

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

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HOUSE BILL 183
Committee Substitute Favorable 3/15/17
Senate Pensions and Retirement and Aging Committee Substitute Adopted 6/22/17

Short Title: Retirement Admin. Changes Act of 2017.-AB

(Public)

Sponsors:

Referred to:

February 23, 2017

A BILL TO BE ENTITLED

AN ACT TO MAKE CLARIFYING AND ADMINISTRATIVE CHANGES TO THE
TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM AND THE LOCAL
GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM LAWS AND RELATED
STATUTES.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 58-86-90 reads as rewritten:

"§ 58-86-90. Exemptions of pensions from attachment; rights nonassignable.

Except for the applications of the provisions of G.S. 110-136, and in connection with a court-ordered equitable distribution under G.S. 50-20, the pensions provided are not subject to attachment, garnishments or judgments against the firefighter or rescue squad worker entitled to them, nor are any rights in the fund or the pensions or benefits assignable. Notwithstanding any provisions to the contrary, any overpayment of benefits or erroneous payments to a member in a State-administered retirement system, the Disability Salary Continuation Plan, or the Disability Income Plan of North Carolina, including any benefits paid to, or State Health Plan premiums or claims paid on behalf of, any member who is later determined to have been ineligible for those benefits or unentitled to those amounts, may be offset against any retirement allowance, return of contributions, or any other right accruing under this Article to the same person, the person's estate, or designated beneficiary."

SECTION 1.(b) G.S. 135-5(n) reads as rewritten:

"(n) No action shall be commenced against the State or the Retirement System by any retired member or beneficiary respecting any deficiency in the payment of benefits more than three years after such deficient payment was made, and no action shall be commenced by the State or the Retirement System against any retired member or former member or beneficiary respecting any overpayment of benefits or contributions more than three years after such overpayment was made. This subsection does not affect the right of the Retirement System to recoup overpaid benefits as provided in G.S. 135-9."

SECTION 1.(c) G.S. 128-27(i) reads as rewritten:

"(i) No action shall be commenced against the State or the Retirement System by any retired member or beneficiary respecting any deficiency in the payment of benefits more than three years after such deficient payment was made, and no action shall be commenced by the State or the Retirement System against any retired member or former member or beneficiary respecting any overpayment of benefits or contributions more than three years after such overpayment was made. This subsection does not affect the right of the Retirement System to recoup overpaid benefits as provided in G.S. 128-31."



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1 **SECTION 2.(a)** G.S. 135-8(a) reads as rewritten:

2 "(a) Funds to Which Assets of Retirement System Credited. – All of the assets of the
3 Retirement System shall be credited according to the purpose for which they are held to one of
4 ~~four funds, namely, the annuity savings fund, the annuity reserve fund, the pension~~
5 ~~accumulation fund, and the pension reserve fund.~~of two funds, namely, the annuity savings
6 fund and the pension accumulation fund."

7 **SECTION 2.(b)** G.S. 135-8(b)(1) reads as rewritten:

8 "(1) ~~Prior to the first day of July, 1947, each employer shall cause to be deducted~~
9 ~~from the salary of each member on each and every payroll of such employer~~
10 ~~for each and every payroll period four per centum (4%) of his actual~~
11 ~~compensation; and the employer also shall deduct four per centum (4%) of~~
12 ~~any compensation received by any member for teaching in public schools, or~~
13 ~~in any of the institutions, agencies or departments of the State, from salaries~~
14 ~~other than the appropriations from the State of North Carolina. On and after~~
15 ~~such date the rate so deducted shall be five per centum (5%) of actual~~
16 ~~compensation except that, with respect to each member who is eligible for~~
17 ~~coverage under the Social Security Act in accordance with the agreement~~
18 ~~entered into during 1955 in accordance with the provisions of Article 2 of~~
19 ~~Chapter 135 of Volume 17 of the General Statutes, as amended, and with~~
20 ~~respect to members covered under G.S. 135 27, with such coverage~~
21 ~~retroactive to January 1, 1955, such deduction shall, commencing with the~~
22 ~~first day of the period of service with respect to which such agreement is~~
23 ~~effective, be at the rate of three per centum (3%) of the part of his actual~~
24 ~~compensation not in excess of the amount taxable to him under the Federal~~
25 ~~Insurance Contributions Act as from time to time in effect plus five per~~
26 ~~centum (5%) of the part of his earnable compensation not so taxable;~~
27 ~~provided that in the case of any member so eligible and receiving~~
28 ~~compensation from two or more employers such deductions may be adjusted~~
29 ~~under such rules as the Board of Trustees may establish so as to be as nearly~~
30 ~~equivalent as practicable to the deductions which would have been made had~~
31 ~~the member received all of such compensation from one employer.~~
32 ~~Notwithstanding the foregoing, the Board of Trustees may in its discretion~~
33 ~~cause such portion as it may determine of deductions made between January~~
34 ~~1, 1955, and December 1, 1955, to be transferred into the contribution fund~~
35 ~~established under G.S. 135 24; such amounts so transferred shall in that~~
36 ~~event be deemed to be taxes contributed by employees as required under~~
37 ~~Article 2, Chapter 135 of Volume 17 of the General Statutes as amended,~~
38 ~~and shall be in lieu of contributions otherwise payable in the same amount as~~
39 ~~so required.~~

40 ~~Notwithstanding the foregoing, effective July 1, 1963, with respect to the~~
41 ~~period of service commencing on July 1, 1963, and ending December 31,~~
42 ~~1965, the rates of such deduction shall be four per centum (4%) of the~~
43 ~~portion of compensation not in excess of forty eight hundred dollars~~
44 ~~(\$4,800) and six per centum (6%) of the portion of compensation in excess~~
45 ~~of forty eight hundred dollars (\$4,800); and with respect to the period of~~
46 ~~service commencing January 1, 1966, and ending June 30, 1967, the rate of~~
47 ~~such deductions shall be four per centum (4%) of the portion of~~
48 ~~compensation not in excess of fifty six hundred dollars (\$5,600) and six per~~
49 ~~centum (6%) of the portion of compensation in excess of fifty six hundred~~
50 ~~dollars (\$5,600); and with respect to the period of service commencing July~~
51 ~~1, 1967, and ending June 30, 1975, the rate of such deductions shall be five~~

1 per centum (5%) of the portion of compensation not in excess of fifty-six
2 hundred dollars (\$5,600) and six per centum (6%) of the portion of
3 compensation in excess of fifty-six hundred dollars (\$5,600). Such rates
4 shall apply uniformly to all members of the Retirement System, without
5 regard to their coverage under the Social Security Act.

6 Notwithstanding the foregoing, effective July 1, 1975, ~~with~~With respect
7 to the period of service commencing on July 1, 1975, ~~the rate of such~~
8 ~~deductions shall be each participating employer shall deduct from the salary~~
9 ~~of each member on every payroll of the employer for every payroll period,~~
10 six per centum (6%) of the compensation received by any member. Such
11 rates shall apply uniformly to all members of the Retirement System,
12 without regard to their coverage under the Social Security Act."

13 **SECTION 2.(c)** G.S. 128-30(a) reads as rewritten:

14 "(a) Funds to Which Assets of Retirement System Credited. – All of the assets of the
15 Retirement System shall be credited according to the purpose for which they are held to one of
16 ~~five~~three funds, namely, the annuity savings fund, ~~the annuity reserve fund,~~ the pension
17 accumulation fund, ~~the pension reserve fund~~ and the expense fund."

18 **SECTION 2.(d)** G.S. 128-30(b)(1) reads as rewritten:

19 "(1) ~~Prior to July 1, 1951, each participating employer shall cause to be deducted~~
20 ~~from the salary of each member of each and every payroll of such employer~~
21 ~~for each and every payroll period four per centum (4%) of his earnable~~
22 ~~compensation. On and after such date the rate so deducted shall be five per~~
23 ~~centum (5%) in the case of a Class A member or a Class C member, and four~~
24 ~~per centum (4%) in the case of a Class B member; provided, however, that~~
25 ~~with respect to any member who is covered under the Social Security Act in~~
26 ~~accordance with the agreement entered into during 1955 in accordance with~~
27 ~~the provisions of Article 2 of Chapter 135 of Volume 17 of the General~~
28 ~~Statutes, as amended, such deduction shall, commencing with the first day of~~
29 ~~the period of service with respect to which such agreement is effective, be at~~
30 ~~the rate of three per centum (3%) of the part of his actual compensation not~~
31 ~~in excess of the amount taxable to him under the Federal Insurance~~
32 ~~Contributions Act as from time to time in effect plus five per centum (5%) of~~
33 ~~the part of his actual compensation not so taxable; provided that in the case~~
34 ~~of any member so eligible and receiving compensation from two or more~~
35 ~~employers such deductions may be adjusted under such rules as the Board of~~
36 ~~Trustees may establish so as to be as nearly equivalent as practicable to the~~
37 ~~deductions which would have been made had the member received all of~~
38 ~~such compensation from one employer. Notwithstanding the foregoing, the~~
39 ~~Board of Trustees may in its discretion cause such portion as it may~~
40 ~~determine of deductions made between January 1, 1955, and December 1,~~
41 ~~1955, to be transferred into the contribution fund established under~~
42 ~~G.S. 135-24, such amounts so transferred shall in that event be deemed to be~~
43 ~~taxes contributed by employees as required under Article 2 of Chapter 135~~
44 ~~of Volume 17 of the General Statutes, as amended, and shall be in lieu of~~
45 ~~contributions otherwise payable in the same amount as so required. In~~
46 ~~determining the amount earned by a member whose compensation is derived~~
47 ~~partly or wholly from fees, such member shall submit a sworn statement to~~
48 ~~his employer monthly, or at least quarterly, each year as to the amount of~~
49 ~~fees received by such member as compensation during the period, and each~~
50 ~~month, or at least quarterly, such member shall pay to his employer the~~
51 ~~proper per centum of such compensation received from fees, which shall be~~

1 considered as deductions by the employer as provided in subdivisions (1)
2 and (2) of this subsection.

