

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003**

S

1

SENATE BILL 473*

Short Title: Retirement System Technical Changes.-AB (Public)

Sponsors: Senators Garrou, Hagan, Dalton, Allran, and Reeves.

Referred to: Pensions & Retirement and Aging.

March 20, 2003

1 A BILL TO BE ENTITLED
2 AN ACT TO MAKE TECHNICAL CHANGES TO THE TEACHERS' AND STATE
3 EMPLOYEES' RETIREMENT SYSTEM, THE LOCAL GOVERNMENTAL
4 EMPLOYEES' RETIREMENT SYSTEM, AND THE DISABILITY INCOME
5 PLAN OF NORTH CAROLINA.

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** G.S. 135-1(7a) reads as rewritten:

8 "(7a) "Compensation" shall mean all salaries and wages prior to any
9 reduction pursuant to sections 125, 401(k), 403(b), 414(h)(2), and 457
10 of the Internal Revenue Code, not including any terminal payments for
11 unused sick leave, derived from public funds which are earned by a
12 member of the Retirement System for service as an employee or
13 teacher in the unit of the Retirement System for which he is
14 performing full-time work. In addition to the foregoing,
15 "compensation" shall include:

- 16 a. Performance-based compensation (regardless of whether paid in
17 a lump sum, periodic installments, or on a monthly basis);
18 b. Conversion of additional benefits to salary (additional benefits
19 such as health, life, or disability plans), so long as the benefits
20 are other than mandated by State law or regulation;
21 c. Payment of tax consequences for benefits provided by the
22 employer so long as they constitute an adjustment or increase in
23 salary, and not a "reimbursement of expenses";
24 d. Payout of vacation leave so long as such payouts are permitted
25 by applicable law and regulation; and
26 e. Employee contributions to eligible deferred compensation
27 plans.

28 "Compensation" shall not include any payment, as determined by the
29 Board of Trustees, for the reimbursement of expenses or payments for

1 housing or any other allowances whether or not classified as salary and
2 wages. "Compensation" includes all special pay contribution of annual
3 leave made to a 401(a) Special Pay Plan for the benefit of an
4 employee. Notwithstanding any other provision of this Chapter,
5 "compensation" shall not include:

- 6 a. Supplement/allowance provided to employee to purchase
7 additional benefits such as health, life, or disability plans;
8 b. Travel supplement/allowance (nonaccountable allowance
9 plans);
10 c. Employer contributions to eligible deferred compensation
11 plans;
12 d. Employer provided fringe benefits (additional benefits such as
13 health, life, or disability plans);
14 e. Reimbursement of uninsured medical expenses;
15 f. Reimbursement of business expenses;
16 g. Reimbursement of moving expenses;
17 h. Reimbursement/payment of personal expenses;
18 i. Incentive payments for early retirement;
19 j. Bonuses paid incident to retirement;
20 k. Contract buyout/severance payments; and
21 l. Payouts for unused sick leave.

22 In the event an employer reports as "compensation" payments not
23 specifically included or excluded as "compensation", such payments
24 shall be "compensation" for retirement purposes only if the employer
25 pays the Retirement System the additional actuarial liability created by
26 such payments."

27 **SECTION 2.** G.S. 135-1(8) reads as rewritten:

28 "(8) "Creditable service" shall mean the total of "prior service" plus
29 "membership service" plus service, both noncontributory and
30 purchased, for which credit is allowable as provided in G.S. 135-4. In
31 no event, however, shall "creditable service" be deemed "membership
32 service" for the purpose of determining eligibility for benefits accruing
33 under this Chapter."

34 **SECTION 3.** G.S. 135-5(b18) reads as rewritten:

35 "(b18) Service Retirement Allowance of Members Retiring on or After July 1, 2000,
36 but Before July 1, 2002. – Upon retirement from service in accordance with subsection
37 (a) or (a1) above, on or after July 1, 2000, but before July 1, 2002, a member shall
38 receive the following service retirement allowance.

39 (1) A member who is a law enforcement officer or an eligible former law
40 enforcement officer shall receive a service retirement allowance
41 computed as follows:

- 42 a. If the member's service retirement date occurs on or after his
43 55th birthday, and completion of five years of creditable service
44 as a law enforcement officer, or after the completion of 30 years

- 1 of creditable service, the allowance shall be equal to one and
2 eighty-one hundredths percent (1.81%) of his average final
3 compensation, multiplied by the number of years of his
4 creditable service.
- 5 b. If the member's service retirement date occurs on or after his
6 50th birthday and before his 55th birthday with 15 or more
7 years of creditable service as a law enforcement officer and
8 prior to the completion of 30 years of creditable service, his
9 retirement allowance shall be equal to the greater of:
- 10 1. The service retirement allowance payable under G.S.
11 135-5(b18)(1)a. reduced by one-third of one percent (1/3
12 of 1%) thereof for each month by which his retirement
13 date precedes the first day of the month coincident with
14 or next following the month the member would have
15 attained his 55th birthday; or
- 16 2. The service retirement allowance as computed under
17 G.S. 135-5(b18)(1)a. reduced by five percent (5%) times
18 the difference between 30 years and his creditable
19 service at retirement.
- 20 (2) A member who is not a law enforcement officer or an eligible former
21 law enforcement officer shall receive a service retirement allowance
22 computed as follows:
- 23 a. If the member's service retirement date occurs on or after his
24 65th birthday upon the completion of five years of membership
25 service or after the completion of 30 years of creditable service
26 or on or after his 60th birthday upon the completion of 25 years
27 of creditable service, the allowance shall be equal to one and
28 eighty-one hundredths percent (1.81%) of his average final
29 compensation, multiplied by the number of years of creditable
30 service.
- 31 b. If the member's service retirement date occurs after his 60th
32 birthday and before his 65th birthday and prior to his
33 completion of 25 years or more of creditable service, his
34 retirement allowance shall be computed as in G.S.
35 135-5(b18)(2)a. but shall be reduced by one-quarter of one
36 percent (1/4 of 1%) thereof for each month by which his
37 retirement date precedes the first day of the month coincident
38 with or next following his 65th birthday.
- 39 c. If the member's early service retirement date occurs on or after
40 his 50th birthday and before his 60th birthday and after
41 completion of 20 years of creditable service but prior to the
42 completion of 30 years of creditable service, his early service
43 retirement allowance shall be equal to the greater of:

