



## MEMORANDUM

TO: Teachers' and State Employees' Retirement System (TSERS) Board of Trustees;  
Local Governmental Employees' Retirement System (LGERS) Board of Trustees

FROM: Patrick Kinlaw  
Director of Policy, Planning, and Compliance  
Retirement Systems Division (RSD)

DATE: April 24, 2025

RE: Annual Report on Inactive Employers

This document is RSD's annual report to the Boards of Trustees on inactive employers, pursuant to G.S. 128-23.1 and 135-5.5.

G.S. 128-23.1 and 135-5.5 provide that RSD may grant an employer's written request to become "inactive" if the employer has no employees qualifying for membership in the Retirement System, and the employer has made no employer contributions for at least one month. In addition, any employer who fails to report any qualifying employees for six consecutive months shall automatically be considered an inactive employer.

Each section provides that, no later than April 30 of each year, RSD shall report to the Board on all employers who were determined to be inactive employers in the preceding calendar year. No later than May 15, 2025 RSD shall notify each employer of their inactive status and inform the employer that if they have not resumed reporting an eligible employee prior to July 31, and have not had their inactive status extended as described below, the employer will cease participation in the Retirement System according to the procedure and payment requirements of G.S. 128-30(i) for LGERS or G.S. 135-8(i) for TSERS, with a complete withdrawal date of October 1.

An employer reported to the Board may have its inactive status extended by up to one year by submitting to the Retirement System, on or before June 30, clear and convincing evidence satisfactory to the Retirement System of the employer's intention to hire an employee in a position qualifying for membership service in the Retirement System. Not later than July 31, the Board shall determine whether to grant any applications to extend the period of an employer's inactive status.



Once an inactive employer resumes employing individuals qualifying for membership, the employer is required immediately to resume mandatory participation in the Retirement System with respect to those employees. However, any employer who has withdrawn from the Retirement System and would like to once again become a participating employer in the Retirement System would need to reapply and be approved by the Board of Trustees.

**As of the date of this report, there are no inactive employers under TSERS or LGERS.**