Retirement

See full summary documents for additional detail

Corrections Pertaining to the University of North Carolina Health Care System and East Carolina University – 2023 Budget Technical/Other Corrections.

SL 2024-1 (S508), Sec. 1.7

Section 1.7 of S.L. 2024-1 makes the following changes to the clarification of authority of the University of North Carolina Health Care System (UNC Health) and East Carolina University Health Care (ECU Health) operational and personnel flexibilities enacted in Section 4.10 of S.L. 2023-132:

- It clarifies that UNC Faculty Physicians and any entity that merges with UNC Health are component units of UNC Health, and that the UNC Health Board (Board) has authority over those component units.
- It requires the Board to meet four times each year, instead of every 60 days.
- It allows the Board to designate UNC Health's in-house counsel to represent UNC Health at commitment hearings.
- It authorizes the Board to establish a liability insurance program.
- For purposes of retirement, it clarifies that individuals who are hired by UNC Health on or after January 1, 2024, and who were members of the Teachers' and State Employees' Retirement System or the UNC Optional Retirement Program at the time of hire will be treated as if they were employed by UNC Health on December 31, 2023. This provision does not apply to law enforcement officers.
- For purposes of retirement, it clarifies that individuals who are hired by ECU Health on or after January 1, 2024, and who were members of the Teachers' and State Employees' Retirement System or the ECU Optional Retirement Program at the time of hire will be treated as if they were employed by ECU Health on December 31, 2023.
- It allows employees of UNC Health to participate in the Supplemental Retirement Income Plan.
- It allows the ECU chancellor to adopt policies governing property development for the ECU Medical Faculty Practice Plan and ECU Dental School Clinical Operations.

The provisions of the section dealing with the authority of the UNC Health Board and the ECU chancellor became effective May 15, 2024. The provisions dealing with retirement are effective retroactively to January 1, 2024.

Retirement Administrative Changes Act of 2024.

SL 2024-8 (H1020)

S.L. 2024-8 makes the following administrative and technical changes to the Teachers' and State Employees' Retirement System (TSERS), the Local Governmental Employees' Retirement System

(LGERS), the Consolidated Judicial Retirement System (CJRS), the Legislative Retirement System (LRS) and related statutes:

- Clarifies that participation in the optional retirement program or a similar benefit plan offered by the University of North Carolina Health Care System, or the East Carolina University Health Care System, suspends the receipt of retirement allowance under TSERS.
- Prohibits a member of TSERS, LGERS, or CJRS from receiving a retirement allowance while also receiving severance pay or a lump sum severance.
- Modifies employer reporting requirements in TSERS and LGERS.
- Allows for a member of LRS who has applied and been approved for retirement but dies before receiving the first payment, to have their monthly benefit payable under their elections.
- Permits the Board of Trustees to allocate Legislative Enactment Implementation Arrangement funds for administrative or information technology purposes.
- Allows certain part-time employees, as well as part-time and full-time employees of a State agency or institution, to contribute to the 401(k) Supplemental Retirement Income Plan.
- Amends the required reporting dates for unclaimed property holders and allows unclaimed property holders to request for a waiver of due diligence in special circumstances.

This act has various effective dates. Please see the full summary for more detail.

2024 Retirement Technical Corrections.

SL 2024-9 (H988)

S.L. 2024-9 makes technical corrections to the statutes for the Teachers' and State Employees' Retirement System (TSERS), the Local Governmental Employees' Retirement System (LGERS), the Consolidated Judicial Retirement System (CJRS), the Legislative Retirement System (LRS), and the State Health Plan. The following is a broad outline of the changes made in the act: (i) corrects the title of the Executive Director of the Retirement Systems Division in various statutes; (ii) corrects references to Average Final Compensation; (iii) conforms the lump sum contribution payment criteria to federal law; and (iv) makes several other technical and conforming changes. Additional detail regarding statutory changes are provided in the Bill Analysis section of the summary.

