

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2019**

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**SENATE BILL 599**

Short Title: State and Local Disability Benefit Reform. (Public)

Sponsors: Senators Edwards, Wells, and Horner (Primary Sponsors).

Referred to: Rules and Operations of the Senate

April 4, 2019

1 A BILL TO BE ENTITLED  
2 AN ACT TO EMPOWER EMPLOYING AGENCIES TO ADMINISTER STATE  
3 SHORT-TERM DISABILITY BENEFITS, TO MODERNIZE THE MEDICAL REVIEW  
4 BOARD, TO ADDRESS OVERPAYMENTS OWED TO THE DISABILITY INCOME  
5 PLAN BY MEMBERS OF THE OPTIONAL RETIREMENT PROGRAM, AND TO  
6 MAKE TECHNICAL AND CONFORMING CHANGES RELATED TO THESE  
7 OBJECTIVES.

8 The General Assembly of North Carolina enacts:

9  
10 **PART I. EMPOWER EMPLOYING AGENCIES TO ADMINISTER STATE**  
11 **SHORT-TERM DISABILITY BENEFIT**

12 **SECTION 1.(a)** G.S. 135-102(a) reads as rewritten:

13 "(a) ~~The~~ Except as otherwise provided under G.S. 135-105, the provisions of this Article  
14 shall be administered by the Department of State Treasurer and the Board of Trustees of the  
15 Teachers' and State Employees' Retirement System and all expenses in connection with the  
16 administration of the Plan, except for expenses incurred by and properly charged to the employer,  
17 shall be charged against and paid from the trust fund as created and provided in this Article."

18 **SECTION 1.(b)** G.S. 135-105 reads as rewritten:

19 "**§ 135-105. Short-term disability benefits.**

20 (a) Any participant who becomes disabled and is no longer able to perform his or her  
21 usual occupation may receive a short-term disability benefit commencing on the first day  
22 succeeding the waiting period provided all of the following conditions are met:

- 23 (1) Application for the benefit occurs at least 365 calendar days succeeding the  
24 participant's date of initial employment as a teacher or employee.  
25 (2) The participant has at least one year of contributing membership service  
26 earned within 36 calendar months immediately preceding the date of  
27 disability. Salary continuation used during the period as provided in  
28 G.S. 135-104 shall count toward this one-year requirement.  
29 (3) Application for the benefit occurs no later than 365 days following the first  
30 day of the waiting period.  
31 (4) The participant's employer and attending physician certify that the participant  
32 is mentally or physically incapacitated for the further performance of duty.  
33 (5) The participant's incapacity was incurred at the time of active employment  
34 and has been continuous thereafter.

35 As to the requirement that a participant applying for short term disability benefits have at  
36 least one year of contributing membership service within the 36 calendar months immediately



1 preceding the date of disability, a participant who would have qualified for a benefit under this  
2 section but for service in the uniformed services shall not be denied a benefit under this section  
3 because of that interruption for military service provided all other requirements of this section  
4 are met.

5 Notwithstanding the requirement that the incapacity was incurred at the time of active  
6 employment, any participant who becomes disabled while on an employer approved leave of  
7 absence and who is eligible for and in receipt of temporary total benefits under The North  
8 Carolina Workers' Compensation Act, Article 1 of Chapter 97 of the General Statutes, will be  
9 eligible for all benefits provided under this Article.

10 (b) The benefits as provided for in subsection (a) of this section shall commence on the  
11 first day following the waiting period and shall be payable for a period of 365 days as long as the  
12 participant continues to meet the definition of ~~disability.~~ disability, provided the participant is  
13 not in receipt of long-term disability benefits under G.S. 135-106. However, a disabled  
14 participant may elect to receive any salary continuation as provided in G.S. 135-104 in lieu of  
15 short-term disability benefits; provided further, such election shall not extend the 365 days  
16 duration of short-term payments. An election to receive any salary continuation for any part of a  
17 given day shall be in lieu of any short-term benefit otherwise payable for that day, provided  
18 further, any lump-sum payout for vacation leave shall be treated as if the beneficiary or  
19 participant had exhausted the leave and shall be in lieu of any short-term benefit otherwise  
20 payable.

21 ...

22 (d1) For short-term disability benefits that begin on and after July 1, 2019, the provisions  
23 of this section shall be administered by the employer. ~~The benefits during the first 12 months of~~  
24 ~~the short-term disability period, including benefits from a preliminary determination of eligibility~~  
25 ~~for long-term disability under subsection (f) of this section,~~ Short-term disability benefits shall  
26 be the full responsibility of and paid by the employer.

27 (e) ~~During the~~ While in receipt of a short-term disability period, ~~benefit under this~~  
28 section, a beneficiary may return to service for trial rehabilitation for periods of not greater than  
29 40 continuous days of service. Such return will not cause the beneficiary to become a participant  
30 and will not require a new waiting period or short-term disability period to commence unless a  
31 different incapacity occurs. The period of rehabilitative employment shall not extend the period  
32 of the short-term disability benefits.

33 (f) ~~A participant or beneficiary of short-term disability benefits or his legal representative~~  
34 ~~or any person deemed by the Board of Trustees to represent the participant or beneficiary, or the~~  
35 ~~employer of the participant or beneficiary, may request the Board of Trustees to have the Medical~~  
36 ~~Board make a determination of eligibility for the short-term disability benefits as provided in this~~  
37 ~~section or to make a preliminary determination of eligibility for the long-term disability benefits~~  
38 ~~as provided in G.S. 135-106. A preliminary determination of eligibility for long-term disability~~  
39 ~~benefits shall not preclude the requirement that the Medical Board make a determination of~~  
40 ~~eligibility for long-term disability benefits.~~

41 (g) ~~The Board of Trustees may extend the short-term disability benefits of a beneficiary~~  
42 ~~beyond the benefit period of 365 days for an additional period of not more than 365 days;~~  
43 ~~provided the Medical Board determines that the beneficiary's disability is temporary and likely~~  
44 ~~to end within the extended period of short-term disability benefits. During the extended period~~  
45 ~~of short-term disability benefits, payment of benefits shall be made by the Plan directly to the~~  
46 ~~beneficiary. This extended period of short-term disability benefits shall be treated in the same~~  
47 ~~manner as long-term disability payments for the purposes of G.S. 135-108.~~

48 (h) If, at any time, a beneficiary of short-term disability benefits is approved to receive  
49 long-term disability benefits under G.S. 135-106, then the short-term disability benefit shall  
50 cease on the effective date of the long-term disability benefit. No participant shall receive both  
51 short-term and long-term disability benefits for the same time period."

