

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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HOUSE BILL 2054
PROPOSED COMMITTEE SUBSTITUTE H2054-PCS30519-LL-61

Short Title: Retirement Technical Corrections.

(Public)

Sponsors:

Referred to:

May 27, 2010

A BILL TO BE ENTITLED

AN ACT TO MAKE TECHNICAL CORRECTIONS TO THE STATUTES GOVERNING
THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM AND THE
LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM.

The General Assembly of North Carolina enacts:

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

"(g) Election of Optional Allowance. – With the provision that until the first payment on account of any benefit becomes normally due, or his first retirement check has been cashed, any member may elect to receive his benefits in a retirement allowance payable throughout life, or he may elect to receive the actuarial equivalent of such retirement allowance, including any special retirement allowance, in a reduced allowance payable throughout life under the provisions of one of the options set forth below. The election of ~~Option 2 or Option 3~~ Option 2, 3, or 6 or nomination of the person thereunder shall be revoked if such person nominated dies prior to the date the first payment becomes normally due or until the first retirement check has been cashed. Such election may be revoked by the member prior to the date the first payment becomes normally due or until his first retirement check has been cashed. Provided, however, in the event a member has elected ~~Option 2 or Option 3~~ Option 2, 3, or 5 and nominated his or her spouse to receive a retirement allowance upon the member's death, and the spouse predeceases the member after the first payment becomes normally due or the first retirement check has been cashed, if the member remarries he or she may request to nominate a new spouse to receive the retirement allowance under the previously elected option, within 90 days of the remarriage, and may nominate a new spouse to receive the retirement allowance under the previously elected option by written designation duly acknowledged and filed with the Board of Trustees within 120 days of the remarriage. The new nomination shall be effective on the first day of the month in which it is made and shall provide for a retirement allowance computed to be the actuarial equivalent of the retirement allowance in effect immediately prior to the effective date of the new nomination. Any member having elected ~~Options~~ Option 2, 3, 5, or 6 and nominated his or her spouse to receive a retirement allowance upon the member's death may, after divorce from his or her spouse, revoke the nomination and elect a new option, effective on the first day of the month in which the new option is elected, providing for a retirement allowance computed to be the actuarial equivalent of the retirement allowance in effect immediately prior to the effective date of the new option. Except as provided in this section, the member may not change the member's retirement benefit option or the member's designated beneficiary for survivor benefits, if any, after the member has cashed the first



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1 retirement check or after the 25th day of the month following the month in which the first check
2 is mailed, whichever comes first.

3 Option 1.(a) In the Case of a Member Who Retires prior to July 1, 1963. – If he dies
4 before he has received in annuity payments the present value of his annuity
5 as it was at the time of his retirement, the balance shall be paid to his legal
6 representatives or to such person as he shall nominate by written
7 designation duly acknowledged and filed with the Board of Trustees.

8 (b) In the Case of a Member Who Retires on or after July 1, 1963, but prior to
9 July 1, 1993. – If he dies within 10 years from his retirement date, an
10 amount equal to his accumulated contributions at retirement, less 1/120
11 thereof for each month for which he has received a retirement allowance
12 payment, shall be paid to his legal representatives or to such person as he
13 shall nominate by written designation duly acknowledged and filed with
14 the Board of Trustees; or

15 Option 2. Upon his death his reduced retirement allowance shall be continued throughout
16 the life of and paid to such person as he shall nominate by written designation duly
17 acknowledged and filed with the Board of Trustees at the time of his retirement, provided that
18 if the person selected is other than his spouse the reduced retirement allowance payable to the
19 member shall not be less than one half of the retirement allowance without optional
20 modification which would otherwise be payable to him; or

21 Option 3. Upon his death, one half of his reduced retirement allowance shall be continued
22 throughout the life of, and paid to such person as he shall nominate by written designation duly
23 acknowledged and filed with the Board of Trustees at the time of his retirement; or

24 Option 4. Adjustment of Retirement Allowance for Social Security Benefits. – Until the
25 first payment on account of any benefit becomes normally due, any member may elect to
26 convert his benefit otherwise payable on his account after retirement into a retirement
27 allowance of equivalent actuarial value of such amount that with his benefit under Title II of
28 the Federal Social Security Act, he will receive, so far as possible, approximately the same
29 amount per year before and after the earliest age at which he becomes eligible, upon application
30 therefor, to receive a social security benefit.

31 Option 5. For Members Retiring Prior to July 1, 1993. – The member may elect to receive a
32 reduced retirement allowance under the conditions of Option 2 or Option 3, as provided for
33 above, with the modification that if both he and the person nominated die within 10 years from
34 his retirement date, an amount equal to his accumulated contributions at retirement, less 1/120
35 thereof for each month for which a retirement allowance has been paid, shall be paid to his
36 legal representatives or to such person as he shall nominate by written designation duly
37 acknowledged and filed with the Board of Trustees.

38 Option 6. A member may elect either Option 2 or Option 3 with the added provision that in
39 the event the designated beneficiary predeceases the member, the retirement allowance payable
40 to the member after the designated beneficiary's death shall be equal to the retirement
41 allowance which would have been payable had the member not elected the option.

42 Upon the death of a member after the effective date of a retirement for which the member
43 has been approved and following receipt by the Board of Trustees of an election of benefits
44 (Form 6-E or Form 7-E) but prior to the cashing of the first benefit check, the retirement benefit
45 shall be payable as provided by the member's election of benefits under this subsection.

46 Upon the death of a member after the effective date of a retirement for which the member
47 has been approved but prior to the receipt by the Board of Trustees of an election of benefits
48 (Form 6-E or Form 7-E), properly acknowledged and filed by the member, the member's
49 designated beneficiary for a return of accumulated contributions may elect to receive the
50 benefit, if only one beneficiary is ~~named for~~ eligible to receive the return of accumulated
51 contributions. If more than one beneficiary is ~~named for~~ eligible to receive the return of

1 accumulated contributions, the administrator or executor of the member's estate will select an
2 option and name the beneficiary or beneficiaries."

3 **SECTION 1.(b)** G.S. 128-27(g) reads as rewritten:

4 "(g) Election of Optional Allowance. – With the provision that until the first payment on
5 account of any benefit becomes normally due, or his first retirement check has been cashed,
6 any member may elect to receive his benefits in a retirement allowance payable throughout life,
7 or he may elect to receive the actuarial equivalent of such retirement allowance, including any
8 special retirement allowance, in a reduced allowance payable throughout life under the
9 provisions of one of the Options set forth below. The election of ~~Option two or Option three~~
10 Option 2, 3, or 6 or nomination of the person thereunder shall be revoked if such person
11 nominated dies prior to the date the first payment becomes normally due or the first retirement
12 check has been cashed. Such election may be revoked by the member prior to the date the first
13 payment becomes normally due or his first retirement check has been cashed. Provided,
14 however, in the event a member has elected ~~Option 2 or Option 3~~ Option 2, 3, or 5 and
15 nominated his or her spouse to receive a retirement allowance upon the member's death, and the
16 spouse predeceases the member after the first payment becomes normally due or the first
17 retirement check has been cashed, if the member remarries he or she may request to nominate a
18 new spouse to receive the retirement allowance under the previously elected option, within 90
19 days of the remarriage, and may nominate a new spouse to receive the retirement allowance
20 under the previously elected option by written designation duly acknowledged and filed with
21 the Board of Trustees within 120 days of the remarriage. The new nomination shall be effective
22 on the first day of the month in which it is made and shall provide for a retirement allowance
23 computed to be the actuarial equivalent of the retirement allowance in effect immediately prior
24 to the effective date of the new nomination. Any member having elected ~~Options two, three, or~~
25 ~~six~~ Option 2, 3, 5, or 6 and nominated his or her spouse to receive a retirement allowance upon
26 the member's death may, after divorce from his or her spouse, revoke the nomination and elect
27 a new option, effective on the first day of the month in which the new option is elected,
28 providing for a retirement allowance computed to be the actuarial equivalent of the retirement
29 allowance in effect immediately prior to the effective date of the new option. Except as
30 provided in this section, the member may not change the member's retirement benefit option or
31 the member's designated beneficiary for survivor benefits, if any, after the member has cashed
32 the first retirement check or after the 25th day of the month following the month in which the
33 first check is mailed, whichever comes first.

