

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015**

**SESSION LAW 2015-164
HOUSE BILL 277**

AN ACT TO ENACT THE RETIREMENT ADMINISTRATIVE CHANGES ACT OF 2015.

The General Assembly of North Carolina enacts:

SECTION 1.(a) The terms of office of the present members of the Supplemental Retirement Board of Trustees shall expire on June 30, 2016. Effective for terms to begin on July 1, 2016, the members of the Board shall be appointed as provided in G.S. 135-96, as amended by this act.

SECTION 1.(b) G.S. 135-96 reads as rewritten:

"§ 135-96. Supplemental Retirement Board of Trustees.

(a) The Supplemental Retirement Board of Trustees is established to administer the Supplemental Retirement Income Plan established under the provisions of this Article and the North Carolina Public Employee Deferred Compensation Plan established under G.S. 143B-426.24, and the North Carolina Public School Teachers' and Professional Educators' Investment Plan established under G.S. 115C-341.2.

(b) The Board consists of nine voting members, as follows:

- (1) Six persons appointed by the Governor who have experience in finance and investments, one of whom shall be a State employee, and one of whom shall be a retired State or local governmental employee;
- (2) One person appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives;
- (3) One person appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate; and
- (4) The State Treasurer, ex officio, who shall be the Chair.

(c) ~~The initial appointments by the General Assembly and two of the Governor's initial appointments shall be for one-year terms. The remainder of the initial appointments shall be for two-year terms. At the expiration of these initial terms, appointments shall be for two years and shall be made by the appointing authorities designated in subsection (b) of this section. Effective July 1, 2016:~~

- (1) The appointments made by the General Assembly pursuant to subdivisions (2) and (3) of subsection (b) of this section shall be for initial terms of three years, to expire June 30, 2019.
- (2) Three of the appointments made by the Governor pursuant to subdivision (1) of subsection (b) of this section shall be for initial terms of one year, to expire June 30, 2017.
- (3) Three of the appointments made by the Governor pursuant to subdivision (1) of subsection (b) of this section shall be for initial terms of two years, to expire June 30, 2018.

Upon the expiration of these initial terms, appointments for all members shall be for terms of three years beginning on the day following the expiration date of the previous member's term.

(c1) A member shall continue to serve until the member's successor is duly appointed, but a holdover under this provision does not affect the expiration date of the succeeding term. No member of the Board may serve ~~more than three~~ longer than any of the following:

- (1) Two consecutive ~~two-year~~ three-year terms.
- (2) Three consecutive terms of any length, in the event that one or more of the terms is for fewer than three years in duration or the member serves a partial term as result of filling a vacancy.



(3) Eight consecutive years, regardless of term lengths.

(d) Other than ex officio members, members appointed by the Governor shall serve at the Governor's pleasure. An ex officio member may designate in writing, filed with the Board, any employee of the member's department to act at any meeting of the Board from which the member is absent, to the same extent that the member could act if present in person at such meeting.

(e) The Board may retain the services of independent appraisers, auditors, actuaries, attorneys, investment counseling firms, statisticians, custodians, or other persons or firms possessing specialized skills or knowledge necessary for the proper administration of investment programs that the Board administers pursuant to this section."

SECTION 2. Article 3 of Chapter 111 of the General Statutes is amended by adding a new section to read:

§ 111-47.3 Food service at Department of State Treasurer.

Notwithstanding any other provision of this Article, the Department of State Treasurer may operate or contract for the operation of food or vending services at Department of State Treasurer offices. The net proceeds of revenue generated by food and vending services that are provided at the Department of State Treasurer by the agency or a vendor with whom the agency has contracted shall be credited to the Division of Services for the Blind of the Department of Health and Human Services for the purposes specified in G.S. 111-43."

SECTION 3.(a) G.S. 147-69.2(b) reads as rewritten:

"(b) It shall be the duty of the State Treasurer to invest the cash of the funds enumerated in subsection (a) of this section in excess of the amount required to meet the current needs and demands on such funds. The State Treasurer may invest the funds as provided in this subsection. If an investment was authorized by this subsection at the time the investment was made or contractually committed to be made, then that investment shall continue to be authorized by this subsection, and none of the percentage or other limitation on investments set forth in this subsection shall be construed to require the State Treasurer to subsequently dispose of the investment or fail to honor any contractual commitments as a result of changes in market values, ratings, or other investment qualifications. For purposes of computing market values on which percentage limitations on investments in this subsection are based, all investments shall be valued as of the last date of the most recent fiscal quarter.