1           **SECTION 1.(c)** G.S. 135-106(a) reads as rewritten:

2           "(a) Upon the application of a beneficiary or participant or of his legal representative or  
3 any person deemed by the Board of Trustees to represent the participant or beneficiary, any  
4 beneficiary or participant who has had five or more years of membership service may receive  
5 long-term disability benefits from the Plan upon approval by the Board of Trustees, ~~commencing~~  
6 ~~on the first day succeeding the conclusion of the short-term disability period provided for in G.S.~~  
7 ~~135-105~~, provided the beneficiary or participant makes application for such benefit within 180  
8 days after the short-term disability ~~period~~-benefit payment under G.S. 135-105 ceases, after  
9 salary continuation payments cease, or after monthly payments for Workers' Compensation  
10 cease, whichever is later; Provided, that the beneficiary or participant withdraws from active  
11 service by terminating employment as a teacher or State employee; Provided, that the Medical  
12 Board shall certify that such beneficiary or participant is mentally or physically incapacitated for  
13 the further performance of duty, that such incapacity was incurred at the time of active  
14 employment and has been continuous thereafter, and that such incapacity is likely to be  
15 permanent; Provided further that the Medical Board shall not certify any beneficiary or  
16 participant as disabled who is in receipt of any payments on account of the same incapacity which  
17 existed when the beneficiary first established membership in the Retirement System. The Board  
18 of Trustees may extend this 180-day filing requirement upon receipt of clear and convincing  
19 evidence that application was delayed through no fault of the disabled beneficiary or participant  
20 and was delayed due to the employers' miscalculation of the end of the 180-day filing period.  
21 However, in no instance shall the filing period be extended beyond an additional 180 days.

22           The Board of Trustees may require each beneficiary who becomes eligible to receive a  
23 long-term disability benefit to have an annual medical review or examination for the first five  
24 years and thereafter once every three years after the commencement of benefits under this  
25 section. However, the Board of Trustees may require more frequent examinations and upon the  
26 advice of the Medical Board shall determine which cases require such examination. Should any  
27 beneficiary refuse to submit to any examination required by this subsection or by the Medical  
28 Board, his long-term disability benefit shall be suspended until he submits to an examination,  
29 and should his refusal last for one year, his benefit may be terminated by the Board of Trustees.  
30 If the Medical Board finds that a beneficiary is no longer mentally or physically incapacitated  
31 for the further performance of duty, the Medical Board shall so certify this finding to the Board  
32 of Trustees, and the Board of Trustees may terminate the beneficiary's long-term disability  
33 benefits effective on the last day of the month in which the Medical Board certifies that the  
34 beneficiary is no longer disabled.

35           As to the requirement of five years of membership service, any participant or beneficiary who  
36 does not have five years of membership service within the 96 calendar months prior to ~~conclusion~~  
37 ~~of the cessation of short-term disability period-benefit payments or cessation of salary  
38 continuation payments, whichever is later, shall not be eligible for long-term disability benefits.~~

39           Notwithstanding the requirement that the incapacity was incurred at the time of active  
40 employment, any participant who becomes disabled while on an employer approved leave of  
41 absence and who is eligible for and in receipt of temporary total benefits under The North  
42 Carolina Workers' Compensation Act, Article 1 of Chapter 97 of the General Statutes, will be  
43 eligible for all benefits provided under this Article."

44           **SECTION 1.(d)** G.S. 135-106 is amended by adding a new subsection to read:

45           "(a1) Long-term disability benefits under this section shall commence the first day of the  
46 month following the date of approval of the application for benefits."

47           **SECTION 1.(e)** G.S. 135-106(b) reads as rewritten:

48           "(b) After the commencement of benefits under this section, the benefits payable under  
49 the terms of this section during the first 36 months of the long-term disability period shall be  
50 equal to sixty-five percent (65%) of 1/12th of the annual base rate of compensation last payable  
51 to the participant or beneficiary prior to the beginning of ~~the short-term~~-the disability period as

1 may be adjusted for percentage increases as provided under G.S. 135-108, plus sixty-five percent  
2 (65%) of 1/12th of the annual longevity payment to which the participant or beneficiary would  
3 be eligible, to a maximum of three thousand nine hundred dollars (\$3,900) per month reduced by  
4 any primary Social Security disability benefits to which the beneficiary may be entitled, effective  
5 as of the first of the month following the month of initial entitlement, and by monthly payments  
6 for Workers' Compensation to which the participant or beneficiary may be entitled. When  
7 primary Social Security disability benefits are increased by cost-of-living adjustments, the  
8 increased reduction shall be applied in the first month following the month in which the member  
9 becomes entitled to the increased Social Security benefit. The monthly benefit shall be further  
10 reduced by the amount of any monthly payments from the federal Department of Veterans  
11 Affairs, any other federal agency or any payments made under the provisions of G.S. 127A-108,  
12 to which the participant or beneficiary may be entitled on account of the same disability.  
13 Provided, in any event, the benefit payable shall be no less than ten dollars (\$10.00) a month.  
14 However, a disabled participant may elect to receive any salary continuation as provided in  
15 G.S. 135-104 in lieu of long-term disability benefits; provided such election shall not extend the  
16 first 36 consecutive calendar months of the long-term disability period. An election to receive  
17 any salary continuation for any part of any given day shall be in lieu of any long-term benefit  
18 payable for that day, provided further, any lump-sum payout for vacation leave shall be treated  
19 as if the beneficiary or participant had exhausted the leave and shall be in lieu of any long-term  
20 benefit otherwise payable. Provided that, in any event, a beneficiary's benefit shall be reduced  
21 during the first 36 months of the long-term disability period by an amount, as determined by the  
22 Board of Trustees, equal to a primary Social Security retirement benefit to which the beneficiary  
23 might be entitled, effective as of the first of the month following the month of initial entitlement.

24 After 36 months of long-term disability, no further benefits are payable under the terms of  
25 this section unless the member has been approved and is in receipt of primary Social Security  
26 disability benefits. In that case the benefits payable shall be equal to sixty-five percent (65%) of  
27 1/12th of the annual base rate of compensation last payable to the participant or beneficiary prior  
28 to the beginning of the short-term disability period as may be adjusted for percentage increases  
29 as provided under G.S. 135-108, plus sixty-five percent (65%) of 1/12th of the annual longevity  
30 payment to which the participant or beneficiary would be eligible, to a maximum of three  
31 thousand nine hundred dollars (\$3,900) per month reduced by the primary Social Security  
32 disability benefits to which the beneficiary may be entitled, effective as of the first of the month  
33 following the month of initial entitlement, and by monthly payments for Workers' Compensation  
34 to which the participant or beneficiary may be entitled. When primary Social Security disability  
35 benefits are increased by cost-of-living adjustments, the increased reduction shall be applied in  
36 the first month following the month in which the member becomes entitled to the increased Social  
37 Security benefit. The monthly benefit shall be further reduced by the amount of any monthly  
38 payments from the federal Department of Veterans Affairs, for payments from any other federal  
39 agency, or for any payments made under the provisions of G.S. 127A-108, to which the  
40 participant or beneficiary may be entitled on account of the same disability. Provided, in any  
41 event, the benefit payable shall be no less than ten dollars (\$10.00) a month.

