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**Retirement Administrative Changes Act of 2014**

North Carolina's 875,000 public employees and retirees rely on the integrity, knowledge, and judgment of the Department of State Treasurer to ensure their pensions are protected. These individuals rely on the integrity, knowledge, and judgment of the Department to ensure their pension is protected. This legislative proposal incorporates provisions that will clarify interpretations of current law and increase efficiency of administration of the 11 retirement systems administered by the Department.

**SECTION ONE: Option Four Benefit Timing Change**

This section clarifies that the amount of any primary Social Security benefits that a member was eligible to receive during a given month will be subtracted from the member's Option four annuity payment beginning in the month in which such benefits are payable. Currently, the statute allows benefits to be reduced in the month prior to the month in which the beneficiary receives his or her first Social Security payment.

**SECTION TWO: Staggered Terms for Supplemental Retirement Board of Trustees**

Converts SRP board members to 4-year terms and staggers to appointments to insure continuity of leadership.

**SECTION THREE: 1% Penalty Waiver Clarification**

Clarifies procedures for penalty waivers under the employer reporting penalty.

**SECTION FOUR: Legislative Fund Transfers**

This section clarifies procedure for transferring funds to the Department of State Treasurer from the N.C. General Assembly for the closed Legislative Retirement Fund that only has six surviving members.

**SECTION FIVE: Purchase of Furloughed Time**

Currently, TSERS members who are paid with federal funds may purchase service for which they were furloughed, but LGERS members cannot. This provision would extend this option to Local Governmental Employees.

**SECTION SIX: In-Service Distribution for Firefighters & Rescue Squad Workers Pension Fund**

Clarifies age 55 in-service distribution procedure for firefighters & rescue squad workers in the FRSWPF.

**SECTION SEVEN: Name Beneficiaries for the Contributory Death Benefit & Separate Benefits Fund**

This section puts the CDB on parity with all other death benefits by allowing participants to name their beneficiary.

**SECTION EIGHT: Spousal Benefits Change**

This section would reduce administrative burden on the retirement system by precluding a non-member ex-spouse from passing a marital share in his/her will.

**SECTION NINE: Charter School Closing Procedures for Retirement**

This section clarifies procedure for the satisfaction of retirement system liability for Charter Schools that close.

**SECTION TEN: Governance of Supplemental Insurance Products**

This section clarifies governance oversight of retirement supplemental insurance benefits.

**SECTION ELEVEN: Clarify Retirement for School Resource Officers**

This section clarifies that Law Enforcement Officers employed by school systems as school resource officers can receive LEO Benefits and that school systems must pay LEO employer contribution rates on those officers.

**SECTION TWELVE: 1000 Hour Rule for LGERS Clarification**

As recommended by the Department Committee reviewing Return to Work Legislation, this section clarifies the application of the “1000 Hour Rule.”

**SECTION THIRTEEN: Retroactive Correction of Health Coverage Premium Payments**

As recommended by the Department Committee reviewing Return to Work Legislation, this section clarifies the recovery procedures for healthcare premiums paid for employees deemed to have been in improper receipt of a retirement benefit.

**SECTION FOURTEEN: Clarify Retiree Coverage for LGERS Agencies in the State Health Plan**

This section clarifies retiree health benefit coverage for local government agencies participating in the State Health Plan.

**SECTION FIFTEEN: Employer Attestation Changes**

As recommended by Buck Consultants, the retirement systems’ actuary and by the Department Committee reviewing Return to Work Legislation, this section establishes attestation procedures for state in local agencies. This will require participating agencies to attest month to the accuracy of all information provided to the retirement systems and will hold the members of the retirement system harmless for the cost of inaccurate information by making the agencies responsible for paying for the cost of their reporting errors.

**SECTION SIXTEEN: Disability Service Change**

This amends G.S. 135-3(8)d closes a loophole by preventing members who return to service from disability and subsequently earn at least three years of membership service to use creditable service earned while in receipt of disability benefits as membership credit.

**SECTION SEVENTEEN: Immunity from Civil Liability for State & Local Retirement Boards**

This section provides personal immunity from civil liabilities for fiduciary decisions made by members of the Boards of Trustees of the State & Local systems. Newly appointed members of the Boards have requested this protection.

**SECTION ELEVEN: Effective Date**

The act becomes effective 7/1/2014, meaning all provisions become effective on that date unless otherwise specified.

*Prepared by the Retirement Systems Division staff, 1/8/2014*