3 Notwithstanding the foregoing, effective July 1, 1965, with respect to the
4 period of service commencing on July 1, 1965, and ending December 31,
5 1965, the rates of such deductions shall be four per centum (4%) of the
6 portion of compensation not in excess of forty eight hundred dollars
7 (\$4,800) and six per centum (6%) of the portion of compensation in excess
8 of forty eight hundred dollars (\$4,800); and with respect to the period of
9 service commencing January 1, 1966, and ending June 30, 1967, the rate of
10 such deduction shall be four per centum (4%) of the portion of compensation
11 not in excess of fifty six hundred dollars (\$5,600) and six per centum (6%)
12 of the portion of compensation in excess of fifty six hundred dollars
13 (\$5,600); and with respect to the period of service commencing July 1, 1967,
14 and ending June 30, 1976, the rate of such deductions shall be five per
15 centum (5%) of the portion of compensation not in excess of five thousand
16 six hundred dollars (\$5,600) and six per centum (6%) of the portion of
17 compensation in excess of five thousand six hundred dollars (\$5,600). Such
18 rates shall apply uniformly to all members of the Retirement System,
19 irrespective of class.

20 Notwithstanding the foregoing, effective July 1, 1976, with respect
21 to compensation paid on and after July 1, 1976, each participating employer
22 shall deduct from the salary of each member on every payroll of the
23 employer for every payroll period, the rate of such deductions shall be six
24 per centum (6%) of the compensation received by any the member. Such
25 rates shall apply uniformly to all members of the Retirement System,
26 irrespective of class."

27 **SECTION 2.(e)** G.S. 135-8(b)(4) is repealed.

28 **SECTION 2.(f)** G.S. 135-8(c) is repealed.

29 **SECTION 2.(g)** G.S. 128-30(c) is repealed.

30 **SECTION 2.(h)** G.S. 135-8(d) reads as written:

31 "(d) Pension Accumulation Fund. – The pension accumulation fund shall be the fund in
32 which shall be accumulated all reserves for the payment of all pensions and other benefits
33 payable from contribution made by employers and from which shall be paid all pensions and
34 other benefits on account of members with prior service credit. Contributions to and payments
35 from the pension accumulation fund shall be made as follows:

- 36 (1) On account of each member there shall be paid in the pension accumulation
37 fund by employers an amount equal to a certain percentage of the actual
38 compensation of each member to be known as the "normal contribution,"
39 and an additional amount equal to a percentage of ~~his~~the member's actual
40 compensation to be known as the "accrued liability contribution." The rate
41 per centum of such contributions shall be fixed on the basis of the liabilities
42 of the Retirement System as shown by actuarial valuation. ~~Until the first~~
43 ~~valuation the normal contribution shall be two and fifty seven~~
44 ~~one hundredths percent (2.57%) for teachers, and one and fifty seven~~
45 ~~one hundredths percent (1.57%) for State employees, and the accrued~~
46 ~~liability contribution shall be two and ninety four one hundredths percent~~
47 ~~(2.94%) for teachers and one and fifty nine one hundredths percent (1.59%)~~
48 ~~of the salary of other State employees.~~valuation, duly approved by the Board
49 of Trustees, and shall be called the "actuarially determined employer
50 contribution rate."

1 (2) ~~On the basis of regular interest and of such mortality and other tables as shall~~
2 ~~be adopted by the Board of Trustees, the actuary engaged by the Board to~~
3 ~~make each valuation required by this Chapter during the period over which~~
4 ~~the accrued liability contribution is payable, immediately after making such~~
5 ~~valuation, shall determine the uniform and constant percentage of the~~
6 ~~earnable compensation of the average new entrant throughout his entire~~
7 ~~period of active service which would be sufficient to provide for the~~
8 ~~payment of any pension payable on his account. The rate per centum so~~
9 ~~determined shall be known as the "normal contribution" rate. After the~~
10 ~~accrued liability contribution has ceased to be payable, the normal~~
11 ~~contribution rate shall be the rate per centum of the earnable salary of all~~
12 ~~members obtained by deducting from the total liabilities of the pension~~
13 ~~accumulation fund the amount of the funds in hand to the credit of that fund~~
14 ~~and dividing the remainder by one per centum of the present value of the~~
15 ~~prospective future salaries of all members as computed on the basis of the~~
16 ~~mortality and service tables adopted by the Board of Trustees and regular~~
17 ~~interest. The normal rate of contribution shall be determined by the actuary~~
18 ~~after each valuation.~~

19 (2a) The actuarially determined employer contribution rate shall be calculated
20 annually by the actuary using assumptions and a cost method approved by
21 the Actuarial Standards Board of the American Academy of Actuaries and
22 selected by the Board of Trustees.

23 (3) ~~Immediately succeeding the first valuation the actuary engaged by the Board~~
24 ~~of Trustees shall compute the rate per centum of the total annual~~
25 ~~compensation of all members which is equivalent to four percent (4%) of the~~
26 ~~amount of the total pension liability on account of all members and~~
27 ~~beneficiaries which is not dischargeable by the aforesaid normal contribution~~
28 ~~made on account of such members during the remainder of their active~~
29 ~~service. The rate per centum originally so determined shall be known as the~~
30 ~~"accrued liability contribution" rate. Such rate shall be increased on the basis~~
31 ~~of subsequent valuations if benefits are increased over those included in the~~
32 ~~valuation on the basis of which the original accrued liability contribution~~
33 ~~rate was determined. Upon certification by the actuary engaged by the Board~~
34 ~~of Trustees that the accrued liability contribution rate may be reduced~~
35 ~~without impairing the Retirement System, the Board of Trustees may cause~~
36 ~~the accrued liability contribution rate to be reduced.~~

37 (3a) Notwithstanding Chapter 150B of the General Statutes, the total amount
38 payable in each year to the pension accumulation fund shall not be less than
39 the sum of the rate per centum known as the actuarially determined
40 employer contribution rate of the total earned compensation of all members
41 during the preceding year as adjusted higher under a contribution rate policy
42 adopted by the Board of Trustees and known as the "required employer
43 contribution" rate. The Board of Trustees shall not adopt a contribution rate
44 policy that results in a rate less than the normal contribution rate.

45 (4) ~~The total amount payable in each year to the pension accumulation fund~~
46 ~~shall not be less than the sum of the rate per centum known as the normal~~
47 ~~contribution rate and the accrued liability contribution rate of the total actual~~
48 ~~compensation of all members during the preceding year. Provided, however,~~
49 ~~that, subject to the provisions of subdivision (3) of this subsection the~~
50 ~~amount of each annual accrued liability contribution shall be at least three~~
51 ~~percent (3%) greater than the preceding annual accrued liability payment,~~

1 and that the aggregate payment by employers shall be sufficient, when
 2 combined with the amount in the fund, to provide the pensions and other
 3 benefits payable out of the fund during the year then current.

