

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2001**

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**HOUSE BILL 81**

Short Title: Increase Death Benefit/Local Retirement. (Public)

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Sponsors: Representatives Tucker; Womble, Coates, Alexander, and Cox.

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Referred to: Pensions and Retirement.

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February 8, 2001

A BILL TO BE ENTITLED

1 AN ACT TO INCREASE THE DEATH BENEFIT FOR MEMBERS OF THE LOCAL  
2 GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM.  
3

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** G.S. 128-27(l) reads as rewritten:

6 "(l) Death Benefit Plan. – The provisions of this subsection shall become  
7 effective for any employer only after an agreement to that effect has been executed by  
8 the employer and the Director of the Retirement System. There is hereby created a  
9 Group Life Insurance Plan (hereinafter called the "Plan") which is established as an  
10 employee welfare benefit plan that is separate and apart from the Retirement System  
11 and under which the members of the Retirement System shall participate and be eligible  
12 for group life insurance benefits. Upon receipt of proof, satisfactory to the Board of  
13 Trustees in their capacity as trustees under the Group Life Insurance Plan, of the death,  
14 in service, of a member who had completed at least one full calendar year of  
15 membership in the Retirement System, there shall be paid to such person as he shall  
16 have nominated by written designation duly acknowledged and filed with the Board of  
17 Trustees, if such person is living at the time of the member's death, otherwise to the  
18 member's legal representatives, a death benefit. Such death benefit shall be equal to the  
19 greater of:

20 (1) The compensation on which contributions were made by the member  
21 during the calendar year preceding the year in which his death occurs,  
22 or

23 (2) The greatest compensation on which contributions were made by the  
24 member during a 12-month period of service within the 24-month  
25 period of service ending on the last day of the month preceding the  
26 month in which his last day of actual service occurs;

27 (3) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1049, s. 2;

1 subject to a minimum of twenty-five thousand dollars (\$25,000) and to a maximum of  
2 ~~twenty thousand dollars (\$20,000).~~ fifty thousand dollars (\$50,000). Such death benefit  
3 shall be payable apart and separate from the payment of the member's accumulated  
4 contributions under the System on his death pursuant to the provisions of subsection (f)  
5 of this section. For the purpose of the Plan, a member shall be deemed to be in service at  
6 the date of his death if his death occurs within 180 days from the last day of his actual  
7 service.

8 The death benefit provided in this subsection shall not be payable, notwithstanding  
9 the member's compliance with all the conditions set forth in the preceding paragraph, if  
10 his death occurs

- 11 (1) After June 30, 1969 and after he has attained age 70; or
- 12 (2) After December 31, 1969 and after he has attained age 69; or
- 13 (3) After December 31, 1970 and after he has attained age 68; or
- 14 (4) After December 31, 1971 and after he has attained age 67; or
- 15 (5) After December 31, 1972 and after he has attained age 66; or
- 16 (6) After December 31, 1973 and after he has attained age 65; or
- 17 (7) After December 31, 1978, but before January 1, 1987, and after he has  
18 attained age 70.

19 Notwithstanding the above provisions, the death benefit shall be payable on account  
20 of the death of any member who died or dies on or after January 1, 1974, but before  
21 January 1, 1979, after attaining age 65, if he or she had not yet attained age 65, if he or  
22 she had not yet attained age 66, was at the time of death completing the work year for  
23 those individuals under specific contract, or during the fiscal year for those individuals  
24 not under specific contract, in which he or she attained age 65, and otherwise met all  
25 conditions for payment of the death benefit.

26 Notwithstanding the above provisions, the Board of Trustees may and is specifically  
27 authorized to provide the death benefit according to the terms and conditions otherwise  
28 appearing in this Plan in the form of group life insurance, either (i) by purchasing a  
29 contract or contracts of group life insurance with any life insurance company or  
30 companies licensed and authorized to transact business in this State for the purpose of  
31 insuring the lives of members in service, or (ii) by establishing a separate trust fund  
32 qualified under section 501(c)(9) of the Internal Revenue Code of 1954, as amended, for  
33 such purpose. To that end the Board of Trustees is authorized, empowered and directed  
34 to investigate the desirability of utilizing group life insurance by either of the foregoing  
35 methods for the purpose of providing the death benefit. If a separate trust fund is  
36 established, it shall be operated in accordance with rules and regulations adopted by the  
37 Board of Trustees and all investment earnings on the trust fund shall be credited to such  
38 fund.

39 In administration of the death benefit the following shall apply:

- 40 (1) For the purpose of determining eligibility only, in this subsection  
41 "calendar year" shall mean any period of 12 consecutive months. For  
42 all other purposes in this subsection "calendar year" shall mean the 12  
43 months beginning January 1 and ending December 31.
- 44 (2) Last day of actual service shall be:

- 1 a. When employment has been terminated, the last day the  
2 member actually worked.
- 3 b. When employment has not been terminated, the date on which  
4 an absent member's sick and annual leave expire.
- 5 (3) For a period when a member is on leave of absence, his status with  
6 respect to the death benefit will be determined by the provisions of  
7 G.S. 128-26(g).
- 8 (4) A member on leave of absence from his position as a local  
9 governmental employee for the purpose of serving as a member or  
10 officer of the General Assembly shall be deemed to be in service  
11 during sessions of the General Assembly and thereby covered by the  
12 provisions of the death benefit, if applicable. The amount of the death  
13 benefit for such member shall be the equivalent of the salary to which  
14 the member would have been entitled as a local governmental  
15 employee during the 12-month period immediately prior to the month  
16 in which death occurred, not to ~~exceed twenty thousand dollars~~  
17 ~~(\$20,000).~~ be less than twenty-five thousand dollars (\$25,000) nor to  
18 exceed fifty thousand dollars (\$50,000).

19 The provisions of the Retirement System pertaining to administration, G.S. 128-28,  
20 and management of funds, G.S. 128-29, are hereby made applicable to the Plan."

21 **SECTION 2.** This act becomes effective July 1, 2001, and applies to deaths  
22 occurring on or after that date.