

GENERAL ASSEMBLY OF NORTH CAROLINA
1987 SESSION

CHAPTER 1108
SENATE BILL 1585

AN ACT TO INCREASE THE DEATH BENEFIT UNDER THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM AND INCREASE THE THRESHOLD AMOUNTS IN THE BID STATUTES FOR PURCHASES, AND TO AUTHORIZE WAIVER OF CERTAIN BID BONDS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 135-5(l) reads as rewritten:

"(l) Death Benefit Plan. – There is hereby created a Group Life Insurance Plan (hereinafter called the 'Plan') which is established as an employee welfare benefit plan that is separate and apart from the Retirement System and under which the members of the Retirement System shall participate and be eligible for group life insurance benefits. Upon receipt of proof, satisfactory to the Board of Trustees in their capacity as trustees under the Group Life Insurance Plan, of the death, in service, of a member who had completed at least one full calendar year of membership in the Retirement 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 greatest compensation on which contributions were made by the member during a 12-month period of service within the 24-month period of service ending on the last day of the month preceding the month in which his last day of actual service occurs; subject to a ~~maximum of twenty thousand dollars (\$20,000)~~ minimum of twenty-five thousand dollars (\$25,000) and to a maximum of fifty thousand dollars (\$50,000). Such death benefit shall be payable apart and separate from the payment of the member's accumulated contributions under the System on his death pursuant to the provisions of subsection (f) of this section. For the purpose of the Plan, a member shall be deemed to be in service at the date of his death if his death occurs within 180 days from the last day of his actual service.

The death benefit provided in this subsection (l) shall not be payable, notwithstanding the member's compliance with all the conditions set forth in the preceding paragraph, if his death occurs

- (1) After December 31, 1968 and after he has attained age 70; or
- (2) After December 31, 1969 and after he has attained age 69; or
- (3) After December 31, 1970 and after he has attained age 68; or

- (4) After December 31, 1971 and after he has attained age 67; or
- (5) After December 31, 1972 and after he has attained age 66; or
- (6) After December 31, 1973 and after he has attained age 65; or
- (7) After December 31, 1978 but before July 1, 1988 and after he has attained age 70.

Notwithstanding the above provisions, the death benefit shall be payable on account of the death of any member who died or dies on or after January 1, 1974, but before January 1, 1979, after attaining age 65, if he or she had not yet attained age 65, if he or she had not yet attained age 66, was at the time of death completing the work year for those individuals under specific contract, or during the fiscal year for those individuals not under specific contract, in which he or she attained 65, and otherwise met all conditions for payment of the death benefit.

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 Plan in the form of group life insurance, either (i) 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 (ii) by establishing a separate trust fund qualified under Section 501(c)(9) of the Internal Revenue Code of 1954, as amended, 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 trust 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 trust fund shall be credited to such fund.

In administration of the death benefit the following shall apply:

(1) For the purpose of determining eligibility only, in this subsection 'calendar year' shall mean any period of 12 consecutive months or, if less, the period covered by an annual contract of employment. For all other purposes in this subsection 'calendar year' shall mean the 12 months beginning January 1 and ending December 31.

(2) Last day of actual service shall be:

- a. When employment has been terminated, the last day the member actually worked.
- b. When employment has not been terminated, the date on which an absent member's sick and annual leave expire, unless he is on approved leave of absence and is in service under the provisions of G.S. 135-4(h).

(3) For a period when a member is on leave of absence, his status with respect to the death benefit will be determined by the provisions of G.S. 135-4(h).

(4) A member on leave of absence from his position as a teacher or State employee for the purpose of serving as a member or officer of the General Assembly shall be deemed to be in service during sessions of the General Assembly and thereby covered by the provisions of the death benefit. The amount of the death benefit for such member shall be the equivalent of the salary to which the member would have been

entitled as a teacher or State employee during the 12-month period immediately prior to the month in which death occurred, not to exceed twenty thousand dollars (\$20,000) be less than twenty-five thousand dollars (\$25,000) nor to exceed fifty thousand dollars (\$50,000).

