

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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HOUSE BILL 642*
PROPOSED COMMITTEE SUBSTITUTE H642-PCS80363-LL-14

Short Title: Retirement Technical Corrections.

(Public)

Sponsors:

Referred to:

March 18, 2009

A BILL TO BE ENTITLED

AN ACT TO MAKE TECHNICAL CORRECTIONS AND OTHER CHANGES TO THE STATUTES GOVERNING THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE JUDICIAL RETIREMENT SYSTEM, THE LEGISLATIVE RETIREMENT SYSTEM, THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM, AND THE FIREMEN'S AND RESCUE SQUAD WORKERS' PENSION FUND.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 135-18.7(d) reads as rewritten:

"(d) This subsection applies to distributions made on or after January 1, 1993. Notwithstanding any other provision of the Plan to the contrary that would otherwise limit a distributee's election under this Article, a distributee may elect, at the time and in the manner prescribed by the Plan administrator, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover. Provided, an eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of 10 years or more; any distribution to the extent such distribution is required under section 401(a)(9) of the Code; and the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net realized appreciation with respect to employer securities). Effective as of January 1, 2002, and notwithstanding the preceding sentence, a portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions which are not includible in gross income. However, such portion may be transferred only to an individual retirement account or annuity described in Section 408(a) or (b) of the Code, or to a qualified defined contribution plan described in Section 401(a) or 403(a) of the Code that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible. Provided, an eligible retirement plan is an individual retirement account described in section 408(a) of the Code, an individual retirement annuity described in section 408(b) of the Code, an annuity plan described in section 403(a) of the Code, or a qualified trust described in section 401(a) of the Code, that accepts the distributee's eligible



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1 rollover distribution. Effective on and after January 1, 2002, an eligible retirement plan shall
2 also mean an annuity contract described in Section 403(b) of the Code and an eligible plan
3 under Section 457(b) of the Code which is maintained by a state, political subdivision of a
4 state, or any agency or instrumentality of a state or political subdivision of a state and which
5 agrees to separately account for amounts transferred into such plan from this Plan. The
6 definition of eligible retirement plan shall also apply in the case of a distribution to surviving
7 spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic
8 relations order, as defined in Section 414(p) of the Internal Revenue Code, or a court-ordered
9 equitable distribution of marital property, as provided under G.S. 50-30. Provided, a distributee
10 includes an employee or former employee. Provided further, a direct rollover is a payment by
11 the Plan to the eligible retirement plan specified by the distributee. Effective on and after
12 January 1, 2007, notwithstanding any other provision of this subsection, a nonspouse
13 beneficiary of a deceased member may elect, at the time and in the manner prescribed by the
14 administrator of the Board of Trustees of this Retirement System, to directly roll over any
15 portion of the beneficiary's distribution from the Retirement System; however, such rollover
16 shall conform with the provisions of section 402(c)(11) of the Code."

17 **SECTION 1.(b)** G.S. 135-74(d) reads as rewritten:

18 "(d) This subsection applies to distributions made on or after January 1, 1993.
19 Notwithstanding any other provision of the Plan to the contrary that would otherwise limit a
20 distributee's election under this Article, a distributee may elect, at the time and in the manner
21 prescribed by the Plan administrator, to have any portion of an eligible rollover distribution
22 paid directly to an eligible retirement plan specified by the distributee in a direct rollover.
23 Provided, an eligible rollover distribution is any distribution of all or any portion of the balance
24 to the credit of the distributee, except that an eligible rollover distribution does not include: any
25 distribution that is one of a series of substantially equal periodic payments (not less frequently
26 than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint
27 life expectancies) of the distributee and the distributee's designated beneficiary, or for a
28 specified period of 10 years or more; any distribution to the extent such distribution is required
29 under section 401(a)(9) of the Code; and the portion of any distribution that is not includible in
30 gross income (determined without regard to the exclusion for net realized appreciation with
31 respect to employer securities). Effective as of January 1, 2002, and notwithstanding the
32 preceding sentence, a portion of a distribution shall not fail to be an eligible rollover
33 distribution merely because the portion consists of after-tax employee contributions which are
34 not includible in gross income. However, such portion may be transferred only to an individual
35 retirement account or annuity described in Section 408(a) or (b) of the Code, or to a qualified
36 defined contribution plan described in Section 401(a) or 403(a) of the Code that agrees to
37 separately account for amounts so transferred, including separately accounting for the portion
38 of such distribution which is includible in gross income and the portion of such distribution
39 which is not so includible. Provided, an eligible retirement plan is an individual retirement
40 account described in section 408(a) of the Code, an individual retirement annuity described in
41 section 408(b) of the Code, an annuity plan described in section 403(a) of the Code, or a
42 qualified trust described in section 401(a) of the Code, that accepts the distributee's eligible
43 rollover distribution. Effective on and after January 1, 2002, an eligible retirement plan shall
44 also mean an annuity contract described in Section 403(b) of the Code and an eligible plan
45 under Section 457(b) of the Code which is maintained by a state, political subdivision of a
46 state, or any agency or instrumentality of a state or political subdivision of a state and which
47 agrees to separately account for amounts transferred into such plan from this Plan. The
48 definition of eligible retirement plan shall also apply in the case of a distribution to surviving
49 spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic
50 relations order, as defined in Section 414(p) of the Internal Revenue Code, or a court-ordered
51 equitable distribution of marital property, as provided under G.S. 50-30. Provided, a distributee

1 includes an employee or former employee. Provided further, a direct rollover is a payment by
2 the Plan to the eligible retirement plan specified by the distributee. Effective on and after
3 January 1, 2007, notwithstanding any other provision of this subsection, a nonspouse
4 beneficiary of a deceased member may elect, at the time and in the manner prescribed by the
5 administrator of the Board of Trustees of this Retirement System, to directly roll over any
6 portion of the beneficiary's distribution from the Retirement System; however, such rollover
7 shall conform with the provisions of section 402(c)(11) of the Code."

8 **SECTION 1.(c)** G.S. 120-4.31(d) reads as rewritten:

9 "(d) This subsection applies to distributions made on or after January 1, 1993.
10 Notwithstanding any other provision of the Plan to the contrary that would otherwise limit a
11 distributee's election under this Article, a distributee may elect, at the time and in the manner
12 prescribed by the Plan administrator, to have any portion of an eligible rollover distribution
13 paid directly to an eligible retirement plan specified by the distributee in a direct rollover.
14 Provided, an eligible rollover distribution is any distribution of all or any portion of the balance
15 to the credit of the distributee, except that an eligible rollover distribution does not include: any
16 distribution that is one of a series of substantially equal periodic payments (not less frequently
17 than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint
18 life expectancies) of the distributee and the distributee's designated beneficiary, or for a
19 specified period of 10 years or more; any distribution to the extent such distribution is required
20 under section 401(a)(9) of the Code; and the portion of any distribution that is not includible in
21 gross income (determined without regard to the exclusion for net realized appreciation with
22 respect to employer securities). Effective as of January 1, 2002, and notwithstanding the
23 preceding sentence, a portion of a distribution shall not fail to be an eligible rollover
24 distribution merely because the portion consists of after-tax employee contributions that are not
25 includible in gross income. However, such portion may be transferred only to an individual
26 retirement account or annuity described in Section 408(a) or (b) of the Code, or to a qualified
27 defined contribution plan described in Section 401(a) or 403(a) of the Code that agrees to
28 separately account for amounts so transferred, including separately accounting for the portion
29 of such distribution which is includible in gross income and the portion of such distribution
30 which is not so includible. Provided, an eligible retirement plan is an individual retirement
31 account described in section 408(a) of the Code, an individual retirement annuity described in
32 section 408(b) of the Code, an annuity plan described in section 403(a) of the Code, or a
33 qualified trust described in section 401(a) of the Code, that accepts the distributee's eligible
34 rollover distribution. Effective on and after January 1, 2002, an eligible retirement plan shall
35 also mean an annuity contract described in Section 403(b) of the Code and an eligible plan
36 under Section 457(b) of the Code which is maintained by a state, political subdivision of a
37 state, or any agency or instrumentality of a state or political subdivision of a state and which
38 agrees to separately account for amounts transferred into such plan from this Plan. The
39 definition of eligible retirement plan shall also apply in the case of a distribution to surviving
40 spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic
41 relations order, as defined in Section 414(p) of the Internal Revenue Code, or a court-ordered
42 equitable distribution of marital property, as provided under G.S. 50-30. Provided, a distributee
43 includes an employee or former employee. Provided further, a direct rollover is a payment by
44 the Plan to the eligible retirement plan specified by the distributee. Effective on and after
45 January 1, 2007, notwithstanding any other provision of this subsection, a nonspouse
46 beneficiary of a deceased member may elect, at the time and in the manner prescribed by the
47 administrator of the Board of Trustees of this Retirement System, to directly roll over any
48 portion of the beneficiary's distribution from the Retirement System; however, such rollover
49 shall conform with the provisions of section 402(c)(11) of the Code."

50 **SECTION 1.(d)** G.S. 128-38.2(d) reads as rewritten:

1 "(d) This subsection applies to distributions made on or after January 1, 1993.
2 Notwithstanding any other provision of the Plan to the contrary that would otherwise limit a
3 distributee's election under this Article, a distributee may elect, at the time and in the manner
4 prescribed by the Plan administrator, to have any portion of an eligible rollover distribution
5 paid directly to an eligible retirement plan specified by the distributee in a direct rollover.
6 Provided, an eligible rollover distribution is any distribution of all or any portion of the balance
7 to the credit of the distributee, except that an eligible rollover distribution does not include: any
8 distribution that is one of a series of substantially equal periodic payments (not less frequently
9 than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint
10 life expectancies) of the distributee and the distributee's designated beneficiary, or for a
11 specified period of 10 years or more; any distribution to the extent such distribution is required
12 under section 401(a)(9) of the Code; and the portion of any distribution that is not includible in
13 gross income (determined without regard to the exclusion for net realized appreciation with
14 respect to employer securities). Effective as of January 1, 2002, and notwithstanding the
15 preceding sentence, a portion of a distribution shall not fail to be an eligible rollover
16 distribution merely because the portion consists of after-tax employee contributions which are
17 not includible in gross income. However, such portion may be transferred only to an individual
18 retirement account or annuity described in Section 408(a) or (b) of the Code, or to a qualified
19 defined contribution plan described in Section 401(a) or 403(a) of the Code that agrees to
20 separately account for amounts so transferred, including separately accounting for the portion
21 of such distribution which is includible in gross income and the portion of such distribution
22 which is not so includible. Provided, an eligible retirement plan is an individual retirement
23 account described in section 408(a) of the Code, an individual retirement annuity described in
24 section 408(b) of the Code, an annuity plan described in section 403(a) of the Code, or a
25 qualified trust described in section 401(a) of the Code, that accepts the distributee's eligible
26 rollover distribution. Effective on and after January 1, 2002, an eligible retirement plan shall
27 also mean an annuity contract described in Section 403(b) of the Code and an eligible plan
28 under Section 457(b) of the Code which is maintained by a state, political subdivision of a
29 state, or any agency or instrumentality of a state or political subdivision of a state and which
30 agrees to separately account for amounts transferred into such plan from this Plan. The
31 definition of eligible retirement plan shall also apply in the case of a distribution to surviving
32 spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic
33 relations order, as defined in Section 414(p) of the Internal Revenue Code, or a court-ordered
34 equitable distribution of marital property, as provided under G.S. 50-30. Provided, a distributee
35 includes an employee or former employee. Provided further, a direct rollover is a payment by
36 the Plan to the eligible retirement plan specified by the distributee. Effective on and after
37 January 1, 2007, notwithstanding any other provision of this subsection, a nonspouse
38 beneficiary of a deceased member may elect, at the time and in the manner prescribed by the
39 administrator of the Board of Trustees of this Retirement System, to directly roll over any
40 portion of the beneficiary's distribution from the Retirement System; however, such rollover
41 shall conform with the provisions of section 402(c)(11) of the Code."

42 **SECTION 2.(a)** G.S. 128-21(11) reads as rewritten:

43 "(11) "Employer" shall mean any county, incorporated city or town, the board of
44 alcoholic control of any county or incorporated city or town, the North
45 Carolina League of Municipalities, and the State Association of County
46 Commissioners. "Employer" shall also mean any separate, juristic political
47 subdivision of the State as may be approved by the Board of Trustees upon
48 the advice of the Attorney General. ~~"Employer" also means any fire~~
49 ~~department that serves a city or county or any part of a city or county and~~
50 ~~that is supported in whole or in part by municipal or county funds."~~

51 **SECTION 2.(b)** G.S. 58-86-25 reads as rewritten:

1 **"§ 58-86-25. "Eligible firemen" defined; determination and certification of volunteers**
2 **meeting qualifications.**

3 "Eligible firemen" shall mean all firemen of the State of North Carolina or any political
4 subdivision thereof, including those performing such functions in the protection of life and
5 property through fire fighting within a county or city governmental unit and so certified to the
6 Commissioner of Insurance by the governing body thereof, and who belong to a bona fide fire
7 department which, as determined by the Commissioner, is classified as not less than class "9"
8 or class "A" and "AA" departments in accordance with rating methods, schedules,
9 classifications, underwriting rules, bylaws or regulations effective or applied with respect to the
10 establishment of rates or premiums used or charged pursuant to Article 36 or 40 of this Chapter
11 or by such other reasonable methods as the Commissioner may determine, and which operates
12 fire apparatus and equipment of the value of five thousand dollars (\$5,000) or more, and said
13 fire department holds drills and meetings not less than four hours monthly and said firemen
14 attend at least 36 hours of all drills and meetings in each calendar year. "Eligible firemen" shall
15 also mean an employee of a county whose sole duty is to act as fire marshal, deputy fire
16 marshal, assistant fire marshal, or firefighter of the county, provided the board of county
17 commissioners of that county certifies the employee's attendance at no less than 36 hours of all
18 drills and meetings in each calendar year. "Eligible firemen" shall also mean those persons
19 meeting the other qualifications of this section, not exceeding 25 volunteer firemen plus one
20 additional volunteer fireman per 100 population in the area served by their respective
21 departments. Each department shall annually determine and report the names of those firemen
22 meeting the eligibility qualifications of this section to its respective governing body, which
23 upon determination of the validity and accuracy of the qualification shall promptly certify the
24 list to the North Carolina State Firemen's Association. The Firemen's Association shall provide
25 a list of those persons meeting the eligibility requirements of this section to the State Treasurer
26 by ~~July 1~~ January 31 of each year. For the purposes of the preceding sentence, the governing
27 body of a fire department operated: by a county is the county board of commissioners; by a city
28 is the city council; by a sanitary district is the sanitary district board; by a corporation, whether
29 profit or nonprofit, is the corporation's board of directors; and by any other entity is that group
30 designated by the board."

31 **SECTION 2.(c)** G.S. 58-86-30 reads as rewritten:

32 **"§ 58-86-30. "Eligible rescue squad worker" defined; determination and certification of**
33 **eligibility.**

34 "Eligible rescue squad worker" means a person who is a member of a rescue or emergency
35 medical services squad that is eligible for membership in the North Carolina Association of
36 Rescue and Emergency Medical Services, Inc., and who has attended a minimum of 36 hours
37 of training and meetings in the last calendar year. Each rescue or emergency medical services
38 squad eligible for membership in the North Carolina Association of Rescue and Emergency
39 Medical Services, Inc., must file a roster certified by the secretary of the association of those
40 rescue or emergency medical services squad workers meeting the requirements of this section
41 with the State Treasurer by ~~January 1~~ January 31 of each calendar year.

42 "Eligible rescue squad worker" does not mean "eligible fireman" as defined by
43 G.S. 58-86-25, nor may an "eligible rescue squad worker" qualify also as an "eligible fireman"
44 in order to receive double benefits available under this Article."

45 **SECTION 2.(d)** G.S. 58-86-35 reads as rewritten:

46 **"§ 58-86-35. Firemen's application for membership in fund; monthly payments by**
47 **members; payments credited to separate accounts of members; termination of**
48 **membership.**

49 Those firemen who are eligible pursuant to G.S. 58-86-25 may make application for
50 membership to the board. Each fireman upon becoming a member of the fund shall pay the
51 director of the fund the sum of ten dollars (\$10.00) per ~~month.~~ month; each payment shall be

1 made no later than 90 days after the end of the calendar year in which the month occurred. The
2 monthly payments shall be credited to the separate account of the member and shall be kept by
3 the custodian so it is available for payment on withdrawal from membership or retirement.

4 A member may elect to terminate membership in the fund at anytime and request the refund
5 of payments previously made to the fund. However, a member's delinquency in making the
6 monthly payments required by this section does not result in the termination of membership
7 without such an election by the member."

8 **SECTION 2.(e)** G.S. 58-86-40 reads as rewritten:

9 **"§ 58-86-40. Rescue squad worker's application for membership in funds; monthly**
10 **payments by members; payments credited to separate accounts of members;**
11 **termination of membership.**

12 Those rescue squad workers eligible pursuant to G.S. 58-86-30 may apply to the board for
13 membership. Each eligible rescue squad worker upon becoming a member shall pay the
14 director of the fund the sum of ten dollars (\$10.00) per ~~month.~~ month; each payment shall be
15 made no later than 90 days after the end of the calendar year in which the month occurred. The
16 monthly payments shall be credited to the separate account of the member and shall be kept by
17 the custodian so it is available for payment on withdrawal from membership or retirement.

18 A member may elect to terminate membership in the fund at anytime and request the refund
19 of payments previously made to the fund. However, a member's delinquency in making the
20 monthly payments required by this section does not result in the termination of membership
21 without such an election by the member."

