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DRAFT as of 4/8/2014
Retirement Administrative Changes Act of 2014

North Carolina's 918,000 public employees and retirees rely on the integrity, knowledge, and judgment of the Department of State Treasurer to ensure their pensions are protected. These individuals rely on the integrity, knowledge, and judgment of the Department to ensure their pension is protected. This legislative proposal incorporates provisions that will clarify interpretations of current law and increase efficiency of administration of the 11 retirement systems administered by the Department.

SECTION ONE: Option Four Benefit Timing Change

This section clarifies that the amount of any primary Social Security benefits that a member was eligible to receive during a given month will be subtracted from the member's Option four annuity payment beginning in the month in which such benefits are payable. Currently, the statute allows benefits to be reduced in the month prior to the month in which the beneficiary receives his or her first Social Security payment.

SECTION TWO: 1% Penalty Waiver Clarification

Clarifies procedures for penalty waivers under the employer reporting penalty.

SECTION THREE: Legislative Fund Transfers

This section clarifies procedure for transferring funds to the Department of State Treasurer from the N.C. General Assembly for the closed Legislative Retirement Fund that only has six surviving members.

SECTION FOUR: Purchase of Furloughed Time

Currently, TSERS members who are paid with federal funds may purchase service for which they were furloughed, but LGERS members cannot. This provision would extend this option to Local Governmental Employees.

SECTION FIVE: Name Beneficiaries for the Contributory Death Benefit & Separate Benefits Fund

This section puts the CDB on parity with all other death benefits by allowing participants to name their beneficiary.

SECTION SIX: Spousal Benefits Change

This section would reduce administrative burden on the retirement system by precluding a non-member ex-spouse from passing a marital share in his/her will.

SECTION SEVEN: Compliance with IRS Required Minimum Distribution

This section allows the Retirement System to have greater flexibility in compliance with IRS Required Minimum Distribution requirements for Return of Accumulated Contributions.

SECTION EIGHT: Governance of Supplemental Insurance Products

This section clarifies governance oversight of retirement supplemental insurance benefits.

SECTION NINE: Retroactive Correction of Health Coverage Premium Payments

As recommended by the Department Committee reviewing Return to Work Legislation, this section clarifies the recovery procedures for healthcare premiums paid for employees deemed to have been in improper receipt of a retirement benefit.

SECTION TEN: Immunity from Civil Liability for State & Local Retirement Boards

This section provides personal immunity from civil liabilities for fiduciary decisions made by members of the Boards of Trustees of the State & Local systems. Newly appointed members of the Boards have requested this protection.

SECTION ELEVEN: Clarify Definition of Retirement for CJRS

This section clarifies the CJRS definition of retirement. It does not change the policy it only changes language to enhance clarity.

SECTION TWELVE: Extension of QEBA Sunset

Extends sunset to allow for implementation of 2013 provision.

SECTION THIRTEEN: Correction to Synchronize References and Benefit Options Resulting from 2011 and 2013 Statute Changes

Technical change to allow for efficient implementation of two earlier provisions that were not requested by the Department of State Treasurer

SECTION FOURTEEN: Effective Date

The act becomes effective 7/1/2014, meaning all provisions become effective on that date unless otherwise specified.

Prepared by the Retirement Systems Division staff, 1/8/2014