4 (5) ~~The accrued liability contribution shall be discontinued as soon as the
 5 accumulated reserve in the pension accumulation fund shall equal the
 6 present value as actuarially computed and approved by the Board of
 7 Trustees, of the total liability of such fund less the present value, computed
 8 on the basis of the normal contribution rate then in force, of the prospective
 9 normal contributions to be received on account of all persons who are at the
 10 time members.~~

11 (6) ~~All pensions, and benefits in lieu thereof, with the exception of those
 12 payable on account of members who received no prior service
 13 allowance, thereof payable from contributions of employer shall be paid from
 14 the pension accumulation fund.~~

15 (7) ~~Upon the retirement of a member not entitled to credit for prior service, an
 16 amount equal to his pension reserve shall be transferred from the pension
 17 accumulation fund to the pension reserve fund."~~

18 **SECTION 2.(i)** G.S. 128-30(d) reads as rewritten:

19 "(d) Pension Accumulation Fund. – The pension accumulation fund shall be the fund in
 20 which shall be accumulated all reserves for the payment of all pensions and other benefits
 21 payable from contributions made by employers and from which shall be paid all pensions and
 22 other benefits on account of members with prior service credit. Contributions to and payments
 23 from the pension accumulation fund shall be made as follows:

24 (1) ~~Each participating employer shall pay to the pension accumulation fund
 25 monthly, or at such other intervals as may be agreed upon with the Board of
 26 Trustees, an amount equal to a certain percentage of the actual compensation
 27 of each member, to be known as the "normal contribution" and an additional
 28 amount equal to a percentage of ~~his~~the member's actual compensation to be
 29 known as the "accrued liability contribution." The rate per centum of such
 30 contributions shall be fixed on the basis of the liabilities of the Retirement
 31 System as shown by actuarial valuation. ~~Until the first valuation for any
 32 employer whose participation commenced prior to July 1, 1951, the normal
 33 contribution shall be three percent (3%) for general employees and five
 34 percent (5%) for firemen and policemen, and the accrued liability
 35 contribution shall be three percent (3%) for general employees and six
 36 percent (6%) for firemen and policemen. Until the first valuation for any
 37 employer whose participation commenced on or after July 1, 1951, the
 38 normal contribution shall be four percent (4%) for general employees and
 39 six and two thirds percent (6 2/3%) for firemen and policemen, and the
 40 accrued liability contribution shall be four percent (4%) for general
 41 employees and eight percent (8%) for firemen and policemen.~~valuation and
 42 duly approved by the Board of Trustees, which shall be called the
 43 "actuarially determined employer contribution rate."~~

44 (2) ~~On the basis of regular interest and of such mortality and other tables as shall
 45 be adopted by the Board of Trustees, the actuary engaged by the Board to
 46 make each valuation required by this Article during the period over which
 47 the accrued liability contribution is payable, immediately after making such
 48 valuation, shall determine the uniform and constant percentage of the actual
 49 compensation of the average new entrant throughout his entire period of
 50 active service which would be sufficient to provide for the payment of any
 51 pension payable on his account and for the pro rata share of the cost of~~

1 administration of the Retirement System. The rate per centum so determined
2 shall be known as the "normal contribution" rate. After the accrued liability
3 contribution has ceased to be payable, the normal contribution rate shall be
4 the rate per centum of the earnable salary of all members obtained by
5 deducting from the total liabilities of the pension accumulation fund the
6 amount of the funds in hand to the credit of that fund and dividing the
7 remainder by one per centum (1%) of the present value of the prospective
8 future salaries of all members as computed on the basis of the mortality and
9 service tables adopted by the Board of Trustees and regular interest. The
10 normal rate of contribution shall be determined by the actuary after each
11 valuation. A normal contribution rate shall be determined separately for
12 general employees as a group and for law enforcement officers as a group,
13 these rates to be applied to the respective group payrolls of each employer in
14 determining the normal contribution required of each employer.

15 (2a) The actuarially determined employer contribution rate shall be calculated
16 annually by the actuary using assumptions and a cost method approved by
17 the Actuarial Standards Board of the American Academy of Actuaries and
18 selected by the Board of Trustees.

19 (3) The "~~accrued~~past service liability contribution" shall be set for each
20 employer on the basis of the prior service credits allowable to the employees
21 thereof, who are entitled to prior service certificates, and shall be paid for a
22 period of approximately 30 years, provided that the length of the period of
23 payment for each employer after contributions begin shall be determined by
24 the Board of Trustees as the result of actuarial valuations.

25 (4) ~~At the end of the first year following~~Upon the date of participation for each
26 employer, the ~~accrued~~past service liability payable by such employer shall
27 be set, by deducting from the present value of the total liability for all
28 pensions payable on account of all members and pensioners of the System
29 who became participants through service for such employer, the present
30 value of the future normal contributions payable, and the amount of any
31 assets resulting from any contributions previously made by such employer.
32 ~~Then the "accrued liability contribution" rate for such employer shall be the~~
33 ~~per centum of the total annual compensation of all members employed by~~
34 ~~such employer which is equivalent to four per centum (4%) of the amount of~~
35 ~~such accrued liability. The expense of making such actuarial valuation to~~
36 ~~determine the accrued liability contribution for each employer shall be paid~~
37 ~~by such employer. The accrued liability contribution rate shall be increased~~
38 ~~on the basis of subsequent valuation if benefits are increased over those~~
39 ~~included in the valuations on the basis of which the original accrued liability~~
40 ~~contribution rate was determined. Then the "past service liability~~
41 ~~contribution rate" for such employer shall be the per centum of the total~~
42 ~~annual compensation of all members employed by the employer which is~~
43 ~~estimated to extinguish the liability in 24 years.~~

44 (5) ~~The~~Notwithstanding Chapter 150B of the General Statutes, the total amount
45 payable in each year to the pension accumulation fund shall not be less than
46 the sum of the rate per centum known as the normal actuarially determined
47 employer contribution rate and the accrued past service liability contribution
48 rate of the total earned compensation of all members during the preceding
49 year: Provided, however, that the amount of each annual accrued liability
50 contribution shall be at least three per centum (3%) greater than the
51 preceding annual accrued liability payment, and that the aggregate payment

1 by employers shall be sufficient, when combined with the amount in the
2 fund, to provide the pensions and other benefits payable out of the fund
3 during the year then current year as adjusted under a contribution rate policy
4 adopted by the Board of Trustees and known as the "required employer
5 contribution rate." The Board of Trustees shall not adopt a contribution rate
6 policy that results in a rate less than the normal contribution rate.

7 (6) ~~The accrued liability contribution shall be discontinued as soon as the
8 accumulated reserve in the pension accumulation fund shall equal the
9 present value, as actuarially computed and approved by the Board of
10 Trustees, of the total liability of such fund less the present value, computed
11 on the basis of the normal contribution rate then in force, of the prospective
12 normal contributions to be received on account of all persons who are at that
13 time members, as separately determined for general employees and
14 law enforcement officers.~~

15 (7) All pensions, and benefits in lieu thereof, with the exception of those
16 payable on account of members who received no prior service allowance,
17 payable from contributions of employers, shall be paid from the pension
18 accumulation fund.

19 (8) ~~Upon the retirement of a member not entitled to credit for prior service, an
20 amount equal to his pension reserve shall be transferred from the pension
21 accumulation fund to the pension reserve fund.~~

22 (9) Notwithstanding Chapter 150B of the General Statutes and the foregoing
23 provisions of this subsection, beginning with the December 31, 1985
24 valuation, subsection, the actuary shall determine an additional "accrued
25 liability contribution" contribution rate" and a "normal contribution rate" on
26 account of the total earned compensation of each employer's law
27 enforcement officers-officers each year, known as the "required employer
28 contribution for law enforcement officers rate." The required employer
29 contribution for law enforcement officers rate may be adjusted under a
30 contribution rate policy adopted by the Board of Trustees and added to the
31 employers' past service liability rate. The Board of Trustees shall not adopt a
32 contribution rate policy that results in a rate less than the normal contribution
33 rate. This contribution shall be that percentage of law enforcement officer
34 compensation necessary to liquidate the "existing unfunded accrued
35 liability" over a period of years to be determined by the Board of Trustees.
36 The "existing unfunded accrued liability" for each employer shall be equal to
37 the sum of two liabilities. The first is that portion of the unfunded accrued
38 liability of the Law Enforcement Officers' Retirement System as of
39 December 31, 1985, attributable to the accrued liability for each employer's
40 law enforcement officers participating in that System, all based on actuarial
41 assumptions and methods applicable to that System. The second is the
42 accrued liability for additional benefits payable to each employer's law
43 enforcement officers who are members of this Retirement System on
44 December 31, 1985. The "accrued liability contribution" determined on the
45 basis of this paragraph shall be added to that determined under subdivision
46 (3) and shall be included in the total amount payable under subdivision (5)."

47 **SECTION 2.(j)** G.S. 135-8(e) is repealed.

48 **SECTION 2.(k)** G.S. 128-30(e) is repealed.

49 **SECTION 2.(l)** G.S. 135-8(f)(2)b. is repealed.

50 **SECTION 2.(m)** G.S. 135-8(f)(2)e. reads as rewritten:

1 "e. Each employer shall transmit monthly to the State Retirement
2 System on account of each employee, who is a member of this
3 System, an amount sufficient to cover ~~the normal contribution and~~
4 ~~the accrued liability~~ required employer contribution of each member
5 employed by such employer for the preceding month."

6 **SECTION 2.(n)** G.S. 135-7(f) reads as rewritten:

7 "(f) Retiree Health Benefit Fund. – It is the intent of the General Assembly that the
8 Retiree Health Benefit Fund be a trust that provides an irrevocable source of funding to be
9 used, to the extent the Fund's assets are sufficient, only for health benefits to retired and
10 disabled employees and their applicable beneficiaries. Accordingly, the following provisions
11 apply to the Retiree Health Benefit Fund:

12 (1) For the purposes of this subsection, the term "eligible Plan members" means
13 eligible retired and disabled employees, and their applicable beneficiaries,
14 who are members of the North Carolina State Health Plan for Teachers and
15 State Employees as provided by this Chapter.

