



## MEMORANDUM

**Date:** April 29, 2021

**To:** Local Governmental Employees' Retirement System Board of Trustees (LGERS Board)

**From:** Patrick Kinlaw, Director of Policy, Planning, and Compliance

**Re:** Annual Report on Inactive LGERS Employers Pursuant to G.S. 128-23.1(b)

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G.S. 128-23.1, added by Section 1.9.(b) of Session Law 2020-48 effective June 26, 2020, provides for a formal process for an employer under LGERS to be designated as "inactive." Inactive employers have not withdrawn from LGERS. They currently have no employees who meet the conditions to qualify for membership under LGERS, and therefore would not have any information to report on the service and compensation of qualifying members for at least one month. Upon employing individuals who qualify for membership under LGERS, the employer would again become "active," making regular payroll-based reports and contributions to LGERS. Designation as an inactive employer requires a written application from the employer, reviewed and approved by the Retirement Systems Division of the Department of State Treasurer (RSD).

G.S. 128-23.1(b) provides: "No later than April 30 of each calendar year, [RSD] shall make a report to the [LGERS Board] on all employers who were determined to be inactive employers in that preceding calendar year."

No employers under LGERS were determined to be inactive during calendar year 2020. As of the end of 2020, RSD identified several LGERS employers who might have potentially met the criteria for applying to become inactive employers. RSD has been working with these employers to ensure they are aware of the recently established process for being designated as inactive, if applicable. This may result in determinations of inactive employers during calendar year 2021.