

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2015

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HOUSE BILL 277  
Committee Substitute Favorable 4/14/15

Short Title: Retirement Admin. Changes Act of 2015.-AB

(Public)

Sponsors:

Referred to:

March 19, 2015

A BILL TO BE ENTITLED

AN ACT TO ENACT THE RETIREMENT ADMINISTRATIVE CHANGES ACT OF 2015.

The General Assembly of North Carolina enacts:

**SECTION 1.(a)** The terms of office of the present members of the Supplemental Retirement Board of Trustees shall expire on June 30, 2016. Effective for terms to begin on July 1, 2016, the members of the Board shall be appointed as provided in G.S. 135-96, as amended by this act.

**SECTION 1.(b)** G.S. 135-96 reads as rewritten:

**"§ 135-96. Supplemental Retirement Board of Trustees.**

(a) The Supplemental Retirement Board of Trustees is established to administer the Supplemental Retirement Income Plan established under the provisions of this Article and the North Carolina Public Employee Deferred Compensation Plan established under G.S. 143B-426.24, and the North Carolina Public School Teachers' and Professional Educators' Investment Plan established under G.S. 115C-341.2.

(b) The Board consists of nine voting members, as follows:

- (1) Six persons appointed by the Governor who have experience in finance and investments, one of whom shall be a State employee, and one of whom shall be a retired State or local governmental employee;
- (2) One person appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives;
- (3) One person appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate; and
- (4) The State Treasurer, ex officio, who shall be the Chair.

(c) ~~The initial appointments by the General Assembly and two of the Governor's initial appointments shall be for one year terms. The remainder of the initial appointments shall be for two year terms. At the expiration of these initial terms, appointments shall be for two years and shall be made by the appointing authorities designated in subsection (b) of this section.~~  
Effective July 1, 2016:

- (1) The appointments made by the General Assembly pursuant to subdivisions (2) and (3) of subsection (b) of this section shall be for initial terms of three years, to expire June 30, 2019.
- (2) Three of the appointments made by the Governor pursuant to subdivision (1) of subsection (b) of this section shall be for initial terms of one year, to expire June 30, 2017.



1           (3)    Three of the appointments made by the Governor pursuant to subdivision (1)  
2                   of subsection (b) of this section shall be for initial terms of two years, to  
3                   expire June 30, 2018.

4           Upon the expiration of these initial terms, appointments for all members shall be for terms  
5           of three years beginning on the day following the expiration date of the previous member's  
6           term.

7           (c1)   A member shall continue to serve until the member's successor is duly appointed,  
8           but a holdover under this provision does not affect the expiration date of the succeeding term.  
9           No member of the Board may serve ~~more than three~~longer than any of the following:

10           (1)    Two consecutive ~~two-year~~three-year terms.

11           (2)    Three consecutive terms of any length, in the event that one or more of the  
12                   terms is for fewer than three years in duration or the member serves a partial  
13                   term as result of filling a vacancy.

14           (3)    Eight consecutive years, regardless of term lengths.

15           (d)    Other than ex officio members, members appointed by the Governor shall serve at  
16           the Governor's pleasure. An ex officio member may designate in writing, filed with the Board,  
17           any employee of the member's department to act at any meeting of the Board from which the  
18           member is absent, to the same extent that the member could act if present in person at such  
19           meeting.

20           (e)    The Board may retain the services of independent appraisers, auditors, actuaries,  
21           attorneys, investment counseling firms, statisticians, custodians, or other persons or firms  
22           possessing specialized skills or knowledge necessary for the proper administration of  
23           investment programs that the Board administers pursuant to this section."

24           **SECTION 2.** Article 3 of Chapter 111 of the General Statutes is amended by  
25           adding a new section to read:

26           "**§ 111-47.3 Food service at Department of State Treasurer.**

27           Notwithstanding any other provision of this Article, the Department of State Treasurer may  
28           operate or contract for the operation of food or vending services at Department of State  
29           Treasurer offices. The net proceeds of revenue generated by food and vending services that are  
30           provided at the Department of State Treasurer by the agency or a vendor with whom the agency  
31           has contracted shall be credited to the Division of Services for the Blind of the Department of  
32           Health and Human Services for the purposes specified in G.S. 111-43."