22 **SECTION 2.(f)** G.S. 58-86-45(b) reads as rewritten:

23 "(b) An eligible fireman or rescue squad worker who is not yet 35 years old ~~and has not~~
24 ~~previously elected to become a member~~ may apply to the board of trustees for membership in
25 the fund at any time. Upon becoming a member, the worker ~~must~~ may make a lump sum
26 payment of ten dollars (\$10.00) per month retroactively to the time the worker first became
27 eligible to become a member, plus interest at an annual rate to be set by the board for each year
28 of retroactive payments. Upon making this lump sum payment, the worker shall be given credit
29 for all prior service in the same manner as if the worker had applied for membership upon first
30 becoming eligible.

31 A member who is not yet 35 years old, ~~who applied for membership after first becoming~~
32 ~~eligible, and who did not receive credit for prior service~~ old may receive credit for the prior
33 service upon making a lump sum payment of ten dollars (\$10.00) for each month since the
34 worker first became eligible, plus interest at an annual rate to be set by the board for each year
35 of retroactive payments. Upon making this lump sum payment, the date of membership shall be
36 the same as if the worker had applied for membership upon first becoming eligible."

37 **SECTION 2.(g)** G.S. 58-86-50 is repealed.

38 **SECTION 2.(h)** G.S. 58-86-60 reads as rewritten:

39 **"§ 58-86-60. Payments in lump sums.**

40 The board shall direct payment in lump sums from the fund in the following cases:

- 41 (1) To any fireman or rescue squad worker upon the attaining of the age of 55
42 years, who, for any reason, is not qualified to receive the monthly retirement
43 pension and who was enrolled as a member of the fund, an amount equal to
44 the amount paid into the fund by him. This provision shall not be construed
45 to preclude any active fireman or rescue squad worker from completing the
46 requisite number of years of active service after attaining the age of 55 years
47 necessary to entitle him to the pension.
- 48 (2) If any fireman or rescue squad worker dies before attaining the age at which
49 a pension is payable to him under the provisions of this Article, there shall
50 be paid to his widow, or if there be no widow, to the person responsible for
51 his child or children, or if there be no widow or children, then to his heirs at

1 law as may be determined by the board or to his estate, if it is administered
2 and there are no heirs, an amount equal to the amount paid into the ~~fund~~
3 member's separate account by or on behalf of the said fireman or rescue
4 squad worker.

5 (3) If any fireman or rescue squad worker dies after beginning to receive the
6 pension payable to him by this Article, and before receiving an amount equal
7 to the amount paid into the fund by him, there shall be paid to his widow, or
8 if there be no widow, then to the person responsible for his child or children,
9 or if there be no widow or children, then to his heirs at law as may be
10 determined by the board or to his estate, if it is administered and there are no
11 heirs, an amount equal to the difference between the amount paid into the
12 ~~fund~~ member's separate account by or on behalf of the said fireman or rescue
13 squad worker and the amount received by him as a pensioner.

14 (4) Any member withdrawing from the fund shall, upon proper application, be
15 paid all moneys the individual contributed to the fund without accumulated
16 earnings on the payments after the time they were ~~made less an~~
17 ~~administrative fee equal to the lesser of the amount the individual~~
18 ~~contributed to the fund or twenty five dollars (\$25.00). The administrative~~
19 ~~fees collected by the fund shall be retained by the Board to defray~~
20 ~~administrative expenses, including salaries. made.~~ Notwithstanding the
21 foregoing, if any person, firm, corporation, or other entity has made
22 contributions on behalf of a member and that member withdraws from the
23 fund, the person, firm, corporation, or other entity shall be entitled to a
24 refund equal to the amount of contributions made by them after the Board
25 has been notified of the contributor's desire to be refunded its contributions
26 upon the member's withdrawal. ~~Any refunds to a contributor other than a~~
27 ~~member shall also be subject to the twenty five dollar (\$25.00)~~
28 ~~administrative fee. If a refund is to be shared by a member and another party~~
29 ~~the administrative fee shall be applied to each portion on a pro rata basis."~~

30 **SECTION 3.(a)** G.S. 135-5(a)(3) reads as rewritten:

31 "(3) Any member who was in service October 8, 1981, who had attained 60 years
32 of age, may retire upon written application to the Board of Trustees setting
33 forth at what time, as of the first day of a calendar month, not less than one
34 day nor more than ~~90~~ 120 days subsequent to the execution and filing
35 thereof, he desires to be retired."

36 **SECTION 3.(b)** G.S. 135-5(a)(4) reads as rewritten:

37 "(4) Any member who is a law-enforcement officer, and who attains age 50 and
38 completes 15 or more years of creditable service in this capacity or who
39 attains age 55 and completes five or more years of creditable service in this
40 capacity, may retire upon written application to the Board of Trustees setting
41 forth at what time, as of the first day of a calendar month, not less than one
42 day nor more than ~~90~~ 120 days subsequent to the execution and filing
43 thereof, he desires to be retired; Provided, also, any member who has met the
44 conditions herein required but does not retire, and later becomes a teacher or
45 an employee other than as a law-enforcement officer shall continue to have
46 the right to commence retirement."

47 **SECTION 3.(c)** G.S. 135-5(a1) reads as rewritten:

48 "(a1) Early Service Retirement Benefits. – Any member may retire and receive a reduced
49 retirement allowance upon written application to the Board of Trustees setting forth at what
50 time, as of the first day of a calendar month, not less than one day nor more than ~~90~~ 120 days
51 subsequent to the execution of and filing thereof, he desires to be retired: Provided, that the said

1 member at the time so specified for his retirement shall have attained the age of 50 years and
2 have at least 20 years of creditable service."

3 **SECTION 3.(d)** G.S. 135-5(c) reads as rewritten:

4 "(c) Disability Retirement Benefits of Members Leaving Service Prior to January 1,
5 1988. – The provisions of this subsection shall not be applicable to members in service on or
6 after January 1, 1988. Upon the application of a member or of his employer, any member who
7 has had five or more years of creditable service may be retired by the Board of Trustees, on the
8 first day of any calendar month, not less than one day nor more than ~~90~~ 120 days next
9 following the date of filing such application, on a disability retirement allowance: Provided,
10 that the medical board, after a medical examination of such member, shall certify that such
11 member is mentally or physically incapacitated for the further performance of duty, that such
12 incapacity was incurred at the time of active employment and has been continuous thereafter,
13 that such incapacity is likely to be permanent, and that such member should be retired;
14 Provided further the medical board shall determine if the member is able to engage in gainful
15 employment and, if so, the member may still be retired and the disability retirement allowance
16 as a result thereof shall be reduced as in subsection (e) below. Provided further, that the
17 medical board shall not certify any member as disabled who:

- 18 (1) Applies for disability retirement based upon a mental or physical incapacity
19 which existed when the member first established membership in the system;
20 or
21 (2) Is in receipt of any payments on account of the same disability which existed
22 when the member first established membership in the system.

23 The Board of Trustees shall require each employee upon enrolling in the retirement system
24 to provide information on the membership application concerning any mental or physical
25 incapacities existing at the time the member enrolls.

26 Supplemental disability benefits heretofore provided are hereby made a permanent part of
27 disability benefits after age 65, and shall not be discontinued at age 65.

28 Notwithstanding the requirement of five or more years of creditable service to the contrary,
29 a member who is a law-enforcement officer and who has had one year or more of creditable
30 service and becomes incapacitated for duty as the natural and proximate result of an accident
31 occurring while in the actual performance of duty, and meets all other requirements for
32 disability retirement benefits, may be retired by the Board of Trustees on a disability retirement
33 allowance.

34 Notwithstanding the foregoing to the contrary, any beneficiary who commenced retirement
35 with an early or service retirement benefit has the right, within three years of his retirement, to
36 convert to an allowance with disability retirement benefits without modification of any election
37 of optional allowance previously made; provided, the beneficiary presents clear and convincing
38 evidence that the beneficiary would have met all applicable requirements for disability
39 retirement benefits while still in service as a member. The allowance on account of disability
40 retirement benefits to the beneficiary shall be retroactive to the effective date of early or service
41 retirement.

42 Notwithstanding the foregoing, the surviving designated beneficiary of a deceased member
43 who met all other requirements for disability retirement benefits, except whose death occurred
44 before the first day of the calendar month in which the member's disability retirement
45 allowance was to be due and payable, may elect to receive the reduced retirement allowance
46 provided by a fifty percent (50%) joint and survivor payment option in lieu of a return of
47 accumulated contributions, provided the following conditions apply:

- 48 (1) The member had designated as the principal beneficiary, to receive a return
49 of accumulated contributions at the time of his death, one and only one
50 person, and

- 1 (2) The member had not instructed the Board of Trustees in writing that he did
2 not wish the provision of this subsection to apply."

3 **SECTION 3.(e)** G.S. 135-57(d) reads as rewritten:

4 "(d) Any member who was in service October 8, 1981, who had attained 50 years of age,
5 may retire upon written application to the board of trustees setting forth at what time, as of the
6 first day of a calendar month, not less than one day nor more than ~~90~~ 120 days subsequent to
7 the execution and filing thereof, he desires to be retired."

8 **SECTION 3.(f)** G.S. 135-59(a) reads as rewritten:

9 "(a) Upon application by or on behalf of the member, any member in service who has
10 completed five or more years of creditable service and who has not attained his sixty-fifth
11 birthday may be retired by the Board of Trustees, on the first day of any calendar month, not
12 less than one day nor more than ~~90~~ 120 days next following the date of filing such application,
13 on a disability retirement allowance; provided, that the medical board, after a medical
14 examination of such member, shall certify that such member is mentally or physically
15 incapacitated for the further performance of duty, that such incapacity was incurred at the time
16 of active employment and has been continuous thereafter, that such incapacity is likely to be
17 permanent, and that such member should be retired; and, provided further, that if a member is
18 removed by the Supreme Court for mental or physical incapacity under the provisions of
19 G.S. 7A-376, no action is required by the medical board under this section and, provided
20 further, the medical board shall determine if the member is able to engage in gainful
21 employment and, if so, the member shall still be retired and the disability retirement allowance
22 as a result thereof shall be reduced as in G.S. 135-60(d). Provided further, that the medical
23 board shall not certify any member as disabled who:

- 24 (1) Applies for disability retirement based upon a mental or physical incapacity
25 which existed when the member first established membership in the system;
26 or
27 (2) Is in receipt of any payments on account of the same disability which existed
28 when the member first established membership in the system.

29 The Board of Trustees shall require each employee upon enrolling in the Retirement
30 System to provide information on the membership application concerning any mental or
31 physical incapacities existing at the time the member enrolls.

32 Notwithstanding the foregoing to the contrary, any beneficiary who commenced retirement
33 with an early or service retirement benefit has the right, within three years of this retirement, to
34 convert to an allowance with disability retirement benefits without modification of any election
35 of optional allowance previously made; provided, the beneficiary presents clear and convincing
36 evidence that the beneficiary would have met all applicable requirements for disability
37 retirement benefits while still in service as a member. The allowance on account of disability
38 retirement benefits to the beneficiary shall be retroactive to the effective date of early or service
39 retirement."

40 **SECTION 3.(g)** G.S. 128-24(4) reads as rewritten:

41 "(4) The provisions of this subdivision (4) shall apply to any member whose
42 retirement became effective prior to July 1, 1965, and became entitled to
43 benefits hereunder in accordance with the provisions hereof. Such benefits
44 shall be computed in accordance with the provisions of G.S. 128-27(b1) as
45 in effect at the date of such separation from service.

- 46 a. Notwithstanding any other provision of this Chapter, any member
47 who separates from service prior to the time he shall have attained
48 the age of 60 years, or if a uniformed policeman or fireman prior to
49 the time he shall have attained the age of 55 years, for any reason
50 other than death or retirement for disability as provided in
51 G.S. 128-27(c), after completing 20 or more years of creditable

1 service, and who leaves his total accumulated contributions in the
2 Retirement System, shall have the right to retire on a deferred
3 retirement allowance upon the date he shall have attained the age of
4 60 years, or if a uniformed policeman or fireman upon the date he
5 shall have attained the age of 55 years; provided that such member
6 may retire only upon written application to the Board of Trustees
7 setting forth at what time, not less than 30 days nor more than ~~90~~ 120
8 days next following the date of filing such application, he desires to
9 be retired. Such deferred retirement allowance shall be computed in
10 accordance with the provisions of G.S. 128-27(b), paragraphs (1), (2)
11 and (3).

12 b. In lieu of the benefits provided in paragraph a of this subdivision (4),
13 any member who separates from service prior to the time he shall
14 have attained the age of 60 years, or if a uniformed policeman or
15 fireman prior to the time he shall have attained the age of 55 years,
16 for any reason other than death or retirement for disability as
17 provided in G.S. 128-27(c), after completing 30 or more years of
18 creditable service, and who leaves his total accumulated
19 contributions in the Retirement System, may elect to retire on an
20 early retirement allowance; provided that such a member may so
21 retire only upon written application to the Board of Trustees setting
22 forth at what time, not less than 30 days nor more than ~~90~~ 120 days
23 next following the date of filing such application, he desires to be
24 retired; provided further that such application shall be duly filed
25 within 60 days following the date of such separation. Such early
26 retirement allowance so elected shall be the actuarial equivalent of
27 the deferred retirement allowance otherwise payable at the attainment
28 of age 60 years, or if a uniformed policeman or fireman at the
29 attainment of age 55 years, upon proper application therefor.

30 c. Should an employee who retired on an early or service retirement
31 allowance be restored to service prior to the time he shall have
32 attained the age of 62 years, or if a uniformed policeman or fireman
33 prior to the time he shall have attained the age of 55 years, his
34 allowance shall cease, he shall again become a member of the
35 Retirement System, and he shall contribute thereafter at the uniform
36 contribution rate for his class member. Upon his subsequent
37 retirement, he shall be entitled to an allowance not less than the
38 allowance described in 1 below reduced by the amount in 2 below.

39 1. The allowance to which he would have been entitled if he
40 were retiring for the first time, calculated on the basis of his
41 total creditable service represented by the sum of his
42 creditable service at the time of his first retirement, and his
43 creditable service after he was restored to service.

44 2. The actuarial equivalent of the retirement benefits he
45 previously received.

46 d. Should an employee who retired on an early or service retirement
47 allowance be restored to service after the attainment of the age of 62
48 years, his retirement allowance shall be reduced to the extent
49 necessary (if any) so that the sum of the retirement allowance at the
50 time of retirement and earnings from employment by a unit of the
51 Retirement System for any year (beginning January 1 and ending

December 31) will not exceed the member's compensation received for the 12 months of service prior to retirement. Provided, however, that under no circumstances will the member's retirement allowance be reduced below the amount of his annuity as defined in G.S. 128-21(3)."

SECTION 3.(h) G.S. 128-24(5) reads as rewritten:

"(5) The provisions of this subdivision (5) shall apply to any member whose membership is terminated on or after July 1, 1965, and who becomes entitled to benefits hereunder in accordance with the provisions hereof.

a. Notwithstanding any other provision of this Chapter, any member who separates from service prior to the attainment of the age of 60 years for any reason other than death or retirement for disability as provided in G.S. 128-27(c), after completing 15 or more years of creditable service, and who leaves his total accumulated contributions in said System shall have the right to retire on a deferred retirement allowance upon attaining the age of 60 years; provided that such member may retire only upon written application to the Board of Trustees setting forth at what time, not less than one day nor more than ~~90~~ 120 days subsequent to the execution and filing thereof, he desires to be retired; and further provided that in the case of a member who so separates from service on or after July 1, 1967, the aforesated requirement of 15 or more years of creditable service shall be reduced to 12 or more years of creditable service; and further provided that in the case of a member who so separates from service on or after July 1, 1971, or whose account is active on July 1, 1971, the aforesated requirement of 12 or more years of creditable service shall be reduced to five or more years of creditable service. Such deferred retirement allowance shall be computed in accordance with the service retirement provisions of this Article pertaining to a member who is not a law enforcement officer or eligible former law enforcement officer.

b. In lieu of the benefits provided in paragraph a of this subdivision, any member who separates from service prior to the attainment of the age of 60 years, for any reason other than death or retirement for disability as provided in G.S. 128-27(c), after completing 20 or more years of creditable service, and who leaves his total accumulated contributions in said System may elect to retire on an early retirement allowance upon attaining the age of 50 years or at any time thereafter; provided that such member may so retire only upon written application to the Board of Trustees setting forth at what time, not less than one day nor more than ~~90~~ 120 days subsequent to the execution and filing thereof, he desires to be retired. Such early retirement allowance so elected shall be equal to the deferred retirement allowance otherwise payable at the attainment of the age of 60 years reduced by the percentage thereof indicated below.

Age at Retirement	Percentage Reduction
59	7
58	14
57	20
56	25

1	55	30
2	54	35
3	53	39
4	52	43
5	51	46
6	50	50

7 b1. In lieu of the benefits provided in paragraphs a and b of this
8 subdivision, any member who is a law enforcement officer at the
9 time of separation from service prior to the attainment of the age of
10 50 years, for any reason other than death or disability as provided in
11 this Article, after completing 15 or more years of creditable service
12 in this capacity immediately prior to separation from service, and
13 who leaves his total accumulated contributions in this System, may
14 elect to retire on a deferred early retirement allowance upon attaining
15 the age of 50 years or at any time thereafter; provided, that the
16 member may commence retirement only upon written application to
17 the Board of Trustees setting forth at what time, as of the first day of
18 a calendar month, not less than one day nor more than ~~90~~ 120 days
19 subsequent to the execution and filing thereof, he desires to
20 commence retirement. The deferred early retirement allowance shall
21 be computed in accordance with the service retirement provisions of
22 this Article pertaining to law enforcement officers.

