

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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HOUSE BILL 277
PROPOSED COMMITTEE SUBSTITUTE H277-PCS40388-RO-3

Short Title: Retirement Admin. Changes Act of 2015.-AB

(Public)

Sponsors:

Referred to:

March 19, 2015

A BILL TO BE ENTITLED

AN ACT TO ENACT THE RETIREMENT ADMINISTRATIVE CHANGES ACT OF 2015.

The General Assembly of North Carolina enacts:

SECTION 1.(a) The terms of office of the present members of the Supplemental Retirement Board of Trustees shall expire on June 30, 2016. Effective for terms to begin on July 1, 2016, the members of the Board shall be appointed as provided in G.S. 135-96, as amended by this act.

SECTION 1.(b) G.S. 135-96 reads as rewritten:

"§ 135-96. Supplemental Retirement Board of Trustees.

(a) The Supplemental Retirement Board of Trustees is established to administer the Supplemental Retirement Income Plan established under the provisions of this Article and the North Carolina Public Employee Deferred Compensation Plan established under G.S. 143B-426.24, and the North Carolina Public School Teachers' and Professional Educators' Investment Plan established under G.S. 115C-341.2.

(b) The Board consists of nine voting members, as follows:

- (1) Six persons appointed by the Governor who have experience in finance and investments, one of whom shall be a State employee, and one of whom shall be a retired State or local governmental employee;
- (2) One person appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives;
- (3) One person appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate; and
- (4) The State Treasurer, ex officio, who shall be the Chair.

(c) ~~The initial appointments by the General Assembly and two of the Governor's initial appointments shall be for one year terms. The remainder of the initial appointments shall be for two year terms. At the expiration of these initial terms, appointments shall be for two years and shall be made by the appointing authorities designated in subsection (b) of this section.~~
Effective July 1, 2016:

- (1) The appointments made by the General Assembly pursuant to subdivisions (2) and (3) of subsection (b) of this section shall be for initial terms of three years, to expire June 30, 2019.
- (2) Three of the appointments made by the Governor pursuant to subdivision (1) of subsection (b) of this section shall be for initial terms of one year, to expire June 30, 2017.



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1 (3) Three of the appointments made by the Governor pursuant to subdivision (1)
2 of subsection (b) of this section shall be for initial terms of two years, to
3 expire June 30, 2018.

4 Upon the expiration of these initial terms, appointments for all members shall be for terms
5 of three years beginning on the day following the expiration date of the previous member's
6 term.

7 (c1) A member shall continue to serve until the member's successor is duly appointed,
8 but a holdover under this provision does not affect the expiration date of the succeeding term.
9 No member of the Board may serve ~~more than three~~longer than any of the following:

10 (1) Two consecutive ~~two-year~~three-year terms.

11 (2) Three consecutive terms of any length, in the event that one or more of the
12 terms is for fewer than three years in duration or the member serves a partial
13 term as result of filling a vacancy.

14 (3) Eight consecutive years, regardless of term lengths.

15 (d) Other than ex officio members, members appointed by the Governor shall serve at
16 the Governor's pleasure. An ex officio member may designate in writing, filed with the Board,
17 any employee of the member's department to act at any meeting of the Board from which the
18 member is absent, to the same extent that the member could act if present in person at such
19 meeting.

20 (e) The Board may retain the services of independent appraisers, auditors, actuaries,
21 attorneys, investment counseling firms, statisticians, custodians, or other persons or firms
22 possessing specialized skills or knowledge necessary for the proper administration of
23 investment programs that the Board administers pursuant to this section."

24 **SECTION 2.** Article 3 of Chapter 111 of the General Statutes is amended by
25 adding a new section to read:

26 "**§ 111-47.3 Food service at Department of State Treasurer.**

27 Notwithstanding any other provision of this Article, the Department of State Treasurer may
28 operate or contract for the operation of food or vending services at Department of State
29 Treasurer offices. The net proceeds of revenue generated by food and vending services that are
30 provided at the Department of State Treasurer by the agency or a vendor with whom the agency
31 has contracted shall be credited to the Division of Services for the Blind of the Department of
32 Health and Human Services for the purposes specified in G.S. 111-43."

