



NORTH CAROLINA
DEPARTMENT OF STATE TREASURER
RETIREMENT SYSTEMS DIVISION

JANET COWELL
TREASURER

STEVE TOOLE
RETIREMENT SYSTEMS DIRECTOR

October 7, 2013

TO: Board of Trustees of the Local Governmental Employees' Retirement System

FM: Sam Watts, Policy Director

RE: Session Law 2013-405 (House Bill 359) – Qualified Excess Benefits Arrangement

Session Law 2013-405 provides an accounting mechanism called a Qualified Excess Benefits Arrangement (QEBA) that will bring the retirement system into compliance with the Internal Revenue Code on an inherent contradiction that has existed between federal and state law and practice on the way the system accounts for benefit payments to a small handful of members. In order to administer the provisions of Session Law 2013-405 as enacted by the General Assembly and signed by the Governor, the local system board of Trustees will need to approve the following motion:

Pursuant to § 128-38.10 (e), the current employer contribution rate for the Local Governmental Retirement System includes one hundredths percent (0.01%) for the Qualified Excess Benefit Arrangement.

Approval of this motion will not change the current contribution rate for employers in the local system.