

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

S

D

SENATE DRS55218-LL-140 (03/24)

Short Title: TSERS/LGERS Return of Contributions.

(Public)

Sponsors: Senator Meredith.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO ALLOW MEMBERS OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM AND THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM TO RECEIVE, UPON LEAVING THE SYSTEM FOR REASONS OTHER THAN DEATH OR RETIREMENT, BOTH THEIR CONTRIBUTIONS TO THE SYSTEM AND THE ACCUMULATED REGULAR INTEREST ON THOSE CONTRIBUTIONS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 135-5(f) reads as rewritten:

"(f) Return of Accumulated Contributions. – Should a member cease to be a teacher or State employee except by death or retirement under the provisions of this Chapter, he shall upon submission of an application be paid, not earlier than 60 days from the date of termination of service, his ~~contributions, and if he has attained at least five years of membership service or if termination of his membership service is involuntary as certified by the employer,~~ contributions and the accumulated regular interest thereon, payable at the six-month USD LIBOR (London Interbank Offered Rate) in effect on January 1 of the year in which the member signs the application for refund, provided that he has not in the meantime returned to service. service, and provided further that any member vested in the System as of January 1, 2012, shall receive four percent (4%) interest if the LIBOR rate is lower than four percent (4%). Upon payment of such sum his membership in the System shall cease and, if he thereafter again becomes a member, no credit shall be allowed for any service previously rendered except as provided in G.S. 135-4, and such payment shall be in full and complete discharge of any rights in or to any benefits otherwise payable hereunder. Upon receipt of proof satisfactory to the Board of Trustees of the death, prior to retirement, of a member or former member there shall be paid to such person or persons as he shall have nominated by electronic submission prior to completing 10 years of service in a form approved by the Board of Trustees or by written designation duly acknowledged and filed with the Board of Trustees, if such person or persons are living at the time of the member's death, otherwise to the member's legal representatives, the amount of his accumulated contributions at the time of his death, unless the beneficiary elects to receive the alternate benefit under the provisions of (m) below. An extension service employee who made contributions to the Local Governmental Employees' Retirement System and the Teachers' and State Employees' Retirement System as a result of dual employment may not be paid his accumulated contributions unless he is eligible to be paid his accumulated contributions in both systems for the same period of service.



* D R S 5 5 2 1 8 - L L - 1 4 0 *

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 2.** G.S. 128-27(f) reads as rewritten:

14 "(f) Return of Accumulated Contributions. – Should a member cease to be an employee
15 except by death or retirement under the provisions of this Chapter, he shall upon submission of
16 an application be paid, not earlier than 60 days from the date of termination of service, his
17 contributions ~~and, if he has attained at least five years of membership service or if termination~~
18 ~~of his membership service is involuntary as certified by the employer, and~~ the accumulated
19 regular interest thereon, payable at the six-month USD LIBOR (London Interbank Offered
20 Rate) in effect on January 1 of the year in which the member signs the application for refund,
21 provided that he has not in the meantime returned to service. service, and provided further that
22 any member vested in the System as of January 1, 2012, shall receive four percent (4%) interest
23 if the LIBOR rate is lower than four percent (4%). Upon payment of such sum his membership
24 in the System shall cease and, if he thereafter again becomes a member, no credit shall be
25 allowed for any service previously rendered except as provided in G.S. 128-26; and such
26 payment shall be in full and complete discharge of any rights in or to any benefits otherwise
27 payable hereunder. Upon receipt of proof satisfactory to the Board of Trustees of the death,
28 prior to retirement, of a member or former member there shall be paid to such person or
29 persons as he shall have nominated by electronic submission prior to completing 10 years of
30 service in a form approved by the Board of Trustees or by written designation duly
31 acknowledged and filed with the Board of Trustees, if such person or persons are living at the
32 time of the member's death, otherwise to the member's legal representatives, the amount of his
33 accumulated contributions at the time of his death, unless the beneficiary elects to receive the
34 alternate benefit under the provisions of (m) below. An extension service employee who made
35 contributions to the Local Governmental Employees' Retirement System and the Teachers' and
36 State Employees' Retirement System as a result of dual employment may not be paid his
37 accumulated contributions unless he is eligible to be paid his accumulated contributions in both
38 systems for the same period of service.

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

44 **SECTION 3.** This act becomes effective January 1, 2012.