



MEMORANDUM

TO: Teachers' and State Employees' Retirement System Board of Trustees (TSERS Board)
Local Governmental Employees' Retirement System Board of Trustees (LGERS Board)

FROM: Sam Watts, Executive Director of the Retirement Systems Division

DATE: October 30, 2025

RE: Delegation of Authority to Reverse Felony Forfeiture

Part II of Session Law 2025-19 amended G.S. 135-18.10A(c), G.S. 128-38.4A(c), G.S. 135-75.1A(c), and G.S. 120-4.33A(c) to require the respective Board of Trustees determine the reversal of benefits previously forfeited due to felonious conduct under TSERS, LGERS, CJRS, and LRS. Prior to these amendments, the State Treasurer was tasked with making these determinations.

The above referenced statutes provide that if a member or former member whose retirement benefits or allowances were previously forfeited due to felonious conduct subsequently receives an unconditional pardon of innocence, or the conviction is vacated or set aside for any reason, then the member or former member may seek a reversal of the benefit forfeiture by presenting sufficient evidence. Notably, the rigid statutory requirement that the member or former member present sufficient evidence of an unconditional pardon of innocence, or that the conviction is vacated or set aside, has not changed.

Staff recommends that the Boards delegate the authority to determine if a member or former member has presented sufficient evidence of an unconditional pardon of innocence, or that the conviction is vacated or set aside, to the Executive Director of the Retirement Systems Division; and if such a determination is made, then the Boards direct the Executive Director to determine that a reversal of the benefit forfeiture is appropriate.

SESSION LAW 2025-19
HOUSE BILL 476

PART II. REQUIRE THE BOARD OF TRUSTEES RATHER THAN THE STATE TREASURER TO DETERMINE THE REVERSAL OF BENEFITS FORFEITED DUE TO FELONIOUS CONDUCT UNDER THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM, THE CONSOLIDATED JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM

SECTION 2.1.(a) G.S. 135-18.10A(c) reads as rewritten:

"(c) If a member or former member whose benefits under the Retirement System were forfeited under this section, except for the return of member contributions plus interest, subsequently receives an unconditional pardon of innocence, or the conviction is vacated or set aside for any reason, then the member or former member may seek a reversal of the benefit forfeiture by presenting sufficient evidence to the ~~State Treasurer.~~ Board of Trustees. If the ~~State Treasurer~~ Board of Trustees determines a reversal of the benefit forfeiture is appropriate, then all benefits will be restored upon repayment of all accumulated contributions plus interest. Repayment of all accumulated contributions that have been received by the individual under the forfeiture provisions of this section must be made in a total lump-sum payment with interest compounded annually at a rate of six and one-half percent (6.5%) for each calendar year from the year of forfeiture to the year of repayment. An individual receiving a reversal of benefit forfeiture must receive reinstatement of the service credit forfeited."

SECTION 2.1.(b) G.S. 128-38.4A(c) reads as rewritten:

"(c) If a member or former member whose benefits under the Retirement System were forfeited under this section, except for the return of member contributions plus interest, subsequently receives an unconditional pardon of innocence, or the conviction is vacated or set aside for any reason, then the member or former member may seek a reversal of the benefit forfeiture by presenting sufficient evidence to the ~~State Treasurer.~~ Board of Trustees. If the ~~State Treasurer~~ Board of Trustees determines a reversal of the benefit forfeiture is appropriate, then all benefits will be restored upon repayment of all accumulated contributions plus interest. Repayment of all accumulated contributions that have been received by the individual under the forfeiture provisions of this section must be made in a total lump-sum payment with interest compounded annually at a rate of six and one-half percent (6.5%) for each calendar year from the year of forfeiture to the year of repayment. An individual receiving a reversal of benefit forfeiture must receive reinstatement of the service credit forfeited."

SECTION 2.1.(c) G.S. 135-75.1A(c) reads as rewritten:

"(c) If a member or former member whose benefits under the Retirement System were forfeited under this section, except for the return of member contributions plus interest, subsequently receives an unconditional pardon of innocence, or the conviction is vacated or set aside for any reason, then the member or former member may seek a reversal of the benefit forfeiture by presenting sufficient evidence to the ~~State Treasurer.~~ Board of Trustees. If the ~~State Treasurer~~ Board of Trustees determines a reversal of the benefit forfeiture is appropriate, then all benefits will be restored upon repayment of all accumulated contributions plus interest. Repayment of all accumulated contributions that have been received by the individual under the forfeiture provisions of this section must be made in a total lump-sum payment with interest compounded annually at a rate of six and one-half percent (6.5%) for each calendar year from the year of forfeiture to the year of repayment. An individual receiving a reversal of benefit forfeiture must receive reinstatement of the service credit forfeited."

SECTION 2.1.(d) G.S. 120-4.33A(c) reads as rewritten:

"(c) If a member or former member whose benefits under the Retirement System were forfeited under this section, except for the return of member contributions plus interest, subsequently receives an unconditional pardon of innocence, or the conviction is vacated or set aside for any reason, then the member or former member may seek a reversal of the benefit forfeiture by presenting sufficient evidence to the ~~State Treasurer.~~ Board of Trustees. If the ~~State Treasurer~~ Board of Trustees determines a reversal of the benefit forfeiture is appropriate, then all benefits will be restored upon repayment of all accumulated contributions plus interest. Repayment of all accumulated contributions that have been received by the individual under the forfeiture provisions of this section must be made in a total lump-sum payment with interest compounded annually at a rate of six and one-half percent (6.5%) for each calendar year from the year of forfeiture to the year of repayment. An individual receiving a reversal of benefit forfeiture must receive reinstatement of the service credit forfeited."