

Fifty-seventh  
Legislative Assembly  
of North Dakota

ENGROSSED HOUSE BILL NO. 1101

Introduced by

Government and Veterans Affairs Committee

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

1 A BILL for an Act to amend and reenact subsection 4 of section 15-39.1-04, subdivision a of  
2 subsection 11 of section 15-39.1-04, and sections 15-39.1-16, 15-39.1-19.1, and 15-39.1-30 of  
3 the North Dakota Century Code, relating to definitions, annuities, participation by retired  
4 members who have resumed teaching, and confidentiality of records under the teachers' fund  
5 for retirement.

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

7 **SECTION 1. AMENDMENT.** Subsection 4 of section 15-39.1-04 of the 1999  
8 Supplement to the North Dakota Century Code is amended and reenacted as follows:

9 4. "Contract" means a written agreement with ~~any~~ a school board or other governing  
10 body of ~~any~~ a school district or special education unit of this state or a letter of  
11 appointment by a state institution, state agency, or other employer participating in  
12 the fund.

13 **SECTION 2. AMENDMENT.** Subdivision a of subsection 11 of section 15-39.1-04 of  
14 the 1999 Supplement to the North Dakota Century Code is amended and reenacted as follows:

15 a. All persons licensed ~~to teach in this state~~ by the education standards and  
16 practices board who are contractually employed in teaching, supervisory,  
17 administrative, or extracurricular services ~~in any~~ by a state institution ~~or by~~  
18 ~~any, special education unit, school board,~~ any, special education unit, school board, or other governing body of ~~any~~ a  
19 school district of this state, including superintendents, assistant  
20 superintendents, business managers, principals, assistant principals, and  
21 special teachers ~~employed in any state institution or in the school system of~~  
22 ~~any school district in this state.~~ For purposes of this subdivision, "teacher"  
23 includes persons contractually employed by one of the above employers to  
24 provide teaching, supervisory, administrative, or extracurricular services to a

1                   separate state institution, state agency, special education unit, school board,  
2                   or other governing body of a school district of this state under a third-party  
3                   contract.

4                   **SECTION 3. AMENDMENT.** Section 15-39.1-16 of the 1999 Supplement to the North  
5 Dakota Century Code is amended and reenacted as follows:

6                   **15-39.1-16. Option of teachers eligible to receive annuities.** The board shall adopt  
7 rules providing for the receipt of retirement benefits in the following optional forms:

8                   Option one. Upon the death of the teacher, the reduced retirement allowance must be  
9 continued throughout the life of, and paid to, the person as the teacher has nominated by  
10 written designation filed with the board at the time of retirement. If the person designated to  
11 receive the teacher's reduced retirement allowance predeceases the teacher, the reduced  
12 retirement allowance must be converted to a single life retirement annuity under which benefit  
13 payments, if the person designated died prior to July 1, 1989, must begin on July 1, 1989, or, if  
14 the person designated dies on or after July 1, 1989, must begin on the first day of the month  
15 following the death of the person designated.

16                   Option two. Upon the death of the teacher, one-half of the reduced retirement  
17 allowance must be continued throughout the life of, and paid to, the person as the teacher has  
18 nominated by written designation filed with the board at the time of retirement. If the person  
19 designated to receive the teacher's reduced retirement allowance predeceases the teacher, the  
20 reduced retirement allowance must be converted to a single life retirement annuity under which  
21 benefit payments, if the person designated died prior to July 1, 1989, must begin on July 1,  
22 1989, or, if the designated beneficiary dies on or after July 1, 1989, must begin on the first day  
23 of the month following the death of the person designated.

24                   Option three. Upon the death of the teacher within five years of the commencement of  
25 annuity payments, the payments must be continued for the remainder of the five-year period to  
26 the person as the teacher has nominated by written designation filed with the board.

27                   Option four. Upon the death of the teacher within ten years of the commencement of  
28 annuity payments, the payments must be continued for the remainder of the ten-year period to  
29 the person as the teacher has nominated by written designation filed with the board.

30                   Option five. Level retirement income with social security option, which is available to  
31 teachers retiring before social security is payable.

1 The amount of the reduced retirement allowance payable upon the exercise of any of these  
2 options must be computed upon an actuarial basis through the use of standard actuarial tables  
3 and based upon the ages of the teacher and the teacher's designated beneficiary. A member's  
4 spouse, if ~~any~~ designated as beneficiary, must consent in writing to the member's choice of  
5 benefit payment option for any benefit payments commencing after June 30, 1999. The board  
6 may rely on the member's representations about that person's marital status in determining the  
7 member's marital status. The spouse's written consent must be witnessed by a notary or a  
8 plan representative. If the spouse does not consent, or cannot be located, the member's  
9 annuity benefit must be paid using option two, the fifty percent joint and survivor option.

