

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009**

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HOUSE BILL 642*

Short Title: Retirement Technical Corrections. (Public)

Sponsors: Representatives Tucker; and Bell.

Referred to: Pensions and Retirement, if favorable, Appropriations.

March 18, 2009

A BILL TO BE ENTITLED

AN ACT TO MAKE TECHNICAL CORRECTIONS AND OTHER CHANGES TO THE STATUTES GOVERNING THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE JUDICIAL RETIREMENT SYSTEM, THE LEGISLATIVE RETIREMENT SYSTEM, THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM, AND THE FIREMEN'S AND RESCUE SQUAD WORKERS' PENSION FUND.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 135-18.7(d) reads as rewritten:

"(d) This subsection applies to distributions made on or after January 1, 1993. Notwithstanding any other provision of the Plan to the contrary that would otherwise limit a distributee's election under this Article, a distributee may elect, at the time and in the manner prescribed by the Plan administrator, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover. Provided, an eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of 10 years or more; any distribution to the extent such distribution is required under section 401(a)(9) of the Code; and the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net realized appreciation with respect to employer securities). Effective as of January 1, 2002, and notwithstanding the preceding sentence, a portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions which are not includible in gross income. However, such portion may be transferred only to an individual retirement account or annuity described in Section 408(a) or (b) of the Code, or to a qualified defined contribution plan described in Section 401(a) or 403(a) of the Code that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible. Provided, an eligible retirement plan is an individual retirement account described in section 408(a) of the Code, an individual retirement annuity described in section 408(b) of the Code, an annuity plan described in section 403(a) of the Code, or a qualified trust described in section 401(a) of the Code, that accepts the distributee's eligible rollover distribution. Effective on and after January 1, 2002, an eligible retirement plan shall also mean an annuity contract described in Section 403(b) of the Code and an eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a



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

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

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

1 beneficiary of a deceased member may elect, at the time and in the manner prescribed by the
2 administrator of the Board of Trustees of this Retirement System, to directly roll over any
3 portion of the beneficiary's distribution from the Retirement System; however, such rollover
4 shall conform with the provisions of section 402(c)(11) of the Code."

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

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

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

48 "(d) This subsection applies to distributions made on or after January 1, 1993.
49 Notwithstanding any other provision of the Plan to the contrary that would otherwise limit a
50 distributee's election under this Article, a distributee may elect, at the time and in the manner
51 prescribed by the Plan administrator, to have any portion of an eligible rollover distribution

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

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

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

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

48 **"§ 58-86-25. "Eligible firemen" defined; determination and certification of volunteers**
49 **meeting qualifications.**

50 "Eligible firemen" shall mean all firemen of the State of North Carolina or any political
51 subdivision thereof, including those performing such functions in the protection of life and

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

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

28 **"§ 58-86-30. "Eligible rescue squad worker" defined; determination and certification of**
29 **eligibility.**

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

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

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

42 **"§ 58-86-35. Firemen's application for membership in fund; monthly payments by**
43 **members; payments credited to separate accounts of members; termination of**
44 **membership.**

45 Those firemen who are eligible pursuant to G.S. 58-86-25 may make application for
46 membership to the board. Each fireman upon becoming a member of the fund shall pay the
47 director of the fund the sum of ten dollars (\$10.00) per ~~month.~~ month; each payment shall be
48 made no later than 90 days after the end of the calendar year in which the month occurred. The
49 monthly payments shall be credited to the separate account of the member and shall be kept by
50 the custodian so it is available for payment on withdrawal from membership or retirement.

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

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

6 "**§ 58-86-40. Rescue squad worker's application for membership in funds; monthly**
7 **payments by members; payments credited to separate accounts of members;**
8 **termination of membership.**

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

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

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

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

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

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

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

36 "**§ 58-86-60. Payments in lump sums.**

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

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

1 member's separate account by or on behalf of the said fireman or rescue
2 squad worker.

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

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

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

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

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

35 "(4) 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 written application to the Board of Trustees setting
39 forth at what time, as of the first day of a calendar month, not less than one
40 day nor more than ~~90~~ 120 days subsequent to the execution and filing
41 thereof, he desires to be retired; Provided, also, any member who has met the
42 conditions herein required but does not retire, and later becomes a teacher or
43 an employee other than as a law-enforcement officer shall continue to have
44 the right to commence retirement."

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

37 **SECTION 3.(g)** G.S. 128-24(4) reads as 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 written application to the Board of Trustees
4 setting forth at what time, not less than 30 days nor more than ~~90~~ 120
5 days next following the date of filing such application, he desires to
6 be retired. Such deferred retirement allowance shall be computed in
7 accordance with the provisions of G.S. 128-27(b), paragraphs (1), (2)
8 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 written application to the Board of Trustees setting
19 forth at what time, not less than 30 days nor more than ~~90~~ 120 days
20 next following the date of filing such application, he desires to be
21 retired; provided further that such application shall be duly filed
22 within 60 days following the date of such separation. Such early
23 retirement allowance so elected shall be the actuarial equivalent of
24 the deferred retirement allowance otherwise payable at the attainment
25 of age 60 years, or if a uniformed policeman or fireman at the
26 attainment of age 55 years, upon proper application therefor.

