

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2019**

**SESSION LAW 2020-48  
SENATE BILL 719**

AN ACT TO MAKE TECHNICAL CHANGES TO THE STATUTES GOVERNING THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM, THE CONSOLIDATED JUDICIAL RETIREMENT SYSTEM, THE LEGISLATIVE RETIREMENT SYSTEM, THE SUPPLEMENTAL RETIREMENT INCOME PLAN, THE ACHIEVING A BETTER LIFE EXPERIENCE (ABLE) PROGRAM TRUST, THE NORTH CAROLINA NATIONAL GUARD PENSION FUND, THE NORTH CAROLINA PUBLIC SCHOOL TEACHERS' AND PROFESSIONAL EDUCATORS' INVESTMENT PLAN, AND THE NORTH CAROLINA STATE HEALTH PLAN FOR TEACHERS AND STATE EMPLOYEES; TO REQUIRE STRESS TESTING FOR THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, AS RECOMMENDED BY THE PEW FOUNDATION; TO MAKE AMENDMENTS RELATED TO THE PENSION SOLVENCY FUND; TO MAKE CHANGES TO THE UNCLAIMED PROPERTY STATUTES; TO MAKE CERTAIN CHANGES TO PRESERVE THE INTEGRITY OF AND CLARIFY THE POLICY OBJECTIVES OF THE GENERAL ASSEMBLY FOR THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM, THE CONSOLIDATED JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM; AND TO AMEND THE SEPARATE INSURANCE BENEFITS PLAN OFFERINGS.

The General Assembly of North Carolina enacts:

**PART I-A. TECHNICAL CHANGES**

**SECTION 1.1.(a)** G.S. 128-21 is amended by adding a new subdivision to read:

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

**SECTION 1.1.(b)** G.S. 135-1 is amended by adding a new subdivision to read:

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

**SECTION 1.2.(a)** G.S. 135-5(m4) reads as rewritten:

"(m4) A member who has contributions in this System and is not eligible for a retirement benefit as set forth in G.S. 135-5(a) shall be paid his or her contributions in a lump sum as provided in G.S. 135-5(f) by April 1 of the calendar year following the later of the calendar year in which the member (i) attains ~~70 and one-half~~ 72 years of age or (ii) has ceased to be a teacher or State employee except by death. If ~~such~~ the member fails, following reasonable notification, to complete a refund application by ~~such~~ the required date, then the requirement that a refund application be completed shall be waived and the refund shall be paid without a refund application as a single lump-sum payment with applicable required North Carolina and federal income taxes withheld. ~~For purposes of this subsection, a member shall not be considered to have~~



~~ceased to be a teacher or State employee if the member is actively contributing to the Consolidated Judicial Retirement System, Local Governmental Employees' Retirement System, or Legislative Retirement System. A lump-sum refund shall not be paid under this subsection if the member is actively contributing to the Consolidated Judicial Retirement System, Local Governmental Employees' Retirement System, or Legislative Retirement System.~~

A member who has contributions in this System and is eligible for a retirement benefit as set forth in G.S. 135-5(a) shall begin to receive a monthly benefit no later than April 1 of the calendar year following the later of the calendar year in which the member (i) attains ~~70 and one-half~~ 72 years of age or (ii) has ceased to be a teacher or State employee except by death. If ~~such~~ the member fails, following reasonable notification, to complete the retirement process as set forth under Chapter 135 of the General Statutes by such required beginning date, then the requirement that a retirement application and an election of payment plan form be completed shall be waived and the retirement allowance shall be paid as a single life annuity. The single life annuity shall be calculated and processed in accordance with ~~G.S. 135-5~~ this section.

For purposes of this subsection, a member shall not be considered to have ceased to be a teacher or State employee if the member is actively contributing to the Consolidated Judicial Retirement System, Local Governmental Employees' Retirement System, or Legislative Retirement System. A retirement benefit or lump-sum refund shall not be paid under this subsection if the member is actively contributing to the Consolidated Judicial Retirement System, Local Governmental Employees' Retirement System, or Legislative Retirement System."

**SECTION 1.2.(b)** G.S. 128-27(m3) reads as rewritten:

"(m3) A member who has contributions in this System and is not eligible for a retirement benefit as set forth in ~~G.S. 128-27(b21)~~ G.S. 128-27(a) or G.S. 128-27(a1) shall be paid his or her contributions in a lump sum as provided in G.S. 128-27(f) by April 1 of the calendar year following the later of the calendar year in which the member (i) attains ~~70 and one-half~~ 72 years of age or (ii) has ceased to be an employee except by death. If ~~such~~ the member fails, following reasonable notification, to complete a refund application by ~~such~~ the required date, then the requirement that a refund application be completed shall be waived and the refund shall be paid without a refund application as a single lump-sum payment with applicable required North Carolina and federal income taxes withheld. ~~For purposes of this subsection, a member shall not be considered to have ceased to be an employee if the member is actively contributing to the Teachers' and State Employees' Retirement System, Consolidated Judicial Retirement System, or Legislative Retirement System. A lump-sum refund shall not be paid under this subsection if the member is actively contributing to the Teachers' and State Employees' Retirement System, Consolidated Judicial Retirement System, or Legislative Retirement System.~~

A member who has contributions in this System and is eligible for a retirement benefit as set forth in ~~G.S. 128-27(21)~~ G.S. 128-27(a) or G.S. 128-27(a1) shall begin to receive a monthly benefit no later than April 1 of the calendar year following the later of the calendar year in which the member (i) attains ~~70 and one-half~~ 72 years of age or (ii) has ceased to be an employee except by death. If ~~such~~ the member fails, following reasonable notification, to complete the retirement process as set forth under Chapter 128 of the General Statutes by ~~such~~ the required beginning date, then the requirement that a retirement application and an election of payment plan form be completed shall be waived and the retirement allowance shall be paid as a single life annuity. The single life annuity shall be calculated and processed in accordance with ~~G.S. 128-27(b21)~~ this section.

For purposes of this subsection, a member shall not be considered to have ceased to be an employee if the member is actively contributing to the Teachers' and State Employees' Retirement System, Consolidated Judicial Retirement System, or Legislative Retirement System. A retirement benefit or lump-sum refund shall not be paid under this subsection if the member is actively contributing to the Teachers' and State Employees' Retirement System, Consolidated Judicial Retirement System, or Legislative Retirement System."

**SECTION 1.2.(c)** G.S. 135-74(c1) reads as rewritten:

"(c1) A member who has contributions in this System and is not eligible for a retirement benefit as set forth in ~~G.S. 135-58(a6)~~ G.S. 135-57 shall be paid his or her contributions in a lump sum as provided in G.S. 135-62 by April 1 of the calendar year following the later of the calendar year in which the member (i) attains ~~70 and one-half~~ 72 years of age or (ii) has ceased to be a judge, district attorney, public defender, the Director of Indigent Defense Services, or clerk of superior court as provided in G.S. 135-53, except by death. If ~~such the~~ member fails, following reasonable notification, to complete a refund application by ~~such the~~ required date, then the requirement that a refund application be completed shall be waived and the refund shall be paid without a refund application as a single lump-sum payment with applicable required North Carolina and federal income taxes withheld. ~~For purposes of this subsection, a member shall not be considered to have ceased to be a judge, district attorney, public defender, the Director of Indigent Defense Services, or clerk of superior court as provided in G.S. 135-53 if the member is actively contributing to the Teachers' and State Employees' Retirement System, Local Governmental Employees' Retirement System, or Consolidated Judicial Retirement System. A lump-sum refund shall not be paid under this subsection if the member is actively contributing to the Teachers' and State Employees' Retirement System, Local Governmental Employees' Retirement System, or Consolidated Judicial Retirement System.~~

A member who has contributions in this System and is eligible for a retirement benefit as set forth in ~~G.S. 120-4.21~~ G.S. 135-57 shall begin to receive a monthly benefit no later than April 1 of the calendar year following the later of the calendar year in which the member (i) attains ~~70 and one-half~~ 72 years of age or (ii) has ceased to be a judge, district attorney, public defender, the Director of Indigent Defense Services, or clerk of superior court as provided in G.S. 135-53, except by death. If ~~such the~~ member fails, following reasonable notification, to complete the retirement process as set forth under Chapter ~~120-135~~ of the General Statutes by such required beginning date, then the requirement that a retirement application and an election of payment plan form be completed shall be waived and the retirement allowance shall be paid as a single life annuity. The single life annuity shall be calculated and processed in accordance with ~~G.S. 120-4.21~~ G.S. 135-58.

For purposes of this subsection, a member shall not be considered to have ceased to be a judge, district attorney, public defender, the Director of Indigent Defense Services, or clerk of superior court as provided in G.S. 135-53 if the member is actively contributing to the Teachers' and State Employees' Retirement System, Local Governmental Employees' Retirement System, or Consolidated Judicial Retirement System. A retirement benefit or lump-sum refund shall not be paid under this subsection if the member is actively contributing to the Teachers' and State Employees' Retirement System, Local Governmental Employees' Retirement System, or ~~Consolidated Judicial Retirement System~~ Legislative Retirement System."

