 1,  
8 1967, should any member in any period of eight consecutive years after  
9 becoming a member be absent from service more than seven years, or should  
10 he withdraw his accumulated contributions, or should he become a  
11 beneficiary or die, he shall thereupon cease to be a member; provided further  
12 that the period of absence from service shall be computed from January 1,  
13 1962, or later date of separation for any member whose contributions were  
14 not withdrawn prior to July 1, 1967: Provided that on and after July 1, 1971,  
15 a member shall cease to be a member only if he withdraws his accumulated  
16 contributions, or becomes a beneficiary, or dies.

17 Notwithstanding the foregoing, any persons whose membership was  
18 terminated under the provisions set forth above who had five or more years  
19 of creditable service and had not effected a return of contributions may elect  
20 to receive a retirement allowance on or after age 60; provided that this  
21 member may retire only upon electronic submission or written application to  
22 the Board of Trustees setting forth at which time, not less than 30 days nor  
23 more than 90 days subsequent to the execution and filing, he desires to be  
24 retired."

25 **SECTION 12.(b)** G.S. 135-3(8), as amended by Section 8(a) of this act, reads as  
26 rewritten:

27 (8) The provisions of this subsection (8) shall apply to any member whose  
28 membership is terminated on or after July 1, 1963 and who becomes entitled  
29 to benefits hereunder in accordance with the provisions hereof.

30 a. Notwithstanding any other provision of this Chapter, any member  
31 who separates from service prior to the attainment of the age of 60  
32 years for any reason other than death or retirement for disability as  
33 provided in G.S. 135-5(c), after completing 15 or more years of  
34 creditable service, and who leaves his total accumulated  
35 contributions in said System shall have the right to retire on a  
36 deferred retirement allowance upon attaining the age of 60 years;  
37 provided that such member may retire only upon electronic  
38 submission or written application to the Board of Trustees setting  
39 forth at what time, not less than one day nor more than 90 days  
40 subsequent to the execution and filing thereof, he desires to be  
41 retired; and further provided that in the case of a member who so  
42 separates from service on or after July 1, 1967, or whose account is  
43 active on July 1, 1967, or has not withdrawn his contributions, the  
44 aforestated requirement of 15 or more years of creditable service  
45 shall be reduced to 12 or more years of creditable service; and further  
46 provided that in the case of a member who so separates from service  
47 on or after July 1, 1971, or whose account is active on July 1, 1971,  
48 the aforestated requirement of 12 or more years of creditable service  
49 shall be reduced to five or more years of creditable service. Such  
50 deferred retirement allowance shall be computed in accordance with  
51 the service retirement provisions of this Article pertaining to a

1 member who is not a law enforcement officer or an eligible former  
 2 law enforcement officer. Notwithstanding the foregoing, any member  
 3 whose services as a teacher or employee are terminated for any  
 4 reason other than retirement, who becomes employed by a nonprofit,  
 5 nonsectarian private school in North Carolina below the college level  
 6 within one year after such teacher or employee has ceased to be a  
 7 teacher or employee, may elect to leave his total accumulated  
 8 contributions in the Teachers' and State Employees' Retirement  
 9 System during the period he is in the employment of such employer;  
 10 provided that he files notice thereof in writing with the Board of  
 11 Trustees of the Retirement System within five years after separation  
 12 from service as a public school teacher or State employee; such  
 13 member shall be deemed to have met the requirements of the above  
 14 provisions of this subdivision upon attainment of age 60 while in  
 15 such employment provided that he is otherwise vested.

16 b. In lieu of the benefits provided in paragraph a of this subdivision (8),  
 17 any member who separates from service prior to the attainment of the  
 18 age of 60 years, for any reason other than death or retirement for  
 19 disability as provided in G.S. 135-5(c), after completing 20 or more  
 20 years of creditable service, and who leaves his total accumulated  
 21 contributions in said System, may elect to retire on an early  
 22 retirement allowance upon attaining the age of 50 years or at any  
 23 time thereafter; provided that such member may so retire only upon  
 24 electronic submission or written application to the Board of Trustees  
 25 setting forth at what time, not less than one day nor more than 90  
 26 days subsequent to the execution and filing thereof, he desires to be  
 27 retired. Such early retirement allowance so elected shall be equal to  
 28 the deferred retirement allowance otherwise payable at the attainment  
 29 of the age of 60 years reduced by the percentage thereof indicated  
 30 below.