34 Option one.

35 (a) In the Case of a Member Who Retires prior to July 1, 1965. – If he dies
36 before he has received in annuity payments the present value of his annuity
37 as it was at the time of his retirement, the balance shall be paid to such
38 person as he shall nominate by written designation duly acknowledged and
39 filed with the Board of Trustees or, if none, to his legal representative.

40 (b) In the Case of a Member Who Retires on or after July 1, 1965, but prior to
41 July 1, 1993. – If he dies within 10 years from his retirement date, an amount
42 equal to his accumulated contributions at retirement, less one
43 one-hundred-twentieth thereof for each month for which he has received a
44 retirement allowance payment, shall be paid to such person as he shall
45 nominate by written designation duly acknowledged and filed with the
46 Board of Trustees or, if none, to his legal representative; or

47 Option two. Upon his death his reduced retirement allowance shall be continued throughout
48 the life of and paid to such person as he shall nominate by written designation duly
49 acknowledged and filed with the Board of Trustees at the time of his retirement, provided that
50 if the person selected is other than his spouse the reduced retirement allowance payable to the

1 member shall not be less than one half of the retirement allowance without optional
2 modification which would otherwise be payable to him; or

3 Option three. Upon his death, one half of his reduced retirement allowance shall be
4 continued throughout the life of, and paid to such person as he shall nominate by written
5 designation duly acknowledged and filed with the Board of Trustees at the time of his
6 retirement; or

7 Option four. Adjustment of Retirement Allowance for Social Security Benefits. – Until the
8 first payment on account of any benefit becomes normally due, any member may elect to
9 convert his benefit otherwise payable on his account after retirement into a retirement
10 allowance of equivalent actuarial value of such amount that with his benefit under Title II of
11 the Federal Social Security Act, he will receive, so far as possible, approximately the same
12 amount per year before and after the earliest age at which he becomes eligible, upon application
13 therefor, to receive a social security benefit.

14 Option five. For Members Retiring prior to July 1, 1993. – The member may elect to
15 receive a reduced retirement allowance under the conditions of Option two or Option three, as
16 provided for above, with the modification that if both he and the person nominated die within
17 10 years from his retirement date, an amount equal to his accumulated contributions at
18 retirement, less 1/120th thereof for each month for which a retirement allowance has been paid,
19 shall be paid to his legal representatives or to such person as he shall nominate by written
20 designation duly acknowledged and filed with the Board of Trustees.

21 Option six. A member may elect either Option two or Option three with the added provision
22 that in the event the designated beneficiary predeceases the member, the retirement allowance
23 payable to the member after the designated beneficiary's death shall be equal to the retirement
24 allowance which would have been payable had the member not elected the option.

25 Upon the death of a member after the effective date of a retirement for which the member
26 has been approved and following receipt by the Board of Trustees of an election of benefits
27 (Form 6-E or Form 7-E) but prior to the cashing of the first benefit check, the retirement benefit
28 shall be payable as provided by the member's election of benefits under this subsection.

29 Upon the death of a member after the effective date of a retirement for which the member
30 has been approved but prior to the receipt by the Board of Trustees of an election of benefits
31 (Form 6-E or Form 7-E), properly acknowledged and filed by the member, the member's
32 designated beneficiary for a return of accumulated contributions may elect to receive the
33 benefit, if only one beneficiary is ~~named for~~ eligible to receive the return of accumulated
34 contributions. If more than one beneficiary is ~~named for~~ eligible to receive the return of
35 accumulated contributions, the administrator or executor of the member's estate will select an
36 option and name the beneficiary or beneficiaries."

37 **SECTION 2.(a)** G.S. 135-5(m) reads as rewritten:

38 "(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the ~~principal~~
39 beneficiary designated to receive a return of accumulated contributions shall have the right to
40 elect to receive in lieu thereof the reduced retirement allowance provided by Option 2 of
41 subsection (g) above computed by assuming that the member had retired on the first day of the
42 month following the date of his death, provided that all four of the following conditions apply:

- 43 (1) a. The member had attained such age and/or creditable service to be
44 eligible to commence retirement with an early or service retirement
45 allowance, or
46 b. The member had obtained 20 years of creditable service in which
47 case the retirement allowance shall be computed in accordance with
48 G.S. 135-5(b19)(1)b. or G.S. 135-5(b19)(2)c., notwithstanding the
49 requirement of obtaining age 50, or
50 b1. The member was a law enforcement officer who had obtained 15
51 years of service as a law enforcement officer and was killed in the

1 line of duty, in which case the retirement allowance shall be
 2 computed in accordance with G.S. 135-5(b19)(1)b., notwithstanding
 3 the requirement of obtaining age ~~50~~, 50.

4 e. ~~The member had not commenced to receive a retirement allowance~~
 5 ~~as provided under this Chapter.~~

6 (2) ~~The member had designated as the principal beneficiary. At the time of the~~
 7 ~~member's death, one and only one beneficiary is eligible to receive a return~~
 8 ~~of his accumulated contributions one and only one person who was living at~~
 9 ~~the time of his death.~~ contributions.

10 (3) The member had not instructed the Board of Trustees in writing that he did
 11 not wish the provisions of this subsection to apply.

12 (4) The member had not commenced to receive a retirement allowance as
 13 provided under this Chapter.

14 For the purpose of this benefit, a member is considered to be in service at
 15 the date of his death if his death occurs within 180 days from the last day of
 16 his actual service. The last day of actual service shall be determined as
 17 provided in subsection (l) of this section. Upon the death of a member in
 18 service, the surviving spouse may make all purchases for creditable service
 19 as provided for under this Chapter for which the member had made
 20 application in writing prior to the date of death, provided that the date of
 21 death occurred prior to or within 60 days after notification of the cost to
 22 make the purchase. The term "in service" as used in this subsection includes
 23 a member in receipt of a benefit under the Disability Income Plan as
 24 provided in Article 6 of this Chapter.

25 Notwithstanding the foregoing, a member who is in receipt of Workers'
 26 Compensation during the period for which the member would have
 27 otherwise been eligible to receive short-term benefits, as provided in
 28 G.S. 135-105, and who dies on or after 181 days from the last day of the
 29 member's actual service but on or before the date the benefits as provided in
 30 G.S. 135-105 would have ended, shall be considered in service at the time of
 31 the member's death for the purpose of this benefit.

32 For the purpose of calculating this benefit any terminal payouts made
 33 after the date of death that meet the definition of compensation shall be
 34 credited to the month prior to the month of death. These terminal payouts do
 35 not include salary or wages paid for work performed during the month of
 36 death."

37 **SECTION 2.(b)** G.S. 128-27(m) reads as rewritten:

38 "(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the ~~principal~~
 39 beneficiary designated to receive a return of accumulated contributions shall have the right to
 40 elect to receive in lieu thereof the reduced retirement allowance provided by Option two of
 41 subsection (g) above computed by assuming that the member had retired on the first day of the
 42 month following the date of his death, provided that all ~~three~~ four of the following conditions
 43 apply:

- 44 (1) a. The member had attained such age and/or creditable service to be
 45 eligible to commence retirement with an early or service retirement
 46 allowance, or
 47 b. The member had obtained 20 years of creditable service in which
 48 case the retirement allowance shall be computed in accordance with
 49 G.S. 128-27(b21)(1)b. or G.S. 128-27(b21)(2)c., notwithstanding the
 50 requirement of obtaining age 50, or

1 b1. The member was a law enforcement officer who had obtained 15
2 years of service as a law enforcement officer and was killed in the
3 line of duty, in which case the retirement allowance shall be
4 computed in accordance with G.S. 128-27(b21)(1)b., notwithstanding
5 the requirement of obtaining age 50, ~~or 50.~~

6 e. ~~The member had not commenced to receive a retirement allowance
7 as provided under this Chapter.~~

8 (2) ~~The member had designated as the principal beneficiary~~ At the time of the
9 member's death, one and only one beneficiary is eligible to receive a return
10 of his accumulated ~~contributions one and only one person who is living at~~
11 ~~the time of his death.~~ contributions.

