

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023

H.B. 270
Mar 6, 2023
HOUSE PRINCIPAL CLERK

H

D

HOUSE BILL DRH40152-MGp-92

Short Title: Death Benefits Parity.

(Public)

Sponsors: Representative Howard.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT ESTABLISHING DEATH BENEFITS PARITY FOR MEMBERS OF THE
3 TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE LOCAL
4 GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM, THE LEGISLATIVE
5 RETIREMENT SYSTEM, AND THE CONSOLIDATED JUDICIAL RETIREMENT
6 SYSTEM.

7 The General Assembly of North Carolina enacts:

8
9 **PART I. CHANGES TO ESTABLISH DEATH BENEFITS PARITY FOR STATE AND**
10 **LOCAL GOVERNMENT ACTIVE EMPLOYEES**

11 **SECTION 1.1.** G.S. 135-5(l) reads as rewritten:

12 "(l) Death Benefit Plan. – There is hereby created a Group Life Insurance Plan (hereinafter
13 called the "Plan") which is established as an employee welfare benefit plan that is separate and
14 apart from the Retirement System and under which the members of the Retirement System shall
15 participate and be eligible for group life insurance benefits. The Plan shall be part of the North
16 Carolina Teachers' and State Employees' Benefit Trust, as established under G.S. 135-7(g). All
17 receipts, transfers, appropriations, contributions, investment earnings, and other income
18 belonging to the Plan shall be deposited in the Benefit Trust. All benefits and expenses against
19 the Plan shall be disbursed from the Benefit Trust. Employer and non-employer contributions to
20 the Benefit Trust and earnings on those contributions are irrevocable. The assets of the Benefit
21 Trust are dedicated to providing benefits to participants, surviving spouses, and the members'
22 estates in accordance with the Plan's benefit terms. The assets of the Benefit Trust are not subject
23 to the claims of creditors of the employees and non-employees making contributions to the
24 Benefit Trust, are not subject to the claims of any creditors of the Benefit Trust's trustees and
25 administrators, and are not subject to the claims of creditors of members and beneficiaries.
26 Benefit Trust assets may be used for reasonable expenses to administer benefits provided by the
27 Fund as approved by the Board of Trustees.

28 Upon receipt of proof, satisfactory to the Board of Trustees in their capacity as trustees under
29 the Group Life Insurance Plan, of the death, in service, of a member who had completed at least
30 one full calendar year of membership in the Retirement System, there shall be paid to such person
31 as the member shall have nominated by electronic submission in a form approved by the Board
32 of Trustees or by written designation duly acknowledged and filed with the Board of Trustees, if
33 such person is living at the time of the member's death, otherwise to the member's legal
34 representatives, a death benefit. Such death benefit shall be equal to ~~the greater of~~ fifty thousand
35 dollars (\$50,000).



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

7 (3), (4) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1049, s. 2.
 8 ~~subject to a minimum of twenty-five thousand dollars (\$25,000) and to a maximum of fifty~~
 9 ~~thousand dollars (\$50,000).~~ Such death benefit shall be payable apart and separate from the
 10 payment of the member's accumulated contributions under the System on ~~his~~ the member's death
 11 pursuant to the provisions of subsection (f) of this section. For the purpose of the Plan, a member
 12 shall be deemed to be in service ~~at~~ on the date of ~~his~~ the member's death occurs within
 13 180 days from the last day of ~~his~~ the member's actual service.