33           **SECTION 3.(a)** G.S. 147-69.2(b) reads as rewritten:

34           "(b)   It shall be the duty of the State Treasurer to invest the cash of the funds enumerated  
35           in subsection (a) of this section in excess of the amount required to meet the current needs and  
36           demands on such funds. The State Treasurer may invest the funds as provided in this  
37           subsection. If an investment was authorized by this subsection at the time the investment was  
38           made or contractually committed to be made, then that investment shall continue to be  
39           authorized by this subsection, and none of the percentage or other limitation on investments set  
40           forth in this subsection shall be construed to require the State Treasurer to subsequently dispose  
41           of the investment or fail to honor any contractual commitments as a result of changes in market  
42           values, ratings, or other investment qualifications. For purposes of computing market values on  
43           which percentage limitations on investments in this subsection are based, all investments shall  
44           be valued as of the last date of the most recent fiscal quarter.

45           (1)    Investments authorized by G.S. 147-69.1(c)(1)-(7).

46           (2)    General obligations of other states of the United States.

47           (3)    General obligations of cities, counties and special districts in North Carolina.

48           (4)    Obligations of any company, other organization or legal entity incorporated  
49                   or otherwise created or located within or outside the United States, including  
50                   obligations that are convertible into equity securities, if the obligations bear

1 one of the four highest ratings of at least one nationally recognized rating  
2 service when acquired.

3 (5) Repealed by Session Laws 2001-444, s. 2, effective October 1, 2001.

4 (6) Asset-backed securities (whether considered debt or equity) provided they  
5 bear ratings by nationally recognized rating services as provided in  
6 G.S. 147-69.2(b)(4).

7 (6a) In addition to the limitations and requirements with respect to the  
8 investments of the Retirement Systems set forth in this subsection, the State  
9 Treasurer shall select investments of the assets of the Retirement Systems  
10 such that investments made pursuant to subdivisions (b)(1) through (6) of  
11 this section shall at all times equal or exceed twenty percent (20%) of the  
12 market value of all invested assets of the Retirement Systems.

13 (6b) Investments pursuant to subdivisions (b)(1) through (6) of this section may  
14 be made directly by the State ~~Treasurer~~Treasurer, through investment  
15 companies registered under the Investment Company Act of 1940,  
16 individual, common, or collective trust funds of banks and trust companies,  
17 group trusts and limited partnerships, limited liability companies or other  
18 limited liability investment vehicles that invest primarily in investments  
19 authorized by subdivisions (1) through (6) of this subsection, or through  
20 contractual arrangements in which the investment manager has full and  
21 complete discretion and authority to invest assets specified in such  
22 arrangements in investments authorized by subdivisions (b)(1) through (6) of  
23 this section, provided for each indirect investment, the investment manager  
24 has assets under management of at least one hundred million dollars  
25 (\$100,000,000).

26 .....

27 **SECTION 3.(b)** G.S. 147-77 reads as rewritten:

28 "**§ 147-77. Daily deposit of funds to credit of Treasurer.**

29 All funds belonging to the State of North Carolina, in the hands of any head of any  
30 department of the State which collects revenue for the State in any form whatsoever, and every  
31 institution, agency, officer, employee, or representative of the State or any agency, department,  
32 division or commission thereof, except officers and the clerks of the Supreme Court and Court  
33 of Appeals, collecting or receiving any funds or money belonging to the State of North  
34 Carolina, shall daily deposit the same in some bank, or trust company, selected or designated  
35 by the State Treasurer, in the name of the State Treasurer, at noon, or as near thereto as may be,  
36 and shall report the same daily to ~~said Treasurer.~~ Provided that the Treasurer. The State  
37 Treasurer may authorize exemptions from the provisions of this section so long as funds are  
38 deposited and reported pursuant to the provisions of this section at least once a week and, in  
39 addition, so long as funds are deposited and reported pursuant to the provisions of this section  
40 whenever as much as ~~two hundred fifty dollars (\$250.00)~~ five thousand dollars (\$5,000) has  
41 been collected and received. ~~Provided, that the~~ received. Each State agency that has custody of  
42 funds less than five thousand dollars (\$5,000) shall provide adequate safekeeping of such  
43 funds. The Treasurer may refund the amount of any bad checks which have been returned to  
44 the department by the Treasurer when the same have not been collected after 30 days' trial."