12 (3) The member had not instructed the Board of Trustees in writing that he did
13 not wish the provisions of this subsection apply.

14 (4) The member had not commenced to receive a retirement allowance as
15 provided under this Chapter.

16 For the purpose of this benefit, a member is considered to be in service at the date of his
17 death if his death occurs within 180 days from the last day of his actual service. The last day of
18 actual service shall be determined as provided in subsection (l) of this section. Upon the death
19 of a member in service, the surviving spouse may make all purchases for creditable service as
20 provided for under this Chapter for which the member had made application in writing prior to
21 the date of death, provided that the date of death occurred prior to or within 60 days after
22 notification of the cost to make the purchase.

23 For the purpose of calculating this benefit, any terminal payouts made after the date of
24 death that meet the definition of compensation shall be credited to the month prior to the month
25 of death. These terminal payouts do not include salary or wages paid for work performed
26 during the month of death."

27 **SECTION 3.(a)** G.S. 135-45.2(f) reads as rewritten:

28 "(f) Former employees who are receiving disability retirement benefits or disability
29 income benefits pursuant to Article 6 of Chapter 135 of the General Statutes, Statutes or who
30 are approved for those benefits but not in receipt of the benefits due to lump-sum payouts of
31 vacation and bonus leave, provided the former employee has at least five years of ~~retirement~~
32 ~~membership service, contributory retirement service with an employing unit of a~~
33 State-supported retirement system, shall be eligible for the benefit provisions of this Plan, as set
34 forth in this Part, on a noncontributory basis. Such coverage shall terminate as of the end of the
35 month in which such former employee is no longer eligible for disability retirement benefits or
36 disability income benefits pursuant to Article 6 of this Chapter."

37 **SECTION 3.(b)** G.S. 135-5(l) reads as rewritten:

38 "(l) Death Benefit Plan. – There is hereby created a Group Life Insurance Plan
39 (hereinafter called the "Plan") which is established as an employee welfare benefit plan that is
40 separate and apart from the Retirement System and under which the members of the Retirement
41 System shall participate and be eligible for group life insurance benefits. Upon receipt of proof,
42 satisfactory to the Board of Trustees in their capacity as trustees under the Group Life
43 Insurance Plan, of the death, in service, of a member who had completed at least one full
44 calendar year of membership in the Retirement System, there shall be paid to such person as he
45 shall have nominated by electronic submission prior to completing 10 years of service in a form
46 approved by the Board of Trustees or by written designation duly acknowledged and filed with
47 the Board of Trustees, if such person is living at the time of the member's death, otherwise to
48 the member's legal representatives, a death benefit. Such death benefit shall be equal to the
49 greater of:

50 (1) The compensation on which contributions were made by the member during
51 the calendar year preceding the year in which his death occurs, or

1 (2) The greatest compensation on which contributions were made by the
2 member during a 12-month period of service within the 24-month period of
3 service ending on the last day of the month preceding the month in which his
4 last day of actual service occurs;

5 (3), (4) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1049, s. 2.
6 subject to a minimum of twenty-five thousand dollars (\$25,000) and to a maximum of fifty
7 thousand dollars (\$50,000). Such death benefit shall be payable apart and separate from the
8 payment of the member's accumulated contributions under the System on his death pursuant to
9 the provisions of subsection (f) of this section. For the purpose of the Plan, a member shall be
10 deemed to be in service at the date of his death if his death occurs within 180 days from the last
11 day of his actual service.

12 The death benefit provided in this subsection (l) shall not be payable, notwithstanding the
13 member's compliance with all the conditions set forth in the preceding paragraph, if his death
14 occurs

- 15 (1) After December 31, 1968 and after he has attained age 70; or
- 16 (2) After December 31, 1969 and after he has attained age 69; or
- 17 (3) After December 31, 1970 and after he has attained age 68; or
- 18 (4) After December 31, 1971 and after he has attained age 67; or
- 19 (5) After December 31, 1972 and after he has attained age 66; or
- 20 (6) After December 31, 1973 and after he has attained age 65; or
- 21 (7) After December 31, 1978, but before January 1, 1987, and after he has
22 attained age 70.

23 Notwithstanding the above provisions, the death benefit shall be payable on account of the
24 death of any member who died or dies on or after January 1, 1974, but before January 1, 1979,
25 after attaining age 65, if he or she had not yet attained age 65, if he or she had not yet attained
26 age 66, was at the time of death completing the work year for those individuals under specific
27 contract, or during the fiscal year for those individuals not under specific contract, in which he
28 or she attained 65, and otherwise met all conditions for payment of the death benefit.

29 Notwithstanding the above provisions, the Board of Trustees may and is specifically
30 authorized to provide the death benefit according to the terms and conditions otherwise
31 appearing in this Plan in the form of group life insurance, either (i) by purchasing a contract or
32 contracts of group life insurance with any life insurance company or companies licensed and
33 authorized to transact business in this State for the purpose of insuring the lives of members in
34 service, or (ii) by establishing a separate trust fund qualified under Section 501(c)(9) of the
35 Internal Revenue Code of 1954, as amended, for such purpose. To that end the Board of
36 Trustees is authorized, empowered and directed to investigate the desirability of utilizing group
37 life insurance by either of the foregoing methods for the purpose of providing the death benefit.
38 If a separate trust fund is established, it shall be operated in accordance with rules and
39 regulations adopted by the Board of Trustees and all investment earnings on the trust fund shall
40 be credited to such fund.

41 In administration of the death benefit the following shall apply:

- 42 (1) For the purpose of determining eligibility only, in this subsection "calendar
43 year" shall mean any period of 12 consecutive months or, if less, the period
44 covered by an annual contract of employment. For all other purposes in this
45 subsection "calendar year" shall mean the 12 months beginning January 1
46 and ending December 31.
- 47 (2) Last day of actual service shall be:
 - 48 a. When employment has been terminated, the last day the member
49 actually worked.
 - 50 b. When employment has not been terminated, the date on which an
51 absent member's sick and annual leave expire, unless he is on

1 approved leave of absence and is in service under the provisions of
2 G.S. 135-4(h).

3 c. When a participant's employment is interrupted by reason of service
4 in the Uniformed Services, as that term is defined in section 4303(16)
5 of the Uniformed Services Employment and Reemployment Rights
6 Act, Public Law 103-353, and the participant does not return
7 immediately after that service to employment with a covered
8 employer in this System, the date on which the participant was first
9 eligible to be separated or released from his or her involuntary
10 military service.

11 (3) For a period when a member is on leave of absence, his status with respect to
12 the death benefit will be determined by the provisions of G.S. 135-4(h).

13 (4) A member on leave of absence from his position as a teacher or State
14 employee for the purpose of serving as a member or officer of the General
15 Assembly shall be deemed to be in service during sessions of the General
16 Assembly and thereby covered by the provisions of the death benefit. The
17 amount of the death benefit for such member shall be the equivalent of the
18 salary to which the member would have been entitled as a teacher or State
19 employee during the 12-month period immediately prior to the month in
20 which death occurred, not to be less than twenty-five thousand dollars
21 (\$25,000) nor to exceed fifty thousand dollars (\$50,000).

