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Retirement Technical Corrections of 2013

Based upon existing statutory authority, the Department of State Treasurer aims to provide public employees and retirees, including teachers, police officers, firefighters, and public servants from all over the state with secure pensions and retirement. In some instances, the Retirement Systems Division must provide necessary corrections to already existing statutes and laws in order to continually provide this service to its' members.

The attached legislative proposal has nine sections that address technical corrections in a number of ways:

SECTION ONE: Remove Contribution Restrictions on Law Enforcement Officers that Conflict with Internal Revenue Code

This section would allow members of the Supplemental Retirement Income Plan for State and Local Government Law Enforcement Officers to make voluntary contributions to the Plan in excess of 10% of the member's compensation within any calendar year. Currently, the statute conflicts with the Internal Revenue Code.

SECTION TWO: Clarification of Felony Forfeitures for 401(k)

This section would limit the amount of time that a beneficiary or estate can claim retirement benefits due to a member convicted of a felony if that conviction is overturned or expunged to no more than seven years from the member's death.

SECTION THREE: USERRA Amendments

This section aims to conform and update the State's military service provisions to federal law with respect to the granting of service credit for periods of involuntary military service.

SECTION FOUR: Define Membership Service

This section expands the definition of "membership service" in the State System and the Local System to include membership service transferred from a sister North Carolina Retirement System. The correction in the definition section of these statutes is necessary to protect rights associated with purchases, health insurance coverage, and several other matters.

SECTION FIVE: Define Retirement

This section would make the definition of retirement for the Local System, Legislative System, and Judicial System align with the definition in the statutes for the State System. It would also close a current technical hole in the definition of retirement that is needed to align properly with IRS regulations.

SECTION SIX: Clarify ORP Enrollment May be Electronic

This section clarifies that enrollment for retirees from the Optional Retirement Program shall be in writing and filed with the Retirement System, with the filing permitted to be via electronic means.

SECTION SEVEN: Clarification of Disability Income Plan Benefit Payments in Month of Death

This section clarifies that in the event of death on or after the first of the month, the monthly benefit shall be paid for the entire month unless the approved benefit period ends during the month of death.

SECTION EIGHT: Clarify Effective Date of Retirement for Conversion from Disability to Service

This section would establish the effective date of retirement as the first day of the month following the short-term disability period, should a member elect to receive an early retirement instead of a long-term disability benefit.

SECTION NINE: Improper Receipt of Decedent's Disability Income Plan Allowance

This section would reposition the law regarding improper receipt of a Disability Income Plan benefit and clarify that the law applies to the fraudulent receipt of any retirement or disability benefit. Currently, the statute refers to a retiree, but within the confines of the Disability Income Plan, disability may be granted without a participant becoming retired. Therefore, not all benefit recipients are necessarily retirees.

*Prepared by Retirement Systems Division Staff
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