



## NORTH CAROLINA

OFFICE OF THE TREASURER

JANET COWELL, TREASURER

### **Retirement Governance Changes Act of 2013 - AB**

**Primary Sponsors: Reps. Moffitt, Howard, W Brawley, Collins**  
**Relevant Statutes 120, 127A, 135, 161**

#### **Goal:**

The Department seeks to increase citizen oversight, improve the efficiency of and improve transparency over State Personnel Retirement Systems by ensuring that all Public Employee Retirement Systems are overseen by a Board of Trustees.

#### **Explanation of Sections:**

##### **SECTION 1: Clarify Role of the Supplemental Retirement Board of Trustees**

This section clarifies that the Supplemental Retirement Board of Trustees has authority over State-sponsored supplemental defined contribution plans. This clarification does not change the existing structure; it simply consolidates the statutory governance provisions into one location. This section also allows the Supplemental Retirement Plans to hire investment managers without issuing requests for proposals under state purchase contract law. Currently the bypass of procurement procedures is only allowed for managing the pension fund; this provision would now extend to Supplemental Retirement Plans.

##### **SECTION 2: Governance of the Register of Deeds Pension Fund**

The Register of Deeds' Supplemental Pension Fund provides supplemental benefits to county Register of Deeds who are retired from the Local Governmental Employees' Retirement System. Currently, the statute gives administrative authority for the Register of Deeds' Supplemental Pension Fund to the Department of State Treasurer, and the Department wishes to promote transparency by transferring oversight of the plan to the Board of Trustees of the Local Government Employees Retirement System.

##### **SECTION 3: Governance of the National Guard Pension Fund**

The National Guard Pension Fund provides a pension to members of the North Carolina National Guard. Currently, the statute gives administrative authority for the National Guard Pension Fund to the Department of State Treasurer. This section transfers administrative responsibility to the Board of Trustees of the Teachers' and State Employees' Retirement System. The Department promotes transparency and governance by requiring oversight from the Board of Trustees for Teachers' and State Employees' Retirement System.

##### **SECTION 4: Board Participation by National Guardspersons, Firefighters, and Rescue Squad Workers**

The Firemen's and Rescue Squad Workers' Pension Fund provides pension allowances and other benefits to paid and volunteer firefighters and rescue squad workers who elect to become members of the fund. Currently, governance oversight rests with the Board of Trustees of the North Carolina Firemen's and Rescue Squad



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Workers' Pension Fund. However, another piece of requested agency legislation (House 327, Senate 304) eliminates the Board of Trustees, and transfers governance oversight to the Board of Trustees for Local Government Employees' Retirement System.

This section also provides that a member of the Firemen's and Rescue Squad Workers' Pension Fund will serve on the local system board and that a member of the National Guard Pension Fund will serve on the state system board. It also reduces the number of members of each board by one seat, leaving 13 members on each board. The Governor will appoint nine members of each Board; the Legislature will appoint 2; and there are 2 Ex-Officio members (the State Treasurer who chairs the Boards and the Superintendent of Public Instruction).

### **SECTION 5: Immunity from Civil Liability for the Supplemental Retirement Board of Trustees**

This section provides personal immunity from civil liabilities for fiduciary decisions made by members of the Board of Trustees of the Supplemental Retirement Plan. Currently, protections from personal liabilities have made it difficult for the Department of State Treasurer to identify individuals who will agree to serve on this board.

### **SECTION 6: Governance of the Legislative Retirement System**

This section would establish a clear line of oversight for the Legislative Retirement System to increase transparency and promote the efficient implementation of the new Government Accounting Standards Board pension standards.