A BILL TO BE ENTITLED
AN ACT MAKING ADMINISTRATIVE AND CONFORMING CHANGES TO THE LAWS
GOVERNING THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM,
THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM,
LEGISLATIVE RETIREMENT SYSTEM, CONSOLIDATED JUDICIAL RETIREMENT
SYSTEM, AND TO OTHER RELATED STATUTES, AS RECOMMENDED BY THE
DEPARTMENT OF STATE TREASURER.
The General Assembly of North Carolina enacts:

PART I. CHANGES RELATED TO THE CONTRIBUTORY DEATH BENEFIT FOR
THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, LOCAL
GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM, LEGISLATIVE
RETIREMENT SYSTEM, AND THE CONSOLIDATED JUDICIAL RETIREMENT
SYSTEM

SECTION 1.1. G.S. 135-5(1) reads as rewritten:
"(1) 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. The Plan shall be part of the North
Carolina Teachers' and State Employees' Benefit Trust, as established under G.S. 135-7(g). All
receipts, transfers, appropriations, contributions, investment earnings, and other income
belonging to the Plan shall be deposited in the Benefit Trust. All benefits and expenses against
the Plan shall be disbursed from the Benefit Trust. Employer and non-employer contributions to
the Benefit Trust and earnings on those contributions are irrevocable. The assets of the Benefit
Trust are dedicated to providing benefits to participants, surviving spouses, and the members'
estates in accordance with the Plan's benefit terms. The assets of the Benefit Trust are not subject
to the claims of creditors of the employees and non-employees making contributions to the
Benefit Trust, are not subject to the claims of any creditors of the Benefit Trust's trustees and
administrators, and are not subject to the claims of creditors of members and beneficiaries.
Benefit Trust assets may be used for reasonable expenses to administer benefits provided by the
Fund as approved by the Board of Trustees.

…

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,
2015, there shall be paid a death benefit to the person or persons designated by the member or,
if the member has not designated a beneficiary, to the surviving spouse of the deceased retired
member or, if not survived by a designated beneficiary or spouse, 
beneficiary, to the deceased retired member's legal representative; 
provided the retired member has elected, when first eligible, to make, 
and has continuously made, in advance of the member's death required 
contributions as determined by the Board of Trustees on a fully contributory basis, 
through retirement allowance deductions or other methods adopted by the Board of Trustees, 
to a group death benefit trust fund, the North Carolina Teachers' and State Employees' Benefit Trust, 
administered by the Board of Trustees Fund and Pension Accumulation Fund. Employer and 
non-employer contributions to the Benefit Trust and earnings on those contributions are 
irrevocable. The assets of the Benefit Trust are dedicated to providing benefits to participants, 
surviving spouses, and the members' estates in accordance with the Plan's benefit terms. The 
assets of the Benefit Trust are not subject to the claims of creditors of the employees and 
non-employees making contributions to the Benefit Trust, are not subject to the claims of any 
creditors of the Benefit Trust's trustees and administrators, and are not subject to the claims of 
creditors of members and beneficiaries. Benefit Trust assets may be used for reasonable expenses 
to administer benefits provided by the Fund as approved by the Board of Trustees. This death 
benefit shall be a lump-sum payment in the amount of ten thousand dollars ($10,000) upon the 
completion of 24 months of contributions required under this subsection. Should death occur 
before the completion of 24 months of contributions required under this subsection, the deceased 
retired member's designated beneficiary or beneficiaries, or surviving spouse if there is no 
surviving beneficiary, or legal representative if not survived by a designated beneficiary or 
spouse, shall be paid the sum of the retired member's contributions required by this subsection 
plus interest to be determined by the Board of Trustees.