10 **SECTION 4. AMENDMENT.** Section 15-39.1-19.1 of the 1999 Supplement to the  
11 North Dakota Century Code is amended and reenacted as follows:

12 **15-39.1-19.1. (Contingent effective date and expiration date - See note) Annuities**  
13 **discontinued on resumption of teaching.** A retired teacher who is receiving a retirement  
14 annuity under chapter 15-39, 15-39.1, or 15-39.2 may not return to covered employment until  
15 ~~sixty~~ thirty calendar days have elapsed from the member's retirement date. A retired member  
16 may then return to covered employment for a maximum of ~~ninety working days~~ seven hundred  
17 hours per year and continue receiving a monthly retirement benefit. ~~For purposes of this~~  
18 ~~section, a working day is four or more hours of teaching.~~ Employment as a substitute teacher  
19 does not apply to the seven hundred-hour restriction. The board may waive this restriction in  
20 emergency situations.

21 Should the retired member's employment exceed the ~~ninety-day~~ seven hundred-hour  
22 maximum limit, the retired member must immediately notify the fund office in writing. Failure to  
23 notify the fund office ~~will result~~ results in the loss of one month's annuity benefit. The retired  
24 member's monthly benefit must be discontinued the first of the month following the date the  
25 member reaches the ~~ninety-day~~ seven hundred-hour maximum.

26 ~~Any~~ A retired member who returns to teaching shall pay the required assessments on  
27 those earnings received by the retired member after the ~~ninety-day~~ seven hundred-hour  
28 maximum. The employer shall pay the required contributions in a like manner.

29 Upon the retired teacher's subsequent retirement, the member's benefit must be  
30 resumed as follows:

- 1           1. If the teacher subsequently retires with less than two years of additional earned  
2           credited service, the teacher's assessments paid to the fund must be refunded in  
3           accordance with section 15-39.1-20 and the teacher is entitled to receive the  
4           discontinued annuity, plus any postretirement benefit adjustments granted during  
5           the period of reemployment, the first day of the month following the teacher's  
6           re-retirement.
- 7           2. If the teacher subsequently retires with two or more ~~than two~~ but less than five  
8           years of additional earned credited service, the retired person's annuity is the  
9           greater of the sum of the discontinued annuity, plus an additional annuity  
10          computed according to this chapter based upon years of service and average  
11          salaries earned during the period of reemployment plus any postretirement benefit  
12          adjustments granted during the period of reemployment, or a recalculated annuity  
13          computed according to this chapter based on total years of service credit earned  
14          during both employment periods offset by the actuarial value of payments already  
15          received. The new annuity is payable the first day of the month following the  
16          member's re-retirement.
- 17          3. If the teacher subsequently retires with five or more years of additional earned  
18          credited service, the retired person's annuity is the greater of the sum of the  
19          discontinued annuity plus an additional annuity based upon years of service and  
20          average salaries earned during the period of reemployment plus any  
21          postretirement benefit adjustments granted during the period of reemployment, or  
22          a recalculated annuity based on all years of service computed under subsection 2  
23          of section 15-39.1-10. The new annuity is payable the first day of the month  
24          following the member's re-retirement.

25           **(Contingent effective date and expiration date - See note) Annuities discontinued**  
26 **on resumption of teaching.**

- 27          1. A retired teacher who is receiving a retirement annuity under chapter 15-39,  
28          15-39.1, or 15-39.2 may not return to covered employment until ~~sixty~~ thirty  
29          calendar days have elapsed from the member's retirement date. Except as  
30          otherwise provided in this section, a retired member may then return to covered  
31          employment for a maximum of ~~ninety working days~~ seven hundred hours per year

1 and continue receiving a monthly retirement benefit. ~~For purposes of this section,~~  
2 ~~a working day is four or more hours of teaching.~~ Employment as a substitute  
3 teacher does not apply to the seven hundred-hour restriction. The board may  
4 waive this restriction in emergency situations. Should the retired member's  
5 employment exceed the ~~ninety-day~~ seven hundred-hour maximum limit, the retired  
6 member must immediately notify the fund office in writing. Failure to notify the  
7 fund office ~~will result~~ results in the loss of one month's annuity benefit. Except as  
8 otherwise provided in this section, the retired member's monthly benefit must be  
9 discontinued the first of the month following the date the member reaches the  
10 ~~ninety-day~~ seven hundred-hour maximum. A retired member who returns to  
11 teaching shall pay the required assessments on those earnings received by the  
12 retired member after the ~~ninety-day~~ seven hundred-hour maximum. The employer  
13 shall pay the required contributions in a like manner.

