

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH40276-MRp-1

Short Title: Retirement Death Benefits Rewrite.-AB

(Public)

Sponsors: Representative Carson Smith.

Referred to:

A BILL TO BE ENTITLED
AN ACT TO RECODIFY AND STANDARDIZE THE LAWS RELATING TO THE DEATH
BENEFIT PLAN, INCLUDING BY MAKING TECHNICAL, CLARIFYING, AND
CONFORMING CHANGES, UNDER THE TEACHERS' AND STATE EMPLOYEES'
RETIREMENT SYSTEM, THE LOCAL GOVERNMENTAL EMPLOYEES'
RETIREMENT SYSTEM, THE CONSOLIDATED JUDICIAL RETIREMENT SYSTEM,
AND THE LEGISLATIVE RETIREMENT SYSTEM, TO MAKE CHANGES TO THE
SURVIVOR'S ALTERNATE BENEFIT UNDER THOSE RETIREMENT SYSTEMS,
AND TO ENSURE SUFFICIENT FUNDING FOR LINE OF DUTY DEATH BENEFITS.

The General Assembly of North Carolina enacts:

**PART I. TECHNICAL RECODIFICATION AND STANDARDIZATION OF THE
DEATH BENEFIT PLAN FOR MEMBERS OF THE TEACHERS' AND STATE
EMPLOYEES' RETIREMENT SYSTEM**

SECTION 1.(a) Chapter 135 of the General Statutes is amended to add a new Article
8 to be entitled "Death Benefit Plan for State Employees and Retirees" that consists of the
following new sections:

- (1) G.S. 135-153.
- (2) G.S. 135-154.
- (3) G.S. 135-155.
- (4) G.S. 135-160.
- (5) G.S. 135-165.
- (6) G.S. 135-170.
- (7) G.S. 135-175.
- (8) G.S. 135-180.
- (9) G.S. 135-185.
- (10) G.S. 135-190.
- (11) G.S. 135-195.
- (12) G.S. 135-200.

SECTION 1.(b) The first and second sentence of G.S. 135-7(g)(2) are recodified as
the first and third sentence of subsection (a) of G.S. 135-154.

SECTION 1.(c) The first sentence of the lead-in language in subsection 135-7(g) is
recodified as the second sentence of subsection (a) of G.S. 135-154.

SECTION 1.(d) The third sentence of G.S. 135-7(g)(2) is recodified as subsection
(b) of G.S. 135-154.



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1 **SECTION 1.(e)** The fourth, fifth, and sixth sentences of G.S. 135-7(g)(2) are
2 recodified as the first three sentences of subsection (c) of G.S. 135-154.

3 **SECTION 1.(f)** The third sentence of G.S. 135-7(g)(3) is recodified as the fourth
4 sentence of subsection (c) of G.S. 135-154.

5 **SECTION 1.(g)** The first sentence of G.S.135-7(g)(3) is recodified as subsection (d)
6 of G.S. 135-154.

7 **SECTION 1.(h)** The caption and the first sentence of the first paragraph of
8 G.S. 135-5(l) are recodified as subsection (a) of G.S. 135-155.

9 **SECTION 1.(i)** The second, third, and fourth sentences of the first paragraph of
10 G.S. 135-5(l) are recodified as subsection (b) of G.S. 135-155.

11 **SECTION 1.(j)** The seventh paragraph of G.S. 135-5(l) is recodified as subsection
12 (a) of G.S. 135-160.

13 **SECTION 1.(j1)** G.S. 135-6(e1) is recodified as subsection (b) of G.S. 135-160.

14 **SECTION 1.(k)** The first sentence of the second paragraph of G.S. 135-5(l) is
15 recodified as subsection (b) of G.S. 135-165.

16 **SECTION 1.(l)** The second sentence of the second paragraph of G.S. 135-5(l) is
17 recodified as subsection (c) of G.S. 135-165.

18 **SECTION 1.(m)** The fourth sentence of the second paragraph of G.S. 135-5(l) is
19 recodified as subsection (d) of G.S. 135-165.

20 **SECTION 1.(n)** Sub-subdivision a. of subdivision (2) of the sixth paragraph of
21 G.S. 135-5(l) is recodified as subdivision (3) of G.S. 135-170.

22 **SECTION 1.(o)** Sub-subdivision b. of subdivision (2) of the sixth paragraph of
23 G.S. 135-5(l) is recodified as subdivision (1) of G.S. 135-170.

24 **SECTION 1.(p)** Sub-subdivision c. of subdivision (2) of the sixth paragraph of
25 G.S. 135-5(l) is recodified as sub-subdivision a. of subdivision (2) of G.S. 135-170.

26 **SECTION 1.(q)** Subdivision (3) of the sixth paragraph of G.S. 135-5(l) is recodified
27 as sub-subdivision b. of subdivision (2) of G.S. 135-170.

28 **SECTION 1.(r)** Subdivision (4) of the sixth paragraph of G.S. 135-5(l) is recodified
29 as sub-subdivision c. of subdivision (2) of G.S. 135-170.

30 **SECTION 1.(s)** The first sentence of the thirteenth paragraph of G.S. 135-5(l) is
31 recodified as subsection (b) of G.S. 135-175.

32 **SECTION 1.(t)** The sixth and seventh sentences of the thirteenth paragraph of
33 G.S. 135-5(l) are recodified as subsection (c) of G.S. 135-175.

34 **SECTION 1.(u)** The first sentence of the eighth paragraph of G.S. 135-5(l) is
35 recodified as subsection (a) of G.S. 135-180.

36 **SECTION 1.(v)** The second sentence of the eighth paragraph of G.S. 135-5(l) is
37 recodified as subsection (c) of G.S. 135-180.

38 **SECTION 1.(w)** The third sentence of the eighth paragraph of G.S. 135-5(l) is
39 recodified as subsection (d) of G.S. 135-180.

40 **SECTION 1.(x)** The caption and first and second sentences of G.S. 135-5(l1) are
41 recodified as subsection (a) of G.S. 135-190.

42 **SECTION 1.(y)** The third sentence of G.S. 135-5(l1) is recodified as subsection (b)
43 of G.S. 135-190.

44 **SECTION 1.(z)** The third sentence of the second paragraph of G.S. 135-5(l) is
45 recodified as G.S. 135-195.

46 **SECTION 1.(aa)** The fourth sentence of G.S. 135-5(l1) is recodified as
47 G.S. 135-200.

48 **SECTION 2.(a)** The remainder of G.S. 135-7(g) not recodified by Section 1 of this
49 act is repealed.

50 **SECTION 2.(b)** The remainder of G.S. 135-5(l) not recodified by Section 1 of this
51 act is repealed.

SECTION 3. Article 8 of Chapter 135 of the General Statutes, as created by Section 1 of this act, reads as rewritten:

"Article 8.

"Death Benefit Plan for State Employees.

"§ 135-153. Definitions.

The following definitions apply in this Article:

- (1) Benefit Trust. – The North Carolina Teachers' and State Employees' Benefit Trust under G.S. 135-154.
- (2) Death Benefit Plan. – The Death Benefit Plan for State Employees and Retirees under this Article.
- (3) Disability Income Plan. – The Disability Income Plan of North Carolina under Article 6 of this Chapter.
- (4) Reserved for future codification purposes.
- (5) Reserved for future codification purposes.
- (6) Participating plans. – All of the following:
 - a. The Death Benefit Plan.
 - b. The Local Governmental Death Benefit Plan under Part 2 of Article 3 of Chapter 128 of the General Statutes.
 - c. Contributory death benefits available to retired members of the Consolidated Judicial Retirement System under G.S. 135-64.
 - d. Contributory death benefits available to retired members of the Legislative Retirement System under G.S. 120-4.27.
 - e. The Separate Insurance Benefits Plan under G.S. 143-166.60.
- (7) Reserved for future codification purposes.
- (8) Reserved for future codification purposes.
- (9) Workers' compensation benefits. – Excluding any payments for a permanent partial disability rating, disability income benefits provided under Chapter 97 of the General Statutes.

"§ 135-154. North Carolina Teachers' and State Employees' Benefit Trust.

