

SENATE BILL NO. 2084

Introduced by

Government and Veterans Affairs Committee

(At the request of the Public Employees Retirement System)

1 A BILL for an Act to create and enact a new section to chapter 39-03.1 of the North Dakota
2 Century Code, relating to the purchase of additional service credit under the highway
3 patrolmen's retirement system; to amend and reenact subdivisions a and d of subsection 4 of
4 section 39-03.1-11 and subsection 6 of section 39-03.1-11 of the North Dakota Century Code,
5 relating to computation of benefits, postretirement adjustments, and beneficiaries under the
6 highway patrolmen's retirement system; and to provide an effective date.

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

8 **SECTION 1.** A new section to chapter 39-03.1 of the North Dakota Century Code is
9 created and enacted as follows:

10 **Purchase of additional service credit.**

- 11 1. The fund may accept rollovers from other qualified plans under rules adopted by
12 the board for the purchase of additional service credit, but only to the extent the
13 transfer is a rollover contribution that meets the requirement of section 408 of the
14 Internal Revenue Code [26 U.S.C. 408].
- 15 2. Except as provided in subsection 3 of section 39-03.1-10.1, a contributor is entitled
16 to purchase additional credit under this section for active employment in the armed
17 forces of the United States, for up to four years of credit, if the contributor is not
18 presently receiving credit for that service. A contributor may not purchase credit
19 under this subsection if the years claimed also qualify for retirement benefits from
20 another retirement system.
- 21 3. A contributor may elect to purchase credit for an employer-approved leave of
22 absence if the contributor is not presently receiving credit for that absence.
- 23 4. A participating contributor who is a vested permanent employee is entitled to
24 purchase additional years of service credit for purposes of subsection 4 of section

1 39-03.1-11 and to enable the contributor to qualify for the normal retirement date
2 defined by subdivision b of subsection 3 of section 39-03.1-11.

3 5. The contributor may purchase credit under this section by paying to the board an
4 amount equal to the actuarial cost to the fund of providing the credit. The board
5 shall adopt rules governing the purchase of additional credit under this section.

6 **SECTION 2. AMENDMENT.** Subdivisions a and d of subsection 4 of section
7 39-03.1-11 of the 1999 Supplement to the North Dakota Century Code are amended and
8 reenacted as follows:

9 a. Normal retirement benefits for all contributors reaching the normal retirement
10 date are payable monthly, and are:

11 (1) The first twenty-five years of credited service multiplied by three and
12 ~~forty~~ sixty hundredths percent of final average salary.

13 (2) All years in excess of twenty-five years of credited service multiplied by
14 one and three-fourths percent of final average salary.

15 (3) All contributors who retired before August 1, ~~1999~~ 2001, or their
16 beneficiaries, are entitled to receive benefits equal to three and ~~forty~~
17 sixty hundredths percent of final average salary multiplied by the first
18 twenty-five years of credited service, plus one and three-fourths percent
19 of final average salary multiplied by credited service in excess of
20 twenty-five years, with the increased benefits payable beginning
21 August 1, ~~1999~~ 2001.

22 d. Disability retirement benefits are ~~seventy percent of the contributor's final~~
23 ~~average salary, reduced by any workers' compensation benefits paid. The~~
24 ~~minimum monthly disability retirement benefit under this section is one~~
25 ~~hundred dollars.~~ payable monthly and are:

26 (1) Seventy percent of the contributor's final average salary, reduced by
27 any workers' compensation benefits paid. The minimum monthly
28 disability retirement benefit under this subsection is one hundred
29 dollars.

30 (2) An individual or that person's beneficiary who, on July 31, 2001, is
31 receiving a disability retirement benefit is entitled to receive an increase

1 in benefits equal to six percent of the individual's present benefits, with
2 the increase payable beginning August 1, 2001.

3 **SECTION 3. AMENDMENT.** Subsection 6 of section 39-03.1-11 of the 1999
4 Supplement to the North Dakota Century Code is amended and reenacted as follows:

- 5 6. If before retiring a contributor dies after completing ten years of eligible
6 employment, the board shall pay the contributor's accumulated deductions to the
7 contributor's ~~surviving spouse. However, if there is no surviving spouse or the~~
8 ~~surviving spouse designates an alternate beneficiary in writing, the board shall pay~~
9 ~~the contributor's account balance to the contributor's beneficiary or, if there is no~~
10 ~~named beneficiary, to the contributor's estate~~ designated beneficiary as provided in
11 this subsection. If the contributor has designated an alternate beneficiary with the
12 surviving spouse's written consent, the board shall pay the contributor's account
13 balance to the named beneficiary. If the contributor has named more than one
14 primary beneficiary, the board shall pay the contributor's account balance to the
15 named primary beneficiaries in the percentages designated by the contributor or, if
16 the contributor has not designated a percentage for the beneficiaries, in equal
17 percentages. If one or more of the primary beneficiaries has predeceased the
18 contributor, the board shall pay the predeceased beneficiary's share to the
19 remaining primary beneficiaries. If there are no remaining primary beneficiaries,
20 the board shall pay the contributor's account balance to the contingent
21 beneficiaries in the same manner. If there are no remaining designated
22 beneficiaries, the board shall pay the contributor's account balance to the
23 contributor's estate. If the contributor has not designated an alternate beneficiary
24 under this section or the surviving spouse is the beneficiary, the surviving spouse
25 of the contributor may select one of the following optional forms of payment:
26 a. A lump sum payment of the contributor's accumulated deductions as of the
27 date of death.
28 b. Payments for sixty months as calculated for the deceased contributor as if the
29 contributor were age fifty-five at the date of death.
30 c. Payment of a monthly retirement benefit equal to fifty percent of the deceased
31 contributor's accrued normal retirement benefits until the spouse dies.

1 **SECTION 4.** A new subsection to the new section to chapter 39-03.1 of the North
2 Dakota Century Code as created by section 1 of this Act is created and enacted as follows:

3 Pursuant to rules adopted by the board, the board may allow a member to
4 purchase service credit with either pretax or aftertax moneys, at the board's
5 discretion.

6 **SECTION 5. EFFECTIVE DATE.** Section 4 of this Act becomes effective on the date
7 the board of trustees of the public employees retirement system receives a letter ruling from the
8 internal revenue service that section 4 of this Act does not jeopardize the qualified status of the
9 highway patrolmen's retirement system. The board shall notify the legislative council of the
10 effective date of section 4 of this Act.