- 1 1. The service retirement allowance as computed under
2 G.S. 135-5(b18)(2)a. but reduced by the sum of
3 five-twelfths of one percent (5/12 of 1%) thereof for
4 each month by which his retirement date precedes the
5 first day of the month coincident with or next following
6 the month the member would have attained his 60th
7 birthday, plus one-quarter of one percent (1/4 of 1%)
8 thereof for each month by which his 60th birthday
9 precedes the first day of the month coincident with or
10 next following his 65th birthday; or
- 11 2. The service retirement allowance as computed under
12 G.S. 135-5(b18)(2)a. reduced by five percent (5%) times
13 the difference between 30 years and his creditable
14 service at retirement; or
- 15 3. If the member's creditable service commenced prior to
16 July 1, 1994, the service retirement allowance equal to
17 the actuarial equivalent of the allowance payable at the
18 age of 60 years as computed in ~~G.S. 135-5(b18)b.~~ G.S.
19 135-5(b18)(2)b.
- 20 d. Notwithstanding the foregoing provisions, any member whose
21 creditable service commenced prior to July 1, 1963, shall not
22 receive less than the benefit provided by G.S. 135-5(b)."

23 **SECTION 4.** G.S. 135-5(b19) reads as rewritten:

24 "(b19) Service Retirement Allowance of Members Retiring on or After July 1, 2002.
25 – Upon retirement from service in accordance with subsection (a) or (a1) above, on or
26 after July 1, 2002, a member shall receive the following service retirement allowance:

- 27 (1) A member who is a law enforcement officer or an eligible former law
28 enforcement officer shall receive a service retirement allowance
29 computed as follows:
 - 30 a. If the member's service retirement date occurs on or after his
31 55th birthday, and completion of five years of creditable service
32 as a law enforcement officer, or after the completion of 30 years
33 of creditable service, the allowance shall be equal to one and
34 eighty-two hundredths percent (1.82%) of his average final
35 compensation, multiplied by the number of years of his
36 creditable service.
 - 37 b. If the member's service retirement date occurs on or after his
38 50th birthday and before his 55th birthday with 15 or more
39 years of creditable service as a law enforcement officer and
40 prior to the completion of 30 years of creditable service, his
41 retirement allowance shall be equal to the greater of:
 - 42 1. The service retirement allowance payable under G.S.
43 135-5(b19)(1)a. reduced by one-third of one percent (1/3
44 of 1%) thereof for each month by which his retirement

- 1 date precedes the first day of the month coincident with
2 or next following the month the member would have
3 attained his 55th birthday; or
4 2. The service retirement allowance as computed under
5 G.S. 135-5(b19)(1)a. reduced by five percent (5%) times
6 the difference between 30 years and his creditable
7 service at retirement.
- 8 (2) A member who is not a law enforcement officer or an eligible former
9 law enforcement officer shall receive a service retirement allowance
10 computed as follows:
- 11 a. If the member's service retirement date occurs on or after his
12 65th birthday upon the completion of five years of membership
13 service or after the completion of 30 years of creditable service
14 or on or after his 60th birthday upon the completion of 25 years
15 of creditable service, the allowance shall be equal to one and
16 eighty-two hundredths percent (1.82%) of his average final
17 compensation, multiplied by the number of years of creditable
18 service.
- 19 b. If the member's service retirement date occurs after his 60th
20 birthday and before his 65th birthday and prior to his
21 completion of 25 years or more of creditable service, his
22 retirement allowance shall be computed as in G.S.
23 135-5(b19)(2)a. but shall be reduced by one-quarter of one
24 percent (1/4 of 1%) thereof for each month by which his
25 retirement date precedes the first day of the month coincident
26 with or next following his 65th birthday.
- 27 c. If the member's early service retirement date occurs on or after
28 his 50th birthday and before his 60th birthday and after
29 completion of 20 years of creditable service but prior to the
30 completion of 30 years of creditable service, his early service
31 retirement allowance shall be equal to the greater of:
- 32 1. The service retirement allowance as computed under
33 G.S. 135-5(b19)(2)a. but reduced by the sum of
34 five-twelfths of one percent (5/12 of 1%) thereof for
35 each month by which his retirement date precedes the
36 first day of the month coincident with or next following
37 the month the member would have attained his 60th
38 birthday, plus one-quarter of one percent (1/4 of 1%)
39 thereof for each month by which his 60th birthday
40 precedes the first day of the month coincident with or
41 next following his 65th birthday; or
42 2. The service retirement allowance as computed under
43 G.S. 135-5(b19)(2)a. reduced by five percent (5%) times

- 1 the difference between 30 years and his creditable
2 service at retirement; or
- 3 3. If the member's creditable service commenced prior to
4 July 1, 1994, the service retirement allowance equal to
5 the actuarial equivalent of the allowance payable at the
6 age of 60 years as computed in ~~G.S. 135-5(b19)b.~~ G.S.
7 135-5(b19)(2)b.
- 8 d. Notwithstanding the foregoing provisions, any member whose
9 creditable service commenced prior to July 1, 1963, shall not
10 receive less than the benefit provided by G.S. 135-5(b)."

11 **SECTION 5.** G.S. 135-5(g1) reads as rewritten:

12 "(g1) In the event of the death of a retired member while in receipt of a retirement
13 allowance under the provisions of this Article, there shall be paid to such person or
14 persons as the retiree shall have nominated by written designation duly acknowledged
15 and filed with the Board of Trustees, if such person or persons are living at the time of
16 the retiree's death, otherwise to the retiree's legal representatives, a death benefit equal
17 to the excess, if any, of the accumulated contributions of the retiree at the date of
18 retirement over the total of the retirement allowances paid prior to the death of the
19 retiree.

20 In the event that a retirement allowance becomes payable to the designated survivor
21 of a retired member under the provisions above and such retirement allowance to the
22 survivor shall terminate upon the death of the survivor before the total of the retirement
23 allowances paid to the retiree and the designated survivor combined equals the amount
24 of the accumulated contributions of the retiree at the date of retirement, the excess, if
25 any, of such accumulated contributions over the total of the retirement allowances paid
26 to the retiree and the survivor combined shall be paid in a lump sum to such person or
27 persons as the retiree shall have nominated by written designation duly acknowledged
28 and filed with the Board of Trustees, if such person or persons are living at the time
29 such payment falls due, otherwise to the retiree's legal representative.

