

Regulatory and Fiscal Impact Analysis: Periodic Review of the N.C. Administrative Code, Title 20 (State Treasurer), Chapter 02 (Retirement Systems), and Associated Proposal of Two New Rules

Agencies: Teachers' and State Employees' Retirement System Board of Trustees;
Local Governmental Employees' Retirement System Board of Trustees

Rule Citation(s): 20 NCAC, Chapter 02
(See Appendix A for proposed Rule text)

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Rulemaking Authority: G.S. 128-28(g); 135-6(f); other authority as specified in Appendix A

Impact Summary: State Government: Yes
Local Government: Yes
Private Entities: Yes
Substantial Impact: No

I. Introduction and Purpose

The Local Governmental Employees' Retirement System ("LGERS") was established in 1939, and the Teachers' and State Employees' Retirement System ("TSERS") in 1941. The Board of Trustees that administers LGERS (G.S. 128-22) also administers the Firefighters' and Rescue Squad Workers' Pension Fund or "FRSWPF" (G.S. 58-86-10) and the Registers of Deeds' Supplemental Pension Fund or "RODSPF" (G.S. 161-50.1). The Board of Trustees that administers TSERS (G.S. 135-2) also administers the Consolidated Judicial Retirement System or "CJRS" (G.S. 135-52), the Legislative Retirement System or "LRS" (G.S. 120-4.9), the North Carolina National Guard Pension Fund or "NCNGPF" (G.S. 127A-40), and the Disability Income Plan of North Carolina or "DIPNC" (G.S. 135-102). Two other benefit programs are jointly administered by the TSERS and LGERS Boards of Trustees: The Separate Insurance Benefit Plan for State and Local Law Enforcement Officers or "SIBP" (G.S. 143-166.60) and the Retirees' Contributory Death Benefit Plan or "RCDB" (G.S. 128-28(f1) and 135-6(e1)).

Staffing for the Boards of Trustees ("Boards") administering these programs is provided by the Department of State Treasurer (G.S. 143A), through its Retirement Systems Division. The North Carolina Administrative Code contains Rules related to the administration of these programs under Title 20 (State Treasurer), Chapter 02 (Retirement Systems). Subchapters with currently active Rules include 02A (Divisional Rules), 02B (TSERS), 02C (LGERS), 02F (CJRS), 02L (SIBP), 02M (RCDB), and 02N (FRSWPF). Most of the Rules in 20 NCAC 02 have not been readopted or amended for many years.

In 2013, the General Assembly enacted G.S. 150B-21.3A, which established a process and schedule for agencies to decennially review their active Rules with oversight by the Rules Review Commission (“RRC”). The process requires a “report and review” phase, followed by a “readoption” phase.

In the “report and review” phase, the agency is required to make an initial determination about whether each Rule is necessary or unnecessary. The agency must accept public comments on these determinations for at least 60 days. Following the public comment period, the agency submits a report to the RRC on its initial determination, any public comments received, the agency’s response to those comments, and the agency’s final determination as to the necessity of each Rule. There is also a process for the RRC to consult with the Joint Legislative Administrative Procedure Oversight Committee for finalization. The RRC sets the schedule of when the “report and review” phase for each group of Rules must be completed to avoid expiration of the Rules. The RRC scheduled August 2018 as the review date for the Rules in 20 NCAC 02. At that time, Rules that the agency deemed “necessary” had to be further categorized as with or without “substantive public interest.” (This is no longer a requirement; see S.L. 2019-140.) The Boards made their initial determinations in October 2017, accepted public comments from November 3, 2017 through January 2, 2018, and made final determinations in January 2018. The RRC approved the Boards’ report on August 16, 2018. Following the “report and review” phase, Rules that the Boards had deemed unnecessary automatically expired.

Agencies address the remaining Rules in the “readoption” phase. Rules may be amended as part of the readoption process. The RRC sets the readoption deadline. For the Rules in 20 NCAC 02, the deadline is December 31, 2022. If the Rules are not readopted by December 31, 2022, they will expire, except for Rules that the Boards have deemed to protect inchoate or accrued rights of members of the Retirement Systems. G.S. 150B-21.3A(e)(2). Accordingly, this proposal includes recommendations for maintaining, amending, or repealing each of the remaining Rules under 20 NCAC 02.

II. Description and Impact Analysis: Proposals with Impact vs. Baseline

A. Rule: **New 20 NCAC 02A .0505 Administrative Fees for Service Purchases; Associated Repeal of Overlapping Provisions in Other Rules**

<i>Intent</i>	Simplify Rules related to statutory provisions requiring that service purchases include an administrative fee to be set by the Board of Trustees, by adopting a new single Rule covering all such situations and repealing multiple current provisions covering certain situations (“Overlapping Provisions”).
<i>Rule Section</i>	Addition of proposed Rule 20 NCAC 02A .0505; repeal of the following. <ul style="list-style-type: none"> • 20 NCAC 02B .0706 Workers’ Compensation Leaves of Absence: Part of section (b) • 20 NCAC 02B .0801 Fee • 20 NCAC 02B .0901 Fee • 20 NCAC 02B .1003 Prior Service with General Assembly: Section (g) • 20 NCAC 02B .1005 Temporary Service Purchase: Full Actuarial Liability: Section (f) • 20 NCAC 02B .1006 Part-Time Service Purchase: Full Actuarial Liability: Section (f) • 20 NCAC 02B .1101 Fee • 20 NCAC 02C .0704 Workers’ Compensation Leaves of Absence: Part of section (b)

	<ul style="list-style-type: none"> • 20 NCAC 02C .0902 Fee • 20 NCAC 02C .1001 Fee • 20 NCAC 02C .1301 Fee
Addition/Modification	Addition of 20 NCAC 02A .0505; removal of Overlapping Provisions.
Background/Baseline	<p>There are numerous statutory provisions allowing a member of one of the Retirement Systems, or the member’s employer on the member’s behalf, to purchase creditable service under the Retirement System related to a period for which the member does not currently have creditable service in the Retirement System, and during which the member was engaged in a qualifying type of public service. These provisions require that the member (or employer) pay a statutorily defined amount to the Retirement System to purchase the creditable service. Many such provisions state that the amount to be paid shall include “an administrative fee to be set by the Board” or substantively similar phrasing.</p> <p><u>Baseline condition:</u> The Retirement Systems’ longstanding practice has been to include an administrative fee of \$25.00 for each service purchase where statute requires “an administrative fee to be set by the Board.” The fee is due only if a service purchase transaction is completed. There is no administrative fee associated with applying for, and obtaining, a cost statement for the service purchase.</p> <p>For some of these service purchases (“Overlapping Provisions”), there are current Rules stating the \$25.00 administrative fee. These include purchases of withdrawn service (TSERS and LGERS), military service (TSERS and LGERS), out-of-state service (TSERS and LGERS), part-time service (TSERS), and temporary employment (TSERS). These Rules were most recently amended or readopted between 1977 and 1988.</p> <p>For other types of purchases (“Proposed-Fee Provisions”) where statute requires an administrative fee to be set by the Board, there is no such current Rule provision. These include purchases of omitted membership service more than three years after the omission (TSERS and LGERS), part-time service (LGERS), local government probationary employment (TSERS and LGERS), temporary employment (LGERS), employment not otherwise creditable (LGERS), retroactive membership service (TSERS and LGERS), extended illness (TSERS), parental leave (TSERS), involuntary furlough (TSERS), service withdrawn from the UNC Optional Retirement Program (TSERS), withdrawn service (CJRS and LRS), eligible service in certain judicial positions (CJRS), certain other repayments (LRS), and service not otherwise creditable that is purchased at age 35 or older (FRSWPF).</p> <p>Following is approximate information on the number of service purchase applications received by the Retirement Systems office during a recent 12-month period; the number of those applications that resulted in completed service purchases; and the resulting administrative fees collected. Volumes of applications and purchases are rounded to the nearest 50 based on estimates from Retirement Systems data. The 12-month period summarized is July 1, 2020 through June 30, 2021 for all systems other than FRSWPF, and (due to the timing and availability of relevant data) July 1, 2019 through June 30, 2020 for FRSWPF. Certain aspects of the approach to the analysis may cause the volumes of both applications and completed purchases to be overstated, leading to a conservative (high-end) estimate of the impact of this proposal.</p> <p>In total, during the 12-month period examined for each system, there were approximately 3,350 applications received by the Retirement Systems related to either the Overlapping Provisions or the Proposed-Fee Provisions, approximately 1,150 of which resulted in a service purchase. As a result of these 1,150 purchases,</p>

the Retirement Systems collected about \$28,750 in administrative fees, consisting of \$18,750 where Rule provisions already existed (Overlapping Provisions) and \$10,000 related to the Proposed-Fee Provisions.

TSERS

	Overlapping Provs.	Proposed-Fee Provs.	Total
# Apps. Received in 12 Months	1,150	400	1,550
# Resulting in Purchase	450	100	550
Admin. Fee Collected	\$11,250	\$2,500	\$13,750

LGERS

	Overlapping Provs.	Proposed-Fee Provs.	Total
# Apps. Received in 12 Months	650	750	1,400
# Resulting in Purchase	300	250	550
Admin. Fee Collected	\$7,500	\$6,250	\$13,750

FRSWPF

	Overlapping Provs.	Proposed-Fee Provs.	Total
# Apps. Received in 12 Months	0	400	400
# Resulting in Purchase	0	50	50
Admin. Fee Collected	\$0	\$1,250	\$1,250

Other Retirement Systems

None/Negligible.

Total

	Overlapping Provs.	Proposed-Fee Provs.	Total
# Apps. Received in 12 Months	1,800	1,550	3,350
# Resulting in Purchase	750	400	1,150
Admin. Fee Collected	\$18,750	\$10,000	\$28,750

Proposed Change

The proposal would remove the Overlapping Provisions. It would replace them with a new Rule, stating that when statute provides for the cost of a service purchase to include an administrative fee to be set by the Board, the fee is \$25.00.

This proposal would match longstanding administrative practice. Compared to the Baseline condition in the current Rules, the new Rule would establish the amount of the administrative fee associated with the Proposed-Fee Provisions to be \$25.00. It would represent no change for the Overlapping Provisions.

The rationale for proposing the fee to be \$25.00 is: (1) The administrative fee should not be less than \$25.00; and (2) the fee of \$25.00 is a reasonable fraction of the administrative cost associated with processing such service purchases. Each of these points is further explained below.

- (1) The administrative fee should not be less than \$25.00. For the Overlapping Provisions, the longstanding practice since 1988, and earlier in some cases, has established the fee as \$25.00. Over the past 34 years, staff and vendor

	<p>costs in nominal dollars have increased substantially, rather than decreased. Therefore, it would not be rational to reduce the administrative fee per service purchase.</p> <p>(2) The administrative fee of \$25.00 is a reasonable fraction of the administrative cost associated with processing such service purchases.</p> <p>a. The Retirement Systems staffing cost to process a service purchase request that does not ultimately result in a purchase is approximately \$39.86 per request. (This is estimated assuming 15 minutes of staff time at GN05, 30 minutes at GN07, and 30 minutes at GN08, based on midpoint salaries at each grade including the cost of benefits and office supplies.)</p> <p>The additional cost for a request that proceeds to an actual purchase is approximately \$20.86 per purchase. (This is estimated similarly, assuming 30 minutes at GN11.) Since approximately one-third of such requests over a recent 12-month period have proceeded to a purchase as shown in the “Background/Baseline” section, the average staff cost is approximately $\\$39.86 + \\$20.86 / 3 = \\$46.81$.</p> <p>In calculating full actuarial cost service purchases such as those described in both the Overlapping Provisions and the Proposed-Fee Provisions, management oversight, periodic engagement of the consulting actuary, computing, physical facilities, and other costs are incurred. However, these costs are negligible when isolated to the specific task of calculating service purchases and divided across roughly 3,350 relevant applications per year. Therefore, the \$46.81 stated in the previous paragraph is a reasonable estimate of the cost of processing a purchase application.</p> <p>b. As shown in the “Background/Baseline” section, the currently administered fee of \$25.00 resulted in total related administrative fees of approximately \$28,750 in a 12-month period. When divided by the 3,350 applications over that period, the administrative fees collected were about \$8.58 per application.</p> <p>c. The currently administered fee therefore represents approximately 18% of the administrative cost of processing service purchases, equal to \$8.58 divided by \$46.81. It is reasonable for the purchaser to pay at least 18% of the cost to the Retirement System of administering a service purchase provision that is optional to the member. It might also be reasonable for the fee to be increased in future reviews, so that the purchaser pays a greater share.</p>
<p>Alternatives</p>	<p>Alternative #1 would be to maintain the affected Rules as-is. However, this alternative would result in there being no Rule for the Proposed-Fee Provisions where statute requires that the purchase cost “shall include an administrative fee to be set by the Board.” The proposal is preferable to this alternative because it is a mechanism for clearly establishing the administrative fee for the Proposed-Fee Provisions, in a manner matching longstanding practice.</p> <p>Alternative #2 would be to retain the 11 Overlapping Provisions while adding 18 individual Rules or Rule provisions for each of the Proposed-Fee Provisions. This</p>

	<p>would require maintaining or adding a total of 29 Rule provisions, rather than a single new Rule that would address scenarios consistently. The proposal is preferable to this alternative because it is simpler, and because it reduces the risk of Rules being inconsistent with one another or with statutory requirements in the future.</p> <p>Alternative #3 would be to remove the Overlapping Provisions and to establish a new Rule as indicated by this proposal, but to set the administrative fee at an amount other than \$25.00. The proposal establishing the fee to be \$25.00 is reasonable, based on the rationale set forth in the “Proposed Change” section above.</p>
Benefit	<p>The proposal clearly establishes the administrative fee for the Proposed-Fee Provisions, where there is not currently a Rule provision stating the fee. The proposal eliminates the need to maintain as many as 29 separate Rule provisions in favor of a single new Rule, reducing the risk of future inconsistency. Finally, the proposal establishes the amount of the fee by Rule at a reasonable level matching longstanding practice.</p>
Impact	<p>This proposal would be the same as the longstanding practice, and therefore represents no change compared to longstanding practice. However, when compared to the Baseline condition as stated in current Rules, it has a fiscal impact because it contains an administrative fee of \$25.00 for each purchase under the Proposed-Fee Provisions.</p> <p><u>Impact to Private Entities:</u> As shown in the “Background/Baseline” section above, the total administrative fees collected under the Proposed-Fee Provisions are approximately \$10,000 per year. This is based on a 12-month period of actual service purchase volumes. It is assumed that this cost would be paid by individual citizens (i.e. members of the Retirement Systems) electing to purchase service, although many statutory provisions permit an employer to purchase service on the member’s behalf. The \$10,000 consists of \$2,500 collected by TSERS, \$6,250 collected by LGERS, and \$1,250 collected by FRSWPF.</p> <p><u>Impact to Local Governments:</u></p> <ul style="list-style-type: none"> • Under actuarial theory, the collection of \$6,250 per year by LGERS in administrative fees will improve the funded position of LGERS (relative to collecting no fees) and reduce other contributions required by the entities who fund LGERS. LGERS is funded primarily by member contributions fixed at 6% of compensation, and an additional actuarially determined contribution by employers. Therefore, any increase or decrease resulting from a change in the actuarially determined contribution is experienced by employers and not members. The collection of \$6,250 in administrative fees would ultimately result in savings to local governments of \$6,250 in the form of reduced contributions to LGERS. As local governments make contributions rounded to the nearest 0.01% of pay (currently rounded to approximately the nearest \$700,000), and the improvement in funded position is generally recognized over a 12-year period, the savings of \$6,250 may not materialize in any particular year. • Local governments may agree to pay the fee on the member’s behalf, as part of paying the cost of the service purchase. This is not quantified because it is already included in “Impact to Private Entities” and would be optional for the local government. <p><u>Impact to State Government:</u></p> <ul style="list-style-type: none"> • For the same reasons described in “Impact to Local Government,” the State government, which funds both TSERS and FRSWPF, would theoretically experience savings of \$3,750 associated with the collection of administrative

	<p>fees totaling \$2,500 for TSERS and \$1,250 for FRSWPF. The savings may not materialize in any particular year.</p> <ul style="list-style-type: none"> • State employers may agree to pay the fee on the member’s behalf, as part of paying the cost of the service purchase. This is not quantified because it is already included in “Impact to Private Entities” and would be optional for the State employer. • The State, through the Retirement Systems Division of the Department of State Treasurer, administers all of the Retirement Systems. This proposal is not assumed to increase or decrease the administrative costs, because: <ul style="list-style-type: none"> ○ Staff, systems, vendors, and processes all exist, and would be required to exist, for calculating purchases under the Overlapping Provisions, even if there were no calculations under the Proposed-Fee Provisions. ○ The processing of service purchases under Proposed-Fee Provisions is required by statutory provisions, independent of the existence or amount of an administrative fee. <p>The total of the above impacts is approximately \$20,000 per year.</p>
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B. Amending Rules: 20 NCAC 02B .0401 Refunds (TSERS); 20 NCAC 02C .0403 Refunds (LGERS)

Intent	Clarify how employers may be credited for amounts contributed to TSERS and LGERS that are later determined not to have been required. Clarify that in the case of adjustments to amounts required to be contributed under contribution-based benefit cap (“CBBC”) provisions, an adjustment need not occur within the same calendar year as the employer contribution (or by January 31, if the employer contribution was made in December) for the employer to be credited.
Rule Section	All of each Rule.
Addition/Modification	For each rule, modification to (a) and (b), and addition of (c).
Background/Baseline	<p>Employers make “Payroll-Based Contributions” to TSERS and LGERS, which are a specific percentage of their qualifying employees’ compensation for each payroll period. G.S. 128-30(d) and 128-30(g)(2)(a.) for LGERS; G.S. 135-8(d) and 135-8(f)(2)(a.-e.) for TSERS. The payroll information supporting these contributions must be submitted monthly by the employer. Submission of the information constitutes a certification of its accuracy. G.S. 128-30(g)(4) for LGERS; G.S. 135-8(f)(4) for TSERS.</p> <p>Employers also make “CBBC Contributions” to TSERS and LGERS, which are required amounts associated with the retirement of certain employees on or after January 1, 2015. G.S. 128-30(g)(2)(b.) for LGERS; G.S. 135-8(f)(2)(f.) for TSERS. The amount of a CBBC Contribution is defined by statutory provisions including G.S. 128-26(y) and 128-27(a3) for LGERS, and G.S. 135-4(jj) and 135-5(a3) for TSERS.</p> <p>LGERS and TSERS are funds held in trust, under a requirement (“Trust Requirement”) that “neither the trust corpus nor income from this trust can be used for purposes other than the exclusive benefit of members or their beneficiaries, except that employer contributions made to the trust under a good faith mistake of fact may be returned to an employer, where the refund can occur within less than one year after the mistaken contribution was made, consistent with the Rule adopted by the Board of Trustees.” G.S. 128-22 for LGERS; G.S. 135-2 for TSERS.</p> <p><u>Baseline condition:</u> The two Rules currently provide for refunds of employer contributions when the underlying information is corrected within a calendar year, or by January 31 of the following year if the erroneous report occurs in December.</p>

	<p>With respect to Payroll-Based Contributions, refunds under the current Rules are administered in the form of credits that employers may apply to their future required contributions. This ensures that the Trust Requirement is followed by retaining contributed funds within the Retirement System but allowing credits to be applied against future contributions.</p> <p>With respect to CBBC Contributions, when a correction would reduce an already-contributed amount, the Retirement Systems' current practice is to provide similar refunds in the form of credits to be applied to the employer's future contributions. These credits are provided regardless of whether the correction occurs within the same calendar year, or by the following January 31 if the contribution was made in December. This is because the CBBC Contribution is defined by a statutory formula directing the Retirement System to collect a certain dollar amount.</p> <p>When these two Rules were most recently readopted (1977), employers were required to make Payroll-Based Contributions but not CBBC Contributions. Therefore, when the current Rules were drafted to describe "employer contributions," they were describing Payroll-Based Contributions. The current Rules could be read to include CBBC Contributions as part of "employer contributions." Thus, absent any change, credits associated with CBBC contributions would occur by Rule only if the correction occurred within the same calendar year as the initial contribution, or by the following January 31 if the contribution had been made in December. This would conflict both with the statutory requirement to collect a particular dollar amount of CBBC contributions, and with current practice.</p>
Proposed Change	<p>The proposal would modify parts (a) and (b) of each proposed Rule to provide that:</p> <ul style="list-style-type: none"> • These portions of the Rule relate to Payroll-Based Contributions rather than "employer contributions" generally. • The refund is in the form of credits to be applied against future contributions. This is consistent with the current Rule but clarifies it. • A provision currently within (a) is moved to (b). <p>The proposal would add part (c) to each proposed Rule to provide that:</p> <ul style="list-style-type: none"> • This portion of the Rule relates to CBBC Contributions. • Non-required contributions in light of corrected information will be refunded in the form of credits to be applied against future contributions. This provision does not have a requirement that the correction must occur within the same calendar year, or by the following January 31 if the contribution was made in December.
Alternatives	<p>Alternative #1 would be to leave the Rules as-is. This would result in there being no Rule provision covering the situation where a CBBC Contribution amount is corrected to the amount required by statute, but not within the same calendar year the CBBC contribution was made, or by the following January 31 if the contribution was made in December. The proposal is preferable to this alternative because it creates a clear mechanism for the employer to receive a credit aligned with the statutory requirement for the amount due to the Retirement System.</p> <p>Alternative #2 would be to amend the Rules but allow credits to be applied related to all employer contributions, including Payroll-Based Contributions, after the calendar-year (or January 31) timeframe has expired. The proposal retains the calendar-year (or January 31) timeframe for Payroll-Based Contributions. This aligns with the statutory requirements that Payroll-Based Contributions are reported monthly and that employers certify to the accuracy of the information on each report.</p>

Benefit	The proposal updates the Rules to cover CBBC Contributions, which were not a type of employer contribution at the time the Rules were most recently readopted. The proposal allows for refunds to be issued to employers in the form of credits against their future contributions in a manner that recognizes the multiple related statutory requirements. These include the Trust Requirement, the statutory definition of CBBC Contribution amounts, and the requirement that Payroll-Based Contributions be reported monthly with employers certifying to their accuracy.																																																												
Impact	<p>This proposal would be the same as the longstanding practice, and therefore represents no change compared to longstanding practice. However, when compared to the Baseline condition as stated in current Rules, it has a fiscal impact because it allows employers to be credited for CBBC Contributions that are later determined not to have been required, even if the credit is issued after the calendar year of the contribution, or after January 31 if the contribution was made in December.</p> <p><u>Historical Data Analysis</u></p> <ul style="list-style-type: none"> Step 1. Following are approximate data on the amounts of all credits related to CBBC Contributions issued in calendar years 2019 through 2021: <table border="1" data-bbox="492 743 1409 915"> <thead> <tr> <th>Year Credit Issued</th> <th>TSERS</th> <th>LGERS</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>\$115,969.61</td> <td>\$7,302.52</td> <td>\$123,272.13</td> </tr> <tr> <td>2020</td> <td>\$10,753.48</td> <td>\$14,618.57</td> <td>\$25,372.05</td> </tr> <tr> <td>2021</td> <td>\$11,545.81</td> <td>\$15,553.17</td> <td>\$27,098.98</td> </tr> <tr> <td>Annual Average (2019-2021)</td> <td>\$46,089.63</td> <td>\$12,491.42</td> <td>\$58,581.05</td> </tr> </tbody> </table> <ul style="list-style-type: none"> Step 2. Some credits from Step 1 were issued in the same calendar year that the original contribution was due, or by the following January 31 if the original contribution was due in December: <table border="1" data-bbox="492 1045 1409 1218"> <thead> <tr> <th>Year Credit Issued</th> <th>TSERS</th> <th>LGERS</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>\$112,179.71</td> <td>\$0.00</td> <td>\$112,179.71</td> </tr> <tr> <td>2020</td> <td>\$7,805.43</td> <td>\$459.44</td> <td>\$8,264.87</td> </tr> <tr> <td>2021</td> <td>\$8,550.11</td> <td>\$0.00</td> <td>\$8,550.11</td> </tr> <tr> <td>Annual Average (2019-2021)</td> <td>\$42,845.08</td> <td>\$153.15</td> <td>\$42,998.23</td> </tr> </tbody> </table> <ul style="list-style-type: none"> Step 3. An estimate of credits representing an impact vs. Baseline conditions can be derived by subtracting Step 2 from Step 1: <table border="1" data-bbox="492 1312 1409 1484"> <thead> <tr> <th>Year Credit Issued</th> <th>TSERS</th> <th>LGERS</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>\$3,789.90</td> <td>\$7,302.52</td> <td>\$11,092.42</td> </tr> <tr> <td>2020</td> <td>\$2,948.05</td> <td>\$14,159.13</td> <td>\$17,107.18</td> </tr> <tr> <td>2021</td> <td>\$2,995.70</td> <td>\$15,553.17</td> <td>\$18,548.87</td> </tr> <tr> <td>Annual Average (2019-2021)</td> <td>\$3,244.55</td> <td>\$12,338.27</td> <td>\$15,582.82</td> </tr> </tbody> </table> <p><u>Impact to Private Entities:</u> None.</p> <p><u>Impact to Local Governments:</u></p> <ul style="list-style-type: none"> “Refunded Employers”: Based on the historical data analysis, the amounts representing an impact vs. Baseline conditions would represent approximately \$12,338 per year in credits that refunded local government employers could apply to future contribution requirements. “Non-Refunded Employers”: Under actuarial theory, the credits of \$12,338 per year issued by LGERS would reduce the funded position of LGERS (relative to issuing no credits) and increase contributions required by the entities who fund LGERS. LGERS is funded primarily by member contributions fixed at 6% of compensation, and an additional actuarially 	Year Credit Issued	TSERS	LGERS	Total	2019	\$115,969.61	\$7,302.52	\$123,272.13	2020	\$10,753.48	\$14,618.57	\$25,372.05	2021	\$11,545.81	\$15,553.17	\$27,098.98	Annual Average (2019-2021)	\$46,089.63	\$12,491.42	\$58,581.05	Year Credit Issued	TSERS	LGERS	Total	2019	\$112,179.71	\$0.00	\$112,179.71	2020	\$7,805.43	\$459.44	\$8,264.87	2021	\$8,550.11	\$0.00	\$8,550.11	Annual Average (2019-2021)	\$42,845.08	\$153.15	\$42,998.23	Year Credit Issued	TSERS	LGERS	Total	2019	\$3,789.90	\$7,302.52	\$11,092.42	2020	\$2,948.05	\$14,159.13	\$17,107.18	2021	\$2,995.70	\$15,553.17	\$18,548.87	Annual Average (2019-2021)	\$3,244.55	\$12,338.27	\$15,582.82
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2020	\$2,948.05	\$14,159.13	\$17,107.18																																																										
2021	\$2,995.70	\$15,553.17	\$18,548.87																																																										
Annual Average (2019-2021)	\$3,244.55	\$12,338.27	\$15,582.82																																																										

	<p>determined contribution by employers. Therefore, any increase or decrease resulting from a change in the actuarially determined contribution is experienced by employers and not members. The issuance of \$12,338 in credits to refunded employers would ultimately result in costs to all other participating employers of \$12,338 in the form of increased contributions to LGERS. As local governments make contributions rounded to the nearest 0.01% of pay (currently rounded to approximately the nearest \$700,000), and the improvement in funded position is generally recognized over a 12-year period, the cost of \$12,338 may not materialize in any particular year.</p> <p><u>Impact to State Government:</u></p> <ul style="list-style-type: none"> • “Refunded Employers”: For the reasons described in “Impact to Local Government,” individual State entities participating in TSERS would experience refunds of approximately \$3,245 per year. • “Non-Refunded Employers”: For the reasons described in “Impact to Local Government,” the State government, which funds TSERS, would experience increased costs of \$3,245 associated with the issuances of credits in the amount of \$3,245. The costs may not materialize in any particular year. • The State, through the Retirement Systems Division of the Department of State Treasurer, administers the Retirement Systems. This proposal is not assumed to increase or decrease the administrative costs, because the Retirement Systems are administered in accordance with statutory requirements that establish the amount of CBBC Contributions. <p>The total of the above impacts is approximately \$31,166 per year.</p>
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C. New Rule: 20 NCAC 02C .0307 Contingent Beneficiary (LGERS)

Intent	Add a Rule for LGERS with similar provisions to TSERS Rule 20 NCAC 02B .0303, reflecting longstanding practice for both TSERS and LGERS.
Rule Section	All of proposed Rule.
Addition/Modification	Addition.
Background/Baseline	<p>Both TSERS and LGERS allow members to designate beneficiaries for various purposes. Beneficiaries are nominated “by electronic submission in a form approved by the Board of Trustees or by written designation duly acknowledged and filed with the Board of Trustees.” The statutory provisions for the Return of Contributions (G.S. 128-27(f) for LGERS; G.S. 135-5(f) for TSERS), Guaranteed Refund (G.S. 128-27(g1) for LGERS; G.S. 135-5(g1) for TSERS), and Active Death Benefit (G.S. 128-27(l) for LGERS; G.S. 135-5(l) for TSERS) provide for payment to the nominated beneficiary(ies) “if such person or persons are living at the time of the member’s death, otherwise to the member’s legal representatives,” or substantially similar wording.</p> <p><u>Baseline condition:</u> For the benefits in question, longstanding administrative practice has been that members may nominate one or more principal beneficiary(ies), and one or more contingent beneficiary(ies). Any surviving principal beneficiary(ies) at the time of the member’s death share payment equally. If there are no surviving principal beneficiaries, the surviving contingent beneficiary(ies) share payment equally. If there are no surviving principal or contingent beneficiary(ies), payment is made to the member’s legal representative.</p> <p>The practice of nominating contingent beneficiaries is reflected on the “form approved by the Board of Trustees” for both LGERS and TSERS. Rule 20 NCAC 02B</p>

	.0303, most recently readopted in 1977, has described this practice for TSERS, but no analogous Rule exists for LGERS despite the longstanding administrative practice.
Proposed Change	The proposal adds a new Rule for LGERS, with substantially the same provisions as the TSERS Rule (20 NCAC 02B .0303) including the proposed modifications to that Rule.
Alternatives	<p>Alternative #1 would be not to add a Rule for LGERS describing the practice of nominating contingent beneficiaries. The proposal is preferable to this alternative because it provides detail, matching longstanding administrative practice, and mirroring the analogous Rule for TSERS.</p> <p>Alternative #2 would be to add a Rule for LGERS that does not allow the nomination of contingent beneficiaries. The proposal is preferable to this alternative because the nomination of contingent beneficiaries allows for the member's wishes to be reflected, within the authority provided to the Board of Trustees by statute.</p> <p>Alternative #3 would be to add a Rule for LGERS that allows the nomination of contingent beneficiaries, but stipulates different requirements – for example, limiting the number of contingent beneficiaries who can be nominated, or stating that benefits are shared between beneficiaries differently than in current practice. The proposal is preferable to this alternative because the current practice provides an opportunity for members to indicate their wishes clearly, and because it simplifies administration by following both longstanding practice and the requirements already established in the Rule for TSERS.</p>
Benefit	The proposal matches longstanding practice that allows LGERS members to indicate their wishes clearly regarding beneficiary designation. The proposal provides the Retirement Systems staff with clear direction for efficient administration of beneficiary designations in a manner mirroring TSERS.
Impact	<p>This proposal would be the same as longstanding practice, and therefore represents no change compared to longstanding practice. However, when compared to the Baseline condition as stated in current Rules, it has a fiscal impact because there is not a Rule for LGERS providing for designation of contingent beneficiaries. As explained below, this impact would relate to local governments, rather than to private entities or State government.</p> <p>In estimating this impact, it is important to recognize that contingent beneficiary processes already exist for TSERS, where a Rule already exists with substantially the same provisions as the proposal for LGERS. The impact is one of moving from Condition A, allowing contingent beneficiaries (“CBs”) for TSERS but not LGERS, to Condition B, allowing them for both.</p> <p style="text-align: center;">[See Next Page]</p>

Administrative Description	Condition A: CBs allowed for TSERS but not LGERS	Condition B: CBs allowed for both TSERS and LGERS
1. Staff training	Two processes (TSERS/LGERS)	Single process to learn
2. Designation forms – design	Two forms (TSERS/LGERS)	Single form to maintain
3. Designation forms – intake	Two forms (TSERS/LGERS)	Single form for intake
4. Online designation – design	Two logic paths	Single path
5. Online designation – intake	Negligible	
6. Payment of benefits	Statute requires payment to beneficiary(ies) or legal representatives; complexity is similar	
7. Communication / disputes	Challenges / LGERS members unable to express wishes fully	Possible reduction in challenges

For item 1., the estimated savings from simplified training requirements is \$708 per year. (This is estimated assuming a reduction of 10 total hours of staff time per year at GN07, and 10 total hours at GN10, based on midpoint salaries at each grade including the cost of benefits and office supplies.)

