

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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HOUSE PRINCIPAL CLERK

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HOUSE DRH20179-LL-137 (03/17)

Short Title: Assignment of Death Benefits. (Public)

Sponsors: Representatives Hunter, Alexander, and Boles (Primary Sponsors).

Referred to:

A BILL TO BE ENTITLED

AN ACT TO ALLOW FOR ASSIGNMENT OF THE ACTIVE EMPLOYEE DEATH BENEFIT AND THE CONTRIBUTORY DEATH BENEFIT TO PAY THE FUNERAL EXPENSES OF A DECEASED MEMBER OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM, THE CONSOLIDATED JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM AND TO ALLOW FOR ASSIGNMENT OF THE SEPARATE INSURANCE BENEFIT TO PAY THE FUNERAL EXPENSES OF A DECEASED LAW ENFORCEMENT OFFICER.

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 electronic submission prior to completing 10 years of service in a form approved by the Board of Trustees or 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;
- (3), (4) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1049, s. 2.

subject to a 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. Notwithstanding any other provision of law, this benefit shall be assignable by the beneficiary to pay the funeral expenses of the deceased member, with any balance refundable to the beneficiary by the funeral establishment to which



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1 the benefit is assigned. For the purpose of the Plan, a member shall be deemed to be in service
2 at the date of his death if his death occurs within 180 days from the last day of his actual
3 service.

4 ...

5 Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this
6 subsection, of the death of a retired member of the Retirement System on or after January 1,
7 2015, there shall be paid a death benefit to the person or persons designated by the member or,
8 if the member has not designated a beneficiary, to the surviving spouse of the deceased retired
9 member or, if not survived by a designated beneficiary or spouse, to the deceased retired
10 member's legal representative; provided the retired member has elected, when first eligible, to
11 make, and has continuously made, in advance of his death required contributions as determined
12 by the Board of Trustees on a fully contributory basis, through retirement allowance deductions
13 or other methods adopted by the Board of Trustees, to a group death benefit trust fund
14 administered by the Board of Trustees Fund and Pension Accumulation Fund. This death
15 benefit shall be a lump-sum payment in the amount of ten thousand dollars (\$10,000) upon the
16 completion of 24 months of contributions required under this subsection. Should death occur
17 before the completion of 24 months of contributions required under this subsection, the
18 deceased retired member's designated beneficiary or beneficiaries, or surviving spouse if there
19 is no surviving beneficiary, or legal representative if not survived by a designated beneficiary
20 or spouse, shall be paid the sum of the retired member's contributions required by this
21 subsection plus interest to be determined by the Board of Trustees. Notwithstanding any other
22 provision of law, this benefit shall be assignable by the beneficiary to pay the funeral expenses
23 of the deceased member, with any balance refundable to the beneficiary by the funeral
24 establishment to which the benefit is assigned."

25 **SECTION 2.** G.S. 135-63(a) reads as rewritten:

26 "(a) Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a
27 member in service, there shall be paid in a lump sum to such person as the member shall have
28 nominated by electronic submission prior to completing 10 years of service in a form approved
29 by the Board of Trustees or by written designation duly acknowledged and filed with the Board
30 of Trustees, if such person is living at the time of the member's death, otherwise to the
31 member's legal representatives, a death benefit equal to the sum of (i) the member's
32 accumulated contributions, plus (ii) the member's final compensation; provided, however, that
33 if the member has attained his fiftieth birthday with at least five years of membership service at
34 his date of death, and if the designated recipient of the death benefits is the member's spouse
35 who survives him, and if the spouse so elects, then the lump-sum death benefit provided for
36 herein shall consist only of a payment equal to the member's final compensation and there shall
37 be paid to the surviving spouse an annual retirement allowance, payable monthly, which shall
38 commence on the first day of the calendar month coinciding with or next following the death of
39 the member and shall be continued on the first day of each month thereafter until the
40 remarriage or death of the spouse. The amount of any such retirement allowance shall be equal
41 to one half of the amount of the retirement allowance to which the member would have been
42 entitled had he retired under the provisions of G.S. 135-57(a) on the first day of the calendar
43 month coinciding with or next following his date of death, reduced by two percent (2%) thereof
44 for each full year, if any, by which the age of the member at his date of death exceeds that of
45 his spouse. If the retirement allowance to the spouse shall terminate on the remarriage or death
46 of the spouse before the total of the retirement allowance payments made equals the amount of
47 the member's accumulated contributions at date of death, the excess of such accumulated
48 contributions over the total of the retirement allowances paid to the spouse shall be paid in a
49 lump sum to such person as the member shall have nominated by electronic submission in a
50 form approved by the Board of Trustees or by written designation duly acknowledged and filed
51 with the Board of Trustees, if such person is living at the time such payment falls due,

