

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2025

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HOUSE BILL 477  
Committee Substitute Favorable 4/9/25  
Committee Substitute #2 Favorable 4/15/25

Short Title: Retirement Death Benefits Rewrite.-AB

(Public)

Sponsors:

Referred to:

March 24, 2025

A BILL TO BE ENTITLED

AN ACT TO RECODIFY AND STANDARDIZE THE LAWS RELATING TO THE DEATH BENEFIT PLAN, INCLUDING BY MAKING TECHNICAL, CLARIFYING, AND CONFORMING CHANGES, UNDER THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM, THE CONSOLIDATED JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM, TO MAKE CHANGES TO THE SURVIVOR'S ALTERNATE BENEFIT UNDER THOSE RETIREMENT SYSTEMS, AND TO ENSURE SUFFICIENT FUNDING FOR LINE OF DUTY DEATH BENEFITS.

The General Assembly of North Carolina enacts:

**PART I. TECHNICAL RECODIFICATION AND STANDARDIZATION OF THE DEATH BENEFIT PLAN FOR MEMBERS OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM**

**SECTION 1.(a)** Chapter 135 of the General Statutes is amended to add a new Article 8 to be entitled "Death Benefit Plan for State Employees and Retirees" that consists of the following new sections:

- (1) G.S. 135-153.
- (2) G.S. 135-154.
- (3) G.S. 135-155.
- (4) G.S. 135-160.
- (5) G.S. 135-165.
- (6) G.S. 135-170.
- (7) G.S. 135-175.
- (8) G.S. 135-180.
- (9) G.S. 135-185.
- (10) G.S. 135-190.
- (11) G.S. 135-195.
- (12) G.S. 135-200.

**SECTION 1.(b)** The first and second sentence of G.S. 135-7(g)(2) are recodified as the first and third sentence of subsection (a) of G.S. 135-154.

**SECTION 1.(c)** The first sentence of the lead-in language in subsection 135-7(g) is recodified as the second sentence of subsection (a) of G.S. 135-154.

**SECTION 1.(d)** The third sentence of G.S. 135-7(g)(2) is recodified as subsection (b) of G.S. 135-154.



1           **SECTION 1.(e)** The fourth, fifth, and sixth sentences of G.S. 135-7(g)(2) are  
2 recodified as the first three sentences of subsection (c) of G.S. 135-154.

3           **SECTION 1.(f)** The third sentence of G.S. 135-7(g)(3) is recodified as the fourth  
4 sentence of subsection (c) of G.S. 135-154.

5           **SECTION 1.(g)** The first sentence of G.S.135-7(g)(3) is recodified as subsection (d)  
6 of G.S. 135-154.

7           **SECTION 1.(h)** The caption and the first sentence of the first paragraph of  
8 G.S. 135-5(l) are recodified as subsection (a) of G.S. 135-155.

9           **SECTION 1.(i)** The second, third, and fourth sentences of the first paragraph of  
10 G.S. 135-5(l) are recodified as subsection (b) of G.S. 135-155.

11           **SECTION 1.(j)** The seventh paragraph of G.S. 135-5(l) is recodified as subsection  
12 (a) of G.S. 135-160.

13           **SECTION 1.(j1)** G.S. 135-6(e1) is recodified as subsection (b) of G.S. 135-160.

14           **SECTION 1.(k)** The first sentence of the second paragraph of G.S. 135-5(l) is  
15 recodified as subsection (b) of G.S. 135-165.

16           **SECTION 1.(l)** The second sentence of the second paragraph of G.S. 135-5(l) is  
17 recodified as subsection (c) of G.S. 135-165.

18           **SECTION 1.(m)** The fourth sentence of the second paragraph of G.S. 135-5(l) is  
19 recodified as subsection (d) of G.S. 135-165.

20           **SECTION 1.(n)** Sub-subdivision a. of subdivision (2) of the sixth paragraph of  
21 G.S. 135-5(l) is recodified as subdivision (3) of G.S. 135-170.

22           **SECTION 1.(o)** Sub-subdivision b. of subdivision (2) of the sixth paragraph of  
23 G.S. 135-5(l) is recodified as subdivision (1) of G.S. 135-170.

24           **SECTION 1.(p)** Sub-subdivision c. of subdivision (2) of the sixth paragraph of  
25 G.S. 135-5(l) is recodified as sub-subdivision a. of subdivision (2) of G.S. 135-170.

26           **SECTION 1.(q)** Subdivision (3) of the sixth paragraph of G.S. 135-5(l) is recodified  
27 as sub-subdivision b. of subdivision (2) of G.S. 135-170.

28           **SECTION 1.(r)** Subdivision (4) of the sixth paragraph of G.S. 135-5(l) is recodified  
29 as sub-subdivision c. of subdivision (2) of G.S. 135-170.

30           **SECTION 1.(s)** The first sentence of the thirteenth paragraph of G.S. 135-5(l) is  
31 recodified as subsection (b) of G.S. 135-175.

32           **SECTION 1.(t)** The sixth and seventh sentences of the thirteenth paragraph of  
33 G.S. 135-5(l) are recodified as subsection (c) of G.S. 135-175.

34           **SECTION 1.(u)** The first sentence of the eighth paragraph of G.S. 135-5(l) is  
35 recodified as subsection (a) of G.S. 135-180.

36           **SECTION 1.(v)** The second sentence of the eighth paragraph of G.S. 135-5(l) is  
37 recodified as subsection (c) of G.S. 135-180.

38           **SECTION 1.(w)** The third sentence of the eighth paragraph of G.S. 135-5(l) is  
39 recodified as subsection (d) of G.S. 135-180.

40           **SECTION 1.(x)** The caption and first and second sentences of G.S. 135-5(l1) are  
41 recodified as subsection (a) of G.S. 135-190.

42           **SECTION 1.(y)** The third sentence of G.S. 135-5(l1) is recodified as subsection (b)  
43 of G.S. 135-190.

44           **SECTION 1.(z)** The third sentence of the second paragraph of G.S. 135-5(l) is  
45 recodified as G.S. 135-195.

46           **SECTION 1.(aa)** The fourth sentence of G.S. 135-5(l1) is recodified as  
47 G.S. 135-200.

48           **SECTION 2.(a)** The remainder of G.S. 135-7(g) not recodified by Section 1 of this  
49 act is repealed.

50           **SECTION 2.(b)** The remainder of G.S. 135-5(l) not recodified by Section 1 of this  
51 act is repealed.

1 SECTION 3. Article 8 of Chapter 135 of the General Statutes, as created by Section  
2 1 of this act, reads as rewritten:

3 "Article 8.

4 "Death Benefit Plan for State Employees.

5 "**§ 135-153. Definitions.**

6 The following definitions apply in this Article:

- 7 (1) Benefit Trust. – The North Carolina Teachers' and State Employees' Benefit  
8 Trust under G.S. 135-154.
- 9 (2) Death Benefit Plan. – The Death Benefit Plan for State Employees and  
10 Retirees under this Article.
- 11 (3) Disability Income Plan. – The Disability Income Plan of North Carolina under  
12 Article 6 of this Chapter.
- 13 (4) Reserved for future codification purposes.
- 14 (5) Reserved for future codification purposes.
- 15 (6) Participating plans. – All of the following:
  - 16 a. The Death Benefit Plan.
  - 17 b. The Local Governmental Death Benefit Plan under Part 2 of Article 3  
18 of Chapter 128 of the General Statutes.
  - 19 c. Contributory death benefits available to retired members of the  
20 Consolidated Judicial Retirement System under G.S. 135-64.
  - 21 d. Contributory death benefits available to retired members of the  
22 Legislative Retirement System under G.S. 120-4.27.
  - 23 e. The Separate Insurance Benefits Plan under G.S. 143-166.60.
- 24 (7) Reserved for future codification purposes.
- 25 (8) Reserved for future codification purposes.
- 26 (9) Workers' compensation benefits. – Excluding any payments for a permanent  
27 partial disability rating, disability income benefits provided under Chapter 97  
28 of the General Statutes.

29 "**§ 135-154. North Carolina Teachers' and State Employees' Benefit Trust.**

30 (a) Benefit Trust. – A trust fund, the North Carolina Teachers' and State Employees'  
31 Benefit Trust, is hereby created as a master trust to which all receipts, transfers, appropriations,  
32 contributions, investment earnings, and other income belonging to the Plans-participating plans  
33 shall be deposited, and from which all benefits and expenses against the Plans-those participating  
34 plans shall be disbursed. It is the intent of the General Assembly that a-this master trust fund be  
35 created that provides-provide an irrevocable source of funding to be used, to the extent the fund's  
36 assets are sufficient, only for death-benefits and disability-benefits payable to the Plans'-members,  
37 participants, and beneficiaries, pursuant to G.S. 120-4.27, G.S. 128-27(1), subsections (12) through  
38 (16) of G.S. 128-27, 135-5(1), 135-64(k), and 143-166.60. beneficiaries of the participating plans  
39 and reasonable expenses for the administration of the participating plans. The Boards of Trustees  
40 of the Teachers' and State Employees' Retirement System and the Local Governmental  
41 Employees' Retirement System shall be the trustee of the Benefit Trust.

42 (b) No Commingling of Funds. – Within the Benefit Trust, the funds of each of the Plans  
43 participating plans shall be accounted for separately and not commingled.

44 (c) Assets. – Assets of one participating plan cannot be used to pay for liabilities of  
45 another participating plan within the Benefit Trust. The assets of the trust fund-Benefit Trust shall  
46 be used only for the exclusive benefit of persons who are or may be entitled to benefits under the  
47 Plans-participating plans. In no event, including dissolution, will-the shall any assets of the trust  
48 fund-Benefit Trust be distributed to any entity that is not a state, a political subdivision of a state,  
49 or another entity the income of which is excludable from its gross income by application of  
50 section 115(1) of the Internal Revenue Code. The assets of the Benefit Trust are not subject to  
51 the claims of creditors of the employers and non-employers-any of the following:

1           (1) An employer or nonemployer making contributions to the Trust, are not  
2           subject to the claims of any creditors of the Trust, trustees, and administrators,  
3           and are not subject to the claims of creditors of members, participants, and  
4           beneficiaries.Benefit Trust.

5           (2) A trustee or administrator of the Benefit Trust.

6           (3) A member.

7           (4) Participants or beneficiaries of any participating plan.

8           (d) Contributions. – Employer and non-employer nonemployer contributions to the North  
9           Carolina Teachers' and State Employees' Benefit Trust and earnings on those contributions are  
10           irrevocable.