23 b2. In lieu of the benefits provided in paragraphs a and b of this
24 subdivision, any member who is a law enforcement officer at the
25 time of separation from service prior to the attainment of the age of
26 55 years, for any reason other than death or disability as provided in
27 this Article, after completing five or more years of creditable service
28 in this capacity immediately prior to separation from service, and
29 who leaves his total accumulated contributions in this System may
30 elect to retire on a deferred service retirement allowance upon
31 attaining the age of 55 years or at any time thereafter; provided, that
32 the member may commence retirement only upon written application
33 to the Board of Trustees setting forth at what time, as of the first day
34 of a calendar month not less than one day nor more than ~~90~~ 120 days
35 subsequent to the execution and filing thereof, he desires to
36 commence retirement. The deferred service retirement allowance
37 shall be computed in accordance with the service retirement
38 provisions of this Article pertaining to law enforcement officers.

39 b3. Deferred retirement allowance of members retiring on or after July 1,
40 1995. – In lieu of the benefits provided in paragraphs a. and b. of this
41 subdivision, any member who separates from service prior to
42 attainment of age 60 years, after completing 20 or more years of
43 creditable service, and who leaves his total accumulated
44 contributions in said System, may elect to retire on a deferred
45 retirement allowance upon attaining the age of 50 years or any time
46 thereafter; provided that such member may so retire only upon
47 written application to the Board of Trustees setting forth at what
48 time, not less than one day nor more than ~~90~~ 120 days subsequent to
49 the execution and filing thereof, he desires to be retired. Such
50 deferred retirement allowance shall be computed in accordance with
51 the service retirement provisions of this Article pertaining to a

1 member who is not a law enforcement officer or an eligible former
2 law enforcement officer.

3 c. Should a beneficiary who retired on an early or service retirement
4 allowance be reemployed by, or otherwise engaged to perform
5 services for, an employer participating in the Retirement System on a
6 part-time, temporary, interim, or on fee-for-service basis, whether
7 contractual or otherwise, and if such beneficiary earns an amount
8 during the 12-month period immediately following the effective date
9 of retirement or in any calendar year which exceeds fifty percent
10 (50%) of the reported compensation, excluding terminal payments,
11 during the 12 months of service preceding the effective date of
12 retirement, or twenty thousand dollars (\$20,000), whichever is
13 greater, as hereinafter indexed, then the retirement allowance shall be
14 suspended as of the first day of the month following the month in
15 which the reemployment earnings exceed the amount above, for the
16 balance of the calendar year, except when the reemployment earnings
17 exceed the amount above in the month of December, in which case
18 the retirement allowance shall not be suspended. The retirement
19 allowance of the beneficiary shall be reinstated as of January 1 of
20 each year following suspension. The amount that may be earned
21 before suspension shall be increased on January 1 of each year by the
22 ratio of the Consumer Price Index to the Index one year earlier,
23 calculated to the nearest tenth of a percent (1/10 of 1%).

24 d. Should a beneficiary who retired on an early or service retirement
25 allowance be restored to service as an employee, then the retirement
26 allowance shall cease as of the first day of the month following the
27 month in which the beneficiary is restored to service and the
28 beneficiary shall become a member of the Retirement System and
29 shall contribute thereafter as allowed by law at the uniform
30 contribution payable by all members.

31 Upon his subsequent retirement, he shall be paid a retirement
32 allowance determined as follows:

33 1. For a member who earns at least three years' membership
34 service after restoration to service, the retirement allowance
35 shall be computed on the basis of his compensation and
36 service before and after the period of prior retirement without
37 restriction; provided, that if the prior allowance was based on
38 a social security leveling payment option, the allowance shall
39 be adjusted actuarially for the difference between the amount
40 received under the optional payment and what would have
41 been paid if the retirement allowance had been paid without
42 optional modification.

43 2. For a member who does not earn three years' membership
44 service after restoration to service, the retirement allowance
45 shall be equal to the sum of the retirement allowance to which
46 he would have been entitled had he not been restored to
47 service, without modification of the election of an optional
48 allowance previously made, and the retirement allowance that
49 results from service earned since being restored to service;
50 provided, that if the prior retirement allowance was based on
51 a social security leveling payment option, the prior allowance

1 shall be adjusted actuarially for the difference between the
2 amount that would have been paid for each month had the
3 payment not been suspended and what would have been paid
4 if the retirement allowance had been paid without optional
5 modification."

6 **SECTION 3.(i)** G.S. 128-27(a) reads as rewritten:

7 "(a) Service Retirement Benefits. –

8 (1) Any member may retire upon written application to the Board of Trustees
9 setting forth at what time, as of the first day of a calendar month, not less
10 than one day nor more than 120 days subsequent to the execution and filing
11 thereof, he desires to be retired: Provided, that the said member at the time
12 so specified for his retirement shall have attained the age of 60 years and
13 have at least five years of creditable service or shall have completed 30 years
14 of creditable service, or if a fireman, he shall have attained the age of 55
15 years and have at least five years of creditable service.

16 (2) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1019, s. 1.

17 (3) Repealed by Session Laws 1971, c. 325, s. 12.

18 (4) Any member who was in service October 8, 1981, who had attained 60 years
19 of age, may retire upon written application to the Board of Trustees setting
20 forth at what time, as of the first day of a calendar month, not less than one
21 day nor more than ~~90~~ 120 days subsequent to the execution and filing
22 thereof, he desires to be retired.

23 (5) Any member who is a law enforcement officer, and who attains age 50 and
24 completes 15 or more years of creditable service in this capacity or who
25 attains age 55 and completes five or more years of creditable service in this
26 capacity, may retire upon written application to the Board of Trustees setting
27 forth at what time, as of the first day of a calendar month, not less than one
28 day nor more than ~~90~~ 120 days subsequent to the execution and filing
29 thereof, he desires to be retired; provided, also, any member who has met the
30 conditions required by this subdivision but does not retire, and later becomes
31 an employee other than as a law enforcement officer, continues to have the
32 right to commence retirement."

33 **SECTION 3.(j)** G.S. 128-27(a1) reads as rewritten:

34 "(a1) Early Service Retirement Benefits. – Any member may retire and receive a reduced
35 retirement allowance upon written application to the Board of Trustees setting forth at what
36 time, as of the first day of a calendar month, not less than one day nor more than ~~90~~ 120 days
37 subsequent to the execution and filing thereof, he desires to be retired: Provided, that the said
38 member at the time so specified for his retirement shall have attained the age of 50 years and
39 have at least 20 years of creditable service."

40 **SECTION 3.(k)** G.S. 128-27(c) reads as rewritten:

41 "(c) Disability Retirement Benefits. – Upon the application of a member or of his
42 employer, any member who has had five or more years of creditable service may be retired by
43 the Board of Trustees, on the first day of any calendar month, not less than one day nor more
44 than ~~90~~ 120 days next following the date of filing such application, on a disability retirement
45 allowance: Provided, that the medical board, after a medical examination of such member, shall
46 certify that such member is mentally or physically incapacitated for the further performance of
47 duty, that such incapacity was incurred at the time of active employment and has been
48 continuous thereafter, that such incapacity is likely to be permanent, and that such member
49 should be retired; Provided further the medical board shall determine if the member is able to
50 engage in gainful employment and, if so, the member may still be retired and the disability

1 retirement allowance as a result thereof shall be reduced as in subsection (e) below. Provided
2 further, that the Medical Board shall not certify any member as disabled who:

- 3 (1) Applies for disability retirement based upon a mental or physical incapacity
4 which existed when the member first established membership in the system;
5 or
- 6 (2) Is in receipt of any payments on account of the same disability which existed
7 when the member first established membership in the system.

8 The Board of Trustees shall require each employee upon enrolling in the retirement system
9 to provide information on the membership application concerning any mental or physical
10 incapacities existing at the time the member enrolls.

11 Notwithstanding the requirement of five or more years of creditable service to the contrary,
12 a member who is a law enforcement officer or a fireman as defined in G.S. 58-86-25 or rescue
13 squad worker as defined in G.S. 58-86-30 and who has had one year or more of creditable
14 service and becomes incapacitated for duty as the natural and proximate result of an accident
15 occurring while in the actual performance of duty, and meets all other requirements for
16 disability retirement benefits, may be retired by the Board of Trustees on a disability retirement
17 allowance.

18 Notwithstanding the foregoing to the contrary, any beneficiary who commenced retirement
19 with an early or service retirement benefit has the right, within three years of his retirement, to
20 convert to an allowance with disability retirement benefits without modification of any election
21 of optional allowance previously made; provided, the beneficiary would have met all applicable
22 requirements for disability retirement benefits while still in service as a member. The allowance
23 on account of disability retirement benefits to the beneficiary shall be retroactive to the
24 effective date of early or service retirement.

25 Notwithstanding the foregoing, effective April 1, 1991, the surviving designated
26 beneficiary of a deceased member who met all other requirements for disability retirement
27 benefits, except whose death occurred before the first day of the calendar month in which the
28 member's disability retirement allowance was to be due and payable, may elect to receive the
29 reduced retirement allowance provided by a one hundred percent (100%) joint and survivor
30 payment option in lieu of a return of accumulated contributions, provided the following
31 conditions apply:

- 32 (1) The member had designated as the principal beneficiary, to receive a return
33 of accumulated contributions at the time of his death, one and only one
34 person, and
- 35 (2) The member had not instructed the Board of Trustees in writing that he did
36 not wish the provision of this subsection to apply."

37 **SECTION 3.(I)** G.S. 120-4.22(a) reads as rewritten:

38 "(a) Eligibility; Application. – Upon application by or on behalf of the member, any
39 member in service who has completed at least five years of creditable service and who has not
40 reached his 60th birthday may, after medical certification, be retired on a disability retirement
41 allowance by the Board of Trustees on the first day of the particular calendar month designated
42 by the applicant. The designated date shall be no less than one day nor more than ~~90~~ 120 days
43 from the filing of the application."

44 **SECTION 4.(a)** G.S. 128-32.1 reads as rewritten:

45 **"§ 128-32.1. Failure to respond.**

46 If a member fails to respond in any way within 90 days after preliminary option figures and
47 ~~Form 6-E, Election of Benefits, the Form 6-E~~ are mailed, ~~the Form 6, Application for Service,~~
48 ~~Early, or Disability Retirement, the Form 6~~ shall be null and void; the retirement system shall
49 not be liable for any benefits due on account of the voided application, and a new application
50 must be filed establishing a subsequent effective date of retirement. If an applicant for
51 disability retirement fails to furnish requested additional medical information within 90 days

1 following such request, the application shall be declared null and void under the same
2 conditions outlined above, unless the applicant is eligible for early or service retirement in
3 which case the application shall be processed accordingly, using the same effective date as
4 would have been used had the application for disability retirement been approved. The Director
5 of the Retirement Systems Division, acting on behalf of the Board of Trustees, may extend the
6 90-day limitation provided for in this section when a member has suffered incapacitation such
7 that a reasonable person would not have expected the member to be able to complete the
8 required paperwork within the regular deadline, or when an omission by the Retirement
9 Systems Division prevents the member from having sufficient time to meet the regular
10 deadline."

11 **SECTION 4.(b)** G.S. 135-10.1 reads as rewritten:

12 **"§ 135-10.1. Failure to respond.**

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

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

30 "(g) Election of Optional Allowance. – With the provision that until the first payment on
31 account of any benefit becomes normally due, or his first retirement check has been cashed,
32 any member may elect to receive his benefits in a retirement allowance payable throughout life,
33 or he may elect to receive the actuarial equivalent of such retirement allowance, including any
34 special retirement allowance, in a reduced allowance payable throughout life under the
35 provisions of one of the options set forth below. The election of Option 2 or Option 3 or
36 nomination of the person thereunder shall be revoked if such person nominated dies prior to the
37 date the first payment becomes normally due or until the first retirement check has been cashed.
38 Such election may be revoked by the member prior to the date the first payment becomes
39 normally due or until his first retirement check has been cashed. Provided, however, in the
40 event a member has elected Option 2 or Option 3 and nominated his or her spouse to receive a
41 retirement allowance upon the member's death, and the spouse predeceases the member after
42 the first payment becomes normally due or the first retirement check has been cashed, if the
43 member remarries he or she may request to nominate a new spouse to receive the retirement
44 allowance under the previously elected option, within 90 days of the remarriage, and may
45 nominate a new spouse to receive the retirement allowance under the previously elected option
46 by written designation duly acknowledged and filed with the Board of Trustees within 120 days
47 of the remarriage. The new nomination shall be effective on the first day of the month in which
48 it is made and shall provide for a retirement allowance computed to be the actuarial equivalent
49 of the retirement allowance in effect immediately prior to the effective date of the new
50 nomination. Any member having elected Options 2, 3, or 6 and nominated his or her spouse to
51 receive a retirement allowance upon the member's death may, after divorce from his or her

1 spouse, revoke the nomination and elect a new option, effective on the first day of the month in
2 which the new option is elected, providing for a retirement allowance computed to be the
3 actuarial equivalent of the retirement allowance in effect immediately prior to the effective date
4 of the new option.

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

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

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

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

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

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

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

44 Upon the death of a member after the effective date of a retirement for which the member
45 has been approved and following receipt by the Board of Trustees of an election of benefits but
46 prior to the cashing of the first benefit check, the retirement benefit shall be payable as
47 provided by the member's election of benefits under this subsection.

48 Upon the death of a member after the effective date of a retirement for which the member
49 has been approved but prior to the receipt by the Board of Trustees of an election of benefits
50 (Form 6-E or Form 7-E), properly acknowledged and filed by the member, the member's
51 designated beneficiary for a return of accumulated contributions may elect to receive the

1 benefit, if only one beneficiary is named for the return of accumulated contributions. If more
2 than one beneficiary is named for the return of accumulated contributions, the administrator or
3 executor of the member's estate will select an option and name the beneficiary or beneficiaries."

4 **SECTION 5.(b)** G.S. 135-5(g1) reads as rewritten:

5 "(g1) In the event of the death of a retired member while in receipt of a retirement
6 allowance under the provisions of this Article, there shall be paid to such person or persons as
7 the retiree shall have nominated by written designation duly acknowledged and filed with the
8 Board of Trustees, if such person or persons are living at the time of the retiree's death,
9 otherwise to the retiree's legal representatives, a death benefit equal to the excess, if any, of the
10 accumulated contributions of the retiree at the date of retirement over the total of the retirement
11 allowances paid prior to the death of the retiree. For purposes of this paragraph, the term
12 "accumulated contributions" includes amounts of employee voluntary contributions that were
13 transferred from the Supplemental Retirement Income Plan of North Carolina to this
14 Retirement System at retirement by eligible law enforcement officers.

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

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

40 In the event a retiree purchases creditable service as provided in G.S. 135-4, there shall be
41 paid to such person or persons as the retiree shall have nominated by written designation duly
42 acknowledged and filed with the Board of Trustees, if such person or persons are living at the
43 time of the retiree's death, otherwise to the retiree's legal representatives, an additional death
44 benefit equal to the excess, if any, of the cost of the creditable service purchased less the
45 administrative fee, if any, over the total of the increase in the retirement allowance attributable
46 to the additional creditable service, paid from the month following the month in which payment
47 was received to the death of the retiree.

48 In the event that a retirement allowance becomes payable to the designated survivor of a
49 retired member under the provisions above and such retirement allowance to the survivor shall
50 terminate upon the death of the survivor before the total of the increase in the retirement
51 allowance attributable to the additional creditable service paid to the retiree and the designated

1 survivor combined equals the cost of the creditable service purchased less the administrative
2 fee, the excess, if any, shall be paid in a lump sum to such person or persons as the retiree shall
3 have nominated by written designation duly acknowledged and filed with the Board of
4 Trustees, if such person or persons are living at the time such payment falls due, otherwise to
5 the retiree's legal representative.

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

9 **SECTION 5.(c)** G.S. 135-5(m) reads as rewritten:

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

- 15 (1) a. The member had attained such age and/or creditable service to be
16 eligible to commence retirement with an early or service retirement
17 allowance,
18 b. The member had obtained 20 years of creditable service in which
19 case the retirement allowance shall be computed in accordance with
20 G.S. 135-5(b19)(1)b. or G.S. 135-5(b19)(2)c., notwithstanding the
21 requirement of obtaining age 50, or
22 c. The member had not commenced to receive a retirement allowance
23 as provided under this Chapter.
24 (2) The member had designated as the principal beneficiary to receive a return
25 of his accumulated contributions one and only one person who was living at
26 the time of his death.
27 (3) The member had not instructed the Board of Trustees in writing that he did
28 not wish the provisions of this subsection to apply.

29 For the purpose of this benefit, a member is considered to be in service at the date of his
30 death if his death occurs within 180 days from the last day of his actual service. The last day of
31 actual service shall be determined as provided in subsection (l) of this section. Upon the death
32 of a member in service, the surviving spouse may make all purchases for creditable service as
33 provided for under this Chapter for which the member had made application in writing prior to
34 the date of death, provided that the date of death occurred prior to or within 60 days after
35 notification of the cost to make the purchase. The term "in service" as used in this subsection
36 includes a member in receipt of a benefit under the Disability Income Plan as provided in
37 Article 6 of this Chapter.