1 otherwise to the former member's legal representatives. Notwithstanding any other provision of
2 law, this benefit shall be assignable by the beneficiary to pay the funeral expenses of the
3 deceased member, with any balance refundable to the beneficiary by the funeral establishment
4 to which the benefit is assigned."

5 **SECTION 3.** G.S. 135-64(k) reads as rewritten:

6 "(k) Upon the death of a retired member on or after January 1, 2015, there shall be paid a
7 death benefit to the person or persons designated by the member or, if the member has not
8 designated a beneficiary, to the surviving spouse of the deceased retired member or, if not
9 survived by a designated beneficiary or spouse, to the deceased retired member's legal
10 representative; provided the retired member has elected, when first eligible, to make, and has
11 continuously made, in advance of his death required contributions as determined by the Board
12 of Trustees on a fully contributory basis, through retirement allowance deductions or other
13 methods adopted by the Board of Trustees, to a group death benefit trust fund administered by
14 the Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund
15 and Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the
16 amount of ten thousand dollars (\$10,000) upon the completion of 24 months of contributions
17 required under this subsection. Should death occur before the completion of 24 months of
18 contributions required under this subsection, the deceased retired member's designated
19 beneficiary or beneficiaries, or surviving spouse if there is no surviving designated beneficiary,
20 or legal representative if not survived by a designated beneficiary or spouse, shall be paid the
21 sum of the retired member's contributions required by this subsection plus interest to be
22 determined by the Board of Trustees. Notwithstanding any other provision of law, this benefit
23 shall be assignable by the beneficiary to pay the funeral expenses of the deceased member, with
24 any balance refundable to the beneficiary by the funeral establishment to which the benefit is
25 assigned."

26 **SECTION 4.** G.S. 120-4.27 reads as rewritten:

27 **"§ 120-4.27. Death benefit.**

28 The designated beneficiary of a member who dies while in service after completing one
29 year of creditable service shall receive a lump-sum payment of an amount equal to the deceased
30 member's highest annual salary, to a maximum of fifteen thousand dollars (\$15,000). For
31 purposes of this death benefit "in service" means currently serving as a member of the North
32 Carolina General Assembly. "In service" also means service in the Uniformed Services, as that
33 term is defined in section 4303(16) of the Uniformed Services Employment and Reemployment
34 Rights Act, Public Law 103-353, if that service begins during the member's term of office. If
35 the participant does not return immediately after that service to employment with a covered
36 employer in this System, then the participant shall be deemed "in service" until the date on
37 which the participant was first eligible to be separated or released from his or her involuntary
38 military service.

