

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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SENATE DRS55209-LL-21A* (12/10)

Short Title: Retirement Technical Corrections.

(Public)

Sponsors: Senator Foriest.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO MAKE TECHNICAL CORRECTIONS AND OTHER CHANGES TO THE STATUTES GOVERNING THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE JUDICIAL RETIREMENT SYSTEM, THE LEGISLATIVE RETIREMENT SYSTEM, THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM, AND THE FIREMEN'S AND RESCUE SQUAD WORKERS' PENSION FUND.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 135-18.7(d) reads as rewritten:

"(d) This subsection applies to distributions made on or after January 1, 1993. Notwithstanding any other provision of the Plan to the contrary that would otherwise limit a distributee's election under this Article, a distributee may elect, at the time and in the manner prescribed by the Plan administrator, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover. Provided, an eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of 10 years or more; any distribution to the extent such distribution is required under section 401(a)(9) of the Code; and the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net realized appreciation with respect to employer securities). Effective as of January 1, 2002, and notwithstanding the preceding sentence, a portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions which are not includible in gross income. However, such portion may be transferred only to an individual retirement account or annuity described in Section 408(a) or (b) of the Code, or to a qualified defined contribution plan described in Section 401(a) or 403(a) of the Code that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible. Provided, an eligible retirement plan is an individual retirement account described in section 408(a) of the Code, an individual retirement annuity described in section 408(b) of the Code, an annuity plan described in section 403(a) of the Code, or a qualified trust described in section 401(a) of the Code, that accepts the distributee's eligible



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1 rollover distribution. Effective on and after January 1, 2002, an eligible retirement plan shall
2 also mean an annuity contract described in Section 403(b) of the Code and an eligible plan
3 under Section 457(b) of the Code which is maintained by a state, political subdivision of a
4 state, or any agency or instrumentality of a state or political subdivision of a state and which
5 agrees to separately account for amounts transferred into such plan from this Plan. The
6 definition of eligible retirement plan shall also apply in the case of a distribution to surviving
7 spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic
8 relations order, as defined in Section 414(p) of the Internal Revenue Code, or a court-ordered
9 equitable distribution of marital property, as provided under G.S. 50-30. Provided, a distributee
10 includes an employee or former employee. Provided further, a direct rollover is a payment by
11 the Plan to the eligible retirement plan specified by the distributee. Effective on and after
12 January 1, 2007, notwithstanding any other provision of this subsection, a nonspouse
13 beneficiary of a deceased member may elect, at the time and in the manner prescribed by the
14 administrator of the Board of Trustees of this Retirement System, to directly roll over any
15 portion of the beneficiary's distribution from the Retirement System; however, such rollover
16 shall conform with the provisions of section 402(c)(11) of the Code."

17 **SECTION 1.(b)** G.S. 135-74(d) reads as rewritten:

18 "(d) This subsection applies to distributions made on or after January 1, 1993.
19 Notwithstanding any other provision of the Plan to the contrary that would otherwise limit a
20 distributee's election under this Article, a distributee may elect, at the time and in the manner
21 prescribed by the Plan administrator, to have any portion of an eligible rollover distribution
22 paid directly to an eligible retirement plan specified by the distributee in a direct rollover.
23 Provided, an eligible rollover distribution is any distribution of all or any portion of the balance
24 to the credit of the distributee, except that an eligible rollover distribution does not include: any
25 distribution that is one of a series of substantially equal periodic payments (not less frequently
26 than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint
27 life expectancies) of the distributee and the distributee's designated beneficiary, or for a
28 specified period of 10 years or more; any distribution to the extent such distribution is required
29 under section 401(a)(9) of the Code; and the portion of any distribution that is not includible in
30 gross income (determined without regard to the exclusion for net realized appreciation with
31 respect to employer securities). Effective as of January 1, 2002, and notwithstanding the
32 preceding sentence, a portion of a distribution shall not fail to be an eligible rollover
33 distribution merely because the portion consists of after-tax employee contributions which are
34 not includible in gross income. However, such portion may be transferred only to an individual
35 retirement account or annuity described in Section 408(a) or (b) of the Code, or to a qualified
36 defined contribution plan described in Section 401(a) or 403(a) of the Code that agrees to
37 separately account for amounts so transferred, including separately accounting for the portion
38 of such distribution which is includible in gross income and the portion of such distribution
39 which is not so includible. Provided, an eligible retirement plan is an individual retirement
40 account described in section 408(a) of the Code, an individual retirement annuity described in
41 section 408(b) of the Code, an annuity plan described in section 403(a) of the Code, or a
42 qualified trust described in section 401(a) of the Code, that accepts the distributee's eligible
43 rollover distribution. Effective on and after January 1, 2002, an eligible retirement plan shall
44 also mean an annuity contract described in Section 403(b) of the Code and an eligible plan
45 under Section 457(b) of the Code which is maintained by a state, political subdivision of a
46 state, or any agency or instrumentality of a state or political subdivision of a state and which
47 agrees to separately account for amounts transferred into such plan from this Plan. The
48 definition of eligible retirement plan shall also apply in the case of a distribution to surviving
49 spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic
50 relations order, as defined in Section 414(p) of the Internal Revenue Code, or a court-ordered
51 equitable distribution of marital property, as provided under G.S. 50-30. Provided, a distributee

1 includes an employee or former employee. Provided further, a direct rollover is a payment by
2 the Plan to the eligible retirement plan specified by the distributee. Effective on and after
3 January 1, 2007, notwithstanding any other provision of this subsection, a nonspouse
4 beneficiary of a deceased member may elect, at the time and in the manner prescribed by the
5 administrator of the Board of Trustees of this Retirement System, to directly roll over any
6 portion of the beneficiary's distribution from the Retirement System; however, such rollover
7 shall conform with the provisions of section 402(c)(11) of the Code."

8 **SECTION 1.(c)** G.S. 120-4.31(d) reads as rewritten:

9 "(d) This subsection applies to distributions made on or after January 1, 1993.
10 Notwithstanding any other provision of the Plan to the contrary that would otherwise limit a
11 distributee's election under this Article, a distributee may elect, at the time and in the manner
12 prescribed by the Plan administrator, to have any portion of an eligible rollover distribution
13 paid directly to an eligible retirement plan specified by the distributee in a direct rollover.
14 Provided, an eligible rollover distribution is any distribution of all or any portion of the balance
15 to the credit of the distributee, except that an eligible rollover distribution does not include: any
16 distribution that is one of a series of substantially equal periodic payments (not less frequently
17 than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint
18 life expectancies) of the distributee and the distributee's designated beneficiary, or for a
19 specified period of 10 years or more; any distribution to the extent such distribution is required
20 under section 401(a)(9) of the Code; and the portion of any distribution that is not includible in
21 gross income (determined without regard to the exclusion for net realized appreciation with
22 respect to employer securities). Effective as of January 1, 2002, and notwithstanding the
23 preceding sentence, a portion of a distribution shall not fail to be an eligible rollover
24 distribution merely because the portion consists of after-tax employee contributions that are not
25 includible in gross income. However, such portion may be transferred only to an individual
26 retirement account or annuity described in Section 408(a) or (b) of the Code, or to a qualified
27 defined contribution plan described in Section 401(a) or 403(a) of the Code that agrees to
28 separately account for amounts so transferred, including separately accounting for the portion
29 of such distribution which is includible in gross income and the portion of such distribution
30 which is not so includible. Provided, an eligible retirement plan is an individual retirement
31 account described in section 408(a) of the Code, an individual retirement annuity described in
32 section 408(b) of the Code, an annuity plan described in section 403(a) of the Code, or a
33 qualified trust described in section 401(a) of the Code, that accepts the distributee's eligible
34 rollover distribution. Effective on and after January 1, 2002, an eligible retirement plan shall
35 also mean an annuity contract described in Section 403(b) of the Code and an eligible plan
36 under Section 457(b) of the Code which is maintained by a state, political subdivision of a
37 state, or any agency or instrumentality of a state or political subdivision of a state and which
38 agrees to separately account for amounts transferred into such plan from this Plan. The
39 definition of eligible retirement plan shall also apply in the case of a distribution to surviving
40 spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic
41 relations order, as defined in Section 414(p) of the Internal Revenue Code, or a court-ordered
42 equitable distribution of marital property, as provided under G.S. 50-30. Provided, a distributee
43 includes an employee or former employee. Provided further, a direct rollover is a payment by
44 the Plan to the eligible retirement plan specified by the distributee. Effective on and after
45 January 1, 2007, notwithstanding any other provision of this subsection, a nonspouse
46 beneficiary of a deceased member may elect, at the time and in the manner prescribed by the
47 administrator of the Board of Trustees of this Retirement System, to directly roll over any
48 portion of the beneficiary's distribution from the Retirement System; however, such rollover
49 shall conform with the provisions of section 402(c)(11) of the Code."

50 **SECTION 1.(d)** G.S. 128-38.2(d) reads as rewritten:

1 "(d) This subsection applies to distributions made on or after January 1, 1993.
2 Notwithstanding any other provision of the Plan to the contrary that would otherwise limit a
3 distributee's election under this Article, a distributee may elect, at the time and in the manner
4 prescribed by the Plan administrator, to have any portion of an eligible rollover distribution
5 paid directly to an eligible retirement plan specified by the distributee in a direct rollover.
6 Provided, an eligible rollover distribution is any distribution of all or any portion of the balance
7 to the credit of the distributee, except that an eligible rollover distribution does not include: any
8 distribution that is one of a series of substantially equal periodic payments (not less frequently
9 than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint
10 life expectancies) of the distributee and the distributee's designated beneficiary, or for a
11 specified period of 10 years or more; any distribution to the extent such distribution is required
12 under section 401(a)(9) of the Code; and the portion of any distribution that is not includible in
13 gross income (determined without regard to the exclusion for net realized appreciation with
14 respect to employer securities). Effective as of January 1, 2002, and notwithstanding the
15 preceding sentence, a portion of a distribution shall not fail to be an eligible rollover
16 distribution merely because the portion consists of after-tax employee contributions which are
17 not includible in gross income. However, such portion may be transferred only to an individual
18 retirement account or annuity described in Section 408(a) or (b) of the Code, or to a qualified
19 defined contribution plan described in Section 401(a) or 403(a) of the Code that agrees to
20 separately account for amounts so transferred, including separately accounting for the portion
21 of such distribution which is includible in gross income and the portion of such distribution
22 which is not so includible. Provided, an eligible retirement plan is an individual retirement
23 account described in section 408(a) of the Code, an individual retirement annuity described in
24 section 408(b) of the Code, an annuity plan described in section 403(a) of the Code, or a
25 qualified trust described in section 401(a) of the Code, that accepts the distributee's eligible
26 rollover distribution. Effective on and after January 1, 2002, an eligible retirement plan shall
27 also mean an annuity contract described in Section 403(b) of the Code and an eligible plan
28 under Section 457(b) of the Code which is maintained by a state, political subdivision of a
29 state, or any agency or instrumentality of a state or political subdivision of a state and which
30 agrees to separately account for amounts transferred into such plan from this Plan. The
31 definition of eligible retirement plan shall also apply in the case of a distribution to surviving
32 spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic
33 relations order, as defined in Section 414(p) of the Internal Revenue Code, or a court-ordered
34 equitable distribution of marital property, as provided under G.S. 50-30. Provided, a distributee
35 includes an employee or former employee. Provided further, a direct rollover is a payment by
36 the Plan to the eligible retirement plan specified by the distributee. Effective on and after
37 January 1, 2007, notwithstanding any other provision of this subsection, a nonspouse
38 beneficiary of a deceased member may elect, at the time and in the manner prescribed by the
39 administrator of the Board of Trustees of this Retirement System, to directly roll over any
40 portion of the beneficiary's distribution from the Retirement System; however, such rollover
41 shall conform with the provisions of section 402(c)(11) of the Code."

42 **SECTION 2.(a)** G.S. 128-21(11) reads as rewritten:

43 "(11) "Employer" shall mean any county, incorporated city or town, the board of
44 alcoholic control of any county or incorporated city or town, the North
45 Carolina League of Municipalities, and the State Association of County
46 Commissioners. "Employer" shall also mean any separate, juristic political
47 subdivision of the State as may be approved by the Board of Trustees upon
48 the advice of the Attorney General. ~~"Employer" also means any fire~~
49 ~~department that serves a city or county or any part of a city or county and~~
50 ~~that is supported in whole or in part by municipal or county funds."~~

51 **SECTION 2.(b)** G.S. 58-86-25 reads as rewritten:

1 **"§ 58-86-25. "Eligible firemen" defined; determination and certification of volunteers**
2 **meeting qualifications.**

3 "Eligible firemen" shall mean all firemen of the State of North Carolina or any political
4 subdivision thereof, including those performing such functions in the protection of life and
5 property through fire fighting within a county or city governmental unit and so certified to the
6 Commissioner of Insurance by the governing body thereof, and who belong to a bona fide fire
7 department which, as determined by the Commissioner, is classified as not less than class "9"
8 or class "A" and "AA" departments in accordance with rating methods, schedules,
9 classifications, underwriting rules, bylaws or regulations effective or applied with respect to the
10 establishment of rates or premiums used or charged pursuant to Article 36 or 40 of this Chapter
11 or by such other reasonable methods as the Commissioner may determine, and which operates
12 fire apparatus and equipment of the value of five thousand dollars (\$5,000) or more, and said
13 fire department holds drills and meetings not less than four hours monthly and said firemen
14 attend at least 36 hours of all drills and meetings in each calendar year. "Eligible firemen" shall
15 also mean an employee of a county whose sole duty is to act as fire marshal, deputy fire
16 marshal, assistant fire marshal, or firefighter of the county, provided the board of county
17 commissioners of that county certifies the employee's attendance at no less than 36 hours of all
18 drills and meetings in each calendar year. "Eligible firemen" shall also mean those persons
19 meeting the other qualifications of this section, not exceeding 25 volunteer firemen plus one
20 additional volunteer fireman per 100 population in the area served by their respective
21 departments. Each department shall annually determine and report the names of those firemen
22 meeting the eligibility qualifications of this section to its respective governing body, which
23 upon determination of the validity and accuracy of the qualification shall promptly certify the
24 list to the North Carolina State Firemen's Association. The Firemen's Association shall provide
25 a list of those persons meeting the eligibility requirements of this section to the State Treasurer
26 by ~~July 1~~ January 31 of each year. For the purposes of the preceding sentence, the governing
27 body of a fire department operated: by a county is the county board of commissioners; by a city
28 is the city council; by a sanitary district is the sanitary district board; by a corporation, whether
29 profit or nonprofit, is the corporation's board of directors; and by any other entity is that group
30 designated by the board."

31 **SECTION 2.(c)** G.S. 58-86-30 reads as rewritten:

32 **"§ 58-86-30. "Eligible rescue squad worker" defined; determination and certification of**
33 **eligibility.**

34 "Eligible rescue squad worker" means a person who is a member of a rescue or emergency
35 medical services squad that is eligible for membership in the North Carolina Association of
36 Rescue and Emergency Medical Services, Inc., and who has attended a minimum of 36 hours
37 of training and meetings in the last calendar year. Each rescue or emergency medical services
38 squad eligible for membership in the North Carolina Association of Rescue and Emergency
39 Medical Services, Inc., must file a roster certified by the secretary of the association of those
40 rescue or emergency medical services squad workers meeting the requirements of this section
41 with the State Treasurer by ~~January 1~~ January 31 of each calendar year.

42 "Eligible rescue squad worker" does not mean "eligible fireman" as defined by
43 G.S. 58-86-25, nor may an "eligible rescue squad worker" qualify also as an "eligible fireman"
44 in order to receive double benefits available under this Article."

45 **SECTION 2.(d)** G.S. 58-86-35 reads as rewritten:

46 **"§ 58-86-35. Firemen's application for membership in fund; monthly payments by**
47 **members; payments credited to separate accounts of members; termination of**
48 **membership.**

49 Those firemen who are eligible pursuant to G.S. 58-86-25 may make application for
50 membership to the board. Each fireman upon becoming a member of the fund shall pay the
51 director of the fund the sum of ten dollars (\$10.00) per ~~month.~~ month; each payment shall be

1 made no later than 90 days after the end of the calendar year in which the month occurred. The
2 monthly payments shall be credited to the separate account of the member and shall be kept by
3 the custodian so it is available for payment on withdrawal from membership or retirement.

4 A member may elect to terminate membership in the fund at anytime and request the refund
5 of payments previously made to the fund. However, a member's delinquency in making the
6 monthly payments required by this section does not result in the termination of membership
7 without such an election by the member."

8 **SECTION 2.(e)** G.S. 58-86-40 reads as rewritten:

9 **"§ 58-86-40. Rescue squad worker's application for membership in funds; monthly**
10 **payments by members; payments credited to separate accounts of members;**
11 **termination of membership.**

12 Those rescue squad workers eligible pursuant to G.S. 58-86-30 may apply to the board for
13 membership. Each eligible rescue squad worker upon becoming a member shall pay the
14 director of the fund the sum of ten dollars (\$10.00) per ~~month.~~ month; each payment shall be
15 made no later than 90 days after the end of the calendar year in which the month occurred. The
16 monthly payments shall be credited to the separate account of the member and shall be kept by
17 the custodian so it is available for payment on withdrawal from membership or retirement.

18 A member may elect to terminate membership in the fund at anytime and request the refund
19 of payments previously made to the fund. However, a member's delinquency in making the
20 monthly payments required by this section does not result in the termination of membership
21 without such an election by the member."

22 **SECTION 2.(f)** G.S. 58-86-45(b) reads as rewritten:

23 "(b) An eligible fireman or rescue squad worker who is not yet 35 years old ~~and has not~~
24 ~~previously elected to become a member~~ may apply to the board of trustees for membership in
25 the fund at any time. Upon becoming a member, the worker ~~must~~ may make a lump sum
26 payment of ten dollars (\$10.00) per month retroactively to the time the worker first became
27 eligible to become a member, plus interest at an annual rate to be set by the board for each year
28 of retroactive payments. Upon making this lump sum payment, the worker shall be given credit
29 for all prior service in the same manner as if the worker had applied for membership upon first
30 becoming eligible.

31 A member who is not yet 35 years old, ~~who applied for membership after first becoming~~
32 ~~eligible, and who did not receive credit for prior service~~ old may receive credit for the prior
33 service upon making a lump sum payment of ten dollars (\$10.00) for each month since the
34 worker first became eligible, plus interest at an annual rate to be set by the board for each year
35 of retroactive payments. Upon making this lump sum payment, the date of membership shall be
36 the same as if the worker had applied for membership upon first becoming eligible."

37 **SECTION 2.(g)** G.S. 58-86-50 is repealed.

38 **SECTION 2.(h)** G.S. 58-86-60 reads as rewritten:

39 **"§ 58-86-60. Payments in lump sums.**

40 The board shall direct payment in lump sums from the fund in the following cases:

- 41 (1) To any fireman or rescue squad worker upon the attaining of the age of 55
42 years, who, for any reason, is not qualified to receive the monthly retirement
43 pension and who was enrolled as a member of the fund, an amount equal to
44 the amount paid into the fund by him. This provision shall not be construed
45 to preclude any active fireman or rescue squad worker from completing the
46 requisite number of years of active service after attaining the age of 55 years
47 necessary to entitle him to the pension.
- 48 (2) If any fireman or rescue squad worker dies before attaining the age at which
49 a pension is payable to him under the provisions of this Article, there shall
50 be paid to his widow, or if there be no widow, to the person responsible for
51 his child or children, or if there be no widow or children, then to his heirs at

1 law as may be determined by the board or to his estate, if it is administered
2 and there are no heirs, an amount equal to the amount paid into the ~~fund~~
3 member's separate account by or on behalf of the said fireman or rescue
4 squad worker.

5 (3) If any fireman or rescue squad worker dies after beginning to receive the
6 pension payable to him by this Article, and before receiving an amount equal
7 to the amount paid into the fund by him, there shall be paid to his widow, or
8 if there be no widow, then to the person responsible for his child or children,
9 or if there be no widow or children, then to his heirs at law as may be
10 determined by the board or to his estate, if it is administered and there are no
11 heirs, an amount equal to the difference between the amount paid into the
12 ~~fund~~ member's separate account by or on behalf of the said fireman or rescue
13 squad worker and the amount received by him as a pensioner.

14 (4) Any member withdrawing from the fund shall, upon proper application, be
15 paid all moneys the individual contributed to the fund without accumulated
16 earnings on the payments after the time they were ~~made less an~~
17 ~~administrative fee equal to the lesser of the amount the individual~~
18 ~~contributed to the fund or twenty five dollars (\$25.00). The administrative~~
19 ~~fees collected by the fund shall be retained by the Board to defray~~
20 ~~administrative expenses, including salaries. made.~~ Notwithstanding the
21 foregoing, if any person, firm, corporation, or other entity has made
22 contributions on behalf of a member and that member withdraws from the
23 fund, the person, firm, corporation, or other entity shall be entitled to a
24 refund equal to the amount of contributions made by them after the Board
25 has been notified of the contributor's desire to be refunded its contributions
26 upon the member's withdrawal. ~~Any refunds to a contributor other than a~~
27 ~~member shall also be subject to the twenty five dollar (\$25.00)~~
28 ~~administrative fee. If a refund is to be shared by a member and another party~~
29 ~~the administrative fee shall be applied to each portion on a pro rata basis."~~

30 **SECTION 3.(a)** G.S. 135-5(a)(3) reads as rewritten:

31 "(3) Any member who was in service October 8, 1981, who had attained 60 years
32 of age, may retire upon written application to the Board of Trustees setting
33 forth at what time, as of the first day of a calendar month, not less than one
34 day nor more than ~~90~~ 120 days subsequent to the execution and filing
35 thereof, he desires to be retired."