22 The provisions of the Retirement System pertaining to Administration, G.S. 135-6, and
23 management of funds, G.S. 135-7, are hereby made applicable to the Plan.

24 A member who is a beneficiary of the Disability Income Plan provided for in Article 6 of
25 this Chapter, or a member who is in receipt of Workers' Compensation during the period for
26 which he or she would have otherwise been eligible to receive short-term benefits or extended
27 short-term benefits as provided in G.S. 135-105 and dies on or after 181 days from the last day
28 of his or her actual service but prior to the date the benefits as provided in G.S. 135-105 would
29 have ended, shall be eligible for group life insurance benefits as provided in this subsection,
30 notwithstanding that the member is no longer an employee or teacher or that the member's
31 death occurs after the eligibility period after active service. The basis of the death benefit
32 payable hereunder shall be the higher of the death benefit computed as above or a death benefit
33 based on compensation used in computing the benefit payable under G.S. 135-105 and
34 G.S. 135-106, as may be adjusted for percentage post-disability increases, all subject to the
35 maximum dollar limitation as provided above. A member in receipt of benefits from the
36 Disability Income Plan under the provisions of G.S. 135-112 whose right to a benefit accrued
37 under the former Disability Salary Continuation Plan shall not be covered under the provisions
38 of this paragraph.

39 Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this
40 subsection, of the death of a retired member of the Retirement System on or after July 1, 1988,
41 but before January 1, 1999, there shall be paid a death benefit to the surviving spouse of the
42 deceased retired member or to the deceased retired member's legal representative if not
43 survived by a spouse; provided the retired member has elected, when first eligible, to make, and
44 has continuously made, in advance of his death required contributions as determined by the
45 Board of Trustees on a fully contributory basis, through retirement allowance deductions or
46 other methods adopted by the Board of Trustees, to a group death benefit trust fund
47 administered by the Board of Trustees separate and apart from the Retirement System's
48 Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum
49 payment in the amount of five thousand dollars (\$5,000) upon the completion of twenty-four
50 months of contributions required under this subsection. Should death occur before the
51 completion of twenty-four months of contributions required under this subsection, the deceased

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

4 Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this
5 subsection, of the death of a retired member of the Retirement System on or after January 1,
6 1999, but before July 1, 2004, there shall be paid a death benefit to the surviving spouse of the
7 deceased retired member or to the deceased retired member's legal representative if not
8 survived by a spouse; provided the retired member has elected, when first eligible, to make, and
9 has continuously made, in advance of his death required contributions as determined by the
10 Board of Trustees on a fully contributory basis, through retirement allowance deductions or
11 other methods adopted by the Board of Trustees, to a group death benefit trust fund
12 administered by the Board of Trustees separate and apart from the Retirement System's
13 Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum
14 payment in the amount of six thousand dollars (\$6,000) upon the completion of 24 months of
15 contributions required under this subsection. Should death occur before the completion of 24
16 months of contributions required under this subsection, the deceased retired member's surviving
17 spouse or legal representative if not survived by a spouse shall be paid the sum of the retired
18 member's contributions required by this subsection plus interest to be determined by the Board
19 of Trustees.

20 Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this
21 subsection, of the death of a retired member of the Retirement System on or after July 1, 2004,
22 but before July 1, 2007, there shall be paid a death benefit to the surviving spouse of the
23 deceased retired member or to the deceased retired member's legal representative if not
24 survived by a spouse; provided the retired member has elected, when first eligible, to make, and
25 has continuously made, in advance of his death required contributions as determined by the
26 Board of Trustees on a fully contributory basis, through retirement allowance deductions or
27 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 nine thousand dollars (\$9,000) upon the
30 completion of 24 months of contributions required under this subsection. Should death occur
31 before the completion of 24 months of contributions required under this subsection, the
32 deceased retired member's surviving spouse or legal representative if not survived by a spouse
33 shall be paid the sum of the retired member's contributions required by this subsection plus
34 interest to be determined by the Board of Trustees.

35 Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this
36 subsection, of the death of a retired member of the Retirement System on or after July 1, 2007,
37 there shall be paid a death benefit to the surviving spouse of the deceased retired member or to
38 the deceased retired member's legal representative if not survived by a spouse; provided the
39 retired member has elected, when first eligible, to make, and has continuously made, in
40 advance of his death required contributions as determined by the Board of Trustees on a fully
41 contributory basis, through retirement allowance deductions or other methods adopted by the
42 Board of Trustees, to a group death benefit trust fund administered by the Board of Trustees
43 Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the
44 amount of ten thousand dollars (\$10,000) upon the completion of 24 months of contributions
45 required under this subsection. Should death occur before the completion of 24 months of
46 contributions required under this subsection, the deceased retired member's surviving spouse or
47 legal representative if not survived by a spouse shall be paid the sum of the retired member's
48 contributions required by this subsection plus interest to be determined by the Board of
49 Trustees."

50 **SECTION 4.(a)** G.S. 135-3(8)d. reads as rewritten:

1 "d. Should a beneficiary who retired on an early or service retirement
2 allowance under this Chapter be restored to service as an employee
3 or teacher, then the retirement allowance shall cease as of the first of
4 the month following the month in which the beneficiary is restored to
5 service and the beneficiary shall become a member of the Retirement
6 System and shall contribute thereafter as allowed by law at the
7 uniform contribution payable by all members.

8 Upon his subsequent retirement, he shall be paid a retirement
9 allowance determined as follows:

10 1. For a member who earns at least three years' membership
11 service after restoration to service, the retirement allowance
12 shall be computed on the basis of his compensation and
13 service before and after the period of prior retirement without
14 restrictions; provided, that if the prior allowance was based
15 on a social security leveling payment option, the allowance
16 shall be adjusted actuarially for the difference between the
17 amount received under the optional payment and what would
18 have been paid if the retirement allowance had been paid
19 without optional modification. In the alternative, the member
20 may receive a refund of the member's accumulated
21 contributions for the period of service after restoration to
22 service in accordance with G.S. 135-5(f).

23 2. For a member who does not earn three years' membership
24 service after restoration to service, the retirement allowance
25 shall be equal to the sum of the retirement allowance to which
26 he would have been entitled had he not been restored to
27 service, without modification of the election of an optional
28 allowance previously made, and the retirement allowance that
29 results from service earned since being restored to service;
30 provided, that if the prior retirement allowance was based on
31 a social security leveling payment option, the prior allowance
32 shall be adjusted actuarially for the difference between the
33 amount that would have been paid for each month had the
34 payment not been suspended and what would have been paid
35 if the retirement allowance had been paid without optional
36 modification. In the alternative, the member may receive a
37 refund of the member's accumulated contributions for the
38 period of service after restoration to service in accordance
39 with G.S. 135-5(f), or the member may allow this new
40 account to remain inactive."

41 **SECTION 4.(b)** G.S. 128-24(5)d. reads as rewritten:

42 "d. Should a beneficiary who retired on an early or service retirement
43 allowance be restored to service as an employee, then the retirement
44 allowance shall cease as of the first day of the month following the
45 month in which the beneficiary is restored to service and the
46 beneficiary shall become a member of the Retirement System and
47 shall contribute thereafter as allowed by law at the uniform
48 contribution payable by all members.