Age at Retirement	Percentage Reduction
59	7
58	14
57	20
56	25
55	30
54	35
53	39
52	43
51	46
50	50

43 b1. In lieu of the benefits provided in paragraphs a and b of this  
 44 subdivision, any member who is a law-enforcement officer at the  
 45 time of separation from service prior to the attainment of the age of  
 46 50 years, for any reason other than death or disability as provided in  
 47 this Article, after completing 15 or more years of creditable service  
 48 in this capacity immediately prior to separation from service, and  
 49 who leaves his total accumulated contributions in this System may  
 50 elect to retire on a deferred early retirement allowance upon attaining  
 51 the age of 50 years or at any time thereafter; provided, that the

1 member may commence retirement only upon electronic submission  
2 or written application to the Board of Trustees setting forth at what  
3 time, as of the first day of a calendar month, not less than one day  
4 nor more than 90 days subsequent to the execution and filing thereof,  
5 he desires to commence retirement. The deferred early retirement  
6 allowance shall be computed in accordance with the service  
7 retirement provisions of this Article pertaining to law-enforcement  
8 officers.

9 b2. In lieu of the benefits provided in paragraphs a and b of this  
10 subdivision, any member who is a law-enforcement officer at the  
11 time of separation from service prior to the attainment of the age of  
12 55 years, for any reason other than death or disability as provided in  
13 this Article, after completing five or more years of creditable service  
14 in this capacity immediately prior to separation from service, and  
15 who leaves his total accumulated contributions in this System may  
16 elect to retire on a deferred early retirement allowance upon attaining  
17 the age of 55 years or at any time thereafter; provided, that the  
18 member may commence retirement only upon electronic submission  
19 or written application to the Board of Trustees setting forth at what  
20 time, as of the first day of a calendar month not less than one day nor  
21 more than 90 days subsequent to the execution and filing thereof, he  
22 desires to commence retirement. The deferred early retirement  
23 allowance shall be computed in accordance with the service  
24 retirement provisions of this Article pertaining to law-enforcement  
25 officers.

26 b3. Vested deferred retirement allowance of members retiring on or after  
27 July 1, 1994. – In lieu of the benefits provided in paragraphs a. and b.  
28 of this subdivision, any member who separates from service prior to  
29 attainment of age 60 years, after completing 20 or more years of  
30 creditable service, and who leaves his total accumulated  
31 contributions in said System, may elect to retire on a deferred  
32 retirement allowance upon attaining the age of 50 years or any time  
33 thereafter; provided that such member may so retire only upon  
34 electronic submission or written application to the Board of Trustees  
35 setting forth at what time, not less than one day nor more than 90  
36 days subsequent to the execution and filing thereof, he desires to be  
37 retired. Such deferred retirement allowance shall be computed in  
38 accordance with the service retirement provisions of this Article  
39 pertaining to a member who is not a law enforcement officer or an  
40 eligible former law enforcement officer.

41 c. Should a beneficiary who retired on an early or service retirement  
42 allowance under this Chapter be reemployed by, or otherwise  
43 engaged to perform services for, an employer participating in the  
44 Retirement System on a part time, temporary, interim, or on a fee for  
45 service basis, whether contractual or otherwise, and if such  
46 beneficiary earns an amount during the 12 month period immediately  
47 following the effective date of retirement or in any calendar year  
48 which exceeds fifty percent (50%) of the reported compensation,  
49 excluding terminal payments, during the 12 months of service  
50 preceding the effective date of retirement, or twenty thousand dollars  
51 (\$20,000), whichever is greater, as hereinafter indexed, then the

1 retirement allowance shall be suspended as of the first day of the  
2 month following the month in which the reemployment earnings  
3 exceed the amount above, for the balance of the calendar year, except  
4 when the reemployment earnings exceed the amount above in the  
5 month of December, in which case the retirement allowance shall not  
6 be suspended. The retirement allowance of the beneficiary shall be  
7 reinstated as of January 1 of each year following suspension. The  
8 amount that may be earned before suspension shall be increased on  
9 January 1 of each year by the ratio of the Consumer Price Index to  
10 the Index one year earlier, calculated to the nearest tenth of a percent  
11 (1/10 of 1%).