"(l6) 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, 
2015, there shall be paid a death benefit to the person or persons designated by the member or, 
if the member has not designated a beneficiary, to the surviving spouse of the deceased retired 
member or, if not survived by a designated beneficiary or spouse, beneficiary, to the deceased 
retired member's legal representative; provided the retired member has elected, when first eligible, 
to make, and has continuously made, in advance of the member's death required 
contributions as determined by the Board of Trustees on a fully contributory basis, through 
retirement allowance deductions or other methods adopted by the Board of Trustees, to a group 
death benefit trust fund, the North Carolina Teachers' and State Employees' Benefit Trust, 
administered by the Board of Trustees separate and apart from the Retirement System's Annuity 
Savings Fund and Pension Accumulation Fund. Employer and non-employer contributions to the 
Benefit Trust and earnings on those contributions are irrevocable. The assets of the Benefit Trust 
are dedicated to providing benefits to members and beneficiaries in accordance with the Plan's 
benefit terms. The assets of the Benefit Trust are not subject to the claims of creditors of the 
employees and non-employees making contributions to the Benefit Trust, are not subject to the 
claims of any creditors of the Benefit Trust's trustees and administrators, and are not subject to 
the claims of creditors of members and beneficiaries. Benefit Trust assets may be used for 
reasonable expenses to administer benefits provided by the Fund as approved by the Board of 
Trustees.

The death benefit payable under this subsection shall be a lump-sum payment in the amount 
of ten thousand dollars ($10,000) upon the completion of 24 months of contributions required 
under this subsection. Should death occur before the completion of 24 months of contributions 
required under this subsection, the deceased retired member's designated beneficiary or 
beneficiaries, or surviving spouse if not survived by a designated beneficiary, or legal 
representative if not survived by a designated beneficiary or spouse, beneficiary, shall be paid
the sum of the retired member's contributions required by this subsection plus interest to be determined by the Board of Trustees."

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

"§ 120-4.27. Death benefit.

...

Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a retired member of the Retirement System or Retirement Fund on or after January 1, 2015, there shall be paid a death benefit to the person or persons designated by the member or, if the member has not designated a beneficiary, to the surviving spouse of the deceased retired member or, if not survived by a designated beneficiary or spouse, beneficiary, to the deceased retired member's legal representative; provided the retired member has elected, when first eligible, to make, and has continuously made, in advance of the member's death required contributions as determined by the Retirement System on a fully contributory basis, through retirement allowance deductions or other methods adopted by the Retirement System, to a group death benefit trust fund, the North Carolina Teachers' and State Employees' Benefit Trust, administered by the Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. Employer and non-employer contributions to the Benefit Trust and earnings on those contributions are irrevocable. The assets of the Benefit Trust are dedicated to providing benefits to members and beneficiaries in accordance with the Plan's benefit terms. The assets of the Benefit Trust are not subject to the claims of creditors of the employees and non-employees making contributions to the Benefit Trust, are not subject to the claims of any creditors of the Benefit Trust's trustees and administrators, and are not subject to the claims of creditors of members and beneficiaries. Benefit Trust assets may be used for reasonable expenses to administer benefits provided by the Fund as approved by the Board of Trustees.

The death benefit payable under this subsection shall be a lump-sum payment in the amount of ten thousand dollars ($10,000) upon the completion of 24 months of contributions required under this subsection. Should death occur before the completion of 24 months of contributions required under this subsection, the deceased retired member's designated beneficiary or beneficiaries, or surviving spouse if not survived by a designated beneficiary, or legal representative if not survived by a designated beneficiary or spouse, beneficiary, shall be paid the sum of the retired member's contributions required by this subsection plus interest to be determined by the Board of Trustees."

SECTION 1.4. G.S. 135-64(k) reads as rewritten:

"(k) Upon the death of a retired member on or after January 1, 2015, there shall be paid a death benefit to the person or persons designated by the member or, if the member has not designated a beneficiary, to the surviving spouse of the deceased retired member or, if not survived by a designated beneficiary or spouse, to the deceased retired member's legal representative; provided the retired member has elected, when first eligible, to make, and has continuously made, in advance of the member's death required contributions as determined by the Board of Trustees on a fully contributory basis, through retirement allowance deductions or other methods adopted by the Board of Trustees, to a group death benefit trust fund, the North Carolina Teachers' and State Employees' Benefit Trust, administered by the Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. Employer and non-employer contributions to the Benefit Trust and earnings on those contributions are irrevocable. The assets of the Benefit Trust are dedicated to providing benefits to members and beneficiaries in accordance with the Plan's benefit terms. The assets of the Benefit Trust are not subject to the claims of creditors of the employees and non-employees making contributions to the Benefit Trust, are not subject to the claims of any creditors of the Benefit Trust's trustees and administrators, and are not subject to the claims of creditors of members and beneficiaries. Benefit Trust assets may be used for reasonable expenses to administer benefits provided by the Fund as approved by the Board of Trustees."
The death benefit payable under this subsection shall be a lump-sum payment in the amount of ten thousand dollars ($10,000) upon the completion of 24 months of contributions required under this subsection. Should death occur before the completion of 24 months of contributions required under this subsection, the deceased retired member’s designated beneficiary or beneficiaries, or surviving spouse if there is no surviving designated beneficiary, or legal representative if not survived by a designated beneficiary or spouse, beneficiary, shall be paid the sum of the retired member’s contributions required by this subsection plus interest to be determined by the Board of Trustees.”