14 "

15 **SECTION 1.2.** G.S. 128-27(l) reads as rewritten:

16 "(l) Death Benefit Plan. – The provisions of this subsection shall become effective for any
 17 employer only after an agreement to that effect has been executed by the employer and the
 18 Director of the Retirement System. There is hereby created a Group Life Insurance Plan
 19 (hereinafter called the "Plan") which is established as an employee welfare benefit plan that is
 20 separate and apart from the Retirement System and under which the members of the Retirement
 21 System shall participate and be eligible for group life insurance benefits. The Plan shall be part
 22 of the North Carolina Teachers' and State Employees' Benefit Trust, as established under
 23 G.S. 135-7(g). All receipts, transfers, appropriations, contributions, investment earnings, and
 24 other income belonging to the Plan shall be deposited in the Benefit Trust. All benefits and
 25 expenses against the Plan shall be disbursed from the Benefit Trust. Employer and non-employer
 26 contributions to the Benefit Trust and earnings on those contributions are irrevocable. The assets
 27 of the Benefit Trust are dedicated to providing benefits to members and beneficiaries in
 28 accordance with the Plan's benefit terms. The assets of the Benefit Trust are not subject to the
 29 claims of creditors of the employees and non-employees making contributions to the Benefit
 30 Trust, are not subject to the claims of any creditors of the Benefit Trust's trustees and
 31 administrators, and are not subject to the claims of creditors of members and beneficiaries.
 32 Benefit Trust assets may be used for reasonable expenses to administer benefits provided by the
 33 Fund as approved by the Board of Trustees.

34 Upon receipt of proof, satisfactory to the Board of Trustees in their capacity as trustees under
 35 the Group Life Insurance Plan, of the death, in service, of a member who had completed at least
 36 one full calendar year of membership in the Retirement System, there shall be paid to such person
 37 as the member shall have nominated by electronic submission in a form approved by the Board
 38 of Trustees or by written designation duly acknowledged and filed with the Board of Trustees, if
 39 such person is living at the time of the member's death, otherwise to the member's legal
 40 representatives, a death benefit. Such death benefit shall be equal to ~~the greater of: fifty thousand~~
 41 dollars (\$50,000).

- 42 (1) ~~The compensation on which contributions were made by the member during~~
 43 ~~the calendar year preceding the year in which his death occurs, or~~
 44 (2) ~~The greatest compensation on which contributions were made by the member~~
 45 ~~during a 12-month period of service within the 24-month period of service~~
 46 ~~ending on the last day of the month preceding the month in which his last day~~
 47 ~~of actual service occurs;~~

48 (3) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1049, s. 2;
 49 ~~subject to a minimum of twenty-five thousand dollars (\$25,000) and a maximum of fifty thousand~~
 50 ~~dollars (\$50,000).~~ Such death benefit shall be payable apart and separate from the payment of the
 51 member's accumulated contributions under the System on ~~his~~ the member's death pursuant to the

1 provisions of subsection (f) of this section. For the purpose of the Plan, a member shall be deemed
2 to be in service at the date of ~~his~~the member's death if ~~his~~the member's death occurs within 180 days from the
3 last day of ~~his~~the member's actual service.

4"

5 **SECTION 1.3.** G.S. 120-4.27 reads as rewritten:

6 "**§ 120-4.27. Death benefit.**

7 The designated beneficiary of a member who dies while in service after completing one year
8 of creditable service shall receive a lump-sum payment of an amount equal to ~~the deceased~~
9 ~~member's highest annual salary, to a maximum of fifteen thousand dollars (\$15,000).~~ fifty
10 thousand dollars (\$50,000). For purposes of this death benefit "in service" means currently
11 serving as a member of the North Carolina General Assembly. "In service" also means service in
12 the Uniformed Services, as that term is defined in section 4303(16) of the Uniformed Services
13 Employment and Reemployment Rights Act, Public Law 103-353, if that service begins during
14 the member's term of office. If the participant does not return immediately after that service to
15 employment with a covered employer in this System, then the participant shall be deemed "in
16 service" until the date on which the participant was first eligible to be separated or released from
17 ~~his or her~~ involuntary military service.

