

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2011**

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**SENATE BILL 701  
Pensions & Retirement and Aging Committee Substitute Adopted 6/8/11**

Short Title: TSERS/LGERS Return of Contributions.

(Public)

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Sponsors:

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Referred to:

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April 20, 2011

A BILL TO BE ENTITLED

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

7  
8 The General Assembly of North Carolina enacts:

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

10 "(f) Return of Accumulated Contributions. – Should a member cease to be a teacher or  
11 State employee except by death or retirement under the provisions of this Chapter, ~~he~~the  
12 member shall upon submission of an application be paid, not earlier than 60 days from the date  
13 of termination of service, ~~his~~the member's contributions and contributions, and if he has  
14 attained at least five years of membership service or if termination of his membership service is  
15 involuntary as certified by the employer, the accumulated regular interest thereon, provided that  
16 ~~he~~the member has not in the meantime returned to service. Upon payment of such sum ~~his~~the  
17 individual's membership in the System shall cease and, if ~~he~~the individual thereafter again  
18 becomes a member, no credit shall be allowed for any service previously rendered except as  
19 provided in G.S. 135-4, and such payment shall be in full and complete discharge of any rights  
20 in or to any benefits otherwise payable hereunder. Upon receipt of proof satisfactory to the  
21 Board of Trustees of the death, prior to retirement, of a member or former member there shall  
22 be paid to such person or persons as ~~he~~the member shall have nominated by electronic  
23 submission prior to completing 10 years of service in a form approved by the Board of Trustees  
24 or by written designation duly acknowledged and filed with the Board of Trustees, if such  
25 person or persons are living at the time of the member's death, otherwise to the member's legal  
26 representatives, the amount of ~~his~~the member's accumulated contributions at the time of ~~his~~the  
27 member's death, unless the beneficiary elects to receive the alternate benefit under the  
28 provisions of (m) below. An extension service employee who made contributions to the Local  
29 Governmental Employees' Retirement System and the Teachers' and State Employees'  
30 Retirement System as a result of dual employment may not be paid ~~his~~the member's  
31 accumulated contributions unless ~~he~~the member is eligible to be paid ~~his~~ accumulated  
32 contributions in both systems for the same period of service.

33 Pursuant to the provisions of G.S. 135-56.2, a member who is also a member of the  
34 Consolidated Judicial Retirement System may irrevocably elect to transfer any accumulated  
35 contributions to the Consolidated Judicial Retirement System or to the Supplemental



1 Retirement Income Plan and forfeit any rights in or to any benefits otherwise payable  
2 hereunder.

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

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

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

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

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