11 **"§ 135-155. Death Benefit Plan established.**

12           (a) Death Benefit Plan. Plan for State Employees and Retirees. – There is hereby created  
13           a Group Life Insurance Plan (hereinafter called the "Plan") which is established as the Death  
14           Benefit Plan for State Employees and Retirees, a group life insurance plan that is an employee  
15           welfare benefit plan that is separate and apart from the Retirement System and under which the  
16           members of the Retirement System shall participate and be eligible for group life insurance  
17           benefits.System.

18           (b) Benefit Trust. – The Death Benefit Plan shall be part of the North Carolina Teachers'  
19           and State Employees' Benefit Trust, as established under G.S. 135-7(g). Trust. All receipts,  
20           transfers, appropriations, contributions, investment earnings, and other income belonging to the  
21           Death Benefit Plan shall be deposited in the Benefit Trust. All benefits and expenses against the  
22           Death Benefit Plan shall be disbursed from the Benefit Trust.

23 **"§ 135-160. Administration of Death Benefit Plan.**

24           (a) Provisions Applicable. – The Death Benefit Plan is administered by the Board of  
25           Trustees. The provisions of the Retirement System pertaining to Administration, G.S. 135-6, and  
26           management of funds, G.S. 135-7, are hereby made G.S. 135-6 and G.S. 135-7 are applicable to  
27           the Death Benefit Plan.

28           (b) Effect of Vote Related to Contributory Death Benefit. – No decision of the Board of  
29           Trustees related to the Contributory Death Benefit fully contributory death benefit for retirees  
30           provided for under this Chapter, Chapter 120, or Chapter 127A of the General Statutes, any of  
31           the following shall take effect unless and until this same decision has been made and voted on  
32           by the Board of Trustees of the Local Governmental Employees Retirement System.System:

33           (1) G.S. 120-4.27.

34           (2) G.S. 135-64.

35           (3) G.S. 134-166.60.

36           (c) Rulemaking. – The Board of Trustees may adopt temporary or permanent rules, as  
37           necessary, for all aspects of administration of this Article.

38 **"§ 135-165. Death benefit for in-service members.**

39           (a) Eligibility. – A member who is not retired and who has completed at least one full  
40           year of membership in the Retirement System is a participant in, and eligible for death benefits  
41           under, the Death Benefit Plan in accordance with this section.

42           (b) Benefits Upon Death While in Service. – If a member eligible for benefits under this  
43           section dies while in service, then, upon receipt of proof, proof of the death that is satisfactory to  
44           the Board of Trustees in their capacity as trustees under the Group Life Insurance Plan, of the  
45           death, in service, of a member who had completed at least one full calendar year of membership  
46           in the Retirement System, there Trustees, a lump sum death benefit amount shall be paid to such  
47           person as the member shall have nominated by electronic submission in a form approved by the  
48           Board of Trustees or by written designation duly acknowledged and filed with the Board of  
49           Trustees, if such person is living at the time of the member's death, otherwise to the member's  
50           legal representatives, a death benefit paid.

1       (c) ~~Such death-~~Death Benefit Amount. – Subject to a minimum of twenty-five thousand  
2 dollars (\$25,000) and to a maximum of fifty thousand dollars (\$50,000), the lump sum death  
3 benefit shall be amount payable under this section is equal to the greater of: of the following  
4 amounts:

5           (1) The compensation on which contributions to the Retirement System were  
6 made by the member during the calendar year preceding the year in which ~~his~~  
7 the member's death occurs, or occurred.

8           (2) The greatest compensation on which contributions to the Retirement System  
9 were made by the member during a 12-month period of service within the  
10 24-month period of service ending on the last day of the month preceding the  
11 month in which ~~his~~the member's last day of actual service occurs;  
12 subject to a minimum of twenty five thousand dollars (\$25,000) and to a maximum  
13 of fifty thousand dollars (\$50,000)-occurred.

14       (d) Members Deemed to be in Service. – For the purpose of ~~the Plan,~~this section, a  
15 member shall be deemed to be in service at the date of ~~his~~the member's death if ~~his~~the death  
16 occurs within 180 days from the last day of ~~his~~actual service-service, as determined in  
17 accordance with G.S. 135-170.

18 **§ 135-170. Last day of actual service; death benefit for in-service members.**

19 To determine the last day of actual service for the purposes of the death benefit for in-service  
20 members, all of the following apply:

21           (1) ~~When the employee has not been terminated,~~Uninterrupted service. – For a  
22 member with uninterrupted service, the last day of actual service is the date  
23 on which an absent member's sick and annual leave expire, unless the member  
24 is on an approved leave of absence and is deemed to be in service under the  
25 provisions of G.S. 135-4(h). If a member is deemed to be in service under  
26 G.S. 135-4(h), then the last day of actual service is the last day for which the  
27 member made a contribution to the Retirement System.

28           (2) Interrupted service. – All of the following apply to a member whose service  
29 has been interrupted:

30           a. ~~When a member's~~For a member whose service is interrupted by reason  
31 of service in the Uniformed Services, as that term is defined in section  
32 4303(16) of the Uniformed Services Employment and Reemployment  
33 Rights Act, Public Law 103-353, and the ~~participant~~member does not  
34 return immediately after that service to employment with a covered  
35 employer in ~~his~~the Retirement System, the last day of actual service  
36 is the date on which the participant-member was first eligible to be  
37 separated or released from his or her involuntary military service.

38           b. ~~For a period when a member who is on an approved leave of absence,~~  
39 ~~his status with respect to the death benefit will be determined by the~~  
40 ~~provisions of G.S. 135-4(h).~~but is not deemed to be in service under  
41 G.S. 135-4(h), the last day of actual service is either the last day for  
42 which the member made a contribution to the Retirement System or  
43 the date on which the member's sick and annual leave expired,  
44 whichever is later.

45           c. A member on leave of absence from ~~his~~a position as a teacher or State  
46 employee for the purpose of serving as a member or officer of the  
47 North Carolina General Assembly shall be deemed to be in service  
48 during sessions of the General Assembly and thereby covered by the  
49 provisions of the death benefit. The eligible for the death benefit under  
50 G.S. 135-165. The last day of actual service shall be the most recent  
51 legislative day of the applicable General Assembly session or the last

1 day the member performed work as a teacher or State employee,  
 2 whichever is later. Notwithstanding G.S. 135-165(c), the amount of  
 3 the death benefit for such a member who is on a leave of absence due  
 4 to General Assembly service shall be the equivalent of the salary to  
 5 which the member would have been entitled as a teacher or State  
 6 employee during the 12-month period immediately prior to the month  
 7 in which death occurred, not to be less than subject to a minimum of  
 8 twenty-five thousand dollars (\$25,000) nor to exceed and a maximum  
 9 of fifty thousand dollars (\$50,000).

10 d. All of the following apply for a member who is either (i) receiving  
 11 workers' compensation benefits during the period for which the  
 12 member would have been otherwise eligible to receive short-term  
 13 benefits or extended short-term benefits under G.S. 135-105 or (ii) a  
 14 beneficiary under the Disability Income Plan:

15 1. If the date the member last performed work as a teacher or  
 16 State employee occurred within 180 days of the date the  
 17 member died, then the last day of actual service is the last day  
 18 the member performed that work.

19 2. If the date the member last performed worked as a teacher or  
 20 State employee occurred more than 180 days from the date the  
 21 member died, then that member shall not be deemed in active  
 22 service for the purposes of G.S. 135-165.

23 (3) ~~When the employee Terminated service.~~ – For a member whose employment  
 24 has been ~~terminated,~~ terminated for reasons other than retirement, whether by  
 25 the employer or the employee, the last day of actual service is the last day  
 26 member actually worked-performed work as a teacher or State employee.

27 **"§ 135-175. Fully contributory death benefit for retired members.**

28 (a) Participation and Premiums. – All retired members may elect to participate in the  
 29 Death Benefit Plan and therefore become eligible to receive death benefits under the Death  
 30 Benefit Plan in accordance with this section. Elections shall be made prior to death and no later  
 31 than 60 calendar days from the effective date of the member's retirement. Elections shall be  
 32 received by the Board of Trustees prior to the death of the retired member. Retired members  
 33 electing to receive a fully contributory death benefit under the Death Benefit Plan shall  
 34 continuously pay monthly premiums on a fully contributory basis, as determined by the Board  
 35 of Trustees, to the Benefit Trust. Premium payments shall be made through retirement allowance  
 36 deductions or other methods adopted by the Board of Trustees.

37 (b) Benefits Upon Death. – If a retired member who has elected to receive a fully  
 38 contributory death benefit under to this section dies, then, upon receipt of ~~proof,~~ proof of the  
 39 death that is satisfactory to the Board of Trustees in its capacity under this subsection, of the  
 40 death of a retired member of the Retirement System on or after January 1, 2015, there Trustees,  
 41 a lump sum death benefit amount shall be paid a death benefit to the person or persons designated  
 42 by the member or, if not survived by a designated beneficiary, to the deceased retired member's  
 43 legal representative; provided the retired member has elected, when first eligible, to make, and  
 44 has continuously made, in advance of the member's death required contributions as determined  
 45 by the Board of Trustees on a fully contributory basis, through retirement allowance deductions  
 46 or other methods adopted by the Board of Trustees, to a group death benefit trust fund, the North  
 47 Carolina Teachers' and State Employees' Benefit Trust, administered by the Board of Trustees  
 48 Fund and Pension Accumulation Fund-paid.

49 (c) ~~This Death Benefit Amount.~~ – The lump sum death benefit payable under this section  
 50 shall be a lump-sum payment in the amount of one of the following amounts:

1           (1) If the death occurred on or after the first day of the twenty-fifth month of  
 2 coverage under this section, the amount payable is ten thousand dollars  
 3 (\$10,000) upon the completion of 24 months of contributions required under  
 4 this subsection. Should death occur (\$10,000).

5           (2) If the death occurred before the completion of 24 months of contributions  
 6 required under this subsection, the deceased retired member's designated  
 7 beneficiary or beneficiaries, or legal representative if not survived by a  
 8 designated beneficiary, shall be paid first day of the twenty-fifth month of  
 9 coverage under this section, the amount payable is the sum of the retired  
 10 member's contributions required by this subsection premium payments made  
 11 in accordance with this section plus interest in an amount to be determined by  
 12 the Board of Trustees.

13 **"§ 135-180. Death benefits; workers' compensation benefits and Disability Income Plan**  
 14 **beneficiaries.**

15           (a) Eligibility. – A member who is a beneficiary of the Disability Income Plan provided  
 16 for in Article 6 of this Chapter, or a member who is in receipt of Workers' Compensation workers'  
 17 compensation benefits during the period for which he or she the member would have otherwise  
 18 been eligible to receive short-term benefits or extended short-term benefits and as provided in  
 19 G.S. 135-105 benefits under G.S. 135-105 is eligible for death benefits under the Death Benefit  
 20 Plan in accordance with this section if all of the following criteria are met:

21           (1) The member is not retired.