30 In the event a retiree purchases creditable service as provided in G.S. 135-4, there
31 shall be paid to such person or persons as the retiree shall have nominated by written
32 designation duly acknowledged and filed with the Board of Trustees, if such person or
33 persons are living at the time of the retiree's death, otherwise to the retiree's legal
34 representatives, an additional death benefit equal to the excess, if any, of the cost of the
35 creditable service purchased less the administrative fee, if any, over the total of the
36 increase in the retirement allowance attributable to the additional creditable service,
37 paid from the month following the month in which payment was received to the death
38 of the retiree.

39 In the event that a retirement allowance becomes payable to the designated survivor
40 of a retired member under the provisions above and such retirement allowance to the
41 survivor shall terminate upon the death of the survivor before the total of the increase in
42 the retirement allowance attributable to the additional creditable service paid to the
43 retiree and the designated survivor combined equals the cost of the creditable service
44 purchased less the administrative fee, the excess, if any, shall be paid in a lump sum to

1 such person or persons as the retiree shall have nominated by written designation duly
2 acknowledged and filed with the Board of Trustees, if such person or persons are living
3 at the time such payment falls due, otherwise to the retiree's legal representative."

4 **SECTION 6.** G.S. 135-5(m) reads as rewritten:

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

- 11 (1) a. The member had attained such age and/or creditable service to
12 be eligible to commence retirement with an early or service
13 retirement allowance, or
14 b. The member had obtained 20 years of creditable service in
15 which case the retirement allowance shall be computed in
16 accordance with G.S. 135-5(b19)(1)b. or G.S. 135-5(b19)(2)c.,
17 notwithstanding the requirement of obtaining age 50.
18 c. The member had not commenced to receive a retirement
19 allowance as provided under this Chapter.
20 (2) The member had designated as the principal beneficiary to receive a
21 return of his accumulated contributions one and only one person who
22 was living at the time of his death.
23 (3) The member had not instructed the Board of Trustees in writing that he
24 did not wish the provisions of this subsection to apply.

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

35 **SECTION 7.** G.S. 135-4(f) reads as rewritten:

36 "(f) Armed Service Credit. –

- 37 (1) Teachers and other State employees who entered the armed services of
38 the United States on or after September 16, 1940, and prior to
39 February 17, 1941, and who returned to the service of the State within
40 a period of two years after they were first eligible to be separated or
41 released from such armed services under other than dishonorable
42 conditions shall be entitled to full credit for all prior service.
43 (2) Teachers and other State employees who entered the armed services of
44 the United States on or after September 16, 1940, and who returned to

1 the service of the State prior to October 1, 1952, or who devote not
2 less than 10 years of service to the State after they are separated or
3 released from such armed services under other than dishonorable
4 conditions, shall be entitled to full credit for all prior service, and, in
5 addition they shall receive membership service credit for the period of
6 service in such armed services up to the date they were first eligible to
7 be separated or released therefrom, occurring after the date of
8 establishment of the Retirement System.

9 (3) Teachers and other State employees who enter the armed services of
10 the United States on or after July 1, 1950, or who engage in active
11 military service on or after July 1, 1950, and who return to the service
12 of the State within a period of two years after they are first eligible to
13 be separated or released from such active military service under other
14 than dishonorable conditions shall be entitled to full membership
15 service credit for the period of such active service in the armed
16 services.

17 (4) Under such rules as the Board of Trustees shall adopt, credit will be
18 provided by the Retirement System with respect to each such teacher
19 or other State employee in the amounts that he would have been paid
20 during such service in such armed services on the basis of his earnable
21 compensation when such service commenced. Such contributions shall
22 be credited to the individual account of the member in the annuity
23 savings fund, in such manner as the Board of Trustees shall determine,
24 but any such contributions so credited and any regular interest thereon
25 shall be available to the member only in the form of an annuity, or
26 benefit in lieu thereof, upon his retirement on a service, disability or
27 special retirement allowance; and in the event of cessation of
28 membership or death prior thereto, any such contributions so credited
29 and regular interest thereon shall not be payable to him or on his
30 account, but shall be transferred from the annuity savings fund to the
31 pension accumulation fund. If any payments were made by a member
32 on account of such service as provided by subdivision (5) of
33 subsection (b) of G.S. 135-8, the Board of Trustees shall refund to or
34 reimburse such member for such payments.

35 (5) The provisions of this subsection shall also apply to members of the
36 national guard with respect to teachers and State employees who are
37 called into federal service or who are called into State service, to the
38 extent that such persons fail to receive compensation for performance
39 of the duties of their employment other than for service in the national
40 guard.

41 (6) Repealed by Session Laws 1981, c. 636, s. 1. For proviso as to
42 inchoate or accrued rights, see Editor's Note below.

43 (7) Notwithstanding any other provision of this Chapter, any member and
44 any retired member as herein described may purchase creditable

1 service in the Armed Forces of the United States, not otherwise
2 allowed, by paying a total lump sum payment determined as follows:

3 a. For members who completed 10 years of membership service,
4 and retired members who completed 10 years of membership
5 service prior to retirement, whose ~~current~~ membership began on
6 or prior to July 1, 1981, and who make this purchase within
7 three years after first becoming eligible, the cost shall be an
8 amount equal to the monthly compensation the member earned
9 when he first entered ~~current~~ membership service times the
10 employee contribution rate at that time times the months of
11 service to be purchased, with sufficient interest added thereto so
12 as to equal one-half of the cost of allowing this service, plus an
13 administrative fee to be set by the Board of Trustees.

14 b. For members who complete five years of membership service,
15 and retired members who complete five years of membership
16 service prior to retirement, and eligible members and retired
17 members covered by paragraph a. of this subdivision, whose
18 ~~current~~ membership began on or before July 1, 1981, but who
19 did not or do not make this purchase within three years after
20 first becoming eligible, the cost shall be an amount equal to the
21 full liability of the service credits calculated on the basis of the
22 assumptions used for the purposes of the actuarial valuation of
23 the System's liabilities and shall take into account the retirement
24 allowance arising on account of the additional service credits
25 commencing at the earliest age at which the member could
26 retire on an unreduced allowance, as determined by the Board
27 of Trustees upon the advice of the consulting actuary, plus an
28 administrative fee to be set by the Board of Trustees.
29 Notwithstanding the foregoing provisions of this subsection that
30 provide for the purchase of service credits, the term "full
31 liability" includes assumed post-retirement allowance increases,
32 as determined by the Board of Trustees, from the earliest age at
33 which a member could retire on an unreduced service
34 retirement allowance.

