

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

H.B. 423
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HOUSE PRINCIPAL CLERK

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HOUSE DRH20143-LL-147 (03/24)

Short Title: Increase Contributory Death Benefit.

(Public)

Sponsors: Representative L. Bell.

Referred to:

A BILL TO BE ENTITLED

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

The General Assembly of North Carolina enacts:

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

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

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- (3), (4) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1049, s. 2.

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

...

Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this subsection, of the death of a retired member of the Retirement System on or after January 1,



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

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

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

1 beneficiary or spouse, shall be paid the sum of the retired member's contributions required by
2 this subsection plus interest to be determined by the Board of Trustees."

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

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

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

23 **"§ 120-4.27. Death benefit.**

24 ...

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

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

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

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

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

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

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

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