45 **SECTION 4.** G.S. 135-1(20) reads as rewritten:

46 "(20) "Retirement" under this ~~Chapter~~Chapter, except as otherwise provided,  
47 means the commencement of monthly retirement benefits along with  
48 termination of employment and the complete separation from active service  
49 with no intent or agreement, express or implied, to return to service. A  
50 retirement allowance under the provisions of this Chapter may only be  
51 granted upon retirement of a member. In order for a member's retirement to

1 become effective in any month, the member must perform no work for an  
2 employer, including part-time, temporary, substitute, or contractor work, at  
3 any time during the six months immediately following the effective date of  
4 retirement. For purposes of this subdivision, working as a member of a  
5 school board, board of trustees of a community college, board of trustees of  
6 any constituent institution of The University of North Carolina, as an unpaid  
7 bona fide volunteer in a local school administrative unit, or as an unpaid  
8 bona fide volunteer guardian ad litem in the guardian ad litem program shall  
9 not be considered ~~service~~service or work, and volunteering in positions  
10 normally designated as unpaid bona fide volunteer positions during the six  
11 months immediately following the effective date of retirement shall not be  
12 considered service. A member who is a full-time faculty member of The  
13 University of North Carolina may effect a retirement allowance under this  
14 Chapter, notwithstanding the six-month requirement above, provided the  
15 member immediately enters the University's Phased Retirement Program for  
16 Tenured Faculty as that program existed on May 25, 2011."

17 **SECTION 5.(a)** G.S. 135-8(f) is amended by adding a new subdivision to read:

18 "(4) In conjunction with the employee and employer contributions required under  
19 this section, the Board of Trustees shall direct employers to submit such  
20 information on a monthly basis as is necessary for proper administration of  
21 the Retirement System, actuarial valuation, and reporting under accounting  
22 standards set forth by the Governmental Accounting Standards Board of the  
23 Financial Accounting Foundation. Submission of such information by an  
24 employer to the Retirement System constitutes a certification of its  
25 accuracy."

26 **SECTION 5.(b)** G.S. 128-30(g) is amended by adding a new subdivision to read:

27 "(4) In conjunction with the employee and employer contributions required under  
28 this section, the Board of Trustees shall direct employers to submit such  
29 information on a monthly basis as is necessary for proper administration of  
30 the Retirement System, actuarial valuation, and reporting under accounting  
31 standards set forth by the Governmental Accounting Standards Board of the  
32 Financial Accounting Foundation. Submission of such information by an  
33 employer to the Retirement System constitutes a certification of its  
34 accuracy."

35 **SECTION 6.(a)** G.S. 135-8(f)(3) reads as rewritten:

36 "(3) In the event the employee or employer contributions required under this  
37 section are not received by the date set by the Board of Trustees, the Board  
38 shall assess the employer with a penalty, in lieu of interest, of 1% per month  
39 with a minimum penalty of twenty-five dollars (\$25.00). The Board may  
40 waive one penalty per employer every five years if the Board finds that the  
41 employer has consistently demonstrated good-faith efforts to comply with  
42 the set deadline. If within 90 days after request therefor by the Board any  
43 employer shall not have provided the System with the records and other  
44 information required hereunder or if the full accrued amount of the  
45 contributions provided for under this section due from members employed  
46 by an employer or from an employer other than the State shall not have been  
47 received by the System from the chief fiscal officer of such employer within  
48 30 days after the last due date as herein provided, then, notwithstanding  
49 anything herein or in the provisions of any other law to the contrary, upon  
50 notification by the Board to the State Treasurer as to the default of such  
51 employer as herein provided, any distributions which might otherwise be

1 made to such employer from any funds of the State shall be withheld from  
2 such employer until notice from the Board to the State Treasurer that such  
3 employer is no longer in default.