**SECTION 1.2.(d)** G.S. 120-4.31(c1) reads as rewritten:

"(c1) A member who has contributions in this System and is not eligible for a retirement benefit as set forth in G.S. 120-4.21 shall be paid his or her contributions in a lump sum as provided in G.S. 120-4.25 by April 1 of the calendar year following the later of the calendar year in which the member (i) attains ~~70 and one-half~~ 72 years of age or (ii) has ceased to be a member of the General Assembly, except by death. If ~~such the~~ member fails, following reasonable notification, to complete a refund application by ~~such the~~ required date, then the requirement that a refund application be completed shall be waived and the refund shall be paid without a refund application as a single lump-sum payment with applicable required North Carolina and federal income taxes withheld. ~~For purposes of this subsection, a member shall not be considered to have ceased to be a member of the General Assembly if the member is actively contributing to the Teachers' and State Employees' Retirement System, Local Governmental Employees' Retirement System, or Consolidated Judicial Retirement System. A lump-sum refund shall not be paid under this subsection if the member is actively contributing to the Teachers' and State Employees'~~

~~Retirement System, Local Governmental Employees' Retirement System, or Consolidated Judicial Retirement System.~~

A member who has contributions in this System and is eligible for a retirement benefit as set forth in G.S. 120-4.21 shall begin to receive a monthly benefit no later than April 1 of the calendar year following the later of the calendar year in which the member (i) attains ~~70 and one-half~~ 72 years of age or (ii) has ceased to be a member of the General Assembly, except by death. If ~~such~~ the member fails, following reasonable notification, to complete the retirement process as set forth under Chapter 120 of the General Statutes by ~~such~~ the required beginning date, ~~then~~ the requirement that a retirement application and an election of payment plan form be completed shall be waived and the retirement allowance shall be paid as a single life annuity. The single life annuity shall be calculated and processed in accordance with G.S. 120-4.21.

For purposes of this subsection, a member shall not be considered to have ceased to be a member of the General Assembly if the member is actively contributing to the Teachers' and State Employees' Retirement System, Local Governmental Employees' Retirement System, or Consolidated Judicial Retirement System. A retirement benefit or lump-sum refund shall not be paid under this subsection if the member is actively contributing to the Teachers' and State Employees' Retirement System, Local Governmental Employees' Retirement System, or Consolidated Judicial Retirement System."

**SECTION 1.2.(e)** This section becomes effective January 1, 2021, and applies to members on or after that date. If a member attains age 70 and one-half years of age on or before December 31, 2019, then the statute that is in effect on the day the member attains age 70 and one-half years of age will be applicable to that member.

**SECTION 1.3.(a)** G.S. 135-90(b) reads as rewritten:

"(b) The purpose of the Article is to attract and hold qualified employees and officials of the State of North Carolina and its political subdivisions by permitting them to participate in a profit sharing or salary reduction form of deferred compensation which will provide supplemental retirement income payments upon retirement, ~~disability~~, termination, hardship, and death as allowed under section 401(k), or any other relevant section, of the Internal Revenue Code of 1954 as amended. As used in this Article, the term "profit" means the excess revenue over expenditures prior to the expenditure of the amount which may be optionally made available for employees to be placed in trust by the State and its political subdivisions on behalf of the employees and officials covered by this Article."

**SECTION 1.3.(b)** G.S. 135-92 reads as rewritten:

**"§ 135-92. Membership.**

(a) The membership eligibility of the Supplemental Retirement Income Plan shall consist of any of the following individuals who voluntarily elect to ~~enroll~~ enroll in the Plan:

- (1) Members of the Teachers' and State Employees' Retirement ~~System;~~ and System.
- (2) Members of the Consolidated Judicial Retirement ~~System;~~ and System.
- (3) Members of the Legislative Retirement ~~System;~~ and System.
- (4) Members of the Local Governmental Employees' Retirement ~~System;~~ and System.
- (5) Law enforcement officers as defined under G.S. 143-166.30 and ~~G.S. 143-166.50;~~ and G.S. 143-166.50.
- (6) Participants in the Optional Retirement Program provided for under ~~G.S. 135-5.1;~~ and G.S. 135-5.1.
- (7) Members of retirement and pension plans sponsored by political subdivisions of the State so long as such plans are qualified under Section 401(a) of the Internal Revenue Code of 1986 as ~~amended from time to time~~ amended.
- (8) Individuals required under the Internal Revenue Code to be eligible for participation in the Plan.

(b) The membership of any person in the Supplemental Retirement Income Plan shall cease ~~upon~~ upon any of the following:

- (1) The withdrawal of a member's accumulated ~~account; or~~ account.
- (2) Retirement under the provisions of the Supplemental Income Retirement ~~Plan;~~ or Plan.
- (3) Death."

**SECTION 1.3.(c)** G.S. 135-94(a)(3) reads as rewritten:

"(3) The Department of State Treasurer and Board of Trustees shall provide members with alternative payment options, including survivors' options, for the distribution of benefits from the Plan upon retirement, ~~disability,~~ termination, hardship, and death."

**SECTION 1.4.(a)** G.S. 147-86.70(b) reads as rewritten:

"(b) Definitions. – The following definitions apply in this section:

- (1) ABLE account. – An account established and owned by an eligible individual and maintained under this Article. A parent, sibling, guardian, or agent under a power of attorney may act on behalf of an account owner.
- (2) Account owner. – The person who enters into an ABLÉ savings agreement pursuant to the provisions of this Article. The account owner must be the designated beneficiary.
- (3) Board. – The ABLÉ Program Board of Trustees established in G.S. 147-86.72.
- (4) Repealed by Session Laws 2016-56, s. 9(c), effective June 30, 2016.
- (5) Designated beneficiary. – The eligible individual who established and owns an ABLÉ account.
- (6) Disability certification. – Defined in 26 U.S.C. § 529A(e)(2).
- (7) Eligible individual. – Defined in 26 U.S.C. § 529A(e)(1).
- (8) Federal ABLÉ Act. – Division B of the Tax Increase Prevention Act of 2014, P.L. 113-295, the Achieving a Better Life Experience Act of 2014.
- ~~(9) Member of the family. – A brother, sister, stepbrother, or stepsister.~~
- (10) Qualified disability expense. – Defined in 26 U.S.C. § 529A(e)(5).
- (11) Reserved for future codification purposes.
- (12) Reserved for future codification purposes.
- (13) Sibling. – A brother, sister, stepbrother, or stepsister."

**SECTION 1.4.(b)** G.S. 147-86.71(b) reads as rewritten:

"(b) Accounts. – The following provisions apply to an ABLÉ account:

- (1) An account owner or contributor may establish an account by making an initial contribution to the ABLÉ Program Trust, signing an application form approved by the Board or its designee, and naming the designated beneficiary. If the contributor is not the account owner, the account owner or the account owner's parent, sibling, guardian, trustee, or agent shall also sign the application form.
- (2) Any person may make contributions to an account after the account is opened.
- (3) Contributions to an account shall be made only in U.S. Dollars.
- (4) Contributions to an account shall not exceed maximum contribution limits applicable to program accounts in accordance with the federal ABLÉ Act.
- (5) An account owner may change the designated beneficiary of an account to an eligible individual who is a ~~member of the family~~ sibling of the former designated beneficiary. At the direction of an account owner, all or a portion of an account may be transferred to another account of which the designated beneficiary is a ~~member of the family~~ sibling of the designated beneficiary of

the transferee account if the transferee account was created pursuant to this section or in accordance with the federal ABLÉ Act."

**SECTION 1.4.(c)** G.S. 147-86.71(d)(9) reads as rewritten:

"(9) A parent, sibling, trustee, or guardian appointed as a signatory of an ABLÉ account does not have or acquire any beneficial interest in the account and administers the account for the benefit of the designated beneficiary."

**SECTION 1.4.(d)** This section is effective when it becomes law and applies to actions taken on behalf of an ABLÉ account owner on or after that date.

## **PART I-B. ADDITIONAL TECHNICAL CHANGES**

**SECTION 1.5.(a)** G.S. 135-48.8(a) reads as rewritten:

"(a) The State of North Carolina deems it to be in the public interest for individual North Carolina firefighters, rescue squad workers, and members of the National Guard, and certain of their dependents, who are not eligible for any other type of comprehensive ~~group~~ health insurance or other comprehensive ~~group~~ health benefits, and who have been without any form of ~~group~~ health insurance or other comprehensive ~~group~~ health benefit coverage for at least six consecutive months, to be given the opportunity to participate in the benefits provided by the State Health Plan for Teachers and State Employees. Coverage under the Plan shall be voluntary for eligible firefighters, rescue squad workers, and members of the National Guard who elect participation in the Plan for themselves and their eligible dependents."

**SECTION 1.5.(b)** G.S. 135-48.40(d)(13) reads as rewritten:

"(13) The following persons, their eligible spouses, and eligible dependent children, provided that the person seeking coverage as a subscriber (i) is not eligible for another comprehensive ~~group~~ health benefit plan and (ii) has been without coverage under a comprehensive ~~group~~ health benefit plan for at least six consecutive months:

- a. Firefighters.
- b. Rescue squad workers.
- c. Persons receiving a pension from the North Carolina Firefighters' and Rescue Squad Workers' Pension Fund.
- d. Members of the North Carolina National Guard.
- e. Retirees of the North Carolina National Guard with 20 years of service.