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

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

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

43 d. Should an employee who retired on an early or service retirement
44 allowance be restored to service after the attainment of the age of 62
45 years, his retirement allowance shall be reduced to the extent
46 necessary (if any) so that the sum of the retirement allowance at the
47 time of retirement and earnings from employment by a unit of the
48 Retirement System for any year (beginning January 1 and ending
49 December 31) will not exceed the member's compensation received
50 for the 12 months of service prior to retirement. Provided, however,
51 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
55	30
54	35
53	39

- | | | |
|---|----|----|
| 1 | 52 | 43 |
| 2 | 51 | 46 |
| 3 | 50 | 50 |
- 4 b1. In lieu of the benefits provided in paragraphs a and b of this
5 subdivision, any member who is a law enforcement officer at the
6 time of separation from service prior to the attainment of the age of
7 50 years, for any reason other than death or disability as provided in
8 this Article, after completing 15 or more years of creditable service
9 in this capacity immediately prior to separation from service, and
10 who leaves his total accumulated contributions in this System, may
11 elect to retire on a deferred early retirement allowance upon attaining
12 the age of 50 years or at any time thereafter; provided, that the
13 member may commence retirement only upon written application to
14 the Board of Trustees setting forth at what time, as of the first day of
15 a calendar month, not less than one day nor more than ~~90~~ 120 days
16 subsequent to the execution and filing thereof, he desires to
17 commence retirement. The deferred early retirement allowance shall
18 be computed in accordance with the service retirement provisions of
19 this Article pertaining to law enforcement officers.
- 20 b2. In lieu of the benefits provided in paragraphs a and b of this
21 subdivision, any member who is a law enforcement officer at the
22 time of separation from service prior to the attainment of the age of
23 55 years, for any reason other than death or disability as provided in
24 this Article, after completing five or more years of creditable service
25 in this capacity immediately prior to separation from service, and
26 who leaves his total accumulated contributions in this System may
27 elect to retire on a deferred service retirement allowance upon
28 attaining the age of 55 years or at any time thereafter; provided, that
29 the member may commence retirement only upon written application
30 to the Board of Trustees setting forth at what time, as of the first day
31 of a calendar month not less than one day nor more than ~~90~~ 120 days
32 subsequent to the execution and filing thereof, he desires to
33 commence retirement. The deferred service retirement allowance
34 shall be computed in accordance with the service retirement
35 provisions of this Article pertaining to law enforcement officers.
- 36 b3. Deferred retirement allowance of members retiring on or after July 1,
37 1995. – In lieu of the benefits provided in paragraphs a. and b. of this
38 subdivision, any member who separates from service prior to
39 attainment of age 60 years, after completing 20 or more years of
40 creditable service, and who leaves his total accumulated
41 contributions in said System, may elect to retire on a deferred
42 retirement allowance upon attaining the age of 50 years or any time
43 thereafter; provided that such member may so retire only upon
44 written application to the Board of Trustees setting forth at what
45 time, not less than one day nor more than ~~90~~ 120 days subsequent to
46 the execution and filing thereof, he desires to be retired. Such
47 deferred retirement allowance shall be computed in accordance with
48 the service retirement provisions of this Article pertaining to a
49 member who is not a law enforcement officer or an eligible former
50 law enforcement officer.

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

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

29 Upon his subsequent retirement, he shall be paid a retirement
30 allowance determined as follows:

31 1. For a member who earns at least three years' membership
32 service after restoration to service, the retirement allowance
33 shall be computed on the basis of his compensation and
34 service before and after the period of prior retirement without
35 restriction; provided, that if the prior allowance was based on
36 a social security leveling payment option, the allowance shall
37 be adjusted actuarially for the difference between the amount
38 received under the optional payment and what would have
39 been paid if the retirement allowance had been paid without
40 optional modification.

41 2. For a member who does not earn three years' membership
42 service after restoration to service, the retirement allowance
43 shall be equal to the sum of the retirement allowance to which
44 he would have been entitled had he not been restored to
45 service, without modification of the election of an optional
46 allowance previously made, and the retirement allowance that
47 results from service earned since being restored to service;
48 provided, that if the prior retirement allowance was based on
49 a social security leveling payment option, the prior allowance
50 shall be adjusted actuarially for the difference between the
51 amount that would have been paid for each month had the

1 payment not been suspended and what would have been paid
2 if the retirement allowance had been paid without optional
3 modification."