33 **SECTION 3.(a)** G.S. 147-69.2(b) reads as rewritten:

34 "(b) It shall be the duty of the State Treasurer to invest the cash of the funds enumerated
35 in subsection (a) of this section in excess of the amount required to meet the current needs and
36 demands on such funds. The State Treasurer may invest the funds as provided in this
37 subsection. If an investment was authorized by this subsection at the time the investment was
38 made or contractually committed to be made, then that investment shall continue to be
39 authorized by this subsection, and none of the percentage or other limitation on investments set
40 forth in this subsection shall be construed to require the State Treasurer to subsequently dispose
41 of the investment or fail to honor any contractual commitments as a result of changes in market
42 values, ratings, or other investment qualifications. For purposes of computing market values on
43 which percentage limitations on investments in this subsection are based, all investments shall
44 be valued as of the last date of the most recent fiscal quarter.

45 (1) Investments authorized by G.S. 147-69.1(c)(1)-(7).

46 (2) General obligations of other states of the United States.

47 (3) General obligations of cities, counties and special districts in North Carolina.

48 (4) Obligations of any company, other organization or legal entity incorporated
49 or otherwise created or located within or outside the United States, including
50 obligations that are convertible into equity securities, if the obligations bear

1 one of the four highest ratings of at least one nationally recognized rating
2 service when acquired.

3 (5) Repealed by Session Laws 2001-444, s. 2, effective October 1, 2001.

4 (6) Asset-backed securities (whether considered debt or equity) provided they
5 bear ratings by nationally recognized rating services as provided in
6 G.S. 147-69.2(b)(4).

7 (6a) In addition to the limitations and requirements with respect to the
8 investments of the Retirement Systems set forth in this subsection, the State
9 Treasurer shall select investments of the assets of the Retirement Systems
10 such that investments made pursuant to subdivisions (b)(1) through (6) of
11 this section shall at all times equal or exceed twenty percent (20%) of the
12 market value of all invested assets of the Retirement Systems.

13 (6b) Investments pursuant to subdivisions (b)(1) through (6) of this section may
14 be made directly by the State ~~Treasurer~~Treasurer, through investment
15 companies registered under the Investment Company Act of 1940,
16 individual, common, or collective trust funds of banks and trust companies,
17 group trusts and limited partnerships, limited liability companies or other
18 limited liability investment vehicles that invest primarily in investments
19 authorized by subdivisions (1) through (6) of this subsection, or through
20 contractual arrangements in which the investment manager has full and
21 complete discretion and authority to invest assets specified in such
22 arrangements in investments authorized by subdivisions (b)(1) through (6) of
23 this section, provided for each indirect investment, the investment manager
24 has assets under management of at least one hundred million dollars
25 (\$100,000,000).

26

27 **SECTION 3.(b)** G.S. 147-77 reads as rewritten:

28 "**§ 147-77. Daily deposit of funds to credit of Treasurer.**

29 All funds belonging to the State of North Carolina, in the hands of any head of any
30 department of the State which collects revenue for the State in any form whatsoever, and every
31 institution, agency, officer, employee, or representative of the State or any agency, department,
32 division or commission thereof, except officers and the clerks of the Supreme Court and Court
33 of Appeals, collecting or receiving any funds or money belonging to the State of North
34 Carolina, shall daily deposit the same in some bank, or trust company, selected or designated
35 by the State Treasurer, in the name of the State Treasurer, at noon, or as near thereto as may be,
36 and shall report the same daily to ~~said Treasurer.~~ Provided that the Treasurer. The State
37 Treasurer may authorize exemptions from the provisions of this section so long as funds are
38 deposited and reported pursuant to the provisions of this section at least once a week and, in
39 addition, so long as funds are deposited and reported pursuant to the provisions of this section
40 whenever as much as ~~two hundred fifty dollars (\$250.00)~~five thousand dollars (\$5,000) has
41 been collected and received. ~~Provided, that the~~received. Each State agency that has custody of
42 funds less than five thousand dollars (\$5,000) shall provide adequate safekeeping of such
43 funds. The Treasurer may refund the amount of any bad checks which have been returned to
44 the department by the Treasurer when the same have not been collected after 30 days' trial."