39 The death benefit provided by this section shall be designated a group life insurance benefit
40 payable under an employee welfare benefit plan that is separate and apart from the Retirement
41 System but under which the members of the Retirement System shall participate and be eligible
42 for group life insurance benefits. The Board of Trustees is authorized to provide the death
43 benefit in the form of group life insurance either by purchasing a contract or contracts of group
44 life insurance with any life insurance company or companies licensed and authorized to
45 transact business in the State of North Carolina for the purpose of insuring the lives of qualified
46 members in service, or by establishing or affiliating with a separate trust fund qualified under
47 Section 501(c)(9) of the Internal Revenue Code of 1954, as amended. Notwithstanding any
48 other provision of law, this benefit shall be assignable by the beneficiary to pay the funeral
49 expenses of the deceased member, with any balance refundable to the beneficiary by the funeral
50 establishment to which the benefit is assigned.

51 ...

1 Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a retired
2 member of the Retirement System or Retirement Fund on or after January 1, 2015, there shall
3 be paid a death benefit to the person or persons designated by the member or, if the member
4 has not designated a beneficiary, to the surviving spouse of the deceased retired member or, if
5 not survived by a designated beneficiary or spouse, to the deceased retired member's legal
6 representative; provided the retired member has elected, when first eligible, to make, and has
7 continuously made, in advance of his death required contributions as determined by the
8 Retirement System on a fully contributory basis, through retirement allowance deductions or
9 other methods adopted by the Retirement System, to a group death benefit trust fund
10 administered by the Board of Trustees separate and apart from the Retirement System's
11 Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum
12 payment in the amount of ten thousand dollars (\$10,000) upon the completion of 24 months of
13 contributions required under this subsection. Should death occur before the completion of 24
14 months of contributions required under this subsection, the deceased retired member's
15 designated beneficiary or beneficiaries, or surviving spouse if not survived by a designated
16 beneficiary, or legal representative if not survived by a designated beneficiary or spouse, shall
17 be paid the sum of the retired member's contributions required by this subsection plus interest
18 to be determined by the Board of Trustees. Notwithstanding any other provision of law, this
19 benefit shall be assignable by the beneficiary to pay the funeral expenses of the deceased
20 member, with any balance refundable to the beneficiary by the funeral establishment to which
21 the benefit is assigned."

22 **SECTION 5.** G.S. 128-27(16) reads as rewritten:

23 "(16) Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this
24 subsection, of the death of a retired member of the Retirement System on or after January 1,
25 2015, there shall be paid a death benefit to the person or persons designated by the member or,
26 if the member has not designated a beneficiary, to the surviving spouse of the deceased retired
27 member or, if not survived by a designated beneficiary or spouse, to the deceased retired
28 member's legal representative; provided the retired member has elected, when first eligible, to
29 make, and has continuously made, in advance of his death required contributions as determined
30 by the Board of Trustees on a fully contributory basis, through retirement allowance deductions
31 or other methods adopted by the Board of Trustees, to a group death benefit trust fund
32 administered by the Board of Trustees separate and apart from the Retirement System's
33 Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum
34 payment in the amount of ten thousand dollars (\$10,000) upon the completion of 24 months of
35 contributions required under this subsection. Should death occur before the completion of 24
36 months of contributions required under this subsection, the deceased retired member's
37 designated beneficiary or beneficiaries, or surviving spouse if not survived by a designated
38 beneficiary, or legal representative if not survived by a designated beneficiary or spouse, shall
39 be paid the sum of the retired member's contributions required by this subsection plus interest
40 to be determined by the Board of Trustees. Notwithstanding any other provision of law, this
41 benefit shall be assignable by the beneficiary to pay the funeral expenses of the deceased
42 member, with any balance refundable to the beneficiary by the funeral establishment to which
43 the benefit is assigned."

44 **SECTION 6.** G.S. 143-166.60 is amended by adding a new subsection to read:

45 "(e1) Notwithstanding any other provision of law, the separate insurance benefits paid
46 pursuant to this Article shall be assignable by the beneficiary to pay the funeral expenses of the
47 deceased member, with any balance refundable to the beneficiary by the funeral establishment
48 to which the benefit is assigned."

49 **SECTION 7.** This act is effective when it becomes law and applies to benefits
50 payable on or after that date.