

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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HOUSE BILL 1115

Short Title: Retirement Allowance Beneficiary Flexibility. (Public)

Sponsors: Representative Fisher.

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Pensions and Retirement, if favorable, Rules, Calendar, and Operations of the House

May 18, 2020

A BILL TO BE ENTITLED

AN ACT TO ALLOW FOR THE REVOCATION OF A RETIREMENT ALLOWANCE BENEFICIARY AND A NEW NOMINATION TO BE MADE AT ANY TIME.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 135-5(g) reads as rewritten:

"(g) Election of Optional Allowance. – ~~With the provision that until the first payment on account of any benefit becomes normally due, or the member's first retirement check has been cashed, any~~ A member may elect to receive his or her benefits in a retirement allowance payable throughout life, or the member may elect to receive the actuarial equivalent of such retirement allowance, including any special retirement allowance, in a reduced allowance payable throughout life under the provisions of one of the options set forth ~~below~~ in this subsection. Except as provided in this subsection, the member may not change the member's retirement benefit option after the member has cashed the first retirement check or after the 25th day of the month following the month in which the first check is mailed, whichever comes first. The following shall apply to the election of a retirement benefit option and the nomination of a person under certain retirement benefit options:

(1) ~~The election of Option 2, 3, or 6 or 6, or the nomination of the person thereunder under Option 2, 3, or 6 shall be automatically revoked if such the person nominated dies prior to the date the first payment becomes normally due or until before the member's first retirement check has been cashed. Such election may be revoked by the member prior to the date the first payment becomes normally due or until the member's first retirement check has been cashed. Provided, however, in the event~~ cashed or before the 25th day of the month following the month in which the first check is mailed, whichever comes first.

(2) Within 10 years of the member's date of retirement, the nomination of a person under Option 2, 3, 5, or 6 may be revoked by the member and a new nomination made. A new nomination under this subdivision shall be effective on the first day of the month in which it is made and shall provide for a retirement allowance computed to be the actuarial equivalent of the retirement allowance in effect immediately prior to the effective date of the new nomination.

(3) If a member has elected Option 2, 3, or 5 and nominated his or her spouse at the time of nomination to receive a retirement allowance upon the member's



1 ~~death, and the death and that spouse predeceases the member after the first~~
 2 ~~payment becomes normally due or the first retirement check has been cashed,~~
 3 ~~and if the member remarries he or she remarries, then, within 90 days of the~~
 4 ~~remarriage, the member may request to nominate a~~the ~~new spouse to receive~~
 5 ~~the retirement allowance under the previously elected option, within 90 days~~
 6 ~~of the remarriage, option and may nominate a~~the ~~new spouse to receive the~~
 7 ~~retirement allowance under the previously elected option by written~~
 8 ~~designation duly acknowledged and filed with the Board of Trustees within~~
 9 ~~120 days of the remarriage. The new nomination shall be effective on the first~~
 10 ~~day of the month in which it is made and shall provide for a retirement~~
 11 ~~allowance computed to be the actuarial equivalent of the retirement allowance~~
 12 ~~in effect immediately prior to the effective date of the new nomination.~~

13 (4) ~~Any~~If ~~a member having has~~ elected Option 2, 3, 5, or 6 and nominated his or
 14 her spouse at the time of nomination to receive a retirement allowance upon
 15 the member's ~~death~~death, and the member is now divorced from that spouse,
 16 then the member may, after divorce from ~~his or her~~that spouse, revoke the
 17 nomination and elect a new option, effective on the first day of the month in
 18 which the new option is elected, providing for a retirement allowance
 19 computed to be the actuarial equivalent of the retirement allowance in effect
 20 immediately prior to the effective date of the new option. ~~Except as provided~~
 21 ~~in this section, the member may not change the member's retirement benefit~~
 22 ~~option or the member's designated beneficiary for survivor benefits, if any,~~
 23 ~~after the member has cashed the first retirement check or after the 25th day of~~
 24 ~~the month following the month in which the first check is mailed, whichever~~
 25 ~~comes first.~~

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27 **SECTION 2.** This act is effective when it becomes law and applies to all benefit
 28 option elections or nominations made on and after that date, including benefit option change
 29 requests and nomination change requests made by members already receiving retirement
 30 allowances that are received on or after that date.