



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 13, 2023

SUBJECT: 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. Not later than May 15, 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 However, any employer who has withdrawn from the Retirement System and would like to once again become a participating employer in the Retirement System would need to reapply and be approved by the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.¹² LGERS employers were determined to be inactive in 2022 and are still inactive as of the date of this report:

- Town of Morven (LGERS employer #90461)
- Town of Cahah's Mountain (LGERS employer #91461)
- Andrews ABC Board (LGERS employer #92027)
- Tabor City ABC Board (LGERS employer #92457)
- Craven County Tourism Authority (LGERS employer #92503)
- Bessemer City ABC Board (LGERS employer #93677)
- Lillington ABC Board (LGERS employer #94327)
- Holly Ridge Housing Authority (LGERS employer #96733)
- Rowland ABC Board (LGERS employer #97867)
- Town of Lake Lure ABC Board (LGERS employer #98137)
- Town of Richfield (LGERS employer #98461)
- Town of Eureka (LGERS employer #99641)

As of the date of this report, the following LGERS employer has not reported any qualifying employees for at least six consecutive months. The employer is not in the list above because the determination of inactive status (six-month period) occurred in 2023 rather than 2022. Since the employer was not determined to be inactive "in the preceding calendar year," the employer is not yet subject to the notification requirements of G.S. 128-23.1 during 2023, but will be subject to them in 2024 if they do not report qualifying employees before then.

- City of Boiling Spring Lakes (LGERS employer #91071)

There are no inactive employers under TSERS.