

Retirement

See full summary documents for additional detail

Contribution-Based Benefit Cap Working Group Changes.

SL 2023-48 (S729)

S.L. 2023-48 amends the Teachers' and State Employees' Retirement System (TSERS) contribution-based benefit cap law in an effort to resolve disputes related to the application of the anti-pension spiking law and it authorizes the Treasurer to designate legal counsel, including private counsel, to represent the administration of benefit programs.

The sections of the act that pertain to the collection of additional contributions and that allow the Treasurer to designate legal counsel became effective July 1, 2023. The remainder of the act, including the section that authorizes the Department of State Treasurer to resolve pending legal actions involving the anti-pension spiking contribution-based benefit cap and sets out the manner in which additional contributions owed can be calculated and paid, became effective June 19, 2023.

Address ESG Factors.

SL 2023-64 (H750)

S.L. 2023-64 does the following:

- Prohibits State entities from creating or using environmental, social, and governance criteria or economically targeted investments requirements when making employment decisions.
- Requires the State Treasurer to only consider pecuniary factors when (i) evaluating an investment or (ii) evaluating or exercising any right appurtenant to an investment.
- Allows the State Treasurer to reasonably conclude that not exercising a right appurtenant to an investment is in the best interest of the fund's beneficiaries.

This bill was vetoed by the Governor on June 23, 2023, and that veto was overridden by the General Assembly on June 27, 2023. This act became effective June 27, 2023.

Department of State Treasurer Technical Corrections.

SL 2023-89 (H203)

S.L. 2023-89 makes technical and conforming changes to the Teachers' and State Employees' Retirement System, the Local Governmental Employees' Retirement System, related statutes, and repeals obsolete statutes as recommended by the Department of State Treasurer.

This act became effective January 1, 2024.

Retirement Administrative Changes Act of 2023.

SL 2023-105 (H201)

S.L. 2023-105 makes the following administrative changes:

- Changes the contributory death benefit for the Teachers' and State Employees' Retirement System (TSERS), the Local Governmental Employees' Retirement System (LGERS), the Legislative Retirement System (LRS), and the Consolidated Judicial Retirement System (CJRS).
- Makes changes to the second six months of short-term disability, to the review and approval of short-term disability benefits, and to the application for extended short-term disability benefits under the Disability Income Plan (DIP) of North Carolina.
- Allows the first retirement benefit check to be paid direct deposit rather than mailed.
- Clarifies assets of the retirement systems trust fund will be used for the exclusive benefit of persons entitled to benefits under the plan and in accordance with the Internal Revenue Code.
- Amends the survivors alternate benefit beneficiary default for TSERS, LGERS, and LRS.
- Amends the law pertaining to overpayment of funds when the overpayment is caused by administrative error.

The act became effective January 1, 2024.

Protect Our Students Act.

SL 2023-128 (H142)

S.L. 2023-128 does the following:

- Effective December 1, 2023, makes the crimes of sexual activity with a student and taking indecent liberties with a student Class G felonies.
- Effective December 1, 2023, modifies the definition of sexual activity with a student and taking indecent liberties with a student to include individuals who were in school within six months of the violation.
- Effective December 1, 2023, requires superintendents, assistant superintendents, associate superintendents, personnel administrators, and principals to report certain misconduct to the State Board of Education (SBE) if they know, have reason to believe, or have actual notice of a complaint that an employee licensed under Article 17E of Chapter 115C of the General Statutes engaged in misconduct that resulted in dismissal, disciplinary action, or resignation. If the employee resigns within 30 days of a complaint or during an investigation, the misconduct is presumed to have resulted in the resignation. Failure to report is a Class I felony.
- Requires the Center for Safer Schools to develop and produce age-appropriate videos on child abuse and neglect, including age-appropriate information on sexual abuse. The SBE must adopt a rule that requires that students in grades 6-12 view the video no more than 5 days after the first day of the school year, beginning with the 2024-2025 school year.

