

1 (a) Eligibility; Application. – Any member may retire with full benefits who has
2 reached 65 years of age with five years of creditable service. Any member may retire
3 with reduced benefits who has reached the age of 50 years with 20 years of creditable
4 service or 60 years with five years of creditable service. The member shall make written
5 application to the Board of Trustees to retire on a service retirement allowance on the
6 first day of the particular calendar month he designates. The designated date shall be no
7 less than one day nor more than ~~90~~120 days from the filing of the application. During
8 this period of notification, a member may separate from service without forfeiting his
9 retirement benefits."

10 **SECTION 4.** G.S. 135-57(a) reads as rewritten:

11 (a) Any member on or after January 1, 1974, who has attained his fiftieth
12 birthday and five years of membership service may retire upon written application to the
13 board of trustees setting forth at what time, as of the first day of a calendar month, not
14 less than one day nor more than ~~90~~120 days subsequent to the execution and filing
15 thereof, he desires to be retired."

16 **SECTION 5.** G.S. 135-5(g1) reads as rewritten:

17 (g1) In the event of the death of a retired member while in receipt of a retirement
18 allowance under the provisions of this Article, there shall be paid to such person or
19 persons as the retiree shall have nominated by written designation duly acknowledged
20 and filed with the Board of Trustees, if such person or persons are living at the time of
21 the retiree's death, otherwise to the retiree's legal representatives, a death benefit equal
22 to the excess, if any, of the accumulated contributions of the retiree at the date of
23 retirement over the total of the retirement allowances paid prior to the death of the
24 retiree. For purposes of this paragraph, the term "accumulated contributions" includes
25 amounts of employee voluntary contributions that were transferred from the
26 Supplemental Retirement Income Plan of North Carolina to this Retirement System at
27 retirement by eligible law enforcement officers.

28 In the event that a retirement allowance becomes payable to the designated survivor
29 of a retired member under the provisions above and such retirement allowance to the
30 survivor shall terminate upon the death of the survivor before the total of the retirement
31 allowances paid to the retiree and the designated survivor combined equals the amount
32 of the accumulated contributions of the retiree at the date of retirement, the excess, if
33 any, of such accumulated contributions over the total of the retirement allowances paid
34 to the retiree and the survivor combined shall be paid in a lump sum to such person or
35 persons as the retiree shall have nominated by written designation duly acknowledged
36 and filed with the Board of Trustees, if such person or persons are living at the time
37 such payment falls due, otherwise to the retiree's legal representative. For purposes of
38 this paragraph, the term "accumulated contributions" includes amounts of employee
39 voluntary contributions that were transferred from the Supplemental Retirement Income
40 Plan of North Carolina to this Retirement System at retirement by eligible law
41 enforcement officers.

42 In the event that a retirement allowance becomes payable to the principal beneficiary
43 designated to receive a return of accumulated contributions pursuant to subsection (m)
44 of this section and that beneficiary dies before the total of the retirement allowances

1 paid equals the amount of the accumulated contributions of the member at the date of
2 the member's death, the excess of those accumulated contributions over the total of the
3 retirement allowances paid to the beneficiary shall be paid in a lump sum to the person
4 or persons the member has designated as the contingent beneficiary for return of
5 accumulated contributions, if the person or persons are living at the time the payment
6 falls due, otherwise to the principal beneficiary's legal representative. For purposes of
7 this paragraph, the term "accumulated contributions" includes amounts of employee
8 voluntary contributions that were transferred from the Supplemental Retirement Income
9 Plan of North Carolina to this Retirement System at retirement by eligible law
10 enforcement officers.

11 In the event a retiree purchases creditable service as provided in G.S. 135-4, there
12 shall be paid to such person or persons as the retiree shall have nominated by written
13 designation duly acknowledged and filed with the Board of Trustees, if such person or
14 persons are living at the time of the retiree's death, otherwise to the retiree's legal
15 representatives, an additional death benefit equal to the excess, if any, of the cost of the
16 creditable service purchased less the administrative fee, if any, over the total of the
17 increase in the retirement allowance attributable to the additional creditable service,
18 paid from the month following the month in which payment was received to the death
19 of the retiree.

