

TITLE 20 – OFFICE OF THE STATE TREASURER

Notice is hereby given in accordance with G.S. 150B-21.2 and G.S. 150B-21.3A(c)(2)g. that the Teachers' and State Employees' Retirement System Board of Trustees and the Local Governmental Employees' Retirement System Board of Trustees intend to adopt the rule cited as 20 NCAC 02A .0505, amend the rules cited as 20 NCAC 02A .0101, .0102, .0201, .0202, .0302, .0503; 02M .0101, .0102, .0201, .0202, .0206, .0301- .0303, .0305, .0307, repeal the rules cited as 20 NCAC 02M .0104, .0304, readopt with substantive changes the rules cited as 20 NCAC 02A .0301, .0401; 02L .0103, readopt without substantive changes the rules cited as 20 NCAC 02A .0103, .0104, .0504; 02L .0101 and repeal through readoption the rules cited as 20 NCAC 02A .0303; 02L .0202, and .0302.

Pursuant to G.S. 150B-21.2(c)(1), the text of the rule(s) proposed for readoption without substantive changes are not required to be published. The text of the rules are available on the OAH website: <http://reports.oah.state.nc.us/ncac.asp>.

Link to agency website pursuant to G.S. 150B-19.1(c): <https://www.nctreasurer.com/about/transparency/commitment-transparency/nc-administrative-code-rules>

Proposed Effective Date: January 1, 2023

Instructions on How to Demand a Public Hearing: (must be requested in writing within 15 days of notice): Submit a written request for public hearing within 15 days after publication of the Notice of Text to: Dept of State Treasurer, Attn: Rulemaking Coordinator, 3200 Atlantic Avenue, Raleigh, NC 27604 or DST.NCAC@nctreasurer.com.

Reason for Proposed Action: These proposed rule changes are being made as part of the Teachers' and State Employees' Retirement System (TSERS) Board of Trustees' and Local Governmental Employees' Retirement System (LGERS) Boards of Trustees' readoption phase of the decennial review process. Those rules administered by both Boards and identified as being "necessary" requiring readoption by December 31, 2022 are included in this rules action. Those rules are either being 1) readopted 'as is;' 2) readopted with substantive changes; 3) readopted without substantive changes; or 4) repealed.

In addition, the Boards are seeking to simplify rules related to statutory provisions requiring that service purchases include an administrative fee to be set by the Boards. The Boards are seeking to do this by adopting a new single rule covering all such situations of service purchases and separately repealing multiple current rules administered by each board individually that cover service purchase situations.

Some rules (not identified as 'necessary' in the first phase of decennial review) are proposed for amendments to conform with statutory requirements, to remove unnecessary words or phrases and provide clarification. In addition, some rules are being repealed.

Comments may be submitted to: Laura Rowe, Rulemaking Coordinator, 3200 Atlantic Avenue, Raleigh, NC 27604; email DST.NCAC@nctreasurer.com

Comment period ends: August 1, 2022

Procedure for Subjecting a Proposed Rule to Legislative Review: If an objection is not resolved prior to the adoption of the rule, a person may also submit written objections to the Rules Review Commission after the adoption of the Rule. If the Rules Review Commission receives written and signed objections after the adoption of the Rule in accordance with G.S. 150B-21.3(b2) from 10 or more persons clearly requesting review by the legislature and the Rules Review Commission approves the rule, the rule will become effective as provided in G.S. 150B-21.3(b1). The Commission will receive written objections until 5:00 p.m. on the day following the day the Commission approves the rule. The Commission will receive those objections by mail, delivery service, hand delivery, or facsimile transmission. If you have any further questions concerning the submission of objections to the Commission, please call a Commission staff attorney at 984-236-1850.

Fiscal impact. Does any rule or combination of rules in this notice create an economic impact? Check all that apply.