The act became effective June 20, 2024.

Retirement Service Purchase Rewrite Part III.

SL 2024-10 (H989)

S.L. 2024-10 recodifies, consolidates, and standardizes retirement service purchase among the Teachers and State Employees' Retirement System (TSERS) (Part I), Local Governmental Employees' Retirement System (LGERS) (Part II), Consolidated Judicial Retirement System (CJRS)

(Part III), and Legislative Retirement System (LRS) (Part IV). It also makes conforming changes to all four systems. The act is the last in a three-act series rewriting the service purchase statutes.

This act became effective June 20, 2024.

Insurance Revisions/Online Auctions/Firefighters.

SL 2024-29 (S319)

Session Law 2024-29:

- Clarifies that risk retention groups chartered in this State are subject to examination by the Commissioner of Insurance and are responsible for the costs of the examination.
- Reduces from 5% to 1.85% the tax rate applicable to gross premiums paid for coverages within this State to risk retention groups not chartered in this State.
- Removes the requirement that foreign captive insurance companies redomesticate to North Carolina before December 31, 2022, in order to qualify for the exemption from paying gross premiums taxes in the year of and after redomestication and extends by two years the expiration date of this exemption, ending it for taxable years beginning on or after January 1, 2026.
- Allows certain foreclosure sales to be conducted at designated public locations, expands the time allowed for a scheduled foreclosure sale to commence, and establishes a procedure for remote bidding at a foreclosure sale.
- Permits health benefit plan sponsors, on behalf of any enrolled individual, to consent to delivery of all plan-related documents by electronic means in compliance with the Uniform Electronic Transactions Act, if that is not otherwise prohibited under ERISA.
- Permits an individual to be licensed simultaneously as an adjuster and as an insurance producer with casualty, personal lines, or property lines of authority.
- Clarifies that either the appointing insurer or the appointed insurance producer can notify the Commissioner when the appointment is cancelled.
- Amends the definition of an "underinsured motor vehicle" by removing language that states the applicable limits of underinsured (UIM) coverage at the time of the accident are those "for the vehicle involved in the accident and insured under the owner's policy."
- Makes technical corrections to certain insurance provisions in S.L. 2023-133 concerning the calculation of underinsured motorist coverage and insurance ratemaking laws.
- Establishes the Firefighters' Cancer Insurance Program to provide health benefits to eligible firefighters with a new diagnosis of cancer on or after January 1, 2022.
- Increases from $10.00 to $15.00 the monthly payment by eligible firefighters and rescue squad workers who participate in the North Carolina Firefighters' and Rescue Squad Workers' Pension Fund and increases the monthly pension benefit from $170.00 to $175.00.
- Requires a county to ensure a criminal history record check is conducted for an applicant over the age of 18 who is applying for a firefighting position and allows county clerks of court and third-party vendors to conduct a record check under certain conditions.

This act has various effective dates. Please see the full summary for more details.

Charter Schools/Pension/Employee Stock Ownership Plan.

SL 2024-42 (S559)

S.L. 2024-42 allows four specified charter school boards of directors to elect participation in the North Carolina State Health Plan for Teachers' and State Employees' (SHP); amends the law to create additional flexibility for charter schools to elect participation in the SHP; makes conforming and effective date changes for the North Carolina Firefighters' and Rescue Squad Workers' Pension Fund; addresses parental leave for charter school employees; and clarifies the definition of an historically underutilized business as it relates to an Employee Stock Ownership Plan. See below for additional information and effective dates.