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

5 "(a) Service Retirement Benefits. –

- 6 (1) Any member may retire upon written application to the Board of Trustees
7 setting forth at what time, as of the first day of a calendar month, not less
8 than one day nor more than 120 days subsequent to the execution and filing
9 thereof, he desires to be retired: Provided, that the said member at the time
10 so specified for his retirement shall have attained the age of 60 years and
11 have at least five years of creditable service or shall have completed 30 years
12 of creditable service, or if a fireman, he shall have attained the age of 55
13 years and have at least five years of creditable service.
14 (2) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1019, s. 1.
15 (3) Repealed by Session Laws 1971, c. 325, s. 12.
16 (4) Any member who was in service October 8, 1981, who had attained 60 years
17 of age, may retire upon written application to the Board of Trustees setting
18 forth at what time, as of the first day of a calendar month, not less than one
19 day nor more than ~~90~~ 120 days subsequent to the execution and filing
20 thereof, he desires to be retired.
21 (5) Any member who is a law enforcement officer, and who attains age 50 and
22 completes 15 or more years of creditable service in this capacity or who
23 attains age 55 and completes five or more years of creditable service in this
24 capacity, may retire upon written application to the Board of Trustees setting
25 forth at what time, as of the first day of a calendar month, not less than one
26 day nor more than ~~90~~ 120 days subsequent to the execution and filing
27 thereof, he desires to be retired; provided, also, any member who has met the
28 conditions required by this subdivision but does not retire, and later becomes
29 an employee other than as a law enforcement officer, continues to have the
30 right to commence retirement."

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

32 "(a1) Early Service Retirement Benefits. – Any member may retire and receive a reduced
33 retirement allowance upon written application to the Board of Trustees setting forth at what
34 time, as of the first day 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 be retired: Provided, that the said
36 member at the time so specified for his retirement shall have attained the age of 50 years and
37 have at least 20 years of creditable service."

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

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

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

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

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

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

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

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

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

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

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

43 **"§ 128-32.1. Failure to respond.**

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

1 which case the application shall be processed accordingly, using the same effective date as
2 would have been used had the application for disability retirement been approved."

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

4 **"§ 135-10.1. Failure to respond.**

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

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

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

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

47 (b) In the Case of a Member Who Retires on or after July 1, 1963, but prior to
48 July 1, 1993. – If he dies within 10 years from his retirement date, an amount
49 equal to his accumulated contributions at retirement, less 1/120 thereof for
50 each month for which he has received a retirement allowance payment, shall
51 be paid to his legal representatives or to such person as he shall nominate by

1 written designation duly acknowledged and filed with the Board of Trustees;
2 or

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

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

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

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

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

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

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

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

45 In the event that a retirement allowance becomes payable to the designated survivor of a
46 retired member under the provisions above and such retirement allowance to the survivor shall
47 terminate upon the death of the survivor before the total of the retirement allowances paid to
48 the retiree and the designated survivor combined equals the amount of the accumulated
49 contributions of the retiree at the date of retirement, the excess, if any, of such accumulated
50 contributions over the total of the retirement allowances paid to the retiree and the survivor
51 combined shall be paid in a lump sum to such person or persons as the retiree shall have

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

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

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

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

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

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

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

- 45 (1) a. The member had attained such age and/or creditable service to be
46 eligible to commence retirement with an early or service retirement
47 allowance,
48 b. The member had obtained 20 years of creditable service in which
49 case the retirement allowance shall be computed in accordance with
50 G.S. 135-5(b19)(1)b. or G.S. 135-5(b19)(2)c., notwithstanding the
51 requirement of obtaining age 50, or

1 c. The member had not commenced to receive a retirement allowance
2 as provided under this Chapter.

3 (2) The member had designated as the principal beneficiary to receive a return
4 of his accumulated contributions one and only one person who was living at
5 the time of his death.

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

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

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

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

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

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

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

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

8 Option one.

9 (a) In the Case of a Member Who Retires prior to July 1, 1965. – If he dies
10 before he has received in annuity payments the present value of his annuity
11 as it was at the time of his retirement, the balance shall be paid to such
12 person as he shall nominate by written designation duly acknowledged and
13 filed with the Board of Trustees or, if none, to his legal representative.

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

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

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

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

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

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

49 Upon the death of a member after the effective date of a retirement for which the member
50 has been approved and following receipt by the Board of Trustees of an election of benefits, but

1 prior to the cashing of the first benefit check, the retirement benefit shall be payable as
2 provided by the member's election of benefits under this subsection."

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

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

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

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

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

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 increase in the retirement
50 allowance attributable to the additional creditable service paid to the retiree and the designated
51 survivor combined equals the cost of the creditable service purchased less the administrative

1 fee, the excess, if any, shall be paid in a lump sum to such person or persons as the retiree shall
2 have nominated by written designation duly acknowledged and filed with the Board of
3 Trustees, if such person or persons are living at the time such payment falls due, otherwise to
4 the retiree's legal representative.

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

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

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

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

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

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

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

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

45 "(l) Death Benefit Plan. – There is hereby created a Group Life Insurance Plan
46 (hereinafter called the "Plan") which is established as an employee welfare benefit plan that is
47 separate and apart from the Retirement System and under which the members of the Retirement
48 System shall participate and be eligible for group life insurance benefits. Upon receipt of proof,
49 satisfactory to the Board of Trustees in their capacity as trustees under the Group Life
50 Insurance Plan, of the death, in service, of a member who had completed at least one full
51 calendar year of membership in the Retirement System, there shall be paid to such person as he

1 shall have nominated by written designation duly acknowledged and filed with the Board of
2 Trustees, if such person is living at the time of the member's death, otherwise to the member's
3 legal representatives, a death benefit. Such death benefit shall be equal to the greater of:

- 4 (1) The compensation on which contributions were made by the member during
5 the calendar year preceding the year in which his death occurs, or
- 6 (2) The greatest compensation on which contributions were made by the
7 member during a 12-month period of service within the 24-month period of
8 service ending on the last day of the month preceding the month in which his
9 last day of actual service occurs;
- 10 (3), (4) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1049, s. 2.