45 **SECTION 4.** G.S. 135-1(20) reads as rewritten:

46 "(20) "Retirement" under this ~~Chapter~~Chapter, except as otherwise provided,
47 means the commencement of monthly retirement benefits along with
48 termination of employment and the complete separation from active service
49 with no intent or agreement, express or implied, to return to service. A
50 retirement allowance under the provisions of this Chapter may only be
51 granted upon retirement of a member. In order for a member's retirement to

1 become effective in any month, the member must perform no work for an
2 employer, including part-time, temporary, substitute, or contractor work, at
3 any time during the six months immediately following the effective date of
4 retirement. For purposes of this subdivision, working as a member of a
5 school board, board of trustees of a community college, board of trustees of
6 any constituent institution of The University of North Carolina, as an unpaid
7 bona fide volunteer in a local school administrative unit, or as an unpaid
8 bona fide volunteer guardian ad litem in the guardian ad litem program shall
9 not be considered ~~service~~service or work, and volunteering in positions
10 normally designated as unpaid bona fide volunteer positions during the six
11 months immediately following the effective date of retirement shall not be
12 considered service. A member who is a full-time faculty member of The
13 University of North Carolina may effect a retirement allowance under this
14 Chapter, notwithstanding the six-month requirement above, provided the
15 member immediately enters the University's Phased Retirement Program for
16 Tenured Faculty as that program existed on May 25, 2011."

17 **SECTION 5.(a)** G.S. 135-8(f) is amended by adding a new subdivision to read:

18 "(4) In conjunction with the employee and employer contributions required under
19 this section, the Board of Trustees shall direct employers to submit such
20 information on a monthly basis as is necessary for proper administration of
21 the Retirement System, actuarial valuation, and reporting under accounting
22 standards set forth by the Governmental Accounting Standards Board of the
23 Financial Accounting Foundation. Submission of such information by an
24 employer to the Retirement System constitutes a certification of its
25 accuracy."

26 **SECTION 5.(b)** G.S. 128-30(g) is amended by adding a new subdivision to read:

27 "(4) In conjunction with the employee and employer contributions required under
28 this section, the Board of Trustees shall direct employers to submit such
29 information on a monthly basis as is necessary for proper administration of
30 the Retirement System, actuarial valuation, and reporting under accounting
31 standards set forth by the Governmental Accounting Standards Board of the
32 Financial Accounting Foundation. Submission of such information by an
33 employer to the Retirement System constitutes a certification of its
34 accuracy."

35 **SECTION 6.(a)** G.S. 135-8(f)(3) reads as rewritten:

36 "(3) In the event the employee or employer contributions required under this
37 section are not received by the date set by the Board of Trustees, the Board
38 shall assess the employer with a penalty, in lieu of interest, of 1% per month
39 with a minimum penalty of twenty-five dollars (\$25.00). The Board may
40 waive one penalty per employer every five years if the Board finds that the
41 employer has consistently demonstrated good-faith efforts to comply with
42 the set deadline. If within 90 days after request therefor by the Board any
43 employer shall not have provided the System with the records and other
44 information required hereunder or if the full accrued amount of the
45 contributions provided for under this section due from members employed
46 by an employer or from an employer other than the State shall not have been
47 received by the System from the chief fiscal officer of such employer within
48 30 days after the last due date as herein provided, then, notwithstanding
49 anything herein or in the provisions of any other law to the contrary, upon
50 notification by the Board to the State Treasurer as to the default of such
51 employer as herein provided, any distributions which might otherwise be

1 made to such employer from any funds of the State shall be withheld from
2 such employer until notice from the Board to the State Treasurer that such
3 employer is no longer in default.