16 (2) The Retiree Health Benefit Fund is established as a trust fund in which
17 accumulated contributions ~~from employers~~ and any earnings on those
18 contributions shall be used only to provide health benefits to retired and
19 disabled employees and their applicable beneficiaries as provided by this
20 Chapter. eligible Plan members, after payment of any accrued reasonable
21 investment and administrative expenses. The Retiree Health Benefit Fund
22 shall be administered in accordance with the provisions of subsection (a) of
23 this section.

24 (3) Employer and non-employer contributions to the Fund and earnings on those
25 contributions are irrevocable. The assets of the Fund are dedicated to
26 providing health benefits to retired and disabled employees and their
27 applicable beneficiaries as provided by this Chapter. eligible Plan members in
28 accordance with the Plan's benefit terms, as those terms may from time to
29 time be amended. and The assets of the Fund are not subject to the claims of
30 creditors of the employers and non-employers making contributions to the
31 Fund. Fund, are not subject to the claims of any creditors of the Fund's
32 trustees and administrators, and are not subject to the claims of creditors of
33 eligible Plan members.

34 (4) ~~However,~~ Fund assets may be used for reasonable expenses to administer
35 benefits provided by the Fund, as approved by the Board of Trustees,
36 including offsets to the State budget to the Retirement Systems Division for
37 staff administration of benefits and costs to conduct required actuarial
38 valuations of State-supported retired employees' health benefits under other
39 post-employment benefit accounting standards set forth by the
40 Governmental Accounting Standards Board of the Financial Accounting
41 Foundation."

42 **SECTION 2.(o)** G.S. 135-110(a) reads as rewritten:

43 "(a) It is the intent of the General Assembly that a trust fund be created that provides an
44 irrevocable source of funding to be used, to the extent the fund's assets are sufficient, only for
45 disability benefits to participants and beneficiaries. Accordingly, the following provisions apply
46 to that trust fund:

47 (1) A trust ~~fund~~ fund, the Disability Income Plan of North Carolina Trust Fund,
48 is hereby created to which all receipts, transfers, appropriations,
49 contributions, investment earnings and other income belonging to the Plan
50 shall be deposited, and from which all ~~benefits, expenses, and other~~

1 ~~charges~~ benefits and expenses against the Plan shall be disbursed. The Board
2 of Trustees shall be the trustee of the ~~funds created by this Article. Fund.~~

3 (2) Employer and non-employer contributions to the Disability Income Plan of
4 North Carolina Trust Fund and earnings on those contributions are
5 irrevocable. The assets of the Fund are dedicated to providing benefits to
6 participants and beneficiaries in accordance with the Plan's benefit terms.
7 The assets of the Fund are not subject to the claims of creditors of the
8 employers and non-employers making contributions to the Fund, are not
9 subject to the claims of any creditors of the Fund's trustees and
10 administrators, and are not subject to the claims of participants and
11 beneficiaries.

12 (3) Disability Income Plan of North Carolina Trust Fund assets may be used for
13 reasonable expenses to administer benefits provided by the Fund as
14 approved by the Board of Trustees."

15 **SECTION 2.(p)** G.S. 135-7 is amended by adding a new subsection to read:

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

22 (1) The following definitions apply in this subsection:

23 a. Beneficiaries. – Any person in receipt of, or eligible to receive, a
24 benefit payable from the North Carolina Teachers' and State
25 Employees' Benefit Trust pursuant to G.S. 120-4.27, subsections (l2)
26 though (l6) of G.S. 128-27, 135-5(l), 135-64(k), and 143-166.60.

27 b. Plans. – The retiree group death benefit trust established under
28 G.S. 120-4.27, the Group Life Insurance Plan established under
29 G.S. 128-27(l), the retiree group death benefit trust fund established
30 under subsections (l2) though (l6) of G.S. 128-27, the Group Life
31 Insurance Plan established under G.S. 135-5(l), the retiree group
32 death benefit trust fund established under G.S. 135-5(l), the retiree
33 group death benefit trust fund established under G.S.135-64(k), and
34 the Separate Insurance Benefits Plan established by G.S. 143-166.60.

35 (2) A trust fund, the North Carolina Teachers' and State Employees' Benefit
36 Trust, is hereby created as a master trust to which all receipts, transfers,
37 appropriations, contributions, investment earnings, and other income
38 belonging to the Plans shall be deposited, and from which all benefits and
39 expenses against the Plans shall be disbursed. The Boards of Trustees of the
40 Teachers' and State Employees' Retirement System and the Local
41 Governmental Employees' Retirement System shall be the trustee of the
42 Trust. Within the Benefit Trust, the funds of the Plans shall be accounted for
43 separately and not commingled. Assets of one plan cannot be used to pay for
44 liabilities of another plan within the Trust.

45 (3) Employer and non-employer contributions to the North Carolina Teachers'
46 and State Employees' Benefit Trust and earnings on those contributions are
47 irrevocable. The assets of the Trust are dedicated to providing benefits to
48 members, participants, and beneficiaries in accordance with the Plans'
49 benefit terms. The assets of the Trust are not subject to the claims of
50 creditors of the employers and non-employers making contributions to the
51 Trust, are not subject to the claims of any creditors of the Trust, trustees, and

1 administrators, and are not subject to the claims of creditors of members,
2 participants, and beneficiaries."

3 **SECTION 2.(q)** G.S. 120-4.27 reads as rewritten:

4 **"§ 120-4.27. Death benefit.**

5 ...

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

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

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

35 "(l) Death Benefit Plan. – The provisions of this subsection shall become effective for
36 any employer only after an agreement to that effect has been executed by the employer and the
37 Director of the Retirement System. There is hereby created a Group Life Insurance Plan
38 (hereinafter called the "Plan") which is established as an employee welfare benefit plan that is
39 separate and apart from the Retirement System and under which the members of the Retirement
40 System shall participate and be eligible for group life insurance benefits. The Plan shall be part
41 of the North Carolina Teachers' and State Employees' Benefit Trust, as established under
42 G.S. 135-7(g). All receipts, transfers, appropriations, contributions, investment earnings, and
43 other income belonging to the Plan shall be deposited in the Benefit Trust. All benefits and
44 expenses against the Plan shall be disbursed from the Benefit Trust. Employer and
45 non-employer contributions to the Benefit Trust and earnings on those contributions are
46 irrevocable. The assets of the Benefit Trust are dedicated to providing benefits to members and
47 beneficiaries in accordance with the Plan's benefit terms. The assets of the Benefit Trust are not
48 subject to the claims of creditors of the employees and non-employees making contributions to
49 the Benefit Trust, are not subject to the claims of any creditors of the Benefit Trust's trustees
50 and administrators, and are not subject to the claims of creditors of members and beneficiaries.

1 Benefit Trust assets may be used for reasonable expenses to administer benefits provided by the
2 Fund as approved by the Board of Trustees.

3 Upon receipt of proof, satisfactory to the Board of Trustees in their capacity as trustees
4 under the Group Life Insurance Plan, of the death, in service, of a member who had completed
5 at least one full calendar year of membership in the Retirement System, there shall be paid to
6 such person as ~~h~~the member shall have nominated by electronic submission prior to
7 completing 10 years of service in a form approved by the Board of Trustees or by written
8 designation duly acknowledged and filed with the Board of Trustees, if such person is living at
9 the time of the member's death, otherwise to the member's legal representatives, a death benefit.
10 Such death benefit shall be equal to the greater of:

11"

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

13 "(16) Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this
14 subsection, of the death of a retired member of the Retirement System on or after January 1,
15 2015, there shall be paid a death benefit to the person or persons designated by the member or,
16 if the member has not designated a beneficiary, to the surviving spouse of the deceased retired
17 member or, if not survived by a designated beneficiary or spouse, to the deceased retired
18 member's legal representative; provided the retired member has elected, when first eligible, to
19 make, and has continuously made, in advance of ~~h~~the member's death required contributions
20 as determined by the Board of Trustees on a fully contributory basis, through retirement
21 allowance deductions or other methods adopted by the Board of Trustees, to a group death
22 benefit trust ~~fund~~fund, the North Carolina Teachers' and State Employees' Benefit Trust,
23 administered by the Board of Trustees separate and apart from the Retirement System's
24 Annuity Savings Fund and Pension Accumulation Fund. Employer and non-employer
25 contributions to the Benefit Trust and earnings on those contributions are irrevocable. The
26 assets of the Benefit Trust are dedicated to providing benefits to members and beneficiaries in
27 accordance with the Plan's benefit terms. The assets of the Benefit Trust are not subject to the
28 claims of creditors of the employees and non-employees making contributions to the Benefit
29 Trust, are not subject to the claims of any creditors of the Benefit Trust's trustees and
30 administrators, and are not subject to the claims of creditors of members and beneficiaries.
31 Benefit Trust assets may be used for reasonable expenses to administer benefits provided by the
32 Fund as approved by the Board of Trustees.