- ☒ State funds affected
- ☒ Local funds affected
- ☐ Substantial economic impact (\geq \$1,000,000)
- ☒ Approved by OSBM
- ☐ No fiscal note required

CHAPTER 02 - RETIREMENT SYSTEMS

SUBCHAPTER 02A - DIVISIONAL RULES

SECTION .0100 - ORGANIZATIONAL RULES

~~The retirement systems division~~ Retirement Systems Division of the Department of State Treasurer provides the staffing for the administration of the following agencies. The agencies and the statutory authority of each are:

- (1) Teachers' and State Employees' Retirement System of North Carolina -- G.S. 135, Article 1;
- (2) North Carolina Local Governmental Employees' Retirement System -- G.S. 128, Article 3;
- (3) Public Employees' Social Security Agency -- G.S. 135, Article 2; G.S. 143A, Article 4;
- (4) Legislative Retirement System of North Carolina -- G.S. 120-4, Article 1A;
- (5) Consolidated Judicial Retirement System of N.C. -- G.S. 135, Article 4;
- (6) Supplemental Retirement Income Plan of North Carolina -- G.S. 135, Article 5;
- (7) Disability Income Plan of North Carolina -- G.S. 135, Article 6;
- (8) ~~Firemen's~~ Firefighters' and Rescue Squad Workers' Pension Fund -- G.S. 58, Article 86;
- (9) Register of Deeds' Supplemental Pension Fund -- G.S. 161, Article 3.
- (10) National Guard Pension Fund -- G.S. 127A, Article 3.

History Note: Authority G.S. 128-28(g); 135-6(f);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Amended Eff. October 1, 1993; August 1, 1988; April 1, 1985; October 1, 1983;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 21, ~~2018~~ 2018;
Amended Eff. January 1, 2023.

20 NCAC 02A .0102 EXERCISE OF AUTHORITY

All of the above named agencies, with the exception of the ~~N.C.~~ Public Employees' Social Security Agency, exercise their prescribed statutory powers independently of the State Treasurer. However, those functions such as planning, organizing, staffing, directing, coordinating, ~~reporting~~ reporting, and budgeting are performed under the direction and supervision of the State Treasurer. In the case of the N.C. Public Employees' Social Security Agency, all its prescribed statutory authority, powers, duties, ~~duties~~ and functions, including rule-making, are vested in the State Treasurer.

History Note: Authority G.S. 128-28(g); 135-6(f);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Amended Eff. October 29, 1979;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 21, ~~2018~~ 2018;
Amended Eff. January 1, 2023.

20 NCAC 02A .0103 DELEGATION OF AUTHORITY TO DIRECTOR (READoption WITHOUT SUBSTANTIVE CHANGES)

20 NCAC 02A .0104 EXERCISE OF EMPLOYER OPTIONS (READoption WITHOUT SUBSTANTIVE CHANGES)

SECTION .0200 - RULE-MAKING PROCEDURES

20 NCAC 02A .0201 ESTABLISHMENT OF PROCEDURAL RIGHTS

The rules in 20 NCAC 01F .0100 establish rule-making procedures for the Retirement Systems Division of the Department of State Treasurer. ~~All correspondence with the Retirement Systems Division shall be addressed to:~~

~~Director of the Retirement Systems
Longleaf Building
3200 Atlantic Avenue
Raleigh, North Carolina 27604.~~

History Note: Authority G.S. 128-28(g); 135-6(f);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Amended Eff. October 1, 1993; October 29, 1979;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 21, 2018;
Amended Eff. September 1, ~~2019~~ 2019;
Amended Eff. January 1, 2023.

20 NCAC 02A .0202 DEFINITIONS

The following definitions apply to rule-making in 20 NCAC 01F .0100:

- (1) The "Division" is the Retirement Systems Division and includes the agencies enumerated in 20 NCAC 2A .0101.
- (2) The ~~"Chief Officer"~~ "Director" is the Director of the Retirement ~~Systems~~ Systems Division.

History Note: Authority G.S. 128-28(g); 135-6(f);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;

Amended Eff. October 1, 1993; October 29, 1979;

Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 21, ~~2018~~; 2018;

Amended Eff. January 1, 2023.

SECTION .0300 - DECLARATORY RULINGS

20 NCAC 02A .0301 ESTABLISHMENT OF PROCEDURAL RIGHTS

The rules in 20 NCAC 01F .0200 establish declaratory ruling procedures for the Retirement Systems Division of the Department of State Treasurer, with the following exception. All requests for declaratory rulings from the Retirement Systems Division shall be in writing and mailed to the attention of the Director at the following address:

Director of the Retirement Systems Division
Department of State Treasurer
3200 Atlantic Avenue
Raleigh, North Carolina 27604.

History Note: Authority G.S. 128-28(g); 135-6(f);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Amended Eff. October 1, ~~1993~~; 1993;
Readopted Eff. January 1, 2023.

