North Carolina
Retirement Systems

MEMORANDUM

TO: Teachers' and State Employees' Retirement System Board of Trustees (TSERS Board)

FROM: Taylor Matyi, Policy Development Analyst

DATE: July 30, 2026

RE: Line-of-Duty Death Benefit Funding

On June 13th, 2025, Governor Stein signed House Bill 477, known as the Retirement Death Benefits Rewrite.-AB (Session Law 2025-11). Effective July 1, 2025, the TSERS Board may deposit a percentage of the State's employer contribution rate established for benefits provided under G.S. 135-165 for death benefits into a separate fund from the Benefits Trust for the sole purpose of paying death benefits awarded by the Industrial Commission under the Public Safety Employees' Death Benefits Act.

All funds deposited into the separate fund shall only be used for payment of benefits if all other State funds appropriated to the Department for the fiscal year have been exhausted. Any unspent funds remaining in the separate fund as of June 30 of the same fiscal year shall be transferred to the Benefit Fund. In accordance with G.S. 135-154(e), the percentage of the employer contribution rate shall not exceed four hundredths percent (0.04%) in any given fiscal year.

RSD staff recommends that the Boards deposit 0.04% into a separate fund from the Benefits Trust for fiscal year 2026-27.