(a) Benefit Trust. – A trust fund, the North Carolina Teachers' and State Employees' Benefit Trust, is hereby created as a master trust to which all receipts, transfers, appropriations, contributions, investment earnings, and other income belonging to the Plans-participating plans shall be deposited, and from which all benefits and expenses against the Plans-those participating plans shall be disbursed. It is the intent of the General Assembly that a this master trust fund be created that provides provide an irrevocable source of funding to be used, to the extent the fund's assets are sufficient, only for death benefits and disability benefits payable to the Plans'-members, participants, and beneficiaries, pursuant to G.S. 120-4.27, G.S. 128-27(1), subsections (12) through (16) of G.S. 128-27, 135-5(1), 135-64(k), and 143-166.60. beneficiaries of the participating plans and reasonable expenses for the administration of the participating plans. The Boards of Trustees of the Teachers' and State Employees' Retirement System and the Local Governmental Employees' Retirement System shall be the trustee of the Benefit Trust.

(b) No Comingling of Funds. – Within the Benefit Trust, the funds of each of the Plans participating plans shall be accounted for separately and not commingled.

(c) Assets. – Assets of one participating plan cannot be used to pay for liabilities of another participating plan within the Benefit Trust. The assets of the trust fund-Benefit Trust shall be used only for the exclusive benefit of persons who are or may be entitled to benefits under the Plans-participating plans. In no event, including dissolution, will the shall any assets of the trust fund-Benefit Trust be distributed to any entity that is not a state, a political subdivision of a state, or another entity the income of which is excludable from its gross income by application of section 115(1) of the Internal Revenue Code. The assets of the Benefit Trust are not subject to the claims of creditors of the employers and non-employers any of the following:

(1) An employer or nonemployer making contributions to the Trust, are not subject to the claims of any creditors of the Trust, trustees, and administrators, and are not subject to the claims of creditors of members, participants, and beneficiaries. Benefit Trust.

(2) A trustee or administrator of the Benefit Trust.

(3) A member.

(4) Participants or beneficiaries of any participating plan.

(d) Contributions. – Employer and non employer nonemployer contributions to the North Carolina Teachers' and State Employees' Benefit Trust and earnings on those contributions are irrevocable.

"§ 135-155. Death Benefit Plan established.

(a) Death Benefit Plan. Plan for State Employees and Retirees. – There is hereby created a Group Life Insurance Plan (hereinafter called the "Plan") which is established as the Death Benefit Plan for State Employees and Retirees, a group life insurance plan that is 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. System.

(b) Benefit Trust. – The Death Benefit Plan shall be part of the North Carolina Teachers' and State Employees' Benefit Trust, as established under G.S. 135-7(g). Trust. All receipts, transfers, appropriations, contributions, investment earnings, and other income belonging to the Death Benefit Plan shall be deposited in the Benefit Trust. All benefits and expenses against the Death Benefit Plan shall be disbursed from the Benefit Trust.

"§ 135-160. Administration of Death Benefit Plan.

(a) Provisions Applicable. – The Death Benefit Plan is administered by the Board of Trustees. The provisions of the Retirement System pertaining to Administration, G.S. 135-6, and management of funds, G.S. 135-7, are hereby made G.S. 135-6 and G.S. 135-7 are applicable to the Death Benefit Plan.

(b) Effect of Vote Related to Contributory Death Benefit. – No decision of the Board of Trustees related to the Contributory Death Benefit fully contributory death benefit for retirees provided for under this Chapter, Chapter 120, or Chapter 127A of the General Statutes, any of the following shall take effect unless and until this same decision has been made and voted on by the Board of Trustees of the Local Governmental Employees Retirement System. System:

(1) G.S. 120-4.27.

(2) G.S. 135-64.

(3) G.S. 134-166.60.

(c) Rulemaking. – The Board of Trustees may adopt temporary or permanent rules, as necessary, for all aspects of administration of this Article.

"§ 135-165. Death benefit for in-service members.

(a) Eligibility. – A member who is not retired and who has completed at least one full year of membership in the Retirement System is a participant in, and eligible for death benefits under, the Death Benefit Plan in accordance with this section.

(b) Benefits Upon Death While in Service. – If a member eligible for benefits under this section dies while in service, then, upon receipt of proof, proof of the death that is 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 Trustees, a lump sum death benefit amount 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. paid.

(c) ~~Such death~~ Death Benefit Amount. – Subject to a minimum of twenty-five thousand dollars (\$25,000) and to a maximum of fifty thousand dollars (\$50,000), the lump sum death benefit ~~shall be amount payable under this section is equal to the greater of:~~ of the following amounts:

(1) The compensation on which contributions to the Retirement System were made by the member during the calendar year preceding the year in which ~~his~~ the member's death occurs, or occurred.

(2) The greatest compensation on which contributions to the Retirement System 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~~ the member's last day of actual service occurs;
~~subject to a minimum of twenty-five thousand dollars (\$25,000) and to a maximum of fifty thousand dollars (\$50,000) occurred.~~

(d) Members Deemed to be in Service. – For the purpose of the ~~Plan,~~ this section, a member shall be deemed to be in service at the date of ~~his~~ the member's death if ~~his~~ the death occurs within 180 days from the last day of ~~his~~ actual service. service, as determined in accordance with G.S. 135-170.

"§ 135-170. Last day of actual service; death benefit for in-service members.

To determine the last day of actual service for the purposes of the death benefit for in-service members, all of the following apply:

(1) ~~When the employee has not been terminated,~~ Uninterrupted service. – For a member with uninterrupted service, the last day of actual service is the date on which an absent member's sick and annual leave expire, unless the member is on an approved leave of absence and is deemed to be in service under the provisions of G.S. 135-4(h). If a member is deemed to be in service under G.S. 135-4(h), then the last day of actual service is the last day for which the member made a contribution to the Retirement System.

(2) Interrupted service. – All of the following apply to a member whose service has been interrupted:

a. ~~When a member's~~ For a member whose service is interrupted by reason of 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, and the ~~participant member~~ member does not return immediately after that service to employment with a covered employer in ~~this~~ the Retirement System, the last day of actual service is the date on which the participant member was first eligible to be separated or released from his or her involuntary military service.

b. ~~For a period when a member who is on an approved leave of absence,~~ For a member who is on an approved leave of absence, his status with respect to the death benefit ~~will be determined by the provisions of G.S. 135-4(h).~~ but is not deemed to be in service under G.S. 135-4(h), the last day of actual service is either the last day for which the member made a contribution to the Retirement System or the date on which the member's sick and annual leave expired, whichever is later.

c. A member on leave of absence from ~~his~~ a position as a teacher or State employee for the purpose of serving as a member or officer of the North Carolina General Assembly shall be deemed to be in service during sessions of the General Assembly and ~~thereby covered by the provisions of the death benefit.~~ The eligible for the death benefit under G.S. 135-165. The last day of actual service shall be the most recent legislative day of the applicable General Assembly session or the last

day the member performed work as a teacher or State employee, whichever is later. Notwithstanding G.S. 135-165(c), the amount of the death benefit for ~~such a member who is on a leave of absence due to General Assembly service~~ shall be the equivalent of the salary to which the member would have been entitled as a teacher or State employee during the 12-month period immediately prior to the month in which death occurred, ~~not to be less than~~ subject to a minimum of twenty-five thousand dollars (\$25,000) ~~not to exceed~~ and a maximum of fifty thousand dollars (\$50,000).

d. All of the following apply for a member who is either (i) receiving workers' compensation benefits during the period for which the member would have been otherwise eligible to receive short-term benefits or extended short-term benefits under G.S. 135-105 or (ii) a beneficiary under the Disability Income Plan:

1. If the date the member last performed work as a teacher or State employee occurred within 180 days of the date the member died, then the last day of actual service is the last day the member performed that work.

2. If the date the member last performed worked as a teacher or State employee occurred more than 180 days from the date the member died, then that member shall not be deemed in active service for the purposes of G.S. 135-165.

(3) ~~When the employee Terminated service.~~ – For a member whose employment has been terminated, terminated for reasons other than retirement, whether by the employer or the employee, the last day of actual service is the last day the member actually worked-performed work as a teacher or State employee.

"§ 135-175. Fully contributory death benefit for retired members.

(a) Participation and Premiums. – All retired members may elect to participate in the Death Benefit Plan and therefore become eligible to receive death benefits under the Death Benefit Plan in accordance with this section. Elections shall be made prior to death and no later than 60 calendar days from the effective date of the member's retirement. Elections shall be received by the Board of Trustees prior to the death of the retired member. Retired members electing to receive a fully contributory death benefit under the Death Benefit Plan shall continuously pay monthly premiums on a fully contributory basis, as determined by the Board of Trustees, to the Benefit Trust. Premium payments shall be made through retirement allowance deductions or other methods adopted by the Board of Trustees.