20 NCAC 02A .0302 DEFINITIONS

The following definitions apply to declaratory rulings in 20 NCAC 01F .0200:

- (1) The "Division" is the Retirement Systems Division;
- (2) The ~~"Chief Officer"~~ "Director" is the Director of the Retirement ~~Systems~~; Systems Division.

History Note: Authority G.S. 128-28(g); 135-6(f);
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Amended Eff. October 1, 1993;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 21, ~~2018~~; 2018;
Amended Eff. January 1, 2023.

20 NCAC 02A .0303 RECONSIDERATION OF DECLARATORY RULINGS

~~(a) Whenever the director of the retirement systems has issued a declaratory ruling pursuant to this Section, the petitioner may, at his option, request that the ruling be reconsidered by the appropriate governing board in a letter mailed or delivered to the director of the retirement systems within 10 days of the receipt of such declaratory ruling. In the event the petitioner requests reconsideration by the appropriate governing board, the petitioner shall be entitled to appear concerning the ruling before the appropriate governing board at a regularly scheduled meeting. The governing board in question shall reconsider the ruling and may readopt the same ruling or adopt a different ruling.~~

~~(b) In the event the petitioner does not request reconsideration by the appropriate governing board as provided in (a) of this Rule, the declaratory ruling issued by the director of the retirement systems shall be considered the final declaratory ruling of the said governing board.~~

History Note: Authority G.S. 128-28(g); 135-6(f);
Eff. October 29, ~~1979~~; 1979;
Repealed Eff. January 1, 2023.

SECTION .0400 - CONTESTED CASE PROCEDURES

20 NCAC 02A .0401 ESTABLISHMENT OF PROCEDURAL RIGHTS

Article 3 of G.S. 150B establishes ~~The rules in 20 NCAC 1F .0300 establish~~ contested case procedures for the Retirement Systems Division of the Department of State Treasurer. ~~with following amendments:~~ All correspondence with the Retirement Systems Division shall be addressed to:

Director of the Retirement Systems Division
Department of State Treasurer
3200 Atlantic Avenue
Raleigh, North Carolina 27604.

- (1) Informal resolution of the problem begins when a person calls, writes, or visits the ~~state retirement~~ Retirement system Systems Division's Member Services section ~~office~~ and describes the problem to a ~~counselor/field~~ representative;
- (2) If the problem is not resolved during this initial contact, the person may request an administrative review of the Division's decision or action; ~~will be referred to the administrator of the appropriate section;~~
- (3) ~~If the problem is not resolved at this level, the person may discuss it with the Assistant Director of the Retirement Systems;~~

- (4)(3) ~~The If the aggrieved person is dissatisfied at this point, he may discuss his difficulty with the~~ Director of the Retirement Systems, Systems, or the Director's designee, will issue a Final Agency Decision in writing, which will serve as the "agency decision" for purposes of G.S. 150B-23(f).

History Note: Authority G.S. 128-28(g); 135-6(f); 150B-23;
Eff. February 1, 1976;
Readopted Eff. September 21, 1977;
Amended Eff. October 1, ~~1993~~, 1993;
Readopted Eff. January 1, 2023.