- (1) Investments authorized by G.S. 147-69.1(c)(1)-(7).
- (2) General obligations of other states of the United States.
- (3) General obligations of cities, counties and special districts in North Carolina.
- (4) Obligations of any company, other organization or legal entity incorporated or otherwise created or located within or outside the United States, including obligations that are convertible into equity securities, if the obligations bear one of the four highest ratings of at least one nationally recognized rating service when acquired.
- (5) Repealed by Session Laws 2001-444, s. 2, effective October 1, 2001.
- (6) Asset-backed securities (whether considered debt or equity) provided they bear ratings by nationally recognized rating services as provided in G.S. 147-69.2(b)(4).
- (6a) In addition to the limitations and requirements with respect to the investments of the Retirement Systems set forth in this subsection, the State Treasurer shall select investments of the assets of the Retirement Systems such that investments made pursuant to subdivisions (b)(1) through (6) of this section shall at all times equal or exceed twenty percent (20%) of the market value of all invested assets of the Retirement Systems.
- (6b) Investments pursuant to subdivisions (b)(1) through (6) of this section may be made directly by the State ~~Treasurer~~Treasurer, through investment companies registered under the Investment Company Act of 1940, individual, common, or collective trust funds of banks and trust companies, group trusts and limited partnerships, limited liability companies or other limited liability investment vehicles that invest primarily in investments authorized by subdivisions (1) through (6) of this subsection, or through contractual arrangements in which the investment manager has full and complete discretion and authority to invest assets specified in such arrangements in investments authorized by subdivisions (b)(1) through (6) of

this section, provided for each indirect investment, the investment manager has assets under management of at least one hundred million dollars (\$100,000,000).

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SECTION 3.(b) G.S. 147-77 reads as rewritten:

"§ 147-77. Daily deposit of funds to credit of Treasurer.

All funds belonging to the State of North Carolina, in the hands of any head of any department of the State which collects revenue for the State in any form whatsoever, and every institution, agency, officer, employee, or representative of the State or any agency, department, division or commission thereof, except officers and the clerks of the Supreme Court and Court of Appeals, collecting or receiving any funds or money belonging to the State of North Carolina, shall daily deposit the same in some bank, or trust company, selected or designated by the State Treasurer, in the name of the State Treasurer, at noon, or as near thereto as may be, and shall report the same daily to ~~said Treasurer. Provided that the~~ Treasurer. The State Treasurer may authorize exemptions from the provisions of this section so long as funds are deposited and reported pursuant to the provisions of this section at least once a week and, in addition, so long as funds are deposited and reported pursuant to the provisions of this section whenever as much as ~~two hundred fifty dollars (\$250.00)~~ five thousand dollars (\$5,000) has been collected and received. Provided, that the received. Each State agency that has custody of funds less than five thousand dollars (\$5,000) shall provide adequate safekeeping of such funds. The Treasurer may refund the amount of any bad checks which have been returned to the department by the Treasurer when the same have not been collected after 30 days' trial."

SECTION 4. G.S. 135-1(20) reads as rewritten:

"(20) "Retirement" under this Chapter, except as otherwise provided, means the commencement of monthly retirement benefits along with termination of employment and the complete separation from active service with no intent or agreement, express or implied, to return to service. A retirement allowance under the provisions of this Chapter may only be granted upon retirement of a member. In order for a member's retirement to become effective in any month, the member must perform no work for an employer, including part-time, temporary, substitute, or contractor work, at any time during the six months immediately following the effective date of retirement. For purposes of this subdivision, working as a member of a school board, board of trustees of a community college, board of trustees of any constituent institution of The University of North Carolina, as an unpaid bona fide volunteer in a local school administrative unit, or as an unpaid bona fide volunteer guardian ad litem in the guardian ad litem program shall not be considered ~~service, service or work, and volunteering in positions normally designated as unpaid bona fide volunteer positions during the six months immediately following the effective date of retirement shall not be considered service.~~ A member who is a full-time faculty member of The University of North Carolina may effect a retirement allowance under this Chapter, notwithstanding the six-month requirement above, provided the member immediately enters the University's Phased Retirement Program for Tenured Faculty as that program existed on May 25, 2011."