49 Upon his subsequent retirement, he shall be paid a retirement
50 allowance determined as follows:

- 1 1. For a member who earns at least three years' membership
2 service after restoration to service, the retirement allowance
3 shall be computed on the basis of his compensation and
4 service before and after the period of prior retirement without
5 restriction; provided, that if the prior allowance was based on
6 a social security leveling payment option, the allowance shall
7 be adjusted actuarially for the difference between the amount
8 received under the optional payment and what would have
9 been paid if the retirement allowance had been paid without
10 optional modification. In the alternative, the member may
11 receive a refund of the member's accumulated contributions
12 for the period of service after restoration to service in
13 accordance with G.S. 128-27(f).
14 2. For a member who does not earn three years' membership
15 service after restoration to service, the retirement allowance
16 shall be equal to the sum of the retirement allowance to which
17 he would have been entitled had he not been restored to
18 service, without modification of the election of an optional
19 allowance previously made, and the retirement allowance that
20 results from service earned since being restored to service;
21 provided, that if the prior retirement allowance was based on
22 a social security leveling payment option, the prior allowance
23 shall be adjusted actuarially for the difference between the
24 amount that would have been paid for each month had the
25 payment not been suspended and what would have been paid
26 if the retirement allowance had been paid without optional
27 modification. In the alternative, the member may receive a
28 refund of the member's accumulated contributions for the
29 period of service after restoration to service in accordance
30 with G.S. 128-27(f), or the member may allow this new
31 account to remain inactive."

32 **SECTION 5.(a)** G.S. 135-4(gg) reads as rewritten:

33 "(gg) If a member who is an elected government official and has not vested in this System
34 on July 1, 2007, is convicted of an offense listed in G.S. 135-18.10 for acts committed after
35 July 1, 2007, then that member shall forfeit all benefits under this ~~System~~. System, except for a
36 return of member contributions plus interest. If a member who is an elected government official
37 and has vested in this System on July 1, 2007, is convicted of an offense listed in
38 G.S. 135-18.10 for acts committed after July 1, 2007, then that member is not entitled to any
39 creditable service that accrued after July 1, 2007. No member shall forfeit any benefit or
40 creditable service earned from a position not as an elected government official."

41 **SECTION 5.(b)** G.S. 128-26(w) reads as rewritten:

42 "(w) If a member who is an elected government official and has not vested in this System
43 on July 1, 2007, is convicted of an offense listed in G.S. 128-38.4 for acts committed after July
44 1, 2007, then that member shall forfeit all benefits under this ~~System~~. System, except for a
45 return of member contributions plus interest. If a member who is an elected government official
46 and has vested in this System on July 1, 2007, is convicted of an offense listed in G.S. 128-38.4
47 for acts committed after July 1, 2007, then that member is not entitled to any creditable service
48 that accrued after July 1, 2007. No member shall forfeit any benefit or creditable service earned
49 from a position not as an elected government official."

50 **SECTION 6.(a)** G.S. 135-10.1 reads as rewritten:

51 "**§ 135-10.1. Failure to respond.**

1 If a member fails to respond ~~in any way~~ within ~~90~~ 120 days after preliminary option figures
2 and the Form 6-E or Form 7-E are mailed, or if a member fails to respond within 120 days after
3 the effective date of retirement, whichever is later, the Form 6 or Form 7 shall be null and void;
4 the retirement system shall not be liable for any benefits due on account of the voided
5 application, and a new application must be filed establishing a subsequent effective date of
6 retirement. If an applicant for disability retirement fails to furnish requested additional medical
7 information within 90 days following such request, the application shall be declared null and
8 void under the same conditions outlined above, unless the applicant is eligible for early or
9 service retirement in which case the application shall be processed accordingly, using the same
10 effective date as would have been used had the application for disability retirement been
11 approved. The Director of the Retirement Systems Division, acting on behalf of the Board of
12 Trustees, may extend the ~~90-day~~ 120-day limitation provided for in this section when a member
13 has suffered incapacitation such that a reasonable person would not have expected the member
14 to be able to complete the required paperwork within the regular deadline, or when an omission
15 by the Retirement Systems Division prevents the member from having sufficient time to meet
16 the regular deadline."

17 **SECTION 6.(b)** G.S. 128-32.1 reads as rewritten:

18 "**§ 128-32.1. Failure to respond.**

19 If a member fails to respond ~~in any way~~ within ~~90~~ 120 days after preliminary option figures
20 and the Form 6-E or Form 7-E are mailed, or if a member fails to respond within 120 days after
21 the effective date of retirement, whichever is later, the Form 6 or Form 7 shall be null and void;
22 the retirement system shall not be liable for any benefits due on account of the voided
23 application, and a new application must be filed establishing a subsequent effective date of
24 retirement. If an applicant for disability retirement fails to furnish requested additional medical
25 information within 90 days following such request, the application shall be declared null and
26 void under the same conditions outlined above, unless the applicant is eligible for early or
27 service retirement in which case the application shall be processed accordingly, using the same
28 effective date as would have been used had the application for disability retirement been
29 approved. The Director of the Retirement Systems Division, acting on behalf of the Board of
30 Trustees, may extend the ~~90-day~~ 120-day limitation provided for in this section when a member
31 has suffered incapacitation such that a reasonable person would not have expected the member
32 to be able to complete the required paperwork within the regular deadline, or when an omission
33 by the Retirement Systems Division prevents the member from having sufficient time to meet
34 the regular deadline."

35 **SECTION 7.** G.S. 135-106(b) reads as rewritten:

36 "(b) After the commencement of benefits under this section, the benefits payable under
37 the terms of this section during the first 36 months of the long-term disability period shall be
38 equal to sixty-five percent (65%) of 1/12th of the annual base rate of compensation last payable
39 to the participant or beneficiary prior to the beginning of the short-term disability period as may
40 be adjusted for percentage increases as provided under G.S. 135-108, plus sixty-five percent
41 (65%) of 1/12th of the annual longevity payment to which the participant or beneficiary would
42 be eligible, to a maximum of three thousand nine hundred dollars (\$3,900) per month reduced
43 by any primary Social Security disability benefits and by monthly payments for Workers'
44 Compensation to which the participant or beneficiary may be entitled. When primary Social
45 Security disability benefits are increased by cost-of-living adjustments, the increased reduction
46 shall be applied in the first month following the month in which the member becomes entitled
47 to the increased Social Security benefit. The monthly benefit shall be further reduced by the
48 amount of any monthly payments from the federal Department of Veterans Affairs, any other
49 federal agency or any payments made under the provisions of G.S. 127A-108, to which the
50 participant or beneficiary may be entitled on account of the same disability. Provided, in any
51 event, the benefit payable shall be no less than ten dollars (\$10.00) a month. However, a

1 disabled participant may elect to receive any salary continuation as provided in G.S. 135-104 in
2 lieu of long-term disability benefits; provided such election shall not extend the first 36
3 consecutive calendar months of the long-term disability period. An election to receive any
4 salary continuation for any part of any given day shall be in lieu of any long-term benefit
5 payable for that day, provided further, any lump-sum payout for vacation leave shall be treated
6 as if the beneficiary or participant had exhausted the leave and shall be in lieu of any long-term
7 benefit otherwise payable. Provided that, in any event, a beneficiary's benefit shall be reduced
8 during the first 36 months of the long-term disability period by an amount, as determined by
9 the Board of Trustees, equal to a primary Social Security retirement benefit to which the
10 beneficiary might be entitled.

11 After 36 months of long-term disability, no further benefits are payable under the terms of
12 this section unless the member has been approved and is in receipt of primary Social Security
13 disability benefits. In that case the benefits payable shall be equal to sixty-five percent (65%) of
14 1/12th of the annual base rate of compensation last payable to the participant or beneficiary
15 prior to the beginning of the short-term disability period as may be adjusted for percentage
16 increases as provided under G.S. 135-108, plus sixty-five percent (65%) of 1/12th of the annual
17 longevity payment to which the participant or beneficiary would be eligible, to a maximum of
18 three thousand nine hundred dollars (\$3,900) per month reduced by the primary Social Security
19 disability benefits and by monthly payments for Workers' Compensation to which the
20 participant or beneficiary may be entitled. When primary Social Security disability benefits are
21 increased by cost-of-living adjustments, the increased reduction shall be applied in the first
22 month following the month in which the member becomes entitled to the increased Social
23 Security benefit. The monthly benefit shall be further reduced by the amount of any monthly
24 payments from the federal Department of Veterans Affairs, for payments from any other
25 federal agency, or for any payments made under the provisions of G.S. 127A-108, to which the
26 participant or beneficiary may be entitled on account of the same disability. Provided, in any
27 event, the benefit payable shall be no less than ten dollars (\$10.00) a month.