PART II. CHANGES RELATED TO THE SECOND SIX MONTHS OF SHORT-TERM DISABILITY BENEFITS OF THE DISABILITY INCOME PLAN OF NORTH CAROLINA TO BE REIMBURSED TO THE EMPLOYER BY THE PLAN

SECTION 2.1. G.S. 135-105(d) reads as rewritten:

"(d) For short-term disability benefits that begin before July 1, 2019, the provisions of this section shall be administered by the employer and further, the benefits during the first six months of the short-term disability period shall be the full responsibility of and paid by the employer; Provided, further, that upon the completion of the initial six months of the short-term disability period, the employer will continue to be responsible for the short-term benefits to the participant, however, such employer shall notify the Plan, at the conclusion of the short-term disability period or upon termination of short-term disability benefits, if earlier, of the amount of short-term benefits and State Health Insurance premiums paid by the employer and the Plan shall reimburse the employer the amounts so paid. The Plan shall not reimburse any employer for amounts related to notifications made on or after January 1, 2024."

PART III. CHANGES RELATED TO THE REVIEW AND APPROVAL OF SHORT-TERM DISABILITY BENEFITS OF THE DISABILITY INCOME PLAN OF NORTH CAROLINA BY THE RETIREMENT SYSTEMS DIVISION

SECTION 3.1. G.S. 135-5(a)(5) reads as rewritten:

"(5) Any member who is eligible for and is being paid a benefit under the Disability Income Plan as provided in G.S. 135-105 or G.S. 135-106 shall be deemed a member in service and may not retire under the provisions of this section. Any member who has made electronic submission or written application for long-term or extended short-term benefits under the Disability Income Plan as provided in G.S. 135-105 or G.S. 135-106, and who has been rejected by the Plan’s Medical Board for a long-term benefit or the Retirement Systems Division of the Department of State Treasurer for an extended short-term benefit shall have 90 days from the date of notification of the rejection to convert his application to an early or service retirement application, provided that the member meets the eligibility requirements, effective the first day of the month following the month in which short-term disability benefits ended or the first day of the month following the month in which any salary continuation as may be provided in G.S. 135-104 ended, whichever is later."

SECTION 3.2. G.S. 135-6(k) reads as rewritten:

"(k) Medical Board. – The Board of Trustees shall designate a medical board to be composed of not less than three nor more than five physicians not eligible to participate in the Retirement System. The Board of Trustees may structure appointment requirements and term durations for those medical board members. If required, other physicians may be employed to report on special cases. The medical board shall arrange for and pass upon all medical examinations required under the provisions of this Chapter, and shall investigate all essential statements and certificates by or on behalf of a member in connection with an application for disability retirement, and shall report in writing to the Board of Trustees its conclusion and
recommendations upon all the matters referred to it, except as otherwise provided in this Chapter. A person serving on the medical board shall be immune individually from civil liability for monetary damages, except to the extent covered by insurance, for any act or failure to act arising out of that service, except where any of the following apply:

1. The person was not acting within the scope of that person's official duties.
2. The person was not acting in good faith.
3. The person committed gross negligence or willful or wanton misconduct that resulted in the damages or injury.
4. The person derived an improper financial benefit, either directly or indirectly, from the transaction.
5. The person incurred the liability from the operation of a motor vehicle."

SECTION 3.3. G.S. 135-102(d) reads as rewritten:

"(d) The Department of State Treasurer and the Board of Trustees shall designate a Medical Board to be composed of not fewer than three nor more than five physicians not eligible for benefits under the Plan. Other physicians, medical clinics, institutions or agencies may be employed to conduct such medical examinations and tests necessary to provide the Medical Board with clinical evidence as may be needed to determine eligibility for benefits under the Plan. The Medical Board shall investigate the results of medical examinations, clinical evidence, all essential statements and certifications by and on behalf of applicants for benefits and shall report in writing to the Board of Trustees the conclusions and recommendations upon all matters referred to it, except as otherwise provided in this Chapter."