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

41 **SECTION 2.(t)** G.S. 135-5(l) reads as rewritten:

42 "(l) Death Benefit Plan. – There is hereby created a Group Life Insurance Plan
43 (hereinafter called the "Plan") which is established as an employee welfare benefit plan that is
44 separate and apart from the Retirement System and under which the members of the Retirement
45 System shall participate and be eligible for group life insurance benefits. The Plan shall be part
46 of the North Carolina Teachers' and State Employees' Benefit Trust, as established under
47 G.S. 135-7(g). All receipts, transfers, appropriations, contributions, investment earnings, and
48 other income belonging to the Plan shall be deposited in the Benefit Trust. All benefits and
49 expenses against the Plan shall be disbursed from the Benefit Trust. Employer and
50 non-employer contributions to the Benefit Trust and earnings on those contributions are
51 irrevocable. The assets of the Benefit Trust are dedicated to providing benefits to participants,

1 surviving spouses, and the members' estates in accordance with the Plan's benefit terms. The
2 assets of the Benefit Trust are not subject to the claims of creditors of the employees and
3 non-employees making contributions to the Benefit Trust, are not subject to the claims of any
4 creditors of the Benefit Trust's trustees and administrators, and are not subject to the claims of
5 creditors of members and beneficiaries. Benefit Trust assets may be used for reasonable
6 expenses to administer benefits provided by the Fund as approved by the Board of Trustees.

7 Upon receipt of proof, satisfactory to the Board of Trustees in their capacity as trustees
8 under the Group Life Insurance Plan, of the death, in service, of a member who had completed
9 at least one full calendar year of membership in the Retirement System, there shall be paid to
10 such person as ~~the~~ the member shall have nominated by electronic submission prior to
11 completing 10 years of service in a form approved by the Board of Trustees or by written
12 designation duly acknowledged and filed with the Board of Trustees, if such person is living at
13 the time of the member's death, otherwise to the member's legal representatives, a death benefit.
14 Such death benefit shall be equal to the greater of:

15 ...

16 Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this
17 subsection, of the death of a retired member of the Retirement System on or after January 1,
18 2015, there shall be paid a death benefit to the person or persons designated by the member or,
19 if the member has not designated a beneficiary, to the surviving spouse of the deceased retired
20 member or, if not survived by a designated beneficiary or spouse, to the deceased retired
21 member's legal representative; provided the retired member has elected, when first eligible, to
22 make, and has continuously made, in advance of ~~his~~ the member's death required contributions
23 as determined by the Board of Trustees on a fully contributory basis, through retirement
24 allowance deductions or other methods adopted by the Board of Trustees, to a group death
25 benefit trust ~~fund~~ fund, the North Carolina Teachers' and State Employees' Benefit Trust,
26 administered by the Board of Trustees Fund and Pension Accumulation Fund. Employer and
27 non-employer contributions to the Benefit Trust and earnings on those contributions are
28 irrevocable. The assets of the Benefit Trust are dedicated to providing benefits to participants,
29 surviving spouses, and the members' estates in accordance with the Plan's benefit terms. The
30 assets of the Benefit Trust are not subject to the claims of creditors of the employees and
31 non-employees making contributions to the Benefit Trust, are not subject to the claims of any
32 creditors of the Benefit Trust's trustees and administrators, and are not subject to the claims of
33 creditors of members and beneficiaries. Benefit Trust assets may be used for reasonable
34 expenses to administer benefits provided by the Fund as approved by the Board of Trustees.
35 This death benefit shall be a lump-sum payment in the amount of ten thousand dollars
36 (\$10,000) upon the completion of 24 months of contributions required under this subsection.
37 Should death occur before the completion of 24 months of contributions required under this
38 subsection, the deceased retired member's designated beneficiary or beneficiaries, or surviving
39 spouse if there is no surviving beneficiary, or legal representative if not survived by a
40 designated beneficiary or spouse, shall be paid the sum of the retired member's contributions
41 required by this subsection plus interest to be determined by the Board of Trustees."

42 **SECTION 2.(u)** G.S. 135-64(k) reads as rewritten:

43 "(k) Upon the death of a retired member on or after January 1, 2015, there shall be paid a
44 death benefit to the person or persons designated by the member or, if the member has not
45 designated a beneficiary, to the surviving spouse of the deceased retired member or, if not
46 survived by a designated beneficiary or spouse, to the deceased retired member's legal
47 representative; provided the retired member has elected, when first eligible, to make, and has
48 continuously made, in advance of ~~his~~ the member's death required contributions as determined
49 by the Board of Trustees on a fully contributory basis, through retirement allowance deductions
50 or other methods adopted by the Board of Trustees, to a group death benefit trust ~~fund~~ fund, the
51 North Carolina Teachers' and State Employees' Benefit Trust, administered by the Board of

1 Trustees separate and apart from the Retirement System's Annuity Savings Fund and Pension
2 Accumulation Fund. Employer and non-employer contributions to the Benefit Trust and
3 earnings on those contributions are irrevocable. The assets of the Benefit Trust are dedicated to
4 providing benefits to members and beneficiaries in accordance with the Plan's benefit terms.
5 The assets of the Benefit Trust are not subject to the claims of creditors of the employees and
6 non-employees making contributions to the Benefit Trust, are not subject to the claims of any
7 creditors of the Benefit Trust's trustees and administrators, and are not subject to the claims of
8 creditors of members and beneficiaries. Benefit Trust assets may be used for reasonable
9 expenses to administer benefits provided by the Fund as approved by the Board of Trustees.

10 ~~This~~The death benefit payable under this subsection shall be a lump-sum payment in the
11 amount of ten thousand dollars (\$10,000) upon the completion of 24 months of contributions
12 required under this subsection. Should death occur before the completion of 24 months of
13 contributions required under this subsection, the deceased retired member's designated
14 beneficiary or beneficiaries, or surviving spouse if there is no surviving designated beneficiary,
15 or legal representative if not survived by a designated beneficiary or spouse, shall be paid the
16 sum of the retired member's contributions required by this subsection plus interest to be
17 determined by the Board of Trustees."

18 **SECTION 2.(v)** G.S. 143-166.60(b) reads as rewritten:

19 "(b) The Boards of Trustees of the Teachers' and State Employees' Retirement System
20 and the Local Governmental Employees' Retirement System shall jointly administer the Plan
21 and shall, under the terms and conditions otherwise appearing in this Article, provide Plan
22 benefits either (i) by establishing a separate trust fund in conformance with Section 501(c)(9)
23 of the Internal Revenue Code of 1954 as amended or, (ii) by causing the Plan to affiliate with a
24 master ~~trust~~trust, the North Carolina Teachers' and State Employees' Benefits Trust, providing
25 the same benefits for participants. Employer and non-employer contributions to the Benefit
26 Trust and earnings on those contributions are irrevocable. The assets of the Benefit Trust are
27 dedicated to providing benefits to participants, surviving spouses, participants' estates, and
28 persons named by the participant to receive the benefit. The assets of the Benefit Trust are not
29 subject to the claims of creditors of the employees and non-employees making contributions to
30 the Benefit Trust, are not subject to the claims of any creditors of the Benefit Trust's trustees
31 and administrators, and are not subject to the claims of creditors of participants. Benefit Trust
32 assets may be used for reasonable expenses to administer benefits provided by the Fund as
33 approved by the Board of Trustees."

34 **SECTION 2.(w)** This section becomes effective June 30, 2017.

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

36 "(f) Return of Accumulated Contributions. – Should a member cease to be a teacher or
37 State employee except by death or retirement under the provisions of this Chapter, ~~h~~the
38 member shall upon submission of an application be paid, not earlier than 60 days from the date
39 of termination of service, ~~h~~the member's contributions, and the accumulated regular interest
40 thereon, provided that ~~h~~the member has not in the meantime returned to service. Upon
41 payment of such sum his or her membership in the System shall cease and, if he or she
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 ~~h~~the member or former member shall
47 have nominated by electronic submission ~~prior to completing 10 years of service~~ in a form
48 approved by the Board of Trustees or by written designation duly acknowledged and filed with
49 the Board of Trustees, if such person or persons are living at the time of the member's death,
50 otherwise to the member's legal representatives, the amount of ~~h~~the member's accumulated
51 contributions at the time of ~~h~~the member's death, unless the beneficiary elects to receive the

1 alternate benefit under the provisions of (m) below. An extension service employee who made
2 contributions to the Local Governmental Employees' Retirement System and the Teachers' and
3 State Employees' Retirement System as a result of dual employment may not be paid his or her
4 accumulated contributions unless ~~he~~ the extension service employee is eligible to be paid his or
5 her accumulated contributions in both systems for the same period of service.