28 Notwithstanding the foregoing, the long-term disability benefit is payable so long as the
29 beneficiary is disabled and is in receipt of a primary Social Security disability benefit until the
30 earliest date at which the beneficiary is eligible for an unreduced service retirement allowance
31 from the Retirement System, at which time the beneficiary would receive a retirement
32 allowance calculated on the basis of the beneficiary's average final compensation at the time of
33 disability as adjusted to reflect compensation increases subsequent to the time of disability and
34 the creditable service accumulated by the beneficiary, including creditable service while in
35 receipt of benefits under the Plan. In the event the beneficiary has not been approved and is not
36 in receipt of a primary Social Security disability benefit, the long-term disability benefit shall
37 cease after the first 36 months of the long-term disability period. However, a beneficiary shall
38 be entitled to a restoration of the long-term disability benefit in the event the Social Security
39 Administration grants a retroactive approval for primary Social Security disability benefits with
40 a benefit effective date within the first 36 months of the long-term disability period. In such
41 event, the long-term disability benefit shall be restored retroactively to the date of cessation."

42 **SECTION 8.(a)** G.S. 135-8(b2) reads as rewritten:

43 "(b2) Retroactive Adjustment in Compensation or an Underreporting of Compensation. –
44 A member or beneficiary who is awarded backpay in cases of a denied promotional opportunity
45 or wrongful demotion in which the aggrieved member or beneficiary is granted a promotion or
46 a demotion is reversed retroactively, or in cases in which an employer errs in the reporting of
47 compensation, including the employee and employer contributions, the member or beneficiary
48 and employer may make employee and employer contributions on the retroactive or additional
49 compensation, after submitting clear and convincing evidence of the retroactive promotion or
50 underreporting of compensation, as follows:

- 1 (1) Within 90 days of the denial of the promotion or the error in reporting, by
2 the payment of employee and employer contributions that would have been
3 paid; or
- 4 (2) After 90 days of the denial of the promotion or the error in reporting, by the
5 payment of the employee and employer contributions that would have been
6 paid plus interest compounded annually at a rate equal to the greater of the
7 average yield on the pension accumulation fund for the preceding calendar
8 year or the actuarial investment rate-of-return assumption, as adopted by the
9 Board of Trustees.

10 For members or beneficiaries electing to make the employee contributions on the
11 retroactive adjustment in compensation or on the underreported compensation, the member's or
12 beneficiary's employer, which granted the retroactive promotion or erred in underreporting
13 compensation and contributions, shall make the required employer contributions. Nothing
14 contained in this subsection shall prevent an employer from paying all or a part of the interest
15 assessed on the employee contributions; and to the extent paid by the employer, the interest
16 paid by the employer shall be credited to the pension accumulation fund; provided, however, an
17 employer does not discriminate against any member or beneficiary or group of members or
18 beneficiaries in his employ in paying all or any part of the interest assessed on the employee
19 contributions due.

20 In the event the retroactive adjustment in compensation or the underreported compensation
21 is for a period that occurs during the four consecutive calendar years that would have produced
22 the highest average annual compensation pursuant to G.S. 135-1(5) the compensation the
23 member or beneficiary would have received during the period shall be included in calculating
24 the member's or beneficiary's average final compensation only in the event the appropriate
25 employee and employer contributions are paid on such compensation.

26 An employer error in underreporting compensation shall not include a retroactive increase
27 in compensation that occurs during the four consecutive calendar years that would have
28 produced the highest average annual compensation pursuant to G.S. 135-1(5) for reasons other
29 than a wrongfully denied promotional opportunity or wrongful demotion where the member is
30 promoted or the demotion is reversed retroactively."

31 **SECTION 8.(b)** G.S. 128-30(b2) reads as rewritten:

32 "(b2) Retroactive Adjustment in Compensation or an Underreporting of Compensation. –
33 A member or beneficiary who is awarded backpay in cases of a denied promotional opportunity
34 or wrongful demotion in which the aggrieved member or beneficiary is granted a promotion or
35 a demotion is reversed retroactively, or in cases in which an employer errs in the reporting of
36 compensation, including the employee and employer contributions, the member or beneficiary
37 and employer may make employee and employer contributions on the retroactive or additional
38 compensation after submitting clear and convincing evidence of the retroactive promotion or
39 underreporting of compensation, as follows:

- 40 (1) Within 90 days of the denial of the promotion or the error in reporting, by
41 the payment of employee and employer contributions that would have been
42 paid; or
- 43 (2) After 90 days of the denial of the promotion or the error in reporting, by the
44 payment of the employee and employer contributions that would have been
45 paid plus interest compounded annually at a rate equal to the greater of the
46 average yield on the pension accumulation fund for the preceding calendar
47 year or the actuarial investment rate-of-return assumption, as adopted by the
48 Board of Trustees.

49 For members or beneficiaries electing to make the employee contributions on the
50 retroactive adjustment in compensation or on the underreported compensation, the member's or
51 beneficiary's employer, which granted the retroactive promotion or erred in underreporting

1 compensation and contributions, shall make the required employer contributions. Nothing
2 contained in this subsection shall prevent an employer from paying all or a part of the interest
3 assessed on the employee contributions; and to the extent paid by the employer, the interest
4 paid by the employer shall be credited to the pension accumulation fund; provided, however, an
5 employer does not discriminate against any member or beneficiary or group of members or
6 beneficiaries in his employ in paying all or any part of the interest assessed on the employee
7 contributions due.

8 In the event the retroactive adjustment in compensation or the underreported compensation
9 is for a period that occurs during the four consecutive calendar years that would have produced
10 the highest average annual compensation pursuant to G.S. 135-1(5), the compensation the
11 member or beneficiary would have received during the period shall be included in calculating
12 the member's or beneficiary's average final compensation only in the event the appropriate
13 employee and employer contributions are paid on such compensation.

14 An employer error in underreporting compensation shall not include a retroactive increase
15 in compensation that occurs during the four consecutive calendar years that would have
16 produced the highest average annual compensation pursuant to G.S. 135-1(5), for reasons other
17 than a wrongfully denied promotional opportunity or wrongful demotion where the member is
18 promoted or the demotion is reversed retroactively."

19 **SECTION 9.(a)** G.S. 135-5(g1) reads as rewritten:

20 "(g1) In the event of the death of a retired member while in receipt of a retirement
21 allowance under the provisions of this Article, there shall be paid to such person or persons as
22 the retiree shall have nominated by electronic submission in a form approved by the Board of
23 Trustees or by written designation duly acknowledged and filed with the Board of Trustees, if
24 such person or persons are living at the time of the retiree's death, otherwise to the retiree's
25 legal representatives, a death benefit equal to the excess, if any, of the accumulated
26 contributions of the retiree at the date of retirement over the total of the retirement allowances
27 paid prior to the death of the retiree. ~~For purposes of this paragraph, the term "accumulated~~
28 ~~contributions" includes amounts of employee voluntary contributions that were transferred~~
29 ~~from the Supplemental Retirement Income Plan of North Carolina to this Retirement System at~~
30 ~~retirement by eligible law enforcement officers. In the event that a retiree is receiving a Special~~
31 Retirement Allowance under subsection (m1) of this section, there shall be paid to such person
32 or persons as the retiree shall have nominated by electronic submission in a form approved by
33 the Board of Trustees or by written designation duly acknowledged and filed with the Board of
34 Trustees, if such person or persons are living at the time of the retiree's death, otherwise to the
35 retiree's legal representatives, an additional death benefit equal to the excess, if any, of the
36 employee voluntary contributions that were transferred from the Supplemental Retirement
37 Income Plan of North Carolina over the total of the Special Retirement Allowances paid prior
38 to the death of the retiree.