14 2. A retired member may return to teaching for up to one year without losing any  
15 benefits provided at least fifty percent of the salary earned by that person is placed  
16 in a school district's educational foundation or a private educational foundation.  
17 Employee and employer assessments under this arrangement must be paid by the  
18 person's employer. Assessments must be paid on the total salary earned by the  
19 retired member without regard to the amount of money placed in an educational  
20 foundation. A retired member reemployed under the provisions of this subsection  
21 must be treated as retired for all other purposes under this chapter.  
22 Notwithstanding subdivision a of subsection 3, a retired member may not earn any  
23 additional service during the period of reemployment. The member's benefits may  
24 not be adjusted to reflect changes in the member's age or final average monthly  
25 salary at the end of the period of reemployment, any optional form of payment  
26 elected under section 15-39.1-16 remains effective during and after the period of  
27 reemployment, additional benefits normally available to an active member, such as  
28 disability benefits, are not available to a retired member reemployed under this  
29 subsection, and refunds may not be made to a retired member at the end of that  
30 person's period of reemployment. For purposes of this subsection, a school  
31 district's educational foundation must be a nonprofit or charitable organization

1 exempt from federal income taxation under section 501(c)(3) of the United States  
2 Internal Revenue Code [26 U.S.C. 501(c)(3)].

3 3. Upon the retired teacher's subsequent retirement, the member's benefit must be  
4 resumed as follows:

5 a. If the teacher subsequently retires with less than two years of additional  
6 earned credited service, the teacher's assessments paid to the fund must be  
7 refunded in accordance with section 15-39.1-20 and the teacher is entitled to  
8 receive the discontinued annuity, plus any postretirement benefit adjustments  
9 granted during the period of reemployment, the first day of the month  
10 following the teacher's re-retirement.

11 b. If the teacher subsequently retires with two or more ~~than two~~ but less than  
12 five years of additional earned credited service, the retired person's annuity is  
13 the greater of the sum of the discontinued annuity, plus an additional annuity  
14 computed according to this chapter based upon years of service and average  
15 salaries earned during the period of reemployment plus any postretirement  
16 benefit adjustments granted during the period of reemployment, or a  
17 recalculated annuity computed according to this chapter based on total years  
18 of service credit earned during both employment periods offset by the  
19 actuarial value of payments already received. The new annuity is payable the  
20 first day of the month following the member's re-retirement.

21 c. If the teacher subsequently retires with five or more years of additional earned  
22 credited service, the retired person's annuity is the greater of the sum of the  
23 discontinued annuity plus an additional annuity based upon years of service  
24 and average salaries earned during the period of reemployment plus any  
25 postretirement benefit adjustments granted during the period of  
26 reemployment, or a recalculated annuity based on all years of service  
27 computed under subsection 2 of section 15-39.1-10. The new annuity is  
28 payable the first day of the month following the member's re-retirement.

29 **SECTION 5. AMENDMENT.** Section 15-39.1-30 of the North Dakota Century Code is  
30 amended and reenacted as follows:

1           **15-39.1-30. Confidentiality of records.** ~~Information pertaining to a teacher's~~  
2 ~~retirement assessments and accumulated interest, disability applications and benefits, and~~  
3 ~~surviving spouse applications and benefits~~ All records relating to the retirement benefits of a  
4 member or a beneficiary under this chapter ~~is~~ are confidential and ~~is~~ are not a public ~~record~~  
5 records. The information and records may be disclosed, under rules adopted by the board,  
6 only to:

- 7           1. A person to whom the teacher has given written consent to have the information  
8           disclosed.
- 9           2. A person legally representing the teacher, upon proper proof of representation,  
10           and unless the teacher specifically withholds consent.
- 11           3. A person authorized by a court order.
- 12           4. A member's participating employer, limited to information concerning the member's  
13 years of service credit, years of age, employer and employee contribution  
14 amounts, and salary. The board may share other types of information as needed  
15 by the employer to validate the employer's compliance with existing state or federal  
16 law. Any information provided to the member's participating employer under this  
17 subsection must remain confidential except as provided in subsection 6.
- 18           5. The administrative staff of the public employees retirement system for purposes  
19 relating to membership and benefits determination.
- 20           6. State or federal agencies for the purpose of validating member eligibility or  
21 employer compliance with existing state or federal law.