(b) Benefits Upon Death. – If a retired member who has elected to receive a fully contributory death benefit under to this section dies, then, upon receipt of ~~proof,~~ proof of the death that is satisfactory to the Board of Trustees in its capacity under this subsection, of the death of a retired member of the Retirement System on or after January 1, 2015, there ~~Trustees,~~ a lump sum death benefit amount shall be paid a death benefit to the person or persons designated by the member or, if not survived by a designated beneficiary, to the deceased retired member's legal representative; provided the retired member has elected, when first eligible, to make, and has continuously made, in advance of the member's death required contributions as determined by the Board of Trustees on a fully contributory basis, through retirement allowance deductions or other methods adopted by the Board of Trustees, to a group death benefit trust fund, the North Carolina Teachers' and State Employees' Benefit Trust, administered by the Board of Trustees Fund and Pension Accumulation Fund paid.

(c) This Death Benefit Amount. – The lump sum death benefit payable under this section shall be a lump sum payment in the amount of one of the following amounts:

(1) If the death occurred on or after the first day of the twenty-fifth month of coverage under this section, the amount payable is ten thousand dollars (\$10,000) upon the completion of 24 months of contributions required under this subsection. Should death occur (\$10,000).

(2) If the death occurred before the completion of 24 months of contributions required under this subsection, the deceased retired member's designated beneficiary or beneficiaries, or legal representative if not survived by a designated beneficiary, shall be paid first day of the twenty-fifth month of coverage under this section, the amount payable is the sum of the retired member's contributions required by this subsection premium payments made in accordance with this section plus interest in an amount to be determined by the Board of Trustees.

"§ 135-180. Death benefits; workers' compensation benefits and Disability Income Plan beneficiaries.

(a) Eligibility. – A member who is a beneficiary of the Disability Income Plan provided for in Article 6 of this Chapter, or a member who is in receipt of Workers' Compensation workers' compensation benefits during the period for which he or she the member would have otherwise been eligible to receive short-term benefits or extended short-term benefits and as provided in G.S. 135-105 benefits under G.S. 135-105 is eligible for death benefits under the Death Benefit Plan in accordance with this section if all of the following criteria are met:

(1) The member is not retired.

(2) The member is not eligible for death benefits under G.S. 135-165.

(3) The member dies on or after 181 days from the last day of his or her actual service the member performed work as a teacher or State employee but prior to the date the workers' compensation benefits or benefits as provided in G.S. 135-105 under the Disability Income Plan would have ended, shall be eligible for group life insurance benefits as provided in this subsection, notwithstanding that the member is no longer an employee or teacher or that the member's death occurs after the eligibility period after active service ended.

(b) Benefits Upon Death. – Upon receipt of proof of the death of a member eligible for benefits under subsection (a) of this section that is satisfactory to the Board of Trustees, a lump sum death benefit amount shall be paid.

(c) Benefit Amount. – The basis of the death benefit payable hereunder under this section shall be the higher of the death benefit computed as above amount calculated in accordance with G.S. 135-165(c) or a the death benefit amount based on compensation used in computing the benefit payable under G.S. 135-105 and G.S. 135-106, as may be adjusted for percentage post-disability increases, all subject to but shall not exceed the maximum dollar limitation as provided above for the death benefit for in-service members under G.S. 135-165.

(d) Exceptions. – A member in receipt of benefits from the Disability Income Plan under the provisions of G.S. 135-112 whose right to a benefit accrued under the former Disability Salary Continuation Plan shall not be covered under the provisions of this paragraph entitled to benefits under the Death Benefit Plan under this Article.

"§ 135-185. Beneficiaries under the Death Benefit Plan.

(a) Designation. – A member shall designate a beneficiary or beneficiaries for each applicable benefit payable under this Article 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.

(b) Benefits Payable. – Each applicable benefit payable under this Article shall be paid to the designated beneficiary or beneficiaries to receive the benefit. If no beneficiaries are

designated or living at the time of the member's death, then the benefit shall be paid to the member's legal representative.

"§ 135-190. Reciprocity of Death Benefit Plan.

(a) Reciprocity of Death Benefit Plan. – Only for the purpose of determining eligibility for the death ~~benefit benefits~~ provided for in ~~subsection (f) of this section, under this Article,~~ membership service standing to the credit of (i) a member of the Legislative Retirement System or the Consolidated Judicial Retirement System or (ii) a retired member of the Legislative Retirement System or the Consolidated Judicial Retirement System whose retirement benefit was suspended upon entrance into membership in the Teachers' and State Employees' Retirement System shall be added to the membership service standing to the credit of a member of the Teachers' and State Employees' Retirement System. ~~However, in the event that a participant or beneficiary is a retired member of the Legislative Retirement System or the Consolidated Judicial Retirement System whose retirement benefit was suspended upon entrance into membership in the Teachers' and State Employees' Retirement System, such membership service standing to the credit of the retired member prior to retirement shall be likewise counted.~~

(b) Prohibitions. – Membership service under this section shall not be counted twice for the same period of time.

"§ 135-195. Accumulated contributions separate.

~~Such death benefit~~ Death benefit amounts payable under this Article shall be payable apart and separate from the payment of the member's accumulated contributions under the Retirement System on his—the member's death pursuant to the provisions of subsection (f) of ~~this section.~~ G.S. 135-5.

"§ 135-200. Benefits disallowed under this Article.

~~In~~ Notwithstanding anything in this Article to the contrary, ~~no event shall a death benefit provided for in G.S. 135-5(f) under this Article shall be paid at the death of a member if a death benefit is paid related to that member under G.S. 135-63.~~

PART II. TECHNICAL RECODIFICATION AND STANDARDIZATION OF THE DEATH BENEFIT PLAN FOR MEMBERS OF THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM

SECTION 4.(a) Article 3 of Chapter 128 of the General Statutes is amended to add a new Part 1 to be entitled "Local Governmental Employees Retirement System" consisting of G.S. 128-21 through G.S. 128-38.29.

SECTION 4.(a1) Article 3 of Chapter 128 of the General Statutes is amended to add a new Part 2 to be entitled "Local Governmental Death Benefit Plan" that consists of the following new sections:

(1) G.S. 128-38.30.

(2) G.S. 128-38.31.

(3) G.S. 128-38.35.

(4) G.S. 128-38.36.

(5) G.S. 128-38.40.

(6) G.S. 128-38.45.

(7) G.S. 128-38.46.

SECTION 4.(b) The caption and the second sentence of G.S. 128-27(l) are recodified as subsection (a) of G.S. 128-38.30.

SECTION 4.(c) The third, fourth, and fifth sentences of the first paragraph of G.S. 128-27(l) are recodified as subsection (b) of G.S. 128-38.30.

SECTION 4.(d) The seventh paragraph of G.S. 128-27(l) is recodified as subsection (a) of G.S. 128-38.31.

SECTION 4.(d1) G.S. 128-28(f1) is recodified as subsection (b) of G.S. 128-38.31.

SECTION 4.(e) The first sentence of the first paragraph of G.S. 128-27(l) is recodified as the first sentence of subsection (a) of G.S. 128-38.35.

SECTION 4.(f) The first sentence of G.S. 128-27(l1) is recodified as the second sentence of subsection (a) of G.S. 128-38.35.

SECTION 4.(g) The first sentence of the second paragraph of G.S. 128-27(l) is recodified as subsection (b) of G.S. 128-38.35.

SECTION 4.(h) The second sentence of the second paragraph of G.S. 128-27(l) is recodified as subsection (c) of G.S. 128-38.35.

SECTION 4.(i) The fourth sentence of the second paragraph of G.S. 128-27(l) is recodified as subsection (d) of G.S. 128-38.35.

SECTION 4.(j) Sub-subdivision a. of subdivision (2) of the sixth paragraph of G.S. 128-27(l) is recodified as subdivision (3) of G.S. 128-38.36.

SECTION 4.(k) Sub-subdivision b. of subdivision (2) of the sixth paragraph of G.S. 128-27(l) is recodified as subdivision (1) of G.S. 128-38.36.

SECTION 4.(l) Sub-subdivision c. of subdivision (2) of the sixth paragraph of G.S. 128-27(l) is recodified as sub-subdivision a. of subdivision (2) of G.S. 128-38.36.

SECTION 4.(m) Subdivision (3) of the sixth paragraph of G.S. 128-27(l) is recodified as sub-subdivision b. of subdivision (2) of G.S. 128-38.36.

SECTION 4.(n) Subdivision (4) of the sixth paragraph of G.S. 128-27(l) is recodified as sub-subdivision c. of subdivision (2) of G.S. 128-38.36.

SECTION 4.(o) The first sentence of the first paragraph of G.S. 128-27(l6) is recodified as subsection (b) of G.S. 128-38.40.

