

**Digest of 2009 Legislative Action  
Affecting Members of the  
Teachers' and State Employees' Retirement System (TSERS)**

**Contributions to the Retirement System**

*Included in Section 26.20.(a) of the 2009 Appropriations Act - Senate Bill 202*

Contributions for the 2009-2010 Fiscal Year:

State employer contribution rate for Teachers and State Employees = 8.75%

Retirement System Pension Fund	3.57%
Death Benefit Trust Fund	.16%
Retiree Health Plan Reserve	4.50%
Disability Income Plan	<u>.52%</u>
	8.75%

The contribution rate for State Law Enforcement Officers = 13.75%

Retirement System Pension Fund	3.57%
Death Benefit Trust Fund	.16%
Retiree Health Plan Reserve	4.50%
Disability Income Plan	.52%
Supplemental Retirement Income Plan	<u>5.00%</u>
	13.75%

State employer contribution rate for University and Community College Optional Retirement Program members = 11.86%; of this amount, the following is paid to the Retirement Systems Division:

Retiree Health Plan Reserve	4.50%
Disability Income Plan	<u>.52%</u>
	5.02%

**Definition of Retirement Amended**

*Included in House Bill 94*

Amends, effective March 26, 2009, the definition of "retirement" to allow a retiree to volunteer in local school administrative units during the first six months after his or her effective retirement date. This volunteer service cannot be paid, cannot be holding a paid position open or helping the retiree to secure paid work in the future, and must be work that would typically be done by a volunteer.

**Retirees Allowed to Return to Work as Nursing Instructors Without Losing Retirement Benefits**

*Included in Senate Bill 204*

Permits a Teachers' and State Employees' Retirement System (TSERS) retiree to return to work as a nursing instructor in a permanent full-time position, or a part-time position that exceeds fifty percent of the workweek, in a certified nursing program for a maximum of three years at a community college or university under certain circumstances and continue receiving his or her TSERS benefit. The employer must certify to the Retirement System that it has a shortage of nursing instructors and has made a good faith effort to hire non-retired instructors. This bill became effective July 1, 2009 and will expire June 30, 2013.

## **Protection of Employee Retirement from Effects of Furlough**

*Included in House Bill 917*

Protects employee retirement benefits and the calculation of benefits from the effects of furlough by requiring employers to pay both 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 became effective May 18, 2009 and expires January 1, 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.

## **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.

## **Retirement System Technical Corrections Bill**

*Included in House Bill 642*

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

Effective July 1, 2009:

### **Section 5.(a)** – 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.(c)** - 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.(a)** – 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 State employment is interrupted by service in the Uniformed Services and the employee does not return immediately after that service to employment under the TSERS.

**Section 6.(e)** - Amends the definition of “compensation” to include the payment of military differential wages.

**Section 6.(i)** - 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 TSERS, 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.(a)** - 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 9** - Allows the one designated beneficiary of a deceased member who was otherwise eligible for disability retirement, but died before the first day of the calendar month in which the disability retirement allowance was payable, to elect to receive a monthly 100% joint and survivor benefit rather than a lump sum return of contributions payment.

**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.