

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

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HOUSE BILL 86

Short Title: Increase In-Service Death Benefits/LRS. (Public)

Sponsors: Representatives Howard, Moore, Reives, and Carney (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Pensions and Retirement, if favorable, Rules, Calendar, and Operations of the House

February 17, 2021

A BILL TO BE ENTITLED

AN ACT INCREASING THE DEATH BENEFIT FOR MEMBERS OF THE LEGISLATIVE RETIREMENT SYSTEM WHO DIE WHILE IN SERVICE, APPROPRIATING FUNDS TO THE GENERAL ASSEMBLY FOR THE INCREASED DEATH BENEFIT, AND MAKING TECHNICAL CHANGES TO REORGANIZE THE LEGISLATIVE RETIREMENT SYSTEM DEATH BENEFIT STATUTE.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 120-4.27 reads as rewritten:

"§ 120-4.27. Death benefit.

~~The designated beneficiary of a member who dies while in service after completing one year of creditable service shall receive a lump sum payment of an amount equal to the deceased member's highest annual salary, to a maximum of fifteen thousand dollars (\$15,000). For purposes of this death benefit "in service" means currently serving as a member of the North Carolina General Assembly. "In service" also means service in the Uniformed Services, as that term is defined in section 4303(16) of the Uniformed Services Employment and Reemployment Rights Act, Public Law 103-353, if that service begins during the member's term of office. If the participant does not return immediately after that service to employment with a covered employer in this System, then the participant shall be deemed "in service" until the date on which the participant was first eligible to be separated or released from his or her involuntary military service.~~

(a) North Carolina Teachers' and State Employees' Benefit Trust. – The Board of Trustees shall administer the North Carolina Teachers' and State Employees' Benefit Trust separate and apart from the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. Employer and nonemployer contributions to the Benefit Trust, and earnings on those contributions, are irrevocable. The assets of the Benefit Trust are dedicated to providing benefits to members and beneficiaries in accordance with the Plan's benefit terms. Benefit Trust assets may be used for reasonable expenses to administer benefits provided by the Fund as approved by the Board of Trustees. The assets of the Benefit Trust are not subject to the claims of any of the following:

- (1) Creditors of the employees and nonemployees making contributions to the Benefit Trust.
- (2) Creditors of the Benefit Trust's trustees and administrators.
- (3) Creditors of members and beneficiaries.



1 **(b) Death Benefit Generally.** – The death benefit provided by this section shall be
2 designated a group life insurance benefit payable under an employee welfare benefit plan that is
3 separate and apart from the Retirement System but under which the members of the Retirement
4 System shall participate and be eligible for group life insurance benefits. The Board of Trustees
5 is authorized to provide the death benefit in the form of group life insurance either by purchasing
6 a contract or contracts of group life insurance with any life insurance company or companies
7 licensed and authorized to transact business in the State of North Carolina for the purpose of
8 insuring the lives of qualified members in service, or by establishing or affiliating with a separate
9 trust fund qualified under Section 501(c)(9) of the Internal Revenue Code of 1954, as amended.

10 **(c) Death While in Service.** – The designated beneficiary of a member who dies while in
11 service after completing one year of creditable service shall receive a lump-sum payment of fifty
12 thousand dollars (\$50,000). For purposes of this section, the phrase "in service" means a member
13 who is either of the following:

14 **(1)** Currently serving as a member of the North Carolina General Assembly.

15 **(2)** Engaged in service in the Uniformed Services, as that term is defined in
16 section 4303(16) of the Uniformed Services Employment and Reemployment
17 Rights Act, Public Law 103-353, if that service begins during the member's
18 term of office. If the member does not return immediately after that service in
19 the Uniformed Services to employment with a covered employer in the
20 Retirement System, then the member shall be deemed to have been "in
21 service" until the date on which the member was first eligible to be separated
22 or released from involuntary military service.

