



North Carolina
Total Retirement Plans

NORTH CAROLINA
DEPARTMENT OF STATE TREASURER



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Digest of 2017 Legislative Action Affecting Members of the Local Governmental Employees' Retirement System (LGERS)

Fraud Statute Applicability/Compliance Investigations

Included in Pensions Integrity Act-AB (House Bill 176/Session Law 2017-128)

The Retirement Systems Compliance team may conduct audits without suspecting agency fraud.

Full description:

Amends G.S. 135-1(7b) [recodified as (c) and replaced]; 135-1(11b); 135-(q)-(r); 128-21(7b) [recodified as (c) and replaced]; 128-21(11b); and 128-28(r)-(s) to provide guidelines and authorization for the Retirement Systems' Compliance team to conduct compliance audits of agencies without first suspecting fraud.

Require Pension Spiking Reports be Transmitted to Governing Boards

Included in Pensions Integrity Act-AB (House Bill 176/Session Law 2017-128)

Participating employers' CFOs must send the pension spiking reports they receive to their CEOs and boards. Public school CFOs must also notify their board of county commissioners.

Full description:

Creates G.S.115C-436 [(c) New]; G.S. 135-8 [(j) New]; and G.S. 128-30 [(j) New] to require that chief financial officers of participating employers transmit a copy of pension spiking "watch reports" to chief executive officers and to governing boards. Because of the split-funding mechanism used for traditional public schools, the chief financial officer of a public school system must also notify the board of county commissioners of the county in which the local administrative unit is located. The notification must include that the report was received and disclose the number of employees listed in the report.

Electronic Change for Beneficiaries/Ten Years

Included in Retirement Administrative Changes Act-AB (House Bill 183 Session Law 2017-129)

All employees are now able to name beneficiaries online in ORBIT.

Full description:

Amends G.S.135-5(f); 135-5(l); 135-63; 128-27(f); 128-27(l); and 120-4.25 to remove statutory prohibitions against current state and local employees changing named beneficiaries online for death benefits only if they have more than ten years of service. Current law requires beneficiary changes be made using paper forms if the member has more than 10 years of service. This change will simplify administration of death benefits for the Retirement System and will facilitate the ability of employees to keep their beneficiary designation up to date.

This section is effective January 1, 2018.

Enable Additional Public Employer Contributions to NC 457 Plan

Included in Retirement Administrative Changes Act-AB (House Bill 183 Session Law 2017-129)

All participating employers may make contributions to their employees' NC 457 plans.

Full description:

Amends G.S. 147-9.4 to allow all public employers to make additional employer contributions to employee 457 retirement accounts. This change provides parity for all public agencies to participate in this supplemental retirement program.

Standardize Employer Reporting of Sick Leave

Included in Retirement Administrative Changes Act-AB (House Bill 183 Session Law 2017-129)

Requires employers to consistently report days of sick leave, instead of hours, for the purposes of calculating retirement eligibility and benefits.

Full description:

Amends G.S. 135-4(e); 128-26(e) to require that creditable service for unused sick leave be reported to the Retirement System in accordance with a standardized definition of hours per day and days in a week for the purposes of reporting to the Retirement System only. This change clarifies the process to make sure that agencies are reporting their hours consistent with the current law. Specifically, "days of sick leave standing to a member's credit at retirement shall be determined by dividing the member's total hours of sick leave at retirement by the hours per month such leave was awarded under the employer's duly adopted sick leave policy as the policy applied to the member when the leave was accrued," which means that sick leave must be reported to the Retirement System on a consistent basis. As such, this change is a reporting requirement only and does not increase or decrease the amount of sick leave credited to a member.

This section is effective January 1, 2018.

Eliminate Redundant Coverage of Incarcerated Retirees

Included in House Bill 299 (Session Law 2017-135)

Suspends State Health Plan coverage for retirees incarcerated in the state prison system.

Full description:

Amends G.S. 135-48.41 to provide that if a retiree is a prisoner serving an active sentence in the state prison system and covered under health care paid for by the Department of Correction, then the incarcerated retiree is not eligible for coverage under the State Health Plan but would be solely covered by health services provided by the state prison system.

Line of Duty Deaths/Add Esophageal Cancer for Firefighters' only

Included in Section 21.1 the 2017 Appropriations Act - Senate Bill 257 (Session Law 2017-57)

Adds esophageal cancer to list of cancers included in line of duty deaths.

Full description:

Creates a presumption that esophageal cancer is occupationally related to firefighting and requires the Industrial Commission to find that a firefighter who dies as a direct and proximate result of esophageal cancer has been killed in the line of duty. Adds to list that includes: mesothelioma, testicular cancer, and intestinal cancer.