18"

19
20 **PART II. CHANGES TO ESTABLISH A SURVIVOR'S ALTERNATE BENEFIT**
21 **UNDER THE CONSOLIDATED JUDICIAL RETIREMENT SYSTEM (CJRS) AND TO**
22 **MAKE DEATH BENEFITS FOR CJRS MEMBERS ON PAR WITH THOSE**
23 **AVAILABLE TO MEMBERS OF THE TEACHERS' AND STATE EMPLOYEES'**
24 **RETIREMENT SYSTEM, THE LOCAL GOVERNMENTAL EMPLOYEES'**
25 **RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM**

26 **SECTION 2.1.** G.S. 135-63 reads as rewritten:

27 "**§ 135-63. Benefits on death before retirement.**

28 (a) Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a member
29 ~~in service, service, who earned the first month of membership service credit prior to July 1, 2024,~~
30 and had not withdrawn contributions for such membership service in the Retirement System,
31 there shall be paid in a lump sum to such person as the member shall have nominated by
32 electronic submission in a form approved by the Board of Trustees or by written designation duly
33 acknowledged and filed with the Board of Trustees, if such person is living at the time of the
34 member's death, otherwise to the member's legal representatives, a death benefit equal to the sum
35 of (i) the member's accumulated contributions, plus (ii) the member's final compensation;
36 provided, however, that if the member has attained his or her fiftieth birthday with at least five
37 years of membership service at the member's date of death, and if the designated recipient of the
38 death benefits is the member's spouse who survives him or her, and if the spouse so elects, then
39 the lump-sum death benefit provided for herein shall consist only of a payment equal to the
40 member's final compensation and there shall be paid to the surviving spouse an annual retirement
41 allowance, payable monthly, which shall commence on the first day of the calendar month
42 coinciding with or next following the death of the member and shall be continued on the first day
43 of each month thereafter until the remarriage or death of the spouse. The amount of any such
44 retirement allowance shall be equal to one half of the amount of the retirement allowance to
45 which the member would have been entitled had the member retired under the provisions of
46 ~~G.S. 135-57(a) subsection (a) of G.S. 135-57~~ on the first day of the calendar month coinciding
47 with or next following the member's date of death, reduced by two percent (2%) thereof for each
48 full year, if any, by which the age of the member at his or her date of death exceeds that of the
49 member's spouse. If the retirement allowance to the spouse shall terminate on the remarriage or
50 death of the spouse before the total of the retirement allowance payments made equals the amount
51 of the member's accumulated contributions at date of death, the excess of such accumulated

1 contributions over the total of the retirement allowances paid to the spouse shall be paid in a lump
2 sum to such person as the member shall have nominated by electronic submission in a form
3 approved by the Board of Trustees or by written designation duly acknowledged and filed with
4 the Board of Trustees, if such person is living at the time such payment falls due, otherwise to
5 the former member's legal representatives.

6 (a1) Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a member
7 or former member who earned the first month of membership service credit on or after July 1,
8 2024, or forfeited all creditable service in the Retirement System earned prior to July 1, 2024, by
9 receiving a return of contributions, there shall be paid to such person or persons as the member
10 or former member shall have nominated by electronic submission in a form approved by the
11 Board of Trustees or by written designation duly acknowledged and filed with the Board of
12 Trustees, if such person or persons are living at the time of the member's or former member's
13 death, otherwise to the member's or former member's legal representatives, the amount of the
14 member's or former member's accumulated contributions at the time of the member's or former
15 member's death, unless the beneficiary elects to receive an alternate benefit provided under
16 subsection (a2) of this section.

17 (a2) Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a member
18 in service who earned the first month of membership service credit on or after July 1, 2024, or
19 forfeited all creditable service in the Retirement System earned prior to July 1, 2024, by receiving
20 a return of contributions, the beneficiary entitled to receive a return of the member's accumulated
21 contributions pursuant to subsection (a1) of this section may instead elect to receive the reduced
22 retirement allowance under the provisions of Option 2 prescribed by subsection (g) of G.S. 135-5.
23 The election of Option 2 shall provide for a retirement allowance computed by assuming that the
24 member retired on the first day of the month following the date of the member's death, provided
25 that all four of the following conditions apply:

26 (1) The member had either:

- 27 a. Attained such age or creditable service, or both, to be eligible to
28 commence retirement with an early or service retirement allowance;
29 or
30 b. Attained 16 years of creditable service, in which case the retirement
31 allowance shall be computed in accordance with subsection (b) of
32 G.S. 135-58, notwithstanding the requirement of obtaining age 50.

