

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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HOUSE BILL 876

Short Title: 1% COLA/Bonus/TSERS/Funds. (Public)

Sponsors: Representatives Blackwell, Richardson, Hardister, and Hurley (Primary Sponsors).

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Appropriations, if favorable, Rules, Calendar, and Operations of the House

April 22, 2019

A BILL TO BE ENTITLED

AN ACT TO PROVIDE A PERMANENT COST-OF-LIVING ADJUSTMENT AND A ONE-TIME COST-OF-LIVING SUPPLEMENT FOR RETIREES OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 135-5 is amended by adding two new subsections to read:

"(xxx) From and after July 1, 2019, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 2018, shall be increased by one percent (1.0%) of the allowance payable on June 1, 2019, in accordance with G.S. 135-5(o). Furthermore, from and after July 1, 2019, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 2018, but before June 30, 2019, shall be increased by a prorated amount of one percent (1.0%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 2018, and June 30, 2019.

(yyy) On or before October 31, 2019, a one-time cost-of-living supplement payment shall be made to or on account of beneficiaries who are living as of September 1, 2019, and whose retirement commenced on or before September 1, 2019. The payment shall be one percent (1.0%) of the beneficiary's annual retirement allowance payable as of September 1, 2019, and shall not be prorated for date of retirement commencement. If the beneficiary dies before the payment is made, then the payment shall be payable to the member's legal representative. No beneficiary shall be deemed to have acquired a vested right to any future supplemental payments."

SECTION 1.(b) G.S. 135-65 is amended by adding two new subsections to read:

"(ii) From and after July 1, 2019, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 2018, shall be increased by one percent (1.0%) of the allowance payable on June 1, 2019. Furthermore, from and after July 1, 2019, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 2018, but before June 30, 2019, shall be increased by a prorated amount of one percent (1.0%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 2018, and June 30, 2019.

(jj) On or before October 31, 2019, a one-time cost-of-living supplement payment shall be made to or on account of beneficiaries who are living as of September 1, 2019, and whose retirement commenced on or before September 1, 2019. The payment shall be one percent (1.0%) of the beneficiary's annual retirement allowance payable as of September 1, 2019, and shall not



1 be prorated for date of retirement commencement. If the beneficiary dies before the payment is
2 made, then the payment shall be payable to the member's legal representative. No beneficiary
3 shall be deemed to have acquired a vested right to any future supplemental payments."

4 **SECTION 1.(c)** G.S. 120-4.22A is amended by adding two new subsections to read:

5 "(cc) In accordance with subsection (a) of this section, from and after July 1, 2019, the
6 retirement allowance to or on account of beneficiaries whose retirement commenced on or before
7 January 1, 2019, shall be increased by one percent (1.0%) of the allowance payable on June 1,
8 2019. Furthermore, from and after July 1, 2019, the retirement allowance to or on account of
9 beneficiaries whose retirement commenced after January 1, 2019, but before June 30, 2019, shall
10 be increased by a prorated amount of one percent (1.0%) of the allowance payable as determined
11 by the Board of Trustees based upon the number of months that a retirement allowance was paid
12 between January 1, 2019, and June 30, 2019.

13 (dd) In accordance with subsection (a) of this section, on or before October 31, 2019, a
14 one-time cost-of-living supplement payment shall be made to or on account of beneficiaries who
15 are living as of September 1, 2019, and whose retirement commenced on or before September 1,
16 2019. The payment shall be one percent (1.0%) of the beneficiary's annual retirement allowance
17 payable as of September 1, 2019, and shall not be prorated for date of retirement commencement.
18 If the beneficiary dies before the payment is made, then the payment shall be payable to the
19 member's legal representative. No beneficiary shall be deemed to have acquired a vested right to
20 any future supplemental payments."

21 **SECTION 2.(a)** There is appropriated from the General Fund to the Reserve for
22 Retiree Cost-of-Living Adjustments the sum of forty-eight million dollars (\$48,000,000) in
23 recurring funds for the 2019-2020 fiscal year and the sum of forty-eight million dollars
24 (\$48,000,000) in recurring funds for the 2020-2021 fiscal year to implement the cost-of-living
25 adjustment authorized by Section 1 of this act.

26 **SECTION 2.(b)** There is appropriated from the General Fund to the Reserve for
27 Retiree Cost-of-Living Adjustments the sum of thirty-seven million dollars (\$37,000,000) in
28 nonrecurring funds for the 2019-2020 fiscal year to implement the one-time cost-of-living
29 supplement authorized by Section 1 of this act. Notwithstanding any other provision of law to
30 the contrary, in order to administer the one-time cost-of-living supplement for retirees provided
31 in Section 1 of this act, the Retirement Systems Division of the Department of State Treasurer
32 may increase receipts from the retirement assets of the corresponding retirement system or pay
33 costs associated with the administration of the payment directly from the retirement assets.

34 **SECTION 3.** This act becomes effective July 1, 2019.