20 In the event that a retirement allowance becomes payable to the designated survivor
21 of a retired member under the provisions above and such retirement allowance to the
22 survivor shall terminate upon the death of the survivor before the total of the increase in
23 the retirement allowance attributable to the additional creditable service paid to the
24 retiree and the designated survivor combined equals the cost of the creditable service
25 purchased less the administrative fee, the excess, if any, shall be paid in a lump sum to
26 such person or persons as the retiree shall have nominated by written designation duly
27 acknowledged and filed with the Board of Trustees, if such person or persons are living
28 at the time such payment falls due, otherwise to the retiree's legal representative."

29 **SECTION 6.** G.S. 128-27(g1) reads as rewritten:

30 "(g1) In the event of the death of a retired member while in receipt of a retirement
31 allowance under the provisions of this Article, there shall be paid to such person or
32 persons as the retiree shall have nominated by written designation duly acknowledged
33 and filed with the Board of Trustees, if such person or persons are living at the time of
34 the retiree's death, otherwise to the retiree's legal representatives, a death benefit equal
35 to the excess, if any, of the accumulated contributions of the retiree at the date of
36 retirement over the total of the retirement allowances paid prior to the death of the
37 retiree. For purposes of this paragraph, the term "accumulated contributions" includes
38 amounts of employee voluntary contributions that were transferred from the
39 Supplemental Retirement Income Plan of North Carolina to this Retirement System at
40 retirement by eligible law enforcement officers.

41 In the event that a retirement allowance becomes payable to the designated survivor
42 of a retired member under the provisions above and such retirement allowance to the
43 survivor shall terminate upon the death of the survivor before the total of the retirement
44 allowances paid to the retiree and the designated survivor combined equals the amount

1 of the accumulated contributions of the retiree at the date of retirement, the excess, if
2 any, of such accumulated contributions over the total of the retirement allowances paid
3 to the retiree and the survivor combined shall be paid in a lump sum to such person or
4 persons as the retiree shall have nominated by written designation duly acknowledged
5 and filed with the Board of Trustees, if such person or persons are living at the time
6 such payment falls due, otherwise to the retiree's legal representative. For purposes of
7 this paragraph, the term "accumulated contributions" includes amounts of employee
8 voluntary contributions that were transferred from the Supplemental Retirement Income
9 Plan of North Carolina to this Retirement System at retirement by eligible law
10 enforcement officers.

11 In the event that a retirement allowance becomes payable to the principal beneficiary
12 designated to receive a return of accumulated contributions pursuant to subsection (m)
13 of this section and that beneficiary dies before the total of the retirement allowances
14 paid equals the amount of the accumulated contributions of the member at the date of
15 the member's death, the excess of those accumulated contributions over the total of the
16 retirement allowances paid to the beneficiary shall be paid in a lump sum to the person
17 or persons the member has designated as the contingent beneficiary for return of
18 accumulated contributions, if the person or persons are living at the time the payment
19 falls due, otherwise to the principal beneficiary's legal representative. For purposes of
20 this paragraph, the term "accumulated contributions" includes amounts of employee
21 voluntary contributions that were transferred from the Supplemental Retirement Income
22 Plan of North Carolina to this Retirement System at retirement by eligible law
23 enforcement officers.

24 In the event a retiree purchases creditable service as provided in G.S. 128-26, there
25 shall be paid to such person or persons as the retiree shall have nominated by written
26 designation duly acknowledged and filed with the Board of Trustees, if such person or
27 persons are living at the time of the retiree's death, otherwise to the retiree's legal
28 representatives, an additional death benefit equal to the excess, if any, of the cost of the
29 creditable service purchased less the administrative fee, if any, over the total of the
30 increase in the retirement allowance attributable to the additional creditable service,
31 paid from the month following the month in which payment was received to the death
32 of the retiree.