For item 2., the estimated savings from the ongoing maintenance of a single beneficiary designation form, rather than the hypothetical two forms, would be \$1,110 per year. (This is estimated assuming a reduction of 2 hours at GN15, based on midpoint salary including the cost of benefits and office supplies, plus \$1,000 in assumed information technology and management time savings.)

For item 3., the estimated savings from intake of a single type of beneficiary designation form, rather than the hypothetical two forms, would be \$1,155 per year. (This is estimated assuming approximately 10,000 employees enrolling in LGERS each year, of whom it is assumed that 25%, or 2,500, would submit their designation forms on paper instead of online. It is assumed that each form would require one minute less of processing time under Condition B than under Condition A. The estimate therefore uses a reduction of 2,500 minutes, or 41 hours and 40 minutes, in staff time at GN05, based on midpoint salary including the cost of benefits and office supplies.)

For item 4., the estimated savings from maintaining a single logical path in the online beneficiary designation module, as opposed to the hypothetical two paths, is \$1,000 in information technology savings per year.

Items 5. and 6. do not have an estimated fiscal impact for reasons shown above.

For item 7., it is difficult to estimate the savings from reducing questions and challenges from members who would require the availability of a contingent beneficiary designation to express their wishes. This is primarily because the Retirement Systems' longstanding actual practice has been to allow contingent beneficiary designations. Having said that, according to the following rationale, the savings is estimated to be \$5,260 per year. (It is assumed that under Condition A as compared to Condition B, there would be 10 such questions or disputes from LGERS members per year. Each on average is estimated to require an additional 1 hour of staff time at each of GN09, GN10, GN15, GN16, and GN22, based on midpoint salaries at each grade including the cost of benefits and office supplies, plus \$250 in other

	<p>assumed departmental or service provider costs. This totals \$276 in staff time plus \$250 in other costs, or \$526 per incident. When multiplied by 10 incidents per year, the estimated savings is \$5,260.)</p> <p>The total of the above items is approximately \$9,233 per year. Although the savings are hypothetical because longstanding practice already allows the designation of contingent beneficiaries in LGERS, it is reasonable to assume in the hypothetical scenario that the savings would be experienced by local governments. This is because the Retirement Systems Division’s administrative activities are funded by receipts of each Retirement System. If the hypothetical activities under “Condition A” had to be carried out, they would be funded from the receipts of LGERS. A reduction in the required receipts of LGERS in moving from “Condition A” to “Condition B” would mean a reduction in contributions made by local government employers to LGERS.</p>
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III. Description of Proposals with No Impact vs. Baseline

A. Proposals Amending Rules to Add Administrative Detail, Consistent with Existing Language

<i>Intent</i>	Update the wording of existing Rules that have not been updated for many years. These updates would provide additional detail clarifying the administrative implications of the Rules, and better define the scope of the Rules to avoid perceived conflicts with unrelated statutory provisions.
<i>Rule Section</i>	<p>The following Rules / sections contain these types of proposals.</p> <ul style="list-style-type: none"> • 20 NCAC 02A .0503 Dual Membership – Computation of Service and Benefits: Section (e)(2)(C) • 20 NCAC 02B .0302 Principal Beneficiary • 20 NCAC 02B .0303 Contingent Beneficiary • 20 NCAC 02B .0307 Change in Beneficiary • 20 NCAC 02C .0302 Principal Beneficiary • 20 NCAC 02C .0306 Beneficiary Change
<i>Addition/Modification</i>	Modification.
<i>Background/Baseline</i>	<p>The Rules in question were last amended or readopted between 1977 and 1985. Rule 20 NCAC 02A .0503 describes how benefits are determined related to periods of “dual membership,” i.e. membership in two Retirement Systems, at the same time, by virtue of the same position. The other Rules in question describe conditions for members to designate or change beneficiaries for various purposes.</p> <p><u>Baseline condition:</u> The Retirement Systems have been administered in a manner consistent with the current Rules.</p>
<i>Proposed Change</i>	<p>The proposal would modify each Rule to provide additional detail that is consistent with the current Rule, clarifying the administrative implications in a manner consistent with statute.</p> <p>For example, the current Rules titled “Principal Beneficiary” (20 NCAC 02B .0302 and 20 NCAC 02C .0302) both provide, “More than one principal beneficiary may be named to share equally.” This is true according to longstanding administrative practice for many types of benefits, including those specifically named in the proposed modifications to the Rule. However, when designating the monthly survivorship beneficiary under Retirement Option 2, 3, or 6 in accordance with G.S. 128-27(g) for LGERS or 135-5(g) for TSERS, statute requires that only one person may be named. The proposal replaces a blanket statement that might conflict with statute in some circumstances with enumerated provisions specifying how multiple principal beneficiaries may be named consistent with statute.</p>

Alternatives	<p>Alternative #1 would be to make no change to the Rules. This would allow Rules to stand that may create misunderstandings since administration must follow the statute. The proposal is preferable to this alternative.</p> <p>Alternative #2 would be to amend the Rules in a way that would not be consistent with current practice. The proposal is preferable to this alternative because it maintains longstanding practice while clarifying the Rule provisions.</p>
Benefit	The proposal will more clearly define the scope or determination made under each Rule. The proposal will help to avoid misunderstandings with members and perceived conflicts with unrelated statutory provisions.
Impact	None.

B. Proposals Repealing Unnecessary Rules Regarding Independent Medical Examinations Commissioned by Medical Board

Intent	Repeal Rules last amended in 1981, which are no longer used in administration.
Rule Section	20 NCAC 02B .0503 Fees: Independent Medical Exams Disability Retirements; 20 NCAC 02C .0503 Fees: Independent Medical Exams Disability Retirements.
Addition/Modification	Modification.
Background/Baseline	<p>The Rules in question provide a mechanism for the Medical Board to exercise its statutory authority to employ an outside physician to conduct a medical examination of a disability retirement applicant. The Rules also establish a maximum fee of \$150 for a medical examination.</p> <p><u>Baseline condition:</u> In current practice, the Medical Board does not employ outside physicians to conduct examinations. Therefore, the Rules have no practical effect.</p>
Proposed Change	The proposal would repeal both Rules.
Alternatives	Alternatives would include (1) allowing the Rules to stand or (2) updating only the parts setting a maximum fee. Given the Baseline condition, either of the alternatives would retain Rules with no practical effect.
Benefit	Administrative simplicity.
Impact	None.

C. Proposal Adding Definition of “Stipend” to Rule 20 NCAC 02B .0701 Educational Leaves of Absence

Intent	Amend a Rule last amended in 1982 to add a definition of “stipend,” a term that was added to the relevant statutory provision in 2017.
Rule Section	(a).
Addition/Modification	Modification.
Background/Baseline	<p>The Rule relates to members of TSERS purchasing service for periods of educational leave pursuant to G.S. 135-8(b)(5). The Rule was last amended in 1982. The eligibility criteria for the purchase were clarified by section 2.(a) of S.L. 2017-125. Specifically, where the statute had previously required that a member enrolled in a full-time degree program “is not paid for the activity in which he or she is acquiring knowledge,” S.L. 2017-125 revised this to provide that the member “is not paid compensation, other than a stipend resulting from participation in a full-time degree program, for the activity in which he or she is acquiring knowledge.” In other words, the receipt of a “stipend” from a TSERS employer does not, by itself, prevent a member from being eligible for this type of service purchase. The statute does not appear to define the term “stipend,” so an administrative definition is useful.</p>

	<u>Baseline condition:</u> Since S.L. 2017-125 was enacted, TSERS has been administered using a definition of “stipend” consistent with the proposed change noted below. Staff is not aware of a dispute or contested case regarding the definition of “stipend.”
Proposed Change	The proposal would define “stipend” as “a fixed sum of money paid periodically for services and to defray the cost of travel, housing, meals, or other living expenses resulting from participation in a full-time degree program.” This is consistent with the dictionary definition, “a fixed sum of money paid periodically for services or to defray expenses.” (“Stipend.” <i>Merriam-Webster.com Dictionary</i> , Merriam-Webster, https://www.merriam-webster.com/dictionary/stipend . Accessed 30 Mar. 2022.) The Rule’s definition replaces “expenses” with “travel, housing, meals, or other living expenses,” to give examples of the types of expenses for which a stipend might be paid to a member of TSERS on educational leave participating in a full-time degree program. The Rule’s definition adds the phrase, “resulting from participation in a full-time degree program,” consistent with the G.S. 135-8(b)(5) requirement that the member not receive “compensation, other than a stipend resulting from participation in a full-time degree program.”
Alternatives	Alternative #1 would be to use a different definition, presumably based on a different dictionary. A review of dictionary definitions shows that some dictionaries include a definition of “stipend” that is simply a “salary.” For example, while definition 1 in the 2010 Webster’s College Dictionary is “a periodic payment, esp. a scholarship or fellowship allowance granted to a student,” definition 2 is “fixed or regular pay; salary.” (“Stipend.” <i>Random House Kernerman Webster’s College Dictionary</i> . © 2010 K Dictionaries Ltd. © 2005, 1997, 1991 by Random House, Inc. All rights reserved.) The G.S. 135-8(b)(5) requirement that “the member is not paid compensation, other than a stipend,” would be inconsistent with the G.S. 135-1(7a) definition of “compensation” if “stipend” were read to include any salary. Therefore, the proposal is preferable to this alternative because it clarifies the administrative practice. Alternative #2 would be not to define the term “stipend.” The proposal is preferable to this alternative because, in light of the discussion of Alternative #1, a working administrative definition is useful.
Benefit	Administrative clarification and prevention of possible future disputes.
Impact	None.

D. Proposals to Conform with Statute

Proposed changes to the following Rules would conform to current statutory requirements. This includes removing Rule provisions that are now overridden by statute, that referred to statutory provisions that have been repealed, or that are unnecessary according to statute. There is no impact of these proposals conforming to statute because administration must conform to statute.

- Rule 20 NCAC 02A .0101 Organization: Authority: Addition of statutory citation to part (3) and addition of part (10).
- Rule 20 NCAC 02A .0401 Establishment of Procedural Rights.
- Rule 20 NCAC 02A .0503 Dual Membership – Computation of Service and Benefits: Section (d).
- Rule 20 NCAC 02B .0202 Actuarial Tables: Rates and Assumptions.
- Rule 20 NCAC 02B .0213 Disability Retirement Allowance Defined.
- Rule 20 NCAC 02B .0305 Beneficiary Who Is a Minor.
- Rule 20 NCAC 02B .0405 Anti-Pension Spiking Contribution-Based Benefit Cap Factor (TSERS).
- Rule 20 NCAC 02B .1003 Prior Service with General Assembly.

- Rule 20 NCAC 02B .1004 Temporary Service Purchase.
- Rule 20 NCAC 02B .1005 Temporary Service Purchase: Full Actuarial Liability.
- Rule 20 NCAC 02B .1006 Part-Time Service Purchase: Full Actuarial Liability.
- Rule 20 NCAC 02B .1007 Local Government Service Purchase: Full Actuarial Liability.
- Rule 20 NCAC 02B .1102 Qualification.
- Rule 20 NCAC 02B .1104 Recalculation of Benefits.
- Rule 20 NCAC 02B .1204 Definitions.
- Rule 20 NCAC 02B .1205 Computation of Cost.
- Rule 20 NCAC 02B .1207 Special Rule for Retired Applicants.
- Rule 20 NCAC 02C .0201 Actuarial Tables: Rates and Assumptions.
- Rule 20 NCAC 02C .0304 Payments to Beneficiaries.
- Rule 20 NCAC 02C .0405 Anti-Pension Spiking Contribution-Based Benefit Cap Factor (LGERs).
- Rule 20 NCAC 02C .1201 Service Retirement.
- Rule 20 NCAC 02C .1302 Qualifying for Credit.
- Rule 20 NCAC 02C .1501 Application of Section.
- Rule 20 NCAC 02C .1503 Definitions.
- Rule 20 NCAC 02C .1504 Computation of Cost.
- Rule 20 NCAC 02C .1505 Extent of Service to Be Purchased.
- Rule 20 NCAC 02C .1506 Special Rule for Retired Applicants.
- Rule 20 NCAC 02F .0104 Actuarial Tables: Rates and Assumptions.
- Rule 20 NCAC 02F .0108 Full Actuarial Cost.
- Rule 20 NCAC 02L .0103 Definitions.
- Rule 20 NCAC 02L .0202 Retired Members.
- Rule 20 NCAC 02L .0302 Accident and Hospital Benefits.
- Rule 20 NCAC 02M .0101 Definitions: Part (6).
- Rule 20 NCAC 02M .0302 Member Contribution: Section (b).
- Rule 20 NCAC 02M .0304 Amount of Benefit Payable.
- Rule 20 NCAC 02N .0208 Applying for Membership.
- Rule 20 NCAC 02N .0218 Retirement Benefits.

E. Proposals to Make Technical Changes or Readopt Rules with No Changes

The proposals in Appendix A include the following types of modifications, which do not have a regulatory or fiscal impact:

- Readopting a Rule with no changes.
- Moving a provision within a Rule.
- Making the text gender-neutral.
- Updating contact information.
- Making improvements to the format of a Rule.
- Removing unnecessary words or phrases.
- Making other changes as noted.

IV. Summary

The proposal contains recommendations with the following administrative benefits.

<u>Section of Analysis</u>	<u>Description</u>	<u>Administrative Benefit</u>
II.A.	Adopt new 20 NCAC 02A .0505 Administrative Fees for Service Purchases; remove overlapping provisions in other Rules.	Clearly establishes the administrative fee for certain service purchase types where there is not currently a Rule provision stating the fee. Eliminates the need to maintain as many as 29 separate Rule provisions in favor of a single new Rule, reducing the risk of future inconsistency. Establishes the amount of the fee by Rule at a reasonable level matching longstanding practice.
II.B.	Amend 20 NCAC 02B .0401 Refunds (TSERS); 20 NCAC 02C .0403 Refunds (LGERS).	Updates Rules to cover CBBC Contributions, which were not a type of employer contribution at the time the Rules were most recently readopted. Allows for refunds to be issued to employers in the form of credits against their future contributions in a manner that recognizes the multiple related statutory requirements.
II.C.	Adopt new 20 NCAC 02C .0307 Contingent Beneficiary (LGERS).	Matches longstanding practice that allows LGERS members to indicate their wishes clearly regarding beneficiary designation. Provides Retirement Systems staff with clear direction for efficient administration of beneficiary designations in a manner mirroring TSERS.
III.A.	Amend various Rules to add administrative detail, consistent with existing language.	More clearly define the scope or determination made under each Rule. Help to avoid misunderstandings with members and perceived conflicts with unrelated statutory provisions.
III.B.	Repeal two unnecessary Rules regarding independent medical examinations.	Administrative simplicity.
III.C.	Add definition of "stipend" to Rule 20 NCAC 02B .0701 Educational Leaves of Absence.	Administrative clarification and prevention of possible future disputes.
III.D.	Proposals to conform with statute.	N/A.
III.E.	Technical changes or readoption of Rules with no changes.	N/A.

In terms of fiscal benefits or costs, the proposals match longstanding administrative practice and therefore have no impact relative to longstanding practice. When compared to the current Rules, many of which have not been amended or readopted in many years, the proposals in combination have the following estimated fiscal benefits and costs that have been estimated in this analysis. These do not meet the definition of "substantial economic impact" under G.S. 150B-21.4(b1).

Annual Benefits

- Private Entities.
 - None.

- Local Governments.
 - \$6,250 in reduced contributions to LGERS due to improvement in the system's funded position from collection of administrative fees. Item II.A.
 - \$12,338 in credits that "refunded employers" may use to reduce future contributions to LGERS. Item II.B.
 - \$9,233 in administrative savings from Rule permitting designation of contingent beneficiaries in LGERS, similar to TSERS. Item II.C.
- State Government.
 - \$3,750 in reduced contributions to TSERS and FRSWPF due to improvement in the systems' funded positions from collection of administrative fees. Item II.A.
 - \$3,245 in credits that "refunded employers" may use to reduce future contributions to TSERS. Item II.B.
- Total: \$34,816.

Annual Costs

- Private Entities.
 - \$10,000 in administrative fees paid by individuals choosing to make certain types of service purchases. Item II.A.
- Local Governments.
 - \$12,338 in additional contributions made by "non-refunded employers" as a result of refunds issued to particular employers. Item II.B.
- State Government.
 - \$3,245 in additional contributions made by "non-refunded employers" as a result of refunds issued to particular employers. Item II.B.
- Total: \$25,583.

1 **APPENDIX A: PROPOSED RULE TEXT SHOWING CHANGES FROM CURRENT TEXT**

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3
4 **CHAPTER 02 – RETIREMENT SYSTEMS**
5 **SUBCHAPTER 02A - DIVISIONAL RULES**

6
7 **SECTION .0100 - ORGANIZATIONAL RULES**

8
9 **20 NCAC 02A .0101 ORGANIZATION: AUTHORITY**

10 The ~~R~~etirement ~~S~~ystems ~~D~~ivision of the Department of State Treasurer provides the staffing for the administration
11 of the following agencies. The agencies and the statutory authority of each are:

- 12 (1) Teachers' and State Employees' Retirement System of North Carolina -- G.S. 135, Article 1;
13 (2) North Carolina Local Governmental Employees' Retirement System -- G.S. 128, Article 3;
14 (3) Public Employees' Social Security Agency -- G.S. 135, Article 2; G.S. 143A, Article 4;
15 (4) Legislative Retirement System of North Carolina -- G.S. 120-4, Article 1A;
16 (5) Consolidated Judicial Retirement System of N.C. -- G.S. 135, Article 4;
17 (6) Supplemental Retirement Income Plan of North Carolina -- G.S. 135, Article 5;
18 (7) Disability Income Plan of North Carolina -- G.S. 135, Article 6;
19 (8) Firemen's Firefighters' and Rescue Squad Workers' Pension Fund -- G.S. 58, Article 86;
20 (9) Register of Deeds' Supplemental Pension Fund -- G.S. 161, Article 3.
21 (10) National Guard Pension Fund – G.S. 127A, Article 3.

22
23 *History Note: Authority G.S. 128-28(g); 135-6(f);*
24 *Eff. February 1, 1976;*
25 *Readopted Eff. September 21, 1977;*
26 *Amended Eff. October 1, 1993; August 1, 1988; April 1, 1985; October 1, 1983;*
27 *Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 21,*
28 *2018.*

29
30 **20 NCAC 02A .0102 EXERCISE OF AUTHORITY**

31 All of the above named agencies, with the exception of the ~~N.C.~~ Public Employees' Social Security Agency, exercise
32 their prescribed statutory powers independently of the State Treasurer. However, those functions such as planning,
33 organizing, staffing, directing, coordinating, ~~reporting-reporting~~, and budgeting are performed under the direction and
34 supervision of the State Treasurer. In the case of the N.C. Public Employees' Social Security Agency, all its prescribed
35 statutory authority, powers, ~~duties,duties~~ and functions, including rule-making, are vested in the State Treasurer.

36
37 *History Note: Authority G.S. 135-6(f); 128-28(g);*

1 *Eff. February 1, 1976;*
2 *Readopted Eff. September 21, 1977;*
3 *Amended Eff. October 29, 1979;*
4 *Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 21,*
5 *2018.*

7 **20 NCAC 02A .0103 DELEGATION OF AUTHORITY TO DIRECTOR**

8 Whenever the statutes specify that the ~~B~~board of ~~T~~rustees itself will make specific findings in specific matters relating
9 to specific persons, the ~~D~~irector of the Retirement Systems Division may make the decisions administratively in
10 accordance with law and the rules, ~~regulations-regulations~~, and previous decisions of this ~~B~~board. Appeals may be
11 made from the decision of the ~~D~~irector under the same procedures used for contested cases.

12
13 *History Note: Authority G.S. 135-6(f); 128-28(g);*
14 *Eff. September 21, 1977;*
15 *Amended Eff. October 29, 1979.*

16
17 **20 NCAC 02A .0104 EXERCISE OF EMPLOYER OPTIONS**

18 No election of an optional element of a retirement system shall be considered effective by the ~~R~~etirement ~~S~~ystem
19 unless a duly certified copy of the minutes of the governing board of the employer is received and the terms under
20 which the option is elected do not discriminate in favor of the more highly compensated employees.

21
22 *History Note: Authority G.S. 135-6(f); 128-28(g);*
23 *Eff. November 9, 1979.*

24
25 **20 NCAC 02A .0105 REPAYMENT FOR RIGHT TO RETIRE**

26
27 *History Note: Authority G.S. 128-27(a)(4); 128-28(g); 135-5(a)(3); 135-6(f); 135-57(d);*
28 *Eff. December 1, 1983;*
29 *Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.*

30
31 **SECTION .0200 - RULE-MAKING PROCEDURES**

32
33 **20 NCAC 02A .0201 ESTABLISHMENT OF PROCEDURAL RIGHTS**

34 The rules in 20 NCAC 01F .0100 establish rule-making procedures for the Retirement Systems Division of the
35 Department of State Treasurer. All correspondence with the Retirement Systems Division shall be addressed to:
36 Director of the Retirement Systems
37 Longleaf Building
38 3200 Atlantic Avenue
39 Raleigh, North Carolina 27604.

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History Note: Authority G.S. 128-28(g); 135-6(f);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Amended Eff. October 1, 1993; October 29, 1979;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 21,
2018;
Amended Eff. September 1, 2019.

20 NCAC 02A .0202 DEFINITIONS

The following definitions apply to rule-making in 20 NCAC 1F .0100:

- (1) The "Division" is the Retirement Systems Division and includes the agencies enumerated in 20 NCAC 2A .0101.
- (2) The "~~Chief Officer~~Director" is the Director of the Retirement Systems Division.

History Note: Authority G.S. 135-6(f); 128-28(g);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Amended Eff. October 1, 1993; October 29, 1979;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 21,
2018.

SECTION .0300 - DECLARATORY RULINGS

20 NCAC 02A .0301 ESTABLISHMENT OF PROCEDURAL RIGHTS

The rules in 20 NCAC 1F .0200 establish declaratory ruling procedures for the Retirement Systems Division of the Department of State Treasurer, with the following exception. All requests for declaratory rulings from the Retirement Systems Division shall be in writing and mailed to the attention of the Director at the following address:

Director of the Retirement Systems Division
Department of State Treasurer
3200 Atlantic Avenue
Raleigh, North Carolina 27604.

History Note: Authority G.S. 135-6(f); 128-28(g);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Amended Eff. October 1, 1993.

1
2 **20 NCAC 02A .0302 DEFINITIONS**

3 The following definitions apply to declaratory rulings in 20 NCAC 1F .0200:

- 4 (1) The "Division" is the Retirement Systems Division;
5 (2) The "~~Chief Officer~~Director" is the Director of the Retirement Systems Division.

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7 *History Note: Authority G.S. 135-6(f); 128-28(g);*
8 *Eff. February 1, 1976;*
9 *Readopted Eff. September 21, 1977;*
10 *Amended Eff. October 1, 1993;*
11 *Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 21,*
12 *2018.*

13
14 ~~**20 NCAC 02A .0303 RECONSIDERATION OF DECLARATORY RULINGS**~~

15 ~~(a) Whenever the director of the retirement systems has issued a declaratory ruling pursuant to this Section, the~~
16 ~~petitioner may, at his option, request that the ruling be reconsidered by the appropriate governing board in a letter~~
17 ~~mailed or delivered to the director of the retirement systems within 10 days of the receipt of such declaratory ruling.~~
18 ~~In the event the petitioner requests reconsideration by the appropriate governing board, the petitioner shall be entitled~~
19 ~~to appear concerning the ruling before the appropriate governing board at a regularly scheduled meeting. The~~
20 ~~governing board in question shall reconsider the ruling and may readopt the same ruling or adopt a different ruling.~~
21 ~~(b) In the event the petitioner does not request reconsideration by the appropriate governing board as provided in (a)~~
22 ~~of this Rule, the declaratory ruling issued by the director of the retirement systems shall be considered the final~~
23 ~~declaratory ruling of the said governing board.~~

24
25 ~~*History Note: Authority G.S. 135-6(f); 128-28(g);*~~
26 ~~*Eff. October 29, 1979.*~~

27
28 **SECTION .0400 - CONTESTED CASE PROCEDURES**

29
30
31 **20 NCAC 02A .0401 ESTABLISHMENT OF PROCEDURAL RIGHTS**

32 Article 3 of G.S. 150B establishes ~~The rules in 20 NCAC 1F .0300 establish~~ contested case procedures for the
33 Retirement Systems Division of the Department of State Treasurer, with following amendments: All correspondence
34 with the Retirement Systems Division shall be addressed to:

35 Director of the Retirement Systems Division
36 Department of State Treasurer
37 3200 Atlantic Avenue
38 Raleigh, North Carolina 27604.

1 (1) Informal resolution of the problem begins when a person calls, writes, or visits the ~~state~~ Retirement
2 ~~Systems Division's~~ Member Services section office and describes the problem to a ~~counselor/field~~
3 representative;

4 (2) If the problem is not resolved during this initial contact, the person may request an administrative
5 review of the Division's decision or action; ~~will be referred to the administrator of the appropriate~~
6 ~~section;~~

7 ~~(3) If the problem is not resolved at this level, the person may discuss it with the Assistant Director of~~
8 ~~the Retirement Systems;~~

9 ~~(4)(3) The If the aggrieved person is dissatisfied at this point, he may discuss his difficulty with the~~
10 ~~Director of the Retirement Systems, or the Director's designee, will issue a Final Agency Decision~~
11 ~~in writing, which will serve as the "agency decision" for purposes of G.S. 150B-23(f).~~

12
13 *History Note:* Authority G.S. 150B-23; 135-6(f); 128-28(g);
14 Eff. February 1, 1976;
15 Readopted Eff. September 21, 1977;
16 Amended Eff. October 1, 1993.

17 **20 NCAC 02A .0402 DEFINITIONS**

18 **20 NCAC 02A .0403 HEARING OFFICERS**

19
20
21 *History Note:* Authority G.S. 135-6(f); 128-28(g);
22 Eff. February 1, 1976;
23 Readopted Eff. September 21, 1977;
24 Amended Eff. October 1, 1993; October 1, 1983; December 1, 1982; October 29, 1979;
25 Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.