4 In the event that an employer fails to submit payment of any required
5 contributions or payments to the Retirement Systems Division, other than
6 the one percent (1%) payment provided for in the first paragraph of this
7 subdivision, within 90 days after the date set by the Board of Trustees, the
8 Board shall notify the State Treasurer of its intent to collect the delinquent
9 contributions and other payments due to the Retirement Systems Division
10 and request an interception of State appropriations due to the participating
11 employer. Upon such notification by the Board of Trustees to the State
12 Treasurer and the Office of State Budget and Management as to the default
13 of the employer, the Office of State Budget and Management shall withhold
14 from any State appropriation due to that employer an amount equal to the
15 sum of all delinquent contributions and other debts due to the Retirement
16 Systems Division and shall transmit that amount to the Retirement Systems
17 Division."

18 **SECTION 6.(b)** G.S. 128-30(g)(3) reads as rewritten:

19 "(3) In the event the employee or employer contributions required under this
20 section are not received by the date set by the Board of Trustees, the Board
21 shall assess the employer with a penalty, in lieu of interest, of 1% per month
22 with a minimum penalty of twenty-five dollars (\$25.00). The Board may
23 waive one penalty per employer every five years if the Board finds that the
24 employer has consistently demonstrated good-faith efforts to comply with
25 the set deadline. If within 90 days after request therefor by the Board any
26 employer shall not have provided the System with the records and other
27 information required hereunder or if the full accrued amount of the
28 contributions provided for under this section due from members employed
29 by an employer or from an employer shall not have been received by the
30 System from the chief fiscal officer of such employer within 30 days after
31 the last due date as herein provided, then, notwithstanding anything herein or
32 in the provisions of any other law to the contrary, upon notification by the
33 Board to the State Treasurer as to the default of such employer as herein
34 provided, any distributions which might otherwise be made to such
35 employer, or the municipality or county of which such employer is an
36 integral part, from any funds of the State or any funds collected by the State
37 shall be withheld from such employer until notice from the Board to the
38 State Treasurer that such employer is no longer in default.

39 In the event that an employer fails to submit payment of any required
40 contributions or payments to the Retirement Systems Division, other than
41 the one percent (1%) payment provided for in the first paragraph of this
42 subdivision, within 90 days after the date set by the Board of Trustees, the
43 Board shall notify the State Treasurer of its intent to collect the delinquent
44 contributions and other payments due to the Retirement Systems Division
45 and request an interception of State appropriations due to the participating
46 employer. Upon such notification by the Board of Trustees to the State
47 Treasurer and the Office of State Budget and Management as to the default
48 of the employer, the Office of State Budget and Management shall withhold
49 from any State appropriation due to that employer an amount equal to the
50 sum of all delinquent contributions and other debts due to the Retirement

1 Systems Division and shall transmit that amount to the Retirement Systems
2 Division."

3 **SECTION 6.(c)** G.S. 115C-438 reads as rewritten:

4 "**§ 115C-438. Provision for disbursement of State money.**

5 The deposit of money in the State treasury to the credit of local school administrative units
6 shall be made in monthly installments, and additionally as necessary, at such time and in such a
7 manner as may be most convenient for the operation of the public school system. Before an
8 installment is credited, the school finance officer shall certify to the State Board of Education
9 the expenditures to be made by the local school administrative unit from the State Public
10 School Fund during the month. This certification shall be filed on or before the fifth day
11 following the end of the month preceding the period in which the expenditures will be made.
12 The State Board of Education shall determine whether the moneys requisitioned are due the
13 local school administrative unit, and upon determining the amount due, shall cause the requisite
14 amount to be credited to the local school administrative unit. Upon receiving notice from the
15 State Treasurer of the amount placed to the credit of the local school administrative unit, the
16 finance officer may issue State warrants up to the amount so certified.

17 Upon notification by the Board of Trustees of the Teachers' and State Employees'
18 Retirement System to the State Treasurer and the Office of State Budget and Management as to
19 the default of the local school administrative unit, the State Board of Education shall withhold
20 from any State appropriation due to the local school administrative unit an amount equal to the
21 sum of all delinquent contributions and payments due to the Retirement Systems Division and
22 shall transmit that amount to the Retirement Systems Division.