42 Notwithstanding the foregoing, the long-term disability benefit is payable so long as the  
43 beneficiary is disabled and is in receipt of a primary Social Security disability benefit until the  
44 earliest date at which the beneficiary is eligible for an unreduced service retirement allowance  
45 from the Retirement System, at which time the beneficiary would receive a retirement allowance  
46 calculated on the basis of the beneficiary's average final compensation at the time of disability as  
47 adjusted to reflect compensation increases subsequent to the time of disability and the creditable  
48 service accumulated by the beneficiary, including creditable service while in receipt of benefits  
49 under the Plan. In the event the beneficiary has not been approved and is not in receipt of a  
50 primary Social Security disability benefit, the long-term disability benefit shall cease after the  
51 first 36 months of the long-term disability period. When such a long-term disability recipient

1 begins receiving this unreduced service retirement allowance from the System, that recipient  
2 shall not be subject to the six-month waiting period set forth in G.S. 135-1(20). However, a  
3 beneficiary shall be entitled to a restoration of the long-term disability benefit in the event the  
4 Social Security Administration grants a retroactive approval for primary Social Security  
5 disability benefits with a benefit effective date within the first 36 months of the long-term  
6 disability period. In such event, the long-term disability benefit shall be restored retroactively to  
7 the date of cessation."

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

9 "(5) Any member who is eligible for and is being paid a benefit under ~~the Disability~~  
10 ~~Income Plan as provided in~~ G.S. 135-105 or G.S. 135-106 shall be deemed a  
11 member in service and may not retire under the provisions of this section. Any  
12 member who has made electronic submission or written application for  
13 long-term ~~or extended short-term disability~~ benefits under the Disability  
14 Income Plan as provided in ~~G.S. 135-105 or~~ G.S. 135-106, and who has been  
15 rejected by ~~the Plan's Medical Board for a long-term or extended short-term~~  
16 ~~benefit~~ shall have 90 days from the date of notification of the rejection to  
17 convert his or her application to an early or service retirement application,  
18 provided that the member meets the eligibility requirements, effective the first  
19 day of the month following the month in which short-term disability benefits  
20 ~~ended~~ ended, if applicable, or the first day of the month following the month  
21 in which any salary continuation as may be provided in G.S. 135-104 ended,  
22 or the first day of the month following the month in which the member  
23 terminated the member's employment, whichever is later."

24 **SECTION 1.(g)** This section becomes effective July 1, 2020, and applies to  
25 short-term and long-term disability benefits applied for on or after that date, as determined by  
26 receipt of the application by the employer.

## 27 **PART II. MODERNIZING THE MEDICAL REVIEW BOARD**

28 **SECTION 2.(a)** G.S. 135-1(12) reads as rewritten:

29 "(12) "~~Medical board~~ Review Board" shall mean the board of physicians provided  
30 for in G.S. 135-6."

31 **SECTION 2.(b)** G.S. 135-101(10) reads as rewritten:

32 "(10) "~~Medical board~~ Review Board" shall mean the board of physicians as provided in  
33 ~~G.S. 135-102(d)~~ G.S. 135-6."

34 **SECTION 2.(c)** G.S. 128-21(12) reads as rewritten:

35 "(12) "~~Medical board~~ Review Board" shall mean the board of physicians provided  
36 for in ~~G.S. 128-28, subsection (l)~~ G.S. 128-28(l)."

37 **SECTION 2.(d)** G.S. 135-53(10) reads as rewritten:

38 "(10) "~~Medical board~~ Review Board" shall mean the board of physicians provided  
39 for in G.S. 135-6."

40 **SECTION 2.(e)** G.S. 120-4.8(8) reads as rewritten:

41 "(8) "~~Medical board~~ Review Board" means the board of physicians provided for in ~~G.S.~~  
42 ~~135-6, which shall determine disability as provided in this~~  
43 ~~Article~~ G.S. 135-6."

44 **SECTION 2.(f)** G.S. 135-6(k) reads as rewritten:

45 "(k) Medical Review Board. – The Board of Trustees shall designate a ~~medical board~~  
46 Medical Review Board to be composed of not less than three ~~not more than five~~ physicians not  
47 eligible to participate in the Retirement System. The Board of Trustees may structure  
48 appointment requirements and term durations for those ~~medical board~~ Medical Review Board  
49 members. ~~If required, other physicians may be employed to report on special cases. The medical~~  
50 ~~board shall arrange for and pass upon all medical examinations required under the provisions of~~  
51

1 this Chapter, and shall investigate all essential statements and certificates by or on behalf of a  
2 member in connection with an application for disability retirement, and shall report in writing to  
3 the Board of Trustees its conclusion and recommendations upon all the matters referred to it. A  
4 person serving on the ~~medical board~~ Medical Review Board shall be immune individually from  
5 civil liability for monetary damages, except to the extent covered by insurance, for any act or  
6 failure to act arising out of that service, except where any of the following apply:

- 7 (1) The person was not acting within the scope of that person's official duties.
- 8 (2) The person was not acting in good faith.
- 9 (3) The person committed gross negligence or willful or wanton misconduct that  
10 resulted in the damages or injury.
- 11 (4) The person derived an improper financial benefit, either directly or indirectly,  
12 from the transaction.
- 13 (5) The person incurred the liability from the operation of a motor vehicle."

14 **SECTION 2.(g)** G.S. 135-6 is amended by adding a new subsection to read:

15 "(k1) Duties of the Medical Review Board. – The Medical Review Board shall have the  
16 following duties and powers:

- 17 (1) Arrange for and review medical examinations required under the provision of  
18 this Chapter.
- 19 (2) Review applications for disability retirement or disability income benefits  
20 under Article 6 of this Chapter.
- 21 (3) Delegate the review of any medical examinations, records, applications, or  
22 other documents to other licensed health care providers. Any certifications  
23 required to be made by the Medical Review Board may not be delegated;  
24 however, the Medical Review Board may rely upon the determinations of a  
25 third party in making that certification.
- 26 (4) Require independent medical examinations, vocational assessments, gainful  
27 employment determinations, or other assessments necessary for the Medical  
28 Review Board to make any determinations required under this Chapter. The  
29 Medical Review Board may contract with entities outside of the Department  
30 to conduct any assessment determined to be necessary by the Medical Review  
31 Board. Any certifications required to be made by the Medical Review Board  
32 may not be delegated; however, the Medical Review Board may rely upon the  
33 determinations of a third party in making that certification.
- 34 (5) Expedite reviews and determinations in accordance with rules adopted by the  
35 State Treasurer and the Board of Trustees."

36 **SECTION 2.(h)** G.S. 128-28(l) reads as rewritten:

37 "(l) Medical Review Board. – The Board of Trustees shall designate a Medical Review  
38 Board to be composed of not less than three ~~nor more than five~~ physicians not eligible to  
39 participate in the Retirement System. The Board of Trustees may structure appointment  
40 requirements and term durations for ~~those medical board~~ the Medical Review Board members.  
41 If required, other physicians may be employed to report on special cases. The Medical Board  
42 shall arrange for and pass upon all medical examinations required under the provisions of this  
43 Chapter, and shall investigate all essential statements and certificates by or on behalf of a member  
44 in connection with an application for disability retirement, and shall report in writing to the Board  
45 of Trustees its conclusion and recommendations upon all the matters referred to it. A person  
46 serving on the medical board shall be immune individually from civil liability for monetary  
47 damages, except to the extent covered by insurance, for any act or failure to act arising out of  
48 that service, except where any of the following apply:

- 49 (1) The person was not acting within the scope of that person's official duties.
- 50 (2) The person was not acting in good faith.