12 The computation of postretirement earnings of a beneficiary  
13 under this sub-subdivision, who retired on or before October 1, 2007,  
14 and who has been retired at least six months and has not been  
15 employed in any capacity with a public school for at least six months  
16 immediately preceding the effective date of reemployment, shall not  
17 include earnings while the beneficiary is employed to teach in a  
18 permanent full-time or part-time capacity that exceeds fifty percent  
19 (50%) of the applicable workweek in a public school. The  
20 Department of Public Instruction shall certify to the Retirement  
21 System that a beneficiary is employed to teach by a local school  
22 administrative unit under the provisions of this sub-subdivision and  
23 as a retired teacher as the term is defined under the provisions of  
24 G.S. 115C-325(a)(5a).

25 The computation of postretirement earnings of a beneficiary  
26 under this sub-subdivision, who retired after October 1, 2007, after  
27 attaining (i) the age of at least 65 with five years of creditable  
28 service; or (ii) the age of at least 60 with 25 years of creditable  
29 service; or (iii) 30 years of service; and who has been retired at least  
30 six months and has not been employed in any capacity with a public  
31 school for at least six months immediately preceding the effective  
32 date of reemployment, shall not include earnings while the  
33 beneficiary is employed to teach in a permanent full-time or  
34 part-time capacity that exceeds fifty percent (50%) of the applicable  
35 workweek in a public school. The Department of Public Instruction  
36 shall certify to the Retirement System that a beneficiary is employed  
37 to teach by a local school administrative unit under the provisions of  
38 this sub-subdivision and as a retired teacher as the term is defined  
39 under the provisions of G.S. 115C-325(a)(5a).

40 Beneficiaries employed under this sub-subdivision are not  
41 entitled to any benefits otherwise provided under this Chapter as a  
42 result of this period of employment.

- 43 c1. Employers shall report each reemployment covered by the provisions  
44 of sub-subdivision c. of this subdivision within 90 days of the  
45 reemployment, including the nature of the reemployment, the date of  
46 the reemployment, and the compensation. If such a report is not  
47 received within the required 90 days, the Board shall assess the  
48 employer with a penalty of one percent (1%) per month with a  
49 minimum penalty of twenty-five dollars (\$25.00).
- 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.

18 2. For a member who does not earn three years' membership  
19 service after restoration to service, the retirement allowance  
20 shall be equal to the sum of the retirement allowance to which  
21 he would have been entitled had he not been restored to  
22 service, without modification of the election of an optional  
23 allowance previously made, and the retirement allowance that  
24 results from service earned since being restored to service;  
25 provided, that if the prior retirement allowance was based on  
26 a social security leveling payment option, the prior allowance  
27 shall be adjusted actuarially for the difference between the  
28 amount that would have been paid for each month had the  
29 payment not been suspended and what would have been paid  
30 if the retirement allowance had been paid without optional  
31 modification.

32 e. Any beneficiary who retired on an early or service retirement  
33 allowance as an employee of any State department, agency or  
34 institution under the Law Enforcement Officers' Retirement System  
35 and becomes employed as an employee by a State department,  
36 agency, or institution as an employer participating in the Retirement  
37 System shall become subject to the provisions of G.S. 135-3(8)c and  
38 G.S. 135-3(8)d on and after January 1, 1989."

39 **SECTION 12.(c)** G.S. 135-5(a), as amended by Sections 3(a) and 3(b) of this act,  
40 reads as rewritten:

41 "(a) Service Retirement Benefits. –

42 (1) Any member may retire upon electronic submission or written application to  
43 the Board of Trustees setting forth at what time, as of the first day of a  
44 calendar month, not less than one day nor more than 120 days subsequent to  
45 the execution of and filing thereof, he desires to be retired: Provided, that the  
46 said member at the time so specified for his retirement shall have attained  
47 the age of 60 years and have at least five years of membership service or  
48 shall have completed 30 years of creditable service.

49 (2) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1019, s. 1.

50 (3) Any member who was in service October 8, 1981, who had attained 60 years  
51 of age, may retire upon electronic submission or written application to the

1 Board of Trustees setting forth at what time, as of the first day of a calendar  
2 month, not less than one day nor more than 120 days subsequent to the  
3 execution and filing thereof, he desires to be retired.

4 (4) Any member who is a law-enforcement officer, and who attains age 50 and  
5 completes 15 or more years of creditable service in this capacity or who  
6 attains age 55 and completes five or more years of creditable service in this  
7 capacity, may retire upon electronic submission or written application to the  
8 Board of Trustees setting forth at what time, as of the first day of a calendar  
9 month, not less than one day nor more than 120 days subsequent to the  
10 execution and filing thereof, he desires to be retired; Provided, also, any  
11 member who has met the conditions herein required but does not retire, and  
12 later becomes a teacher or an employee other than as a law-enforcement  
13 officer shall continue to have the right to commence retirement.