35 Creditable service allowed under this subdivision shall be only for the initial period
36 of ~~active duty~~ "active duty", as defined in 38 U.S. Code Section 101(21), in the Armed
37 Forces of the United States up to the date the member was first eligible to be separated
38 and released and for subsequent periods of ~~active duty~~ "active duty", as defined in 38
39 U.S. Code Section 101(21), as required by the Armed Forces of the United States up to
40 the date of first eligibility for separation or release, but shall not include periods of
41 active duty in the Armed Forces of the United States creditable in any other retirement
42 system except the national guard or any reserve component of the Armed Forces of the
43 ~~United States~~ States, and shall not include periods of "active duty for training", as
44 defined in 38 U.S. Code Section 101(22), or periods of "inactive duty training", as

1 defined in 38 U.S. Code Section 101(23), rendered in any reserve component of the
2 Armed Forces of the United States. Provided, creditable service may be allowed only
3 for active duty in the Armed Forces of the United States of a member that resulted in a
4 general or honorable discharge from duty. The member shall submit satisfactory
5 evidence of the service claimed. For purposes of this subsection, membership service
6 may include any membership or prior service credits transferred to this Retirement
7 System pursuant to G.S. 135-18.1."

8 **SECTION 8.** G.S. 135-4(1 1) reads as rewritten:

9 "(1 1) Notwithstanding any other provision of this Chapter, any member and any
10 retired member as herein described may purchase creditable service previously rendered
11 to any state, territory, or other governmental subdivision of the United States other than
12 this State by paying a total lump-sum payment determined as follows:

13 (1) For members who completed 10 years of current membership service,
14 and retired members who completed 10 years of current membership
15 service prior to retirement, whose ~~current~~-membership began on or
16 before July 1, 1981, and who make such purchase within three years
17 after first becoming eligible, the cost shall be an amount equal to the
18 monthly compensation the member earned when he first entered
19 ~~current~~-membership service, times the employee contribution rate at
20 that time, times the months of service to be purchased, times two, with
21 sufficient interest added thereto so as to equal the full cost of allowing
22 such service, plus an administrative fee to be set by the Board of
23 Trustees.

24 (2) For members who complete five years of current membership service,
25 and retired members who complete five years of current membership
26 service prior to retirement, and eligible members and retired members
27 covered by subdivision (1) of this subsection, whose ~~current~~
28 membership began on or before July 1, 1981, but who did not or do
29 not make such purchase within three years after first becoming
30 eligible, the cost shall be an amount equal to the full liability of the
31 service credits calculated on the basis of the assumptions used for the
32 purposes of the actuarial valuation of the System's liabilities and shall
33 take into account the retirement allowance arising on account of the
34 additional service credits commencing at the earliest age at which the
35 member could retire on an unreduced allowance, as determined by the
36 Board of Trustees upon the advice of the consulting actuary, plus an
37 administrative fee to be set by the Board of Trustees. Notwithstanding
38 the foregoing provisions of this subsection that provide for the
39 purchase of service credits, the term "full liability" includes assumed
40 postretirement allowance increases, as determined by the Board of
41 Trustees, from the earliest age at which a member could retire on an
42 unreduced service retirement allowance.

43 Current membership service shall mean membership service earned since the service
44 previously rendered to any state, territory, or other governmental subdivision of the

1 United States other than this State. Creditable service under this subsection shall be
2 allowed only at the rate of one year of out-of-state service for each two years of current
3 membership service in this State, with a maximum allowable of 10 years of out-of-state
4 service. Such service is limited to full-time service which would be allowable under the
5 laws governing this System. Credit will be allowed only if no benefit is allowable in
6 another public retirement system as a result of the service."

7 **SECTION 9.** G.S. 135-4 is amended by adding a new subsection to read:

8 "(ff) Retroactive Membership Service. – A member who is reinstated to service as
9 an employee as defined in G.S. 135-1(10) or as a teacher as defined in G.S. 135-1(25)
10 retroactively to the date of prior involuntary termination (with backpay and benefits)
11 may be allowed membership service, after submitting clear and convincing evidence of
12 the reinstatement, as follows:

- 13 (1) Within 90 days of the involuntary termination, by the payment of
14 employee and employer contributions that would have been paid; or
15 (2) After 90 days of the involuntary termination, by the payment of the
16 employee and employer contributions that would have been paid plus
17 interest compounded annually at a rate equal to the greater of the
18 average yield on the pension accumulation fund for the preceding
19 calendar year or the actuarial investment rate-of-return assumption, as
20 adopted by the Board of Trustees.

21 Nothing contained in this subsection shall prevent an employer or member from
22 paying all or a part of the cost of the retroactive membership service; and to the extent
23 paid by the employer, the cost paid by the employer shall be credited to the pension
24 accumulation fund; and to the extent paid by the member, the cost paid by the member
25 shall be credited to the member's annuity savings account; provided, however, an
26 employer does not discriminate against any member or group of members in his employ
27 in paying all or any part of the cost of the retroactive membership service.

28 In the event a member received a return of accumulated contributions subsequent to
29 an involuntary termination as provided in G.S. 135-5(f), the member may redeposit,
30 within 90 days of reinstatement retroactive to the date of prior involuntary termination,
31 in the annuity savings fund by single payment an amount equal to the total amount he
32 previously withdrew plus regular interest and restore the creditable service forfeited
33 upon receiving his return of accumulated contributions."

34 **SECTION 10.** G.S. 135-8 is amended by adding a new subsection to read:

35 "(b2) Retroactive Adjustment in Compensation or an Underreporting of
36 Compensation. – A member who is awarded backpay in cases of a denied promotional
37 opportunity in which the aggrieved member is granted a promotion retroactively, or in
38 cases in which an employer errs in the reporting of compensation, including the
39 employee and employer contributions, the member and employer may make employee
40 and employer contributions on the retroactive or additional compensation after
41 submitting clear and convincing evidence of the retroactive promotion or underreporting
42 of compensation, as follows:

- 1 (1) Within 90 days of the denial of the promotion or the error in reporting,
2 by the payment of employee and employer contributions that would
3 have been paid; or
- 4 (2) After 90 days of the denial of the promotion or the error in reporting,
5 by the payment of the employee and employer contributions that
6 would have been paid plus interest compounded annually at a rate
7 equal to the greater of the average yield on the pension accumulation
8 fund for the preceding calendar year or the actuarial investment
9 rate-of-return assumption, as adopted by the Board of Trustees.