The provisions of the Retirement System pertaining to Administration, G.S. 135-6, and management of funds, G.S. 135-7, are hereby made applicable to the Plan.

A member who is a beneficiary of the Disability Income Plan provided for in Article 6 of this Chapter shall be eligible for group life insurance benefits as provided in this subsection, notwithstanding that the member is no longer an employee or teacher or that the member's death occurs after the eligibility period after active service. The basis of the death benefit payable hereunder shall be the higher of the death benefit computed as above or a death benefit based on compensation used in computing the benefit payable under G.S. 135-106 as may be adjusted for percentage post-disability increases, all subject to the maximum dollar limitation as provided above. A member in receipt of benefits from the Disability Income Plan under the provisions of G.S. 135-112(b) and (c) whose right to a benefit accrued under the former Disability Salary Continuation Plan shall not be covered under the provisions of this paragraph.

Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this subsection, of the death of a retired member of the Retirement System on or after July 1, 1988, there shall be paid a death benefit to the surviving spouse of the deceased retired member or to the deceased retired member's legal representative if not survived by a spouse; provided the retired member has elected, when first eligible, to make, and has continuously made, in advance of his death required contributions as determined by the Board of Trustees on a fully contributory basis, through retirement allowance deductions or other methods adopted by the Board of Trustees, to a group death benefit trust fund administered by the Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the amount of five thousand dollars (\$5,000) upon the completion of twenty-four months of contributions required under this subsection. Should death occur before the completion of twenty-four months of contributions required under this subsection, the deceased retired member's surviving spouse or legal representative if not survived by a spouse shall be paid the sum of the retired member's contributions required by this subsection plus interest to be determined by the Board of Trustees."

Sec. 2. The provisions of Sections 1 and 3 of this act shall be funded through unencumbered reserves as of December 31, 1987, in the Death Benefit Trust Fund for Teachers and State Employees.

Sec. 3. G.S. 128-27(1) is amended in the second paragraph by deleting the phrase "(7) After December 31, 1978 and after he has attained age 70." and substituting the phrase "(7) After December 31, 1978 but before July 1, 1988 and after he has attained age 70."

Sec. 4. The first paragraph of G.S. 143-128 is amended by deleting "fifty thousand dollars (\$50,000)" and substituting "one hundred thousand dollars (\$100,000)".

Sec. 5. The third paragraph of G.S. 143-128 is amended by deleting "five thousand dollars (\$5,000)" and substituting "ten thousand dollars (\$10,000)".

Sec. 6. G.S. 143-131 is amended by deleting "two thousand five hundred dollars (\$2,500)" and substituting "five thousand dollars (\$5,000)".

Sec. 7. The first paragraph of G.S. 143-129 is amended by deleting "ten thousand dollars (\$10,000)" and substituting "twenty thousand dollars (\$20,000)".

Sec. 8. G.S. 143-129 is amended by adding the following language at the end of the paragraph beginning "No proposal shall be considered...", "In the case of proposals in an estimated amount of less than one hundred thousand dollars (\$100,000) for the purchase of apparatus, supplies, materials, or equipment, the board or governing body may waive the requirement for a bid bond or other deposit".

Sec. 9. G.S. 160A-266(b) is amended by deleting "five thousand dollars (\$5,000)" each time those words and numbers appear, and substituting "ten thousand dollars (\$10,000)".

Sec. 10. G.S. 44A-26 is amended by deleting "thirty thousand dollars (\$30,000)" and substituting "fifty thousand dollars (\$50,000)".

Sec. 11. The following local acts, raising thresholds to the same or lesser levels than those provided by Sections 4 through 8 of this act are repealed:

Chapter 1158, Session Laws of 1973 (already repealed by implication),

Chapter 34, Session Laws of 1981,

Chapter 871, Session Laws of 1985, Section 2 only.

Sec. 12. This act shall become effective August 1, 1988.

In the General Assembly read three times and ratified this the 12th day of July, 1988.