SECTION 3.4. G.S. 135-105(f) reads as rewritten:

"(f) A participant or beneficiary of short-term disability benefits or his legal representative or any person deemed by the Board of Trustees to represent the participant or beneficiary, or the employer of the participant or beneficiary, may request the Board of Trustees to have the Medical Board—the Retirement Systems Division of the Department of State Treasurer make a preliminary determination of eligibility for short-term disability benefits as provided in this section or to make a preliminary determination of eligibility for long-term disability benefits as provided in G.S. 135-106. A preliminary determination of eligibility for long-term disability benefits shall not preclude the requirement that the Medical Board make a determination of eligibility for long-term disability benefits."

SECTION 3.5. G.S. 135-105(g) reads as rewritten:

"(g) The Board of Trustees may extend the short-term disability benefits of a beneficiary beyond the benefit period of 365 days for an additional period of not more than 365 days; provided the Medical Board—the Retirement Systems Division of the Department of State Treasurer determines that the beneficiary's disability is temporary and likely to end within the extended period of short-term disability benefits. During the extended period of short-term disability benefits, payment of benefits shall be made by the Plan directly to the beneficiary. This extended period of short-term disability benefits shall be treated in the same manner as long-term disability payments for the purposes of G.S. 135-108. The Department of State Treasurer shall adopt rules to implement the provisions of this subsection."

PART IV. CHANGES RELATED TO THE PAYMENT OF THE FIRST RETIREMENT BENEFIT CHECK FOR BENEFICIARIES OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM, LEGISLATIVE RETIREMENT SYSTEM, AND THE CONSOLIDATED JUDICIAL RETIREMENT SYSTEM

SECTION 4.1. G.S. 135-5(g) reads as rewritten:

"(g) Election of Optional Allowance. – With the provision that until the first payment on account of any benefit becomes normally due, or the member's first retirement check has been cashed, due and the first payment date has occurred, any member may elect to receive his or her
benefits in a retirement allowance payable throughout life, or the member may elect to receive
the actuarial equivalent of such retirement allowance, including any special retirement allowance,
in a reduced allowance payable throughout life under the provisions of one of the options set
forth below. The election of Option 2, 3, or 6 or nomination of the person thereunder shall be
revoked if such person nominated dies prior to the date the first payment becomes normally due
or until the member's first retirement check has been cashed, due and the first payment date has
occurred. Such election may be revoked by the member prior to the date the first payment
becomes normally due or until the member's first retirement check has been cashed, due and the
first payment date has occurred. Provided, however, in the event a member has elected Option 2,
3, or 5 and nominated his or her spouse to receive a retirement allowance upon the member's
death, and the spouse predeceases the member after the first payment becomes normally due or
the first retirement check has been cashed, due and the first payment date has occurred, if the
member remarries he or she may request to nominate a new spouse to receive the retirement
allowance under the previously elected option, within 90 days of the remarriage, and may
nominate a new spouse to receive the retirement allowance under the previously elected option
by written designation duly acknowledged and filed with the Board of Trustees within 120 days
of the remarriage. The new nomination shall be effective on the first day of the month in which
it is made and shall provide for a retirement allowance computed to be the actuarial equivalent
of the retirement allowance in effect immediately prior to the effective date of the new
nomination. Any member having elected Option 2, 3, 5, or 6 and nominated his or her spouse to
receive a retirement allowance upon the member's death may, after divorce from his or her
spouse, revoke the nomination and elect a new option, effective on the first day of the month in
which the new option is elected, providing for a retirement allowance computed to be the
actuarial equivalent of the retirement allowance in effect immediately prior to the effective date
of the new option. Except as provided in this section, the member may not change the member's
retirement benefit option or the member's designated beneficiary for survivor benefits, if any,
after the member has cashed the first retirement check or after the 25th day of the month
following the month in which the first check is mailed, whichever comes first. The first payment
on account of any benefit becomes normally due and the first payment date has occurred.