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

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

48 **SECTION 5.(d)** G.S. 128-27(g) reads as rewritten:

49 "(g) Election of Optional Allowance. – With the provision that until the first payment on
50 account of any benefit becomes normally due, or his first retirement check has been cashed,
51 any member may elect to receive his benefits in a retirement allowance payable throughout life,

1 or he may elect to receive the actuarial equivalent of such retirement allowance, including any
2 special retirement allowance, in a reduced allowance payable throughout life under the
3 provisions of one of the Options set forth below. The election of Option two or Option three or
4 nomination of the person thereunder shall be revoked if such person nominated dies prior to the
5 date the first payment becomes normally due or the first retirement check has been cashed.
6 Such election may be revoked by the member prior to the date the first payment becomes
7 normally due or his first retirement check has been cashed. Provided, however, in the event a
8 member has elected Option 2 or Option 3 and nominated his or her spouse to receive a
9 retirement allowance upon the member's death, and the spouse predeceases the member after
10 the first payment becomes normally due or the first retirement check has been cashed, if the
11 member remarries he or she may request to nominate a new spouse to receive the retirement
12 allowance under the previously elected option, within 90 days of the remarriage, and may
13 nominate a new spouse to receive the retirement allowance under the previously elected option
14 by written designation duly acknowledged and filed with the Board of Trustees within 120 days
15 of the remarriage. The new nomination shall be effective on the first day of the month in which
16 it is made and shall provide for a retirement allowance computed to be the actuarial equivalent
17 of the retirement allowance in effect immediately prior to the effective date of the new
18 nomination. Any member having elected Options two, three, or six and nominated his or her
19 spouse to receive a retirement allowance upon the member's death may, after divorce from his
20 or her spouse, revoke the nomination and elect a new option, effective on the first day of the
21 month in which the new option is elected, providing for a retirement allowance computed to be
22 the actuarial equivalent of the retirement allowance in effect immediately prior to the effective
23 date of the new option.

24 Option one.

- 25 (a) In the Case of a Member Who Retires prior to July 1, 1965. – If he dies
26 before he has received in annuity payments the present value of his annuity
27 as it was at the time of his retirement, the balance shall be paid to such
28 person as he shall nominate by written designation duly acknowledged and
29 filed with the Board of Trustees or, if none, to his legal representative.
- 30 (b) In the Case of a Member Who Retires on or after July 1, 1965, but prior to
31 July 1, 1993. – If he dies within 10 years from his retirement date, an amount
32 equal to his accumulated contributions at retirement, less one
33 one-hundred-twentieth thereof for each month for which he has received a
34 retirement allowance payment, shall be paid to such person as he shall
35 nominate by written designation duly acknowledged and filed with the
36 Board of Trustees or, if none, to his legal representative; or

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

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

47 Option four. Adjustment of Retirement Allowance for Social Security Benefits. – Until the
48 first payment on account of any benefit becomes normally due, any member may elect to
49 convert his benefit otherwise payable on his account after retirement into a retirement
50 allowance of equivalent actuarial value of such amount that with his benefit under Table Title
51 II of the Federal Social Security Act, he will receive, so far as possible, approximately the same

1 amount per year before and after the earliest age at which he becomes eligible, upon application
2 therefor, to receive a social security benefit.

3 Option five. For Members Retiring prior to July 1, 1993. – The member may elect to
4 receive a reduced retirement allowance under the conditions of Option two or Option three, as
5 provided for above, with the modification that if both he and the person nominated die within
6 10 years from his retirement date, an amount equal to his accumulated contributions at
7 retirement, less 1/120th thereof for each month for which a retirement allowance has been paid,
8 shall be paid to his legal representatives or to such person as he shall nominate by written
9 designation duly acknowledged and filed with the Board of Trustees.

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

14 Upon the death of a member after the effective date of a retirement for which the member
15 has been approved and following receipt by the Board of Trustees of an election of benefits but
16 prior to the cashing of the first benefit check, the retirement benefit shall be payable as
17 provided by the member's election of benefits under this subsection.

18 Upon the death of a member after the effective date of a retirement for which the member
19 has been approved but prior to the receipt by the Board of Trustees of an election of benefits
20 (Form 6-E or Form 7-E), properly acknowledged and filed by the member, the member's
21 designated beneficiary for a return of accumulated contributions may elect to receive the
22 benefit, if only one beneficiary is named for the return of accumulated contributions. If more
23 than one beneficiary is named for the return of accumulated contributions, the administrator or
24 executor of the member's estate will select an option and name the beneficiary or beneficiaries."

25 **SECTION 5.(e)** G.S. 128-27(g1) reads as rewritten:

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

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

49 In the event that a retirement allowance becomes payable to the principal beneficiary
50 designated to receive a return of accumulated contributions pursuant to subsection (m) of this
51 section and that beneficiary dies before the total of the retirement allowances paid equals the

1 amount of the accumulated contributions of the member at the date of the member's death, the
2 excess of those accumulated contributions over the total of the retirement allowances paid to
3 the beneficiary shall be paid in a lump sum to the person or persons the member has designated
4 as the contingent beneficiary for return of accumulated contributions, if the person or persons
5 are living at the time the payment falls due, otherwise to the principal beneficiary's legal
6 representative. For purposes of this paragraph, the term "accumulated contributions" includes
7 amounts of employee voluntary contributions that were transferred from the Supplemental
8 Retirement Income Plan of North Carolina to this Retirement System at retirement by eligible
9 law enforcement officers.

10 In the event a retiree purchases creditable service as provided in G.S. 128-26, there shall be
11 paid to such person or persons as the retiree shall have nominated by written designation duly
12 acknowledged and filed with the Board of Trustees, if such person or persons are living at the
13 time of the retiree's death, otherwise to the retiree's legal representatives, an additional death
14 benefit equal to the excess, if any, of the cost of the creditable service purchased less the
15 administrative fee, if any, over the total of the increase in the retirement allowance attributable
16 to the additional creditable service, paid from the month following the month in which payment
17 was received to the death of the retiree.

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

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

30 **SECTION 5.(f)** G.S. 128-27(m) reads as rewritten:

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

- 36 (1) a. The member had attained such age and/or creditable service to be
37 eligible to commence retirement with an early or service retirement
38 allowance, or
39 b. The member had obtained 20 years of creditable service in which
40 case the retirement allowance shall be computed in accordance with
41 G.S. 128-27(b21)(1)b. or G.S. 128-27(b21)(2)c., notwithstanding the
42 requirement of obtaining age 50, or
43 c. The member had not commenced to receive a retirement allowance
44 as provided under this Chapter.
45 (2) The member had designated as the principal beneficiary to receive a return
46 of his accumulated contributions one and only one person who is living at
47 the time of his death.
48 (3) The member had not instructed the Board of Trustees in writing that he did
49 not wish the provisions of this subsection apply.

50 For the purpose of this benefit, a member is considered to be in service at the date of his
51 death if his death occurs within 180 days from the last day of his actual service. The last day of

1 actual service shall be determined as provided in subsection (l) of this section. Upon the death
2 of a member in service, the surviving spouse may make all purchases for creditable service as
3 provided for under this Chapter for which the member had made application in writing prior to
4 the date of death, provided that the date of death occurred prior to or within 60 days after
5 notification of the cost to make the purchase.

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

10 **SECTION 6.(a)** G.S. 135-5(l) reads as rewritten:

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

- 21 (1) The compensation on which contributions were made by the member during
22 the calendar year preceding the year in which his death occurs, or
- 23 (2) The greatest compensation on which contributions were made by the
24 member during a 12-month period of service within the 24-month period of
25 service ending on the last day of the month preceding the month in which his
26 last day of actual service occurs;
- 27 (3), (4) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1049, s. 2.

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

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

- 37 (1) After December 31, 1968 and after he has attained age 70; or
- 38 (2) After December 31, 1969 and after he has attained age 69; or
- 39 (3) After December 31, 1970 and after he has attained age 68; or
- 40 (4) After December 31, 1971 and after he has attained age 67; or
- 41 (5) After December 31, 1972 and after he has attained age 66; or
- 42 (6) After December 31, 1973 and after he has attained age 65; or
- 43 (7) After December 31, 1978, but before January 1, 1987, and after he has
44 attained age 70.

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

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

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

- 14 (1) For the purpose of determining eligibility only, in this subsection "calendar
15 year" shall mean any period of 12 consecutive months or, if less, the period
16 covered by an annual contract of employment. For all other purposes in this
17 subsection "calendar year" shall mean the 12 months beginning January 1
18 and ending December 31.
- 19 (2) Last day of actual service shall be:
- 20 a. When employment has been terminated, the last day the member
21 actually worked.
- 22 b. When employment has not been terminated, the date on which an
23 absent member's sick and annual leave expire, unless he is on
24 approved leave of absence and is in service under the provisions of
25 G.S. 135-4(h).
- 26 c. When a participant's employment is interrupted by reason of service
27 in the Uniformed Services, as that term is defined in section 4303(16)
28 of the Uniformed Services Employment and Reemployment Rights
29 Act, Public Law 103-353, and the participant does not return
30 immediately after that service to employment with a covered
31 employer in this System, the date on which the participant was first
32 eligible to be separated or released from his or her involuntary
33 military service.
- 34 (3) For a period when a member is on leave of absence, his status with respect to
35 the death benefit will be determined by the provisions of G.S. 135-4(h).
- 36 (4) A member on leave of absence from his position as a teacher or State
37 employee for the purpose of serving as a member or officer of the General
38 Assembly shall be deemed to be in service during sessions of the General
39 Assembly and thereby covered by the provisions of the death benefit. The
40 amount of the death benefit for such member shall be the equivalent of the
41 salary to which the member would have been entitled as a teacher or State
42 employee during the 12-month period immediately prior to the month in
43 which death occurred, not to be less than twenty-five thousand dollars
44 (\$25,000) nor to exceed fifty thousand dollars (\$50,000).

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

47 A member who is a beneficiary of the Disability Income Plan provided for in Article 6 of
48 this Chapter, or a member who is in receipt of Workers' Compensation during the period for
49 which he or she would have otherwise been eligible to receive short-term benefits as provided
50 in G.S. 135-105 and dies on or after 181 days from the last day of his or her actual service but
51 prior to the date the benefits as provided in G.S. 135-105 would have ended, shall be eligible

1 for group life insurance benefits as provided in this subsection, notwithstanding that the
2 member is no longer an employee or teacher or that the member's death occurs after the
3 eligibility period after active service. The basis of the death benefit payable hereunder shall be
4 the higher of the death benefit computed as above or a death benefit based on compensation
5 used in computing the benefit payable under G.S. 135-105 and G.S. 135-106, as may be
6 adjusted for percentage post-disability increases, all subject to the maximum dollar limitation
7 as provided above. A member in receipt of benefits from the Disability Income Plan under the
8 provisions of G.S. 135-112 whose right to a benefit accrued under the former Disability Salary
9 Continuation Plan shall not be covered under the provisions of this paragraph.

10 Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this
11 subsection, of the death of a retired member of the Retirement System on or after July 1, 1988,
12 but before January 1, 1999, there shall be paid a death benefit to the surviving spouse of the
13 deceased retired member or to the deceased retired member's legal representative if not
14 survived by a spouse; provided the retired member has elected, when first eligible, to make, and
15 has continuously made, in advance of his death required contributions as determined by the
16 Board of Trustees on a fully contributory basis, through retirement allowance deductions or
17 other methods adopted by the Board of Trustees, to a group death benefit trust fund
18 administered by the Board of Trustees separate and apart from the Retirement System's
19 Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum
20 payment in the amount of five thousand dollars (\$5,000) upon the completion of twenty-four
21 months of contributions required under this subsection. Should death occur before the
22 completion of twenty-four months of contributions required under this subsection, the deceased
23 retired member's surviving spouse or legal representative if not survived by a spouse shall be
24 paid the sum of the retired member's contributions required by this subsection plus interest to
25 be determined by the Board of Trustees.

26 Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this
27 subsection, of the death of a retired member of the Retirement System on or after January 1,
28 1999, but before July 1, 2004, there shall be paid a death benefit to the surviving spouse of the
29 deceased retired member or to the deceased retired member's legal representative if not
30 survived by a spouse; provided the retired member has elected, when first eligible, to make, and
31 has continuously made, in advance of his death required contributions as determined by the
32 Board of Trustees on a fully contributory basis, through retirement allowance deductions or
33 other methods adopted by the Board of Trustees, to a group death benefit trust fund
34 administered by the Board of Trustees separate and apart from the Retirement System's
35 Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum
36 payment in the amount of six thousand dollars (\$6,000) upon the completion of 24 months of
37 contributions required under this subsection. Should death occur before the completion of 24
38 months of contributions required under this subsection, the deceased retired member's surviving
39 spouse or legal representative if not survived by a spouse shall be paid the sum of the retired
40 member's contributions required by this subsection plus interest to be determined by the Board
41 of Trustees.

42 Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this
43 subsection, of the death of a retired member of the Retirement System on or after July 1, 2004,
44 but before July 1, 2007, there shall be paid a death benefit to the surviving spouse of the
45 deceased retired member or to the deceased retired member's legal representative if not
46 survived by a spouse; provided the retired member has elected, when first eligible, to make, and
47 has continuously made, in advance of his death required contributions as determined by the
48 Board of Trustees on a fully contributory basis, through retirement allowance deductions or
49 other methods adopted by the Board of Trustees, to a group death benefit trust fund
50 administered by the Board of Trustees Fund and Pension Accumulation Fund. This death
51 benefit shall be a lump-sum payment in the amount of nine thousand dollars (\$9,000) upon the

1 completion of 24 months of contributions required under this subsection. Should death occur
2 before the completion of 24 months of contributions required under this subsection, the
3 deceased retired member's surviving spouse or legal representative if not survived by a spouse
4 shall be paid the sum of the retired member's contributions required by this subsection plus
5 interest to be determined by the Board of Trustees.

6 Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this
7 subsection, of the death of a retired member of the Retirement System on or after July 1, 2007,
8 there shall be paid a death benefit to the surviving spouse of the deceased retired member or to
9 the deceased retired member's legal representative if not survived by a spouse; provided the
10 retired member has elected, when first eligible, to make, and has continuously made, in
11 advance of his death required contributions as determined by the Board of Trustees on a fully
12 contributory basis, through retirement allowance deductions or other methods adopted by the
13 Board of Trustees, to a group death benefit trust fund administered by the Board of Trustees
14 Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the
15 amount of ten thousand dollars (\$10,000) upon the completion of 24 months of contributions
16 required under this subsection. Should death occur before the completion of 24 months of
17 contributions required under this subsection, the deceased retired member's surviving spouse or
18 legal representative if not survived by a spouse shall be paid the sum of the retired member's
19 contributions required by this subsection plus interest to be determined by the Board of
20 Trustees."

21 **SECTION 6.(b)** G.S. 128-27(l) reads as rewritten:

22 "(l) Death Benefit Plan. – The provisions of this subsection shall become effective for
23 any employer only after an agreement to that effect has been executed by the employer and the
24 Director of the Retirement System. There is hereby created a Group Life Insurance Plan
25 (hereinafter called the "Plan") which is established as an employee welfare benefit plan that is
26 separate and apart from the Retirement System and under which the members of the Retirement
27 System shall participate and be eligible for group life insurance benefits. Upon receipt of proof,
28 satisfactory to the Board of Trustees in their capacity as trustees under the Group Life
29 Insurance Plan, of the death, in service, of a member who had completed at least one full
30 calendar year of membership in the Retirement System, there shall be paid to such person as he
31 shall have nominated by written designation duly acknowledged and filed with the Board of
32 Trustees, if such person is living at the time of the member's death, otherwise to the member's
33 legal representatives, a death benefit. Such death benefit shall be equal to the greater of:

34 (1) The compensation on which contributions were made by the member during
35 the calendar year preceding the year in which his death occurs, or
36 (2) The greatest compensation on which contributions were made by the
37 member during a 12-month period of service within the 24-month period of
38 service ending on the last day of the month preceding the month in which his
39 last day of actual service occurs;
40 (3) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1049, s. 2;
41 subject to a minimum of twenty-five thousand dollars (\$25,000) and a maximum of fifty
42 thousand dollars (\$50,000). Such death benefit shall be payable apart and separate from the
43 payment of the member's accumulated contributions under the System on his death pursuant to
44 the provisions of subsection (f) of this section. For the purpose of the Plan, a member shall be
45 deemed to be in service at the date of his death if his death occurs within 180 days from the last
46 day of his actual service.

47 The death benefit provided in this subsection shall not be payable, notwithstanding the
48 member's compliance with all the conditions set forth in the preceding paragraph, if his death
49 occurs

50 (1) After June 30, 1969 and after he has attained age 70; or

51 (2) After December 31, 1969 and after he has attained age 69; or

- 1 (3) After December 31, 1970 and after he has attained age 68; or
- 2 (4) After December 31, 1971 and after he has attained age 67; or
- 3 (5) After December 31, 1972 and after he has attained age 66; or
- 4 (6) After December 31, 1973 and after he has attained age 65; or
- 5 (7) After December 31, 1978, but before January 1, 1987, and after he has
- 6 attained age 70.

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

13 Notwithstanding the above provisions, the Board of Trustees may and is specifically
14 authorized to provide the death benefit according to the terms and conditions otherwise
15 appearing in this Plan in the form of group life insurance, either (i) by purchasing a contract or
16 contracts of group life insurance with any life insurance company or companies licensed and
17 authorized to transact business in this State for the purpose of insuring the lives of members in
18 service, or (ii) by establishing a separate trust fund qualified under section 501(c)(9) of the
19 Internal Revenue Code of 1954, as amended, for such purpose. To that end the Board of
20 Trustees is authorized, empowered and directed to investigate the desirability of utilizing group
21 life insurance by either of the foregoing methods for the purpose of providing the death benefit.
22 If a separate trust fund is established, it shall be operated in accordance with rules and
23 regulations adopted by the Board of Trustees and all investment earnings on the trust fund shall
24 be credited to such fund.

