

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

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HOUSE BILL 1099
Committee Substitute Favorable 6/1/22

Short Title: Judicial Retirement/Survivor Benefits Parity.-AB

(Public)

Sponsors:

Referred to:

May 27, 2022

A BILL TO BE ENTITLED

AN ACT ESTABLISHING A SURVIVOR'S ALTERNATE BENEFIT UNDER THE
CONSOLIDATED JUDICIAL RETIREMENT SYSTEM THAT IS ON PAR WITH THE
SURVIVOR'S ALTERNATE BENEFIT PROVIDED UNDER THE TEACHERS' AND
STATE EMPLOYEES' RETIREMENT SYSTEM.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 135-63 reads as rewritten:

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

(a) Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a member in service, service who earned the first month of membership service credit prior to July 1, 2023, and had not withdrawn contributions for such membership service in the Retirement System, there shall be paid in a lump sum to such person as the member shall have nominated by electronic submission in a form approved by the Board of Trustees or by written designation duly acknowledged and filed with the Board of Trustees, if such person is living at the time of the member's death, otherwise to the member's legal representatives, a death benefit equal to the sum of (i) the member's accumulated contributions, plus (ii) the member's final compensation; provided, however, that if the member has attained his or her fiftieth birthday with at least five years of membership service at the member's date of death, and if the designated recipient of the death benefits is the member's spouse who survives him or her, and if the spouse so elects, then the lump-sum death benefit provided for herein shall consist only of a payment equal to the member's final compensation and there shall be paid to the surviving spouse an annual retirement allowance, payable monthly, which shall commence on the first day of the calendar month coinciding with or next following the death of the member and shall be continued on the first day of each month thereafter until the remarriage or death of the spouse. The amount of any such retirement allowance shall be equal to one half of the amount of the retirement allowance to which the member would have been entitled had the member retired under the provisions of ~~G.S. 135-57(a)~~ subsection (a) of G.S. 135-57 on the first day of the calendar month coinciding with or next following the member's date of death, reduced by two percent (2%) thereof for each full year, if any, by which the age of the member at his or her date of death exceeds that of the member's spouse. If the retirement allowance to the spouse shall terminate on the remarriage or death of the spouse before the total of the retirement allowance payments made equals the amount of the member's accumulated contributions at date of death, the excess of such accumulated contributions over the total of the retirement allowances paid to the spouse shall be paid in a lump sum to such person as the member shall have nominated by electronic submission in a form approved by the Board of Trustees or by written designation duly acknowledged and filed with



1 the Board of Trustees, if such person is living at the time such payment falls due, otherwise to
2 the former member's legal representatives.

3 (a1) Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a member
4 or former member who earned the first month of membership service credit on or after July 1,
5 2023, or forfeited all creditable service in the Retirement System earned prior to July 1, 2023, by
6 receiving a return of contributions, there shall be paid to such person or persons as the member
7 or former member shall have nominated by electronic submission in a form approved by the
8 Board of Trustees or by written designation duly acknowledged and filed with the Board of
9 Trustees, if such person or persons are living at the time of the member's death, otherwise to the
10 member's legal representatives, the amount of the member's accumulated contributions at the
11 time of the member's death, unless the beneficiary elects to receive the alternate benefit provided
12 under subsection (a2) of this section.

13 (a2) Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a member
14 in service who earned the first month of membership credit service on or after July 1, 2023, or
15 forfeited all creditable service in the Retirement System earned prior to July 1, 2023, by receiving
16 a return of contributions, the beneficiary entitled to receive a return of the member's accumulated
17 contributions under subsection (a1) of this section may instead elect to receive the reduced
18 retirement allowance under the provisions of Option 2 prescribed by subsection (g) of G.S. 135-5.
19 The election of Option 2 shall provide for a retirement allowance computed by assuming that the
20 member retired on the first day of the month following the date of the member's death, provided
21 that all four of the following conditions apply:

22 (1) The member had either:

23 a. Attained such age or creditable service, or both, to be eligible to
24 commence retirement with an early or service retirement allowance;

25 or

26 b. Attained 16 years of creditable service, in which case the retirement
27 allowance shall be computed in accordance with subsection (b) of
28 G.S. 135-58, notwithstanding the requirement of obtaining age 50.

