



HOUSE BILL 1011: Retirement Technical Corrections Act of 2016.

2015-2016 General Assembly

Committee:		Date:	August 4, 2016
Introduced by:		Prepared by:	Theresa Matula
Analysis of:	S.L. 2016-56		Legislative Analyst

OVERVIEW: *S.L. 2016-56 makes technical changes to the laws pertaining to the following: NC Firefighters and Rescue Squad Workers' Pension Fund (FRSWPF); Local Governmental Employees' Retirement System (LGERS); Teachers' and State Employees' Retirement System (TSERS); State Health Plan; and the Achieving a Better Life Experience (ABLE) Program. A detailed description of the changes may be found in the full bill analysis.*

This act became effective June 30, 2016, except for the conforming changes related to the Uniformed Services Employment and Reemployment Rights Act (USERRA), and the educational leave changes, which become effective January 1, 2017.

BILL ANALYSIS:

Section 1 amends the NC Firefighters and Rescue Squad Workers' Pension Fund as it relates to retroactive membership and the purchase of periods of service. The Retirement Systems Division reports that the long-standing interpretation and administrative practice has been to encourage members to purchase service when they are younger than 35 years old. The amendments in this section clarify the cost calculation for a member 35 years of age or older and for a member who is not yet 35 years of age.

Section 2 repeals G.S. 128-25 pertaining to LGERS membership as it relates to employer participation. The statute is outdated and no longer needed due changes contained in S.L. 2015-168, Sections 5 and 6, pertaining to service and employer participation.

Section 3 amends G.S. 128-28(a1) to change "honorably discharged" to "not dishonorably discharged" in the LGERS statute. This is a technical change consistent with the Uniformed Services Employment and Reemployment Rights Act (USERRA) and with the US Code definition of a veteran as a person who served in the active military, naval, or air service, and who was discharged or released therefrom under conditions other than dishonorable. Additionally, it clarifies that when a member who has been on military leave returns to work, the employer's payment to the System includes the employer and employee portions of the service purchase.

Section 4 (a) amends the TSERS statutes to make references gender neutral and to provide that if a member dies after filing an application for retirement, but prior to selecting payment options and selecting a beneficiary, the administrator or executor of the member's estate will select an option and name the beneficiary or beneficiaries. **Section 4(b)** makes similar changes in the LGERS statutes.

Section 5 (a) amends the TSERS special retirement allowance statutes to specify that the election to transfer any portion of the member's accumulated contributions from the Supplemental Retirement Income Plan or NC Public Employee Deferred Compensation Plan to the Retirement System is an irrevocable election. **Section 5(b)** makes a similar change to the LGERS statutes

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Section 6(a) makes a technical amendment to G.S. 135-8(b)(5) pertaining to purchase of service for educational leave in the TSERS which was amended by S.L. 2015-241, Section 30.30. **Section 6(b)** amends G.S. 128-30(b)(4) to make changes similar to those in S.L. 2015-241 to the purchase of service for educational leave in LGERS.

Section 7(a) amends language for the TSERS collection of contributions to make a gender neutral language change, clarify that funds collected under the anti-pension spiking contribution-based benefit cap will be included in the Pension Accumulation Fund, and to specify that in the event the employee or employer contributions required are not received by the date set by the Board of Trustees and provided that a one-time exception has not been agreed upon in advance due to exigent circumstances, the Board will assess the employer with a penalty, in lieu of interest, of 1% per month with a minimum penalty of twenty-five dollars (\$25.00). **Section 7(b)** makes similar changes to LGERS

Section 8 amends G.S. 135-48.40 (d)(13) pertaining to the State Health Plan to change "Firemen" to "Firefighters" to accurately reflect the North Carolina Firefighters' and Rescue Squad Workers' Pension Fund.

Section 9 makes technical changes to the Achieving a Better Life Experience (ABLE) Program statutes enacted by S.L. 2015-203. **Section 9(a)** amends G.S. 147-86.71(b)(3) to change "cash" to "US Dollars" as it pertains to ABLE contributions. **Section 9(b)** amends G.S. 147-86.72(c)(3) to provide the ABLE Program Board of Trustees shall retain professional services notwithstanding the purchase and contract requirements contained in Chapter 143 of the General Statutes. **Section 9(c)** repeals G.S. 147-86.70(b)(4) to delete the definition of "Contracting state". **Section 9(d)** repeals G.S. 147-86.71(d)(4) which provided that an ABLE account may be established only for a designated beneficiary who is a resident of NC or a resident of a contracting state.

Section 10 provides a severability clause.

EFFECTIVE DATE:

Section 3 (pertaining to USERRA changes) and Section 6 (pertaining to the purchase of service for educational leave) of the bill become effective January 1, 2017, the remainder of the bill becomes effective when it becomes law.