For the purposes of this subdivision, Medicare benefits, Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) benefits, and other Uniformed Services benefits shall be considered comprehensive ~~group~~ health benefit plans. The Plan may require certification of persons seeking coverage under this subdivision. Nothing in this section shall be construed to either (i) permit a person to enroll or (ii) require the Plan to enroll a person in the Plan when that enrollment may jeopardize the Plan's preferential tax exempt status as a governmental plan under the Internal Revenue Code."

**SECTION 1.6.** G.S. 135-66 reads as rewritten:

**"§ 135-66. Administration; management of ~~funds~~funds; method of financing.**

(a) The State Treasurer shall be the custodian of the assets of this Retirement System and shall invest them in accordance with the provisions of G.S. 147-69.2 and ~~147-69.3~~ G.S. 147-69.3.

(b) The assets of this Retirement System shall include employers' contributions held with the Pension Accumulation Fund established under G.S. 135-8 and employees' contributions held in the Annuity Savings Fund similarly established under G.S. 135-8.

(c) The Board of Trustees shall have performed an annual actuarial valuation of the System and shall have the financial responsibility for maintaining the System on a generally accepted actuarial basis.

(d) An actuarially determined employer contribution shall be calculated annually by the actuary using assumptions and a cost method approved by the Actuarial Standards Board of the American Academy of Actuaries and selected by the Board of Trustees.

(e) Notwithstanding Chapter 150B of the General Statutes, the Board of Trustees may adopt a contribution policy that would recommend a contribution not less than the actuarially determined employer contribution.

(f) The recommended employer contribution rate by the Board of Trustees each year shall not be less than the actuarially determined employer contribution."

**SECTION 1.7.(a)** G.S. 127A-40(f) reads as rewritten:

"(f) The Board of Trustees of the Teachers' and State Employees' Retirement System shall administer the provisions of this section. The Secretary of Public Safety shall determine the eligibility of North Carolina National Guard members for the benefits provided in this section and shall certify those eligible to the Board of Trustees. In addition, the Department of Public Safety shall, on and after July 1, 1983, provide the Board of Trustees with an annual census population, by age and the number of years of creditable service, for all former members of the North Carolina National Guard in receipt of a pension as well as for all active members of the North Carolina National Guard who are not in receipt of a pension and who have seven and more years of creditable service. The Department of Public Safety shall also provide the Board of Trustees an annual census population of all former members of the North Carolina National Guard who are not in receipt of a pension and who have 15 and more years of creditable service. The Department of State Treasurer shall make pension payments to those persons certified from the North Carolina National Guard Pension Fund, ~~which shall include general fund appropriations made to the Department of State Treasurer. The Board of Trustees shall have performed an annual actuarial valuation of the fund and shall have the financial responsibility for maintaining the fund on a generally accepted actuarial basis. The Department of Public Safety shall provide the Department of State Treasurer with whatever assistance is required by the State Treasurer in carrying out the State Treasurer's and the Board of Trustees' financial responsibilities.~~Fund."

**SECTION 1.7.(b)** Article 3 of Chapter 127 of the General Statutes is amended by adding a new section to read:

**§ 127A-41. North Carolina National Guard Pension Fund.**

(a) As used in this section, the term "Board of Trustees" means the Board of Trustees of the Teachers' and State Employees' Retirement System.

(b) The North Carolina National Guard Pension Fund shall include general fund appropriations made to the Department of State Treasurer and held with the Pension Accumulation Fund of the Teachers' and State Employees' Retirement System.

(c) The Board of Trustees shall have performed an annual actuarial valuation of the Fund and shall have the financial responsibility for maintaining the Fund on a generally accepted actuarial basis.

(d) An actuarially determined employer contribution shall be calculated annually by the actuary using assumptions and a cost method approved by the Actuarial Standards Board of the American Academy of Actuaries and selected by the Board of Trustees.

(e) Notwithstanding Chapter 150B of the General Statutes, the Board of Trustees may adopt a contribution policy that would recommend a contribution not less than the actuarially determined employer contribution.

(f) The recommended employer contribution rate by the Board of Trustees each year shall not be less than the actuarially determined employer contribution.

(g) The Department of Public Safety shall provide the Department of State Treasurer with any assistance required by the State Treasurer in carrying out the financial responsibilities of the State Treasurer or the Board of Trustees."

**SECTION 1.8.(a)** G.S. 135-8 is amended by adding a new subsection to read:

"(f1) Felony Forfeiture Impact on Contribution-Based Benefit Cap. – If an employer made contributions on account of a retiree subject to the contribution-based benefit cap under G.S. 135-8(f)(2)f. and that retiree later forfeits retirement benefits under G.S. 128-38.4, 128-38.3A, 135-18.10A, 135-18.30, 135-75.1, or 135-75.1A, then the Retirement Systems Division may provide a credit to the employer. This credit shall be calculated in an amount reflecting the impact of the forfeiture on the amount due under G.S. 135-4(jj)."

**SECTION 1.8.(b)** G.S. 128-30 is amended by adding a new subsection to read:

"(g1) Felony Forfeiture Impact on Contribution-Based Benefit Cap. – If an employer made contributions on account of a retiree subject to the contribution-based benefit cap under G.S. 135-8(f)(2)f. and that retiree later forfeits retirement benefits under G.S. 128-38.4, 128-38.3A, 135-18.10A, 135-18.30, 135-75.1, or 135-75.1A, then the Retirement Systems Division may provide a credit to the employer. This credit shall be calculated in an amount reflecting the impact of the forfeiture on the amount due under G.S. 128-26(y)."

**SECTION 1.9.(a)** Article 1 of Chapter 135 of the General Statutes is amended by adding a new section to read:

**"§ 135-5.5. Inactive employers.**

(a) An employer shall be considered an inactive employer if all of the following criteria are met:

- (1) The employer has no employees that qualify for membership in any System under this Chapter.
- (2) The employer has made no employer contributions for at least one month.
- (3) The employer makes a request in writing to the Retirement Systems Division of the Department of State Treasurer to be made inactive.
- (4) The Retirement Systems Division of the State Treasurer has reviewed the employer request to become inactive and has granted that request. The Retirement Systems Division shall provide written notification to the requesting employer of any decisions made under this section.

(b) Not later than April 30 of each calendar year, the Retirement Systems Division of the Department of State Treasurer shall make a report to the Board on all employers who were determined to be inactive employers in that preceding calendar year."

**SECTION 1.9.(b)** Article 3 of Chapter 128 of the General Statutes is amended by adding a new section to read:

**"§ 128-23.1. Inactive employers.**

(a) An employer shall be considered an inactive employer if all of the following criteria are met:

- (1) The employer has no employees that qualify for membership in the Retirement System.
- (2) The employer has made no employer contributions for at least one month.
- (3) The employer makes a request in writing to the Retirement Systems Division of the Department of State Treasurer to be made inactive.
- (4) The Retirement Systems Division of the State Treasurer has reviewed the employer request to become inactive and has granted that request. The Retirement Systems Division shall provide written notification to the requesting employer of any decisions made under this section.

(b) Not later than April 30 of each calendar year, the Retirement Systems Division of the Department of State Treasurer shall make a report to the Board on all employers who were determined to be inactive employers in that preceding calendar year."

**SECTION 1.10.(a)** G.S. 159-33.1 reads as rewritten:

**"§ 159-33.1. Semiannual reports of financial information.**

The finance officer of each unit and public authority shall submit to the secretary on January 1 and July 1 of each year ~~(or such year, or other dates as the secretary may prescribe)~~ prescribe.



a statement of financial information concerning the unit or public authority. The secretary may prescribe the information to be included in the statement and may prescribe the form of the statement; provided, however, the secretary shall prescribe that the finance officer of each city and county shall include in the statement the total revenues received from building inspections, by ~~type, source, and~~ the total expenditures paid from all revenues received, by ~~type, object.~~"

**SECTION 1.10.(b)** This section becomes effective June 30, 2020.

**SECTION 1.11.** G.S. 135-18.1(a) reads as rewritten:

~~"(a) Any person who is a member of the Teachers' and State Employees' Retirement System of North Carolina on July 1, 1951, and who was previously a member of the North Carolina Governmental Employees' Retirement System, hereafter in this section referred to as the local system, shall be entitled to transfer to this Retirement System his credits for membership and prior service in the local system as of the date of termination of membership in the local system, notwithstanding that his membership in the local system may have been terminated prior to July 1, 1951: Provided, such member shall deposit in this Retirement System prior to January 1, 1952, the full amount of any accumulated contributions standing to his credit in, or previously withdrawn from, the local system and shall apply to the Board of Trustees of this Retirement System for a transfer of credit from the local system. Any~~ Prior to retirement, any person who was a member of the North Carolina Governmental Employees' Retirement System and who becomes a member of this Retirement System on or after July 1, 1951, shall be entitled prior to his retirement to transfer to this Retirement System his or her credits for membership and prior service in the local system: Provided, the actual transfer of employment is made while his account in the local system is active and such person shall request the local system to transfer his accumulated contributions, interest, and service credits to this Retirement System; provided further, with respect to any person who becomes a member of this Retirement System after July 1, 1969, the local system agrees to transfer to this Retirement System the amount of reserve held in the local system as a result of previous contributions of the employer on behalf of the transferring employee. For the purposes of this section, the term "local system" means the North Carolina Governmental Employees' Retirement System."