29 (2) At the time of the member's death, only one beneficiary was eligible to receive
30 a return of accumulated contributions under subsection (a1) of this section.

31 (3) The member had not instructed the Board of Trustees, in writing, that the
32 member did not wish for the provisions of this subsection to apply.

33 (4) The member had not begun receiving a retirement allowance as provided
34 under this Article.

35 (a3) All of the following apply to the alternate survivor benefit described in subsection
36 (a2) of this section:

37 (1) A member is considered to be in service on the date of death if the death occurs
38 within 180 days from the last date of actual service.

39 (2) The last date of actual service means:

40 a. When employment has been terminated, the last date the member
41 actually worked.

42 b. When employment has not been terminated, the date on which an
43 absent member's sick and annual leave expire, unless the member is
44 on an approved leave of absence. An approved leave of absence means
45 any period when a member is on leave of absence and is receiving less
46 than the member's full compensation. The member will be deemed to
47 be in service only if the member is contributing to the Retirement
48 System. If the member is so contributing, the annual rate of
49 compensation paid to the member immediately prior to the
50 commencement of the leave of absence will be deemed to be the actual
51 compensation rate of the employee during the leave of absence.

1 c. When a member's employment is interrupted by reason of service in
2 the Uniformed Services, as that term is defined in section 4303(16) of
3 the Uniformed Services Employment and Reemployment Rights Act,
4 P.L. 103-353, and the member does not return immediately after that
5 service to employment with a covered employer in the Retirement
6 System, the date on which the member was first eligible to be
7 separated or released from involuntary military service.

8 (3) Any terminal payments made after the member's date of death that meet the
9 definition of compensation shall be credited to the month prior to the
10 member's month of death. These terminal payments do not include salary or
11 wages paid for work performed during the month of the member's death.

12 ...

13 (f) Upon the death of a member who earned the first month of membership service credit
14 on or after July 1, 2023, or forfeited all creditable service in the Retirement System earned prior
15 to July 1, 2023, by receiving a return of contributions, if a retirement allowance becomes payable
16 to the principal beneficiary who is designated to receive a return of accumulated contributions
17 pursuant to subsection (a2) of this section, and that beneficiary dies before the total of the
18 retirement allowances paid equals the amount of the accumulated contributions of the member at
19 the date of the member's death, the excess of those accumulated contributions over the total of
20 the retirement allowances paid to the beneficiary shall be paid in a lump sum to the person or
21 persons the member has designated as a contingent beneficiary for the return of accumulated
22 contributions, if the person or persons are living at the time the payment becomes payable. If no
23 contingent beneficiary is living at the time the lump sum becomes payable, the lump sum shall
24 be paid to the principal beneficiary's legal representative.

25 In the event that a retirement allowance becomes payable to the contingent beneficiary
26 designated to receive a return of accumulated contributions pursuant to subsection (a2) of this
27 section and that beneficiary dies before the total of the retirement allowances paid equals the
28 amount of the accumulated contributions of the member at the date of the member's death, the
29 excess of those accumulated contributions over the total of the retirement allowances paid to the
30 beneficiary shall be paid in a lump sum to the contingent beneficiary's legal representative.

31 In the event that a retired member dies without having designated a beneficiary to receive a
32 benefit under the provisions of this subsection, any such benefit that becomes payable shall be
33 paid to the retired member's legal representative.

