

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

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SENATE BILL 701
PROPOSED COMMITTEE SUBSTITUTE S701-PCS35256-SH-26

Short Title: TSERS/LGERS Return of Contributions.

(Public)

Sponsors:

Referred to:

April 20, 2011

A BILL TO BE ENTITLED

AN ACT TO ALLOW MEMBERS OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM AND THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM TO RECEIVE, UPON LEAVING THE SYSTEM FOR REASONS OTHER THAN DEATH OR RETIREMENT, BOTH THEIR CONTRIBUTIONS TO THE SYSTEM AND THE ACCUMULATED REGULAR INTEREST ON THOSE CONTRIBUTIONS.

The General Assembly of North Carolina enacts:

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

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



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

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

13 **SECTION 2.** G.S. 128-27(f) reads as rewritten:

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

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

42 **SECTION 3.** This act becomes effective January 1, 2012.