Upon the death of a member after the effective date of a retirement for which the member
has been approved and following receipt by the Board of Trustees of an election of benefits (Form
6-E or Form 7-E) but prior to the cashing of the first benefit check, when the first payment on
account of any benefit becomes normally due and the first benefit payment has occurred, the
retirement benefit shall be payable as provided by the member's election of benefits under this
subsection.

"(g) Election of Optional Allowance. — With the provision that until the first payment on
account of any benefit becomes normally due, or the member's first retirement check has been
cashed, due and the first payment date has occurred, any member may elect to receive his or her
benefits in a retirement allowance payable throughout life, or the member may elect to receive
the actuarial equivalent of such retirement allowance, including any special retirement allowance,
in a reduced allowance payable throughout life under the provisions of one of the Options set
forth below. The election of Option 2, 3, or 6 or nomination of the person thereunder shall be
revoked if such person nominated dies prior to the date the first payment becomes normally due
or the first retirement check has been cashed, due and the first payment date has occurred. Such
election may be revoked by the member prior to the date the first payment becomes normally due
or the member's first retirement check has been cashed, due and the first payment date has
occurred. Provided, however, in the event a member has elected Option 2, 3, or 5 and nominated
his or her spouse to receive a retirement allowance upon the member's death, and the spouse

Any member may elect to receive his or her benefits in a retirement allowance payable throughout life, or he or she may elect to receive the actuarial equivalent of the retirement allowance in a reduced allowance payable throughout life under the provisions of one of the options set forth below. No election may be made after the first payment becomes due, nor may an election be revoked or a nomination changed. The election of Option 2 or Option 3 or the nomination of the person thereunder shall be revoked if the person nominated dies prior to the date the first payment becomes normally due or until the first retirement check has been cashed.

Upon the death of a member after the effective date of a retirement for which the member has been approved and following receipt by the Board of Trustees of an election of benefits (Form 6-E or Form 7-E) but prior to the cashing of the first benefit check, when the first payment on account of any benefit becomes normally due and the first benefit payment has occurred, the retirement benefit shall be payable as provided by the member's election of benefits under this subsection.


Any member may elect to receive his or her benefits in a retirement allowance payable throughout life, or he or she may elect to receive the actuarial equivalent of the retirement allowance in a reduced allowance payable throughout life under the provisions of one of the options set forth below. No election may be made after the first payment becomes due, nor may an election be revoked or a nomination changed. The election of Option 2 or Option 3 or the nomination of the person thereunder shall be revoked if the person nominated dies prior to the date the first payment becomes normally due or until the first retirement check has been cashed.

Upon the death of a member after the effective date of a retirement for which the member has been approved and following receipt by the Board of Trustees of an election of benefits (Form 6-E or Form 7-E) but prior to the cashing of the first benefit check, when the first payment on account of any benefit becomes normally due and the first benefit payment has occurred, the retirement benefit shall be payable as provided by the member's election of benefits under this subsection.


Any member may elect to receive his or her benefits in a retirement allowance payable throughout life, or he or she may elect to receive the actuarial equivalent of the retirement allowance in a reduced allowance payable throughout life under the provisions of one of the options set forth below. No election may be made after the first payment becomes due, nor may an election be revoked or a nomination changed. The election of Option 2 or Option 3 or the nomination of the person thereunder shall be revoked if the person nominated dies prior to the date the first payment becomes normally due or until the first retirement check has been cashed.

Upon the death of a member after the effective date of a retirement for which the member has been approved and following receipt by the Board of Trustees of an election of benefits (Form 6-E or Form 7-E) but prior to the cashing of the first benefit check, when the first payment on account of any benefit becomes normally due and the first benefit payment has occurred, the retirement benefit shall be payable as provided by the member’s election of benefits under this subsection.


Any member may elect to receive his or her benefits in a retirement allowance payable throughout life, or he or she may elect to receive the actuarial equivalent of the retirement allowance in a reduced allowance payable throughout life under the provisions of one of the options set forth below. No election may be made after the first payment becomes due, nor may an election be revoked or a nomination changed. The election of Option 2 or Option 3 or the nomination of the person thereunder shall be revoked if the person nominated dies prior to the date the first payment becomes normally due or until the first retirement check has been cashed.

