

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2015

H.B. 423  
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HOUSE PRINCIPAL CLERK

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HOUSE DRH20143-LL-147 (03/24)

Short Title: Increase Contributory Death Benefit.

(Public)

Sponsors: Representative L. Bell.

Referred to:

A BILL TO BE ENTITLED

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

The General Assembly of North Carolina enacts:

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

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

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- (3), (4) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1049, s. 2.

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

...

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



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

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

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

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

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

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

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

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

23 **"§ 120-4.27. Death benefit.**

24 ...

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

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

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

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

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

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

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

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