- 1 (3) The person committed gross negligence or willful or wanton misconduct that  
2 resulted in the damages or injury.  
3 (4) The person derived an improper financial benefit, either directly or indirectly,  
4 from the transaction.  
5 (5) The person incurred the liability from the operation of a motor vehicle."

6 **SECTION 2.(i)** G.S. 128-28 is amended by adding a new subsection to read:

7 "(1) Duties of the Medical Review Board. – The Medical Review Board shall have the  
8 following duties and powers:

- 9 (1) Arrange for and review medical examinations required under the provision of  
10 this Chapter.  
11 (2) Review applications for disability retirement or disability income benefits  
12 under this Article.  
13 (3) Delegate the review of any medical examinations, records, applications, or  
14 other documents to other licensed health care providers. Any certifications  
15 required to be made by the Medical Review Board may not be delegated;  
16 however, the Medical Review Board may rely upon the determinations of a  
17 third party in making that certification.  
18 (4) Require independent medical examinations, vocational assessments, gainful  
19 employment determinations, or other assessments necessary for the Medical  
20 Review Board to make any determinations required under this Chapter. The  
21 Medical Review Board may contract with entities outside of the Department  
22 to conduct any assessment determined to be necessary by the Medical Review  
23 Board. Any certifications required to be made by the Medical Review Board  
24 may not be delegated; however, the Medical Review Board may rely upon the  
25 determinations of a third party in making that certification.  
26 (5) Expedite reviews and determinations in accordance with rules adopted by the  
27 State Treasurer and the Board of Trustees."

28 **SECTION 2.(j)** G.S. 135-102(d) reads as rewritten:

29 "~~(d) The Department of State Treasurer and the Board of Trustees shall designate a~~  
30 ~~Medical Board to be composed of not fewer than three nor more than five physicians not eligible~~  
31 ~~for benefits under the Plan. Other physicians, medical clinics, institutions or agencies may be~~  
32 ~~employed to conduct such medical examinations and tests necessary to provide the Medical~~  
33 ~~Board with clinical evidence as may be needed to determine eligibility for benefits under the~~  
34 ~~Plan. The If directed by the Board of Trustees, then the Medical Review Board shall investigate~~  
35 ~~the results of medical examinations, clinical evidence, all essential statements and certifications~~  
36 ~~by and on behalf of applicants for benefits and shall report in writing to the Board of Trustees~~  
37 ~~the conclusions and recommendations upon all matters referred to it. In accordance with~~  
38 ~~subsection (c) of this section, the Board of Trustees may also appoint agents, contractors, and~~  
39 ~~employees as the Board of Trustees deems advisable to investigate the results of medical~~  
40 ~~examinations, clinical evidence, all essential statements and certifications by and on behalf of~~  
41 ~~applicants for benefits."~~

42 **SECTION 2.(k)** G.S. 135-110(a)(3) reads as rewritten:

- 43 "(3) Disability Income Plan of North Carolina Trust Fund assets may be used for  
44 reasonable expenses to determine eligibility for or administer benefits  
45 provided by the Fund as approved by the Board of Trustees."

46 **SECTION 2.(l)** G.S. 135-106(a), as amended by Section 1(c) of this act, reads as  
47 rewritten:

48 "(a) Upon the application of a beneficiary or participant or of his or her legal representative  
49 or any person deemed by the Board of Trustees to represent the participant or beneficiary, any  
50 beneficiary or participant who has had five or more years of membership service may receive  
51 long-term disability benefits from the Plan upon approval by the Board of Trustees, provided the

1 beneficiary or participant makes application for such benefit within 180 days after the short-term  
2 disability benefit payment under G.S. 135-105 ceases, after salary continuation payments cease  
3 or after monthly payments for Workers' Compensation cease, whichever is later; Provided, that  
4 the beneficiary or participant withdraws from active service by terminating employment as a  
5 teacher or State employee; Provided, that the Board of Trustees or the Medical Review Board  
6 shall certify that such beneficiary or participant is mentally or physically incapacitated for the  
7 further performance of duty, that such incapacity was incurred at the time of active employment  
8 and has been continuous thereafter, and that such incapacity is likely to be permanent; Provided  
9 further that the the Board of Trustees or the Medical Review Board shall not certify any  
10 beneficiary or participant as disabled who is in receipt of any payments on account of the same  
11 incapacity which existed when the beneficiary first established membership in the Retirement  
12 System. The Board of Trustees may extend this 180-day filing requirement upon receipt of clear  
13 and convincing evidence that application was delayed through no fault of the disabled beneficiary  
14 or participant and was delayed due to the employers' miscalculation of the end of the 180-day  
15 filing period. However, in no instance shall the filing period be extended beyond an additional  
16 180 days.

17 The Board of Trustees may require each beneficiary who becomes eligible to receive a  
18 long-term disability benefit to have an annual medical review or examination for the first five  
19 years and thereafter once every three years after the commencement of benefits under this  
20 section. However, the Board of Trustees may require more frequent examinations and ~~upon the~~  
21 ~~advice of the Medical Board~~ shall determine which cases require such examination. Should any  
22 beneficiary refuse to submit to any examination required by this subsection or by the Medical  
23 Review Board, the long-term disability benefit shall be suspended until the beneficiary submits  
24 to an examination, and should this refusal last for one year, the benefit may be terminated by the  
25 Board of Trustees. If the Medical Review Board finds that a beneficiary is no longer mentally or  
26 physically incapacitated for the further performance of duty, the Medical Review Board shall so  
27 certify this finding to the Board of Trustees, and the Board of Trustees may terminate the  
28 beneficiary's long-term disability benefits effective on the last day of the month in which the  
29 Medical Review Board certifies that the beneficiary is no longer disabled.

30 As to the requirement of five years of membership service, any participant or beneficiary who  
31 does not have five years of membership service within the 96 calendar months prior to the  
32 cessation of short-term disability benefit payments or cessation of salary continuation payments,  
33 whichever is later, shall not be eligible for long-term disability benefits.

34 Notwithstanding the requirement that the incapacity was incurred at the time of active  
35 employment, any participant who becomes disabled while on an employer approved leave of  
36 absence and who is eligible for and in receipt of temporary total benefits under The North  
37 Carolina Workers' Compensation Act, Article 1 of Chapter 97 of the General Statutes, will be  
38 eligible for all benefits provided under this Article."

39 **SECTION 2.(m)** G.S. 135-106(c1) reads as rewritten:

40 "(c1) During the long-term disability period, a beneficiary may return to service for trial  
41 rehabilitation for periods of not greater than 36 months of continuous service. Such return will  
42 not cause the beneficiary to become a participant and will not require a new waiting period or  
43 short-term disability period to commence regardless of whether the beneficiary is unable to  
44 continue in service due to the same incapacity or a different incapacity.