Upon the death of a member after the effective date of a retirement for which the member has been approved and following receipt by the Board of Trustees of an election of benefits (Form 6-E or Form 7-E) but prior to the cashing of the first benefit check, when the first payment on account of any benefit becomes normally due and the first benefit payment has occurred, the retirement benefit shall be payable as provided by the member’s election of benefits under this subsection.


Any member may elect to receive his or her benefits in a retirement allowance payable throughout life, or he or she may elect to receive the actuarial equivalent of the retirement allowance in a reduced allowance payable throughout life under the provisions of one of the options set forth below. No election may be made after the first payment becomes due, nor may an election be revoked or a nomination changed. The election of Option 2 or Option 3 or the nomination of the person thereunder shall be revoked if the person nominated dies prior to the date the first payment becomes normally due or until the first retirement check has been cashed.

Upon the death of a member after the effective date of a retirement for which the member has been approved and following receipt by the Board of Trustees of an election of benefits (Form 6-E or Form 7-E) but prior to the cashing of the first benefit check, when the first payment on account of any benefit becomes normally due and the first benefit payment has occurred, the retirement benefit shall be payable as provided by the member’s election of benefits under this subsection.
is elected, providing for a retirement allowance computed to be the actuarial equivalent to the retirement allowance in effect immediately prior to the effective date of the new option.

PART V. CHANGES RELATED TO THE APPLICATION FOR EXTENDED SHORT-TERM DISABILITY BENEFITS THROUGH THE DISABILITY INCOME PLAN OF NORTH CAROLINA

SECTION 5. G.S. 135-105(g), as amended by Section 3.5 of this act, reads as rewritten:

"(g) The Board of Trustees may extend the short-term disability benefits of a beneficiary beyond the benefit period of 365 days for an additional period of not more than 365 days, commencing on the first day succeeding the conclusion of the short-term disability period provided for in this section, provided the beneficiary or participant makes an application for such benefit within 180 days after the short-term disability period ceases, after salary continuation payments cease, or after monthly payments for Workers' Compensation cease, whichever is later; and provided further the Retirement Systems Division of the Department of State Treasurer determines that the beneficiary's disability is temporary and likely to end within the extended period of short-term disability benefits. During the extended period of short-term disability benefits, payment of benefits shall be made by the Plan directly to the beneficiary. This extended period of short-term disability benefits shall be treated in the same manner as long-term disability payments for the purposes of G.S. 135-108. The Department of State Treasurer shall adopt rules to implement the provisions of this subsection."

PART VI. CHANGES RELATED TO THE RETIREMENT SYSTEMS MASTER TRUST AND MANAGEMENT OF FUNDS

SECTION 6. G.S. 135-7(g) reads as rewritten:

"(g) It is the intent of the General Assembly that a master trust fund be created that provides an irrevocable source of funding to be used, to the extent the fund's assets are sufficient, only for death benefits and disability benefits to the Plans' members, participants, and beneficiaries, pursuant to G.S. 120-4.27, G.S. 128-27(l), subsections (l2) through (l6) of G.S. 128-27, 135-5(l), 135-64(k), and 143-166.60. Accordingly, the following provisions apply to the Trust:

... (2) A trust fund, the North Carolina Teachers' and State Employees' Benefit Trust, is hereby created as a master trust to which all receipts, transfers, appropriations, contributions, investment earnings, and other income belonging to the Plans shall be deposited, and from which all benefits and expenses against the Plans shall be disbursed. The Boards of Trustees of the Teachers' and State Employees' Retirement System and the Local Governmental Employees' Retirement System shall be the trustee of the Trust. Within the Benefit Trust, the funds of the Plans shall be accounted for separately and not commingled. Assets of one plan cannot be used to pay for liabilities of another plan within the Trust. The assets of the trust fund shall be used only for the exclusive benefit of persons who are or may be entitled to benefits under the Plans. In no event, including dissolution, will the assets of the trust fund be distributed to any entity that is not a state, a political subdivision of a state, or another entity the income of which is excludable from its gross income by application of section 115(1) of the Internal Revenue Code.

