



CHAPTER 135
ARTICLE 1 - RETIREMENT SYSTEM FOR TEACHERS AND STATE EMPLOYEES

N.C.G.S. § 135-7.

Management of funds.

SOURCE General Statutes of North Carolina, as published by the General Assembly	LAST AMENDMENT IN THIS TEXT S.L. 2025-25, s. 42.1 — twenty-second act in the lineage	RETRIEVED 21 September 2026, 04:47 UTC	SOURCE FINGERPRINT 5b63c6fe4ab3546b397d77a4 - 1488daecb48815ffa5bdc571 - e7d9cc1bf3a33b67
--	---	---	--

§ 135-7(a) Vested in Board of Trustees. - The Board of Trustees shall be the trustee of the several funds created by this Chapter as provided in this section and in G.S. 135-8.

§ 135-7(b) Regular Interest Allowance. - The Board of Trustees annually shall allow regular interest on the mean amount for the preceding year in each of the funds with the exception of the expense fund. The amounts so allowed shall be due and payable to said funds, and shall be annually credited thereto by the Board of Trustees from interest and other earnings on the moneys of the Retirement System. Any additional amount required to meet the interest on the funds of the Retirement System shall be paid from the pension accumulation fund, and any excess of earnings over such amount required shall be paid to the pension accumulation fund. Regular interest shall mean such per centum rate to be compounded annually as shall be determined by the Board of Trustees on the basis of the interest earnings of the System for the preceding year and of the probable earnings to be made, in the judgment of the Board, during the immediate future, such rate to be limited to a minimum of three per centum (3%) and a maximum of four per centum (4%), with the latter rate applicable during the first year of operation of the Retirement System.

§ 135-7(c) Custodian of Funds; Disbursements; Bond of Director. - The State Treasurer shall be the custodian of the several funds and shall deposit these funds with the Investment Authority to invest these assets in accordance with Article 6 of Chapter 147 of the General Statutes.

§ 135-7(d)

Deposits to Meet Disbursements. - For the purpose of meeting disbursements for pensions, annuities and other payments there may be kept available cash, not exceeding ten per centum (10%) of the total amount in the several funds of the Retirement System, on deposit with the State Treasurer of North Carolina.

§ 135-7(e)

Personal Profit or Acting as Surety Prohibited. - Except as otherwise herein provided, no trustee and no employee of the Board of Trustees shall have any direct interest in the gains or profits of any investment made by the Board of Trustees, nor as such receive any pay or emolument for his service. No trustee or employee of the Board shall, directly or indirectly, for himself or as an agent in any manner use the same, except to make such current and necessary payments as are authorized by the Board of Trustees; nor shall any trustee or employee of the Board of Trustees become an endorser or surety or in any manner an obligor for moneys loaned or borrowed from the Board of Trustees.

§ 135-7(f)

Retiree Health Benefit Fund. - It is the intent of the General Assembly that the Retiree Health Benefit Fund be a trust that provides an irrevocable source of funding to be used, to the extent the Fund's assets are sufficient, only for health benefits to retired and disabled employees and their applicable beneficiaries. Accordingly, the following provisions apply to the Retiree Health Benefit Fund:

- (1) For the purposes of this subsection, the term "eligible Plan members" means eligible retired and disabled employees, and their applicable beneficiaries, who are members of the North Carolina State Health Plan for Teachers and State Employees as provided by this Chapter.
- (2) The Retiree Health Benefit Fund is established as a trust fund in which accumulated contributions and any earnings on those contributions shall be used only to provide health benefits to eligible Plan members, after payment of any accrued reasonable investment and administrative expenses. The Retiree Health Benefit Fund shall be administered in accordance with the provisions of subsection (a) of this section.