22           (2) The member is not eligible for death benefits under G.S. 135-165.

23           (3) The member dies on or after 181 days from the last day of his or her actual  
 24 service the member performed work as a teacher or State employee but prior  
 25 to the date the workers' compensation benefits or benefits as provided in  
 26 G.S. 135-105 under the Disability Income Plan would have ended, shall be  
 27 eligible for group life insurance benefits as provided in this subsection,  
 28 notwithstanding that the member is no longer an employee or teacher or that  
 29 the member's death occurs after the eligibility period after active  
 30 service ended.

31           (b) Benefits Upon Death. – Upon receipt of proof of the death of a member eligible for  
 32 benefits under subsection (a) of this section that is satisfactory to the Board of Trustees, a lump  
 33 sum death benefit amount shall be paid.

34           (c) Benefit Amount. – The basis of the death benefit payable hereunder under this section  
 35 shall be the higher of the death benefit computed as above amount calculated in accordance with  
 36 G.S. 135-165(c) or a the death benefit amount based on compensation used in computing the  
 37 benefit payable under G.S. 135-105 and G.S. 135-106, as may be adjusted for percentage  
 38 post-disability increases, all subject to but shall not exceed the maximum dollar limitation as  
 39 provided above for the death benefit for in-service members under G.S. 135-165.

40           (d) Exceptions. – A member in receipt of benefits from the Disability Income Plan under  
 41 the provisions of G.S. 135-112 whose right to a benefit accrued under the former Disability  
 42 Salary Continuation Plan shall not be covered under the provisions of this paragraph entitled to  
 43 benefits under the Death Benefit Plan under this Article.

44 **"§ 135-185. Beneficiaries under the Death Benefit Plan.**

45           (a) Designation. – A member shall designate a beneficiary or beneficiaries for each  
 46 applicable benefit payable under this Article by electronic submission in a form approved by the  
 47 Board of Trustees or by written designation duly acknowledged and filed with the Board of  
 48 Trustees.

49           (b) Benefits Payable. – Each applicable benefit payable under this Article shall be paid  
 50 to the designated beneficiary or beneficiaries to receive the benefit. If no beneficiaries are

1 designated or living at the time of the member's death, then the benefit shall be paid to the  
 2 member's legal representative.

3 **"§ 135-190. Reciprocity of Death Benefit Plan.**

4 (a) Reciprocity of Death Benefit Plan. – Only for the purpose of determining eligibility  
 5 for the death benefit benefits provided for in subsection (f) of this section, under this Article,  
 6 membership service standing to the credit of (i) a member of the Legislative Retirement System  
 7 or the Consolidated Judicial Retirement System or (ii) a retired member of the Legislative  
 8 Retirement System or the Consolidated Judicial Retirement System whose retirement benefit was  
 9 suspended upon entrance into membership in the Teachers' and State Employees' Retirement  
 10 System shall be added to the membership service standing to the credit of a member of the  
 11 Teachers' and State Employees' Retirement System. However, in the event that a participant or  
 12 beneficiary is a retired member of the Legislative Retirement System or the Consolidated Judicial  
 13 Retirement System whose retirement benefit was suspended upon entrance into membership in  
 14 the Teachers' and State Employees' Retirement System, such membership service standing to the  
 15 credit of the retired member prior to retirement shall be likewise counted.

16 (b) Prohibitions. – Membership service under this section shall not be counted twice for  
 17 the same period of time.

18 **"§ 135-195. Accumulated contributions separate.**

19 Such death benefit Death benefit amounts payable under this Article shall be payable apart  
 20 and separate from the payment of the member's accumulated contributions under the Retirement  
 21 System on his the member's death pursuant to the provisions of subsection (f) of this  
 22 section. G.S. 135-5.

23 **"§ 135-200. Benefits disallowed under this Article.**

24 In Notwithstanding anything in this Article to the contrary, no event shall a death benefit  
 25 provided for in G.S. 135-5(f) under this Article shall be paid at the death of a member if a death  
 26 benefit is paid related to that member under G.S. 135-63."

27  
 28 **PART II. TECHNICAL RECODIFICATION AND STANDARDIZATION OF THE**  
 29 **DEATH BENEFIT PLAN FOR MEMBERS OF THE LOCAL GOVERNMENTAL**  
 30 **EMPLOYEES' RETIREMENT SYSTEM**

31 **SECTION 4.(a)** Article 3 of Chapter 128 of the General Statutes is amended to add  
 32 a new Part 1 to be entitled "Local Governmental Employees Retirement System" consisting of  
 33 G.S. 128-21 through G.S. 128-38.29.

34 **SECTION 4.(a1)** Article 3 of Chapter 128 of the General Statutes is amended to add  
 35 a new Part 2 to be entitled "Local Governmental Death Benefit Plan" that consists of the  
 36 following new sections:

37 (1) G.S. 128-38.30.

38 (2) G.S. 128-38.31.

39 (3) G.S. 128-38.35.

40 (4) G.S. 128-38.36.

41 (5) G.S. 128-38.40.

42 (6) G.S. 128-38.45.

43 (7) G.S. 128-38.46.

44 **SECTION 4.(b)** The caption and the second sentence of G.S. 128-27(l) are  
 45 recodified as subsection (a) of G.S. 128-38.30.

46 **SECTION 4.(c)** The third, fourth, and fifth sentences of the first paragraph of  
 47 G.S. 128-27(l) are recodified as subsection (b) of G.S. 128-38.30.

48 **SECTION 4.(d)** The seventh paragraph of G.S. 128-27(l) is recodified as subsection  
 49 (a) of G.S. 128-38.31.

50 **SECTION 4.(d1)** G.S. 128-28(f1) is recodified as subsection (b) of G.S. 128-38.31.



1           **SECTION 4.(e)** The first sentence of the first paragraph of G.S. 128-27(*l*) is  
2 recodified as the first sentence of subsection (a) of G.S. 128-38.35.

3           **SECTION 4.(f)** The first sentence of G.S. 128-27(*l1*) is recodified as the second  
4 sentence of subsection (a) of G.S. 128-38.35.

5           **SECTION 4.(g)** The first sentence of the second paragraph of G.S. 128-27(*l*) is  
6 recodified as subsection (b) of G.S. 128-38.35.

7           **SECTION 4.(h)** The second sentence of the second paragraph of G.S. 128-27(*l*) is  
8 recodified as subsection (c) of G.S. 128-38.35.

9           **SECTION 4.(i)** The fourth sentence of the second paragraph of G.S. 128-27(*l*) is  
10 recodified as subsection (d) of G.S. 128-38.35.

11           **SECTION 4.(j)** Sub-subdivision a. of subdivision (2) of the sixth paragraph of  
12 G.S. 128-27(*l*) is recodified as subdivision (3) of G.S. 128-38.36.

13           **SECTION 4.(k)** Sub-subdivision b. of subdivision (2) of the sixth paragraph of  
14 G.S. 128-27(*l*) is recodified as subdivision (1) of G.S. 128-38.36.

15           **SECTION 4.(l)** Sub-subdivision c. of subdivision (2) of the sixth paragraph of  
16 G.S. 128-27(*l*) is recodified as sub-subdivision a. of subdivision (2) of G.S. 128-38.36.

17           **SECTION 4.(m)** Subdivision (3) of the sixth paragraph of G.S. 128-27(*l*) is  
18 recodified as sub-subdivision b. of subdivision (2) of G.S. 128-38.36.

19           **SECTION 4.(n)** Subdivision (4) of the sixth paragraph of G.S. 128-27(*l*) is  
20 recodified as sub-subdivision c. of subdivision (2) of G.S. 128-38.36.

21           **SECTION 4.(o)** The first sentence of the first paragraph of G.S. 128-27(*l6*) is  
22 recodified as subsection (b) of G.S. 128-38.40.

23           **SECTION 4.(p)** The second paragraph of G.S. 128-27(*l6*) is recodified as subsection  
24 (c) of G.S. 128-38.40.

25           **SECTION 4.(q)** The third sentence of the second paragraph of G.S. 128-27(*l*) is  
26 recodified as G.S. 128-38.46.

27           **SECTION 5.(a)** The remainder of subsections (*l*), (*l1*), and (*l6*) of G.S. 128-27 not  
28 recodified by Section 4 of this act are repealed.

29           **SECTION 5.(b)** Subsections (*l2*), (*l3*), (*l4*), and (*l5*) of G.S. 128-27 are repealed.

30           **SECTION 6.(a)** G.S. 128-21 reads as rewritten:

31 **"§ 128-21. Definitions.**

32           The following ~~words and phrases as used~~ definitions apply in this Article, unless a different  
33 meaning is plainly required by the ~~context, shall have the following meanings:~~ context:

34           ...

35           (6a) "Benefit Trust" means the North Carolina Teachers' and State Employees'  
36 Benefit Trust under G.S. 135-154.

37           ...

38           (8a) "Death Benefit Plan" means the Local Governmental Death Benefit Plan  
39 established under Part 2 of this Article.

40           (8b) "Duly acknowledged" means notarized, including electronic notarization, or  
41 verified through an identity authentication service approved by the  
42 Department of State Treasurer.

43           ...."

44           **SECTION 6.(b)** Part 2 of Article 3 of Chapter 128 of the General Statutes, as created  
45 by Section 4 of this act, reads as rewritten:

46                       "Part 2. Local Governmental Death Benefit Plan.

47 **"§ 128-38.30. Death Benefit Plan established.**

48           (a) Death Benefit Plan. – There is ~~hereby created a Group Life Insurance Plan (hereinafter~~  
49 ~~called the "Plan") which is established as~~ the Local Governmental Death Benefit Plan, a group  
50 life insurance plan that is an employee welfare benefit plan that is separate and apart from the

1 Retirement System and under which the members of the Retirement System shall participate and  
2 be eligible for group life insurance benefits. System.

3 (b) Benefit Trust. – The Death Benefit Plan shall be part of the North Carolina Teachers'  
4 and State Employees' Benefit Trust, as established under G.S. 135-7(g). Trust. All receipts,  
5 transfers, appropriations, contributions, investment earnings, and other income belonging to the  
6 Death Benefit Plan shall be deposited in the Benefit Trust. All benefits and expenses against the  
7 Death Benefit Plan shall be disbursed from the Benefit Trust.

8 **"§ 128-38.31. Administration of Death Benefit Plan.**

9 (a) Provisions Applicable. – The Death Benefit Plan is administered by the Board of  
10 Trustees. The provisions of the Retirement System pertaining to administration, G.S. 128-28, and  
11 management of funds, G.S. 128-29, are hereby made G.S. 128-28 and G.S. 128-29 are applicable  
12 to the Death Benefit Plan.