14 (5) Any member who is eligible for and is being paid a benefit under the  
15 Disability Income Plan as provided in G.S. 135-105 or G.S. 135-106 shall be  
16 deemed a member in service and may not retire under the provisions of this  
17 section. Any member who has made electronic submission or written  
18 application for long-term or extended short-term benefits under the  
19 Disability Income Plan as provided in G.S. 135-105 or G.S. 135-106, and  
20 who has been rejected by the Plan's Medical Board for a long-term or  
21 extended short-term benefit shall have 90 days from the date of notification  
22 of the rejection to convert his application to an early or service retirement  
23 application, provided that the member meets the eligibility requirements,  
24 effective the first day of the month following the month in which short-term  
25 disability benefits ended or the first day of the month following the month in  
26 which any salary continuation as may be provided in G.S. 135-104 ended,  
27 whichever is later."

28 **SECTION 12.(d)** G.S. 135-5(a1), as amended by Section 3(c) of this act, reads as  
29 rewritten:

30 "(a1) Early Service Retirement Benefits. – Any member may retire and receive a reduced  
31 retirement allowance upon electronic submission or written application to the Board of Trustees  
32 setting forth at what time, as of the first day of a calendar month, not less than one day nor  
33 more than 120 days subsequent to the execution of and filing thereof, he desires to be retired:  
34 Provided, that the said member at the time so specified for his retirement shall have attained the  
35 age of 50 years and have at least 20 years of creditable service."

36 **SECTION 12.(e)** G.S. 128-24(4), as amended by Section 3(g) of this act, reads as  
37 rewritten:

38 "(4) The provisions of this subdivision (4) shall apply to any member whose  
39 retirement became effective prior to July 1, 1965, and became entitled to  
40 benefits hereunder in accordance with the provisions hereof. Such benefits  
41 shall be computed in accordance with the provisions of G.S. 128-27(b1) as  
42 in effect at the date of such separation from service.

43 a. Notwithstanding any other provision of this Chapter, any member  
44 who separates from service prior to the time he shall have attained  
45 the age of 60 years, or if a uniformed policeman or fireman prior to  
46 the time he shall have attained the age of 55 years, for any reason  
47 other than death or retirement for disability as provided in  
48 G.S. 128-27(c), after completing 20 or more years of creditable  
49 service, and who leaves his total accumulated contributions in the  
50 Retirement System, shall have the right to retire on a deferred  
51 retirement allowance upon the date he shall have attained the age of

1 60 years, or if a uniformed policeman or fireman upon the date he  
2 shall have attained the age of 55 years; provided that such member  
3 may retire only upon electronic submission or written application to  
4 the Board of Trustees setting forth at what time, not less than 30 days  
5 nor more than 120 days next following the date of filing such  
6 application, he desires to be retired. Such deferred retirement  
7 allowance shall be computed in accordance with the provisions of  
8 G.S. 128-27(b), paragraphs (1), (2) and (3).

9 b. In lieu of the benefits provided in paragraph a of this subdivision (4),  
10 any member who separates from service prior to the time he shall  
11 have attained the age of 60 years, or if a uniformed policeman or  
12 fireman prior to the time he shall have attained the age of 55 years,  
13 for any reason other than death or retirement for disability as  
14 provided in G.S. 128-27(c), after completing 30 or more years of  
15 creditable service, and who leaves his total accumulated  
16 contributions in the Retirement System, may elect to retire on an  
17 early retirement allowance; provided that such a member may so  
18 retire only upon electronic submission or written application to the  
19 Board of Trustees setting forth at what time, not less than 30 days nor  
20 more than 120 days next following the date of filing such application,  
21 he desires to be retired; provided further that such application shall  
22 be duly filed within 60 days following the date of such separation.  
23 Such early retirement allowance so elected shall be the actuarial  
24 equivalent of the deferred retirement allowance otherwise payable at  
25 the attainment of age 60 years, or if a uniformed policeman or  
26 fireman at the attainment of age 55 years, upon proper application  
27 therefor.