23 The State Board of Education may withhold money for payment of salaries for
24 administrative officers of local school administrative units if any report required to be filed
25 with State school authorities is more than 30 days overdue. The State Board of Education shall
26 withhold money for payment of salaries for the superintendent, finance officer, and all other
27 administrative officers charged with providing payroll information pursuant to
28 G.S. 115C-12(18), if the local school administrative unit fails to provide the payroll
29 information to the State Board in a timely fashion and substantially in accordance with the
30 standards set by the State Board. The State Board of Education shall also withhold money used
31 for payment of salaries for the superintendent, transportation director, and all other
32 administrative officers or employees charged by the local board of education or the local
33 superintendent with implementing the Transportation Information Management System,
34 pursuant to G.S. 115C-240(d), if the State Board finds that a local school administrative unit is
35 not progressing in good faith and is not using its best efforts to implement the Transportation
36 Information Management System.

37 Money in the State Public School Fund and State bond moneys shall be released only on
38 warrants drawn on the State Treasurer, signed by such local official as may be required by the
39 State Board of Education."

40 **SECTION 7.** G.S. 150B-21.3A is amended by adding a new subsection to read:

41 "(e1) Rules to Protect Inchoate or Accrued Rights of Retirement Systems Members. –
42 Rules deemed by the Boards of Trustees established under G.S. 128-28 and G.S. 135-6 to
43 protect inchoate or accrued rights of members of the Retirement Systems administered by the
44 State Treasurer shall not expire as provided by this section. The Commission shall report
45 annually to the Committee on any rules that do not expire pursuant to this subsection."

46 **SECTION 8.** G.S. 128-21 is amended by adding three new subdivisions to read:

47 "(10a) "Regularly employed" shall mean employment in a position for which the
48 duties require not less than 1,000 hours of work in a calendar year, provided
49 that the term shall not include any individuals whose employment is
50 considered "temporary employment" as defined in subdivision (10b) of this

1 section or "statutorily-required interim employment" as defined in
2 subdivision (10c) of this section.

3 (10b) "Temporary employment" shall mean employment for a limited term, in no
4 case to exceed 12 consecutive months on a nonrecurring basis, for an
5 employer as defined in subdivision (11) of this section.

6 (10c) "Statutorily-required interim employment" shall mean individuals whose
7 employment for an employer as defined in subdivision (11) of this section
8 occurs as a result of the individual's designation by the city council as an
9 interim city manager, as provided in G.S. 160A-150 for a period not to
10 exceed 12 months on a nonrecurring basis, or as a result of the individual's
11 designation by the board of commissioners as an interim county manager, as
12 provided in G.S. 153A-84 for a period not to exceed 12 months on a
13 nonrecurring basis."

14 **SECTION 9.(a)** G.S. 135-91(c) reads as rewritten:

15 "(c) The Department of State Treasurer and the Board of Trustees shall have full power
16 and authority to adopt rules and regulations for the administration of the Plan, provided they are
17 not inconsistent with the provisions of this Article. The Department of State Treasurer and
18 Board of Trustees may appoint those agents, contractors, employees and committees as they
19 deem advisable to carry out the terms and conditions of the Plan. In order to promote
20 achievement of long-term investment objectives and to retain key public employees with
21 investment functions, the Board of Trustees shall authorize the State Treasurer to establish
22 market-oriented compensation plans, including salaries and performance-related bonuses, for
23 employees possessing specialized skills or knowledge necessary for the proper administration
24 of the Plan, who shall be exempt from the classification and compensation rules established by
25 the Office of State Human Resources. The design and administration of those compensation
26 plans shall be based on compensation studies conducted by a nationally recognized firm
27 specializing in public fund investment compensation. The compensation and other associated
28 employee benefits shall be apportioned directly from the Plan."