10 For members electing to make the employee contributions on the retroactive
11 adjustment in compensation or on the underreported compensation, the member's
12 employer, which granted the retroactive promotion or erred in underreporting
13 compensation and contributions, shall make the required employer contributions.
14 Nothing contained in this subsection shall prevent an employer from paying all or a part
15 of the interest assessed on the employee contributions; and to the extent paid by the
16 employer, the interest paid by the employer shall be credited to the pension
17 accumulation fund; provided, however, an employer does not discriminate against any
18 member or group of members in his employ in paying all or any part of the interest
19 assessed on the employee contributions due.

20 In the event the retroactive adjustment in compensation or the underreported
21 compensation is for a period that occurs during the four consecutive calendar years that
22 would have produced the highest average annual compensation pursuant to G.S.
23 135-1(5), the compensation the member would have received during the period shall be
24 included in calculating the member's average final compensation only in the event the
25 appropriate employee and employer contributions are paid on such compensation.

26 An employer error in underreporting compensation shall not include a retroactive
27 increase in compensation that occurs during the four consecutive calendar years that
28 would have produced the highest average annual compensation pursuant to G.S.
29 135-1(5), for reasons other than a wrongfully denied promotional opportunity where the
30 member is promoted retroactively."

31 **SECTION 11.** G.S. 135-5(e)(4) reads as rewritten:

- 32 "(4) As a condition to the receipt of the disability retirement allowance
33 provided for in G.S. 135-5(d), (d1), (d2) and (d3) each member retired
34 on a disability retirement allowance shall, on or before April 15 of
35 each calendar year, provide the Board of Trustees with a statement of
36 his or her income received as compensation for services, including
37 fees, commissions or similar items, and income received from
38 business, for the previous calendar year. Such statement shall be filed
39 on a form as required by the Board of Trustees. The benefit payable to
40 a beneficiary who does not or refuses to provide the information
41 requested within 60 days after such request shall not be paid a benefit
42 until the information so requested is provided, and should such refusal
43 or failure to provide such information continue for 240 days after such

1 request, the right of a beneficiary to a benefit under the Article may be
2 terminated.

3 The Director of the State Retirement System shall contact any State
4 or federal agency which can provide information to substantiate the
5 statement required to be submitted by this subdivision and may enter
6 into agreements for the exchange of information."

7 **SECTION 12.** G.S. 135-4(v) reads as rewritten:

8 "(v) Omitted Membership Service. – A member who had service as an employee
9 as defined in G.S. 135-1(10) and G.S. 128-21(10) or as a teacher as defined in G.S.
10 135-1(25) and who was omitted from contributing membership through error may be
11 allowed membership service, after submitting clear and convincing evidence of the
12 error, as follows:

- 13 (1) Within 90 days of the omission, by the payment of employee and
14 employer contributions that would have been paid; or
15 (2) After 90 days and prior to three years of the omission, by the payment
16 of the employee and employer contributions that would have been paid
17 plus interest compounded annually at a rate equal to the greater of the
18 average yield on the pension accumulation fund for the preceding
19 calendar year;—year or the actuarial investment rate-of-return
20 assumption, as adopted by the Board of Trustees; or
21 (3) After three years of the omission, by the payment of an amount equal
22 to the full cost of the service credits calculated on the basis of the
23 assumptions used for the purposes of the actuarial valuation of the
24 system's liabilities, and shall take into account the additional
25 retirement allowance arising on account of such additional service
26 credit commencing at the earliest age at which a member could retire
27 on an unreduced retirement allowance, as determined by the Board of
28 Trustees upon the advice of the consulting actuary, plus an
29 administrative fee to be set by the Board of Trustees. Notwithstanding
30 the foregoing provisions of this subdivision that provide for the
31 purchase of service credits, the terms "full cost", "full liability", and
32 "full actuarial cost" include assumed annual post-retirement allowance
33 increases, as determined by the Board of Trustees, from the earliest
34 age at which a member could retire on an unreduced service
35 allowance.

36 Nothing contained in this subsection shall prevent an employer or member from
37 paying all or a part of the cost of the omitted membership service; and to the extent paid
38 by the employer, the cost paid by the employer shall be credited to the pension
39 accumulation fund; and to the extent paid by the member, the cost paid by the members
40 shall be credited to the member's annuity savings account; provided, however, an
41 employer does not discriminate against any member or group of members in his employ
42 in paying all or any part of the cost of the omitted membership service."

43 **SECTION 13.** G.S. 128-21(7a) reads as rewritten:

1 "(7a) "Compensation" shall mean all salaries and wages prior to any
2 reduction pursuant to sections 125, 401(k), 403(b), 414(h)(2), and 457
3 of the Internal Revenue Code, not including any terminal payments for
4 unused sick leave, derived from public funds which are earned by a
5 member of the Retirement System for service as an employee in the
6 unit of the Retirement System for which he is performing full-time
7 work. In addition to the foregoing, "compensation" shall include:

- 8 a. Performance-based compensation (regardless of whether paid in
9 a lump sum, periodic installments, or on a monthly basis);
- 10 b. Conversion of additional benefits to salary (additional benefits
11 such as health, life, or disability plans), so long as the benefits
12 are other than mandated by State law or regulation;
- 13 c. Payment of tax consequences for benefits provided by the
14 employer so long as they constitute an adjustment or increase in
15 salary and not a "reimbursement of expenses";
- 16 d. Payout of vacation leave so long as such payouts are permitted
17 by applicable law and regulation; and
- 18 e. Employee contributions to eligible deferred compensation
19 plans.