**SECTION 1.12.(a)** G.S. 135-5.2 is repealed.

**SECTION 1.12.(b)** G.S. 135-13 is repealed.

**SECTION 1.12.(c)** G.S. 135-14 is repealed.

**SECTION 1.12.(d)** G.S. 135-14.1 is repealed.

**SECTION 1.12.(e)** G.S. 135-16 is repealed.

**SECTION 1.12.(f)** G.S. 135-18.3 is repealed.

**SECTION 1.12.(g)** G.S. 135-18.5 is repealed.

**SECTION 1.13.** G.S. 135-16.1 reads as rewritten:

**"§ 135-16.1. Blind or visually impaired employees, vendors.**

~~(a) On July 1, 1971, all blind or visually impaired employees employed by the Department of Health and Human Services shall be enrolled as members of the Teachers' and State Employees' Retirement System. All such employees shall be given full credit for all service theretofore as employees of the Department of Health and Human Services. All retired employees drawing or receiving benefits from and under the private retirement plan purportedly created on December 6, 1966, by the Bureau of Employment for the Blind Division pursuant to a trust agreement purportedly entered into with a private banking institution as trustee shall continue to be paid by the Teachers' and State Employees' Retirement System benefits in the same amount which they purportedly were entitled to under the private retirement plan and trust agreement, except that such retired persons shall be eligible for such annual cost of living increases as may be provided for retirement members of the Teachers' and State Employees' Retirement System under the provisions of this Article.~~

~~(b) Upon the enrollment of the employees in the Teachers' and State Employees' Retirement System, the purported private retirement plan and trust agreement hereinabove referred to shall be dissolved and terminated.~~

~~(e) Notwithstanding the foregoing, blind persons—Persons licensed by the State and operating vending facilities under contract with the Department of Health and Human Services, Division of Services for the Blind and its successors, hereinafter referred to as licensed vendors, so who are licensed on and after October 1, 1983, shall not be members of the Retirement System. All licensed vendors in service or who are members of the Retirement System before October 1, 1983, shall make an irrevocable election to do one of the following:~~

- ~~(1) Continue contributing membership service as if an employee under the same conditions and requirements as are otherwise provided, and have the rights of a member to all benefits and a retirement allowance;~~
- ~~(2) Receive a return of accumulated contributions with cessation of contributing membership service, under G.S. 135-5(f), and in any event with regular interest regardless of membership service; or~~
- ~~(3) Terminate contributing membership service and be entitled alternatively to the benefits and allowances provided under G.S. 135-3(8) or 135-5(a)."~~

**SECTION 1.14.** G.S. 128-23(b) reads as rewritten:

"(b) Pursuant to the favorable vote of a majority of the employees of the county, the board of commissioners of any county may, by resolution legally adopted and approved by the Board of Trustees, elect to have its employees become eligible to participate in the Retirement System. Each county is authorized to make appropriations for these purposes and to fund them by levy of property taxes pursuant to G.S. 153-65 as authorized by Article 7 of Chapter 153A of the General Statutes and by the allocation of other revenues whose use is not otherwise restricted by law."

**SECTION 1.15.** G.S. 115D-25.4 is amended by adding a new subsection to read:

"(c) The administrative costs of the North Carolina Public School Teachers' and Professional Educators' Investment Plan may be charged to members or deducted from members' accounts in accordance with nondiscriminatory procedures established by the Department of State Treasurer and Board of Trustees."

**SECTION 1.16.(a)** G.S. 135-6.1 is amended by adding a new subsection to read:

"(e1) The Retirement Systems Division of the Department of State Treasurer may disclose to employers and former employers that made a contribution for an employee or former employee to the Retirement System any information that is not public under this section regarding that employee necessary to conduct the business of the Retirement System. Employers and former employers in receipt of this information shall treat the information as confidential, and this information shall not be a public record."

**SECTION 1.16.(b)** G.S. 135-8(f)(2)f. reads as rewritten:

"f. Each employer shall transmit to the Retirement System on account of each member who retires on or after January 1, 2015, having earned his or her last month of membership service as an employee of that employer the lump sum payment, as calculated under G.S. 135-4(jj) for inclusion in the Pension Accumulation Fund, that would have been necessary in order for the retirement system to restore the member's retirement allowance to the pre cap amount. Employers are not required to make contributions on account of any retiree who became a member on or after January 1, 2015, and who earned at least five years of membership service in the Retirement System after January 1, 2015. The retirement allowance of a member with a final average compensation of more than one hundred thousand dollars (\$100,000), as hereinafter indexed, shall not be subject to the contribution based benefit cap if the compensation was earned from multiple

simultaneous employers, unless an employer's share of the average final compensation exceeds one hundred thousand dollars (\$100,000). An employer is not required to make contributions on account of any retiree whose final average compensation exceeds one hundred thousand dollars (\$100,000), as hereinafter indexed, based upon compensation earned from multiple simultaneous employers, unless that employer's share of the average final compensation exceeds one hundred thousand dollars (\$100,000), as provided and indexed under G.S. 135-5(a3).

Under such rules as the Board of Trustees shall adopt, the Retirement System shall report monthly to each employer a list of those members for whom the employer made a contribution to the Retirement System in the preceding month that are most likely to require an additional employer contribution should they elect to retire in the following 12 months, if applicable. Reports received under this section shall not be public records. Employers or former employers in receipt of a report under this section shall treat the report, and the information contained within that report, as confidential and as though it were still held by the Retirement System under G.S. 135-6.1."

**SECTION 1.16.(c)** G.S. 135-8(j) reads as rewritten:

"(j) Pension Spiking Report. – Upon receipt of a report from the Retirement System generated pursuant to G.S. 135-8(f)(2)f., containing a list of employees for whom the employer made a contribution to the North Carolina Teachers' and State Employees' Retirement System that is likely to require an additional employer contribution should the employee elect to retire in the following 12 months, the employer's chief financial officer shall transmit a copy of the report to the chief executive of the employer, as well as to the governing body of the employer, including any board which exercises financial oversight of the employer, if ~~applicable~~the employer has a governing body. Reports received under this section shall not be public records. Employers or former employers in receipt of a report under this section shall treat the report, and the information contained within that report, as confidential and as though it were still held by the Retirement System under G.S. 135-6.1."

**SECTION 1.16.(d)** G.S. 128-33.1 is amended by adding a new subsection to read:

"(e1) The Retirement Systems Division of the Department of State Treasurer may disclose to employers or former employers that made a contribution for an employee or former employee to the Retirement System any information not public under this section regarding that employee necessary to conduct the business of the Retirement System. Employers and former employers in receipt of this information shall treat the information as confidential and this information shall not be a public record."

**SECTION 1.16.(e)** G.S. 128-30(g)(2)b. reads as rewritten:

"b. Each employer shall transmit to the Retirement System on account of each member who retires on or after January 1, 2015, having earned his or her last month of membership service as an employee of that employer the lump sum payment, as calculated under G.S. 128-26(y) for inclusion in the Pension Accumulation Fund, that would have been necessary in order for the retirement system to restore the member's retirement allowance to the pre-cap amount. Employers are not required to make contributions on account of any retiree who became a member on or after January 1, 2015, and who earned at least five years of membership service in the Retirement System after January 1, 2015. The retirement allowance of a member with a final average compensation of more than one hundred thousand dollars (\$100,000),

as hereinafter indexed, shall not be subject to the contribution-based benefit cap if the compensation was earned from multiple simultaneous employers, unless an employer's share of the average final compensation exceeds one hundred thousand dollars (\$100,000). An employer is not required to make contributions on account of any retiree whose final average compensation exceeds one hundred thousand dollars (\$100,000), as hereinafter indexed, based upon compensation earned from multiple simultaneous employers, unless that employer's share of the average final compensation exceeds one hundred thousand dollars (\$100,000), as provided and indexed under G.S. 128-27(a3).

Under such rules as the Board of Trustees shall adopt, the Retirement System shall report monthly to each employer a list of those members for whom the employer made a contribution to the Retirement System in the preceding month that are most likely to require an additional employer contribution should they elect to retire in the following 12 months, if applicable. Reports received under this section shall not be public records. Employers or former employers in receipt of a report under this section shall treat the report, and the information contained within that report, as confidential and as though it were still held by the Retirement System under G.S. 128-33.1."

**SECTION 1.16.(f)** G.S. 128-30(j) reads as rewritten:

"(j) Pension Spiking Report. – Upon receipt of a report from the Retirement System generated pursuant to G.S. 128-30(g)(2)b., containing a list of employees for whom the employer made a contribution to the North Carolina Local Governmental Employees' Retirement System that is likely to require an additional employer contribution should the employee elect to retire in the following 12 months, the employer's chief financial officer shall transmit a copy of the report to the governing body of the employer, if ~~applicable~~ the employer has a governing body. Reports received under this section shall not be public records. Employers and former employers in receipt of a report under this section shall treat the report, and the information contained within that report, as confidential and as though it were still held by the Retirement System under G.S. 128-33.1."

**SECTION 1.17.** G.S. 135-48.47 reads as rewritten:

**"§ 135-48.47. Participation in State Health Plan by local government employees and dependents.**

...