SECTION .0500 - GENERAL PROCEDURES

20 NCAC 02A .0503 DUAL MEMBERSHIP - COMPUTATION OF SERVICE AND BENEFITS

- (a) This Rule applies to any individual case in which the member had one or more periods of dual membership in those rare cases which are permitted by law. Dual membership means membership in two systems, at the same time, by virtue of the same position.
- (b) Eligibility shall be established for the death benefit, survivor's alternate benefit, service, early or disability retirement or other benefits which are based on creditable or membership service for both systems whenever eligibility is established in either one of the systems.
- (c) A statute permitting transfer of membership and prior service shall apply when a person becomes a member of a ~~retirement Retirement system System~~ to which the membership and prior service may be transferred from one or the other of the systems in which the member had dual membership. This shall apply only where the member is paid under only one ~~retirement Retirement system System~~ for services rendered subsequent to the last day of service in a position in which the member had dual membership.
- (d) Death ~~benefit~~ benefits for active members shall be ~~limited to twenty thousand dollars (\$20,000) and shall be~~ allocated pro rata between systems based on the total compensation paid during the eligibility period.
- (e) Other benefits shall be calculated by:
- (1) Compute "Average Final Compensation" on the basis of compensation on which the member would have contributed had the member ~~he~~ not been earning "split" service as an employee with dual membership.
 - (2) Compute creditable service as follows:
 - (A) the number of months of creditable service the member earned or acquired which were based on compensation for service in only one of the systems; plus
 - (B) the total of the fractional months earned by the member in each of the systems during periods of dual membership; where
 - (C) the fractional months during periods of dual membership is equal to the same fraction of a month that the compensation reported to the system bears to the total compensation reported to all systems. The fractional months are to be computed as follows. First, identify the total compensation earned by the member in each of the systems during periods of dual membership, as determined in Part (e)(2)(B) of this Rule. Second, add together the total compensation earned by the member in each of the systems during periods of dual membership, as determined in Part (e)(2)(B) of this Rule, to produce a Grand Total. Third, divide the total compensation earned by the member in each of the systems during periods of dual membership, as determined in Part (e)(2)(B) of this Rule, by the Grand Total, as determined in the previous sentence, to produce a factor, carried to the fourth decimal place, known as the Modification Factor, for each system. Fourth, multiply the total of the fractional months, as determined in Part (e)(2)(B) of this Rule, by the Modification Factor for each system, as determined in the previous sentence, to determine the actual creditable service allowed for each system during periods of dual membership.
 - (3) Compute the annual allowance for a member by multiplying the average final compensation times the creditable service as computed in Subparagraphs (1) and (2) of this Paragraph.
 - (4) Allocate the benefits to be paid from each system pro rata on share of creditable service in each system as computed in ~~(d)(2)~~ Subparagraph (e)(2) of this Rule.
- (f) This Rule shall apply to any individual case in which a member with dual membership commenced retirement with one ~~retirement Retirement system System~~ prior to the effective date of this Rule and continued in service under the other ~~retirement Retirement system System~~. In such cases, the retirement allowance of the member from the system with which ~~he~~ the member first retired shall be recomputed in accordance with this Rule and paid retroactively to the effective date of this Rule.

History Note: Authority G.S. 128-28(g); 135-6(f);
Eff. December 1, 1981;
Amended Eff. March 1, ~~1985~~, 1985;
Amended Eff. January 1, 2023.

20 NCAC 02A .0504 DIRECT DEPOSIT OF MONTHLY BENEFIT PAYMENTS (READOPTION WITHOUT SUBSTANTIVE CHANGES)

20 NCAC 02A .0505 ADMINISTRATIVE FEES FOR SERVICE PURCHASES

- (a) This Rule applies to purchase of creditable service whenever a statutory provision prescribes that the calculation of the amount payable shall include an administrative fee to be set by the Board. An applicant shall be eligible to purchase creditable service under any such provision only after having met all requirements of eligibility for purchase as defined by law and by rules duly adopted.

(b) An administrative fee in the amount of twenty-five dollars (\$25.00) for each payment shall be assessed members at the time of purchase as provided by law.

History Note: Authority G.S. 128-28(g); 135-6(f);
Eff. January 1, 2023.

SUBCHAPTER 02L - SEPARATE INSURANCE BENEFIT PLAN FOR STATE AND LOCAL GOVERNMENTAL LAW ENFORCEMENT OFFICERS

SECTION .0100 - GENERAL PROVISIONS

20 NCAC 02L .0101 GENERAL INFORMATION (READOPTION WITHOUT SUBSTANTIVE CHANGES)

20 NCAC 02L .0103 DEFINITIONS

The following words as used in this Subchapter, unless a different meaning is clearly required by the context, shall have the following meanings:

- (1) ~~"Employer" shall mean the State of North Carolina and any city, town, county or other political subdivision thereof.~~
"Medical Board" shall mean any of the Medical Boards established under G.S. 128-28(l), G.S. 135-6(k), or G.S. 135-102(d).
- (2) ~~"Officer" shall mean a law enforcement officer as defined in G.S. 128-21(11d) 143-166.30(a)(4) and G.S. 135-1(11c).~~
143-166.50(a)(3).
- (3) "Officer Trainee" shall mean a cadet or officer trainee who is a full-time employee enrolled in training schools or academies of the state and any political subdivision thereof and who will become an officer at the completion of the training.
- (4) ~~"Participant" shall mean an officer or officer trainee trainee, who has established eligibility for benefits under the Separate Benefit Plan and who has obtained written approval for such eligibility.~~
- (5) "Separate Insurance Benefit Plan" shall mean the employee welfare benefit plan created in G.S. 143-166.60.
- (6) "Service" shall mean service as an officer for which compensation is paid.