20 "Compensation" shall not include any payment, as determined by the
21 Board of Trustees, for the reimbursement of expenses or payments for
22 housing or any other allowances whether or not classified as salary and
23 wages. Notwithstanding any other provision of this Chapter,
24 "compensation" shall not include:

- 25 a. Supplement/allowance provided to employee to purchase
26 additional benefits such as health, life, or disability plans;
- 27 b. Travel supplement/allowance (nonaccountable allowance
28 plans);
- 29 c. Employer contributions to eligible deferred compensation
30 plans;
- 31 d. Employer-provided fringe benefits (additional benefits such as
32 health, life, or disability plans);
- 33 e. Reimbursement of uninsured medical expenses;
- 34 f. Reimbursement of business expenses;
- 35 g. Reimbursement of moving expenses;
- 36 h. Reimbursement/payment of personal expenses;
- 37 i. Incentive payments for early retirement;
- 38 j. Bonuses paid incident to retirement;
- 39 k. Contract buyout/severance payments; and
- 40 l. Payouts for unused sick leave.

41 In the event an employer reports as "compensation" payments not
42 specifically included or excluded as "compensation", such payments
43 shall be "compensation" for retirement purposes only if the employer

1 pays the Retirement System the additional actuarial liability created by
2 such payments."

3 **SECTION 14.** G.S. 128-21(8) reads as rewritten:

4 "(8) "Creditable service" shall mean the total of "prior service" plus
5 "membership service" plus service, both noncontributory and
6 purchased, for which credit is allowable as provided in G.S. 128-26. In
7 no event, however, shall "creditable service" be deemed "membership
8 service" for the purpose of determining eligibility for benefits accruing
9 under this Chapter."

10 **SECTION 15.** G.S. 128-27(g1) reads as rewritten:

11 "(g1) In the event of the death of a retired member while in receipt of a retirement
12 allowance under the provisions of this Article, there shall be paid to such person or
13 persons as the retiree shall have nominated by written designation duly acknowledged
14 and filed with the Board of Trustees, if such person or persons are living at the time of
15 the retiree's death, otherwise to the retiree's legal representatives, a death benefit equal
16 to the excess, if any, of the accumulated contributions of the retiree at the date of
17 retirement over the total of the retirement allowances paid prior to the death of the
18 retiree.

19 In the event that a retirement allowance becomes payable to the designated survivor
20 of a retired member under the provisions above and such retirement allowance to the
21 survivor shall terminate upon the death of the survivor before the total of the retirement
22 allowances paid to the retiree and the designated survivor combined equals the amount
23 of the accumulated contributions of the retiree at the date of retirement, the excess, if
24 any, of such accumulated contributions over the total of the retirement allowances paid
25 to the retiree and the survivor combined shall be paid in a lump sum to such person or
26 persons as the retiree shall have nominated by written designation duly acknowledged
27 and filed with the Board of Trustees, if such person or persons are living at the time
28 such payment falls due, otherwise to the retiree's legal representative.

29 In the event a retiree purchases creditable service as provided in G.S. 128-26, there
30 shall be paid to such person or persons as the retiree shall have nominated by written
31 designation duly acknowledged and filed with the Board of Trustees, if such person or
32 persons are living at the time of the retiree's death, otherwise to the retiree's legal
33 representatives, an additional death benefit equal to the excess, if any, of the cost of the
34 creditable service purchased less the administrative fee, if any, over the total of the
35 increase in the retirement allowance attributable to the additional creditable service,
36 paid from the month following the month in which payment was received to the death
37 of the retiree.

38 In the event that a retirement allowance becomes payable to the designated survivor
39 of a retired member under the provisions above, and such retirement allowance to the
40 survivor shall terminate upon the death of the survivor before the total of the increase in
41 the retirement allowance attributable to the additional creditable service paid to the
42 retiree and the designated survivor combined equals the cost of the creditable service
43 purchased less the administrative fee, the excess, if any, shall be paid in a lump sum to
44 such person or persons as the retiree shall have nominated by written designation duly

1 acknowledged and filed with the Board of Trustees, if such person or persons are living
2 at the time such payment falls due, otherwise to the retiree's legal representative."

3 **SECTION 16.** G.S. 128-27(m) reads as rewritten:

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

- 10 (1) a. The member had attained such age and/or creditable service to
11 be eligible to commence retirement with an early or service
12 retirement allowance, or
13 b. The member had obtained 20 years of creditable service in
14 which case the retirement allowance shall be computed in
15 accordance with G.S. 128-27(b20)(1)b. or G.S.
16 128-27(b20)(2)c., notwithstanding the requirement of obtaining
17 age 50.
18 c. The member had not commenced to receive a retirement
19 allowance as provided under this Chapter.

- 20 (2) The member had designated as the principal beneficiary to receive a
21 return of his accumulated contributions one and only one person who
22 is living at the time of his death.

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

25 For the purpose of this benefit, a member is considered to be in service at the date of
26 his death if his death occurs within 180 days from the last day of his actual service. The
27 last day of actual service shall be determined as provided in subsection (l) of this
28 section. Upon the death of a member in service, the surviving spouse may make all
29 purchases for creditable service as provided for under this Chapter for which the
30 member had made application in writing prior to the date of death, provided that the
31 date of death occurred prior to or within 60 days after notification of the cost to make
32 the purchase."

33 **SECTION 17.** G.S. 128-26(j1) reads as rewritten:

34 "(j1) Notwithstanding any other provision of this Chapter, any member and any
35 retired member as herein described may purchase creditable service for service in the
36 Armed Forces of the United States, not otherwise allowed, by paying a total lump sum
37 payment determined as follows:

- 38 (1) For members who completed 10 years of membership service, and
39 retired members who completed 10 years of membership service prior
40 to retirement, and whose ~~current~~-membership began on or prior to
41 January 1, 1988, and who make such purchase within three years after
42 first becoming eligible, the cost shall be an amount equal to the
43 monthly compensation the member earned when he first entered
44 ~~current~~-membership service times the employee contribution rate at

1 that time times the months of service to be purchased with sufficient
2 interest added thereto so as to equal one-half of the cost of allowing
3 such service, plus an administrative fee to be set by the Board of
4 Trustees.