39 In the event that a retirement allowance becomes payable to the designated survivor of a
40 retired member under the provisions above and such retirement allowance to the survivor shall
41 terminate upon the death of the survivor before the total of the retirement allowances paid to
42 the retiree and the designated survivor combined equals the amount of the accumulated
43 contributions of the retiree at the date of retirement, the excess, if any, of such accumulated
44 contributions over the total of the retirement allowances paid to the retiree and the survivor
45 combined shall be paid in a lump sum to such person or persons as the retiree shall have
46 nominated by electronic submission in a form approved by the Board of Trustees or by written
47 designation duly acknowledged and filed with the Board of Trustees, if such person or persons
48 are living at the time such payment falls due, otherwise to the retiree's legal representative. For
49 purposes of this paragraph, the term "accumulated contributions" includes amounts of
50 employee voluntary contributions that were transferred from the Supplemental Retirement

1 Income Plan of North Carolina to this Retirement System at retirement by eligible law
2 enforcement officers.

3 In the event that a retirement allowance becomes payable to the principal beneficiary
4 designated to receive a return of accumulated contributions pursuant to subsection (m) of this
5 section and that beneficiary dies before the total of the retirement allowances paid equals the
6 amount of the accumulated contributions of the member at the date of the member's death, the
7 excess of those accumulated contributions over the total of the retirement allowances paid to
8 the beneficiary shall be paid in a lump sum to the person or persons the member has designated
9 as the contingent beneficiary for return of accumulated contributions, if the person or persons
10 are living at the time the payment falls due, otherwise to the principal beneficiary's legal
11 representative. For purposes of this paragraph, the term "accumulated contributions" includes
12 amounts of employee voluntary contributions that were transferred from the Supplemental
13 Retirement Income Plan of North Carolina to this Retirement System at retirement by eligible
14 law enforcement officers.

15 In the event a retiree purchases creditable service as provided in G.S. 135-4, there shall be
16 paid to such person or persons as the retiree shall have nominated by electronic submission in a
17 form approved by the Board of Trustees or by written designation duly acknowledged and filed
18 with the Board of Trustees, if such person or persons are living at the time of the retiree's death,
19 otherwise to the retiree's legal representatives, an additional death benefit equal to the excess, if
20 any, of the cost of the creditable service purchased less the administrative fee, if any, over the
21 total of the increase in the retirement allowance attributable to the additional creditable service,
22 paid from the month following the month in which payment was received to the death of the
23 retiree.

24 In the event that a retirement allowance becomes payable to the designated survivor of a
25 retired member under the provisions above and such retirement allowance to the survivor shall
26 terminate upon the death of the survivor before the total of the increase in the retirement
27 allowance attributable to the additional creditable service paid to the retiree and the designated
28 survivor combined equals the cost of the creditable service purchased less the administrative
29 fee, the excess, if any, shall be paid in a lump sum to such person or persons as the retiree shall
30 have nominated by electronic submission in a form approved by the Board of Trustees or by
31 written designation duly acknowledged and filed with the Board of Trustees, if such person or
32 persons are living at the time such payment falls due, otherwise to the retiree's legal
33 representative.

34 In the event that a retiree dies without having designated a beneficiary to receive a benefit
35 under the provisions of this subsection, any such benefit that becomes payable shall be paid to
36 the member's estate."

37 **SECTION 9.(b)** G.S. 128-27(g1) reads as rewritten:

38 "(g1) In the event of the death of a retired member while in receipt of a retirement
39 allowance under the provisions of this Article, there shall be paid to such person or persons as
40 the retiree shall have nominated by electronic submission in a form approved by the Board of
41 Trustees or by written designation duly acknowledged and filed with the Board of Trustees, if
42 such person or persons are living at the time of the retiree's death, otherwise to the retiree's
43 legal representatives, a death benefit equal to the excess, if any, of the accumulated
44 contributions of the retiree at the date of retirement over the total of the retirement allowances
45 paid prior to the death of the retiree. ~~For purposes of this paragraph, the term "accumulated~~
46 ~~contributions" includes amounts of employee voluntary contributions that were transferred~~
47 ~~from the Supplemental Retirement Income Plan of North Carolina to this Retirement System at~~
48 ~~retirement by eligible law enforcement officers. In the event that a retiree is receiving a Special~~
49 Retirement Allowance under subsection (m1) of this section, there shall be paid to such person
50 or persons as the retiree shall have nominated by electronic submission in a form approved by
51 the Board of Trustees or by written designation duly acknowledged and filed with the Board of

1 Trustees, if such person or persons are living at the time of the retiree's death, otherwise to the
2 retiree's legal representatives, an additional death benefit equal to the excess, if any, of the
3 employee voluntary contributions that were transferred from the Supplemental Retirement
4 Income Plan of North Carolina over the total of the Special Retirement Allowances paid prior
5 to the death of the retiree.

6 In the event that a retirement allowance becomes payable to the designated survivor of a
7 retired member under the provisions above and such retirement allowance to the survivor shall
8 terminate upon the death of the survivor before the total of the retirement allowances paid to
9 the retiree and the designated survivor combined equals the amount of the accumulated
10 contributions of the retiree at the date of retirement, the excess, if any, of such accumulated
11 contributions over the total of the retirement allowances paid to the retiree and the survivor
12 combined shall be paid in a lump sum to such person or persons as the retiree shall have
13 nominated by electronic submission in a form approved by the Board of Trustees or by written
14 designation duly acknowledged and filed with the Board of Trustees, if such person or persons
15 are living at the time such payment falls due, otherwise to the retiree's legal representative. For
16 purposes of this paragraph, the term "accumulated contributions" includes amounts of
17 employee voluntary contributions that were transferred from the Supplemental Retirement
18 Income Plan of North Carolina to this Retirement System at retirement by eligible law
19 enforcement officers.

20 In the event that a retirement allowance becomes payable to the principal beneficiary
21 designated to receive a return of accumulated contributions pursuant to subsection (m) of this
22 section and that beneficiary dies before the total of the retirement allowances paid equals the
23 amount of the accumulated contributions of the member at the date of the member's death, the
24 excess of those accumulated contributions over the total of the retirement allowances paid to
25 the beneficiary shall be paid in a lump sum to the person or persons the member has designated
26 as the contingent beneficiary for return of accumulated contributions, if the person or persons
27 are living at the time the payment falls due, otherwise to the principal beneficiary's legal
28 representative. For purposes of this paragraph, the term "accumulated contributions" includes
29 amounts of employee voluntary contributions that were transferred from the Supplemental
30 Retirement Income Plan of North Carolina to this Retirement System at retirement by eligible
31 law enforcement officers.

32 In the event a retiree purchases creditable service as provided in G.S. 128-26, there shall be
33 paid to such person or persons as the retiree shall have nominated by electronic submission in a
34 form approved by the Board of Trustees or by written designation duly acknowledged and filed
35 with the Board of Trustees, if such person or persons are living at the time of the retiree's death,
36 otherwise to the retiree's legal representatives, an additional death benefit equal to the excess, if
37 any, of the cost of the creditable service purchased less the administrative fee, if any, over the
38 total of the increase in the retirement allowance attributable to the additional creditable service,
39 paid from the month following the month in which payment was received to the death of the
40 retiree.

41 In the event that a retirement allowance becomes payable to the designated survivor of a
42 retired member under the provisions above, and such retirement allowance to the survivor shall
43 terminate upon the death of the survivor before the total of the increase in the retirement
44 allowance attributable to the additional creditable service paid to the retiree and the designated
45 survivor combined equals the cost of the creditable service purchased less the administrative
46 fee, the excess, if any, shall be paid in a lump sum to such person or persons as the retiree shall
47 have nominated by electronic submission in a form approved by the Board of Trustees or by
48 written designation duly acknowledged and filed with the Board of Trustees, if such person or
49 persons are living at the time such payment falls due, otherwise to the retiree's legal
50 representative.