33 (2) At the time of the member's death, only one beneficiary was eligible to receive
34 a return of accumulated contributions under subsection (a1) of this section.

35 (3) The member had not instructed the Board of Trustees, in writing, that the
36 member did not wish for the provisions of this subsection to apply.

37 (4) The member had not begun receiving a retirement allowance as provided
38 under this Article.

39 (a3) All of the following apply to the alternate survivor benefit described in subsection
40 (a2) of this section:

41 (1) A member is considered to be in service on the date of death if the death occurs
42 within 180 days from the last date of actual service.

43 (2) The last date of actual service means:

- 44 a. When employment has been terminated, the last date the member
45 actually worked.
46 b. When employment has not been terminated, the date on which an
47 absent member's sick and annual leave expire, unless the member is
48 on an approved leave of absence. An approved leave of absence means
49 any period when a member is on leave of absence and is receiving less
50 than the member's full compensation. The member will be deemed to
51 be in service only if the member is contributing to the Retirement

1 System. If the member is so contributing, the annual rate of
2 compensation paid to the member immediately prior to the
3 commencement of the leave of absence will be deemed to be the actual
4 compensation rate of the employee during the leave of absence.

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

12 (3) Any terminal payments made after the member's date of death that meet the
13 definition of compensation shall be credited to the month prior to the
14 member's month of death. These terminal payments do not include salary or
15 wages paid for work performed during the month of the member's death.

16 ...

17 (f) Upon the death of a member who earned the first month of membership service credit
18 on or after July 1, 2024, or forfeited all creditable service in the Retirement System earned prior
19 to July 1, 2024, by receiving a return of contributions, if a retirement allowance becomes payable
20 to the principal beneficiary who is designated to receive a return of accumulated contributions
21 pursuant to subsection (a2) of this section, and that beneficiary dies before the total of the
22 retirement allowances paid equals the amount of the accumulated contributions of the member at
23 the date of the member's death, the excess of those accumulated contributions over the total of
24 the retirement allowances paid to the beneficiary shall be paid in a lump sum to the person or
25 persons the member has designated as a contingent beneficiary for the return of accumulated
26 contributions, if the person or persons are living at the time the payment becomes payable. If no
27 contingent beneficiary is living at the time the lump sum becomes payable, the lump sum shall
28 be paid to the principal beneficiary's legal representative.

29 In the event that a retirement allowance becomes payable to the contingent beneficiary
30 designated to receive a return of accumulated contributions pursuant to subsection (a2) of this
31 section and that beneficiary dies before the total of the retirement allowances paid equals the
32 amount of the accumulated contributions of the member at the date of the member's death, the
33 excess of those accumulated contributions over the total of the retirement allowances paid to the
34 beneficiary shall be paid in a lump sum to the contingent beneficiary's legal representative.

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

38 (g) Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a member
39 in service who earned the first month of membership service credit on or after July 1, 2024, or
40 forfeited all creditable service in the Retirement System earned prior to July 1, 2024, by receiving
41 a return of contributions and had completed at least one full calendar year of membership in the
42 Retirement System, there shall be paid to such person as the member shall have nominated by
43 electronic submission in a form approved by the Board of Trustees or by written designation duly
44 acknowledged and filed with the Board of Trustees, if such person is living at the time of the
45 member's death, otherwise to the member's legal representatives, a death benefit equal to the sum
46 of fifty thousand dollars (\$50,000). Such death benefit shall be payable apart and separate from
47 the payment of the member's accumulated contributions pursuant to subsection (a1) of this
48 section. A member shall be deemed to be in service at the date of death if the member's death
49 occurs within 180 days from the member's last date of actual service. The last date of actual
50 service means:

- 1 (1) When employment has been terminated, the last date the member actually
2 worked.
- 3 (2) When employment has not been terminated, the date on which an absent
4 member's sick and annual leave expire, unless the member is on an approved
5 leave of absence. An approved leave of absence means any period when a
6 member is on leave of absence and is receiving less than the member's full
7 compensation. The member will be deemed to be in service only if the member
8 is contributing to the Retirement System. If the member is so contributing, the
9 annual rate of compensation paid to the member immediately prior to the
10 commencement of the leave of absence will be deemed to be the actual
11 compensation rate of the employee during the leave of absence.
- 12 (3) When a member's employment is interrupted by reason of service in the
13 Uniformed Services, as that term is defined in section 4303(16) of the
14 Uniformed Services Employment and Reemployment Rights Act, Public Law
15 103-353, and the member does not return immediately after that service to
16 employment with a covered employer in the Retirement System, the date on
17 which the member was first eligible to be separated or released from
18 involuntary military service."

19 **SECTION 2.2.** G.S. 135-64 reads as rewritten:

20 **"§ 135-64. Benefits on death after retirement.**

21 (a) In the event ~~of the death of a~~ former member who earned the first month of
22 membership service credit prior to July 1, 2024, and had not withdrawn contributions for such
23 membership service in the Retirement System, dies while in receipt of a retirement allowance
24 pursuant to ~~his~~ the former member's retirement under the provisions of G.S. 135-57, or after a
25 former member's sixty-fifth birthday while in receipt of a retirement allowance pursuant to ~~his~~
26 the former member's retirement under the provisions of G.S. 135-59, there shall be paid to the
27 former member's surviving spouse, if any, an annual retirement allowance, payable monthly,
28 which shall commence on the first day of the calendar month next following the date of death of
29 the former member and shall be continued on the first day of each month thereafter until the
30 remarriage or death of the spouse. The amount of any such allowance shall be equal to one half
31 of the allowance that was payable to the former member for the month immediately prior to ~~his~~
32 the month of death, or which would have been so payable had an optional mode of payment not
33 been elected under the provisions of G.S. 135-61, reduced by two percent (2%) thereof for each
34 full year, if any, by which the age of the former member at date of death exceeds that of his
35 spouse.

36 (b) In the event ~~of the death of a~~ that a former member vested as of July 1, 2024, dies
37 prior to ~~his~~ the member's sixty-fifth birthday while in receipt of a retirement allowance pursuant
38 to ~~his~~ retirement under the provisions of G.S. 135-59, there shall be paid to the former member's
39 surviving spouse, if any, an annual retirement allowance, payable monthly, which shall
40 commence on the first day of the calendar month next following the date of death of the former
41 member and shall be continued on the first day of each month thereafter until the remarriage or
42 death of the spouse. The amount of any such allowance shall be equal to one half of the allowance
43 to which the former member would have been entitled under the provisions of G.S. 135-58 if he
44 had remained in service from his disability retirement date to his date of death with no change in
45 his final compensation or status and had then retired, reduced by two percent (2%) thereof for
46 each full year, if any, by which the age of the former member at date of death exceeds that of his
47 spouse.

48 (c) In the event ~~of the death of a~~ former member who earned the first month of
49 membership service credit prior to July 1, 2024, and had not withdrawn contributions for such
50 membership service in the Retirement System, dies while in receipt of a retirement allowance
51 under the provisions of G.S. 135-58, 135-60, or 135-61, if such former member is not survived

1 by a spouse to whom a retirement allowance is payable under the provisions of subsection (a) or
2 subsection (b) above, nor survived by a beneficiary to whom a monthly survivorship benefit is
3 payable under one of the optional modes of payment under G.S. 135-61, there shall be paid to
4 such person as the member shall have nominated by electronic submission in a form approved
5 by the Board of Trustees or by written designation duly acknowledged and filed with the Board
6 of Trustees, if such person is living at the time of the member's death, otherwise to the member's
7 legal representatives, a death benefit equal to the excess, if any, of the accumulated contributions
8 of the member at his date of retirement over the total of the retirement allowances paid to him
9 prior to his death.