36 **SECTION 3.(b)** G.S. 135-5(a)(4) reads as rewritten:

37 "(4) Any member who is a law-enforcement officer, and who attains age 50 and
38 completes 15 or more years of creditable service in this capacity or who
39 attains age 55 and completes five or more years of creditable service in this
40 capacity, may retire upon written application to the Board of Trustees setting
41 forth at what time, as of the first day of a calendar month, not less than one
42 day nor more than ~~90~~ 120 days subsequent to the execution and filing
43 thereof, he desires to be retired; Provided, also, any member who has met the
44 conditions herein required but does not retire, and later becomes a teacher or
45 an employee other than as a law-enforcement officer shall continue to have
46 the right to commence retirement."

47 **SECTION 3.(c)** G.S. 135-5(a1) reads as rewritten:

48 "(a1) Early Service Retirement Benefits. – Any member may retire and receive a reduced
49 retirement allowance upon written application to the Board of Trustees setting forth at what
50 time, as of the first day of a calendar month, not less than one day nor more than ~~90~~ 120 days
51 subsequent to the execution of and filing thereof, he desires to be retired: Provided, that the said

1 member at the time so specified for his retirement shall have attained the age of 50 years and
2 have at least 20 years of creditable service."

3 **SECTION 3.(d)** G.S. 135-5(c) reads as rewritten:

4 "(c) Disability Retirement Benefits of Members Leaving Service Prior to January 1,
5 1988. – The provisions of this subsection shall not be applicable to members in service on or
6 after January 1, 1988. Upon the application of a member or of his employer, any member who
7 has had five or more years of creditable service may be retired by the Board of Trustees, on the
8 first day of any calendar month, not less than one day nor more than ~~90~~ 120 days next
9 following the date of filing such application, on a disability retirement allowance: Provided,
10 that the medical board, after a medical examination of such member, shall certify that such
11 member is mentally or physically incapacitated for the further performance of duty, that such
12 incapacity was incurred at the time of active employment and has been continuous thereafter,
13 that such incapacity is likely to be permanent, and that such member should be retired;
14 Provided further the medical board shall determine if the member is able to engage in gainful
15 employment and, if so, the member may still be retired and the disability retirement allowance
16 as a result thereof shall be reduced as in subsection (e) below. Provided further, that the
17 medical board shall not certify any member as disabled who:

- 18 (1) Applies for disability retirement based upon a mental or physical incapacity
19 which existed when the member first established membership in the system;
20 or
21 (2) Is in receipt of any payments on account of the same disability which existed
22 when the member first established membership in the system.

23 The Board of Trustees shall require each employee upon enrolling in the retirement system
24 to provide information on the membership application concerning any mental or physical
25 incapacities existing at the time the member enrolls.

26 Supplemental disability benefits heretofore provided are hereby made a permanent part of
27 disability benefits after age 65, and shall not be discontinued at age 65.

28 Notwithstanding the requirement of five or more years of creditable service to the contrary,
29 a member who is a law-enforcement officer and who has had one year or more of creditable
30 service and becomes incapacitated for duty as the natural and proximate result of an accident
31 occurring while in the actual performance of duty, and meets all other requirements for
32 disability retirement benefits, may be retired by the Board of Trustees on a disability retirement
33 allowance.

34 Notwithstanding the foregoing to the contrary, any beneficiary who commenced retirement
35 with an early or service retirement benefit has the right, within three years of his retirement, to
36 convert to an allowance with disability retirement benefits without modification of any election
37 of optional allowance previously made; provided, the beneficiary presents clear and convincing
38 evidence that the beneficiary would have met all applicable requirements for disability
39 retirement benefits while still in service as a member. The allowance on account of disability
40 retirement benefits to the beneficiary shall be retroactive to the effective date of early or service
41 retirement.

42 Notwithstanding the foregoing, the surviving designated beneficiary of a deceased member
43 who met all other requirements for disability retirement benefits, except whose death occurred
44 before the first day of the calendar month in which the member's disability retirement
45 allowance was to be due and payable, may elect to receive the reduced retirement allowance
46 provided by a fifty percent (50%) joint and survivor payment option in lieu of a return of
47 accumulated contributions, provided the following conditions apply:

- 48 (1) The member had designated as the principal beneficiary, to receive a return
49 of accumulated contributions at the time of his death, one and only one
50 person, and

1 (2) The member had not instructed the Board of Trustees in writing that he did
2 not wish the provision of this subsection to apply."

3 **SECTION 3.(e)** G.S. 135-57(d) reads as rewritten:

4 "(d) Any member who was in service October 8, 1981, who had attained 50 years of age,
5 may retire upon written application to the board of trustees setting forth at what time, as of the
6 first day of a calendar month, not less than one day nor more than ~~90~~ 120 days subsequent to
7 the execution and filing thereof, he desires to be retired."

8 **SECTION 3.(f)** G.S. 135-59(a) reads as rewritten:

9 "(a) Upon application by or on behalf of the member, any member in service who has
10 completed five or more years of creditable service and who has not attained his sixty-fifth
11 birthday may be retired by the Board of Trustees, on the first day of any calendar month, not
12 less than one day nor more than ~~90~~ 120 days next following the date of filing such application,
13 on a disability retirement allowance; provided, that the medical board, after a medical
14 examination of such member, shall certify that such member is mentally or physically
15 incapacitated for the further performance of duty, that such incapacity was incurred at the time
16 of active employment and has been continuous thereafter, that such incapacity is likely to be
17 permanent, and that such member should be retired; and, provided further, that if a member is
18 removed by the Supreme Court for mental or physical incapacity under the provisions of
19 G.S. 7A-376, no action is required by the medical board under this section and, provided
20 further, the medical board shall determine if the member is able to engage in gainful
21 employment and, if so, the member shall still be retired and the disability retirement allowance
22 as a result thereof shall be reduced as in G.S. 135-60(d). Provided further, that the medical
23 board shall not certify any member as disabled who:

24 (1) Applies for disability retirement based upon a mental or physical incapacity
25 which existed when the member first established membership in the system;
26 or

27 (2) Is in receipt of any payments on account of the same disability which existed
28 when the member first established membership in the system.

29 The Board of Trustees shall require each employee upon enrolling in the Retirement
30 System to provide information on the membership application concerning any mental or
31 physical incapacities existing at the time the member enrolls.

32 Notwithstanding the foregoing to the contrary, any beneficiary who commenced retirement
33 with an early or service retirement benefit has the right, within three years of this retirement, to
34 convert to an allowance with disability retirement benefits without modification of any election
35 of optional allowance previously made; provided, the beneficiary presents clear and convincing
36 evidence that the beneficiary would have met all applicable requirements for disability
37 retirement benefits while still in service as a member. The allowance on account of disability
38 retirement benefits to the beneficiary shall be retroactive to the effective date of early or service
39 retirement."

40 **SECTION 3.(g)** G.S. 128-24(4) reads as rewritten:

41 "(4) The provisions of this subdivision (4) shall apply to any member whose
42 retirement became effective prior to July 1, 1965, and became entitled to
43 benefits hereunder in accordance with the provisions hereof. Such benefits
44 shall be computed in accordance with the provisions of G.S. 128-27(b1) as
45 in effect at the date of such separation from service.

46 a. Notwithstanding any other provision of this Chapter, any member
47 who separates from service prior to the time he shall have attained
48 the age of 60 years, or if a uniformed policeman or fireman prior to
49 the time he shall have attained the age of 55 years, for any reason
50 other than death or retirement for disability as provided in
51 G.S. 128-27(c), after completing 20 or more years of creditable

1 service, and who leaves his total accumulated contributions in the
2 Retirement System, shall have the right to retire on a deferred
3 retirement allowance upon the date he shall have attained the age of
4 60 years, or if a uniformed policeman or fireman upon the date he
5 shall have attained the age of 55 years; provided that such member
6 may retire only upon written application to the Board of Trustees
7 setting forth at what time, not less than 30 days nor more than ~~90~~ 120
8 days next following the date of filing such application, he desires to
9 be retired. Such deferred retirement allowance shall be computed in
10 accordance with the provisions of G.S. 128-27(b), paragraphs (1), (2)
11 and (3).

12 b. In lieu of the benefits provided in paragraph a of this subdivision (4),
13 any member who separates from service prior to the time he shall
14 have attained the age of 60 years, or if a uniformed policeman or
15 fireman prior to the time he shall have attained the age of 55 years,
16 for any reason other than death or retirement for disability as
17 provided in G.S. 128-27(c), after completing 30 or more years of
18 creditable service, and who leaves his total accumulated
19 contributions in the Retirement System, may elect to retire on an
20 early retirement allowance; provided that such a member may so
21 retire only upon written application to the Board of Trustees setting
22 forth at what time, not less than 30 days nor more than ~~90~~ 120 days
23 next following the date of filing such application, he desires to be
24 retired; provided further that such application shall be duly filed
25 within 60 days following the date of such separation. Such early
26 retirement allowance so elected shall be the actuarial equivalent of
27 the deferred retirement allowance otherwise payable at the attainment
28 of age 60 years, or if a uniformed policeman or fireman at the
29 attainment of age 55 years, upon proper application therefor.

30 c. Should an employee who retired on an early or service retirement
31 allowance be restored to service prior to the time he shall have
32 attained the age of 62 years, or if a uniformed policeman or fireman
33 prior to the time he shall have attained the age of 55 years, his
34 allowance shall cease, he shall again become a member of the
35 Retirement System, and he shall contribute thereafter at the uniform
36 contribution rate for his class member. Upon his subsequent
37 retirement, he shall be entitled to an allowance not less than the
38 allowance described in 1 below reduced by the amount in 2 below.

39 1. The allowance to which he would have been entitled if he
40 were retiring for the first time, calculated on the basis of his
41 total creditable service represented by the sum of his
42 creditable service at the time of his first retirement, and his
43 creditable service after he was restored to service.

44 2. The actuarial equivalent of the retirement benefits he
45 previously received.

46 d. Should an employee who retired on an early or service retirement
47 allowance be restored to service after the attainment of the age of 62
48 years, his retirement allowance shall be reduced to the extent
49 necessary (if any) so that the sum of the retirement allowance at the
50 time of retirement and earnings from employment by a unit of the
51 Retirement System for any year (beginning January 1 and ending

December 31) will not exceed the member's compensation received for the 12 months of service prior to retirement. Provided, however, that under no circumstances will the member's retirement allowance be reduced below the amount of his annuity as defined in G.S. 128-21(3)."

SECTION 3.(h) G.S. 128-24(5) reads as rewritten:

"(5) The provisions of this subdivision (5) shall apply to any member whose membership is terminated on or after July 1, 1965, and who becomes entitled to benefits hereunder in accordance with the provisions hereof.

a. Notwithstanding any other provision of this Chapter, any member who separates from service prior to the attainment of the age of 60 years for any reason other than death or retirement for disability as provided in G.S. 128-27(c), after completing 15 or more years of creditable service, and who leaves his total accumulated contributions in said System shall have the right to retire on a deferred retirement allowance upon attaining the age of 60 years; provided that such member may retire only upon written application to the Board of Trustees setting forth at what time, not less than one day nor more than ~~90~~ 120 days subsequent to the execution and filing thereof, he desires to be retired; and further provided that in the case of a member who so separates from service on or after July 1, 1967, the aforesated requirement of 15 or more years of creditable service shall be reduced to 12 or more years of creditable service; and further provided that in the case of a member who so separates from service on or after July 1, 1971, or whose account is active on July 1, 1971, the aforesated requirement of 12 or more years of creditable service shall be reduced to five or more years of creditable service. Such deferred retirement allowance shall be computed in accordance with the service retirement provisions of this Article pertaining to a member who is not a law enforcement officer or eligible former law enforcement officer.

b. In lieu of the benefits provided in paragraph a of this subdivision, any member who separates from service prior to the attainment of the age of 60 years, for any reason other than death or retirement for disability as provided in G.S. 128-27(c), after completing 20 or more years of creditable service, and who leaves his total accumulated contributions in said System may elect to retire on an early retirement allowance upon attaining the age of 50 years or at any time thereafter; provided that such member may so retire only upon written application to the Board of Trustees setting forth at what time, not less than one day nor more than ~~90~~ 120 days subsequent to the execution and filing thereof, he desires to be retired. Such early retirement allowance so elected shall be equal to the deferred retirement allowance otherwise payable at the attainment of the age of 60 years reduced by the percentage thereof indicated below.

Age at Retirement	Percentage Reduction
59	7
58	14
57	20
56	25

1	55	30
2	54	35
3	53	39
4	52	43
5	51	46
6	50	50

- 7 b1. In lieu of the benefits provided in paragraphs a and b of this
8 subdivision, any member who is a law enforcement officer at the
9 time of separation from service prior to the attainment of the age of
10 50 years, for any reason other than death or disability as provided in
11 this Article, after completing 15 or more years of creditable service
12 in this capacity immediately prior to separation from service, and
13 who leaves his total accumulated contributions in this System, may
14 elect to retire on a deferred early retirement allowance upon attaining
15 the age of 50 years or at any time thereafter; provided, that the
16 member may commence retirement only upon written application to
17 the Board of Trustees setting forth at what time, as of the first day of
18 a calendar month, not less than one day nor more than ~~90~~ 120 days
19 subsequent to the execution and filing thereof, he desires to
20 commence retirement. The deferred early retirement allowance shall
21 be computed in accordance with the service retirement provisions of
22 this Article pertaining to law enforcement officers.
- 23 b2. In lieu of the benefits provided in paragraphs a and b of this
24 subdivision, any member who is a law enforcement officer at the
25 time of separation from service prior to the attainment of the age of
26 55 years, for any reason other than death or disability as provided in
27 this Article, after completing five or more years of creditable service
28 in this capacity immediately prior to separation from service, and
29 who leaves his total accumulated contributions in this System may
30 elect to retire on a deferred service retirement allowance upon
31 attaining the age of 55 years or at any time thereafter; provided, that
32 the member may commence retirement only upon written application
33 to the Board of Trustees setting forth at what time, as of the first day
34 of a calendar month not less than one day nor more than ~~90~~ 120 days
35 subsequent to the execution and filing thereof, he desires to
36 commence retirement. The deferred service retirement allowance
37 shall be computed in accordance with the service retirement
38 provisions of this Article pertaining to law enforcement officers.
- 39 b3. Deferred retirement allowance of members retiring on or after July 1,
40 1995. – In lieu of the benefits provided in paragraphs a. and b. of this
41 subdivision, any member who separates from service prior to
42 attainment of age 60 years, after completing 20 or more years of
43 creditable service, and who leaves his total accumulated
44 contributions in said System, may elect to retire on a deferred
45 retirement allowance upon attaining the age of 50 years or any time
46 thereafter; provided that such member may so retire only upon
47 written application to the Board of Trustees setting forth at what
48 time, not less than one day nor more than ~~90~~ 120 days subsequent to
49 the execution and filing thereof, he desires to be retired. Such
50 deferred retirement allowance shall be computed in accordance with
51 the service retirement provisions of this Article pertaining to a

1 member who is not a law enforcement officer or an eligible former
2 law enforcement officer.

- 3 c. Should a beneficiary who retired on an early or service retirement
4 allowance be reemployed by, or otherwise engaged to perform
5 services for, an employer participating in the Retirement System on a
6 part-time, temporary, interim, or on fee-for-service basis, whether
7 contractual or otherwise, and if such beneficiary earns an amount
8 during the 12-month period immediately following the effective date
9 of retirement or in any calendar year which exceeds fifty percent
10 (50%) of the reported compensation, excluding terminal payments,
11 during the 12 months of service preceding the effective date of
12 retirement, or twenty thousand dollars (\$20,000), whichever is
13 greater, as hereinafter indexed, then the retirement allowance shall be
14 suspended as of the first day of the month following the month in
15 which the reemployment earnings exceed the amount above, for the
16 balance of the calendar year, except when the reemployment earnings
17 exceed the amount above in the month of December, in which case
18 the retirement allowance shall not be suspended. The retirement
19 allowance of the beneficiary shall be reinstated as of January 1 of
20 each year following suspension. The amount that may be earned
21 before suspension shall be increased on January 1 of each year by the
22 ratio of the Consumer Price Index to the Index one year earlier,
23 calculated to the nearest tenth of a percent (1/10 of 1%).

- 24 d. Should a beneficiary who retired on an early or service retirement
25 allowance be restored to service as an employee, then the retirement
26 allowance shall cease as of the first day of the month following the
27 month in which the beneficiary is restored to service and the
28 beneficiary shall become a member of the Retirement System and
29 shall contribute thereafter as allowed by law at the uniform
30 contribution payable by all members.

31 Upon his subsequent retirement, he shall be paid a retirement
32 allowance determined as follows:

- 33 1. For a member who earns at least three years' membership
34 service after restoration to service, the retirement allowance
35 shall be computed on the basis of his compensation and
36 service before and after the period of prior retirement without
37 restriction; provided, that if the prior allowance was based on
38 a social security leveling payment option, the allowance shall
39 be adjusted actuarially for the difference between the amount
40 received under the optional payment and what would have
41 been paid if the retirement allowance had been paid without
42 optional modification.
- 43 2. For a member who does not earn three years' membership
44 service after restoration to service, the retirement allowance
45 shall be equal to the sum of the retirement allowance to which
46 he would have been entitled had he not been restored to
47 service, without modification of the election of an optional
48 allowance previously made, and the retirement allowance that
49 results from service earned since being restored to service;
50 provided, that if the prior retirement allowance was based on
51 a social security leveling payment option, the prior allowance

1 shall be adjusted actuarially for the difference between the
2 amount that would have been paid for each month had the
3 payment not been suspended and what would have been paid
4 if the retirement allowance had been paid without optional
5 modification."

6 **SECTION 3.(i)** G.S. 128-27(a) reads as rewritten:

7 "(a) Service Retirement Benefits. –

8 (1) Any member may retire upon written application to the Board of Trustees
9 setting forth at what time, as of the first day of a calendar month, not less
10 than one day nor more than 120 days subsequent to the execution and filing
11 thereof, he desires to be retired: Provided, that the said member at the time
12 so specified for his retirement shall have attained the age of 60 years and
13 have at least five years of creditable service or shall have completed 30 years
14 of creditable service, or if a fireman, he shall have attained the age of 55
15 years and have at least five years of creditable service.

16 (2) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1019, s. 1.

17 (3) Repealed by Session Laws 1971, c. 325, s. 12.

18 (4) Any member who was in service October 8, 1981, who had attained 60 years
19 of age, may retire upon written application to the Board of Trustees setting
20 forth at what time, as of the first day of a calendar month, not less than one
21 day nor more than ~~90~~ 120 days subsequent to the execution and filing
22 thereof, he desires to be retired.

23 (5) Any member who is a law enforcement officer, and who attains age 50 and
24 completes 15 or more years of creditable service in this capacity or who
25 attains age 55 and completes five or more years of creditable service in this
26 capacity, may retire upon written application to the Board of Trustees setting
27 forth at what time, as of the first day of a calendar month, not less than one
28 day nor more than ~~90~~ 120 days subsequent to the execution and filing
29 thereof, he desires to be retired; provided, also, any member who has met the
30 conditions required by this subdivision but does not retire, and later becomes
31 an employee other than as a law enforcement officer, continues to have the
32 right to commence retirement."

33 **SECTION 3.(j)** G.S. 128-27(a1) reads as rewritten:

34 "(a1) Early Service Retirement Benefits. – Any member may retire and receive a reduced
35 retirement allowance upon written application to the Board of Trustees setting forth at what
36 time, as of the first day of a calendar month, not less than one day nor more than ~~90~~ 120 days
37 subsequent to the execution and filing thereof, he desires to be retired: Provided, that the said
38 member at the time so specified for his retirement shall have attained the age of 50 years and
39 have at least 20 years of creditable service."

40 **SECTION 3.(k)** G.S. 128-27(c) reads as rewritten:

41 "(c) Disability Retirement Benefits. – Upon the application of a member or of his
42 employer, any member who has had five or more years of creditable service may be retired by
43 the Board of Trustees, on the first day of any calendar month, not less than one day nor more
44 than ~~90~~ 120 days next following the date of filing such application, on a disability retirement
45 allowance: Provided, that the medical board, after a medical examination of such member, shall
46 certify that such member is mentally or physically incapacitated for the further performance of
47 duty, that such incapacity was incurred at the time of active employment and has been
48 continuous thereafter, that such incapacity is likely to be permanent, and that such member
49 should be retired; Provided further the medical board shall determine if the member is able to
50 engage in gainful employment and, if so, the member may still be retired and the disability

1 retirement allowance as a result thereof shall be reduced as in subsection (e) below. Provided
2 further, that the Medical Board shall not certify any member as disabled who:

- 3 (1) Applies for disability retirement based upon a mental or physical incapacity
4 which existed when the member first established membership in the system;
5 or
- 6 (2) Is in receipt of any payments on account of the same disability which existed
7 when the member first established membership in the system.

8 The Board of Trustees shall require each employee upon enrolling in the retirement system
9 to provide information on the membership application concerning any mental or physical
10 incapacities existing at the time the member enrolls.

11 Notwithstanding the requirement of five or more years of creditable service to the contrary,
12 a member who is a law enforcement officer or a fireman as defined in G.S. 58-86-25 or rescue
13 squad worker as defined in G.S. 58-86-30 and who has had one year or more of creditable
14 service and becomes incapacitated for duty as the natural and proximate result of an accident
15 occurring while in the actual performance of duty, and meets all other requirements for
16 disability retirement benefits, may be retired by the Board of Trustees on a disability retirement
17 allowance.