29 **SECTION 9.(b)** G.S. 126-5 is amended by adding a new subsection to read:

30 "(c13) Except as to G.S. 126-13, 126-14, 126-14.1, and the provisions of Articles 6, 7, 14,
31 15, and 16 of this Chapter, the provisions of this Chapter shall not apply to employees of the
32 Department of State Treasurer possessing specialized skills or knowledge necessary for the
33 proper administration of the Supplemental Retirement Plans and compensated pursuant to
34 G.S. 135-91(c)."

35 **SECTION 10.(a)** G.S. 135-5 is amended by adding a new subsection to read:

36 "(m4) A member who has contributions in this System and is not eligible for a retirement
37 benefit as set forth in G.S. 135-5(a) shall be paid his contributions in a lump sum as provided in
38 G.S. 135-5(f) by April 1 of the calendar year following the later of the calendar year in which
39 the member (i) attains 70 and one-half years of age or (ii) has ceased to be a teacher or State
40 employee except by death. If such member fails, following reasonable notification, to complete
41 a refund application by such required date, the requirement that a refund application be
42 completed shall be waived and the refund shall be paid without a refund application as a single
43 lump-sum payment with applicable required North Carolina and federal income taxes withheld.
44 For purposes of this subsection, a member shall not be considered to have ceased to be a
45 teacher or State employee if the member is actively contributing to the Consolidated Judicial
46 Retirement System, Local Governmental Employees' Retirement System, or Legislative
47 Retirement System. A lump-sum refund shall not be paid under this subsection if the member is
48 actively contributing to the Consolidated Judicial Retirement System, Local Governmental
49 Employees' Retirement System, or Legislative Retirement System.

50 A member who has contributions in this System and is eligible for a retirement benefit as
51 set forth in G.S. 135-5(a) shall begin to receive a monthly benefit no later than April 1 of the

1 calendar year following the later of the calendar year in which the member (i) attains 70 and
2 one-half years of age or (ii) has ceased to be a teacher or State employee except by death. If
3 such member fails, following reasonable notification, to complete the retirement process as set
4 forth under Chapter 135 of the General Statutes by such required beginning date, the
5 requirement that a retirement application and an election of payment plan form be completed
6 shall be waived and the retirement allowance shall be paid as a single life annuity. The single
7 life annuity shall be calculated and processed in accordance with G.S. 135-5. For purposes of
8 this subsection, a member shall not be considered to have ceased to be a teacher or State
9 employee if the member is actively contributing to the Consolidated Judicial Retirement
10 System, Local Governmental Employees' Retirement System, or Legislative Retirement
11 System. A retirement benefit shall not be paid under this subsection if the member is actively
12 contributing to the Consolidated Judicial Retirement System, Local Governmental Employees'
13 Retirement System, or Legislative Retirement System."

14 **SECTION 10.(b)** G.S. 128-27 is amended by adding a new subsection to read:

15 "(m3) A member who has contributions in this System and is not eligible for a retirement
16 benefit as set forth in G.S. 128-27(b21) shall be paid his contributions in a lump sum as
17 provided in G.S. 128-27(f) by April 1 of the calendar year following the later of the calendar
18 year in which the member (i) attains 70 and one-half years of age or (ii) has ceased to be an
19 employee except by death. If such member fails, following reasonable notification, to complete
20 a refund application by such required date, the requirement that a refund application be
21 completed shall be waived and the refund shall be paid without a refund application as a single
22 lump-sum payment with applicable required North Carolina and federal income taxes withheld.
23 For purposes of this subsection, a member shall not be considered to have ceased to be an
24 employee if the member is actively contributing to the Teachers' and State Employees'
25 Retirement System, Consolidated Judicial Retirement System, or Legislative Retirement
26 System. A lump-sum refund shall not be paid under this subsection if the member is actively
27 contributing to the Teachers' and State Employees' Retirement System, Consolidated Judicial
28 Retirement System, or Legislative Retirement System.

