

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2023

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SENATE BILL 707

Short Title: Eliminate Offsets/DIPNC LTD. (Public)

Sponsors: Senators Lee and Britt (Primary Sponsors).

Referred to: Rules and Operations of the Senate

April 10, 2023

1 A BILL TO BE ENTITLED  
2 AN ACT TO ELIMINATE THE REDUCTION IN THE AMOUNT OF A LONG-TERM  
3 DISABILITY BENEFIT PAID BY THE DISABILITY INCOME PLAN OF NORTH  
4 CAROLINA BASED ON ANY SOCIAL SECURITY DISABILITY OR RETIREMENT  
5 BENEFITS OR ANY STATE OR FEDERAL VETERAN DISABILITY BENEFITS THAT  
6 THE BENEFICIARY IS ENTITLED TO RECEIVE.

7 The General Assembly of North Carolina enacts:

8 **SECTION 1.** G.S. 135-106 reads as rewritten:

9 **"§ 135-106. Long-term disability benefits.**

10 ...  
11 (b) After the commencement of benefits under this section, the benefits payable under  
12 the terms of this section during the first 36 months of the long-term disability period shall be  
13 equal to sixty-five percent (65%) of 1/12th of the annual base rate of compensation last payable  
14 to the participant or beneficiary prior to the beginning of the short-term disability period as may  
15 be adjusted for percentage increases as provided under G.S. 135-108, plus sixty-five percent  
16 (65%) of 1/12th of the annual longevity payment to which the participant or beneficiary would  
17 be eligible, to a maximum of three thousand nine hundred dollars (\$3,900) per month reduced by  
18 ~~any primary Social Security disability benefits to which the beneficiary may be entitled, effective~~  
19 ~~as of the first of the month following the month of initial entitlement, and by monthly payments~~  
20 ~~for Workers' Compensation to which the participant or beneficiary may be entitled. When~~  
21 ~~primary Social Security disability benefits are increased by cost of living adjustments, the~~  
22 ~~increased reduction shall be applied in the first month following the month in which the member~~  
23 ~~becomes entitled to the increased Social Security benefit. The monthly benefit shall be further~~  
24 ~~reduced by the amount of any monthly payments from the federal Department of Veterans~~  
25 ~~Affairs, any other federal agency or any payments made under the provisions of G.S. 127A-108,~~  
26 ~~to which the participant or beneficiary may be entitled on account of the same disability.~~  
27 Provided, in any event, the benefit payable shall be no less than ten dollars (\$10.00) a month.  
28 However, a disabled participant may elect to receive any salary continuation as provided in  
29 G.S. 135-104 in lieu of long-term disability benefits; provided such election shall not extend the  
30 first 36 consecutive calendar months of the long-term disability period. An election to receive  
31 any salary continuation for any part of any given day shall be in lieu of any long-term benefit  
32 payable for that day, provided further, any lump-sum payout for vacation leave shall be treated  
33 as if the beneficiary or participant had exhausted the leave and shall be in lieu of any long-term  
34 benefit otherwise payable. ~~Provided that, in any event, a beneficiary's benefit shall be reduced~~  
35 ~~during the first 36 months of the long-term disability period by an amount, as determined by the~~



1 Board of Trustees, equal to a primary Social Security retirement benefit to which the beneficiary  
2 might be entitled, effective as of the first of the month following the month of initial entitlement.

3 After 36 months of long-term disability, no further benefits are payable under the terms of  
4 this section unless the member has been approved and is in receipt of primary Social Security  
5 disability benefits. In that case the benefits payable shall be equal to sixty-five percent (65%) of  
6 1/12th of the annual base rate of compensation last payable to the participant or beneficiary prior  
7 to the beginning of the short-term disability period as may be adjusted for percentage increases  
8 as provided under G.S. 135-108, plus sixty-five percent (65%) of 1/12th of the annual longevity  
9 payment to which the participant or beneficiary would be eligible, to a maximum of three  
10 thousand nine hundred dollars (\$3,900) per month reduced by ~~the primary Social Security~~  
11 ~~disability benefits to which the beneficiary may be entitled, effective as of the first of the month~~  
12 ~~following the month of initial entitlement, and by monthly payments for Workers' Compensation~~  
13 ~~to which the participant or beneficiary may be entitled. When primary Social Security disability~~  
14 ~~benefits are increased by cost of living adjustments, the increased reduction shall be applied in~~  
15 ~~the first month following the month in which the member becomes entitled to the increased Social~~  
16 ~~Security benefit. The monthly benefit shall be further reduced by the amount of any monthly~~  
17 ~~payments from the federal Department of Veterans Affairs, for payments from any other federal~~  
18 ~~agency, or for any payments made under the provisions of G.S. 127A-108, to which the~~  
19 ~~participant or beneficiary may be entitled on account of the same disability. Provided, in any~~  
20 ~~event, the benefit payable shall be no less than ten dollars (\$10.00) a month.~~