- (3) Employer and non-employer contributions to the Fund and earnings on those contributions are irrevocable. The assets of the Fund are dedicated to providing health benefits to eligible Plan members in accordance with the Plan's benefit terms, as those terms may from time to time be amended. The assets of the Fund are not subject to the claims of creditors of the employers and non-employers making contributions to the Fund, are not subject to the claims of any creditors of the Fund's trustees and administrators, and are not subject to the claims of creditors of eligible Plan members.
- (4) Fund assets may be used for reasonable expenses to administer benefits provided by the Fund, as approved by the Board of Trustees, including offsets to the State budget to the Retirement Systems Division for staff administration of benefits and costs to conduct required actuarial valuations of State-supported retired employees' health benefits under other post-employment benefit accounting standards set forth by the Governmental Accounting Standards Board of the Financial Accounting Foundation.

§ 135-7(g) Recodified with the remainder repealed pursuant to the terms of Session Laws 2025-11, ss. 1(b)-(g), 2(a), effective June 13, 2025.

§ 135-7(h) Legislative Enactment Implementation Arrangement. - The Legislative Enactment Implementation Arrangement, or LEIA, is established effective October 1, 2017, and placed under the management of the Board of Trustees. The purpose of the LEIA is to provide for timely administrative implementation of legislative provisions regarding the retirement of, or payment of retirement benefits to, public officers or public employees. The LEIA shall have the following parameters:

- (1) Administration. - The LEIA shall be administered by the Board of Trustees, which shall compile and maintain all records necessary or appropriate for administration. The Board of Trustees shall have full discretionary authority to interpret, construe, and implement the LEIA and to adopt such rules and regulations as may be necessary or desirable to implement the provisions of the LEIA.

- (2) Funding of the LEIA. - In the event that (i) the General Assembly creates or modifies any provision for the retirement of, or payment of retirement benefits to, public officers or public employees that has a cost savings as measured by actuarial note required by Article 15 of Chapter 120 of the General Statutes, or (ii) the Board of Trustees identifies a specific administrative or information technology purpose that is necessary to prevent an interruption to the normal operation of the Retirement System, the Board of Trustees may direct up to one hundredth percent (0.01%) of the required contributions to fund the LEIA. These funds must be deposited in a separate fund from the fund into which regular employer contributions are deposited for the Retirement System. The Board of Trustees shall not direct any employer contributions into the LEIA after January 1, 2035.
- (3) Allocation of LEIA funds. - The Board of Trustees may allocate LEIA funds to (i) the implementation of legislative provisions regarding the retirement of, or payment for retirement benefits to, public officers or public employees, or (ii) be used for administrative or information technology purposes, subject to the following restrictions:
- a. The Board of Trustees must identify individual implementation projects that will be paid for with LEIA funds. These implementation projects must be necessitated by a specific statute or session law that was enacted within five years of the allocation of the funds. The Board of Trustees must also identify the number of years for which each individual implementation project will be paid for with LEIA funds.
- b. For implementation projects that will be paid for with LEIA funds for a period of one year or less, the Board of Trustees must determine that the cost savings from implementing the project is projected to be no less than half of the amount of LEIA funds utilized to pay for implementation.
- c. For implementation projects that will be paid for with LEIA funds for a period of greater than one year, but not more than four years, the Board of Trustees must determine that the long-term cost savings from implementing the project is projected to be at least three times greater than the cost of implementation.
- d. No implementation project shall be paid for with LEIA funds for a period of more than four years.
- e. The Board of Trustees shall identify the specific administrative or information technology purpose for which LEIA funds will be used. Any use of LEIA funds for administrative or information technology purposes requires a determination by the

Board of Trustees that the use of funds is necessary to prevent an interruption to the normal operation of the Retirement System.

- (4) Treatment of unused assets. - Any assets of the LEIA not used to pay allowed administrative expenses for timely administrative implementation of legislative provisions shall be transferred to the Retirement System as an additional employer contribution.
- (5) Reporting. - The Department of State Treasurer shall report to the Board of Trustees, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division on or before August 1 of each year and provide the following information related to the LEIA:
 - a. The amounts and sources of funds collected by year pursuant to this section.
 - b. The amounts expended from the LEIA.
 - c. The projects for which funds were expended and the current status of the projects.
 - d. The administrative and information technology purposes for which funds were expended and the determination by the Board of Trustees of the necessity to expend funds for those purposes.