26
27 **SECTION .0500 - GENERAL PROCEDURES**

28
29
30 **20 NCAC 02A .0501 GENERAL GUIDELINES**

31 **20 NCAC 02A .0502 RETIRING PROCEDURES**

32
33 *History Note:* Authority G.S. 135-6(f); 128-28(g);
34 Eff. February 1, 1976;
35 Readopted Eff. September 21, 1977;
36 Amended Eff. October 29, 1979;
37 Repealed Eff. March 1, 1985.

38
39 **20 NCAC 02A .0503 DUAL MEMBERSHIP - COMPUTATION OF SERVICE AND BENEFITS**

1 (a) This Rule applies to any individual case in which the member had one or more periods of dual membership in
2 those rare cases which are permitted by law. Dual membership means membership in two systems, at the same time,
3 by virtue of the same position.

4 (b) Eligibility shall be established for the death benefit, survivor's alternate benefit, service, early or disability
5 retirement or other benefits which are based on creditable or membership service for both systems whenever eligibility
6 is established in either one of the systems.

7 (c) A statute permitting transfer of membership and prior service shall apply when a person becomes a member of a
8 Retirement System to which the membership and prior service may be transferred from one or the other of the
9 systems in which the member had dual membership. This shall apply only where the member is paid under only one
10 Retirement System for services rendered subsequent to the last day of service in a position in which the member had
11 dual membership.

12 (d) Death benefits for active members shall be ~~limited to twenty thousand dollars (\$20,000) and shall be~~ allocated pro
13 rata between systems based on the total compensation paid during the eligibility period.

14 (e) Other benefits shall be calculated by:

15 (1) Compute "Average Final Compensation" on the basis of compensation on which the member would
16 have contributed had ~~the member~~ not been earning "split" service as an employee with dual
17 membership.

18 (2) Compute creditable service as follows:

19 (A) the number of months of creditable service the member earned or acquired which were
20 based on compensation for service in only one of the systems; plus

21 (B) the total of the fractional months earned by the member in each of the systems during
22 periods of dual membership; where

23 (C) the fractional months during periods of dual membership is equal to the same fraction of a
24 month that the compensation reported to the system bears to the total compensation
25 reported to all systems. The fractional months are to be computed as follows. First, identify
26 the total compensation earned by the member in each of the systems during periods of dual
27 membership, as determined in Part (e)(2)(B) of this Rule. Second, add together the total
28 compensation earned by the member in each of the systems during periods of dual
29 membership, as determined in Part (e)(2)(B) of this Rule, to produce a Grand Total. Third,
30 divide the total compensation earned by the member in each of the systems during periods
31 of dual membership, as determined in Part (e)(2)(B) of this Rule, by the Grand Total, as
32 determined in the previous sentence, to produce a factor, carried to the fourth decimal
33 place, known as the Modification Factor, for each system. Fourth, multiply the total of the
34 fractional months, as determined in Part (e)(2)(B) of this Rule, by the Modification Factor
35 for each system, as determined in the previous sentence, to determine the actual creditable
36 service allowed for each system during periods of dual membership.

1 (3) Compute the annual allowance for a member by multiplying the average final compensation times
2 the creditable service as computed in Subparagraphs (1) and (2) of this Paragraph.

3 (4) Allocate the benefits to be paid from each system pro rata on share of creditable service in each
4 system as computed in (e)(2) of this Rule.

5 (f) This Rule shall apply to any individual case in which a member with dual membership commenced retirement
6 with one ~~R~~retirement ~~S~~system prior to the effective date of this Rule and continued in service under the other
7 ~~R~~retirement ~~S~~system. In such cases, the retirement allowance of the member from the system with which ~~he~~the
8 member first retired shall be recomputed in accordance with this Rule and paid retroactively to the effective date of
9 this Rule.

10
11 *History Note:* Authority G.S. 128-28(g); 135-6(f);
12 Eff. December 1, 1981;
13 Amended Eff. March 1, 1985.

14
15 **20 NCAC 02A .0504 DIRECT DEPOSIT OF MONTHLY BENEFIT PAYMENTS**

16 (a) This Rule applies to any individual case in which a beneficiary's monthly benefit was paid via electronic funds
17 transfer (EFT) or direct deposit, when such EFT was suspended by the Division in error. This Rule does not apply to
18 any individual case involving a delay by this Division to initiate an EFT or a change in an existing EFT arrangement
19 requested by a beneficiary.

20 (b) The Division may reimburse non-sufficient fund charges incurred by a beneficiary due to the suspension in error
21 of an existing EFT arrangement when the beneficiary was not properly notified of the suspension of such arrangement
22 and upon receipt of satisfactory proof that such charges were incurred.

23 (c) Any other bad check service charges or fees imposed by any financial institution or merchant may be reimbursed
24 at the discretion of the Division Director upon receipt of satisfactory proof that such charges were incurred.

25 (d) Any such reimbursement of non-sufficient fund NSF or bad check service charges shall be paid from the Pension
26 Accumulation Fund of the Retirement System in which the beneficiary is in receipt of a benefit.

27
28 *History Note:* Authority G.S. 128-28(g); 135-6(f); 135-52; 135-102(c);
29 Eff. March 1, 1992.

30
31 **20 NCAC 02A .0505 ADMINISTRATIVE FEES FOR SERVICE PURCHASES**

32 (a) This Rule applies to purchase of creditable service whenever a statutory provision prescribes that the
33 calculation of the amount payable shall include an administrative fee to be set by the Board. An applicant
34 shall be eligible to purchase creditable service under any such provision only after having met all
35 requirements of eligibility for purchase as defined by law and by rules duly adopted.

36 (b) An administrative fee in the amount of twenty-five dollars (\$25.00) for each payment shall be assessed
37 members at the time of purchase as provided by law.

38 *History Note:* Authority G.S. 135-6(f); 128-28(g);
39 Eff. [DATE]

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4
5 SECTION .0600 - INVESTMENTS
6

7
8 20 NCAC 02A .0601 INVESTMENT OF FUNDS

9 20 NCAC 02A .0602 INVESTMENT COMMITTEE
10

11 *History Note:* Authority G.S. 135-6(f); 128-28(g);
12 Eff. September 21, 1977;
13 Repealed Eff. March 1, 1985.
14
15

16 SUBCHAPTER 02B - TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
17

18 SECTION .0100 - GENERAL PROVISIONS
19

20 20 NCAC 02B .0101 GENERAL INFORMATION

21 The following is general information about the Teachers' and State Employees' Retirement System:

- 22 (1) The ~~chief officer~~ Director is the Director of the Retirement Systems Division;
23 (2) The mailing address is Retirement Systems Division, Department of State Treasurer, 3200 Atlantic
24 Avenue, Raleigh, North Carolina 27604;
25 (3) The office is located ~~in the Longleaf Building, at~~ 3200 Atlantic Avenue, Raleigh, North Carolina.
26

27 *History Note:* Authority G.S. 135-6(f);
28 Eff. February 1, 1976;
29 Readopted Eff. September 21, 1977;
30 Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 21,
31 2018;
32 Amended Eff. September 1, 2019.
33

34 20 NCAC 02B .0102 PURPOSES

35 20 NCAC 02B .0103 FORMS
36

37 *History Note:* Authority G.S. 135-6(f);
38 Eff. February 1, 1976;
39 Readopted Eff. September 21, 1977;
40 Repealed Eff. March 1, 1985.

1
2 **SECTION .0200 - ADMINISTRATION**

3
4
5 **20 NCAC 02B .0201 AVERAGE FINAL COMPENSATION**

6 The term "consecutive calendar years" is defined for the purpose of determining retirement allowances as a period of
7 time consisting of a number of calendar months of creditable service equal to 12 times the number of years specified
8 by statute during which the highest total compensation was earned, adjusted proportionally to the regular term of
9 annual employment.

10
11 *History Note: Authority G.S. 135-6(f); 135-1(5);*
12 *Eff. February 1, 1976;*
13 *Readopted Eff. September 21, 1977.*

14
15 **20 NCAC 02B .0202 ACTUARIAL TABLES: RATES AND ASSUMPTIONS**

16 (a) Actuarial tables and assumptions will be adopted by the Board of Trustees after the presentation of the
17 recommendations of the actuary ~~by including the tables, rates, etc. in the minutes of the board with the resolution~~
18 ~~adopting said tables, rates or assumptions.~~ As provided by G.S. 150B-1(d), these actions of the Board of Trustees are
19 not subject to rule-making requirements.

20 (b) The Director ~~of the retirement systems~~ shall maintain a file of copies of all resolutions adopting tables, rates or
21 assumptions and the current version of all tables as amended by the Board of Trustees. The file shall be open and
22 readily available to the public during regular office hours.

23 ~~(c) This Rule includes but is not limited to the following actuarial tables and assumptions:~~

- 24 ~~(1) interest rate assumptions;~~
25 ~~(2) salary increase assumptions;~~
26 ~~(3) required contribution rates;~~
27 ~~(4) mortality assumptions;~~
28 ~~(5) separation and retirement assumptions;~~
29 ~~(6) joint and survivor tables;~~
30 ~~(7) reserve transfer tables.~~

31 ~~(c)~~ Tables, rates and assumptions shall become effective on the first day of the month following adoption, unless a
32 specific effective date is included in the adopting resolution. If the specific date is included, the tables, rates or
33 assumptions shall be effective as provided in the adopting resolution.

34
35 *History Note: Authority G.S. 135-6(m); 135-6(f);*
36 *Eff. February 1, 1976;*
37 *Readopted Eff. September 21, 1977;*
38 *Amended Eff. August 1, 1981.*

39
40 **20 NCAC 02B .0203 OFFICIAL MORTALITY TABLE**

1 **20 NCAC 02B .0204 ACTUARIAL CALCULATIONS**
2 **20 NCAC 02B .0205 RECOMMENDATIONS OF ACTUARY**
3 **20 NCAC 02B .0206 ACTUARIAL VALUATIONS**
4 **20 NCAC 02B .0207 RESERVE TRANSFER**

5

6 *History Note: Authority G.S. 135-6(f); 135-6(m); 135-6(n); 135-6(o); 135-18.1;*
7 *Eff. February 1, 1976;*
8 *Readopted Eff. September 21, 1977;*
9 *Repealed Eff. August 1, 1981.*

10

11 **20 NCAC 02B .0208 DEATH OF RETIRED MEMBER**

12 During the month a retired member dies, the legal representative of the deceased shall be entitled to a full check for
13 the month in which the death occurred.

14

15 *History Note: Authority G.S. 135-6(f);*
16 *Eff. February 1, 1976;*
17 *Readopted Eff. September 21, 1977.*

18

19 **20 NCAC 02B .0209 DISCLOSURE OF INFORMATION**

20

21 *History Note: Authority G.S. 135-6(f);*
22 *Eff. February 1, 1976;*
23 *Readopted Eff. September 21, 1977;*
24 *Amended Eff. March 1, 1985;*
25 *Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.*

26

27 **20 NCAC 02B .0210 MEDICAL BOARD**

28 In accordance with the authority contained in G.S. 135-6(k) membership of the ~~M~~medical ~~B~~board ~~is increased from~~
29 ~~three to consists of~~ five physicians with a quorum of three being required at meetings approving applications for
30 disability retirement.

31

32 *History Note: Authority G.S. 135-6(k); 135-6(f);*
33 *Eff. February 1, 1976;*
34 *Readopted Eff. September 21, 1977.*

35

36 **20 NCAC 02B .0211 OPTIONAL RETIREMENT PROGRAM**

37 An individual who is employed by a state university at a rank or in a position ~~ineligible which does not qualify him~~
38 for participation in the optional retirement program, as provided by G.S. 135-5.1, and who later is reclassified to the
39 rank of instructor or above shall be permitted to exercise the option of electing to withdraw from ~~the~~ Teachers' and

1 State Employees' Retirement System and to begin participation in the optional retirement program as though ~~he~~the
2 individual were a new employee.

3
4 *History Note:* Authority G.S. 135-5.1; 135-6(f);
5 Eff. February 1, 1976;
6 Readopted Eff. September 21, 1977.

7
8 **20 NCAC 02B .0212 SURVIVOR'S ALTERNATE BENEFIT**

9
10 *History Note:* Authority G.S. 135-19; 135-6(f);
11 Eff. February 1, 1976;
12 Readopted Eff. September 21, 1977;
13 Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.

14
15 ~~**20 NCAC 02B .0213 DISABILITY RETIREMENT ALLOWANCE DEFINED**~~

16 ~~A member shall be deemed to have been "entitled to receive a disability retirement allowance" if a proper application~~
17 ~~for disability retirement allowance was received before his death, if he had five or more years of creditable service, if~~
18 ~~the medical board, after a medical examination of such member pursuant to G.S. 135-5(e), shall certify that such~~
19 ~~member was mentally or physically incapacitated for the further performance of duty, that such incapacity was~~
20 ~~incurred at the time of active employment and was continuous thereafter, that such incapacity was likely to be~~
21 ~~permanent, and that such member should be or should have been retired, and if all other requirements for disability~~
22 ~~retirement pursuant to G.S. 135-5(e) had been met except that the member need not live to the actual date of retirement.~~

23
24 ~~*History Note:* Authority G.S. 135-5(1)(3);~~
25 ~~Eff. October 29, 1979.~~

26
27 **20 NCAC 02B .0214 RETROACTIVE MEMBERSHIP SERVICE**

28
29 *History Note:* Authority G.S. 135-3(1); 135-6(f);
30 Eff. June 1, 1984;
31 Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.

32
33 **SECTION .0300 - BENEFICIARIES**

34
35
36 **20 NCAC 02B .0301 DESIGNATION**

37 Any beneficiaries designated, other than the estate of a member or a trustee named by and acting for the member, must
38 be living persons at the time the designation is made. If it is desired that the estate be beneficiary, this should be
39 indicated on the form.

1
2 *History Note:* Authority G.S. 135-5(g); 135-5(l); 135-6(f);
3 *Eff. February 1, 1976;*
4 *Readopted Eff. September 21, 1977.*

5
6
7 **20 NCAC 02B .0302 PRINCIPAL BENEFICIARY**

8 (a) More than one principal beneficiary may be ~~named~~ designated for the return of accumulated contributions under
9 the provisions of G.S. 135-5(f) to share equally. In the event of the death of any so designated for the return of
10 accumulated contributions, ~~named~~, those surviving shall share equally in the total benefits. ~~However, if there is~~
11 only one living designated principal beneficiary for the return of accumulated contributions at the member's death
12 and the member has met all other requirements under the provisions of G.S. 135-5(m), the designated principal
13 beneficiary may elect to receive the alternative benefit under the provisions of G.S. 135-5(m).

14 (b) More than one principal beneficiary may be designated for the death benefit of an active member or a retired
15 member under the provisions of G.S. 135-5(l) to share equally. In the event of the death of any so designated
16 principal beneficiary(ies) for the death benefit of an active member or retired member, those surviving principal
17 beneficiary(ies) shall share equally in the total benefits.

18 ~~(a)(c)~~ More than one principal beneficiary may be designated for the guaranteed refund under the provisions of
19 G.S. 135-5(g1) to share equally. In the event of the death of any so designated principal beneficiary(ies) for the
20 guaranteed refund, those surviving principal beneficiary(ies) shall share equally in the total benefits.

21
22 *History Note:* Authority G.S. 135-5(f); 135-5(g); 135-5(g1); 135-5(l); 135-5(m); 135-6(f);
23 *Eff. February 1, 1976;*
24 *Readopted Eff. September 21, 1977.*

25
26 **20 NCAC 02B .0303 CONTINGENT BENEFICIARY**

27 ~~A principal beneficiary may be named with the stipulation that should he predecease the member, payment of the~~
28 ~~amount due, if any, will be made to a designated contingent beneficiary. It is permissible to name more than one~~
29 ~~contingent beneficiary. In the event of the death of any so named, those surviving shall share equally in the total~~
30 ~~benefits. If more than one principal beneficiary is named, the naming of a contingent beneficiary or beneficiaries will~~
31 ~~not be permitted.~~

32 (a) Designating a contingent beneficiary for the return of accumulated contributions under the provisions of G.S.
33 135-5(f):

34 (1) A principal beneficiary may be designated for the return of accumulated contributions with the
35 stipulation that should the principal beneficiary(ies) predecease the member, payment of the amount due,
36 if any, shall be made to the designated contingent beneficiary(ies) for the return of accumulated
37 contributions.

38 (2) If more than one principal beneficiary is designated for the return of accumulated contributions, payment
39 of the amount due, if any, shall be paid to any surviving principal beneficiary(ies) designated for the

1 return of accumulated contributions, sharing equally in the total benefits payable, and shall not be paid
2 to any contingent beneficiary.

3 (3) It is permissible to designate more than one contingent beneficiary for the return of accumulated
4 contributions. Payment of the amount due, if any, shall be paid to the surviving contingent
5 beneficiary(ies) designated for the return of accumulated contributions, sharing equally in the total
6 benefits, only in the event that there is no surviving principal beneficiary designated for the return of
7 accumulated contributions.

8 (b) Designating a contingent beneficiary for the death benefit under the provisions of G.S. 135-5(l):

9 (1) A principal beneficiary may be designated for the death benefit of an active member or retired member
10 with the stipulation that should the principal beneficiary(ies) predecease the member, payment of the
11 amount due, if any, shall be made to the designated contingent beneficiary(ies) for the death benefit.

12 (2) If more than one principal beneficiary is designated for the death benefit, payment of the amount due, if
13 any, shall be paid to any surviving principal beneficiary(ies) designated for the death benefit, sharing
14 equally in the total benefits payable, and shall not be paid to any contingent beneficiary.

15 (3) It is permissible to designate more than one contingent beneficiary for the death benefit. Payment of the
16 amount due, if any, shall be paid to the surviving contingent beneficiary(ies) designated for the death
17 benefit, sharing equally in the total benefits, only in the event that there is no surviving principal
18 beneficiary designated for the death benefit.

19 (c) Designating a contingent beneficiary for the guaranteed refund under the provisions of G.S. 135-5(g1):

20 (1) A principal beneficiary may be designated for the guaranteed refund with the stipulation that should the
21 principal beneficiary(ies) predecease the member, payment of the amount due, if any, shall be made to
22 the designated contingent beneficiary(ies) for the guaranteed refund.

23 (2) If more than one principal beneficiary is designated for the guaranteed refund, payment of the amount
24 due, if any, shall be paid to any surviving principal beneficiary(ies) designated for the guaranteed refund,
25 sharing equally in the total benefits payable, and shall not be paid to any contingent beneficiary.

26 (+)(3) It is permissible to designate more than one contingent beneficiary for the guaranteed refund.
27 Payment of the amount due, if any, shall be paid to the surviving contingent beneficiary(ies) designated
28 for the guaranteed refund, sharing equally in the total benefits, only in the event that there is no surviving
29 principal beneficiary designated for the guaranteed refund.

30
31 *History Note: Authority G.S. 135-5(f); 135-5(g); 135-5(g1); 135-5(l); 135-6(f);*

32 *Eff. February 1, 1976;*

33 *Readopted Eff. September 21, 1977.*

34
35 **20 NCAC 02B .0304 NO LIVING BENEFICIARY**

36 If no ~~designated named~~ beneficiary, whether principal or contingent, is living at the time of the member's death,
37 payment of the amount due, if any, will be made to the ~~estate-legal representative~~ of the member.

1 *History Note:* Authority G.S. 135-5(g); 135-6(f);
2 Eff. February 1, 1976;
3 Readopted Eff. September 21, 1977.

4
5 **20 NCAC 02B .0305 BENEFICIARY WHO IS A MINOR**

6 (a) Payments to beneficiaries who are minors will be made to a duly appointed guardian or to the clerk of superior
7 court in the county in which they reside to the extent that such payment may be authorized by law.

8 (a)(b) In the event that the duly appointed guardian or the clerk of superior court in the county in which they reside
9 is unwilling or unable to accept payment(s) on behalf of the minor beneficiary(ies), payment may be made to a
10 custodian in accordance with Chapter 33A of the North Carolina General Statutes, entitled North Carolina
11 Uniform Transfers to Minors Act.

12
13 *History Note:* Authority G.S. 135-5(g); 135-6(f);
14 Eff. February 1, 1976;
15 Readopted Eff. September 21, 1977.

16
17 **20 NCAC 02B .0306 CHANGE IN STATUS**

18
19 *History Note:* Authority G.S. 135-5(g); 135-6(f);
20 Eff. February 1, 1976;
21 Readopted Eff. September 21, 1977;
22 Repealed Eff. March 1, 1985.

23
24 **20 NCAC 02B .0307 CHANGE IN BENEFICIARY**

25 Prior to retirement, the member may has the right at any time, and from time to time, to change any beneficiaries
26 designated for the return of accumulated contributions under the provisions of G.S. 135-5(f) or the death benefit for
27 active members under the provisions of G.S. 135-5(l) without the knowledge or consent of the beneficiaries. A retired
28 member may at any time change any beneficiaries designated for:

- 29 (a) The guaranteed refund under the provisions of G.S. 135-5(g1) until such time as the funds have been depleted;
30 or
31 (b) The death benefit for active members under the provisions of G.S. 135-5(l) until such time as the retired
32 member's last day of active service is greater than 180 days prior to the change; or
33 (c) The death benefit for retired members under the provisions of G.S. 135-5(l).

34
35 Any such change must be submitted to the Board of Trustees.

36
37 *History Note:* Authority G.S. 135-5(f); 135-5(g); 135-5(g1); 135-5(l); 135-6(f);
38 Eff. February 1, 1976;
39 Readopted Eff. September 21, 1977.

1
2 **20 NCAC 02B .0308 SPECIAL RULE: BENEFICIARY BEFORE JULY 1, 1967**

3 In the event of the death of a person who became a member before July 1, 1967, the return of a member's contributions
4 shall be paid to such person as the member intended to receive ~~his~~ the return of contributions and whom ~~he~~ the member
5 designated as beneficiary for the death benefit as if the member had properly designated such person for the return of
6 contributions if the following conditions are met:

- 7 (1) the member had properly designated one person for the death benefit at a time when there were
8 separate forms for designation of beneficiary for return of contributions and designation of
9 beneficiary for the death benefit;
- 10 (2) the person designated as beneficiary for the death benefit is living at the time of the member's death;
- 11 (3) any previously designated beneficiary for the return of contributions who is living at the time of the
12 member's death or, if such previously designated beneficiary dies between the time of the member's
13 death and the time of determination of payment of the return of accumulated contributions, the
14 legatee(s), heirs at law, successors or assigns of such beneficiary, waives all claims to or interest in
15 the return of the member's contributions;
- 16 (4) the member did not designate any other person for the return of contributions after making a
17 designation of beneficiary for the death benefit; and
- 18 (5) clear and convincing evidence is presented to the ~~retirement system~~ Division showing that the
19 member thought ~~he~~ the member had or intended to have designated for the return of contributions
20 the same person whom ~~he~~ the member designated as beneficiary for the death benefit.

21 In such cases, the beneficiary shall be entitled to receive the survivor's alternate benefit pursuant to G.S. 135-5(m) to
22 the same extent that ~~he~~ the beneficiary would have been entitled to receive the survivor's alternate benefit under G.S.
23 135-5(m) if the member had actually designated such beneficiary for the return of contributions in a duly executed
24 and filed form for the designation of beneficiary for return of contributions.

25
26 *History Note: Authority G.S. 135-5(m);*
27 *Eff. October 29, 1979.*

28
29 **SECTION .0400 - EMPLOYER CONTRIBUTIONS**

30
31
32
33
34
35 **20 NCAC 02B .0401 REFUNDS**

36 (a) The Retirement System will make no refunds of employer contributions, paid into the pension accumulation
37 fund by the employer in the amount equal to a percentage of the actual compensation of each member, in cases
38 of erroneous employee deductions except those which are corrected by the employing unit on a subsequent payroll
39 within the calendar year in which the errors occur. ~~The only exception to this Rule is that an error occurring in~~

1 ~~December may be corrected (without loss of the employer contribution) by submission of a revised payroll with~~
2 ~~checks for the correct amount before January 31 of the following year.~~

3 (b) Notwithstanding Paragraph (a) of this Rule, an error occurring in December may be corrected (and the associated
4 employer contribution be refunded in the form of a credit toward future required employer contributions) by the
5 employer's submission of a revised payroll report for the correct amount before January 31 of the following year.

6 (c) If an employer makes an additional contribution to the pension accumulation fund as a result of the
7 contribution-based benefit cap, and the Retirement System receives information which alters the calculation of
8 the retirement benefit used to determine the contribution under the provisions of G.S. 135-8(f)(2)(f.), any
9 contribution not required based on the new information will be refunded to the employer in the form of a credit
10 toward future required employer contributions.

11
12 *History Note:* Authority G.S. 135-2; 135-8(f); 135-6(f);
13 Eff. February 1, 1976;
14 Readopted Eff. September 21, 1977.

15
16 **20 NCAC 02B .0402 FORWARDING OF EMPLOYER CONTRIBUTIONS**

17 All units should forward to the Retirement System the employer's contributions monthly at the same time the
18 employee's contributions are forwarded.

19
20 *History Note:* Authority G.S. 135-8(f)(1); 135-6(f);
21 Eff. February 1, 1976;
22 Readopted Eff. September 21, 1977.

23
24 **20 NCAC 02B .0403 CONTRIBUTION RATE**

25
26 *History Note:* Authority G.S. 135-6(f); 135-6(m);
27 Eff. September 21, 1977;
28 Repealed Eff. August 1, 1981.

29
30 **20 NCAC 02B .0404 DUE DATE OF CONTRIBUTIONS**

31 Both the employee and employer contributions are due in the Raleigh offices of the Retirement System no later than
32 the fifth state government working day of the month succeeding the month for which the contributions are required.
33 Contributions received after the fifth state government working day of the month are delinquent.

34
35 *History Note:* Authority G.S. 135-6(f); 135-8(f);
36 Eff. March 1, 1992.

37
38 ~~20 NCAC 02B .0405 ANTI PENSION SPIKING CONTRIBUTION-BASED BENEFIT CAP FACTOR~~
39 ~~(TSERS)~~

40 ~~The contribution-based benefit cap factor for the Teachers' and State Employees' Retirement System is 4.5.~~

1
2 ~~History Note: Authority G.S. 135-4(jj); 135-5(a3); 135-6(f);~~
3 ~~Eff. March 21, 2019.~~

4
5 **SECTION .0500 - TYPES OF RETIREMENT**

6
7
8 **20 NCAC 02B .0501 DISABILITY RETIREMENT EXAMINATION**

9 The ~~director~~Director is authorized to conduct an examination in doubtful cases of disability to determine the condition
10 of the disability, paying the expense of the same from the pension accumulation fund.

11
12 *History Note: Authority G.S. 135-5(c); 135-6(f);*
13 *Eff. February 1, 1976;*
14 *Readopted Eff. September 21, 1977.*

15
16 **20 NCAC 02B .0502 DISABILITY RETIREMENT REPORTS**

17 When the Medical Board, subsequent to a disability retirement, reports that the retired member is engaged in, or is
18 able to engage in a gainful occupation, any adjustment required by G.S. 135-5(e)(1) will be made prospectively only
19 and will not relate back so as to require any refund to the state of payments made during the period before a report is
20 made indicating changed status.

21
22 *History Note: Authority G.S. 135-5(e)(1); 135-6(f);*
23 *Eff. February 1, 1976;*
24 *Readopted Eff. September 21, 1977.*

25
26 ~~**20 NCAC 02B .0503 FEES: INDEPENDENT MEDICAL EXAMS-DISABILITY RETIREMENTS**~~

27 ~~Physicians employed upon the recommendations of the Medical Board to examine and report on special cases of~~
28 ~~disability retirement applicants and re-examination of disability beneficiaries shall be paid fees commensurate with~~
29 ~~usual, customary and reasonable charges for such tests, examinations, procedures and reports as the Medical Board~~
30 ~~might request; and, the amounts of such fees shall be predetermined by mutual agreement between the director and~~
31 ~~the physicians so employed, with the advice of the Medical Board as to the amounts, provided that no fee for any one~~
32 ~~applicant or beneficiary shall exceed the sum of one hundred and fifty dollars (\$150.00).~~

33
34 ~~History Note: Authority G.S. 135-6(f); 135-6(k);~~
35 ~~Eff. February 1, 1976;~~
36 ~~Readopted Eff. September 21, 1977;~~
37 ~~Amended Eff. August 1, 1981.~~

38
39 **20 NCAC 02B .0504 INTEREST CREDITS**

1 When members on disability retirement are reinstated to active service, no interest shall be allowed on their accounts
2 during the year of reinstatement.

3
4 *History Note:* Authority G.S. 135-6(f);
5 Eff. February 1, 1976;
6 Readopted Eff. September 21, 1977.

- 7
- 8 **20 NCAC 02B .0505 EARLY RETIREMENT**
- 9 **20 NCAC 02B .0506 SERVICE RETIREMENT**
- 10 **20 NCAC 02B .0507 PERSONNEL EMPLOYED**

11

12 *History Note:* Authority G.S. 135-6(f);
13 Eff. February 1, 1976;
14 Readopted Eff. September 21, 1977;
15 Repealed Eff. March 1, 1985.

- 16
- 17 **20 NCAC 02B .0508 FAILURE TO RESPOND**

18

19 *History Note:* Authority G.S. 135-5(a)(1); 135-6(f);
20 Eff. February 1, 1976;
21 Readopted Eff. September 21, 1977.
22 Pursuant to G.S. 150B-33(b)(9), Administrative Law Judge Melissa Owens Lassiter declared Rule
23 20 NCAC 02B .0508 void as applied in *Burton L. Russell v. Department of State Treasurer,*
24 *Retirement Systems Division (03 DST 1715);*
25 *Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.*

- 26
- 27 **20 NCAC 02B .0509 RETIREMENT ALLOWANCE**

28

29 *History Note:* Authority G.S. 135-18.1; 135-6(f);
30 Eff. February 1, 1976;
31 Readopted Eff. September 21, 1977;
32 Repealed Eff. December 1, 1981.