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

- 26 (1) For the purpose of determining eligibility only, in this subsection "calendar
27 year" shall mean any period of 12 consecutive months. For all other
28 purposes in this subsection "calendar year" shall mean the 12 months
29 beginning January 1 and ending December 31.
- 30 (2) Last day of actual service shall be:
 - 31 a. When employment has been terminated, the last day the member
32 actually worked.
 - 33 b. When employment has not been terminated, the date on which an
34 absent member's sick and annual leave expire.
 - 35 c. When a participant's employment is interrupted by reason of service
36 in the Uniformed Services, as that term is defined in section 4303(16)
37 of the Uniformed Services Employment and Reemployment Rights
38 Act, Public Law 103-353, and the participant does not return
39 immediately after that service to employment with a covered
40 employer in this System, the date on which the participant was first
41 eligible to be separated or released from his or her involuntary
42 military service.
- 43 (3) For a period when a member is on leave of absence, his status with respect to
44 the death benefit will be determined by the provisions of G.S. 128-26(g).
- 45 (4) A member on leave of absence from his position as a local governmental
46 employee for the purpose of serving as a member or officer of the General
47 Assembly shall be deemed to be in service during sessions of the General
48 Assembly and thereby covered by the provisions of the death benefit, if
49 applicable. The amount of the death benefit for such member shall be the
50 equivalent of the salary to which the member would have been entitled as a
51 local governmental employee during the 12-month period immediately prior

1 to the month in which death occurred, not to be less than twenty-five
2 thousand dollars (\$25,000) nor to exceed fifty thousand dollars (\$50,000).

3 The provisions of the Retirement System pertaining to administration, G.S. 128-28, and
4 management of funds, G.S. 128-29, are hereby made applicable to the Plan."

5 **SECTION 6.(c)** G.S. 135-63 is amended by adding a new subsection to read:

6 "(e) For purposes of this subsection, a participant whose employment is interrupted by
7 reason of service in the Uniformed Services, as that term is defined in section 4303(16) of the
8 Uniformed Services Employment and Reemployment Rights Act, Public Law 103-353, shall be
9 deemed to be "in service" until the last day of such service in the Uniformed Services. If the
10 participant does not return immediately after that service to employment with a covered
11 employer in this System, then the participant shall be deemed "in service" until the date on
12 which the participant was first eligible to be separated or released from his or her involuntary
13 military service."

14 **SECTION 6.(d)** G.S. 120-4.27 reads as rewritten:

15 **"§ 120-4.27. Death benefit.**

16 The designated beneficiary of a member who dies while in service after completing one
17 year of creditable service shall receive a lump-sum payment of an amount equal to the deceased
18 member's highest annual salary, to a maximum of fifteen thousand dollars (\$15,000). For
19 purposes of this death benefit "in service" means currently serving as a member of the North
20 Carolina General Assembly. "In service" also means service in the Uniformed Services, as that
21 term is defined in section 4303(16) of the Uniformed Services Employment and Reemployment
22 Rights Act, Public Law 103-353, if that service begins during the member's term of office. If
23 the participant does not return immediately after that service to employment with a covered
24 employer in this System, then the participant shall be deemed "in service" until the date on
25 which the participant was first eligible to be separated or released from his or her involuntary
26 military service.

27 The death benefit provided by this section shall be designated a group life insurance benefit
28 payable under an employee welfare benefit plan that is separate and apart from the Retirement
29 System but under which the members of the Retirement System shall participate and be eligible
30 for group life insurance benefits. The Board of Trustees is authorized to provide the death
31 benefit in the form of group life insurance either by purchasing a contract or contracts of group
32 life insurance with any life insurance company or companies licensed and authorized to
33 transact business in the State of North Carolina for the purpose of insuring the lives of qualified
34 members in service, or by establishing or affiliating with a separate trust fund qualified under
35 Section 501(c)(9) of the Internal Revenue Code of 1954, as amended.

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

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

17 Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a retired
18 member of the Retirement System or Retirement Fund on or after July 1, 2004, but before July
19 1, 2007, there shall be paid a death benefit to the surviving spouse of a deceased retired
20 member, or to the deceased retired member's legal representative if not survived by a spouse;
21 provided the retired member has elected, when first eligible, to make, and has continuously
22 made, in advance of his death required contributions as determined by the Retirement System
23 on a fully contributory basis, through retirement allowance deductions or other methods
24 adopted by the Retirement System, to a group death benefit trust fund administered by the
25 Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund and
26 Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the amount of
27 nine thousand dollars (\$9,000) upon the completion of 24 months of contributions required
28 under this subsection. Should death occur before the completion of 24 months of contributions
29 required under this subsection, the deceased retired member's surviving spouse or legal
30 representative if not survived by a spouse shall be paid the sum of the retired member's
31 contributions required by this subsection plus interest to be determined by the Board of
32 Trustees.

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

48 **SECTION 6.(e)** G.S. 135-1(7a) reads as rewritten:

49 "(7a) a. "Compensation" shall mean all salaries and wages prior to any
50 reduction pursuant to sections 125, 401(k), 403(b), 414(h)(2), and
51 457 of the Internal Revenue Code, not including any terminal

1 payments for unused sick leave, derived from public funds which are
2 earned by a member of the Retirement System for service as an
3 employee or teacher in the unit of the Retirement System for which
4 he is performing full-time work. In addition to the foregoing,
5 "compensation" shall include:

- 6 1. Performance-based compensation (regardless of whether paid
7 in a lump sum, in periodic installments, or on a monthly
8 basis);
- 9 2. Conversion of additional benefits to salary (additional
10 benefits such as health, life, or disability plans), so long as the
11 benefits are other than mandated by State law or regulation;
- 12 3. Payment of tax consequences for benefits provided by the
13 employer, so long as they constitute an adjustment or increase
14 in salary and not a "reimbursement of expenses";
- 15 4. Payout of vacation leave so long as such payouts are
16 permitted by applicable law and regulation; ~~and~~
- 17 5. Employee contributions to eligible deferred compensation
18 ~~plans.~~ plans; and
- 19 6. Effective July 1, 2009, payment of military differential
20 wages.

21 b. "Compensation" shall not include any payment, as determined by the
22 Board of Trustees, for the reimbursement of expenses or payments
23 for housing or any other allowances whether or not classified as
24 salary and wages. "Compensation" includes all special pay
25 contribution of annual leave made to a 401(a) Special Pay Plan for
26 the benefit of an employee. Notwithstanding any other provision of
27 this Chapter, "compensation" shall not include:

- 28 1. Supplement/allowance provided to employee to purchase
29 additional benefits such as health, life, or disability plans;
- 30 2. Travel supplement/allowance (nonaccountable allowance
31 plans);
- 32 3. Employer contributions to eligible deferred compensation
33 plans;
- 34 4. Employer-provided fringe benefits (additional benefits such
35 as health, life, or disability plans);
- 36 5. Reimbursement of uninsured medical expenses;
- 37 6. Reimbursement of business expenses;
- 38 7. Reimbursement of moving expenses;
- 39 8. Reimbursement/payment of personal expenses;
- 40 9. Incentive payments for early retirement;
- 41 10. Bonuses paid incident to retirement;
- 42 11. Contract buyout/severance payments; and
- 43 12. Payouts for unused sick leave.

44 c. In the event an employer reports as "compensation" payments not
45 specifically included or excluded as "compensation", such payments
46 shall be "compensation" for retirement purposes only if the employer
47 pays the Retirement System the additional actuarial liability created
48 by such payments."

49 **SECTION 6.(f)** G.S.128-21(7a) reads as rewritten:

50 "(7a) a. "Compensation" shall mean all salaries and wages prior to any
51 reduction pursuant to sections 125, 401(k), 403(b), 414(h)(2), and

1 457 of the Internal Revenue Code, not including any terminal
2 payments for unused sick leave, derived from public funds which are
3 earned by a member of the Retirement System for service as an
4 employee in the unit of the Retirement System for which he is
5 performing full-time work. In addition to the foregoing,
6 "compensation" shall include:

- 7 1. Performance-based compensation (regardless of whether paid
8 in a lump sum, periodic installments, or on a monthly basis);
- 9 2. Conversion of additional benefits to salary (additional
10 benefits such as health, life, or disability plans), so long as the
11 benefits are other than mandated by State law or regulation;
- 12 3. Payment of tax consequences for benefits provided by the
13 employer so long as they constitute an adjustment or increase
14 in salary and not a "reimbursement of expenses";
- 15 4. Payout of vacation leave so long as such payouts are
16 permitted by applicable law and regulation; ~~and~~
- 17 5. Employee contributions to eligible deferred compensation
18 ~~plans.~~ plans; and
- 19 6. Effective July 1, 2009, payment of military differential
20 wages.

21 b. "Compensation" shall not include any payment, as determined by the
22 Board of Trustees, for the reimbursement of expenses or payments
23 for housing or any other allowances whether or not classified as
24 salary and wages. Notwithstanding any other provision of this
25 Chapter, "compensation" shall not include:

- 26 1. Supplement/allowance provided to employee to purchase
27 additional benefits such as health, life, or disability plans;
- 28 2. Travel supplement/allowance (nonaccountable allowance
29 plans);
- 30 3. Employer contributions to eligible deferred compensation
31 plans;
- 32 4. Employer-provided fringe benefits (additional benefits such
33 as health, life, or disability plans);
- 34 5. Reimbursement of uninsured medical expenses;
- 35 6. Reimbursement of business expenses;
- 36 7. Reimbursement of moving expenses;
- 37 8. Reimbursement/payment of personal expenses;
- 38 9. Incentive payments for early retirement;
- 39 10. Bonuses paid incident to retirement;
- 40 11. Contract buyout/severance payments; and
- 41 12. Payouts for unused sick leave.

42 c. In the event an employer reports as "compensation" payments not
43 specifically included or excluded as "compensation", such payments
44 shall be "compensation" for retirement purposes only if the employer
45 pays the Retirement System the additional actuarial liability created
46 by such payments."

47 **SECTION 6.(g)** G.S. 135-53(5) reads as rewritten:

48 "(5) "Compensation" shall mean all salaries and wages derived from public funds
49 which are earned by a member of the Retirement System for his service as a
50 justice or judge, or district attorney, or clerk of superior court, or public

1 defender, or the Director of Indigent Defense Services. Effective July 1,
2 2009, "compensation" also means payment of military differential wages."

3 **SECTION 6.(h)** G.S. 120-4.8(5) reads as rewritten:

4 "(5) "Compensation" means salary and expense allowance paid for service as a
5 legislator in the North Carolina General Assembly, exclusive of travel and
6 per diem. Effective July 1, 2009, "compensation" also means payment of
7 military differential wages."

8 **SECTION 6.(i)** G.S. 135-1(10) reads as rewritten:

9 "(10) "Employee" shall mean all full-time employees, agents or officers of the
10 State of North Carolina or any of its departments, bureaus and institutions
11 other than educational, whether such employees are elected, appointed or
12 employed: Provided that the term "employee" shall not include any person
13 who is a member of the Consolidated Judicial Retirement System, any
14 member of the General Assembly or any part-time or temporary employee.
15 Notwithstanding any other provision of law, "employee" shall include all
16 employees of the General Assembly except participants in the Legislative
17 Intern Program, pages, and beneficiaries in receipt of a monthly retirement
18 allowance under this Chapter who are reemployed on a temporary basis.
19 "Employee" also includes any participant whose employment is interrupted
20 by reason of service in the Uniformed Services, as that term is defined in
21 section 4303(16) of the Uniformed Services Employment and
22 Reemployment Rights Act, Public Law 103-353, if that participant was an
23 employee at the time of the interruption; if the participant does not return
24 immediately after that service to employment with a covered employer in
25 this System, then the participant shall be deemed "in service" until the date
26 on which the participant was first eligible to be separated or released from
27 his or her involuntary military service. In all cases of doubt, the Board of
28 Trustees shall determine whether any person is an employee as defined in
29 this Chapter. "Employee" shall also mean every full-time civilian employee
30 of the army national guard and air national guard of this State who is
31 employed pursuant to section 709 of Title 32 of the United States Code and
32 paid from federal appropriated funds, but held by the federal authorities not
33 to be a federal employee: Provided, however, that the authority or agency
34 paying the salaries of such employees shall deduct or cause to be deducted
35 from each employee's salary the employee's contribution in accordance with
36 applicable provisions of G.S. 135-8 and remit the same, either directly or
37 indirectly, to the Retirement System; coverage of employees described in
38 this sentence shall commence upon the first day of the calendar year or fiscal
39 year, whichever is earlier, next following the date of execution of an
40 agreement between the Secretary of Defense of the United States and the
41 Adjutant General of the State acting for the Governor in behalf of the State,
42 but no credit shall be allowed pursuant to this sentence for any service
43 previously rendered in the above-described capacity as a civilian employee
44 of the national guard: Provided, further, that the Adjutant General, in his
45 discretion, may terminate the Retirement System coverage of the
46 above-described national guard employees if a federal retirement system is
47 established for such employees and the Adjutant General elects to secure
48 coverage of such employees under such federal retirement system. Any
49 full-time civilian employee of the national guard described above who is
50 now or hereafter may become a member of the Retirement System may
51 secure Retirement System credit for such service as a national guard civilian

1 employee for the period preceding the time when such employees became
2 eligible for Retirement System coverage by paying to the Retirement System
3 an amount equal to that which would have constituted employee
4 contributions if he had been a member during the years of ineligibility, plus
5 interest. Employees of State agencies, departments, institutions, boards, and
6 commissions who are employed in permanent job positions on a recurring
7 basis and who work 30 or more hours per week for nine or more months per
8 calendar year are covered by the provisions of this subdivision. On and after
9 August 1, 2001, a person who is a nonimmigrant alien and who otherwise
10 meets the requirements of this subdivision shall not be excluded from the
11 definition of "employee" solely because the person holds a temporary or
12 time-limited visa."

13 **SECTION 6.(j)** G.S. 128-21(10) reads as rewritten:

14 "(10) "Employee" shall mean any person who is regularly employed in the service
15 of and whose salary or compensation is paid by the employer as defined in
16 subdivision (11) of this section, whether employed or appointed for stated
17 terms or otherwise, except teachers in the public schools and except such
18 employees who hold office by popular election as are not required to devote
19 a major portion of their time to the duties of their office. "Employee" also
20 means all full-time, paid firemen who are employed by any fire department
21 that serves a city or county or any part of a city or county and that is
22 supported in whole or in part by municipal or county funds. "Employee" also
23 includes any participant whose employment is interrupted by reason of
24 service in the Uniformed Services, as that term is defined in section
25 4303(16) of the Uniformed Services Employment and Reemployment Rights
26 Act, Public Law 103-353, if that participant was an employee at the time of
27 the interruption; if the participant does not return immediately after that
28 service to employment with a covered employer in this System, then the
29 participant shall be deemed "in service" until the date on which the
30 participant was first eligible to be separated or released from his or her
31 involuntary military service. In all cases of doubt the Board of Trustees shall
32 decide who is an employee. On and after August 1, 2001, a person who is a
33 nonimmigrant alien and who otherwise meets the requirements of this
34 subdivision shall not be excluded from the definition of "employee" solely
35 because the person holds a temporary or time-limited visa."

36 **SECTION 7.(a)** G.S. 135-8(b2) reads as rewritten:

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

- 45 (1) Within 90 days of the denial of the promotion or the error in reporting, by
46 the payment of employee and employer contributions that would have been
47 paid; or
- 48 (2) After 90 days of the denial of the promotion or the error in reporting, by the
49 payment of the employee and employer contributions that would have been
50 paid plus interest compounded annually at a rate equal to the greater of the
51 average yield on the pension accumulation fund for the preceding calendar

1 year or the actuarial investment rate-of-return assumption, as adopted by the
2 Board of Trustees.

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

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

19 An employer error in underreporting compensation shall not include a retroactive increase
20 in compensation that occurs during the four consecutive calendar years that would have
21 produced the highest average annual compensation pursuant to G.S. 135-1(5) for reasons other
22 than a wrongfully denied promotional opportunity where the member is promoted
23 retroactively."

24 **SECTION 7.(b)** G.S. 128-30(b2) reads as rewritten:

25 "(b2) Retroactive Adjustment in Compensation or an Underreporting of Compensation. –
26 A member or beneficiary who is awarded backpay in cases of a denied promotional opportunity
27 in which the aggrieved member or beneficiary is granted a promotion retroactively, or in cases
28 in which an employer errs in the reporting of compensation, including the employee and
29 employer contributions, the member or beneficiary and employer may make employee and
30 employer contributions on the retroactive or additional compensation after submitting clear and
31 convincing evidence of the retroactive promotion or underreporting of compensation, as
32 follows:

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

42 For members or beneficiaries electing to make the employee contributions on the
43 retroactive adjustment in compensation or on the underreported compensation, the member's or
44 beneficiary's employer, which granted the retroactive promotion or erred in underreporting
45 compensation and contributions, shall make the required employer contributions. Nothing
46 contained in this subsection shall prevent an employer from paying all or a part of the interest
47 assessed on the employee contributions; and to the extent paid by the employer, the interest
48 paid by the employer shall be credited to the pension accumulation fund; provided, however, an
49 employer does not discriminate against any member or beneficiary or group of members or
50 beneficiaries in his employ in paying all or any part of the interest assessed on the employee
51 contributions due.

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

7 An employer error in underreporting compensation shall not include a retroactive increase
8 in compensation that occurs during the four consecutive calendar years that would have
9 produced the highest average annual compensation pursuant to G.S. 135-1(5), for reasons other
10 than a wrongfully denied promotional opportunity where the member is promoted
11 retroactively."

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

14 "c1. Within 90 days of the end of each month in which a beneficiary is
15 reemployed under the provisions of sub-subdivision c. of this
16 subdivision, each employer shall provide a report for that month on
17 each reemployed beneficiary, including the terms of the
18 reemployment, the date of the reemployment, and the amount of the
19 monthly compensation. If such a report is not received within the
20 required 90 days, the Board shall assess the employer with a penalty
21 of ten percent (10%) of the compensation of the unreported
22 reemployed beneficiaries during the months for which the employer
23 did not report the reemployed beneficiaries, with a minimum penalty
24 of twenty-five dollars (\$25.00)."