28 c. Should an employee who retired on an early or service retirement  
29 allowance be restored to service prior to the time he shall have  
30 attained the age of 62 years, or if a uniformed policeman or fireman  
31 prior to the time he shall have attained the age of 55 years, his  
32 allowance shall cease, he shall again become a member of the  
33 Retirement System, and he shall contribute thereafter at the uniform  
34 contribution rate for his class member. Upon his subsequent  
35 retirement, he shall be entitled to an allowance not less than the  
36 allowance described in 1 below reduced by the amount in 2 below.

37 1. The allowance to which he would have been entitled if he  
38 were retiring for the first time, calculated on the basis of his  
39 total creditable service represented by the sum of his  
40 creditable service at the time of his first retirement, and his  
41 creditable service after he was restored to service.

42 2. The actuarial equivalent of the retirement benefits he  
43 previously received.

44 d. Should an employee who retired on an early or service retirement  
45 allowance be restored to service after the attainment of the age of 62  
46 years, his retirement allowance shall be reduced to the extent  
47 necessary (if any) so that the sum of the retirement allowance at the  
48 time of retirement and earnings from employment by a unit of the  
49 Retirement System for any year (beginning January 1 and ending  
50 December 31) will not exceed the member's compensation received  
51 for the 12 months of service prior to retirement. Provided, however,

1 that under no circumstances will the member's retirement allowance  
 2 be reduced below the amount of his annuity as defined in  
 3 G.S. 128-21(3)."

4 **SECTION 12.(f)** G.S. 128-24(5), as amended by Sections 3(h) and 8(b) of this act,  
 5 reads as rewritten:

6 "(5) The provisions of this subdivision (5) shall apply to any member whose  
 7 membership is terminated on or after July 1, 1965, and who becomes entitled  
 8 to benefits hereunder in accordance with the provisions hereof.

9 a. Notwithstanding any other provision of this Chapter, any member  
 10 who separates from service prior to the attainment of the age of 60  
 11 years for any reason other than death or retirement for disability as  
 12 provided in G.S. 128-27(c), after completing 15 or more years of  
 13 creditable service, and who leaves his total accumulated  
 14 contributions in said System shall have the right to retire on a  
 15 deferred retirement allowance upon attaining the age of 60 years;  
 16 provided that such member may retire only upon electronic  
 17 submission or written application to the Board of Trustees setting  
 18 forth at what time, not less than one day nor more than 120 days  
 19 subsequent to the execution and filing thereof, he desires to be  
 20 retired; and further provided that in the case of a member who so  
 21 separates from service on or after July 1, 1967, the aforesated  
 22 requirement of 15 or more years of creditable service shall be  
 23 reduced to 12 or more years of creditable service; and further  
 24 provided that in the case of a member who so separates from service  
 25 on or after July 1, 1971, or whose account is active on July 1, 1971,  
 26 the aforesated requirement of 12 or more years of creditable service  
 27 shall be reduced to five or more years of creditable service. Such  
 28 deferred retirement allowance shall be computed in accordance with  
 29 the service retirement provisions of this Article pertaining to a  
 30 member who is not a law enforcement officer or eligible former law  
 31 enforcement officer.

32 b. In lieu of the benefits provided in paragraph a of this subdivision,  
 33 any member who separates from service prior to the attainment of the  
 34 age of 60 years, for any reason other than death or retirement for  
 35 disability as provided in G.S. 128-27(c), after completing 20 or more  
 36 years of creditable service, and who leaves his total accumulated  
 37 contributions in said System may elect to retire on an early  
 38 retirement allowance upon attaining the age of 50 years or at any  
 39 time thereafter; provided that such member may so retire only upon  
 40 electronic submission or written application to the Board of Trustees  
 41 setting forth at what time, not less than one day nor more than 120  
 42 days subsequent to the execution and filing thereof, he desires to be  
 43 retired. Such early retirement allowance so elected shall be equal to  
 44 the deferred retirement allowance otherwise payable at the attainment  
 45 of the age of 60 years reduced by the percentage thereof indicated  
 46 below.