SECTION 5.(a) G.S. 135-8(f) is amended by adding a new subdivision to read:

"(4) In conjunction with the employee and employer contributions required under this section, the Board of Trustees shall direct employers to submit such information on a monthly basis as is necessary for proper administration of the Retirement System, actuarial valuation, and reporting under accounting standards set forth by the Governmental Accounting Standards Board of the Financial Accounting Foundation. Submission of such information by an employer to the Retirement System constitutes a certification of its accuracy."

SECTION 5.(b) G.S. 128-30(g) is amended by adding a new subdivision to read:

"(4) In conjunction with the employee and employer contributions required under this section, the Board of Trustees shall direct employers to submit such information on a monthly basis as is necessary for proper administration of the Retirement System, actuarial valuation, and reporting under accounting

standards set forth by the Governmental Accounting Standards Board of the Financial Accounting Foundation. Submission of such information by an employer to the Retirement System constitutes a certification of its accuracy."

SECTION 6.(a) G.S. 135-8(f)(3) reads as rewritten:

"(3) In the event the employee or employer contributions required under this section are not received by the date set by the Board of Trustees, the Board shall assess the employer with a penalty, in lieu of interest, of 1% per month with a minimum penalty of twenty-five dollars (\$25.00). The Board may waive one penalty per employer every five years if the Board finds that the employer has consistently demonstrated good-faith efforts to comply with the set deadline. If within 90 days after request therefor by the Board any employer shall not have provided the System with the records and other information required hereunder or if the full accrued amount of the contributions provided for under this section due from members employed by an employer or from an employer other than the State shall not have been received by the System from the chief fiscal officer of such employer within 30 days after the last due date as herein provided, then, notwithstanding anything herein or in the provisions of any other law to the contrary, upon notification by the Board to the State Treasurer as to the default of such employer as herein provided, any distributions which might otherwise be made to such employer from any funds of the State shall be withheld from such employer until notice from the Board to the State Treasurer that such employer is no longer in default.

In the event that an employer fails to submit payment of any required contributions or payments to the Retirement Systems Division, other than the one percent (1%) payment provided for in the first paragraph of this subdivision, within 90 days after the date set by the Board of Trustees, the Board shall notify the State Treasurer of its intent to collect the delinquent contributions and other payments due to the Retirement Systems Division and request an interception of State appropriations due to the participating employer. Upon such notification by the Board of Trustees to the State Treasurer and the Office of State Budget and Management as to the default of the employer, the Office of State Budget and Management shall withhold from any State appropriation due to that employer an amount equal to the sum of all delinquent contributions and other debts due to the Retirement Systems Division and shall transmit that amount to the Retirement Systems Division."

SECTION 6.(b) G.S. 128-30(g)(3) reads as rewritten:

"(3) In the event the employee or employer contributions required under this section are not received by the date set by the Board of Trustees, the Board shall assess the employer with a penalty, in lieu of interest, of 1% per month with a minimum penalty of twenty-five dollars (\$25.00). The Board may waive one penalty per employer every five years if the Board finds that the employer has consistently demonstrated good-faith efforts to comply with the set deadline. If within 90 days after request therefor by the Board any employer shall not have provided the System with the records and other information required hereunder or if the full accrued amount of the contributions provided for under this section due from members employed by an employer or from an employer shall not have been received by the System from the chief fiscal officer of such employer within 30 days after the last due date as herein provided, then, notwithstanding anything herein or in the provisions of any other law to the contrary, upon notification by the Board to the State Treasurer as to the default of such employer as herein provided, any distributions which might otherwise be made to such employer, or the municipality or county of which such employer is an integral part, from any funds of the State or any funds collected by the State shall be withheld from such employer until notice from the Board to the State Treasurer that such employer is no longer in default.