25 **SECTION 8.(b)** G.S. 128-24(5) is amended by adding a new sub-subdivision to
26 read:

27 "c1. Within 90 days of the end of each month in which a beneficiary is
28 reemployed under the provisions of sub-subdivision c. of this
29 subdivision, each employer shall provide a report for that month on
30 each reemployed beneficiary, including the terms of the
31 reemployment, the date of the reemployment, and the amount of the
32 monthly compensation. If such a report is not received within the
33 required 90 days, the Board shall assess the employer with a penalty
34 of ten percent (10%) of the compensation of the unreported
35 reemployed beneficiaries during the months for which the employer
36 did not report the reemployed beneficiaries, with a minimum penalty
37 of twenty-five dollars (\$25.00)."

38 **SECTION 9.** G.S. 135-5(c), amended by Section 3(d) of this act, reads as
39 rewritten:

40 "(c) Disability Retirement Benefits of Members Leaving Service Prior to January 1,
41 1988. – The provisions of this subsection shall not be applicable to members in service on or
42 after January 1, 1988. Upon the application of a member or of his employer, any member who
43 has had five or more years of creditable service may be retired by the Board of Trustees, on the
44 first day of any calendar month, not less than one day nor more than 120 days next following
45 the date of filing such application, on a disability retirement allowance: Provided, that the
46 medical board, after a medical examination of such member, shall certify that such member is
47 mentally or physically incapacitated for the further performance of duty, that such incapacity
48 was incurred at the time of active employment and has been continuous thereafter, that such
49 incapacity is likely to be permanent, and that such member should be retired; Provided further
50 the medical board shall determine if the member is able to engage in gainful employment and,
51 if so, the member may still be retired and the disability retirement allowance as a result thereof

1 shall be reduced as in subsection (e) below. Provided further, that the medical board shall not
2 certify any member as disabled who:

- 3 (1) Applies for disability retirement based upon a mental or physical incapacity
4 which existed when the member first established membership in the system;
5 or
- 6 (2) Is in receipt of any payments on account of the same disability which existed
7 when the member first established membership in the system.

8 The Board of Trustees shall require each employee upon enrolling in the retirement system
9 to provide information on the membership application concerning any mental or physical
10 incapacities existing at the time the member enrolls.

11 Supplemental disability benefits heretofore provided are hereby made a permanent part of
12 disability benefits after age 65, and shall not be discontinued at age 65.

13 Notwithstanding the requirement of five or more years of creditable service to the contrary,
14 a member who is a law-enforcement officer and who has had one year or more of creditable
15 service and becomes incapacitated for duty as the natural and proximate result of an accident
16 occurring while in the actual performance of duty, and meets all other requirements for
17 disability retirement benefits, may be retired by the Board of Trustees on a disability retirement
18 allowance.

19 Notwithstanding the foregoing to the contrary, any beneficiary who commenced retirement
20 with an early or service retirement benefit has the right, within three years of his retirement, to
21 convert to an allowance with disability retirement benefits without modification of any election
22 of optional allowance previously made; provided, the beneficiary presents clear and convincing
23 evidence that the beneficiary would have met all applicable requirements for disability
24 retirement benefits while still in service as a member. The allowance on account of disability
25 retirement benefits to the beneficiary shall be retroactive to the effective date of early or service
26 retirement.

27 Notwithstanding the foregoing, the surviving designated beneficiary of a deceased member
28 who met all other requirements for disability retirement benefits, except whose death occurred
29 before the first day of the calendar month in which the member's disability retirement
30 allowance was to be due and payable, may elect to receive the reduced retirement allowance
31 provided by a ~~fifty percent (50%)~~ one hundred percent (100%) joint and survivor payment
32 option in lieu of a return of accumulated contributions, provided the following conditions
33 apply:

- 34 (1) The member had designated as the principal beneficiary, to receive a return
35 of accumulated contributions at the time of his death, one and only one
36 person, and
- 37 (2) The member had not instructed the Board of Trustees in writing that he did
38 not wish the provision of this subsection to apply."

39 **SECTION 10.** G.S. 127A-40(b) reads as rewritten:

40 "(b) Payment to a retired member of the North Carolina national guard under the
41 provisions of this section will cease at the death of the individual and no payment will be made
42 to beneficiaries or to the decedent's ~~estate.~~ estate, except that the legal representative of a
43 retired member who dies shall be entitled to a full check for the month in which the death
44 occurred."

45 **SECTION 11.(a)** G.S. 135-63(a) reads as rewritten:

46 "(a) Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a
47 member in service, there shall be paid in a lump sum to such person as the member shall have
48 nominated by electronic submission prior to completing 10 years of service in a form approved
49 by the Board of Trustees or by written designation duly acknowledged and filed with the Board
50 of Trustees, if such person is living at the time of the member's death, otherwise to the
51 member's legal representatives, a death benefit equal to the sum of (i) the member's

1 accumulated contributions, plus (ii) the member's final compensation; provided, however, that
2 if the member has attained his fiftieth birthday with at least five years of membership service at
3 his date of death, and if the designated recipient of the death benefits is the member's spouse
4 who survives him, and if the spouse so elects, then the lump-sum death benefit provided for
5 herein shall consist only of a payment equal to the member's final compensation and there shall
6 be paid to the surviving spouse an annual retirement allowance, payable monthly, which shall
7 commence on the first day of the calendar month coinciding with or next following the death of
8 the member and shall be continued on the first day of each month thereafter until the
9 remarriage or death of the spouse. The amount of any such retirement allowance shall be equal
10 to one half of the amount of the retirement allowance to which the member would have been
11 entitled had he retired under the provisions of G.S. 135-57(a) on the first day of the calendar
12 month coinciding with or next following his date of death, reduced by two percent (2%) thereof
13 for each full year, if any, by which the age of the member at his date of death exceeds that of
14 his spouse. If the retirement allowance to the spouse shall terminate on the remarriage or death
15 of the spouse before the total of the retirement allowance payments made equals the amount of
16 the member's accumulated contributions at date of death, the excess of such accumulated
17 contributions over the total of the retirement allowances paid to the spouse shall be paid in a
18 lump sum to such person as the member shall have nominated by electronic submission in a
19 form approved by the Board of Trustees or by written designation duly acknowledged and filed
20 with the Board of Trustees, if such person is living at the time such payment falls due,
21 otherwise to the former member's legal representatives."

22 **SECTION 11.(b)** G.S. 135-63(c) reads as rewritten:

23 "(c) Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a
24 member not in service, there shall be paid in a lump sum to such person as the member shall
25 have nominated by electronic submission prior to completing 10 years of service in a form
26 approved by the Board of Trustees or by written designation duly acknowledged and filed with
27 the Board of Trustees, if such person is living at the time of the member's death, otherwise to
28 the member's legal representatives, a death benefit equal to the member's accumulated
29 contributions."

30 **SECTION 11.(c)** G.S. 135-64(c) reads as rewritten:

31 "(c) In the event of the death of a former member while in receipt of a retirement
32 allowance under the provisions of G.S. 135-58, 135-60, or 135-61, if such former member is
33 not survived by a spouse to whom a retirement allowance is payable under the provisions of
34 subsection (a) or subsection (b) above, nor survived by a beneficiary to whom a monthly
35 survivorship benefit is payable under one of the optional modes of payment under G.S. 135-61,
36 there shall be paid to such person as the member shall have nominated by electronic submission
37 in a form approved by the Board of Trustees or by written designation duly acknowledged and
38 filed with the Board of Trustees, if such person is living at the time of the member's death,
39 otherwise to the member's legal representatives, a death benefit equal to the excess, if any, of
40 the accumulated contributions of the member at his date of retirement over the total of the
41 retirement allowances paid to him prior to his death."

42 **SECTION 11.(d)** G.S. 135-64(d) reads as rewritten:

43 "(d) In the event that a retirement allowance becomes payable to the spouse of a former
44 member under the provisions of subsection (a) or subsection (b) above, or to the designated
45 survivor of a former member under one of the optional modes of payment under G.S. 135-61,
46 and such retirement allowance to the spouse shall terminate on the remarriage or death of the
47 spouse, or on the death of the designated survivor, before the total of the retirement allowances
48 paid to the former member and his spouse or designated survivor combined equals the amount
49 of the member's accumulated contributions at his date of retirement, the excess of such
50 accumulated contributions over the total of the retirement allowances paid to the former
51 member and his spouse or designated survivor combined shall be paid in a lump sum to such

1 person as the member shall have nominated by electronic submission in a form approved by the
2 Board of Trustees or by written designation duly acknowledged and filed with the Board of
3 Trustees, if such person is living at the time such payment falls due, otherwise to the former
4 member's legal representatives."

5 **SECTION 11.(e)** G.S. 135-5(f) reads as rewritten:

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

27 Pursuant to the provisions of G.S. 135-56.2, a member who is also a member of the
28 Consolidated Judicial Retirement System may irrevocably elect to transfer any accumulated
29 contributions to the Consolidated Judicial Retirement System or to the Supplemental
30 Retirement Income Plan and forfeit any rights in or to any benefits otherwise payable
31 hereunder.

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

39 **SECTION 11.(f)** G.S. 135-5(g1), as amended by Section 5(b) of this act, reads as
40 rewritten:

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

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

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

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

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

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

49 **SECTION 11.(g)** G.S. 135-5(1), as amended by Section 6(a) of this act, reads as
50 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.

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

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

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

Notwithstanding the above provisions, the Board of Trustees may and is specifically authorized to provide the death benefit according to the terms and conditions otherwise appearing in this Plan in the form of group life insurance, either (i) by purchasing a contract or contracts of group life insurance with any life insurance company or companies licensed and authorized to transact business in this State for the purpose of insuring the lives of members in service, or (ii) by establishing a separate trust fund qualified under Section 501(c)(9) of the Internal Revenue Code of 1954, as amended, for such purpose. To that end the Board of Trustees is authorized, empowered and directed to investigate the desirability of utilizing group life insurance by either of the foregoing methods for the purpose of providing the death benefit.

1 If a separate trust fund is established, it shall be operated in accordance with rules and
2 regulations adopted by the Board of Trustees and all investment earnings on the trust fund shall
3 be credited to such fund.

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

- 5 (1) For the purpose of determining eligibility only, in this subsection "calendar
6 year" shall mean any period of 12 consecutive months or, if less, the period
7 covered by an annual contract of employment. For all other purposes in this
8 subsection "calendar year" shall mean the 12 months beginning January 1
9 and ending December 31.
- 10 (2) Last day of actual service shall be:
- 11 a. When employment has been terminated, the last day the member
12 actually worked.
- 13 b. When employment has not been terminated, the date on which an
14 absent member's sick and annual leave expire, unless he is on
15 approved leave of absence and is in service under the provisions of
16 G.S. 135-4(h).
- 17 c. When a participant's employment is interrupted by reason of service
18 in the Uniformed Services, as that term is defined in section 4303(16)
19 of the Uniformed Services Employment and Reemployment Rights
20 Act, Public Law 103-353, and the participant does not return
21 immediately after that service to employment with a covered
22 employer in this System, the date on which the participant was first
23 eligible to be separated or released from his or her involuntary
24 military service.
- 25 (3) For a period when a member is on leave of absence, his status with respect to
26 the death benefit will be determined by the provisions of G.S. 135-4(h).
- 27 (4) A member on leave of absence from his position as a teacher or State
28 employee for the purpose of serving as a member or officer of the General
29 Assembly shall be deemed to be in service during sessions of the General
30 Assembly and thereby covered by the provisions of the death benefit. The
31 amount of the death benefit for such member shall be the equivalent of the
32 salary to which the member would have been entitled as a teacher or State
33 employee during the 12-month period immediately prior to the month in
34 which death occurred, not to be less than twenty-five thousand dollars
35 (\$25,000) nor to exceed fifty thousand dollars (\$50,000).

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

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

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 July 1, 1988,
3 but before January 1, 1999, there shall be paid a death benefit to the surviving spouse of the
4 deceased retired member or to the deceased retired member's legal representative if not
5 survived by a spouse; provided the retired member has elected, when first eligible, to make, and
6 has continuously made, in advance of his death required contributions as determined by the
7 Board of Trustees on a fully contributory basis, through retirement allowance deductions or
8 other methods adopted by the Board of Trustees, to a group death benefit trust fund
9 administered by the Board of Trustees separate and apart from the Retirement System's
10 Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum
11 payment in the amount of five thousand dollars (\$5,000) upon the completion of twenty-four
12 months of contributions required under this subsection. Should death occur before the
13 completion of twenty-four months of contributions required under this subsection, the deceased
14 retired member's surviving spouse or legal representative if not survived by a spouse shall be
15 paid the sum of the retired member's contributions required by this subsection plus interest to
16 be determined by the Board of Trustees.

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

33 Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this
34 subsection, of the death of a retired member of the Retirement System on or after July 1, 2004,
35 but before July 1, 2007, there shall be paid a death benefit to the surviving spouse of the
36 deceased retired member or to the deceased retired member's legal representative if not
37 survived by a spouse; provided the retired member has elected, when first eligible, to make, and
38 has continuously made, in advance of his death required contributions as determined by the
39 Board of Trustees on a fully contributory basis, through retirement allowance deductions or
40 other methods adopted by the Board of Trustees, to a group death benefit trust fund
41 administered by the Board of Trustees Fund and Pension Accumulation Fund. This death
42 benefit shall be a lump-sum payment in the amount of nine thousand dollars (\$9,000) upon the
43 completion of 24 months of contributions required under this subsection. Should death occur
44 before the completion of 24 months of contributions required under this subsection, the
45 deceased retired member's surviving spouse or legal representative if not survived by a spouse
46 shall be paid the sum of the retired member's contributions required by this subsection plus
47 interest to be determined by the Board of Trustees.

48 Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this
49 subsection, of the death of a retired member of the Retirement System on or after July 1, 2007,
50 there shall be paid a death benefit to the surviving spouse of the deceased retired member or to
51 the deceased retired member's legal representative if not survived by a spouse; provided the

1 retired member has elected, when first eligible, to make, and has continuously made, in
2 advance of his death required contributions as determined by the Board of Trustees on a fully
3 contributory basis, through retirement allowance deductions or other methods adopted by the
4 Board of Trustees, to a group death benefit trust fund administered by the Board of Trustees
5 Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the
6 amount of ten thousand dollars (\$10,000) upon the completion of 24 months of contributions
7 required under this subsection. Should death occur before the completion of 24 months of
8 contributions required under this subsection, the deceased retired member's surviving spouse or
9 legal representative if not survived by a spouse shall be paid the sum of the retired member's
10 contributions required by this subsection plus interest to be determined by the Board of
11 Trustees."

12 **SECTION 11.(h)** G.S. 128-27(f) reads as rewritten:

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

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

39 **SECTION 11.(i)** G.S. 128-27(g1), as amended by Section 5(e) of this act, reads as
40 rewritten:

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

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

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

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

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

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

49 **SECTION 11.(j)** G.S. 128-27(1), as amended by Section 6(b) of this act, reads as
50 rewritten:

1 "(l) Death Benefit Plan. – The provisions of this subsection shall become effective for
2 any employer only after an agreement to that effect has been executed by the employer and the
3 Director of the Retirement System. There is hereby created a Group Life Insurance Plan
4 (hereinafter called the "Plan") which is established as an employee welfare benefit plan that is
5 separate and apart from the Retirement System and under which the members of the Retirement
6 System shall participate and be eligible for group life insurance benefits. Upon receipt of proof,
7 satisfactory to the Board of Trustees in their capacity as trustees under the Group Life
8 Insurance Plan, of the death, in service, of a member who had completed at least one full
9 calendar year of membership in the Retirement System, there shall be paid to such person as he
10 shall have nominated by electronic submission prior to completing 10 years of service in a form
11 approved by the Board of Trustees or by written designation duly acknowledged and filed with
12 the Board of Trustees, if such person is living at the time of the member's death, otherwise to
13 the member's legal representatives, a death benefit. Such death benefit shall be equal to the
14 greater of:

15 (1) The compensation on which contributions were made by the member during
16 the calendar year preceding the year in which his death occurs, or
17 (2) The greatest compensation on which contributions were made by the
18 member during a 12-month period of service within the 24-month period of
19 service ending on the last day of the month preceding the month in which his
20 last day of actual service occurs;
21 (3) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1049, s. 2;
22 subject to a minimum of twenty-five thousand dollars (\$25,000) and a maximum of fifty
23 thousand dollars (\$50,000). Such death benefit shall be payable apart and separate from the
24 payment of the member's accumulated contributions under the System on his death pursuant to
25 the provisions of subsection (f) of this section. For the purpose of the Plan, a member shall be
26 deemed to be in service at the date of his death if his death occurs within 180 days from the last
27 day of his actual service.

28 The death benefit provided in this subsection shall not be payable, notwithstanding the
29 member's compliance with all the conditions set forth in the preceding paragraph, if his death
30 occurs

31 (1) After June 30, 1969 and after he has attained age 70; or
32 (2) After December 31, 1969 and after he has attained age 69; or
33 (3) After December 31, 1970 and after he has attained age 68; or
34 (4) After December 31, 1971 and after he has attained age 67; or
35 (5) After December 31, 1972 and after he has attained age 66; or
36 (6) After December 31, 1973 and after he has attained age 65; or
37 (7) After December 31, 1978, but before January 1, 1987, and after he has
38 attained age 70.