History Note: Authority G.S. 143-166.60;
Eff. August 1, 1983;
Amended Eff. August 1, 1988; April 1, 1985; 1985;
Readopted Eff. January 1, 2023.

SECTION .0200 - PARTICIPATION

20 NCAC 02L .0202 RETIRED MEMBERS

~~(a) If a participant ceases to be an officer, his participation shall be continued provided that such participant has had at least 20 years creditable service, and provided further, that such retirement is a bona fide separation from all law enforcement work in the state.~~

~~(b) If a participant retires on account of a disability that resulted from bodily injuries sustained or from extreme physical exercise or from extreme physical activity experienced in the course and scope of his official duties as a law enforcement officer and while in the discharge of his official duty or duties, his participation shall be continued so long as such incapacity continues, provided that:~~

- ~~(1) the disability retirement occurs within 12 months from the date on which the injuries or extreme exercise occurred; that~~
- ~~(2) the injury or the condition resulting from extreme exercise or activity was reported to and treated by a licensed physician within 10 days of the occurrence; and that~~
- ~~(3) medical reports acceptable to the medical board clearly show that the participant is mentally or physically totally incapacitated for the further performance of duty, that such disability is likely to be permanent, and that such participant should be retired.~~

~~Final certification of disability shall be made by the medical board serving the Law Enforcement Officers' Retirement System.~~

~~(c) If a participant with five or more years creditable service retires on account of an ordinary disability, his participation shall be continued so long as such incapacity continues, provided that medical reports acceptable to the medical board clearly show that the participant is mentally or physically totally incapacitated for the further performance of duty, that such disability is likely to be permanent, and that such participant should be retired. Final certification of disability shall be made by the medical board serving the Law Enforcement Officers' Retirement System.~~

~~(d) If a participant with more than one but less than five years of creditable service ceases to be employed as a law enforcement officer because of an ordinary disability and expires within one year from the date on which his employment terminated, he shall have paid to his designated beneficiary, or if no designated beneficiary survives him to his estate the death benefit then paid on account of the death of a retired participant, provided that medical reports acceptable to the medical board clearly show that the disability did not exist at the time of acceptance of the officer as a participant and that the cause of death was a direct result of the mental or physical condition on which the termination of employment was based.~~

History Note: Authority G.S. 143-166.60;
Eff. August 1, 1983; 1983;
Repealed Eff. January 1, 2023.

SECTION .0300 - BENEFITS

20 NCAC 02L .0302 ACCIDENT AND HOSPITAL BENEFITS

Accident and hospital benefits shall be available in fixed amounts on and after 12:01 a.m., October 1, 1966, as set forth in a group policy approved by the board with monthly premiums on such policy being paid out of funds held by the separate benefit plan, providing that:

- (1) ~~the claimant has been accepted and is a participant in the separate benefit plan at the time of an accident or illness;~~
- (2) ~~in case of accident or illness the participant shall file a claim with the insuring company on forms provided by the insurer;~~
- (3) ~~all claims shall be handled between the participant and the insurer.~~

History Note: Authority G.S. 143-166.60;
Eff. August 1, ~~1983~~; 1983;
Repealed Eff. January 1, 2023.

SUBCHAPTER 02M - CONTRIBUTORY DEATH BENEFIT FOR RETIRED MEMBERS

SECTION .0100 - DEFINITIONS AND GENERAL PROVISIONS

20 NCAC 02M .0101 DEFINITIONS

The following definitions apply to the Contributory Death Benefit for Retired Members:

