



# HOUSE BILL 1020: Retirement Administrative Changes Act of 2024.

2023-2024 General Assembly

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<b>Committee:</b>	<b>Date:</b>	August 27, 2024
<b>Introduced by:</b>	<b>Prepared by:</b>	Jessica Boney Staff Attorney
<b>Analysis of:</b>	S.L. 2024-8	

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**OVERVIEW:** *S.L. 2024-8 makes the following administrative and technical changes to 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:*

- *Clarifies that 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, suspends the receipt of retirement allowance under TSERS.*
- *Prohibits a member of TSERS, LGERS, or CJRS from receiving a retirement allowance while also receiving severance pay or a lump sum severance.*
- *Modifies employer reporting requirements in TSERS and LGERS.*
- *Allows for a member of LRS who has applied and been approved for retirement but dies before receiving the first payment, to have their monthly benefit payable under their elections.*
- *Permits the Board of Trustees to allocate Legislative Enactment Implementation Arrangement funds for administrative or information technology purposes.*
- *Allows 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.*
- *Amends the required reporting dates for unclaimed property holders and allows unclaimed property holders to request for a waiver of due diligence in special circumstances.*

*This act has various effective dates. Please see the full summary for more detail.*

## **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 suspends 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** clarifies that 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

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University Health Care System, then the beneficiary's TSERS retirement allowance is suspended. The beneficiary's retirement allowance is 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** prohibits a member of TSERS, LGERS, or CJRS from receiving a retirement allowance while also receiving severance pay or a lump sum severance.

This section becomes effective January 1, 2025, and applies 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** requires employers to report the details of member employment and pay contributions at the same time summary information is reported.

This section becomes effective January 1, 2025, and applies 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** extends this benefit to the LRS.

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

**Section 6** allows the Board of Trustees to allocate LEIA funds for administrative or information technology purposes. The Department of State Treasurer is 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** allows 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 becomes 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.

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**Section 8** amends 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 is waivable upon a showing of good cause.

This section became effective July 20, 2024, and applies to notices sent on or after that date.

**EFFECTIVE DATE:** Except as otherwise provided, this act became effective June 20, 2024.