29 A member who has contributions in this System and is eligible for a retirement benefit as
30 set forth in G.S. 128-27(21) shall begin to receive a monthly benefit no later than April 1 of the
31 calendar year following the later of the calendar year in which the member (i) attains 70 and
32 one-half years of age or (ii) has ceased to be an employee except by death. If such member
33 fails, following reasonable notification, to complete the retirement process as set forth under
34 Chapter 128 of the General Statutes by such required beginning date, the requirement that a
35 retirement application and an election of payment plan form be completed shall be waived and
36 the retirement allowance shall be paid as a single life annuity. The single life annuity shall be
37 calculated and processed in accordance with G.S. 128-27(b21). For purposes of this subsection,
38 a member shall not be considered to have ceased to be an employee if the member is actively
39 contributing to the Teachers' and State Employees' Retirement System, Consolidated Judicial
40 Retirement System, or Legislative Retirement System. A retirement benefit shall not be paid
41 under this subsection if the member is actively contributing to the Teachers' and State
42 Employees' Retirement System, Consolidated Judicial Retirement System, or Legislative
43 Retirement System."

44 **SECTION 10.(c)** G.S. 135-74 is amended by adding a new subsection to read:

45 "(c1) A member who has contributions in this System and is not eligible for a retirement
46 benefit as set forth in G.S. 135-58(a6) shall be paid his contributions in a lump sum as provided
47 in G.S. 135-62 by April 1 of the calendar year following the later of the calendar year in which
48 the member (i) attains 70 and one-half years of age or (ii) has ceased to be a judge, district
49 attorney, public defender, the Director of Indigent Defense Services, or clerk of superior court
50 as provided in G.S. 135-53, except by death. If such member fails, following reasonable
51 notification, to complete a refund application by such required date, the requirement that a

1 refund application be completed shall be waived and the refund shall be paid without a refund
2 application as a single lump-sum payment with applicable required North Carolina and federal
3 income taxes withheld. For purposes of this subsection, a member shall not be considered to
4 have ceased to be a judge, district attorney, public defender, the Director of Indigent Defense
5 Services, or clerk of superior court as provided in G.S. 135-53 if the member is actively
6 contributing to the Teachers' and State Employees' Retirement System, Local Governmental
7 Employees' Retirement System, or Consolidated Judicial Retirement System. A lump-sum
8 refund shall not be paid under this subsection if the member is actively contributing to the
9 Teachers' and State Employees' Retirement System, Local Governmental Employees'
10 Retirement System, or Consolidated Judicial Retirement System.

11 A member who has contributions in this System and is eligible for a retirement benefit as
12 set forth in G.S. 120-4.21 shall begin to receive a monthly benefit no later than April 1 of the
13 calendar year following the later of the calendar year in which the member (i) attains 70 and
14 one-half years of age or (ii) has ceased to be a judge, district attorney, public defender, the
15 Director of Indigent Defense Services, or clerk of superior court as provided in G.S. 135-53,
16 except by death. If such member fails, following reasonable notification, to complete the
17 retirement process as set forth under Chapter 120 of the General Statutes by such required
18 beginning date, the requirement that a retirement application and an election of payment plan
19 form be completed shall be waived and the retirement allowance shall be paid as a single life
20 annuity. The single life annuity shall be calculated and processed in accordance with
21 G.S. 120-4.21. For purposes of this subsection, a member shall not be considered to have
22 ceased to be a judge, district attorney, public defender, the Director of Indigent Defense
23 Services, or clerk of superior court as provided in G.S. 135-53 if the member is actively
24 contributing to the Teachers' and State Employees' Retirement System, Local Governmental
25 Employees' Retirement System, or Consolidated Judicial Retirement System. A retirement
26 benefit shall not be paid under this subsection if the member is actively contributing to the
27 Teachers' and State Employees' Retirement System, Local Governmental Employees'
28 Retirement System, or Consolidated Judicial Retirement System."