18 Notwithstanding the foregoing to the contrary, any beneficiary who commenced retirement
19 with an early or service retirement benefit has the right, within three years of his retirement, to
20 convert to an allowance with disability retirement benefits without modification of any election
21 of optional allowance previously made; provided, the beneficiary would have met all applicable
22 requirements for disability retirement benefits while still in service as a member. The allowance
23 on account of disability retirement benefits to the beneficiary shall be retroactive to the
24 effective date of early or service retirement.

25 Notwithstanding the foregoing, effective April 1, 1991, the surviving designated
26 beneficiary of a deceased member who met all other requirements for disability retirement
27 benefits, except whose death occurred before the first day of the calendar month in which the
28 member's disability retirement allowance was to be due and payable, may elect to receive the
29 reduced retirement allowance provided by a one hundred percent (100%) joint and survivor
30 payment option in lieu of a return of accumulated contributions, provided the following
31 conditions apply:

- 32 (1) The member had designated as the principal beneficiary, to receive a return
33 of accumulated contributions at the time of his death, one and only one
34 person, and
- 35 (2) The member had not instructed the Board of Trustees in writing that he did
36 not wish the provision of this subsection to apply."

37 **SECTION 3.(I)** G.S. 120-4.22(a) reads as rewritten:

38 "(a) Eligibility; Application. – Upon application by or on behalf of the member, any
39 member in service who has completed at least five years of creditable service and who has not
40 reached his 60th birthday may, after medical certification, be retired on a disability retirement
41 allowance by the Board of Trustees on the first day of the particular calendar month designated
42 by the applicant. The designated date shall be no less than one day nor more than ~~90~~ 120 days
43 from the filing of the application."

44 **SECTION 4.(a)** G.S. 128-32.1 reads as rewritten:

45 **"§ 128-32.1. Failure to respond.**

46 If a member fails to respond in any way within 90 days after preliminary option figures and
47 ~~Form 6-E, Election of Benefits, the Form 6-E~~ are mailed, ~~the Form 6, Application for Service,~~
48 ~~Early, or Disability Retirement, the Form 6~~ shall be null and void; the retirement system shall
49 not be liable for any benefits due on account of the voided application, and a new application
50 must be filed establishing a subsequent effective date of retirement. If an applicant for
51 disability retirement fails to furnish requested additional medical information within 90 days

1 following such request, the application shall be declared null and void under the same
2 conditions outlined above, unless the applicant is eligible for early or service retirement in
3 which case the application shall be processed accordingly, using the same effective date as
4 would have been used had the application for disability retirement been approved."

5 **SECTION 4.(b)** G.S. 135-10.1 reads as rewritten:

6 "**§ 135-10.1. Failure to respond.**

7 If a member fails to respond in any way within 90 days after preliminary option figures and
8 ~~Form 6-E, Election of Benefits, the Form 6-E~~ are mailed, ~~the Form 6, Application for Service,~~
9 ~~Early or Disability Retirement, the Form 6~~ shall be null and void; the retirement system shall
10 not be liable for any benefits due on account of the voided application, and a new application
11 must be filed establishing a subsequent effective date of retirement. If an applicant for
12 disability retirement fails to furnish requested additional medical information within 90 days
13 following such request, the application shall be declared null and void under the same
14 conditions outlined above, unless the applicant is eligible for early or service retirement in
15 which case the application shall be processed accordingly, using the same effective date as
16 would have been used had the application for disability retirement been approved."

17 **SECTION 5.(a)** G.S. 135-5(g) reads as rewritten:

18 "(g) Election of Optional Allowance. – With the provision that until the first payment on
19 account of any benefit becomes normally due, or his first retirement check has been cashed,
20 any member may elect to receive his benefits in a retirement allowance payable throughout life,
21 or he may elect to receive the actuarial equivalent of such retirement allowance, including any
22 special retirement allowance, in a reduced allowance payable throughout life under the
23 provisions of one of the options set forth below. The election of Option 2 or Option 3 or
24 nomination of the person thereunder shall be revoked if such person nominated dies prior to the
25 date the first payment becomes normally due or until the first retirement check has been cashed.
26 Such election may be revoked by the member prior to the date the first payment becomes
27 normally due or until his first retirement check has been cashed. Provided, however, in the
28 event a member has elected Option 2 or Option 3 and nominated his or her spouse to receive a
29 retirement allowance upon the member's death, and the spouse predeceases the member after
30 the first payment becomes normally due or the first retirement check has been cashed, if the
31 member remarries he or she may request to nominate a new spouse to receive the retirement
32 allowance under the previously elected option, within 90 days of the remarriage, and may
33 nominate a new spouse to receive the retirement allowance under the previously elected option
34 by written designation duly acknowledged and filed with the Board of Trustees within 120 days
35 of the remarriage. The new nomination shall be effective on the first day of the month in which
36 it is made and shall provide for a retirement allowance computed to be the actuarial equivalent
37 of the retirement allowance in effect immediately prior to the effective date of the new
38 nomination. Any member having elected Options 2, 3, or 6 and nominated his or her spouse to
39 receive a retirement allowance upon the member's death may, after divorce from his or her
40 spouse, revoke the nomination and elect a new option, effective on the first day of the month in
41 which the new option is elected, providing for a retirement allowance computed to be the
42 actuarial equivalent of the retirement allowance in effect immediately prior to the effective date
43 of the new option.

44 Option 1.(a) In the Case of a Member Who Retires prior to July 1, 1963. – If he dies
45 before he has received in annuity payments the present value of his annuity
46 as it was at the time of his retirement, the balance shall be paid to his legal
47 representatives or to such person as he shall nominate by written designation
48 duly acknowledged and filed with the Board of Trustees.

49 (b) In the Case of a Member Who Retires on or after July 1, 1963, but prior to
50 July 1, 1993. – If he dies within 10 years from his retirement date, an amount
51 equal to his accumulated contributions at retirement, less 1/120 thereof for

1 each month for which he has received a retirement allowance payment, shall
2 be paid to his legal representatives or to such person as he shall nominate by
3 written designation duly acknowledged and filed with the Board of Trustees;
4 or

5 Option 2. Upon his death his reduced retirement allowance shall be continued throughout
6 the life of and paid to such person as he shall nominate by written designation duly
7 acknowledged and filed with the Board of Trustees at the time of his retirement, provided that
8 if the person selected is other than his spouse the reduced retirement allowance payable to the
9 member shall not be less than one half of the retirement allowance without optional
10 modification which would otherwise be payable to him; or

11 Option 3. Upon his death, one half of his reduced retirement allowance shall be continued
12 throughout the life of, and paid to such person as he shall nominate by written designation duly
13 acknowledged and filed with the Board of Trustees at the time of his retirement; or

14 Option 4. Adjustment of Retirement Allowance for Social Security Benefits. – Until the
15 first payment on account of any benefit becomes normally due, any member may elect to
16 convert his benefit otherwise payable on his account after retirement into a retirement
17 allowance of equivalent actuarial value of such amount that with his benefit under Title II of
18 the Federal Social Security Act, he will receive, so far as possible, approximately the same
19 amount per year before and after the earliest age at which he becomes eligible, upon application
20 therefor, to receive a social security benefit.

21 Option 5. For Members Retiring Prior to July 1, 1993. – The member may elect to receive a
22 reduced retirement allowance under the conditions of Option 2 or Option 3, as provided for
23 above, with the modification that if both he and the person nominated die within 10 years from
24 his retirement date, an amount equal to his accumulated contributions at retirement, less 1/120
25 thereof for each month for which a retirement allowance has been paid, shall be paid to his
26 legal representatives or to such person as he shall nominate by written designation duly
27 acknowledged and filed with the Board of Trustees.

28 Option 6. A member may elect either Option 2 or Option 3 with the added provision that in
29 the event the designated beneficiary predeceases the member, the retirement allowance payable
30 to the member after the designated beneficiary's death shall be equal to the retirement
31 allowance which would have been payable had the member not elected the option.

32 Upon the death of a member after the effective date of a retirement for which the member
33 has been approved and following receipt by the Board of Trustees of an election of benefits, but
34 prior to the cashing of the first benefit check, the retirement benefit shall be payable as
35 provided by the member's election of benefits under this subsection."

36 **SECTION 5.(b)** G.S. 135-5(g1) reads as rewritten:

37 "(g1) In the event of the death of a retired member while in receipt of a retirement
38 allowance under the provisions of this Article, there shall be paid to such person or persons as
39 the retiree shall have nominated by written designation duly acknowledged and filed with the
40 Board of Trustees, if such person or persons are living at the time of the retiree's death,
41 otherwise to the retiree's legal representatives, a death benefit equal to the excess, if any, of the
42 accumulated contributions of the retiree at the date of retirement over the total of the retirement
43 allowances paid prior to the death of the retiree. For purposes of this paragraph, the term
44 "accumulated contributions" includes amounts of employee voluntary contributions that were
45 transferred from the Supplemental Retirement Income Plan of North Carolina to this
46 Retirement System at retirement by eligible law enforcement officers.

47 In the event that a retirement allowance becomes payable to the designated survivor of a
48 retired member under the provisions above and such retirement allowance to the survivor shall
49 terminate upon the death of the survivor before the total of the retirement allowances paid to
50 the retiree and the designated survivor combined equals the amount of the accumulated
51 contributions of the retiree at the date of retirement, the excess, if any, of such accumulated

1 contributions over the total of the retirement allowances paid to the retiree and the survivor
2 combined shall be paid in a lump sum to such person or persons as the retiree shall have
3 nominated by written designation duly acknowledged and filed with the Board of Trustees, if
4 such person or persons are living at the time such payment falls due, otherwise to the retiree's
5 legal representative. For purposes of this paragraph, the term "accumulated contributions"
6 includes amounts of employee voluntary contributions that were transferred from the
7 Supplemental Retirement Income Plan of North Carolina to this Retirement System at
8 retirement by eligible law enforcement officers.

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

21 In the event a retiree purchases creditable service as provided in G.S. 135-4, there shall be
22 paid to such person or persons as the retiree shall have nominated by written designation duly
23 acknowledged and filed with the Board of Trustees, if such person or persons are living at the
24 time of the retiree's death, otherwise to the retiree's legal representatives, an additional death
25 benefit equal to the excess, if any, of the cost of the creditable service purchased less the
26 administrative fee, if any, over the total of the increase in the retirement allowance attributable
27 to the additional creditable service, paid from the month following the month in which payment
28 was received to the death of the retiree.

29 In the event that a retirement allowance becomes payable to the designated survivor of a
30 retired member under the provisions above and such retirement allowance to the survivor shall
31 terminate upon the death of the survivor before the total of the increase in the retirement
32 allowance attributable to the additional creditable service paid to the retiree and the designated
33 survivor combined equals the cost of the creditable service purchased less the administrative
34 fee, the excess, if any, shall be paid in a lump sum to such person or persons as the retiree shall
35 have nominated by written designation duly acknowledged and filed with the Board of
36 Trustees, if such person or persons are living at the time such payment falls due, otherwise to
37 the retiree's legal representative.

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

41 **SECTION 5.(c)** G.S. 135-5(m) reads as rewritten:

42 "(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the principal
43 beneficiary designated to receive a return of accumulated contributions shall have the right to
44 elect to receive in lieu thereof the reduced retirement allowance provided by Option 2 of
45 subsection (g) above computed by assuming that the member had retired on the first day of the
46 month following the date of his death, provided that the following conditions apply:

- 47 (1) a. The member had attained such age and/or creditable service to be
48 eligible to commence retirement with an early or service retirement
49 allowance,
50 b. The member had obtained 20 years of creditable service in which
51 case the retirement allowance shall be computed in accordance with

- 1 G.S. 135-5(b19)(1)b. or G.S. 135-5(b19)(2)c., notwithstanding the
2 requirement of obtaining age 50, or
3 c. The member had not commenced to receive a retirement allowance
4 as provided under this Chapter.
5 (2) The member had designated as the principal beneficiary to receive a return
6 of his accumulated contributions one and only one person who was living at
7 the time of his death.
8 (3) The member had not instructed the Board of Trustees in writing that he did
9 not wish the provisions of this subsection to apply.

10 For the purpose of this benefit, a member is considered to be in service at the date of his
11 death if his death occurs within 180 days from the last day of his actual service. The last day of
12 actual service shall be determined as provided in subsection (1) of this section. Upon the death
13 of a member in service, the surviving spouse may make all purchases for creditable service as
14 provided for under this Chapter for which the member had made application in writing prior to
15 the date of death, provided that the date of death occurred prior to or within 60 days after
16 notification of the cost to make the purchase. The term "in service" as used in this subsection
17 includes a member in receipt of a benefit under the Disability Income Plan as provided in
18 Article 6 of this Chapter.

19 Notwithstanding the foregoing, a member who is in receipt of Workers' Compensation
20 during the period for which the member would have otherwise been eligible to receive
21 short-term benefits, as provided in G.S. 135-105, and who dies on or after 181 days from the
22 last day of the member's actual service but on or before the date the benefits as provided in
23 G.S. 135-105 would have ended, shall be considered in service at the time of the member's
24 death for the purpose of this benefit.

25 For the purpose of calculating this benefit, any terminal payouts made after the date of
26 death that meet the definition of compensation shall be credited to the month prior to the month
27 of death. These terminal payouts do not include salary or wages paid for work performed
28 during the month of death.

29 Upon the death of a member after the effective date of a retirement for which the member
30 has been approved but prior to the receipt by the Board of Trustees of an election of benefits
31 properly acknowledged and filed by the member, the member's designated beneficiary for a
32 return of accumulated contributions may elect to receive the benefit provided for in this
33 subsection."

34 **SECTION 5.(d)** G.S. 128-27(g) reads as rewritten:

35 "(g) Election of Optional Allowance. – With the provision that until the first payment on
36 account of any benefit becomes normally due, or his first retirement check has been cashed,
37 any member may elect to receive his benefits in a retirement allowance payable throughout life,
38 or he may elect to receive the actuarial equivalent of such retirement allowance, including any
39 special retirement allowance, in a reduced allowance payable throughout life under the
40 provisions of one of the Options set forth below. The election of Option two or Option three or
41 nomination of the person thereunder shall be revoked if such person nominated dies prior to the
42 date the first payment becomes normally due or the first retirement check has been cashed.
43 Such election may be revoked by the member prior to the date the first payment becomes
44 normally due or his first retirement check has been cashed. Provided, however, in the event a
45 member has elected Option 2 or Option 3 and nominated his or her spouse to receive a
46 retirement allowance upon the member's death, and the spouse predeceases the member after
47 the first payment becomes normally due or the first retirement check has been cashed, if the
48 member remarries he or she may request to nominate a new spouse to receive the retirement
49 allowance under the previously elected option, within 90 days of the remarriage, and may
50 nominate a new spouse to receive the retirement allowance under the previously elected option
51 by written designation duly acknowledged and filed with the Board of Trustees within 120 days

1 of the remarriage. The new nomination shall be effective on the first day of the month in which
2 it is made and shall provide for a retirement allowance computed to be the actuarial equivalent
3 of the retirement allowance in effect immediately prior to the effective date of the new
4 nomination. Any member having elected Options two, three, or six and nominated his or her
5 spouse to receive a retirement allowance upon the member's death may, after divorce from his
6 or her spouse, revoke the nomination and elect a new option, effective on the first day of the
7 month in which the new option is elected, providing for a retirement allowance computed to be
8 the actuarial equivalent of the retirement allowance in effect immediately prior to the effective
9 date of the new option.

10 Option one.

- 11 (a) In the Case of a Member Who Retires prior to July 1, 1965. – If he dies
12 before he has received in annuity payments the present value of his annuity
13 as it was at the time of his retirement, the balance shall be paid to such
14 person as he shall nominate by written designation duly acknowledged and
15 filed with the Board of Trustees or, if none, to his legal representative.
- 16 (b) In the Case of a Member Who Retires on or after July 1, 1965, but prior to
17 July 1, 1993. – If he dies within 10 years from his retirement date, an amount
18 equal to his accumulated contributions at retirement, less one
19 one-hundred-twentieth thereof for each month for which he has received a
20 retirement allowance payment, shall be paid to such person as he shall
21 nominate by written designation duly acknowledged and filed with the
22 Board of Trustees or, if none, to his legal representative; or

23 Option two. Upon his death his reduced retirement allowance shall be continued throughout
24 the life of and paid to such person as he shall nominate by written designation duly
25 acknowledged and filed with the Board of Trustees at the time of his retirement, provided that
26 if the person selected is other than his spouse the reduced retirement allowance payable to the
27 member shall not be less than one half of the retirement allowance without optional
28 modification which would otherwise be payable to him; or

29 Option three. Upon his death, one half of his reduced retirement allowance shall be
30 continued throughout the life of, and paid to such person as he shall nominate by written
31 designation duly acknowledged and filed with the Board of Trustees at the time of his
32 retirement; or

33 Option four. Adjustment of Retirement Allowance for Social Security Benefits. – Until the
34 first payment on account of any benefit becomes normally due, any member may elect to
35 convert his benefit otherwise payable on his account after retirement into a retirement
36 allowance of equivalent actuarial value of such amount that with his benefit under ~~Table~~ Title
37 II of the Federal Social Security Act, he will receive, so far as possible, approximately the same
38 amount per year before and after the earliest age at which he becomes eligible, upon application
39 therefor, to receive a social security benefit.

40 Option five. For Members Retiring prior to July 1, 1993. – The member may elect to
41 receive a reduced retirement allowance under the conditions of Option two or Option three, as
42 provided for above, with the modification that if both he and the person nominated die within
43 10 years from his retirement date, an amount equal to his accumulated contributions at
44 retirement, less 1/120th thereof for each month for which a retirement allowance has been paid,
45 shall be paid to his legal representatives or to such person as he shall nominate by written
46 designation duly acknowledged and filed with the Board of Trustees.

47 Option six. A member may elect either Option two or Option three with the added provision
48 that in the event the designated beneficiary predeceases the member, the retirement allowance
49 payable to the member after the designated beneficiary's death shall be equal to the retirement
50 allowance which would have been payable had the member not elected the option.

1 Upon the death of a member after the effective date of a retirement for which the member
2 has been approved and following receipt by the Board of Trustees of an election of benefits, but
3 prior to the cashing of the first benefit check, the retirement benefit shall be payable as
4 provided by the member's election of benefits under this subsection."

5 **SECTION 5.(e)** G.S. 128-27(g1) reads as rewritten:

6 "(g1) In the event of the death of a retired member while in receipt of a retirement
7 allowance under the provisions of this Article, there shall be paid to such person or persons as
8 the retiree shall have nominated by written designation duly acknowledged and filed with the
9 Board of Trustees, if such person or persons are living at the time of the retiree's death,
10 otherwise to the retiree's legal representatives, a death benefit equal to the excess, if any, of the
11 accumulated contributions of the retiree at the date of retirement over the total of the retirement
12 allowances paid prior to the death of the retiree. For purposes of this paragraph, the term
13 "accumulated contributions" includes amounts of employee voluntary contributions that were
14 transferred from the Supplemental Retirement Income Plan of North Carolina to this
15 Retirement System at retirement by eligible law enforcement officers.

16 In the event that a retirement allowance becomes payable to the designated survivor of a
17 retired member under the provisions above and such retirement allowance to the survivor shall
18 terminate upon the death of the survivor before the total of the retirement allowances paid to
19 the retiree and the designated survivor combined equals the amount of the accumulated
20 contributions of the retiree at the date of retirement, the excess, if any, of such accumulated
21 contributions over the total of the retirement allowances paid to the retiree and the survivor
22 combined shall be paid in a lump sum to such person or persons as the retiree shall have
23 nominated by written designation duly acknowledged and filed with the Board of Trustees, if
24 such person or persons are living at the time such payment falls due, otherwise to the retiree's
25 legal representative. For purposes of this paragraph, the term "accumulated contributions"
26 includes amounts of employee voluntary contributions that were transferred from the
27 Supplemental Retirement Income Plan of North Carolina to this Retirement System at
28 retirement by eligible law enforcement officers.

29 In the event that a retirement allowance becomes payable to the principal beneficiary
30 designated to receive a return of accumulated contributions pursuant to subsection (m) 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
34 the beneficiary shall be paid in a lump sum to the person or persons the member has designated
35 as the contingent beneficiary for return of accumulated contributions, if the person or persons
36 are living at the time the payment falls due, otherwise to the principal beneficiary's legal
37 representative. For purposes of this paragraph, the term "accumulated contributions" includes
38 amounts of employee voluntary contributions that were transferred from the Supplemental
39 Retirement Income Plan of North Carolina to this Retirement System at retirement by eligible
40 law enforcement officers.

41 In the event a retiree purchases creditable service as provided in G.S. 128-26, there shall be
42 paid to such person or persons as the retiree shall have nominated by written designation duly
43 acknowledged and filed with the Board of Trustees, if such person or persons are living at the
44 time of the retiree's death, otherwise to the retiree's legal representatives, an additional death
45 benefit equal to the excess, if any, of the cost of the creditable service purchased less the
46 administrative fee, if any, over the total of the increase in the retirement allowance attributable
47 to the additional creditable service, paid from the month following the month in which payment
48 was received to the death of the retiree.

