

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2023**

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**HOUSE BILL 270  
Committee Substitute Favorable 5/2/23**

Short Title: Death Benefits Parity/Fire & Rescue Increase.

(Public)

Sponsors:

Referred to:

March 7, 2023

A BILL TO BE ENTITLED

AN ACT ESTABLISHING DEATH BENEFITS PARITY FOR MEMBERS OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM; AND INCREASING THE MONTHLY PAYMENT AND PENSION FOR MEMBERS OF THE NORTH CAROLINA FIREFIGHTERS' AND RESCUE SQUAD WORKERS' PENSION FUND.

The General Assembly of North Carolina enacts:

**PART I. CHANGES TO DEATH BENEFITS IN THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM**

**SECTION 1.1.** G.S. 135-5(*l*) reads as rewritten:

"(*l*) Death Benefit Plan. – There is hereby created a Group Life Insurance Plan (hereinafter called the "Plan") which is established as an employee welfare benefit plan that is separate and apart from the Retirement System and under which the members of the Retirement System shall participate and be eligible for group life insurance benefits. The Plan shall be part of the North Carolina Teachers' and State Employees' Benefit Trust, as established under G.S. 135-7(g). All receipts, transfers, appropriations, contributions, investment earnings, and other income belonging to the Plan shall be deposited in the Benefit Trust. All benefits and expenses against the Plan shall be disbursed from the Benefit Trust. Employer and non-employer contributions to the Benefit Trust and earnings on those contributions are irrevocable. The assets of the Benefit Trust are dedicated to providing benefits to participants, surviving spouses, and the members' estates in accordance with the Plan's benefit terms. The assets of the Benefit Trust are not subject to the claims of creditors of the employees and non-employees making contributions to the Benefit Trust, are not subject to the claims of any creditors of the Benefit Trust's trustees and administrators, and are not subject to the claims of creditors of members and beneficiaries. Benefit Trust assets may be used for reasonable expenses to administer benefits provided by the Fund as approved by the Board of Trustees.

Upon receipt of proof, satisfactory to the Board of Trustees in their capacity as trustees under the Group Life Insurance Plan, of the death, in service, of a member who had completed at least one full calendar year of membership in the Retirement System, there shall be paid to such person as the member shall have nominated by electronic submission in a form approved by the Board of Trustees or by written designation duly acknowledged and filed with the Board of Trustees, if such person is living at the time of the member's death, otherwise to the member's legal



1 representatives, a death benefit. Such death benefit shall be equal to ~~the greater of:~~ fifty thousand  
 2 dollars (\$50,000).

3 ~~(1) The compensation on which contributions were made by the member during~~  
 4 ~~the calendar year preceding the year in which his death occurs, or~~

5 ~~(2) The greatest compensation on which contributions were made by the member~~  
 6 ~~during a 12-month period of service within the 24-month period of service~~  
 7 ~~ending on the last day of the month preceding the month in which his last day~~  
 8 ~~of actual service occurs;~~

9 (3), (4) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1049, s. 2.

10 ~~subject to a minimum of twenty-five thousand dollars (\$25,000) and to a maximum of fifty~~  
 11 ~~thousand dollars (\$50,000).~~ Such death benefit shall be payable apart and separate from the  
 12 payment of the member's accumulated contributions under the System on ~~his~~ the member's death  
 13 pursuant to the provisions of subsection (f) of this section. For the purpose of the Plan, a member  
 14 shall be deemed to be in service at on the date of ~~his~~ the member's death occurs within  
 15 180 days from the last day of ~~his~~ the member's actual service.

16 "...."

17 **SECTION 1.2.** G.S. 128-27(l) reads as rewritten:

18 "(l) Death Benefit Plan. – The provisions of this subsection shall become effective for any  
 19 employer only after an agreement to that effect has been executed by the employer and the  
 20 Director of the Retirement System. There is hereby created a Group Life Insurance Plan  
 21 (hereinafter called the "Plan") which is established as an employee welfare benefit plan that is  
 22 separate and apart from the Retirement System and under which the members of the Retirement  
 23 System shall participate and be eligible for group life insurance benefits. The Plan shall be part  
 24 of the North Carolina Teachers' and State Employees' Benefit Trust, as established under  
 25 G.S. 135-7(g). All receipts, transfers, appropriations, contributions, investment earnings, and  
 26 other income belonging to the Plan shall be deposited in the Benefit Trust. All benefits and  
 27 expenses against the Plan shall be disbursed from the Benefit Trust. Employer and non-employer  
 28 contributions to the Benefit Trust and earnings on those contributions are irrevocable. The assets  
 29 of the Benefit Trust are dedicated to providing benefits to members and beneficiaries in  
 30 accordance with the Plan's benefit terms. The assets of the Benefit Trust are not subject to the  
 31 claims of creditors of the employees and non-employees making contributions to the Benefit  
 32 Trust, are not subject to the claims of any creditors of the Benefit Trust's trustees and  
 33 administrators, and are not subject to the claims of creditors of members and beneficiaries.  
 34 Benefit Trust assets may be used for reasonable expenses to administer benefits provided by the  
 35 Fund as approved by the Board of Trustees.

