

**HOUSE BILL NO. 1216**

Introduced by

Representatives Wald, Grande

Senators Krebsbach, Wardner

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~~  
9 September 30, 2001, and who has not made a written election under this section to  
10 transfer to the defined contribution retirement plan before October 1, 2001, to elect  
11 in writing to terminate membership in the public employees retirement system and  
12 elect to become a participating member under this chapter. Except as provided in  
13 section 54-52.6-03, an election made by an eligible employee under this section is  
14 irrevocable. The board shall accept written elections under this section from  
15 eligible employees during the period beginning on the effective date of this Act and  
16 ending 12:01 a.m. ~~January 1, 2000~~ December 14, 2001. An eligible employee who  
17 does not make a written election or who does not file the election during the period  
18 specified in this section continues to be a member of the public employees  
19 retirement system. An eligible employee who makes and files a written election  
20 under this section ceases to be a member of the public employees retirement  
21 system effective twelve midnight December 31, ~~1999~~ 2001; becomes a  
22 participating member in the defined contribution retirement plan under this chapter  
23 effective 12:01 a.m. January 1, ~~2000~~ 2002; and waives all of that person's rights to  
24 a pension, annuity, retirement allowance, insurance benefit, or any other benefit

- 1 under the public employees retirement system effective December 31, ~~1999~~ 2001.
- 2 This section does not affect a person's right to health benefits or retiree health
- 3 benefits under chapter 54-52.1. An eligible employee who is first employed and
- 4 entered upon the payroll of that person's employer after ~~December 31, 1999~~
- 5 September 30, 2001, may make an election at any time during the first six months
- 6 after the date of employment to participate in the defined contribution retirement
- 7 plan established under this chapter.
- 8 2. If an individual who is a deferred member of the public employees retirement
- 9 system on ~~December 31, 1999~~ September 30, 2001, is reemployed and by virtue
- 10 of that employment is again eligible for membership in the public employees
- 11 retirement system under chapter 54-52, the individual may elect in writing to
- 12 remain a member of the public employees retirement system or if eligible to
- 13 participate in the defined contribution retirement plan established under this
- 14 chapter to terminate membership in the public employees retirement system and
- 15 become a participating member in the defined contribution retirement plan
- 16 established under this chapter. An election made by a deferred member under this
- 17 section is irrevocable. The board shall accept written elections under this section
- 18 from a deferred member during the period beginning on the date of the individual's
- 19 reemployment and ending upon the expiration of sixty days after the date of that
- 20 reemployment. A deferred member who makes and files a written election to
- 21 remain a member of the public employees retirement system retains all rights and
- 22 is subject to all conditions as a member of that retirement system. A deferred
- 23 member who does not make a written election or who does not file the election
- 24 during the period specified in this section continues to be a member of the public
- 25 employees retirement system. A deferred member who makes and files a written
- 26 election to terminate membership in the public employees retirement system
- 27 ceases to be a member of the public employees retirement system effective on the
- 28 last day of the payroll period that includes the date of the election; becomes a
- 29 participating member in the defined contribution retirement plan under this chapter
- 30 effective the first day of the payroll immediately following the date of the election;
- 31 and waives all of that person's rights to a pension, an annuity, a retirement

1 allowance, insurance benefit, or any other benefit under the public employees  
2 retirement system effective the last day of the payroll that includes the date of the  
3 election. This section does not affect any right to health benefits or retiree health  
4 benefits to which the deferred member may otherwise be entitled.

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

7 **54-52.6-03. Transfer of accumulated fund balances.** For an individual who elects to  
8 terminate membership in the public employees retirement system under chapter 54-52, the  
9 board shall transfer a lump sum amount from the retirement fund to the participating member's  
10 account in the defined contribution retirement plan under this chapter. However, if the  
11 individual terminates employment prior to receiving the lump sum transfer under this section,  
12 the election made under section 54-52.6-02 is ineffective and the individual remains a member  
13 of the public employees retirement system under chapter 54-52 and retains all the rights and  
14 benefits provided under that chapter. The board shall calculate the amount to be transferred for  
15 ~~employees electing to transfer prior to January 1, 2000~~ persons employed before October 1,  
16 2001, using the two following formulas, and shall transfer the greater of the two amounts  
17 obtained:

- 18 1. The actuarial present value of the individual's accumulated benefit obligation under  
19 the public employees retirement system based on the assumption that the  
20 individual will retire under the earliest applicable normal retirement age, plus  
21 interest from January 1, ~~2000~~ 2001, to the date of transfer, at the rate of one-half of  
22 one percent less than the actuarial interest assumption at the time of the election;  
23 or
- 24 2. The actual employer and employee contributions made pursuant to sections  
25 54-52-05 and 54-52-06, plus interest at the rate of one-half of one percent less  
26 than the actuarial interest assumption at the time of the election.

27 The board shall calculate the amount to be transferred for persons employed after  
28 ~~December 31, 1999~~ September 30, 2001, using only the formula contained in subsection 2.