

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023**

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**HOUSE BILL 270
Committee Substitute Favorable 5/2/23**

Short Title: Death Benefits Parity/Fire & Rescue Increase.

(Public)

Sponsors:

Referred to:

March 7, 2023

A BILL TO BE ENTITLED
AN ACT ESTABLISHING DEATH BENEFITS PARITY FOR MEMBERS OF THE
TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE LOCAL
GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM, AND THE LEGISLATIVE
RETIREMENT SYSTEM; AND INCREASING THE MONTHLY PAYMENT AND
PENSION FOR MEMBERS OF THE NORTH CAROLINA FIREFIGHTERS' AND
RESCUE SQUAD WORKERS' PENSION FUND.

The General Assembly of North Carolina enacts:

**PART I. CHANGES TO DEATH BENEFITS IN THE TEACHERS' AND STATE
EMPLOYEES' RETIREMENT SYSTEM, THE LOCAL GOVERNMENTAL
EMPLOYEES' RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT
SYSTEM**

SECTION 1.1. G.S. 135-5(*l*) reads as rewritten:

"(*l*) Death Benefit Plan. – There is hereby created a Group Life Insurance Plan (hereinafter called the "Plan") which is established as an employee welfare benefit plan that is separate and apart from the Retirement System and under which the members of the Retirement System shall participate and be eligible for group life insurance benefits. The Plan shall be part of the North Carolina Teachers' and State Employees' Benefit Trust, as established under G.S. 135-7(g). All receipts, transfers, appropriations, contributions, investment earnings, and other income belonging to the Plan shall be deposited in the Benefit Trust. All benefits and expenses against the Plan shall be disbursed from the Benefit Trust. Employer and non-employer contributions to the Benefit Trust and earnings on those contributions are irrevocable. The assets of the Benefit Trust are dedicated to providing benefits to participants, surviving spouses, and the members' estates in accordance with the Plan's benefit terms. The assets of the Benefit Trust are not subject to the claims of creditors of the employees and non-employees making contributions to the Benefit Trust, are not subject to the claims of any creditors of the Benefit Trust's trustees and administrators, and are not subject to the claims of creditors of members and beneficiaries. Benefit Trust assets may be used for reasonable expenses to administer benefits provided by the Fund as approved by the Board of Trustees.

Upon receipt of proof, satisfactory to the Board of Trustees in their capacity as trustees under the Group Life Insurance Plan, of the death, in service, of a member who had completed at least one full calendar year of membership in the Retirement System, there shall be paid 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. Such death benefit shall be equal to ~~the greater of:~~ fifty thousand dollars (\$50,000).

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

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

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

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

...."

SECTION 1.2. G.S. 128-27(l) reads as rewritten:

"(l) Death Benefit Plan. – The provisions of this subsection shall become effective for any employer only after an agreement to that effect has been executed by the employer and the Director of the Retirement System. There is hereby created a Group Life Insurance Plan (hereinafter called the "Plan") which is established as an employee welfare benefit plan that is separate and apart from the Retirement System and under which the members of the Retirement System shall participate and be eligible for group life insurance benefits. The Plan shall be part of the North Carolina Teachers' and State Employees' Benefit Trust, as established under G.S. 135-7(g). All receipts, transfers, appropriations, contributions, investment earnings, and other income belonging to the Plan shall be deposited in the Benefit Trust. All benefits and expenses against the Plan shall be disbursed from the Benefit Trust. Employer and non-employer contributions to the Benefit Trust and earnings on those contributions are irrevocable. The assets of the Benefit Trust are dedicated to providing benefits to members and beneficiaries in accordance with the Plan's benefit terms. The assets of the Benefit Trust are not subject to the claims of creditors of the employees and non-employees making contributions to the Benefit Trust, are not subject to the claims of any creditors of the Benefit Trust's trustees and administrators, and are not subject to the claims of creditors of members and beneficiaries. Benefit Trust assets may be used for reasonable expenses to administer benefits provided by the Fund as approved by the Board of Trustees.

Upon receipt of proof, satisfactory to the Board of Trustees in their capacity as trustees under the Group Life Insurance Plan, of the death, in service, of a member who had completed at least one full calendar year of membership in the Retirement System, there shall be paid 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. Such death benefit shall be equal to ~~the greater of:~~ fifty thousand dollars (\$50,000).

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

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

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

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

...."

SECTION 1.3. G.S. 120-4.27 reads as rewritten:

"§ 120-4.27. Death benefit.