(d) Local governments participating in the Plan as of April 1, 2016, may elect to withdraw from participating in the Plan effective January 1, 2017. Notice of withdrawal must be given by the local government to the Plan no later than September 15, 2016.

(e) Except as permitted under subsection (d) of this section, a local government unit's election to participate in the Plan is irrevocable."

**SECTION 1.18.** G.S. 147-69.7(b)(1)f. reads as rewritten:

"f. With respect to the Retirement Systems defined in ~~G.S. 147-69.2(d)~~ G.S. 147-69.2(b)(8) and any other pension plans, the adequacy of funding for the Retirement Systems based on reasonable actuarial factors."

**SECTION 1.19.** G.S. 1-359(d) reads as rewritten:

"(d) In addition to the intercept authority under G.S. 135-8(f) and G.S. 128-30(g), when the Teachers' and State Employees' Retirement System of North Carolina, the Disability Income Plan of North Carolina, or the North Carolina Local Government Employees' Retirement System prevails in a civil action against a participating employer, as defined under ~~G.S. 35-1~~ G.S. 135-1

or G.S. 128-21, to collect monies owed, the Teachers' and State Employees' Retirement System of North Carolina, the Disability Income Plan of North Carolina, or the North Carolina Local Government Employees' Retirement System may attach or garnish the employer's credit card receipts or other third-party payments in payment of the amount owed in the manner provided by subsection (a) of this section. Direct receipt by the Teachers' and State Employees' Retirement System of North Carolina, the Disability Income Plan of North Carolina, or the North Carolina Local Government Employees' Retirement System is a sufficient discharge for the amount paid by a credit card company, clearinghouse, or third-party payment processor."

## **PART II-A. CHANGES TO REQUIRE STRESS TESTING OF THE RETIREMENT SYSTEM, AS RECOMMENDED BY THE PEW FOUNDATION**

**SECTION 2.1.(a)** G.S. 135-6(n) reads as rewritten:

"(n) In 1943, and at least once in each five-year period thereafter, the actuary shall ~~make complete an actuarial investigation into experience review of the~~ mortality, service and compensation experience of the members and beneficiaries of the Retirement System, and shall make a valuation of the assets and liabilities of the funds of the System, and taking into account the result of such investigation and valuation, the Board of Trustees ~~shall~~shall do all of the following:

- (1) Adopt for the Retirement System such mortality, service and other tables as shall be deemed ~~necessary; and~~necessary.
- (2) Certify the rates of contributions payable by the State of North Carolina on account of new entrants at various ages."

**SECTION 2.1.(b)** G.S. 135-6 is amended by adding two new subsections to read:

"(n1) Prior to undertaking each quinquennial actuarial experience review, as required by this section, the Board of Trustees shall provide the General Assembly and the Governor a report that includes all of the following, as these items apply to the Retirement System:

- (1) A description of, and the process used to determine, the investment return assumption utilized by the Board of Trustees when determining the contribution rates.
- (1a) An estimate of the range of likely employer contributions over 20 years based on analysis that simulates the volatility of annual investment returns above and below the expected rate, applying methodology determined by the actuary.
- (2) Projections of assets, liabilities, pension debt, service costs, employee contributions, employer contributions, net amortization, benefit payments, payroll, and funded ratio for the Retirement System for each of the next 30 years based upon the then-current actuarial assumptions, including the assumed rate of return.
- (3) Projections of assets, liabilities, pension debt, service costs, employee contributions, employer contributions, net amortization, benefit payments, payroll, and funded ratio for the Retirement System assuming that investment returns are two and four percentage points lower than the assumed rate of return and that the State makes employer contributions meeting all of the following:
  - a. The contributions are based upon the then-current funding policy for the Retirement System.
  - b. The contributions are held constant at the levels calculated for subdivision (2) of this subsection.
  - c. The contributions never exceed fifteen percent (15%) of projected total revenue available for appropriation by the General Assembly.

- (4) Estimates for assets, liabilities, pension debt, service costs, employee contributions, employer contributions, net amortization, benefit payments, payroll, and funded ratio for the Retirement System, if there is a one-year loss on planned investments of twenty percent (20%) followed by a 20-year period of investment returns two percentage points below plan assumptions, with the following assumptions regarding contributions:
  - a. The contributions are based upon the then-current funding policy for the Retirement System.
  - b. The contributions are held constant at the levels calculated for subdivision (2) of this subsection.
  - c. The contributions never exceed fifteen percent (15%) of projected total revenue available for appropriation by the General Assembly.
- (5) The estimated actuarially accrued liability, the total plan normal cost for all benefit tiers if multiple tiers exist, and the employer normal cost for all benefit tiers if multiple tiers exist, calculated using all of the following:
  - a. A discount rate equal to the assumed rate of return. If the discount rate used by the Retirement System is different from the investment return assumption, then the report shall provide a calculation of actuarially accrued liability based upon a discount rate that is two percent (2%) and four percent (4%) above and below the long-term rate of return actually used by the Board of Trustees.
  - b. The 10-year average of the yield of 30-year treasury notes.
- (6) A description of the amortization period for any unfunded liabilities utilized by the Board of Trustees when determining the contribution rates.
- (7) A calculation of the contribution rates based on an amortization period equal to the estimated average remaining service periods of employees covered by the contributions.
- (8) A description of the interest assumption rate utilized by the Board of Trustees for reporting liabilities and the process used to determine that assumption.
- (9) The market value of the assets controlled by the Board of Trustees and an explanation of how the actuarial value assigned to those assets differs from the market value of those assets.
- (10) An assessment of how the changes of assumptions adopted by the Board of Trustees in the experience review affect any of the other results in the report.
- (11) Any additional information deemed useful by the Board of Trustees or the Investment Advisory Committee under G.S. 147-69.2 to evaluate or adjust the investment policy statement or to evaluate adherence to or risk associated with statutory constraints on investments.
- (12) Any additional information deemed useful by the Board to evaluate current or prospective funding or contribution policies.

(n2) With regards to payment for the administration of subsections (n), (n1), and (o) of this section, the Retirement Systems Division of the Department of State Treasurer may increase receipts from the retirement assets of the corresponding retirement system or may pay the costs directly from the retirement assets."

## **PART II-B. AMENDMENTS RELATED TO THE PENSION SOLVENCY FUND**

**SECTION 2.2.(a)** G.S. 143C-4-10(c) is amended by adding a new subdivision to read:

- "(3) Any funds, in an amount directed by the State Treasurer to be transferred, that meet all of the following criteria:

- a. The funds are the result of rebates received by the Department of State Treasurer from a company administering supplemental voluntary insurance benefits authorized under G.S. 120-4.32(b), 128-38.3(b), 135-18.8(b), or 135-75(b).
- b. The funds are not owed to a company administering, or individuals participating in, supplemental voluntary insurance benefits.
- c. As determined by the Board of Trustees of the Retirement System, the funds are not to be needed to pay future administrative costs of the supplemental voluntary insurance benefits."

**SECTION 2.2.(b)** G.S. 135-48.5(a) reads as rewritten:

"(a) There are hereby established two health benefit trust funds, to be known as the Public Employee Health Benefit Fund and the Health Benefit Reserve Fund for the payment of hospital and medical benefits. As used in this section, the term "health benefit trust funds" refers to the fund type described under G.S. 143C-1-3(a)(10).

All premiums, fees, charges, rebates, refunds or any other receipts including, but not limited to, earnings on investments, occurring or arising in connection with health benefits programs established by this Article, shall be deposited into the Public Employee Health Benefit Fund. Disbursements from the Fund shall include any and all amounts required to pay the benefits and administrative costs of such programs as may be determined by the Executive Administrator and Board of Trustees.

Any unencumbered balance in excess of prepaid premiums or charges in the Public Employee Health Benefit Fund at the end of each fiscal year shall be used ~~first, in the following order:~~

- (1) First, to provide an actuarially determined Health Benefit Reserve Fund for incurred but unrepresented ~~claims, second, claims.~~
- (2) Second, an amount determined by the State Treasurer, subject to approval by the Board of Trustees, that does not exceed twenty-five percent (25%) of any unencumbered balance remaining after providing for incurred but unrepresented claims may be transferred to the Retiree Health Benefit Fund, established under G.S. 135-7(f). Upon the direction and approval of, and in the amount specified by, the State Treasurer, the Office of State Budget Management shall transfer the amount in accordance with this subdivision.
- (3) Third, to reduce the premiums required in providing the benefits of the health benefits ~~programs, and third programs.~~
- (4) Fourth, to improve the plan, as may be provided by the ~~General Assembly.~~State Treasurer, subject to approval by the Board of Trustees.

The balance in the Health Benefits Reserve Fund may be transferred from time to time to the Public Employee Health Benefit Fund to provide for any deficiency occurring therein. The Public Employee Health Benefit Fund and the Health Benefit Reserve Fund shall be deposited with the State Treasurer and invested as provided in G.S. 147-69.2 and ~~147-69.3.~~G.S. 147-69.3."

**SECTION 2.2.(c)** G.S. 143C-4-10 is amended by adding a new subsection to read:

"(g) Funds Do Not Revert. – No portion of the Fund shall be transferred to the General Fund, and any appropriation made to the Fund shall not revert."