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

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

- 20 (1) After December 31, 1968 and after he has attained age 70; or
- 21 (2) After December 31, 1969 and after he has attained age 69; or
- 22 (3) After December 31, 1970 and after he has attained age 68; or
- 23 (4) After December 31, 1971 and after he has attained age 67; or
- 24 (5) After December 31, 1972 and after he has attained age 66; or
- 25 (6) After December 31, 1973 and after he has attained age 65; or
- 26 (7) After December 31, 1978, but before January 1, 1987, and after he has
27 attained age 70.

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

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

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

- 47 (1) For the purpose of determining eligibility only, in this subsection "calendar
48 year" shall mean any period of 12 consecutive months or, if less, the period
49 covered by an annual contract of employment. For all other purposes in this
50 subsection "calendar year" shall mean the 12 months beginning January 1
51 and ending December 31.

- 1 (2) Last day of actual service shall be:
2 a. When employment has been terminated, the last day the member
3 actually worked.
4 b. When employment has not been terminated, the date on which an
5 absent member's sick and annual leave expire, unless he is on
6 approved leave of absence and is in service under the provisions of
7 G.S. 135-4(h).
8 c. When a participant's employment is interrupted by reason of service
9 in the Uniformed Services, as that term is defined in section 4303(16)
10 of the Uniformed Services Employment and Reemployment Rights
11 Act, Public Law 103-353, and the participant does not return
12 immediately after that service to employment with a covered
13 employer in this System, the date on which the participant was first
14 eligible to be separated or released from his or her involuntary
15 military service.
- 16 (3) For a period when a member is on leave of absence, his status with respect to
17 the death benefit will be determined by the provisions of G.S. 135-4(h).
- 18 (4) A member on leave of absence from his position as a teacher or State
19 employee for the purpose of serving as a member or officer of the General
20 Assembly shall be deemed to be in service during sessions of the General
21 Assembly and thereby covered by the provisions of the death benefit. The
22 amount of the death benefit for such member shall be the equivalent of the
23 salary to which the member would have been entitled as a teacher or State
24 employee during the 12-month period immediately prior to the month in
25 which death occurred, not to be less than twenty-five thousand dollars
26 (\$25,000) nor to exceed fifty thousand dollars (\$50,000).

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

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

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

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

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

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

39 Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this
40 subsection, of the death of a retired member of the Retirement System on or after July 1, 2007,
41 there shall be paid a death benefit to the surviving spouse of the deceased retired member or to
42 the deceased retired member's legal representative if not survived by a spouse; provided the
43 retired member has elected, when first eligible, to make, and has continuously made, in
44 advance of his death required contributions as determined by the Board of Trustees on a fully
45 contributory basis, through retirement allowance deductions or other methods adopted by the
46 Board of Trustees, to a group death benefit trust fund administered by the Board of Trustees
47 Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the
48 amount of ten thousand dollars (\$10,000) upon the completion of 24 months of contributions
49 required under this subsection. Should death occur before the completion of 24 months of
50 contributions required under this subsection, the deceased retired member's surviving spouse or
51 legal 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 **SECTION 6.(b)** G.S. 128-27(1) reads as rewritten:

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

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

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

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

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

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

46 Notwithstanding the above provisions, the Board of Trustees may and is specifically
47 authorized to provide the death benefit according to the terms and conditions otherwise
48 appearing in this Plan in the form of group life insurance, either (i) by purchasing a contract or
49 contracts of group life insurance with any life insurance company or companies licensed and
50 authorized to transact business in this State for the purpose of insuring the lives of members in
51 service, or (ii) by establishing a separate trust fund qualified under section 501(c)(9) of the

1 Internal Revenue Code of 1954, as amended, for such purpose. To that end the Board of
2 Trustees is authorized, empowered and directed to investigate the desirability of utilizing group
3 life insurance by either of the foregoing methods for the purpose of providing the death benefit.
4 If a separate trust fund is established, it shall be operated in accordance with rules and
5 regulations adopted by the Board of Trustees and all investment earnings on the trust fund shall
6 be credited to such fund.

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

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

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

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

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

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

48 **"§ 120-4.27. Death benefit.**

49 The designated beneficiary of a member who dies while in service after completing one
50 year of creditable service shall receive a lump-sum payment of an amount equal to the deceased
51 member's highest annual salary, to a maximum of fifteen thousand dollars (\$15,000). For

1 purposes of this death benefit "in service" means currently serving as a member of the North
2 Carolina General Assembly. "In service" also means service in the Uniformed Services, as that
3 term is defined in section 4303(16) of the Uniformed Services Employment and Reemployment
4 Rights Act, Public Law 103-353, if that service begins during the member's term of office. If
5 the participant does not return immediately after that service to employment with a covered
6 employer in this System, then the participant shall be deemed "in service" until the date on
7 which the participant was first eligible to be separated or released from his or her involuntary
8 military service.