- Effective July 1, 2023, forfeits the retirement benefits for school employees as a result of conduct directly related to the office or employment, which is the following:
 - An offense that would lead to an automatic revocation of a professional educator license without a hearing, and the commission of the offense occurred while the member was employed in a public school or working in a public school subject to a memorandum of understanding.
 - An offense which required the revocation of the member's licensure or certification required for the member's employment or office at the time of the commission of the offense.
 - Conduct that was directly related to the member's employment or office as determined by the Board of Trustees of the Retirement System.
- Requires the Buncombe County Board of Education and Asheville City Board of Education to jointly study the feasibility of merging the two local school administrative units, including the potential economic and educational impact of merging the school units and any other relevant information. The Boards must report their findings and recommendations to the standing committees of the General Assembly hearing elections matters no later than February 15, 2025.

Except as otherwise provided, this act became effective September 29, 2023.

Transformational Investments in North Carolina Health – 2023 Appropriations Act.

SL 2023-134 (H259), Sec. 4.10

Section 4.10 of S.L. 2023-134 recodifies many of the existing provisions relating to the University of North Carolina Health Care System and the East Carolina University Health Care System. It expands some of those provisions, giving the Board of Directors and Chancellor more authority, and it allows the UNC System to purchase insurance or self-insure against medical malpractice claims. It clarifies that the UNC System is a State agency and states that employees of both systems hired on or after January 1, 2024, are ineligible to participate in the Teachers' and State Employees' Retirement System. Finally, the act makes conforming changes throughout the General Statutes, appropriates \$420 million to the NC Care Initiative, and contains reporting requirements.

The appropriation and reporting provisions became effective July 1, 2023. The remaining provisions became effective October 3, 2023.

Raise Mandatory Retirement Age for Appellate Judges – 2023 Appropriations Act.

SL 2023-134 (H259), Sec. 16.14

Section 16.14 of S.L. 2023-134 creates age limits for judges. This section prohibits any justice or judge of the appellate division of the General Court of Justice from continuing in office beyond

the last day of the month in which the justice or judge attains 76 years of age. Justices and judges so retired may be recalled for periods of temporary service. Superior court and district court judges are prohibited from continuing in office beyond the last day of the month in which the judge attains 72 years of age, but retired judges may be recalled for periods of temporary service.

This section became effective October 3, 2023, and applies to justices, judges, and magistrates serving on or after that date, provided that nothing in this section may be construed to automatically halt the retirement process of a justice, judge, or magistrate that has already initiated that process.

4% Cost-of-Living Supplement for Retirees of the Teachers' and State Employees' Retirement System, the Judicial Retirement System, and the Legislative Retirement System – 2023 Appropriations Act.

SL 2023-134 (H259), Sec. 39.27

Section 39.27 of S.L. 2023-134 provides that for beneficiaries of the Teachers' and State Employees' Retirement System, the Judicial Retirement System, and the Legislative Retirement System, a one-time cost-of-living supplement payment must be made to or on account of beneficiaries who are living as of October 1, 2023, and whose retirement commenced on or before October 1, 2023. The one-time supplement payment is 4% of the beneficiary's annual retirement allowance and is to be paid on or before November 30, 2023.

Notwithstanding any provision of law to the contrary, in order to administer the one-time cost-of-living supplement, the Retirement Systems Division of the Department of State Treasurer is authorized to increase receipts from the retirement assets of the corresponding retirement systems or pay costs associated with the administration of the payment directly from the retirement assets.

This section became effective July 1, 2023.

Unfunded Liability Solvency Reserve – 2023 Appropriations Act.

SL 2023-134 (H259), Sec. 39.28

Section 39.28 of S.L. 2023-134 amends the law (G.S. 143C-4-10) providing the Unfunded Liability Solvency Reserve by removing certain subsections in an effort to streamline the process for transferring funds intended to address the unfunded liabilities.

This section became effective October 3, 2023, and applies to fiscal years beginning on or after July 1, 2023.

Authorize State Treasurer to Pay Premiums to Purchase Alternative Coverage in Lieu of State Health Plan – 2023 Appropriations Act.

SL 2023-134 (H259), Sec. 39.29

Section 39.29 of S.L. 2023-134 allows the State Treasurer to purchase alternative health insurance coverage for retired state employees in lieu of providing them coverage under the State Health Plan. The Treasurer is authorized to adopt the rules necessary to implement the provisions of this section.

The section becomes effective January 1, 2023.