**SECTION 2.2.(d)** This section becomes effective July 1, 2020.

**PART III. UNCLAIMED REAL AND PERSONAL PROPERTY CHANGES**

**SECTION 3.1.(a)** The title of Article 1 of Chapter 116B of the General Statutes is renamed to be "General."

**SECTION 3.1.(b)** G.S. 116B-1 is recodified as G.S. 116B-2.1.

**SECTION 3.1.(c)** G.S. 116B-2 is recodified as G.S. 116B-2.2.

**SECTION 3.1.(d)** G.S. 116B-2.1, as recodified by subsection (b) of this section, through G.S. 116B-8, are recodified into a new Article 1A of Chapter 116B of the General Statutes to be named "Escheats."

**SECTION 3.1.(e)** G.S. 116B-2.2, as recodified by subsection (c) of this section, reads as rewritten:

**"§ 116B-2.2. Unclaimed real and personal property escheats to the Escheat Fund.**

Whenever the owner of any real or personal property situated or located within this State dies intestate, or dies testate but did not dispose of all real or personal property by will, without leaving surviving any heirs, as defined in G.S. 29-2(3), to inherit said property under the laws of this State, such real and personal property shall escheat. The State Treasurer shall have the right to institute a civil action in the superior court of any county in which such real or personal property is situated, against any administrator, executor, and unknown heirs or unknown claimants as party defendants, which unknown heirs or unknown claimants may be served with summons and notice of such action by publication as is now provided by the laws of this State. If an administrator or executor has been appointed, he shall make a determination that there are no known heirs or unknown claimants and shall inform the State Treasurer of that determination. The superior court in which such civil action is instituted shall have the authority to enter a judgment therein declaring the real and personal property unclaimed as having escheated, and the real property may be sold according to the provisions of ~~G.S. 116B-1~~, G.S. 116-2.1. A default final judgment may be entered by the clerk of the superior court in such cases when no answer is filed by the administrator, executor, unknown heirs or unknown claimants to the complaint, or if any answer is filed, the allegations of the complaint are either admitted or not denied by such party defendants, and no claim is made in the answer to the property left by said deceased person. The funds derived from such sale shall be paid into the Escheat Fund where said funds, together with all other escheated funds, shall be held without liability for profit or interest, subject to any just claims therefor."

**SECTION 3.1.(f)** G.S. 116B-3 reads as rewritten:

**"§ 116B-3. Unclaimed personalty on settlements of decedents' estates to the Escheat Fund.**

All sums of money or other personal estate of whatever kind which shall remain in the hands of any administrator, executor, administrator c.t.a., or personal representative when the administration of an estate of a person dying intestate, or partially intestate, without leaving any known heirs to inherit same, is ready to be closed, unrecovered or unclaimed by suit, by creditors, heirs, or others entitled thereto, shall, prior to the closing of the administration of the estate, be paid or delivered by such administrator or executor to the State Treasurer as an escheat and shall be included in the disbursements in the final account of such estate. In such cases as above described, the State Treasurer is authorized to demand, sue for, recover, and collect such unclaimed moneys or other personal estate of whatever kind from any administrator or executor after the estate is ready to be closed, or from the clerk of the superior court if the unclaimed assets have been paid over to him, and the State Treasurer shall hold the same without liability for profit or interest, subject to any just claims therefor. The provisions of this section and ~~G.S. 116B-2~~ G.S. 116B-2.2 shall apply to the estate of a person missing for 30 days or more and the State Treasurer may bring an action to have a receiver appointed in such case under the provisions of Chapter 28C, Estates of Missing Persons."

**SECTION 3.1.(g)** G.S. 29-12 reads as rewritten:

**"§ 29-12. Escheats.**

If there is no person entitled to take under G.S. 29-14 or G.S. 29-15, or if in case of an intestate born out of wedlock, there is no one entitled to take under G.S. 29-21 or G.S. 29-22, the net estate shall escheat as provided in ~~G.S. 116B-2~~, G.S. 116B-2.2."

**SECTION 3.2.** Article 1 of Chapter 116B of the General Statutes is amended by adding a new section to read:

**"§ 116B-1.1. Policy and interpretation.**



The policy of the State is to recover and transfer property to rightful owners in a manner that is consistent with the interest of the rightful owners. Where the rightful owner cannot be appropriately determined, it is the policy of the State that all benefits realized from any unclaimed or abandoned property shall accrue to the benefit of higher education for the residents of the State. This Chapter shall be liberally interpreted in a manner that fulfills these purposes."

**SECTION 3.3.** G.S. 116B-64 reads as rewritten:

**"§ 116B-64. ~~Income-Loss, income, or gain accruing after payment or delivery.~~**

If property other than money is delivered to the Treasurer under this Chapter, the owner is entitled to receive from the Treasurer any income or gain realized or accruing on the property at or before liquidation or conversion of the property into money. If the property is interest-bearing or pays dividends, the interest or dividends shall be paid until the date on which the amount of the deposits, accounts, or funds, or the shares must be remitted or delivered to the Treasurer under G.S. 116B-61. Otherwise, when property is delivered or paid to the Treasurer, the Treasurer shall hold the property without liability for ~~income-loss, income, or gain.~~"

**SECTION 3.4.** G.S. 116B-75(b) reads as rewritten:

"(b) The Treasurer may order a person required to report, pay, or deliver property under this Chapter, or an officer or employee of the person, or a person having possession, custody, care, or control of records relevant to the matter under inquiry, or any other person having knowledge of the property or records, to (i) appear before the Treasurer, at a time and place named in the order, ~~and to (ii) produce the records and to reports and records, (iii) make the required payments, (iv) make the required delivery of property, and (v) give such testimony~~ under oath or affirmation relevant to the inquiry. For purposes of this subsection, the Treasurer may administer oaths or affirmations. If a person refuses to obey an order of the Treasurer, the Treasurer may apply to the Superior Court of Wake County for an order requiring the person to obey the order of the Treasurer. Failure to comply with the court order is punishable for contempt."

**SECTION 3.5.(a)** G.S. 116B-60(a) reads as rewritten:

"(a) A holder of property presumed abandoned shall ~~make file~~ a report ~~to in an electronic format prescribed by the Treasurer concerning the property. Holders reporting 50 or more property owner records shall file the report in an electronic format prescribed by the Treasurer. Holders reporting less than 50 property owner records may file the report electronically. Holders reporting electronically may shall~~ file an electronic certification and verification in order to comply with subsection (f) of this section."

**SECTION 3.5.(b)** This section becomes effective July 1, 2021, and applies to reports filed on or after that date.

**SECTION 3.6.** G.S. 116B-60(b1) reads as rewritten:

"(b1) ~~Amounts~~—With the exception of property subject to G.S. 116B-53(c)(4), 116B-53(c)(5), and 116B-53(c)(5a), amounts due an apparent owner less than fifty dollars (\$50.00) may be reported in an aggregate amount without furnishing any of the information required by subsection (b) of this section."

**SECTION 3.7.(a)** G.S. 116B-63 reads as rewritten:

**"§ 116B-63. Custody by State; recovery by holder; defense of holder.**

(a) In this section, payment or delivery is made in "good faith" ~~if~~ if all of the following apply:

- (1) Payment or delivery was made in a reasonable attempt to comply with this ~~Chapter;~~Chapter.
- (2) The holder was not then in breach of a fiduciary obligation with respect to the property and had a reasonable basis for believing, based on the facts then known, that the property was presumed ~~abandoned;~~ and abandoned.
- (3) There is no showing that the records under which the payment or delivery was made did not meet reasonable commercial standards of practice.

(b) Upon payment or delivery of property to the Treasurer, the State assumes custody and responsibility for the safekeeping of the property. A holder who pays or delivers property to the Treasurer in good faith is relieved of all liability arising thereafter with respect to the property.

(c) A holder who has paid money to the Treasurer pursuant to this Chapter may subsequently make payment to a person reasonably appearing to the holder to be entitled to payment. Upon a filing with the Treasurer by the holder on a form prescribed by the Treasurer of proof of payment and proof that the payee was entitled to the payment, the Treasurer shall promptly reimburse the holder for the payment without imposing a fee or other charge. If reimbursement is sought for a payment made on a negotiable instrument, including a traveler's check or money order, the holder must be reimbursed upon filing proof with the Treasurer that the instrument was duly presented and that payment was made to a person who reasonably appeared to be entitled to payment. The holder must be reimbursed for payment made even if the payment was made to a person whose claim was barred under G.S. 116B-71(a).

(d) A holder who has delivered property other than money to the Treasurer pursuant to this Chapter may reclaim the property if it is still in the possession of the Treasurer, without paying any fee or other charge, upon filing proof that the apparent owner has claimed the property from the holder.

(d1) A holder who has in good faith paid or delivered property to the Treasurer in error may request a refund from the Treasurer. Upon a filing with the Treasurer by the holder of proof of the error on a form prescribed by the Treasurer, the Treasurer may refund the holder.

(e) The Treasurer may accept a holder's affidavit as sufficient proof of the holder's right to recover money and property under this section.

(f) If a holder pays or delivers property to the Treasurer in good faith and thereafter another person claims the property from the holder or another state claims the money or property under its laws relating to escheat or abandoned or unclaimed property, the Treasurer, upon written notice of the claim, shall defend the holder against the claim and indemnify the holder against any liability on the claim resulting from payment or delivery of the property to the Treasurer."