36 Upon receipt of proof, satisfactory to the Board of Trustees in their capacity as trustees under  
 37 the Group Life Insurance Plan, of the death, in service, of a member who had completed at least  
 38 one full calendar year of membership in the Retirement System, there shall be paid to such person  
 39 as the member shall have nominated by electronic submission in a form approved by the Board  
 40 of Trustees or by written designation duly acknowledged and filed with the Board of Trustees, if  
 41 such person is living at the time of the member's death, otherwise to the member's legal  
 42 representatives, a death benefit. Such death benefit shall be equal to ~~the greater of:~~ fifty thousand  
 43 dollars (\$50,000).

44 ~~(1) The compensation on which contributions were made by the member during~~  
 45 ~~the calendar year preceding the year in which his death occurs, or~~

46 ~~(2) The greatest compensation on which contributions were made by the member~~  
 47 ~~during a 12-month period of service within the 24-month period of service~~  
 48 ~~ending on the last day of the month preceding the month in which his last day~~  
 49 ~~of actual service occurs;~~

50 (3) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1049, s. 2;

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

7 ...."

8 **SECTION 1.3.** G.S. 120-4.27 reads as rewritten:

9 **"§ 120-4.27. Death benefit.**

10 The designated beneficiary of a member who dies while in service after completing one year  
11 of creditable service shall receive a lump-sum payment of an amount equal to ~~the deceased~~  
12 ~~member's highest annual salary, to a maximum of fifteen thousand dollars (\$15,000).~~ fifty  
13 thousand dollars (\$50,000). For purposes of this death benefit "in service" means currently  
14 serving as a member of the North Carolina General Assembly. "In service" also means service in  
15 the Uniformed Services, as that term is defined in section 4303(16) of the Uniformed Services  
16 Employment and Reemployment Rights Act, Public Law 103-353, if that service begins during  
17 the member's term of office. If the participant does not return immediately after that service to  
18 employment with a covered employer in this System, then the participant shall be deemed "in  
19 service" until the date on which the participant was first eligible to be separated or released from  
20 ~~his or her~~ involuntary military service.

21 ...."

22 **SECTION 1.4.** Section 1.3 of this Part becomes effective January 1, 2020, and the  
23 remainder of this Part becomes effective January 1, 2024.

## 24 25 **PART II. NORTH CAROLINA FIREFIGHTERS' AND RESCUE SQUAD WORKERS'** 26 **PENSION FUND INCREASE**

27 **SECTION 2.1.** G.S. 58-86-35 reads as rewritten:

28 **"§ 58-86-35. Firefighters' application for membership in fund; monthly payments by**  
29 **members; payments credited to separate accounts of members; termination of**  
30 **membership.**

31 Those firefighters who are eligible pursuant to G.S. 58-86-25 may apply to the board for  
32 membership. Each firefighter upon becoming a member of the fund shall pay the director of the  
33 fund the sum of ~~ten dollars (\$10.00) per month; fifteen dollars (\$15.00) per month;~~ each payment  
34 shall be made no later than March 31 subsequent to the end of the calendar year in which the  
35 month occurred. The Pension Fund shall not award fully credited service based on payments  
36 received later than March 31 subsequent to the end of the calendar year in which the month  
37 occurred unless the payment is applied as provided in G.S. 58-86-45(a1). The monthly payments  
38 shall be credited to the separate account of the member and shall be kept by the custodian so it is  
39 available for payment on withdrawal from membership or retirement.

40 A member may elect to terminate membership in the fund at any time and request the refund  
41 of payments previously made to the fund. However, a member's delinquency in making the  
42 monthly payments required by this section does not result in the termination of membership  
43 without such an election by the member."

