

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

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SENATE BILL 1248
Appropriations/Base Budget Committee Substitute Adopted 8/14/02
Third Edition Engrossed 8/15/02

Short Title: Pension Assurance Fund.

(Public)

Sponsors:

Referred to:

June 6, 2002

A BILL TO BE ENTITLED

AN ACT TO CREATE A PENSION ASSURANCE FUND TO PROTECT THE
RETIREMENT SAVINGS AND INVESTMENTS OF THE CITIZENS OF
NORTH CAROLINA.

The General Assembly of North Carolina enacts:

SECTION 1. Article 6 of Chapter 147 is amended by adding a new section
to read:

"§ 147-69.4. Pension Assurance Fund established.

(a) Fund Established. – There is established the Pension Assurance Fund in the
Office of the State Treasurer that shall be used to provide a means to protect the
retirement savings and investments of the citizens of North Carolina who are employed
by private industry.

(b) Fund Earnings, Assets, and Balances. – The State Treasurer shall hold the
Fund separate and apart from all other moneys, funds, and accounts. The State Treasurer
shall be the custodian of the Fund and shall invest its assets in accordance with G.S.
147-69.2 and G.S. 147-69.3. Investment earnings credited to the assets of the Fund shall
become part of the Fund. Any balance remaining in the Fund at the end of any fiscal
year shall be carried forward in the Fund for the next succeeding fiscal year.

(c) Fund Purposes. – Moneys from the Fund may be used to compensate
individuals who lose a significant portion of their retirement savings, through no fault of
their own, that are invested in 401k plans or other pension plans that are funded in
whole or in part with the stock of their employer companies as the result of a violation
of Chapter 78A of the General Statutes or a violation of the Securities Act of 1933 or
the Securities Exchange Act of 1934. Payments from the Fund shall be made by the
State Treasurer as provided by State law."

SECTION 2. The State Treasurer, in consultation with the Secretary of
State, shall develop legislative recommendations regarding the best methods for funding
the Pension Assurance Fund established by this act, including the use of punitive

1 damages and treble damages awarded in actions involving securities fraud brought by
2 the State or by private individuals, and the proper guidelines for the payment of claims
3 from the Fund. The Legislative Research Commission may also study this issue. The
4 State Treasurer and the Secretary of State shall report their recommendations to the
5 General Assembly on or before December 1, 2002, and if the Legislative Research
6 Commission authorizes a study of this issue, the State Treasurer shall also forward a
7 copy of its report to that committee.

8 **SECTION 3.** G.S. 147-69.2(a) reads as rewritten:

9 "(a) This section applies to funds held by the State Treasurer to the credit of:

- 10 (1) The Teachers' and State Employees' Retirement System,
- 11 (2) The Consolidated Judicial Retirement System,
- 12 (3) The Teachers' and State Employees' Hospital and Medical Insurance
13 Plan,
- 14 (4) The General Assembly Medical and Hospital Care Plan,
- 15 (5) The Disability Salary Continuation Plan,
- 16 (6) The Firemen's and Rescue Workers' Pension Fund,
- 17 (7) The Local Governmental Employees' Retirement System,
- 18 (8) The Legislative Retirement System,
- 19 (9) The Escheat Fund,
- 20 (10) The Legislative Retirement Fund,
- 21 (11) The State Education Assistance Authority,
- 22 (12) The State Property Fire Insurance Fund,
- 23 (13) The Stock Workers' Compensation Fund,
- 24 (14) The Mutual Workers' Compensation Fund,
- 25 (15) The Public School Insurance Fund,
- 26 (16) The Liability Insurance Trust Fund,
- 27 (17) Trust funds of The University of North Carolina and its constituent
28 institutions deposited with the State Treasurer pursuant to G.S.
29 116-36.1,
- 30 (17a) North Carolina Veterans Home Trust Fund,
- 31 (17b) North Carolina National Guard Pension Fund,
- 32 (17c) Retiree Health Premium Reserve Account, ~~and~~
- 33 (17d) Pension Assurance Fund, and
- 34 (18) Any other special fund created by or pursuant to law for purposes
35 other than meeting appropriations made pursuant to the Executive
36 Budget Act."

37 **SECTION 4.** This act is effective when it becomes law.