

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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HOUSE BILL 1533

Short Title: Automatic Enrollment/Supplemental Retirement. (Public)

Sponsors: Representatives Gibson; and Faison.

Referred to: Pensions and Retirement.

April 18, 2007

A BILL TO BE ENTITLED
AN ACT TO PROVIDE FOR AUTOMATIC ENROLLMENT OF NEW STATE
EMPLOYEES IN A SUPPLEMENTAL RETIREMENT PLAN.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 135-90(b) reads as rewritten:

"(b) The purpose of the Article is to attract and hold qualified employees and officials of the State of North Carolina and its political subdivisions by ~~permitting them to participate~~ encouraging them to participate, by automatic enrollment or otherwise, in a profit sharing or salary reduction form of deferred compensation which will provide supplemental retirement income payments upon retirement, disability, termination, hardship, and death as allowed under section 401(k), or any other relevant section, of the Internal Revenue Code of 1954 as amended. As used in this Article, the term "profit" means the excess revenue over expenditures prior to the expenditure of the amount which may be optionally made available for employees to be placed in trust by the State and its political subdivisions on behalf of the employees and officials covered by this Article."

SECTION 2. G.S. 135-92(a) reads as rewritten:

"(a) The membership eligibility of the Supplemental Retirement Income Plan shall consist of any of the following ~~who voluntarily elect to enroll: who either~~ voluntarily elect to enroll or who decide not to opt out of automatic enrollment:

- (1) Members of the Teachers' and State Employees' Retirement System;
and
- (2) Members of the Consolidated Judicial Retirement System; and
- (3) Members of the Legislative Retirement System; and
- (4) Members of the Local Governmental Employees' Retirement System;
and
- (5) Law enforcement officers as defined under G.S. 143-166.30 and G.S. 143-166.50; and

1 (6) Participants in the Optional Retirement Program provided for under
2 G.S. 135-5.1; and

3 (7) Members of retirement and pension plans sponsored by political
4 subdivisions of the State so long as such plans are qualified under
5 Section 401(a) of the Internal Revenue Code of 1986 as amended from
6 time to time."

7 **SECTION 3.** G.S. 135-93(a) reads as rewritten:

8 "(a) Each member may elect to reduce his compensation by the amount of his
9 contribution to the Supplemental Retirement Income Plan and that amount shall be held
10 in the member's account. Members electing such a reduction in compensation may
11 authorize payroll deductions for making contributions to the Plan. For purposes of this
12 subsection, the term "elect" includes electing not to opt out of automatic enrollment in
13 the Supplemental Retirement Income Plan."

14 **SECTION 4.** G.S. 135-94(a2) reads as rewritten:

15 "(a) The Department of State Treasurer and the Board of Trustees shall establish a
16 schedule of supplemental retirement income benefits for all members of the
17 Supplemental Retirement Income Plan, subject to the following limitations:

18 ...

19 (2) All amounts maintained in a member's account shall be invested
20 according to the member's election, as approved by the Department of
21 State Treasurer and Board of Trustees, including but not limited to, a
22 time deposit account, a fixed investment account, or a variable
23 investment account. Transfers of accumulated funds shall be permitted
24 among the various approved forms of investment. For purposes of this
25 subsection, the term "election" includes an election not to opt out of
26 automatic enrollment in the Supplemental Retirement Income Plan.

27"

28 **SECTION 5.** This act becomes effective July 1, 2007.