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

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

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

50 Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a retired
51 member of the Retirement System or Retirement Fund on or after July 1, 2004, but before July

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

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

30 **SECTION 6.(e)** G.S. 135-1(7a) reads as rewritten:

31 "(7a) a. "Compensation" shall mean all salaries and wages prior to any
32 reduction pursuant to sections 125, 401(k), 403(b), 414(h)(2), and
33 457 of the Internal Revenue Code, not including any terminal
34 payments for unused sick leave, derived from public funds which are
35 earned by a member of the Retirement System for service as an
36 employee or teacher in the unit of the Retirement System for which
37 he is performing full-time work. In addition to the foregoing,
38 "compensation" shall include:

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

1 6. Effective July 1, 2009, payment of military differential
 2 wages.

3 b. "Compensation" shall not include any payment, as determined by the
 4 Board of Trustees, for the reimbursement of expenses or payments
 5 for housing or any other allowances whether or not classified as
 6 salary and wages. "Compensation" includes all special pay
 7 contribution of annual leave made to a 401(a) Special Pay Plan for
 8 the benefit of an employee. Notwithstanding any other provision of
 9 this Chapter, "compensation" shall not include:

- 10 1. Supplement/allowance provided to employee to purchase
 11 additional benefits such as health, life, or disability plans;
- 12 2. Travel supplement/allowance (nonaccountable allowance
 13 plans);
- 14 3. Employer contributions to eligible deferred compensation
 15 plans;
- 16 4. Employer-provided fringe benefits (additional benefits such
 17 as health, life, or disability plans);
- 18 5. Reimbursement of uninsured medical expenses;
- 19 6. Reimbursement of business expenses;
- 20 7. Reimbursement of moving expenses;
- 21 8. Reimbursement/payment of personal expenses;
- 22 9. Incentive payments for early retirement;
- 23 10. Bonuses paid incident to retirement;
- 24 11. Contract buyout/severance payments; and
- 25 12. Payouts for unused sick leave.

26 c. In the event an employer reports as "compensation" payments not
 27 specifically included or excluded as "compensation", such payments
 28 shall be "compensation" for retirement purposes only if the employer
 29 pays the Retirement System the additional actuarial liability created
 30 by such payments."

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

32 "(7a) a. "Compensation" shall mean all salaries and wages prior to any
 33 reduction pursuant to sections 125, 401(k), 403(b), 414(h)(2), and
 34 457 of the Internal Revenue Code, not including any terminal
 35 payments for unused sick leave, derived from public funds which are
 36 earned by a member of the Retirement System for service as an
 37 employee in the unit of the Retirement System for which he is
 38 performing full-time work. In addition to the foregoing,
 39 "compensation" shall include:

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

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

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

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

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

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

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

41 "(10) "Employee" shall mean all full-time employees, agents or officers of the
42 State of North Carolina or any of its departments, bureaus and institutions
43 other than educational, whether such employees are elected, appointed or
44 employed: Provided that the term "employee" shall not include any person
45 who is a member of the Consolidated Judicial Retirement System, any
46 member of the General Assembly or any part-time or temporary employee.
47 Notwithstanding any other provision of law, "employee" shall include all
48 employees of the General Assembly except participants in the Legislative
49 Intern Program, pages, and beneficiaries in receipt of a monthly retirement
50 allowance under this Chapter who are reemployed on a temporary basis.
51 "Employee" also includes any participant whose employment is interrupted

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

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

46 "(10) "Employee" shall mean any person who is regularly employed in the service
47 of and whose salary or compensation is paid by the employer as defined in
48 subdivision (11) of this section, whether employed or appointed for stated
49 terms or otherwise, except teachers in the public schools and except such
50 employees who hold office by popular election as are not required to devote
51 a major portion of their time to the duties of their office. "Employee" also

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- 47 "c1. Employers shall report each reemployment covered by the provisions
48 of sub-subdivision c. of this subdivision within 90 days of the
49 reemployment, including the nature of the reemployment, the date of
50 the reemployment, and the compensation. If such a report is not
51 received within the required 90 days, the Board shall assess the

1 employer with a penalty of one percent (1%) per month with a
2 minimum penalty of twenty-five dollars (\$25.00)."

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

48 "(c) Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a
49 member not in service, there shall be paid in a lump sum to such person as the member shall
50 have nominated by electronic submission prior to completing 10 years of service in a form
51 approved by the Board of Trustees or by written designation duly acknowledged and filed with

1 the Board of Trustees, if such person is living at the time of the member's death, otherwise to
2 the member's legal representatives, a death benefit equal to the member's accumulated
3 contributions."