13 (b) Effect of Vote Related to Contributory Death Benefit. – No decision of the Board of  
14 Trustees related to the Contributory Death Benefit fully contributory death benefit for retirees  
15 provided for under this Article Part shall take effect unless and until this same decision has been  
16 made and voted on by the Board of Trustees of the Teachers' and State Employees' Retirement  
17 System.

18 (c) Rulemaking. – The Board of Trustees may adopt temporary or permanent rules, as  
19 necessary, for all aspects of administration of this Part.

20 **"§ 128-38.35. Death benefit for in-service members.**

21 (a) The provisions of this subsection shall become effective for any employer only after  
22 Participation. – Benefits under this section are only available to an otherwise eligible in-service  
23 member if that member's employer has opted to participate in the Death Benefit Plan or if the  
24 member is a law enforcement officer. All of the following apply:

25 (1) If an employer elects to participate in the Death Benefit Plan with regards to  
26 in-service members who are not law enforcement officers employed by the  
27 employer, then an agreement to that effect has been shall be executed by the  
28 employer and the Executive Director of the Retirement System. Under all  
29 requirements and conditions as otherwise provided for in subsection (1) of this  
30 section, except for the requirement that the provisions are effective only after  
31 an agreement has been executed by the employer and the Executive Director  
32 of the Retirement Systems Division, Participation in, and eligibility for death  
33 benefits under, the Death Benefit Plan in accordance with this section shall be  
34 begin only after this agreement has been executed.

35 (2) Employers are required to participate in the Death Benefit Plan with regard to  
36 all law enforcement officers employed by the employer who are members of  
37 the Retirement System shall participate and be eligible for group life insurance  
38 benefits under the Group Life Insurance Plan, and employers shall fund the  
39 cost of these benefits.

40 (a1) Eligibility. – Subject to employer participation in the Death Benefit Plan for members  
41 who are not law enforcement officers, a member who has not retired and who has completed at  
42 least one full year of membership in the Retirement System is a participant in, and eligible for  
43 the death benefits under, the Death Benefit Plan in accordance with this section.

44 (b) Benefits Upon Death While in Service. – If a member eligible for benefits under this  
45 section dies while in service, then, upon receipt of proof, proof of the death that is satisfactory to  
46 the Board of Trustees in their capacity as trustees under the Group Life Insurance Plan, of the  
47 death, in service, of a member who had completed at least one full calendar year of membership  
48 in the Retirement System, there Trustees, a lump sum death benefit amount shall be paid to such  
49 person as the member shall have nominated by electronic submission in a form approved by the  
50 Board of Trustees or by written designation duly acknowledged and filed with the Board of

1 Trustees, if such person is living at the time of the member's death, otherwise to the member's  
2 legal representatives, a death benefit paid.

3 (c) ~~Such death~~ Death Benefit Amount. – Subject to a minimum of twenty-five thousand  
4 dollars (\$25,000) and to a maximum of fifty thousand dollars (\$50,000), the lump sum death  
5 benefit ~~shall be amount payable under this section is equal to the greater of:~~ of the following  
6 amounts:

7 (1) The compensation on which contributions to the Retirement System were  
8 made by the member during the calendar year preceding the year in which ~~his~~  
9 the member's death occurs, or occurred.

10 (2) The greatest compensation on which contributions to the Retirement System  
11 were made by the member during a 12-month period of service within the  
12 24-month period of service ending on the last day of the month preceding the  
13 month in which ~~his~~ the member's last day of actual service occurs;  
14 ~~subject to a minimum of twenty-five thousand dollars (\$25,000) and a~~  
15 ~~maximum of fifty thousand dollars (\$50,000).~~ occurred.

16 (d) Members Deemed to be in Service. – For the purpose of ~~the Plan, section,~~ a member  
17 shall be deemed to be in service at the date of ~~his~~ the member's death if ~~his~~ the death occurs  
18 within 180 days from the last day of ~~his~~ actual service. ~~service,~~ as determined in accordance with  
19 G.S. 128-38.36.

20 **"§ 128-38.36. Last day of actual service; death benefit for in-service members.**

21 To determine the last day of actual service for the purposes of a death benefit for in-service  
22 members, all of the following apply:

23 (1) ~~When the employee has not been terminated,~~ Uninterrupted service. – For  
24 members with uninterrupted service, the last day of actual service is the date  
25 on which an absent member's sick and annual leave ~~expire.~~ expire unless the  
26 member is on an approved leave of absence and is deemed to be in service  
27 under G.S. 128-26(g). If a member is deemed to be in service under  
28 G.S. 128-26(g), then the last day of actual service is the last day for which the  
29 member made a contribution to the Retirement System.

30 (2) Interrupted service. – All of the following apply to a member whose service  
31 has been interrupted:

32 a. ~~When a member's~~ For a member whose service is interrupted by reason  
33 of service in the Uniformed Services, as that term is defined in section  
34 4303(16) of the Uniformed Services Employment and Reemployment  
35 Rights Act, Public Law 103-353, and the participant-member does not  
36 return immediately after that service to employment with a covered  
37 employer in this the Retirement System, the last day of actual service  
38 is the date on which the participant-member was first eligible to be  
39 separated or released from his or her involuntary military service.

40 b. ~~For a period when~~ a member who is on an approved leave of absence,  
41 his status with respect to the death benefit will be determined by the  
42 provisions of G.S. 128-26(g). ~~but who is not deemed to be in service~~  
43 under G.S. 128-26(g), the last day of actual service is either the last  
44 day for which the member made a contribution to the Retirement  
45 System or the date on which the member's sick and annual leave  
46 expired, whichever is later.

47 c. A member on leave of absence from ~~his~~ a position as a local  
48 governmental employee for the purpose of serving as a member or  
49 officer of the North Carolina General Assembly shall be deemed to be  
50 in service during sessions of the General Assembly and ~~thereby~~  
51 ~~covered by the provisions of the death benefit, if applicable. The~~

1 eligible for the death benefit under G.S. 128-38.35. The last day of  
 2 actual service shall be the most recent legislative day of the applicable  
 3 General Assembly session or the last day the member performed work  
 4 as a local governmental employee, whichever is later. Notwithstanding  
 5 G.S. 128-38.35(c), the amount of the death benefit for such a member  
 6 who is on a leave of absence due to General Assembly service shall be  
 7 the equivalent of the salary to which the member would have been  
 8 entitled as a local governmental employee during the 12-month period  
 9 immediately prior to the month in which death occurred, ~~not to be less~~  
 10 ~~than~~ subject to a minimum of twenty-five thousand dollars (\$25,000)  
 11 ~~nor to exceed~~ and a maximum of fifty thousand dollars (\$50,000).

- 12 (3) ~~When the employee Terminated service. – For a member whose employment~~  
 13 ~~has been terminated, terminated for reasons other than retirement, whether by~~  
 14 ~~the employer or the employee, the last day of actual service is the last day the~~  
 15 ~~member actually worked.~~ performed work as a local governmental employee.

16 **"§ 128-38.40. Fully contributory death benefit for retired members.**

17 (a) Participation and Premiums. – All retired members may elect to participate in the  
 18 Death Benefit Plan and therefore become eligible to receive death benefits under the Death  
 19 Benefit Plan in accordance with this section. Elections shall be made prior to death and no later  
 20 than 60 calendar days from the effective date of the member's retirement. Elections shall be  
 21 received by the Board of Trustees prior to the death of the retired member. Retired members  
 22 electing to receive a fully contributory death benefit under the Death Benefit Plan shall  
 23 continuously pay monthly premiums on a fully contributory basis, as determined by the Board  
 24 of Trustees, to the North Carolina Teachers' and State Employees' Benefit Trust established under  
 25 G.S. 135-7(g). Premium payments shall be made through retirement allowance deductions or  
 26 other methods adopted by the Board of Trustees.

27 (b) Benefits Upon Death. – If a retired member who has elected to receive a fully  
 28 contributory death benefit under this section dies, then, upon receipt of proof, proof of the death  
 29 that is satisfactory to the Board of Trustees in its capacity under this subsection, of the death of  
 30 a retired member of the Retirement System on or after January 1, 2015, there Trustees, a lump  
 31 sum death benefit amount shall be paid a death benefit to the person or persons designated by the  
 32 member or, if not survived by a designated beneficiary, to the deceased retired member's legal  
 33 representative; provided the retired member has elected, when first eligible, to make, and has  
 34 continuously made, in advance of the member's death required contributions as determined by  
 35 the Board of Trustees on a fully contributory basis, through retirement allowance deductions or  
 36 other methods adopted by the Board of Trustees, to a group death benefit trust fund, the North  
 37 Carolina Teachers' and State Employees' Benefit Trust, administered by the Board of Trustees  
 38 separate and apart from the Retirement System's Annuity Savings Fund and Pension  
 39 Accumulation Fund. ~~paid.~~

40 (c) ~~The Death Benefit Amount. – The lump sum death benefit payable under this~~  
 41 ~~subsection~~ section shall be a lump sum payment in the amount of one of the following amounts:

- 42 (1) If the death occurred on or after the first day of the twenty-fifth month of  
 43 coverage under this section, then the amount payable is ten thousand dollars  
 44 (\$10,000) upon the completion of 24 months of contributions required under  
 45 this subsection. Should death occur (\$10,000).

- 46 (2) If the death occurred before the completion of 24 months of contributions  
 47 required under this subsection, the deceased retired member's designated  
 48 beneficiary or beneficiaries, or legal representative if not survived by a  
 49 designated beneficiary, shall be paid first day of the twenty-fifth month of  
 50 coverage under this section, then the amount payable is the sum of the retired  
 51 member's contributions required by this subsection premium payments made

1 in accordance with this section plus interest in an amount to be determined by  
2 the Board of Trustees.

3 **"§ 128-45. Beneficiaries under the Death Benefit Plan.**

4 (a) Designation. – A member shall designate a beneficiary or beneficiaries for each  
5 applicable benefit payable under this Part by electronic submission in a form approved by the  
6 Board of Trustees or by written designation duly acknowledged and filed with the Board of  
7 Trustees.

8 (b) Benefits Payable. – Each applicable benefit payable under this Part shall be paid to  
9 the designated beneficiary or beneficiaries to receive the benefit. If no beneficiaries are  
10 designated or living at the time of the member's death, then the benefit shall be paid to the  
11 member's legal representative.

