

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

H.B. 876
Apr 16, 2019
HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH30380-MRap-110A

Short Title: 1% COLA/Bonus/TSERS/Funds. (Public)

Sponsors: Representatives Blackwell, Richardson, Hardister, and Hurley (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE A PERMANENT COST-OF-LIVING ADJUSTMENT AND A
3 ONE-TIME COST-OF-LIVING SUPPLEMENT FOR RETIREES OF THE TEACHERS'
4 AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE JUDICIAL RETIREMENT
5 SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM.

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.(a)** G.S. 135-5 is amended by adding two new subsections to read:

8 "(xxx) From and after July 1, 2019, the retirement allowance to or on account of beneficiaries
9 whose retirement commenced on or before July 1, 2018, shall be increased by one percent (1.0%)
10 of the allowance payable on June 1, 2019, in accordance with G.S. 135-5(o). Furthermore, from
11 and after July 1, 2019, the retirement allowance to or on account of beneficiaries whose
12 retirement commenced after July 1, 2018, but before June 30, 2019, shall be increased by a
13 prorated amount of one percent (1.0%) of the allowance payable as determined by the Board of
14 Trustees based upon the number of months that a retirement allowance was paid between July 1,
15 2018, and June 30, 2019.

16 (yyy) On or before October 31, 2019, a one-time cost-of-living supplement payment shall
17 be made to or on account of beneficiaries who are living as of September 1, 2019, and whose
18 retirement commenced on or before September 1, 2019. The payment shall be one percent (1.0%)
19 of the beneficiary's annual retirement allowance payable as of September 1, 2019, and shall not
20 be prorated for date of retirement commencement. If the beneficiary dies before the payment is
21 made, then the payment shall be payable to the member's legal representative. No beneficiary
22 shall be deemed to have acquired a vested right to any future supplemental payments."

23 **SECTION 1.(b)** G.S. 135-65 is amended by adding two new subsections to read:

24 "(ii) From and after July 1, 2019, the retirement allowance to or on account of beneficiaries
25 whose retirement commenced on or before July 1, 2018, shall be increased by one percent (1.0%)
26 of the allowance payable on June 1, 2019. Furthermore, from and after July 1, 2019, the
27 retirement allowance to or on account of beneficiaries whose retirement commenced after July
28 1, 2018, but before June 30, 2019, shall be increased by a prorated amount of one percent (1.0%)
29 of the allowance payable as determined by the Board of Trustees based upon the number of
30 months that a retirement allowance was paid between July 1, 2018, and June 30, 2019.

31 (jj) On or before October 31, 2019, a one-time cost-of-living supplement payment shall
32 be made to or on account of beneficiaries who are living as of September 1, 2019, and whose
33 retirement commenced on or before September 1, 2019. The payment shall be one percent (1.0%)
34 of the beneficiary's annual retirement allowance payable as of September 1, 2019, and shall not
35 be prorated for date of retirement commencement. If the beneficiary dies before the payment is



1 made, then the payment shall be payable to the member's legal representative. No beneficiary
2 shall be deemed to have acquired a vested right to any future supplemental payments."

3 **SECTION 1.(c)** G.S. 120-4.22A is amended by adding two new subsections to read:

4 "(cc) In accordance with subsection (a) of this section, from and after July 1, 2019, the
5 retirement allowance to or on account of beneficiaries whose retirement commenced on or before
6 January 1, 2019, shall be increased by one percent (1.0%) of the allowance payable on June 1,
7 2019. Furthermore, from and after July 1, 2019, the retirement allowance to or on account of
8 beneficiaries whose retirement commenced after January 1, 2019, but before June 30, 2019, shall
9 be increased by a prorated amount of one percent (1.0%) of the allowance payable as determined
10 by the Board of Trustees based upon the number of months that a retirement allowance was paid
11 between January 1, 2019, and June 30, 2019.

12 (dd) In accordance with subsection (a) of this section, on or before October 31, 2019, a
13 one-time cost-of-living supplement payment shall be made to or on account of beneficiaries who
14 are living as of September 1, 2019, and whose retirement commenced on or before September 1,
15 2019. The payment shall be one percent (1.0%) of the beneficiary's annual retirement allowance
16 payable as of September 1, 2019, and shall not be prorated for date of retirement commencement.
17 If the beneficiary dies before the payment is made, then the payment shall be payable to the
18 member's legal representative. No beneficiary shall be deemed to have acquired a vested right to
19 any future supplemental payments."

20 **SECTION 2.(a)** There is appropriated from the General Fund to the Reserve for
21 Retiree Cost-of-Living Adjustments the sum of forty-eight million dollars (\$48,000,000) in
22 recurring funds for the 2019-2020 fiscal year and the sum of forty-eight million dollars
23 (\$48,000,000) in recurring funds for the 2020-2021 fiscal year to implement the cost-of-living
24 adjustment authorized by Section 1 of this act.

25 **SECTION 2.(b)** There is appropriated from the General Fund to the Reserve for
26 Retiree Cost-of-Living Adjustments the sum of thirty-seven million dollars (\$37,000,000) in
27 nonrecurring funds for the 2019-2020 fiscal year to implement the one-time cost-of-living
28 supplement authorized by Section 1 of this act. Notwithstanding any other provision of law to
29 the contrary, in order to administer the one-time cost-of-living supplement for retirees provided
30 in Section 1 of this act, the Retirement Systems Division of the Department of State Treasurer
31 may increase receipts from the retirement assets of the corresponding retirement system or pay
32 costs associated with the administration of the payment directly from the retirement assets.

33 **SECTION 3.** This act becomes effective July 1, 2019.