49 In the event that a retirement allowance becomes payable to the designated survivor of a
50 retired member under the provisions above, and such retirement allowance to the survivor shall
51 terminate upon the death of the survivor before the total of the increase in the retirement

1 allowance attributable to the additional creditable service paid to the retiree and the designated
2 survivor combined equals the cost of the creditable service purchased less the administrative
3 fee, the excess, if any, shall be paid in a lump sum to such person or persons as the retiree shall
4 have nominated by written designation duly acknowledged and filed with the Board of
5 Trustees, if such person or persons are living at the time such payment falls due, otherwise to
6 the retiree's legal representative.

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

10 **SECTION 5.(f)** G.S. 128-27(m) reads as rewritten:

11 "(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the principal
12 beneficiary designated to receive a return of accumulated contributions shall have the right to
13 elect to receive in lieu thereof the reduced retirement allowance provided by Option two of
14 subsection (g) above computed by assuming that the member had retired on the first day of the
15 month following the date of his death, provided that all three of the following conditions apply:

- 16 (1) a. The member had attained such age and/or creditable service to be
17 eligible to commence retirement with an early or service retirement
18 allowance, or
19 b. The member had obtained 20 years of creditable service in which
20 case the retirement allowance shall be computed in accordance with
21 G.S. 128-27(b21)(1)b. or G.S. 128-27(b21)(2)c., notwithstanding the
22 requirement of obtaining age 50, or
23 c. The member had not commenced to receive a retirement allowance
24 as provided under this Chapter.
25 (2) The member had designated as the principal beneficiary to receive a return
26 of his accumulated contributions one and only one person who is living at
27 the time of his death.
28 (3) The member had not instructed the Board of Trustees in writing that he did
29 not wish the provisions of this subsection apply.

30 For the purpose of this benefit, a member is considered to be in service at the date of his
31 death if his death occurs within 180 days from the last day of his actual service. The last day of
32 actual service shall be determined as provided in subsection (l) of this section. Upon the death
33 of a member in service, the surviving spouse may make all purchases for creditable service as
34 provided for under this Chapter for which the member had made application in writing prior to
35 the date of death, provided that the date of death occurred prior to or within 60 days after
36 notification of the cost to make the purchase.

37 For the purpose of calculating this benefit, any terminal payouts made after the date of
38 death that meet the definition of compensation shall be credited to the month prior to the month
39 of death. These terminal payouts do not include salary or wages paid for work performed
40 during the month of death.

41 Upon the death of a member after the effective date of a retirement for which the member
42 has been approved but prior to the receipt by the Board of Trustees of an election of benefits
43 properly acknowledged and filed by the member, the member's designated beneficiary for a
44 return of accumulated contributions may elect to receive the benefit provided for in this
45 subsection."

46 **SECTION 6.(a)** G.S. 135-5(l) reads as rewritten:

47 "(l) Death Benefit Plan. – There is hereby created a Group Life Insurance Plan
48 (hereinafter called the "Plan") which is established as an employee welfare benefit plan that is
49 separate and apart from the Retirement System and under which the members of the Retirement
50 System shall participate and be eligible for group life insurance benefits. Upon receipt of proof,
51 satisfactory to the Board of Trustees in their capacity as trustees under the Group Life

1 Insurance Plan, of the death, in service, of a member who had completed at least one full
2 calendar year of membership in the Retirement System, there shall be paid to such person as he
3 shall have nominated by written designation duly acknowledged and filed with the Board of
4 Trustees, if such person is living at the time of the member's death, otherwise to the member's
5 legal representatives, a death benefit. Such death benefit shall be equal to the greater of:

6 (1) The compensation on which contributions were made by the member during
7 the calendar year preceding the year in which his death occurs, or

8 (2) The greatest compensation on which contributions were made by the
9 member during a 12-month period of service within the 24-month period of
10 service ending on the last day of the month preceding the month in which his
11 last day of actual service occurs;

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

19 The death benefit provided in this subsection (l) shall not be payable, notwithstanding the
20 member's compliance with all the conditions set forth in the preceding paragraph, if his death
21 occurs

22 (1) After December 31, 1968 and after he has attained age 70; or

23 (2) After December 31, 1969 and after he has attained age 69; or

24 (3) After December 31, 1970 and after he has attained age 68; or

25 (4) After December 31, 1971 and after he has attained age 67; or

26 (5) After December 31, 1972 and after he has attained age 66; or

27 (6) After December 31, 1973 and after he has attained age 65; or

28 (7) After December 31, 1978, but before January 1, 1987, and after he has
29 attained age 70.

30 Notwithstanding the above provisions, the death benefit shall be payable on account of the
31 death of any member who died or dies on or after January 1, 1974, but before January 1, 1979,
32 after attaining age 65, if he or she had not yet attained age 65, if he or she had not yet attained
33 age 66, was at the time of death completing the work year for those individuals under specific
34 contract, or during the fiscal year for those individuals not under specific contract, in which he
35 or she attained 65, and otherwise met all conditions for payment of the death benefit.

36 Notwithstanding the above provisions, the Board of Trustees may and is specifically
37 authorized to provide the death benefit according to the terms and conditions otherwise
38 appearing in this Plan in the form of group life insurance, either (i) by purchasing a contract or
39 contracts of group life insurance with any life insurance company or companies licensed and
40 authorized to transact business in this State for the purpose of insuring the lives of members in
41 service, or (ii) by establishing a separate trust fund qualified under Section 501(c)(9) of the
42 Internal Revenue Code of 1954, as amended, for such purpose. To that end the Board of
43 Trustees is authorized, empowered and directed to investigate the desirability of utilizing group
44 life insurance by either of the foregoing methods for the purpose of providing the death benefit.
45 If a separate trust fund is established, it shall be operated in accordance with rules and
46 regulations adopted by the Board of Trustees and all investment earnings on the trust fund shall
47 be credited to such fund.

48 In administration of the death benefit the following shall apply:

49 (1) For the purpose of determining eligibility only, in this subsection "calendar
50 year" shall mean any period of 12 consecutive months or, if less, the period
51 covered by an annual contract of employment. For all other purposes in this

1 subsection "calendar year" shall mean the 12 months beginning January 1
2 and ending December 31.

3 (2) Last day of actual service shall be:

4 a. When employment has been terminated, the last day the member
5 actually worked.

6 b. When employment has not been terminated, the date on which an
7 absent member's sick and annual leave expire, unless he is on
8 approved leave of absence and is in service under the provisions of
9 G.S. 135-4(h).

10 c. When a participant's employment is interrupted by reason of service
11 in the Uniformed Services, as that term is defined in section 4303(16)
12 of the Uniformed Services Employment and Reemployment Rights
13 Act, Public Law 103-353, and the participant does not return
14 immediately after that service to employment with a covered
15 employer in this System, the date on which the participant was first
16 eligible to be separated or released from his or her involuntary
17 military service.

18 (3) For a period when a member is on leave of absence, his status with respect to
19 the death benefit will be determined by the provisions of G.S. 135-4(h).

20 (4) A member on leave of absence from his position as a teacher or State
21 employee for the purpose of serving as a member or officer of the General
22 Assembly shall be deemed to be in service during sessions of the General
23 Assembly and thereby covered by the provisions of the death benefit. The
24 amount of the death benefit for such member shall be the equivalent of the
25 salary to which the member would have been entitled as a teacher or State
26 employee during the 12-month period immediately prior to the month in
27 which death occurred, not to be less than twenty-five thousand dollars
28 (\$25,000) nor to exceed fifty thousand dollars (\$50,000).

29 The provisions of the Retirement System pertaining to Administration, G.S. 135-6, and
30 management of funds, G.S. 135-7, are hereby made applicable to the Plan.

31 A member who is a beneficiary of the Disability Income Plan provided for in Article 6 of
32 this Chapter, or a member who is in receipt of Workers' Compensation during the period for
33 which he or she would have otherwise been eligible to receive short-term benefits as provided
34 in G.S. 135-105 and dies on or after 181 days from the last day of his or her actual service but
35 prior to the date the benefits as provided in G.S. 135-105 would have ended, shall be eligible
36 for group life insurance benefits as provided in this subsection, notwithstanding that the
37 member is no longer an employee or teacher or that the member's death occurs after the
38 eligibility period after active service. The basis of the death benefit payable hereunder shall be
39 the higher of the death benefit computed as above or a death benefit based on compensation
40 used in computing the benefit payable under G.S. 135-105 and G.S. 135-106, as may be
41 adjusted for percentage post-disability increases, all subject to the maximum dollar limitation
42 as provided above. A member in receipt of benefits from the Disability Income Plan under the
43 provisions of G.S. 135-112 whose right to a benefit accrued under the former Disability Salary
44 Continuation Plan shall not be covered under the provisions of this paragraph.

45 Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this
46 subsection, of the death of a retired member of the Retirement System on or after July 1, 1988,
47 but before January 1, 1999, there shall be paid a death benefit to the surviving spouse of the
48 deceased retired member or to the deceased retired member's legal representative if not
49 survived by a spouse; provided the retired member has elected, when first eligible, to make, and
50 has continuously made, in advance of his death required contributions as determined by the
51 Board of Trustees on a fully contributory basis, through retirement allowance deductions or

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

10 Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this
11 subsection, of the death of a retired member of the Retirement System on or after January 1,
12 1999, but before July 1, 2004, there shall be paid a death benefit to the surviving spouse of the
13 deceased retired member or to the deceased retired member's legal representative if not
14 survived by a spouse; provided the retired member has elected, when first eligible, to make, and
15 has continuously made, in advance of his death required contributions as determined by the
16 Board of Trustees on a fully contributory basis, through retirement allowance deductions or
17 other methods adopted by the Board of Trustees, to a group death benefit trust fund
18 administered by the Board of Trustees separate and apart from the Retirement System's
19 Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum
20 payment in the amount of six thousand dollars (\$6,000) upon the completion of 24 months of
21 contributions required under this subsection. Should death occur before the completion of 24
22 months of contributions required under this subsection, the deceased retired member's surviving
23 spouse or legal representative if not survived by a spouse shall be paid the sum of the retired
24 member's contributions required by this subsection plus interest to be determined by the Board
25 of Trustees.

26 Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this
27 subsection, of the death of a retired member of the Retirement System on or after July 1, 2004,
28 but before July 1, 2007, there shall be paid a death benefit to the surviving spouse of the
29 deceased retired member or to the deceased retired member's legal representative if not
30 survived by a spouse; provided the retired member has elected, when first eligible, to make, and
31 has continuously made, in advance of his death required contributions as determined by the
32 Board of Trustees on a fully contributory basis, through retirement allowance deductions or
33 other methods adopted by the Board of Trustees, to a group death benefit trust fund
34 administered by the Board of Trustees Fund and Pension Accumulation Fund. This death
35 benefit shall be a lump-sum payment in the amount of nine thousand dollars (\$9,000) upon the
36 completion of 24 months of contributions required under this subsection. Should death occur
37 before the completion of 24 months of contributions required under this subsection, the
38 deceased retired member's surviving spouse or legal representative if not survived by a spouse
39 shall be paid the sum of the retired member's contributions required by this subsection plus
40 interest to be determined by the Board of Trustees.

41 Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this
42 subsection, of the death of a retired member of the Retirement System on or after July 1, 2007,
43 there shall be paid a death benefit to the surviving spouse of the deceased retired member or to
44 the deceased retired member's legal representative if not survived by a spouse; provided the
45 retired member has elected, when first eligible, to make, and has continuously made, in
46 advance of his death required contributions as determined by the Board of Trustees on a fully
47 contributory basis, through retirement allowance deductions or other methods adopted by the
48 Board of Trustees, to a group death benefit trust fund administered by the Board of Trustees
49 Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the
50 amount of ten thousand dollars (\$10,000) upon the completion of 24 months of contributions
51 required under this subsection. Should death occur before the completion of 24 months of

1 contributions required under this subsection, the deceased retired member's surviving spouse or
2 legal representative if not survived by a spouse shall be paid the sum of the retired member's
3 contributions required by this subsection plus interest to be determined by the Board of
4 Trustees."

5 **SECTION 6.(b)** G.S. 128-27(1) reads as rewritten:

6 "(1) **Death Benefit Plan.** – The provisions of this subsection shall become effective for
7 any employer only after an agreement to that effect has been executed by the employer and the
8 Director of the Retirement System. There is hereby created a Group Life Insurance Plan
9 (hereinafter called the "Plan") which is established as an employee welfare benefit plan that is
10 separate and apart from the Retirement System and under which the members of the Retirement
11 System shall participate and be eligible for group life insurance benefits. Upon receipt of proof,
12 satisfactory to the Board of Trustees in their capacity as trustees under the Group Life
13 Insurance Plan, of the death, in service, of a member who had completed at least one full
14 calendar year of membership in the Retirement System, there shall be paid to such person as he
15 shall have nominated by written designation duly acknowledged and filed with the Board of
16 Trustees, if such person is living at the time of the member's death, otherwise to the member's
17 legal representatives, a death benefit. Such death benefit shall be equal to the greater of:

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

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

31 The death benefit provided in this subsection shall not be payable, notwithstanding the
32 member's compliance with all the conditions set forth in the preceding paragraph, if his death
33 occurs

- 34 (1) After June 30, 1969 and after he has attained age 70; or
- 35 (2) After December 31, 1969 and after he has attained age 69; or
- 36 (3) After December 31, 1970 and after he has attained age 68; or
- 37 (4) After December 31, 1971 and after he has attained age 67; or
- 38 (5) After December 31, 1972 and after he has attained age 66; or
- 39 (6) After December 31, 1973 and after he has attained age 65; or
- 40 (7) After December 31, 1978, but before January 1, 1987, and after he has
41 attained age 70.

42 Notwithstanding the above provisions, the death benefit shall be payable on account of the
43 death of any member who died or dies on or after January 1, 1974, but before January 1, 1979,
44 after attaining age 65, if he or she had not yet attained age 65, if he or she had not yet attained
45 age 66, was at the time of death completing the work year for those individuals under specific
46 contract, or during the fiscal year for those individuals not under specific contract, in which he
47 or she attained age 65, and otherwise met all conditions for payment of the death benefit.

48 Notwithstanding the above provisions, the Board of Trustees may and is specifically
49 authorized to provide the death benefit according to the terms and conditions otherwise
50 appearing in this Plan in the form of group life insurance, either (i) by purchasing a contract or
51 contracts of group life insurance with any life insurance company or companies licensed and

1 authorized to transact business in this State for the purpose of insuring the lives of members in
2 service, or (ii) by establishing a separate trust fund qualified under section 501(c)(9) of the
3 Internal Revenue Code of 1954, as amended, for such purpose. To that end the Board of
4 Trustees is authorized, empowered and directed to investigate the desirability of utilizing group
5 life insurance by either of the foregoing methods for the purpose of providing the death benefit.
6 If a separate trust fund is established, it shall be operated in accordance with rules and
7 regulations adopted by the Board of Trustees and all investment earnings on the trust fund shall
8 be credited to such fund.

9 In administration of the death benefit the following shall apply:

- 10 (1) For the purpose of determining eligibility only, in this subsection "calendar
11 year" shall mean any period of 12 consecutive months. For all other
12 purposes in this subsection "calendar year" shall mean the 12 months
13 beginning January 1 and ending December 31.
- 14 (2) Last day of actual service shall be:
- 15 a. When employment has been terminated, the last day the member
16 actually worked.
- 17 b. When employment has not been terminated, the date on which an
18 absent member's sick and annual leave expire.
- 19 c. When a participant's employment is interrupted by reason of service
20 in the Uniformed Services, as that term is defined in section 4303(16)
21 of the Uniformed Services Employment and Reemployment Rights
22 Act, Public Law 103-353, and the participant does not return
23 immediately after that service to employment with a covered
24 employer in this System, the date on which the participant was first
25 eligible to be separated or released from his or her involuntary
26 military service.
- 27 (3) For a period when a member is on leave of absence, his status with respect to
28 the death benefit will be determined by the provisions of G.S. 128-26(g).
- 29 (4) A member on leave of absence from his position as a local governmental
30 employee for the purpose of serving as a member or officer of the General
31 Assembly shall be deemed to be in service during sessions of the General
32 Assembly and thereby covered by the provisions of the death benefit, if
33 applicable. The amount of the death benefit for such member shall be the
34 equivalent of the salary to which the member would have been entitled as a
35 local governmental employee during the 12-month period immediately prior
36 to the month in which death occurred, not to be less than twenty-five
37 thousand dollars (\$25,000) nor to exceed fifty thousand dollars (\$50,000).

38 The provisions of the Retirement System pertaining to administration, G.S. 128-28, and
39 management of funds, G.S. 128-29, are hereby made applicable to the Plan."

40 **SECTION 6.(c)** G.S. 135-63 is amended by adding a new subsection to read:

41 "(e) For purposes of this subsection, a participant whose employment is interrupted by
42 reason of service in the Uniformed Services, as that term is defined in section 4303(16) of the
43 Uniformed Services Employment and Reemployment Rights Act, Public Law 103-353, shall be
44 deemed to be "in service" until the last day of such service in the Uniformed Services. If the
45 participant does not return immediately after that service to employment with a covered
46 employer in this System, then the participant shall be deemed "in service" until the date on
47 which the participant was first eligible to be separated or released from his or her involuntary
48 military service."

49 **SECTION 6.(d)** G.S. 120-4.27 reads as rewritten:

50 "§ 120-4.27. **Death benefit.**

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

12 The death benefit provided by this section shall be designated a group life insurance benefit
13 payable under an employee welfare benefit plan that is separate and apart from the Retirement
14 System but under which the members of the Retirement System shall participate and be eligible
15 for group life insurance benefits. The Board of Trustees is authorized to provide the death
16 benefit in the form of group life insurance either by purchasing a contract or contracts of group
17 life insurance with any life insurance company or companies licensed and authorized to
18 transact business in the State of North Carolina for the purpose of insuring the lives of qualified
19 members in service, or by establishing or affiliating with a separate trust fund qualified under
20 Section 501(c)(9) of the Internal Revenue Code of 1954, as amended.

21 Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a retired
22 member of the Retirement System or Retirement Fund on or after July 1, 1988, but before
23 January 1, 1999, there shall be paid a death benefit to the surviving spouse of a deceased retired
24 member, or to the deceased retired member's legal representative if not survived by a spouse;
25 provided the retired member has elected, when first eligible, to make, and has continuously
26 made, in advance of his death required contributions as determined by the Retirement System
27 on a fully contributory basis, through retirement allowance deductions or other methods
28 adopted by the Retirement System, to a group death benefit trust fund administered by the
29 Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund and
30 Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the amount of
31 five thousand dollars (\$5,000) upon the completion of twenty-four months of contributions
32 required under this subsection. Should death occur before the completion of twenty-four
33 months of contributions required under this subsection, the deceased retired member's surviving
34 spouse or legal representative if not survived by a spouse shall be paid the sum of the retired
35 member's contributions required by this subsection plus interest to be determined by the Board
36 of Trustees.

37 Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a retired
38 member of the Retirement System or Retirement Fund on or after January 1, 1999, but before
39 July 1, 2004, there shall be paid a death benefit to the surviving spouse of a deceased retired
40 member, or to the deceased retired member's legal representative if not survived by a spouse;
41 provided the retired member has elected, when first eligible, to make, and has continuously
42 made, in advance of his death required contributions as determined by the Retirement System
43 on a fully contributory basis, through retirement allowance deductions or other methods
44 adopted by the Retirement System, to a group death benefit trust fund administered by the
45 Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund and
46 Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the amount of
47 six thousand dollars (\$6,000) upon the completion of 24 months of contributions required under
48 this subsection. Should death occur before the completion of 24 months of contributions
49 required under this subsection, the deceased retired member's surviving spouse or legal
50 representative if not survived by a spouse shall be paid the sum of the retired member's

1 contributions required by this subsection plus interest to be determined by the Board of
2 Trustees.

3 Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a retired
4 member of the Retirement System or Retirement Fund on or after July 1, 2004, but before July
5 1, 2007, there shall be paid a death benefit to the surviving spouse of a deceased retired
6 member, or to the deceased retired member's legal representative if not survived by a spouse;
7 provided the retired member has elected, when first eligible, to make, and has continuously
8 made, in advance of his death required contributions as determined by the Retirement System
9 on a fully contributory basis, through retirement allowance deductions or other methods
10 adopted by the Retirement System, to a group death benefit trust fund administered by the
11 Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund and
12 Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the amount of
13 nine thousand dollars (\$9,000) upon the completion of 24 months of contributions required
14 under this subsection. Should death occur before the completion of 24 months of contributions
15 required under this subsection, the deceased retired member's surviving spouse or legal
16 representative if not survived by a spouse shall be paid the sum of the retired member's
17 contributions required by this subsection plus interest to be determined by the Board of
18 Trustees.

19 Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a retired
20 member of the Retirement System or Retirement Fund on or after July 1, 2007, there shall be
21 paid a death benefit to the surviving spouse of a deceased retired member, or to the deceased
22 retired member's legal representative if not survived by a spouse; provided the retired member
23 has elected, when first eligible, to make, and has continuously made, in advance of his death
24 required contributions as determined by the Retirement System on a fully contributory basis,
25 through retirement allowance deductions or other methods adopted by the Retirement System,
26 to a group death benefit trust fund administered by the Board of Trustees separate and apart
27 from the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. This
28 death benefit shall be a lump-sum payment in the amount of ten thousand dollars (\$10,000)
29 upon the completion of 24 months of contributions required under this subsection. Should death
30 occur before the completion of 24 months of contributions required under this subsection, the
31 deceased retired member's surviving spouse or legal representative if not survived by a spouse
32 shall be paid the sum of the retired member's contributions required by this subsection plus
33 interest to be determined by the Board of Trustees."