- 33
- 34 **20 NCAC 02B .0510 PENSIONS**

35 Payment of a full month's benefit shall be made for the month in which death occurs, regardless of the date, with no
36 further benefits to be paid thereafter.

37

38 *History Note:* Authority G.S. 135-14; 135-6(f);
39 Eff. February 1, 1976;

1 *Readopted Eff. September 21, 1977.*

2
3 **SECTION .0600 - INVESTMENTS**

- 4
5
6
7 **20 NCAC 02B .0601 STOCK**
8 **20 NCAC 02B .0602 AUTHORIZATION**
9 **20 NCAC 02B .0603 VALUATION EQUITY RESERVE**

10
11 *History Note: Authority G.S. 135-7.2; 135-6(f);*
12 *Eff. February 1, 1976;*
13 *Repealed Eff. September 21, 1977.*

14
15 **SECTION .0700 - LEAVES OF ABSENCE**

16
17 **20 NCAC 02B .0701 EDUCATIONAL LEAVES OF ABSENCE**

18 ~~(a) All members, who request approval to purchase creditable service and who fulfill all of the requirements of law~~
19 ~~and the rules of the board, shall be allowed to purchase the service in accordance with the law and the rules of the~~
20 ~~board.~~

21 ~~(b) Payments to be made for purchases on account of current leave of absence shall be submitted on Form 224,~~
22 ~~Payment of Contributions for a Current Leave of Absence, which shall be submitted as required by law. If the~~
23 ~~employer will make the monthly contributions equal to the normal and accrued liability contribution, the employer~~
24 ~~shall submit the total payment. If the member will make the entire payment, the member shall submit the total~~
25 ~~payment. In any case in which the employer continues to make salary payments, in whole or part, the director may~~
26 ~~make an agreement with the employer on how to make the payments which is not inconsistent with the law or the~~
27 ~~rules of the board.~~

28 ~~(c) Contributions for purchase of service shall not be accepted unless the member has applied for permission to~~
29 ~~purchase the service not later than the due date of the payment for the first month for which credit is to be purchased.~~
30 ~~Applications after the last day of the first month for which service is to be purchased and the due date thereof shall be~~
31 ~~accompanied by a check in payment of the contribution for said month.~~

32 ~~(d) Payment shall be deemed to have been made on the date received by the board, provided that a payment made by~~
33 ~~mail which is clearly postmarked on or before the due date shall be deemed paid when due.~~

34 ~~(e) Purchases of service credit for leaves of absence prior to July 1, 1981 shall be made in the same manner as~~
35 ~~prescribed in 20 NCAC 2B .1200, DELAYED PURCHASE OF SERVICE CREDITS.~~

36 (a) For the purposes of G.S. 135-8(b)(5), "stipend" shall mean "a fixed sum of money paid periodically for services
37 and to defray the cost of travel, housing, meals, or other living expenses resulting from participation in a full-time
38 degree program."

1 (b) If the employer makes the monthly employer contribution equal to the normal and accrued liability contribution,
2 the employer shall submit the total employer payment to the Retirement System.

3 (c) If the member makes the entire payment, the member shall submit the total employer and employee contribution
4 to the Retirement System.

5 (d) ~~(f)~~—A member, who is currently making contributions to purchase service for an educational leave of absence, and
6 whose position before the leave of absence was paid on a less than 12-month basis, shall make the payment in the
7 month after the regularly scheduled due date for payment of salary and shall earn service credits for said contributions
8 in the same manner the member~~as he~~ would if the member~~he~~ was currently being employed in that last position.

9
10
11 *History Note: Authority G.S. 135-6(f); 135-8(b)(5);*
12 *Eff. February 1, 1976;*
13 *Readopted Eff. September 21, 1977;*
14 *Amended Eff. March 1, 1982.*

15
16 **20 NCAC 02B .0702 REQUESTS TO CONTRIBUTE**

17 **20 NCAC 02B .0703 MANDATORY LEAVE OF ABSENCE**

18 **20 NCAC 02B .0704 MEMBER AGE SIXTY-FIVE**

19 **20 NCAC 02B .0705 LIMITATION**

20
21 *History Note: Authority G.S. 135-8(b)(5); 135-6(f);*
22 *Eff. February 1, 1976;*
23 *Readopted Eff. September 21, 1977;*
24 *Repealed Eff. March 1, 1982.*

25
26 **20 NCAC 02B .0706 WORKERS' COMPENSATION LEAVES OF ABSENCE**

27 (a) All members, who request approval to purchase creditable service and who fulfill all of the requirements of law
28 and the rules of the Bboard, shall be allowed to purchase the service in accordance with the law and rules of the
29 Bboard.

30 (b) Purchases of creditable service for leaves of absence prior to July 1, 1983 shall be made in the same manner as
31 prescribed in Section 20 NCAC 2B .1200, as then effective. ~~DELAYED PURCHASE OF SERVICE CREDITS. A~~
32 fee in the amount of twenty five dollars (\$25.00) for each payment will be assessed members at the time of purchase
33 as provided by law.

34 (c) Purchases of creditable service for leaves of absence on and after July 1, 1983 shall be paid in the manner
35 prescribed in law equal to the sum of the total employer and employee percentage rates of contribution in effect at the
36 time of purchase multiplied by the annual rate of compensation of the member immediately prior to the leave of
37 absence applied to the period of the leave commencing on the first day and ending on the last day before return to
38 service.

1 (d) Members who had leaves of absence which otherwise met all requirements of law for purchase as creditable
2 service except that the leaves of absence interrupted membership in the Local Governmental Employees' Retirement
3 System or the Law Enforcement Officers' Retirement System and whose membership service before and after the
4 leaves of absence has become membership service in the Teachers' and State Employees' Retirement System, may
5 purchase creditable service as in Paragraph (b) of this Rule.

6 (e) Members may purchase creditable service for leaves of absence only when they have membership service credits
7 immediately prior to and immediately after the leaves of absence and such membership service is creditable service
8 at the time of purchase.

9
10 *History Note:* Authority G.S. 135-4(r); 135-6(f);
11 Eff. December 1, 1983;
12 Amended Eff. August 1, 1988.

13
14 **SECTION .0800 - MILITARY SERVICE (INCHOATE RIGHTS ONLY)**

15
16
17
18
19 ~~20 NCAC 02B .0801 — FEE~~

20 ~~A fee in the amount of twenty five dollars (\$25.00) for each payment will be assessed each individual at the time of~~
21 ~~payment to help defray the expense of handling.~~

22
23 *History Note:* Authority G.S. 135-4(f)(6); 135-6(f);
24 Eff. February 1, 1976;
25 Readopted Eff. September 21, 1977.

26
27 **20 NCAC 02B .0802 QUALIFYING FOR CREDIT**

28 In order to qualify, each individual must pay for the full period of military service for which the member is eligible.

29
30 *History Note:* Authority G.S. 135-4(f)(6); 135-6(f);
31 Eff. February 1, 1976;
32 Readopted Eff. September 21, 1977.

33
34 **20 NCAC 02B .0803 COMPUTATION OF COST**

35 The cost of purchasing credit for military service is calculated as follows:

- 36 (1) 1/12 of the annualized rate of compensation the member earned when the member first entered
37 membership; ~~multiplied by~~
38 (2) the employee contribution rate at that time; ~~multiplied by~~
39 (3) the number of months of military service for which credit is to be purchased; plus
40 (4) a factor equivalent to interest at the rate of six and one-half percent, compounded annually, from the
41 initial year of membership to the year of payment.

1
2 *History Note: Authority G.S. 135-4(f); 135-6(f);*
3 *Eff. February 1, 1976;*
4 *Readopted September 21, 1977.*

5
6 **20 NCAC 02B .0804 CIVIL SERVICE PARTICIPATION**

7 A member of the Teachers' and State Employees' Retirement System whose employment in this state requires ~~him~~ the
8 member to participate in the Federal Civil Service Program in lieu of the Social Security program shall not be barred
9 from receiving military service credit for which ~~he~~ the member is otherwise eligible in the Retirement System,
10 despite the fact that ~~he~~ the member may also receive credit under civil service for the same period of military service,
11 provided that ~~he~~ the member makes the required payment.

12
13 *History Note: Authority G.S. 135-4(f)(6); 135-6(f);*
14 *Eff. February 1, 1976;*
15 *Readopted Eff. September 21, 1977.*

16
17
18
19
20 **20 NCAC 02B .0805 SERVICE CONNECTED DISABILITY**

21 The exclusion, for purchase of service in the Armed Forces of the United States as it pertains to credit in any other
22 retirement system, shall not include "service connected disability" benefits received from the Veteran's Administration
23 of the Federal Government except when such benefits are a supplement of a "longevity retirement" benefit.

24
25 *History Note: Authority G.S. 135-4(f)(6); 135-6(f);*
26 *Eff. February 1, 1976;*
27 *Readopted Eff. September 21, 1977.*

28
29 **20 NCAC 02B .0806 RECALCULATION OF BENEFITS**

30 For members already retired who ~~avail themselves of these provisions~~ purchase service under G.S. 135-4(f)(6), any
31 recalculation of benefits shall be based on the law in effect at the time of the individual's retirement including the
32 additional service credit and effect shall be given for all benefit increases subsequent to the date of retirement which
33 shall be a part of the total cost of providing the additional service credit.

34
35 *History Note: Authority G.S. 135-4(f)(6); 135-6(f);*
36 *Eff. February 1, 1976;*
37 *Readopted Eff. September 21, 1977.*

38
39 **20 NCAC 02B .0807 CHANGE IN BENEFITS**

40 For members already retired, any change in benefits resulting from these provisions shall become effective as of the
41 first of the month following receipt of the required payment.

1
2 *History Note: Authority G.S. 135-4(f)(6); 135-6(f);*
3 *Eff. February 1, 1976;*
4 *Readopted Eff. September 21, 1977.*

5
6 **20 NCAC 02B .0808 EMPLOYER PORTION OF ANNUAL COST**

7 **20 NCAC 02B .0809 PAYMENTS**

8
9 *History Note: Authority G.S. 135-4(f)(6); 135-6(f);*
10 *Eff. February 1, 1976;*
11 *Readopted September 21, 1977;*
12 *Repealed Eff. March 1, 1985.*

13
14
15
16
17 **20 NCAC 02B .0810 RESTORING MEMBERSHIP**

18 When a member on military leave has withdrawn all of ~~his-the member's~~ contributions, ~~he-the member~~ will be
19 permitted to pay back the amount withdrawn, restore ~~his~~-membership and receive credit for the period of ~~his~~-military
20 leave.

21
22 *History Note: Authority G.S. 135-4(f); 135-6(f);*
23 *Eff. February 1, 1976;*
24 *Readopted Eff. September 21, 1977.*

25
26 **20 NCAC 02B .0811 INITIAL PERIOD OF ACTIVE DUTY**

27
28 *History Note: Authority G.S. 135-4(f); 135-6(f);*
29 *Eff. February 1, 1976;*
30 *Readopted Eff. September 21, 1977;*
31 *Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.*

32
33 **SECTION .0900 - OUT-OF-STATE SERVICE (INCHOATE RIGHTS ONLY)**

34
35
36 ~~**20 NCAC 02B .0901 FEE**~~

37 ~~A fee in the amount of twenty five dollars (\$25.00) for each payment will be assessed each individual at the time of~~
38 ~~payment to help defray the expense of handling out of state service credit.~~

39
40 ~~*History Note: Authority G.S. 135-4(f); 135-6(f);*~~
41 ~~*Eff. February 1, 1976;*~~

1 ~~Readopted Eff. September 21, 1977.~~

2
3 **20 NCAC 02B .0902 QUALIFYING FOR CREDIT**

4 In order to qualify for out-of-state service credit, each individual must pay for all or such portion in full years as the
5 member~~he~~ desires of out-of-state service for which the member ~~he~~ is eligible.

6
7 *History Note: Authority G.S. 135-4(l); 135-6(f);*
8 *Eff. February 1, 1976;*
9 *Readopted Eff. September 21, 1977.*

10
11 **20 NCAC 02B .0903 DEFINITION**

12 "Other governmental subdivisions of the United States," as used in G.S. 135-4(l), shall mean a state or territory and
13 its subdivisions but not the United States government, except as specifically provided by statute.

14
15 *History Note: Authority G.S. 135-4(l); 135-6(f);*
16 *Eff. February 1, 1976;*
17 *Readopted Eff. September 21, 1977.*

18
19 **20 NCAC 02B .0904 COMPUTATION OF COST**

20 The cost of purchasing credit for out-of-state service is calculated as follows:

- 21 (1) the monthly compensation the member earned when the member~~he~~ first entered membership;
22 multiplied by~~times~~
23 (2) the employee contribution rate at that time; ~~times~~multiplied by
24 (3) the number of months of out-of-state service for which credit is to be purchased; multiplied by~~times~~
25 (4) two; plus
26 (5) a factor equivalent to interest at the rate of six and one-half percent, compounded annually, from the
27 initial year of membership to the year of payment.

28
29 *History Note: Authority G.S. 135-4(l); 135-6(f);*
30 *Eff. February 1, 1976;*
31 *Readopted Eff. September 21, 1977.*

32
33 **20 NCAC 02B .0905 RECALCULATION OF BENEFITS**

34 For members already retired who ~~avail themselves of the provisions for out-of-state service~~ purchase service under
35 G.S. 135-4(l), any recalculation of benefits shall be based on the law in effect at the time of the individual's retirement
36 including the additional service credit and effect shall be given for all benefit increases subsequent to the date of
37 retirement which shall be a part of the total cost of providing the additional service credit.

38
39 *History Note: Authority G.S. 135-4(l); 135-6(f);*
40 *Eff. February 1, 1976;*

1 *Readopted Eff. September 21, 1977.*

2
3 **20 NCAC 02B .0906 CHANGE IN BENEFITS**

4 For members already retired, any change in benefits resulting from the provisions for out-of-state service shall become
5 effective as of the first of the month following receipt of the required payment.

6
7 *History Note: Authority G.S. 135-4(l); 135-6(f);*
8 *Eff. February 1, 1976;*
9 *Readopted Eff. September 21, 1977.*

10
11 **20 NCAC 02B .0907 COST TO EMPLOYER**

12
13 *History Note: Authority G.S. 135-4(l); 135-6(f);*
14 *Eff. February 1, 1976;*
15 *Repealed Eff. September 21, 1977.*

16
17 **20 NCAC 02B .0908 PAYMENTS**

18
19 *History Note: Authority G.S. 135-4(l); 135-6(f);*
20 *Eff. February 1, 1976;*
21 *Readopted Eff. September 21, 1977;*
22 *Repealed Eff. March 1, 1985.*

23 **SECTION .1000 - PRIOR SERVICE**

24
25 **20 NCAC 02B .1001 PUBLIC SCHOOL TEACHERS**

26
27 *History Note: Authority G.S. 135-4;*
28 *Eff. February 1, 1976;*
29 *Readopted Eff. September 21, 1977;*
30 *Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.*

31
32 **20 NCAC 02B .1002 SERVICE UNDER WPA**

33
34 *History Note: Authority G.S. 135-4;*
35 *Eff. February 1, 1976;*
36 *Readopted Eff. September 21, 1977;*
37 *Repealed Eff. March 1, 1985.*

38
39 **20 NCAC 02B .1003 PRIOR SERVICE WITH GENERAL ASSEMBLY**

- 1 ~~(a) Employees eligible under S.L. 1979, Ch. 698 to purchase such service may make application to purchase prior~~
2 ~~service as a full time employee of the General Assembly for which membership credit was not previously allowed.~~
3 ~~(b) The Legislative Services Officer shall certify to the retirement system that the applicant was a full time employee~~
4 ~~during the period for which the application is made. The said certification shall also certify the total hours and salary~~
5 ~~paid in each month. Provided, however, if the Legislative Services Officer certified that the monthly data is not~~
6 ~~available, he may certify the data in the form in which it is available.~~
7 ~~(c) If earnings and service are certified on a monthly basis, compute the required contributions and earned service in~~
8 ~~the same manner as would have been calculated if paid at that time.~~
9 ~~(d) If earnings and service are not certified on a monthly basis, compute the required contribution at the highest rate~~
10 ~~in effect during the period for which certified. Allow one month of service for each 20 days. To the extent possible,~~
11 ~~integrate periods of service to be purchased with intervening periods of membership service.~~
12 ~~(e) Fractional months of service for multiple service period being certified shall be added together to determine the~~
13 ~~total allowable service. Remaining fractional months in excess of one half shall be considered to be a full month.~~
14 ~~(f) Regular interest, as provided for in G.S. 135-7(b), shall be calculated and charged through the year of purchase.~~
15 ~~(g) An administrative fee of \$25.00 shall be collected at the time application is made to purchase service.~~
16 ~~(h) No person shall purchase less than the total service for which they are eligible.~~

17
18 *History Note:* Authority G.S. 135-4(j1); 135-6(f);
19 Eff. October 29, 1979.

20
21
22
23 **20 NCAC 02B .1004 TEMPORARY SERVICE PURCHASE (INCHOATE RIGHTS ONLY)**

- 24 (a) A member eligible under G.S. 135-4(p) to purchase service for temporary sState employment shall ~~make the~~
25 ~~application on Form 222, apply for the purchase. Application to Purchase Service Credits for Full Time Temporary~~
26 ~~State Employment.~~ Employer certification of temporary sState employment and the compensation received for such
27 service shall ~~be made on Form 222-A, Employer Certification of Full Time Temporary Service, and shall~~ accompany
28 the application.
29 (b) Temporary sState employment means employment under which the member would have been unconditionally
30 required to make contributions at the time of employment if not classified at the time of employment as a "temporary"
31 employee.
32 (c) ~~Since the actual cost to fund the liability created on account of the purchase has a direct relationship to the~~
33 ~~purchasing member's current level of compensation, the employer cost will be computed on the member's level of~~
34 ~~compensation at the time of purchase.~~ The employer cost, ~~therefore,~~ shall be equal to the total employee and employer
35 rates of contribution at the member's level of compensation at the time of purchase and for the period of service being
36 purchased, less the required member contribution.
37 (d) No purchases shall be allowed for 36 months or less.

38
39 *History Note:* Authority G.S. 135-4(p); 135-6(f);

1 *Eff. March 1, 1982;*
2 *Amended Eff. March 1, 1985; September 1, 1982.*

3
4 **20 NCAC 02B .1005 TEMPORARY SERVICE PURCHASE: FULL ACTUARIAL LIABILITY**

5 ~~(a) All members, who request approval to purchase creditable service for temporary state employment and who fulfill~~
6 ~~all of the requirements of law and the rules of the board, shall be allowed to purchase the service in accordance with~~
7 ~~the law and rules of the board.~~

8 ~~(b) Purchases of creditable service for temporary state employment shall be made in the same manner as prescribed~~
9 ~~in 20 NCAC 2B .1200 DELAYED PURCHASE OF SERVICE CREDITS.~~

10 ~~(c) Members requesting approval to purchase creditable service shall make application on and acquire certification~~
11 ~~from the employer of the temporary employment on Form 222-B, Application to Purchase Temporary State~~
12 ~~Employment.~~

13 ~~(d) The phrase "temporary employment" as used in G.S. 135-4(s)(2) shall mean a period of continuous temporary~~
14 ~~employment prior to membership, except when multiple periods of temporary employment were interrupted by less~~
15 ~~than 90 calendar days or by the number of days between consecutive academic/school years.~~

16 ~~(e) The phrase "completed 10 years or more of membership service" as used in G.S. 135-4(q)(3) shall mean~~
17 ~~membership service completed after the temporary state employment.~~

18 ~~(f) A fee in the amount of twenty five dollars (\$25.00) for each payment shall be assessed members at the time of~~
19 ~~purchase as provided by law.~~

20
21 *History Note: Authority G.S. 135-4(s); 135-6(f);*
22 *Eff. December 1, 1983;*
23 *Amended Eff. August 1, 1988; September 1, 1984.*

24
25 **20 NCAC 02B .1006 PART-TIME SERVICE PURCHASE: FULL ACTUARIAL LIABILITY**

26 ~~(a) Members requesting approval to purchase creditable service shall make application on and acquire certification~~
27 ~~from the employer of the part-time employment on the form designated for this purpose.~~

28 ~~(a) (b) The phrase "part-time" as used in G.S. 135-4(p2) 135-4(pl) shall refer to duties performed on less than a~~
29 ~~full-time basis.~~

30 ~~(c) The phrase "completed 10 years or more of membership service" as used in G.S. 135-4(pl) shall mean membership~~
31 ~~service completed after the "part-time" state employment.~~

32 ~~(d) The amount of part-time service to be purchased shall be computed as follows:~~

33 ~~(1) Determine the ratio of the actual gross compensation earned as a part-time employee (numerator) to~~
34 ~~the gross compensation that would have been earned as a full-time employee (denominator);~~

35 ~~(2) Apply the ratio (quotient) determined in (1) of this Paragraph to the period of service rendered in~~
36 ~~months.~~

37 ~~(e) Purchases of creditable service for part-time state employment shall be made in the same manner as prescribed in~~
38 ~~20 NCAC 2B .1200.~~

~~(f) A fee in the amount of twenty five dollars (\$25.00) for each payment shall be assessed members at the time of purchase as provided by law.~~

*History Note: Authority G.S. 135-4(p2)(pt); 135-6(f);
Eff. March 1, 1985.*

20 NCAC 02B .1007 LOCAL GOVERNMENT SERVICE PURCHASE: FULL ACTUARIAL LIABILITY

~~(a) Members requesting approval to purchase creditable service shall make application on and acquire certification from the employer, of the local government employment on the form designated for this purpose.~~

~~(b) The phrase "local government employment" shall mean service while regularly employed as defined in 20 NCAC 2C .0802.~~

~~(c) The phrase "local government employer" shall mean a local governmental entity as defined in G.S. 128-21(11).~~

~~(d) The phrase "upon completion of 10 years of membership service" as used in G.S. 135-4(t) shall mean membership service completed after the local governmental employment.~~

~~(e) Purchases of creditable service for local government employment shall be made in the same amount as prescribed in 20 NCAC 2B .1200.~~

~~(f) A fee in the amount of twenty five dollars (\$25.00) for each payment shall be assessed members at the time of purchase as provided by law.~~

*History Note: Authority G.S. 135-4(t); 135-6(f);
Eff. March 1, 1985.*

SECTION .1100 - VOLUNTARILY WITHDRAWN CONTRIBUTIONS

~~**20 NCAC 02B .1101 FEE**~~

~~A fee in the amount of twenty five dollars (\$25.00) for each payment will be assessed each individual at the time of payment for voluntarily withdrawn contributions to help defray the expense of handling.~~

~~*History Note: Authority G.S. 135-4(k); 135-6(f);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977.*~~

20 NCAC 02B .1102 QUALIFICATION

~~In order to qualify for service credit, each individual must restore all accounts previously withdrawn on a voluntary basis.~~

*History Note: Authority G.S. 135-4(k); 135-6(f);
Eff. February 1, 1976;*

1 *Readopted Eff. September 21, 1977.*

2
3 **20 NCAC 02B .1103 COMPUTATION OF COST**

4
5 *History Note: Authority G.S. 135-4(k); 135-6(f);*
6 *Eff. February 1, 1976;*
7 *Readopted Eff. September 21, 1977;*
8 *Amended Eff. June 1, 1984;*
9 *Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.*

10
11 **20 NCAC 02B .1104 RECALCULATION OF BENEFITS**

12 ~~For members already retired who avail themselves of these provisions, any recalculation of benefits shall be based on~~
13 ~~the law in effect at the time of the individual's retirement including the additional service credit and effect shall be~~
14 ~~given for all benefit increases subsequent to the date of retirement which shall be a part of the total cost of providing~~
15 ~~the additional service credit.~~

16
17 *History Note: Authority G.S. 135-4(k); 135-6(f);*
18 *Eff. February 1, 1976;*
19 *Readopted Eff. September 21, 1977.*

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25 **20 NCAC 02B .1105 CHANGE IN BENEFITS**

26
27 *History Note: Authority G.S. 135-4(k); 135-6(f);*
28 *Eff. February 1, 1976;*
29 *Readopted Eff. September 21, 1977;*
30 *Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.*

31
32 **20 NCAC 02B .1106 EMPLOYER COST**

33 **20 NCAC 02B .1107 PAYMENTS**

34
35 *History Note: Authority G.S. 135-4(m); 135-6(f);*
36 *Eff. February 1, 1976;*
37 *Readopted Eff. September 21, 1977;*
38 *Repealed Eff. March 1, 1985.*

39
40 **20 NCAC 02B .1108 WILDLIFE PROTECTORS**

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*History Note: Authority G.S. 135-6(f);
Eff. March 1, 1985;
Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.*

SECTION .1200 - DELAYED PURCHASE OF SERVICE CREDITS

20 NCAC 02B .1201 APPLICATION OF SECTION

*History Note: Authority G.S. 135-6(f);
Eff. October 29, 1979;
Amended Eff. March 1, 1985;
Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.*

20 NCAC 02B .1202 ACTUARIAL TABLES

*History Note: Authority G.S. 135-6(f);
Eff. October 29, 1979;
Repealed Eff. August 1, 1981.*

20 NCAC 02B .1203 APPLICABILITY OF OTHER SECTIONS

*History Note: Authority G.S. 135-6(f);
Eff. October 29, 1979;
Repealed Eff. March 1, 1985.*

~~**20 NCAC 02B .1204 DEFINITIONS**~~

~~The following words and phrases have the meanings indicated when used in this Section, unless the context clearly requires another meaning:~~

- ~~(1) (1) "earliest retirement date" is the first date at which the applicant could retire with an unreduced benefit;~~
- ~~(2) "nearest age" is year and whole month of the age of the member which is closest to the date specified;~~
- ~~(3) "estimated allowance (with purchase)" is the estimated retirement allowance computed in the normal manner at the earliest retirement date and the years of service the applicant would have if the purchase is made;~~

1 ~~(4) "estimated allowance (without purchase)" is the estimated allowance computed in the normal~~
2 ~~manner at the earliest retirement date and the years of service which the applicant would have at~~
3 ~~that time if no purchase is made.~~

4
5 ~~History Note: Authority G.S. 135-6(f);~~
6 ~~Eff. October 29, 1979;~~
7 ~~Amended Eff. March 1, 1985; June 1, 1982.~~

8
9 ~~20 NCAC 02B .1205 COMPUTATION OF COST~~

10 ~~The cost of a delayed purchase of service credit is computed as follows:~~

- 11 ~~(1) Determine earliest retirement dates;~~
12 ~~(2) Determine estimated average final compensation (with purchase) and (without purchase) by~~
13 ~~multiplying the total compensation actually paid for the period for which 12 months' service credit~~
14 ~~will have been earned through the current month by the factor determined from the table of Salary~~
15 ~~Factors using the member's nearest age on the last day of the current month and at the earliest~~
16 ~~retirement date (with purchase) and (without purchase). Provided that if the member is out of service~~
17 ~~but not retired, has passed his 65th birthday, or has 30 years of service credit without the purchase,~~
18 ~~the estimated average final compensation will be calculated in the normal manner for the~~
19 ~~compensation and service recorded by the Retirement System;~~
20 ~~(3) Determine estimated allowance (with purchase);~~
21 ~~(4) Determine required reserve on estimated allowance (with purchase) by multiplying the estimated~~
22 ~~allowance (with purchase) by the reserve factor found in the Table of Reserve Factors for the nearest~~
23 ~~ages at purchase date and at earliest retirement date;~~
24 ~~(5) Determine estimated allowance (without purchase);~~
25 ~~(6) Determine available reserve on estimated allowance (without purchase) by multiplying the~~
26 ~~estimated allowance (without purchase) by the reserve factor for the nearest ages at purchase date~~
27 ~~and at earliest retirement date;~~
28 ~~(7) The cost of purchasing service credit is the difference between the required reserve (with purchase)~~
29 ~~and the available reserve (without purchase). Provided that if the difference between the required~~
30 ~~reserve and the available reserve is zero, the cost of purchasing the service credit is the estimated~~
31 ~~average final compensation (with purchase) times the number of years service purchased, times the~~
32 ~~statutory service factor, times the reserve factor for the nearest ages at the last day of the last month~~
33 ~~for which the compensation used was recorded and at earliest retirement date (with purchase).~~

34
35 ~~History Note: Authority G.S. 135-6(f);~~
36 ~~Eff. October 29, 1979;~~
37 ~~Amended Eff. June 1, 1982.~~

38
39 **20 NCAC 02B .1206 SERVICE AS COURT REPORTER**

1
2 *History Note: Authority G.S. 135-6(f);*
3 *Eff. October 29, 1979;*
4 *Repealed Eff. March 1, 1985.*

5
6 ~~20 NCAC 02B .1207 — SPECIAL RULE FOR RETIRED APPLICANTS~~

7 ~~The cost of a delayed purchase of service credit for a person currently receiving a retirement allowance is computed~~
8 ~~as follows:~~

- 9 ~~(1) Determine the estimated allowance (with purchase), what is the monthly amount that the applicant~~
10 ~~would be receiving, if he had retired at his original retirement date for his present option, with his~~
11 ~~current creditable service plus the service to be purchased, by using the factors applicable at his~~
12 ~~actual retirement date, and including all cost of living and special percentage increases which he~~
13 ~~has actually received since his first monthly retirement benefits.~~
14 ~~(2) Determine the difference between his estimated allowance (with purchase) and his present monthly~~
15 ~~retirement benefit.~~
16 ~~(3) Determine the cost of purchasing the service credit by multiplying the difference in monthly benefit~~
17 ~~by twelve, and then dividing by the option factor from the Table of Option Factors for his current~~
18 ~~option and then multiplying by the reserve factor from the Table of Reserve Factors for his current~~
19 ~~age and retirement age.~~

20
21 ~~*History Note: Authority G.S. 135-6(f); 135-4(m);*~~
22 ~~*Eff. March 1, 1982;*~~
23 ~~*Amended Eff. March 1, 1985.*~~

24 **SUBCHAPTER 02C - LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM**

25
26 **SECTION .0100 - GENERAL PROVISIONS**

27
28 **20 NCAC 02C .0101 GENERAL INFORMATION**

29 General information about the Local Governmental Employees' Retirement System includes the following:

- 30 (1) The ~~Director~~~~chief officer~~ is the Director of the Retirement Systems Division;
31 (2) The mailing address is 3200 Atlantic Avenue, Raleigh, North Carolina 27604;
32 (3) The office is located in the Longleaf Building, 3200 Atlantic Avenue, Raleigh, North Carolina.