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

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

18 **SECTION 3.(b)** G.S. 135-5(l), as amended by Section 2(t) of this act, reads as
19 rewritten:

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

36 Upon receipt of proof, satisfactory to the Board of Trustees in their capacity as trustees
37 under the Group Life Insurance Plan, of the death, in service, of a member who had completed
38 at least one full calendar year of membership in the Retirement System, there shall be paid to
39 such person as the member shall have nominated by electronic submission ~~prior to completing~~
40 ~~10 years of service~~ in a form approved by the Board of Trustees or by written designation duly
41 acknowledged and filed with the Board of Trustees, if such person is living at the time of the
42 member's death, otherwise to the member's legal representatives, a death benefit. Such death
43 benefit shall be equal to the greater of:

44"

45 **SECTION 3.(c)** G.S. 135-63 reads as rewritten:

46 **"§ 135-63. Benefits on death before retirement.**

47 (a) Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a
48 member in service, there shall be paid in a lump sum to such person as the member shall have
49 nominated by electronic submission ~~prior to completing 10 years of service~~ in a form approved
50 by the Board of Trustees or by written designation duly acknowledged and filed with the Board
51 of Trustees, if such person is living at the time of the member's death, otherwise to the

1 member's legal representatives, a death benefit equal to the sum of (i) the member's
2 accumulated contributions, plus (ii) the member's final compensation; provided, however, that
3 if the member has attained his or her fiftieth birthday with at least five years of membership
4 service at ~~his~~the member's date of death, and if the designated recipient of the death benefits is
5 the member's spouse who survives ~~him,~~him or her, and if the spouse so elects, then the
6 lump-sum death benefit provided for herein shall consist only of a payment equal to the
7 member's final compensation and there shall be paid to the surviving spouse an annual
8 retirement allowance, payable monthly, which shall commence on the first day of the calendar
9 month coinciding with or next following the death of the member and shall be continued on the
10 first day of each month thereafter until the remarriage or death of the spouse. The amount of
11 any such retirement allowance shall be equal to one half of the amount of the retirement
12 allowance to which the member would have been entitled had ~~he~~the member retired under the
13 provisions of G.S. 135-57(a) on the first day of the calendar month coinciding with or next
14 following ~~his~~the member's date of death, reduced by two percent (2%) thereof for each full
15 year, if any, by which the age of the member at his or her date of death exceeds that of ~~his~~the
16 member's spouse. If the retirement allowance to the spouse shall terminate on the remarriage or
17 death of the spouse before the total of the retirement allowance payments made equals the
18 amount of the member's accumulated contributions at date of death, the excess of such
19 accumulated contributions over the total of the retirement allowances paid to the spouse shall
20 be paid in a lump sum to such person as the member shall have nominated by electronic
21 submission in a form approved by the Board of Trustees or by written designation duly
22 acknowledged and filed with the Board of Trustees, if such person is living at the time such
23 payment falls due, otherwise to the former member's legal representatives.

24 ...

25 (c) Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a
26 member not in service, there shall be paid in a lump sum to such person as the member shall
27 have nominated by electronic submission ~~prior to completing 10 years of service~~ in a form
28 approved by the Board of Trustees or by written designation duly acknowledged and filed with
29 the Board of Trustees, if such person is living at the time of the member's death, otherwise to
30 the member's legal representatives, a death benefit equal to the member's accumulated
31 contributions.

32"

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

34 "(f) Return of Accumulated Contributions. – Should a member cease to be an employee
35 except by death or retirement under the provisions of this Chapter, ~~he~~the member shall upon
36 submission of an application be paid, not earlier than 60 days from the date of termination of
37 service, ~~his~~the member's contributions and the accumulated regular interest thereon, provided
38 that ~~he~~the member has not in the meantime returned to service. Upon payment of such sum his
39 or her membership in the System shall cease and, if he or she thereafter again becomes a
40 member, no credit shall be allowed for any service previously rendered except as provided in
41 G.S. 128-26; and such payment shall be in full and complete discharge of any rights in or to
42 any benefits otherwise payable hereunder. Upon receipt of proof satisfactory to the Board of
43 Trustees of the death, prior to retirement, of a member or former member there shall be paid to
44 such person or persons as ~~he~~the member or former member shall have nominated by electronic
45 submission ~~prior to completing 10 years of service~~ in a form approved by the Board of Trustees
46 or by written designation duly acknowledged and filed with the Board of Trustees, if such
47 person or persons are living at the time of the member's death, otherwise to the member's legal
48 representatives, the amount of ~~his~~the member's accumulated contributions at the time of ~~his~~the
49 member's death, unless the beneficiary elects to receive the alternate benefit under the
50 provisions of (m) below. An extension service employee who made contributions to the Local
51 Governmental Employees' Retirement System and the Teachers' and State Employees'

1 Retirement System as a result of dual employment may not be paid his or her accumulated
2 contributions unless ~~hethe~~ extension service employee is eligible to be paid his or her
3 accumulated contributions in both systems for the same period of service.

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

9 **SECTION 3.(e)** G.S. 128-27(l), as amended by Section 2(r) of this act, reads as
10 rewritten:

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

29 Upon receipt of proof, satisfactory to the Board of Trustees in their capacity as trustees
30 under the Group Life Insurance Plan, of the death, in service, of a member who had completed
31 at least one full calendar year of membership in the Retirement System, there shall be paid to
32 such person as the member shall have nominated by electronic submission ~~prior to completing~~
33 ~~10 years of service~~ in a form approved by the Board of Trustees or by written designation duly
34 acknowledged and filed with the Board of Trustees, if such person is living at the time of the
35 member's death, otherwise to the member's legal representatives, a death benefit. Such death
36 benefit shall be equal to the greater of:

37"

38 **SECTION 3.(f)** G.S. 120-4.25 reads as rewritten:

39 **"§ 120-4.25. Return of accumulated contributions.**

40 If a member ceases to be a member of the General Assembly except by death or retirement,
41 ~~hethe member~~ shall, upon submission of an application, be paid not earlier than 60 days
42 following the date of termination of service the sum of ~~his~~ the member's accumulated
43 contributions provided ~~hethe member~~ has not in the meantime returned to service. Upon
44 payment of this sum his or her membership in the System ceases. If ~~hethe individual~~ becomes a
45 member afterwards, no credit shall be allowed for any service previously rendered except as
46 provided in G.S. 120-4.14 and the payment shall be in full and complete discharge of any rights
47 in or to any benefits otherwise payable under this Article. Upon receipt of proof satisfactory to
48 the Board of Trustees of the death, prior to retirement, of a member or former member, there
49 shall be paid to the person or persons ~~hethe member or former member~~ nominated by electronic
50 submission ~~prior to completing 10 years of service~~ in a form approved by the Board of Trustees
51 or by written designation duly acknowledged and filed with the Board of Trustees, if the person

1 or persons are living at the time of the member's death, otherwise to the member's legal
2 representatives, the amount of ~~his~~the member's accumulated contributions at the time of ~~his~~the
3 member's death, unless the beneficiary elects to receive the alternate benefit under the
4 provisions of G.S. 120-4.28."

5 **SECTION 3.(g)** This section becomes effective January 1, 2018.

6 **SECTION 4.(a)** G.S. 135-1(11) reads as rewritten:

7 "(11) "Employer" shall mean the State of North Carolina, the county board of
8 education, the city board of education, the State Board of Education, the
9 board of trustees of the University of North Carolina, the board of trustees of
10 other institutions and agencies supported and under the control of the State,
11 or any other agency of and within the State by which a teacher or other
12 employee is paid. For purposes of reporting under the pronouncements by
13 the Governmental Accounting Standards Board, the Retirement System is a
14 multi-employer plan."

15 **SECTION 4.(b)** This section becomes effective June 30, 2017.

16 **SECTION 5.(a)** G.S. 135-7 is amended by adding a new subsection to read:

17 "(g) Legislative Enactment Implementation Arrangement. – The Legislative Enactment
18 Implementation Arrangement (LEIA) is established effective October 1, 2017, and placed
19 under the management of the Board of Trustees. The purpose of the LEIA is to provide for
20 timely administrative implementation of legislative provisions regarding the retirement of, or
21 payment of retirement benefits to, public officers or public employees. The LEIA shall have the
22 following parameters:

23 (1) Administration. – The LEIA shall be administered by the Board of Trustees,
24 which shall compile and maintain all records necessary or appropriate for
25 administration. The Board of Trustees shall have full discretionary authority
26 to interpret, construe, and implement the LEIA and to adopt such rules and
27 regulations as may be necessary or desirable to implement the provisions of
28 the LEIA.

29 (2) Funding of the LEIA. – In the event that the General Assembly creates or
30 modifies any provision for the retirement of, or payment of retirement
31 benefits to, public officers or public employees that has a cost savings as
32 measured by actuarial note required by Article 15 of Chapter 120 of the
33 General Statutes, the Board of Trustees may direct up to one hundredth
34 percent (0.01%) of the required contributions to fund the LEIA. These funds
35 must be deposited in a separate fund from the fund into which regular
36 employer contributions are deposited for the Retirement System. The Board
37 of Trustees shall not direct any employer contributions into the LEIA after
38 November 1, 2021.