The designated beneficiary of a member who dies while in service after completing one year of creditable service shall receive a lump-sum payment of an amount equal to ~~the deceased member's highest annual salary, to a maximum of fifteen thousand dollars (\$15,000). fifty thousand dollars (\$50,000).~~ For purposes of this death benefit "in service" means currently serving as a member of the North Carolina General Assembly. "In service" also means service in the Uniformed Services, as that term is defined in section 4303(16) of the Uniformed Services Employment and Reemployment Rights Act, Public Law 103-353, if that service begins during the member's term of office. If the participant does not return immediately after that service to employment with a covered employer in this System, then the participant shall be deemed "in service" until the date on which the participant was first eligible to be separated or released from ~~his or her~~ involuntary military service.

...."

SECTION 1.4. Section 1.3 of this Part becomes effective January 1, 2020, and the remainder of this Part becomes effective January 1, 2024.

PART II. NORTH CAROLINA FIREFIGHTERS' AND RESCUE SQUAD WORKERS' PENSION FUND INCREASE

SECTION 2.1. G.S. 58-86-35 reads as rewritten:

"§ 58-86-35. Firefighters' application for membership in fund; monthly payments by members; payments credited to separate accounts of members; termination of membership.

Those firefighters who are eligible pursuant to G.S. 58-86-25 may apply to the board for membership. Each firefighter upon becoming a member of the fund shall pay the director of the fund the sum of ~~ten dollars (\$10.00) per month; fifteen dollars (\$15.00) per month;~~ each payment shall be made no later than March 31 subsequent to the end of the calendar year in which the month occurred. The Pension Fund shall not award fully credited service based on payments received later than March 31 subsequent to the end of the calendar year in which the month occurred unless the payment is applied as provided in G.S. 58-86-45(a1). The monthly payments shall be credited to the separate account of the member and shall be kept by the custodian so it is available for payment on withdrawal from membership or retirement.

A member may elect to terminate membership in the fund at any time and request the refund of payments previously made to the fund. However, a member's delinquency in making the monthly payments required by this section does not result in the termination of membership without such an election by the member."

SECTION 2.2. G.S. 58-86-40 reads as rewritten:

"§ 58-86-40. Rescue squad worker's application for membership in funds; monthly payments by members; payments credited to separate accounts of members; termination of membership.

Those rescue squad workers eligible pursuant to G.S. 58-86-30 may apply to the board for membership. Each eligible rescue squad worker upon becoming a member shall pay the director of the fund the sum of ~~ten dollars (\$10.00) per month; fifteen dollars (\$15.00) per month;~~ each payment shall be made no later than March 31 subsequent to the end of the calendar year in which

the month occurred. The Pension Fund shall not award fully credited service based on payments received later than March 31 subsequent to the end of the calendar year in which the month occurred unless the payment is applied as provided in G.S. 58-86-45(a1). The monthly payments shall be credited to the separate account of the member and shall be kept by the custodian so it is available for payment on withdrawal from membership or retirement.

A member may elect to terminate membership in the fund at any time and request the refund of payments previously made to the fund. However, a member's delinquency in making the monthly payments required by this section does not result in the termination of membership without such an election by the member."

SECTION 2.3. G.S. 58-86-55 reads as rewritten:

"§ 58-86-55. Monthly pensions upon attaining the age of 55 years.

(a) Any member who has served 20 years as an "eligible firefighter" or "eligible rescue squad worker" in the State of North Carolina, as provided in G.S. 58-86-25 and G.S. 58-86-30, and who has attained the age of 55 years is entitled to be paid a monthly pension from this fund. The monthly pension shall be in the amount of ~~one hundred seventy dollars (\$170.00)~~ one hundred seventy-five dollars (\$175.00) per month. Any retired firefighter receiving a pension shall, effective ~~July 1, 2008, July 1, 2023,~~ receive a pension of ~~one hundred seventy dollars (\$170.00) per month,~~ one hundred seventy-five dollars (\$175.00) per month.

(b) Members shall pay ~~ten dollars (\$10.00)~~ fifteen dollars (\$15.00) per month as required by G.S. 58-86-35 and G.S. 58-86-40 for a period of no longer than 20 years. No "eligible rescue squad member" shall receive a pension prior to July 1, 1983.

(c) A member who is totally and permanently disabled while in the discharge of the member's official duties as a result of bodily injuries sustained or as a result of extreme exercise or extreme activity experienced in the course and scope of those official duties and who leaves the fire or rescue squad service because of this disability shall be entitled to be paid from the fund a monthly benefit in an amount of ~~one hundred seventy dollars (\$170.00)~~ one hundred seventy-five dollars (\$175.00) per month beginning the first month after the member's fifty-fifth birthday. All applications for disability are subject to the approval of the board who may appoint physicians to examine and evaluate the disabled member prior to approval of the application, and annually thereafter. Any disabled member shall not be required to make the monthly payment of ~~ten dollars (\$10.00)~~ fifteen dollars (\$15.00) as required by G.S. 58-86-35 and G.S. 58-86-40.