33
34 *History Note: Authority G.S. 128-28(g);*
35 *Eff. February 1, 1976;*
36 *Readopted Eff. September 21, 1977;*
37 *Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 21,*
38 *2018;*

1 Amended Eff. September 1, 2019.

2
3 **20 NCAC 02C .0102 PURPOSE**

4 **20 NCAC 02C .0103 FORMS**

5
6 *History Note: Authority G.S. 128-28(g); 150A-10;*
7 *Eff. February 1, 1976;*
8 *Readopted Eff. September 21, 1977;*
9 *Repealed Eff. March 1, 1985.*

10
11 **SECTION .0200 - ADMINISTRATION**

12
13
14 **20 NCAC 02C .0201 ACTUARIAL TABLES: RATES AND ASSUMPTIONS**

15 (a) Actuarial tables and assumptions will be adopted by the Board of Trustees after the presentation of the
16 recommendations of the actuary ~~by including the tables, rates, etc. in the minutes of the board with the resolution~~
17 ~~adopting said tables, rates or assumptions.~~ As provided by G.S. 150B-1(d), these actions of the Board of Trustees are
18 not subject to rule-making requirements.

19 (b) The Director ~~of the retirement systems~~ shall maintain a file of copies of all resolutions adopting tables, rates or
20 assumptions and the current version of all tables as amended by the Board of Trustees. The file shall be open and
21 readily available to the public during regular office hours.

22 ~~(c) This Rule includes but is not limited to the following actuarial tables and assumptions:~~

- 23 ~~(1) interest rate assumptions;~~
24 ~~(2) salary increase assumptions;~~
25 ~~(3) required contribution rates;~~
26 ~~(4) mortality assumptions;~~
27 ~~(5) separation and retirement assumptions;~~
28 ~~(6) joint and survivor tables;~~
29 ~~(7) reserve transfer tables.~~

30 ~~(c)~~ Tables, rates and assumptions shall become effective on the first day of the month following adoption, unless a
31 specific effective date is included in the adopting resolution. If the specific date is included, the tables, rates or
32 assumptions shall be effective as provided in the adopting resolution.

33
34 *History Note: Authority G.S. 128-27(m); 128-28(g);*
35 *Eff. February 1, 1976;*
36 *Readopted Eff. September 21, 1977;*
37 *Amended Eff. August 1, 1981.*

38
39 **20 NCAC 02C .0202 DEATH OF RETIRED MEMBER**

1 During the month a retired member dies, the legal representative of the deceased shall be entitled to a full check for
2 the month in which death occurred.

3
4 *History Note: Authority G.S. 128-27(m); 128-28(g);*
5 *Eff. February 1, 1976;*
6 *Readopted Eff. September 21, 1977.*

7
8 **20 NCAC 02C .0203 DISCLOSURE OF INFORMATION**

9
10 *History Note: Authority G.S. 128-28(g);*
11 *Eff. February 1, 1976;*
12 *Readopted Eff. September 21, 1977;*
13 *Amended Eff. March 1, 1985;*
14 *Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.*

15
16 **20 NCAC 02C .0204 FACILITY OF PAYMENT**

17 The provisions of G.S. 135-17, Facility of Payment, are adopted as applicable policy under the local system, as
18 authorized by G.S. 128-28(g).

19
20 *History Note: Authority G.S. 128-28(g);*
21 *Eff. February 1, 1976;*
22 *Readopted Eff. September 21, 1977.*

23
24 **20 NCAC 02C .0205 MEDICAL BOARD**

25 In accordance with the authority contained in G.S. 128-28(l) membership of the Medical Board consists of ~~The~~
26 ~~Director of the Retirement Systems and the chairman of the board of trustees are authorized to increase the~~
27 ~~membership of the medical board from three to~~ five physicians with a quorum of three being required at meetings
28 approving applications for disability retirement.

29
30 *History Note: Authority G.S. 128-28(1);*
31 *Eff. February 1, 1976;*
32 *Readopted Eff. September 21, 1977.*

33
34 **20 NCAC 02C .0206 SURVIVOR'S ALTERNATE BENEFIT**

35
36 *History Note: Authority G.S. 128-28(a);*
37 *Eff. February 1, 1976;*
38 *Readopted Eff. September 21, 1977;*
39 *Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.*

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20 NCAC 02C .0207 DIRECTOR

*History Note: Authority G.S. 128-28(a);
 Eff. February 1, 1976;
 Repealed Eff. September 21, 1977.*

20 NCAC 02C .0208 TRANSFER OF MEMBERSHIP

*History Note: Filed as an Emergency Regulation Eff. October 29, 1979, to be Eff. for a Period of 90 Days
 to Expire on January 27, 1980;
 Statutory Authority G.S. 128-28(g);
 Repealed Eff. March 1, 1985.*

20 NCAC 02C .0209 RETROACTIVE MEMBERSHIP SERVICE

*History Note: Authority G.S. 128-24(1); 128-28(g);
 Eff. June 1, 1984;
 Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.*

SECTION .0300 - BENEFICIARIES

20 NCAC 02C .0301 DESIGNATION

Any beneficiaries designated, other than the estate of the member or a trustee named by and acting for the member, must be living persons at the time the designation is made. If it is desired that the estate be beneficiary, this should be indicated on the form.

*History Note: Authority G.S. 128-27; 128-28(g);
 Eff. February 1, 1976;
 Readopted Eff. September 21, 1977.*

20 NCAC 02C .0302 PRINCIPAL BENEFICIARY

(a) More than one principal beneficiary may be ~~named~~designated for the return of accumulated contributions under the provisions of G.S. 128-27(f) to share equally. In the event of the death of any so ~~named~~designated for the return of accumulated contributions, those surviving shall share equally in the total benefits. However, if there is only one living designated principal beneficiary for the return of accumulated contributions at the member’s death and the

1 member has met all other requirements under the provisions of G.S. 128-27(m), the designated principal beneficiary
2 may elect to receive the alternative benefit under the provisions of G.S. 128-27(m).

3 (b) More than one principal beneficiary may be designated for the death benefit of an active member or a retired
4 member under the provisions of G.S. 128-27(l), 128-27(11), or 128-27(16) to share equally. In the event of the death
5 of any so designated principal beneficiary(ies) for the death benefit of an active member or retired member, those
6 surviving principal beneficiary(ies) shall share equally in the total benefits.

7 (c) More than one principal beneficiary may be designated for the guaranteed refund under the provisions of G.S.
8 128-27(g1) to share equally. In the event of the death of any so designated principal beneficiary(ies) for the guaranteed
9 refund, those surviving principal beneficiary(ies) shall share equally in the total benefits.~~A principal beneficiary may~~
10 ~~be named with the stipulation that should he predecease the member, payment of the amount due, if any, will be made~~
11 ~~to a designated contingent beneficiary. It is permissible to name more than one contingent beneficiary. In the event~~
12 ~~of the death of any so named, those surviving shall share equally in the total benefits. If more than one principal~~
13 ~~beneficiary is named, the naming of a contingent beneficiary or beneficiaries will not be permitted.~~

14
15 *History Note:* Authority G.S. ~~128-27(f); 128-27(g); 128-27(g1); 128-27(l); 128-27(11); 128-27(16); 128-28(g);~~
16 *Eff. February 1, 1976;*
17 *Readopted Eff. September 21, 1977.*

21 **20 NCAC 02C .0303 NO LIVING BENEFICIARY**

22 If no ~~named-designated~~ beneficiary, whether principal or contingent, is living at the time of the member's death,
23 payment of the amount due, if any, will be made to the ~~estate-legal representative~~ of the member.

24
25 *History Note:* Authority G.S. 128-27(g); 128-28(g);
26 *Eff. February 1, 1976;*
27 *Readopted Eff. September 21, 1977.*

28 **20 NCAC 02C .0304 PAYMENTS TO BENEFICIARIES**

29
30 (a) Payments to beneficiaries who are minors will be made to a duly appointed guardian or to the clerk of the
31 superior court in the county which they reside to the extent that such payment may be authorized by law.

32 ~~(a)~~(b) In the event that the duly appointed guardian or the clerk of superior court in the county in which
33 they reside is unwilling or unable to accept payment(s) on behalf of the minor beneficiary(ies), payment may
34 be made to a custodian in accordance with Chapter 33A of the North Carolina General Statutes, entitled
35 North Carolina Uniform Transfers to Minors Act.

36
37 *History Note:* Authority G.S. 128-27(g); 128-28(g);
38 *Eff. February 1, 1976;*
39 *Readopted Eff. September 21, 1977.*

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20 NCAC 02C .0305 STATUS CHANGE

*History Note: Authority G.S. 128-27(g); 128-28(g);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Repealed Eff. March 1, 1985.*

20 NCAC 02C .0306 BENEFICIARY CHANGE

Prior to retirement, the member ~~may has the right~~ at any time, ~~and from time to time, to~~ change any beneficiaries designated ~~for the return of accumulated contributions under the provisions of G.S. 128-27(f) or the death benefit for active members under the provisions of G.S. 128-27(l) or 128-27(11) without the knowledge or consent of the beneficiaries.~~ A retired member may at any time change any beneficiaries designated for:

- ~~(a) The guaranteed refund under the provisions of G.S. 128-27(g1) until such time as the funds have been depleted; or~~
- ~~(b) The death benefit for active members -under the provisions of G.S. 128-27(l) or 128-27(11) until such time as the retired member’s last day of active service is greater than 180 days prior to the change; or~~
- ~~(c) The death benefit for retired members under the provisions of G.S. 128-27(16).~~

Any such change must be submitted to the ~~B~~board of ~~T~~rustees, ~~using the appropriate form.~~

*History Note: Authority G.S. 128-27(g); ~~128-27(g1); 128-27(l); 128-27(11); 128-27(16);~~ 128-28(g);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977.*

20 NCAC 02C .0307 CONTINGENT BENEFICIARY

~~(a) Designating a contingent beneficiary for the return of accumulated contributions under the provisions of G.S. 128-27(f);~~

- ~~(1) A principal beneficiary may be designated for the return of accumulated contributions with the stipulation that should the principal beneficiary(ies) predecease the member, payment of the amount due, if any, shall be made to the designated contingent beneficiary(ies) for the return of accumulated contributions.~~
- ~~(2) If more than one principal beneficiary is designated for the return of accumulated contributions, payment of the amount due, if any, shall be paid to any surviving principal beneficiary(ies) designated for the return of accumulated contributions, sharing equally in the total benefits payable, and shall not be paid to any contingent beneficiary.~~

1 (3) It is permissible to designate more than one contingent beneficiary for the return of accumulated
2 contributions. Payment of the amount due, if any, shall be paid to the surviving contingent
3 beneficiary(ies) designated for the return of accumulated contributions, sharing equally in the total
4 benefits, only in the event that there is no surviving principal beneficiary designated for the return of
5 accumulated contributions.

6 (b) Designating a contingent beneficiary for the death benefit under the provisions of G.S. 128-27(l), 128-27(11), or
7 128-27(16):

8 (1) A principal beneficiary may be designated for the death benefit of an active member or retired member
9 with the stipulation that should the principal beneficiary(ies) predecease the member, payment of the
10 amount due, if any, shall be made to the designated contingent beneficiary(ies) for the death benefit.

11 (2) If more than one principal beneficiary is designated for the death benefit, payment of the amount due, if
12 any, shall be paid to any surviving principal beneficiary(ies) designated for the death benefit, sharing
13 equally in the total benefits payable, and shall not be paid to any contingent beneficiary.

14 (3) It is permissible to designate more than one contingent beneficiary for the death benefit. Payment of the
15 amount due, if any, shall be paid to the surviving contingent beneficiary(ies) designated for the death
16 benefit, sharing equally in the total benefits, only in the event that there is no surviving principal
17 beneficiary designated for the death benefit.

18 (c) Designating a contingent beneficiary for the guaranteed refund under the provisions of G.S. 128-27(g1):

19 (1) A principal beneficiary may be designated for the guaranteed refund with the stipulation that should the
20 principal beneficiary(ies) predecease the member, payment of the amount due, if any, shall be made to
21 the designated contingent beneficiary(ies) for the guaranteed refund.

22 (2) If more than one principal beneficiary is designated for the guaranteed refund, payment of the amount
23 due, if any, shall be paid to any surviving principal beneficiary(ies) designated for the guaranteed refund,
24 sharing equally in the total benefits payable, and shall not be paid to any contingent beneficiary.

25 (3) It is permissible to designate more than one contingent beneficiary for the guaranteed refund. Payment
26 of the amount due, if any, shall be paid to the surviving contingent beneficiary(ies) designated for the
27 guaranteed refund, sharing equally in the total benefits, only in the event that there is no surviving
28 principal beneficiary designated for the guaranteed refund.

29 *History Note:* Authority G.S. 128-27(f); 128-27(g1); 128-27(l); 128-27(11); 128-27(16); 128-28(g);
30 Eff. [DATE];

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32
33
34 **SECTION .0400 - CONTRIBUTIONS**

35
36
37 **20 NCAC 02C .0401 CONTRIBUTION RATES**

38
39 *History Note:* Filed as an Emergency Amendment [(a)] Eff. July 1, 1979, to be Eff. for a Period of 120 Days

1 to Expire on October 29, 1979;
2 Statutory Authority G.S. 128-28(o); 128-28(g);
3 Eff. February 1, 1976;
4 Readopted Eff. September 21, 1977;
5 Emergency Amendment [(a)] Made Permanent Eff. October 29, 1979;
6 Repealed Eff. August 1, 1981.

7
8 **20 NCAC 02C .0402 EMPLOYER'S CONTRIBUTIONS**

9 All units should forward to the Retirement System the employer's contributions monthly at the same time the
10 employee's contributions are forwarded.

11
12 *History Note:* Authority G.S. 128-30(g)(1); 128-28(g);
13 Eff. February 1, 1976;
14 Readopted Eff. September 21, 1977.

15
16 **20 NCAC 02C .0403 REFUNDS**

17 (a) The Retirement System will make no refunds of employer contributions, paid into the pension accumulation
18 fund by the employer in the amount equal to a percentage of the actual compensation of each member, in
19 cases of erroneous employee deductions except those which are corrected by the employing unit on a
20 subsequent payroll within the calendar year in which the errors occur. ~~The only exception to this Rule is that~~
21 ~~an error occurring in December may be corrected (without loss of the employer contribution) by submission~~
22 ~~of a revised payroll with checks for the correct amount before January 31, of the following year.~~

23 (b) Notwithstanding Paragraph (a) of this Rule, an error occurring in December may be corrected (and the
24 associated employer contribution be refunded in the form of a credit toward future required employer
25 contributions) by the employer's submission of a revised payroll report for the correct amount before January
26 31 of the following year.

27 ~~(a)(c)~~ If an employer makes an additional contribution to the pension accumulation fund as a result of the
28 contribution-based benefit cap, and the Retirement System receives information which alters the calculation
29 of the retirement benefit used to determine the contribution under the provisions of G.S. 128-30(g)(2)(b.),
30 any contribution not required based on the new information will be refunded to the employer in the form of
31 a credit toward future required employer contributions.

32
33 *History Note:* Authority G.S. ~~128-22;~~ 128-30(g); 128-28(g);
34 Eff. February 1, 1976;
35 Readopted Eff. September 21, 1977.

36
37 **20 NCAC 02C .0404 DUE DATE OF CONTRIBUTIONS**

1 Both the employee and employer contributions are due in the Raleigh offices of the Retirement System no later than
2 the fifth ~~s~~State government working day of the month succeeding the month for which the contributions are required.
3 Contributions received after the fifth ~~s~~State government working day of the month are delinquent.

4
5 *History Note:* Authority G.S. 128-28(g); 128-30(g);
6 Eff. March 1, 1992.

7
8 ~~20 NCAC 02C .0405 — ANTI-PENSION SPIKING CONTRIBUTION-BASED BENEFIT CAP FACTOR~~
9 ~~(LGERS)~~

10 ~~The contribution-based benefit cap factor for the Local Governmental Employees' Retirement System is 4.7.~~

11
12 ~~*History Note:* Authority G.S. 128-26(y); 128-27(a3); 128-28(g);~~
13 ~~Eff. May 1, 2018.~~

14
15 **SECTION .0500 - DISABILITY RETIREMENT**

16
17
18 **20 NCAC 02C .0501 DISABILITY EXAMINATION**

19 The ~~D~~irector is authorized to conduct ~~an~~ examinations in doubtful cases of disability to determine the condition of
20 the disability, paying the expense of the same from the pension accumulation fund.

21
22 *History Note:* Authority G.S. 128-27(c); 128-28(g);
23 Eff. February 1, 1976;
24 Readopted Eff. September 21, 1977.

25
26 **20 NCAC 02C .0502 DISABILITY RETIREMENT REPORTS**

27 When the ~~M~~edical ~~B~~oard, subsequent to a disability retirement, reports that the retired member is engaged in, or is
28 able to engage in, a gainful occupation, any adjustment required by G.S. 128-27(e)(1) will be made prospectively
29 only; and will not relate back so as to require any refund to the state of payments made during the period before a
30 report is made indicating changed status.

31
32 *History Note:* Authority G.S. 128-27(e)(1); 128-28(g);
33 Eff. February 1, 1976;
34 Readopted Eff. September 21, 1977.

35
36 ~~20 NCAC 02C .0503 — FEES: INDEPENDENT MEDICAL EXAMS-DISABILITY RETIREMENTS~~

37 ~~Physicians employed upon the recommendations of the Medical Board to examine and report on special cases of~~
38 ~~disability retirement applicants and re-examination of disability beneficiaries shall be paid fees commensurate with~~
39 ~~usual, customary and reasonable charges for such tests, examinations, procedures and reports as the Medical Board~~
40 ~~might request; and, the amounts of such fees shall be predetermined by mutual agreement between the Director and~~

1 ~~the physicians so employed, with the advice of the Medical Board as to the amounts, provided that no fee for any one~~
2 ~~applicant or beneficiary shall exceed the sum of one hundred and fifty dollars (\$150.00).~~

3
4 ~~History Note: Authority G.S. 128-27(c); 128-28(g);~~
5 ~~Eff. February 1, 1976;~~
6 ~~Readopted Eff. September 21, 1977;~~
7 ~~Amended Eff. August 1, 1981.~~

8
9 **20 NCAC 02C .0504 REINSTATEMENT TO ACTIVE SERVICE**

10 When members on disability retirement are reinstated to active service, no interest shall be allowed on their accounts
11 during the year of reinstatement.

12
13 *History Note: Authority G.S. 128-29(b); 128-28(g);*
14 *Eff. February 1, 1976;*
15 *Readopted Eff. September 21, 1977.*

16
17 **SECTION .0600 - INVESTMENTS**

- 18
19
20 **20 NCAC 02C .0601 STOCK PURCHASE**
21 **20 NCAC 02C .0602 INVESTMENT COMMITTEE**
22 **20 NCAC 02C .0603 FUNDS OF THE SYSTEM**
23 **20 NCAC 02C .0604 EQUITY RESERVE**

24
25 *History Note: Authority G.S. 128-29; 128-29.1; 128-28(g);*
26 *Eff. February 1, 1976;*
27 *Repealed Eff. September 21, 1977.*

28
29 **SECTION .0700 - LEAVES OF ABSENCE**

30
31
32 **20 NCAC 02C .0701 EDUCATIONAL LEAVES OF ABSENCE**

33
34 *History Note: Authority G.S. 128-28(g); 128-30(b)(4);*
35 *Eff. February 1, 1976;*
36 *Readopted Eff. September 21, 1977;*
37 *Amended Eff. March 1, 1982;*
38 *Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.*

39
40 **20 NCAC 02C .0702 LIMITATION**

1 **20 NCAC 02C .0703 PRIOR SERVICE CREDIT**

2
3 *History Note: Authority G.S. 128-30(b)(4); 128-28(g);*
4 *Eff. February 1, 1976;*
5 *Readopted Eff. September 21, 1977;*
6 *Repealed Eff. March 1, 1982.*

7
8 **20 NCAC 02C .0704 WORKERS' COMPENSATION LEAVES OF ABSENCE**

9 (a) All members, who request approval to purchase creditable service and who fulfill all of the requirements of law
10 and the rules of the Bboard, shall be allowed to purchase the service in accordance with the law and rules of the
11 Bboard.

12 (b) Purchases of creditable service for leaves of absence prior to July 1, 1983 shall be made in the same manner as
13 prescribed in Section 20 NCAC 2C .1500, ~~as then effective-DELAYED PURCHASE OF SERVICE CREDITS. A~~
14 ~~fee in the amount of twenty five dollars (\$25.00) for each payment will be assessed members at the time of purchase~~
15 ~~as provided by law.~~

16 (c) Purchases of creditable service for leaves of absence on and after July 1, 1983 shall be paid in the manner
17 prescribed in law equal to the sum of the total employer and employee percentage rates of contribution in effect at the
18 time of purchase multiplied by the annual rate of compensation of the member immediately prior to the leave of
19 absence applied to the period of the leave commencing on the first day and ending on the last day before return to
20 service.

21 (d) Members who had leaves of absence which otherwise met all requirements of law for purchase as creditable
22 service except that the leaves of absence interrupted membership in the Teachers' and State Employees' Retirement
23 System or the Law Enforcement Officers' Retirement System and whose membership service before and after the
24 leaves of absence has become membership service in the Local Governmental Employees' Retirement System, may
25 purchase creditable service as in Paragraph (b) of this Rule.

26 (e) Members may purchase creditable service for leaves of absence only when they have membership service credits
27 immediately prior to and immediately after the leaves of absence and such membership service is creditable service
28 at the time of purchase.

29
30 *History Note: Authority G.S. 128-26(1); 128-28(g);*
31 *Eff. December 1, 1983;*
32 *Amended Eff. August 1, 1988.*

33
34 **SECTION .0800 - MEMBERSHIP**

35
36 **20 NCAC 02C .0801 PARTICIPATION**

37 **20 NCAC 02C .0802 REGULARLY EMPLOYED**

38
39 *History Note: Authority G.S. 128-21(10); 128-25; 128-28(g);*

1 *Eff. February 1, 1976;*
2 *Readopted Eff. September 21, 1977;*
3 *Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.*

4
5 **20 NCAC 02C .0803 TRANSFERRED SERVICE**

6
7 *History Note: Authority G.S. 128-28(g);*
8 *Eff. September 21, 1977;*
9 *Amended Eff. March 1, 1985; September 1, 1982;*
10 *Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.*

11
12 **SECTION .0900 - MILITARY SERVICE (INCHOATE RIGHTS ONLY)**

13
14
15 **20 NCAC 02C .0901 LEAVE**

16 When a member on military leave has withdrawn all of the member's ~~his~~-contributions, the member ~~he~~ will be
17 permitted to pay back the amount withdrawn, restore ~~his~~-membership and receive credit for the period of ~~his~~-military
18 leave.

19
20 *History Note: Authority G.S. 128-27(f); 128-28(g);*
21 *Eff. February 1, 1976;*
22 *Readopted Eff. September 21, 1977.*

23
24 ~~**20 NCAC 02C .0902 FEE**~~

25 ~~A fee in the amount of twenty five dollars (\$25.00) for each payment, for obtaining military service credit, will be~~
26 ~~assessed each individual at the time of payment to help defray the expense of handling.~~

27
28 ~~*History Note: Authority G.S. 128-26(a); 128-28(g);*~~
29 ~~*Eff. February 1, 1976;*~~
30 ~~*Readopted Eff. September 21, 1977.*~~

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35 **20 NCAC 02C .0903 QUALIFYING FOR CREDIT**

36
37 *History Note: Authority G.S. 128-26(a); 128-28(g);*
38 *Eff. February 1, 1976;*
39 *Readopted Eff. September 21, 1977;*
40 *Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.*

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20 NCAC 02C .0904 COMPUTATION OF COST

The cost of purchasing credit for military service is calculated as follows:

- (1) the monthly compensation the member earned when ~~the member he~~ first entered membership; ~~multiplied by times~~
- (2) the contribution rate at ~~the~~ time ~~the member he~~ first entered membership; ~~multiplied by times~~
- (3) the number of months of military service for which credit is to be purchased; plus
- (4) a factor equivalent to interest at the rate of six and one-half percent, compounded annually, from the initial year of membership to the year of payment.

*History Note: Authority G.S. 128-26(a); 128-28(g);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977.*

20 NCAC 02C .0905 CONTRIBUTION RATE

*History Note: Authority G.S. 128-26(a); 128-28(g);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Repealed Eff. August 1, 1981.*

20 NCAC 02C .0906 CIVIL SERVICE PROGRAM

A member of the Local Governmental Employees' Retirement System whose employment in this state requires ~~the member him~~ to participate in the Federal Civil Service Program in lieu of the ~~S~~social ~~S~~security program shall not be barred from receiving military service credit for which ~~the member he~~ is otherwise eligible in the ~~R~~retirement ~~S~~system despite the fact that ~~the member he~~ may also receive credit under civil service for the same period of military service, provided that ~~the member he~~ makes the required payment.

*History Note: Authority G.S. 128-26(a); 128-28(g);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977.*

20 NCAC 02C .0907 EXCLUSION

The exclusion, for purchase of service in the Armed Forces of the United States as it pertains to credit for any other retirement system, shall not include "service connected disability" benefits received from the Veterans Administration of the Federal Government except when such benefits are a supplement to a "longevity retirement" benefit.

1 *History Note:* Authority G.S. 128-26(a); 128-28(g);
2 Eff. February 1, 1976;
3 Readopted Eff. September 21, 1977.

4
5 **20 NCAC 02C .0908 RECALCULATION OF BENEFITS**

6 For members already retired who ~~obtain avail themselves of the provisions for obtaining~~ military service credit, any
7 recalculation of benefits shall be based on the law in effect at the time of the individual's retirement including the
8 additional service credit and effect shall be given for all benefit increases subsequent to the date of retirement which
9 shall be a part of the total cost of providing the additional service credit.

10
11 *History Note:* Authority G.S. 128-26(a); 128-28(g);
12 Eff. February 1, 1976;
13 Readopted Eff. September 21, 1977.

14
15 **20 NCAC 02C .0909 CHANGE IN BENEFITS**

16 For members already retired, any change in benefits resulting from the provisions for obtaining military service credit
17 shall become effective as of the first of the month following receipt of the required payment.

18
19 *History Note:* Authority G.S. 128-26(a); 128-28(g);
20 Eff. February 1, 1976;
21 Readopted Eff. September 21, 1977.

22
23 **20 NCAC 02C .0910 EMPLOYER PORTION OF ANNUAL COST**

24
25 *History Note:* Authority G.S. 128-26(a); 128-28(g);
26 Eff. February 1, 1976;
27 Repealed Eff. September 21, 1977.

28
29 **20 NCAC 02C .0911 PAYMENTS**

30
31 *History Note:* Authority G.S. 128-26(a); 128-28(g);
32 Eff. February 1, 1976;
33 Readopted Eff. September 21, 1977;
34 Repealed Eff. March 1, 1985.

35
36 **20 NCAC 02C .0912 INITIAL PERIOD OF ACTIVE DUTY**

37
38 *History Note:* Authority G.S. 128-26(a); 128-28(g);
39 Eff. February 1, 1976;
40 Readopted Eff. September 21, 1977;

Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.

SECTION .1000 - OUT-OF-STATE SERVICE (INCHOATE RIGHTS ONLY)

~~20 NCAC 02C .1001 — FEE~~

~~A fee in the amount of twenty five dollars (\$25.00) for each payment, for obtaining out of state service credit, will be assessed each individual at the time of payment to help defray the expense of handling.~~

~~History Note: — Authority G.S. 128-26(j); 128-28(g);~~

~~Eff. February 1, 1976;~~

~~Readopted Eff. September 21, 1977.~~

20 NCAC 02C .1002 QUALIFYING FOR CREDIT

In order to qualify, each individual must pay for all or such portion in full years as ~~he~~the member desires of out-of-state service for which the member ~~he~~ is eligible.

History Note: Authority G.S. 128-26(j); 128-28(g);

Eff. February 1, 1976;

Readopted Eff. September 21, 1977.

20 NCAC 02C .1003 OTHER GOVERNMENTAL SUBDIVISION

"Other governmental subdivision of the United States" shall mean a state or territory and its subdivisions but not the United States Government.

History Note: Authority G.S. 128-28(g); S.L. 1987, C. 617;

Eff. February 1, 1976;

Readopted Eff. September 21, 1977;

Amended Eff. August 1, 1988.