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

37 (1) The compensation on which contributions were made by the member during
38 the calendar year preceding the year in which his death occurs, or
39 (2) The greatest compensation on which contributions were made by the
40 member during a 12-month period of service within the 24-month period of
41 service ending on the last day of the month preceding the month in which his
42 last day of actual service occurs;
43 (3), (4) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1049, s. 2.
44 subject to a minimum of twenty-five thousand dollars (\$25,000) and to a maximum of fifty
45 thousand dollars (\$50,000). Such death benefit shall be payable apart and separate from the
46 payment of the member's accumulated contributions under the System on his death pursuant to
47 the provisions of subsection (f) of this section. For the purpose of the Plan, a member shall be
48 deemed to be in service at the date of his death if his death occurs within 180 days from the last
49 day of his actual service.

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

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

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

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

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

- 31 (1) For the purpose of determining eligibility only, in this subsection "calendar
32 year" shall mean any period of 12 consecutive months or, if less, the period
33 covered by an annual contract of employment. For all other purposes in this
34 subsection "calendar year" shall mean the 12 months beginning January 1
35 and ending December 31.
- 36 (2) Last day of actual service shall be:
 - 37 a. When employment has been terminated, the last day the member
38 actually worked.
 - 39 b. When employment has not been terminated, the date on which an
40 absent member's sick and annual leave expire, unless he is on
41 approved leave of absence and is in service under the provisions of
42 G.S. 135-4(h).
 - 43 c. When a participant's employment is interrupted by reason of service
44 in the Uniformed Services, as that term is defined in section 4303(16)
45 of the Uniformed Services Employment and Reemployment Rights
46 Act, Public Law 103-353, and the participant does not return
47 immediately after that service to employment with a covered
48 employer in this System, the date on which the participant was first
49 eligible to be separated or released from his or her involuntary
50 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. 135-4(h).
- 3 (4) A member on leave of absence from his position as a teacher or State
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. The
7 amount of the death benefit for such member shall be the equivalent of the
8 salary to which the member would have been entitled as a teacher or State
9 employee during the 12-month period immediately prior to the month in
10 which death occurred, not to be less than twenty-five thousand dollars
11 (\$25,000) nor to exceed fifty thousand dollars (\$50,000).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 Retirement Income Plan of North Carolina to this Retirement System at retirement by eligible
2 law enforcement officers.

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

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

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

25 **SECTION 11.(j)** G.S. 128-27(1), as amended by Section 6(b) of this act, reads as
26 rewritten:

27 "(1) Death Benefit Plan. – The provisions of this subsection shall become effective for
28 any employer only after an agreement to that effect has been executed by the employer and the
29 Director of the Retirement System. 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) 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 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 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 June 30, 1969 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 age 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. For all other
35 purposes in this subsection "calendar year" shall mean the 12 months
36 beginning January 1 and ending December 31.
- 37 (2) Last day of actual service shall be:
 - 38 a. When employment has been terminated, the last day the member
39 actually worked.
 - 40 b. When employment has not been terminated, the date on which an
41 absent member's sick and annual leave expire.
 - 42 c. When a participant's employment is interrupted by reason of service
43 in the Uniformed Services, as that term is defined in section 4303(16)
44 of the Uniformed Services Employment and Reemployment Rights
45 Act, Public Law 103-353, and the participant does not return
46 immediately after that service to employment with a covered
47 employer in this System, the date on which the participant was first
48 eligible to be separated or released from his or her involuntary
49 military service.
- 50 (3) For a period when a member is on leave of absence, his status with respect to
51 the death benefit will be determined by the provisions of G.S. 128-26(g).

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

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

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

13 **"§ 120-4.25. Return of accumulated contributions.**

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

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

31 **"§ 120-4.26A. Benefits on death after retirement.**

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

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

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

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

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

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

23 rewritten:

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

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

1 reason other than retirement, who becomes employed by a nonprofit,
 2 nonsectarian private school in North Carolina below the college level
 3 within one year after such teacher or employee has ceased to be a
 4 teacher or employee, may elect to leave his total accumulated
 5 contributions in the Teachers' and State Employees' Retirement
 6 System during the period he is in the employment of such employer;
 7 provided that he files notice thereof in writing with the Board of
 8 Trustees of the Retirement System within five years after separation
 9 from service as a public school teacher or State employee; such
 10 member shall be deemed to have met the requirements of the above
 11 provisions of this subdivision upon attainment of age 60 while in
 12 such employment provided that he is otherwise vested.

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

28
 29
 30
 31
 32
 33
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 39
 40 b1. In lieu of the benefits provided in paragraphs a and b of this
 41 subdivision, any member who is a law-enforcement officer at the
 42 time of separation from service prior to the attainment of the age of
 43 50 years, for any reason other than death or disability as provided in
 44 this Article, after completing 15 or more years of creditable service
 45 in this capacity immediately prior to separation from service, and
 46 who leaves his total accumulated contributions in this System may
 47 elect to retire on a deferred early retirement allowance upon attaining
 48 the age of 50 years or at any time thereafter; provided, that the
 49 member may commence retirement only upon electronic submission
 50 or written application to the Board of Trustees setting forth at what
 51 time, as of the first day of a calendar month, not less than one day

1 nor more than 90 days subsequent to the execution and filing thereof,
2 he desires to commence retirement. The deferred early retirement
3 allowance shall be computed in accordance with the service
4 retirement provisions of this Article pertaining to law-enforcement
5 officers.