34 **SECTION 6.(e)** G.S. 135-1(7a) reads as rewritten:

35 "(7a) a. "Compensation" shall mean all salaries and wages prior to any
36 reduction pursuant to sections 125, 401(k), 403(b), 414(h)(2), and
37 457 of the Internal Revenue Code, not including any terminal
38 payments for unused sick leave, derived from public funds which are
39 earned by a member of the Retirement System for service as an
40 employee or teacher in the unit of the Retirement System for which
41 he is performing full-time work. In addition to the foregoing,
42 "compensation" shall include:

- 43 1. Performance-based compensation (regardless of whether paid
44 in a lump sum, in periodic installments, or on a monthly
45 basis);
- 46 2. Conversion of additional benefits to salary (additional
47 benefits such as health, life, or disability plans), so long as the
48 benefits are other than mandated by State law or regulation;
- 49 3. Payment of tax consequences for benefits provided by the
50 employer, so long as they constitute an adjustment or increase
51 in salary and not a "reimbursement of expenses";

- 1 4. Payout of vacation leave so long as such payouts are
2 permitted by applicable law and regulation; ~~and~~
3 5. Employee contributions to eligible deferred compensation
4 ~~plans; plans; and~~
5 6. Effective July 1, 2009, payment of military differential
6 wages.
7 b. "Compensation" shall not include any payment, as determined by the
8 Board of Trustees, for the reimbursement of expenses or payments
9 for housing or any other allowances whether or not classified as
10 salary and wages. "Compensation" includes all special pay
11 contribution of annual leave made to a 401(a) Special Pay Plan for
12 the benefit of an employee. Notwithstanding any other provision of
13 this Chapter, "compensation" shall not include:
14 1. Supplement/allowance provided to employee to purchase
15 additional benefits such as health, life, or disability plans;
16 2. Travel supplement/allowance (nonaccountable allowance
17 plans);
18 3. Employer contributions to eligible deferred compensation
19 plans;
20 4. Employer-provided fringe benefits (additional benefits such
21 as health, life, or disability plans);
22 5. Reimbursement of uninsured medical expenses;
23 6. Reimbursement of business expenses;
24 7. Reimbursement of moving expenses;
25 8. Reimbursement/payment of personal expenses;
26 9. Incentive payments for early retirement;
27 10. Bonuses paid incident to retirement;
28 11. Contract buyout/severance payments; and
29 12. Payouts for unused sick leave.
30 c. In the event an employer reports as "compensation" payments not
31 specifically included or excluded as "compensation", such payments
32 shall be "compensation" for retirement purposes only if the employer
33 pays the Retirement System the additional actuarial liability created
34 by such payments."

35 **SECTION 6.(f)** G.S.128-21(7a) reads as rewritten:

- 36 "(7a) a. "Compensation" shall mean all salaries and wages prior to any
37 reduction pursuant to sections 125, 401(k), 403(b), 414(h)(2), and
38 457 of the Internal Revenue Code, not including any terminal
39 payments for unused sick leave, derived from public funds which are
40 earned by a member of the Retirement System for service as an
41 employee in the unit of the Retirement System for which he is
42 performing full-time work. In addition to the foregoing,
43 "compensation" shall include:
44 1. Performance-based compensation (regardless of whether paid
45 in a lump sum, periodic installments, or on a monthly basis);
46 2. Conversion of additional benefits to salary (additional
47 benefits such as health, life, or disability plans), so long as the
48 benefits are other than mandated by State law or regulation;
49 3. Payment of tax consequences for benefits provided by the
50 employer so long as they constitute an adjustment or increase
51 in salary and not a "reimbursement of expenses";

- 1 4. Payout of vacation leave so long as such payouts are
2 permitted by applicable law and regulation; ~~and~~
3 5. Employee contributions to eligible deferred compensation
4 ~~plans; plans; and~~
5 6. Effective July 1, 2009, payment of military differential
6 wages.
7 b. "Compensation" shall not include any payment, as determined by the
8 Board of Trustees, for the reimbursement of expenses or payments
9 for housing or any other allowances whether or not classified as
10 salary and wages. Notwithstanding any other provision of this
11 Chapter, "compensation" shall not include:
12 1. Supplement/allowance provided to employee to purchase
13 additional benefits such as health, life, or disability plans;
14 2. Travel supplement/allowance (nonaccountable allowance
15 plans);
16 3. Employer contributions to eligible deferred compensation
17 plans;
18 4. Employer-provided fringe benefits (additional benefits such
19 as health, life, or disability plans);
20 5. Reimbursement of uninsured medical expenses;
21 6. Reimbursement of business expenses;
22 7. Reimbursement of moving expenses;
23 8. Reimbursement/payment of personal expenses;
24 9. Incentive payments for early retirement;
25 10. Bonuses paid incident to retirement;
26 11. Contract buyout/severance payments; and
27 12. Payouts for unused sick leave.
28 c. In the event an employer reports as "compensation" payments not
29 specifically included or excluded as "compensation", such payments
30 shall be "compensation" for retirement purposes only if the employer
31 pays the Retirement System the additional actuarial liability created
32 by such payments."

33 **SECTION 6.(g)** G.S. 135-53(5) reads as rewritten:

34 "(5) "Compensation" shall mean all salaries and wages derived from public funds
35 which are earned by a member of the Retirement System for his service as a
36 justice or judge, or district attorney, or clerk of superior court, or public
37 defender, or the Director of Indigent Defense Services. Effective July 1,
38 2009, "compensation" also means payment of military differential wages."

39 **SECTION 6.(h)** G.S. 120-4.8(5) reads as rewritten:

40 "(5) "Compensation" means salary and expense allowance paid for service as a
41 legislator in the North Carolina General Assembly, exclusive of travel and
42 per diem. Effective July 1, 2009, "compensation" also means payment of
43 military differential wages."

44 **SECTION 6.(i)** G.S. 135-1(10) reads as rewritten:

45 "(10) "Employee" shall mean all full-time employees, agents or officers of the
46 State of North Carolina or any of its departments, bureaus and institutions
47 other than educational, whether such employees are elected, appointed or
48 employed: Provided that the term "employee" shall not include any person
49 who is a member of the Consolidated Judicial Retirement System, any
50 member of the General Assembly or any part-time or temporary employee.
51 Notwithstanding any other provision of law, "employee" shall include all

1 employees of the General Assembly except participants in the Legislative
2 Intern Program, pages, and beneficiaries in receipt of a monthly retirement
3 allowance under this Chapter who are reemployed on a temporary basis.
4 "Employee" also includes any participant whose employment is interrupted
5 by reason of service in the Uniformed Services, as that term is defined in
6 section 4303(16) of the Uniformed Services Employment and
7 Reemployment Rights Act, Public Law 103-353, if that participant was an
8 employee at the time of the interruption; if the participant does not return
9 immediately after that service to employment with a covered employer in
10 this System, then the participant shall be deemed "in service" until the date
11 on which the participant was first eligible to be separated or released from
12 his or her involuntary military service. In all cases of doubt, the Board of
13 Trustees shall determine whether any person is an employee as defined in
14 this Chapter. "Employee" shall also mean every full-time civilian employee
15 of the army national guard and air national guard of this State who is
16 employed pursuant to section 709 of Title 32 of the United States Code and
17 paid from federal appropriated funds, but held by the federal authorities not
18 to be a federal employee: Provided, however, that the authority or agency
19 paying the salaries of such employees shall deduct or cause to be deducted
20 from each employee's salary the employee's contribution in accordance with
21 applicable provisions of G.S. 135-8 and remit the same, either directly or
22 indirectly, to the Retirement System; coverage of employees described in
23 this sentence shall commence upon the first day of the calendar year or fiscal
24 year, whichever is earlier, next following the date of execution of an
25 agreement between the Secretary of Defense of the United States and the
26 Adjutant General of the State acting for the Governor in behalf of the State,
27 but no credit shall be allowed pursuant to this sentence for any service
28 previously rendered in the above-described capacity as a civilian employee
29 of the national guard: Provided, further, that the Adjutant General, in his
30 discretion, may terminate the Retirement System coverage of the
31 above-described national guard employees if a federal retirement system is
32 established for such employees and the Adjutant General elects to secure
33 coverage of such employees under such federal retirement system. Any
34 full-time civilian employee of the national guard described above who is
35 now or hereafter may become a member of the Retirement System may
36 secure Retirement System credit for such service as a national guard civilian
37 employee for the period preceding the time when such employees became
38 eligible for Retirement System coverage by paying to the Retirement System
39 an amount equal to that which would have constituted employee
40 contributions if he had been a member during the years of ineligibility, plus
41 interest. Employees of State agencies, departments, institutions, boards, and
42 commissions who are employed in permanent job positions on a recurring
43 basis and who work 30 or more hours per week for nine or more months per
44 calendar year are covered by the provisions of this subdivision. On and after
45 August 1, 2001, a person who is a nonimmigrant alien and who otherwise
46 meets the requirements of this subdivision shall not be excluded from the
47 definition of "employee" solely because the person holds a temporary or
48 time-limited visa."

49 **SECTION 6.(j)** G.S. 128-21(10) reads as rewritten:

50 "(10) "Employee" shall mean any person who is regularly employed in the service
51 of and whose salary or compensation is paid by the employer as defined in

1 subdivision (11) of this section, whether employed or appointed for stated
2 terms or otherwise, except teachers in the public schools and except such
3 employees who hold office by popular election as are not required to devote
4 a major portion of their time to the duties of their office. "Employee" also
5 means all full-time, paid firemen who are employed by any fire department
6 that serves a city or county or any part of a city or county and that is
7 supported in whole or in part by municipal or county funds. "Employee" also
8 includes any participant whose employment is interrupted by reason of
9 service in the Uniformed Services, as that term is defined in section
10 4303(16) of the Uniformed Services Employment and Reemployment Rights
11 Act, Public Law 103-353, if that participant was an employee at the time of
12 the interruption; if the participant does not return immediately after that
13 service to employment with a covered employer in this System, then the
14 participant shall be deemed "in service" until the date on which the
15 participant was first eligible to be separated or released from his or her
16 involuntary military service. In all cases of doubt the Board of Trustees shall
17 decide who is an employee. On and after August 1, 2001, a person who is a
18 nonimmigrant alien and who otherwise meets the requirements of this
19 subdivision shall not be excluded from the definition of "employee" solely
20 because the person holds a temporary or time-limited visa."

21 **SECTION 7.(a)** G.S. 135-8(b2) reads as rewritten:

22 "(b2) Retroactive Adjustment in Compensation or an Underreporting of Compensation. –
23 A member or beneficiary who is awarded backpay in cases of a denied promotional opportunity
24 in which the aggrieved member or beneficiary is granted a promotion retroactively, or in cases
25 in which an employer errs in the reporting of compensation, including the employee and
26 employer contributions, the member or beneficiary and employer may make employee and
27 employer contributions on the retroactive or additional compensation, after submitting clear
28 and convincing evidence of the retroactive promotion or underreporting of compensation, as
29 follows:

- 30 (1) Within 90 days of the denial of the promotion or the error in reporting, by
31 the payment of employee and employer contributions that would have been
32 paid; or
33 (2) After 90 days of the denial of the promotion or the error in reporting, by the
34 payment of the employee and employer contributions that would have been
35 paid plus interest compounded annually at a rate equal to the greater of the
36 average yield on the pension accumulation fund for the preceding calendar
37 year or the actuarial investment rate-of-return assumption, as adopted by the
38 Board of Trustees.

39 For members or beneficiaries electing to make the employee contributions on the
40 retroactive adjustment in compensation or on the underreported compensation, the member's or
41 beneficiary's employer, which granted the retroactive promotion or erred in underreporting
42 compensation and contributions, shall make the required employer contributions. Nothing
43 contained in this subsection shall prevent an employer from paying all or a part of the interest
44 assessed on the employee contributions; and to the extent paid by the employer, the interest
45 paid by the employer shall be credited to the pension accumulation fund; provided, however, an
46 employer does not discriminate against any member or beneficiary or group of members or
47 beneficiaries in his employ in paying all or any part of the interest assessed on the employee
48 contributions due.

49 In the event the retroactive adjustment in compensation or the underreported compensation
50 is for a period that occurs during the four consecutive calendar years that would have produced
51 the highest average annual compensation pursuant to G.S. 135-1(5) the compensation the

1 member or beneficiary would have received during the period shall be included in calculating
2 the member's or beneficiary's average final compensation only in the event the appropriate
3 employee and employer contributions are paid on such compensation.

4 An employer error in underreporting compensation shall not include a retroactive increase
5 in compensation that occurs during the four consecutive calendar years that would have
6 produced the highest average annual compensation pursuant to G.S. 135-1(5) for reasons other
7 than a wrongfully denied promotional opportunity where the member is promoted
8 retroactively."

9 **SECTION 7.(b)** G.S. 128-30(b2) reads as rewritten:

10 "(b2) Retroactive Adjustment in Compensation or an Underreporting of Compensation. –
11 A member or beneficiary who is awarded backpay in cases of a denied promotional opportunity
12 in which the aggrieved member or beneficiary is granted a promotion retroactively, or in cases
13 in which an employer errs in the reporting of compensation, including the employee and
14 employer contributions, the member or beneficiary and employer may make employee and
15 employer contributions on the retroactive or additional compensation after submitting clear and
16 convincing evidence of the retroactive promotion or underreporting of compensation, as
17 follows:

- 18 (1) Within 90 days of the denial of the promotion or the error in reporting, by
19 the payment of employee and employer contributions that would have been
20 paid; or
- 21 (2) After 90 days of the denial of the promotion or the error in reporting, by the
22 payment of the employee and employer contributions that would have been
23 paid plus interest compounded annually at a rate equal to the greater of the
24 average yield on the pension accumulation fund for the preceding calendar
25 year or the actuarial investment rate-of-return assumption, as adopted by the
26 Board of Trustees.

27 For members or beneficiaries electing to make the employee contributions on the
28 retroactive adjustment in compensation or on the underreported compensation, the member's or
29 beneficiary's employer, which granted the retroactive promotion or erred in underreporting
30 compensation and contributions, shall make the required employer contributions. Nothing
31 contained in this subsection shall prevent an employer from paying all or a part of the interest
32 assessed on the employee contributions; and to the extent paid by the employer, the interest
33 paid by the employer shall be credited to the pension accumulation fund; provided, however, an
34 employer does not discriminate against any member or beneficiary or group of members or
35 beneficiaries in his employ in paying all or any part of the interest assessed on the employee
36 contributions due.

37 In the event the retroactive adjustment in compensation or the underreported compensation
38 is for a period that occurs during the four consecutive calendar years that would have produced
39 the highest average annual compensation pursuant to G.S. 135-1(5), the compensation the
40 member or beneficiary would have received during the period shall be included in calculating
41 the member's or beneficiary's average final compensation only in the event the appropriate
42 employee and employer contributions are paid on such compensation.

43 An employer error in underreporting compensation shall not include a retroactive increase
44 in compensation that occurs during the four consecutive calendar years that would have
45 produced the highest average annual compensation pursuant to G.S. 135-1(5), for reasons other
46 than a wrongfully denied promotional opportunity where the member is promoted
47 retroactively."

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

50 "c1. Employers shall report each reemployment covered by the provisions
51 of sub-subdivision c. of this subdivision within 90 days of the

1 reemployment, including the nature of the reemployment, the date of
2 the reemployment, and the compensation. If such a report is not
3 received within the required 90 days, the Board shall assess the
4 employer with a penalty of one percent (1%) per month with a
5 minimum penalty of twenty-five dollars (\$25.00)."

6 **SECTION 8.(b)** G.S. 128-24(5) is amended by adding a new sub-subdivision to
7 read:

8 "c1. Employers shall report each reemployment covered by the provisions
9 of sub-subdivision c. of this subdivision within 90 days of the
10 reemployment, including the nature of the reemployment, the date of
11 the reemployment, and the compensation. If such a report is not
12 received within the required 90 days, the Board shall assess the
13 employer with a penalty of one percent (1%) per month with a
14 minimum penalty of twenty-five dollars (\$25.00)."

15 **SECTION 9.** G.S. 135-5(c), amended by Section 3(d) of this act, reads as
16 rewritten:

17 "(c) Disability Retirement Benefits of Members Leaving Service Prior to January 1,
18 1988. – The provisions of this subsection shall not be applicable to members in service on or
19 after January 1, 1988. Upon the application of a member or of his employer, any member who
20 has had five or more years of creditable service may be retired by the Board of Trustees, on the
21 first day of any calendar month, not less than one day nor more than 120 days next following
22 the date of filing such application, on a disability retirement allowance: Provided, that the
23 medical board, after a medical examination of such member, shall certify that such member is
24 mentally or physically incapacitated for the further performance of duty, that such incapacity
25 was incurred at the time of active employment and has been continuous thereafter, that such
26 incapacity is likely to be permanent, and that such member should be retired; Provided further
27 the medical board shall determine if the member is able to engage in gainful employment and,
28 if so, the member may still be retired and the disability retirement allowance as a result thereof
29 shall be reduced as in subsection (e) below. Provided further, that the medical board shall not
30 certify any member as disabled who:

- 31 (1) Applies for disability retirement based upon a mental or physical incapacity
32 which existed when the member first established membership in the system;
33 or
34 (2) Is in receipt of any payments on account of the same disability which existed
35 when the member first established membership in the system.

36 The Board of Trustees shall require each employee upon enrolling in the retirement system
37 to provide information on the membership application concerning any mental or physical
38 incapacities existing at the time the member enrolls.

39 Supplemental disability benefits heretofore provided are hereby made a permanent part of
40 disability benefits after age 65, and shall not be discontinued at age 65.

41 Notwithstanding the requirement of five or more years of creditable service to the contrary,
42 a member who is a law-enforcement officer and who has had one year or more of creditable
43 service and becomes incapacitated for duty as the natural and proximate result of an accident
44 occurring while in the actual performance of duty, and meets all other requirements for
45 disability retirement benefits, may be retired by the Board of Trustees on a disability retirement
46 allowance.

47 Notwithstanding the foregoing to the contrary, any beneficiary who commenced retirement
48 with an early or service retirement benefit has the right, within three years of his retirement, to
49 convert to an allowance with disability retirement benefits without modification of any election
50 of optional allowance previously made; provided, the beneficiary presents clear and convincing
51 evidence that the beneficiary would have met all applicable requirements for disability

1 retirement benefits while still in service as a member. The allowance on account of disability
2 retirement benefits to the beneficiary shall be retroactive to the effective date of early or service
3 retirement.

4 Notwithstanding the foregoing, the surviving designated beneficiary of a deceased member
5 who met all other requirements for disability retirement benefits, except whose death occurred
6 before the first day of the calendar month in which the member's disability retirement
7 allowance was to be due and payable, may elect to receive the reduced retirement allowance
8 provided by a ~~fifty percent (50%)~~ one hundred percent (100%) joint and survivor payment
9 option in lieu of a return of accumulated contributions, provided the following conditions
10 apply:

- 11 (1) The member had designated as the principal beneficiary, to receive a return
12 of accumulated contributions at the time of his death, one and only one
13 person, and
- 14 (2) The member had not instructed the Board of Trustees in writing that he did
15 not wish the provision of this subsection to apply."

16 **SECTION 10.** G.S. 127A-40(b) reads as rewritten:

17 "(b) Payment to a retired member of the North Carolina national guard under the
18 provisions of this section will cease at the death of the individual and no payment will be made
19 to beneficiaries or to the decedent's ~~estate.~~ estate, except that the legal representative of a
20 retired member who dies shall be entitled to a full check for the month in which the death
21 occurred."

22 **SECTION 11.(a)** G.S. 135-63(a) reads as rewritten:

23 "(a) Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a
24 member in service, there shall be paid in a lump sum to such person as the member shall have
25 nominated by electronic submission prior to completing 10 years of service in a form approved
26 by the Board of Trustees or by written designation duly acknowledged and filed with the Board
27 of Trustees, if such person is living at the time of the member's death, otherwise to the
28 member's legal representatives, a death benefit equal to the sum of (i) the member's
29 accumulated contributions, plus (ii) the member's final compensation; provided, however, that
30 if the member has attained his fiftieth birthday with at least five years of membership service at
31 his date of death, and if the designated recipient of the death benefits is the member's spouse
32 who survives him, and if the spouse so elects, then the lump-sum death benefit provided for
33 herein shall consist only of a payment equal to the member's final compensation and there shall
34 be paid to the surviving spouse an annual retirement allowance, payable monthly, which shall
35 commence on the first day of the calendar month coinciding with or next following the death of
36 the member and shall be continued on the first day of each month thereafter until the
37 remarriage or death of the spouse. The amount of any such retirement allowance shall be equal
38 to one half of the amount of the retirement allowance to which the member would have been
39 entitled had he retired under the provisions of G.S. 135-57(a) on the first day of the calendar
40 month coinciding with or next following his date of death, reduced by two percent (2%) thereof
41 for each full year, if any, by which the age of the member at his date of death exceeds that of
42 his spouse. If the retirement allowance to the spouse shall terminate on the remarriage or death
43 of the spouse before the total of the retirement allowance payments made equals the amount of
44 the member's accumulated contributions at date of death, the excess of such accumulated
45 contributions over the total of the retirement allowances paid to the spouse shall be paid in a
46 lump sum to such person as the member shall have nominated by electronic submission in a
47 form approved by the Board of Trustees or by written designation duly acknowledged and filed
48 with the Board of Trustees, if such person is living at the time such payment falls due,
49 otherwise to the former member's legal representatives."