33 In the event that a retirement allowance becomes payable to the designated survivor
34 of a retired member under the provisions above, and such retirement allowance to the
35 survivor shall terminate upon the death of the survivor before the total of the increase in
36 the retirement allowance attributable to the additional creditable service paid to the
37 retiree and the designated survivor combined equals the cost of the creditable service
38 purchased less the administrative fee, the excess, if any, shall be paid in a lump sum to
39 such person or persons as the retiree shall have nominated by written designation duly
40 acknowledged and filed with the Board of Trustees, if such person or persons are living
41 at the time such payment falls due, otherwise to the retiree's legal representative."

42 **SECTION 7.** G.S. 135-5(ppp) is repealed.

43 **SECTION 8.** G.S. 135-4 is amended by adding a new subsection to read:

1 "(hh) Credit at Full Cost for Service With The University of North Carolina During
2 Which a Member Participated in the Optional Retirement Program. – Notwithstanding
3 any other provisions of this Chapter, a member upon the completion of five years of
4 membership service may purchase creditable service for periods of employment with
5 The University of North Carolina during which the member participated in the Optional
6 Retirement Program as provided for in G.S. 135-5.1, provided that the member is not
7 receiving, and is not entitled to receive, any retirement benefits resulting from this
8 employment. The member shall purchase this service by making a lump-sum amount
9 payable to the Annuity Savings Fund equal to the full liability of the service credits
10 calculated on the basis of the assumptions used for purposes of the actuarial valuation of
11 the system's liabilities and shall take into account the retirement allowance arising on
12 account of the additional service credit commencing at the earliest age at which the
13 member could retire on an unreduced retirement allowance, as determined by the Board
14 of Trustees upon the advice of the consulting actuary, plus an administrative fee to be
15 set by the Board of Trustees. Notwithstanding the foregoing provisions of this
16 subsection that provide for the purchase of service credits, the terms "full cost," "full
17 liability," and "full actuarial cost" include assumed annual postretirement allowance
18 increases, as determined by the Board of Trustees, from the earliest age at which a
19 member could retire on an unreduced service allowance."

20 **SECTION 9.** G.S. 135-3(8)c. reads as rewritten:

21 "c. Should a beneficiary who retired on an early or service
22 retirement allowance under this Chapter be ~~reemployed,~~
23 reemployed by, or otherwise engaged to perform ~~services,~~
24 services for, an employer participating in the Retirement
25 System on a part-time, temporary, interim, or on a
26 fee-for-service basis, whether contractual or otherwise, and if
27 such beneficiary earns an amount during the 12-month period
28 immediately following the effective date of retirement or in any
29 calendar year which exceeds fifty percent (50%) of the reported
30 compensation, excluding terminal payments, during the 12
31 months of service preceding the effective date of retirement, or
32 twenty thousand dollars (\$20,000), whichever is greater, as
33 hereinafter indexed, then the retirement allowance shall be
34 suspended as of the first day of the month following the month
35 in which the reemployment earnings exceed the amount above,
36 for the balance of the calendar ~~year.~~year, except when the
37 reemployment earnings exceed the amount above in the month
38 of December, in which case the retirement allowance shall not
39 be suspended. The retirement allowance of the beneficiary shall
40 be reinstated as of January 1 of each year following suspension.
41 The amount that may be earned before suspension shall be
42 increased on January 1 of each year by the ratio of the
43 Consumer Price Index to the Index one year earlier, calculated
44 to the nearest tenth of a percent (1/10 of 1%)."