- 5 (2) For members who complete five years of membership service, and
6 retired members who complete five years of membership service prior
7 to retirement, and eligible members and retired members covered by
8 paragraph (1) of this subdivision, whose ~~current~~ membership began on
9 or before January 1, 1988, but who did not or do not make such
10 purchase within three years after first becoming eligible, the cost shall
11 be an amount equal to the full liability of the service credits calculated
12 on the basis of the assumptions used for the purposes of the actuarial
13 valuation of the System's liabilities and shall take into account the
14 retirement allowance arising on account of the additional service
15 credits commencing at the earliest age at which the member could
16 retire on an unreduced allowance, as determined by the Board of
17 Trustees upon the advice of the consulting actuary, plus an
18 administrative fee to be set by the Board of Trustees. Notwithstanding
19 the foregoing provisions of this subsection that provide for the
20 purchase of service credits, the term "full liability" includes assumed
21 post-retirement allowance increases, as determined by the Board of
22 Trustees, from the earliest age at which a member could retire on an
23 unreduced service retirement allowance.

24 Creditable service allowed under this subdivision shall be only for the initial
25 period of ~~active duty~~ "active duty", as defined in 38 U.S. Code Section 101(21), in the
26 Armed Forces of the United States up to the date the member was first eligible to be
27 separated and released and for subsequent periods of ~~active duty~~ "active duty", as
28 defined in 38 U.S. Code Section 101(21), as required by the Armed Forces of the United
29 States up to the date of first eligibility for separation or release, but shall not include
30 periods of active duty in the Armed Forces of the United States creditable in any other
31 retirement system except the national guard or any reserve component of the Armed
32 Forces of the United States. ~~States~~, and shall not include periods of "active duty for
33 training", as defined in 38 U.S. Code Section 101(22), or periods of "inactive duty
34 training", as defined in 38 U.S. Code Section 101(23), rendered in any reserve
35 component of the Armed Forces of the United States. Provided, creditable service may
36 be allowed only for active duty in the Armed Forces of the United States of a member
37 that resulted in a general or honorable discharge from duty. The member shall submit
38 satisfactory evidence of the service claimed. For purposes of this subsection,
39 membership service may include any membership or prior service credits transferred to
40 this Retirement System pursuant to G.S. 128-24."

41 **SECTION 18.** G.S. 128-26(j2) reads as rewritten:

42 "(j2) Notwithstanding any other provision of this Chapter, any member and any
43 retired member as herein described may purchase creditable service previously rendered

1 to any state, territory, or other governmental subdivision of the United States other than
2 this State by paying a total lump-sum payment determined as follows:

3 (1) For members who completed 10 years of prior and current
4 membership service, and retired members who completed 10 years of
5 prior and current membership service prior to retirement, and whose
6 ~~current~~-membership began on or before January 1, 1988, and who
7 make such purchase within three years after first becoming eligible,
8 the cost shall be an amount equal to the monthly compensation the
9 member earned when he first entered ~~current~~-membership service,
10 times the employee contribution rate at that time, times the months of
11 service to be purchased, times two, with sufficient interest added
12 thereto so as to equal the full cost of allowing such service, plus an
13 administrative fee to be set by the Board of Trustees.

14 (2) For members who complete five years of prior and current
15 membership service, and retired members who complete five years of
16 prior and current membership service prior to retirement, and eligible
17 members and retired members covered by subdivision (1) of this
18 subsection, whose ~~current~~-membership began on or before January 1,
19 1988, but who did not or do not make such purchase within three years
20 after first becoming eligible, the cost shall be an amount equal to the
21 full liability of the service credits calculated on the basis of the
22 assumptions used for the purposes of the actuarial valuation of the
23 System's liabilities and shall take into account the retirement
24 allowance arising on account of the additional service credits
25 commencing at the earliest age at which the member could retire on an
26 unreduced allowance, as determined by the Board of Trustees upon the
27 advice of the consulting actuary, plus an administrative fee to be set by
28 the Board of Trustees. Notwithstanding the foregoing provisions of
29 this subsection that provide for the purchase of service credits, the
30 term "full liability" includes assumed postretirement allowance
31 increases, as determined by the Board of Trustees, from the earliest
32 age at which a member could retire on an unreduced service retirement
33 allowance.

34 Current membership service shall mean membership service earned since the service
35 previously rendered to any state, territory, or other governmental subdivision of the
36 United States other than this State. Creditable service under this subsection shall be
37 allowed only at the rate of one year of out-of-state service for each two years of service
38 in this State, with a maximum allowable of 10 years of out-of-state service. Such service
39 is limited to full-time service which would be allowable under the laws governing this
40 System. Credit will be allowed only if no benefit is allowable in another public
41 retirement system as a result of the service."

42 **SECTION 19.** G.S. 128-26 is amended by adding a new subsection to read:

43 "(v) Retroactive Membership Service. – A member who is reinstated to service as
44 an employee as defined in G.S. 128-21(10) retroactively to the date of prior involuntary

1 termination (with backpay and benefits) may be allowed membership service, after
2 submitting clear and convincing evidence of the reinstatement, as follows:

- 3 (1) Within 90 days of the involuntary termination, by the payment of
4 employee and employer contributions that would have been paid; or
- 5 (2) After 90 days of the involuntary termination, by the payment of the
6 employee and employer contributions that would have been paid plus
7 interest compounded annually at a rate equal to the greater of the
8 average yield on the pension accumulation fund for the preceding
9 calendar year or the actuarial investment rate-of-return assumption, as
10 adopted by the Board of Trustees.

11 Nothing contained in this subsection shall prevent an employer or member from
12 paying all or a part of the cost of the retroactive membership service; and to the extent
13 paid by the employer, the cost paid by the employer shall be credited to the pension
14 accumulation fund; and to the extent paid by the member, the cost paid by the member
15 shall be credited to the member's annuity savings account; provided, however, an
16 employer does not discriminate against any member or group of members in his employ
17 in paying all or any part of the cost of the retroactive membership service.

18 In the event a member received a return of accumulated contributions subsequent to
19 an involuntary termination as provided in G.S. 128-27(f), the member may redeposit,
20 within 90 days of reinstatement retroactive to the date of prior involuntary termination,
21 in the annuity savings fund by single payment an amount equal to the total amount he
22 previously withdrew plus regular interest and restore the creditable service forfeited
23 upon receiving his return of accumulated contributions."