Age at Retirement	Percentage Reduction
59	7
58	14
57	20

1	56	25
2	55	30
3	54	35
4	53	39
5	52	43
6	51	46
7	50	50

- 8                   b1.    In lieu of the benefits provided in paragraphs a and b of this  
9                   subdivision, any member who is a law enforcement officer at the  
10                  time of separation from service prior to the attainment of the age of  
11                  50 years, for any reason other than death or disability as provided in  
12                  this Article, after completing 15 or more years of creditable service  
13                  in this capacity immediately prior to separation from service, and  
14                  who leaves his total accumulated contributions in this System, may  
15                  elect to retire on a deferred early retirement allowance upon attaining  
16                  the age of 50 years or at any time thereafter; provided, that the  
17                  member may commence retirement only upon electronic submission  
18                  or written application to the Board of Trustees setting forth at what  
19                  time, as of the first day of a calendar month, not less than one day  
20                  nor more than 120 days subsequent to the execution and filing  
21                  thereof, he desires to commence retirement. The deferred early  
22                  retirement allowance shall be computed in accordance with the  
23                  service retirement provisions of this Article pertaining to law  
24                  enforcement officers.
- 25                b2.    In lieu of the benefits provided in paragraphs a and b of this  
26                  subdivision, any member who is a law enforcement officer at the  
27                  time of separation from service prior to the attainment of the age of  
28                  55 years, for any reason other than death or disability as provided in  
29                  this Article, after completing five or more years of creditable service  
30                  in this capacity immediately prior to separation from service, and  
31                  who leaves his total accumulated contributions in this System may  
32                  elect to retire on a deferred service retirement allowance upon  
33                  attaining the age of 55 years or at any time thereafter; provided, that  
34                  the member may commence retirement only upon electronic  
35                  submission or written application to the Board of Trustees setting  
36                  forth at what time, as of the first day of a calendar month not less  
37                  than one day nor more than 120 days subsequent to the execution and  
38                  filing thereof, he desires to commence retirement. The deferred  
39                  service retirement allowance shall be computed in accordance with  
40                  the service retirement provisions of this Article pertaining to law  
41                  enforcement officers.
- 42                b3.    Deferred retirement allowance of members retiring on or after July 1,  
43                  1995. – In lieu of the benefits provided in paragraphs a. and b. of this  
44                  subdivision, any member who separates from service prior to  
45                  attainment of age 60 years, after completing 20 or more years of  
46                  creditable service, and who leaves his total accumulated  
47                  contributions in said System, may elect to retire on a deferred  
48                  retirement allowance upon attaining the age of 50 years or any time  
49                  thereafter; provided that such member may so retire only upon  
50                  electronic submission or written application to the Board of Trustees  
51                  setting forth at what time, not less than one day nor more than 120

1 days subsequent to the execution and filing thereof, he desires to be  
2 retired. Such deferred retirement allowance shall be computed in  
3 accordance with the service retirement provisions of this Article  
4 pertaining to a member who is not a law enforcement officer or an  
5 eligible former law enforcement officer.

6 c. Should a beneficiary who retired on an early or service retirement  
7 allowance be reemployed by, or otherwise engaged to perform  
8 services for, an employer participating in the Retirement System on a  
9 part-time, temporary, interim, or on fee-for-service basis, whether  
10 contractual or otherwise, and if such beneficiary earns an amount  
11 during the 12-month period immediately following the effective date  
12 of retirement or in any calendar year which exceeds fifty percent  
13 (50%) of the reported compensation, excluding terminal payments,  
14 during the 12 months of service preceding the effective date of  
15 retirement, or twenty thousand dollars (\$20,000), whichever is  
16 greater, as hereinafter indexed, then the retirement allowance shall be  
17 suspended as of the first day of the month following the month in  
18 which the reemployment earnings exceed the amount above, for the  
19 balance of the calendar year, except when the reemployment earnings  
20 exceed the amount above in the month of December, in which case  
21 the retirement allowance shall not be suspended. The retirement  
22 allowance of the beneficiary shall be reinstated as of January 1 of  
23 each year following suspension. The amount that may be earned  
24 before suspension shall be increased on January 1 of each year by the  
25 ratio of the Consumer Price Index to the Index one year earlier,  
26 calculated to the nearest tenth of a percent (1/10 of 1%).

27 c1. Employers shall report each reemployment covered by the provisions  
28 of sub-subdivision c. of this subdivision within 90 days of the  
29 reemployment, including the nature of the reemployment, the date of  
30 the reemployment, and the compensation. If such a report is not  
31 received within the required 90 days, the Board shall assess the  
32 employer with a penalty of one percent (1%) per month with a  
33 minimum penalty of twenty-five dollars (\$25.00).

34 d. Should a beneficiary who retired on an early or service retirement  
35 allowance be restored to service as an employee, then the retirement  
36 allowance shall cease as of the first day of the month following the  
37 month in which the beneficiary is restored to service and the  
38 beneficiary shall become a member of the Retirement System and  
39 shall contribute thereafter as allowed by law at the uniform  
40 contribution payable by all members.