34 (g) Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a member
35 in service who earned the first month of membership service credit on or after July 1, 2023, or
36 forfeited all creditable service in the Retirement System earned prior to July 1, 2023, by receiving
37 a return of contributions and had completed at least one full calendar year of membership in the
38 Retirement System, there shall be paid to such person as the member shall have nominated by
39 electronic submission in a form approved by the Board of Trustees or by written designation duly
40 acknowledged and filed with the Board of Trustees, if such person is living at the time of the
41 member's death, otherwise to the member's legal representatives, a death benefit equal to the sum
42 of fifty thousand dollars (\$50,000). Such death benefit shall be payable apart and separate from
43 the payment of the member's accumulated contributions pursuant to subsection (a1) of this
44 section. A member shall be deemed to be in service at the date of death if the member's death
45 occurs within 180 days from the member's last date of actual service. The last date of actual
46 service means:

47 (1) When employment has been terminated, the last date the member actually
48 worked.

49 (2) When employment has not been terminated, the date on which an absent
50 member's sick and annual leave expire, unless the member is on an approved
51 leave of absence and is contributing to the Retirement System.

1 (3) When a member's employment is interrupted by reason of service in the
2 Uniformed Services, as that term is defined in section 4303(16) of the
3 Uniformed Services Employment and Reemployment Rights Act, P.L.
4 103-353, and the member does not return immediately after that service to
5 employment with a covered employer in the Retirement System, the date on
6 which the member was first eligible to be separated or released from
7 involuntary military service."

8 **SECTION 2.** G.S. 135-64 reads as rewritten:

9 **"§ 135-64. Benefits on death after retirement.**

10 (a) In the event of the death of a former member who earned the first month of
11 membership service credit prior to July 1, 2023, and had not withdrawn contributions for such
12 membership service in the Retirement System, dies while in receipt of a retirement allowance
13 pursuant to his retirement under the provisions of G.S. 135-57, or after a former member's
14 sixty-fifth birthday while in receipt of a retirement allowance pursuant to his retirement under
15 the provisions of G.S. 135-59, there shall be paid to the former member's surviving spouse, if
16 any, an annual retirement allowance, payable monthly, which shall commence on the first day of
17 the calendar month next following the date of death of the former member and shall be continued
18 on the first day of each month thereafter until the remarriage or death of the spouse. The amount
19 of any such allowance shall be equal to one half of the allowance that was payable to the former
20 member for the month immediately prior to his month of death, or which would have been so
21 payable had an optional mode of payment not been elected under the provisions of G.S. 135-61,
22 reduced by two percent (2%) thereof for each full year, if any, by which the age of the former
23 member at date of death exceeds that of his spouse.

24 (b) In the event of the death of a former member who earned the first month of
25 membership service credit prior to July 1, 2023, and had not withdrawn contributions for such
26 membership service in the Retirement System, dies prior to his the member's sixty-fifth birthday
27 while in receipt of a retirement allowance pursuant to his retirement under the provisions of
28 G.S. 135-59, there shall be paid to the former member's surviving spouse, if any, an annual
29 retirement allowance, payable monthly, which shall commence on the first day of the calendar
30 month next following the date of death of the former member and shall be continued on the first
31 day of each month thereafter until the remarriage or death of the spouse. The amount of any such
32 allowance shall be equal to one half of the allowance to which the former member would have
33 been entitled under the provisions of G.S. 135-58 if he had remained in service from his disability
34 retirement date to his date of death with no change in his final compensation or status and had
35 then retired, reduced by two percent (2%) thereof for each full year, if any, by which the age of
36 the former member at date of death exceeds that of his spouse.

37 (c) In the event of the death of a former member who earned the first month of
38 membership service credit prior to July 1, 2023, and had not withdrawn contributions for such
39 membership service in the Retirement System, dies while in receipt of a retirement allowance
40 under the provisions of G.S. 135-58, 135-60, or 135-61, if such former member is not survived
41 by a spouse to whom a retirement allowance is payable under the provisions of subsection (a) or
42 subsection (b) above, nor survived by a beneficiary to whom a monthly survivorship benefit is
43 payable under one of the optional modes of payment under G.S. 135-61, there shall be paid to
44 such person as the member shall have nominated by electronic submission in a form approved
45 by the Board of Trustees or by written designation duly acknowledged and filed with the Board
46 of Trustees, if such person is living at the time of the member's death, otherwise to the member's
47 legal representatives, a death benefit equal to the excess, if any, of the accumulated contributions
48 of the member at his date of retirement over the total of the retirement allowances paid to him
49 prior to his death.