50 **SECTION 11.(b)** G.S. 135-63(c) reads as rewritten:

1 "(c) Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a
2 member not in service, there shall be paid in a lump sum to such person as the member shall
3 have nominated by electronic submission prior to completing 10 years of service in a form
4 approved by the Board of Trustees or by written designation duly acknowledged and filed with
5 the Board of Trustees, if such person is living at the time of the member's death, otherwise to
6 the member's legal representatives, a death benefit equal to the member's accumulated
7 contributions."

8 **SECTION 11.(c)** G.S. 135-64(c) reads as rewritten:

9 "(c) In the event of the death of a former member while in receipt of a retirement
10 allowance under the provisions of G.S. 135-58, 135-60, or 135-61, if such former member is
11 not survived by a spouse to whom a retirement allowance is payable under the provisions of
12 subsection (a) or subsection (b) above, nor survived by a beneficiary to whom a monthly
13 survivorship benefit is payable under one of the optional modes of payment under G.S. 135-61,
14 there shall be paid to such person as the member shall have nominated by electronic submission
15 in a form approved by the Board of Trustees or by written designation duly acknowledged and
16 filed with the Board of Trustees, if such person is living at the time of the member's death,
17 otherwise to the member's legal representatives, a death benefit equal to the excess, if any,
18 the accumulated contributions of the member at his date of retirement over the total of the
19 retirement allowances paid to him prior to his death."

20 **SECTION 11.(d)** G.S. 135-64(d) reads as rewritten:

21 "(d) In the event that a retirement allowance becomes payable to the spouse of a former
22 member under the provisions of subsection (a) or subsection (b) above, or to the designated
23 survivor of a former member under one of the optional modes of payment under G.S. 135-61,
24 and such retirement allowance to the spouse shall terminate on the remarriage or death of the
25 spouse, or on the death of the designated survivor, before the total of the retirement allowances
26 paid to the former member and his spouse or designated survivor combined equals the amount
27 of the member's accumulated contributions at his date of retirement, the excess of such
28 accumulated contributions over the total of the retirement allowances paid to the former
29 member and his spouse or designated survivor combined shall be paid in a lump sum to such
30 person as the member shall have nominated by electronic submission in a form approved by the
31 Board of Trustees or by written designation duly acknowledged and filed with the Board of
32 Trustees, if such person is living at the time such payment falls due, otherwise to the former
33 member's legal representatives."

34 **SECTION 11.(e)** G.S. 135-5(f) reads as rewritten:

35 "(f) Return of Accumulated Contributions. – Should a member cease to be a teacher or
36 State employee except by death or retirement under the provisions of this Chapter, he shall
37 upon submission of an application be paid, not earlier than 60 days from the date of termination
38 of service, his contributions, and if he has attained at least five years of membership service or
39 if termination of his membership service is involuntary as certified by the employer, the
40 accumulated regular interest thereon, provided that he has not in the meantime returned to
41 service. Upon payment of such sum his membership in the System shall cease and, if he
42 thereafter again becomes a member, no credit shall be allowed for any service previously
43 rendered except as provided in G.S. 135-4, and such payment shall be in full and complete
44 discharge of any rights in or to any benefits otherwise payable hereunder. Upon receipt of proof
45 satisfactory to the Board of Trustees of the death, prior to retirement, of a member or former
46 member there shall be paid to such person or persons as he shall have nominated by electronic
47 submission prior to completing 10 years of service in a form approved by the Board of Trustees
48 or by written designation duly acknowledged and filed with the Board of Trustees, if such
49 person or persons are living at the time of the member's death, otherwise to the member's legal
50 representatives, the amount of his accumulated contributions at the time of his death, unless the
51 beneficiary elects to receive the alternate benefit under the provisions of (m) below. An

1 extension service employee who made contributions to the Local Governmental Employees'
2 Retirement System and the Teachers' and State Employees' Retirement System as a result of
3 dual employment may not be paid his accumulated contributions unless he is eligible to be paid
4 his accumulated contributions in both systems for the same period of service.

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

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

17 **SECTION 11.(f)** G.S. 135-5(g1), as amended by Section 5(b) of this act, reads as
18 rewritten:

19 "(g1) In the event of the death of a retired member while in receipt of a retirement
20 allowance under the provisions of this Article, there shall be paid to such person or persons as
21 the retiree shall have nominated by electronic submission in a form approved by the Board of
22 Trustees or by written designation duly acknowledged and filed with the Board of Trustees, if
23 such person or persons are living at the time of the retiree's death, otherwise to the retiree's
24 legal representatives, a death benefit equal to the excess, if any, of the accumulated
25 contributions of the retiree at the date of retirement over the total of the retirement allowances
26 paid prior to the death of the retiree. For purposes of this paragraph, the term "accumulated
27 contributions" includes amounts of employee voluntary contributions that were transferred
28 from the Supplemental Retirement Income Plan of North Carolina to this Retirement System at
29 retirement by eligible law enforcement officers.

30 In the event that a retirement allowance becomes payable to the designated survivor of a
31 retired member under the provisions above and such retirement allowance to the survivor shall
32 terminate upon the death of the survivor before the total of the retirement allowances paid to
33 the retiree and the designated survivor combined equals the amount of the accumulated
34 contributions of the retiree at the date of retirement, the excess, if any, of such accumulated
35 contributions over the total of the retirement allowances paid to the retiree and the survivor
36 combined shall be paid in a lump sum to such person or persons as the retiree shall have
37 nominated by electronic submission in a form approved by the Board of Trustees or by written
38 designation duly acknowledged and filed with the Board of Trustees, if such person or persons
39 are living at the time such payment falls due, otherwise to the retiree's legal representative. For
40 purposes of this paragraph, the term "accumulated contributions" includes amounts of
41 employee voluntary contributions that were transferred from the Supplemental Retirement
42 Income Plan of North Carolina to this Retirement System at retirement by eligible law
43 enforcement officers.

44 In the event that a retirement allowance becomes payable to the principal beneficiary
45 designated to receive a return of accumulated contributions pursuant to subsection (m) of this
46 section and that beneficiary dies before the total of the retirement allowances paid equals the
47 amount of the accumulated contributions of the member at the date of the member's death, the
48 excess of those accumulated contributions over the total of the retirement allowances paid to
49 the beneficiary shall be paid in a lump sum to the person or persons the member has designated
50 as the contingent beneficiary for return of accumulated contributions, if the person or persons
51 are living at the time the payment falls due, otherwise to the principal beneficiary's legal

1 representative. For purposes of this paragraph, the term "accumulated contributions" includes
2 amounts of employee voluntary contributions that were transferred from the Supplemental
3 Retirement Income Plan of North Carolina to this Retirement System at retirement by eligible
4 law enforcement officers.

5 In the event a retiree purchases creditable service as provided in G.S. 135-4, there shall be
6 paid to such person or persons as the retiree shall have nominated by electronic submission in a
7 form approved by the Board of Trustees or by written designation duly acknowledged and filed
8 with the Board of Trustees, if such person or persons are living at the time of the retiree's death,
9 otherwise to the retiree's legal representatives, an additional death benefit equal to the excess, if
10 any, of the cost of the creditable service purchased less the administrative fee, if any, over the
11 total of the increase in the retirement allowance attributable to the additional creditable service,
12 paid from the month following the month in which payment was received to the death of the
13 retiree.

14 In the event that a retirement allowance becomes payable to the designated survivor of a
15 retired member under the provisions above and such retirement allowance to the survivor shall
16 terminate upon the death of the survivor before the total of the increase in the retirement
17 allowance attributable to the additional creditable service paid to the retiree and the designated
18 survivor combined equals the cost of the creditable service purchased less the administrative
19 fee, the excess, if any, shall be paid in a lump sum to such person or persons as the retiree shall
20 have nominated by electronic submission in a form approved by the Board of Trustees or by
21 written designation duly acknowledged and filed with the Board of Trustees, if such person or
22 persons are living at the time such payment falls due, otherwise to the retiree's legal
23 representative.

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

27 **SECTION 11.(g)** G.S. 135-5(1), as amended by Section 6(a) of this act, reads as
28 rewritten:

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

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

47 (3), (4) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1049, s. 2.
48 subject to a minimum of twenty-five thousand dollars (\$25,000) and to a maximum of fifty
49 thousand dollars (\$50,000). Such death benefit shall be payable apart and separate from the
50 payment of the member's accumulated contributions under the System on his death pursuant to
51 the provisions of subsection (f) of this section. For the purpose of the Plan, a member shall be

1 deemed to be in service at the date of his death if his death occurs within 180 days from the last
2 day of his actual service.

3 The death benefit provided in this subsection (1) shall not be payable, notwithstanding the
4 member's compliance with all the conditions set forth in the preceding paragraph, if his death
5 occurs

- 6 (1) After December 31, 1968 and after he has attained age 70; or
- 7 (2) After December 31, 1969 and after he has attained age 69; or
- 8 (3) After December 31, 1970 and after he has attained age 68; or
- 9 (4) After December 31, 1971 and after he has attained age 67; or
- 10 (5) After December 31, 1972 and after he has attained age 66; or
- 11 (6) After December 31, 1973 and after he has attained age 65; or
- 12 (7) After December 31, 1978, but before January 1, 1987, and after he has
13 attained age 70.

14 Notwithstanding the above provisions, the death benefit shall be payable on account of the
15 death of any member who died or dies on or after January 1, 1974, but before January 1, 1979,
16 after attaining age 65, if he or she had not yet attained age 65, if he or she had not yet attained
17 age 66, was at the time of death completing the work year for those individuals under specific
18 contract, or during the fiscal year for those individuals not under specific contract, in which he
19 or she attained 65, and otherwise met all conditions for payment of the death benefit.

20 Notwithstanding the above provisions, the Board of Trustees may and is specifically
21 authorized to provide the death benefit according to the terms and conditions otherwise
22 appearing in this Plan in the form of group life insurance, either (i) by purchasing a contract or
23 contracts of group life insurance with any life insurance company or companies licensed and
24 authorized to transact business in this State for the purpose of insuring the lives of members in
25 service, or (ii) by establishing a separate trust fund qualified under Section 501(c)(9) of the
26 Internal Revenue Code of 1954, as amended, for such purpose. To that end the Board of
27 Trustees is authorized, empowered and directed to investigate the desirability of utilizing group
28 life insurance by either of the foregoing methods for the purpose of providing the death benefit.
29 If a separate trust fund is established, it shall be operated in accordance with rules and
30 regulations adopted by the Board of Trustees and all investment earnings on the trust fund shall
31 be credited to such fund.

32 In administration of the death benefit the following shall apply:

- 33 (1) For the purpose of determining eligibility only, in this subsection "calendar
34 year" shall mean any period of 12 consecutive months or, if less, the period
35 covered by an annual contract of employment. For all other purposes in this
36 subsection "calendar year" shall mean the 12 months beginning January 1
37 and ending December 31.
- 38 (2) Last day of actual service shall be:
 - 39 a. When employment has been terminated, the last day the member
40 actually worked.
 - 41 b. When employment has not been terminated, the date on which an
42 absent member's sick and annual leave expire, unless he is on
43 approved leave of absence and is in service under the provisions of
44 G.S. 135-4(h).
 - 45 c. When a participant's employment is interrupted by reason of service
46 in the Uniformed Services, as that term is defined in section 4303(16)
47 of the Uniformed Services Employment and Reemployment Rights
48 Act, Public Law 103-353, and the participant does not return
49 immediately after that service to employment with a covered
50 employer in this System, the date on which the participant was first

1 eligible to be separated or released from his or her involuntary
2 military service.

3 (3) For a period when a member is on leave of absence, his status with respect to
4 the death benefit will be determined by the provisions of G.S. 135-4(h).

5 (4) A member on leave of absence from his position as a teacher or State
6 employee for the purpose of serving as a member or officer of the General
7 Assembly shall be deemed to be in service during sessions of the General
8 Assembly and thereby covered by the provisions of the death benefit. The
9 amount of the death benefit for such member shall be the equivalent of the
10 salary to which the member would have been entitled as a teacher or State
11 employee during the 12-month period immediately prior to the month in
12 which death occurred, not to be less than twenty-five thousand dollars
13 (\$25,000) nor to exceed fifty thousand dollars (\$50,000).

14 The provisions of the Retirement System pertaining to Administration, G.S. 135-6, and
15 management of funds, G.S. 135-7, are hereby made applicable to the Plan.

16 A member who is a beneficiary of the Disability Income Plan provided for in Article 6 of
17 this Chapter, or a member who is in receipt of Workers' Compensation during the period for
18 which he or she would have otherwise been eligible to receive short-term benefits as provided
19 in G.S. 135-105 and dies on or after 181 days from the last day of his or her actual service but
20 prior to the date the benefits as provided in G.S. 135-105 would have ended, shall be eligible
21 for group life insurance benefits as provided in this subsection, notwithstanding that the
22 member is no longer an employee or teacher or that the member's death occurs after the
23 eligibility period after active service. The basis of the death benefit payable hereunder shall be
24 the higher of the death benefit computed as above or a death benefit based on compensation
25 used in computing the benefit payable under G.S. 135-105 and G.S. 135-106, as may be
26 adjusted for percentage post-disability increases, all subject to the maximum dollar limitation
27 as provided above. A member in receipt of benefits from the Disability Income Plan under the
28 provisions of G.S. 135-112 whose right to a benefit accrued under the former Disability Salary
29 Continuation Plan shall not be covered under the provisions of this paragraph.

30 Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this
31 subsection, of the death of a retired member of the Retirement System on or after July 1, 1988,
32 but before January 1, 1999, there shall be paid a death benefit to the surviving spouse of the
33 deceased retired member or to the deceased retired member's legal representative if not
34 survived by a spouse; provided the retired member has elected, when first eligible, to make, and
35 has continuously made, in advance of his death required contributions as determined by the
36 Board of Trustees on a fully contributory basis, through retirement allowance deductions or
37 other methods adopted by the Board of Trustees, to a group death benefit trust fund
38 administered by the Board of Trustees separate and apart from the Retirement System's
39 Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum
40 payment in the amount of five thousand dollars (\$5,000) upon the completion of twenty-four
41 months of contributions required under this subsection. Should death occur before the
42 completion of twenty-four months of contributions required under this subsection, the deceased
43 retired member's surviving spouse or legal representative if not survived by a spouse shall be
44 paid the sum of the retired member's contributions required by this subsection plus interest to
45 be determined by the Board of Trustees.

46 Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this
47 subsection, of the death of a retired member of the Retirement System on or after January 1,
48 1999, but before July 1, 2004, there shall be paid a death benefit to the surviving spouse of the
49 deceased retired member or to the deceased retired member's legal representative if not
50 survived by a spouse; provided the retired member has elected, when first eligible, to make, and
51 has continuously made, in advance of his death required contributions as determined by the

1 Board of Trustees on a fully contributory basis, through retirement allowance deductions or
2 other methods adopted by the Board of Trustees, to a group death benefit trust fund
3 administered by the Board of Trustees separate and apart from the Retirement System's
4 Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum
5 payment in the amount of six thousand dollars (\$6,000) upon the completion of 24 months of
6 contributions required under this subsection. Should death occur before the completion of 24
7 months of contributions required under this subsection, the deceased retired member's surviving
8 spouse or legal representative if not survived by a spouse shall be paid the sum of the retired
9 member's contributions required by this subsection plus interest to be determined by the Board
10 of Trustees.

11 Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this
12 subsection, of the death of a retired member of the Retirement System on or after July 1, 2004,
13 but before July 1, 2007, there shall be paid a death benefit to the surviving spouse of the
14 deceased retired member or to the deceased retired member's legal representative if not
15 survived by a spouse; provided the retired member has elected, when first eligible, to make, and
16 has continuously made, in advance of his death required contributions as determined by the
17 Board of Trustees on a fully contributory basis, through retirement allowance deductions or
18 other methods adopted by the Board of Trustees, to a group death benefit trust fund
19 administered by the Board of Trustees Fund and Pension Accumulation Fund. This death
20 benefit shall be a lump-sum payment in the amount of nine thousand dollars (\$9,000) upon the
21 completion of 24 months of contributions required under this subsection. Should death occur
22 before the completion of 24 months of contributions required under this subsection, the
23 deceased retired member's surviving spouse or legal representative if not survived by a spouse
24 shall be paid the sum of the retired member's contributions required by this subsection plus
25 interest to be determined by the Board of Trustees.

26 Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this
27 subsection, of the death of a retired member of the Retirement System on or after July 1, 2007,
28 there shall be paid a death benefit to the surviving spouse of the deceased retired member or to
29 the deceased retired member's legal representative if not survived by a spouse; provided the
30 retired member has elected, when first eligible, to make, and has continuously made, in
31 advance of his death required contributions as determined by the Board of Trustees on a fully
32 contributory basis, through retirement allowance deductions or other methods adopted by the
33 Board of Trustees, to a group death benefit trust fund administered by the Board of Trustees
34 Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the
35 amount of ten thousand dollars (\$10,000) upon the completion of 24 months of contributions
36 required under this subsection. Should death occur before the completion of 24 months of
37 contributions required under this subsection, the deceased retired member's surviving spouse or
38 legal representative if not survived by a spouse shall be paid the sum of the retired member's
39 contributions required by this subsection plus interest to be determined by the Board of
40 Trustees."

41 **SECTION 11.(h)** G.S. 128-27(f) reads as rewritten:

42 "(f) Return of Accumulated Contributions. – Should a member cease to be an employee
43 except by death or retirement under the provisions of this Chapter, he shall upon submission of
44 an application be paid, not earlier than 60 days from the date of termination of service, his
45 contributions and, if he has attained at least five years of membership service or if termination
46 of his membership service is involuntary as certified by the employer, the accumulated regular
47 interest thereon, provided that he has not in the meantime returned to service. Upon payment of
48 such sum his membership in the System shall cease and, if he thereafter again becomes a
49 member, no credit shall be allowed for any service previously rendered except as provided in
50 G.S. 128-26; and such payment shall be in full and complete discharge of any rights in or to
51 any benefits otherwise payable hereunder. Upon receipt of proof satisfactory to the Board of

1 Trustees of the death, prior to retirement, of a member or former member there shall be paid to
2 such person or persons as he shall have nominated by electronic submission prior to completing
3 10 years of service in a form approved by the Board of Trustees or by written designation duly
4 acknowledged and filed with the Board of Trustees, if such person or persons are living at the
5 time of the member's death, otherwise to the member's legal representatives, the amount of his
6 accumulated contributions at the time of his death, unless the beneficiary elects to receive the
7 alternate benefit under the provisions of (m) below. An extension service employee who made
8 contributions to the Local Governmental Employees' Retirement System and the Teachers' and
9 State Employees' Retirement System as a result of dual employment may not be paid his
10 accumulated contributions unless he is eligible to be paid his accumulated contributions in both
11 systems for the same period of service.

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

17 **SECTION 11.(i)** G.S. 128-27(g1), as amended by Section 5(e) of this act, reads as
18 rewritten:

19 "(g1) In the event of the death of a retired member while in receipt of a retirement
20 allowance under the provisions of this Article, there shall be paid to such person or persons as
21 the retiree shall have nominated by electronic submission in a form approved by the Board of
22 Trustees or by written designation duly acknowledged and filed with the Board of Trustees, if
23 such person or persons are living at the time of the retiree's death, otherwise to the retiree's
24 legal representatives, a death benefit equal to the excess, if any, of the accumulated
25 contributions of the retiree at the date of retirement over the total of the retirement allowances
26 paid prior to the death of the retiree. For purposes of this paragraph, the term "accumulated
27 contributions" includes amounts of employee voluntary contributions that were transferred
28 from the Supplemental Retirement Income Plan of North Carolina to this Retirement System at
29 retirement by eligible law enforcement officers.

30 In the event that a retirement allowance becomes payable to the designated survivor of a
31 retired member under the provisions above and such retirement allowance to the survivor shall
32 terminate upon the death of the survivor before the total of the retirement allowances paid to
33 the retiree and the designated survivor combined equals the amount of the accumulated
34 contributions of the retiree at the date of retirement, the excess, if any, of such accumulated
35 contributions over the total of the retirement allowances paid to the retiree and the survivor
36 combined shall be paid in a lump sum to such person or persons as the retiree shall have
37 nominated by electronic submission in a form approved by the Board of Trustees or by written
38 designation duly acknowledged and filed with the Board of Trustees, if such person or persons
39 are living at the time such payment falls due, otherwise to the retiree's legal representative. For
40 purposes of this paragraph, the term "accumulated contributions" includes amounts of
41 employee voluntary contributions that were transferred from the Supplemental Retirement
42 Income Plan of North Carolina to this Retirement System at retirement by eligible law
43 enforcement officers.

44 In the event that a retirement allowance becomes payable to the principal beneficiary
45 designated to receive a return of accumulated contributions pursuant to subsection (m) of this
46 section and that beneficiary dies before the total of the retirement allowances paid equals the
47 amount of the accumulated contributions of the member at the date of the member's death, the
48 excess of those accumulated contributions over the total of the retirement allowances paid to
49 the beneficiary shall be paid in a lump sum to the person or persons the member has designated
50 as the contingent beneficiary for return of accumulated contributions, if the person or persons
51 are living at the time the payment falls due, otherwise to the principal beneficiary's legal

1 representative. For purposes of this paragraph, the term "accumulated contributions" includes
2 amounts of employee voluntary contributions that were transferred from the Supplemental
3 Retirement Income Plan of North Carolina to this Retirement System at retirement by eligible
4 law enforcement officers.