21 Notwithstanding the foregoing, the long-term disability benefit is payable so long as the  
22 beneficiary is disabled and is in receipt of a primary Social Security disability benefit until the  
23 earliest date at which the beneficiary is eligible for an unreduced service retirement allowance  
24 from the Retirement System, at which time the beneficiary would receive a retirement allowance  
25 calculated on the basis of the beneficiary's average final compensation at the time of disability as  
26 adjusted to reflect compensation increases subsequent to the time of disability and the creditable  
27 service accumulated by the beneficiary, including creditable service while in receipt of benefits  
28 under the Plan. In the event the beneficiary has not been approved and is not in receipt of a  
29 primary Social Security disability benefit, the long-term disability benefit shall cease after the  
30 first 36 months of the long-term disability period. When such a long-term disability recipient  
31 begins receiving this unreduced service retirement allowance from the System, that recipient  
32 shall not be subject to the six-month waiting period set forth in G.S. 135-1(20). However, a  
33 beneficiary shall be entitled to a restoration of the long-term disability benefit in the event the  
34 Social Security Administration grants a retroactive approval for primary Social Security  
35 disability benefits with a benefit effective date within the first 36 months of the long-term  
36 disability period. In such event, the long-term disability benefit shall be restored retroactively to  
37 the date of cessation.

38 (c) Notwithstanding the foregoing, a beneficiary in receipt of long-term disability  
39 benefits who has earnings during the long-term disability period shall have his long-term  
40 disability benefit reduced when the sum of the net long-term disability benefit and the earnings  
41 equals one hundred percent (100%) of monthly compensation adjusted as provided under  
42 G.S. 135-108. The net long-term benefit shall mean the long-term benefit amount payable as  
43 calculated under (b) above, after the reduction for ~~Social Security benefits and Workers'~~  
44 ~~Compensation benefits to which the beneficiary might be entitled, and after the reduction for any~~  
45 ~~monthly payments from the federal Department of Veterans Affairs, for payments from any other~~  
46 ~~federal agency, or for any payments made under the provisions of G.S. 127A-108, to which the~~  
47 ~~participant or beneficiary may be entitled on account of the same disability. entitled.~~ The net  
48 long-term disability benefit shall be reduced dollar-for-dollar for the amount of earnings in excess  
49 of the one hundred percent (100%) monthly limit. Any beneficiary exceeding the earnings  
50 limitations shall notify the Plan by the fifth of the month succeeding the month in which the  
51 earnings were received of the amount of earnings in excess of the limitations herein provided.

1 Failure to report excess earnings may result in a suspension or termination of benefits as  
2 determined by the Board of Trustees.

3 ...."

4 **SECTION 2.** G.S. 135-108 reads as rewritten:

5 "**§ 135-108. Post disability benefit adjustments.**

6 The compensation upon which the short-term or long-term disability benefit is calculated  
7 under the provisions of G.S. 135-105(c) or G.S. 135-106(b) may be increased by any permanent  
8 across-the-board salary increase granted to employees of the State by the General Assembly and  
9 the benefits payable to beneficiaries shall be recalculated based upon the increased ~~compensation,~~  
10 ~~reduced by any percentage increase in Social Security benefits granted by the Social Security~~  
11 ~~Administration times the amount used in the reduction of benefits for primary Social Security~~  
12 ~~disability or retirement benefit as provided in G.S. 135-106(b).~~ compensation. The provisions of  
13 this section shall be subject to future acts of the General Assembly."

14 **SECTION 3.** This act becomes effective July 1, 2023, and applies to long-term  
15 disability benefits applied for on or after that date, as determined by receipt of the application by  
16 the employer.