SECTION 4.(p) The second paragraph of G.S. 128-27(l6) is recodified as subsection (c) of G.S. 128-38.40.

SECTION 4.(q) The third sentence of the second paragraph of G.S. 128-27(l) is recodified as G.S. 128-38.46.

SECTION 5.(a) The remainder of subsections (l), (l1), and (l6) of G.S. 128-27 not recodified by Section 4 of this act are repealed.

SECTION 5.(b) Subsections (l2), (l3), (l4), and (l5) of G.S. 128-27 are repealed.

SECTION 6.(a) G.S. 128-21 reads as rewritten:

"§ 128-21. Definitions.

The following ~~words and phrases as used~~ definitions apply in this Article, unless a different meaning is plainly required by the ~~context, shall have the following meanings:~~ context:

...

(6a) "Benefit Trust" means the North Carolina Teachers' and State Employees' Benefit Trust under G.S. 135-154.

...

(8a) "Death Benefit Plan" means the Local Governmental Death Benefit Plan established under Part 2 of this Article.

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

...."

SECTION 6.(b) Part 2 of Article 3 of Chapter 128 of the General Statutes, as created by Section 4 of this act, reads as rewritten:

"Part 2. Local Governmental Death Benefit Plan.

"§ 128-38.30. Death Benefit Plan established.

(a) Death Benefit Plan. – There is ~~hereby created a Group Life Insurance Plan (hereinafter called the "Plan") which is established as the Local Governmental Death Benefit Plan, a group life insurance plan that is 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. System.

(b) Benefit Trust. – The Death Benefit Plan shall be part of the North Carolina Teachers' and State Employees' Benefit Trust, as established under G.S. 135-7(g). Trust. All receipts, transfers, appropriations, contributions, investment earnings, and other income belonging to the Death Benefit Plan shall be deposited in the Benefit Trust. All benefits and expenses against the Death Benefit Plan shall be disbursed from the Benefit Trust.

"§ 128-38.31. Administration of Death Benefit Plan.

(a) Provisions Applicable. – The Death Benefit Plan is administered by the Board of Trustees. The provisions of the Retirement System pertaining to administration, G.S. 128-28, and management of funds, G.S. 128-29, are hereby made G.S. 128-28 and G.S. 128-29 are applicable to the Death Benefit Plan.

(b) Effect of Vote Related to Contributory Death Benefit. – No decision of the Board of Trustees related to the Contributory Death Benefit fully contributory death benefit for retirees provided for under this Article-Part shall take effect unless and until this same decision has been made and voted on by the Board of Trustees of the Teachers' and State Employees' Retirement System.

(c) Rulemaking. – The Board of Trustees may adopt temporary or permanent rules, as necessary, for all aspects of administration of this Part.

"§ 128-38.35. Death benefit for in-service members.

(a) The provisions of this subsection shall become effective for any employer only after Participation. – Benefits under this section are only available to an otherwise eligible in-service member if that member's employer has opted to participate in the Death Benefit Plan or if the member is a law enforcement officer. All of the following apply:

(1) If an employer elects to participate in the Death Benefit Plan with regards to in-service members who are not law enforcement officers employed by the employer, then an agreement to that effect has been shall be executed by the employer and the Executive Director of the Retirement System. Under all requirements and conditions as otherwise provided for in subsection (1) of this section, except for the requirement that the provisions are effective only after an agreement has been executed by the employer and the Executive Director of the Retirement Systems Division, Participation in, and eligibility for death benefits under, the Death Benefit Plan in accordance with this section shall be begin only after this agreement has been executed.

(2) Employers are required to participate in the Death Benefit Plan with regard to all law enforcement officers employed by the employer who are members of the Retirement System shall participate and be eligible for group life insurance benefits under the Group Life Insurance Plan, and employers shall fund the cost of these benefits.

(a1) Eligibility. – Subject to employer participation in the Death Benefit Plan for members who are not law enforcement officers, a member who has not retired and who has completed at least one full year of membership in the Retirement System is a participant in, and eligible for the death benefits under, the Death Benefit Plan in accordance with this section.

(b) Benefits Upon Death While in Service. – If a member eligible for benefits under this section dies while in service, then, upon receipt of proof, proof of the death that is 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 Trustees, a lump sum death benefit amount 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 paid.

(c) ~~Such death~~ Death Benefit Amount. – Subject to a minimum of twenty-five thousand dollars (\$25,000) and to a maximum of fifty thousand dollars (\$50,000), the lump sum death benefit ~~shall be amount payable under this section is equal to the greater of:~~ of the following amounts:

(1) The compensation on which contributions to the Retirement System were made by the member during the calendar year preceding the year in which ~~his the member's death occurs, or occurred.~~

(2) The greatest compensation on which contributions to the Retirement System 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 the member's last day of actual service occurs;~~ subject to a minimum of twenty five thousand dollars (\$25,000) and a maximum of fifty thousand dollars (\$50,000). ~~occurred.~~

(d) Members Deemed to be in Service. – For the purpose of the Plan, ~~section,~~ a member shall be deemed to be in service at the date of ~~his the member's death if his the death occurs~~ within 180 days from the last day of ~~his actual service.~~ service, as determined in accordance with G.S. 128-38.36.

"§ 128-38.36. Last day of actual service; death benefit for in-service members.

To determine the last day of actual service for the purposes of a death benefit for in-service members, all of the following apply:

(1) ~~When the employee has not been terminated,~~ Uninterrupted service. – For members with uninterrupted service, the last day of actual service is the date on which an absent member's sick and annual leave ~~expire, expire unless the member is on an approved leave of absence and is deemed to be in service under G.S. 128-26(g).~~ If a member is deemed to be in service under G.S. 128-26(g), then the last day of actual service is the last day for which the member made a contribution to the Retirement System.

(2) Interrupted service. – All of the following apply to a member whose service has been interrupted:

a. ~~When a member's~~ For a member whose service is interrupted by reason of 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, and the ~~participant member~~ does not return immediately after that service to employment with a covered employer in ~~this the Retirement System,~~ the last day of actual service is the date on which the ~~participant member~~ was first eligible to be separated or released from his or her involuntary military service.

b. For ~~a period when~~ a member who is on an approved leave of absence, ~~his status with respect to the death benefit will be determined by the provisions of G.S. 128-26(g).~~ but who is not deemed to be in service under G.S. 128-26(g), the last day of actual service is either the last day for which the member made a contribution to the Retirement System or the date on which the member's sick and annual leave expired, whichever is later.

c. A member on leave of absence from ~~his a~~ position as a local governmental employee for the purpose of serving as a member or officer of the North Carolina General Assembly shall be deemed to be in service during sessions of the General Assembly and ~~thereby covered by the provisions of the death benefit, if applicable. The~~

1 eligible for the death benefit under G.S. 128-38.35. The last day of
2 actual service shall be the most recent legislative day of the applicable
3 General Assembly session or the last day the member performed work
4 as a local governmental employee, whichever is later. Notwithstanding
5 G.S. 128-38.35(c), the amount of the death benefit for such a member
6 who is on a leave of absence due to General Assembly service shall be
7 the equivalent of the salary to which the member would have been
8 entitled as a local governmental employee during the 12-month period
9 immediately prior to the month in which death occurred, ~~not to be less~~
10 ~~than~~ subject to a minimum of twenty-five thousand dollars (\$25,000)
11 ~~nor to exceed~~ and a maximum of fifty thousand dollars (\$50,000).

- 12 (3) ~~When the employee Terminated service.~~ – For a member whose employment
13 has been ~~terminated~~, terminated for reasons other than retirement, whether by
14 the employer or the employee, the last day of actual service is the last day the
15 member actually worked/performed work as a local governmental employee.

16 **"§ 128-38.40. Fully contributory death benefit for retired members.**

17 (a) Participation and Premiums. – All retired members may elect to participate in the
18 Death Benefit Plan and therefore become eligible to receive death benefits under the Death
19 Benefit Plan in accordance with this section. Elections shall be made prior to death and no later
20 than 60 calendar days from the effective date of the member's retirement. Elections shall be
21 received by the Board of Trustees prior to the death of the retired member. Retired members
22 electing to receive a fully contributory death benefit under the Death Benefit Plan shall
23 continuously pay monthly premiums on a fully contributory basis, as determined by the Board
24 of Trustees, to the North Carolina Teachers' and State Employees' Benefit Trust established under
25 G.S. 135-7(g). Premium payments shall be made through retirement allowance deductions or
26 other methods adopted by the Board of Trustees.