4 In the event that an employer fails to submit payment of any required  
5 contributions or payments to the Retirement Systems Division, other than  
6 the one percent (1%) payment provided for in the first paragraph of this  
7 subdivision, within 90 days after the date set by the Board of Trustees, the  
8 Board shall notify the State Treasurer of its intent to collect the delinquent  
9 contributions and other payments due to the Retirement Systems Division  
10 and request an interception of State appropriations due to the participating  
11 employer. Upon such notification by the Board of Trustees to the State  
12 Treasurer and the Office of State Budget and Management as to the default  
13 of the employer, the Office of State Budget and Management shall withhold  
14 from any State appropriation due to that employer an amount equal to the  
15 sum of all delinquent contributions and other debts due to the Retirement  
16 Systems Division and shall transmit that amount to the Retirement Systems  
17 Division."

18 **SECTION 6.(b)** G.S. 128-30(g)(3) reads as rewritten:

19 "(3) In the event the employee or employer contributions required under this  
20 section are not received by the date set by the Board of Trustees, the Board  
21 shall assess the employer with a penalty, in lieu of interest, of 1% per month  
22 with a minimum penalty of twenty-five dollars (\$25.00). The Board may  
23 waive one penalty per employer every five years if the Board finds that the  
24 employer has consistently demonstrated good-faith efforts to comply with  
25 the set deadline. If within 90 days after request therefor by the Board any  
26 employer shall not have provided the System with the records and other  
27 information required hereunder or if the full accrued amount of the  
28 contributions provided for under this section due from members employed  
29 by an employer or from an employer shall not have been received by the  
30 System from the chief fiscal officer of such employer within 30 days after  
31 the last due date as herein provided, then, notwithstanding anything herein or  
32 in the provisions of any other law to the contrary, upon notification by the  
33 Board to the State Treasurer as to the default of such employer as herein  
34 provided, any distributions which might otherwise be made to such  
35 employer, or the municipality or county of which such employer is an  
36 integral part, from any funds of the State or any funds collected by the State  
37 shall be withheld from such employer until notice from the Board to the  
38 State Treasurer that such employer is no longer in default.

39 In the event that an employer fails to submit payment of any required  
40 contributions or payments to the Retirement Systems Division, other than  
41 the one percent (1%) payment provided for in the first paragraph of this  
42 subdivision, within 90 days after the date set by the Board of Trustees, the  
43 Board shall notify the State Treasurer of its intent to collect the delinquent  
44 contributions and other payments due to the Retirement Systems Division  
45 and request an interception of State appropriations due to the participating  
46 employer. Upon such notification by the Board of Trustees to the State  
47 Treasurer and the Office of State Budget and Management as to the default  
48 of the employer, the Office of State Budget and Management shall withhold  
49 from any State appropriation due to that employer an amount equal to the  
50 sum of all delinquent contributions and other debts due to the Retirement

1                   Systems Division and shall transmit that amount to the Retirement Systems  
2                   Division."

3                   **SECTION 6.(c)** G.S. 115C-438 reads as rewritten:

4                   "**§ 115C-438. Provision for disbursement of State money.**

5                   The deposit of money in the State treasury to the credit of local school administrative units  
6 shall be made in monthly installments, and additionally as necessary, at such time and in such a  
7 manner as may be most convenient for the operation of the public school system. Before an  
8 installment is credited, the school finance officer shall certify to the State Board of Education  
9 the expenditures to be made by the local school administrative unit from the State Public  
10 School Fund during the month. This certification shall be filed on or before the fifth day  
11 following the end of the month preceding the period in which the expenditures will be made.  
12 The State Board of Education shall determine whether the moneys requisitioned are due the  
13 local school administrative unit, and upon determining the amount due, shall cause the requisite  
14 amount to be credited to the local school administrative unit. Upon receiving notice from the  
15 State Treasurer of the amount placed to the credit of the local school administrative unit, the  
16 finance officer may issue State warrants up to the amount so certified.

17                   Upon notification by the Board of Trustees of the Teachers' and State Employees'  
18 Retirement System to the State Treasurer and the Office of State Budget and Management as to  
19 the default of the local school administrative unit, the State Board of Education shall withhold  
20 from any State appropriation due to the local school administrative unit an amount equal to the  
21 sum of all delinquent contributions and payments due to the Retirement Systems Division and  
22 shall transmit that amount to the Retirement Systems Division.