5 In the event a retiree purchases creditable service as provided in G.S. 128-26, there shall be
6 paid to such person or persons as the retiree shall have nominated by electronic submission in a
7 form approved by the Board of Trustees or by written designation duly acknowledged and filed
8 with the Board of Trustees, if such person or persons are living at the time of the retiree's death,
9 otherwise to the retiree's legal representatives, an additional death benefit equal to the excess, if
10 any, of the cost of the creditable service purchased less the administrative fee, if any, over the
11 total of the increase in the retirement allowance attributable to the additional creditable service,
12 paid from the month following the month in which payment was received to the death of the
13 retiree.

14 In the event that a retirement allowance becomes payable to the designated survivor of a
15 retired member under the provisions above, and such retirement allowance to the survivor shall
16 terminate upon the death of the survivor before the total of the increase in the retirement
17 allowance attributable to the additional creditable service paid to the retiree and the designated
18 survivor combined equals the cost of the creditable service purchased less the administrative
19 fee, the excess, if any, shall be paid in a lump sum to such person or persons as the retiree shall
20 have nominated by electronic submission in a form approved by the Board of Trustees or by
21 written designation duly acknowledged and filed with the Board of Trustees, if such person or
22 persons are living at the time such payment falls due, otherwise to the retiree's legal
23 representative.

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

27 **SECTION 11.(j)** G.S. 128-27(l), as amended by Section 6(b) of this act, reads as
28 rewritten:

29 "(l) Death Benefit Plan. – The provisions of this subsection shall become effective for
30 any employer only after an agreement to that effect has been executed by the employer and the
31 Director of the Retirement System. There is hereby created a Group Life Insurance Plan
32 (hereinafter called the "Plan") which is established as an employee welfare benefit plan that is
33 separate and apart from the Retirement System and under which the members of the Retirement
34 System shall participate and be eligible for group life insurance benefits. Upon receipt of proof,
35 satisfactory to the Board of Trustees in their capacity as trustees under the Group Life
36 Insurance Plan, of the death, in service, of a member who had completed at least one full
37 calendar year of membership in the Retirement System, there shall be paid to such person as he
38 shall have nominated by electronic submission prior to completing 10 years of service in a form
39 approved by the Board of Trustees or by written designation duly acknowledged and filed with
40 the Board of Trustees, if such person is living at the time of the member's death, otherwise to
41 the member's legal representatives, a death benefit. Such death benefit shall be equal to the
42 greater of:

- 43 (1) The compensation on which contributions were made by the member during
44 the calendar year preceding the year in which his death occurs, or
- 45 (2) The greatest compensation on which contributions were made by the
46 member during a 12-month period of service within the 24-month period of
47 service ending on the last day of the month preceding the month in which his
48 last day of actual service occurs;
- 49 (3) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1049, s. 2;
50 subject to a minimum of twenty-five thousand dollars (\$25,000) and a maximum of fifty
51 thousand dollars (\$50,000). Such death benefit shall be payable apart and separate from the

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

5 The death benefit provided in this subsection shall not be payable, notwithstanding the
6 member's compliance with all the conditions set forth in the preceding paragraph, if his death
7 occurs

- 8 (1) After June 30, 1969 and after he has attained age 70; or
- 9 (2) After December 31, 1969 and after he has attained age 69; or
- 10 (3) After December 31, 1970 and after he has attained age 68; or
- 11 (4) After December 31, 1971 and after he has attained age 67; or
- 12 (5) After December 31, 1972 and after he has attained age 66; or
- 13 (6) After December 31, 1973 and after he has attained age 65; or
- 14 (7) After December 31, 1978, but before January 1, 1987, and after he has
15 attained age 70.

16 Notwithstanding the above provisions, the death benefit shall be payable on account of the
17 death of any member who died or dies on or after January 1, 1974, but before January 1, 1979,
18 after attaining age 65, if he or she had not yet attained age 65, if he or she had not yet attained
19 age 66, was at the time of death completing the work year for those individuals under specific
20 contract, or during the fiscal year for those individuals not under specific contract, in which he
21 or she attained age 65, and otherwise met all conditions for payment of the death benefit.

22 Notwithstanding the above provisions, the Board of Trustees may and is specifically
23 authorized to provide the death benefit according to the terms and conditions otherwise
24 appearing in this Plan in the form of group life insurance, either (i) by purchasing a contract or
25 contracts of group life insurance with any life insurance company or companies licensed and
26 authorized to transact business in this State for the purpose of insuring the lives of members in
27 service, or (ii) by establishing a separate trust fund qualified under section 501(c)(9) of the
28 Internal Revenue Code of 1954, as amended, for such purpose. To that end the Board of
29 Trustees is authorized, empowered and directed to investigate the desirability of utilizing group
30 life insurance by either of the foregoing methods for the purpose of providing the death benefit.
31 If a separate trust fund is established, it shall be operated in accordance with rules and
32 regulations adopted by the Board of Trustees and all investment earnings on the trust fund shall
33 be credited to such fund.

34 In administration of the death benefit the following shall apply:

- 35 (1) For the purpose of determining eligibility only, in this subsection "calendar
36 year" shall mean any period of 12 consecutive months. For all other
37 purposes in this subsection "calendar year" shall mean the 12 months
38 beginning January 1 and ending December 31.
- 39 (2) Last day of actual service shall be:
 - 40 a. When employment has been terminated, the last day the member
41 actually worked.
 - 42 b. When employment has not been terminated, the date on which an
43 absent member's sick and annual leave expire.
 - 44 c. When a participant's employment is interrupted by reason of service
45 in the Uniformed Services, as that term is defined in section 4303(16)
46 of the Uniformed Services Employment and Reemployment Rights
47 Act, Public Law 103-353, and the participant does not return
48 immediately after that service to employment with a covered
49 employer in this System, the date on which the participant was first
50 eligible to be separated or released from his or her involuntary
51 military service.

- 1 (3) For a period when a member is on leave of absence, his status with respect to
2 the death benefit will be determined by the provisions of G.S. 128-26(g).
3 (4) A member on leave of absence from his position as a local governmental
4 employee for the purpose of serving as a member or officer of the General
5 Assembly shall be deemed to be in service during sessions of the General
6 Assembly and thereby covered by the provisions of the death benefit, if
7 applicable. The amount of the death benefit for such member shall be the
8 equivalent of the salary to which the member would have been entitled as a
9 local governmental employee during the 12-month period immediately prior
10 to the month in which death occurred, not to be less than twenty-five
11 thousand dollars (\$25,000) nor to exceed fifty thousand dollars (\$50,000).

12 The provisions of the Retirement System pertaining to administration, G.S. 128-28, and
13 management of funds, G.S. 128-29, are hereby made applicable to the Plan."

14 **SECTION 11.(k)** G.S. 120-4.25 reads as rewritten:

15 **"§ 120-4.25. Return of accumulated contributions.**

16 If a member ceases to be a member of the General Assembly except by death or retirement,
17 he shall, upon submission of an application, be paid not earlier than 60 days following the date
18 of termination of service, the sum of his contributions if he has less than five years of creditable
19 service, or the sum of his accumulated contributions if he has five or more years of creditable
20 service, provided he has not in the meantime returned to service. Upon payment of this sum his
21 membership in the System ceases. If he becomes a member afterwards, no credit shall be
22 allowed for any service previously rendered except as provided in G.S. 120-4.14 and the
23 payment shall be in full and complete discharge of any rights in or to any benefits otherwise
24 payable under this Article. Upon receipt of proof satisfactory to the Board of Trustees of the
25 death, prior to retirement, of a member or former member, there shall be paid to the person or
26 persons he nominated by electronic submission prior to completing 10 years of service in a
27 form approved by the Board of Trustees or by written designation duly acknowledged and filed
28 with the Board of Trustees, if the person or persons are living at the time of the member's death,
29 otherwise to the member's legal representatives, the amount of his accumulated contributions at
30 the time of his death, unless the beneficiary elects to receive the alternate benefit under the
31 provisions of G.S. 120-4.28."

32 **SECTION 11.(l)** G.S. 120-4.26A reads as rewritten:

33 **"§ 120-4.26A. Benefits on death after retirement.**

34 In the event of the death of a retired member while in receipt of a retirement allowance
35 under the provisions of this Article, there shall be paid to such person or persons as the retiree
36 shall have nominated by electronic submission in a form approved by the Board of Trustees or
37 by written designation duly acknowledged and filed with the Board of Trustees, if such person
38 or persons are living at the time of the retiree's death, otherwise to the retiree's legal
39 representatives, a death benefit equal to the excess, if any, of the accumulated contributions of
40 the retiree at the date of retirement over the total of the retirement allowances paid prior to the
41 death of the retiree.

42 In the event that a retirement allowance becomes payable to the designated survivor of a
43 retired member under the provisions of G.S. 120-4.26 and such retirement allowance to the
44 survivor shall terminate upon the death of the survivor before the total of the retirement
45 allowances paid to the retiree and the designated survivor combined equals the amount of the
46 accumulated contributions of the retiree at the date of retirement, the excess, if any, of such
47 accumulated contributions over the total of the retirement allowances paid to the retiree and the
48 survivor combined shall be paid in a lump sum to such person or persons as the retiree shall
49 have nominated by electronic submission in a form approved by the Board of Trustees or by
50 written designation duly acknowledged and filed with the Board of Trustees, if such person or

1 persons are living at the time such payment falls due, otherwise to the retiree's legal
2 representative."

3 **SECTION 12.(a)** G.S. 135-3(3) reads as rewritten:

4 "(3) Should any member in any period of six consecutive years after becoming a
5 member be absent from service more than five years, or should he withdraw
6 his accumulated contributions, or should he become a beneficiary or die, he
7 shall thereupon cease to be a member: Provided that on and after July 1,
8 1967, should any member in any period of eight consecutive years after
9 becoming a member be absent from service more than seven years, or should
10 he withdraw his accumulated contributions, or should he become a
11 beneficiary or die, he shall thereupon cease to be a member; provided further
12 that the period of absence from service shall be computed from January 1,
13 1962, or later date of separation for any member whose contributions were
14 not withdrawn prior to July 1, 1967: Provided that on and after July 1, 1971,
15 a member shall cease to be a member only if he withdraws his accumulated
16 contributions, or becomes a beneficiary, or dies.

17 Notwithstanding the foregoing, any persons whose membership was
18 terminated under the provisions set forth above who had five or more years
19 of creditable service and had not effected a return of contributions may elect
20 to receive a retirement allowance on or after age 60; provided that this
21 member may retire only upon electronic submission or written application to
22 the Board of Trustees setting forth at which time, not less than 30 days nor
23 more than 90 days subsequent to the execution and filing, he desires to be
24 retired."

25 **SECTION 12.(b)** G.S. 135-3(8), as amended by Section 8(a) of this act, reads as
26 rewritten:

27 (8) The provisions of this subsection (8) shall apply to any member whose
28 membership is terminated on or after July 1, 1963 and who becomes entitled
29 to benefits hereunder in accordance with the provisions hereof.

30 a. Notwithstanding any other provision of this Chapter, any member
31 who separates from service prior to the attainment of the age of 60
32 years for any reason other than death or retirement for disability as
33 provided in G.S. 135-5(c), after completing 15 or more years of
34 creditable service, and who leaves his total accumulated
35 contributions in said System shall have the right to retire on a
36 deferred retirement allowance upon attaining the age of 60 years;
37 provided that such member may retire only upon electronic
38 submission or written application to the Board of Trustees setting
39 forth at what time, not less than one day nor more than 90 days
40 subsequent to the execution and filing thereof, he desires to be
41 retired; and further provided that in the case of a member who so
42 separates from service on or after July 1, 1967, or whose account is
43 active on July 1, 1967, or has not withdrawn his contributions, the
44 aforestated requirement of 15 or more years of creditable service
45 shall be reduced to 12 or more years of creditable service; and further
46 provided that in the case of a member who so separates from service
47 on or after July 1, 1971, or whose account is active on July 1, 1971,
48 the aforestated requirement of 12 or more years of creditable service
49 shall be reduced to five or more years of creditable service. Such
50 deferred retirement allowance shall be computed in accordance with
51 the service retirement provisions of this Article pertaining to a

1 member who is not a law enforcement officer or an eligible former
 2 law enforcement officer. Notwithstanding the foregoing, any member
 3 whose services as a teacher or employee are terminated for any
 4 reason other than retirement, who becomes employed by a nonprofit,
 5 nonsectarian private school in North Carolina below the college level
 6 within one year after such teacher or employee has ceased to be a
 7 teacher or employee, may elect to leave his total accumulated
 8 contributions in the Teachers' and State Employees' Retirement
 9 System during the period he is in the employment of such employer;
 10 provided that he files notice thereof in writing with the Board of
 11 Trustees of the Retirement System within five years after separation
 12 from service as a public school teacher or State employee; such
 13 member shall be deemed to have met the requirements of the above
 14 provisions of this subdivision upon attainment of age 60 while in
 15 such employment provided that he is otherwise vested.

16 b. In lieu of the benefits provided in paragraph a of this subdivision (8),
 17 any member who separates from service prior to the attainment of the
 18 age of 60 years, for any reason other than death or retirement for
 19 disability as provided in G.S. 135-5(c), after completing 20 or more
 20 years of creditable service, and who leaves his total accumulated
 21 contributions in said System, may elect to retire on an early
 22 retirement allowance upon attaining the age of 50 years or at any
 23 time thereafter; provided that such member may so retire only upon
 24 electronic submission or written application to the Board of Trustees
 25 setting forth at what time, not less than one day nor more than 90
 26 days subsequent to the execution and filing thereof, he desires to be
 27 retired. Such early retirement allowance so elected shall be equal to
 28 the deferred retirement allowance otherwise payable at the attainment
 29 of the age of 60 years reduced by the percentage thereof indicated
 30 below.

Age at Retirement	Percentage Reduction
59	7
58	14
57	20
56	25
55	30
54	35
53	39
52	43
51	46
50	50

43 b1. In lieu of the benefits provided in paragraphs a and b of this
 44 subdivision, any member who is a law-enforcement officer at the
 45 time of separation from service prior to the attainment of the age of
 46 50 years, for any reason other than death or disability as provided in
 47 this Article, after completing 15 or more years of creditable service
 48 in this capacity immediately prior to separation from service, and
 49 who leaves his total accumulated contributions in this System may
 50 elect to retire on a deferred early retirement allowance upon attaining
 51 the age of 50 years or at any time thereafter; provided, that the

1 member may commence retirement only upon electronic submission
2 or written application to the Board of Trustees setting forth at what
3 time, as of the first day of a calendar month, not less than one day
4 nor more than 90 days subsequent to the execution and filing thereof,
5 he desires to commence retirement. The deferred early retirement
6 allowance shall be computed in accordance with the service
7 retirement provisions of this Article pertaining to law-enforcement
8 officers.

9 b2. In lieu of the benefits provided in paragraphs a and b of this
10 subdivision, any member who is a law-enforcement officer at the
11 time of separation from service prior to the attainment of the age of
12 55 years, for any reason other than death or disability as provided in
13 this Article, after completing five or more years of creditable service
14 in this capacity immediately prior to separation from service, and
15 who leaves his total accumulated contributions in this System may
16 elect to retire on a deferred early retirement allowance upon attaining
17 the age of 55 years or at any time thereafter; provided, that the
18 member may commence retirement only upon electronic submission
19 or written application to the Board of Trustees setting forth at what
20 time, as of the first day of a calendar month not less than one day nor
21 more than 90 days subsequent to the execution and filing thereof, he
22 desires to commence retirement. The deferred early retirement
23 allowance shall be computed in accordance with the service
24 retirement provisions of this Article pertaining to law-enforcement
25 officers.

26 b3. Vested deferred retirement allowance of members retiring on or after
27 July 1, 1994. – In lieu of the benefits provided in paragraphs a. and b.
28 of this subdivision, any member who separates from service prior to
29 attainment of age 60 years, after completing 20 or more years of
30 creditable service, and who leaves his total accumulated
31 contributions in said System, may elect to retire on a deferred
32 retirement allowance upon attaining the age of 50 years or any time
33 thereafter; provided that such member may so retire only upon
34 electronic submission or written application to the Board of Trustees
35 setting forth at what time, not less than one day nor more than 90
36 days subsequent to the execution and filing thereof, he desires to be
37 retired. Such deferred retirement allowance shall be computed in
38 accordance with the service retirement provisions of this Article
39 pertaining to a member who is not a law enforcement officer or an
40 eligible former law enforcement officer.

41 c. Should a beneficiary who retired on an early or service retirement
42 allowance under this Chapter be reemployed by, or otherwise
43 engaged to perform services for, an employer participating in the
44 Retirement System on a part time, temporary, interim, or on a fee for
45 service basis, whether contractual or otherwise, and if such
46 beneficiary earns an amount during the 12 month period immediately
47 following the effective date of retirement or in any calendar year
48 which exceeds fifty percent (50%) of the reported compensation,
49 excluding terminal payments, during the 12 months of service
50 preceding the effective date of retirement, or twenty thousand dollars
51 (\$20,000), whichever is greater, as hereinafter indexed, then the

1 retirement allowance shall be suspended as of the first day of the
2 month following the month in which the reemployment earnings
3 exceed the amount above, for the balance of the calendar year, except
4 when the reemployment earnings exceed the amount above in the
5 month of December, in which case the retirement allowance shall not
6 be suspended. The retirement allowance of the beneficiary shall be
7 reinstated as of January 1 of each year following suspension. The
8 amount that may be earned before suspension shall be increased on
9 January 1 of each year by the ratio of the Consumer Price Index to
10 the Index one year earlier, calculated to the nearest tenth of a percent
11 (1/10 of 1%).

12 The computation of postretirement earnings of a beneficiary
13 under this sub-subdivision, who retired on or before October 1, 2007,
14 and who has been retired at least six months and has not been
15 employed in any capacity with a public school for at least six months
16 immediately preceding the effective date of reemployment, shall not
17 include earnings while the beneficiary is employed to teach in a
18 permanent full-time or part-time capacity that exceeds fifty percent
19 (50%) of the applicable workweek in a public school. The
20 Department of Public Instruction shall certify to the Retirement
21 System that a beneficiary is employed to teach by a local school
22 administrative unit under the provisions of this sub-subdivision and
23 as a retired teacher as the term is defined under the provisions of
24 G.S. 115C-325(a)(5a).

25 The computation of postretirement earnings of a beneficiary
26 under this sub-subdivision, who retired after October 1, 2007, after
27 attaining (i) the age of at least 65 with five years of creditable
28 service; or (ii) the age of at least 60 with 25 years of creditable
29 service; or (iii) 30 years of service; and who has been retired at least
30 six months and has not been employed in any capacity with a public
31 school for at least six months immediately preceding the effective
32 date of reemployment, shall not include earnings while the
33 beneficiary is employed to teach in a permanent full-time or
34 part-time capacity that exceeds fifty percent (50%) of the applicable
35 workweek in a public school. The Department of Public Instruction
36 shall certify to the Retirement System that a beneficiary is employed
37 to teach by a local school administrative unit under the provisions of
38 this sub-subdivision and as a retired teacher as the term is defined
39 under the provisions of G.S. 115C-325(a)(5a).

40 Beneficiaries employed under this sub-subdivision are not
41 entitled to any benefits otherwise provided under this Chapter as a
42 result of this period of employment.

- 43 c1. Employers shall report each reemployment covered by the provisions
44 of sub-subdivision c. of this subdivision within 90 days of the
45 reemployment, including the nature of the reemployment, the date of
46 the reemployment, and the compensation. If such a report is not
47 received within the required 90 days, the Board shall assess the
48 employer with a penalty of one percent (1%) per month with a
49 minimum penalty of twenty-five dollars (\$25.00).
- 50 d. Should a beneficiary who retired on an early or service retirement
51 allowance under this Chapter be restored to service as an employee

1 or teacher, then the retirement allowance shall cease as of the first of
2 the month following the month in which the beneficiary is restored to
3 service and the beneficiary shall become a member of the Retirement
4 System and shall contribute thereafter as allowed by law at the
5 uniform contribution payable by all members.

6 Upon his subsequent retirement, he shall be paid a retirement
7 allowance determined as follows:

8 1. For a member who earns at least three years' membership
9 service after restoration to service, the retirement allowance
10 shall be computed on the basis of his compensation and
11 service before and after the period of prior retirement without
12 restrictions; provided, that if the prior allowance was based
13 on a social security leveling payment option, the allowance
14 shall be adjusted actuarially for the difference between the
15 amount received under the optional payment and what would
16 have been paid if the retirement allowance had been paid
17 without optional modification.

18 2. For a member who does not earn three years' membership
19 service after restoration to service, the retirement allowance
20 shall be equal to the sum of the retirement allowance to which
21 he would have been entitled had he not been restored to
22 service, without modification of the election of an optional
23 allowance previously made, and the retirement allowance that
24 results from service earned since being restored to service;
25 provided, that if the prior retirement allowance was based on
26 a social security leveling payment option, the prior allowance
27 shall be adjusted actuarially for the difference between the
28 amount that would have been paid for each month had the
29 payment not been suspended and what would have been paid
30 if the retirement allowance had been paid without optional
31 modification.

32 e. Any beneficiary who retired on an early or service retirement
33 allowance as an employee of any State department, agency or
34 institution under the Law Enforcement Officers' Retirement System
35 and becomes employed as an employee by a State department,
36 agency, or institution as an employer participating in the Retirement
37 System shall become subject to the provisions of G.S. 135-3(8)c and
38 G.S. 135-3(8)d on and after January 1, 1989."

