



MEMORANDUM

Date: July 30, 2020

To: Teachers' and State Employees' Retirement System Board of Trustees (TSERS Board)
Local Government Employees' Retirement System Board of Trustees (LGERS Board)

Cc: Joint Legislative Commission on Government Operations
Fiscal Research Division of the North Carolina General Assembly

From: Patrick Kinlaw, Director of Policy, Planning, and Compliance

Re: Legislative Enactment Implementation Arrangement (LEIA) – Annual Report

Purpose of the LEIA

Two LEIA accounts were established effective October 1, 2017, one within TSERS and the other within LGERS. Each system's LEIA account is placed under the management of the system's Board of Trustees.

As provided in G.S. 128-29(g) for LGERS and G.S. 135-7(h) for TSERS, enacted under Session Law 2017-129, the purpose of the LEIA is to provide for timely administrative implementation of legislative provisions regarding the retirement of, or payment of retirement benefits to, public officers or public employees. In the event the General Assembly creates or modifies any provision for the retirement of, or payment of retirement benefits to, public officers or public employees that has a cost savings as measured by actuarial note, the Boards of Trustees may direct up to one one-hundredth of a percent of covered payroll (0.01%) out of the required employer contribution rate to fund the LEIA. These contributions, once approved, will be deposited in a fund separate from the fund into which regular employer contributions are deposited. Under the provisions of Session Law 2020-29, which extended the LEIAs for five years beyond the provisions of Session Law 2017-129, the Boards of Trustees must not direct any employer contributions into the LEIA after November 1, 2026.

Any assets of the LEIA not used to pay allowed administrative expenses must be transferred to the Retirement System as an additional employer contribution.

Boards' Authority

The LEIA is administered by the Boards of Trustees, which must compile and maintain records necessary or appropriate for administration. The Boards of Trustees have full discretionary authority to interpret, construe and implement the LEIA and to adopt any rules and regulations necessary or desirable to implement the provisions of LEIA.

The individual projects identified by the Boards of Trustees must be necessitated by a specific statute or session law that was enacted within five years of the allocation of funds. The Boards