23                   The State Board of Education may withhold money for payment of salaries for  
24 administrative officers of local school administrative units if any report required to be filed  
25 with State school authorities is more than 30 days overdue. The State Board of Education shall  
26 withhold money for payment of salaries for the superintendent, finance officer, and all other  
27 administrative officers charged with providing payroll information pursuant to  
28 G.S. 115C-12(18), if the local school administrative unit fails to provide the payroll  
29 information to the State Board in a timely fashion and substantially in accordance with the  
30 standards set by the State Board. The State Board of Education shall also withhold money used  
31 for payment of salaries for the superintendent, transportation director, and all other  
32 administrative officers or employees charged by the local board of education or the local  
33 superintendent with implementing the Transportation Information Management System,  
34 pursuant to G.S. 115C-240(d), if the State Board finds that a local school administrative unit is  
35 not progressing in good faith and is not using its best efforts to implement the Transportation  
36 Information Management System.

37                   Money in the State Public School Fund and State bond moneys shall be released only on  
38 warrants drawn on the State Treasurer, signed by such local official as may be required by the  
39 State Board of Education."

40                   **SECTION 7.** G.S. 150B-21.3A is amended by adding a new subsection to read:

41                   "(e1) Rules to Protect Inchoate or Accrued Rights of Retirement Systems Members. –  
42 Rules deemed by the Boards of Trustees established under G.S. 128-28 and G.S. 135-6 to  
43 protect inchoate or accrued rights of members of the Retirement Systems administered by the  
44 State Treasurer shall not expire as provided by this section. The Commission shall report  
45 annually to the Committee on any rules that do not expire pursuant to this subsection."

46                   **SECTION 8.** G.S. 128-21 is amended by adding three new subdivisions to read:

47                   "(10a) "Regularly employed" shall mean employment in a position for which the  
48 duties require not less than 1,000 hours of work in a calendar year, provided  
49 that the term shall not include any individuals whose employment is  
50 considered "temporary employment" as defined in subdivision (10b) of this

1 section or "statutorily-required interim employment" as defined in  
2 subdivision (10c) of this section.

3 (10b) "Temporary employment" shall mean employment for a limited term, in no  
4 case to exceed 12 consecutive months on a nonrecurring basis, for an  
5 employer as defined in subdivision (11) of this section.

6 (10c) "Statutorily-required interim employment" shall mean individuals whose  
7 employment for an employer as defined in subdivision (11) of this section  
8 occurs as a result of the individual's designation by the city council as an  
9 interim city manager, as provided in G.S. 160A-150 for a period not to  
10 exceed 12 months on a nonrecurring basis, or as a result of the individual's  
11 designation by the board of commissioners as an interim county manager, as  
12 provided in G.S. 153A-84 for a period not to exceed 12 months on a  
13 nonrecurring basis."

14 **SECTION 9.(a)** G.S. 135-91(c) reads as rewritten:

15 "(c) The Department of State Treasurer and the Board of Trustees shall have full power  
16 and authority to adopt rules and regulations for the administration of the Plan, provided they are  
17 not inconsistent with the provisions of this Article. The Department of State Treasurer and  
18 Board of Trustees may appoint those agents, contractors, employees and committees as they  
19 deem advisable to carry out the terms and conditions of the Plan. In order to promote  
20 achievement of long-term investment objectives and to retain key public employees with  
21 investment functions, the Board of Trustees shall authorize the State Treasurer to establish  
22 market-oriented compensation plans, including salaries and performance-related bonuses, for  
23 employees possessing specialized skills or knowledge necessary for the proper administration  
24 of the Plan, who shall be exempt from the classification and compensation rules established by  
25 the Office of State Human Resources. The design and administration of those compensation  
26 plans shall be based on compensation studies conducted by a nationally recognized firm  
27 specializing in public fund investment compensation. The compensation and other associated  
28 employee benefits shall be apportioned directly from the Plan."