In the event that an employer fails to submit payment of any required contributions or payments to the Retirement Systems Division, other than the one percent (1%) payment provided for in the first paragraph of this subdivision, within 90 days after the date set by the Board of Trustees, the Board shall notify the State Treasurer of its intent to collect the delinquent contributions and other payments due to the Retirement Systems Division and request an interception of State appropriations due to the participating employer. Upon such notification by the Board of Trustees to the State Treasurer and the Office of State Budget and Management as to the default of the employer, the Office of State Budget and Management shall withhold from any State appropriation due to that employer an amount equal to the sum of all delinquent contributions and other debts due to the Retirement Systems Division and shall transmit that amount to the Retirement Systems Division."

SECTION 6.(c) G.S. 115C-438 reads as rewritten:

"§ 115C-438. Provision for disbursement of State money.

The deposit of money in the State treasury to the credit of local school administrative units shall be made in monthly installments, and additionally as necessary, at such time and in such a manner as may be most convenient for the operation of the public school system. Before an installment is credited, the school finance officer shall certify to the State Board of Education the expenditures to be made by the local school administrative unit from the State Public School Fund during the month. This certification shall be filed on or before the fifth day following the end of the month preceding the period in which the expenditures will be made. The State Board of Education shall determine whether the moneys requisitioned are due the local school administrative unit, and upon determining the amount due, shall cause the requisite amount to be credited to the local school administrative unit. Upon receiving notice from the State Treasurer of the amount placed to the credit of the local school administrative unit, the finance officer may issue State warrants up to the amount so certified.

Upon notification by the Board of Trustees of the Teachers' and State Employees' Retirement System to the State Treasurer and the Office of State Budget and Management as to the default of the local school administrative unit, the State Board of Education shall withhold from any State appropriation due to the local school administrative unit an amount equal to the sum of all delinquent contributions and payments due to the Retirement Systems Division and shall transmit that amount to the Retirement Systems Division.

The State Board of Education may withhold money for payment of salaries for administrative officers of local school administrative units if any report required to be filed with State school authorities is more than 30 days overdue. The State Board of Education shall withhold money for payment of salaries for the superintendent, finance officer, and all other administrative officers charged with providing payroll information pursuant to G.S. 115C-12(18), if the local school administrative unit fails to provide the payroll information to the State Board in a timely fashion and substantially in accordance with the standards set by the State Board. The State Board of Education shall also withhold money used for payment of salaries for the superintendent, transportation director, and all other administrative officers or employees charged by the local board of education or the local superintendent with implementing the Transportation Information Management System, pursuant to G.S. 115C-240(d), if the State Board finds that a local school administrative unit is not progressing in good faith and is not using its best efforts to implement the Transportation Information Management System.

Money in the State Public School Fund and State bond moneys shall be released only on warrants drawn on the State Treasurer, signed by such local official as may be required by the State Board of Education."

SECTION 7. G.S. 150B-21.3A is amended by adding a new subsection to read:

"(e1) Rules to Protect Inchoate or Accrued Rights of Retirement Systems Members. – Rules deemed by the Boards of Trustees established under G.S. 128-28 and G.S. 135-6 to protect inchoate or accrued rights of members of the Retirement Systems administered by the State Treasurer shall not expire as provided by this section. The Commission shall report annually to the Committee on any rules that do not expire pursuant to this subsection."

SECTION 8. G.S. 128-21 is amended by adding three new subdivisions to read:

- "(10a) "Regularly employed" shall mean employment in a position for which the duties require not less than 1,000 hours of work in a calendar year, provided that the term shall not include any individuals whose employment is considered "temporary employment" as defined in subdivision (10b) of this section or "statutorily-required interim employment" as defined in subdivision (10c) of this section.
- (10b) "Temporary employment" shall mean employment for a limited term, in no case to exceed 12 consecutive months on a nonrecurring basis, for an employer as defined in subdivision (11) of this section.
- (10c) "Statutorily-required interim employment" shall mean individuals whose employment for an employer as defined in subdivision (11) of this section occurs as a result of the individual's designation by the city council as an interim city manager, as provided in G.S. 160A-150 for a period not to exceed 12 months on a nonrecurring basis, or as a result of the individual's designation by the board of commissioners as an interim county manager, as provided in G.S. 153A-84 for a period not to exceed 12 months on a nonrecurring basis."

