

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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SENATE BILL 732

Short Title: Remove Disability Cap.

(Public)

Sponsors: Senators Warren, Sherron, Hobbs, McKoy, Kerr, Martin of Guilford, Perdue, McDaniel, Hoyle, Dannelly, and Albertson.

Referred to: Pensions and Retirement/Insurance/State Personnel

April 17, 1995

A BILL TO BE ENTITLED

1 AN ACT TO REMOVE THE MONTHLY CEILING ON DISABILITY BENEFITS
2 RECEIVED BY EMPLOYEES COVERED UNDER THE TEACHERS' AND
3 STATE EMPLOYEES' RETIREMENT SYSTEM.
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5 The General Assembly of North Carolina enacts:

6 Section 1. G.S. 135-105(c) reads as rewritten:

7 "(c) The monthly benefit as provided in subsection (a) of this section shall be equal
8 to fifty percent (50%) of 1/12th of the annual base rate of compensation last payable to
9 the participant prior to the beginning of the short-term benefit period as may be adjusted
10 for percentage increases as provided under G.S. 135-108 plus fifty percent (50%) of
11 1/12th of the annual longevity payment to which the participant would be eligible, ~~to a~~
12 ~~maximum of three thousand dollars (\$3,000) per month~~ reduced by monthly payments for
13 Workers' Compensation to which the participant may be entitled. The monthly benefit
14 shall be further reduced by the amount of any payments from the federal Veterans
15 Administration, any other federal agency, or any payments made under the provisions of
16 G.S. 127A-108, to which the participant or beneficiary may be entitled on account of the
17 same disability. Provided, that should a participant have earnings in an amount greater
18 than the short-term benefit, the amount of the short-term benefit shall be reduced on a
19 dollar-for-dollar basis by the amount that exceeds the short-term benefit."

1 Sec. 2. G.S. 135-106(b) reads as rewritten:

2 "(b) After the commencement of benefits under this section, the benefits payable
3 under the terms of this section shall be equal to sixty-five percent (65%) of 1/12th of the
4 annual base rate of compensation last payable to the participant or beneficiary prior to the
5 beginning of the short-term disability period as may be adjusted for percentage increases
6 as provided under G.S. 135-108, plus sixty-five percent (65%) of 1/12th of the annual
7 longevity payment to which the participant or beneficiary would be eligible, ~~to a~~
8 ~~maximum of three thousand nine hundred dollars (\$3,900) per month~~ reduced by any primary
9 Social Security disability benefits and by monthly payments for Workers' Compensation
10 to which the participant or beneficiary may be entitled. The monthly benefit shall be
11 further reduced by the amount of any monthly payments from the federal Veterans
12 Administration, any other federal agency or any payments made under the provisions of
13 G.S. 127A-108, to which the participant or beneficiary may be entitled on account of the
14 same disability. Provided, in any event, the benefit payable shall be no less than ten
15 dollars (\$10.00) a month. However, a disabled participant may elect to receive any salary
16 continuation as provided in G.S. 135-104 in lieu of long-term disability benefits;
17 provided such election shall not extend the first 36 consecutive calendar months of the
18 long-term disability period. An election to receive any salary continuation for any part of
19 any given day shall be in lieu of any long-term benefit payable for that day, provided
20 further, any lump-sum payout for vacation leave shall be treated as if the beneficiary or
21 participant had exhausted the leave and shall be in lieu of any long-term benefit otherwise
22 payable. Notwithstanding the foregoing, upon the completion of four years from the
23 conclusion of the waiting period as provided in G.S. 135-104, the beneficiary's benefit
24 shall be reduced by an amount, as determined by the Board of Trustees, equal to a
25 primary Social Security disability benefit to which the beneficiary might be entitled had
26 the beneficiary been awarded Social Security disability benefits. Provided that, in any
27 event, a beneficiary's benefit shall be reduced by an amount, as determined by the Board
28 of Trustees, equal to a primary Social Security retirement benefit to which the beneficiary
29 might be entitled.

30 Notwithstanding the foregoing, the long-term disability benefit is payable so long as
31 the beneficiary is disabled until the earliest date at which the beneficiary is eligible for an
32 unreduced service retirement allowance from the Retirement System, at which time the
33 beneficiary would receive a retirement allowance calculated on the basis of the
34 beneficiary's average final compensation at the time of disability as adjusted to reflect
35 compensation increases subsequent to the time of disability and the creditable service
36 accumulated by the beneficiary, including creditable service while in receipt of benefits
37 under the Plan."

38 Sec. 3. This act is effective upon ratification.