20 NCAC 02C .1004 COMPUTATION OF COST

The cost of purchasing credit for out-of-state service is calculated as follows:

- (1) the monthly compensation the member earned when the member ~~he~~ first entered membership service; ~~multiplied by~~times
- (2) the employee contribution rate at that time; ~~times~~multiplied by
- (3) the number of months of out-of-state service for which credit is to be purchased; ~~times~~multiplied by
- (4) two; plus
- (5) a factor equivalent to interest at the rate of six and one-half percent, compounded annually, from the year of initial membership to the year of payment.

1 *History Note:* Authority G.S. 128-26(j); 128-28(g);
2 Eff. February 1, 1976;
3 Readopted Eff. September 21, 1977.

4
5 **20 NCAC 02C .1005 NO COST TO LOCAL UNITS**

6
7 *History Note:* Authority G.S. 128-26(j); 128-28(g);
8 Eff. February 1, 1976;
9 Repealed Eff. September 21, 1977.

10
11 **20 NCAC 02C .1006 RECALCULATION OF BENEFITS**

12 For members already retired who ~~avail themselves of the provisions for obtaining credit for out of state~~
13 ~~service~~ purchase service under G.S. 128-26(j), any recalculation of benefits shall be based on the law in effect at the
14 time of the individual's retirement including the additional service credit and effect shall be given for all benefit
15 increases subsequent to the date of retirement which shall be a part of the total cost of providing the additional service
16 credit.

17
18 *History Note:* Authority G.S. 128-26(j); 128-28(g);
19 Eff. February 1, 1976;
20 Readopted Eff. September 21, 1977.

21
22 **20 NCAC 02C .1007 CHANGE IN BENEFITS**

23 For members already retired, any change in benefits resulting from the provisions for obtaining credit for out-of-state
24 service shall become effective as of the first of the month following receipt of the required payment.

25
26 *History Note:* Authority G.S. 128-26(j); 128-28(g);
27 Eff. February 1, 1976;
28 Readopted Eff. September 21, 1977.

29
30 **20 NCAC 02C .1008 PAYMENTS**

31
32 *History Note:* Authority G.S. 128-26(j); 128-28(g);
33 Eff. February 1, 1976;
34 Readopted Eff. September 21, 1977;
35 Repealed Eff. March 1, 1985.

36
37
38 **SECTION .1100 - PRIOR SERVICE**

39
40 **20 NCAC 02C .1101 EMPLOYMENT BY A WATER WORKS**

1 **20 NCAC 02C .1102 NURSES**

2
3 *History Note: Authority G.S. 128-26; 128-28(g);*
4 *Eff. February 1, 1976;*
5 *Readopted Eff. September 21, 1977;*
6 *Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.*

7
8 **SECTION .1200 - RETIREMENT ALLOWANCES**

9
10
11 ~~**20 NCAC 02C .1201 SERVICE RETIREMENT**~~

12 ~~(a) Policemen and firemen who attain age 55 while in service and are subsequently discharged or leave service without~~
13 ~~filing application for service retirement, will be permitted to do so at a later date since they have a vested right to a~~
14 ~~retirement allowance.~~

15 ~~(b) Benefits will begin at the proper time after the application is filed and will not be retroactive to the date of~~
16 ~~separation. The same rule applies to general employees who attain age 60 while in service and leave service thereafter~~
17 ~~without filing application for retirement.~~

18
19 ~~*History Note: Authority G.S. 128-24(4)a.; 128-28(g);*~~
20 ~~*Eff. February 1, 1976;*~~
21 ~~*Readopted Eff. September 21, 1977.*~~

22
23 **20 NCAC 02C .1202 FAILURE TO RESPOND**

24 **20 NCAC 02C .1203 MEMBERSHIP IN BOTH SYSTEMS**

25
26 *History Note: Authority G.S. 128-27(a); 128-28(g); 128-34;*
27 *Eff. February 1, 1976;*
28 *Readopted Eff. September 21, 1977;*
29 *Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.*

30
31 **20 NCAC 02C .1204 AVERAGE FINAL COMPENSATION**

32 The term "consecutive calendar years" is defined for the purpose of determining retirement allowances as a period of
33 time consisting of a number of calendar months of creditable service equal to 12 times the number of years specified
34 by statute during which the highest total compensation was earned, adjusted proportionally to the regular term of
35 annual employment.

36
37 *History Note: Authority G.S. 128-28(g);*
38 *Eff. February 1, 1976;*
39 *Readopted Eff. September 21, 1977.*

1
2 **SECTION .1300 - VOLUNTARILY WITHDRAWN CONTRIBUTIONS**

3
4
5 ~~**20 NCAC 02C .1301 — FEE**~~

6 ~~A fee in the amount of twenty five dollars (\$25.00) for each payment will be assessed each individual at the time of~~
7 ~~payment for voluntarily withdrawn contributions to help defray the expense of handling.~~

8
9 ~~*History Note: Authority G.S. 128-26(i); 128-28(g);*~~

10 ~~*Eff. February 1, 1976;*~~

11 ~~*Readopted Eff. September 21, 1977.*~~

12
13 ~~**20 NCAC 02C .1302 — QUALIFYING FOR CREDIT**~~

14 ~~In order to qualify to obtain credit, each individual must restore all accounts previously withdrawn on a voluntary~~
15 ~~basis.~~

16
17 ~~*History Note: Authority G.S. 128-26(i); 128-28(g);*~~

18 ~~*Eff. February 1, 1976;*~~

19 ~~*Readopted Eff. September 21, 1977.*~~

20
21 **20 NCAC 02C .1303 COMPUTATION OF COST**

22
23 *History Note: Authority G.S. 128-26(i); 128-28(g);*

24 *Eff. February 1, 1976;*

25 *Readopted Eff. September 21, 1977;*

26 *Amended Eff. June 1, 1984;*

27 *Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.*

28
29 **20 NCAC 02C .1304 CONTRIBUTION RATE**

30
31 *History Note: Authority G.S. 128-26(i); 128-28(g);*

32 *Eff. February 1, 1976;*

33 *Readopted Eff. September 21, 1977;*

34 *Repealed Eff. August 1, 1981.*

35
36 **20 NCAC 02C .1305 RECALCULATION OF BENEFITS**

37 **20 NCAC 02C .1306 CHANGE IN BENEFITS**

38
39 *History Note: Authority G.S. 128-26(i); 128-28(g);*

40 *Eff. February 1, 1976;*

1 *Readopted Eff. September 21, 1977;*
2 *Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.*

3
4 **20 NCAC 02C .1307 EMPLOYER PORTION OF ANNUAL COST**

5
6 *History Note: Authority G.S. 128-26(i); 128-28(g);*
7 *Eff. February 1, 1976;*
8 *Repealed Eff. September 21, 1977.*

9
10 **20 NCAC 02C .1308 PAYMENTS**

11
12 *History Note: Authority G.S. 128-26(i); 128-28(g);*
13 *Eff. February 1, 1976;*
14 *Readopted Eff. September 21, 1977;*
15 *Repealed Eff. March 1, 1985.*

16
17 **SECTION .1400 - DELAYED PURCHASE OF SERVICE CREDITS**

18
19
20 **20 NCAC 02C .1401 APPLICATION OF SECTION**

21
22 *History Note: Filed as an Emergency Regulation Eff. October 29, 1979, to be Eff. for a Period of 90 Days*
23 *to Expire on January 27, 1980;*
24 *Statutory Authority G.S. 128-28(g);*
25 *Expired Eff. January 27, 1980.*

26
27 **20 NCAC 02C .1402 ACTUARIAL TABLES**

28
29 *History Note: Filed as an Emergency Regulation Eff. October 29, 1979, to be Eff. for a Period of 90 Days*
30 *to Expire on January 27, 1980;*
31 *Statutory Authority G.S. 128-28(g);*
32 *Expired Eff. January 27, 1980.*

33
34 **20 NCAC 02C .1403 APPLICABILITY OF OTHER SECTIONS**

35
36 *History Note: Filed as an Emergency Regulation Eff. October 29, 1979, to be Eff. for a Period of 90 Days*
37 *to Expire on January 27, 1980;*
38 *Statutory Authority G.S. 128-28(g);*
39 *Expired Eff. January 27, 1980.*

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20 NCAC 02C .1404 DEFINITIONS

*History Note: Filed as an Emergency Regulation Eff. October 29, 1979, to be Eff. for a Period of 90 Days
to Expire on January 27, 1980;
Statutory Authority G.S. 128-28(g);
Expired Eff. January 27, 1980.*

20 NCAC 02C .1405 COMPUTATION OF COST

*History Note: Filed as an Emergency Regulation Eff. October 29, 1979, to be Eff. for a Period of 90 Days
to Expire on January 27, 1980;
Statutory Authority G.S. 128-28(g);
Expired Eff. January 27, 1980.*

20 NCAC 02C .1406 EXTENT OF SERVICE TO BE PURCHASED

*History Note: Filed as an Emergency Regulation Eff. October 29, 1979, to be Eff. for a Period of 90 Days
to Expire on January 27, 1980;
Statutory Authority G.S. 128-28(g);
Expired Eff. January 27, 1980.*

SECTION .1500 - DELAYED PURCHASE OF SERVICE CREDITS

~~**20 NCAC 02C .1501 APPLICATION OF SECTION**~~

~~This Section applies to purchase of creditable service whenever a statutory provision prescribes that a payment by a member shall equal the full liability/cost of the service calculated on the basis of the assumptions used for purposes of the actuarial valuation of the Retirement System's liabilities, and shall take into account the retirement allowance arising on account of the additional service credit at the earliest age at which a member could retire on an unreduced service retirement allowance. An applicant shall be eligible to purchase creditable service under this Section only after having met all requirements of eligibility for purchase as defined by law and on rules duly adopted.~~

~~*History Note: Authority G.S. 128-26(k); 128-28(g);
Eff. December 1, 1981;
Amended Eff. March 1, 1985.*~~

20 NCAC 02C .1502 APPLICABILITY OF OTHER SECTIONS

History Note: Authority G.S. 128-26(k); 128-28(g);

1 *Eff. December 1, 1981;*
2 *Repealed Eff. March 1, 1985.*

3
4 ~~20 NCAC 02C .1503 — DEFINITIONS~~

5 ~~The following words and phrases have the meaning indicated when used in this Section, unless the context clearly~~
6 ~~requires another meaning:~~

- 7 ~~(1) — "earliest retirement date" is the first date at which the member could retire with an unreduced~~
8 ~~allowance;~~
9 ~~(2) — "nearest age" is the year and whole month of the age of the member which is closest to the date~~
10 ~~specified;~~
11 ~~(3) — "estimated allowance (with purchase)" is the estimated retirement allowance computed in the~~
12 ~~normal manner at the earliest retirement date and the years of service the member would have if the~~
13 ~~purchase is made;~~
14 ~~(4) — "estimated allowance (without purchase)" is the estimated allowance computed in the normal~~
15 ~~manner at the earliest retirement date and the years of service which the member would have at that~~
16 ~~time if no purchase is made.~~

17
18 ~~History Note: — Authority G.S. 128-26(k); 128-28(g);~~
19 ~~Eff. December 1, 1981;~~
20 ~~Amended Eff. March 1, 1985; June 1, 1982.~~

21
22 ~~20 NCAC 02C .1504 — COMPUTATION OF COST~~

23 ~~The cost of a delayed purchase of service credit is computed as follows:~~

- 24 ~~(1) — Determine earliest retirement dates;~~
25 ~~(2) — Determine estimated average final compensation (with purchase) and (without purchase) by~~
26 ~~multiplying the total compensation actually paid for the period for which 12 months' service credit~~
27 ~~will have been earned through the current month by the factor determined from the table of Salary~~
28 ~~Factors using the member's nearest age on the last day of the current month and at the earliest~~
29 ~~retirement date (with purchase) and (without purchase). Provided that if the member is out of service~~
30 ~~but not retired, has passed his 65th birthday, or has 30 years of service credit without the purchase,~~
31 ~~the estimated average final compensation will be calculated in the normal manner for the~~
32 ~~compensation and service recorded by the Retirement System;~~
33 ~~(3) — Determine estimated allowance (with purchase);~~
34 ~~(4) — Determine required reserve on estimated allowance (with purchase) by multiplying the estimated~~
35 ~~allowance (with purchase) by the reserve factor found in the Table of Reserve Factors for the nearest~~
36 ~~ages at purchase date and at earliest retirement date;~~
37 ~~(5) — Determine estimated allowance (without purchase);~~

1 ~~(6) Determine available reserve on estimated allowance (without purchase) by multiplying the~~
2 ~~estimated allowance (without purchase) by the reserve factor for the nearest ages at purchase date~~
3 ~~and at earliest retirement date;~~

4 ~~(7) The cost of purchasing service credit is the difference between the required reserve (with purchase)~~
5 ~~and the available reserve (without purchase). Provided that if the difference between the required~~
6 ~~reserve and the available reserve is zero, the cost of purchasing the service credit is the estimated~~
7 ~~average final compensation (with purchase) times the number of years service purchased, times the~~
8 ~~statutory service factor, times the reserve factor for the nearest ages at the last day of the last month~~
9 ~~for which the compensation used was recorded and at earliest retirement date (with purchase).~~

10
11 ~~History Note: Authority G.S. 128-26(k); 128-28(g);~~
12 ~~Eff. December 1, 1981;~~
13 ~~Amended Eff. June 1, 1982.~~

14
15 ~~**20 NCAC 02C .1505 EXTENT OF SERVICE TO BE PURCHASED**~~

16 ~~The extent of a delayed purchase of service credit by a member is all or such portion in full years as the member elects~~
17 ~~and for which he is eligible.~~

18
19 ~~History Note: Authority G.S. 128-26(k); 128-28(g);~~
20 ~~Eff. December 1, 1981.~~

21
22 ~~**20 NCAC 02C .1506 SPECIAL RULE FOR RETIRED APPLICANTS**~~

23 ~~The cost of a delayed purchase of service credit for a person currently receiving a retirement allowance is computed~~
24 ~~as follows:~~

25 ~~(1) Determine the estimated allowance (with purchase), what is the monthly amount that the applicant~~
26 ~~would be receiving, if he had retired at his original retirement date for his present option, with his~~
27 ~~current creditable service plus the service to be purchased, by using the factors applicable at his~~
28 ~~actual retirement date, and including all cost of living and special percentage increases which he~~
29 ~~had actually received since his first monthly retirement benefits;~~

30 ~~(2) Determine the difference between his estimated allowance (with purchase) and his present monthly~~
31 ~~retirement benefit;~~

32 ~~(3) Determine the cost of purchasing the service credit by multiplying the difference in monthly benefit~~
33 ~~by twelve, and then dividing by the option factor from the Table of Options Factors for his current~~
34 ~~option, and then multiplying by the reserve factor from the Table of Reserve Factors for his current~~
35 ~~age and retirement age.~~

36
37 ~~History Note: Authority G.S. 128-26(k); 128-28(g);~~
38 ~~Eff. June 1, 1982;~~
39 ~~Amended Eff. March 1, 1985.~~

- 1 **20 NCAC 02D .0203 CONTRIBUTIONS**
- 2 **20 NCAC 02D .0204 BENEFITS**
- 3 **20 NCAC 02D .0205 REHABILITATION**
- 4 **20 NCAC 02D .0206 PHYSICAL EXAMINATION**
- 5 **20 NCAC 02D .0207 PAYMENT OF CLAIMS**
- 6 **20 NCAC 02D .0208 ASSIGNMENT**
- 7 **20 NCAC 02D .0209 MANAGEMENT OF FUNDS**

8

9 *History Note: Authority G.S. 135-34; 135-6(f);*
10 *Eff. February 1, 1976;*
11 *Readopted Eff. September 21, 1977;*
12 *Amended Eff. October 29, 1979;*
13 *Repealed Eff. August 1, 1988.*

14

15 **20 NCAC 02D .0210 TERMINATION OF THE PLAN**

16

17 *History Note: Authority G.S. 135-34; 135-6(f);*
18 *Eff. February 1, 1976;*
19 *Repealed Eff. September 21, 1977.*

20

- 21 **20 NCAC 02D .0211 AGREEMENT**
- 22 **20 NCAC 02D .0212 EMPLOYEE DISABILITY FUND**
- 23 **20 NCAC 02D .0213 FORMS**
- 24 **20 NCAC 02D .0214 INSTRUCTIONS FOR USE OF FORMS**

25

26 *History Note: Authority G.S. 135-34; 135-6(f);*
27 *Eff. February 1, 1976;*
28 *Readopted Eff. September 21, 1977;*
29 *Repealed Eff. August 1, 1988.*

30

31 **SECTION .0300 - HOSPITAL AND MEDICAL CARE BENEFITS**

32

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- 34 **20 NCAC 02D .0301 CONTRACT**
- 35 **20 NCAC 02D .0302 PROGRAM PROVISIONS**

36

37 *History Note: Authority G.S. 135-6(f); 135-33;*
38 *Eff. February 1, 1976;*
39 *Readopted Eff. September 21, 1977;*

1 *Amended Eff. October 29, 1979; July 1, 1978;*

2 *Repealed Eff. December 1, 1982.*

3
4 **20 NCAC 02D .0303 EFFECTIVE DATES**

5
6 *History Note: Authority G.S. 135-33; 135-6(f);*

7 *Eff. February 1, 1976;*

8 *Repealed Eff. September 21, 1977.*

9
10 **20 NCAC 02D .0304 CONTRIBUTION RATE**

11
12 *History Note: Authority G.S. 135-33; 135-6(f);*

13 *Eff. February 1, 1976;*

14 *Readopted Eff. September 21, 1977;*

15 *Repealed Eff. July 1, 1978.*

16
17 **20 NCAC 02D .0305 TYPES OF COVERAGE**

18 **20 NCAC 02D .0306 SPLIT CONTRACT**

19
20 *History Note: Authority G.S. 135-6(f); 135-33;*

21 *Eff. February 1, 1976;*

22 *Readopted Eff. September 21, 1977;*

23 *Repealed Eff. December 1, 1982.*

24
25 **20 NCAC 02D .0307 SUPPLEMENTARY PLANS**

26 **20 NCAC 02D .0308 RETIREMENT**

27
28 *History Note: Authority G.S. 135-33; 135-6(f);*

29 *Eff. February 1, 1976;*

30 *Repealed Eff. September 21, 1977.*

31
32 **20 NCAC 02D .0309 PAYMENT**

33 **20 NCAC 02D .0310 ELIGIBILITY**

34
35 *History Note: Authority G.S. 135-6(f); 135-33; 135-33.1; 135-36;*

36 *Eff. February 1, 1976;*

37 *Readopted Eff. September 21, 1977;*

38 *Amended Eff. October 29, 1979;*

39 *Repealed Eff. December 1, 1982.*

- 1
- 2 **20 NCAC 02D .0311 OPEN ENROLLMENT**
- 3 **20 NCAC 02D .0312 AGENT**
- 4 **20 NCAC 02D .0313 CHANGES: BENEFIT PLANS**
- 5 **20 NCAC 02D .0314 ENROLLMENT AND ADMINISTRATION**

6

7 *History Note: Authority G.S. 135-33; 135-6(f);*
8 *Eff. February 1, 1976;*
9 *Repealed Eff. September 21, 1977.*

- 10
- 11 **20 NCAC 02D .0315 FILING OF CLAIMS**
- 12 **20 NCAC 02D .0316 CHANGES IN FAMILY STATUS**
- 13 **20 NCAC 02D .0317 SEPARATION FROM SERVICE**
- 14 **20 NCAC 02D .0318 LEAVE OF ABSENCE**

15

16 *History Note: Authority G.S. 135-6(f); 135-33;*
17 *Eff. February 1, 1976;*
18 *Readopted Eff. September 21, 1977;*
19 *Repealed Eff. December 1, 1982.*

- 20
- 21 **20 NCAC 02D .0319 DOCUMENTS ATTACHED**
- 22 **20 NCAC 02D .0320 TERMINATION**
- 23 **20 NCAC 02D .0321 TERMINATION OF CERTIFICATES**
- 24 **20 NCAC 02D .0322 PREVIOUS CONTRACT**

25

26 *History Note: Authority G.S. 135-33; 135-6(f);*
27 *Eff. February 1, 1976;*
28 *Repealed Eff. September 21, 1977.*

29

30 **SECTION .0400 - EXPERIENCE RATING AGREEMENT**

- 31
- 32
- 33 **20 NCAC 02D .0401 BENEFIT ADMINISTRATION**
- 34 **20 NCAC 02D .0402 RETENTION**
- 35 **20 NCAC 02D .0403 INCURRED CLAIMS EXPENSE**
- 36 **20 NCAC 02D .0404 PROJECTED EXPENSE RATIO**
- 37 **20 NCAC 02D .0405 STABILIZATION RESERVES**
- 38 **20 NCAC 02D .0406 RATING PROCEDURES**
- 39 **20 NCAC 02D .0407 ACCOUNTING**

- 1 **20 NCAC 02D .0408 AGREEMENT INTENT**
- 2 **20 NCAC 02D .0409 ANNUAL REPORTS**
- 3 **20 NCAC 02D .0410 RETENTION**
- 4 **20 NCAC 02D .0411 INCOME AND CLAIMS EXPERIENCE**

5

6 *History Note: Authority G.S. 135-33; 135-6(f);*
7 *Eff. February 1, 1976;*
8 *Repealed Eff. September 21, 1977.*

9

10 **SECTION .0500 - COORDINATION OF BENEFITS**

11

12

- 13 **20 NCAC 02D .0501 BENEFITS PROVISION**
- 14 **20 NCAC 02D .0502 DEFINITIONS**
- 15 **20 NCAC 02D .0503 EFFECT ON BENEFITS**
- 16 **20 NCAC 02D .0504 IMPLEMENTATION**
- 17 **20 NCAC 02D .0505 FACILITY OF PAYMENT**
- 18 **20 NCAC 02D .0506 RIGHT OF RECOVERY**

19

20 *History Note: Authority G.S. 135-33; 135-6(f);*
21 *Eff. February 1, 1976;*
22 *Repealed Eff. September 21, 1977.*

23

24 **SECTION .0600 - INPATIENT HOSPITAL BENEFITS**

25

26

- 27 **20 NCAC 02D .0601 DAYS AVAILABLE**
- 28 **20 NCAC 02D .0602 BENEFITS IN CONTRACTING HOSPITALS**
- 29 **20 NCAC 02D .0603 BENEFITS: NONCONTRACTING HOSPITALS**
- 30 **20 NCAC 02D .0604 BENEFITS IN OUT-OF-STATE HOSPITALS**
- 31 **20 NCAC 02D .0605 GENERAL PROVISIONS**
- 32 **20 NCAC 02D .0606 SKILLED NURSING FACILITY**

33

34 *History Note: Authority G.S. 135-33; 135-6(f);*
35 *Eff. February 1, 1976;*
36 *Repealed Eff. September 21, 1977.*

37

38 **SECTION .0700 - OUTPATIENT BENEFITS**

39

40

- 1 **20 NCAC 02D .0701 BENEFIT PROVISION**
- 2 **20 NCAC 02D .0702 ACCIDENTAL INJURY**
- 3 **20 NCAC 02D .0703 MEDICAL EMERGENCIES**
- 4 **20 NCAC 02D .0704 HOSPITAL OPERATIONS**
- 5 **20 NCAC 02D .0705 RADIATION THERAPY**
- 6 **20 NCAC 02D .0706 PATHOLOGICAL EXAMINATION**
- 7 **20 NCAC 02D .0707 TESTS AND PROCEDURES**
- 8 **20 NCAC 02D .0708 GENERAL PROVISIONS**

9

10 *History Note: Authority G.S. 135-33; 135-6(f);*
11 *Eff. February 1, 1976;*
12 *Repealed Eff. September 21, 1977.*

13

14

SECTION .0800 - SURGICAL BENEFITS

15

16

- 17 **20 NCAC 02D .0801 SCOPE OF SERVICES**
- 18 **20 NCAC 02D .0802 BASIS OF BENEFIT ALLOWANCES**

19

20 *History Note: Authority G.S. 135-33; 135-6(f);*
21 *Eff. February 1, 1976;*
22 *Repealed Eff. September 21, 1977.*

23

24

SECTION .0900 - INPATIENT MEDICAL BENEFITS

25

26

- 27 **20 NCAC 02D .0901 SCOPE OF SERVICES**
- 28 **20 NCAC 02D .0902 DURATION OF BENEFITS**
- 29 **20 NCAC 02D .0903 BASIS OF BENEFIT ALLOWANCES**

30

31 *History Note: Authority G.S. 135-33; 135-6(f);*
32 *Eff. February 1, 1976;*
33 *Repealed Eff. September 21, 1977.*

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35

SECTION .1000 - MAJOR MEDICAL BENEFITS

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- 38 **20 NCAC 02D .1001 MAXIMUM BENEFITS**
- 39 **20 NCAC 02D .1002 DEDUCTIBLE AMOUNTS**
- 40 **20 NCAC 02D .1003 BENEFIT PERIOD**

- 1 **20 NCAC 02D .1004 BENEFITS**
- 2 **20 NCAC 02D .1005 LIMITATIONS AND EXCLUSIONS FOR MAJOR MEDICAL BENEFITS**
- 3 **20 NCAC 02D .1006 GENERAL PROVISIONS**

4

5 *History Note: Authority G.S. 135-33; 135-6(f);*
6 *Eff. February 1, 1976;*
7 *Repealed Eff. September 21, 1977.*

8

9 **SECTION .1100 - TERMS AND CONDITIONS**

- 10
- 11
- 12 **20 NCAC 02D .1101 DEFINITIONS**
- 13 **20 NCAC 02D .1102 MATERNITY PROVISIONS**
- 14 **20 NCAC 02D .1103 EXCLUSION: BASIC AND MAJOR MEDICAL BENEFITS**
- 15 **20 NCAC 02D .1104 MISREPRESENTATION**
- 16 **20 NCAC 02D .1105 TERMINATION OF GROUP COVERAGE**
- 17 **20 NCAC 02D .1106 MODIFICATION**
- 18 **20 NCAC 02D .1107 TERMINATION UPON DEATH**
- 19 **20 NCAC 02D .1108 TERMINATION UPON MARRIAGE: AGE LIMIT**
- 20 **20 NCAC 02D .1109 TERMINATION WITHOUT CLAIM PREJUDICE**
- 21 **20 NCAC 02D .1110 CONVERSION FROM GROUP TO NONGROUP COVERAGE**
- 22 **20 NCAC 02D .1111 NONGROUP TO GROUP COVERAGE**
- 23 **20 NCAC 02D .1112 COVERAGE CHANGE APPLICATION**
- 24 **20 NCAC 02D .1113 EXTENDED MATERNITY BENEFITS**
- 25 **20 NCAC 02D .1114 GENERAL PROVISIONS**
- 26 **20 NCAC 02D .1115 WAITING PERIODS**

27

28 *History Note: Authority G.S. 135-33; 135-6(f);*
29 *Eff. February 1, 1976;*
30 *Repealed Eff. September 21, 1977.*

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34 **SUBCHAPTER 2E - N.C. PUBLIC EMPLOYEES' SOCIAL SECURITY AGENCY**

- 35
- 36
- 37 **20 NCAC 02E .01 GENERAL INFORMATION**
- 38 **20 NCAC 02E .02 PURPOSES: FUNCTIONS: DUTIES**
- 39 **20 NCAC 02E .03 EXTENSION OF SOCIAL SECURITY COVERAGE**
- 40 **20 NCAC 02E .04 PROCEDURES IN SECURING COVERAGE**

1 **20 NCAC 02E .05 FORMS**

2

3 *History Note: Authority G.S. 135-25;*
4 *Eff. February 1, 1976;*
5 *Readopted Eff. September 21, 1977;*
6 *Repealed Eff. March 1, 1985.*

7

8 **20 NCAC 02E .06 POLITICAL SUBDIVISION LIABILITY**

9 **20 NCAC 02E .07 DUE DATE**

10

11 *History Note: Authority G.S. 135-25;*
12 *Eff. September 21, 1977;*
13 *Repealed Eff. March 1, 1985.*

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17 **SUBCHAPTER 02F - CONSOLIDATED JUDICIAL RETIREMENT SYSTEM OF NORTH CAROLINA**

18

19 **20 NCAC 02F .0101 ~~GENERAL~~ INFORMATION**

20 The following is general information about the Consolidated Judicial Retirement System:

- 21 (1) The ~~Director chief officer~~ is the Director of the Retirement Systems Division;
- 22 (2) The mailing address is Retirement Systems Division, Department of State Treasurer, 3200 Atlantic
- 23 Avenue, Raleigh, North Carolina 27604;
- 24 (3) The office is located ~~at in the Longleaf Building~~, 3200 Atlantic Avenue Raleigh, North Carolina.

25

26 *History Note: Authority G.S. 135-6(f); 135-54;*
27 *Eff. February 1, 1976;*
28 *Readopted Eff. September 21, 1977;*
29 *Amended Eff. March 1, 1985;*
30 *Amended Eff. September 1, 2019.*

31

32 **20 NCAC 02F .0102 PURPOSES: FUNCTIONS: AND DUTIES**

33 **20 NCAC 02F .0103 FORMS**

34

35 *History Note: Authority G.S. 135-54; 135-6(f);*
36 *Eff. February 1, 1976;*
37 *Readopted Eff. September 21, 1977;*
38 *Repealed Eff. March 1, 1985.*

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20 NCAC 02F .0104 ACTUARIAL TABLES: RATES AND ASSUMPTIONS

(a) Actuarial tables and assumptions will be adopted by the Board of Trustees after the presentation of the recommendations of the actuary ~~by including the tables, rates, etc. in the minutes of the board with the resolution adopting said tables, rates or assumptions. As provided by G.S. 150B-1(d), these actions of the Board of Trustees are not subject to rule-making requirements.~~

(b) The ~~director of the retirement systems~~ Director shall maintain a file of copies of all resolutions adopting tables, rates or assumptions and the current version of all tables as amended by the Board of Trustees. The file shall be open and readily available to the public during regular office hours.

