

**Digest of 2009 Legislative Action
Affecting Members of the
Local Governmental Employees' Retirement System (LGERS)**

Survivor's Alternate Benefit for a Law Enforcement Officer Killed in the Line of Duty

Included in Senate Bill 411

Allows, effective June 16, 2009, the beneficiary of a law enforcement officer with 15 years of service who was killed in the line of duty on or after January 1, 2007 to receive the Survivor's Alternate Benefit (SAB) rather than a return of contributions. This SAB, which requires the law enforcement officer's designation of only one principal beneficiary for the return of contributions, is a reduced monthly retirement allowance provided by Option 2, the 100% Joint and Survivor Option, computed by assuming the member retired on the first day of the month following the date of death.

Protection of Employee Retirement from Effects of Furlough

Included in Senate Bill 658

Allows local employers to make a one-time irrevocable election to protect employee retirement benefits and the calculation of benefits from the effects of furlough by the employer paying both the employee and employer contributions to the Retirement System based on the portion of compensation the employee did not receive as a result of being furloughed. Normal employee and employer contributions are paid to the Retirement System based on the amount of compensation the employee actually receives. This bill applies to furloughs from January 1, 2009 through June 30, 2010.

Modification of Supplemental Retirement Board Membership

Included in Senate Bill 658

Requires, effective July 1, 2009, that one of the six voting members of the Supplemental Retirement Board of Trustees [for the NC 401(k) and NC 457 Plans] who are appointed by the Governor be a retired State or local governmental employee.

Retirement System Technical Corrections Bill

Included in House Bill 642

This bill makes technical changes and corrections to the statutes governing the Local Governmental Employees' Retirement System.

Effective July 1, 2009:

Section 5.(d) - Provides that:

- if a member dies after his or her retirement date but prior to the cashing of the first benefit check and the Retirement System has received the member's acceptable election of benefits form (Form 6E or Form 7E), the retirement benefit will be paid based on that election of benefits form.
- if a member dies after his or her retirement date but prior to the Retirement System's receipt of the member's acceptable election of benefits form and the member designated one beneficiary for the return of contributions, that beneficiary may elect to receive the monthly benefit provided by Option 2, the 100% Joint and Survivor Option.
- if a member dies after his or her retirement date but prior to the Retirement System's receipt of the member's acceptable election of benefits form and the member designated more than one beneficiary for the return of contributions, the administrator or executor of the member's estate will select an option and name a beneficiary(ies).

Section 5.(f) - Provides, for the purpose of calculating the Survivor's Alternate Benefit, that any terminal payouts made after the member's date of death that meet the definition of compensation will be credited to the month prior to the month of death.

Section 6.(b) - Amends the definition of "last day of actual service," for the purpose of determining eligibility for the active employee death benefit, to include the date on which the employee was first eligible to be separated or released from his or her involuntary military service if the employee's LGERS employment is interrupted by service in the Uniformed Services and the employee does not return immediately after that service to employment under the LGERS.

Section 6.(f) - Amends the definition of "compensation" to include the payment of military differential wages.

Section 6.(j) - Amends the definition of "employee" to include a member whose employment is interrupted by service in the Uniformed Services. If the member does not return immediately after that service to employment under the LGERS, the last day of service will be deemed to be the date on which the employee was first eligible to be separated or released from his or her involuntary military service.

Section 8.(b) - Requires employers to submit a monthly report on retirees who have returned to work. These reports must be submitted to the Retirement System within 90 days of the end of each month in which a retiree is reemployed. If the employer does not submit the report within the required 90 days, the Retirement System is required to assess the employer with a penalty of 10% of the compensation of the unreported retirees during the months for which the employer did not report the reemployed retirees, with a minimum penalty of \$25.00. The Retirement System will not create a new report for this purpose. Employers will report rehired retirees through their existing monthly compensation reports.

Section 11 - Allows:

- a non-retired member to submit beneficiary elections electronically for the return of contributions benefit or the active member death benefit, prior to completing 10 years of service.
- a retired member to electronically submit a beneficiary designation for the return of contributions (guaranteed refund) benefit that may be payable if the member dies after retirement.

Section 12 - Allows a member to electronically submit a retirement application to the Retirement System. This change removed statutory barriers to electronic retirement applications. You will be notified by the Retirement System when this feature is available.

Other Action Affecting Members of the Local Governmental Employees' Retirement System

Cost-of-Living Adjustments for Retirees of the Local System

The Board of Trustees of the Local Governmental Employees' Retirement System approved a Cost-of-Living Adjustment (COLA) effective July 1, 2009 for retirees in the Local Governmental Employees' Retirement System who retired on or before July 1, 2008 of 0.1%. Those retiring after July 1, 2008, but before June 30, 2009 received a prorated amount of the 0.1% increase. This increase was made possible by an actuarial gain in the Local Governmental Employees' Retirement System. The increase was limited by statute to the increase in Consumer Price Index (CPI), which was also 0.1% for 2008.

Clarification of Special Separation Allowance for Local Law Enforcement Officers

Included in House Bill 816

Clarifies, effective July 31, 2009, the provisions of the Special Separation Allowance for local law enforcement officers, and allows a retired local law enforcement officer who is receiving the Special Separation Allowance to continue receiving his or her Special Separation Allowance if rehired by local employer in a public safety position that does not require participation in the LGERS. Since the Special Separation Allowance is paid by employers, a law enforcement officer with questions about the Special Separation Allowance should contact his or her employer.

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