SECTION 9.(a) G.S. 135-91(c) reads as rewritten:

"(c) The Department of State Treasurer and the Board of Trustees shall have full power and authority to adopt rules and regulations for the administration of the Plan, provided they are not inconsistent with the provisions of this Article. The Department of State Treasurer and Board of Trustees may appoint those agents, contractors, employees and committees as they deem advisable to carry out the terms and conditions of the Plan. In order to promote achievement of long-term investment objectives and to retain key public employees with investment functions, the Board of Trustees shall authorize the State Treasurer to establish market-oriented compensation plans, including salaries and performance-related bonuses, for employees possessing specialized skills or knowledge necessary for the proper administration of the Plan, who shall be exempt from the classification and compensation rules established by the Office of State Human Resources. The design and administration of those compensation plans shall be based on compensation studies conducted by a nationally recognized firm specializing in public fund investment compensation. The compensation and other associated employee benefits shall be apportioned directly from the Plan."

SECTION 9.(b) G.S. 126-5 is amended by adding a new subsection to read:

"(c13) Except as to G.S. 126-13, 126-14, 126-14.1, and the provisions of Articles 6, 7, 14, 15, and 16 of this Chapter, the provisions of this Chapter shall not apply to employees of the Department of State Treasurer possessing specialized skills or knowledge necessary for the proper administration of the Supplemental Retirement Plans and compensated pursuant to G.S. 135-91(c)."

SECTION 10.(a) G.S. 135-5 is amended by adding a new subsection to read:

"(m4) A member who has contributions in this System and is not eligible for a retirement benefit as set forth in G.S. 135-5(a) shall be paid his contributions in a lump sum as provided in G.S. 135-5(f) by April 1 of the calendar year following the later of the calendar year in which the member (i) attains 70 and one-half years of age or (ii) has ceased to be a teacher or State employee except by death. If such member fails, following reasonable notification, to complete a refund application by such required date, the requirement that a refund application be completed shall be waived and the refund shall be paid without a refund application as a single lump-sum payment with applicable required North Carolina and federal income taxes withheld. For purposes of this subsection, a member shall not be considered to have ceased to be a teacher or State employee if the member is actively contributing to the Consolidated Judicial Retirement System, Local Governmental Employees' Retirement System, or Legislative Retirement System. A lump-sum refund shall not be paid under this subsection if the member is actively contributing to the Consolidated Judicial Retirement System, Local Governmental Employees' Retirement System, or Legislative Retirement System.

A member who has contributions in this System and is eligible for a retirement benefit as set forth in G.S. 135-5(a) shall begin to receive a monthly benefit no later than April 1 of the calendar year following the later of the calendar year in which the member (i) attains 70 and one-half years of age or (ii) has ceased to be a teacher or State employee except by death. If such member fails, following reasonable notification, to complete the retirement process as set forth under Chapter 135 of the General Statutes by such required beginning date, the

requirement that a retirement application and an election of payment plan form be completed shall be waived and the retirement allowance shall be paid as a single life annuity. The single life annuity shall be calculated and processed in accordance with G.S. 135-5. For purposes of this subsection, a member shall not be considered to have ceased to be a teacher or State employee if the member is actively contributing to the Consolidated Judicial Retirement System, Local Governmental Employees' Retirement System, or Legislative Retirement System. A retirement benefit shall not be paid under this subsection if the member is actively contributing to the Consolidated Judicial Retirement System, Local Governmental Employees' Retirement System, or Legislative Retirement System."

