



North Carolina Retirement Systems

Richard H. Moore
State Treasurer

Michael Williamson
Director

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Dear Human Resources and Benefits Professionals:

The Department of State Treasurer is pleased to provide you with the attached *Legislative Digest* from the 2005 session of the North Carolina General Assembly. This document includes a summary of ratified legislation related to the Local Governmental Employees' Retirement System along with a brief description of each change.

Legislators granted a 2.5% Cost-of-Living Adjustment to retirees of the Local Governmental Employees' Retirement System. I, along with the System's board of trustees, urged legislators to provide a 3.3% Cost-of-Living Adjustment – a figure equal to the increase in the consumer price index, which is a national measure of the rise in the cost of living from year to year. We will continue to work with the General Assembly on this issue in the next session.

Lawmakers in 2005 also granted funding to continue ORBIT (Online Retirement Benefits through Integrated Technology), a 4-year project to rebuild the Retirement Systems Division's technology infrastructure. Human resources and benefits professionals, along with employees and retirees, will reap the benefits of this project through 24-hour online access to critical retirement information. ORBIT will change the way you submit information to the Retirement System and dramatically increase the quantity and quality of information available to you. In the months to come, we will distribute a schedule of ORBIT trainings designed to help you learn the new system, which will go live for all employees in May 2007.

For the last five years, improving customer service has been a primary focus of the Department of State Treasurer. We have installed a toll-free telephone line, greatly reduced telephone hold times, created the Employer Educational Services Unit and established the *Retirement Monitor Update*, which provides regular information updates to you. ORBIT is the next big step in our effort to deliver excellent customer service to North Carolina's dedicated public employees and retirees. We are grateful to members of the General Assembly for their continued support of our Department in this and other initiatives.

We hope you find this 2005 *Legislative Digest* helpful and informative. Please contact the Retirement Systems Division at 1-877-807-3131 (toll-free) or 919-807-3131 (in the Raleigh area) if you need additional information.

Sincerely,

Richard H. Moore

2005 Legislative Digest

Local Governmental Employees' Retirement System

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

Included in Section 29.25.(d) of the 2005 Appropriations Act—Senate Bill 622

The Cost-of-Living Adjustment (COLA) effective July 1, 2005 for retirees in the Local Governmental Employees' Retirement System who retired on or before July 1, 2004 is 2.5%. Those retiring after July 1, 2004, but before June 30, 2005 will receive a prorated amount of the 2.5% increase.

Customer Service Improvements at the Retirement Systems Division

Included in the Joint Conference Committee Report on the Continuation, Expansion and Capital Budgets—Senate Bill 622

Online Retirement Benefits through Information Technology (ORBIT) —

Provides funding to pay for the third (implementation) phase ('05-'06) of ORBIT, which will replace the multitude of outdated information technology systems in the Division with an integrated system for all retirement plans. This funding will cover the third year of a four-year project.

Retirement System Technical Changes

Included in House Bill 710

Makes changes to the Local Governmental Employees' Retirement System:

Section 8. G.S. 128-26(e)

Clarifies that in calculating retirement benefits, one month of creditable service is allowed for every 20 days of sick leave or part thereof, but not less than 1 hour.

Section 9. G.S. 128-27(g)

Clarifies that when a member has elected Option 2 or 3 at retirement and designates the spouse as beneficiary but the spouse predeceases member, if the member remarries the member can name the new spouse under selected option within 90 days of remarriage and must properly notify the Retirement System of such change within 120 days of remarriage.

Section 10. G.S. 128-27(g1)

Clarifies in cases when the Survivor's Alternate Benefit is payable, that if the principal beneficiary dies before all accumulated contributions have been received, a lump sum payment will be made to the person or persons named as contingent beneficiary(ies) by the member or to the principal beneficiary's legal representative. (Makes the contingent beneficiary the recipient of benefit if principal beneficiary dies, rather than the member's estate. If no contingent beneficiary, then it reverts to beneficiary's estate.)

Section 11. G.S. 128-31

Clarifies that “any overpayment of benefits to a member in a State-administered retirement system, the Disability Salary Continuation Plan, or the Disability Income Plan of North Carolina may be offset against any retirement allowance, return of contributions or any other right accruing to the same person, the person’s estate, or designated beneficiary.”

Section 12. G.S. 128-32.1

Establishes in statute an administrative code provision that if a member elects not to respond within 90 days after preliminary option figures for retirement and Election of Benefits forms have been mailed to the member, then the retirement application is void and a new application must be filed. Also clarifies that if an applicant for disability retirement fails to supply additional requested medical information within 90 days of request, the application will be null and void, unless the member is eligible for an early or service retirement, in which case the retirement will be processed accordingly.

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