The Board of Trustees shall also post this report on its public website.

END OF SECTION TEXT

APPARATUS FOLLOWS — DERIVED, NOT ENACTED

APPARATUS I
22 ACTS

Amendment lineage

The State prints this history as a single parenthetical at the foot of the section. It is reproduced verbatim in the colophon and unpacked below in order of enactment.



Nº	YEAR	ACT	CHARACTER
01	1941	c. 25, s. 7	ENACTED
02	1957	c. 846, s. 2	AMENDED
03	1959	c. 1181, s. 2	AMENDED
04	1961	c. 397	AMENDED
05	1965	c. 780, s. 1	AMENDED

06	1967	c. 720, s. 11	AMENDED
07	1967	c. 1205	AMENDED
08	1971	c. 386, s. 4	AMENDED
09	1973	c. 241, s. 9	AMENDED
10	1979	c. 467, ss. 14, 15	AMENDED
11	2004	S.L. 2004-124, s. 31.20(a)	AMENDED
12	2007	S.L. 2007-323, s. 28.23	AMENDED
13	2017	S.L. 2017-129, ss. 2(n), 2(p), 5(a)	AMENDED
14	2017	S.L. 2017-212, s. 8.9(a)	AMENDED
15	2020	S.L. 2020-29, s. 8(a)	AMENDED
16	2023	S.L. 2023-105, s. 6	AMENDED
17	2023	S.L. 2023-134, s. 27.10(h)	AMENDED
18	2024	S.L. 2024-8, s. 6(a)	AMENDED
19	2025	S.L. 2025-6, s. 4.2(b)	AMENDED
20	2025	S.L. 2025-11, ss. 1(b)-(g), 2(a)	AMENDED
21	2025	S.L. 2025-19, s. 7.6(a)	AMENDED
22	2025	S.L. 2025-25, s. 42.1	AMENDED

APPARATUS II
1 AUTHORITY

Authorities referenced

Every G.S. cross-reference appearing in the text of this section, in order of first appearance. Nothing is characterized; the operative language is quoted from the section itself.

REFERENCE	APPEARS IN	OPERATIVE LANGUAGE IN THIS SECTION
G.S. 135-8	(a)	<i>"provided in this section and in"</i>

APPARATUS III

Citation

FULL SECTION

N.C. Gen. Stat. § 135-7 (2025).

PINPOINT

N.C. Gen. Stat. § 135-7(a) (2025).

Pinpoint keys are set in the left margin of the text rather than line numbers: subsection designators are stable across editions and paper sizes, line numbers are not.

COLOPHON

Provenance

This document reproduces the text of one section of the General Statutes of North Carolina from a source file whose SHA-256 digest is printed on every page. The digest fixes the bytes this export was made from; if the State's file changes, the digest will not match.

The text of the section is unaltered. Subsection designators have been moved from the run of text into the margin. The amendment history and the table of authorities are derived from the section by mechanical extraction — they add no characterization of the law.

This is not the official text. The official text is published by the General Assembly of North Carolina.

HISTORY PARENTHETICAL, AS PRINTED BY THE STATE

(1941, c. 25, s. 7; 1957, c. 846, s. 2; 1959, c. 1181, s. 2; 1961, c. 397; 1965, c. 780, s. 1; 1967, c. 720, s. 11; c. 1205; 1971, c. 386, s. 4; 1973, c. 241, s. 9; 1979, c. 467, ss. 14, 15; 2004-124, s. 31.20(a); 2007-323, s. 28.23; 2017-129, ss. 2(n), 2(p), 5(a); 2017-212, s. 8.9(a); 2020-29, s. 8(a); 2023-105, s. 6; 2023-134, s. 27.10(h); 2024-8, s. 6(a); 2025-6, s. 4.2(b); 2025-11, ss. 1(b)-(g), 2(a); 2025-19, s. 7.6(a); 2025-25, s. 42.1.)

SET IN SPECTRAL AND ARCHIVO
NORTH CAROLINA LAW — STATUTE EXPORT, FORMAT V1

