



HOUSE BILL 70: Charlotte Firefighters' Retirement

2015-2016 General Assembly

Committee:	Senate Pensions & Retirement and Aging	Date:	May 26, 2015
Introduced by:	Reps. Bishop, Bradford	Prepared by:	Theresa Matula
Analysis of:	Third Edition		Committee Staff

SUMMARY: *House Bill 70 makes various changes to the Charlotte Firefighters' Retirement System pertaining to credit for military service, rollovers, and retiree health benefits.*

[As introduced, this bill was identical to S137, as introduced by Sens. Tarte, Ford, which is currently in Senate Pensions & Retirement and Aging.]

BACKGROUND:

According to the City of Charlotte, the changes in House Bill 70 to the Charlotte Firefighters' Retirement System (CFRS) are in response to following Federal Acts: Pension Protection Act of 2006 (PPA), HEROES Earnings and Assistance Relief Tax Act of 2008 (HEART), and the Worker, Retiree, and Employer Recovery Act of 2008 (WRERA). The City reports that the Charlotte Firefighters' Retirement System has been operating in accordance with these federal laws but had not updated the CFRS laws until now.

BILL ANALYSIS:

Section 1 amends the Charlotte Firefighters' Retirement System (CFRS) as it pertains to credit for military service and failure to return from active military duty due to death or disability on or after January 1, 2007; benefit accrual; and differential wage payments. If a member of the CFRS dies while performing qualified military service, the Member's survivors are entitled to any additional benefits provided under the System, as if the Member had resumed and then terminated employment. For benefit accrual purposes, a member who dies or becomes disabled while performing qualified military service will be treated as if the Member resumed employment in accordance with USERRA¹ reemployment rights on the day preceding death or disability and terminated employment on the actual date of death or disability. Member contributions will be treated in accordance with federal law on the basis of the individual's average actual employee contributions for the lesser of: (i) the 12-month period of service with the Sponsor immediately prior to qualified military service, or (ii) if service with the Sponsor is less than such 12-month period, the actual length of continuous service with the Sponsor. For years beginning after December 31, 2008, (i) an individual receiving a differential wage payment must be treated as a Member of the Sponsor making the payment; (ii) the differential wage payment must be treated as compensation; and (iii) the System must not be treated as failing to meet the requirements of any provision described in federal law by reason of any contribution or benefit based on the differential wage payment.

Section 2 amends the CFRS law related to rollovers. A new subdivision is added providing for distributions after December 31, 2009, for a non-spouse beneficiary who is a designated beneficiary. A

¹ Uniform Services Employment and Reemployment Rights Act



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new subdivision is also added providing that after December 31, 2007, a participant or beneficiary may elect to rollover directly an "eligible rollover distribution" to a Roth IRA.

Section 3 adds a section on retiree health insurance premiums providing that effective January 1, 2007, a member who is an "eligible retired public safety officer" may elect to receive a distribution from the system in an amount not to exceed the lesser of the following:

1. The amount paid by such Member for qualified health insurance premiums of the Member, the Member's spouse, or dependents (as defined in section 152 of the Code) for the taxable year; or
2. \$3,000 for the taxable year.

Any distribution pursuant to this section will reduce the benefit payable from the System to the Member for the taxable year. The distributions are paid directly to the provider of the accident or health insurance and must be in compliance with section 402(1) of the Code and any guidance issued thereunder.

Section 4 specifies that this act applies only to the City of Charlotte.

EFFECTIVE DATE: This bill would become effective July 1, 2015.