

# Retirement

See full summary documents for additional detail

## **H960 - Retirement Creditable Service Charter Schools. (SL 2016-82)**

S.L. 2016-82 allows a member of the Teachers' and State Employees' Retirement System (TSERS) to purchase up to five years of creditable service for employment in a charter school operated by a private nonprofit corporation and requires cost estimates for statutory changes to service purchase provisions.

The act became effective June 30, 2016.

## **H1011 - Retirement Technical Corrections Act of 2016. (SL 2016-56)**

S.L. 2016-56 makes technical changes to the laws pertaining to the following: NC Firefighters and Rescue Squad Workers' Pension Fund (FRSWPF); Local Governmental Employees' Retirement System (LGERs); Teachers' and State Employees' Retirement System (TSERS); State Health Plan; and the Achieving a Better Life Experience (ABLE) Program. A detailed description of the changes may be found in the full bill analysis.

This act became effective June 30, 2016, except for the conforming changes related to the Uniformed Services Employment and Reemployment Rights Act (USERRA), and the educational leave changes, which become effective January 1, 2017.

## **H1030 - 2016 Appropriations Act.**

### **Sec. 36.21: Provide One-Time Cost-of-Living Supplement for Retirees of the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, and the Legislative Retirement System. (SL 2016-94)**

Sec. 36.21 of S.L. 2016-94 amends the statutes pertaining to the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, and the Legislative Retirement System, to provide a one-time cost-of-living supplement payment in the amount of 1.6% of the beneficiary's annual retirement allowance to beneficiaries who are living as of September 1, 2016, and whose retirement commenced on or before September 1, 2016. In the event the beneficiary dies before the payment is made, the payment is payable to the member's legal representative. The supplement will be paid on or before October 31, 2016.

No beneficiary will acquire a vested right to any future supplemental payments. In order to pay costs associated with the supplement, the Retirement Systems Division, Department of State Treasurer, is authorized to increase receipts from the retirement assets of the corresponding system or to pay costs associated with the administration of the payment directly from the retirement assets.

This section became effective July 1, 2016.

## **H1030 - 2016 Appropriations Act.**

### **Sec. 36.23: Qualified Excess Benefit Arrangement (QEBA). (SL 2016-94)**

Sec. 36.23 of S.L. 2016-94 amends the Qualified Excess Benefit Arrangement (QEBA) laws for the Teachers' and State Employees' Retirement System (TSERS) and the Local Governmental Employees' Retirement System (LGERS) to provide that the last employer of a payee who retires on or after August 1, 2016, and who receives any supplemental benefit payment under the QEBA arrangement, is required to reimburse the QEBA in the amount of any supplemental payment made to the payee. The reimbursement will be calculated on an annual basis every calendar year and the Board of Trustees is permitted to include a pro rata share of direct costs attributable to the administration of the QEBA. The employer has 60 days from the date of notification to pay the amount owed and will be assessed a penalty of 1% per month, or fraction thereof, when the payment is made beyond the due date. The sunset of eligibility to participate in the QEBA is amended to provide that no member of TSERS and LGERS who became a member of the Retirement System on or after January 1, 2015, is eligible to participate in the QEBA and prohibits both Retirement Systems from paying any new member more retirement benefits than allowed under the limitations of section 415(b) of the Internal Revenue code.

This section became effective July 1, 2016.

## **H1137 - Treasurer's 2016 Investment Administrative Changes. (SL 2016-55)**

S.L. 2016-55 modernizes and updates the statutes governing the Department of the State Treasurer's office hours and scope of authority for investment programs, codifies key departmental policies, and consolidates statutory reporting requirements.

The sections of this act involving reporting requirements became effective July 1, 2016, and apply to all reporting periods beginning on or after that date. Except as otherwise provided, this act becomes effective January 31, 2017.

## **S886 - Retirement Amendments. (SL 2016-108)**

S.L. 2016-108 does the following:

- Honors firefighter Captain Bradley Long, who was killed in the line of duty.
- Adds language providing survivorship benefits for a member killed in the line of duty for the NC Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF).
- Clarifies the retirement information that is subject to the Public Records Law.
- Allows certain forms to be transmitted electronically to Teachers' and State Employees' Retirement System (TSERS) members and Local Governmental Employees' Retirement System (LGERS) members.
- Allows letters of credit issued by a Federal Home Loan Bank to be used to collateralize deposits.
- Requires the LGERS Board of Trustees to develop a State Contribution Rate Stabilization Policy for the FRSWPF.
- Amends the law pertaining to the Retirement System for Teachers and State Employees to: (i) add the Director of the Office of State Human Resources as an ex officio member of the TSERS

Board of Trustees, replacing a representative of higher education; (ii) provide for the TSERS and LGERS that the State Treasurer is the ex officio chair of the Board and has authority to appoint the director of the Retirement System; and (iii) require the annual valuation to TSERS and LGERS Board to include a section providing an analysis of assets on a market basis using the 30-year treasury rate as the discount rate.

- Makes references to the Supplemental Retirement Board of Trustees consistent across statutes and provides that the 403(b) uses the same procurement procedures as the 401(k) and 457 plans; and amends the reporting of earnings requirements under the Disability Income Plan.

This act became effective July 22, 2016, except for the provision that pertains to the survivorship benefits for a FRSWPF member killed in the line of duty. The aforementioned provision has various effective dates. Please see the full summary for more detail.