50 (d) In the event that a retirement allowance becomes payable to the spouse of a former
51 member who earned the first month of membership service credit prior to July 1, 2023, and had

1 not withdrawn contributions for such membership service in the Retirement System, becomes
2 entitled to a retirement allowance under the provisions of subsection (a) or subsection (b) ~~above,~~
3 of this section, or to the designated survivor of such a former member becomes entitled to
4 payment under one of the optional modes of payment under G.S. 135-61, and such retirement
5 allowance to the spouse shall terminate on the remarriage or death of the spouse, or on the death
6 of the designated survivor, before the total of the retirement allowances paid to the former
7 member and his spouse or designated survivor combined equals the amount of the member's
8 accumulated contributions at his date of retirement, the excess of such accumulated contributions
9 over the total of the retirement allowances paid to the former member and his spouse or
10 designated survivor combined shall be paid in a lump sum to such person as the member shall
11 have nominated by electronic submission in a form approved by the Board of Trustees or by
12 written designation duly acknowledged and filed with the Board of Trustees, if such person is
13 living at the time such payment falls due, otherwise to the former member's legal representatives.

14 (e) ~~In the event of the death of a retired former judge who earned the first month of~~
15 membership service credit prior to July 1, 2023, and had not withdrawn contributions for such
16 membership service in the Retirement System, dies while in receipt of a retirement allowance
17 under the provisions of G.S. 135-58(d), there shall be paid to the former judge's surviving spouse,
18 if any, an annual retirement allowance payable monthly, which shall commence on the first day
19 of the calendar month next following the date of death of the former judge and shall be continued
20 on the first day of each month thereafter until the remarriage or death of the spouse. The amount
21 of any such allowance shall be equal to one half of the allowance that was payable to the former
22 judge for the month immediately prior to his month of death, reduced by two percent (2%) thereof
23 for each full year, if any, by which the age of the former judge at date of death exceeds that of
24 his spouse.

25 (e1) In the event a retired member who earned the first month of membership service credit
26 on or after July 1, 2023, or forfeited all creditable service in the Retirement System earned prior
27 to July 1, 2023, by receiving a return of contributions, dies while that retired member was in
28 receipt of a retirement allowance under the provisions of this Article, there shall be paid to such
29 person or persons as the retired member shall have nominated by electronic submission in a form
30 approved by the Board of Trustees or by written designation duly acknowledged and filed with
31 the Board of Trustees, if such person or persons are living at the time of the retired member's
32 death, otherwise to the retired member's legal representatives, a death benefit equal to the excess,
33 if any, of the accumulated contributions of the retiree at the date of retirement over the total of
34 the retirement allowances paid prior to the death of the retired member.

35 In the event that a retirement allowance becomes payable to the designated survivor of a
36 retired member under G.S. 135-61 and such retirement allowance to the survivor shall terminate
37 upon the death of the survivor before the total of the retirement allowances paid to the retiree and
38 the designated survivor combined equals the amount of the accumulated contributions of the
39 retiree at the date of retirement, the excess, if any, of such accumulated contributions over the
40 total of the retirement allowances paid to the retiree and the survivor combined shall be paid in a
41 lump sum to such person or persons as the retiree nominated by electronic submission in a form
42 approved by the Board of Trustees or by written designation duly acknowledged and filed with
43 the Board of Trustees, if such person or persons are living at the time such payment falls due,
44 otherwise to the retiree's legal representative.

45"

46 **SECTION 3.** This act becomes effective July 1, 2022.