1 **SECTION 10.** G.S. 128-24(5)c. reads as rewritten:

2 "c. Should a beneficiary who retired on an early or service
3 retirement allowance be ~~reemployed,~~ reemployed by, or
4 otherwise engaged to perform ~~services,~~ by services for, an
5 employer participating in the Retirement System on a part-time,
6 temporary, interim, or on fee-for-service basis, whether
7 contractual or otherwise, and if such beneficiary earns an
8 amount during the 12-month period immediately following the
9 effective date of retirement or in any calendar year which
10 exceeds fifty percent (50%) of the reported compensation,
11 excluding terminal payments, during the 12 months of service
12 preceding the effective date of retirement, or twenty thousand
13 dollars (\$20,000), whichever is greater, as hereinafter indexed,
14 then the retirement allowance shall be suspended as of the first
15 day of the month following the month in which the
16 reemployment earnings exceed the amount above, for the
17 balance of the calendar ~~year.~~ year, except when the
18 reemployment earnings exceed the amount above in the month
19 of December, in which case the retirement allowance shall not
20 be suspended. The retirement allowance of the beneficiary shall
21 be reinstated as of January 1 of each year following suspension.
22 The amount that may be earned before suspension shall be
23 increased on January 1 of each year by the ratio of the
24 Consumer Price Index to the Index one year earlier, calculated
25 to the nearest tenth of a percent (1/10 of 1%)."

26 **SECTION 11.** G.S. 135-4(r)(3) reads as rewritten:

27 "(r) Notwithstanding any other provision of this Chapter, any member may
28 purchase creditable service for periods of employer approved leaves of absence when in
29 receipt of benefits under the North Carolina Workers' Compensation Act. This service
30 shall be purchased by paying a cost calculated in the following manner:

31 ...

32 (3) Leaves of Absence Terminating On and After January 1, 1988. – The
33 cost to a member whose employer approved leave of absence, when in
34 receipt of benefits under the North Carolina Workers' Compensation
35 Act, terminates upon or before a return to service on and after January
36 1, 1988, shall be due and payable to the Annuity Savings Fund within
37 six months from return to service and shall be a lump sum amount
38 equal to the employee percentage rate of contribution in effect at the
39 time of purchase applied to the annual rate of compensation of the
40 member immediately prior to the leave of absence. For members
41 electing to make this payment, the member's employer which granted
42 the leave of absence, or the member's employer upon a return to
43 service, or both, shall make a matching lump sum payment to the
44 Pension Accumulation Fund within six months from return to service

1 equal to the employer percentage rate of contribution in effect at the
2 time of purchase applied to the annual rate of compensation of the
3 member immediately prior to the leave of absence. Such purchases of
4 creditable service are applicable only when members have
5 membership service credits within 30 days prior to the leave of
6 absence and within 12 months following the leave of absence and such
7 membership service is creditable service at the time of purchase.
8 Notwithstanding any other provision of this subdivision, the cost to a
9 member and to a member's employer or former employer or both
10 employers whose amount due is not paid within six months from
11 return to service shall be the amount due plus one percent (1%) per
12 month penalty for each month or fraction thereof that the payment is
13 made after the six-month period.

14 Notwithstanding the requirement of this provision that a member
15 return to service, a member who is in receipt of Workers'
16 Compensation during the period for which he or she would have
17 otherwise been eligible to receive short-term benefits as provided in
18 G.S. 135-105 and who subsequently becomes a beneficiary in receipt
19 of a benefit as provided in G.S. 135-106 may purchase creditable
20 service for any period of employer approved leave of absence when in
21 receipt of benefits under the North Carolina Workers' Compensation
22 Act. The cost to purchase such creditable service shall be as
23 determined above provided the amount due if not paid within six
24 months from the beginning of the long-term disability period as
25 determined in G.S. 135-106 shall be the amount due plus one percent
26 (1%) per month penalty for each month or fraction thereof that the
27 payment is made after the six-month period.

28 Whenever the creditable service purchased pursuant to this
29 subsection is for a period that occurs during the four consecutive
30 calendar years that would have produced the highest average annual
31 compensation pursuant to G.S. 135-1(5) had the member not been on
32 leave of absence without pay, then the compensation that the member
33 would have received during the purchased period shall be included in
34 calculating the member's average final compensation. In such cases,
35 the compensation that the member would have received during the
36 purchased period shall be based on the annual rate of compensation of
37 the member immediately prior to the leave of absence."