29 **SECTION 9.(b)** G.S. 126-5 is amended by adding a new subsection to read:

30 "(c13) Except as to G.S. 126-13, 126-14, 126-14.1, and the provisions of Articles 6, 7, 14,  
31 15, and 16 of this Chapter, the provisions of this Chapter shall not apply to employees of the  
32 Department of State Treasurer possessing specialized skills or knowledge necessary for the  
33 proper administration of the Supplemental Retirement Plans and compensated pursuant to  
34 G.S. 135-91(c)."

35 **SECTION 10.(a)** G.S. 135-5 is amended by adding a new subsection to read:

36 "(m4) A member who has contributions in this System and is not eligible for a retirement  
37 benefit as set forth in G.S. 135-5(a) shall be paid his contributions in a lump sum as provided in  
38 G.S. 135-5(f) by April 1 of the calendar year following the later of the calendar year in which  
39 the member (i) attains 70 and one-half years of age or (ii) has ceased to be a teacher or State  
40 employee except by death. If such member fails, following reasonable notification, to complete  
41 a refund application by such required date, the requirement that a refund application be  
42 completed shall be waived and the refund shall be paid without a refund application as a single  
43 lump-sum payment with applicable required North Carolina and federal income taxes withheld.  
44 For purposes of this subsection, a member shall not be considered to have ceased to be a  
45 teacher or State employee if the member is actively contributing to the Consolidated Judicial  
46 Retirement System, Local Governmental Employees' Retirement System, or Legislative  
47 Retirement System. A lump-sum refund shall not be paid under this subsection if the member is  
48 actively contributing to the Consolidated Judicial Retirement System, Local Governmental  
49 Employees' Retirement System, or Legislative Retirement System.

50 A member who has contributions in this System and is eligible for a retirement benefit as  
51 set forth in G.S. 135-5(a) shall begin to receive a monthly benefit no later than April 1 of the

1 calendar year following the later of the calendar year in which the member (i) attains 70 and  
2 one-half years of age or (ii) has ceased to be a teacher or State employee except by death. If  
3 such member fails, following reasonable notification, to complete the retirement process as set  
4 forth under Chapter 135 of the General Statutes by such required beginning date, the  
5 requirement that a retirement application and an election of payment plan form be completed  
6 shall be waived and the retirement allowance shall be paid as a single life annuity. The single  
7 life annuity shall be calculated and processed in accordance with G.S. 135-5. For purposes of  
8 this subsection, a member shall not be considered to have ceased to be a teacher or State  
9 employee if the member is actively contributing to the Consolidated Judicial Retirement  
10 System, Local Governmental Employees' Retirement System, or Legislative Retirement  
11 System. A retirement benefit shall not be paid under this subsection if the member is actively  
12 contributing to the Consolidated Judicial Retirement System, Local Governmental Employees'  
13 Retirement System, or Legislative Retirement System."

14 **SECTION 10.(b)** G.S. 128-27 is amended by adding a new subsection to read:

15 "(m3) A member who has contributions in this System and is not eligible for a retirement  
16 benefit as set forth in G.S. 128-27(b21) shall be paid his contributions in a lump sum as  
17 provided in G.S. 128-27(f) by April 1 of the calendar year following the later of the calendar  
18 year in which the member (i) attains 70 and one-half years of age or (ii) has ceased to be an  
19 employee except by death. If such member fails, following reasonable notification, to complete  
20 a refund application by such required date, the requirement that a refund application be  
21 completed shall be waived and the refund shall be paid without a refund application as a single  
22 lump-sum payment with applicable required North Carolina and federal income taxes withheld.  
23 For purposes of this subsection, a member shall not be considered to have ceased to be an  
24 employee if the member is actively contributing to the Teachers' and State Employees'  
25 Retirement System, Consolidated Judicial Retirement System, or Legislative Retirement  
26 System. A lump-sum refund shall not be paid under this subsection if the member is actively  
27 contributing to the Teachers' and State Employees' Retirement System, Consolidated Judicial  
28 Retirement System, or Legislative Retirement System.