39 **SECTION 12.(c)** G.S. 135-5(a), as amended by Sections 3(a) and 3(b) of this act,
40 reads as rewritten:

41 "(a) Service Retirement Benefits. –

42 (1) Any member may retire upon electronic submission or written application to
43 the Board of Trustees setting forth at what time, as of the first day of a
44 calendar month, not less than one day nor more than 120 days subsequent to
45 the execution of and filing thereof, he desires to be retired: Provided, that the
46 said member at the time so specified for his retirement shall have attained
47 the age of 60 years and have at least five years of membership service or
48 shall have completed 30 years of creditable service.

49 (2) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1019, s. 1.

50 (3) Any member who was in service October 8, 1981, who had attained 60 years
51 of age, may retire upon electronic submission or written application to the

1 Board of Trustees setting forth at what time, as of the first day of a calendar
2 month, not less than one day nor more than 120 days subsequent to the
3 execution and filing thereof, he desires to be retired.

4 (4) Any member who is a law-enforcement officer, and who attains age 50 and
5 completes 15 or more years of creditable service in this capacity or who
6 attains age 55 and completes five or more years of creditable service in this
7 capacity, may retire upon electronic submission or written application to the
8 Board of Trustees setting forth at what time, as of the first day of a calendar
9 month, not less than one day nor more than 120 days subsequent to the
10 execution and filing thereof, he desires to be retired; Provided, also, any
11 member who has met the conditions herein required but does not retire, and
12 later becomes a teacher or an employee other than as a law-enforcement
13 officer shall continue to have the right to commence retirement.

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

28 **SECTION 12.(d)** G.S. 135-5(a1), as amended by Section 3(c) of this act, reads as
29 rewritten:

30 "(a1) Early Service Retirement Benefits. – Any member may retire and receive a reduced
31 retirement allowance upon electronic submission or written application to the Board of Trustees
32 setting forth at what time, as of the first day of a calendar month, not less than one day nor
33 more than 120 days subsequent to the execution of and filing thereof, he desires to be retired:
34 Provided, that the said member at the time so specified for his retirement shall have attained the
35 age of 50 years and have at least 20 years of creditable service."

36 **SECTION 12.(e)** G.S. 128-24(4), as amended by Section 3(g) of this act, reads as
37 rewritten:

38 "(4) The provisions of this subdivision (4) shall apply to any member whose
39 retirement became effective prior to July 1, 1965, and became entitled to
40 benefits hereunder in accordance with the provisions hereof. Such benefits
41 shall be computed in accordance with the provisions of G.S. 128-27(b1) as
42 in effect at the date of such separation from service.

43 a. Notwithstanding any other provision of this Chapter, any member
44 who separates from service prior to the time he shall have attained
45 the age of 60 years, or if a uniformed policeman or fireman prior to
46 the time he shall have attained the age of 55 years, for any reason
47 other than death or retirement for disability as provided in
48 G.S. 128-27(c), after completing 20 or more years of creditable
49 service, and who leaves his total accumulated contributions in the
50 Retirement System, shall have the right to retire on a deferred
51 retirement allowance upon the date he shall have attained the age of

1 60 years, or if a uniformed policeman or fireman upon the date he
2 shall have attained the age of 55 years; provided that such member
3 may retire only upon electronic submission or written application to
4 the Board of Trustees setting forth at what time, not less than 30 days
5 nor more than 120 days next following the date of filing such
6 application, he desires to be retired. Such deferred retirement
7 allowance shall be computed in accordance with the provisions of
8 G.S. 128-27(b), paragraphs (1), (2) and (3).

9 b. In lieu of the benefits provided in paragraph a of this subdivision (4),
10 any member who separates from service prior to the time he shall
11 have attained the age of 60 years, or if a uniformed policeman or
12 fireman prior to the time he shall have attained the age of 55 years,
13 for any reason other than death or retirement for disability as
14 provided in G.S. 128-27(c), after completing 30 or more years of
15 creditable service, and who leaves his total accumulated
16 contributions in the Retirement System, may elect to retire on an
17 early retirement allowance; provided that such a member may so
18 retire only upon electronic submission or written application to the
19 Board of Trustees setting forth at what time, not less than 30 days nor
20 more than 120 days next following the date of filing such application,
21 he desires to be retired; provided further that such application shall
22 be duly filed within 60 days following the date of such separation.
23 Such early retirement allowance so elected shall be the actuarial
24 equivalent of the deferred retirement allowance otherwise payable at
25 the attainment of age 60 years, or if a uniformed policeman or
26 fireman at the attainment of age 55 years, upon proper application
27 therefor.

28 c. Should an employee who retired on an early or service retirement
29 allowance be restored to service prior to the time he shall have
30 attained the age of 62 years, or if a uniformed policeman or fireman
31 prior to the time he shall have attained the age of 55 years, his
32 allowance shall cease, he shall again become a member of the
33 Retirement System, and he shall contribute thereafter at the uniform
34 contribution rate for his class member. Upon his subsequent
35 retirement, he shall be entitled to an allowance not less than the
36 allowance described in 1 below reduced by the amount in 2 below.

37 1. The allowance to which he would have been entitled if he
38 were retiring for the first time, calculated on the basis of his
39 total creditable service represented by the sum of his
40 creditable service at the time of his first retirement, and his
41 creditable service after he was restored to service.

42 2. The actuarial equivalent of the retirement benefits he
43 previously received.

44 d. Should an employee who retired on an early or service retirement
45 allowance be restored to service after the attainment of the age of 62
46 years, his retirement allowance shall be reduced to the extent
47 necessary (if any) so that the sum of the retirement allowance at the
48 time of retirement and earnings from employment by a unit of the
49 Retirement System for any year (beginning January 1 and ending
50 December 31) will not exceed the member's compensation received
51 for the 12 months of service prior to retirement. Provided, however,

1 that under no circumstances will the member's retirement allowance
 2 be reduced below the amount of his annuity as defined in
 3 G.S. 128-21(3)."

4 **SECTION 12.(f)** G.S. 128-24(5), as amended by Sections 3(h) and 8(b) of this act,
 5 reads as rewritten:

6 "(5) The provisions of this subdivision (5) shall apply to any member whose
 7 membership is terminated on or after July 1, 1965, and who becomes entitled
 8 to benefits hereunder in accordance with the provisions hereof.

9 a. Notwithstanding any other provision of this Chapter, any member
 10 who separates from service prior to the attainment of the age of 60
 11 years for any reason other than death or retirement for disability as
 12 provided in G.S. 128-27(c), after completing 15 or more years of
 13 creditable service, and who leaves his total accumulated
 14 contributions in said System shall have the right to retire on a
 15 deferred retirement allowance upon attaining the age of 60 years;
 16 provided that such member may retire only upon electronic
 17 submission or written application to the Board of Trustees setting
 18 forth at what time, not less than one day nor more than 120 days
 19 subsequent to the execution and filing thereof, he desires to be
 20 retired; and further provided that in the case of a member who so
 21 separates from service on or after July 1, 1967, the aforesated
 22 requirement of 15 or more years of creditable service shall be
 23 reduced to 12 or more years of creditable service; and further
 24 provided that in the case of a member who so separates from service
 25 on or after July 1, 1971, or whose account is active on July 1, 1971,
 26 the aforesated requirement of 12 or more years of creditable service
 27 shall be reduced to five or more years of creditable service. Such
 28 deferred retirement allowance shall be computed in accordance with
 29 the service retirement provisions of this Article pertaining to a
 30 member who is not a law enforcement officer or eligible former law
 31 enforcement officer.

32 b. In lieu of the benefits provided in paragraph a of this subdivision,
 33 any member who separates from service prior to the attainment of the
 34 age of 60 years, for any reason other than death or retirement for
 35 disability as provided in G.S. 128-27(c), after completing 20 or more
 36 years of creditable service, and who leaves his total accumulated
 37 contributions in said System may elect to retire on an early
 38 retirement allowance upon attaining the age of 50 years or at any
 39 time thereafter; provided that such member may so retire only upon
 40 electronic submission or written application to the Board of Trustees
 41 setting forth at what time, not less than one day nor more than 120
 42 days subsequent to the execution and filing thereof, he desires to be
 43 retired. Such early retirement allowance so elected shall be equal to
 44 the deferred retirement allowance otherwise payable at the attainment
 45 of the age of 60 years reduced by the percentage thereof indicated
 46 below.

Age at Retirement	Percentage Reduction
59	7
58	14
57	20

1	56	25
2	55	30
3	54	35
4	53	39
5	52	43
6	51	46
7	50	50

- 8 b1. In lieu of the benefits provided in paragraphs a and b of this
9 subdivision, any member who is a law enforcement officer at the
10 time of separation from service prior to the attainment of the age of
11 50 years, for any reason other than death or disability as provided in
12 this Article, after completing 15 or more years of creditable service
13 in this capacity immediately prior to separation from service, and
14 who leaves his total accumulated contributions in this System, may
15 elect to retire on a deferred early retirement allowance upon attaining
16 the age of 50 years or at any time thereafter; provided, that the
17 member may commence retirement only upon electronic submission
18 or written application to the Board of Trustees setting forth at what
19 time, as of the first day of a calendar month, not less than one day
20 nor more than 120 days subsequent to the execution and filing
21 thereof, he desires to commence retirement. The deferred early
22 retirement allowance shall be computed in accordance with the
23 service retirement provisions of this Article pertaining to law
24 enforcement officers.
- 25 b2. In lieu of the benefits provided in paragraphs a and b of this
26 subdivision, any member who is a law enforcement officer at the
27 time of separation from service prior to the attainment of the age of
28 55 years, for any reason other than death or disability as provided in
29 this Article, after completing five or more years of creditable service
30 in this capacity immediately prior to separation from service, and
31 who leaves his total accumulated contributions in this System may
32 elect to retire on a deferred service retirement allowance upon
33 attaining the age of 55 years or at any time thereafter; provided, that
34 the member may commence retirement only upon electronic
35 submission or written application to the Board of Trustees setting
36 forth at what time, as of the first day of a calendar month not less
37 than one day nor more than 120 days subsequent to the execution and
38 filing thereof, he desires to commence retirement. The deferred
39 service retirement allowance shall be computed in accordance with
40 the service retirement provisions of this Article pertaining to law
41 enforcement officers.
- 42 b3. Deferred retirement allowance of members retiring on or after July 1,
43 1995. – In lieu of the benefits provided in paragraphs a. and b. of this
44 subdivision, any member who separates from service prior to
45 attainment of age 60 years, after completing 20 or more years of
46 creditable service, and who leaves his total accumulated
47 contributions in said System, may elect to retire on a deferred
48 retirement allowance upon attaining the age of 50 years or any time
49 thereafter; provided that such member may so retire only upon
50 electronic submission or written application to the Board of Trustees
51 setting forth at what time, not less than one day nor more than 120

1 days subsequent to the execution and filing thereof, he desires to be
2 retired. Such deferred retirement allowance shall be computed in
3 accordance with the service retirement provisions of this Article
4 pertaining to a member who is not a law enforcement officer or an
5 eligible former law enforcement officer.

6 c. Should a beneficiary who retired on an early or service retirement
7 allowance be reemployed by, or otherwise engaged to perform
8 services for, an employer participating in the Retirement System on a
9 part-time, temporary, interim, or on fee-for-service basis, whether
10 contractual or otherwise, and if such beneficiary earns an amount
11 during the 12-month period immediately following the effective date
12 of retirement or in any calendar year which exceeds fifty percent
13 (50%) of the reported compensation, excluding terminal payments,
14 during the 12 months of service preceding the effective date of
15 retirement, or twenty thousand dollars (\$20,000), whichever is
16 greater, as hereinafter indexed, then the retirement allowance shall be
17 suspended as of the first day of the month following the month in
18 which the reemployment earnings exceed the amount above, for the
19 balance of the calendar year, except when the reemployment earnings
20 exceed the amount above in the month of December, in which case
21 the retirement allowance shall not be suspended. The retirement
22 allowance of the beneficiary shall be reinstated as of January 1 of
23 each year following suspension. The amount that may be earned
24 before suspension shall be increased on January 1 of each year by the
25 ratio of the Consumer Price Index to the Index one year earlier,
26 calculated to the nearest tenth of a percent (1/10 of 1%).

27 c1. Employers shall report each reemployment covered by the provisions
28 of sub-subdivision c. of this subdivision within 90 days of the
29 reemployment, including the nature of the reemployment, the date of
30 the reemployment, and the compensation. If such a report is not
31 received within the required 90 days, the Board shall assess the
32 employer with a penalty of one percent (1%) per month with a
33 minimum penalty of twenty-five dollars (\$25.00).

34 d. Should a beneficiary who retired on an early or service retirement
35 allowance be restored to service as an employee, then the retirement
36 allowance shall cease as of the first day of the month following the
37 month in which the beneficiary is restored to service and the
38 beneficiary shall become a member of the Retirement System and
39 shall contribute thereafter as allowed by law at the uniform
40 contribution payable by all members.

41 Upon his subsequent retirement, he shall be paid a retirement
42 allowance determined as follows:

43 1. For a member who earns at least three years' membership
44 service after restoration to service, the retirement allowance
45 shall be computed on the basis of his compensation and
46 service before and after the period of prior retirement without
47 restriction; provided, that if the prior allowance was based on
48 a social security leveling payment option, the allowance shall
49 be adjusted actuarially for the difference between the amount
50 received under the optional payment and what would have

1 been paid if the retirement allowance had been paid without
2 optional modification.

- 3 2. For a member who does not earn three years' membership
4 service after restoration to service, the retirement allowance
5 shall be equal to the sum of the retirement allowance to which
6 he would have been entitled had he not been restored to
7 service, without modification of the election of an optional
8 allowance previously made, and the retirement allowance that
9 results from service earned since being restored to service;
10 provided, that if the prior retirement allowance was based on
11 a social security leveling payment option, the prior allowance
12 shall be adjusted actuarially for the difference between the
13 amount that would have been paid for each month had the
14 payment not been suspended and what would have been paid
15 if the retirement allowance had been paid without optional
16 modification."

17 **SECTION 12.(g)** G.S. 128-27(a), as amended by Section 3(i) of this act, reads as
18 rewritten:

19 "(a) Service Retirement Benefits. –

- 20 (1) Any member may retire upon electronic submission or written application to
21 the Board of Trustees setting forth at what time, as of the first day of a
22 calendar month, not less than one day nor more than 120 days subsequent to
23 the execution and filing thereof, he desires to be retired: Provided, that the
24 said member at the time so specified for his retirement shall have attained
25 the age of 60 years and have at least five years of creditable service or shall
26 have completed 30 years of creditable service, or if a fireman, he shall have
27 attained the age of 55 years and have at least five years of creditable service.
28 (2) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1019, s. 1.
29 (3) Repealed by Session Laws 1971, c. 325, s. 12.
30 (4) Any member who was in service October 8, 1981, who had attained 60 years
31 of age, may retire upon electronic submission or written application to the
32 Board of Trustees setting forth at what time, as of the first day of a calendar
33 month, not less than one day nor more than 120 days subsequent to the
34 execution and filing thereof, he desires to be retired.
35 (5) Any member who is a law enforcement officer, and who attains age 50 and
36 completes 15 or more years of creditable service in this capacity or who
37 attains age 55 and completes five or more years of creditable service in this
38 capacity, may retire upon electronic submission or written application to the
39 Board of Trustees setting forth at what time, as of the first day of a calendar
40 month, not less than one day nor more than 120 days subsequent to the
41 execution and filing thereof, he desires to be retired; provided, also, any
42 member who has met the conditions required by this subdivision but does
43 not retire, and later becomes an employee other than as a law enforcement
44 officer, continues to have the right to commence retirement."

45 **SECTION 12.(h)** G.S. 128-27(a1), as amended by Section 3(j) of this act, reads as
46 rewritten:

47 "(a1) Early Service Retirement Benefits. – Any member may retire and receive a reduced
48 retirement allowance upon electronic submission or written application to the Board of Trustees
49 setting forth at what time, as of the first day of a calendar month, not less than one day nor
50 more than 120 days subsequent to the execution and filing thereof, he desires to be retired:

1 Provided, that the said member at the time so specified for his retirement shall have attained the
2 age of 50 years and have at least 20 years of creditable service."

3 **SECTION 12.(i)** G.S. 135-57(a) reads as rewritten:

4 "(a) Any member on or after January 1, 1974, who has attained his fiftieth birthday and
5 five years of membership service may retire upon electronic submission or written application
6 to the board of trustees setting forth at what time, as of the first day of a calendar month, not
7 less than one day nor more than 120 days subsequent to the execution and filing thereof, he
8 desires to be retired."

9 **SECTION 12.(j)** G.S. 135-57(d), as amended by Section 3.(e) of this act, reads as
10 rewritten:

11 "(d) Any member who was in service October 8, 1981, who had attained 50 years of age,
12 may retire upon electronic submission or written application to the board of trustees setting
13 forth at what time, as of the first day of a calendar month, not less than one day nor more than
14 120 days subsequent to the execution and filing thereof, he desires to be retired."

15 **SECTION 12.(k)** G.S. 120-4.21(a) reads as rewritten:

16 "(a) Eligibility; Application. – Any member may retire with full benefits who has
17 reached 65 years of age with five years of creditable service. Any member may retire with
18 reduced benefits who has reached the age of 50 years with 20 years of creditable service or 60
19 years with five years of creditable service. The member shall make electronic submission or
20 written application to the Board of Trustees to retire on a service retirement allowance on the
21 first day of the particular calendar month he designates. The designated date shall be no less
22 than one day nor more than 120 days from the filing of the application. During this period of
23 notification, a member may separate from service without forfeiting his retirement benefits."

24 **SECTION 13.** G.S. 135-106(b) reads as rewritten:

25 "(b) After the commencement of benefits under this section, the benefits payable under
26 the terms of this section during the first 36 months of the long-term disability period shall be
27 equal to sixty-five percent (65%) of 1/12th of the annual base rate of compensation last payable
28 to the participant or beneficiary prior to the beginning of the short-term disability period as may
29 be adjusted for percentage increases as provided under G.S. 135-108, plus sixty-five percent
30 (65%) of 1/12th of the annual longevity payment to which the participant or beneficiary would
31 be eligible, to a maximum of three thousand nine hundred dollars (\$3,900) per month reduced
32 by any primary Social Security disability benefits and by monthly payments for Workers'
33 Compensation to which the participant or beneficiary may be entitled. The reduction for
34 primary Social Security disability benefits shall begin the first month following the month in
35 which the member becomes entitled to those benefits. The monthly benefit shall be further
36 reduced by the amount of any monthly payments from the federal Department of Veterans
37 Affairs, any other federal agency or any payments made under the provisions of
38 G.S. 127A-108, to which the participant or beneficiary may be entitled on account of the same
39 disability. Provided, in any event, the benefit payable shall be no less than ten dollars (\$10.00)
40 a month. However, a disabled participant may elect to receive any salary continuation as
41 provided in G.S. 135-104 in lieu of long-term disability benefits; provided such election shall
42 not extend the first 36 consecutive calendar months of the long-term disability period. An
43 election to receive any salary continuation for any part of any given day shall be in lieu of any
44 long-term benefit payable for that day, provided further, any lump-sum payout for vacation
45 leave shall be treated as if the beneficiary or participant had exhausted the leave and shall be in
46 lieu of any long-term benefit otherwise payable. Provided that, in any event, a beneficiary's
47 benefit shall be reduced during the first 36 months of the long-term disability period by an
48 amount, as determined by the Board of Trustees, equal to a primary Social Security retirement
49 benefit to which the beneficiary might be entitled.

50 After 36 months of long-term disability, no further benefits are payable under the terms of
51 this section unless the member has been approved and is in receipt of primary Social Security

1 disability benefits. In that case the benefits payable shall be equal to sixty-five percent (65%) of
2 1/12th of the annual base rate of compensation last payable to the participant or beneficiary
3 prior to the beginning of the short-term disability period as may be adjusted for percentage
4 increases as provided under G.S. 135-108, plus sixty-five percent (65%) of 1/12th of the annual
5 longevity payment to which the participant or beneficiary would be eligible, to a maximum of
6 three thousand nine hundred dollars (\$3,900) per month reduced by the primary Social Security
7 disability benefits and by monthly payments for Workers' Compensation to which the
8 participant or beneficiary may be entitled. The reduction for primary Social Security disability
9 benefits shall begin the first month following the month in which the member becomes entitled
10 to those benefits. The monthly benefit shall be further reduced by the amount of any monthly
11 payments from the federal Department of Veterans Affairs, for payments from any other
12 federal agency, or for any payments made under the provisions of G.S. 127A-108, to which the
13 participant or beneficiary may be entitled on account of the same disability. Provided, in any
14 event, the benefit payable shall be no less than ten dollars (\$10.00) a month.

15 Notwithstanding the foregoing, the long-term disability benefit is payable so long as the
16 beneficiary is disabled and is in receipt of a primary Social Security disability benefit until the
17 earliest date at which the beneficiary is eligible for an unreduced service retirement allowance
18 from the Retirement System, at which time the beneficiary would receive a retirement
19 allowance calculated on the basis of the beneficiary's average final compensation at the time of
20 disability as adjusted to reflect compensation increases subsequent to the time of disability and
21 the creditable service accumulated by the beneficiary, including creditable service while in
22 receipt of benefits under the Plan. In the event the beneficiary has not been approved and is not
23 in receipt of a primary Social Security disability benefit, the long-term disability benefit shall
24 cease after the first 36 months of the long-term disability period. However, a beneficiary shall
25 be entitled to a restoration of the long-term disability benefit in the event the Social Security
26 Administration grants a retroactive approval for primary Social Security disability benefits with
27 a benefit effective date within the first 36 months of the long-term disability period. In such
28 event, the long-term disability benefit shall be restored retroactively to the date of cessation."

29 **SECTION 14.** This act becomes effective July 1, 2009.