45 A beneficiary who, during a period of trial rehabilitation, is unable to continue in service may  
46 be entitled to a restoration of the long-term disability benefit provided that the Board of Trustees  
47 or the Medical Review Board certifies that the beneficiary is disabled in accordance with the laws  
48 in effect at the time of the ~~Board's~~ original approval for long-term disability benefits, either due  
49 to the same or a different incapacity, notwithstanding the requirement the incapacity has been  
50 continuous. In the event that the Board of Trustees or the Medical Review Board determines that  
51 the long-term disability benefit should be restored, the restored benefit should be calculated in



1 accordance with G.S. 135-106(b); should include any post-disability benefit adjustments as  
2 provided by G.S. 135-108; and shall continue as long as the beneficiary remains disabled until  
3 the beneficiary has received a total of 36 long-term disability payments. Continuation of  
4 long-term disability benefit payments beyond 36 total payments shall be dependent upon  
5 approval for primary Social Security disability benefits as required by G.S. 135-106(b).

6 A beneficiary who returns to service for a period of trial rehabilitation and who has continued  
7 in service for greater than 36 continuous months shall again become a participant, and any  
8 subsequent incapacity shall be treated as a new incapacity causing a new waiting period to begin.  
9 Such a beneficiary may be entitled to additional long-term disability benefits on account of the  
10 new incapacity provided the beneficiary meets all other requirements notwithstanding the  
11 requirement of five years of membership service within the 96 calendar months prior to becoming  
12 disabled or the cessation of continuous salary continuation payments."

13 **SECTION 2.(n)** G.S. 136-106(d) reads as rewritten:

14 "(d) Notwithstanding the foregoing, a participant or beneficiary who has ~~applied for and~~  
15 ~~been approved by the Medical Board~~ for long-term disability benefits may make an irrevocable  
16 election, ~~within 90 days from the date of notification of such approval, and~~ prior to receipt of any  
17 long-term disability benefit payments, to receive a return of accumulated contributions from the  
18 Retirement System or to forfeit all pending and accrued rights to the long-term disability benefit  
19 including any ancillary benefits and retire on an early service retirement allowance, effective  
20 with the on the later of the following dates:

- 21 (1) The first day of the month following the end of the short-term period, ~~or~~  
22 receive a return of accumulated contributions from the Retirement System if  
23 applicable.  
24 (2) The first day of the month following the month in which the member  
25 terminated the member's employment.  
26 (3) The first day of the month following the month in which the beneficiary was  
27 approved for long-term disability benefits, whichever is later."

28 **SECTION 2.(o)** G.S. 128-27(c) reads as rewritten:

29 "(c) Disability Retirement Benefits. – Upon the application of a member or of his  
30 employer, any member who has had five or more years of creditable service may be retired by  
31 the Board of Trustees, on the first day of any calendar month, not less than one day nor more  
32 than 120 days next following the date of filing such application, on a disability retirement  
33 allowance: Provided, that the ~~medical board,~~ Board of Trustees or the Medical Review Board,  
34 after a medical examination of such member, shall certify that such member is mentally or  
35 physically incapacitated for the further performance of duty, that such incapacity was incurred at  
36 the time of active employment and has been continuous thereafter, that such incapacity is likely  
37 to be permanent, and that such member should be retired; Provided further the ~~medical board~~  
38 Board of Trustees or the Medical Review Board shall determine if the member is able to engage  
39 in gainful employment and, if so, the member may still be retired and the disability retirement  
40 allowance as a result thereof shall be reduced as in subsection (e) below. Provided further, that  
41 the Board of Trustees or the Medical Review Board shall not certify any member as disabled  
42 who:

43 ...."

44 **SECTION 2.(p)** G.S. 120-4.22(b) reads as rewritten:

45 "(b) Medical Certification. – After a medical examination of the member, the ~~medical~~  
46 ~~board shall certify to the Board of Trustees~~ the Board of Trustees or the Medical Review Board  
47 shall certify that the member is mentally or physically incapacitated for further performance of  
48 duty as a member of the General Assembly, that the incapacity was incurred at the time of active  
49 employment and has been continuous thereafter, that the incapacity is likely to be permanent and  
50 whether the member should be retired."

51 **SECTION 2.(q)** G.S. 135-59(a) reads as rewritten:

1       "(a) Upon application by or on behalf of the member, any member in service who has  
 2 completed five or more years of creditable service and who has not attained his or her sixty-fifth  
 3 birthday may be retired by the Board of Trustees, on the first day of any calendar month, not less  
 4 than one day nor more than 120 days next following the date of filing such application, on a  
 5 disability retirement allowance; provided, that the ~~medical board,~~ Board of Trustees or the  
 6 Medical Review Board, after a medical examination of such member, shall certify that such  
 7 member is mentally or physically incapacitated for the further performance of duty, that such  
 8 incapacity was incurred at the time of active employment and has been continuous thereafter,  
 9 that such incapacity is likely to be permanent, and that such member should be retired; and,  
 10 provided further, that if a member is removed by the Supreme Court for mental or physical  
 11 incapacity under the provisions of G.S. 7A-376, ~~no action is required by the medical board~~  
 12 medical examination is required under this section and, provided further, the ~~medical board~~  
 13 Board of Trustees or the Medical Review Board shall determine if the member is able to engage  
 14 in gainful employment and, if so, the member shall still be retired and the disability retirement  
 15 allowance as a result thereof shall be reduced as in G.S. 135-60(d). Provided further, that ~~the~~  
 16 ~~medical board shall not certify any member~~ no member shall be certified as disabled who  
 17 meets either of the following criteria:

- 18           (1) Applies for disability retirement based upon a mental or physical incapacity  
 19 which existed when the member first established membership in the ~~system;~~  
 20 ~~or system.~~
- 21           (2) Is in receipt of any payments on account of the same disability which existed  
 22 when the member first established membership in the system.

23       The Board of Trustees shall require each employee upon enrolling in the Retirement System  
 24 to provide information on the membership application concerning any mental or physical  
 25 incapacities existing at the time the member enrolls.

26       Notwithstanding the foregoing to the contrary, any beneficiary who commenced retirement  
 27 with an early or service retirement benefit has the right, within three years of this retirement, to  
 28 convert to an allowance with disability retirement benefits without modification of any election  
 29 of optional allowance previously made; provided, the beneficiary presents clear and convincing  
 30 evidence that the beneficiary would have met all applicable requirements for disability retirement  
 31 benefits while still in service as a member. The allowance on account of disability retirement  
 32 benefits to the beneficiary shall be retroactive to the effective date of early or service retirement."

33       **SECTION 2.(r)** G.S. 135-60(c) reads as rewritten:

34       "(c) ~~Should the medical board certify to the Board of Trustees that a disability beneficiary~~  
 35 If prior to his-the sixty-fifth birthday of a beneficiary of disability benefits, the Board of Trustees  
 36 or the Medical Review Board determines that the beneficiary has recovered to the extent that he  
 37 the beneficiary would not satisfy the requirements for disability retirement if he-the beneficiary  
 38 were an active member of the Retirement System, or if his-the beneficiary's disability shall be  
 39 assumed to have terminated in accordance with subsection (b) above, his-then that beneficiary's  
 40 disability retirement allowance shall thereupon cease, he or she shall be restored as a member of  
 41 the Retirement System, and the period during which he or she was in receipt of a disability  
 42 retirement allowance shall not be included in his-that member's creditable service."