- Section 1 of S.L. 2024-42 notwithstands the time limitation in current law (G.S. 135-48.54) to allow the board of directors for the following charter schools to elect to participate in the N.C. State Health Plan: NC Leadership Academy in Forsyth County, Alpha Academy in Cumberland County, Durham Charter in Durham County, and United Community School in Mecklenburg County. This section became effective July 8, 2024.
- Section 2 of the act amends the law (G.S. 135-48.54) regarding the process for a charter school operated by a private nonprofit corporation or operated by a municipality to elect participation in the State Health Plan. These charter schools can elect to become a participating employer in the State Health Plan through the following two methods: (i) the board of directors of the charter school can elect to participate no later than two years from the date both parties have signed the written charter (under G.S. 115C-218.15); or (ii) the board of directors can elect to participate any time after that two-year mark if the board files an application with the Board of Trustees for participation in the Plan and the Board approves the application. The approval or denial of the application must be made within 180 days of receipt of a complete application and if approved the written notification of approval must provide the date for the charter school employees to be enrolled. This section became effective 30 days after the act became law on July 8, 2024.
- Section 3 of the act amends the North Carolina Firefighters' and Rescue Squad Workers' Pension Fund (FFRSWP Fund) as follows:
    - Section 3(a) amends the retroactive membership law for the FFRSWP Fund effective January 1, 2025, to increase the membership dues from $10 to $15 per month for retroactive membership. This change conforms to the dues increase contained in S.L. 2024-29. This section became effective July 8, 2024.
    - Section 3(b) of the act amends Section 11.3 of S.L. 2024-29, effective January 1, 2025, to change the date from July 1, 2024, to January 1, 2025, that an eligible retired firefighter or rescue squad worker receives a $175 per month pension. This section became effective July 8, 2024.
    - Section 3(c) of the act applies to Sections 11.1 through 11.3 of S.L. 2024-29, as amended by Section 3(b) and Section 3(a) of this act, to provide that these sections apply to membership contributions to the FFRSWP Fund on or after January 1, 2025. Any membership contribution payments made on or before March 31, 2025, for service in the 2024 calendar year, will be $10 per month. These sections apply to pension benefit amounts payable from the FFRSWP Fund to a member or

beneficiary on or after January 1, 2025. If a member or beneficiary becomes eligible to receive a pension benefit from the FFRSWP Fund on or before December 31, 2024, but the benefit amount is paid on or after January 1, 2025, the pension amount due to the member or beneficiary is the amount applicable to the pension benefit amount that was effective for each respective month to which the benefit applies. This section became effective July 8, 2024.
    - Section 3(d) of the act changed the effective date to January 1, 2025, for Sections 11.1 through 11.3 of S.L. 2024-29. This section became effective July 8, 2024.
- Section 4 of the act allows boards of directors of charter schools that contract with education management organizations (EMOs) or charter management organizations (CMOs) to require the EMOs or CMOs to provide paid parental leave to the teachers they employ for the charter schools. This leave must be consistent with the parental leave provided to public school teachers employed by local boards of education. If a board of directors requires the EMO or CMO to provide the parental leave by contract, then the board of directors is eligible to receive funds for substitute teachers. This section became effective July 8, 2024, and applies beginning with the 2024-2025 school year.
- Section 5 of the act amends the term "historically underutilized business" (G.S. 143-128.4) regarding an Employee Stock Ownership Plan (ESOP). For an ESOP company to qualify for certification as an historically underutilized business, at least 51% of the company's plan participants must be members of at least one of the following groups listed and defined in G.S. 143-128.4(b): Black, Hispanic, Asian American, American Indian, Female, Disabled, Disadvantaged. Further, an ESOP company seeking to be certified as an historically underutilized business must provide an attestation that it meets the requirements for certification and provide supporting documentation as may be required by the Secretary of Administration. This section became effective July 1, 2024. (Note: The content of this section was also enacted in Section 5 of S.L. 2024-44 with the same effective date.)

Temporarily Remove Barriers to Allow Retirees of the Teachers' and State Employees' Retirement System and the Local Governmental Employees' Retirement System to Return to Work on a Part-Time, Temporary, or Interim Basis – Disaster Recovery Act of 2024.