27 (b) Benefits Upon Death. – If a retired member who has elected to receive a fully
28 contributory death benefit under this section dies, then, upon receipt of ~~proof~~, proof of the death
29 that is satisfactory to the Board of Trustees in its capacity under this subsection, of the death of
30 a retired member of the Retirement System on or after January 1, 2015, there ~~Trustees~~, a lump
31 sum death benefit amount shall be paid a death benefit to the person or persons designated by the
32 member or, if not survived by a designated beneficiary, to the deceased retired member's legal
33 representative; provided the retired member has elected, when first eligible, to make, and has
34 continuously made, in advance of the member's death required contributions as determined by
35 the Board of Trustees on a fully contributory basis, through retirement allowance deductions or
36 other methods adopted by the Board of Trustees, to a group death benefit trust fund, the North
37 Carolina Teachers' and State Employees' Benefit Trust, administered by the Board of Trustees
38 separate and apart from the Retirement System's Annuity Savings Fund and Pension
39 Accumulation Fund paid.

40 (c) ~~The Death Benefit Amount.~~ – The lump sum death benefit payable under this
41 subsection ~~section~~ shall be a lump sum payment in the amount of one of the following amounts:

- 42 (1) If the death occurred on or after the first day of the twenty-fifth month of
43 coverage under this section, then the amount payable is ten thousand dollars
44 (\$10,000) upon the completion of 24 months of contributions required under
45 this subsection. Should death occur (\$10,000).
46 (2) If the death occurred before the completion of 24 months of contributions
47 required under this subsection, the deceased retired member's designated
48 beneficiary or beneficiaries, or legal representative if not survived by a
49 designated beneficiary, shall be paid first day of the twenty-fifth month of
50 coverage under this section, then the amount payable is the sum of the retired
51 member's contributions required by this subsection premium payments made

in accordance with this section plus interest in an amount to be determined by the Board of Trustees.

"§ 128-45. Beneficiaries under the Death Benefit Plan.

(a) Designation. – A member shall designate a beneficiary or beneficiaries for each applicable benefit payable under this Part 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.

(b) Benefits Payable. – Each applicable benefit payable under this Part shall be paid to the designated beneficiary or beneficiaries to receive the benefit. If no beneficiaries are designated or living at the time of the member's death, then the benefit shall be paid to the member's legal representative.

"§ 128-38.46. Accumulated contributions separate.

~~Such death benefit~~ Death benefit amounts payable under this Part shall be payable apart and separate from the payment of the member's accumulated contributions under the Retirement System on ~~his~~ the member's death pursuant to the provisions of ~~subsection (f) of this section.~~ G.S. 128-27(f)."

PART III. STANDARDIZATION OF DEATH BENEFITS FOR MEMBERS OF THE CONSOLIDATED JUDICIAL RETIREMENT SYSTEM

SECTION 7.(a) G.S. 135-53 is amended by adding a new subdivision to read:

"(3a) "Benefit Trust" means the North Carolina Teachers' and State Employees' Benefit Trust under G.S. 135-154."

SECTION 7.(b) G.S. 135-52 is amended by adding a new subsection to read:

"(c) Fully contributory death benefits under this Article are established as a group life insurance plan that is an employee welfare benefit plan that is separate and apart from the Retirement System and administered by the Board of Trustees. Fully contributory death benefits for retirees under this Article are part of the Benefit Trust. All receipts, transfers, appropriations, contributions, investment earnings, and other income associated with the fully contributory death benefits for retirees under this Article shall be deposited in the Benefit Trust. All benefits and expenses against the fully contributory death benefits for retirees under this Article shall be disbursed from the Benefit Trust."

SECTION 7.(c) Subsections (b) and (d) of G.S. 135-63 are repealed.

SECTION 7.(d) G.S. 135-63, as amended by subsection (c) of this section, reads as rewritten:

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

(a) Upon-In-Service Benefit. – If a member who has completed at least one year of membership service dies while in service, then, upon receipt of ~~proof,~~ proof of the death that is satisfactory to the Board of Trustees, ~~of the death of a member in service, there shall be paid in~~ a lump sum death benefit shall be paid to such person as the beneficiary or beneficiaries that the member shall have nominated ~~designated~~ 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~~ Trustees. If no beneficiaries are designated or living at the time of the member's death, ~~otherwise~~ then the death benefit shall be paid to the member's legal representatives, a representative. The amount of the death benefit payable under this subsection is 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 compensation, unless a member's surviving spouse who survives him or her, and if the spouse so elects, is eligible for and elects to receive a survivor's~~ alternate benefit under subsection (a1) of this section.

(a1) Survivor's Alternate Benefit. – The surviving spouse of a member who was age 50 or older with at least five years of membership service at the time of death may elect a survivor's alternate benefit. If the surviving spouse elects a survivor's alternate benefit, then the lump-sum death benefit provided for herein under subsection (a) of this section 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 monthly. The monthly payments shall commence on the first day of the calendar month coinciding with or next following the death of the member and shall be continued member. All of the following apply to the survivor's alternate benefit:

(1) The survivor's alternate benefit shall continue on the first day of each month thereafter until the remarriage or death of the spouse.

(2) The amount of any such the survivor's alternate benefit 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) 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.

(3) If the retirement allowance to the spouse shall terminate-terminates 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, then the excess of such-those 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 beneficiary or beneficiaries the member shall have nominated-designated 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 Trustees. If no beneficiary is designated or living at the time such payment falls due, otherwise the lump sum payment becomes due under this subdivision, then the lump sum payment shall be made to the former member's legal representatives.

...

(c) Not in Service Benefit. – Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a member not in service, there shall be paid in a lump sum to such person as the beneficiary that the member shall have nominated-designated 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 Trustees. If no beneficiary is designated or living at the time of the member's death, otherwise the lump sum death benefit shall be paid to the member's legal representatives, a-representatives. The lump sum death benefit payable under this subsection is equal to the member's accumulated contributions.

...."

SECTION 7.(e) Subsections (f) through (j) of G.S. 135-64 are repealed.

SECTION 7.(f) G.S. 135-64, as amended by subsection (e) of this section, reads as rewritten:

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

(a) In the event of the death of If a former member while in receipt of dies after a service retirement allowance pursuant to his retirement under the provisions of G.S. 135-57, G.S. 135-57 or after a-the former member's sixty-fifth birthday while in receipt of a retirement allowance pursuant to his retirement under the provisions of after a disability retirement under G.S. 135-59, then there shall be paid to the former member's surviving spouse, if any, an annual retirement allowance, payable monthly, which monthly. The monthly payments shall commence on the first day of the calendar month next following the date of death of the former member and shall be

1 continued on the first day of each month thereafter until the remarriage or death of the spouse.
2 The amount of ~~any such~~ the retirement allowance under this subsection shall be equal to one half
3 of the allowance that was payable to the former member for the month immediately prior to ~~his~~
4 the member's month of death, or which that would have been ~~so~~ payable had an optional mode
5 of payment not been elected under the provisions of G.S. 135-61, reduced by two percent (2%)
6 thereof for each full year, if any, by which the age of the former member at date of death exceeds
7 that of ~~his~~ the spouse.

8 (b) ~~In the event of the death of~~ If a former member dies prior to his ~~the former member's~~
9 ~~sixty-fifth birthday while in receipt of a~~ after a disability retirement allowance pursuant to his
10 ~~retirement under the provisions of G.S. 135-59, then~~ there shall be paid to the former member's
11 surviving spouse, if any, an annual retirement allowance, payable ~~monthly, which~~ monthly. The
12 monthly payments shall commence on the first day of the calendar month next following the date
13 of death of the former member and shall be continued on the first day of each month thereafter
14 until the remarriage or death of the spouse. The amount of ~~any such~~ the retirement allowance
15 under this subsection shall be equal to one half of the allowance to which the former member
16 would have been entitled under the provisions of G.S. 135-58 if ~~he~~ the member had remained in
17 service from ~~his~~ the disability retirement date to ~~his~~ the date of death with no change in ~~his~~ the
18 former member's final compensation or status and had then retired, reduced by two percent (2%)
19 thereof for each full year, if any, by which the age of the former member at date of death exceeds
20 that of his the spouse.

