



This Bill Analysis reflects the contents of the bill as it was presented in committee.

# HOUSE BILL 985: Retirement Technical Corrections Act of 2018.

2017-2018 General Assembly

|                       |                               |                     |                     |
|-----------------------|-------------------------------|---------------------|---------------------|
| <b>Committee:</b>     | House Pensions and Retirement | <b>Date:</b>        | May 28, 2018        |
| <b>Introduced by:</b> | Reps. Dulin, Ross, McNeill    | <b>Prepared by:</b> | Theresa Matula      |
| <b>Analysis of:</b>   | First Edition                 |                     | Legislative Analyst |

**OVERVIEW:** *House Bill 985 makes technical changes to the Disability Income Plan, the Local Governmental Employees' Retirement System, the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, the Legislative Retirement System, the State Health Plan, and the NC Firefighters' and Rescue Squad Workers' Pension Fund.*

### BILL ANALYSIS:

Section 1 amends the Disability Income Plan pertaining to clarify that extended short-term disability benefits are treated in the same manner as long-term disability payments for purposes of post disability benefit adjustments.

Section 2 amends the Local Governmental Employees' Retirement System (LGERS) as it relates to reexamination of beneficiaries retired due to a disability to change the time period from 60 to 120 days in which a beneficiary has to provide a statement of income. Currently, if the information is not provided within 240 days, the right of a beneficiary to a benefit may be terminated. The 240 day period is being changed to 180 days.

Section 3(a) and (b) amend the Teachers' and State Employees' Retirement System (TSERS) and LGERS to provide that purchased military service is treated as creditable service rather than membership service as it pertains to the anti-pension spiking contribution-based benefit cap. The Consumer Price Index period is also amended from December to June.

Section 4 amends the Consolidated Judicial Retirement System definition of "retirement" to specify that separation from service standards includes performing no work in a position covered by an Optional Retirement Program.

Section 5 repeals G.S. 120-4.14(2) to repeal an outdated section in the Legislative Retirement System pertaining to the purchase of prior service for terms beginning prior to 1975. (*An amendment corrects the statutory citation for this section.*)

Section 6 repeals G.S. 135-48.23(d) which required the Executive Administrator of the State Health Plan to make quarterly reports and recommendations on the Plan to the President Pro Tempore of the Senate and the Speaker of the House of Representatives.

Section 7 repeals G.S. 135-4(c) which is antiquated language pertaining to creditable service.

Section 8(a) and (b) amends TSERS and LGERS to add "local government employees" to the names and mailing addresses that can be disclosed by the Retirement Systems Division. Section 8(c) provides that this section is effective July 22, 2016, which was the effective date of S.L. 2016-108.

Section 9(a) amends G.S. 58-86-35(d1) to clarify that when a member is killed in the line of duty, the survivor cannot be paid if a return of contributions has been accepted in the NC Firefighters' and Rescue

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Squad Workers' Pension Fund (FRSWPF). Section 9(b) provides that this section becomes effective July 1, 2018.

Section 10 amends G.S. 135-1(20) in the TSERS to clarify that the following shall not be considered service or work under the "retirement" definition:

- Serving as an unpaid bona fide volunteer in a local school administrative unit.
- Serving as an unpaid bona fide volunteer guardian ad litem in the guardian ad litem program.
- Serving on an authority, board, commission, committee, council, or other body of the State or of one or more counties, cities, local school administrative units, community colleges, constituent institutions of The University of North Carolina, or other political subdivisions or public corporations in the State, that is authorized to function as legislative, policy making, quasi judicial, administrative, or advisory body in a position that does not require membership in the Retirement System.
- Volunteering in a position normally designated as an unpaid bona fide volunteer position."

Section 11 amends G.S. 135-5(m2) in TSERS and G.S. 128-27(m2) in LGERS to eliminate an annual report from the Board of Trustees to the Joint Legislative Commission on Governmental Operations on the number of person who made an election in the previous calendar.

Section 12 makes a technical correction in G.S. 128-28(g) in TSERS to change a reference from "Chapter" to "Article".

Section 13 amends G.S. 128-30(j) in LGERS to correct a statutory reference.

Section 14 amends G.S. 135-4(jj) in TSERS to correct a statutory reference.

**EFFECTIVE DATE:** Except as otherwise provided, this bill would become effective when it becomes law.