SL 2024-51 (H149), Sec. 12.1

Section 12.1 of S.L. 2024-51 temporarily amends the six-month separation from service from an employer for retirement to be effective for individuals under the Teachers' and State Employees' Retirement System (TSERS) who retired on or after April 1, 2024, but before October 1, 2024. Instead, a one-month separation is required if the individual returns to a position needed due to the state of emergency related to Hurricane Helene or associated Hurricane Helene recovery efforts. Any time worked or earnings received between September 25, 2024, and the end of the one-month separation exception, will not be considered work for purposes of the six-month separation or considered earnings received by the individual.

For individuals who retired prior to October 1, 2024, any earnings received between September 25, 2024, and the end of the one-month separation exception will not be treated as earned by a

beneficiary of the Local Governmental Employees' Retirement System if the earnings are related to a position needed due to the state of emergency related to Hurricane Helene or associated Hurricane Helene recovery efforts.

Any benefits received or paid to a law enforcement officer, retired law enforcement officer, sheriff, or retired sheriff must not be impacted by any work performed between September 25, 2024, and the end of the one-month separation exception, if work performed is needed due to the state of emergency related to Hurricane Helene or associated Hurricane Helene recovery efforts.

The one-month separation exception expires when the statewide declaration of emergency issued by the Governor in Executive Order No. 315 expires. Upon its expiration, the six-month separation from an employer for retirement to be effective will be applicable again.

This section became effective October 10, 2024.

Extend Administrative Deadlines to Ensure Continuity and Availability of Retirement, Disability, and Death Benefits for Individuals Impacted by Hurricane Helene – The Disaster Recovery Act of 2024 - Part II.

SL 2024-53 (S743), Sec. 4F.1

Section 4F.1 of S.L. 2024-53 extends certain deadlines for individuals who certify in writing to the Retirement Systems Division of the Department of State Treasurer that as of September 25, 2024, their primary residence was located in an "affected area" (as defined in Section 1.4 of this act) impacted by Hurricane Helene. The temporary deadline extensions are provided for benefit applications, to modify benefit elections, and to provide documentation for the Teachers' and State Employees' Retirement System (TSERS), the Local Governmental Employees' Retirement System (LGERS), the Consolidated Judicial Retirement System (CJRS), the Legislative Retirement System (LRS), the Disability Income Plan of North Carolina (DIPNC), and the Contributory Death Benefit (CDB).

This section of the act is retroactively effective to September 25, 2024. The provisions relating to long-term disability benefits under DIPNC expire October 31, 2025; the remaining provisions expire when the statewide declaration of emergency issued by the Governor in Executive Order No. 315, concurred to by the Council of State and as extended pursuant to S.L. 2024-51 and any other enactment of a general law, expires.

Temporary Waiver of Penalties Associated with Late Payments of Employee or Employer Retirement Contributions – The Disaster Recovery Act of 2024 - Part II.

SL 2024-53 (S743), Sec. 4F.2

Section 4F.2 of S.L. 2024-53 allows the State Treasurer, or the State Treasurer's designee, to waive penalties associated with late payment of employer contributions to the Teachers' and State Employees' Retirement System if those contributions were late due to circumstances caused by Hurricane Helene.

This section became effective October 25, 2024, and will expire when the statewide declaration of emergency issued by the Governor in Executive Order No. 315, concurred to by the Council of State and as extended pursuant to S.L. 2024-51 or any other enactment of a general law, expires.

Correct Improper Statutory Reference in Session Law 2024-42 – Disaster Relief-3/Budget/Various Law Changes.

SL 2024-57 (S382), Sec. 2G.1

Section 2G.1 of S.L. 2024-57 amends the introductory language of Section 2.(b) of S.L. 2024-42 to clarify that the statute being amended by that act is G.S. 135-48.1.

This bill was vetoed by the Governor on November 26, 2024. The veto was overridden by the General Assembly on December 11, 2024. This section became effective December 11, 2024.