41 Upon his subsequent retirement, he shall be paid a retirement  
42 allowance determined as follows:

43 1. For a member who earns at least three years' membership  
44 service after restoration to service, the retirement allowance  
45 shall be computed on the basis of his compensation and  
46 service before and after the period of prior retirement without  
47 restriction; provided, that if the prior allowance was based on  
48 a social security leveling payment option, the allowance shall  
49 be adjusted actuarially for the difference between the amount  
50 received under the optional payment and what would have

1                   been paid if the retirement allowance had been paid without  
2                   optional modification.

- 3                   2.       For a member who does not earn three years' membership  
4                   service after restoration to service, the retirement allowance  
5                   shall be equal to the sum of the retirement allowance to which  
6                   he would have been entitled had he not been restored to  
7                   service, without modification of the election of an optional  
8                   allowance previously made, and the retirement allowance that  
9                   results from service earned since being restored to service;  
10                  provided, that if the prior retirement allowance was based on  
11                  a social security leveling payment option, the prior allowance  
12                  shall be adjusted actuarially for the difference between the  
13                  amount that would have been paid for each month had the  
14                  payment not been suspended and what would have been paid  
15                  if the retirement allowance had been paid without optional  
16                  modification."

17                  **SECTION 12.(g)** G.S. 128-27(a), as amended by Section 3(i) of this act, reads as  
18       rewritten:

19                  "(a)   Service Retirement Benefits. –

- 20                  (1)   Any member may retire upon electronic submission or written application to  
21                  the Board of Trustees setting forth at what time, as of the first day of a  
22                  calendar month, not less than one day nor more than 120 days subsequent to  
23                  the execution and filing thereof, he desires to be retired: Provided, that the  
24                  said member at the time so specified for his retirement shall have attained  
25                  the age of 60 years and have at least five years of creditable service or shall  
26                  have completed 30 years of creditable service, or if a fireman, he shall have  
27                  attained the age of 55 years and have at least five years of creditable service.  
28                  (2)   Repealed by Session Laws 1983 (Regular Session, 1984), c. 1019, s. 1.  
29                  (3)   Repealed by Session Laws 1971, c. 325, s. 12.  
30                  (4)   Any member who was in service October 8, 1981, who had attained 60 years  
31                  of age, may retire upon electronic submission or written application to the  
32                  Board of Trustees setting forth at what time, as of the first day of a calendar  
33                  month, not less than one day nor more than 120 days subsequent to the  
34                  execution and filing thereof, he desires to be retired.  
35                  (5)   Any member who is a law enforcement officer, and who attains age 50 and  
36                  completes 15 or more years of creditable service in this capacity or who  
37                  attains age 55 and completes five or more years of creditable service in this  
38                  capacity, may retire upon electronic submission or written application to the  
39                  Board of Trustees setting forth at what time, as of the first day of a calendar  
40                  month, not less than one day nor more than 120 days subsequent to the  
41                  execution and filing thereof, he desires to be retired; provided, also, any  
42                  member who has met the conditions required by this subdivision but does  
43                  not retire, and later becomes an employee other than as a law enforcement  
44                  officer, continues to have the right to commence retirement."

45                  **SECTION 12.(h)** G.S. 128-27(a1), as amended by Section 3(j) of this act, reads as  
46       rewritten:

47                  "(a1)   Early Service Retirement Benefits. – Any member may retire and receive a reduced  
48                  retirement allowance upon electronic submission or written application to the Board of Trustees  
49                  setting forth at what time, as of the first day of a calendar month, not less than one day nor  
50                  more than 120 days subsequent to the execution and filing thereof, he desires to be retired:

1 Provided, that the said member at the time so specified for his retirement shall have attained the  
2 age of 50 years and have at least 20 years of creditable service."

3 **SECTION 12.(i)** G.S. 135-57(a) reads as rewritten:

4 "(a) Any member on or after January 1, 1974, who has attained his fiftieth birthday and  
5 five years of membership service may retire upon electronic submission or written application  
6 to the board of trustees setting forth at what time, as of the first day of a calendar month, not  
7 less than one day nor more than 120 days subsequent to the execution and filing thereof, he  
8 desires to be retired."