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

45 Notwithstanding the above provisions, the Board of Trustees may and is specifically
46 authorized to provide the death benefit according to the terms and conditions otherwise
47 appearing in this Plan in the form of group life insurance, either (i) by purchasing a contract or
48 contracts of group life insurance with any life insurance company or companies licensed and
49 authorized to transact business in this State for the purpose of insuring the lives of members in
50 service, or (ii) by establishing a separate trust fund qualified under section 501(c)(9) of the
51 Internal Revenue Code of 1954, as amended, for such purpose. To that end the Board of

1 Trustees is authorized, empowered and directed to investigate the desirability of utilizing group
2 life insurance by either of the foregoing methods for the purpose of providing the death benefit.
3 If a separate trust fund is established, it shall be operated in accordance with rules and
4 regulations adopted by the Board of Trustees and all investment earnings on the trust fund shall
5 be credited to such fund.

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

- 7 (1) For the purpose of determining eligibility only, in this subsection "calendar
8 year" shall mean any period of 12 consecutive months. For all other
9 purposes in this subsection "calendar year" shall mean the 12 months
10 beginning January 1 and ending December 31.
- 11 (2) Last day of actual service shall be:
- 12 a. When employment has been terminated, the last day the member
13 actually worked.
- 14 b. When employment has not been terminated, the date on which an
15 absent member's sick and annual leave expire.
- 16 c. When a participant's employment is interrupted by reason of service
17 in the Uniformed Services, as that term is defined in section 4303(16)
18 of the Uniformed Services Employment and Reemployment Rights
19 Act, Public Law 103-353, and the participant does not return
20 immediately after that service to employment with a covered
21 employer in this System, the date on which the participant was first
22 eligible to be separated or released from his or her involuntary
23 military service.
- 24 (3) For a period when a member is on leave of absence, his status with respect to
25 the death benefit will be determined by the provisions of G.S. 128-26(g).
- 26 (4) A member on leave of absence from his position as a local governmental
27 employee for the purpose of serving as a member or officer of the General
28 Assembly shall be deemed to be in service during sessions of the General
29 Assembly and thereby covered by the provisions of the death benefit, if
30 applicable. The amount of the death benefit for such member shall be the
31 equivalent of the salary to which the member would have been entitled as a
32 local governmental employee during the 12-month period immediately prior
33 to the month in which death occurred, not to be less than twenty-five
34 thousand dollars (\$25,000) nor to exceed fifty thousand dollars (\$50,000).

35 The provisions of the Retirement System pertaining to administration, G.S. 128-28, and
36 management of funds, G.S. 128-29, are hereby made applicable to the Plan."

37 **SECTION 11.(k)** G.S. 120-4.25 reads as rewritten:

38 **"§ 120-4.25. Return of accumulated contributions.**

39 If a member ceases to be a member of the General Assembly except by death or retirement,
40 he shall, upon submission of an application, be paid not earlier than 60 days following the date
41 of termination of service, the sum of his contributions if he has less than five years of creditable
42 service, or the sum of his accumulated contributions if he has five or more years of creditable
43 service, provided he has not in the meantime returned to service. Upon payment of this sum his
44 membership in the System ceases. If he becomes a member afterwards, no credit shall be
45 allowed for any service previously rendered except as provided in G.S. 120-4.14 and the
46 payment shall be in full and complete discharge of any rights in or to any benefits otherwise
47 payable under this Article. Upon receipt of proof satisfactory to the Board of Trustees of the
48 death, prior to retirement, of a member or former member, there shall be paid to the person or
49 persons he nominated by electronic submission prior to completing 10 years of service in a
50 form approved by the Board of Trustees or by written designation duly acknowledged and filed
51 with the Board of Trustees, if the person or persons are living at the time of the member's death,

1 otherwise to the member's legal representatives, the amount of his accumulated contributions at
2 the time of his death, unless the beneficiary elects to receive the alternate benefit under the
3 provisions of G.S. 120-4.28."

4 **SECTION 11.(I)** G.S. 120-4.26A reads as rewritten:

5 "**§ 120-4.26A. Benefits on death after retirement.**

6 In the event of the death of a retired member while in receipt of a retirement allowance
7 under the provisions of this Article, there shall be paid to such person or persons as the retiree
8 shall have nominated by electronic submission in a form approved by the Board of Trustees or
9 by written designation duly acknowledged and filed with the Board of Trustees, if such person
10 or persons are living at the time of the retiree's death, otherwise to the retiree's legal
11 representatives, a death benefit equal to the excess, if any, of the accumulated contributions of
12 the retiree at the date of retirement over the total of the retirement allowances paid prior to the
13 death of the retiree.

14 In the event that a retirement allowance becomes payable to the designated survivor of a
15 retired member under the provisions of G.S. 120-4.26 and such retirement allowance to the
16 survivor shall terminate upon the death of the survivor before the total of the retirement
17 allowances paid to the retiree and the designated survivor combined equals the amount of the
18 accumulated contributions of the retiree at the date of retirement, the excess, if any, of such
19 accumulated contributions over the total of the retirement allowances paid to the retiree and the
20 survivor combined shall be paid in a lump sum to such person or persons as the retiree shall
21 have nominated by electronic submission in a form approved by the Board of Trustees or by
22 written designation duly acknowledged and filed with the Board of Trustees, if such person or
23 persons are living at the time such payment falls due, otherwise to the retiree's legal
24 representative."

25 **SECTION 12.(a)** G.S. 135-3(3) reads as rewritten:

26 "(3) Should any member in any period of six consecutive years after becoming a
27 member be absent from service more than five years, or should he withdraw
28 his accumulated contributions, or should he become a beneficiary or die, he
29 shall thereupon cease to be a member: Provided that on and after July 1,
30 1967, should any member in any period of eight consecutive years after
31 becoming a member be absent from service more than seven years, or should
32 he withdraw his accumulated contributions, or should he become a
33 beneficiary or die, he shall thereupon cease to be a member; provided further
34 that the period of absence from service shall be computed from January 1,
35 1962, or later date of separation for any member whose contributions were
36 not withdrawn prior to July 1, 1967: Provided that on and after July 1, 1971,
37 a member shall cease to be a member only if he withdraws his accumulated
38 contributions, or becomes a beneficiary, or dies.

39 Notwithstanding the foregoing, any persons whose membership was
40 terminated under the provisions set forth above who had five or more years
41 of creditable service and had not effected a return of contributions may elect
42 to receive a retirement allowance on or after age 60; provided that this
43 member may retire only upon electronic submission or written application to
44 the Board of Trustees setting forth at which time, not less than 30 days nor
45 more than 90 days subsequent to the execution and filing, he desires to be
46 retired."

47 **SECTION 12.(b)** G.S. 135-3(8), as amended by Section 8(a) of this act, reads as
48 rewritten:

49 "(8) The provisions of this subsection (8) shall apply to any member whose
50 membership is terminated on or after July 1, 1963 and who becomes entitled
51 to benefits hereunder in accordance with the provisions hereof.

- 1 a. Notwithstanding any other provision of this Chapter, any member
2 who separates from service prior to the attainment of the age of 60
3 years for any reason other than death or retirement for disability as
4 provided in G.S. 135-5(c), after completing 15 or more years of
5 creditable service, and who leaves his total accumulated
6 contributions in said System shall have the right to retire on a
7 deferred retirement allowance upon attaining the age of 60 years;
8 provided that such member may retire only upon electronic
9 submission or written application to the Board of Trustees setting
10 forth at what time, not less than one day nor more than 90 days
11 subsequent to the execution and filing thereof, he desires to be
12 retired; and further provided that in the case of a member who so
13 separates from service on or after July 1, 1967, or whose account is
14 active on July 1, 1967, or has not withdrawn his contributions, the
15 aforesated requirement of 15 or more years of creditable service
16 shall be reduced to 12 or more years of creditable service; and further
17 provided that in the case of a member who so separates from service
18 on or after July 1, 1971, or whose account is active on July 1, 1971,
19 the aforesated requirement of 12 or more years of creditable service
20 shall be reduced to five or more years of creditable service. Such
21 deferred retirement allowance shall be computed in accordance with
22 the service retirement provisions of this Article pertaining to a
23 member who is not a law enforcement officer or an eligible former
24 law enforcement officer. Notwithstanding the foregoing, any member
25 whose services as a teacher or employee are terminated for any
26 reason other than retirement, who becomes employed by a nonprofit,
27 nonsectarian private school in North Carolina below the college level
28 within one year after such teacher or employee has ceased to be a
29 teacher or employee, may elect to leave his total accumulated
30 contributions in the Teachers' and State Employees' Retirement
31 System during the period he is in the employment of such employer;
32 provided that he files notice thereof in writing with the Board of
33 Trustees of the Retirement System within five years after separation
34 from service as a public school teacher or State employee; such
35 member shall be deemed to have met the requirements of the above
36 provisions of this subdivision upon attainment of age 60 while in
37 such employment provided that he is otherwise vested.
- 38 b. In lieu of the benefits provided in paragraph a of this subdivision (8),
39 any member who separates from service prior to the attainment of the
40 age of 60 years, for any reason other than death or retirement for
41 disability as provided in G.S. 135-5(c), after completing 20 or more
42 years of creditable service, and who leaves his total accumulated
43 contributions in said System, may elect to retire on an early
44 retirement allowance upon attaining the age of 50 years or at any
45 time thereafter; provided that such member may so retire only upon
46 electronic submission or written application to the Board of Trustees
47 setting forth at what time, not less than one day nor more than 90
48 days subsequent to the execution and filing thereof, he desires to be
49 retired. Such early retirement allowance so elected shall be equal to
50 the deferred retirement allowance otherwise payable at the attainment

of the age of 60 years reduced by the percentage thereof indicated below.

Age at Retirement	Percentage Reduction
59	7
58	14
57	20
56	25
55	30
54	35
53	39
52	43
51	46
50	50

b1. In lieu of the benefits provided in paragraphs a and b of this subdivision, any member who is a law-enforcement officer at the time of separation from service prior to the attainment of the age of 50 years, for any reason other than death or disability as provided in this Article, after completing 15 or more years of creditable service in this capacity immediately prior to separation from service, and who leaves his total accumulated contributions in this System may elect to retire on a deferred early retirement allowance upon attaining the age of 50 years or at any time thereafter; provided, that the member may commence retirement only upon electronic submission or written application to the Board of Trustees setting forth at what time, as of the first day of a calendar month, not less than one day nor more than 90 days subsequent to the execution and filing thereof, he desires to commence retirement. The deferred early retirement allowance shall be computed in accordance with the service retirement provisions of this Article pertaining to law-enforcement officers.

b2. In lieu of the benefits provided in paragraphs a and b of this subdivision, any member who is a law-enforcement officer at the time of separation from service prior to the attainment of the age of 55 years, for any reason other than death or disability as provided in this Article, after completing five or more years of creditable service in this capacity immediately prior to separation from service, and who leaves his total accumulated contributions in this System may elect to retire on a deferred early retirement allowance upon attaining the age of 55 years or at any time thereafter; provided, that the member may commence retirement only upon electronic submission or written application to the Board of Trustees setting forth at what time, as of the first day of a calendar month not less than one day nor more than 90 days subsequent to the execution and filing thereof, he desires to commence retirement. The deferred early retirement allowance shall be computed in accordance with the service retirement provisions of this Article pertaining to law-enforcement officers.

b3. Vested deferred retirement allowance of members retiring on or after July 1, 1994. – In lieu of the benefits provided in paragraphs a. and b. of this subdivision, any member who separates from service prior to

1 attainment of age 60 years, after completing 20 or more years of
2 creditable service, and who leaves his total accumulated
3 contributions in said System, may elect to retire on a deferred
4 retirement allowance upon attaining the age of 50 years or any time
5 thereafter; provided that such member may so retire only upon
6 electronic submission or written application to the Board of Trustees
7 setting forth at what time, not less than one day nor more than 90
8 days subsequent to the execution and filing thereof, he desires to be
9 retired. Such deferred retirement allowance shall be computed in
10 accordance with the service retirement provisions of this Article
11 pertaining to a member who is not a law enforcement officer or an
12 eligible former law enforcement officer.

- 13 c. Should a beneficiary who retired on an early or service retirement
14 allowance under this Chapter be reemployed by, or otherwise
15 engaged to perform services for, an employer participating in the
16 Retirement System on a part time, temporary, interim, or on a fee for
17 service basis, whether contractual or otherwise, and if such
18 beneficiary earns an amount during the 12 month period immediately
19 following the effective date of retirement or in any calendar year
20 which exceeds fifty percent (50%) of the reported compensation,
21 excluding terminal payments, during the 12 months of service
22 preceding the effective date of retirement, or twenty thousand dollars
23 (\$20,000), whichever is greater, as hereinafter indexed, then the
24 retirement allowance shall be suspended as of the first day of the
25 month following the month in which the reemployment earnings
26 exceed the amount above, for the balance of the calendar year, except
27 when the reemployment earnings exceed the amount above in the
28 month of December, in which case the retirement allowance shall not
29 be suspended. The retirement allowance of the beneficiary shall be
30 reinstated as of January 1 of each year following suspension. The
31 amount that may be earned before suspension shall be increased on
32 January 1 of each year by the ratio of the Consumer Price Index to
33 the Index one year earlier, calculated to the nearest tenth of a percent
34 (1/10 of 1%).

35 The computation of postretirement earnings of a beneficiary
36 under this sub-subdivision, who retired on or before October 1, 2007,
37 and who has been retired at least six months and has not been
38 employed in any capacity with a public school for at least six months
39 immediately preceding the effective date of reemployment, shall not
40 include earnings while the beneficiary is employed to teach in a
41 permanent full-time or part-time capacity that exceeds fifty percent
42 (50%) of the applicable workweek in a public school. The
43 Department of Public Instruction shall certify to the Retirement
44 System that a beneficiary is employed to teach by a local school
45 administrative unit under the provisions of this sub-subdivision and
46 as a retired teacher as the term is defined under the provisions of
47 G.S. 115C-325(a)(5a).

48 The computation of postretirement earnings of a beneficiary
49 under this sub-subdivision, who retired after October 1, 2007, after
50 attaining (i) the age of at least 65 with five years of creditable
51 service; or (ii) the age of at least 60 with 25 years of creditable

1 service; or (iii) 30 years of service; and who has been retired at least
2 six months and has not been employed in any capacity with a public
3 school for at least six months immediately preceding the effective
4 date of reemployment, shall not include earnings while the
5 beneficiary is employed to teach in a permanent full-time or
6 part-time capacity that exceeds fifty percent (50%) of the applicable
7 workweek in a public school. The Department of Public Instruction
8 shall certify to the Retirement System that a beneficiary is employed
9 to teach by a local school administrative unit under the provisions of
10 this sub-subdivision and as a retired teacher as the term is defined
11 under the provisions of G.S. 115C-325(a)(5a).

12 Beneficiaries employed under this sub-subdivision are not
13 entitled to any benefits otherwise provided under this Chapter as a
14 result of this period of employment.

15 c1. Employers shall report each reemployment covered by the provisions
16 of sub-subdivision c. of this subdivision within 90 days of the
17 reemployment, including the nature of the reemployment, the date of
18 the reemployment, and the compensation. If such a report is not
19 received within the required 90 days, the Board shall assess the
20 employer with a penalty of one percent (1%) per month with a
21 minimum penalty of twenty-five dollars (\$25.00).

22 d. Should a beneficiary who retired on an early or service retirement
23 allowance under this Chapter be restored to service as an employee
24 or teacher, then the retirement allowance shall cease as of the first of
25 the month following the month in which the beneficiary is restored to
26 service and the beneficiary shall become a member of the Retirement
27 System and shall contribute thereafter as allowed by law at the
28 uniform contribution payable by all members.

29 Upon his subsequent retirement, he shall be paid a retirement
30 allowance determined as follows:

31 1. For a member who earns at least three years' membership
32 service after restoration to service, the retirement allowance
33 shall be computed on the basis of his compensation and
34 service before and after the period of prior retirement without
35 restrictions; provided, that if the prior allowance was based
36 on a social security leveling payment option, the allowance
37 shall be adjusted actuarially for the difference between the
38 amount received under the optional payment and what would
39 have been paid if the retirement allowance had been paid
40 without optional modification.

41 2. For a member who does not earn three years' membership
42 service after restoration to service, the retirement allowance
43 shall be equal to the sum of the retirement allowance to which
44 he would have been entitled had he not been restored to
45 service, without modification of the election of an optional
46 allowance previously made, and the retirement allowance that
47 results from service earned since being restored to service;
48 provided, that if the prior retirement allowance was based on
49 a social security leveling payment option, the prior allowance
50 shall be adjusted actuarially for the difference between the
51 amount that would have been paid for each month had the

1 payment not been suspended and what would have been paid
2 if the retirement allowance had been paid without optional
3 modification.

- 4 e. Any beneficiary who retired on an early or service retirement
5 allowance as an employee of any State department, agency or
6 institution under the Law Enforcement Officers' Retirement System
7 and becomes employed as an employee by a State department,
8 agency, or institution as an employer participating in the Retirement
9 System shall become subject to the provisions of G.S. 135-3(8)c and
10 G.S. 135-3(8)d on and after January 1, 1989."