**SECTION 3.7.(b)** This section is effective when it becomes law and applies to filings made on or after that date.

#### **PART IV. PENSION PROTECTION CHANGES**

**SECTION 4.1.(a)** G.S. 135-6(l) reads as rewritten:

"(l) Duties of Actuary. – The Board of Trustees shall designate an actuary who shall be the technical adviser of the Board of Trustees on matters regarding the operation of the funds created by the provisions of this Chapter and shall perform such other duties as are required in connection therewith. ~~For purposes of the annual valuation of System assets, the~~ The experience studies, and studies and all other actuarial calculations required by this Chapter, and all the assumptions used by the System's actuary, including mortality tables, interest rates, annuity factors, the contribution-based benefit cap factor, and employer contribution rates, shall be set out in the actuary's periodic reports, annual valuations of System assets, or other materials provided to the Board of Trustees. ~~These~~ Notwithstanding Article 2A of Chapter 150B of the General Statutes, these materials, once accepted by the Board, shall be considered part of the Plan documentation governing this Retirement System; similarly, the System and shall be effective the first day of the month following adoption unless a different date is specified in the adopting resolution. The effective date shall not retroactively affect a contribution rate. The Board's minutes relative to all actuarial assumptions used by the System shall also be considered part of the Plan documentation governing this Retirement System, with the result of precluding any employer discretion in the determination of benefits payable hereunder, consistent with Section 401(a)(25) of the Internal Revenue Code."

**SECTION 4.1.(b)** G.S. 128-28(m) reads as rewritten:

"(m) Duties of Actuary. – The Board of Trustees shall designate an actuary who shall be the technical adviser of the Board of Trustees on matters regarding the operation of the funds created by the provisions of this Chapter and shall perform such other duties as are required in connection therewith. ~~For purposes of the annual valuation of System assets, the~~ The experience studies, and studies and all other actuarial calculations required by this Chapter, and all the assumptions used by the System's actuary, including mortality tables, interest rates, annuity factors, the contribution-based benefit cap factor, and employer contribution rates, shall be set out in the actuary's periodic ~~reports-reports,~~ annual valuations of System assets, or other materials provided to the Board of Trustees. ~~These~~ Notwithstanding Article 2A of Chapter 150B of the General Statutes, these materials, once accepted by the Board, shall be considered part of the Plan documentation governing this Retirement System; ~~similarly, the System and shall be effective the first day of the month following adoption unless a different date is specified in the adopting resolution. The effective date shall not retroactively affect a contribution rate. The Board's minutes relative to all actuarial assumptions used by the System shall also be considered part of the Plan documentation governing this Retirement System, with the result of precluding any employer discretion in the determination of benefits payable hereunder, consistent with Section 401(a)(25) of the Internal Revenue Code."~~

**SECTION 4.1.(c)** G.S. 150B-1(d) reads as rewritten:

"(d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the following:

...

(30) The Retirement System Boards of Trustees established under G.S. 128-28 and G.S. 135-6 when adopting actuarial tables, assumptions, and contribution-based benefit cap factors after presentation of recommendations from the actuary. This exemption includes, but is not limited to, the following actuarial tables, assumptions, methods, and factors:

- a. Joint and survivor tables.
- b. Reserve transfer tables.
- c. Interest rate assumptions.
- d. Salary increase assumptions.
- e. Mortality assumptions.
- f. Separation and retirement assumptions.
- g. Asset smoothing methods.
- h. Actuarial cost methods.
- i. Contribution-based benefit cap factors.
- j. Required contribution rates.
- k. Amortization policies."

**SECTION 4.1.(d)** This section is effective when it becomes law, and subsection (c) applies to actuarial tables, assumptions, and contribution-based benefit cap factors adopted or changed on or after that date.

**SECTION 4.2.(a)** G.S. 135-6(n), as amended by Section 2.1(a) of this act, reads as rewritten:

"(n) In 1943, and at least once in each five-year period thereafter, the actuary shall complete an actuarial experience review of the mortality, service and compensation experience of the members and beneficiaries of the Retirement System, ~~and System and shall make a valuation of the assets and liabilities of the funds of the System, and taking System. Taking~~ into account the result of ~~such~~ the actuarial investigation and valuation, the Board of Trustees shall do all of the following:

- (1) Adopt for the Retirement System such any necessary mortality, service and service, or other tables as shall be deemed necessary tables and any necessary contribution-based benefit cap factors for the Retirement System.

- (2) Certify the rates of contributions payable by the State of North Carolina on account of new entrants at various ages.

In order to pay for the administration of this section, the Retirement Systems Division of the Department of State Treasurer may increase receipts from the retirement assets of the Retirement System or may pay the costs directly from the retirement assets."

**SECTION 4.2.(b)** G.S. 135-6(o) reads as rewritten:

"(o) On the basis of ~~such the~~ tables and interest assumption rate as adopted by the Board of Trustees shall adopt, Trustees, the actuary shall make an annual valuation of the assets and liabilities of the funds of the System created by this Chapter. The annual valuation shall include a supplementary section that provides an analysis of assets on a market basis using the 30-year treasury rate as of December 31 of the year of the valuation as the discount rate. In order to pay for the administration of this section, the Retirement Systems Division of the Department of State Treasurer may increase receipts from the retirement assets of the Retirement System or may pay the costs directly from the retirement assets."

**SECTION 4.2.(c)** G.S. 128-28(o) reads as rewritten:

"(o) In the year 1945, and at least once in each five-year period thereafter, the actuary shall make an actuarial investigation into the mortality, service and compensation experience of the members and beneficiaries of the Retirement System, ~~and System and~~ shall make a valuation of the assets and liabilities of the funds of the System, and taking System. Taking into account the result of such investigation and valuation, the Board of Trustees ~~shall~~ shall do all of the following:

- (1) Adopt for the Retirement System such any necessary mortality, service and service, or other tables as shall be deemed necessary; and tables and any necessary contribution-based benefit cap factors for the Retirement System.
- (2) Certify the rates of contributions payable by the participating units on account of new entrants at various ages.

In order to pay for the administration of this section, the Retirement Systems Division of the Department of State Treasurer may increase receipts from the retirement assets of the Retirement System or may pay the costs directly from the retirement assets."

**SECTION 4.2.(d)** G.S. 128-28(p) reads as rewritten:

"(p) On the basis of ~~such the~~ tables and interest assumption rate as adopted by the Board of Trustees shall adopt, Trustees, the actuary shall make an annual valuation of the assets and liabilities of the funds of the System created by this Chapter. The annual valuation shall include a supplementary section that provides an analysis of assets on a market basis using the 30-year treasury rate as of December 31 of the year of the valuation as the discount rate. In order to pay for the administration of this section, the Retirement Systems Division of the Department of State Treasurer may increase receipts from the retirement assets of the Retirement System or may pay the costs directly from the retirement assets."

**SECTION 4.2.(e)** This section is effective when it becomes law and applies to actuarial investigations and calculations made on or after that date.

**SECTION 4.3.(a)** G.S. 135-18.10A(b) is repealed.

**SECTION 4.3.(b)** G.S. 128-38.4A(b) is repealed.

**SECTION 4.3.(c)** G.S. 135-75.1A(b) is repealed.

**SECTION 4.3.(d)** G.S. 120-4.33A(b) is repealed.

**SECTION 4.4.(a)** G.S. 135-4(gg) reads as rewritten:

"(gg) If a member who is an elected government official and has not vested in this System on July 1, 2007, is convicted of an offense listed in G.S. 135-18.10 for acts committed after July 1, 2007, then that member shall forfeit all benefits under this System, except for a return of member contributions plus interest. If a member who is an elected government official and has vested in this System on July 1, 2007, is convicted of an offense listed in G.S. 135-18.10 for acts committed after July 1, 2007, then that member is not entitled to any creditable service that

accrued after July 1, 2007-2007, regardless of whether that creditable service was earned by virtue of membership in the System, accrued by conversion of sick leave at the point of the member's retirement, accrued by transfer of service from another retirement system, purchased by the member in accordance with this Chapter, or accrued by any other means. No member shall forfeit any benefit or creditable service earned from a position not as an elected government official. For purposes of this subsection, creditable service attributable to the conversion of sick leave accrues in this System on the date of retirement, service transferred to this System from another system accrues in this System on the effective date of the transfer, and purchased service accrues in this System on the date of the purchase."

**SECTION 4.4.(b)** G.S. 135-4(ii) reads as rewritten:

"(ii) If a member who is in service and has not vested in this System on December 1, 2012, is convicted of an offense listed in G.S. 135-18.10A for acts committed after December 1, 2012, then that member shall forfeit all benefits under this System, except for a return of member contributions plus interest. If a member who is in service and has vested in this System on December 1, 2012, is convicted of an offense listed in G.S. 135-18.10A for acts committed after December 1, 2012, then that member is not entitled to any creditable service that accrued after December 1, ~~2012-2012~~, regardless of whether that creditable service was earned by virtue of membership in the System, accrued by conversion of sick leave at the point of the member's retirement, accrued by transfer of service from another retirement system, purchased by the member in accordance with this Chapter, or accrued by any other means. For purposes of this subsection, creditable service attributable to the conversion of sick leave accrues in this System on the date of retirement, service transferred to this System from another system accrues in this System on the effective date of the transfer, and purchased service accrues in this System on the date of the purchase."