..."
PART VII. CHANGES RELATED TO THE SURVIVORS ALTERNATE BENEFIT
BENEFICIARY DEFAULT FOR THE TEACHERS' AND STATE EMPLOYEES'
RETIREMENT SYSTEM, LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT
SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM

SECTION 7.1. G.S. 135-5(g1) reads as rewritten:

"(g1) In the event of the death of a retired member while in receipt of a retirement allowance under the provisions of this Article, there shall be paid to such person or persons as the retiree shall have nominated by electronic submission 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 retiree's death, otherwise to the retiree's legal representatives, a death benefit equal to the excess, if any, of the accumulated contributions of the retiree at the date of retirement over the total of the retirement allowances paid prior to the death of the retiree. In the event that a retiree is receiving a Special Retirement Allowance under subsection (m1) of this section, there shall be paid to such person or persons as the retiree shall have nominated by electronic submission 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 retiree's death, otherwise to the retiree's legal representatives, an additional death benefit equal to the excess, if any, of the employee's voluntary contributions that were transferred from the Supplemental Retirement Income Plan of North Carolina or the North Carolina Public Employee Deferred Compensation Plan to this Retirement System over the total of the Special Retirement Allowances paid prior to the death of the retiree. For purposes of this paragraph, the term "accumulated contributions" excludes any amount transferred under subsection (m2) of this section.

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

In the event a retiree purchases creditable service as provided in G.S. 135-4, there shall be paid to such person or persons as the retiree shall have nominated by electronic submission 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 retiree's death, otherwise to the retiree's legal representatives, an additional death benefit equal to the excess, if any, of the cost of the creditable service purchased less the administrative fee, if any, over the total of the increase in the retirement allowance attributable to the additional creditable service, paid from the month following the month in which payment was received to the death of the retiree.
In the event that a retirement allowance becomes payable to the designated survivor of a retired member under the provisions above and such retirement allowance to the survivor shall terminate upon the death of the survivor before the total of the increase in the retirement allowance attributable to the additional creditable service paid to the retiree and the designated survivor combined equals the cost of the creditable service purchased less the administrative fee, the excess, if any, shall be paid in a lump sum to such person or persons as the retiree shall have nominated by electronic submission 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 such payment falls due, otherwise to the retiree’s legal representative.

In the event that a retiree dies without having designated a beneficiary to receive a benefit under the provisions of this subsection, any such benefit that becomes payable shall be paid to the member’s estate legal representative.

SECTION 7.2. G.S. 128-27(g1) reads as rewritten:

"(g1) In the event of the death of a retired member while in receipt of a retirement allowance under the provisions of this Article, there shall be paid to such person or persons as the retiree shall have nominated by electronic submission 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 retiree’s death, otherwise to the retiree’s legal representatives, a death benefit equal to the excess, if any, of the accumulated contributions of the retiree at the date of retirement over the total of the retirement allowances paid prior to the death of the retiree. In the event that a retiree is receiving a Special Retirement Allowance under subsection (m1) of this section, there shall be paid to such person or persons as the retiree shall have nominated by electronic submission 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 retiree’s death, otherwise to the retiree’s legal representatives, an additional death benefit equal to the excess, if any, of the employee voluntary contributions that were transferred from the Supplemental Retirement Income Plan of North Carolina or the North Carolina Public Employee Deferred Compensation Plan to this Retirement System over the total of the Special Retirement Allowances paid prior to the death of the retiree. For purposes of this paragraph, the term "accumulated contributions" excludes any amount transferred under subsection (m2) of this section.

..."
In the event a retiree purchases creditable service as provided in G.S. 128-26, there shall be
paid to such person or persons as the retiree shall have nominated by electronic submission 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 retiree's death,
otherwise to the retiree's legal representatives, an additional death benefit equal to the excess, if
any, of the cost of the creditable service purchased less the administrative fee, if any, over the
total of the increase in the retirement allowance attributable to the additional creditable service,
paid from the month following the month in which payment was received to the death of the
retiree.

In the event that a retirement allowance becomes payable to the designated survivor of a
retired member under the provisions above, and such retirement allowance to the survivor shall
terminate upon the death of the survivor before the total of the increase in the retirement
allowance attributable to the additional creditable service paid to the retiree and the designated
survivor combined equals the cost of the creditable service purchased less the administrative fee,
the excess, if any, shall be paid in a lump sum to such person or persons as the retiree shall have
ominated by electronic submission 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 such payment falls due, otherwise to the retiree's legal representative.