12 **"§ 128-38.46. Accumulated contributions separate.**

13 ~~Such death benefit~~ Death benefit amounts payable under this Part shall be payable apart and  
14 separate from the payment of the member's accumulated contributions under the Retirement  
15 System on his—the member's death pursuant to the provisions of subsection (f) of this  
16 section. G.S. 128-27(f)."

17  
18 **PART III. STANDARDIZATION OF DEATH BENEFITS FOR MEMBERS OF THE**  
19 **CONSOLIDATED JUDICIAL RETIREMENT SYSTEM**

20 **SECTION 7.(a)** G.S. 135-53 is amended by adding a new subdivision to read:

21 "(3a) "Benefit Trust" means the North Carolina Teachers' and State Employees'  
22 Benefit Trust under G.S. 135-154."

23 **SECTION 7.(b)** G.S. 135-52 is amended by adding a new subsection to read:

24 "(c) Fully contributory death benefits under this Article are established as a group life  
25 insurance plan that is an employee welfare benefit plan that is separate and apart from the  
26 Retirement System and administered by the Board of Trustees. Fully contributory death benefits  
27 for retirees under this Article are part of the Benefit Trust. All receipts, transfers, appropriations,  
28 contributions, investment earnings, and other income associated with the fully contributory death  
29 benefits for retirees under this Article shall be deposited in the Benefit Trust. All benefits and  
30 expenses against the fully contributory death benefits for retirees under this Article shall be  
31 disbursed from the Benefit Trust."

32 **SECTION 7.(c)** Subsections (b) and (d) of G.S. 135-63 are repealed.

33 **SECTION 7.(d)** G.S. 135-63, as amended by subsection (c) of this section, reads as  
34 rewritten:

35 **"§ 135-63. Benefits on death before retirement.**

36 (a) ~~Upon~~ In-Service Benefit. – If a member dies while in service, then, upon receipt of  
37 proof, proof of the death that is satisfactory to the Board of Trustees, of the death of a member  
38 in service, there shall be paid in a lump sum death benefit shall be paid to such person as the  
39 beneficiary or beneficiaries that the member shall have nominated—designated by electronic  
40 submission in a form approved by the Board of Trustees or by written designation duly  
41 acknowledged and filed with the Board of Trustees, if such person is Trustees. If no beneficiaries  
42 are designated or living at the time of the member's death, otherwise then the death benefit shall  
43 be paid to the member's legal representatives, a representative. The amount of the death benefit  
44 payable under this subsection is equal to the sum of (i) the member's accumulated contributions,  
45 plus (ii) the member's final compensation; provided, however, that if the member has attained his  
46 or her fiftieth birthday with at least five years of membership service at the member's date of  
47 death, and if the designated recipient of the death benefits is the compensation, unless a member's  
48 surviving spouse who survives him or her, and if the spouse so elects, is eligible for and elects to  
49 receive a survivor's alternate benefit under subsection (a1) of this section.

50 (a1) Survivor's Alternate Benefit. – The surviving spouse of a member who was age 50 or  
51 older with at least five years of membership service at the time of death may elect a survivor's

1 alternate benefit. If the surviving spouse elects a survivor's alternate benefit, then the lump-sum  
 2 death benefit provided for herein under subsection (a) of this section shall consist only of a  
 3 payment equal to the member's final compensation and there shall be paid to the surviving spouse  
 4 an annual retirement allowance, payable monthly, which monthly. The monthly payments shall  
 5 commence on the first day of the calendar month coinciding with or next following the death of  
 6 the member and shall be continued member. All of the following apply to the survivor's alternate  
 7 benefit:

8 (1) The survivor's alternate benefit shall continue on the first day of each month  
 9 thereafter until the remarriage or death of the spouse.

10 (2) The amount of any such the survivor's alternate benefit retirement allowance  
 11 shall be equal to one half of the amount of the retirement allowance to which  
 12 the member would have been entitled had the member retired under the  
 13 provisions of G.S. 135-57(a) on the first day of the calendar month coinciding  
 14 with or next following the member's date of death, reduced by two percent  
 15 (2%) thereof for each full year, if any, by which the age of the member at his  
 16 or her date of death exceeds that of the member's spouse.

17 (3) If the retirement allowance to the spouse shall terminate terminates on the  
 18 remarriage or death of the spouse before the total of the retirement allowance  
 19 payments made equals the amount of the member's accumulated contributions  
 20 at date of death, then the excess of such those accumulated contributions over  
 21 the total of the retirement allowances paid to the spouse shall be paid in a lump  
 22 sum to such person as the beneficiary or beneficiaries the member shall have  
 23 nominated designated by electronic submission in a form approved by the  
 24 Board of Trustees or by written designation duly acknowledged and filed with  
 25 the Board of Trustees, if such person is Trustees. If no beneficiary is  
 26 designated or living at the time such payment falls due, otherwise the lump  
 27 sum payment becomes due under this subdivision, then the lump sum payment  
 28 shall be made to the former member's legal representatives.

29 ...

30 (c) Not in Service Benefit. – Upon receipt of proof, satisfactory to the Board of Trustees,  
 31 of the death of a member not in service, there shall be paid in a lump sum to such person as the  
 32 beneficiary that the member shall have nominated designated by electronic submission in a form  
 33 approved by the Board of Trustees or by written designation duly acknowledged and filed with  
 34 the Board of Trustees, if such person is Trustees. If no beneficiary is designated or living at the  
 35 time of the member's death, otherwise the lump sum death benefit shall be paid to the member's  
 36 legal representatives, a representatives. The lump sum death benefit payable under this  
 37 subsection is equal to the member's accumulated contributions.

38 ...."

39 **SECTION 7.(e)** Subsections (f) through (j) of G.S. 135-64 are repealed.

40 **SECTION 7.(f)** G.S. 135-64, as amended by subsection (e) of this section, reads as

41 rewritten:

42 "**§ 135-64. Benefits on death after retirement.**

43 (a) In the event of the death of If a former member while in receipt of dies after a service  
 44 retirement allowance pursuant to his retirement under the provisions of G.S. 135-57, G.S. 135-57  
 45 or after a the former member's sixty-fifth birthday while in receipt of a retirement allowance  
 46 pursuant to his retirement under the provisions of after a disability retirement under G.S. 135-59,  
 47 then there shall be paid to the former member's surviving spouse, if any, an annual retirement  
 48 allowance, payable monthly, which monthly. The monthly payments shall commence on the first  
 49 day of the calendar month next following the date of death of the former member and shall be  
 50 continued on the first day of each month thereafter until the remarriage or death of the spouse.  
 51 The amount of any such the retirement allowance under this subsection shall be equal to one half

1 of the allowance that was payable to the former member for the month immediately prior to ~~his~~  
2 the member's month of death, or ~~which that~~ would have been ~~so~~-payable had an optional mode  
3 of payment not been elected under the provisions of G.S. 135-61, reduced by two percent (2%)  
4 thereof for each full year, if any, by which the age of the former member at date of death exceeds  
5 that of ~~his-the~~ spouse.

6 (b) ~~In the event of the death of~~ If a former member dies prior to ~~his-the~~ former member's  
7 sixty-fifth birthday ~~while in receipt of a~~ after a disability retirement allowance pursuant to ~~his~~  
8 retirement under the provisions of G.S. 135-59, then there shall be paid to the former member's  
9 surviving spouse, if any, an annual retirement allowance, payable ~~monthly, which~~ monthly. The  
10 monthly payments shall commence on the first day of the calendar month next following the date  
11 of death of the former member and shall be continued on the first day of each month thereafter  
12 until the remarriage or death of the spouse. The amount of ~~any such-the~~ retirement allowance  
13 under this subsection shall be equal to one half of the allowance to which the former member  
14 would have been entitled under the provisions of G.S. 135-58 if ~~he-the~~ member had remained in  
15 service from ~~his-the~~ disability retirement date to ~~his-the~~ date of death with no change in ~~his-the~~  
16 former member's final compensation or status and had then retired, reduced by two percent (2%)  
17 thereof for each full year, if any, by which the age of the former member at date of death exceeds  
18 that of ~~his-the~~ spouse.

19 (c) ~~In the event of the death of~~ If a former member dies while in receipt of a retirement  
20 allowance under ~~the provisions of~~ G.S. 135-58, 135-60, or 135-61, and if such-that former  
21 member is not survived by a spouse to whom a retirement allowance is payable under the  
22 provisions of subsection (a) or subsection (b) ~~above, of this section~~ nor survived by a beneficiary  
23 to whom a monthly survivorship benefit is payable under one of the optional modes of payment  
24 under G.S. 135-61, then there shall be paid to such person as a lump sum death benefit to the  
25 beneficiary that the member shall have nominated-designated by electronic submission in a form  
26 approved by the Board of Trustees or by written designation duly acknowledged and filed with  
27 the Board of ~~Trustees, if such person is~~ Trustees. If no beneficiary is designated or living at the  
28 time of the member's death, ~~otherwise then the lump sum death benefit shall be paid to the~~  
29 member's legal ~~representatives, a~~ representative. The lump sum death benefit payable under this  
30 subsection shall be equal to the excess, if any, of the accumulated contributions of the member  
31 at his-the member's date of retirement over the total of the retirement allowances paid to ~~him-the~~  
32 member prior to ~~his~~-death.

33 (d) ~~In the event that~~ If a retirement allowance becomes payable to the spouse of a former  
34 member under the provisions of subsection (a) or subsection (b) ~~above, of this section~~ or to the  
35 designated survivor of a former member under one of the optional modes of payment under  
36 G.S. 135-61, and ~~such-that~~ retirement allowance ~~to the spouse shall terminate-terminated~~ on the  
37 remarriage or death of the ~~spouse, or on the death of spouse or the designated survivor, survivor~~  
38 before the total of the retirement allowances paid to the former member and ~~his-the~~ spouse or the  
39 designated survivor combined equals the amount of the member's accumulated contributions at  
40 ~~his-the~~ member's date of retirement, then the excess of ~~such-those~~ accumulated contributions over  
41 the total of the retirement allowances paid to the former member and ~~his-the~~ spouse or the  
42 designated survivor combined shall be paid in a lump sum to ~~such person as the beneficiary that~~  
43 the member ~~shall have nominated-designated~~ by electronic submission in a form approved by the  
44 Board of Trustees or by written designation duly acknowledged and filed with the Board of  
45 ~~Trustees, if such person~~ Trustees. If no beneficiary is designated or is living at the time such  
46 payment under this subsection falls due, otherwise then the lump sum shall be paid to the former  
47 member's legal representatives.