- (1) "Retired member" shall mean a former teacher, employee or official in receipt of a monthly retirement allowance or who has a terminated retirement allowance resulting from reemployment ~~or an optional payment selection (Option 4)~~ from the Teachers' and State Employees' Retirement System, Local Governmental Employees' Retirement System, Consolidated Judicial Retirement System, or Legislative Retirement System; ~~System or Legislative Retirement Fund~~; however, ~~retired member~~ "retired member" shall not mean any beneficiary in receipt of a monthly retirement allowance by reason of the death of a retired member or former teacher, employee or official.
- (2) "Member" shall mean a retired member of the Teachers' and State Employees' Retirement System, Local Governmental Employees' Retirement System, Consolidated Judicial Retirement System, Legislative Retirement System or Legislative Retirement Fund who has elected coverage and who makes continuous contributions under the Contributory Death Benefit for Retired Members.
- (3) "Surviving spouse" shall mean a living person who is legally married to a member covered under the Contributory Death Benefit for Retired Members at the date of death of the member.
- (4) "Legal representative" shall mean the administrator or executor of the estate of a member or the collector of funds for the estate of the member.
- (5) "Retirement system" shall mean the Teachers' and State Employees' Retirement System, Local Governmental Employees' Retirement System, Consolidated Judicial Retirement System, or Legislative Retirement System; ~~System or Legislative Retirement Fund~~.
- (6) ~~"Board Boards of Trustees" of the Contributory Death Benefit for Retired Members~~ shall mean the Board Boards of Trustees of the Teachers' and State Employees' Retirement System and the Local Governmental Employees' Retirement ~~System~~; System, each acting in accordance with the provisions of G.S. 128-28(f1) and G.S. 135-6(e1).

History Note: Authority G.S. 120-4.10; 120-4.27; 128-27(l2); 128-28(g); 135-5(l);
135-6(f); 135-64(g);
Eff. February 1, ~~1989~~; 1989;
Amended Eff. January 1, 2023.

20 NCAC 02M .0102 AGENCY AND AUTHORITY OF DIRECTOR

(a) The ~~mailing address for agency acting on behalf of the Board of Trustees of the Contributory Death Benefit for Retired Members is the Retirement Systems Division, Department of State Treasurer, Retirement Systems Division, 3200 Atlantic Avenue, Raleigh, North Carolina 27604.~~

(b) The Director of the Retirement Systems Division shall make decisions administratively as it relates to the Contributory Death Benefit for Retired Members in accordance with the statutes and rules and regulations adopted by the Board s of Trustees and previous decisions of the Boards of Trustees. Appeals may be made from the decisions of the ~~director~~ Director under the same procedures used for contested cases.

History Note: Authority G.S. 120-4.10; 120-4.27; 128-27(l2); 128-28(g); 135-5(l); 135-6(f); 135-64(g);
Eff. February 1, 1989;
Amended Eff. September 1, 2019; 2019;
Amended Eff. January 1, 2023.

20 NCAC 02M .0104 TIME AND DATE

~~"Date and time" shall be the equivalent date and time for Raleigh, North Carolina, where and when it becomes necessary to establish a date and time for payment of benefits, payment or collection of contributions, effective dates of coverage and cancellation, and other matters related to the Contributory Death Benefit for Retired Members.~~

History Note: Authority G.S. 120-4.10; 120-4.27; 128-27(12); 128-28(g); 135-5(1);
135-6(f); 135-64(g);
Eff. April 1, ~~1989~~. 1989.
Repealed Eff. January 1, 2023.

SECTION .0200 - ELECTION AND CANCELLATION OF COVERAGE

20 NCAC 02M .0201 ELIGIBILITY TO ELECT COVERAGE

(a) A retired member in receipt of a monthly retirement allowance as a former teacher, employee or official of more than one of the ~~retirement Retirement systems Systems~~ is eligible to elect coverage under each ~~retirement Retirement system System~~ from which the member receives a retirement benefit; however, if a retired member is receiving more than one retirement benefit from the same ~~retirement Retirement system, System,~~ the member ~~he~~ may elect coverage only on the basis of one retirement ~~benefit, benefit from that Retirement System.~~

(b) A former teacher, employee or official in receipt of disability benefits from the Disability Income Plan of North Carolina is not in receipt of a retirement allowance and is not eligible to elect coverage under the Contributory Death Benefit for Retired Members until such time as the disability benefit is converted to a ~~an unreduced~~ service retirement allowance.

History Note: Authority G.S. 120-4.10; 120-4.27; 128-27(12); 128-28(g); 135-5(1);
135-6(f); 135-64(g);
Eff. February 1, ~~1989~~. 1989.
Amended Eff. January 1, 2023.

