

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003**

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HOUSE BILL 851

Short Title: Interest on Return of Retirement Contrib.

(Public)

Sponsors: Representative Walend.

Referred to: Pensions and Retirement.

April 3, 2003

A BILL TO BE ENTITLED

1 AN ACT TO ALLOW FOR THE PAYMENT OF ACCUMULATED INTEREST TO
2 ALL MEMBERS OF THE TEACHERS' AND STATE EMPLOYEES'
3 RETIREMENT SYSTEM, THE LOCAL GOVERNMENTAL EMPLOYEES'
4 RETIREMENT SYSTEM, THE CONSOLIDATED JUDICIAL RETIREMENT
5 SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM WHO RECEIVE
6 THE RETURN OF THEIR ACCUMULATED CONTRIBUTIONS.
7

8 The General Assembly of North Carolina enacts:

9 **SECTION 1.** G.S. 135-5(f) reads as rewritten:

10 "(f) Return of Accumulated Contributions. – Should a member cease to be a
11 teacher or State employee except by death or retirement under the provisions of this
12 Chapter, he shall upon submission of an application be paid, not earlier than 60 days
13 from the date of termination of service, his ~~contributions, and if he has attained at least~~
14 ~~five years of membership service or if termination of his membership service is~~
15 ~~involuntary as certified by the employer,~~ contributions, and the accumulated regular
16 interest thereon, provided that he has not in the meantime returned to service. Upon
17 payment of such sum his membership in the System shall cease and, if he thereafter
18 again becomes a member, no credit shall be allowed for any service previously rendered
19 except as provided in G.S. 135-4, and such payment shall be in full and complete
20 discharge of any rights in or to any benefits otherwise payable hereunder. Upon receipt
21 of proof satisfactory to the Board of Trustees of the death, prior to retirement, of a
22 member or former member there shall be paid to such person or persons as he shall have
23 nominated by written designation duly acknowledged and filed with the Board of
24 Trustees, if such person or persons are living at the time of the member's death,
25 otherwise to the member's legal representatives, the amount of his accumulated
26 contributions at the time of his death, unless the beneficiary elects to receive the
27 alternate benefit under the provisions of (m) below. An extension service employee who
28 made contributions to the Local Governmental Employees' Retirement System and the
29 Teachers' and State Employees' Retirement System as a result of dual employment may

1 not be paid his accumulated contributions unless he is eligible to be paid his
2 accumulated contributions in both systems for the same period of service.

3 Pursuant to the provisions of G.S. 135-56.2, a member who is also a member of the
4 Consolidated Judicial Retirement System may irrevocably elect to transfer any
5 accumulated contributions to the Consolidated Judicial Retirement System or to the
6 Supplemental Retirement Income Plan and forfeit any rights in or to any benefits
7 otherwise payable hereunder.

8 A member who is a participant or beneficiary of the Disability Income Plan of North
9 Carolina as is provided in Article 6 of this Chapter shall not be paid a return of
10 accumulated contributions, notwithstanding the member's status as an employee or
11 teacher. Notwithstanding any other provision of law to the contrary, a member who is a
12 beneficiary of the Disability Income Plan of North Carolina as provided in Article 6 of
13 this Chapter and who is receiving disability benefits under the transition provisions as
14 provided in G.S. 135-112, shall not be prohibited from receiving a return of
15 accumulated contributions as provided in this subsection."

16 **SECTION 2.** G.S. 128-27(f) reads as rewritten:

17 "(f) Return of Accumulated Contributions. – Should a member cease to be an
18 employee except by death or retirement under the provisions of this Chapter, he shall
19 upon submission of an application be paid, not earlier than 60 days from the date of
20 termination of service, his contributions ~~and, if he has attained at least five years of~~
21 ~~membership service or if termination of his membership service is involuntary as~~
22 ~~certified by the employer, and~~ the accumulated regular interest thereon, provided that he
23 has not in the meantime returned to service. Upon payment of such sum his membership
24 in the System shall cease and, if he thereafter again becomes a member, no credit shall
25 be allowed for any service previously rendered except as provided in G.S. 128-26; and
26 such payment shall be in full and complete discharge of any rights in or to any benefits
27 otherwise payable hereunder. Upon receipt of proof satisfactory to the Board of
28 Trustees of the death, prior to retirement, of a member or former member there shall be
29 paid to such person or persons as he shall have nominated by written designation duly
30 acknowledged and filed with the Board of Trustees, if such person or persons are living
31 at the time of the member's death, otherwise to the member's legal representatives, the
32 amount of his accumulated contributions at the time of his death, unless the beneficiary
33 elects to receive the alternate benefit under the provisions of (m) below. An extension
34 service employee who made contributions to the Local Governmental Employees'
35 Retirement System and the Teachers' and State Employees' Retirement System as a
36 result of dual employment may not be paid his accumulated contributions unless he is
37 eligible to be paid his accumulated contributions in both systems for the same period of
38 service.

39 Pursuant to the provisions of G.S. 135-56.2, a member who is also a member of the
40 Consolidated Judicial Retirement System may irrevocably elect to transfer any
41 accumulated contributions to the Consolidated Judicial Retirement System or to the
42 Supplemental Retirement Income Plan and forfeit any rights in or to any benefits
43 otherwise payable hereunder."

44 **SECTION 3.** G.S. 135-62(a) reads as rewritten:

1 "(a) Should a member cease membership service otherwise than by death or
2 retirement under the provisions of this Article, he shall, upon submission of an
3 application, be paid, not earlier than 60 days from the date of termination of service, his
4 contributions ~~and, if he has attained at least five years of membership service or if~~
5 ~~termination of his membership service is involuntary as certified by the employer, and~~
6 the accumulated regular interest thereon, provided that he has not in the meantime
7 returned to service as a judge. Upon payment of such accumulated contributions his
8 membership in the Retirement System shall cease and, if he thereafter again becomes a
9 member, no credit shall be allowed for any service previously rendered, except as
10 otherwise provided in G.S. 135-56(b). Any such payment of a member's accumulated
11 contributions shall be in full and complete discharge of any rights in or to any benefits
12 otherwise payable under this Article."

13 **SECTION 4.** G.S. 120-4.25 reads as rewritten:

14 "**§ 120-4.25. Return of accumulated contributions.**

15 If a member ceases to be a member of the General Assembly except by death or
16 retirement, he shall, upon submission of an application, be ~~paid~~ paid, not earlier than 60
17 days following the date of termination of service, ~~the sum of his contributions if he has~~
18 ~~less than five years of creditable service, or the sum of his accumulated contributions if~~
19 ~~he has five or more years of creditable service,~~ contributions, provided he has not in the
20 meantime returned to service. Upon payment of this sum his membership in the System
21 ceases. If he becomes a member afterwards, no credit shall be allowed for any service
22 previously rendered except as provided in G.S. 120-4.14 and the payment shall be in
23 full and complete discharge of any rights in or to any benefits otherwise payable under
24 this Article. Upon receipt of proof satisfactory to the Board of Trustees of the death,
25 prior to retirement, of a member or former member, there shall be paid to the person or
26 persons he nominated by written designation duly acknowledged and filed with the
27 Board of Trustees, if the person or persons are living at the time of the member's death,
28 otherwise to the member's legal representatives, the amount of his accumulated
29 contributions at the time of his death, unless the beneficiary elects to receive the
30 alternate benefit under the provisions of G.S. 120-4.28."

31 **SECTION 5.** This act becomes effective July 1, 2003.