### 43 44 **PART III. DIPNC OVERPAYMENTS OWED BY ORP MEMBERS ON CONVERSION** 45 **TO SERVICE**

46       **SECTION 3.(a)** G.S. 135-107 reads as rewritten:

#### 47 **"§ 135-107. Optional Retirement Program.**

48       (a) Any participant of the Optional Retirement Program who becomes a beneficiary  
 49 under the Plan shall be eligible to receive long-term disability benefits so long as the beneficiary  
 50 is disabled and is in receipt of a primary Social Security disability benefit until the time the  
 51 beneficiary would first qualify for an unreduced service retirement benefit had the beneficiary

1 elected to be a member of the Teachers' and State Employees' Retirement System, and shall  
2 receive no service accruals as otherwise provided members of the Retirement System under the  
3 provisions of G.S. 135-4(y). In the event a beneficiary who was a participant in the Optional  
4 Retirement Program has not been approved and is not in receipt of a primary Social Security  
5 disability benefit, the long-term disability benefit shall cease after the first 36 months of the  
6 long-term disability period. However, a beneficiary shall be entitled to a restoration of the  
7 long-term disability benefit in the event the Social Security Administration grants a retroactive  
8 approval for primary Social Security disability benefits with a benefit effective date within the  
9 first 36 months of the long-term disability period. In such event, the long-term disability benefit  
10 shall be restored retroactively to the date of cessation.

11 (b) If a participant of the Optional Retirement Program owes any overpayment to the Plan  
12 at the time in which the beneficiary would first qualify for an unreduced retirement benefit had  
13 the beneficiary elected to be a member of the Teachers' and State Employees' Retirement System,  
14 then the participant shall make a payment in full to the Plan of the total amount due. If payment  
15 in full of the total amount due is not received by the Plan, then, notwithstanding  
16 G.S. 135-48.40(a), that beneficiary shall not be eligible for coverage under the North Carolina  
17 State Health Plan for Teachers and State Employees until payment in full of the total amount due  
18 is received by the Plan."

19 **SECTION 3.(b)** This section becomes effective October 1, 2019, and applies to  
20 beneficiaries who are participants of the Optional Retirement Program and who would first  
21 qualify for unreduced retirement benefits had the beneficiaries elected to be a member of the  
22 Teachers' and State Employees' Retirement System on or after that date.

#### 23 24 **PART IV. TECHNICAL CHANGES**

25 **SECTION 4.(a)** G.S. 128-27(e)(4) reads as rewritten:

26 "(4) As a condition to the receipt of the disability retirement allowance provided  
27 for in G.S. 128-27(d), (d1), ~~(d2) and (d3)~~ (d2), (d3), and (d4), each member  
28 retired on a disability retirement allowance shall, on or before April 15 of each  
29 calendar year, provide the Board of Trustees with a statement of his or her  
30 income received as compensation for services, including fees, commissions  
31 or similar items, and income received from business, for the previous calendar  
32 year. Such statement shall be filed on a form as required by the Board of  
33 Trustees. The benefit payable to a beneficiary who does not or refuses to  
34 provide the information requested within 120 days after such request shall not  
35 be paid a benefit until the information so requested is provided, and should  
36 such refusal or failure to provide such information continue for 180 days after  
37 such request, the right of a beneficiary to a benefit under the Article may be  
38 terminated.

39 The Director of the State Retirement Systems shall contact any State or federal agency  
40 which can provide information to substantiate the statement required to be  
41 submitted by this subdivision and may enter into agreements for the exchange  
42 of information."

43 **SECTION 4.(b)** G.S. 135-5(l) reads as rewritten:

44 "(l) ~~Death Benefit Plan. – There is hereby created a Group Life Insurance Plan (hereinafter~~  
45 ~~called the "Plan") which Plan, hereinafter referred to as the "Plan,"~~ that is established as an  
46 employee welfare benefit plan that is separate and apart from the Retirement System and under  
47 which the members of the Retirement System shall participate and be eligible for group life  
48 insurance benefits. The Plan shall be part of the North Carolina Teachers' and State Employees'  
49 Benefit Trust, as established under G.S. 135-7(g). All receipts, transfers, appropriations,  
50 contributions, investment earnings, and other income belonging to the Plan shall be deposited in  
51 the Benefit Trust. All benefits and expenses against the Plan shall be disbursed from the Benefit

1 Trust. Employer and non-employer contributions to the Benefit Trust and earnings on those  
 2 contributions are irrevocable. The assets of the Benefit Trust are dedicated to providing benefits  
 3 to participants, surviving spouses, and the members' estates in accordance with the Plan's benefit  
 4 terms. The assets of the Benefit Trust are not subject to the claims of creditors of the employees  
 5 and non-employees making contributions to the Benefit Trust, are not subject to the claims of  
 6 any creditors of the Benefit Trust's trustees and administrators, and are not subject to the claims  
 7 of creditors of members and beneficiaries. Benefit Trust assets may be used for reasonable  
 8 expenses to administer benefits provided by the Fund as approved by the Board of Trustees.

9 (1) The following provisions apply to the Plan's administration of the death  
 10 benefit for certain members in service:

11 a. Upon receipt of proof, satisfactory to the Board of Trustees in their  
 12 capacity as trustees under the Group Life Insurance Plan, of the death,  
 13 in service, of a member who had completed at least one full calendar  
 14 year of membership in the Retirement System, ~~there a death benefit~~  
 15 shall be paid to such the person as the member shall have nominated  
 16 by the member by electronic submission in a form approved by the  
 17 Board of Trustees or by written designation duly acknowledged and  
 18 filed with the Board of Trustees, if such that nominated person is living  
 19 at the time of the member's death, otherwise to the member's legal  
 20 representatives, a death benefit. Such representatives. The death  
 21 benefit shall be equal to the greater of the following, subject to a  
 22 minimum of twenty-five thousand dollars (\$25,000) and to a  
 23 maximum of fifty thousand dollars (\$50,000):

24 ~~(1)~~1. The compensation on which contributions were made by the  
 25 member during the calendar year preceding the year in which  
 26 ~~his the member's death occurs, or~~ occurs.

27 ~~(2)~~2. The greatest compensation on which contributions were made  
 28 by the member during a 12-month period of service within the  
 29 24-month period of service ending on the last day of the month  
 30 preceding the month in which his last day of actual service  
 31 ~~occurs; occurs.~~

32 ~~subject to a minimum of twenty five thousand dollars (\$25,000) and to a maximum of fifty~~  
 33 ~~thousand dollars (\$50,000). Such~~

34 b. The death benefit shall be payable apart and separate from the payment  
 35 of the member's accumulated contributions under the System on his at  
 36 the member's death pursuant to the provisions of subsection (f) of this  
 37 section.

