



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 Workers' Pension Fund. However, another piece of requested agency legislation (House 327, Senate 304) eliminates the



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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.

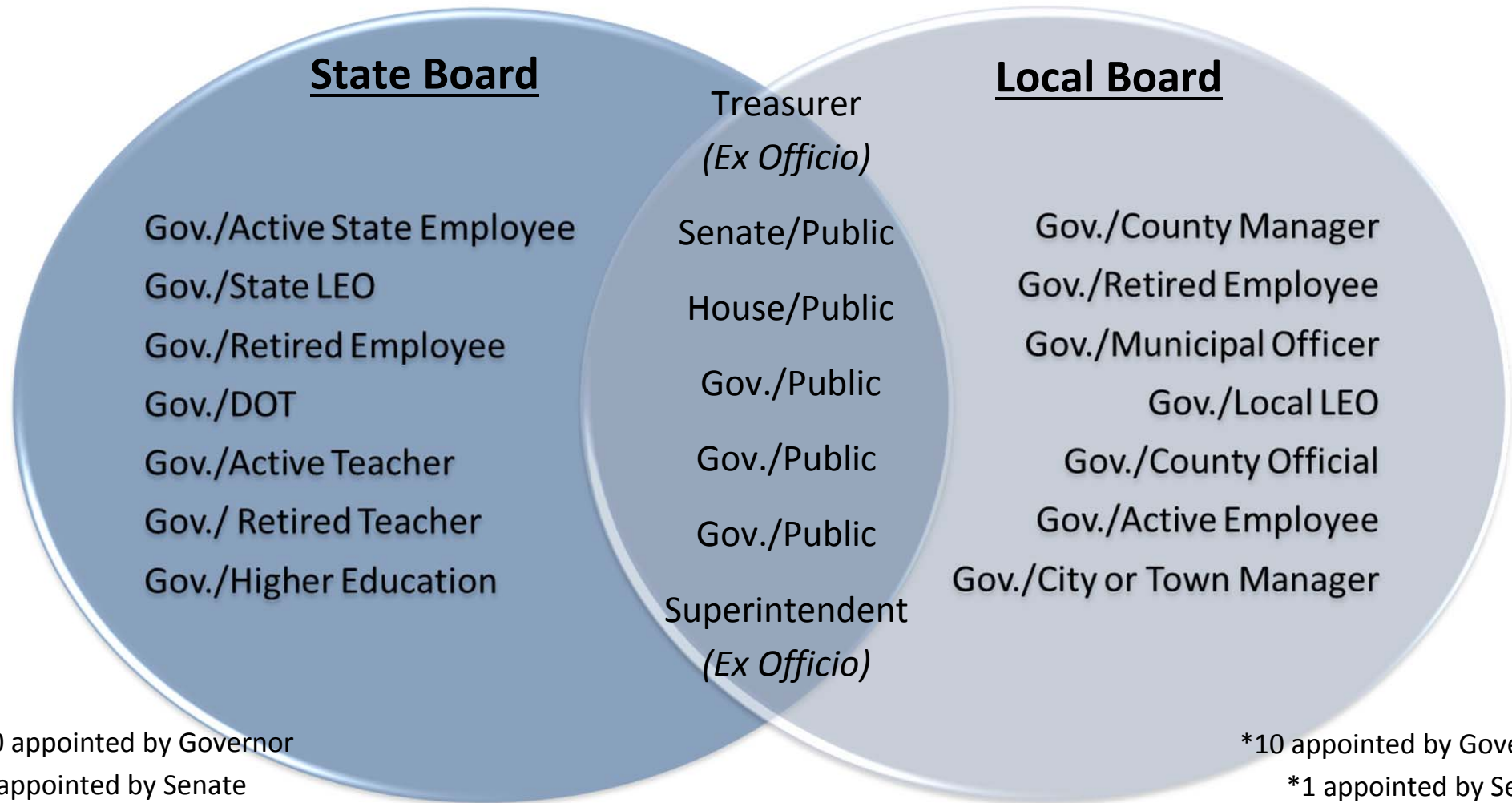
SECTION 6: Governance of the Legislative Retirement System

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.

Retirement System	Prior to Governance Changes	Subsequent to Governance Changes
Local Governmental Employees' Retirement System (LGERS)	LGERS Board	LGERS Board
Teachers' and State Employees' Retirement System (TSERS)	TSERS Board	TSERS Board
Consolidated Judicial Retirement System (CJRS)	TSERS Board	TSERS Board
Legislative Retirement System (LRS)	<i>Policy:</i> Legislative Services Commission <i>Administrative:</i> TSERS Board	TSERS Board
Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF)	FRSWPF Board	LGERS Board
National Guard Pension Fund	No Board	TSERS Board
Register of Deeds Fund	No Board	LGERS Board
403(b)	Supplemental Retirement Board	Supplemental Retirement Board
401(k)	Supplemental Retirement Board	Supplemental Retirement Board
457	Supplemental Retirement Board	Supplemental Retirement Board
Disability Income Plan of North Carolina (DIPNC)	TSERS Board	TSERS Board

Current Governance Structure of the State and Local Board of Trustees

*14 Members on each Board



*10 appointed by Governor

*1 appointed by Senate

*1 appointed by House

* State Treasurer

*State Superintendent

*10 appointed by Governor

*1 appointed by Senate

*1 appointed by House

* State Treasurer

*State Superintendent

Proposed Governance Structure of the State and Local Board of Trustees

*13 Members on each Board

State Board

Gov./Active State Employee
Gov./State LEO
Gov./Retired State Employee
Gov./Active State Teacher
Gov./Retired State Teacher
Gov./Higher Education
Gov./Public
Gov./National Guard

- *9 appointed by Governor
- *1 appointed by Senate
- *1 appointed by House
- * State Treasurer
- *State Superintendent

Local Board

Gov./County Manager
Gov./Retired Employee
Gov./Municipal Official
Gov./Local LEO
Gov./County Official
Gov./Active Employee
Gov./City or Town Manager
Gov./Firefighter

- *9 appointed by Governor
- *1 appointed by Senate
- *1 appointed by House
- * State Treasurer
- *State Superintendent

Treasurer
(*Ex Officio*)

Senate/Public

House/Public

Gov./Public

Superintendent
(*Ex Officio*)