10 (d) ~~In the event that a retirement allowance becomes payable to the spouse of a former~~
11 ~~member who earned the first month of membership service credit prior to July 1, 2024, and had~~
12 ~~not withdrawn contributions for such membership service in the Retirement System, becomes~~
13 ~~entitled to a retirement allowance under the provisions of subsection (a) or subsection (b) above,~~
14 ~~of this section, or to the designated survivor of such a former member becomes entitled to~~
15 ~~payment~~ under one of the optional modes of payment under G.S. 135-61, and such retirement
16 allowance to the spouse shall terminate on the remarriage or death of the spouse, or on the death
17 of the designated survivor, before the total of the retirement allowances paid to the former
18 member and his spouse or designated survivor combined equals the amount of the member's
19 accumulated contributions at his date of retirement, the excess of such accumulated contributions
20 over the total of the retirement allowances paid to the former member and his spouse or
21 designated survivor combined shall be paid in a lump sum to such person as the member shall
22 have nominated by electronic submission in a form approved by the Board of Trustees or by
23 written designation duly acknowledged and filed with the Board of Trustees, if such person is
24 living at the time such payment falls due, otherwise to the former member's legal representatives.

25 (e) ~~In the event of the death of a retired former judge who earned the first month of~~
26 ~~membership service credit prior to July 1, 2024, and had not withdrawn contributions for such~~
27 ~~membership service in the Retirement System, dies while in receipt of a retirement allowance~~
28 under the provisions of G.S. 135-58(d), there shall be paid to the former judge's surviving spouse,
29 if any, an annual retirement allowance payable monthly, which shall commence on the first day
30 of the calendar month next following the date of death of the former judge and shall be continued
31 on the first day of each month thereafter until the remarriage or death of the spouse. The amount
32 of any such allowance shall be equal to one half of the allowance that was payable to the former
33 judge for the month immediately prior to his month of death, reduced by two percent (2%) thereof
34 for each full year, if any, by which the age of the former judge at date of death exceeds that of
35 his spouse.

36 (e1) In the event a retired member who earned the first month of membership service credit
37 prior to July 1, 2024, and had not withdrawn contributions for such membership service in the
38 Retirement System, dies while that retired member was in receipt of a retirement allowance under
39 the provisions of this Article, there shall be paid to such person or persons as the retired member
40 shall have nominated by electronic submission in a form approved by the Board of Trustees or
41 by written designation duly acknowledged and filed with the Board of Trustees, if such person
42 or persons are living at the time of the retired member's death, otherwise to the retired member's
43 legal representatives, a death benefit equal to the excess, if any, of the accumulated contributions
44 of the retiree at the date of retirement over the total of the retirement allowances paid prior to the
45 death of the retired member.

46 In the event that a retirement allowance becomes payable to the designated survivor of a
47 retired member under G.S. 135-61 and such retirement allowance to the survivor shall terminate
48 upon the death of the survivor before the total of the retirement allowances paid to the retiree and
49 the designated survivor combined equals the amount of the accumulated contributions of the
50 retiree at the date of retirement, the excess, if any, of such accumulated contributions over the
51 total of the retirement allowances paid to the retiree and the survivor combined shall be paid in a

1 lump sum to such person or persons as the retiree shall have nominated by electronic submission
2 in a form approved by the Board of Trustees or by written designation duly acknowledged and
3 filed with the Board of Trustees, if such person or persons are living at the time such payment
4 falls due, otherwise to the retiree's legal representative.

5"

6

7 **PART III. EFFECTIVE DATE**

8 **SECTION 3.1.** This act becomes effective July 1, 2024.