

GENERAL ASSEMBLY OF NORTH CAROLINA
1983 SESSION

CHAPTER 975
HOUSE BILL 1500

AN ACT TO CREATE A PUBLIC EMPLOYEE SUPPLEMENTAL INCOME
RETIREMENT PLAN.

The General Assembly of North Carolina enacts:

Section 1. Chapter 135 of the General Statutes is amended by adding a new Article to read:

"Article 5.

"Supplemental Retirement Income Act of 1984.

"§ 135-90. Short title and purpose.—(a) This Article shall be known and may be cited as the 'Supplemental Retirement Income Act of 1984'.

(b) The purpose of the Article is to attract and hold qualified employees and officials of the State of North Carolina and its political subdivisions by permitting them to participate in a profit sharing or salary reduction form of deferred compensation which will provide supplemental retirement income payments upon retirement, disability, termination, hardship, and death as allowed under Section 401(k), or any other relevant section, of the Internal Revenue Code of 1954 as amended. As used in this Article, the term 'profit' means the excess revenue over expenditures prior to the expenditure of the amount which may be optionally made available for employees to be placed in trust by the State and its political subdivisions on behalf of the employees and officials covered by this act.

"§135-91. Administration.—(a) The provisions of this Article shall be administered by the Department of State Treasurer and a Board of Trustees consisting of the Board of Trustees of the Teachers' and State Employees' Retirement System and the Board of Trustees of the Local Governmental Employees' Retirement System. The Department of State Treasurer and the Board of Trustees shall create a Supplemental Retirement Income Plan as of January 1, 1985, to be administered under the provisions of this Article.

(b) The Supplemental Retirement Income Plan shall have the power and privileges of a corporation and shall be known as the 'Supplemental Retirement Income Plan of North Carolina' and by this name all of its business shall be transacted.

(c) The Department of State Treasurer and the Board of Trustees shall have full power and authority to adopt rules and regulations for the administration of the Plan, provided they are not inconsistent with the provisions of this Article. The Department of State Treasurer and Board of Trustees may appoint those agents, contractors, employees and committees as they deem advisable to carry out the terms and conditions of the Plan.

(d) The Department of State Treasurer and the Board of Trustees shall be charged with a fiduciary responsibility for managing all aspects of the Plan, including the receipt, maintenance, investment, and disposition of all Plan assets.

(e) The administrative costs of the Plan may be charged to members or deducted from members' accounts in accordance with nondiscriminatory procedures established by the Department of State Treasurer and Board of Trustees.

"§ 135-92. Membership.—(a) The membership eligibility of the Supplemental Retirement Income Plan shall consist of any of the following who voluntarily elect to enroll:

- (1) Members of the Teachers' and State Employees' Retirement System; and
- (2) Members of the Uniform Judicial, Solicitorial and Clerks of Superior Court Retirement Systems; and
- (3) Members of the Legislative Retirement System; and
- (4) Members of the Local Governmental Employees' Retirement System; and
- (5) Members of the Law Enforcement Officers' Retirement System.

(b) The membership of any person in the Supplemental Retirement Income Plan shall cease upon:

- (1) The withdrawal of a member's accumulated account; or
- (2) Retirement under the provisions of the Supplemental Income Retirement Plan; or
- (3) Death.

"§ 135-93. Contributions.—(a) Each member may elect to reduce his compensation by the amount of his contribution to the Supplemental Retirement Income Plan and that amount shall be held in the member's account. Members electing such a reduction in compensation may authorize payroll deductions for making contributions to the Plan.

(b) The State and any of its political subdivisions may make contributions to the Supplemental Retirement Income Plan on behalf of any of its members, provided these contributions are nondiscriminatory in accordance with the Internal Revenue Code of 1954 as amended, and are duly appropriated by their governing bodies, and the contributions are held in the member's account. Employer contributions to the Plan are declared expenditures for a public purpose.

(c) The Department of State Treasurer and Board of Trustees shall establish maximum annual additions that may be made to a member's account and provide for multiple plan reductions in accordance with the Internal Revenue Code of 1954 as amended.

"§ 135-94. Benefits.—(a) The Department of State Treasurer and the Board of Trustees shall establish a schedule of supplemental retirement income benefits for all members of the Supplemental Retirement Income Plan, subject to the following limitations:

- (1) The balance in each member's account shall be fully vested at all times and shall not be subject to forfeiture for any reason.
- (2) All amounts maintained in a member's account shall be invested according to the member's election, as approved by the Department of

State Treasurer and Board of Trustees, including but not limited to, a time deposit account, a fixed investment account, or a variable investment account. Transfers of accumulated funds shall be permitted among the various approved forms of investment.

- (3) The Department of State Treasurer and Board of Trustees shall provide members with alternative payment options, including survivors' options, for the distribution of benefits from the Plan upon retirement, disability, termination, hardship, and death.
- (4) With the consent of the Department of State Treasurer and the Board of Trustees, amounts may be transferred from other qualified plans to the Supplemental Retirement Income Plan, provided that the trust from which such funds are transferred permits the transfer to be made and, the transfer will not jeopardize the tax status of the Supplemental Retirement Income Plan or create adverse tax consequences for the State.
- (5) At the discretion of the Department of State Treasurer and Board of Trustees, a loan program may be implemented for members which complies with applicable State and federal laws and regulations.

(b) All provisions of the Plan shall be interpreted and applied by the Department of State Treasurer and Board of Trustees in a uniform and nondiscriminatory manner.

(c) All benefits under the Plan shall become payable on and after January 1, 1985.

(d) Contributions under the plan may be made on and after January 1, 1985.

"§ 135-95. Exemption from taxes, garnishment, attachment.—The right of a member in the Supplemental Retirement Income Plan to the benefits provided under this Article is nonforfeitable and exempt from levy, sale, garnishment, and the benefits payable under this Article are hereby exempt from any State and local government taxes."

Sec. 2. This act shall become effective upon ratification.

In the General Assembly read three times and ratified, this the 26th day of June, 1984.