24 **SECTION 20.** G.S. 128-30 is amended by adding a new subsection to read:

25 "(b2) Retroactive Adjustment in Compensation or an Underreporting of
26 Compensation. – A member who is awarded backpay in cases of a denied promotional
27 opportunity in which the aggrieved member is granted a promotion retroactively, or in
28 cases in which an employer errs in the reporting of compensation, including the
29 employee and employer contributions, the member and employer may make employee
30 and employer contributions on the retroactive or additional compensation after
31 submitting clear and convincing evidence of the retroactive promotion or underreporting
32 of compensation, as follows:

- 33 (1) Within 90 days of the denial of the promotion or the error in reporting,
34 by the payment of employee and employer contributions that would
35 have been paid; or
- 36 (2) After 90 days of the denial of the promotion or the error in reporting,
37 by the payment of the employee and employer contributions that
38 would have been paid plus interest compounded annually at a rate
39 equal to the greater of the average yield on the pension accumulation
40 fund for the preceding calendar year or the actuarial investment
41 rate-of-return assumption, as adopted by the Board of Trustees.

42 For members electing to make the employee contributions on the retroactive
43 adjustment in compensation or on the underreported compensation, the member's
44 employer, which granted the retroactive promotion or erred in underreporting

1 compensation and contributions, shall make the required employer contributions.
2 Nothing contained in this subsection shall prevent an employer from paying all or a part
3 of the interest assessed on the employee contributions; and to the extent paid by the
4 employer, the interest paid by the employer shall be credited to the pension
5 accumulation fund; provided, however, an employer does not discriminate against any
6 member or group of members in his employ in paying all or any part of the interest
7 assessed on the employee contributions due.

8 In the event the retroactive adjustment in compensation or the underreported
9 compensation is for a period that occurs during the four consecutive calendar years that
10 would have produced the highest average annual compensation pursuant to G.S.
11 135-1(5), the compensation the member would have received during the period shall be
12 included in calculating the member's average final compensation only in the event the
13 appropriate employee and employer contributions are paid on such compensation.

14 An employer error in underreporting compensation shall not include a retroactive
15 increase in compensation that occurs during the four consecutive calendar years that
16 would have produced the highest average annual compensation pursuant to G.S.
17 135-1(5), for reasons other than a wrongfully denied promotional opportunity where the
18 member is promoted retroactively."

19 **SECTION 21.** G.S. 128-27(e)(4) reads as rewritten:

20 "(4) As a condition to the receipt of the disability retirement allowance
21 provided for in G.S. 128-27(d), (d1), (d2) and (d3) each member
22 retired on a disability retirement allowance shall, on or before April 15
23 of each calendar year, provide the Board of Trustees with a statement
24 of his or her income received as compensation for services, including
25 fees, commissions or similar items, and income received from
26 business, for the previous calendar year. Such statement shall be filed
27 on a form as required by the Board of Trustees. The benefit payable to
28 a beneficiary who does not or refuses to provide the information
29 requested within 60 days after such request shall not be paid a benefit
30 until the information so requested is provided, and should such refusal
31 or failure to provide such information continue for 240 days after such
32 request, the right of a beneficiary to a benefit under the Article may be
33 terminated.

34 The Director of the State Retirement Systems shall contact any
35 State or federal agency which can provide information to substantiate
36 the statement required to be submitted by this subdivision and may
37 enter into agreements for the exchange of information."

38 **SECTION 22.** G.S. 128-26(m) reads as rewritten:

39 "(m) Omitted Membership Service. – A member who had service as an employee
40 as defined in G.S. 135-1(10) and G.S. 128-21(10) or as a teacher as defined in G.S.
41 135-1(25) and who was omitted from contributing membership through error may be
42 allowed membership service, after submitting clear and convincing evidence of the
43 error, as follows:

- 1 (1) within 90 days of the omission, by the payment of employee and
2 employer contributions that would have been paid; or
3 (2) after 90 days and prior to three years of the omission, by the payment
4 of the employee and employer contributions that would have been paid
5 plus interest compounded annually at a rate equal to the greater of the
6 average yield on the pension accumulation fund for the preceding
7 calendar year;—year or the actuarial investment rate-of-return
8 assumption, as adopted by the Board of Trustees; or
9 (3) after three years of the omission, by the payment of an amount equal to
10 the full cost of the service credits calculated on the basis of the
11 assumptions used for the purposes of the actuarial valuation of the
12 System's liabilities, and shall take into account the additional
13 retirement allowance arising on account of such additional service
14 credit commencing at the earliest age at which a member could retire
15 on an unreduced retirement allowance, as determined by the Board of
16 Trustees upon the advice of the consulting actuary, plus an
17 administrative fee to be set by the Board of Trustees. Notwithstanding
18 the foregoing provisions of this subdivision that provide for the
19 purchase of service credits, the terms "full cost", "full liability", and
20 "full actuarial cost" include assumed annual post-retirement allowance
21 increases, as determined by the Board of Trustees, from the earliest
22 age at which a member could retire on an unreduced service
23 allowance.

24 Nothing contained in this subsection shall prevent an employer or member from
25 paying all or a part of the cost of the omitted membership service; and to the extent paid
26 by the employer, the cost paid by the employer shall be credited to the pension
27 accumulation fund; and to the extent paid by the member, the cost paid by the members
28 shall be credited to the member's annuity savings account; provided, however, an
29 employer does not discriminate against any member or group of members in his employ
30 in paying all or any part of the cost of the omitted membership service."

31 **SECTION 23.** G.S. 135-109 reads as rewritten:

32 "**§ 135-109. Reports of earnings.**

33 The Department of State Treasurer and Board of Trustees shall require each
34 beneficiary to annually provide a ~~copy of the beneficiary's federal income tax return~~
35 ~~certified by the beneficiary to be a true and exact copy of such tax return filed with the~~
36 ~~United States Internal Revenue Service and shall require such other statements of~~
37 ~~earnings as may be necessary to administer the provisions of this Article.~~ statement of
38 the beneficiary's income received as compensation for services, including fees,
39 commissions, or similar items, income received from business, and benefits received
40 from the Social Security Administration, the federal Veterans Administration, any other
41 federal agency, under the North Carolina Workers' Compensation Act, or under the
42 provisions of G.S. 127A-108. The benefit payable to a beneficiary who does not or
43 refuses to provide the information requested within 60 days after such request shall not
44 be paid a benefit until the information so requested is provided, and should such refusal

1 or failure to provide such information continue for ~~180~~240 days after such request the
2 right of a beneficiary to a benefit under the Article ~~shall~~may be terminated."
3 **SECTION 24.** This act is effective when it becomes law.