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

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

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

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

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

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

37 Beneficiaries employed under this sub-subdivision are not
38 entitled to any benefits otherwise provided under this Chapter as a
39 result of this period of employment.

- 40 c1. Employers shall report each reemployment covered by the provisions
41 of sub-subdivision c. of this subdivision within 90 days of the
42 reemployment, including the nature of the reemployment, the date of
43 the reemployment, and the compensation. If such a report is not
44 received within the required 90 days, the Board shall assess the
45 employer with a penalty of one percent (1%) per month with a
46 minimum penalty of twenty-five dollars (\$25.00).
- 47 d. Should a beneficiary who retired on an early or service retirement
48 allowance under this Chapter be restored to service as an employee
49 or teacher, then the retirement allowance shall cease as of the first of
50 the month following the month in which the beneficiary is restored to
51 service and the beneficiary shall become a member of the Retirement

1 System and shall contribute thereafter as allowed by law at the
2 uniform contribution payable by all members.

3 Upon his subsequent retirement, he shall be paid a retirement
4 allowance determined as follows:

5 1. For a member who earns at least three years' membership
6 service after restoration to service, the retirement allowance
7 shall be computed on the basis of his compensation and
8 service before and after the period of prior retirement without
9 restrictions; provided, that if the prior allowance was based
10 on a social security leveling payment option, the allowance
11 shall be adjusted actuarially for the difference between the
12 amount received under the optional payment and what would
13 have been paid if the retirement allowance had been paid
14 without optional modification.

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

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

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

38 "(a) Service Retirement Benefits. –

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

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

47 (3) Any member who was in service October 8, 1981, who had attained 60 years
48 of age, may retire upon electronic submission or written application to the
49 Board of Trustees setting forth at what time, as of the first day of a calendar
50 month, not less than one day nor more than 120 days subsequent to the
51 execution and filing thereof, he desires to be retired.

- 1 (4) Any member who is a law-enforcement officer, and who attains age 50 and
2 completes 15 or more years of creditable service in this capacity or who
3 attains age 55 and completes five or more years of creditable service in this
4 capacity, may retire upon electronic submission or written application to the
5 Board of Trustees setting forth at what time, as of the first day of a calendar
6 month, not less than one day nor more than 120 days subsequent to the
7 execution and filing thereof, he desires to be retired; Provided, also, any
8 member who has met the conditions herein required but does not retire, and
9 later becomes a teacher or an employee other than as a law-enforcement
10 officer shall continue to have the right to commence retirement.
- 11 (5) Any member who is eligible for and is being paid a benefit under the
12 Disability Income Plan as provided in G.S. 135-105 or G.S. 135-106 shall be
13 deemed a member in service and may not retire under the provisions of this
14 section. Any member who has made electronic submission or written
15 application for long-term or extended short-term benefits under the
16 Disability Income Plan as provided in G.S. 135-105 or G.S. 135-106, and
17 who has been rejected by the Plan's Medical Board for a long-term or
18 extended short-term benefit shall have 90 days from the date of notification
19 of the rejection to convert his application to an early or service retirement
20 application, provided that the member meets the eligibility requirements,
21 effective the first day of the month following the month in which short-term
22 disability benefits ended or the first day of the month following the month in
23 which any salary continuation as may be provided in G.S. 135-104 ended,
24 whichever is later."

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

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

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

- 35 "(4) The provisions of this subdivision (4) shall apply to any member whose
36 retirement became effective prior to July 1, 1965, and became entitled to
37 benefits hereunder in accordance with the provisions hereof. Such benefits
38 shall be computed in accordance with the provisions of G.S. 128-27(b1) as
39 in effect at the date of such separation from service.
- 40 a. Notwithstanding any other provision of this Chapter, any member
41 who separates from service prior to the time he shall have attained
42 the age of 60 years, or if a uniformed policeman or fireman prior to
43 the time he shall have attained the age of 55 years, for any reason
44 other than death or retirement for disability as provided in
45 G.S. 128-27(c), after completing 20 or more years of creditable
46 service, and who leaves his total accumulated contributions in the
47 Retirement System, shall have the right to retire on a deferred
48 retirement allowance upon the date he shall have attained the age of
49 60 years, or if a uniformed policeman or fireman upon the date he
50 shall have attained the age of 55 years; provided that such member
51 may retire only upon electronic submission or written application to

1 the Board of Trustees setting forth at what time, not less than 30 days
2 nor more than 120 days next following the date of filing such
3 application, he desires to be retired. Such deferred retirement
4 allowance shall be computed in accordance with the provisions of
5 G.S. 128-27(b), paragraphs (1), (2) and (3).

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

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

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

39 2. The actuarial equivalent of the retirement benefits he
40 previously received.

