§ 135-9. Exemption from garnishment, attachment, etc.; employing unit to offset amount owed by member or beneficiary.

(a) Except for the applications of the provisions of G.S. 110-136, and G.S. 110-136.3 et seq., and in connection with a court-ordered equitable distribution under G.S. 50-20, the right of a person to a pension, or annuity, or a retirement allowance, to the return of contributions, the pension, annuity or retirement allowance itself, any optional benefit or any other right accrued or accruing to any person under the provisions of this Chapter, and the moneys in the various funds created by this Chapter, are exempt from levy and sale, garnishment, attachment, or any other process whatsoever, and shall be unassignable except as in this Chapter specifically otherwise provided. Notwithstanding any provisions to the contrary, application for System approval of a domestic relations order dividing a person's interest under the Retirement System shall be accompanied by an order consistent with the system-designed template order provided on the System's website. Notwithstanding any provisions to the contrary, the Retirement System shall only make payment of a share of the member's retirement benefits to the member's former spouse based upon a domestic relations order, and the former spouse shall not be permitted to receive a share of the member's retirement benefits until the member begins to receive the benefits, consistent with the system-designed template order. Notwithstanding any provisions to the contrary, the former spouse shall not be entitled to any type or form of benefit or any option not otherwise available to the member. Notwithstanding any provisions to the contrary, for orders entered on or after January 1, 2015, payment to a member's former spouse pursuant to any such domestic relations order shall be limited to the lifetime of that former spouse and, upon the death of that former spouse, the former spouse's share shall revert to the member.

(b) Notwithstanding any provisions to the contrary, any overpayment of benefits or erroneous payments to a member in a State-administered retirement system or the former Disability Salary Continuation Plan or the Disability Income Plan of North Carolina, including any benefits paid to, or State Health Plan premiums or claims paid on behalf of, any member or beneficiary who is later determined to have been ineligible for those benefits or unentitled to those amounts, may be offset against any retirement allowance, return of contributions or any other right accruing under this Chapter to the same person, the person's estate, or designated beneficiary.

(c) Notwithstanding any provisions to the contrary, if a member or beneficiary is employed by the State or any political subdivision of the State, then any overpayment of benefits or erroneous payments to, or on behalf of, the member or beneficiary shall be offset against the net wages of the member or beneficiary. If a member or beneficiary owes an amount to the Retirement System, has been notified of this amount in writing, and has not entered into a payment plan acceptable to the Retirement System, then the Retirement System shall notify the member or beneficiary's employer of the amount owed. Upon receipt of this notice from the Retirement System, the employer shall offset the amount owed against not less than ten percent (10%) of the net wages of the member or beneficiary until the Retirement System notifies the employer that the amount has been paid in full. The Retirement System's notice shall be prima facie evidence that the debt is valid and, notwithstanding any other provision of law to the contrary, the employer has no obligation to verify the amount owed. The employer shall provide no more than 30 days' but not less than 14 days' written notice to the member or beneficiary prior to beginning the offset. The employer shall remit all amounts offset under this subsection to the Retirement System in intervals corresponding with its regular pay periods. If an employer fails to adhere to the provisions of this section, then the Retirement System shall, after notice to the employer of its failure to cooperate, be entitled to seek recovery of any amounts due directly from the employer.

(c1) Notwithstanding G.S. 143-64.80(b), in the case of an overpayment of benefits under this Chapter that the Board of Trustees determines was entirely due to administrative error on the

part of the Retirement Systems Division, the Retirement Systems Division shall be deemed to satisfy its duty to pursue repayment of the overpayment if all of the following occur:

(1) The Retirement Systems Division, as provided under subsection (b) of this section, offsets any return of contributions, lump sum death benefit payment, retroactive benefit adjustment payment for periods before the determination of the overpayment, or other one-time payment accruing under this Chapter, by the full amount of the payment as computed after payment deductions, and applies the offset toward the overpayment;

(2) The Retirement Systems Division, as provided under subsection (b) of this section, offsets any recurring monthly benefit accruing under this Chapter for periods coincident with or following the determination of the overpayment as follows:

a. By no more than twenty-five percent (25%) of the monthly benefit as computed after payment deductions and not less than eight and one-half percent (8.5%) of the monthly benefit as computed after payment deductions;

b. Or by offsetting the amount of the overpayment in two or fewer monthly benefit payments when the overpayment amount is less than five hundred dollars ($500);

(3) The wage offset as provided under subsection (c) of this section is applied as required; and

(4) The setoff debt provisions of Chapter 105A of the General Statutes are applied as required.

(d) Nothing in this section shall be construed to limit the Retirement System's ability to pursue alternative judicial remedies against a member or a beneficiary, including the pursuit of a judgment and lien against real property. (1941, c. 25, s. 9; 1985, c. 402, s. 1; c. 649, s. 5; 1987, c. 738, s. 29(k); 1989, c. 665, s. 1; c. 792, s. 2.5; 2013-405, s. 4(a); 2014-112, s. 5(a); 2017-135, s. 9(a); 2018-52, s. 2(b); 2019-172, s. 1.1; 2023-105, s. 8.2; 2025-25, s. 29(5).)