**SECTION 4.4.(c)** G.S. 128-26(w) reads as rewritten:

"(w) If a member who is an elected government official and has not vested in this System on July 1, 2007, is convicted of an offense listed in G.S. 128-38.4 for acts committed after July 1, 2007, then that member shall forfeit all benefits under this System, except for a return of member contributions plus interest. If a member who is an elected government official and has vested in this System on July 1, 2007, is convicted of an offense listed in G.S. 128-38.4 for acts committed after July 1, 2007, then that member is not entitled to any creditable service that accrued after July 1, ~~2007-2007~~, regardless of whether that creditable service was earned by virtue of membership in the System, accrued by conversion of sick leave at the point of the member's retirement, accrued by transfer of service from another retirement system, purchased by the member in accordance with this Article, or accrued by any other means. No member shall forfeit any benefit or creditable service earned from a position not as an elected government official. For purposes of this subsection, creditable service attributable to the conversion of sick leave accrues in this System on the date of retirement, service transferred to this System from another system accrues in this System on the effective date of the transfer, and purchased service accrues in this System on the date of the purchase."

**SECTION 4.4.(d)** G.S. 128-26(x) reads as rewritten:

"(x) If a member who is in service and has not vested in this System on December 1, 2012, is convicted of an offense listed in G.S. 128-38.4A for acts committed after December 1, 2012, then that member shall forfeit all benefits under this System, except for a return of member contributions plus interest. If a member who is in service and has vested in this System on December 1, 2012, is convicted of an offense listed in G.S. 128-38.4A for acts committed after December 1, 2012, then that member is not entitled to any creditable service that accrued after December 1, ~~2012-2012~~, regardless of whether that creditable service was earned by virtue of membership in the System, accrued by conversion of sick leave at the point of the member's retirement, accrued by transfer of service from another retirement system, purchased by the member in accordance with this Article, or accrued by any other means. For purposes of this

subsection, creditable service attributable to the conversion of sick leave accrues in this System on the date of retirement, service transferred to this System from another system accrues in this System on the effective date of the transfer, and purchased service accrues in this System on the date of the purchase."

**SECTION 4.4.(e)** G.S. 135-56(g) reads as rewritten:

"(g) If a member who has not vested in this System on July 1, 2007, is convicted of an offense listed in G.S. 135-75.1 for acts committed after July 1, 2007, then that member shall forfeit all benefits under this System. If a member who has vested in this System on July 1, 2007, is convicted of an offense listed in G.S. 135-75.1 for acts committed after July 1, 2007, then that member is not entitled to any creditable service that accrued after July 1, ~~2007-2007~~, regardless of whether that creditable service was earned by virtue of membership in the System, accrued by conversion of sick leave at the point of the member's retirement, accrued by transfer of service from another retirement system, purchased by the member in accordance with this Chapter, or accrued by any other means. No member shall forfeit any benefit or creditable service earned from a position not as a justice, judge, district attorney, or clerk of superior court. For purposes of this subsection, creditable service attributable to the conversion of sick leave accrues in this System on the date of retirement, service transferred to this System from another system accrues in this System on the effective date of the transfer, and purchased service accrues in this System on the date of the purchase."

**SECTION 4.4.(f)** G.S. 135-56(j) reads as rewritten:

"(j) If a member who is in service and has not vested in this System on December 1, 2012, is convicted of an offense listed in G.S. 135-75.1A for acts committed after December 1, 2012, then that member shall forfeit all benefits under this System, except for a return of member contributions plus interest. If a member who is in service and has vested in this System on December 1, 2012, is convicted of an offense listed in G.S. 135-75.1A for acts committed after December 1, 2012, then that member is not entitled to any creditable service that accrued after December 1, ~~2012-2012~~, regardless of whether that creditable service was earned by virtue of membership in the System, accrued by conversion of sick leave at the point of the member's retirement, accrued by transfer of service from another retirement system, purchased by the member in accordance with this Chapter, or accrued by any other means. For purposes of this subsection, creditable service attributable to the conversion of sick leave accrues in this System on the date of retirement, service transferred to this System from another system accrues in this System on the effective date of the transfer, and purchased service accrues in this System on the date of the purchase."

**SECTION 4.4.(g)** G.S. 120-4.12(f) reads as rewritten:

"(f) If a member who has not vested in this System on July 1, 2007, is convicted of an offense listed in G.S. 120-4.33 for acts committed after July 1, 2007, then that member shall forfeit all benefits under this System. If a member who has vested in this System on July 1, 2007, is convicted of an offense listed in G.S. 120-4.33 for acts committed after July 1, 2007, then that member is not entitled to any creditable service that accrued after July 1, ~~2007-2007~~, regardless of whether that creditable service was earned by virtue of membership in the System, accrued by conversion of sick leave at the point of the member's retirement, accrued by transfer of service from another retirement system, purchased by the member in accordance with this Article, or accrued by any other means. No member shall forfeit any benefit or creditable service earned from a position not as a member of the General Assembly. For purposes of this subsection, creditable service attributable to the conversion of sick leave accrues in this System on the date of retirement, service transferred to this System from another system accrues in this System on the effective date of the transfer, and purchased service accrues in this System on the date of the purchase."

**SECTION 4.4.(h)** G.S. 120-4.12(g) reads as rewritten:

"(g) If a member who is a present member of the General Assembly and who has not vested in this System on December 1, 2012, is convicted of an offense listed in G.S. 120-4.33A for acts committed after December 1, 2012, then that member shall forfeit all benefits under this System, except for a return of member contributions plus interest. If a member who is a present member of the General Assembly and has vested in this System on December 1, 2012, is convicted of an offense listed in G.S. 120-4.33A for acts committed after December 1, 2012, then that member is not entitled to any creditable service that accrued after December 1, ~~2012~~2012, regardless of whether that creditable service was earned by virtue of membership in the System, accrued by conversion of sick leave at the point of the member's retirement, accrued by transfer of service from another retirement system, purchased by the member in accordance with this Article, or accrued by any other means. For purposes of this subsection, creditable service attributable to the conversion of sick leave accrues in this System on the date of retirement, service transferred to this System from another system accrues in this System on the effective date of the transfer, and purchased service accrues in this System on the date of the purchase."

**SECTION 4.5.(a)** G.S. 135-18.10B reads as rewritten:

**"§ 135-18.10B. Prohibition on purchase of forfeited service.**

Any member whose retirement benefits have been forfeited under G.S. 135-18.10 or G.S. 135-18.10A is prohibited from subsequently purchasing or repurchasing either those forfeited benefits or any creditable membership service associated with those forfeited ~~benefits~~benefits and that service may not be used for the purposes of eligibility for benefits in any retirement system that provides reciprocal benefits."

**SECTION 4.5.(b)** G.S. 128-38.4B reads as rewritten:

**"§ 128-38.4B. Prohibition on purchase of forfeited service.**

Any member whose retirement benefits have been forfeited under G.S. 128-38.4 or G.S. 128-38.4A is prohibited from subsequently purchasing or repurchasing either those forfeited benefits or any creditable membership service associated with those forfeited ~~benefits~~benefits and that service may not be used for the purposes of eligibility for benefits in any retirement system that provides reciprocal benefits."

**SECTION 4.5.(c)** G.S. 135-75.1B reads as rewritten:

**"§ 135-75.1B. Prohibition on purchase of forfeited service.**

Any member whose retirement benefits have been forfeited under G.S. 135-75.1 or G.S. 135-75.1A is prohibited from subsequently purchasing or repurchasing either those forfeited benefits or any creditable membership service associated with those forfeited ~~benefits~~benefits and that service may not be used for the purposes of eligibility for benefits in any retirement system that provides reciprocal benefits."

**SECTION 4.5.(d)** G.S. 120-4.33B reads as rewritten:

**"§ 120-4.33B. Prohibition on purchase of forfeited service.**

Any member whose retirement benefits have been forfeited under G.S. 120-4.3 or G.S. 120-4.3A is prohibited from subsequently purchasing or repurchasing either those forfeited benefits or any creditable membership service associated with those forfeited ~~benefits~~benefits and that service may not be used for the purposes of eligibility for benefits in any retirement system that provides reciprocal benefits."

## **PART V. AMEND THE SEPARATE INSURANCE BENEFITS PLAN OFFERINGS**

**SECTION 5.1.** G.S. 143-166.60(d)(1) is repealed.

## **PART VI. SEVERABILITY**

**SECTION 6.1.** If any provision of this act or its application is held invalid, the invalidity does not affect other provisions or applications of this act that can be given effect without the invalid provisions or application, and to this end the provisions of this act are severable.

**PART VII. EFFECTIVE DATE**

**SECTION 7.1.** Except as provided otherwise, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 17<sup>th</sup> day of June, 2020.

s/ Philip E. Berger  
President Pro Tempore of the Senate

s/ Tim Moore  
Speaker of the House of Representatives

s/ Roy Cooper  
Governor

Approved 9:59 a.m. this 26<sup>th</sup> day of June, 2020