(d) A member who is totally and permanently disabled for any cause, other than line of duty, who leaves the fire or rescue squad service because of this disability and who has at least 10 years of service with the pension fund, may be permitted to continue making a monthly contribution of ~~ten dollars (\$10.00)~~ fifteen dollars (\$15.00) to the fund until the member has made contributions for a total of 240 months. The member shall upon attaining the age of 55 years be entitled to receive a pension as provided by this section. All applications for disability are subject to the approval of the board who may appoint physicians to examine and evaluate the disabled member prior to approval of the application and annually thereafter.

(d1) Benefits shall be paid in the following manner when a member is killed in the line of duty and the requirements of Article 12A of Chapter 143 of the General Statutes are met:

(1) If the member had been receiving a monthly pension fund benefit prior to being killed in the line of duty, there shall be paid to the member's principal beneficiary, if only one principal beneficiary is eligible and has not accepted a return of contributions, an amount of ~~one hundred seventy dollars (\$170.00)~~ one hundred seventy-five dollars (\$175.00) per month beginning the month following the member's month of death, payable until the beneficiary's death. If the member became a member prior to July 1, 2018, and had not designated a principal beneficiary prior to being killed in the line of duty, there shall be paid to the member's living spouse upon the spouse's application to the Board, an amount of ~~one hundred seventy dollars (\$170.00)~~ one hundred seventy-five

dollars (\$175.00) per month beginning the month following the member's month of death, payable until the spouse's death.

(2) If the member had been receiving a monthly pension fund benefit prior to being killed in the line of duty and the beneficiary is not payable as described in subdivision (1) of this subsection, a lump sum payment equal to the difference between the amount paid into the member's separate account by or on behalf of the member and the amount received by the member as a pensioner will be paid to the eligible beneficiaries, or if there are no eligible beneficiaries, shall be paid to the member's estate.

(3) If the member had not yet begun receiving a monthly benefit prior to being killed in the line of duty, there shall be paid to the member's principal beneficiary, if only one principal beneficiary is eligible and has not accepted a return of contributions, an amount of ~~one hundred seventy dollars (\$170.00)~~ one hundred seventy-five dollars (\$175.00) per month beginning the month following the month the member would have attained age 55, or if the member had already attained age 55, beginning the month following the member's month of death, payable until the beneficiary's death. If the member became a member prior to July 1, 2018, and had not designated a principal beneficiary prior to being killed in the line of duty, there shall be paid to the member's living spouse upon the spouse's application to the Board, an amount of ~~one hundred seventy dollars (\$170.00)~~ one hundred seventy-five dollars (\$175.00) per month beginning the month following the month the member would have attained age 55, or if the member had attained age 55, beginning the month following the member's month of death, payable until the spouse's death.

(4) If the member had not begun receiving a monthly benefit prior to being killed in the line of duty and the beneficiary is not payable as described in subdivision (3) of this subsection, a lump sum payment equal to the member's contributions will be paid to the eligible beneficiaries, or if there are no eligible beneficiaries, a return of the contributions shall be paid to the member's estate.

A beneficiary under this subsection shall not be required to make the monthly payment of ~~ten dollars (\$10.00)~~ fifteen dollars (\$15.00) as required by G.S. 58-86-35 and G.S. 58-86-40 after the member has been killed in the line of duty.

(d2) Repealed by Session Laws 2016-108, s. 1(f), effective July 1, 2018.

(e) A member who, because the member's residence is annexed by a city under Part 2 or Part 3 of Article 4A of Chapter 160A of the General Statutes, or whose department is closed because of an annexation by a city under Part 2 or Part 3 of Article 4A of Chapter 160A of the General Statutes, or whose volunteer department is taken over by a city or county, and because of such annexation or takeover is unable to perform as a firefighter or rescue squad worker of any status, and if the member has at least 10 years of service with the pension fund, may be permitted to continue making a monthly contribution of ~~ten dollars (\$10.00)~~ fifteen dollars (\$15.00) to the fund until the member has made contributions for a total of 240 months. The member upon attaining the age of 55 years and completion of such contributions shall be entitled to receive a pension as provided by this section. Any application to make monthly contributions under this section shall be subject to a finding of eligibility by the Board of Trustees upon application of the member.

(f) The pensions provided shall be in addition to all other pensions or benefits under any other statutes of the State of North Carolina or the United States, notwithstanding any exclusionary provisions of other pensions or retirement systems provided by law."

SECTION 2.4. This section becomes effective July 1, 2023.

PART III. EFFECTIVE DATE

SECTION 3.1. Except as otherwise provided, this act is effective when it becomes law.