

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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HOUSE BILL 423

Short Title: Increase Contributory Death Benefit. (Public)

Sponsors: Representatives L. Bell and Lucas (Primary Sponsors).
For a complete list of Sponsors, refer to the North Carolina General Assembly Web Site.

Referred to: Judiciary I, if favorable, Pensions and Retirement.

April 1, 2015

A BILL TO BE ENTITLED
AN ACT TO INCREASE THE CONTRIBUTORY DEATH BENEFIT PAYABLE ON
BEHALF OF RETIRED MEMBERS OF THE TEACHERS' AND STATE EMPLOYEES'
RETIREMENT SYSTEM, THE LOCAL GOVERNMENTAL EMPLOYEES'
RETIREMENT SYSTEM, THE LEGISLATIVE RETIREMENT SYSTEM, AND THE
CONSOLIDATED JUDICIAL RETIREMENT SYSTEM.

The General Assembly of North Carolina enacts:

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

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

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- (3), (4) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1049, s. 2.

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

...



1 Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this
2 subsection, of the death of a retired member of the Retirement System on or after January 1,
3 2015, but before July 1, 2015, there shall be paid a death benefit to the person or persons
4 designated by the member or, if the member has not designated a beneficiary, to the surviving
5 spouse of the deceased retired member or, if not survived by a designated beneficiary or
6 spouse, to the deceased retired member's legal representative; provided the retired member has
7 elected, when first eligible, to make, and has continuously made, in advance of his death
8 required contributions as determined by the Board of Trustees on a fully contributory basis,
9 through retirement allowance deductions or other methods adopted by the Board of Trustees, to
10 a group death benefit trust fund administered by the Board of Trustees Fund and Pension
11 Accumulation Fund. This death benefit shall be a lump-sum payment in the amount of ten
12 thousand dollars (\$10,000) upon the completion of 24 months of contributions required under
13 this subsection. Should death occur before the completion of 24 months of contributions
14 required under this subsection, the deceased retired member's designated beneficiary or
15 beneficiaries, or surviving spouse if there is no surviving beneficiary, or legal representative if
16 not survived by a designated beneficiary or spouse, shall be paid the sum of the retired
17 member's contributions required by this subsection plus interest to be determined by the Board
18 of Trustees.

19 Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this
20 subsection, of the death of a retired member of the Retirement System on or after July 1, 2015,
21 there shall be paid a death benefit to the person or persons designated by the member or, if the
22 member has not designated a beneficiary, to the surviving spouse of the deceased retired
23 member or, if not survived by a designated beneficiary or spouse, to the deceased retired
24 member's legal representative; provided the retired member has elected, when first eligible, to
25 make, and has continuously made, in advance of his death required contributions as determined
26 by the Board of Trustees on a fully contributory basis, through retirement allowance deductions
27 or other methods adopted by the Board of Trustees, to a group death benefit trust fund
28 administered by the Board of Trustees Fund and Pension Accumulation Fund. This death
29 benefit shall be a lump-sum payment in the amount of twelve thousand dollars (\$12,000) upon
30 the completion of 24 months of contributions required under this subsection. Should death
31 occur before the completion of 24 months of contributions required under this subsection, the
32 deceased retired member's designated beneficiary or beneficiaries, or surviving spouse if there
33 is no surviving beneficiary, or legal representative if not survived by a designated beneficiary
34 or spouse, shall be paid the sum of the retired member's contributions required by this
35 subsection plus interest to be determined by the Board of Trustees."

36 **SECTION 2.(a)** G.S. 128-27(16) reads as rewritten:

37 "(16) Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this
38 subsection, of the death of a retired member of the Retirement System on or after January 1,
39 2015, but before July 1, 2015, there shall be paid a death benefit to the person or persons
40 designated by the member or, if the member has not designated a beneficiary, to the surviving
41 spouse of the deceased retired member or, if not survived by a designated beneficiary or
42 spouse, to the deceased retired member's legal representative; provided the retired member has
43 elected, when first eligible, to make, and has continuously made, in advance of his death
44 required contributions as determined by the Board of Trustees on a fully contributory basis,
45 through retirement allowance deductions or other methods adopted by the Board of Trustees, to
46 a group death benefit trust fund administered by the Board of Trustees separate and apart from
47 the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. This death
48 benefit shall be a lump-sum payment in the amount of ten thousand dollars (\$10,000) upon the
49 completion of 24 months of contributions required under this subsection. Should death occur
50 before the completion of 24 months of contributions required under this subsection, the
51 deceased retired member's designated beneficiary or beneficiaries, or surviving spouse if not

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

4 **SECTION 2.(b)** G.S. 128-27 is amended by adding a new subsection to read:

5 "(17) Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this
6 subsection, of the death of a retired member of the Retirement System on or after July 1, 2015,
7 there shall be paid a death benefit to the person or persons designated by the member or, if the
8 member has not designated a beneficiary, to the surviving spouse of the deceased retired
9 member or, if not survived by a designated beneficiary or spouse, to the deceased retired
10 member's legal representative; provided the retired member has elected, when first eligible, to
11 make, and has continuously made, in advance of his death required contributions as determined
12 by the Board of Trustees on a fully contributory basis, through retirement allowance deductions
13 or other methods adopted by the Board of Trustees, to a group death benefit trust fund
14 administered by the Board of Trustees separate and apart from the Retirement System's
15 Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum
16 payment in the amount of twelve thousand dollars (\$12,000) upon the completion of 24 months
17 of contributions required under this subsection. Should death occur before the completion of 24
18 months of contributions required under this subsection, the deceased retired member's
19 designated beneficiary or beneficiaries, or surviving spouse if not survived by a designated
20 beneficiary, or legal representative if not survived by a designated beneficiary or spouse, shall
21 be paid the sum of the retired member's contributions required by this subsection plus interest
22 to be determined by the Board of Trustees."