38 **SECTION 12.** G.S. 135-5(l) reads as rewritten:

39 "(l) Death Benefit Plan. – There is hereby created a Group Life Insurance Plan
40 (hereinafter called the "Plan") which is established as an employee welfare benefit plan
41 that is separate and apart from the Retirement System and under which the members of
42 the Retirement System shall participate and be eligible for group life insurance benefits.
43 Upon receipt of proof, satisfactory to the Board of Trustees in their capacity as trustees
44 under the Group Life Insurance Plan, of the death, in service, of a member who had

1 completed at least one full calendar year of membership in the Retirement System, there
2 shall be paid to such person as he shall have nominated by written designation duly
3 acknowledged and filed with the Board of Trustees, if such person is living at the time
4 of the member's death, otherwise to the member's legal representatives, a death benefit.
5 Such death benefit shall be equal to the greater of:

- 6 (1) The compensation on which contributions were made by the member
7 during the calendar year preceding the year in which his death occurs,
8 or
- 9 (2) The greatest compensation on which contributions were made by the
10 member during a 12-month period of service within the 24-month
11 period of service ending on the last day of the month preceding the
12 month in which his last day of actual service occurs;
- 13 (3), (4) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1049,
14 s. 2.

15 subject to a minimum of twenty-five thousand dollars (\$25,000) and to a maximum of
16 fifty thousand dollars (\$50,000). Such death benefit shall be payable apart and separate
17 from the payment of the member's accumulated contributions under the System on his
18 death pursuant to the provisions of subsection (f) of this section. For the purpose of the
19 Plan, a member shall be deemed to be in service at the date of his death if his death
20 occurs within 180 days from the last day of his actual service.

21 The death benefit provided in this subsection (1) shall not be payable,
22 notwithstanding the member's compliance with all the conditions set forth in the
23 preceding paragraph, if his death occurs

- 24 (1) After December 31, 1968 and after he has attained age 70; or
- 25 (2) After December 31, 1969 and after he has attained age 69; or
- 26 (3) After December 31, 1970 and after he has attained age 68; or
- 27 (4) After December 31, 1971 and after he has attained age 67; or
- 28 (5) After December 31, 1972 and after he has attained age 66; or
- 29 (6) After December 31, 1973 and after he has attained age 65; or
- 30 (7) After December 31, 1978, but before January 1, 1987, and after he has
31 attained age 70.

32 Notwithstanding the above provisions, the death benefit shall be payable on account
33 of the death of any member who died or dies on or after January 1, 1974, but before
34 January 1, 1979, after attaining age 65, if he or she had not yet attained age 65, if he or
35 she had not yet attained age 66, was at the time of death completing the work year for
36 those individuals under specific contract, or during the fiscal year for those individuals
37 not under specific contract, in which he or she attained 65, and otherwise met all
38 conditions for payment of the death benefit.

39 Notwithstanding the above provisions, the Board of Trustees may and is specifically
40 authorized to provide the death benefit according to the terms and conditions otherwise
41 appearing in this Plan in the form of group life insurance, either (i) by purchasing a
42 contract or contracts of group life insurance with any life insurance company or
43 companies licensed and authorized to transact business in this State for the purpose of
44 insuring the lives of members in service, or (ii) by establishing a separate trust fund

1 qualified under Section 501(c)(9) of the Internal Revenue Code of 1954, as amended,
2 for such purpose. To that end the Board of Trustees is authorized, empowered and
3 directed to investigate the desirability of utilizing group life insurance by either of the
4 foregoing methods for the purpose of providing the death benefit. If a separate trust
5 fund is established, it shall be operated in accordance with rules and regulations adopted
6 by the Board of Trustees and all investment earnings on the trust fund shall be credited
7 to such fund.