48 (e) ~~In the event of the death of~~ If a retired former judge dies while in receipt of a  
49 retirement allowance under ~~the provisions of~~ G.S. 135-58(d), then there shall be paid to the  
50 former judge's surviving spouse, if any, an annual retirement allowance payable ~~monthly, which~~  
51 monthly. The monthly payments shall commence on the first day of the calendar month next

1 following the date of death of the former judge and shall be continued on the first day of each  
2 month thereafter until the remarriage or death of the spouse. The amount of ~~any such the~~  
3 retirement allowance under this subsection shall be equal to one half of the allowance that was  
4 payable to the former judge for the month immediately prior to ~~his the~~ month of death, reduced  
5 by two percent (2%) thereof for each full year, if any, by which the age of the former judge at  
6 date of death exceeds that of ~~his the~~ spouse.

7 ...

8 (k) ~~Upon the death of a retired member on or after January 1, 2015, there~~ All retired  
9 members may elect to participate in the fully contributory death benefit for retirees. All of the  
10 following apply to the fully contributory death benefit for retirees:

11 (1) Elections to participate in the fully contributory death benefit for retirees shall  
12 be made prior to the member's death and no later than 60 calendar days from  
13 the effective date of the member's retirement. Elections shall be received by  
14 the Board of Trustees prior to the death of the retired member.

15 (2) Retired members electing to receive a fully contributory death benefit under  
16 this subsection shall continuously pay monthly premiums on a fully  
17 contributory basis, as determined by the Board of Trustees. Premium  
18 payments shall be made through retirement allowance deductions or other  
19 methods adopted by the Board of Trustees.

20 (3) If a retired member who has elected to receive a fully contributory death  
21 benefit under this subsection dies, then, upon receipt of proof of death that is  
22 satisfactory to the Board of Trustees, a lump sum death benefit amount shall  
23 be paid a death benefit to the person or persons beneficiary or beneficiaries  
24 designated by the member or, if not survived by a designated beneficiary,  
25 member. If no beneficiary is designated or living, then the death benefit shall  
26 be paid to the deceased retired member's legal representative; provided the  
27 retired member has elected, when first eligible, to make, and has continuously  
28 made, in advance of the member's death required contributions as determined  
29 by the Board of Trustees on a fully contributory basis, through retirement  
30 allowance deductions or other methods adopted by the Board of Trustees, to  
31 a group death benefit trust fund, the North Carolina Teachers' and State  
32 Employees' Benefit Trust, administered by the Board of Trustees separate and  
33 apart from the Retirement System's Annuity Savings Fund and Pension  
34 Accumulation Fund. Employer and non-employer contributions to the Benefit  
35 Trust and earnings on those contributions are irrevocable. The assets of the  
36 Benefit Trust are dedicated to providing benefits to members and beneficiaries  
37 in accordance with the Plan's benefit terms. The assets of the Benefit Trust are  
38 not subject to the claims of creditors of the employees and non employees  
39 making contributions to the Benefit Trust, are not subject to the claims of any  
40 creditors of the Benefit Trust's trustees and administrators, and are not subject  
41 to the claims of creditors of members and beneficiaries. Benefit Trust assets  
42 may be used for reasonable expenses to administer benefits provided by the  
43 Fund as approved by the Board of Trustees representative.

44 (4) The amount of the lump sum fully contributory death benefit payable under  
45 this subsection shall be a lump sum payment in the amount of is one of the  
46 following:

47 a. If the death occurred on or after the first day of the twenty-fifth month  
48 of coverage under this subsection, then the amount payable is ten  
49 thousand dollars (\$10,000) upon the completion of 24 months of  
50 contributions required under this subsection. Should death occur  
51 (\$10,000).



b. ~~If the death occurred before the completion of 24 months of contributions required under this subsection, the deceased retired member's designated beneficiary or beneficiaries, or legal representative if not survived by a designated beneficiary, shall be paid first day of the twenty-fifth month of coverage under this subsection, then the amount payable is the sum of the retired member's contributions required by this subsection premium payments made in accordance with this subsection plus interest in an amount to be determined by the Board of Trustees.~~"

#### **PART IV. STANDARDIZATION OF DEATH BENEFITS FOR MEMBERS OF THE LEGISLATIVE RETIREMENT SYSTEM**

**SECTION 8.(a)** G.S. 120-4.8 is amended by adding a new subdivision to read:

"(4d) Benefit Trust. – The North Carolina Teachers' and State Employees' Benefit Trust under G.S. 135-154."

**SECTION 8.(b)** G.S. 120-4.10 reads as rewritten:

**"§ 120-4.10. Administration of retirement system. Article.**

(a) The Board of Trustees of the Teachers' and State Employees' Retirement System shall be the trustee of the Retirement System. The provisions of this Article shall be administered by the Board of Trustees.

(b) Fully contributory death benefits under this Article are established as a group life insurance plan that is an employee welfare benefit plan that is separate and apart from the Retirement System and administered by the Board of Trustees. Fully contributory death benefits for retirees under this Article are part of the Benefit Trust. All receipts, transfers, appropriations, contributions, investment earnings, and other income associated with the fully contributory death benefits for retirees under this Article shall be deposited in the Benefit Trust. All benefits and expenses against the fully contributory death benefits for retirees under this Article shall be disbursed from the Benefit Trust."

**SECTION 8.(c)** G.S. 120-4.26A reads as rewritten:

**"§ 120-4.26A. Benefits on death after retirement.**

(a) ~~In the event of the death of~~ If a retired member dies while in receipt of a retirement allowance under the provisions of this Article, there a lump sum death benefit shall be paid to such person or persons as the beneficiary that the retiree shall have nominated designated by electronic submission 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 or persons Trustees. If no beneficiary or beneficiaries are designated or are living at the time of the retiree's death, otherwise then the lump sum death benefit shall be paid to the retiree's legal representatives, a representative. The lump sum death benefit payable under this subsection is equal to the excess, if any, of the accumulated contributions of the retiree at the date of retirement over the total of the retirement allowances paid prior to the death of the retiree.

(b) ~~In the event that~~ If a retirement allowance becomes that became payable to the designated survivor of a retired member under the provisions of G.S. 120-4.26 and such retirement allowance to the survivor shall terminate terminates upon the death of the survivor before the total of the retirement allowances paid to the retiree and the designated survivor combined equals the amount of the accumulated contributions of the retiree at the date of retirement, then the excess, if any, excess of such those accumulated contributions over the total of the retirement allowances paid to the retiree and the survivor combined shall be paid in a lump sum to such person or persons as the beneficiary that the retiree shall have nominated designated by electronic submission 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 or persons are Trustees. If no beneficiary is designated or living at the time such payment falls due, otherwise the lump

1 sum payment becomes due under this subsection, then the payment shall be made to the retiree's  
2 legal representative."

3 **SECTION 8.(d)** G.S. 120-4.27 reads as rewritten:

4 **"§ 120-4.27. Death benefit-while in service; fully contributory death benefit for retirees.**

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

16 ~~The death benefit provided by this section shall be designated a group life insurance benefit~~  
17 ~~payable under an employee welfare benefit plan that is separate and apart from the Retirement~~  
18 ~~System but under which the members of the Retirement System shall participate and be eligible~~  
19 ~~for group life insurance benefits. The Board of Trustees is authorized to provide the death benefit~~  
20 ~~in the form of group life insurance either by purchasing a contract or contracts of group life~~  
21 ~~insurance with any life insurance company or companies licensed and authorized to transact~~  
22 ~~business in the State of North Carolina for the purpose of insuring the lives of qualified members~~  
23 ~~in service, or by establishing or affiliating with a separate trust fund.~~

24 ~~Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a retired member~~  
25 ~~of the Retirement System or Retirement Fund on or after July 1, 1988, but before January 1,~~  
26 ~~1999, there shall be paid a death benefit to the surviving spouse of a deceased retired member,~~  
27 ~~or to the deceased retired member's legal representative if not survived by a spouse; provided the~~  
28 ~~retired member has elected, when first eligible, to make, and has continuously made, in advance~~  
29 ~~of his death required contributions as determined by the Retirement System on a fully~~  
30 ~~contributory basis, through retirement allowance deductions or other methods adopted by the~~  
31 ~~Retirement System, to a group death benefit trust fund administered by the Board of Trustees~~  
32 ~~separate and apart from the Retirement System's Annuity Savings Fund and Pension~~  
33 ~~Accumulation Fund. This death benefit shall be a lump sum payment in the amount of five~~  
34 ~~thousand dollars (\$5,000) upon the completion of twenty four months of contributions required~~  
35 ~~under this subsection. Should death occur before the completion of twenty four months of~~  
36 ~~contributions required under this subsection, the deceased retired member's surviving spouse or~~  
37 ~~legal representative if not survived by a spouse shall be paid the sum of the retired member's~~  
38 ~~contributions required by this subsection plus interest to be determined by the Board of Trustees.~~

39 ~~Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a retired member~~  
40 ~~of the Retirement System or Retirement Fund on or after January 1, 1999, but before July 1,~~  
41 ~~2004, there shall be paid a death benefit to the surviving spouse of a deceased retired member,~~  
42 ~~or to the deceased retired member's legal representative if not survived by a spouse; provided the~~  
43 ~~retired member has elected, when first eligible, to make, and has continuously made, in advance~~  
44 ~~of his death required contributions as determined by the Retirement System on a fully~~  
45 ~~contributory basis, through retirement allowance deductions or other methods adopted by the~~  
46 ~~Retirement System, to a group death benefit trust fund administered by the Board of Trustees~~  
47 ~~separate and apart from the Retirement System's Annuity Savings Fund and Pension~~  
48 ~~Accumulation Fund. This death benefit shall be a lump sum payment in the amount of six~~  
49 ~~thousand dollars (\$6,000) upon the completion of 24 months of contributions required under this~~  
50 ~~subsection. Should death occur before the completion of 24 months of contributions required~~  
51 ~~under this subsection, the deceased retired member's surviving spouse or legal representative if~~

1 not survived by a spouse shall be paid the sum of the retired member's contributions required by  
2 this subsection plus interest to be determined by the Board of Trustees.