1 In the event that a retiree dies without having designated a beneficiary to receive a benefit
2 under the provisions of this subsection, any such benefit that becomes payable shall be paid to
3 the member's estate."

4 **SECTION 10.(a)** G.S. 135-5(m1) reads as rewritten:

5 "(m1) Special Retirement Allowance for Law Enforcement Officers. – Upon retirement, a
6 member who is a law enforcement officer may elect to transfer any portion of his eligible
7 accumulated contributions, not including any Roth after-tax contributions and the earnings
8 thereon, from the Supplemental Retirement Income Plan of North Carolina to this Retirement
9 System and receive, in addition to his basic service, early or disability retirement allowance, a
10 special retirement allowance which shall be based upon his eligible accumulated account
11 balance at the date of the transfer of the assets to this System. For the purpose of determining
12 the special retirement allowance, the Board of Trustees shall adopt straight life annuity factors
13 on the basis of mortality tables, such other tables as may be necessary and the interest
14 assumption rate recommended by the actuary based upon actual experience including an
15 assumed annual post-retirement allowance increase of four percent (4%). The Board of
16 Trustees shall modify such factors every five years, as shall be deemed necessary, based upon
17 the five year experience study as required by G.S. 135-6(n). Provided, however, a member,
18 who transfers his eligible accumulated contributions from the Supplemental Retirement Income
19 Plan of North Carolina, shall be taxed for North Carolina State Income tax purposes on the
20 special retirement allowance the same as if that special retirement allowance had been paid
21 directly by the Supplemental Retirement Income Plan of North Carolina. The Teachers' and
22 State Employees' Retirement System shall be responsible to determine the taxable amount, if
23 any, and report accordingly."

24 **SECTION 10.(b)** G.S. 128-27(m1) reads as rewritten:

25 "(m1) Special Retirement Allowance for Law Enforcement Officers. – Upon retirement, a
26 member who is a law enforcement officer may elect to transfer any portion of his eligible
27 accumulated contributions, not including any Roth after-tax contributions and the earnings
28 thereon, from the Supplemental Retirement Income Plan of North Carolina to this Retirement
29 System and receive, in addition to his basic service, early or disability retirement allowance, a
30 special retirement allowance which shall be based upon his eligible accumulated account
31 balance at the date of the transfer of the assets to this System. For the purpose of determining
32 the special retirement allowance, the Board of Trustees shall adopt straight life annuity factors
33 on the basis of mortality tables, such other tables as may be necessary and the interest
34 assumption rate recommended by the actuary based upon actual experience including an
35 assumed annual post-retirement allowance increase of four percent (4%). The Board of
36 Trustees shall modify such factors every five years, as shall be deemed necessary, based upon
37 the five year experience study as required by G.S. 128-29(o). Provided, however, a member
38 who transfers his eligible accumulated contributions from the Supplemental Retirement Income
39 Plan of North Carolina shall be taxed for North Carolina State Income tax purposes on the
40 special retirement allowance the same as if that special retirement allowance had been paid
41 directly by the Supplemental Retirement Income Plan of North Carolina. The Local
42 Governmental Employees' Retirement System shall be responsible to determine the taxable
43 amount, if any, and report accordingly."

44 **SECTION 11.(a)** G.S. 143-166.30(d) reads as rewritten:

45 "(d) Supplemental Retirement Income Plan for State Law-Enforcement Officers. – As of
46 January 1, 1985, there shall be created a Supplemental Retirement Income Plan, hereinafter
47 called the "Plan," established for the benefit of all law-enforcement officers employed by the
48 State, who shall be participants. The Board of Trustees of the State Retirement System shall
49 administer the Plan and shall, under the terms and conditions otherwise appearing herein,
50 provide Plan benefits either (i) by establishing a separate trust fund in conformance with
51 Section 401(a), Section 401(k) or other sections of the Internal Revenue Code of 1954 as

1 amended or, (ii) by causing the Plan to affiliate with some master trust fund providing the same
2 benefits for participants. The Plan shall be separate and apart from any retirement systems.

3 In addition to the contributions transferred from the Law-Enforcement Officers' Retirement
4 System and the contributions otherwise provided for in this Article, participants may make
5 voluntary contributions to the Plan to be credited to the designated individual accounts of
6 participants; provided, in no instance shall the total contributions by a participant exceed ten
7 percent (10%) of a participant's compensation within any calendar year.

8 All contributions to the Plan shall be credited to the individual accounts of participants, and
9 shall be fully and immediately vested in the name of the participant, and shall be invested
10 according to each participant's election, as provided by the Board of Trustees, including but not
11 limited to time deposits, and both fixed and variable investments. The Plan may provide for
12 loans to participants, at reasonable rates of interest to be charged, from participants' individual
13 accounts, and may provide for withdrawal of contributions on account of hardship.

14 The benefit to a participant in the Plan shall be either a lump-sum distribution or a
15 distribution in periodic installments of the participant's account payable under retirement,
16 disability, or termination of employment. Upon the death of a participant there shall be paid the
17 same lump-sum distribution or periodic installments to the surviving spouse of the participant
18 or otherwise to the participant's estate; provided, should a participant instruct the Board of
19 Trustees in writing that he does not wish these benefits to be paid to his spouse or estate, then
20 the benefits shall be paid to the person or persons as the participant may name for this purpose.

21 Upon retirement, a participant in the Plan may elect to transfer any portion of his eligible
22 accumulated contributions, not including any Roth after-tax contributions and the earnings
23 thereon, to the Teachers' and State Employees' Retirement System and receive, in addition to
24 his basic service, early or disability retirement allowance a special retirement allowance which
25 shall be based on his eligible accumulated account balance at the date of the transfer of the
26 assets."

27 **SECTION 11.(b)** G.S. 143-166.50(e) reads as rewritten:

28 "(e) Supplemental Retirement Income Plan for Local Governmental Law-Enforcement
29 Officers. – As of January 1, 1986, all law-enforcement officers employed by a local
30 government employer, are participating members of the Supplemental Retirement Income Plan
31 as provided by Article 5 of Chapter 135 of the General Statutes. In addition to the contributions
32 transferred from the Law-Enforcement Officers' Retirement System, participants may make
33 voluntary contributions to the Supplemental Retirement Income Plan to be credited to the
34 designated individual accounts of participants; provided, in no instance shall the total
35 contributions by a participant exceed ten percent (10%) of a participant's compensation within
36 any calendar year. From July 1, 1987, until July 1, 1988, local government employers of law
37 enforcement officers shall contribute an amount equal to at least two percent (2%) of
38 participating local officers' monthly compensation to the Supplemental Retirement Income Plan
39 to be credited to the designated individual accounts of participating local officers; and on and
40 after July 1, 1988, local government employers of law enforcement officers shall contribute an
41 amount equal to five percent (5%) of participating local officers' monthly compensation to the
42 Supplemental Retirement Income Plan to be credited to the designated individual accounts of
43 participating local officers.

44 Additional contributions shall also be made to the individual accounts of all participants in
45 the Plan, except for Sheriffs, on a per capita equal-share basis from the sum of one dollar and
46 twenty-five cents (\$1.25) for each cost of court collected under G.S. 7A-304.

47 Upon retirement, a participant in the Plan may elect to transfer any portion of his eligible
48 accumulated contributions, not including any Roth after-tax contributions and the earnings
49 thereon, to the Local Governmental Employees' Retirement System and receive, in addition to
50 his basic service, early or disability retirement allowance a special retirement allowance which

1 shall be based on his eligible accumulated account balance at the date of the transfer of the
2 assets."

3 **SECTION 12.** This act becomes effective July 1, 2010.