SECTION 10.(b) G.S. 128-27 is amended by adding a new subsection to read:

"(m3) A member who has contributions in this System and is not eligible for a retirement benefit as set forth in G.S. 128-27(b21) shall be paid his contributions in a lump sum as provided in G.S. 128-27(f) by April 1 of the calendar year following the later of the calendar year in which the member (i) attains 70 and one-half years of age or (ii) has ceased to be an employee except by death. If such member fails, following reasonable notification, to complete a refund application by such required date, the requirement that a refund application be completed shall be waived and the refund shall be paid without a refund application as a single lump-sum payment with applicable required North Carolina and federal income taxes withheld. For purposes of this subsection, a member shall not be considered to have ceased to be an employee if the member is actively contributing to the Teachers' and State Employees' Retirement System, Consolidated Judicial Retirement System, or Legislative Retirement System. A lump-sum refund shall not be paid under this subsection if the member is actively contributing to the Teachers' and State Employees' Retirement System, Consolidated Judicial Retirement System, or Legislative Retirement System."

A member who has contributions in this System and is eligible for a retirement benefit as set forth in G.S. 128-27(21) shall begin to receive a monthly benefit no later than April 1 of the calendar year following the later of the calendar year in which the member (i) attains 70 and one-half years of age or (ii) has ceased to be an employee except by death. If such member fails, following reasonable notification, to complete the retirement process as set forth under Chapter 128 of the General Statutes by such required beginning date, the requirement that a retirement application and an election of payment plan form be completed shall be waived and the retirement allowance shall be paid as a single life annuity. The single life annuity shall be calculated and processed in accordance with G.S. 128-27(b21). For purposes of this subsection, a member shall not be considered to have ceased to be an employee if the member is actively contributing to the Teachers' and State Employees' Retirement System, Consolidated Judicial Retirement System, or Legislative Retirement System. A retirement benefit shall not be paid under this subsection if the member is actively contributing to the Teachers' and State Employees' Retirement System, Consolidated Judicial Retirement System, or Legislative Retirement System."

SECTION 10.(c) G.S. 135-74 is amended by adding a new subsection to read:

"(c1) A member who has contributions in this System and is not eligible for a retirement benefit as set forth in G.S. 135-58(a6) shall be paid his contributions in a lump sum as provided in G.S. 135-62 by April 1 of the calendar year following the later of the calendar year in which the member (i) attains 70 and one-half years of age or (ii) has ceased to be a judge, district attorney, public defender, the Director of Indigent Defense Services, or clerk of superior court as provided in G.S. 135-53, except by death. If such member fails, following reasonable notification, to complete a refund application by such required date, the requirement that a refund application be completed shall be waived and the refund shall be paid without a refund application as a single lump-sum payment with applicable required North Carolina and federal income taxes withheld. For purposes of this subsection, a member shall not be considered to have ceased to be a judge, district attorney, public defender, the Director of Indigent Defense Services, or clerk of superior court as provided in G.S. 135-53 if the member is actively contributing to the Teachers' and State Employees' Retirement System, Local Governmental Employees' Retirement System, or Consolidated Judicial Retirement System. A lump-sum refund shall not be paid under this subsection if the member is actively contributing to the Teachers' and State Employees' Retirement System, Local Governmental Employees' Retirement System, or Consolidated Judicial Retirement System."

A member who has contributions in this System and is eligible for a retirement benefit as set forth in G.S. 120-4.21 shall begin to receive a monthly benefit no later than April 1 of the

calendar year following the later of the calendar year in which the member (i) attains 70 and one-half years of age or (ii) has ceased to be a judge, district attorney, public defender, the Director of Indigent Defense Services, or clerk of superior court as provided in G.S. 135-53, except by death. If such member fails, following reasonable notification, to complete the retirement process as set forth under Chapter 120 of the General Statutes by such required beginning date, the requirement that a retirement application and an election of payment plan form be completed shall be waived and the retirement allowance shall be paid as a single life annuity. The single life annuity shall be calculated and processed in accordance with G.S. 120-4.21. For purposes of this subsection, a member shall not be considered to have ceased to be a judge, district attorney, public defender, the Director of Indigent Defense Services, or clerk of superior court as provided in G.S. 135-53 if the member is actively contributing to the Teachers' and State Employees' Retirement System, Local Governmental Employees' Retirement System, or Consolidated Judicial Retirement System. A retirement benefit shall not be paid under this subsection if the member is actively contributing to the Teachers' and State Employees' Retirement System, Local Governmental Employees' Retirement System, or Consolidated Judicial Retirement System."