11 **SECTION 12.(c)** G.S. 135-5(a), as amended by Sections 3(a) and 3(b) of this act,
12 reads as rewritten:

13 "(a) Service Retirement Benefits. –

- 14 (1) Any member may retire upon electronic submission or written application to
15 the Board of Trustees setting forth at what time, as of the first day of a
16 calendar month, not less than one day nor more than 120 days subsequent to
17 the execution of and filing thereof, he desires to be retired: Provided, that the
18 said member at the time so specified for his retirement shall have attained
19 the age of 60 years and have at least five years of membership service or
20 shall have completed 30 years of creditable service.
- 21 (2) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1019, s. 1.
- 22 (3) Any member who was in service October 8, 1981, who had attained 60 years
23 of age, may retire upon electronic submission or written application to the
24 Board of Trustees setting forth at what time, as of the first day of a calendar
25 month, not less than one day nor more than 120 days subsequent to the
26 execution and filing thereof, he desires to be retired.
- 27 (4) Any member who is a law-enforcement officer, and who attains age 50 and
28 completes 15 or more years of creditable service in this capacity or who
29 attains age 55 and completes five or more years of creditable service in this
30 capacity, may retire upon electronic submission or written application to the
31 Board of Trustees setting forth at what time, as of the first day of a calendar
32 month, not less than one day nor more than 120 days subsequent to the
33 execution and filing thereof, he desires to be retired; Provided, also, any
34 member who has met the conditions herein required but does not retire, and
35 later becomes a teacher or an employee other than as a law-enforcement
36 officer shall continue to have the right to commence retirement.
- 37 (5) Any member who is eligible for and is being paid a benefit under the
38 Disability Income Plan as provided in G.S. 135-105 or G.S. 135-106 shall be
39 deemed a member in service and may not retire under the provisions of this
40 section. Any member who has made electronic submission or written
41 application for long-term or extended short-term benefits under the
42 Disability Income Plan as provided in G.S. 135-105 or G.S. 135-106, and
43 who has been rejected by the Plan's Medical Board for a long-term or
44 extended short-term benefit shall have 90 days from the date of notification
45 of the rejection to convert his application to an early or service retirement
46 application, provided that the member meets the eligibility requirements,
47 effective the first day of the month following the month in which short-term
48 disability benefits ended or the first day of the month following the month in
49 which any salary continuation as may be provided in G.S. 135-104 ended,
50 whichever is later."

1 **SECTION 12.(d)** G.S. 135-5(a1), as amended by Section 3(c) of this act, reads as
2 rewritten:

3 "(a1) Early Service Retirement Benefits. – Any member may retire and receive a reduced
4 retirement allowance upon electronic submission or written application to the Board of Trustees
5 setting forth at what time, as of the first day of a calendar month, not less than one day nor
6 more than 120 days subsequent to the execution of and filing thereof, he desires to be retired:
7 Provided, that the said member at the time so specified for his retirement shall have attained the
8 age of 50 years and have at least 20 years of creditable service."

9 **SECTION 12.(e)** G.S. 128-24(4), as amended by Section 3(g) of this act, reads as
10 rewritten:

11 "(4) The provisions of this subdivision (4) shall apply to any member whose
12 retirement became effective prior to July 1, 1965, and became entitled to
13 benefits hereunder in accordance with the provisions hereof. Such benefits
14 shall be computed in accordance with the provisions of G.S. 128-27(b1) as
15 in effect at the date of such separation from service.

16 a. Notwithstanding any other provision of this Chapter, any member
17 who separates from service prior to the time he shall have attained
18 the age of 60 years, or if a uniformed policeman or fireman prior to
19 the time he shall have attained the age of 55 years, for any reason
20 other than death or retirement for disability as provided in
21 G.S. 128-27(c), after completing 20 or more years of creditable
22 service, and who leaves his total accumulated contributions in the
23 Retirement System, shall have the right to retire on a deferred
24 retirement allowance upon the date he shall have attained the age of
25 60 years, or if a uniformed policeman or fireman upon the date he
26 shall have attained the age of 55 years; provided that such member
27 may retire only upon electronic submission or written application to
28 the Board of Trustees setting forth at what time, not less than 30 days
29 nor more than 120 days next following the date of filing such
30 application, he desires to be retired. Such deferred retirement
31 allowance shall be computed in accordance with the provisions of
32 G.S. 128-27(b), paragraphs (1), (2) and (3).

33 b. In lieu of the benefits provided in paragraph a of this subdivision (4),
34 any member who separates from service prior to the time he shall
35 have attained the age of 60 years, or if a uniformed policeman or
36 fireman prior to the time he shall have attained the age of 55 years,
37 for any reason other than death or retirement for disability as
38 provided in G.S. 128-27(c), after completing 30 or more years of
39 creditable service, and who leaves his total accumulated
40 contributions in the Retirement System, may elect to retire on an
41 early retirement allowance; provided that such a member may so
42 retire only upon electronic submission or written application to the
43 Board of Trustees setting forth at what time, not less than 30 days nor
44 more than 120 days next following the date of filing such application,
45 he desires to be retired; provided further that such application shall
46 be duly filed within 60 days following the date of such separation.
47 Such early retirement allowance so elected shall be the actuarial
48 equivalent of the deferred retirement allowance otherwise payable at
49 the attainment of age 60 years, or if a uniformed policeman or
50 fireman at the attainment of age 55 years, upon proper application
51 therefor.

- 1 c. Should an employee who retired on an early or service retirement
2 allowance be restored to service prior to the time he shall have
3 attained the age of 62 years, or if a uniformed policeman or fireman
4 prior to the time he shall have attained the age of 55 years, his
5 allowance shall cease, he shall again become a member of the
6 Retirement System, and he shall contribute thereafter at the uniform
7 contribution rate for his class member. Upon his subsequent
8 retirement, he shall be entitled to an allowance not less than the
9 allowance described in 1 below reduced by the amount in 2 below.
- 10 1. The allowance to which he would have been entitled if he
11 were retiring for the first time, calculated on the basis of his
12 total creditable service represented by the sum of his
13 creditable service at the time of his first retirement, and his
14 creditable service after he was restored to service.
- 15 2. The actuarial equivalent of the retirement benefits he
16 previously received.
- 17 d. Should an employee who retired on an early or service retirement
18 allowance be restored to service after the attainment of the age of 62
19 years, his retirement allowance shall be reduced to the extent
20 necessary (if any) so that the sum of the retirement allowance at the
21 time of retirement and earnings from employment by a unit of the
22 Retirement System for any year (beginning January 1 and ending
23 December 31) will not exceed the member's compensation received
24 for the 12 months of service prior to retirement. Provided, however,
25 that under no circumstances will the member's retirement allowance
26 be reduced below the amount of his annuity as defined in
27 G.S. 128-21(3)."

28 **SECTION 12.(f)** G.S. 128-24(5), as amended by Sections 3(h) and 8(b) of this act,
29 reads as rewritten:

- 30 "(5) The provisions of this subdivision (5) shall apply to any member whose
31 membership is terminated on or after July 1, 1965, and who becomes entitled
32 to benefits hereunder in accordance with the provisions hereof.
- 33 a. Notwithstanding any other provision of this Chapter, any member
34 who separates from service prior to the attainment of the age of 60
35 years for any reason other than death or retirement for disability as
36 provided in G.S. 128-27(c), after completing 15 or more years of
37 creditable service, and who leaves his total accumulated
38 contributions in said System shall have the right to retire on a
39 deferred retirement allowance upon attaining the age of 60 years;
40 provided that such member may retire only upon electronic
41 submission or written application to the Board of Trustees setting
42 forth at what time, not less than one day nor more than 120 days
43 subsequent to the execution and filing thereof, he desires to be
44 retired; and further provided that in the case of a member who so
45 separates from service on or after July 1, 1967, the aforesated
46 requirement of 15 or more years of creditable service shall be
47 reduced to 12 or more years of creditable service; and further
48 provided that in the case of a member who so separates from service
49 on or after July 1, 1971, or whose account is active on July 1, 1971,
50 the aforesated requirement of 12 or more years of creditable service
51 shall be reduced to five or more years of creditable service. Such

1 deferred retirement allowance shall be computed in accordance with
 2 the service retirement provisions of this Article pertaining to a
 3 member who is not a law enforcement officer or eligible former law
 4 enforcement officer.

5 b. In lieu of the benefits provided in paragraph a of this subdivision,
 6 any member who separates from service prior to the attainment of the
 7 age of 60 years, for any reason other than death or retirement for
 8 disability as provided in G.S. 128-27(c), after completing 20 or more
 9 years of creditable service, and who leaves his total accumulated
 10 contributions in said System may elect to retire on an early
 11 retirement allowance upon attaining the age of 50 years or at any
 12 time thereafter; provided that such member may so retire only upon
 13 electronic submission or written application to the Board of Trustees
 14 setting forth at what time, not less than one day nor more than 120
 15 days subsequent to the execution and filing thereof, he desires to be
 16 retired. Such early retirement allowance so elected shall be equal to
 17 the deferred retirement allowance otherwise payable at the attainment
 18 of the age of 60 years reduced by the percentage thereof indicated
 19 below.

Age at Retirement	Percentage Reduction
20 59	7
21 58	14
22 57	20
23 56	25
24 55	30
25 54	35
26 53	39
27 52	43
28 51	46
29 50	50

32 b1. In lieu of the benefits provided in paragraphs a and b of this
 33 subdivision, any member who is a law enforcement officer at the
 34 time of separation from service prior to the attainment of the age of
 35 50 years, for any reason other than death or disability as provided in
 36 this Article, after completing 15 or more years of creditable service
 37 in this capacity immediately prior to separation from service, and
 38 who leaves his total accumulated contributions in this System, may
 39 elect to retire on a deferred early retirement allowance upon attaining
 40 the age of 50 years or at any time thereafter; provided, that the
 41 member may commence retirement only upon electronic submission
 42 or written application to the Board of Trustees setting forth at what
 43 time, as of the first day of a calendar month, not less than one day
 44 nor more than 120 days subsequent to the execution and filing
 45 thereof, he desires to commence retirement. The deferred early
 46 retirement allowance shall be computed in accordance with the
 47 service retirement provisions of this Article pertaining to law
 48 enforcement officers.

49 b2. In lieu of the benefits provided in paragraphs a and b of this
 50 subdivision, any member who is a law enforcement officer at the
 51 time of separation from service prior to the attainment of the age of

1 55 years, for any reason other than death or disability as provided in
2 this Article, after completing five or more years of creditable service
3 in this capacity immediately prior to separation from service, and
4 who leaves his total accumulated contributions in this System may
5 elect to retire on a deferred service retirement allowance upon
6 attaining the age of 55 years or at any time thereafter; provided, that
7 the member may commence retirement only upon electronic
8 submission or written application to the Board of Trustees setting
9 forth at what time, as of the first day of a calendar month not less
10 than one day nor more than 120 days subsequent to the execution and
11 filing thereof, he desires to commence retirement. The deferred
12 service retirement allowance shall be computed in accordance with
13 the service retirement provisions of this Article pertaining to law
14 enforcement officers.

15 b3. Deferred retirement allowance of members retiring on or after July 1,
16 1995. – In lieu of the benefits provided in paragraphs a. and b. of this
17 subdivision, any member who separates from service prior to
18 attainment of age 60 years, after completing 20 or more years of
19 creditable service, and who leaves his total accumulated
20 contributions in said System, may elect to retire on a deferred
21 retirement allowance upon attaining the age of 50 years or any time
22 thereafter; provided that such member may so retire only upon
23 electronic submission or written application to the Board of Trustees
24 setting forth at what time, not less than one day nor more than 120
25 days subsequent to the execution and filing thereof, he desires to be
26 retired. Such deferred retirement allowance shall be computed in
27 accordance with the service retirement provisions of this Article
28 pertaining to a member who is not a law enforcement officer or an
29 eligible former law enforcement officer.

30 c. Should a beneficiary who retired on an early or service retirement
31 allowance be reemployed by, or otherwise engaged to perform
32 services for, an employer participating in the Retirement System on a
33 part-time, temporary, interim, or on fee-for-service basis, whether
34 contractual or otherwise, and if such beneficiary earns an amount
35 during the 12-month period immediately following the effective date
36 of retirement or in any calendar year which exceeds fifty percent
37 (50%) of the reported compensation, excluding terminal payments,
38 during the 12 months of service preceding the effective date of
39 retirement, or twenty thousand dollars (\$20,000), whichever is
40 greater, as hereinafter indexed, then the retirement allowance shall be
41 suspended as of the first day of the month following the month in
42 which the reemployment earnings exceed the amount above, for the
43 balance of the calendar year, except when the reemployment earnings
44 exceed the amount above in the month of December, in which case
45 the retirement allowance shall not be suspended. The retirement
46 allowance of the beneficiary shall be reinstated as of January 1 of
47 each year following suspension. The amount that may be earned
48 before suspension shall be increased on January 1 of each year by the
49 ratio of the Consumer Price Index to the Index one year earlier,
50 calculated to the nearest tenth of a percent (1/10 of 1%).

1 c1. Employers shall report each reemployment covered by the provisions
2 of sub-subdivision c. of this subdivision within 90 days of the
3 reemployment, including the nature of the reemployment, the date of
4 the reemployment, and the compensation. If such a report is not
5 received within the required 90 days, the Board shall assess the
6 employer with a penalty of one percent (1%) per month with a
7 minimum penalty of twenty-five dollars (\$25.00).

8 d. Should a beneficiary who retired on an early or service retirement
9 allowance be restored to service as an employee, then the retirement
10 allowance shall cease as of the first day of the month following the
11 month in which the beneficiary is restored to service and the
12 beneficiary shall become a member of the Retirement System and
13 shall contribute thereafter as allowed by law at the uniform
14 contribution payable by all members.

15 Upon his subsequent retirement, he shall be paid a retirement
16 allowance determined as follows:

17 1. For a member who earns at least three years' membership
18 service after restoration to service, the retirement allowance
19 shall be computed on the basis of his compensation and
20 service before and after the period of prior retirement without
21 restriction; provided, that if the prior allowance was based on
22 a social security leveling payment option, the allowance shall
23 be adjusted actuarially for the difference between the amount
24 received under the optional payment and what would have
25 been paid if the retirement allowance had been paid without
26 optional modification.

27 2. For a member who does not earn three years' membership
28 service after restoration to service, the retirement allowance
29 shall be equal to the sum of the retirement allowance to which
30 he would have been entitled had he not been restored to
31 service, without modification of the election of an optional
32 allowance previously made, and the retirement allowance that
33 results from service earned since being restored to service;
34 provided, that if the prior retirement allowance was based on
35 a social security leveling payment option, the prior allowance
36 shall be adjusted actuarially for the difference between the
37 amount that would have been paid for each month had the
38 payment not been suspended and what would have been paid
39 if the retirement allowance had been paid without optional
40 modification."

41 **SECTION 12.(g)** G.S. 128-27(a), as amended by Section 3(i) of this act, reads as

42 rewritten:

43 "(a) Service Retirement Benefits. –

44 (1) Any member may retire upon electronic submission or written application to
45 the Board of Trustees setting forth at what time, as of the first day of a
46 calendar month, not less than one day nor more than 120 days subsequent to
47 the execution and filing thereof, he desires to be retired: Provided, that the
48 said member at the time so specified for his retirement shall have attained
49 the age of 60 years and have at least five years of creditable service or shall
50 have completed 30 years of creditable service, or if a fireman, he shall have
51 attained the age of 55 years and have at least five years of creditable service.

- 1 (2) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1019, s. 1.
2 (3) Repealed by Session Laws 1971, c. 325, s. 12.
3 (4) Any member who was in service October 8, 1981, who had attained 60 years
4 of age, may retire upon electronic submission or written application to the
5 Board of Trustees setting forth at what time, as of the first day of a calendar
6 month, not less than one day nor more than 120 days subsequent to the
7 execution and filing thereof, he desires to be retired.
8 (5) Any member who is a law enforcement officer, and who attains age 50 and
9 completes 15 or more years of creditable service in this capacity or who
10 attains age 55 and completes five or more years of creditable service in this
11 capacity, may retire upon electronic submission or written application to the
12 Board of Trustees setting forth at what time, as of the first day of a calendar
13 month, not less than one day nor more than 120 days subsequent to the
14 execution and filing thereof, he desires to be retired; provided, also, any
15 member who has met the conditions required by this subdivision but does
16 not retire, and later becomes an employee other than as a law enforcement
17 officer, continues to have the right to commence retirement."

18 **SECTION 12.(h)** G.S. 128-27(a1), as amended by Section 3(j) of this act, reads as
19 rewritten:

20 "(a) Early Service Retirement Benefits. – Any member may retire and receive a reduced
21 retirement allowance upon electronic submission or written application to the Board of Trustees
22 setting forth at what time, as of the first day of a calendar month, not less than one day nor
23 more than 120 days subsequent to the execution and filing thereof, he desires to be retired:
24 Provided, that the said member at the time so specified for his retirement shall have attained the
25 age of 50 years and have at least 20 years of creditable service."

26 **SECTION 12.(i)** G.S. 135-57(a) reads as rewritten:

27 "(a) Any member on or after January 1, 1974, who has attained his fiftieth birthday and
28 five years of membership service may retire upon electronic submission or written application
29 to the board of trustees setting forth at what time, as of the first day of a calendar month, not
30 less than one day nor more than 120 days subsequent to the execution and filing thereof, he
31 desires to be retired."

32 **SECTION 12.(j)** G.S. 135-57(d), as amended by Section 3(e) of this act, reads as
33 rewritten:

34 "(d) Any member who was in service October 8, 1981, who had attained 50 years of age,
35 may retire upon electronic submission or written application to the board of trustees setting
36 forth at what time, as of the first day of a calendar month, not less than one day nor more than
37 120 days subsequent to the execution and filing thereof, he desires to be retired."

38 **SECTION 12.(k)** G.S. 120-4.21(a) reads as rewritten:

39 "(a) Eligibility; Application. – Any member may retire with full benefits who has
40 reached 65 years of age with five years of creditable service. Any member may retire with
41 reduced benefits who has reached the age of 50 years with 20 years of creditable service or 60
42 years with five years of creditable service. The member shall make electronic submission or
43 written application to the Board of Trustees to retire on a service retirement allowance on the
44 first day of the particular calendar month he designates. The designated date shall be no less
45 than one day nor more than 120 days from the filing of the application. During this period of
46 notification, a member may separate from service without forfeiting his retirement benefits."

47 **SECTION 13.** This act becomes effective July 1, 2009.