21 (c) ~~In the event of the death of~~ If a former member dies while in receipt of a retirement
22 allowance under ~~the provisions of G.S. 135-58, 135-60, or 135-61, and if such that~~ former
23 member is not survived by a spouse to whom a retirement allowance is payable under the
24 provisions of subsection (a) or subsection (b) ~~above, of this section~~ nor survived by a beneficiary
25 to whom a monthly survivorship benefit is payable under one of the optional modes of payment
26 under G.S. 135-61, ~~then~~ there shall be paid ~~to such person as a lump sum death benefit to the~~
27 beneficiary that the member shall have nominated ~~designated~~ by electronic submission in a form
28 approved by the Board of Trustees or by written designation duly acknowledged and filed with
29 the Board of Trustees, ~~if such person is~~ Trustees. If no beneficiary is designated or living at the
30 time of the member's death, otherwise then the lump sum death benefit shall be paid to the
31 member's legal representatives, a representative. The lump sum death benefit payable under this
32 subsection shall be equal to the excess, if any, of the accumulated contributions of the member
33 at his the member's date of retirement over the total of the retirement allowances paid to him the
34 member prior to his death.

35 (d) ~~In the event that~~ If a retirement allowance becomes payable to the spouse of a former
36 member under the provisions of subsection (a) or subsection (b) above, of this section or to the
37 designated survivor of a former member under one of the optional modes of payment under
38 G.S. 135-61, and ~~such that~~ retirement allowance ~~to the spouse shall terminate~~ terminated on the
39 remarriage or death of the ~~spouse, or on the death of spouse or the designated survivor, survivor~~
40 before the total of the retirement allowances paid to the former member and ~~his~~ the spouse or the
41 designated survivor combined equals the amount of the member's accumulated contributions at
42 ~~his~~ the member's date of retirement, then the excess of ~~such those~~ accumulated contributions over
43 the total of the retirement allowances paid to the former member and ~~his~~ the spouse or the
44 designated survivor combined shall be paid in a lump sum to ~~such person as the beneficiary that~~
45 the member shall have nominated ~~designated~~ by electronic submission in a form approved by the
46 Board of Trustees or by written designation duly acknowledged and filed with the Board of
47 Trustees, ~~if such person~~ Trustees. If no beneficiary is designated or is living at the time such
48 payment under this subsection falls due, otherwise then the lump sum shall be paid to the former
49 member's legal representatives.

50 (e) ~~In the event of the death of~~ If a retired former judge dies while in receipt of a
51 retirement allowance under ~~the provisions of G.S. 135-58(d), then~~ there shall be paid to the

former judge's surviving spouse, if any, an annual retirement allowance payable ~~monthly, which~~
monthly. The monthly payments shall commence on the first day of the calendar month next
following the date of death of the former judge 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 the~~
retirement allowance under this subsection shall be equal to one half of the allowance that was
payable to the former judge for the month immediately prior to ~~his the~~ month of death, reduced
by two percent (2%) thereof for each full year, if any, by which the age of the former judge at
date of death exceeds that of ~~his the~~ spouse.

...

(k) ~~Upon the death of a retired member on or after January 1, 2015, there~~ All retired
members may elect to participate in the fully contributory death benefit for retirees. All of the
following apply to the fully contributory death benefit for retirees:

(1) Elections to participate in the fully contributory death benefit for retirees shall
be made prior to the member's death and no later than 60 calendar days from
the effective date of the member's retirement. Elections shall be received by
the Board of Trustees prior to the death of the retired member.

(2) Retired members electing to receive a fully contributory death benefit under
this subsection shall continuously pay monthly premiums on a fully
contributory basis, as determined by the Board of Trustees. Premium
payments shall be made through retirement allowance deductions or other
methods adopted by the Board of Trustees.

(3) If a retired member who has elected to receive a fully contributory death
benefit under this subsection dies, then, upon receipt of proof of death that is
satisfactory to the Board of Trustees, a lump sum death benefit amount shall
be paid a death benefit to the person or persons beneficiary or beneficiaries
designated by the member or, if not survived by a designated beneficiary,
member. If no beneficiary is designated or living, then the death benefit shall
be paid to the deceased retired member's legal representative; provided the
retired member has elected, when first eligible, to make, and has continuously
made, in advance of the member's death required contributions as determined
by the Board of Trustees on a fully contributory basis, through retirement
allowance deductions or other methods adopted by the Board of Trustees, to
a group death benefit trust fund, the North Carolina Teachers' and State
Employees' Benefit Trust, administered by the Board of Trustees separate and
apart from the Retirement System's Annuity Savings Fund and Pension
Accumulation Fund. 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.~~representative.~~

(4) The amount of the lump sum fully contributory death benefit payable under
this subsection shall be a lump sum payment in the amount of is one of the
following:

a. If the death occurred on or after the first day of the twenty-fifth month
of coverage under this subsection, then the amount payable is ten
thousand dollars (\$10,000) upon the completion of 24 months of

contributions required under this subsection. Should death occur (\$10,000).

- b. If the death occurred before the completion of 24 months of contributions required under this subsection, the deceased retired member's designated beneficiary or beneficiaries, or legal representative if not survived by a designated beneficiary, shall be paid first day of the twenty-fifth month of coverage under this subsection, then the amount payable is the sum of the retired member's contributions required by this subsection premium payments made in accordance with this subsection plus interest in an amount to be determined by the Board of Trustees."

PART IV. STANDARDIZATION OF DEATH BENEFITS FOR MEMBERS OF THE LEGISLATIVE RETIREMENT SYSTEM

SECTION 8.(a) G.S. 120-4.8 is amended by adding a new subdivision to read:

"(4d) Benefit Trust. – The North Carolina Teachers' and State Employees' Benefit Trust under G.S. 135-154."

SECTION 8.(b) G.S. 120-4.10 reads as rewritten:

"§ 120-4.10. Administration of retirement system.Article.

(a) The Board of Trustees of the Teachers' and State Employees' Retirement System shall be the trustee of the Retirement System. The provisions of this Article shall be administered by the Board of Trustees.

(b) Fully contributory death benefits under this Article are established as a group life insurance plan that is an employee welfare benefit plan that is separate and apart from the Retirement System and administered by the Board of Trustees. Fully contributory death benefits for retirees under this Article are part of the Benefit Trust. All receipts, transfers, appropriations, contributions, investment earnings, and other income associated with the fully contributory death benefits for retirees under this Article shall be deposited in the Benefit Trust. All benefits and expenses against the fully contributory death benefits for retirees under this Article shall be disbursed from the Benefit Trust."

SECTION 8.(c) G.S. 120-4.26A reads as rewritten:

"§ 120-4.26A. Benefits on death after retirement.

(a) ~~In the event of the death of~~ If a retired member dies while in receipt of a retirement allowance under the provisions of this Article, there a lump sum death benefit shall be paid to such person or persons as the beneficiary that the retiree shall have nominated-designated 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 or persons-Trustees. If no beneficiary or beneficiaries are designated or are living at the time of the retiree's death, otherwise then the lump sum death benefit shall be paid to the retiree's legal representatives, a representative. The lump sum death benefit payable under this subsection is equal to the excess, if any, of the accumulated contributions of the retiree at the date of retirement over the total of the retirement allowances paid prior to the death of the retiree.

(b) ~~In the event that~~ If a retirement allowance becomes that became payable to the designated survivor of a retired member under the provisions of G.S. 120-4.26 and such retirement allowance to the survivor shall terminate-terminates upon the death of the survivor before the total of the retirement allowances paid to the retiree and the designated survivor combined equals the amount of the accumulated contributions of the retiree at the date of retirement, then the excess, if any, excess of such those accumulated contributions over the total of the retirement allowances paid to the retiree and the survivor combined shall be paid in a lump sum to such person or persons as the beneficiary that the retiree shall have nominated-designated 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 or persons are Trustees. If no beneficiary is designated or living at the time such payment falls due, otherwise the lump sum payment becomes due under this subsection, then the payment shall be made to the retiree's legal representative."

SECTION 8.(d) G.S. 120-4.27 reads as rewritten:

"§ 120-4.27. **Death benefit while in service; fully contributory death benefit for retirees.**

(a) 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). 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 Retirement 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.

The death benefit provided by this section shall be designated a group life insurance benefit payable under an employee welfare benefit plan that is separate and apart from the Retirement System but under which the members of the Retirement System shall participate and be eligible for group life insurance benefits. The Board of Trustees is authorized to provide the death benefit in the form of group life insurance either by purchasing a contract or contracts of group life insurance with any life insurance company or companies licensed and authorized to transact business in the State of North Carolina for the purpose of insuring the lives of qualified members in service, or by establishing or affiliating with a separate trust fund.

Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a retired member of the Retirement System or Retirement Fund on or after July 1, 1988, but before January 1, 1999, there shall be paid a death benefit to the surviving spouse of a deceased retired member, or to the deceased retired member's legal representative if not survived by a spouse; provided the retired member has elected, when first eligible, to make, and has continuously made, in advance of his death required contributions as determined by the Retirement System on a fully contributory basis, through retirement allowance deductions or other methods adopted by the Retirement System, to a group death benefit trust fund administered by the Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump sum payment in the amount of five thousand dollars (\$5,000) upon the completion of twenty four months of contributions required under this subsection. Should death occur before the completion of twenty four months of contributions required under this subsection, the deceased retired member's surviving spouse or legal representative if not survived by a spouse shall be paid the sum of the retired member's contributions required by this subsection plus interest to be determined by the Board of Trustees.

Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a retired member of the Retirement System or Retirement Fund on or after January 1, 1999, but before July 1, 2004, there shall be paid a death benefit to the surviving spouse of a deceased retired member, or to the deceased retired member's legal representative if not survived by a spouse; provided the retired member has elected, when first eligible, to make, and has continuously made, in advance of his death required contributions as determined by the Retirement System on a fully contributory basis, through retirement allowance deductions or other methods adopted by the Retirement System, to a group death benefit trust fund administered by the Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump sum payment in the amount of six thousand dollars (\$6,000) upon the completion of 24 months of contributions required under this

subsection. Should death occur before the completion of 24 months of contributions required under this subsection, the deceased retired member's surviving spouse or legal representative if not survived by a spouse shall be paid the sum of the retired member's contributions required by this subsection plus interest to be determined by the Board of Trustees.

Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a retired member of the Retirement System or Retirement Fund on or after July 1, 2004, but before July 1, 2007, there shall be paid a death benefit to the surviving spouse of a deceased retired member, or to the deceased retired member's legal representative if not survived by a spouse; provided the retired member has elected, when first eligible, to make, and has continuously made, in advance of his death required contributions as determined by the Retirement System on a fully contributory basis, through retirement allowance deductions or other methods adopted by the Retirement System, to a group death benefit trust fund administered by the Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump sum payment in the amount of nine thousand dollars (\$9,000) upon the completion of 24 months of contributions required under this subsection. Should death occur before the completion of 24 months of contributions required under this subsection, the deceased retired member's surviving spouse or legal representative if not survived by a spouse shall be paid the sum of the retired member's contributions required by this subsection plus interest to be determined by the Board of Trustees.

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

Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a retired member of the Retirement System or Retirement Fund on or after January 1, 2015, there

(b) All retired members may elect to participate in a fully contributory death benefit for retirees. All of the following apply to the fully contributory death benefit for retirees:

(1) Elections to participate in the fully contributory death benefit for retirees shall be made prior to the member's death and no later than 60 calendar days from the effective date of the member's retirement. Elections shall be received by the Board of Trustees prior to the death of the retired member.

(2) Retired members electing to receive a fully contributory death benefit under this subsection shall continuously pay monthly premiums on a fully contributory basis, as determined by the Board of Trustees. Premium payments shall be made through retirement allowance deductions or other methods adopted by the Board of Trustees.

(3) If a retired member who has elected to receive a fully contributory death benefit under this subsection dies, then, upon receipt of proof of the death that is satisfactory to the Board of Trustees, a lump sum death benefit amount shall be paid a death benefit to the person or persons beneficiary or beneficiaries

designated by the member or, if not survived by a designated beneficiary, member. If no beneficiary is designated or living, then the death benefit shall be paid to the deceased retired member's legal representative; provided the retired member has elected, when first eligible, to make, and has continuously made, in advance of the member's death required contributions as determined by the Retirement System on a fully contributory basis, through retirement allowance deductions or other methods adopted by the Retirement System, to a group death benefit trust fund, the North Carolina Teachers' and State Employees' Benefit Trust, administered by the Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. 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 representative.

(4) A member shall designate a beneficiary or beneficiaries for the death benefit payable under this subsection 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.

(5) The amount of the lump sum fully contributory death benefit payable under this subsection shall be a lump sum payment in the amount of is one of the following:

a. If the death occurred on or after the first day of the twenty-fifth month of coverage under this subsection, then the amount payable is ten thousand dollars (\$10,000) upon the completion of 24 months of contributions required under this subsection. Should death occur (\$10,000).

b. If the death occurred before the completion of 24 months of contributions required under this subsection, the deceased retired member's designated beneficiary or beneficiaries, or legal representative if not survived by a designated beneficiary, shall be paid first day of the twenty-fifth month of coverage under this subsection, then the amount payable is the sum of the retired member's contributions required by premium payments made in accordance with this subsection plus interest in an amount to be determined by the Board of Trustees."

PART V. TECHNICAL AND CONFORMING CHANGES RELATED TO RECODIFICATION AND STANDARDIZATION

SECTION 9.(a) G.S. 135-5(m) reads as rewritten:

"(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the beneficiary designated to receive a return of accumulated contributions shall have the right to elect to receive in lieu thereof the reduced retirement allowance provided by Option 2 of subsection (g) above of this section computed by assuming that the member had retired on the first day of the month following the date of the member's death, provided that all four of the following conditions apply:

...

For the purpose of this benefit, a member is considered to be in service at the date of ~~his-the~~ member's death if ~~his-the~~ death occurs within 180 days from the last day of ~~his-the~~ member's actual service. The last day of actual service shall be determined as provided in ~~subsection (l) of this section.~~ G.S. 135-170. Upon the death of a member in service, the surviving spouse may make all purchases for creditable service as provided for under this ~~Chapter~~ Article for which the member had made application in writing prior to the date of death, provided that the date of death occurred prior to or within 60 days after notification of the cost to make the purchase. The term "in service" as used in this subsection includes a member in receipt of a benefit under the Disability Income Plan as provided in Article 6 of this Chapter.

...."

SECTION 9.(b) G.S. 128-27(m) reads as rewritten:

"(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the beneficiary designated to receive a return of accumulated contributions shall have the right to elect to receive in lieu thereof the reduced retirement allowance provided by Option two of subsection (g) ~~above~~ of this section computed by assuming that the member had retired on the first day of the month following the date of the member's death, provided that all four of the following conditions apply:

...

For the purpose of this benefit, a member is considered to be in service at the date of ~~his-the~~ member's death if ~~his-the~~ death occurs within 180 days from the last day of ~~his-the~~ member's actual service. The last day of actual service shall be determined as provided in ~~subsection (l) of this section.~~ G.S. 128-38.36. Upon the death of a member in service, the surviving spouse may make all purchases for creditable service as provided for under this Chapter for which the member had made application in writing prior to the date of death, provided that the date of death occurred prior to or within 60 days after notification of the cost to make the purchase.

...."

SECTION 10.(a) G.S. 135-3(c) reads as rewritten:

"(c) Members who are participating in an intergovernmental exchange of personnel under the provisions of Article 10 of Chapter 126 may retain their membership status and receive all benefits provided by this Chapter during the period of the exchange provided the requirements of Article 10 of Chapter 126 are ~~met; provided further, that a~~ met. A member participating in an intergovernmental exchange of personnel under Article 10 of Chapter 126 shall, notwithstanding whether the member and the member's employer are making contributions to the member's account during the exchange period, be entitled to the death benefit and, if applicable, benefits under the Death Benefit Plan under Article 8 of this Chapter, if the member otherwise qualifies under the provisions of this ~~Article and provided further Article,~~ except that no duplicate benefits shall be paid."

SECTION 10.(b) G.S. 128-24(6) reads as rewritten:

"(6) Employees of a sending agency participating in an intergovernmental exchange of personnel under the provisions of Article 10 of Chapter 126 shall remain members entitled to all benefits of the Retirement System provided that the requirements of Article 10 of Chapter 126 are ~~met; provided further, that a~~ met. A member may retain membership status while serving as an assigned employee or employee on leave under the provisions of Article 10 of Chapter 126 for purposes of receiving the death benefit and, if applicable, benefits under the Death Benefit Plan regardless of whether ~~he and his~~ the member and the member's employer are contributing to ~~his-the~~ member's account during the exchange ~~period~~ period, except that no duplicate benefits shall be paid."

SECTION 11.(a) G.S. 135-8(f) reads as rewritten:

"(f) Collection of Contributions. – The following ~~shall apply~~ apply to the collection of ~~contributions;~~ contributions under this Chapter:

...."

SECTION 11.(b) G.S. 128-30(g) reads as rewritten:

"(g) Collection of Contributions. – The following ~~shall apply apply~~ to the collection of ~~contributions; contributions under this Article:~~

...."