29 A member who has contributions in this System and is eligible for a retirement benefit as  
30 set forth in G.S. 128-27(21) shall begin to receive a monthly benefit no later than April 1 of the  
31 calendar year following the later of the calendar year in which the member (i) attains 70 and  
32 one-half years of age or (ii) has ceased to be an employee except by death. If such member  
33 fails, following reasonable notification, to complete the retirement process as set forth under  
34 Chapter 128 of the General Statutes by such required beginning date, the requirement that a  
35 retirement application and an election of payment plan form be completed shall be waived and  
36 the retirement allowance shall be paid as a single life annuity. The single life annuity shall be  
37 calculated and processed in accordance with G.S. 128-27(b21). For purposes of this subsection,  
38 a member shall not be considered to have ceased to be an employee if the member is actively  
39 contributing to the Teachers' and State Employees' Retirement System, Consolidated Judicial  
40 Retirement System, or Legislative Retirement System. A retirement benefit shall not be paid  
41 under this subsection if the member is actively contributing to the Teachers' and State  
42 Employees' Retirement System, Consolidated Judicial Retirement System, or Legislative  
43 Retirement System."

44 **SECTION 10.(c)** G.S. 135-74 is amended by adding a new subsection to read:

45 "(c1) A member who has contributions in this System and is not eligible for a retirement  
46 benefit as set forth in G.S. 135-58(a6) shall be paid his contributions in a lump sum as provided  
47 in G.S. 135-62 by April 1 of the calendar year following the later of the calendar year in which  
48 the member (i) attains 70 and one-half years of age or (ii) has ceased to be a judge, district  
49 attorney, public defender, the Director of Indigent Defense Services, or clerk of superior court  
50 as provided in G.S. 135-53, except by death. If such member fails, following reasonable  
51 notification, to complete a refund application by such required date, the requirement that a



1 refund application be completed shall be waived and the refund shall be paid without a refund  
2 application as a single lump-sum payment with applicable required North Carolina and federal  
3 income taxes withheld. For purposes of this subsection, a member shall not be considered to  
4 have ceased to be a judge, district attorney, public defender, the Director of Indigent Defense  
5 Services, or clerk of superior court as provided in G.S. 135-53 if the member is actively  
6 contributing to the Teachers' and State Employees' Retirement System, Local Governmental  
7 Employees' Retirement System, or Consolidated Judicial Retirement System. A lump-sum  
8 refund shall not be paid under this subsection if the member is actively contributing to the  
9 Teachers' and State Employees' Retirement System, Local Governmental Employees'  
10 Retirement System, or Consolidated Judicial Retirement System.

11 A member who has contributions in this System and is eligible for a retirement benefit as  
12 set forth in G.S. 120-4.21 shall begin to receive a monthly benefit no later than April 1 of the  
13 calendar year following the later of the calendar year in which the member (i) attains 70 and  
14 one-half years of age or (ii) has ceased to be a judge, district attorney, public defender, the  
15 Director of Indigent Defense Services, or clerk of superior court as provided in G.S. 135-53,  
16 except by death. If such member fails, following reasonable notification, to complete the  
17 retirement process as set forth under Chapter 120 of the General Statutes by such required  
18 beginning date, the requirement that a retirement application and an election of payment plan  
19 form be completed shall be waived and the retirement allowance shall be paid as a single life  
20 annuity. The single life annuity shall be calculated and processed in accordance with  
21 G.S. 120-4.21. For purposes of this subsection, a member shall not be considered to have  
22 ceased to be a judge, district attorney, public defender, the Director of Indigent Defense  
23 Services, or clerk of superior court as provided in G.S. 135-53 if the member is actively  
24 contributing to the Teachers' and State Employees' Retirement System, Local Governmental  
25 Employees' Retirement System, or Consolidated Judicial Retirement System. A retirement  
26 benefit shall not be paid under this subsection if the member is actively contributing to the  
27 Teachers' and State Employees' Retirement System, Local Governmental Employees'  
28 Retirement System, or Consolidated Judicial Retirement System."