20 NCAC 02M .0202 WHEN FIRST ELIGIBLE

A retired member's eligibility to make an election for coverage is based on the following:

- (1) If retired on or before June 1, 1988, the words "when first eligible" to make an election for coverage will mean 60 days from July 1, 1988 or no later than September 1, 1988.
- (2) If retiring on or after July 1, 1988, the words "when first eligible" to make an election for coverage will mean 60 days from the effective date of retirement under the ~~retirement Retirement system, System.~~

History Note: Authority G.S. 120-4.10; 120-4.27; 128-27(12); 128-28(g); 135-5(1);
135-6(f); 135-64(g);
Eff. February 1, 1989;
Amended Eff. January 1, 2023.

20 NCAC 02M .0206 REINSTATEMENT

Upon cancellation of coverage, coverage cannot be ~~reinstated~~ reinstated, nor can a retired member reapply for coverage.

History Note: Authority G.S. 120-4.10; 120-4.27; 128-27(12); 128-28(g); 135-5(1);
135-6(f); 135-64(g);
Eff. February 1, ~~1989~~. 1989.
Amended Eff. January 1, 2023.

SECTION .0300 - CONTRIBUTIONS AND BENEFITS

20 NCAC 02M .0301 CONTRIBUTION RATES

(a) The monthly contribution rates shall be established by resolution of the Boards of Trustees as recommended by the consulting actuary. The consulting actuary in making a recommended schedule of monthly contribution rates shall take into consideration mortality experience, selection experience, actuarial interest rate assumption which may be different from the interest rate assumption used in the valuation of the liabilities of the ~~retirement Retirement system, System,~~ administrative and investment costs, and such other factors as may be appropriate in establishing such schedule of monthly contribution rates.

(b) The schedule of monthly contribution rates established by resolution of the Boards of Trustees adopted on March 19, 1988, is as follows:

Age at Effective Date	Monthly Rate For Life
Less than 50	\$8
50	8
51	9
52	10
53	10
54	11
55	12
56	12

57	13
58	14
59	15
60	16
61	17
62	18
63	20
64	21
65	22
66	24
67	26
68	27
69	29
70	31
71	33
72	35
73	38
74	40
75	43
76	46
77	49
78	52
79	56
80	59
81	63
82	67
83	71
84	75
85	80
86	84
87	89
88	94
89	99
90	105
91	110
92	115
93	120
94	125
95	130
96	140
97	150
98	160
99	170
100 and over	200

The schedule of monthly contribution rates shall be applicable for members electing coverage effective on or after July 1, 1988 and shall remain in effect until such resolution, as duly adopted by the Boards of Trustees, revises such schedule of monthly contribution rates.

(c) The Boards of Trustees may from time to time revise by resolution the schedule of monthly contribution rates as may be recommended by the consulting actuary for teachers, employees and officials retiring and electing an effective date of coverage after the effective date of the revision. Such revision may be, but is not required to be, applicable to members electing coverage prior to the effective date of the revision provided that such revised rates shall not be greater than the rates in effect at the effective date of coverage for those members electing an effective date of coverage prior to the effective date of the revision.

*History Note: Authority G.S. 120-4.10; 120-4.27; 128-27(12); 128-28(g); 135-5(1); 135-6(f); 135-64(g);
Eff. February 1, ~~1989~~ 1989;
Amended Eff. January 1, 2023.*

20 NCAC 02M .0302 MEMBER CONTRIBUTION

(a) The monthly contribution rate paid by a member shall be based on the member's nearest age as of the effective date of coverage and the applicable rates as of that date as set by the Boards of Trustees and will remain the same as long as the coverage is in effect.

(b) Any misstatement as to the age of the member which causes the contribution of the member to have been paid at a greater ~~higher~~ or lesser ~~lower~~ rate during the period of the coverage of the member not paid or refunded prior to the death of the member will result in any underpayment of contributions being offset against the death benefit and any overpayment of contributions being paid to the person or persons designated by the member or, if the member has not designated a beneficiary, to the surviving spouse ~~spouse, or if not survived by a designated beneficiary or spouse, to the~~ or legal representative. ~~representative for the correct age of the member.~~

History Note: Authority G.S. 120-4.10; 120-4.27; 128-27(l2); 128-28(g); 135-5(l);
135-6(f); 135-64(g);
Eff. February 1, ~~1989~~; 1989;
Amended Eff. January 1, 2023.

