

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003**

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HOUSE BILL 1513

Short Title: Increase Local Gov't Death Benefit. (Public)

Sponsors: Representatives Bell, G. Wilson (Primary Sponsors); Glazier,
McLawhorn, Pate, and Wainwright.

Referred to: Pensions and Retirement.

May 19, 2004

A BILL TO BE ENTITLED

1 AN ACT TO INCREASE THE MAXIMUM DEATH BENEFIT PAYABLE FROM
2 THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM.
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4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** G.S. 128-27(l) reads as rewritten:

6 "(l) Death Benefit Plan. – The provisions of this subsection shall become
7 effective for any employer only after an agreement to that effect has been executed by
8 the employer and the Director of the Retirement System. There is hereby created a
9 Group Life Insurance Plan (hereinafter called the "Plan") which is established as an
10 employee welfare benefit plan that is separate and apart from the Retirement System
11 and under which the members of the Retirement System shall participate and be eligible
12 for group life insurance benefits. Upon receipt of proof, satisfactory to the Board of
13 Trustees in their capacity as trustees under the Group Life Insurance Plan, of the death,
14 in service, of a member who had completed at least one full calendar year of
15 membership in the Retirement System, there shall be paid to such person as he shall
16 have nominated by written designation duly acknowledged and filed with the Board of
17 Trustees, if such person is living at the time of the member's death, otherwise to the
18 member's legal representatives, a death benefit. Such death benefit shall be equal to the
19 greater of:

- 20 (1) The compensation on which contributions were made by the member
21 during the calendar year preceding the year in which his death occurs,
22 or
23 (2) The greatest compensation on which contributions were made by the
24 member during a 12-month period of service within the 24-month
25 period of service ending on the last day of the month preceding the
26 month in which his last day of actual service occurs;
27 (3) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1049, s. 2;

1 subject to a ~~maximum of twenty thousand dollars (\$20,000)~~. minimum of twenty-five
2 thousand dollars (\$25,000) and a maximum of fifty thousand dollars (\$50,000). Such
3 death benefit shall be payable apart and separate from the payment of the member's
4 accumulated contributions under the System on his death pursuant to the provisions of
5 subsection (f) of this section. For the purpose of the Plan, a member shall be deemed to
6 be in service at the date of his death if his death occurs within 180 days from the last
7 day of his actual service.

8 The death benefit provided in this subsection shall not be payable, notwithstanding
9 the member's compliance with all the conditions set forth in the preceding paragraph, if
10 his death occurs

- 11 (1) After June 30, 1969 and after he has attained age 70; or
- 12 (2) After December 31, 1969 and after he has attained age 69; or
- 13 (3) After December 31, 1970 and after he has attained age 68; or
- 14 (4) After December 31, 1971 and after he has attained age 67; or
- 15 (5) After December 31, 1972 and after he has attained age 66; or
- 16 (6) After December 31, 1973 and after he has attained age 65; or
- 17 (7) After December 31, 1978, but before January 1, 1987, and after he has
18 attained age 70.

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

26 Notwithstanding the above provisions, the Board of Trustees may and is specifically
27 authorized to provide the death benefit according to the terms and conditions otherwise
28 appearing in this Plan in the form of group life insurance, either (i) by purchasing a
29 contract or contracts of group life insurance with any life insurance company or
30 companies licensed and authorized to transact business in this State for the purpose of
31 insuring the lives of members in service, or (ii) by establishing a separate trust fund
32 qualified under section 501(c)(9) of the Internal Revenue Code of 1954, as amended, for
33 such purpose. To that end the Board of Trustees is authorized, empowered and directed
34 to investigate the desirability of utilizing group life insurance by either of the foregoing
35 methods for the purpose of providing the death benefit. If a separate trust fund is
36 established, it shall be operated in accordance with rules and regulations adopted by the
37 Board of Trustees and all investment earnings on the trust fund shall be credited to such
38 fund.

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

- 40 (1) For the purpose of determining eligibility only, in this subsection
41 "calendar year" shall mean any period of 12 consecutive months. For
42 all other purposes in this subsection "calendar year" shall mean the 12
43 months beginning January 1 and ending December 31.
- 44 (2) Last day of actual service shall be:

- 1 a. When employment has been terminated, the last day the
2 member actually worked.
- 3 b. When employment has not been terminated, the date on which
4 an absent member's sick and annual leave expire.
- 5 (3) For a period when a member is on leave of absence, his status with
6 respect to the death benefit will be determined by the provisions of
7 G.S. 128-26(g).
- 8 (4) A member on leave of absence from his position as a local
9 governmental employee for the purpose of serving as a member or
10 officer of the General Assembly shall be deemed to be in service
11 during sessions of the General Assembly and thereby covered by the
12 provisions of the death benefit, if applicable. The amount of the death
13 benefit for such member shall be the equivalent of the salary to which
14 the member would have been entitled as a local governmental
15 employee during the 12-month period immediately prior to the month
16 in which death occurred, not to ~~exceed twenty thousand dollars~~
17 (~~\$20,000~~). be less than twenty-five thousand dollars (\$25,000) nor to
18 exceed fifty thousand dollars (\$50,000).

19 The provisions of the Retirement System pertaining to administration, G.S. 128-28,
20 and management of funds, G.S. 128-29, are hereby made applicable to the Plan."

21 **SECTION 2.** This act becomes effective July 1, 2004, and applies to persons
22 dying on or after that date.