29 **SECTION 10.(d)** G.S. 120-4.31 is amended by adding a new subsection to read:

30 "(c1) A member who has contributions in this System and is not eligible for a retirement  
31 benefit as set forth in G.S. 120-4.21 shall be paid his contributions in a lump sum as provided  
32 in G.S. 120-4.25 by April 1 of the calendar year following the later of the calendar year in  
33 which the member (i) attains 70 and one-half years of age or (ii) has ceased to be a member of  
34 the General Assembly, except by death. If such member fails, following reasonable  
35 notification, to complete a refund application by such required date, the requirement that a  
36 refund application be completed shall be waived and the refund shall be paid without a refund  
37 application as a single lump-sum payment with applicable required North Carolina and federal  
38 income taxes withheld. For purposes of this subsection, a member shall not be considered to  
39 have ceased to be a member of the General Assembly if the member is actively contributing to  
40 the Teachers' and State Employees' Retirement System, Local Governmental Employees'  
41 Retirement System, or Consolidated Judicial Retirement System. A lump-sum refund shall not  
42 be paid under this subsection if the member is actively contributing to the Teachers' and State  
43 Employees' Retirement System, Local Governmental Employees' Retirement System, or  
44 Consolidated Judicial Retirement System.

45 A member who has contributions in this System and is eligible for a retirement benefit as  
46 set forth in G.S. 120-4.21 shall begin to receive a monthly benefit no later than April 1 of the  
47 calendar year following the later of the calendar year in which the member (i) attains 70 and  
48 one-half years of age or (ii) has ceased to be a member of the General Assembly, except by  
49 death. If such member fails, following reasonable notification, to complete the retirement  
50 process as set forth under Chapter 120 of the General Statutes by such required beginning date,  
51 the requirement that a retirement application and an election of payment plan form be

1 completed shall be waived and the retirement allowance shall be paid as a single life annuity.  
2 The single life annuity shall be calculated and processed in accordance with G.S. 120-4.21. For  
3 purposes of this subsection, a member shall not be considered to have ceased to be a member of  
4 the General Assembly if the member is actively contributing to the Teachers' and State  
5 Employees' Retirement System, Local Governmental Employees' Retirement System, or  
6 Consolidated Judicial Retirement System. A retirement benefit shall not be paid under this  
7 subsection if the member is actively contributing to the Teachers' and State Employees'  
8 Retirement System, Local Governmental Employees' Retirement System, or Consolidated  
9 Judicial Retirement System."

10 **SECTION 11.(a)** G.S. 135-3(8) is amended by adding a new sub-subdivision to  
11 read:

12 "f. Should a beneficiary who retired on an early or service retirement  
13 allowance under this Chapter be reemployed by, or otherwise  
14 engaged to perform services for, an employer participating in the  
15 Retirement System on a part-time, temporary, interim, or on a fee for  
16 service basis, whether contractual or otherwise at any time during the  
17 six months immediately following the effective date of retirement,  
18 then the option of the two listed below that has the lesser financial  
19 impact on the member, as determined by the Retirement System,  
20 shall be applied:

- 21 1. The member's retirement shall be deemed effective the month  
22 after the last month the member performed services for a  
23 participating employer, and the member shall repay all  
24 retirement benefits paid up to the deemed effective date,  
25 provided the member thereafter has satisfied the six-month  
26 separation required by G.S. 135-1(20).
- 27 2. The member shall make a lump-sum payment to the  
28 Retirement System equal to three times the amount of  
29 compensation earned during the six months immediately  
30 following the effective date of retirement."

31 **SECTION 11.(b)** G.S. 128-24(5) is amended by adding a new sub-subdivision to  
32 read:

33 "e. Should a beneficiary who retired on an early or service retirement  
34 allowance under this Chapter be reemployed by, or otherwise  
35 engaged to perform services for, an employer participating in the  
36 Retirement System on a part-time, temporary, interim, or on a fee for  
37 service basis, whether contractual or otherwise at any time during the  
38 six months immediately following the effective date of retirement,  
39 then the option of the two listed below that has the lesser financial  
40 impact on the member, as determined by the Retirement System,  
41 shall be applied:

- 42 1. The member's retirement shall be deemed effective the month  
43 after the last month the member performed services for a  
44 participating employer, and the member shall repay all  
45 retirement benefits paid up to the deemed effective date,  
46 provided the member thereafter has satisfied the six-month  
47 separation required by G.S. 128-21(19).
- 48 2. The member shall make a lump-sum payment to the  
49 Retirement System equal to three times the amount of  
50 compensation earned during the month immediately  
51 following the effective date of retirement."

1

**SECTION 12.** This act becomes effective October 1, 2015.