44 **SECTION 2.2.** G.S. 58-86-40 reads as rewritten:

45 **"§ 58-86-40. Rescue squad worker's application for membership in funds; monthly**  
46 **payments by members; payments credited to separate accounts of members;**  
47 **termination of membership.**

48 Those rescue squad workers eligible pursuant to G.S. 58-86-30 may apply to the board for  
49 membership. Each eligible rescue squad worker upon becoming a member shall pay the director  
50 of the fund the sum of ~~ten dollars (\$10.00) per month; fifteen dollars (\$15.00) per month;~~ each  
51 payment shall be made no later than March 31 subsequent to the end of the calendar year in which

1 the month occurred. The Pension Fund shall not award fully credited service based on payments  
2 received later than March 31 subsequent to the end of the calendar year in which the month  
3 occurred unless the payment is applied as provided in G.S. 58-86-45(a1). The monthly payments  
4 shall be credited to the separate account of the member and shall be kept by the custodian so it is  
5 available for payment on withdrawal from membership or retirement.

6 A member may elect to terminate membership in the fund at any time and request the refund  
7 of payments previously made to the fund. However, a member's delinquency in making the  
8 monthly payments required by this section does not result in the termination of membership  
9 without such an election by the member."

10 **SECTION 2.3.** G.S. 58-86-55 reads as rewritten:

11 **"§ 58-86-55. Monthly pensions upon attaining the age of 55 years.**

12 (a) Any member who has served 20 years as an "eligible firefighter" or "eligible rescue  
13 squad worker" in the State of North Carolina, as provided in G.S. 58-86-25 and G.S. 58-86-30,  
14 and who has attained the age of 55 years is entitled to be paid a monthly pension from this fund.  
15 The monthly pension shall be in the amount of ~~one hundred seventy dollars (\$170.00)~~ one  
16 hundred seventy-five dollars (\$175.00) per month. Any retired firefighter receiving a pension  
17 shall, effective ~~July 1, 2008, July 1, 2023,~~ receive a pension of ~~one hundred seventy dollars~~  
18 ~~(\$170.00) per month.~~ one hundred seventy-five dollars (\$175.00) per month.

19 (b) Members shall pay ~~ten dollars (\$10.00)~~ fifteen dollars (\$15.00) per month as required  
20 by G.S. 58-86-35 and G.S. 58-86-40 for a period of no longer than 20 years. No "eligible rescue  
21 squad member" shall receive a pension prior to July 1, 1983.

22 (c) A member who is totally and permanently disabled while in the discharge of the  
23 member's official duties as a result of bodily injuries sustained or as a result of extreme exercise  
24 or extreme activity experienced in the course and scope of those official duties and who leaves  
25 the fire or rescue squad service because of this disability shall be entitled to be paid from the fund  
26 a monthly benefit in an amount of ~~one hundred seventy dollars (\$170.00)~~ one hundred  
27 seventy-five dollars (\$175.00) per month beginning the first month after the member's fifty-fifth  
28 birthday. All applications for disability are subject to the approval of the board who may appoint  
29 physicians to examine and evaluate the disabled member prior to approval of the application, and  
30 annually thereafter. Any disabled member shall not be required to make the monthly payment of  
31 ~~ten dollars (\$10.00)~~ fifteen dollars (\$15.00) as required by G.S. 58-86-35 and G.S. 58-86-40.

32 (d) A member who is totally and permanently disabled for any cause, other than line of  
33 duty, who leaves the fire or rescue squad service because of this disability and who has at least  
34 10 years of service with the pension fund, may be permitted to continue making a monthly  
35 contribution of ~~ten dollars (\$10.00)~~ fifteen dollars (\$15.00) to the fund until the member has made  
36 contributions for a total of 240 months. The member shall upon attaining the age of 55 years be  
37 entitled to receive a pension as provided by this section. All applications for disability are subject  
38 to the approval of the board who may appoint physicians to examine and evaluate the disabled  
39 member prior to approval of the application and annually thereafter.

