

NORTH CAROLINA GENERAL ASSEMBLY
1973 SESSION

CHAPTER 241
HOUSE BILL 496

AN ACT RELATING TO ADMINISTERING THE TEACHERS' AND STATE
EMPLOYEES' RETIREMENT SYSTEM.

The General Assembly of North Carolina enacts:

Section 1. G.S. 135-3(8)b, as the same appears in the 1971 Cumulative Supplement to the General Statutes, is hereby amended by the deletion of the words "on or after July 1, 1971, and" in lines 2 and 3 of the first sentence thereof.

Sec. 2. G.S. 135-4(d) is hereby amended by rewriting the subdivision to read as follows:

"(d) Any member may, up to his date of retirement and within one year thereafter, request the Board of Trustees to modify or correct his prior service credit."

Sec. 3. G.S. 135-5(a)(2), as the same appears in the 1971 Cumulative Supplement to the General Statutes, is hereby amended by striking out all of the subdivision preceding the colon in line 4 and inserting in lieu thereof the words: "A member in service who attains age 65 shall make timely application for retirement, in accordance with (1) above, to be effective no later than the first of July coincident with or next following his 65th birthday".

Sec. 4. G.S. 135-5(f), as the same appears in the 1971 Cumulative Supplement to the General Statutes, is hereby amended by striking out all of the second sentence which precedes the semicolon in line 9 of the subdivision and inserting in lieu thereof the words: "Upon payment of such sum his membership in the System shall cease and, if he thereafter again becomes a member, no credit shall be allowed for any service previously rendered except as provided in G.S. 135-4".

Sec. 5. G.S. 135-5(1), as the same appears in the 1971 Cumulative Supplement to the General Statutes, is hereby amended by striking out all of the first sentence thereof, which follows the caption "Death Benefit", and substituting the following:

"Upon receipt of proof, satisfactory to the Board of Trustees, of the death, in service, of a member who had completed at least one full calendar year of membership in the System, there shall be paid to such person as he shall have nominated by written designation duly acknowledged and filed with the Board of Trustees, if such person is living at the time of the member's death, otherwise to the member's legal representatives, a death benefit. Such death benefit shall be equal to the greater of:

- (1) The compensation on which contributions were made by the member during the calendar year preceding the year in which his death occurs, or
- (2) The compensation on which contributions were made by the member during the twelve-month period ending on the last day of the month preceding the month in which his death occurs;

subject to a maximum of fifteen thousand dollars (\$15,000)."

Sec. 6. G.S. 135-5(1), as the same appears in the 1971 Cumulative Supplement to the General Statutes, is further amended by rewriting the third paragraph thereof to read as follows:

"Notwithstanding the above provisions, the Board of Trustees may and is specifically authorized to provide the death benefit according to the terms and conditions otherwise

appearing in this subsection in the form of group life insurance, either (1) by purchasing a contract or contracts of group life insurance with any life insurance company or companies licensed and authorized to transact business in this State for the purpose of insuring the lives of members in service, or (2) by establishing a separate reserve fund under the Retirement System for such purpose. To that end the Board of Trustees is authorized, empowered and directed to investigate the desirability of utilizing group life insurance by either of the foregoing methods for the purpose of providing the death benefit. If a separate reserve fund is established, it shall be operated in accordance with rules and regulations adopted by the Board of Trustees and all investment earnings on the reserve fund shall be credited to such fund."

Sec. 7. G.S. 135-5(o), as the same appears in the 1971 Cumulative Supplement to the General Statutes, is amended by rewriting the third paragraph to read as follows:

"As of December 31, 1971, an increase in retirement allowances shall be calculated and made effective July 1, 1972, in the manner described in the preceding paragraph. As of December 31st of each year after 1971, the Ratio (R) of the Consumer Price Index to such index one year earlier shall be determined, and each beneficiary on the retirement rolls as of July 1st of the year of determination shall be entitled to have his allowance increased effective on July 1st of the year following the year of determination by the same percentage of increase indicated by the Ratio (R) calculated to the nearest tenth of one per centum, but not more than four per centum (4%); provided that any such increase in allowances shall become effective only if the additional liabilities on account of such increase do not require an increase in the total employer rate of contributions."

Sec. 8. G.S. 135-6(c) is amended by rewriting the entire subsection to read as follows:

"(c) Compensation of Trustees. — The trustees shall be paid during sessions of the board at the prevailing rate established for members of State boards and commissions, and they shall be reimbursed for all necessary expenses that they incur through service on the board."

Sec. 9. G.S. 135-7(a)(6), as the same appears in the 1971 Cumulative Supplement to the General Statutes, is amended by rewriting the entire subdivision to read as follows:

"(6) Obligations of any company incorporated within the United States if such obligations bear one of the three highest ratings of at least one nationally recognized rating service and do not bear a rating below the three highest by any such rating service which rates the particular security; and"

Sec. 10. G.S. 135-7.2(8), as the same appears in the 1971 Cumulative Supplement to the General Statutes, is amended by striking out so much of the subdivision as precedes the semicolon in line 3 and inserting in lieu thereof the words: "That the total value of common and preferred stocks shall not exceed twenty-five per centum (25%) of the total value of all invested funds of the Retirement System".

Sec. 11. G.S. 135-18.1(a), as the same appears in the 1971 Cumulative Supplement to the General Statutes, is amended by striking out all of the second sentence preceding the colon in line 16 of the subdivision and inserting in lieu thereof the words: "Any person who becomes a member of this Retirement System on or after July 1, 1951, shall be entitled prior to his retirement to transfer to this Retirement System his credits for membership and prior service in the local system".

Sec. 12. G.S. 135-28(c), as the same appears in the 1971 Cumulative Supplement to the General Statutes, is amended by rewriting the first sentence of the subdivision to read as follows:

"Any member who became or becomes employed by an employer of the North Carolina Local Governmental Employees' Retirement System as provided in (a) above shall be entitled to waive the provisions of (b) above and to transfer to the local system his credits for membership and prior service in this System provided such member shall request this System to transfer his accumulated contributions, interest and service credits to the local system."

Sec. 13. This act shall become effective July 1, 1973.

In the General Assembly read three times and ratified, this the 19th day of April, 1973.