SECTION 10.(d) G.S. 120-4.31 is amended by adding a new subsection to read:

"(c1) A member who has contributions in this System and is not eligible for a retirement benefit as set forth in G.S. 120-4.21 shall be paid his contributions in a lump sum as provided in G.S. 120-4.25 by April 1 of the calendar year following the later of the calendar year in which the member (i) attains 70 and one-half years of age or (ii) has ceased to be a member of the General Assembly, except by death. If such member fails, following reasonable notification, to complete a refund application by such required date, the requirement that a refund application be completed shall be waived and the refund shall be paid without a refund application as a single lump-sum payment with applicable required North Carolina and federal income taxes withheld. For purposes of this subsection, a member shall not be considered to have ceased to be a member of the General Assembly if the member is actively contributing to the Teachers' and State Employees' Retirement System, Local Governmental Employees' Retirement System, or Consolidated Judicial Retirement System. A lump-sum refund shall not be paid under this subsection if the member is actively contributing to the Teachers' and State Employees' Retirement System, Local Governmental Employees' Retirement System, or Consolidated Judicial Retirement System.

A member who has contributions in this System and is eligible for a retirement benefit as set forth in G.S. 120-4.21 shall begin to receive a monthly benefit no later than April 1 of the calendar year following the later of the calendar year in which the member (i) attains 70 and one-half years of age or (ii) has ceased to be a member of the General Assembly, except by death. If such member fails, following reasonable notification, to complete the retirement process as set forth under Chapter 120 of the General Statutes by such required beginning date, the requirement that a retirement application and an election of payment plan form be completed shall be waived and the retirement allowance shall be paid as a single life annuity. The single life annuity shall be calculated and processed in accordance with G.S. 120-4.21. For purposes of this subsection, a member shall not be considered to have ceased to be a member of the General Assembly if the member is actively contributing to the Teachers' and State Employees' Retirement System, Local Governmental Employees' Retirement System, or Consolidated Judicial Retirement System. A retirement benefit shall not be paid under this subsection if the member is actively contributing to the Teachers' and State Employees' Retirement System, Local Governmental Employees' Retirement System, or Consolidated Judicial Retirement System."

SECTION 11.(a) G.S. 135-3(8) is amended by adding a new sub-subdivision to read:

"f. Should a beneficiary who retired on an early or service retirement allowance under this Chapter be reemployed by, or otherwise engaged to perform services for, an employer participating in the Retirement System on a part-time, temporary, interim, or on a fee for service basis, whether contractual or otherwise at any time during the six months immediately following the effective date of retirement, then the option of the two listed below that has the lesser financial impact on the member, as determined by the Retirement System, shall be applied:

1. The member's retirement shall be deemed effective the month after the last month the member performed services for a participating employer, and the member shall repay all retirement benefits paid up to the deemed effective date, provided the member thereafter has satisfied the six-month separation required by G.S. 135-1(20).
2. The member shall make a lump-sum payment to the Retirement System equal to three times the amount of compensation earned during the six months immediately following the effective date of retirement."

SECTION 11.(b) G.S. 128-24(5) is amended by adding a new sub-subdivision to

read:

"e. Should a beneficiary who retired on an early or service retirement allowance under this Chapter be reemployed by, or otherwise engaged to perform services for, an employer participating in the Retirement System on a part-time, temporary, interim, or on a fee for service basis, whether contractual or otherwise at any time during the month immediately following the effective date of retirement, then the option of the two listed below that has the lesser financial impact on the member, as determined by the Retirement System, shall be applied:

1. The member's retirement shall be deemed effective the month after the last month the member performed services for a participating employer, and the member shall repay all retirement benefits paid up to the deemed effective date, provided the member thereafter has satisfied the one-month separation required by G.S. 128-21(19).
2. The member shall make a lump-sum payment to the Retirement System equal to three times the amount of compensation earned during the month immediately following the effective date of retirement."

SECTION 12. This act becomes effective October 1, 2015.

In the General Assembly read three times and ratified this the 20th day of July, 2015.

s/ Daniel J. Forest
President of the Senate

s/ Tim Moore
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 1:30 p.m. this 23rd day of July, 2015