3 ~~Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a retired member  
4 of the Retirement System or Retirement Fund on or after July 1, 2004, but before July 1, 2007,  
5 there shall be paid a death benefit to the surviving spouse of a deceased retired member, or to the  
6 deceased retired member's legal representative if not survived by a spouse; provided the retired  
7 member has elected, when first eligible, to make, and has continuously made, in advance of his  
8 death required contributions as determined by the Retirement System on a fully contributory  
9 basis, through retirement allowance deductions or other methods adopted by the Retirement  
10 System, to a group death benefit trust fund administered by the Board of Trustees separate and  
11 apart from the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. This  
12 death benefit shall be a lump sum payment in the amount of nine thousand dollars (\$9,000) upon  
13 the completion of 24 months of contributions required under this subsection. Should death occur  
14 before the completion of 24 months of contributions required under this subsection, the deceased  
15 retired member's surviving spouse or legal representative if not survived by a spouse shall be  
16 paid the sum of the retired member's contributions required by this subsection plus interest to be  
17 determined by the Board of Trustees.~~

18 ~~Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a retired member  
19 of the Retirement System or Retirement Fund on or after July 1, 2007, but before January 1,  
20 2015, there shall be paid a death benefit to the surviving spouse of a deceased retired member,  
21 or to the deceased retired member's legal representative if not survived by a spouse; provided the  
22 retired member has elected, when first eligible, to make, and has continuously made, in advance  
23 of his death required contributions as determined by the Retirement System on a fully  
24 contributory basis, through retirement allowance deductions or other methods adopted by the  
25 Retirement System, to a group death benefit trust fund administered by the Board of Trustees  
26 separate and apart from the Retirement System's Annuity Savings Fund and Pension  
27 Accumulation Fund. This death benefit shall be a lump sum payment in the amount of ten  
28 thousand dollars (\$10,000) upon the completion of 24 months of contributions required under  
29 this subsection. Should death occur before the completion of 24 months of contributions required  
30 under this subsection, the deceased retired member's surviving spouse or legal representative if  
31 not survived by a spouse shall be paid the sum of the retired member's contributions required by  
32 this subsection plus interest to be determined by the Board of Trustees.~~

33 ~~Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a retired member  
34 of the Retirement System or Retirement Fund on or after January 1, 2015, there~~

35 (b) All retired members may elect to participate in a fully contributory death benefit for  
36 retirees. All of the following apply to the fully contributory death benefit for retirees:

37 (1) Elections to participate in the fully contributory death benefit for retirees shall  
38 be made prior to the member's death and no later than 60 calendar days from  
39 the effective date of the member's retirement. Elections shall be received by  
40 the Board of Trustees prior to the death of the retired member.

41 (2) Retired members electing to receive a fully contributory death benefit under  
42 this subsection shall continuously pay monthly premiums on a fully  
43 contributory basis, as determined by the Board of Trustees. Premium  
44 payments shall be made through retirement allowance deductions or other  
45 methods adopted by the Board of Trustees.

46 (3) If a retired member who has elected to receive a fully contributory death  
47 benefit under this subsection dies, then, upon receipt of proof of the death that  
48 is satisfactory to the Board of Trustees, a lump sum death benefit amount shall  
49 be paid a death benefit to the person or persons beneficiary or beneficiaries  
50 designated by the member or, if not survived by a designated beneficiary,  
51 member. If no beneficiary is designated or living, then the death benefit shall

1 ~~be paid to the deceased retired member's legal representative; provided the~~  
 2 ~~retired member has elected, when first eligible, to make, and has continuously~~  
 3 ~~made, in advance of the member's death required contributions as determined~~  
 4 ~~by the Retirement System on a fully contributory basis, through retirement~~  
 5 ~~allowance deductions or other methods adopted by the Retirement System, to~~  
 6 ~~a group death benefit trust fund, the North Carolina Teachers' and State~~  
 7 ~~Employees' Benefit Trust, administered by the Board of Trustees separate and~~  
 8 ~~apart from the Retirement System's Annuity Savings Fund and Pension~~  
 9 ~~Accumulation Fund. Employer and non-employer contributions to the Benefit~~  
 10 ~~Trust and earnings on those contributions are irrevocable. The assets of the~~  
 11 ~~Benefit Trust are dedicated to providing benefits to members and beneficiaries~~  
 12 ~~in accordance with the Plan's benefit terms. The assets of the Benefit Trust are~~  
 13 ~~not subject to the claims of creditors of the employees and non-employees~~  
 14 ~~making contributions to the Benefit Trust, are not subject to the claims of any~~  
 15 ~~creditors of the Benefit Trust's trustees and administrators, and are not subject~~  
 16 ~~to the claims of creditors of members and beneficiaries. Benefit Trust assets~~  
 17 ~~may be used for reasonable expenses to administer benefits provided by the~~  
 18 ~~Fund as approved by the Board of Trustees.~~representative.

19 (4) A member shall designate a beneficiary or beneficiaries for the death benefit  
 20 payable under this subsection by electronic submission in a form approved by  
 21 the Board of Trustees or by written designation duly acknowledged and filed  
 22 with the Board of Trustees.

23 (5) The amount of the lump sum fully contributory death benefit payable under  
 24 this subsection shall be a lump sum payment in the amount of is one of the  
 25 following:

26 a. If the death occurred on or after the first day of the twenty-fifth month  
 27 of coverage under this subsection, then the amount payable is ten  
 28 thousand dollars (\$10,000) upon the completion of 24 months of  
 29 contributions required under this subsection. Should death occur  
 30 (\$10,000).

31 b. If the death occurred before the completion of 24 months of  
 32 contributions required under this subsection, the deceased retired  
 33 member's designated beneficiary or beneficiaries, or legal  
 34 representative if not survived by a designated beneficiary, shall be paid  
 35 first day of the twenty-fifth month of coverage under this subsection,  
 36 then the amount payable is the sum of the retired member's  
 37 contributions required by premium payments made in accordance with  
 38 this subsection plus interest in an amount to be determined by the  
 39 Board of Trustees."

## 41 PART V. TECHNICAL AND CONFORMING CHANGES RELATED TO

## 42 RECODIFICATION AND STANDARDIZATION

43 SECTION 9.(a) G.S. 135-5(m) reads as rewritten:

44 "(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the beneficiary  
 45 designated to receive a return of accumulated contributions shall have the right to elect to receive  
 46 in lieu thereof the reduced retirement allowance provided by Option 2 of subsection (g) ~~above of~~  
 47 this section computed by assuming that the member had retired on the first day of the month  
 48 following the date of the member's death, provided that all four of the following conditions apply:

49 ...

50 For the purpose of this benefit, a member is considered to be in service at the date of ~~his the~~  
 51 member's death if ~~his the~~ death occurs within 180 days from the last day of ~~his the~~ member's

1 actual service. The last day of actual service shall be determined as provided in ~~subsection (l) of~~  
 2 ~~this section.~~ G.S. 135-170. Upon the death of a member in service, the surviving spouse may  
 3 make all purchases for creditable service as provided for under this ~~Chapter~~ Article for which the  
 4 member had made application in writing prior to the date of death, provided that the date of death  
 5 occurred prior to or within 60 days after notification of the cost to make the purchase. The term  
 6 "in service" as used in this subsection includes a member in receipt of a benefit under the  
 7 Disability Income Plan as provided in Article 6 of this Chapter.

8 ...."

9 **SECTION 9.(b)** G.S. 128-27(m) reads as rewritten:

10 "(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the beneficiary  
 11 designated to receive a return of accumulated contributions shall have the right to elect to receive  
 12 in lieu thereof the reduced retirement allowance provided by Option two of subsection (g) ~~above~~  
 13 of this section computed by assuming that the member had retired on the first day of the month  
 14 following the date of the member's death, provided that all four of the following conditions apply:

15 ...

16 For the purpose of this benefit, a member is considered to be in service at the date of ~~his~~ the  
 17 member's death if ~~his~~ the death occurs within 180 days from the last day of ~~his~~ the member's  
 18 actual service. The last day of actual service shall be determined as provided in ~~subsection (l) of~~  
 19 ~~this section.~~ G.S. 128-38.36. Upon the death of a member in service, the surviving spouse may  
 20 make all purchases for creditable service as provided for under this Chapter for which the  
 21 member had made application in writing prior to the date of death, provided that the date of death  
 22 occurred prior to or within 60 days after notification of the cost to make the purchase.

23 ...."

24 **SECTION 10.(a)** G.S. 135-3(c) reads as rewritten:

25 "(c) Members who are participating in an intergovernmental exchange of personnel under  
 26 the provisions of Article 10 of Chapter 126 may retain their membership status and receive all  
 27 benefits provided by this Chapter during the period of the exchange provided the requirements  
 28 of Article 10 of Chapter 126 are ~~met; provided further, that a~~ met. A member participating in an  
 29 intergovernmental exchange of personnel under Article 10 of Chapter 126 shall, notwithstanding  
 30 whether the member and the member's employer are making contributions to the member's  
 31 account during the exchange period, be entitled to the death benefit and, if applicable, benefits  
 32 under the Death Benefit Plan under Article 8 of this Chapter, if the member otherwise qualifies  
 33 under the provisions of this ~~Article and provided further~~ Article, except that no duplicate benefits  
 34 shall be paid."

35 **SECTION 10.(b)** G.S. 128-24(6) reads as rewritten:

36 "(6) Employees of a sending agency participating in an intergovernmental exchange of  
 37 personnel under the provisions of Article 10 of Chapter 126 shall remain members entitled to all  
 38 benefits of the Retirement System provided that the requirements of Article 10 of Chapter 126  
 39 are ~~met; provided further, that a~~ met. A member may retain membership status while serving as  
 40 an assigned employee or employee on leave under the provisions of Article 10 of Chapter 126  
 41 for purposes of receiving the death benefit and, if applicable, benefits under the Death Benefit  
 42 Plan regardless of whether ~~he and his~~ the member and the member's employer are contributing  
 43 to ~~his~~ the member's account during the exchange ~~period~~ period, except that no duplicate benefits  
 44 shall be paid."

45 **SECTION 11.(a)** G.S. 135-8(f) reads as rewritten:

46 "(f) Collection of Contributions. – The following ~~shall apply~~ apply to the collection of  
 47 ~~contributions;~~ contributions under this Chapter:

48 ...."

49 **SECTION 11.(b)** G.S. 128-30(g) reads as rewritten:

50 "(g) Collection of Contributions. – The following ~~shall apply~~ apply to the collection of  
 51 ~~contributions;~~ contributions under this Article:

...."

**SECTION 12.(a)** G.S. 143-166.60(b) reads as rewritten:

"(b) The Boards of Trustees of the Teachers' and State Employees' Retirement System and the Local Governmental Employees' Retirement System shall jointly administer the ~~Plan and shall, under the terms and conditions otherwise appearing in this Article, provide Plan benefits either (i) by establishing a separate trust fund or, (ii) by causing the Plan to affiliate with a master trust, Plan.~~ The Separate Insurance Benefits Plan is part of the North Carolina Teachers' and State Employees' Benefits Trust, providing the same benefits for participants. Employer and non-employer contributions to the Benefit Trust and earnings on those contributions are irrevocable. The assets of the Benefit Trust are dedicated to providing benefits to participants, surviving spouses, participants' estates, and persons named by the participant to receive the benefit. The assets of the Benefit Trust are not subject to the claims of creditors of the employees and non-employees making contributions to the Benefit Trust, are not subject to the claims of any creditors of the Benefit Trust's trustees and administrators, and are not subject to the claims of creditors of participants. Benefit Trust assets may be used for reasonable expenses to administer benefits provided by the Fund as approved by the Board of Trustees. Benefit Trust established under G.S. 135-154. All receipts, transfers, appropriations, contributions, investment earnings, and other income belonging to the Separate Insurance Benefits Plan shall be deposited in the Benefit Trust. All benefits and expenses against the Separate Insurance Benefits Plan for retirees shall be disbursed from the Benefit Trust."