38 c. ~~For the purpose of the Plan, a~~ A member shall be deemed to be in  
 39 service at the date of ~~his the member's~~ death if ~~his the~~ death occurs  
 40 within 180 days from the member's last day of his actual service.

41 ~~The death benefit provided in this subsection (1) shall not be payable, notwithstanding~~  
 42 ~~the member's compliance with all the conditions set forth in the preceding~~  
 43 ~~paragraph, if his death occurs~~

44 (1) ~~After December 31, 1968 and after he has attained age 70; or~~

45 (2) ~~After December 31, 1969 and after he has attained age 69; or~~

46 (3) ~~After December 31, 1970 and after he has attained age 68; or~~

47 (4) ~~After December 31, 1971 and after he has attained age 67; or~~

48 (5) ~~After December 31, 1972 and after he has attained age 66; or~~

49 (6) ~~After December 31, 1973 and after he has attained age 65; or~~

50 (7) ~~After December 31, 1978, but before January 1, 1987, and after he has attained~~  
 51 ~~age 70.~~

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

7 Notwithstanding the above provisions, the Board of Trustees may and is specifically  
8 authorized to provide the death benefit according to the terms and conditions otherwise appearing  
9 in this Plan in the form of group life insurance, either (i) by purchasing a contract or contracts of  
10 group life insurance with any life insurance company or companies licensed and authorized to  
11 transact business in this State for the purpose of insuring the lives of members in service, or (ii)  
12 by establishing a separate trust fund qualified under Section 501(c)(9) of the Internal Revenue  
13 Code of 1954, as amended, for such purpose. To that end the Board of Trustees is authorized,  
14 empowered and directed to investigate the desirability of utilizing group life insurance by either  
15 of the foregoing methods for the purpose of providing the death benefit. If a separate trust fund  
16 is established, it shall be operated in accordance with rules and regulations adopted by the Board  
17 of Trustees and all investment earnings on the trust fund shall be credited to such fund.

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

19 (1)d. For the purpose of determining eligibility only, ~~in this subsection the~~  
20 term "calendar year" shall mean any period of 12 consecutive months  
21 or, if less, the period covered by an annual contract of employment.  
22 For all other purposes in this ~~subsection~~ subdivision, the term  
23 "calendar year" shall mean the 12 months beginning January 1 and  
24 ending December 31.

25 (2)e. ~~Last~~ For the purposes of administering the Plan, the last day of actual  
26 service shall be determined as follows:

27 a.1. When employment has been terminated, the last day the  
28 member actually worked.

29 b.2. When employment has not been terminated, the date on which  
30 an absent member's sick and annual leave expire, unless ~~he the~~  
31 member is on approved leave of absence and is in service under  
32 the provisions of G.S. 135-4(h).

33 e.3. When a participant's employment is interrupted by reason of  
34 service in the Uniformed Services, as that term is defined in  
35 section 4303(16) of the Uniformed Services Employment and  
36 Reemployment Rights Act, Public Law 103-353, and the  
37 participant does not return immediately after that service to  
38 employment with a covered employer in this System, the date  
39 on which the participant was first eligible to be separated or  
40 released from his or her involuntary military service.

41 (3)4. ~~For a period when~~ If a member is on leave of absence, his then  
42 the member's status with respect to the death benefit will be  
43 determined by the provisions of G.S. 135-4(h).

44 (4)f. A member on leave of absence from his or her position as a teacher or  
45 State employee for the purpose of serving as a member or officer of  
46 the General Assembly shall be deemed to be in service during sessions  
47 of the General Assembly and thereby covered by the provisions of the  
48 death benefit. The amount of the death benefit for such member shall  
49 be the equivalent of the salary to which the member would have been  
50 entitled as a teacher or State employee during the 12-month period  
51 immediately prior to the month in which death occurred, not to be less

1 than twenty-five thousand dollars (\$25,000) nor to exceed fifty  
2 thousand dollars (\$50,000).

3 g. The provisions of the Retirement System pertaining to Administration,  
4 G.S. 135-6, and management of funds, G.S. 135-7, are ~~hereby made~~  
5 applicable to the Plan.

6 h. A member who is a beneficiary of the Disability Income Plan provided  
7 for in Article 6 of this Chapter, or a member who is in receipt of  
8 Workers' Compensation during the period for which he or she would  
9 have otherwise been eligible to receive short-term benefits ~~or extended~~  
10 ~~short-term benefits~~ as provided in G.S. 135-105 and dies on or after  
11 181 days from the last day of his or her actual service but prior to the  
12 date the benefits as provided in G.S. 135-105 would have ended, shall  
13 be considered in service for the purposes of this subdivision and shall  
14 be eligible for group life insurance benefits as provided in this  
15 subsection, subdivision, notwithstanding that the member is no longer  
16 an employee or teacher or that the member's death occurs after the  
17 eligibility period after active service. The basis of the death benefit  
18 payable hereunder shall be the higher of the death benefit computed as  
19 above or a death benefit based on compensation used in computing the  
20 benefit payable under G.S. 135-105 and G.S. 135-106, as may be  
21 adjusted for percentage post-disability increases, all subject to the  
22 maximum dollar limitation as provided above. A member in receipt of  
23 benefits from the Disability Income Plan under the provisions of  
24 G.S. 135-112 whose right to a benefit accrued under the former  
25 Disability Salary Continuation Plan shall not be covered under the  
26 provisions of this paragraph-sub-subdivision.

27 (2) The following provisions apply to the Plan's administration of an optional  
28 death benefit for certain retired members:

29 a. Upon receipt of proof, satisfactory to the Board of Trustees in its  
30 capacity under this ~~subsection, subdivision,~~ of the death of a retired  
31 member of the Retirement System on or after July 1, 1988, but before  
32 January 1, ~~1999, 2015,~~ who has completed 24 months of contributions,  
33 there shall be paid a the following death benefit to the surviving spouse  
34 of the deceased retired member or to the deceased retired member's  
35 legal representative if not survived by a spouse; provided the retired  
36 member has elected, when first eligible, to make, and has continuously  
37 made, in advance of his the member's death required contributions as  
38 determined by the Board of Trustees on a fully contributory basis,  
39 through retirement allowance deductions or other methods adopted by  
40 the Board of Trustees, to a group death benefit trust fund administered  
41 by the Board of Trustees separate and apart from the Retirement  
42 System's Annuity Savings Fund and Pension Accumulation  
43 Fund.Fund:

44 1. For retired members who were deceased on or after July 1,  
45 1998, but before January 1, 1999, This the death benefit shall  
46 be a lump-sum payment in the amount of five thousand dollars  
47 (\$5,000) upon the completion of twenty four months of  
48 contributions required under this subsection.(\$5,000).