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

SECTION 7.3. G.S. 120-4.28 reads as rewritten:
"§ 120-4.28. Survivor's alternate benefit.
The designated beneficiary of a member who dies in service before retirement but after age
60 and after completing five years of creditable service or after completing 12 years of creditable
service is entitled to Option 2 prescribed by G.S. 120-4.26.

In the event that a retirement allowance becomes payable to the one and only one the principal
beneficiary designated to receive a return of accumulated contributions pursuant to this
subsection and that beneficiary dies before the total of the retirement allowances paid equals the
amount of those accumulated contributions over the total of the retirement allowances paid to the
beneficiary, the allowance shall be paid in a lump sum to the person or persons the member has
designated as the contingent beneficiary for return of accumulated contributions, if the person or
persons are living at the time the payment falls due, otherwise to the one and only one the
principal beneficiary's legal representative. In the event that a retirement allowance becomes
payable to the contingent beneficiary designated to receive a return of accumulated contributions
pursuant to subsection (m) of this section and that beneficiary dies before the total of the
retirement allowances paid equals the amount of the accumulated contributions of the member at
the date of the member's death, the excess of those accumulated contributions over the total of
the retirement allowances paid to the beneficiary shall be paid in a lump sum to the contingent
beneficiary's legal representative."
(1) If the participant or beneficiary is entitled to a weekly workers' compensation payment, the monthly payment for workers' compensation shall be determined by multiplying the weekly payment by 52 and dividing by 12 and the long-term disability benefit shall be reduced by the monthly payment for workers' compensation effective on the first day of the month following the month of initial entitlement for workers' compensation.

(2) If the participant or beneficiary is entitled to a lump sum workers' compensation payment equal to a stated weekly or monthly amount for a given number of weeks or months, the monthly payment for workers' compensation shall be determined using the stated weekly or monthly amount and the long-term disability benefit shall be reduced by the monthly payment for workers' compensation effective on the first day of the month following the month of the lump sum payment.

(3) If the participant or beneficiary is entitled to a lump sum workers' compensation payment that is not in reference to a stated weekly or monthly amount, the monthly payment for workers' compensation shall be determined by dividing the lump sum by 500 weeks to arrive at a weekly payment, then multiplying by 52 and dividing by 12, and the long-term disability benefit shall be reduced by the monthly payment for workers' compensation effective on the first day of the month following the month of the lump sum payment.

(4) In the case of monthly reduction in the long-term disability benefit arising from a lump sum workers' compensation payment, once the total reductions, without interest, are at least equal to the entirety of the lump sum payment, the member may contact the Retirement Systems Division to request cessation of the monthly payment reduction. The Retirement Systems Division shall cease the reduction after verifying that the total reductions are at least equal to the entirety of the lump sum payment. If the Retirement Systems Division determines that the total reductions are greater than the lump sum payment, the Retirement Systems Division shall distribute the excess amount to the member in a lump sum payment.

SECTION 8.2. This Part applies to participants or beneficiaries who become entitled to receive workers' compensation benefits on or after July 1, 2023.

PART IX. CHANGES RELATED TO THE RECOVERY OF FUNDS OVERPAID TO BENEFICIARIES BY THE NORTH CAROLINA RETIREMENT SYSTEMS DIVISION

SECTION 9. G.S. 135-9 is amended by adding a new subsection to read:

"(e) Notwithstanding any provisions to the contrary, any overpayment of benefits or erroneous payments to a member in a State-administered retirement system or the former Disability Salary Continuation Plan or the Disability Income Plan of North Carolina, including any benefits paid to, or State Health Plan premiums or claims paid on behalf of, any member or beneficiary who was determined to have been ineligible for those benefits or unentitled to those amounts due to an administrative error of the Retirement Systems Division, the Retirement System shall notify the member or beneficiary of the amount owed due to the administrative error. Any member or beneficiary in receipt of the written notice shall have not less than twenty-five percent (25%) of the net retirement allowance withheld toward the amount owed to the Retirement System until that amount has been paid in full. The amounts recovered under this subsection shall fulfill the duty of the Retirement System to pursue overpayments of State funds by all lawful means available as provided in subsection (b) of G.S. 143-64.80 and shall be deemed to be repaying the amount owed within a reasonable period of time."

PART X. EFFECTIVE DATE
SECTION 10. Except as otherwise provided, this act becomes effective January 1, 2024.