39 (3) Allocation of LEIA funds. – The Board of Trustees may allocate LEIA funds
40 to the implementation of legislative provisions regarding the retirement of,
41 or payment for retirement benefits to, public officers or public employees,
42 subject to the following restrictions:

43 a. The Board of Trustees must identify individual implementation
44 projects that will be paid for with LEIA funds. These implementation
45 projects must be necessitated by a specific statute or session law that
46 was enacted within five years of the allocation of the funds. The
47 Board of Trustees must also identify the number of years for which
48 each individual implementation project will be paid for with LEIA
49 funds.

50 b. For implementation projects that will be paid for with LEIA funds
51 for a period of one year or less, the Board of Trustees must determine

1 that the cost savings from implementing the project is projected to be
2 no less than half of the amount of LEIA funds utilized to pay for
3 implementation.

4 c. For implementation projects that will be paid for with LEIA funds
5 for a period of greater than one year, but not more than four years,
6 the Board of Trustees must determine that the long-term cost savings
7 from implementing the project is projected to be at least three times
8 greater than the cost of implementation.

9 d. No implementation project shall be paid for with LEIA funds for a
10 period of more than four years.

11 (4) Treatment of unused assets. – Any assets of the LEIA not used to pay
12 allowed administrative expenses for timely administrative implementation of
13 legislative provisions shall be transferred to the Retirement System as an
14 additional employer contribution.

15 (5) Reporting. – The Department of State Treasurer shall report to the Board of
16 Trustees, the Joint Legislative Commission on Government Operations, and
17 the Fiscal Research Division on or before August 1 of each year on the (i)
18 amounts and sources of funds collected by year pursuant to this section and
19 (ii) the amounts expended, the projects for which those funds were
20 expended, and the current status of the projects. The Board of Trustees shall
21 also post this report on its public Web site."

22 **SECTION 5.(b)** G.S. 128-29 is amended by adding a new subsection to read:

23 "(g) Legislative Enactment Implementation Arrangement. – The Legislative Enactment
24 Implementation Arrangement (LEIA) is established effective October 1, 2017, and placed
25 under the management of the Board of Trustees. The purpose of the LEIA is to provide for
26 timely administrative implementation of legislative provisions regarding the retirement of, or
27 payment of retirement benefits to, public officers or public employees. The LEIA shall have the
28 following parameters:

29 (1) Administration. – The LEIA shall be administered by the Board of Trustees,
30 which shall compile and maintain all records necessary or appropriate for
31 administration. The Board of Trustees shall have full discretionary authority
32 to interpret, construe, and implement the LEIA and to adopt such rules and
33 regulations as may be necessary or desirable to implement the provisions of
34 the LEIA.

35 (2) Funding of the LEIA. – In the event that the General Assembly creates or
36 modifies any provision for the retirement of, or payment of retirement
37 benefits to, public officers or public employees that has a cost savings as
38 measured by actuarial note required by Article 15 of Chapter 120 of the
39 General Statutes, the Board of Trustees may direct up to one hundredth
40 percent (0.01%) of the required contributions to fund the LEIA. These funds
41 must be deposited in a separate fund from the fund into which regular
42 employer contributions are deposited for the Retirement System. The Board
43 of Trustees shall not direct any employer contributions into the LEIA after
44 November 1, 2021.

45 (3) Allocation of LEIA funds. – The Board of Trustees may allocate LEIA funds
46 to the implementation of legislative provisions regarding the retirement of,
47 or payment for retirement benefits to, public officers or public employees,
48 subject to the following restrictions:

49 a. The Board of Trustees must identify individual implementation
50 projects that will be paid for with LEIA funds. These implementation
51 projects must be necessitated by a specific statute or session law that

1 was enacted within five years of the allocation of the funds. The
 2 Board of Trustees must also identify the number of years for which
 3 each individual implementation project will be paid for will LEIA
 4 funds.

5 b. For implementation projects that will be paid for with LEIA funds
 6 for a period of one year or less, the Board of Trustees must determine
 7 that the cost savings from implementing the project is projected to be
 8 no less than half of the amount of LEIA funds utilized to pay for
 9 implementation.

10 c. For implementation projects that will be paid for with LEIA funds
 11 for a period of greater than one year, but not more than four years,
 12 the Board of Trustees must determine that the long-term cost savings
 13 from implementing the project is projected to be at least three times
 14 greater than the cost of implementation.

15 d. No implementation project shall be paid for with LEIA funds for a
 16 period of more than four years.

17 (4) Treatment of unused assets. – Any assets of the LEIA not used to pay
 18 allowed administrative expenses for timely administrative implementation of
 19 legislative provisions shall be transferred to the Retirement System as an
 20 additional employer contribution.

21 (5) Reporting. – The Department of State Treasurer shall report to the Board of
 22 Trustees, the Joint Legislative Commission on Government Operations, and
 23 the Fiscal Research Division on or before August 1 of each year on the (i)
 24 amounts and sources of funds collected by year pursuant to this section and
 25 (ii) the amounts expended, the projects for which those funds were
 26 expended, and the current status of the projects. The Board of Trustees shall
 27 also post this report on its public Web site."

28 **SECTION 5.(c)** This section becomes effective October 1, 2017.

29 **SECTION 6.** Article 6 of Chapter 147 of the General Statutes is amended by
 30 adding a new section to read:

31 **"§ 147-68.2. Confidentiality of warrants issued by the State.**

32 Information contained in records held by the State about outstanding, unpaid warrants
 33 issued by the State are confidential and not available for public inspection to the extent that the
 34 Treasurer determines that information would be sufficient to counterfeit a warrant."

35 **SECTION 7.** G.S. 147-9.4 reads as rewritten:

36 **"§ 147-9.4. Deferred Compensation Plan.**

37 (a) Notwithstanding the provisions of G.S. 143B-426.40A and notwithstanding any
 38 provision of law to the contrary relating to salaries or salary schedules of teachers or State
 39 employees, the chief executive officer of an employer, on behalf of the employer, may ~~from~~
 40 ~~time to time~~ enter into a contract with a teacher or employee under which the teacher or
 41 employee irrevocably elects to defer receipt of a portion of his or her scheduled salary in the
 42 future, but only if, as a result of such contract, the income so deferred is deferred pursuant to
 43 the Plan provided for in G.S. 143B-426.24 or pursuant to some other plan established before
 44 January 1, 1983, and is not constructively received by the teacher or employee in the year in
 45 which it was earned, for State and federal income tax purposes. In addition, the income so
 46 deferred shall be invested in the manner provided in the applicable Plan; however, the teacher
 47 or employee may revoke his or her election to participate and may amend the amount of
 48 compensation to be deferred by signing and filing with the Board a written revocation or
 49 amendment on a form and in the manner approved by the Board. Any such revocation or
 50 amendment shall be effective prospectively only and shall cause no change in the allocation of
 51 amounts invested prior to the filing date of such revocation or amendment.

1 A teacher or employee who has agreed to the deferral of income pursuant to the Plan shall
2 have the right to receive the income so deferred only in accordance with the provisions of the
3 Plan. Funds so deferred shall not be in lieu of any amount earned by the teacher or employee
4 before his or her election to defer compensation became effective. The agreement to defer
5 income referred to herein shall be effective under such necessary regulations and procedures as
6 are adopted by the Board, and on forms prepared or approved by it. A teacher or employee who
7 agrees to defer income as provided in this section may authorize payroll deductions for deferral
8 of the income. An employer shall make payroll deduction available for a teacher or employee
9 who authorizes payroll deduction. Notwithstanding any other provisions of law, the amount by
10 which the salary of a teacher or employee is deferred pursuant to the Plan shall not be excluded,
11 but shall be included, in computing and making payroll deductions for social security and
12 retirement system purposes, if any, and in computing and providing matching funds for
13 retirement system purposes, if any.

14 Except for the applications of the provisions of G.S. 110-136, and in connection with a
15 court-ordered equitable distribution under G.S. 50-20, the right of a teacher or employee, who
16 elects to defer income pursuant to the North Carolina Public Employee Deferred Compensation
17 Plan under G.S. 143B-426.24, to benefits that have vested under the Plan, is nonforfeitable.
18 These benefits are exempt from levy, sale, and garnishment, except as provided by this section.

19 (b) Notwithstanding the provisions of G.S. 143B-426.40A and any provision of law to
20 the contrary relating to salaries or salary schedules of teachers or State employees, the chief
21 executive officer of an employer, on behalf of the employer, may contribute to a deferred
22 compensation account of a teacher or employee additional funds, not in excess of limitations
23 under federal law; provided that for State and federal income taxes purposes, the funds are not
24 constructively received by the teacher or employee in the year in which the funds were earned."

25 **SECTION 8.(a)** G.S. 143B-426.40G(b) reads as rewritten:

26 "(b) The State Treasurer may impose on an agency with non-State funds a fee of fifteen
27 dollars (\$15.00) for each check drawn against the agency's disbursing account that causes the
28 balance in the account to be in overdraft or while the account is in overdraft. The financial
29 officer shall pay the fee from the agency's non-State ~~or personal~~ funds to the General Fund to
30 the credit of the miscellaneous nontax revenue account by the agency."

31 **SECTION 8.(b)** This section becomes effective October 1, 2017.