23 **(d) Death of a Retired Member.** – Upon receipt of ~~proof,~~ proof satisfactory to the Board
24 of ~~Trustees,~~ Trustees of the death of a retired member of the Retirement System or Retirement
25 ~~Fund-Fund,~~ a death benefit shall be paid as follows:

26 **(1)** If the death of the retired member occurs on or after July 1, 1988, but before
27 January 1, 1999, ~~there shall be paid~~ a death benefit shall be paid to the
28 surviving spouse of ~~a~~ the deceased retired member, or to the deceased retired
29 member's legal representative if not survived by a spouse; provided the retired
30 member has elected, when first eligible, to make, and has continuously made,
31 in advance of ~~his~~ the member's death required contributions as determined by
32 the Retirement System on a fully contributory basis, through retirement
33 allowance deductions or other methods adopted by the Retirement System, to
34 a group death benefit trust fund administered by the Board of Trustees
35 separate and apart from the Retirement System's Annuity Savings Fund and
36 Pension Accumulation Fund. This death benefit shall be a lump-sum payment
37 in the amount of five thousand dollars (\$5,000) upon the completion of
38 twenty-four months of ~~contributions required under this subsection.~~ required
39 contributions. Should death occur before the completion of twenty-four
40 months of ~~contributions required under this subsection,~~ required
41 contributions, the deceased retired member's surviving spouse or legal
42 representative if not survived by a spouse shall be paid the sum of the retired
43 member's contributions required by this ~~subsection~~ subdivision plus interest
44 to be determined by the Board of Trustees.

45 **(2)** Upon receipt of ~~proof,~~ satisfactory to the Board of Trustees, of the death of a
46 retired member of the Retirement System or Retirement Fund ~~If the death of~~
47 the retired member occurs on or after January 1, 1999, but before July 1, 2004,
48 ~~there shall be paid~~ a death benefit shall be paid to the surviving spouse of a
49 the deceased retired member, or to the deceased retired member's legal
50 representative if not survived by a spouse; provided the retired member has
51 elected, when first eligible, to make, and has continuously made, in advance

1 of ~~his~~ the member's death required contributions as determined by the
2 Retirement System on a fully contributory basis, through retirement allowance
3 deductions or other methods adopted by the Retirement System, to a group
4 death benefit trust fund administered by the Board of Trustees separate and
5 apart from the Retirement System's Annuity Savings Fund and Pension
6 Accumulation Fund. This death benefit shall be a lump-sum payment in the
7 amount of six thousand dollars (\$6,000) upon the completion of 24 months of
8 ~~contributions required under this subsection.~~ required contributions. Should
9 death occur before the completion of 24 months of ~~contributions required~~
10 ~~under this subsection,~~ required contributions, the deceased retired member's
11 surviving spouse or legal representative if not survived by a spouse shall be
12 paid the sum of the retired member's contributions required by this ~~subsection~~
13 subdivision plus interest to be determined by the Board of Trustees.

14 (3) ~~Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a~~
15 ~~retired member of the Retirement System or Retirement Fund~~ If the death of
16 the retired member occurs on or after July 1, 2004, but before July 1, 2007,
17 ~~there shall be paid~~ a death benefit shall be paid to the surviving spouse of a
18 the deceased retired member, or to the deceased retired member's legal
19 representative if not survived by a spouse; provided the retired member has
20 elected, when first eligible, to make, and has continuously made, in advance
21 of ~~his~~ the member's death required contributions as determined by the
22 Retirement System on a fully contributory basis, through retirement allowance
23 deductions or other methods adopted by the Retirement System, to a group
24 death benefit trust fund administered by the Board of Trustees separate and
25 apart from the Retirement System's Annuity Savings Fund and Pension
26 Accumulation Fund. This death benefit shall be a lump-sum payment in the
27 amount of nine thousand dollars (\$9,000) upon the completion of 24 months
28 of ~~contributions required under this subsection.~~ required contributions. Should
29 death occur before the completion of 24 months of ~~contributions required~~
30 ~~under this subsection,~~ required contributions, the deceased retired member's
31 surviving spouse or legal representative if not survived by a spouse shall be
32 paid the sum of the retired member's contributions required by this ~~subsection~~
33 subdivision plus interest to be determined by the Board of Trustees.

34 (4) ~~Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a~~
35 ~~retired member of the Retirement System or Retirement Fund~~ If the death of
36 the retired member occurs on or after July 1, 2007, but before January 1, 2015,
37 ~~there shall be paid~~ a death benefit shall be paid to the surviving spouse of a
38 the deceased retired member, or to the deceased retired member's legal
39 representative if not survived by a spouse; provided the retired member has
40 elected, when first eligible, to make, and has continuously made, in advance
41 of ~~his~~ the member's death required contributions as determined by the
42 Retirement System on a fully contributory basis, through retirement allowance
43 deductions or other methods adopted by the Retirement System, to a group
44 death benefit trust fund administered by the Board of Trustees separate and
45 apart from the Retirement System's Annuity Savings Fund and Pension
46 Accumulation Fund. This death benefit shall be a lump-sum payment in the
47 amount of ten thousand dollars (\$10,000) upon the completion of 24 months
48 of ~~contributions required under this subsection.~~ required contributions. Should
49 death occur before the completion of 24 months of ~~contributions required~~
50 ~~under this subsection,~~ required contributions, the deceased retired member's
51 surviving spouse or legal representative if not survived by a spouse shall be

