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

HOUSE BILL 1020: Retirement Admin. Changes Act of 2024.

2023-2024 General Assembly

Committee:	House Rules, Calendar, and Operations of the House	**Date:**	May 22, 2024
Introduced by:	Rep. Carson Smith	**Prepared by:**	Jessica Boney Staff Attorney
Analysis of:	Second Edition		

OVERVIEW: ***House Bill 1020 would make administrative and technical changes to the laws governing the Teachers' and State Employees' Retirement System (TSERS), the Local Governmental Employees' Retirement System (LGERS), the Consolidated Judicial Retirement System (CJRS), the Legislative Retirement System (LRS) and related statutes.***

BILL ANALYSIS:

PART I: Clarify participation in the optional retirement program or a similar benefit plan offered by the University of North Carolina Health Care System, or the East Carolina University Health Care System would suspend the receipt of retirement allowance under TSERS

Background: Section 4.10 of the 2023 Appropriations Act specified employees who were employed by the University of North Carolina Health Care System, or the East Carolina University Health Care System hired on or after January 1, 2024, are ineligible for participation in TSERS and must be offered membership in the Optional Retirement System (ORS) or enrollment in a similar benefit to the ORS.

Section 1 would clarify if a retired TSERS beneficiary is reemployed and elects to participate in the ORS or similar benefit plan offered by the University of North Carolina Health Care System or the East Carolina University Health Care System, then the beneficiary's TSERS retirement allowance will be suspended. The beneficiary's retirement allowance would be reinstated when the beneficiary stops contributing employment in the ORS or similar benefit plan.

PART II: Clarify employees cannot receive severance pay coincident with retirement benefits

Section 2 would prohibit a member of TSERS, LGERS, or CJRS from receiving a retirement allowance while also receiving severance pay or a lump sum severance.

This section would be effective January 1, 2025, and apply to members entitled to receive severance pay or lump sum severance on or after that date.

Part III: Change employer reporting requirements in TSERS and LGERS

Section 3 would require employers to report the details of member employment and pay contributions at the same time summary information is reported.

This section would be effective January 1, 2025, and apply to reports submitted on or after that date.

Part IV: Effect of death of a member of LRS while applying for retirement

The other Retirement Systems allow for a member who has applied and been approved for retirement but dies before receiving the first payment, to have their monthly benefit be payable under their elections. **Section 4** would extend this benefit to the LRS.

Part V: Prevent new associations from deducting lump sums from retirement benefits

Section 5 would limit the associations who can deduct a designated lump sum (often used for monthly dues) from a beneficiary's retirement benefit to those associations who have received a deduction as of December 31, 2024, effectively sunsetting the deduction option for any new associations.

This section would be effective January 1, 2025.

Part VI: Flexibility adjustment to the Legislative Enactment Implementation Arrangement (LEIA)

Section 6 would allow the Board of Trustees to allocate LEIA funds for administrative or information technology purposes. The Department of State Treasurer would be required to report on the administrative and technology purposes for which funding was used, and the necessity of using funds in this manner. It also extends the timeframe for the Board of Trustees to direct employer contributions to the LEIA from November 1, 2026, to January 1, 2035.

Part VII: Expand Eligibility for participation in 401(k) Supplemental Retirement Income Plan

Section 7 would allow certain part-time employees, as well as part-time and full-time employees of a State agency or institution, to contribute to the 401(k) Supplemental Retirement Income Plan.

This section would be effective January 1, 2025.

Part VIII: Amend the required reporting dates for unclaimed property holders and allow unclaimed property holders to request for a waiver of due diligence in special circumstances

Current Law: An unclaimed property holder is required to give written notice to apparent owners stating property will be placed in the custody of the Treasurer if satisfactory proof of claim is not presented by either the following October 1st or the following April 1st.

Section 8 would amend the written notice to apparent owners to state the date the holder intends to submit the report, and that within 30 days of that date property will be placed in the custody of the Treasurer, eliminating the October 1st or April 1st cycle. Notice to apparent owners by holders would be waivable upon a showing of good cause.

This section would be effective 30 days after this act becomes effective and apply to notices sent on or after that date.

EFFECTIVE DATE: Except as otherwise provided, this act would be effective when it becomes law.