SECTION 12.(a) G.S. 143-166.60(b) reads as rewritten:

"(b) The Boards of Trustees of the Teachers' and State Employees' Retirement System and the Local Governmental Employees' Retirement System shall jointly administer the ~~Plan and~~ shall, under the terms and conditions otherwise appearing in this Article, provide Plan benefits either (i) by establishing a separate trust fund or, (ii) by causing the Plan to affiliate with a master trust, Plan. The Separate Insurance Benefits Plan is part of the North Carolina Teachers' and State Employees' Benefits Trust, providing the same benefits for participants. 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, participants' estates, and persons named by the participant to receive the benefit. 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 participants. Benefit Trust assets may be used for reasonable expenses to administer benefits provided by the Fund as approved by the Board of Trustees. Benefit Trust established under G.S. 135-154. All receipts, transfers, appropriations, contributions, investment earnings, and other income belonging to the Separate Insurance Benefits Plan shall be deposited in the Benefit Trust. All benefits and expenses against the Separate Insurance Benefits Plan for retirees shall be disbursed from the Benefit Trust."

SECTION 12.(b) G.S. 143-166.70(5) is expired.

PART VI. SURVIVOR'S ALTERNATE BENEFIT CHANGES

SECTION 13.(a) G.S. 135-5(m)(1) expires June 30, 2025.

SECTION 13.(b) G.S. 135-5(m), as amended by Section 9(a) of this act, reads as rewritten:

"(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the beneficiary designated to receive a return of accumulated contributions shall have the right to elect to receive in lieu thereof the reduced retirement allowance provided by Option 2 of subsection (g) of this section computed by assuming that the member had retired on the first day of the month following the date of the member's death, provided that all ~~four~~ of the following conditions apply:

...

(1a) The member falls into one of the following categories:

- a. The member had attained the minimum age, creditable service amount, or combination of both necessary to be eligible to commence retirement with an early or service retirement allowance.
- b. The member had completed at least five years of membership service, in which case the retirement allowance shall be computed in accordance with G.S. 135-5(b21)(1)c. or G.S. 135-5(b21)(2)c., whichever is applicable, notwithstanding any age or service requirements. In no case shall the retirement allowance under this sub-subdivision be less than the actuarial equivalent of the return of accumulated contributions, computed using the beneficiary's age as of the first day of the month following the date of the member's death.

(2) At the time of the member's death, one and only one beneficiary is eligible to receive a return of ~~his~~ the member's accumulated contributions.

(3) The member had not instructed the Board of Trustees in writing that ~~he~~ the member did not wish the provisions of this subsection to apply.

(4) The member had not commenced to receive a retirement allowance as provided under this Chapter.

...."

SECTION 13.(c) Subsection (b) of this section is effective July 1, 2025, and applies to member deaths occurring on or after that date.

SECTION 14.(a) G.S. 128-27(m)(1) expires on June 30, 2025.

SECTION 14.(b) G.S. 128-27(m), as amended by Section 9(b) of this act, reads as rewritten:

"(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the beneficiary designated to receive a return of accumulated contributions shall have the right to elect to receive in lieu thereof the reduced retirement allowance provided by Option two of subsection (g) of this section computed by assuming that the member had retired on the first day of the month following the date of the member's death, provided that all four of the following conditions apply:

...

(1a) The member falls into one of the following categories:

a. The member had attained the minimum age, creditable service amount, or combination of both necessary to be eligible to commence retirement with an early or service retirement allowance.

b. The member had completed at least five years of membership service, in which case the retirement allowance shall be computed in accordance with G.S. 128-27(b22)(1)c. or G.S. 128-27(b22)(2)c., whichever is applicable, notwithstanding any age or service requirements. In no case shall the retirement allowance under this sub-subdivision be less than the actuarial equivalent of the return of accumulated contributions, computed using the beneficiary's age as of the first day of the month following the date of the member's death.

(2) At the time of the member's death, one and only one beneficiary is eligible to receive a return of ~~his~~ the member's accumulated contributions.

(3) The member had not instructed the Board of Trustees in writing that ~~he~~ the member did not wish the provisions of this subsection apply.

(4) The member had not commenced to receive a retirement allowance as provided under this Chapter.

...."

SECTION 14.(c) Subsection (b) of this section is effective July 1, 2025, and applies to member deaths occurring on or after that date.

SECTION 15.(a) G.S. 135-63(a1), as amended by Section 7(d) of this act, reads as rewritten:

"(a1) Survivor's Alternate Benefit. – The surviving spouse of a member who ~~was age 50 or older with~~ had completed at least five years of membership service at the time of death may elect a survivor's alternate benefit. If the surviving spouse elects a survivor's alternate benefit, then the lump-sum death benefit provided for under subsection (a) of this section 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. The monthly payments shall commence on the first day of the calendar month coinciding with or next following the death of the member. All of the following apply to the survivor's alternate benefit:

...."

SECTION 15.(b) G.S. 120-4.28 reads as rewritten:

"§ 120-4.28. Survivor's alternate benefit.

(a) ~~The designated beneficiary of~~ If a member who dies in service before retirement but after age 60 and after completing five years of creditable service or after completing 12 years of creditable service, then the principal beneficiary designated by that member to receive a

return of accumulated contributions under G.S. 120-4.25 is entitled to Option 2 prescribed by G.S. 120-4.26. ~~G.S. 120-4.26, notwithstanding any age or service requirements.~~

(b) ~~In the event that~~ If a retirement allowance becomes payable under this section to the principal beneficiary ~~designated to receive a return of accumulated contributions pursuant to this subsection~~ and that principal beneficiary dies before the total of the retirement allowances paid equals ~~is equal to or greater than~~ the amount of ~~those the member's~~ accumulated ~~contributions over the total of the retirement allowances paid to the beneficiary,~~ contributions, then the allowance ~~excess of those accumulated contributions over the total of the retirement allowance paid to the principal beneficiary~~ shall be paid in a lump sum to the person or persons the member has designated as the contingent beneficiary for return of accumulated ~~contributions, if the person or persons~~ contributions under G.S. 120-4.25.

(c) If a retirement allowance becomes payable under this section and the principal beneficiary is not living at the time the payment falls due, then the retirement allowance shall be paid to the contingent beneficiary designated to receive a return of accumulated contributions under G.S. 120-4.25. If that contingent beneficiary dies before the total of the retirement allowances paid is equal to or greater than the amount of the member's accumulated contributions, then the excess of those accumulated contributions over the total of the retirement allowances paid to the contingent beneficiary shall be paid in a lump sum to the contingent beneficiary's legal representative.

(d) If no beneficiaries are living at the time the payment required under this section first falls due, ~~otherwise to then~~ the allowance shall be paid in a lump sum to the principal beneficiary's legal representative. ~~In the event that a retirement allowance becomes payable to the contingent beneficiary designated to receive a return of accumulated contributions pursuant to subsection (m) of this section and that beneficiary dies before the total of the retirement allowances paid equals the amount of the accumulated contributions of the member at the date of the member's death, the excess of those accumulated contributions over the total of the retirement allowances paid to the beneficiary shall be paid in a lump sum to the contingent beneficiary's legal representative."~~

SECTION 15.(c) This section is effective July 1, 2025, and applies to member deaths occurring on or after that date.

PART VII. ENSURE SUFFICIENT FUNDING FOR LINE OF DUTY DEATH BENEFITS

SECTION 16.(a) G.S. 135-154, as created and amended by Part I of this act, is amended by adding a new subsection to read:

"(e) Separate Fund for Line of Duty Death Benefits. – The Board of Trustees may make additional funding available to the Department of State Treasurer to ensure the timely payment of death benefits awarded by the Industrial Commission under the Public Safety Employees' Death Benefits Act, Article 12A of Chapter 143 of the General Statutes, by depositing a percentage of the State's employer contribution rate established for the benefits provided under G.S. 135-165 into a separate fund from the Benefits Trust. This percentage shall not exceed four hundredths percent (0.04%) in any given fiscal year. The Department of State Treasurer is authorized to use the funds deposited into this separate fund for the sole purpose of paying for death benefits awarded by the Industrial Commission under the Public Safety Employees' Death Benefits Act and may do so only if all other State funds appropriated to the Department for the fiscal year for the payment of those death benefits have been fully expended. Any funds deposited by the Department of State Treasurer into a separate fund in accordance with this subsection that remain unspent as of June 30 of the same fiscal year shall be transferred to the Benefit Fund as an additional employer contribution."

SECTION 16.(b) This section becomes effective July 1, 2025.

PART VIII. EFFECTIVE DATE

SECTION 17. Except as otherwise provided, this act is effective when it becomes law.