

**§ 143C-4-10. Unfunded Liability Solvency Reserve.**

(a) Creation. – The Unfunded Liability Solvency Reserve is established as a reserve in the General Fund. The Unfunded Liability Solvency Reserve is an employee benefits trust as described under G.S. 143C-1-3(a).

(b) Definitions. – The following definitions apply in this section:

- (1) Benefit enhancement. – Any change to the benefits provided under the Teachers' and State Employees' Retirement System of North Carolina established under G.S. 135-2 or to the Retiree Health Benefit Fund established under G.S. 135-7(f) that is estimated to increase the contributions or liabilities associated with either program, as indicated by an actuarial note provided under G.S. 120-114.
- (2) Health Benefit Fund. – The Retiree Health Benefit Fund established under G.S. 135-7(f).
- (3) Health Benefit Fund Actuarial Committee. – The Committee on Actuarial Valuation of Retired Employees' Health Benefits established under G.S. 135-48.12.
- (4) Reserve. – The Unfunded Liability Solvency Reserve established under subsection (a) of this section.
- (5) Retirement System. – The Teachers' and State Employees' Retirement System of North Carolina established under G.S. 135-2.

(c) Source of Funds. – The Reserve shall receive the following funds:

- (1) Any amounts that shall be appropriated by the General Assembly.
  - (1a) Funds transferred under G.S. 143C-4-2(i) or (j).
  - (2) Funds transferred under G.S. 142-15.4 and G.S. 142-96.
  - (3) Any funds, in an amount directed by the State Treasurer to be transferred, that meet all of the following criteria:
    - a. The funds are the result of rebates received by the Department of State Treasurer from a company administering supplemental voluntary insurance benefits authorized under G.S. 120-4.32(b), 128-38.3(b), 135-18.8(b), or 135-75(b).
    - b. The funds are not owed to a company administering, or individuals participating in, supplemental voluntary insurance benefits.
    - c. As determined by the Board of Trustees of the Retirement System, the funds are not to be needed to pay future administrative costs of the supplemental voluntary insurance benefits.

(d) Transfer of Funds From the Reserve. – The transfer of funds from the Reserve shall meet all of the following requirements:

- (1) The funds in the Reserve shall be used only for transfers to the (i) Health Benefit Fund or (ii) the Retirement System for the purpose of reducing the unfunded liabilities of those two funds.
- (2) Funds in the Reserve must be appropriated or transferred by the end of the next fiscal year after the funds entered the Reserve.
- (3) Transfers from the Reserve to the Health Benefit Fund and the Retirement System shall not supplant employer contributions otherwise designated for the Health Benefit Fund or Retirement System. Transfers shall be made from the Reserve only upon the following conditions:
  - a. The portion of the State's employer contribution rate provided to the Health Benefit Fund is not less than the cost of the premiums for the retirees served by the Retiree Health Benefit Fund in the most recent plan year.

- b. The portion of the State's employer contribution rate provided to the Retirement System in effect at the time of the transfer is equal to or greater than the rate certified under G.S. 135-8 as necessary by the Board of Trustees of the Retirement System.
- c. Transfers from the Reserves shall not be used to pay the cost of benefit enhancements commencing after July 1, 2017.
  - (e) Repealed by Session Laws 2023-134, s. 39.28(a), effective October 3, 2023.
  - (e1) Use of Funds Transferred into the Reserve. – As soon as practicable after funds are transferred into the Reserve, the State Controller, in conjunction with the State Treasurer, shall transfer the total amount of these funds to the Health Benefit Fund.
  - (e2) Repealed by Session Laws 2023-134, s. 39.28(a), effective October 3, 2023.
  - (f) Not Considered Debt Service Funds. – Any funds in the Reserve, as well as any funds from the Reserve used to establish additional contributions to the Health Benefit Fund or Retirement System, shall not be considered debt service funds for general long-term debt principal and interest.
  - (g) Funds Do Not Revert. — No portion of the Fund shall be transferred to the General Fund, and any appropriation made to the Fund shall not revert. (2018-30, s. 1; 2020-48, s. 2.2(a), (c); 2021-180, s. 39.24(a); 2023-134, s. 39.28(a).)