29 **SECTION 10.(d)** G.S. 120-4.31 is amended by adding a new subsection to read:

30 "(c1) A member who has contributions in this System and is not eligible for a retirement
31 benefit as set forth in G.S. 120-4.21 shall be paid his contributions in a lump sum as provided
32 in G.S. 120-4.25 by April 1 of the calendar year following the later of the calendar year in
33 which the member (i) attains 70 and one-half years of age or (ii) has ceased to be a member of
34 the General Assembly, except by death. If such member fails, following reasonable
35 notification, to complete a refund application by such required date, the requirement that a
36 refund application be completed shall be waived and the refund shall be paid without a refund
37 application as a single lump-sum payment with applicable required North Carolina and federal
38 income taxes withheld. For purposes of this subsection, a member shall not be considered to
39 have ceased to be a member of the General Assembly if the member is actively contributing to
40 the Teachers' and State Employees' Retirement System, Local Governmental Employees'
41 Retirement System, or Consolidated Judicial Retirement System. A lump-sum refund shall not
42 be paid under this subsection if the member is actively contributing to the Teachers' and State
43 Employees' Retirement System, Local Governmental Employees' Retirement System, or
44 Consolidated Judicial Retirement System.

45 A member who has contributions in this System and is eligible for a retirement benefit as
46 set forth in G.S. 120-4.21 shall begin to receive a monthly benefit no later than April 1 of the
47 calendar year following the later of the calendar year in which the member (i) attains 70 and
48 one-half years of age or (ii) has ceased to be a member of the General Assembly, except by
49 death. If such member fails, following reasonable notification, to complete the retirement
50 process as set forth under Chapter 120 of the General Statutes by such required beginning date,
51 the requirement that a retirement application and an election of payment plan form be

1 completed shall be waived and the retirement allowance shall be paid as a single life annuity.
2 The single life annuity shall be calculated and processed in accordance with G.S. 120-4.21. For
3 purposes of this subsection, a member shall not be considered to have ceased to be a member of
4 the General Assembly if the member is actively contributing to the Teachers' and State
5 Employees' Retirement System, Local Governmental Employees' Retirement System, or
6 Consolidated Judicial Retirement System. A retirement benefit shall not be paid under this
7 subsection if the member is actively contributing to the Teachers' and State Employees'
8 Retirement System, Local Governmental Employees' Retirement System, or Consolidated
9 Judicial Retirement System."

10 **SECTION 11.(a)** G.S. 135-3(8) is amended by adding a new sub-subdivision to
11 read:

12 "f. Should a beneficiary who retired on an early or service retirement
13 allowance under this Chapter be reemployed by, or otherwise
14 engaged to perform services for, an employer participating in the
15 Retirement System on a part-time, temporary, interim, or on a fee for
16 service basis, whether contractual or otherwise at any time during the
17 six months immediately following the effective date of retirement,
18 then the option of the two listed below that has the lesser financial
19 impact on the member, as determined by the Retirement System,
20 shall be applied:

- 21 1. The member's retirement shall be deemed effective the month
22 after the last month the member performed services for a
23 participating employer, and the member shall repay all
24 retirement benefits paid up to the deemed effective date,
25 provided the member thereafter has satisfied the six-month
26 separation required by G.S. 135-1(20).
- 27 2. The member shall make a lump-sum payment to the
28 Retirement System equal to three times the amount of
29 compensation earned during the six months immediately
30 following the effective date of retirement."

31 **SECTION 11.(b)** G.S. 128-24(5) is amended by adding a new sub-subdivision to
32 read:

33 "e. Should a beneficiary who retired on an early or service retirement
34 allowance under this Chapter be reemployed by, or otherwise
35 engaged to perform services for, an employer participating in the
36 Retirement System on a part-time, temporary, interim, or on a fee for
37 service basis, whether contractual or otherwise at any time during the
38 six months immediately following the effective date of retirement,
39 then the option of the two listed below that has the lesser financial
40 impact on the member, as determined by the Retirement System,
41 shall be applied:

- 42 1. The member's retirement shall be deemed effective the month
43 after the last month the member performed services for a
44 participating employer, and the member shall repay all
45 retirement benefits paid up to the deemed effective date,
46 provided the member thereafter has satisfied the six-month
47 separation required by G.S. 128-21(19).
- 48 2. The member shall make a lump-sum payment to the
49 Retirement System equal to three times the amount of
50 compensation earned during the month immediately
51 following the effective date of retirement."

1

SECTION 12. This act becomes effective October 1, 2015.