9 **SECTION 12.(j)** G.S. 135-57(d), as amended by Section 3.(e) of this act, reads as  
10 rewritten:

11 "(d) Any member who was in service October 8, 1981, who had attained 50 years of age,  
12 may retire upon electronic submission or written application to the board of trustees setting  
13 forth at what time, as of the first day of a calendar month, not less than one day nor more than  
14 120 days subsequent to the execution and filing thereof, he desires to be retired."

15 **SECTION 12.(k)** G.S. 120-4.21(a) reads as rewritten:

16 "(a) Eligibility; Application. – Any member may retire with full benefits who has  
17 reached 65 years of age with five years of creditable service. Any member may retire with  
18 reduced benefits who has reached the age of 50 years with 20 years of creditable service or 60  
19 years with five years of creditable service. The member shall make electronic submission or  
20 written application to the Board of Trustees to retire on a service retirement allowance on the  
21 first day of the particular calendar month he designates. The designated date shall be no less  
22 than one day nor more than 120 days from the filing of the application. During this period of  
23 notification, a member may separate from service without forfeiting his retirement benefits."

24 **SECTION 13.** G.S. 135-106(b) reads as rewritten:

25 "(b) After the commencement of benefits under this section, the benefits payable under  
26 the terms of this section during the first 36 months of the long-term disability period shall be  
27 equal to sixty-five percent (65%) of 1/12th of the annual base rate of compensation last payable  
28 to the participant or beneficiary prior to the beginning of the short-term disability period as may  
29 be adjusted for percentage increases as provided under G.S. 135-108, plus sixty-five percent  
30 (65%) of 1/12th of the annual longevity payment to which the participant or beneficiary would  
31 be eligible, to a maximum of three thousand nine hundred dollars (\$3,900) per month reduced  
32 by any primary Social Security disability benefits and by monthly payments for Workers'  
33 Compensation to which the participant or beneficiary may be entitled. The reduction for  
34 primary Social Security disability benefits shall begin the first month following the month in  
35 which the member becomes entitled to those benefits. The monthly benefit shall be further  
36 reduced by the amount of any monthly payments from the federal Department of Veterans  
37 Affairs, any other federal agency or any payments made under the provisions of  
38 G.S. 127A-108, to which the participant or beneficiary may be entitled on account of the same  
39 disability. Provided, in any event, the benefit payable shall be no less than ten dollars (\$10.00)  
40 a month. However, a disabled participant may elect to receive any salary continuation as  
41 provided in G.S. 135-104 in lieu of long-term disability benefits; provided such election shall  
42 not extend the first 36 consecutive calendar months of the long-term disability period. An  
43 election to receive any salary continuation for any part of any given day shall be in lieu of any  
44 long-term benefit payable for that day, provided further, any lump-sum payout for vacation  
45 leave shall be treated as if the beneficiary or participant had exhausted the leave and shall be in  
46 lieu of any long-term benefit otherwise payable. Provided that, in any event, a beneficiary's  
47 benefit shall be reduced during the first 36 months of the long-term disability period by an  
48 amount, as determined by the Board of Trustees, equal to a primary Social Security retirement  
49 benefit to which the beneficiary might be entitled.

50 After 36 months of long-term disability, no further benefits are payable under the terms of  
51 this section unless the member has been approved and is in receipt of primary Social Security

1 disability benefits. In that case the benefits payable shall be equal to sixty-five percent (65%) of  
2 1/12th of the annual base rate of compensation last payable to the participant or beneficiary  
3 prior to the beginning of the short-term disability period as may be adjusted for percentage  
4 increases as provided under G.S. 135-108, plus sixty-five percent (65%) of 1/12th of the annual  
5 longevity payment to which the participant or beneficiary would be eligible, to a maximum of  
6 three thousand nine hundred dollars (\$3,900) per month reduced by the primary Social Security  
7 disability benefits and by monthly payments for Workers' Compensation to which the  
8 participant or beneficiary may be entitled. The reduction for primary Social Security disability  
9 benefits shall begin the first month following the month in which the member becomes entitled  
10 to those benefits. The monthly benefit shall be further reduced by the amount of any monthly  
11 payments from the federal Department of Veterans Affairs, for payments from any other  
12 federal agency, or for any payments made under the provisions of G.S. 127A-108, to which the  
13 participant or beneficiary may be entitled on account of the same disability. Provided, in any  
14 event, the benefit payable shall be no less than ten dollars (\$10.00) a month.

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

29 **SECTION 14.** This act becomes effective July 1, 2009.