20 NCAC 02M .0303 PAYMENT OF CONTRIBUTION

(a) The monthly contributions of members covered under the Contributory Death Benefit for Retired Members are to be paid monthly to the Contributory Death Benefit Trust for Retired Members beginning in the month in which coverage becomes effective and shall continue each month thereafter.

(b) Payment of the monthly contributions shall be deducted from a member's net monthly retirement allowance from the ~~retirement Retirement system System~~ if member's net monthly retirement allowance, after other required deductions, is sufficient to cover the cost of the contribution; however, if the net monthly retirement allowance from the ~~retirement Retirement system System~~ is not sufficient to cover the cost of the contribution, the Retirement Systems Division shall provide the member a Notice of Contribution Due within ten days after the determination of insufficiency with payment of monthly contributions due not later than the 25th of the month following the determination of insufficiency, and thereafter a Notice of Contribution Due shall be provided between the first and the fifth of each month with payment due on or before the 25th of that month.

(c) The contribution due for the month in which the member's death occurs is to be paid from the final monthly retirement benefit due in the month of death, or by payment from the member's surviving spouse or legal representative; provided that, if member's death occurs during the 24-month period from the effective date of coverage, the deduction and/or payment of the contribution for the month in which death occurs may be waived.

(d) Once coverage is elected, the required monthly contribution must be paid in order to maintain coverage regardless of any condition which might occur that would terminate or diminish the retirement benefit the retired member is receiving, such as reemployment ~~or~~ and the reduction or termination of retirement benefits by reason of ~~an optional payment plan~~ an optional form of retirement allowance selected by the retired member at retirement.

History Note: Authority G.S. 120-4.10; 120-4.27; 128-27(l2); 128-28(g); 135-5(l);
135-6(f); 135-64(g);
Eff. February 1, ~~1989~~; 1989;
Amended Eff. January 1, 2023.

20 NCAC 02M .0304 AMOUNT OF BENEFIT PAYABLE

~~(a) If the member's death occurs on or after the first day of the month following the 24th month of coverage for which the member has paid the required contributions, the amount of the benefit payable shall be five thousand dollars (\$5,000.00).~~

~~(b) If the member's death occurs prior to the first day of the month following the 24th month of coverage for which the member has made the required contributions, the amount of the benefit payable shall be the total of the monthly contributions made by the member plus interest as set by the Board of Trustees.~~

History Note: Authority G.S. 120-4.10; 120-4.27; 128-27(l2); 128-28(g); 135-5(l);
135-6(f); 135-64(g);
Eff. February 1, ~~1989~~; 1989;
Repealed Eff. January 1, 2023.

20 NCAC 02M .0305 PAYMENT OF INTEREST ON BENEFIT

Interest payable on the monthly contributions of a member where member's death occurs prior to the first day of the month following the 24th month of coverage:

- (1) The annual rate of interest shall be set from time to time by resolution of the ~~Board~~ Boards of Trustees and, in setting such annual rate of interest, the ~~Board~~ Boards of Trustees may take into consideration the actuarial interest rate assumption, yields realized and anticipated on short-term investments, cost of investing and administration, and such other factors affecting interest rates as may be appropriate.
- (2) Such interest as set by the ~~Board~~ Boards of Trustees shall be computed on each monthly payment from the end of the month in which the monthly payment is paid and on the balance of the monthly contributions and interest at the beginning of the calendar year to the end of the month in which the member dies.
- (3) The interest rate established by resolution of the Boards of Trustees, adopted on January 28, 1988, is 6 1/2 percent.

History Note: Authority G.S. 120-4.10; 120-4.27; 128-27(l2); 128-28(g); 135-5(l);
135-6(f); 135-64(g);
Eff. February 1, ~~1989~~; 1989;
Amended Eff. January 1, 2023.

20 NCAC 02M .0307 BENEFITS PAYABLE AFTER CANCELLATION

Should death of a former member occur on or after the effective date of cancellation of coverage, benefits under the Contributory Death Benefit for Retired Members shall not be due and shall not be payable.

History Note: Authority G.S. 120-4.10; 120-4.27; 128-27(l2); 128-28(g); 135-5(l);

135-6(f); 135-64(g);
Eff. February 1, ~~1989~~ 1989;
Amended Eff. January 1, 2023.