

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 from the Teachers' and State Employees' Retirement System, Local Governmental Employees' Retirement System, Consolidated Judicial Retirement System, or Legislative Retirement System; however, "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.
- (6) "Boards of Trustees" shall mean the Boards of Trustees of the Teachers' and State Employees' Retirement System and the Local Governmental Employees' Retirement 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(12); 128-27(13); 128-27(14); 128-27(15); 128-27(16); 128-28(g); 135-5(l); 135-6(f); 135-64(g);
Eff. February 1, 1989;
Amended Eff. March 1, 2023.

20 NCAC 02M .0102 AGENCY AND AUTHORITY OF DIRECTOR

- (a) The mailing address for the Contributory Death Benefit for Retired Members is the Retirement Systems Division, Department of State Treasurer, 3200 Atlantic Avenue, Raleigh, North Carolina 27604.
- (b) The Director of the Retirement Systems Division shall make decisions as it relates to the Contributory Death Benefit for Retired Members in accordance with the statutes and rules and regulations adopted by the Boards of Trustees and previous decisions of the Boards of Trustees. Appeals may be made from the decisions of the Director under the procedures used for contested cases as provided under Section .0400 of Title 20, Chapter 02, Subchapter A.

History Note: Authority G.S. 120-4.10; 120-4.27; 128-27(12); 128-27(13); 128-27(14); 128-27(15); 128-27(16); 128-28(g); 135-5(l); 135-6(f); 135-64(g);
Eff. February 1, 1989;
Amended Eff. March 1, 2023; September 1, 2019.

20 NCAC 02M .0103 CONTRIBUTORY DEATH BENEFIT TRUST FOR RETIRED MEMBERS

- (a) A trust entitled the Contributory Death Benefit Trust for Retired Members shall be established for the purpose of collecting all member contributions, investment of contributions, and payment of benefits and expenses.
- (b) Funds deposited in the Contributory Death Benefit Trust Retired Members shall be invested in accordance with law and all investment earnings shall accrue to the Contributory Death Benefit Trust for Retired Members.
- (c) The funds in the Contributory Death Benefit Trust for Retired Members shall be used for the sole purpose of paying the benefits and expenses of the Contributory Death Benefit for Retired Members.
- (d) Members of the Contributory Death Benefit for Retired Members do not gain any rights or interest in the earnings on the investments in the Contributory Death Benefit Trust for Retired Members nor share in any gains or losses resulting from the mortality experience for the trust beyond the benefits set forth.

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

20 NCAC 02M .0104 TIME AND DATE

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;
Repealed Eff. March 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 Systems is eligible to elect coverage under each Retirement 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 System, the member may elect coverage only on the basis of one retirement 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 service retirement allowance.

History Note: Authority G.S. 120-4.10; 120-4.27; 128-27(12); 128-27(13); 128-27(14); 128-27(15); 128-27(16); 128-28(g); 135-5(l); 135-6(f); 135-64(g);
Eff. February 1, 1989;
Amended Eff. March 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 System.

History Note: Authority G.S. 120-4.10; 120-4.27; 128-27(12); 128-27(13); 128-27(14); 128-27(15); 128-27(16); 128-28(g); 135-5(l); 135-6(f); 135-64(g);
Eff. February 1, 1989;
Amended Eff. March 1, 2023.

20 NCAC 02M .0203 FORM OF ELECTION

A retired member's election must be made on a Notice of Election form as provided by the Retirement Systems Division or in lieu thereof by written notice clearly stating the election of the retired member and providing all information necessary for the determination of rates and payment of benefits.

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

20 NCAC 02M .0204 EFFECTIVE DATE OF COVERAGE

Coverage under the Contributory Death Benefit for Retired Members is not to be delayed beyond the 60 days from the effective date of retirement or if retired prior to July 1, 1988, not beyond September 1, 1988 and shall become effective:

- (1) the first of the month in which election of coverage is made provided that the election is received by the Retirement Systems Division by the 15th of a month but not earlier than July 1, 1988, or

- (2) the first of the month following the month in which the election of coverage is made if the election is received by the Retirement Systems Division after the 15th of a month but not earlier than July 1, 1988.

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.