49 2. For retired members who were deceased on or after January 1,  
50 1999, but before July 1, 2004, the death benefit shall be a

- 1 lump-sum payment in the amount of six thousand dollars  
2 (\$6,000).  
3 3. For retired members who were deceased on or after July 1,  
4 2004, but before July 1, 2007, the death benefit shall be a  
5 lump-sum payment in the amount of nine thousand dollars  
6 (\$9,000).  
7 4. For retired members who were deceased on or after July 1,  
8 2007, but before January 1, 2015, the death benefit shall be a  
9 lump-sum payment in the amount of ten thousand dollars  
10 (\$10,000).

11 ~~Should death occur~~ If the retired member's death occurs before the completion  
12 of twenty-four months of ~~contributions required under this subsection,~~  
13 ~~contributions,~~ then the deceased retired member's surviving spouse or  
14 legal representative if not survived by a spouse shall be paid the sum  
15 of the retired member's contributions required by this ~~subsection~~  
16 ~~sub-subdivision~~ plus interest to be determined by the Board of  
17 Trustees.

18 ~~Upon receipt of proof, satisfactory to the Board of Trustees in its capacity~~  
19 ~~under this subsection, of the death of a retired member of the Retirement~~  
20 ~~System on or after January 1, 1999, but before July 1, 2004, there shall be paid~~  
21 ~~a death benefit to the surviving spouse of the deceased retired member or to~~  
22 ~~the deceased retired member's legal representative if not survived by a spouse;~~  
23 ~~provided the retired member has elected, when first eligible, to make, and has~~  
24 ~~continuously made, in advance of his death required contributions as~~  
25 ~~determined by the Board of Trustees on a fully contributory basis, through~~  
26 ~~retirement allowance deductions or other methods adopted by the Board of~~  
27 ~~Trustees, to a group death benefit trust fund administered by the Board of~~  
28 ~~Trustees separate and apart from the Retirement System's Annuity Savings~~  
29 ~~Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum~~  
30 ~~payment in the amount of six thousand dollars (\$6,000) upon the completion~~  
31 ~~of 24 months of contributions required under this subsection. Should death~~  
32 ~~occur before the completion of 24 months of contributions required under this~~  
33 ~~subsection, the deceased retired member's surviving spouse or legal~~  
34 ~~representative if not survived by a spouse shall be paid the sum of the retired~~  
35 ~~member's contributions required by this subsection plus interest to be~~  
36 ~~determined by the Board of Trustees.~~

37 ~~Upon receipt of proof, satisfactory to the Board of Trustees in its capacity~~  
38 ~~under this subsection, of the death of a retired member of the Retirement~~  
39 ~~System on or after July 1, 2004, but before July 1, 2007, there shall be paid a~~  
40 ~~death benefit to the surviving spouse of the deceased retired member or to the~~  
41 ~~deceased retired member's legal representative if not survived by a spouse;~~  
42 ~~provided the retired member has elected, when first eligible, to make, and has~~  
43 ~~continuously made, in advance of his death required contributions as~~  
44 ~~determined by the Board of Trustees on a fully contributory basis, through~~  
45 ~~retirement allowance deductions or other methods adopted by the Board of~~  
46 ~~Trustees, to a group death benefit trust fund administered by the Board of~~  
47 ~~Trustees Fund and Pension Accumulation Fund. This death benefit shall be a~~  
48 ~~lump-sum payment in the amount of nine thousand dollars (\$9,000) upon the~~  
49 ~~completion of 24 months of contributions required under this subsection.~~  
50 ~~Should death occur before the completion of 24 months of contributions~~  
51 ~~required under this subsection, the deceased retired member's surviving~~

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

4 Upon receipt of proof, satisfactory to the Board of Trustees in its capacity  
5 under this subsection, of the death of a retired member of the Retirement  
6 System on or after July 1, 2007, but before January 1, 2015, there shall be paid  
7 a death benefit to the surviving spouse of the deceased retired member or to  
8 the deceased retired member's legal representative if not survived by a spouse;  
9 provided the retired member has elected, when first eligible, to make, and has  
10 continuously made, in advance of his death required contributions as  
11 determined by the Board of Trustees on a fully contributory basis, through  
12 retirement allowance deductions or other methods adopted by the Board of  
13 Trustees, to a group death benefit trust fund administered by the Board of  
14 Trustees Fund and Pension Accumulation Fund. This death benefit shall be a  
15 lump sum payment in the amount of ten thousand dollars (\$10,000) upon the  
16 completion of 24 months of contributions required under this subsection.  
17 Should death occur before the completion of 24 months of contributions  
18 required under this subsection, the deceased retired member's surviving  
19 spouse or legal representative if not survived by a spouse shall be paid the sum  
20 of the retired member's contributions required by this subsection plus interest  
21 to be determined by the Board of Trustees.

22 b. Upon receipt of proof, satisfactory to the Board of Trustees in its  
23 capacity under this subsection, subdivision, of the death of a retired  
24 member of the Retirement System on or after January 1, 2015, who  
25 has completed 24 months of contributions, there shall be paid a death  
26 benefit to the person or persons designated by the member or, if the  
27 member has not designated a beneficiary, to the surviving spouse of  
28 the deceased retired member or, if not survived by a designated  
29 beneficiary or spouse, to the deceased retired member's legal  
30 representative; provided the retired member has elected, when first  
31 eligible, to make, and has continuously made, in advance of the  
32 member's death required contributions as determined by the Board of  
33 Trustees on a fully contributory basis, through retirement allowance  
34 deductions or other methods adopted by the Board of Trustees, to a  
35 group death benefit trust fund, the North Carolina Teachers' and State  
36 Employees' Benefit Trust, administered by the Board of Trustees Fund  
37 and Pension Accumulation Fund. Employer and non-employer  
38 contributions to the Benefit Trust and earnings on those contributions  
39 are irrevocable. The assets of the Benefit Trust are dedicated to  
40 providing benefits to participants, surviving spouses, and the members'  
41 estates in accordance with the Plan's benefit terms. The assets of the  
42 Benefit Trust are not subject to the claims of creditors of the  
43 employees and non-employees making contributions to the Benefit  
44 Trust, are not subject to the claims of any creditors of the Benefit  
45 Trust's trustees and administrators, and are not subject to the claims of  
46 creditors of members and beneficiaries. Benefit Trust assets may be  
47 used for reasonable expenses to administer benefits provided by the  
48 Fund as approved by the Board of Trustees.

49 This death benefit shall be a lump-sum payment in the amount of ten thousand  
50 dollars (\$10,000) upon the completion of 24 months of contributions  
51 required under this subsection. (\$10,000).



1                   ~~Should death occur~~ If the retired member's death occurs before the completion  
2                   of 24 months of ~~contributions required under this subsection,~~  
3                   contributions, then the deceased retired member's designated  
4                   beneficiary or beneficiaries, or surviving spouse if there is no  
5                   surviving beneficiary, or legal representative if not survived by a  
6                   designated beneficiary or spouse, shall be paid the sum of the retired  
7                   member's contributions required by this ~~subsection~~ sub-subdivision  
8                   plus interest to be determined by the Board of Trustees."  
9

10 **PART V. EFFECTIVE DATE**

11                   **SECTION 5.** Except as otherwise provided, this act is effective when it becomes  
12 law.