**SECTION 12.(b)** G.S. 143-166.70(5) is expired.

**PART VI. SURVIVOR'S ALTERNATE BENEFIT CHANGES**

**SECTION 13.(a)** G.S. 135-5(m)(1) expires June 30, 2025.

**SECTION 13.(b)** G.S. 135-5(m), as amended by Section 9(a) of this act, reads as rewritten:

"(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the beneficiary designated to receive a return of accumulated contributions shall have the right to elect to receive in lieu thereof the reduced retirement allowance provided by Option 2 of subsection (g) of this section computed by assuming that the member had retired on the first day of the month following the date of the member's death, provided that all ~~four~~ of the following conditions apply:

...

(1a) The member falls into one of the following categories:

- a. The member had attained the minimum age, creditable service amount, or combination of both necessary to be eligible to commence retirement with an early or service retirement allowance.
- b. The member had completed at least five years of membership service, in which case the retirement allowance shall be computed in accordance with G.S. 135-5(b21)(1)c. or G.S. 135-5(b21)(2)c., whichever is applicable, notwithstanding any age or service requirements. In no case shall the retirement allowance under this sub-subdivision be less than the actuarial equivalent of the return of accumulated contributions, computed using the beneficiary's age as of the first day of the month following the date of the member's death.

- (2) At the time of the member's death, one and only one beneficiary is eligible to receive a return of ~~his~~ the member's accumulated contributions.
- (3) The member had not instructed the Board of Trustees in writing that ~~he~~ the member did not wish the provisions of this subsection to apply.
- (4) The member had not commenced to receive a retirement allowance as provided under this Chapter.

...."

1           **SECTION 13.(c)** Subsection (b) of this section is effective July 1, 2025, and applies  
2 to member deaths occurring on or after that date.

3           **SECTION 14.(a)** G.S. 128-27(m)(1) expires on June 30, 2025.

4           **SECTION 14.(b)** G.S. 128-27(m), as amended by Section 9(b) of this act, reads as  
5 rewritten:

6           "(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the beneficiary  
7 designated to receive a return of accumulated contributions shall have the right to elect to receive  
8 in lieu thereof the reduced retirement allowance provided by Option two of subsection (g) of this  
9 section computed by assuming that the member had retired on the first day of the month following  
10 the date of the member's death, provided that all four of the following conditions apply:

11           ...

12           (1a) The member falls into one of the following categories:

13           a. The member had attained the minimum age, creditable service amount,  
14 or combination of both necessary to be eligible to commence  
15 retirement with an early or service retirement allowance.

16           b. The member had completed at least five years of membership service,  
17 in which case the retirement allowance shall be computed in  
18 accordance with G.S. 128-27(b22)(1)c. or G.S. 128-27(b22)(2)c.,  
19 whichever is applicable, notwithstanding any age or service  
20 requirements. In no case shall the retirement allowance under this  
21 sub-subdivision be less than the actuarial equivalent of the return of  
22 accumulated contributions, computed using the beneficiary's age as of  
23 the first day of the month following the date of the member's death.

24           (2) At the time of the member's death, one and only one beneficiary is eligible to  
25 receive a return of ~~his~~the member's accumulated contributions.

26           (3) The member had not instructed the Board of Trustees in writing that ~~he~~the  
27 member did not wish the provisions of this subsection apply.

28           (4) The member had not commenced to receive a retirement allowance as  
29 provided under this Chapter.

30           ...."

31           **SECTION 14.(c)** Subsection (b) of this section is effective July 1, 2025, and applies  
32 to member deaths occurring on or after that date.

33           **SECTION 15.(a)** G.S. 135-63(a1), as amended by Section 7(d) of this act, reads as  
34 rewritten:

35           "(a1) Survivor's Alternate Benefit. – The surviving spouse of a member who ~~was age 50 or~~  
36 ~~older with~~had completed at least five years of membership service at the time of death may elect  
37 a survivor's alternate benefit. If the surviving spouse elects a survivor's alternate benefit, then the  
38 lump-sum death benefit provided for under subsection (a) of this section shall consist only of a  
39 payment equal to the member's final compensation and there shall be paid to the surviving spouse  
40 an annual retirement allowance, payable monthly. The monthly payments shall commence on the  
41 first day of the calendar month coinciding with or next following the death of the member. All  
42 of the following apply to the survivor's alternate benefit:

43           ...

44           (2) The amount of the survivor's alternate benefit retirement allowance shall be  
45 equal to one half of the amount of the retirement allowance to which the  
46 member would have been entitled had the member retired under the provisions  
47 of G.S. 135-57(a) on the first day of the calendar month coinciding with or  
48 next following the member's date of death, reduced by two percent (2%)  
49 thereof for each full year, if any, by which the age of the member at his or her  
50 date of death exceeds that of the member's ~~spouse~~spouse, notwithstanding  
51 any age or service requirements. In no case shall the retirement allowance

1                   under this subdivision be less than the actuarial equivalent of the return of  
2                   accumulated contributions, computed using the beneficiary's age as of the first  
3                   day of the month following the date of the member's death.

4                   ...."

5                   **SECTION 15.(b)** G.S. 120-4.28 reads as rewritten:

6                   "**§ 120-4.28. Survivor's alternate benefit.**

7                   (a) ~~The designated beneficiary of~~ If a member who dies in service before retirement but  
8                   ~~after age 60 and after completing five years of creditable service or after completing 12 years of~~  
9                   ~~creditable service service, then the principal beneficiary designated by that member to receive a~~  
10                   return of accumulated contributions under G.S. 120-4.25 is entitled to Option 2 prescribed by  
11                   ~~G.S. 120-4.26.~~ G.S. 120-4.26, notwithstanding any age or service requirements. In no case shall  
12                   the retirement allowance under this subsection be less than the actuarial equivalent of the return  
13                   of accumulated contributions, computed using the beneficiary's age as of the first day of the  
14                   month following the date of the member's death.

15                   (b) ~~In the event that~~ If a retirement allowance becomes payable under this section to the  
16                   principal beneficiary designated to receive a return of accumulated contributions pursuant to this  
17                   ~~subsection and that principal beneficiary dies before the total of the retirement allowances paid~~  
18                   ~~equals is equal to or greater than the amount of those the member's accumulated contributions~~  
19                   ~~over the total of the retirement allowances paid to the beneficiary, contributions, then the~~  
20                   ~~allowance excess of those accumulated contributions over the total of the retirement allowance~~  
21                   paid to the principal beneficiary shall be paid in a lump sum to the person or persons the member  
22                   has designated as the contingent beneficiary for return of accumulated contributions, if the person  
23                   ~~or persons contributions under G.S. 120-4.25.~~

24                   (c) If a retirement allowance becomes payable under this section and the principal  
25                   beneficiary is not living at the time the payment falls due, then the retirement allowance shall be  
26                   paid to the contingent beneficiary designated to receive a return of accumulated contributions  
27                   under G.S. 120-4.25. If that contingent beneficiary dies before the total of the retirement  
28                   allowances paid is equal to or greater than the amount of the member's accumulated  
29                   contributions, then the excess of those accumulated contributions over the total of the retirement  
30                   allowances paid to the contingent beneficiary shall be paid in a lump sum to the contingent  
31                   beneficiary's legal representative.

32                   (d) If no beneficiaries are living at the time the payment required under this section first  
33                   falls due, otherwise to then the allowance shall be paid in a lump sum to the principal beneficiary's  
34                   legal representative. In the event that a retirement allowance becomes payable to the contingent  
35                   ~~beneficiary designated to receive a return of accumulated contributions pursuant to subsection~~  
36                   ~~(m) of this section and that beneficiary dies before the total of the retirement allowances paid~~  
37                   ~~equals the amount of the accumulated contributions of the member at the date of the member's~~  
38                   ~~death, the excess of those accumulated contributions over the total of the retirement allowances~~  
39                   ~~paid to the beneficiary shall be paid in a lump sum to the contingent beneficiary's legal~~  
40                   ~~representative."~~

41                   **SECTION 15.(c)** This section is effective July 1, 2025, and applies to member deaths  
42                   occurring on or after that date.

43                   **SECTION 15.(d)** There is appropriated from the General Fund to the Department of  
44                   State Treasurer the sum of two million seven hundred two thousand dollars (\$2,702,000) in  
45                   recurring funds for the 2025-2027 biennium to expand eligibility for the survivor's alternate  
46                   benefit in the Teachers' and State Employees' Retirement System, the Local Governmental  
47                   Employees' Retirement System, the Consolidated Judicial Retirement System, and the  
48                   Legislative Retirement System.

49  
50                   **PART VII. ENSURE SUFFICIENT FUNDING FOR LINE OF DUTY DEATH**  
51                   **BENEFITS**



1           **SECTION 16.(a)** G.S. 135-154, as created and amended by Part I of this act, is  
2 amended by adding a new subsection to read:

3           "(e) Separate Fund for Line of Duty Death Benefits. – The Board of Trustees may make  
4 additional funding available to the Department of State Treasurer to ensure the timely payment  
5 of death benefits awarded by the Industrial Commission under the Public Safety Employees'  
6 Death Benefits Act, Article 12A of Chapter 143 of the General Statutes, by depositing a  
7 percentage of the State's employer contribution rate established for the benefits provided under  
8 G.S. 135-165 into a separate fund from the Benefits Trust. This percentage shall not exceed four  
9 hundredths percent (0.04%) in any given fiscal year. The Department of State Treasurer is  
10 authorized to use the funds deposited into this separate fund for the sole purpose of paying for  
11 death benefits awarded by the Industrial Commission under the Public Safety Employees' Death  
12 Benefits Act and may do so only if all other State funds appropriated to the Department for the  
13 fiscal year for the payment of those death benefits have been fully expended. Any funds deposited  
14 by the Department of State Treasurer into a separate fund in accordance with this subsection that  
15 remain unspent as of June 30 of the same fiscal year shall be transferred to the Benefit Fund as  
16 an additional employer contribution."

17           **SECTION 16.(b)** This section becomes effective July 1, 2025.

18  
19 **PART VIII. EFFECTIVE DATE**

20           **SECTION 17.** Except as otherwise provided, this act is effective when it becomes  
21 law.