



HOUSE BILL 274: Retirement Technical Corrections Act of 2015

2015-2016 General Assembly

Committee:

Introduced by:

Analysis of: S.L. 2015-67

Date:

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SUMMARY: *S.L. 2015-67 amends laws for the Teachers and State Employees Retirement System (TSERS), Local Governmental Employees Retirement System (LGERS), Disability Income Plan (DIP), Qualified Excess Benefit Arrangement (QEBA) plans, and to the law pertaining to funds from a settlement or other final order or judgment of the court received by the Escheat Fund and benefit plans administered by the Department of State Treasurer. The following is a brief overview of the changes:*

- *Amends the TSERS definition of "employee."*
- *Clarifies the effective date of the Social Security reduction when receiving long-term disability benefits under the DIP.*
- *Changes "fiscal year" to "calendar year" for TSERS and LGERS as it relates to treatment of unused assets of the QEBA plan.*
- *Repeals the authority of the LGERS Board of Trustees to invest in certain common and preferred stocks.*
- *Amends the law on the disposition of funds received by the State or a State agency from a settlement or other final order or judgment of the court as it relates to funds received by the Escheat Fund and benefit plans administered by the Department of State Treasurer.*
- *Consistent with the Uniformed Services Employment and Reemployment Rights Act (USERRA), it changes "honorably discharged" to "who were not dishonorably discharged" in the TSERS definition of creditable service and adds language relating to a member who returns from service in the uniformed services.*

This act became effective July 1, 2015.

BILL ANALYSIS: **Section 1** of the act makes a clarification to the definition of an employee in G.S. 135-1 for purposes of the Teachers' and State Employees' Retirement System (TSERS). The act provides that employees who are employed in permanent job positions on a recurring basis must work *at least* 30 hours per week for nine or more months per calendar year *in order to be* covered by the provisions of the subdivision.

Section 2 of the act amends G.S. 135-106(b) pertaining to long-term disability benefits under the Disability Income Plan. The amendment clarifies that when a beneficiary's benefit is reduced during the first 36 months of the long-term disability period by an amount equal to a primary Social Security retirement benefit, this is *effective as of the first of the month following the month of initial entitlement*.

Section 3 of the act changes "fiscal year" to "calendar year" in G. S. 135-151(e) for TSERS, and G.S. 128-38.10(f) for the Local Governmental Employee's Retirement System (LGERS), as it relates to treatment of unused assets of the Qualified Excess Benefit Arrangement (QEBA) plan.

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Section 4 repeals G.S. 128-29.1 which provides the LGERS Board of Trustees authority to invest in certain common and preferred stocks.

Section 5 amends G.S. 114-2.4A(c) which was enacted by S.L. 2014-100, Section 6.6, and provides for the disposition of funds received by the State or a State agency from a settlement or other final order or judgment of the court. The change adds language to provide that *Subsections (b) and (e) of G.S. 114-2.4A, which restrict the transfer or expenditure of funds and overrealized receipts, do not apply to funds received by the Escheat Fund and benefit plans administered by the Department of State Treasurer.*

Section 6 amends G.S. 135-4(g) as it relates to creditable service in the TSERS for teachers and other State employees who served in the uniformed services as defined in the Uniformed Services Employment and Reemployment Rights Act (USERRA). The amendment changes, "*honorably discharged*" to "*who were not dishonorably discharged.*" Currently the Code defines 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. It also adds language specifying that *when a member who has served in the uniformed services returns to work in compliance with the conditions of this subsection, that member's employer shall remit to the System all employer and employee contributions for the full period of that member's military service.*

EFFECTIVE DATE: The act became effective July 1, 2015.