1 paid the sum of the retired member's contributions required by this ~~subsection~~
2 ~~subdivision~~ plus interest to be determined by the Board of Trustees.
3 (5) ~~Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a~~
4 ~~retired member of the Retirement System or Retirement Fund~~ If the death of
5 the retired member occurs on or after January 1, 2015, ~~there shall be paid a~~
6 death benefit shall be paid to the person or persons designated by the member
7 or, if the member has not designated a beneficiary, to the surviving spouse of
8 the deceased retired member or, if not survived by a designated beneficiary or
9 spouse, to the deceased retired member's legal representative; provided the
10 retired member has elected, when first eligible, to make, and has continuously
11 made, in advance of the member's death required contributions as determined
12 by the Retirement System on a fully contributory basis, through retirement
13 allowance deductions or other methods adopted by the Retirement System, to
14 a group death benefit trust fund, the North Carolina Teachers' and State
15 Employees' Benefit Trust, administered by the Board of Trustees separate and
16 apart from the Retirement System's Annuity Savings Fund and Pension
17 Accumulation Fund. ~~Employer and non-employer contributions to the Benefit~~
18 ~~Trust and earnings on those contributions are irrevocable. The assets of the~~
19 ~~Benefit Trust are dedicated to providing benefits to members and beneficiaries~~
20 ~~in accordance with the Plan's benefit terms. The assets of the Benefit Trust are~~
21 ~~not subject to the claims of creditors of the employees and non-employees~~
22 ~~making contributions to the Benefit Trust, are not subject to the claims of any~~
23 ~~creditors of the Benefit Trust's trustees and administrators, and are not subject~~
24 ~~to the claims of creditors of members and beneficiaries. Benefit Trust assets~~
25 ~~may be used for reasonable expenses to administer benefits provided by the~~
26 ~~Fund as approved by the Board of Trustees. The death benefit payable under~~
27 ~~this subsection-subdivision shall be a lump-sum payment in the amount of ten~~
28 ~~thousand dollars (\$10,000) upon the completion of 24 months of~~ contributions
29 required under this subsection. required contributions. Should death occur
30 before the completion of 24 months of ~~contributions required under this~~
31 ~~subsection, required contributions,~~ the deceased retired member's designated
32 beneficiary or beneficiaries, or surviving spouse if not survived by a
33 designated beneficiary, or legal representative if not survived by a designated
34 beneficiary or spouse, shall be paid the sum of the retired member's
35 contributions required by this ~~subsection-subdivision~~ plus interest to be
36 determined by the Board of Trustees."

37 **SECTION 1.(b)** This section is retroactively effective to January 1, 2020, and
38 applies to eligible deaths occurring on or after that date.

39 **SECTION 2.** By August 31, 2021, the State Treasurer shall transfer from the
40 Legislative Retirement System to the Teachers' and State Employees' Benefit Trust an amount
41 equal to thirty-four hundredths percent (0.34%) of the reported compensation for the Legislative
42 Retirement System for the period beginning January 1, 2020, and ending June 30, 2021.

43 **SECTION 3.(a)** There is appropriated from the General Fund to the General
44 Assembly the sum of twenty-one thousand three hundred fifty-eight dollars (\$21,358) in
45 recurring funds and the sum of ten thousand six hundred seventy-nine dollars (\$10,679) in
46 nonrecurring funds for the 2020-2021 fiscal year for the Legislative Retirement System death
47 benefit under G.S. 120-4.27, as amended by this act.

48 **SECTION 3.(b)** From the funds appropriated in subsection (a) of this section, the
49 General Assembly shall make a contribution to the Teachers' and State Employees' Benefit Trust
50 in the amount of thirty-two thousand thirty-seven dollars (\$32,037) by June 30, 2021, for the
51 Legislative Retirement System death benefit under G.S. 120-4.27, as amended by this act.

1 **SECTION 3.(c)** It is the intent of the General Assembly to make adjustments to the
2 required employer salary-related contributions for the 2021-2022 fiscal year to reflect the
3 provisions of this act.

4 **SECTION 4.** Except as otherwise provided, this act is effective when it becomes
5 law.