~~(c) This Rule includes but is not limited to the following actuarial tables and assumptions:~~

- ~~(1) — interest rate assumptions;~~
- ~~(2) — salary increase assumptions;~~
- ~~(3) — required contribution rates;~~
- ~~(4) — mortality assumptions;~~
- ~~(5) — separation and retirement assumptions;~~
- ~~(6) — joint and survivor tables;~~
- ~~(7) — reserve transfer tables.~~

(d) Tables, rates and assumptions shall become effective on the first day of the month following adoption, unless a specific effective date is included in the adopting resolution. If the specific date is included, the tables, rates or assumptions shall be effective as provided in the adopting resolution.

*History Note: Authority G.S. 135-69; 135-6(f);
Eff. September 21, 1977;
Amended Eff. August 1, 1981.*

20 NCAC 02F .0105 SERVICE AS SUPERIOR COURT SOLICITOR OR DISTRICT ATTORNEY

*History Note: Authority G.S. 135-56(a); 135-6(f);
Eff. September 21, 1977;
Amended Eff. March 1, 1985;
Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.*

20 NCAC 02F .0106 RETIREMENT BENEFITS FOR DISTRICT COURT SERVICE

*History Note: Authority G.S. 135-66; 135-6(f);
Eff. May 31, 1978;
Repealed Eff. March 1, 1985.*

20 NCAC 02F .0107 FINAL COMPENSATION FOR THREE-FOURTHS LIMITATION

1 For the sole purpose of calculating the "three-fourths limitation of ~~the member's his~~ final compensation" under G.S.
2 135-58(a6) for a member whose final state service was not as a member of this system, the phrase "final compensation"
3 shall mean the rate of compensation established for the last position held by the member applicable to this system on
4 the last day of ~~the member's his~~ actual state or local governmental service.

5
6 *History Note:* Authority G.S. 135-6(f); 135-58(a6);
7 Eff. June 1, 1984.

8
9 ~~20 NCAC 02F .0108 FULL ACTUARIAL COST~~

10 ~~"Full cost of the service credits" will be calculated in substantially the same manner as in 20 NCAC 2B .1200 using~~
11 ~~the tables, rates, assumptions, etc. adopted by the board for the Consolidated Judicial Retirement System.~~

12
13 ~~*History Note:* Authority G.S. 135-52; 135-6(f);~~
14 ~~Eff. March 1, 1985.~~

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18 **SUBCHAPTER 2G - UNIFORM SOLICITORIAL RETIREMENT SYSTEM**

19
20 **20 NCAC 02G .0101 GENERAL INFORMATION**

21 **20 NCAC 02G .0102 PURPOSES: FUNCTIONS: AND DUTIES**

22 **20 NCAC 02G .0103 FORMS**

23
24 *History Note:* Authority G.S. 135-78; 135-6(f);
25 Eff. February 1, 1976;
26 Readopted Eff. September 21, 1977;
27 Repealed Eff. March 1, 1985.

28
29 **20 NCAC 02G .0104 ACTUARIAL TABLES: RATES AND ASSUMPTIONS**

30
31 *History Note:* Authority G.S. 135-78; 135-6(f);
32 Eff. September 21, 1977;
33 Amended Eff. August 1, 1981;
34 Repealed Eff. March 1, 1985.

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37
38 **SUBCHAPTER 2H - UNIFORM CLERKS OF SUPERIOR COURT RETIREMENT SYSTEM**

39
40 **20 NCAC 02H .0101 GENERAL INFORMATION**

1 **20 NCAC 02H .0102 PURPOSES: FUNCTIONS: DUTIES**

2 **20 NCAC 02H .0103 FORMS**

3

4 *History Note: Authority G.S. 135-85; 135-6(f);*

5 *Eff. February 1, 1976;*

6 *Readopted Eff. September 21, 1977;*

7 *Repealed Eff. March 1, 1985.*

8

9 **20 NCAC 02H .0104 ACTUARIAL TABLES: RATES AND ASSUMPTIONS**

10

11 *History Note: Filed as an Emergency Amendment Eff. July 1, 1979, to be Eff. for a Period of 120 Days to Expire*
12 *on October 29, 1979;*

13 *Authority G.S. 135-85; 135-6(f);*

14 *Eff. September 21, 1977;*

15 *Emergency Amendment Made Permanent Eff. October 29, 1979;*

16 *Amended Eff. August 1, 1981;*

17 *Repealed Eff. March 1, 1985.*

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21 **SUBCHAPTER 2I - THE LEGISLATIVE RETIREMENT FUND**

22

23 **20 NCAC 02I .0101 GENERAL INFORMATION**

24 **20 NCAC 02I .0102 PURPOSES: FUNCTIONS: AND DUTIES**

25 **20 NCAC 02I .0103 FORMS**

26

27 *History Note: Authority G.S. 220-4.2; 135-6(f);*

28 *Eff. February 1, 1976;*

29 *Readopted Eff. September 21, 1977;*

30 *Repealed Eff. March 1, 1985.*

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34 **SUBCHAPTER 2J - LAW ENFORCEMENT OFFICERS' BENEFIT AND RETIREMENT FUND**

35

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SECTION .0100 - ORGANIZATION OF THE FUND

38

39

40 **20 NCAC 02J .0101 GENERAL INFORMATION**

41 **20 NCAC 02J .0102 GENERAL PURPOSE**

- 1 **20 NCAC 02J .0103 SUBDIVISIONS**
- 2 **20 NCAC 02J .0104 ADMINISTRATION AND FUNCTION**
- 3 **20 NCAC 02J .0105 BOARD OF COMMISSIONERS MEMBERSHIP**

4

5 *History Note: Authority G.S. 143-166(d);*
6 *Eff. February 1, 1976;*
7 *Readopted Eff. October 13, 1977;*
8 *Amended Eff. January 19, 1979;*
9 *Repealed Eff. August 1, 1983.*

10

11 **SECTION .0200 - GENERAL PROVISIONS**

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- 14 **20 NCAC 02J .0201 DEFINITIONS**
- 15 **20 NCAC 02J .0202 PERSONNEL INELIGIBLE FOR MEMBERSHIP**
- 16 **20 NCAC 02J .0203 PROCUREMENT OF FORMS**
- 17 **20 NCAC 02J .0204 MEDICAL ADVISORS**
- 18 **20 NCAC 02J .0205 COMMUNICATION WITH BOARD CHAIRMAN**
- 19 **20 NCAC 02J .0206 STATUS OF RULES**
- 20 **20 NCAC 02J .0207 DUTIES OF ACTUARY**

21

22 *History Note: Authority G.S. 143-166(d);*
23 *Eff. February 1, 1976;*
24 *Readopted Eff. October 13, 1977;*
25 *Amended Eff. September 1, 1982; January 19, 1979;*
26 *Repealed Eff. August 1, 1983.*

- 27
- 28 **20 NCAC 02J .0208 ACTUARIAL TABLES: RATES AND ASSUMPTIONS**

29

30 *History Note: Authority G.S. 143-166(d);*
31 *Eff. August 1, 1981;*
32 *Repealed Eff. August 1, 1983.*

33

34 **SECTION .0300 - ADMINISTRATIVE RULEMAKING PROCEDURES**

- 35
- 36
- 37 **20 NCAC 02J .0301 RULEMAKING PROCEDURES**

38

39 *History Note: Authority G.S. 143-166(d),(s); 150A-16;*
40 *Eff. February 1, 1976;*

1 *Readopted Eff. October 13, 1977;*

2 *Amended Eff. January 19, 1979;*

3 *Repealed Eff. August 1, 1983.*

4
5 **20 NCAC 02J .0302 NOTICE OF RULEMAKING**

6 **20 NCAC 02J .0303 RULEMAKING HEARINGS**

7 **20 NCAC 02J .0304 DECLARATORY RULINGS**

8
9 *History Note: Authority G.S. 143-166(d),(s); 150A-12; 150A-11; 150A-17;*

10 *Eff. February 1, 1976;*

11 *Readopted Eff. October 13, 1977;*

12 *Repealed Eff. January 19, 1979.*

13
14 **SECTION .0400 - ADMINISTRATIVE ADJUDICATORY PROCEDURES**

15
16
17 **20 NCAC 02J .0401 DECLARATORY AND CONTESTED CASE PROCEDURES**

18
19 *History Note: Authority G.S. 143-166(d),(s); 150A-2(2);*

20 *Eff. February 1, 1976;*

21 *Readopted Eff. October 13, 1977;*

22 *Amended Eff. January 19, 1979;*

23 *Repealed Eff. August 1, 1983.*

24
25 **20 NCAC 02J .0402 SPECIFIC RULE FOR A HEARING**

26 **20 NCAC 02J .0403 REQUEST FOR A HEARING**

27 **20 NCAC 02J .0404 GRANTING HEARING REQUEST**

28 **20 NCAC 02J .0405 WAIVER OF RIGHT TO A HEARING**

29 **20 NCAC 02J .0406 NOTICE OF A HEARING**

30 **20 NCAC 02J .0407 INTERVENTION IN THE HEARING**

31 **20 NCAC 02J .0408 WHO SHALL HEAR CONTESTED CASES**

32 **20 NCAC 02J .0409 PLACE OF THE HEARING**

33 **20 NCAC 02J .0410 HEARING OFFICERS**

34 **20 NCAC 02J .0411 FAILURE TO APPEAR AT THE HEARING**

35 **20 NCAC 02J .0412 WRITTEN ANSWERS TO A HEARING NOTICE**

36 **20 NCAC 02J .0413 PRE-HEARING CONFERENCE**

37 **20 NCAC 02J .0414 SIMPLIFICATION OF ISSUES**

38 **20 NCAC 02J .0415 SUBPOENAS**

39

1 *History Note:* Authority G.S. 143-166(d),(s); 150A-20, -23, -24, -25, -27, -31,
2 -32, -33(5), -37; 1A, Rule 24;
3 *Eff. February 1, 1976;*
4 *Readopted Eff. October 13, 1977;*
5 *Repealed Eff. January 19, 1979.*

6
7 **SECTION .0500 - RETIREMENT FUND REGULATIONS**

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9
10 **20 NCAC 02J .0501 MEMBERSHIP**
11 **20 NCAC 02J .0502 REGULAR CONTRIBUTIONS**
12 **20 NCAC 02J .0503 SPECIAL CONTRIBUTIONS**
13 **20 NCAC 02J .0504 CONTRIBUTIONS TRANSFERRED FROM OTHER SYSTEMS**
14 **20 NCAC 02J .0505 RETURN OF REGULAR CONTRIBUTIONS**
15 **20 NCAC 02J .0506 RETURN OF SPECIAL CONTRIBUTIONS**
16 **20 NCAC 02J .0507 CREDITABLE SERVICE**
17 **20 NCAC 02J .0508 BASIC SERVICE RETIREMENT ALLOWANCE BENEFIT**
18 **20 NCAC 02J .0509 BASIC DISABILITY RETIREMENT ALLOWANCE BENEFIT**
19 **20 NCAC 02J .0510 RE-EXAMINATION OF DISABLED RETIRED BENEFICIARIES**
20 **20 NCAC 02J .0511 SPECIAL RETIREMENT ALLOWANCE**
21 **20 NCAC 02J .0512 MINIMUM AND MAXIMUM ANNUAL RETIREMENT ALLOWANCE**
22 **20 NCAC 02J .0513 ALTERNATIVES FOR RECEIVING RETIREMENT ALLOWANCE**
23 **20 NCAC 02J .0514 RESTORATION OF RETIRED MEMBERS TO ACTIVE SERVICE**
24 **20 NCAC 02J .0515 ESCROW FUNDS**
25 **20 NCAC 02J .0516 ACCIDENTAL DEATH BENEFIT TO SURVIVORS OF OFFICERS**
26 **20 NCAC 02J .0517 METHOD OF FINANCING**
27 **20 NCAC 02J .0518 ERRORS**

28
29 *History Note:* Authority G.S. 143-166(d);
30 *Eff. February 1, 1976;*
31 *Readopted Eff. October 13, 1977;*
32 *Amended Eff. September 1, 1983; March 1, 1982; January 19, 1983; October 29, 1979;*
33 *Repealed Eff. August 1, 1983.*

34
35 **20 NCAC 02J .0519 INCREASES IN BENEFITS PAID TO BENEFICIARIES**

36
37 *History Note:* Authority G.S. 143-166(i);
38 *Eff. February 19, 1979;*
39 *Repealed Eff. August 1, 1983.*

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20 NCAC 02J .0520 REQUIRED EMPLOYER CONTRIBUTION

History Note: Filed as an Emergency Amendment Eff. April 22, 1980 For a Period of 120 Days to Expire on August 20, 1980;
Filed as an Emergency Regulation Eff. July 1, 1979, For a Period of 120 Days to Expire on October 29, 1979;
Statutory Authority G.S. 143-166(i);
Made Permanent Eff. October 29, 1979;
Amended Eff. August 1, 1981;
Repealed Eff. August 1, 1983.

SECTION .0600 - SEPARATE BENEFIT FUND REGULATIONS

20 NCAC 02J .0601 PARTICIPATION

20 NCAC 02J .0602 BENEFITS

History Note: Authority G.S. 143-166(t);
Eff. February 1, 1976;
Amended Eff. September 5, 1977;
Readopted Eff. October 13, 1977;
Amended Eff. December 1, 1982; September 1, 1982; August 1, 1981;
Repealed Eff. August 1, 1983.

SUBCHAPTER 2K - LAW ENFORCEMENT OFFICERS' RETIREMENT SYSTEM

SECTION .0100 - GENERAL INFORMATION

20 NCAC 02K .0101 GENERAL INFORMATION

History Note: Authority G.S. 143-166;
Eff. August 1, 1983;
Repealed Eff. January 1, 1986.

20 NCAC 02K .0102 PURPOSES

1 *History Note:* Authority G.S. 143-166(d);
2 Eff. August 1, 1983;
3 Repealed Eff. April 1, 1985.

4
5 **20 NCAC 02K .0103 DEFINITIONS**

6
7 *History Note:* Authority G.S. 143-166; 143-66.03;
8 Eff. August 1, 1983;
9 Amended Eff. April 1, 1985;
10 Repealed Eff. January 1, 1986.

11
12 **20 NCAC 02K .0104 FORMS**

13
14 *History Note:* Authority G.S. 143-166(d);
15 Eff. August 1, 1983;
16 Repealed Eff. April 1, 1985.

17
18 **SECTION .0200 - ADMINISTRATION**

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21 **20 NCAC 02K .0201 DUTIES OF ACTUARY**
22 **20 NCAC 02K .0202 ACTUARIAL TABLES: RATES AND ASSUMPTIONS**
23 **20 NCAC 02K .0203 MEDICAL ADVISERS**
24 **20 NCAC 02K .0204 PROCEDURAL RIGHTS**

25
26 *History Note:* Authority G.S. 143-166; 143-166.03;
27 Eff. August 1, 1983;
28 Repealed Eff. January 1, 1986.

29
30 **SECTION .0300 - MEMBERSHIP**

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33 **20 NCAC 02K .0301 PERSONS ELIGIBLE FOR MEMBERSHIP**

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35 *History Note:* Authority G.S. 143-166;
36 Eff. August 1, 1983;
37 Amended Eff. April 1, 1985; March 1, 1984;
38 Repealed Eff. January 1, 1986.

39
40 **20 NCAC 02K .0302 PERSONS INELIGIBLE FOR MEMBERSHIP**

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*History Note: Authority G.S. 143-166(m);
Eff. August 1, 1983;
Repealed Eff. April 1, 1985.*

20 NCAC 02K .0303 CESSATION OF MEMBERSHIP

20 NCAC 02K .0304 TRANSFER OF EMPLOYMENT

*History Note: Authority G.S. 143-166;
Eff. August 1, 1983;
Repealed Eff. January 1, 1986.*

SECTION .0400 - CREDITABLE SERVICE

20 NCAC 02K .0401 MEMBERSHIP SERVICE

20 NCAC 02K .0402 PRIOR SERVICE

20 NCAC 02K .0403 MILITARY SERVICE

*History Note: Authority G.S. 143-166;
Eff. August 1, 1983;
Repealed Eff. January 1, 1986.*

SECTION .0500 - PURCHASE OF SERVICE CREDITS

20 NCAC 02K .0501 FEE

20 NCAC 02K .0502 ELIGIBILITY FOR PURCHASING SERVICE CREDITS

20 NCAC 02K .0503 COST OF PURCHASING SERVICE CREDITS

20 NCAC 02K .0504 DELAYED PURCHASE OF SERVICE CREDITS

*History Note: Authority G.S. 143-166;
Eff. August 1, 1983;
Repealed Eff. January 1, 1986.*

20 NCAC 02K .0505 WORKERS' COMPENSATION LEAVES OF ABSENCE

*History Note: Authority G.S. 143-166;
Eff. December 1, 1983;
Repealed Eff. January 1, 1986.*

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2 **SECTION .0600 - BENEFITS**

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5 **20 NCAC 02K .0601 DATE OF EARLY: SERVICES/DISABILITY RETIREMENT ALLOWANCES**
6 **20 NCAC 02K .0602 RETURN OF REGULAR CONTRIBUTIONS UPON DEATH OF A MEMBER**
7 **20 NCAC 02K .0603 SPECIAL ANNUITY ACCOUNT BENEFITS**
8 **20 NCAC 02K .0604 MINIMUM AND MAXIMUM TOTAL ANNUAL RETIREMENT ALLOWANCE**
9 **20 NCAC 02K .0605 ALTERNATIVES FOR RECEIVING RETIREMENT ALLOWANCE**
10 **20 NCAC 02K .0606 SURVIVOR'S ALTERNATE BENEFIT**
11 **20 NCAC 02K .0607 RETURN OF CONTRIBUTIONS AFTER RETIREMENT**
12 **20 NCAC 02K .0608 RESTORATION TO ACTIVE SERVICE AFTER DISABILITY RETIREMENT**
13 **20 NCAC 02K .0609 RESTORATION TO ACTIVE SERVICE AFTER SERVICE RETIREMENT**
14

15 *History Note: Authority G.S. 143-166;*
16 *Eff. August 1, 1983;*
17 *Amended Eff. June 1, 1984;*
18 *Repealed Eff. January 1, 1986.*

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20 **SECTION .0700 - METHOD OF FINANCING**

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23 **20 NCAC 02K .0701 GENERAL PROVISIONS**
24 **20 NCAC 02K .0702 ANNUITY SAVINGS FUND**
25 **20 NCAC 02K .0703 SPECIAL ANNUITY SAVINGS FUND**
26 **20 NCAC 02K .0704 PENSION ACCUMULATION FUND**
27 **20 NCAC 02K .0705 CALCULATION OF CONTRIBUTION RATES**
28 **20 NCAC 02K .0706 INTEREST**
29 **20 NCAC 02K .0707 DEATH OF RETIRED MEMBER**
30 **20 NCAC 02K .0708 MINOR BENEFICIARIES**
31

32 *History Note: Authority G.S. 143-166; 143-166.03;*
33 *Eff. August 1, 1983;*
34 *Amended Eff. April 1, 1985; June 1, 1984;*
35 *Repealed Eff. January 1, 1986.*

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39 **SUBCHAPTER 02L - SEPARATE INSURANCE BENEFIT PLAN FOR STATE AND LOCAL**
40 **GOVERNMENTAL LAW ENFORCEMENT OFFICERS**

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2 **SECTION .0100 - GENERAL PROVISIONS**
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4 **20 NCAC 02L .0101 GENERAL INFORMATION**

5 The following is general information about the Separate Insurance Benefit Plan for State and Local Governmental
6 Law Enforcement Officers' ~~Separate Benefit Plan~~:

- 7 (1) The Director chief officer is the Director of the Retirement Systems Division;
8 (2) The mailing address is Retirement Systems Division, Department of State Treasurer, 3200 Atlantic
9 Avenue, Raleigh, North Carolina 27604;
10 (3) The office is located at in the Longleaf Building, 3200 Atlantic Avenue, Raleigh, North Carolina.

11
12 *History Note: Authority G.S. 143-166.60;*
13 *Eff. August 1, 1983;*
14 *Amended Eff. September 1, 2019.*
15

16 **20 NCAC 02L .0102 PURPOSES**

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18 *History Note: Authority G.S. 143-166.04;*
19 *Eff. August 1, 1983;*
20 *Repealed Eff. April 1, 1985.*
21

22 **20 NCAC 02L .0103 DEFINITIONS**

23 The following words as used in this Subchapter, unless a different meaning is clearly required by the context, shall
24 have the following meanings:

- 25 ~~(1) "Employer" shall mean the State of North Carolina and any city, town, county or other political~~
26 ~~subdivision thereof.~~ (1) "Medical Board" shall mean any of the Medical Boards established
27 under G.S. 128-28(l), G.S. 135-6(k), or G.S. 135-102(d).
28 (2) "Officer" shall mean a law enforcement officer as defined in G.S. 128-21(11d) ~~143-166.30(a)(4)~~
29 and G.S. 135-1(11c) ~~143-166.50(a)(3)~~.
30 (3) "Officer Trainee" shall mean a cadet or officer trainee who is a full-time employee enrolled in
31 training schools or academies of the state and any political subdivision thereof and who will become
32 an officer at the completion of the training.
33 (4) "Participant" shall mean an officer or officer trainee ~~who has established eligibility for benefits~~
34 ~~under the Separate Benefit Plan and who has obtained written approval for such eligibility.~~
35 (5) "Separate Insurance Benefit Plan" shall mean the employee welfare benefit plan created in G.S.
36 143-166.60.
37 (6) "Service" shall mean service as an officer for which compensation is paid.
38

1 *History Note: Authority G.S. 143-166.60;*
2 *Eff. August 1, 1983;*
3 *Amended Eff. August 1, 1988; April 1, 1985.*

4
5 **20 NCAC 02L .0104 FORMS**

6
7 *History Note: Authority G.S. 143-166.04;*
8 *Eff. August 1, 1983;*
9 *Repealed Eff. April 1, 1985.*

10
11 **20 NCAC 02L .0105 PROCEDURAL RIGHTS**

12
13 *History Note: Authority G.S. 143-166.60; 150B-12; 150B-23;*
14 *Eff. August 1, 1983;*
15 *Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.*

16
17 **SECTION .0200 - PARTICIPATION**

18
19 **20 NCAC 02L .0201 ACTIVE MEMBERS**

20
21 *History Note: Authority G.S. 143-166.60;*
22 *Eff. August 1, 1983;*
23 *Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.*

24
25 **20 NCAC 02L .0202 RETIRED MEMBERS**

26 ~~(a) If a participant ceases to be an officer, his participation shall be continued provided that such participant has had~~
27 ~~at least 20 years creditable service, and provided further, that such retirement is a bona fide separation from all law~~
28 ~~enforcement work in the state.~~

29 ~~(b) If a participant retires on account of a disability that resulted from bodily injuries sustained or from extreme~~
30 ~~physical exercise or from extreme physical activity experienced in the course and scope of his official duties as a law~~
31 ~~enforcement officer and while in the discharge of his official duty or duties, his participation shall be continued so~~
32 ~~long as such incapacity continues, provided that:~~

33 ~~(1) the disability retirement occurs within 12 months from the date on which the injuries or extreme exercise~~
34 ~~occurred; that~~

35 ~~(2) the injury or the condition resulting from extreme exercise or activity was reported to and treated by a licensed~~
36 ~~physician within 10 days of the occurrence; and that~~

~~(3) — medical reports acceptable to the medical board clearly show that the participant is mentally or physically totally incapacitated for the further performance of duty, that such disability is likely to be permanent, and that such participant should be retired.~~

~~Final certification of disability shall be made by the medical board serving the Law Enforcement Officers' Retirement System.~~

~~(c) If a participant with five or more years creditable service retires on account of an ordinary disability, his participation shall be continued so long as such incapacity continues, provided that medical reports acceptable to the medical board clearly show that the participant is mentally or physically totally incapacitated for the further performance of duty, that such disability is likely to be permanent, and that such participant should be retired. Final certification of disability shall be made by the medical board serving the Law Enforcement Officers' Retirement System.~~

~~(d) If a participant with more than one but less than five years of creditable service ceases to be employed as a law enforcement officer because of an ordinary disability and expires within one year from the date on which his employment terminated, he shall have paid to his designated beneficiary, or if no designated beneficiary survives him to his estate the death benefit then paid on account of the death of a retired participant, provided that medical reports acceptable to the medical board clearly show that the disability did not exist at the time of acceptance of the officer as a participant and that the cause of death was a direct result of the mental or physical condition on which the termination of employment was based.~~

~~History Note: — Authority G.S. 143-166.60;
Eff. August 1, 1983.~~

20 NCAC 02L .0203 INACTIVE MEMBERS

20 NCAC 02L .0204 DETERMINATION OF MEMBERSHIP

~~History Note: Authority G.S. 143-166.60;
Eff. August 1, 1983;
Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.~~

SECTION .0300 - BENEFITS

20 NCAC 02L .0301 DEATH BENEFITS

~~History Note: Authority G.S. 143-166.60;
Eff. August 1, 1983;
Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.~~

1 ~~20 NCAC 02L .0302 — ACCIDENT AND HOSPITAL BENEFITS~~

2 ~~Accident and hospital benefits shall be available in fixed amounts on and after 12:01 a.m., October 1, 1966, as set~~
3 ~~forth in a group policy approved by the board with monthly premiums on such policy being paid out of funds held by~~
4 ~~the separate benefit plan, providing that:~~

- 5 ~~(1) the claimant has been accepted and is a participant in the separate benefit plan at the time of an~~
6 ~~accident or illness;~~
7 ~~(2) in case of accident or illness the participant shall file a claim with the insuring company on forms~~
8 ~~provided by the insurer;~~
9 ~~(3) all claims shall be handled between the participant and the insurer.~~

10
11 ~~History Note: Authority G.S. 143-166.60;~~
12 ~~Eff. August 1, 1983.~~

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15
16 **SUBCHAPTER 2M - CONTRIBUTORY DEATH BENEFIT FOR RETIRED MEMBERS**

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19 **SECTION .0100 - DEFINITIONS AND GENERAL PROVISIONS**

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22 **20 NCAC 02M .0101 DEFINITIONS**

23 The following definitions apply to the Contributory Death Benefit for Retired Members:

- 24 (1) "Retired member" shall mean a former teacher, employee or official in receipt of a monthly
25 retirement allowance or who has a terminated retirement allowance resulting from reemployment
26 ~~or an optional payment selection (Option 4)~~ from the Teachers' and State Employees' Retirement
27 System, Local Governmental Employees' Retirement System, Consolidated Judicial Retirement
28 System, or Legislative Retirement System ~~or Legislative Retirement Fund~~; however, "retired
29 member" shall not mean any beneficiary in receipt of a monthly retirement allowance by reason of
30 the death of a retired member or former teacher, employee or official.
- 31 (2) "Member" shall mean a retired member of the Teachers' and State Employees' Retirement System,
32 Local Governmental Employees' Retirement System, Consolidated Judicial Retirement System,
33 Legislative Retirement System or Legislative Retirement Fund who has elected coverage and who
34 makes continuous contributions under the Contributory Death Benefit for Retired Members.
- 35 (3) "Surviving spouse" shall mean a living person who is legally married to a member covered under
36 the Contributory Death Benefit for Retired Members at the date of death of the member.
- 37 (4) "Legal representative" shall mean the administrator or executor of the estate of a member or the
38 collector of funds for the estate of the member.

1 (5) "Retirement system" shall mean the Teachers' and State Employees' Retirement System, Local
2 Governmental Employees' Retirement System, Consolidated Judicial Retirement System, or
3 Legislative Retirement System ~~or Legislative Retirement Fund~~.

4 (6) "Boards of Trustees" ~~of the Contributory Death Benefit for Retired Members~~ shall mean the Boards
5 of Trustees of the Teachers' and State Employees' Retirement System and the Local Governmental
6 Employees' Retirement System, each acting in accordance with the provisions of G.S. 128-28(f1)
7 and G.S. 135-6(e1).

8
9 *History Note:* Authority G.S. 120-4.10; 120-4.27; 128-27(l2); 128-28(g); 135-5(l);
10 135-6(f); 135-64(g);
11 Eff. February 1, 1989.

12
13 **20 NCAC 02M .0102 AGENCY AND AUTHORITY OF DIRECTOR**

14 (a) The mailing address for agency acting on behalf of the Board of Trustees of the Contributory Death Benefit for
15 Retired Members is the Retirement Systems Division, Department of State Treasurer, ~~Retirement Systems Division~~,
16 3200 Atlantic Avenue, Raleigh, North Carolina 27604.

17 (b) The Director of the Retirement Systems Division shall make decisions administratively as it relates to the
18 Contributory Death Benefit for Retired Members in accordance with the statutes and rules and regulations adopted by
19 the Boards of Trustees and previous decisions of the Boards of Trustees. Appeals may be made from the decisions of
20 the Director under the same procedures used for contested cases.

21
22 *History Note:* Authority G.S. 120-4.10; 120-4.27; 128-27(l2); 128-28(g); 135-5(l); 135-6(f); 135-64(g);
23 Eff. February 1, 1989;
24 Amended Eff. September 1, 2019.

