

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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SENATE BILL 600

Short Title: Educator Annuity Contracts.

(Public)

Sponsors: Senator Odom.

Referred to: Education.

March 22, 1989

A BILL TO BE ENTITLED

AN ACT TO PERMIT LOCAL BOARDS OF EDUCATION TO PURCHASE
MUTUAL FUND SHARES AS PART OF ANNUITY CONTRACTS WITH
SCHOOL EMPLOYEES.

The General Assembly of North Carolina enacts:

Section 1. G.S. 115C-341 reads as rewritten:

"§ 115C-341. Annuity contracts.

Notwithstanding the provisions of this Chapter for the adoption of State and local salary schedules for the pay of teachers, principals, superintendents, and other school employees, local boards of education may enter into annual contracts with any employee of such board which provide for a reduction in salary below the total established compensation or salary schedule for a term of one year. The local board of education shall use the funds derived from the reduction in the salary of the employee to purchase a nonforfeitable annuity contract or a qualified custodial account in mutual fund shares for the benefit of said employee. For the purposes of this section, a qualified custodial account is an account that is in compliance with the requirements of section 401(f)(2) of the Internal Revenue Service Code of 1986. An employee who has agreed to a salary reduction for this purpose shall not have the right to receive the amount of the salary reduction in cash or in any other way except the annuity ~~contract~~ contract or qualified custodial account in mutual fund shares. Funds used by the local boards of education for the purchase of an annuity contract or a qualified custodial account in mutual fund shares shall not be in lieu of any amount earned by the employee before his election for a salary reduction has become effective.

1 The agreement for salary reductions referred to herein shall be effected under any
2 necessary regulations and procedures adopted by the State Board of Education and on
3 forms prepared by the State Board of Education.

4 Notwithstanding any other provisions of this section, the amount by which the salary
5 of any employee is reduced pursuant to this section shall be included in computing and
6 making payroll deductions for social security and retirement system purposes, and in
7 computing and providing matching funds for retirement system purposes."

8 Sec. 2. This act is effective upon ratification.