32 **SECTION 9.(a)** G.S. 135-4(e) reads as rewritten:

33 "(e) Creditable service at retirement on which the retirement allowance of a member
34 shall be based shall consist of the membership service rendered by ~~him~~ the member since he or
35 she last became a member, and also if ~~he~~ the member has a prior service certificate which is in
36 full force and effect, the amount of service certified on ~~his~~ the prior service certificate; and if
37 ~~he~~ the member has sick leave standing to ~~his~~ the member's credit upon retirement on or after July
38 1, 1971, one month of credit for each 20 days or portion thereof, but not less than one hour;
39 sick leave shall not be counted in computing creditable service for the purpose of determining
40 eligibility for disability retirement or for a vested deferred allowance. Creditable service for
41 unused sick leave shall be allowed only for sick leave accrued monthly during employment
42 under a duly adopted sick leave policy and for which the member may be able to take credits
43 and be paid for sick leave without restriction. However, in no instance shall unused sick leave
44 be credited to a member's account at retirement if the member's last day of actual service is
45 more than five years prior to the effective date of the member's retirement. Further, any agency
46 with a sick leave policy that is more generous than that of all State agencies subject to the rules
47 of the Office of State Human Resources shall proportionately adjust each of its retiring
48 employees' sick leave balance to the balance that employee would have had under the rules of
49 the Office of State Human Resources. Days of sick leave standing to a member's credit at
50 retirement shall be determined by dividing the member's total hours of sick leave at retirement

1 by the hours per month such leave was awarded under the employer's duly adopted sick leave
2 policy as the policy applied to the member when the leave was accrued.

3 On and after July 1, 1971, a member whose account was closed on account of absence from
4 service under the provisions of G.S. 135-3(3) and who subsequently returns to service for a
5 period of five years, may thereafter repay in a lump sum the amount withdrawn plus regular
6 interest thereon from the date of withdrawal through the year of repayment and thereby
7 increase his creditable service by the amount of creditable service lost when his account was
8 closed.

9 On and after July 1, 1973, a member whose account in the North Carolina Local
10 Governmental Employees' Retirement System was closed on account of absence from service
11 under the provisions of G.S. 128-24(1a) and who subsequently became or becomes a member
12 of this System with credit for five years of service, may thereafter repay in a lump sum the
13 amount withdrawn from the North Carolina Local Governmental Employees' Retirement
14 System plus regular interest thereon from the date of withdrawal through the year of repayment
15 and thereby increase his creditable service in this System by the amount of creditable service
16 lost when his account was closed.

17 On or after July 1, 1979, a member who has obtained 60 months of aggregate service, or
18 five years of membership service, as an employee of the North Carolina General Assembly,
19 except legislators, participants in the Legislative Intern Program and pages, may make a lump
20 sum payment together with interest, and an administrative fee for such service, to the Teachers'
21 and State Employees' Retirement System of an amount equal to what he would have
22 contributed had he been a member on his first day of employment.

23 On and after January 1, 1985, the creditable service of a member who was a member of the
24 Law-Enforcement Officers' Retirement System at the time of the transfer of law-enforcement
25 officers employed by the State from that System to this Retirement System and whose
26 accumulated contributions are transferred from that System to this Retirement System, shall
27 include service that was creditable in the Law-Enforcement Officers' Retirement System; and
28 membership service with that System shall be membership service with this Retirement
29 System; provided, notwithstanding any provision of this Article to the contrary, any inchoate or
30 accrued rights of such a member to purchase creditable service for military service, withdrawn
31 service and prior service under the rules and regulations of the Law-Enforcement Officers'
32 Retirement System shall not be diminished and may be purchased as creditable service with
33 this Retirement System under the same conditions which would have otherwise applied."

34 **SECTION 9.(b)** G.S. 128-26(e) reads as rewritten:

35 "(e) Creditable service at retirement on which the retirement allowance of a member
36 shall be based shall consist of the membership service rendered by ~~him~~the member since he or
37 she last became a member, and also if ~~he~~the member has a prior service certificate which is in
38 full force and effect, the amount of the service certified on ~~his~~the prior service certificate; and if
39 ~~he~~the member has sick leave standing to ~~his~~the member's credit upon retirement on or after July
40 1, 1971, one month of credit for each 20 days or portion thereof, but not less than one hour;
41 sick leave shall not be counted in computing creditable service for the purpose of determining
42 eligibility for disability retirement or for a vested deferred allowance. Creditable service for
43 unused sick leave shall be allowed only for sick leave accrued monthly during employment
44 under a duly adopted sick leave policy and for which the member may be able to take credits
45 and be paid for sick leave without restriction. However, in no instance shall unused sick leave
46 be credited to a member's account at retirement if the member's last day of actual service is
47 more than 365 days prior to the effective date of the member's retirement. Days of sick leave
48 standing to a member's credit at retirement shall be determined by dividing the member's total
49 hours of sick leave at retirement by the hours per month such leave was awarded under the
50 employer's duly adopted sick leave policy as the policy applied to the member when the leave
51 was accrued.

1 On and after July 1, 1971, a member whose account was closed on account of absence from
2 service under the provisions of G.S. 128-24(1a) and who subsequently returns to service for a
3 period of five years, may thereafter repay the amount withdrawn plus regular interest thereon
4 from the date of withdrawal through the year of repayment and thereby increase his creditable
5 service by the amount of creditable service lost when this account was closed.

6 On and after July 1, 1973, a member whose account in the Teachers' and State Employees'
7 Retirement System was closed on account of absence from service under the provisions of
8 G.S. 135-3(3) and who subsequently became or becomes a member of this System with credit
9 for five years of service, may thereafter repay in a lump sum the amount withdrawn from the
10 Teachers' and State Employees' Retirement System plus regular interest thereon from the date
11 of withdrawal through the year of repayment and thereby increase his creditable service in this
12 System by the amount of creditable service lost when his account was closed.

13 Notwithstanding any other provision of this Chapter, any member who entered service or
14 was restored to service prior to July 1, 1982, and was excluded from membership service solely
15 on account of having attained the age of 62 years, in accordance with former G.S. 128-24(3a),
16 may purchase membership service credits for such excluded service by making a lump-sum
17 payment equal to the contributions that would have been deducted pursuant to G.S. 128-30(b)
18 had he been a member of the Retirement System, increased by interest calculated at a rate of
19 seven percent (7%) per annum.

20 On and after January 1, 1986, the creditable service of a member who was a member of the
21 Law Enforcement Officers' Retirement System at the time of the transfer of law enforcement
22 officers employed by participating employers from that System to this Retirement System and
23 whose accumulated contributions are transferred from that System to this Retirement System,
24 includes service that was creditable in the Law Enforcement Officers' Retirement System; and
25 membership service with that System is membership service with this Retirement System;
26 provided, notwithstanding any provisions of this Article to the contrary, any inchoate or
27 accrued rights of such a member to purchase creditable service for military service, withdrawn
28 service and prior service under the rules and regulations of the Law Enforcement Officers'
29 Retirement System may not be diminished and may be purchased as creditable service with this
30 Retirement System under the same conditions that would have otherwise applied."

31 **SECTION 9.(c)** This section becomes effective January 1, 2018.

32 **SECTION 10.** G.S. 147-69.2A(a) reads as rewritten:

33 "(a) Firm to Administer Special Fund. – Following a public procurement process, a
34 designee of the Governor, a designee of the State Treasurer, a designee of the Speaker of the
35 House of Representatives, and a designee of the President Pro Tempore of the Senate shall
36 jointly and unanimously select a third-party professional investment management firm,
37 ~~registered with~~ subject to the rules and regulations of the U.S. Securities and Exchange
38 Commission, to administer a special fund created to invest assets described in
39 G.S. 147-69.2(b)(12)c. and select investment opportunities appropriate for receiving allocations
40 from the Fund on the basis of potential return on investment and the risks attendant thereto. The
41 State Treasurer shall assign professional and clerical staff to assist in the oversight of the Fund.
42 All costs for the third-party investment management firm and the professional and clerical staff
43 shall be borne by the Fund pursuant to G.S. 147-69.3(f). The State Treasurer shall discharge his
44 or her duties with respect to the Fund as a fiduciary consistent with G.S. 147-69.7."

45 **SECTION 11.** G.S. 147-86.73(g1) reads as rewritten:

46 "(g1) Notice for Designated Beneficiary Receiving Medicaid. – The ABLE Account
47 application ~~form package~~ approved in accordance with G.S. 147-86.71(b)(1) shall include
48 notice of the State's right under subsection (e) of this section to file a claim for payment from a
49 designated beneficiary's ABLE account following the death of a beneficiary who received
50 medical assistance benefits."

1 **SECTION 12.** If any provision of this act or its application is held invalid, the
2 invalidity does not affect other provisions or applications of this act that can be given effect
3 without the invalid provisions or application, and to this end, the provisions of this act are
4 severable.

5 **SECTION 13.** Except as otherwise provided, this act is effective when it becomes
6 law.