25
26 **20 NCAC 02M .0103 CONTRIBUTORY DEATH BENEFIT TRUST FOR RETIRED MEMBERS**

27 (a) A trust entitled the Contributory Death Benefit Trust for Retired Members shall be established for the purpose of
28 collecting all member contributions, investment of contributions, and payment of benefits and expenses.

29 (b) Funds deposited in the Contributory Death Benefit Trust Retired Members shall be invested in accordance with
30 law and all investment earnings shall accrue to the Contributory Death Benefit Trust for Retired Members.

31 (c) The funds in the Contributory Death Benefit Trust for Retired Members shall be used for the sole purpose of
32 paying the benefits and expenses of the Contributory Death Benefit for Retired Members.

33 (d) Members of the Contributory Death Benefit for Retired Members do not gain any rights or interest in the earnings
34 on the investments in the Contributory Death Benefit Trust for Retired Members nor share in any gains or losses
35 resulting from the mortality experience for the trust beyond the benefits set forth.

36
37 *History Note:* Authority G.S. 120-4.10; 120-4.27; 128-27(l2); 128-28(g); 135-5(l);
38 135-6(f); 135-64(g);

1 *Eff. February 1, 1989.*

2
3 ~~20 NCAC 02M .0104 — TIME AND DATE~~

4 ~~"Date and time" shall be the equivalent date and time for Raleigh, North Carolina, where and when it becomes~~
5 ~~necessary to establish a date and time for payment of benefits, payment or collection of contributions, effective dates~~
6 ~~of coverage and cancellation, and other matters related to the Contributory Death Benefit for Retired Members.~~

7
8 ~~History Note: — Authority G.S. 120-4.10; 120-4.27; 128-27(12); 128-28(g); 135-5(1);~~
9 ~~135-6(f); 135-64(g);~~
10 ~~Eff. April 1, 1989.~~

11
12 **SECTION .0200 - ELECTION AND CANCELLATION OF COVERAGE**

13
14
15 **20 NCAC 02M .0201 ELIGIBILITY TO ELECT COVERAGE**

16 (a) A retired member in receipt of a monthly retirement allowance as a former teacher, employee or official of more
17 than one of the Retirement Systems is eligible to elect coverage under each Retirement System from which the
18 member receives a retirement benefit; however, if a retired member is receiving more than one retirement benefit from
19 the same Retirement System, the memberhe may elect coverage only on the basis of one retirement benefit from that
20 Retirement System.

21 (b) A former teacher, employee or official in receipt of disability benefits from the Disability Income Plan of North
22 Carolina is not in receipt of a retirement allowance and is not eligible to elect coverage under the Contributory Death
23 Benefit for Retired Members until such time as the disability benefit is converted to an ~~unreduced~~ service retirement
24 allowance.

25
26 *History Note: Authority G.S. 120-4.10; 120-4.27; 128-27(12); 128-28(g); 135-5(1);*
27 *135-6(f); 135-64(g);*
28 *Eff. February 1, 1989.*

29
30 **20 NCAC 02M .0202 WHEN FIRST ELIGIBLE**

31 A retired member's eligibility to make an election for coverage is based on the following:

- 32 (1) If retired on or before June 1, 1988, the words "when first eligible" to make an election for coverage
33 will mean 60 days from July 1, 1988 or no later than September 1, 1988.
- 34 (2) If retiring on or after July 1, 1988, the words "when first eligible" to make an election for coverage
35 will mean 60 days from the effective date of retirement under the Retirement System.

36
37 *History Note: Authority G.S. 120-4.10; 120-4.27; 128-27(12); 128-28(g); 135-5(1);*
38 *135-6(f); 135-64(g);*
39 *Eff. February 1, 1989.*

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20 NCAC 02M .0203 FORM OF ELECTION

A retired member's election must be made on a Notice of Election form as provided by the Retirement Systems Division or in lieu thereof by written notice clearly stating the election of the retired member and providing all information necessary for the determination of rates and payment of benefits.

History Note: Authority G.S. 120-4.10; 120-4.27; 128-27(l2); 128-28(g); 135-5(l); 135-6(f); 135-64(g); Eff. February 1, 1989.

20 NCAC 02M .0204 EFFECTIVE DATE OF COVERAGE

Coverage under the Contributory Death Benefit for Retired Members is not to be delayed beyond the 60 days from the effective date of retirement or if retired prior to July 1, 1988, not beyond September 1, 1988 and shall become effective:

- (1) the first of the month in which election of coverage is made provided that the election is received by the Retirement Systems Division by the 15th of a month but not earlier than July 1, 1988, or
- (2) the first of the month following the month in which the election of coverage is made if the election is received by the Retirement Systems Division after the 15th of a month but not earlier than July 1, 1988.

History Note: Authority G.S. 120-4.10; 120-4.27; 128-27(l2); 128-28(g); 135-5(l); 135-6(f); 135-64(g); Eff. February 1, 1989.

20 NCAC 02M .0205 CANCELLATION OF COVERAGE

Cancellation of coverage under the Contributory Death Benefit for Retired Members shall be:

- (1) By written notice of cancellation of coverage to the Board of Trustees with cancellation of coverage becoming effective-:
 - (a) the first day of the month in which the member's written notice of cancellation is received and no contribution will be due in that month if written notice of cancellation is received in the offices of the Retirement Systems Division between the first and the tenth of a month.
 - (b) the first day of the month following the month in which written notice of cancellation is received with contributions due for the month in which written notice is received if the written notice of cancellation is received in the offices of the Retirement Systems Division after the tenth of a month.
- (2) By non-payment of monthly contributions if payment for any month is not received in the offices of the Retirement Systems Division by the 25th of the month following the month for which the

1 contribution is due and payable with coverage to be cancelled automatically effective the first day
2 of the month for which the contribution was due and payable.

3 (3) By death of a member.

4
5 *History Note:* Authority G.S. 120-4.10; 120-4.27; 128-27(l2); 128-28(g); 135-5(l);
6 135-6(f); 135-64(g);
7 Eff. February 1, 1989.

8
9 **20 NCAC 02M .0206 REINSTATEMENT**

10 Upon cancellation of coverage, coverage cannot be ~~reinstated~~reinstated, nor can a retired member reapply for
11 coverage.

12
13 *History Note:* Authority G.S. 120-4.10; 120-4.27; 128-27(l2); 128-28(g); 135-5(l);
14 135-6(f); 135-64(g);
15 Eff. February 1, 1989.

16
17 **SECTION .0300 - CONTRIBUTIONS AND BENEFITS**

18
19 **20 NCAC 02M .0301 CONTRIBUTION RATES**

20 (a) The monthly contribution rates shall be established by resolution of the Boards of Trustees as recommended by
21 the consulting actuary. The consulting actuary in making a recommended schedule of monthly contribution rates shall
22 take into consideration mortality experience, selection experience, actuarial interest rate assumption which may be
23 different from the interest rate assumption used in the valuation of the liabilities of the ~~R~~retirement ~~S~~system,
24 administrative and investment costs, and such other factors as may be appropriate in establishing such schedule of
25 monthly contribution rates.

26 (b) The schedule of monthly contribution rates established by resolution of the Boards of Trustees adopted on March
27 19, 1988, is as follows:

28
29

Age at Effective Date	Monthly Rate For Life
Less than 50	\$8
50	8
51	9
52	10
53	10
54	11
55	12
56	12
57	13
58	14
59	15
60	16
61	17
62	18

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7	69	29
8	70	31
9	71	33
10	72	35
11	73	38
12	74	40
13	75	43
14	76	46
15	77	49
16	78	52
17	79	56
18	80	59
19	81	63
20	82	67
21	83	71
22	84	75
23	85	80
24	86	84
25	87	89
26	88	94
27	89	99
28	90	105
29	91	110
30	92	115
31	93	120
32	94	125
33	95	130
34	96	140
35	97	150
36	98	160
37	99	170
38	100 and over	200

39
40 The schedule of monthly contribution rates shall be applicable for members electing coverage effective on or after
41 July 1, 1988 and shall remain in effect until such resolution, as duly adopted by the Boards of Trustees, revises such
42 schedule of monthly contribution rates.

43 (c) The Boards of Trustees may from time to time revise by resolution the schedule of monthly contribution rates as
44 may be recommended by the consulting actuary for teachers, employees and officials retiring and electing an effective
45 date of coverage after the effective date of the revision. Such revision may be, but is not required to be, applicable to
46 members electing coverage prior to the effective date of the revision provided that such revised rates shall not be
47 greater than the rates in effect at the effective date of coverage for those members electing an effective date of coverage
48 prior to the effective date of the revision.

49
50 *History Note:* Authority G.S. 120-4.10; 120-4.27; 128-27(12); 128-28(g); 135-5(1); 135-6(f); 135-64(g);
51 Eff. February 1, 1989.

52

1 **20 NCAC 02M .0302 MEMBER CONTRIBUTION**

2 (a) The monthly contribution rate paid by a member shall be based on the member's nearest age as of the effective
3 date of coverage and the applicable rates as of that date as set by the Boards of Trustees and will remain the same as
4 long as the coverage is in effect.

5 (b) Any misstatement as to the age of the member which causes the contribution of the member to have been paid at
6 a ~~greater~~higher or ~~lesser~~lower rate during the period of the coverage of the member not paid or refunded prior to the
7 death of the member will result in any underpayment of contributions being offset against the death benefit and any
8 overpayment of contributions being paid to the person or persons designated by the member or, if the member has not
9 designated a beneficiary, to the surviving spouse, or if not survived by a designated beneficiary or spouse, to the ~~or~~
10 legal representative ~~for the correct age of the member.~~

11
12 *History Note:* Authority G.S. 120-4.10; 120-4.27; 128-27(l2); 128-28(g); 135-5(l);
13 135-6(f); 135-64(g);
14 Eff. February 1, 1989.

15
16 **20 NCAC 02M .0303 PAYMENT OF CONTRIBUTION**

17 (a) The monthly contributions of members covered under the Contributory Death Benefit for Retired Members are to
18 be paid monthly to the Contributory Death Benefit Trust for Retired Members beginning in the month in which
19 coverage becomes effective and shall continue each month thereafter.

20 (b) Payment of the monthly contributions shall be deducted from a member's net monthly retirement allowance from
21 the ~~R~~etirement ~~S~~ystem if member's net monthly retirement allowance, after other required deductions, is sufficient
22 to cover the cost of the contribution; however, if the net monthly retirement allowance from the ~~R~~etirement ~~S~~ystem
23 is not sufficient to cover the cost of the contribution, the Retirement Systems Division shall provide the member a
24 Notice of Contribution Due within ten days after the determination of insufficiency with payment of monthly
25 contributions due not later than the 25th of the month following the determination of insufficiency, and thereafter a
26 Notice of Contribution Due shall be provided between the first and the fifth of each month with payment due on or
27 before the 25th of that month.

28 (c) The contribution due for the month in which the member's death occurs is to be paid from the final monthly
29 retirement benefit due in the month of death, or by payment from the member's surviving spouse or legal
30 representative; provided that, if member's death occurs during the 24-month period from the effective date of coverage,
31 the deduction and/or payment of the contribution for the month in which death occurs may be waived.

32 (d) Once coverage is elected, the required monthly contribution must be paid in order to maintain coverage regardless
33 of any condition which might occur that would terminate or diminish the retirement benefit the retired member is
34 receiving, such as reemployment ~~or and~~ the reduction or termination of retirement benefits by reason of ~~an optional~~
35 payment plan ~~an optional form of retirement allowance~~ selected by the retired member at retirement.

36
37 *History Note:* Authority G.S. 120-4.10; 120-4.27; 128-27(l2); 128-28(g); 135-5(l);
38 135-6(f); 135-64(g);

1 *Eff. February 1, 1989.*

2
3 ~~20 NCAC 02M .0304 — AMOUNT OF BENEFIT PAYABLE~~

4 ~~(a) If the member's death occurs on or after the first day of the month following the 24th month of coverage for which~~
5 ~~the member has paid the required contributions, the amount of the benefit payable shall be five thousand dollars~~
6 ~~(\$5,000.00).~~

7 ~~(b) If the member's death occurs prior to the first day of the month following the 24th month of coverage for which~~
8 ~~the member has made the required contributions, the amount of the benefit payable shall be the total of the monthly~~
9 ~~contributions made by the member plus interest as set by the Board of Trustees.~~

10
11 ~~History Note: — Authority G.S. 120-4.10; 120-4.27; 128-27(l2); 128-28(g); 135-5(l);~~
12 ~~135-6(f); 135-64(g);~~
13 ~~Eff. February 1, 1989.~~

14
15 **20 NCAC 02M .0305 PAYMENT OF INTEREST ON BENEFIT**

16 Interest payable on the monthly contributions of a member where member's death occurs prior to the first day of the
17 month following the 24th month of coverage:

- 18 (1) The annual rate of interest shall be set from time to time by resolution of the Boards of Trustees and,
19 in setting such annual rate of interest, the Boards of Trustees may take into consideration the
20 actuarial interest rate assumption, yields realized and anticipated on short-term investments, cost of
21 investing and administration, and such other factors affecting interest rates as may be appropriate.
- 22 (2) Such interest as set by the Boards of Trustees shall be computed on each monthly payment from the
23 end of the month in which the monthly payment is paid and on the balance of the monthly
24 contributions and interest at the beginning of the calendar year to the end of the month in which the
25 member dies.
- 26 (3) The interest rate established by resolution of the Boards of Trustees, adopted on January 28, 1988,
27 is 6 1/2 percent.

28
29 ~~History Note: Authority G.S. 120-4.10; 120-4.27; 128-27(l2); 128-28(g); 135-5(l);~~
30 ~~135-6(f); 135-64(g);~~
31 ~~Eff. February 1, 1989.~~

32
33 **20 NCAC 02M .0306 PAYMENT OF BENEFIT**

34 Upon the death of a member, a certified death certificate and such other documentation as deemed necessary in order
35 to initiate payment of the death benefit is to be furnished by the member's spouse or legal representative if not survived
36 by a spouse.

37
38 ~~History Note: Authority G.S. 120-4.10; 120-4.27; 128-27(l2); 128-28(g); 135-5(l);~~
39 ~~135-6(f); 135-64(g);~~

1 *History Note:* Authority G.S. 58-86-10;
2 Eff. June 1, 1988;
3 Recodified from 3 NCAC 3 Eff. May 1, 1993;
4 Amended Eff. October 1, 1993;
5 Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.
6

7 **20 NCAC 02N .0106 OFFICE OF THE DIRECTOR**

8 The Office of the Director is located ~~at in the Longleaf Building,~~ 3200 Atlantic Avenue, Raleigh, North Carolina and
9 the mailing address is ~~Retirement Systems Division, Department of State Treasurer,~~ 3200 Atlantic Avenue, Raleigh,
10 North Carolina 27604. Office hours are from 8 a.m. to 5 p.m., Mondays - Fridays, except legal holidays.
11

12 *History Note:* Authority G.S. 58-86-10;
13 Eff. June 1, 1988;
14 Recodified from 3 NCAC 3 Eff. May 1, 1993;
15 Amended Eff. October 1, 1993;
16 Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 21,
17 2018;
18 Amended Eff. September 1, 2019.
19

20 **20 NCAC 02N .0107 BOARD OF TRUSTEES**

21
22 *History Note:* Authority G.S. 58-86-10;
23 Eff. June 1, 1988;
24 Recodified from 3 NCAC 3 Eff. May 1, 1993;
25 Amended Eff. October 1, 1993;
26 Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.
27

28 **20 NCAC 02N .0108 DIVISIONAL RULES**

29 The following rules are hereby incorporated by reference including subsequent amendments to the rules:

- 30 (1) Rules .0101; Organization, Authority; .0102, Exercise of Authority; .0103, Delegation of Authority
31 to Director; of 20 NCAC 2A.
32 (2) Sections .0200, Rule-Making Procedures; .0300, Declaratory Rulings; .0400, Contested Case
33 Procedures; of 20 NCAC 2A.
34 (3) Rule .0504, Direct Deposit of Monthly Benefits; of 20 NCAC 2A.

35
36 *History Note:* Authority G.S. 58-86-10; 150B-21.6;
37 Eff. October 1, 1993.
38

1 SECTION .0200 - GENERAL PROVISIONS

- 2
- 3
- 4 20 NCAC 02N .0201 DEFINITIONS
- 5 20 NCAC 02N .0202 SECRETARY'S BOND
- 6 20 NCAC 02N .0203 PROCUREMENT OF FORMS
- 7 20 NCAC 02N .0204 ANNUAL FIREMEN CERTIFICATION
- 8 20 NCAC 02N .0205 COMMUNICATION WITH BOARD CHAIRMAN

9

10 *History Note: Authority G.S. 118-20; 118-21; 118-23;*
 11 *Eff. February 1, 1976;*
 12 *Repealed Eff. June 1, 1988;*
 13 *Recodified from 3 NCAC 3 Eff. May 1, 1993.*

- 14
- 15 20 NCAC 02N .0206 ELIGIBLE FIREMEN
- 16 20 NCAC 02N .0207 ELIGIBLE RESCUE SQUAD WORKERS

17

18 *History Note: Authority G.S. 58-86-10; 58-86-25; 58-86-30;*
 19 *Eff. June 1, 1988;*
 20 *Recodified from 3 NCAC 3 Eff. May 1, 1993;*
 21 *Amended Eff. December 1, 1993;*
 22 *Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.*

23

24 **20 NCAC 02N .0208 APPLYING FOR MEMBERSHIP**

25 (a) Only eligible ~~firefighters~~firemen or eligible rescue squad workers may join the pension fund. In order to join the
 26 pension fund they must complete the application for membership and return it to the office of the Director.

27 (b) Applications for membership may be obtained from the office of the Director at the address shown in Rule .0106
 28 of this Subchapter. The application asks for general information, including the applicant's name, address, social
 29 security number, fire department or rescue squad, and his or her ~~length of service~~first employment date with that
 30 department or squad.

31 ~~(c) After receipt of a completed application, the director shall determine if the applicant is an eligible fireman or an~~
 32 ~~eligible rescue squad worker. The director shall notify the applicant in writing of the determination.~~

33 ~~(cd) If the director determines that the applicant is eligible to join the pension fund and a~~After the Director has
 34 received the monthly payment required by G.S. 58-86-35 or 58-86-40, the Director shall enroll the applicant in the
 35 pension fund~~and issue the applicant a membership identification card which contains the member's register number.~~

36

37 *History Note: Authority G.S. 58-86-10; 58-86-35; 58-86-40;*
 38 *Eff. June 1, 1988;*
 39 *Recodified from 3 NCAC 3 Eff. May 1, 1993;*

1 *Amended Eff. December 1, 1993.*

- 2
- 3 **20 NCAC 02N .0209 PRIOR SERVICE CREDIT**
- 4 **20 NCAC 02N .0210 ANNUAL CERTIFICATION OF FIREMEN**
- 5 **20 NCAC 02N .0211 ANNUAL CERTIFICATION OF RESCUE SQUAD WORKERS**
- 6 **20 NCAC 02N .0212 MONTHLY PAYMENTS**
- 7 **20 NCAC 02N .0213 DELINQUENT MONTHLY PAYMENTS**
- 8 **20 NCAC 02N .0214 LEAVES OF ABSENCE**
- 9

10 *History Note: Authority G.S. 58-86-10; 58-86-30; 58-86-35; 58-86-40; 58-86-45; 58-86-75; 58-86-85;*
11 *Eff. June 1, 1988;*
12 *Recodified from 03 NCAC 03 Eff. May 1, 1993;*
13 *Amended Eff. December 1, 1993; October 1, 1993;*
14 *Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.*

15

16 **20 NCAC 02N .0215 MILITARY SERVICE**

17 (a) Any member who enters the armed forces may take a military leave of absence as provided by Paragraph (b) of
18 this Rule, continue to receive service credit as provided by Paragraph (c) of this Rule, or withdraw from the pension
19 fund and seek a refund ~~under Rule .0216 of this Section.~~

20 (b) To take a military leave of absence a member must provide written notice to the office of the Director that the
21 member he or she is taking such leave. The member shall specify in the notice the branch of the armed forces the
22 member is entering and the expected dates of entry and discharge. The notice must be delivered to the office of the
23 Director no later than six months after the member ceases service as an eligible firefighter fireman or an eligible
24 rescue squad worker, whichever is applicable, or the member will be deemed to have withdrawn from the pension
25 fund. No member may remain on military leave of absence for more than one normal draft or enlistment period,
26 whichever is applicable. Any member who has taken a military leave of absence must commence service as either an
27 eligible firefighter fireman or an eligible rescue squad worker within six months after the expiration of a normal draft
28 or enlistment period, whichever is applicable or within six months after the member's discharge if that occurs earlier,
29 or the member will be deemed to have withdrawn from the pension fund. ~~The provisions of Rule .0214(e) of this~~
30 ~~Section are applicable to members on military leaves of absence.~~

31 (c) Any member who enters the armed forces may continue to receive service credit if the member he notifies the
32 office of the Director in writing of the member's his or her intent to do so, and if he or she the member continues to
33 make monthly payments required by G.S. 58-86-35 or 58-86-40. Credit for time served in the armed forces is limited
34 to one normal draft or enlistment period, whichever is applicable.

35

36 *History Note: Authority G.S. 58-86-10;*
37 *Eff. June 1, 1988;*
38 *Recodified from 3 NCAC 3 Eff. May 1, 1993;*

1 *Amended Eff. December 1, 1993.*

2
3 **20 NCAC 02N .0216 REFUNDS**

4 **20 NCAC 02N .0217 APPLICATIONS FOR DISABILITY BENEFITS**

5
6 *History Note: Authority G.S. 58-86-10; 58-86-60;*
7 *Eff. June 1, 1988;*
8 *Recodified from 03 NCAC 03 Eff. May 1, 1993;*
9 *Amended Eff. December 1, 1993;*
10 *Expired Eff. November 1, 2018 pursuant to G.S. 150B-21.3A.*

11
12 ~~**20 NCAC 02N .0218 RETIREMENT BENEFITS**~~

13 ~~(a) In order to receive retirement benefits under G.S. 58-86-55 a member must submit to the office of the director an~~
14 ~~application for service retirement and the certification of retirement form. The applications and certifications will be~~
15 ~~processed at the end of the month; therefore, the application and certification must be filed with the office of the~~
16 ~~director at least 30 days prior to the last day worked if the applicant is to receive retirement benefits by the first of the~~
17 ~~month following his retirement.~~

18 ~~(b) The application for service retirement is used to determine when benefits commence and the amount of benefits.~~
19 ~~The signature of the applicant must be notarized. The application asks for personal identification information~~
20 ~~including the member's name, his register number, age and designated beneficiary.~~

21 ~~(c) The certification of retirement form asks the retiring member's fire chief or rescue squad captain to certify the date~~
22 ~~of retirement. The form asks for personal identification information such as the retiree's name, last date of~~
23 ~~employment, and the chief's or captain's certification of retirement.~~

24 ~~(d) A member who has met all the requirements for receipt of a pension as set out in G.S. 58-86-55, and whose 20~~
25 ~~years of service as an "eligible fireman" or "eligible rescue squad worker" were rendered exclusively through volunteer~~
26 ~~service, shall be deemed to be terminated and retired and therefore eligible to receive the monthly pension provided~~
27 ~~by G.S. 58-86-55 regardless of any capacity in which he/she may be employed or reemployed, including salaried~~
28 ~~positions as firemen or rescue squad workers.~~

29 ~~(e) The forms described in Paragraphs (b) and (c) of this Rule may be obtained from the office of the director at the~~
30 ~~address shown in Rule .0106 of this Subchapter.~~

31 ~~*History Note: Authority G.S. 58-86-10; 58-86-55;*~~
32 ~~*Eff. June 1, 1988;*~~
33 ~~*Recodified from 3 NCAC 3 Eff. May 1, 1993;*~~
34 ~~*Amended Eff. December 1, 1993.*~~

35
36
37 **20 NCAC 02N .0219 REFUNDS OF DECEASED MEMBERS' PAYMENTS**

1 In order to receive the lump sum payment for deceased members provided by G.S. 58-86-60(2) and (3) the person or
2 persons entitled to such payment must file with the office of the Director a death certificate and a letter requesting
3 the payment. The amount of the payment will be determined in accordance with G.S. 58-86-60 and, accordingly, no
4 interest will be paid on the monthly payments.

5
6 *History Note:* Authority G.S. 58-86-10; 58-86-60;
7 Eff. June 1, 1988;
8 Recodified from 3 NCAC 3 Eff. May 1, 1993;
9 Amended Eff. December 1, 1993.

10
11 **SECTION .0300 - ADMINISTRATIVE RULEMAKING PROCEDURES**

12
13
14 **20 NCAC 02N .0301 PETITIONS FOR RULEMAKING**

15 **20 NCAC 02N .0302 NOTICE OF RULEMAKING**

16 **20 NCAC 02N .0303 RULEMAKING HEARINGS**

17 **20 NCAC 02N .0304 DECLARATORY RULINGS**

18
19 *History Note:* Authority G.S. 118-21; 150A-11; 150A-12; 150A-16; 150A-17;
20 Eff. February 1, 1976;
21 Repealed Eff. June 1, 1988;
22 Recodified from 3 NCAC 3 Eff. May 1, 1993.

23
24 **20 NCAC 02N .0305 PETITIONS FOR RULE-MAKING**

25 **20 NCAC 02N .0306 DECISION ON PETITION**

26 **20 NCAC 02N .0307 NOTICE OF RULE-MAKING**

27 **20 NCAC 02N .0308 ARGUMENTS**

28 **20 NCAC 02N .0309 REQUEST FOR ORAL PRESENTATIONS**

29 **20 NCAC 02N .0310 WRITTEN STATEMENT**

30 **20 NCAC 02N .0311 REQUEST FOR STATEMENT OF FINAL DECISION**

31 **20 NCAC 02N .0312 RECORD OF RULE-MAKING**

32 **20 NCAC 02N .0313 DECLARATORY RULINGS**

33
34 *History Note:* Authority G.S. 118-35; 150B-11(1); 150B-12; 150B-12(e); 150B-16; 150B-17;
35 Eff. June 1, 1988;
36 Recodified from 3 NCAC 3 Eff. May 1, 1993;
37 Repealed Eff. October 1, 1993.

38
39 **SECTION .0400 - ADMINISTRATIVE ADJUDICATORY PROCEDURES**

1
2
3 **20 NCAC 02N .0401 GENERAL RULE FOR A HEARING**
4 **20 NCAC 02N .0402 SPECIFIC RULE FOR A HEARING**
5 **20 NCAC 02N .0403 REQUEST FOR A HEARING**
6 **20 NCAC 02N .0404 GRANTING HEARING REQUEST**
7 **20 NCAC 02N .0405 WAIVER OF RIGHT TO A HEARING**
8 **20 NCAC 02N .0406 NOTICE OF A HEARING**
9 **20 NCAC 02N .0407 INTERVENTION IN THE HEARING**
10 **20 NCAC 02N .0408 WHO SHALL HEAR CONTESTED CASES**
11 **20 NCAC 02N .0409 PLACE OF THE HEARING**
12 **20 NCAC 02N .0410 HEARING OFFICERS**
13 **20 NCAC 02N .0411 FAILURE TO APPEAR AT THE HEARING**
14 **20 NCAC 02N .0412 WRITTEN ANSWERS TO A HEARING NOTICE**
15 **20 NCAC 02N .0413 PRE-HEARING CONFERENCE**
16 **20 NCAC 02N .0414 SIMPLIFICATION OF ISSUES**
17 **20 NCAC 02N .0415 SUBPOENAS**

18
19 *History Note: Authority G.S. 118-21; 150A-2(2); 150A-23; 150A-24; 150A-25(a); 150A-27;*
20 *150A-31; 150A-32; 150A-33(2); 150A-33(5); 150A-37; 1A-1, Rule 24;*
21 *Eff. February 1, 1976;*
22 *Repealed Eff. June 1, 1988;*
23 *Recodified from 3 NCAC 3 Eff. May 1, 1993.*

24
25 **SECTION .0500 - PENSION FUND REGULATIONS**

26
27
28 **20 NCAC 02N .0501 MEMBERSHIP ELIGIBILITY**
29 **20 NCAC 02N .0502 MEMBERSHIP STATUS IN THE FUND**
30 **20 NCAC 02N .0503 PAYMENT OF CONTRIBUTIONS IN ADVANCE**
31 **20 NCAC 02N .0504 PAYMENT OF MONTHLY CONTRIBUTIONS**
32 **20 NCAC 02N .0505 DELINQUENT CONTRIBUTIONS**
33 **20 NCAC 02N .0506 REFUND OF CONTRIBUTIONS**
34 **20 NCAC 02N .0507 SERVICE CREDIT TIME**
35 **20 NCAC 02N .0508 RETIREMENT AND RECEIPT OF BENEFITS**

36
37 *History Note: Authority G.S. 118-21; 118-23; 118-24; 118-25; 118-26; 118-29;*
38 *Eff. February 1, 1976;*
39 *Repealed Eff. June 1, 1988;*

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Recodified from 3 NCAC 3 Eff. May 1, 1993.

SUBCHAPTER 020 – DISABILITY INCOME PLAN OF NORTH CAROLINA

SECTION .0100 – GENERAL ADMINISTRATION

- 20 NCAC 020 .0101 SCOPE**
- 20 NCAC 020 .0102 SHORT-TERM DISABILITY**
- 20 NCAC 020 .0103 LONG-TERM DISABILITY**

*History Note: Authority G.S. 135-101(6); 135-102(c); 135-105(a);
Eff. April 1, 2004;
Repealed Eff. January 1, 2005.*