

Fifty-seventh
Legislative Assembly
of North Dakota

HOUSE BILL NO.

Introduced by

Representatives Wald, Grande

1 A BILL for an Act to amend and reenact subsections 1 and 2 of section 54-52.6-02 and section
2 54-52.6-03 of the North Dakota Century Code, relating to participation in the defined
3 contribution retirement plan.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 **SECTION 1. AMENDMENT.** Subsections 1 and 2 of section 54-52.6-02 of the 1999
6 Supplement to the North Dakota Century Code are amended and reenacted as follows:

7 1. The board shall provide an opportunity for each eligible employee who is a
8 member of the public employees retirement system on December 31, ~~1999~~ 2001,
9 to elect in writing to terminate membership in the public employees retirement
10 system and elect to become a participating member under this chapter. Except as
11 provided in section 54-52.6-03, an election made by an eligible employee under
12 this section is irrevocable. The board shall accept written elections under this
13 section from eligible employees during the period beginning on the effective date of
14 this Act and ending 12:01 a.m. January 1, ~~2000~~ 2002. An eligible employee who
15 does not make a written election or who does not file the election during the period
16 specified in this section continues to be a member of the public employees
17 retirement system. An eligible employee who makes and files a written election
18 under this section ceases to be a member of the public employees retirement
19 system effective twelve midnight December 31, ~~1999~~ 2001; becomes a
20 participating member in the defined contribution retirement plan under this chapter
21 effective 12:01 a.m. January 1, ~~2000~~ 2002; and waives all of that person's rights to
22 a pension, annuity, retirement allowance, insurance benefit, or any other benefit
23 under the public employees retirement system effective December 31, ~~1999~~ 2001.
24 This section does not affect a person's right to health benefits or retiree health

benefits under chapter 54-52.1. An eligible employee who is first employed and entered upon the payroll of that person's employer after December 31, ~~1999~~ 2001, may make an election at any time during the first six months after the date of employment to participate in the defined contribution retirement plan established under this chapter.

2. If an individual who is a deferred member of the public employees retirement system on December 31, ~~1999~~ 2001, is reemployed and by virtue of that employment is again eligible for membership in the public employees retirement system under chapter 54-52, the individual may elect in writing to remain a member of the public employees retirement system or if eligible to participate in the defined contribution retirement plan established under this chapter to terminate membership in the public employees retirement system and become a participating member in the defined contribution retirement plan established under this chapter. An election made by a deferred member under this section is irrevocable. The board shall accept written elections under this section from a deferred member during the period beginning on the date of the individual's reemployment and ending upon the expiration of sixty days after the date of that reemployment. A deferred member who makes and files a written election to remain a member of the public employees retirement system retains all rights and is subject to all conditions as a member of that retirement system. A deferred member who does not make a written election or who does not file the election during the period specified in this section continues to be a member of the public employees retirement system. A deferred member who makes and files a written election to terminate membership in the public employees retirement system ceases to be a member of the public employees retirement system effective on the last day of the payroll period that includes the date of the election; becomes a participating member in the defined contribution retirement plan under this chapter effective the first day of the payroll immediately following the date of the election; and waives all of that person's rights to a pension, an annuity, a retirement allowance, insurance benefit, or any other benefit under the public employees retirement system effective the last day of the payroll that includes the date of the election. This section does not affect any right

to health benefits or retiree health benefits to which the deferred member may otherwise be entitled.

SECTION 2. AMENDMENT. Section 54-52.6-03 of the 1999 Supplement to the North Dakota Century Code is amended and reenacted as follows:

54-52.6-03. Transfer of accumulated fund balances. For an individual who elects to terminate membership in the public employees retirement system under chapter 54-52, the board shall transfer a lump sum amount from the retirement fund to the participating member's account in the defined contribution retirement plan under this chapter. However, if the individual terminates employment prior to receiving the lump sum transfer under this section, the election made under section 54-52.6-02 is ineffective and the individual remains a member of the public employees retirement system under chapter 54-52 and retains all the rights and benefits provided under that chapter. The board shall calculate the amount to be transferred for employees electing to transfer prior to January 1, ~~2000~~ 2002, using the two following formulas, and shall transfer the greater of the two amounts obtained:

1. The actuarial present value of the individual's accumulated benefit obligation under the public employees retirement system based on the assumption that the individual will retire under the earliest applicable normal retirement age, plus interest from January 1, ~~2000~~ 2002, to the date of transfer, at the rate of one-half of one percent less than the actuarial interest assumption at the time of the election;
- or
2. The actual employer and employee contributions made pursuant to sections 54-52-05 and 54-52-06, plus interest at the rate of one-half of one percent less than the actuarial interest assumption at the time of the election.

The board shall calculate the amount to be transferred for persons employed after December 31, ~~1999~~ 2001, using only the formula contained in subsection 2.