8 In administration of the death benefit the following shall apply:

- 9 (1) For the purpose of determining eligibility only, in this subsection
10 "calendar year" shall mean any period of 12 consecutive months or, if
11 less, the period covered by an annual contract of employment. For all
12 other purposes in this subsection "calendar year" shall mean the 12
13 months beginning January 1 and ending December 31.
- 14 (2) Last day of actual service shall be:
- 15 a. When employment has been terminated, the last day the
16 member actually worked.
- 17 b. When employment has not been terminated, the date on which
18 an absent member's sick and annual leave expire, unless he is
19 on approved leave of absence and is in service under the
20 provisions of G.S. 135-4(h).
- 21 (3) For a period when a member is on leave of absence, his status with
22 respect to the death benefit will be determined by the provisions of
23 G.S. 135-4(h).
- 24 (4) A member on leave of absence from his position as a teacher or State
25 employee for the purpose of serving as a member or officer of the
26 General Assembly shall be deemed to be in service during sessions of
27 the General Assembly and thereby covered by the provisions of the
28 death benefit. The amount of the death benefit for such member shall
29 be the equivalent of the salary to which the member would have been
30 entitled as a teacher or State employee during the 12-month period
31 immediately prior to the month in which death occurred, not to be less
32 than twenty-five thousand dollars (\$25,000) nor to exceed fifty
33 thousand dollars (\$50,000).

34 The provisions of the Retirement System pertaining to Administration, G.S. 135-6,
35 and management of funds, G.S. 135-7, are hereby made applicable to the Plan.

36 A member who is a beneficiary of the Disability Income Plan provided for in Article
37 6 of this ~~Chapter~~ Chapter, or a member who is in receipt of Workers' Compensation
38 during the period for which he or she would have otherwise been eligible to receive
39 short-term benefits as provided in G.S. 135-105 and dies on or after 181 days from the
40 last day of his or her actual service but prior to the date the benefits as provided in
41 G.S. 135-105 would have ended, shall be eligible for group life insurance benefits as
42 provided in this subsection, notwithstanding that the member is no longer an employee
43 or teacher or that the member's death occurs after the eligibility period after active
44 service. The basis of the death benefit payable hereunder shall be the higher of the death

1 benefit computed as above or a death benefit based on compensation used in computing
2 the benefit payable under G.S. 135-105 and G.S. 135-106, as may be adjusted for
3 percentage post-disability increases, all subject to the maximum dollar limitation as
4 provided above. A member in receipt of benefits from the Disability Income Plan under
5 the provisions of G.S. 135-112 whose right to a benefit accrued under the former
6 Disability Salary Continuation Plan shall not be covered under the provisions of this
7 paragraph.

8 Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this
9 subsection, of the death of a retired member of the Retirement System on or after July 1,
10 1988, but before January 1, 1999, there shall be paid a death benefit to the surviving
11 spouse of the deceased retired member or to the deceased retired member's legal
12 representative if not survived by a spouse; provided the retired member has elected,
13 when first eligible, to make, and has continuously made, in advance of his death
14 required contributions as determined by the Board of Trustees on a fully contributory
15 basis, through retirement allowance deductions or other methods adopted by the Board
16 of Trustees, to a group death benefit trust fund administered by the Board of Trustees
17 separate and apart from the Retirement System's Annuity Savings Fund and Pension
18 Accumulation Fund. This death benefit shall be a lump-sum payment in the amount of
19 five thousand dollars (\$5,000) upon the completion of twenty-four months of
20 contributions required under this subsection. Should death occur before the completion
21 of twenty-four months of contributions required under this subsection, the deceased
22 retired member's surviving spouse or legal representative if not survived by a spouse
23 shall be paid the sum of the retired member's contributions required by this subsection
24 plus interest to be determined by the Board of Trustees.

