



# HOUSE BILL 1058: Retirement & Treasury Technical Corrections Act of 2022.

2021-2022 General Assembly

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<b>Committee:</b>		<b>Date:</b>	July 29, 2022
<b>Introduced by:</b>		<b>Prepared by:</b>	Theresa Matula
<b>Analysis of:</b>	S.L. 2022-16		Legislative Analyst

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**OVERVIEW:** *S.L. 2022-16 makes technical and conforming changes to statutes pertaining to the Teachers' and State Employees' Retirement System (TSERS), Local Governmental Employees' Retirement System (LGERS), the Consolidated Judicial System (CJRS), the Separate Insurance Benefits Plan for State and Local Governmental Law Enforcement Officers, the Achieve a Better Life Experience (ABLE) Program, and the Firefighters' and Rescue Squad Workers' Pension Fund. Specific changes are outlined in the full analysis.*

*The act became effective July 1, 2022.*

## **BILL ANALYSIS:**

**PART I** pertains to technical corrections to the **Teachers' and State Employees' Retirement System (TSERS)** statutes.

**Section 1.1** makes a technical correction to the TSERS creditable service statutes to change the word "created" to "credited".

**Section 1.2** updates TSERS statutes as they relate to the financial review requirements for participation of charter schools operated by nonprofit corporations or municipalities. According to the Retirement System, the Local Government Commission (LGC) no longer collects charter school financial reports, so the reference to that the LGC holding those reports is being removed.

**PART II** pertains to technical corrections to the **Local Governmental Employees' Retirement System (LGERS)** statutes.

**Section 2.1** makes a technical change to the LGERS membership statutes to correct an incorrect reference to a sub-subdivision.

**Section 2.2** makes a technical correction to the LGERS allowance for service provision statutes to change the word "created" to "credited".

**Section 2.3** amends LGERS benefits statutes to correct statutory references within the provision related to a disability retirement allowance. This section also amends the discretionary one-time pension supplement statute to provide that the one-time pension supplement will be paid to each beneficiary on the retirement rolls as of September 1, currently the date is July 1. The Department of State Treasurer (DST) provides that this change from July to September aligns with the September 1 date used in Sec 39.23 of S.L. 2021-180 for other systems and would keep the date parallel across systems. The DST further provides that this date change does not change the date when the checks are paid.

**PART III** pertains to technical corrections for the **Consolidated Judicial System (CJRS)**.

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**Section 3.1** amends the CJRS disability retirement benefit statutes to correct a statutory reference and to make a technical change to change references to "he" to "the member".

**PART IV** amends various statutes to remove a reference to a specific section of the Internal Revenue Code and makes a conforming change in the Separate Insurance Benefits Plan for State and Local Governmental Law Enforcement Officers.

The following death benefit statutes are amended to remove a specific reference to Section 501(c)(9) of the Internal Revenue Code: **Section 4.1** amends the Legislative Retirement System, **Section 4.2** amends the LGERs, **Section 4.3** amends the TSERS, and **Section 4.4** amends the Separate Insurance Benefits Plan for State and Local Governmental Law Enforcement Officers. The DST reports that this change was recommended by tax counsel to ensure the death and disability trust is fully under the state trust provisions contained in G.S. 135-7.

**Section 4.4** also removes language in the Separate Insurance Benefits Plan for State and Local Governmental Law Enforcement Officers that requires the accident and sickness disability insurance benefits to be payable to a participant at any time after becoming a participant in the Plan. Removal of this language conforms with S.L. 2020-48, Section 5.1, which repealed language pertaining to accident and sickness disability insurance benefits.

**PART V** amends the **Achieve a Better Life Experience (ABLE) Program**.

**Section 5.1** amends the definitions for the ABLE program to remove references to the "parent, sibling, guardian, or agent under a power of attorney" and replaces it with "an authorized representative" as it relates to who can act on behalf of an account owner. A definition for "authorized representative" is added which is defined as "an individual or entity authorized to open or manage an ABLE account on behalf of an account owner under the provisions of the federal ABLE Act and federal regulations promulgated under the Act."

**Section 5.2** adds language to the ABLE program statutes specifically requiring the ABLE Program Board of Trustees to administer the ABLE Program Trust in compliance with the federal ABLE Act and federal regulations promulgated under the Act. It also makes changes that conform with those made in Section 5.1

**Section 5.3** includes a reference to the "Board of Trustees" and "authorized representative" in the disclaimer providing that administration of the program does not create an obligation to guarantee a benefit.

**PART VI** makes a technical correction to an applicability clause contained in Session Law 2016-108.

**Section 6.1** makes a technical correction to an applicability clause enacted by S.L. 2016-108 and pertaining to the Firefighters' and Rescue Squad Workers' Pension Fund. This technical change clarifies that the applicability clause was intended to only apply to Section 1(d) of S.L. 2016-108.

**EFFECTIVE DATE:** The act became effective July 1, 2022.