41 d. Should an employee who retired on an early or service retirement
42 allowance be restored to service after the attainment of the age of 62
43 years, his retirement allowance shall be reduced to the extent
44 necessary (if any) so that the sum of the retirement allowance at the
45 time of retirement and earnings from employment by a unit of the
46 Retirement System for any year (beginning January 1 and ending
47 December 31) will not exceed the member's compensation received
48 for the 12 months of service prior to retirement. Provided, however,
49 that under no circumstances will the member's retirement allowance
50 be reduced below the amount of his annuity as defined in
51 G.S. 128-21(3)."

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

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

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

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

Age at Retirement	Percentage Reduction
59	7
58	14
57	20
56	25
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- 5 b1. In lieu of the benefits provided in paragraphs a and b of this
6 subdivision, any member who is a law enforcement officer at the
7 time of separation from service prior to the attainment of the age of
8 50 years, for any reason other than death or disability as provided in
9 this Article, after completing 15 or more years of creditable service
10 in this capacity immediately prior to separation from service, and
11 who leaves his total accumulated contributions in this System, may
12 elect to retire on a deferred early retirement allowance upon attaining
13 the age of 50 years or at any time thereafter; provided, that the
14 member may commence retirement only upon electronic submission
15 or written application to the Board of Trustees setting forth at what
16 time, as of the first day of a calendar month, not less than one day
17 nor more than 120 days subsequent to the execution and filing
18 thereof, he desires to commence retirement. The deferred early
19 retirement allowance shall be computed in accordance with the
20 service retirement provisions of this Article pertaining to law
21 enforcement officers.
- 22 b2. In lieu of the benefits provided in paragraphs a and b of this
23 subdivision, any member who is a law enforcement officer at the
24 time of separation from service prior to the attainment of the age of
25 55 years, for any reason other than death or disability as provided in
26 this Article, after completing five or more years of creditable service
27 in this capacity immediately prior to separation from service, and
28 who leaves his total accumulated contributions in this System may
29 elect to retire on a deferred service retirement allowance upon
30 attaining the age of 55 years or at any time thereafter; provided, that
31 the member may commence retirement only upon electronic
32 submission or written application to the Board of Trustees setting
33 forth at what time, as of the first day of a calendar month not less
34 than one day nor more than 120 days subsequent to the execution and
35 filing thereof, he desires to commence retirement. The deferred
36 service retirement allowance shall be computed in accordance with
37 the service retirement provisions of this Article pertaining to law
38 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 electronic submission or written application to the Board of Trustees
48 setting forth at what time, not less than one day nor more than 120
49 days subsequent to the execution and filing thereof, he desires to be
50 retired. Such deferred retirement allowance shall be computed in
51 accordance with the service retirement provisions of this Article

1 pertaining to a member who is not a law enforcement officer or an
2 eligible former 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 c1. Employers shall report each reemployment covered by the provisions
25 of sub-subdivision c. of this subdivision within 90 days of the
26 reemployment, including the nature of the reemployment, the date of
27 the reemployment, and the compensation. If such a report is not
28 received within the required 90 days, the Board shall assess the
29 employer with a penalty of one percent (1%) per month with a
30 minimum penalty of twenty-five dollars (\$25.00).

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

38 Upon his subsequent retirement, he shall be paid a retirement
39 allowance determined as follows:

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

50 2. For a member who does not earn three years' membership
51 service after restoration to service, the retirement allowance

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

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

15 "(a) Service Retirement Benefits. –

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

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

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

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

50 "(a) Any member on or after January 1, 1974, who has attained his fiftieth birthday and
51 five years of membership service may retire upon electronic submission or written application

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

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

6 "(d) Any member who was in service October 8, 1981, who had attained 50 years of age,
7 may retire upon electronic submission or written application to the board of trustees setting
8 forth at what time, as of the first day of a calendar month, not less than one day nor more than
9 120 days subsequent to the execution and filing thereof, he desires to be retired."

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

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

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

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

45 After 36 months of long-term disability, no further benefits are payable under the terms of
46 this section unless the member has been approved and is in receipt of primary Social Security
47 disability benefits. In that case the benefits payable shall be equal to sixty-five percent (65%) of
48 1/12th of the annual base rate of compensation last payable to the participant or beneficiary
49 prior to the beginning of the short-term disability period as may be adjusted for percentage
50 increases as provided under G.S. 135-108, plus sixty-five percent (65%) of 1/12th of the annual
51 longevity payment to which the participant or beneficiary would be eligible, to a maximum of

1 three thousand nine hundred dollars (\$3,900) per month reduced by the primary Social Security
2 disability benefits and by monthly payments for Workers' Compensation to which the
3 participant or beneficiary may be entitled. The reduction for primary Social Security disability
4 benefits shall begin the first month following the month in which the member becomes entitled
5 to those benefits. The monthly benefit shall be further reduced by the amount of any monthly
6 payments from the federal Department of Veterans Affairs, for payments from any other
7 federal agency, or for any payments made under the provisions of G.S. 127A-108, to which the
8 participant or beneficiary may be entitled on account of the same disability. Provided, in any
9 event, the benefit payable shall be no less than ten dollars (\$10.00) a month.

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

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