25 Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this
26 subsection, of the death of a retired member of the Retirement System on or after
27 January 1, 1999, but before July 1, 2004, there shall be paid a death benefit to the
28 surviving spouse of the deceased retired member or to the deceased retired member's
29 legal representative if not survived by a spouse; provided the retired member has
30 elected, when first eligible, to make, and has continuously made, in advance of his death
31 required contributions as determined by the Board of Trustees on a fully contributory
32 basis, through retirement allowance deductions or other methods adopted by the Board
33 of Trustees, to a group death benefit trust fund administered by the Board of Trustees
34 separate and apart from the Retirement System's Annuity Savings Fund and Pension
35 Accumulation Fund. This death benefit shall be a lump-sum payment in the amount of
36 six thousand dollars (\$6,000) upon the completion of 24 months of contributions
37 required under this subsection. Should death occur before the completion of 24 months
38 of contributions required under this subsection, the deceased retired member's surviving
39 spouse or legal representative if not survived by a spouse shall be paid the sum of the
40 retired member's contributions required by this subsection plus interest to be determined
41 by the Board of Trustees.

42 Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this
43 subsection, of the death of a retired member of the Retirement System on or after July 1,
44 2004, there shall be paid a death benefit to the surviving spouse of the deceased retired

1 member or to the deceased retired member's legal representative if not survived by a
2 spouse; provided the retired member has elected, when first eligible, to make, and has
3 continuously made, in advance of his death required contributions as determined by the
4 Board of Trustees on a fully contributory basis, through retirement allowance
5 deductions or other methods adopted by the Board of Trustees, to a group death benefit
6 trust fund administered by the Board of Trustees Fund and Pension Accumulation Fund.
7 This death benefit shall be a lump-sum payment in the amount of nine thousand dollars
8 (\$9,000) upon the completion of 24 months of contributions required under this
9 subsection. Should death occur before the completion of 24 months of contributions
10 required under this subsection, the deceased retired member's surviving spouse or legal
11 representative if not survived by a spouse shall be paid the sum of the retired member's
12 contributions required by this subsection plus interest to be determined by the Board of
13 Trustees."

14 **SECTION 13.** G.S. 135-5(m) reads as rewritten:

15 "(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the
16 principal beneficiary designated to receive a return of accumulated contributions shall
17 have the right to elect to receive in lieu thereof the reduced retirement allowance
18 provided by Option 2 of subsection (g) above computed by assuming that the member
19 had retired on the first day of the month following the date of his death, provided that
20 the following conditions apply:

- 21 (1) a. The member had attained such age and/or creditable service to
22 be eligible to commence retirement with an early or service
23 retirement allowance,
24 b. The member had obtained 20 years of creditable service in
25 which case the retirement allowance shall be computed in
26 accordance with G.S. 135-5(b19)(1)b. or G.S. 135-5(b19)(2)c.,
27 notwithstanding the requirement of obtaining age 50, or
28 c. The member had not commenced to receive a retirement
29 allowance as provided under this Chapter.
30 (2) The member had designated as the principal beneficiary to receive a
31 return of his accumulated contributions one and only one person who
32 was living at the time of his death.
33 (3) The member had not instructed the Board of Trustees in writing that he
34 did not wish the provisions of this subsection to apply.

35 For the purpose of this benefit, a member is considered to be in service at the date of
36 his death if his death occurs within 180 days from the last day of his actual service. The
37 last day of actual service shall be determined as provided in subsection (l) of this
38 section. Upon the death of a member in service, the surviving spouse may make all
39 purchases for creditable service as provided for under this Chapter for which the
40 member had made application in writing prior to the date of death, provided that the
41 date of death occurred prior to or within 60 days after notification of the cost to make
42 the purchase. The term "in service" as used in this subsection includes a member in
43 receipt of a benefit under the Disability Income Plan as provided in Article 6 of this
44 Chapter.

1 Notwithstanding the foregoing, a member who is in receipt of Workers'
2 Compensation during the period for which the member would have otherwise been
3 eligible to receive short-term benefits, as provided in G.S. 135-105, and who dies on or
4 after 181 days from the last day of the member's actual service but on or before the date
5 the benefits as provided in G.S. 135-105 would have ended, shall be considered in
6 service at the time of the member's death for the purpose of this benefit."

7 **SECTION 14.** This act becomes effective July 1, 2007.