40 (d1) Benefits shall be paid in the following manner when a member is killed in the line of  
41 duty and the requirements of Article 12A of Chapter 143 of the General Statutes are met:

- 42 (1) If the member had been receiving a monthly pension fund benefit prior to  
43 being killed in the line of duty, there shall be paid to the member's principal  
44 beneficiary, if only one principal beneficiary is eligible and has not accepted  
45 a return of contributions, an amount of ~~one hundred seventy dollars (\$170.00)~~  
46 one hundred seventy-five dollars (\$175.00) per month beginning the month  
47 following the member's month of death, payable until the beneficiary's death.  
48 If the member became a member prior to July 1, 2018, and had not designated  
49 a principal beneficiary prior to being killed in the line of duty, there shall be  
50 paid to the member's living spouse upon the spouse's application to the Board,  
51 an amount of ~~one hundred seventy dollars (\$170.00)~~ one hundred seventy-five

- 1                    dollars (\$175.00) per month beginning the month following the member's  
 2                    month of death, payable until the spouse's death.
- 3                    (2)                If the member had been receiving a monthly pension fund benefit prior to  
 4                    being killed in the line of duty and the beneficiary is not payable as described  
 5                    in subdivision (1) of this subsection, a lump sum payment equal to the  
 6                    difference between the amount paid into the member's separate account by or  
 7                    on behalf of the member and the amount received by the member as a  
 8                    pensioner will be paid to the eligible beneficiaries, or if there are no eligible  
 9                    beneficiaries, shall be paid to the member's estate.
- 10                  (3)                If the member had not yet begun receiving a monthly benefit prior to being  
 11                  killed in the line of duty, there shall be paid to the member's principal  
 12                  beneficiary, if only one principal beneficiary is eligible and has not accepted  
 13                  a return of contributions, an amount of ~~one hundred seventy dollars (\$170.00)~~  
 14                  one hundred seventy-five dollars (\$175.00) per month beginning the month  
 15                  following the month the member would have attained age 55, or if the member  
 16                  had already attained age 55, beginning the month following the member's  
 17                  month of death, payable until the beneficiary's death. If the member became a  
 18                  member prior to July 1, 2018, and had not designated a principal beneficiary  
 19                  prior to being killed in the line of duty, there shall be paid to the member's  
 20                  living spouse upon the spouse's application to the Board, an amount of ~~one~~  
 21                  ~~hundred seventy dollars (\$170.00)~~ one hundred seventy-five dollars (\$175.00)  
 22                  per month beginning the month following the month the member would have  
 23                  attained age 55, or if the member had attained age 55, beginning the month  
 24                  following the member's month of death, payable until the spouse's death.
- 25                  (4)                If the member had not begun receiving a monthly benefit prior to being killed  
 26                  in the line of duty and the beneficiary is not payable as described in  
 27                  subdivision (3) of this subsection, a lump sum payment equal to the member's  
 28                  contributions will be paid to the eligible beneficiaries, or if there are no  
 29                  eligible beneficiaries, a return of the contributions shall be paid to the  
 30                  member's estate.

31                  A beneficiary under this subsection shall not be required to make the monthly payment of ~~ten~~  
 32                  ~~dollars (\$10.00)~~ fifteen dollars (\$15.00) as required by G.S. 58-86-35 and G.S. 58-86-40 after  
 33                  the member has been killed in the line of duty.

34                  (d2)              Repealed by Session Laws 2016-108, s. 1(f), effective July 1, 2018.

35                  (e)                A member who, because the member's residence is annexed by a city under Part 2 or  
 36                  Part 3 of Article 4A of Chapter 160A of the General Statutes, or whose department is closed  
 37                  because of an annexation by a city under Part 2 or Part 3 of Article 4A of Chapter 160A of the  
 38                  General Statutes, or whose volunteer department is taken over by a city or county, and because  
 39                  of such annexation or takeover is unable to perform as a firefighter or rescue squad worker of  
 40                  any status, and if the member has at least 10 years of service with the pension fund, may be  
 41                  permitted to continue making a monthly contribution of ~~ten dollars (\$10.00)~~ fifteen dollars  
 42                  (\$15.00) to the fund until the member has made contributions for a total of 240 months. The  
 43                  member upon attaining the age of 55 years and completion of such contributions shall be entitled  
 44                  to receive a pension as provided by this section. Any application to make monthly contributions  
 45                  under this section shall be subject to a finding of eligibility by the Board of Trustees upon  
 46                  application of the member.

47                  (f)                The pensions provided shall be in addition to all other pensions or benefits under any  
 48                  other statutes of the State of North Carolina or the United States, notwithstanding any  
 49                  exclusionary provisions of other pensions or retirement systems provided by law."

50                  **SECTION 2.4.** This section becomes effective July 1, 2023.

51

1 **PART III. EFFECTIVE DATE**

2 **SECTION 3.1.** Except as otherwise provided, this act is effective when it becomes

3 law.