



NORTH CAROLINA
DEPARTMENT OF STATE TREASURER
RETIREMENT SYSTEMS DIVISION

JANET COWELL
TREASURER

STEVE TOOLE
RETIREMENT SYSTEMS DIRECTOR

Fire, Rescue, & Safety Worker System Changes – SB 99

The Department of State Treasurer aims to provide public employees and retirees, including Fire, Rescue, and Safety Workers from all over the state with secure pensions and retirement, as well as death benefits for their survivors. This legislation is an omnibus bill that originated from a request by the N.C. State Fireman's Association, but now also includes legislative initiatives that have been requested the Department of State Treasurer, the Department of Insurance, and the N.C. Association of Rescue and Emergency Medical Services.

Statutes Affected: 58-84-5; 58-86-10; 58-86-25; 58-86-30; 58-88-5; 58-88-10; 58-88-25; 143-166.2; 143-166.3(b)

Primary Sponsors: Meredith, Daniel, Newton, Davis, Sanderson

Cost: Section 9 will accelerate the payment of some line of duty death benefits in the first year. Unless there are an unusually high number of line of duty deaths next year, the cost of accelerating these payments is not expected to exceed the current appropriation. If the cost does exceed the appropriation, the Department of State Treasurer is allowed to request funds from the state's Contingency and Emergency Fund for this program. Other sections do not materially increase or decrease costs or liabilities on programs operated by the Department of State Treasurer.

Type of Bill: Public

NOTE: SECTIONS REQUESTED BY THE DEPARTMENT OF STATE TREASURER HAVE AN ASTERISK.

SECTION ONE: Clarify Definitions for Certain Public Safety Programs

This section clarifies definitions which apply to: Local Firefighters' Relief Funds; Statewide Firefighters' Relief Fund; State Fire Protection Grant Fund; Volunteer Safety Workers Assistance Fund; Rescue Squad Workers' Relief Fund. The definition of "fire district" is amended to include any federally recognized Native American tribe within the State. A definition is added for "firefighter or fireman" to mean a person who meets all of the following requirements: is a volunteer, employee, contractor, or member of a rated and certified fire department; performs work or training connected with fire protection, fire prevention, fire control, fire education, fire inspection, fire investigation, rescue, Emergency Medical Services, special operations, or performs the statutory duties and responsibilities of the fire chief as set forth in G.S. 160A-292; performs work or training at the direction of the fire chief; and is included on the certified roster submitted to the North Carolina State Firemen's Association.

*SECTION TWO: Record Correction Procedure for Firefighters' and Rescue Squad Workers' Pension Fund

Allows Board of Trustees of the Local Governmental Employees' Retirement System, which oversees the Firefighters' and Rescue Squad Workers' Pension Fund, to specify that if any change or error in a member's record is due to the submission of fraudulent or incorrect information that results in any member or beneficiary receiving from the Retirement System more or less than he would have been entitled to receive had their records been correct, the Board of Trustees will correct the error, and as far as practicable, will adjust the payment in such a manner that the actuarial equivalent of the benefit to which such member or beneficiary was correctly entitled will be paid.

SECTION THREE AND FOUR: Change Roster Certification Procedure **(GASB portion requested by DST)*

This section amends the Firefighters' and Rescue Squad Workers' Pension Fund pertaining to the certification of firefighters and rescue squad workers to provide that each eligible fire department and rescue or emergency medical services squad must: Annually report a certified roster of the names of those individuals meeting eligibility qualifications; submit the list to the N.C. State Firemen's Association or N.C. Association of Rescue and Emergency Medical Service, Inc. Submission constitutes a certification of its accuracy under accounting standards set forth by the Governmental Accounting Standards Board of the Financial Accounting Foundation (GASB). The GASB section

is necessary to assist the Department of State Treasurer with implementation of new pension accounting standards implemented for fiscal 2015.

SECTION FIVE, SIX, AND SEVEN: Rescue Squad Workers' Relief Fund Changes

These sections change the administration of the Rescue Squad Workers' Relief Fund in three ways: adds "legal guardian or legal guardians" to the requirement that the parent or parents must maintain active membership in the rescue or EMS service for the continuation of educational benefits; amends membership eligibility to specify that the required 36 hours must be training only and not training and meetings; and increases the amount of time from 30 days to 180 days that the chief or chief officer of the local department has to notify the Secretary-Treasurer that the person applying for benefits is a member of the fund and request that the necessary forms be submitted for benefits.

***SECTION EIGHT: Line of Duty Death Benefit Surviving Spouses Requirement Change**

Removes the current requirement that surviving spouses prove that they have not re-married every year for four years after the death is certified by the Industrial Commission in order to remain eligible to receive a benefit derived from a deceased's service.

***SECTION NINE: Line of Duty \$50,000 Death Benefit Lump Sum Payment**

Currently, if the deceased has eligible survivors the \$50,000 line of duty benefit is paid out as \$20,000 the first year and \$10,000 per year for the next three years, but if the deceased has no eligible survivors the benefit is paid to the estate as a \$50,000 lump sum. This section makes the complete \$50,000 benefit payable as a lump sum after certification of the death instead of spreading the payments over four years. Unless there is an unusually high number of line of duty deaths next year, the cost of accelerating these payments is not expected to exceed the current appropriation for this benefit. If the cost does exceed the appropriation, the Department of State Treasurer is allowed to request funds from the state's Contingency and Emergency Fund to pay for the program.

***SECTION TEN: Governmental Control Requirement for Retirement System Participation**

This section requires 16 nonprofit fire departments that commenced participation in the Local Governmental Employees Retirement System between 1977 and 1992 to have a provision in their charters allowing the local government unit with which they have their largest service contract to remove 50 percent plus one member of the fire department's governing board. This change is needed to support the contention that the fire departments who entered during this time period are under sufficient government control in order to participate in a governmental defined benefit pension plan.

SECTION ELEVEN: Effective Date

This act becomes effective July 1, 2015.

*Prepared by the Retirement Systems Division staff
April 24, 2015*