20 NCAC 02M .0205 CANCELLATION OF COVERAGE

Cancellation of coverage under the Contributory Death Benefit for Retired Members shall be:

- (1) By written notice of cancellation of coverage to the Board of Trustees with cancellation of coverage becoming effective :
 - (a) the first day of the month in which the member's written notice of cancellation is received and no contribution will be due in that month if written notice of cancellation is received in the offices of the Retirement Systems Division between the first and the tenth of a month.
 - (b) the first day of the month following the month in which written notice of cancellation is received with contributions due for the month in which written notice is received if the written notice of cancellation is received in the offices of the Retirement Systems Division after the tenth of a month.
- (2) By non-payment of monthly contributions if payment for any month is not received in the offices of the Retirement Systems Division by the 25th of the month following the month for which the contribution is due and payable with coverage to be cancelled automatically effective the first day of the month for which the contribution was due and payable.
- (3) By death of a 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.

20 NCAC 02M .0206 REINSTATEMENT

Upon cancellation of coverage under Rule .0205 of this Section, coverage cannot be reinstated, nor can a retired member reapply for coverage.

History Note: Authority G.S. 120-4.10; 120-4.27; 128-27(l2); 128-27(l3); 128-27(l4); 128-27(l5); 128-27(l6); 128-28(g); 135-5(l); 135-6(f); 135-64(g); Eff. February 1, 1989; Amended Eff. March 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 System, administrative and investment costs, and such other factors as may be appropriate in establishing such schedule of monthly contribution rates.

(b) 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); 128-27(13); 128-27(14); 128-27(15); 128-27(16); 128-28(g); 135-5(1); 135-6(f); 135-64(g);
Eff. February 1, 1989;
Amended Eff. March 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 or lesser 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 following:

- (1) the person or persons designated by the member;
- (2) if the member has not designated a beneficiary, to the surviving spouse; or
- (3) if the member is not survived by a designated beneficiary or spouse, to the legal representative.

History Note: Authority G.S. 120-4.10; 120-4.27; 128-27(12); 128-27(13); 128-27(14); 128-27(15); 128-27(16); 128-28(g); 135-5(1); 135-6(f); 135-64(g);
Eff. February 1, 1989;
Amended Eff. March 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 System if member's net monthly retirement allowance, after other required deductions, such as for taxes and garnishments, is sufficient to cover the cost of the contribution; however, if the net monthly retirement allowance from the Retirement 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 or payment of the contribution for the month in which death occurs shall be waived if it has not been received by the Retirement Systems Division before the Retirement Systems Division issues the return of contributions.

(d) Once coverage is elected, the member shall pay the required monthly contribution 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 the reduction or termination of retirement benefits by reason of 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(12); 128-27(13); 128-27(14); 128-27(15); 128-27(16); 128-28(g); 135-5(1); 135-6(f); 135-64(g);
Eff. February 1, 1989;
Amended Eff. March 1, 2023.

20 NCAC 02M .0304 AMOUNT OF BENEFIT PAYABLE

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;
Repealed Eff. March 1, 2023.

20 NCAC 02M .0305 PAYMENT OF INTEREST ON BENEFIT

The following shall apply to interest payable on the monthly contributions of a member where the 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 Boards of Trustees and, in setting such annual rate of interest, the 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 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.

History Note: Authority G.S. 120-4.10; 120-4.27; 128-27(l2); 128-27(l3); 128-27(l4); 128-27(l5); 128-27(l6); 128-28(g); 135-5(l); 135-6(f); 135-64(g);
Eff. February 1, 1989;
Amended Eff. March 1, 2023.

20 NCAC 02M .0306 PAYMENT OF BENEFIT

Upon the death of a member, a certified death certificate and such other documentation as deemed necessary in order to initiate payment of the death benefit is to be furnished by the member's spouse or legal representative if not survived by a spouse.

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.

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); 128-27(l3); 128-27(l4); 128-27(l5); 128-27(l6); 128-28(g); 135-5(l); 135-6(f); 135-64(g);
Eff. February 1, 1989;
Amended Eff. March 1, 2023.

20 NCAC 02M .0308 REFUNDS

- (a) No refund of contributions or interest shall be made if coverage is cancelled by reason of non-payment of contributions or if written notice of cancellation is received 90 or more days after the effective date of coverage.
- (b) Refund of contributions without interest may be made if coverage is cancelled by written notice of cancellation received prior to 90 days after the effective date of coverage.

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.