23 **SECTION 3.** G.S. 120-4.27 reads as rewritten:

24 **"§ 120-4.27. Death benefit.**

25 ...

26 Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a retired
27 member of the Retirement System or Retirement Fund on or after January 1, 2015, but before
28 July 1, 2015, there shall be paid a death benefit to the person or persons designated by the
29 member or, if the member has not designated a beneficiary, to the surviving spouse of the
30 deceased retired member or, if not survived by a designated beneficiary or spouse, to the
31 deceased retired member's legal representative; provided the retired member has elected, when
32 first eligible, to make, and has continuously made, in advance of his death required
33 contributions as determined by the Retirement System on a fully contributory basis, through
34 retirement allowance deductions or other methods adopted by the Retirement System, to a
35 group death benefit trust fund administered by the Board of Trustees separate and apart from
36 the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. This death
37 benefit shall be a lump-sum payment in the amount of ten thousand dollars (\$10,000) upon the
38 completion of 24 months of contributions required under this subsection. Should death occur
39 before the completion of 24 months of contributions required under this subsection, the
40 deceased retired member's designated beneficiary or beneficiaries, or surviving spouse if not
41 survived by a designated beneficiary, or legal representative if not survived by a designated
42 beneficiary or spouse, shall be paid the sum of the retired member's contributions required by
43 this subsection plus interest to be determined by the Board of Trustees.

44 Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a retired
45 member of the Retirement System or Retirement Fund on or after July 1, 2015, there shall be
46 paid a death benefit to the person or persons designated by the member or, if the member has
47 not designated a beneficiary, to the surviving spouse of the deceased retired member or, if not
48 survived by a designated beneficiary or spouse, to the deceased retired member's legal
49 representative; provided the retired member has elected, when first eligible, to make, and has
50 continuously made, in advance of his death required contributions as determined by the
51 Retirement System on a fully contributory basis, through retirement allowance deductions or

1 other methods adopted by the Retirement System, to a group death benefit trust fund
2 administered by the Board of Trustees separate and apart from the Retirement System's
3 Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum
4 payment in the amount of twelve thousand dollars (\$12,000) upon the completion of 24 months
5 of contributions required under this subsection. Should death occur before the completion of 24
6 months of contributions required under this subsection, the deceased retired member's
7 designated beneficiary or beneficiaries, or surviving spouse if not survived by a designated
8 beneficiary, or legal representative if not survived by a designated beneficiary or spouse, shall
9 be paid the sum of the retired member's contributions required by this subsection plus interest
10 to be determined by the Board of Trustees."

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

12 "(k) Upon the death of a retired member on or after January 1, 2015, but before July 1,
13 2015, there shall be paid a death benefit to the person or persons designated by the member or,
14 if the member has not designated a beneficiary, to the surviving spouse of the deceased retired
15 member or, if not survived by a designated beneficiary or spouse, to the deceased retired
16 member's legal representative; provided the retired member has elected, when first eligible, to
17 make, and has continuously made, in advance of his death required contributions as determined
18 by the Board of Trustees on a fully contributory basis, through retirement allowance deductions
19 or other methods adopted by the Board of Trustees, to a group death benefit trust fund
20 administered by the Board of Trustees separate and apart from the Retirement System's
21 Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum
22 payment in the amount of ten thousand dollars (\$10,000) upon the completion of 24 months of
23 contributions required under this subsection. Should death occur before the completion of 24
24 months of contributions required under this subsection, the deceased retired member's
25 designated beneficiary or beneficiaries, or surviving spouse if there is no surviving designated
26 beneficiary, or legal representative if not survived by a designated beneficiary or spouse, shall
27 be paid the sum of the retired member's contributions required by this subsection plus interest
28 to be determined by the Board of Trustees."

29 **SECTION 4.(b)** G.S. 135-64 is amended by adding a new subsection to read:

30 "(l) Upon the death of a retired member on or after July 1, 2015, there shall be paid a
31 death benefit to the person or persons designated by the member or, if the member has not
32 designated a beneficiary, to the surviving spouse of the deceased retired member or, if not
33 survived by a designated beneficiary or spouse, to the deceased retired member's legal
34 representative; provided the retired member has elected, when first eligible, to make, and has
35 continuously made, in advance of his death required contributions as determined by the Board
36 of Trustees on a fully contributory basis, through retirement allowance deductions or other
37 methods adopted by the Board of Trustees, to a group death benefit trust fund administered by
38 the Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund
39 and Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the
40 amount of twelve thousand dollars (\$12,000) upon the completion of 24 months of
41 contributions required under this subsection. Should death occur before the completion of 24
42 months of contributions required under this subsection, the deceased retired member's
43 designated beneficiary or beneficiaries, or surviving spouse if there is no surviving designated
44 beneficiary, or legal representative if not survived by a designated beneficiary or spouse, shall
45 be paid the sum of the retired member's contributions required by this subsection plus interest
46 to be determined by the Board of Trustees."

47 **SECTION 5.** This act becomes effective July 1, 2015, and applies to eligible
48 retirees who die on or after that date.