

**FIRST ENGROSSMENT  
with Senate Amendments**

Fifty-seventh  
Legislative Assembly  
of North Dakota

**ENGROSSED HOUSE BILL NO. 1102**

Introduced by

Government and Veterans Affairs Committee

(At the request of the Teachers' Fund for Retirement)

1 A BILL for an Act to create and enact a new section to chapter 15-39.1 of the North Dakota  
2 Century Code, relating to postretirement benefit adjustments under the teachers' fund for  
3 retirement; to amend and reenact subsection 2 of section 15-39.1-10 of the North Dakota  
4 Century Code, relating to the computation of benefits under the teachers' fund for retirement;  
5 and to provide for application.

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

7 **SECTION 1. AMENDMENT.** Subsection 2 of section 15-39.1-10 of the 1999  
8 Supplement to the North Dakota Century Code is amended and reenacted as follows:

9 2. The amount of retirement benefits is ~~one and eighty-eight hundredths~~ two percent  
10 of the final average monthly salary of the member multiplied by the number of  
11 years of credited service. For the purposes of this subsection, final average  
12 monthly salary means one thirty-sixth of the total of the member's highest annual  
13 salaries earned between July first of a calendar year and June thirtieth of the  
14 subsequent calendar year for any three years of service under the fund.

15 **SECTION 2.** A new section to chapter 15-39.1 of the North Dakota Century Code is  
16 created and enacted as follows:

17 **Postretirement adjustments.** An individual who on June 30, 2001, is receiving  
18 monthly benefits from the fund on an account paid under this chapter or under former chapter  
19 15-39 is entitled to receive a monthly increase equal to an amount determined by taking two  
20 dollars per month multiplied by the member's number of years of service credit plus one dollar  
21 per month multiplied by the number of years since the member's retirement. In addition, an  
22 individual who is receiving monthly benefits from the fund on an account paid under this  
23 chapter or under former chapter 15-39 is entitled to receive a seventy-five hundredths of one  
24 percent increase of the individual's current monthly benefit with the increased benefit payable

1 each month thereafter beginning on July 1, 2001. An individual who on June 30, 2002, is  
2 receiving monthly benefits from the fund on an account paid under this chapter or under former  
3 chapter 15-39 is entitled to receive a seventy-five hundredths of one percent increase of the  
4 individual's current monthly benefit with the increased benefit payable each month thereafter  
5 beginning on July 1, 2002. This annual benefit adjustment is conditioned on an actuarial test  
6 performed annually by the board's actuarial consultant to determine the actuarial adequacy of  
7 the statutory contribution rate. The board shall report the results of the actuarial test annually  
8 to the employee benefits programs committee. If the actuarial valuation indicates a shortfall  
9 between the actuarially determined benchmark contribution rate and the statutory rate, the  
10 board may reduce or suspend the conditional annual benefit adjustment. The actuarial  
11 adequacy test fails if one or more of the following are true:

- 12 1. The shortfall is greater than six-tenths of one percent in any year; or
- 13 2. The shortfall is greater than three-tenths of one percent in any two consecutive  
14 years.

15 **SECTION 3. APPLICATION OF ACT.** Section 1 of this Act applies only to individuals  
16 who begin receiving benefits from the fund under chapter 15-39.1 after June 30, 2001, and  
17 applies to those benefits payable after June 30, 2001. Section 2 of this Act applies to benefits  
18 payable after June 30, 2001.