

Fifty-ninth  
Legislative Assembly  
of North Dakota

**ENGROSSED HOUSE BILL NO. 1069**

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, a new section to  
2 chapter 54-52, a new subsection to section 54-52.6-02, and a new section to chapter 54-52.6 of  
3 the North Dakota Century Code, relating to military service retirement credit and temporary  
4 employee participation in the defined contribution retirement plan under the public employees  
5 retirement system; to amend and reenact section 39-03.1-10.1, subsection 9 of section  
6 39-03.1-11, sections 39-03.1-11.2, 39-03.1-28, and 39-03.1-30, subsection 11 of section  
7 54-52-01, subsection 3 of section 54-52-05, section 54-52-06, subsections 9 and 10 of section  
8 54-52-17, sections 54-52-17.4 and 54-52-28, subsection 3 of section 54-52.6-01, and section  
9 54-52.6-13 of the North Dakota Century Code, relating to the purchase of service credit for  
10 qualified military service, highway patrol retirement options, compliance with Internal Revenue  
11 Code provisions, confidentiality of records, purchase of sick leave, eligibility for the law  
12 enforcement retirement plan, temporary employee participation in the defined contribution  
13 retirement plan, and retirement benefit options under the public employees retirement system;  
14 to repeal sections 54-52-19.2 and 54-52.6-09.3 of the North Dakota Century Code, relating to  
15 prior service credit under the public employees retirement system and retirement contributions  
16 for military service; and to provide an appropriation.

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

18 **SECTION 1. AMENDMENT.** Section 39-03.1-10.1 of the North Dakota Century Code  
19 is amended and reenacted as follows:

20 **39-03.1-10.1. Refund and repurchase of contributions.** Except as provided in  
21 ~~subsection 3~~ section 2 of this Act, a contributor whose employment has been terminated for at  
22 least thirty days is entitled to a refund of or to repurchase contributions as follows:

23 1. a. If the contributor has less than ten years of service at termination of  
24 employment, the refund is payable either on application of the contributor or,

1 if within thirty days after termination the contributor has not provided a written  
2 statement to the board waiving the refund and requesting the contributor's  
3 account remain in the fund, automatically.

4 b. If the contributor has at least ten years of service at the date of termination,  
5 the contributor may apply for a refund of accumulated deductions instead of  
6 retirement benefits. By receiving the refund of accumulated deductions under  
7 this subdivision, the contributor forfeits all months of service to the date of  
8 refund and cannot use those months for any future benefit calculations.

9 2. A contributor who was paid a refund under subdivision a of subsection 1 may,  
10 upon reemployment, elect to repurchase the forfeited past service for the  
11 retirement program and the retiree health benefits program in accordance with the  
12 rules adopted by the board.

13 ~~3. A member may elect to purchase qualified military service credit pursuant to the~~  
14 ~~Uniformed Services Employment and Reemployment Rights Act of 1994~~  
15 ~~[Pub. L. 103-353; 108 Stat. 3150; 38 U.S.C. 4301-4307] at any time prior to~~  
16 ~~retirement by submitting a valid application and paying the member portion~~  
17 ~~pursuant to rules adopted by the board. It is the responsibility of the applicant to~~  
18 ~~supply any documentation required by the board.~~

19 **SECTION 2.** A new section to chapter 39-03.1 of the North Dakota Century Code is  
20 created and enacted as follows:

21 **Military service under the Uniformed Services Employment and Reemployment**

22 **Rights Act - Member retirement credit.** A member reemployed under the Uniformed  
23 Services Employment and Reemployment Rights Act of 1994, as amended [Pub. L. 103-353;  
24 108 Stat. 3150; 38 U.S.C. 4301-4333], is entitled to receive retirement credit for the period of  
25 qualified military service. The required contribution for the credit, including payment for retiree  
26 health benefits, must be made in the same manner and by the same party as would have been  
27 made had the employee been continuously employed. If the salary the member would have  
28 received during the period of service is not reasonably certain, the member's average rate of  
29 compensation during the twelve-month period immediately preceding the member's period of  
30 service or, if shorter, the period of employment immediately preceding that period, times the  
31 number of months of credit being purchased must be used. Employees must be allowed up to

1 three times the period of military service or five years, whichever is less, to make any required  
2 payments. This provision applies to all qualifying periods of military service since October 1,  
3 1994. Any payments made by the member to receive qualifying credit inconsistent with this  
4 provision must be refunded. Employees shall make application to the employer for credit and  
5 provide a DD Form 214 to verify service.

6 **SECTION 3. AMENDMENT.** Subsection 9 of section 39-03.1-11 of the North Dakota  
7 Century Code is amended and reenacted as follows:

8 9. The board shall adopt rules providing for the receipt of retirement benefits in the  
9 following optional forms:

- 10 a. ~~A~~ An actuarially equivalent joint and survivor one hundred percent option.  
11 b. ~~Life~~ An actuarially equivalent life with ~~five-year or ten-year or twenty-year~~  
12 certain options.  
13 c. An actuarially equivalent partial lump sum distribution option with a  
14 twelve-month maximum lump sum distribution.

15 Unless a contributor requests that the contributor receive benefits according to one  
16 of these options at the time of applying for retirement, all retirement benefits must  
17 be in the form of a lifetime monthly pension, with a fifty percent option to the  
18 surviving spouse.

19 **SECTION 4. AMENDMENT.** Section 39-03.1-11.2 of the North Dakota Century Code  
20 is amended and reenacted as follows:

21 **39-03.1-11.2. Internal Revenue Code compliance.** The board shall administer the  
22 plan in compliance with section 415, section 401(a)(9), section 401(a)(17), and section  
23 401(a)(31) of the Internal Revenue Code in effect on August 1, 2005, as it applies for  
24 governmental plans.

25 **SECTION 5. AMENDMENT.** Section 39-03.1-28 of the North Dakota Century Code is  
26 amended and reenacted as follows:

27 **39-03.1-28. Confidentiality of records.** All records relating to the retirement benefits  
28 of a member or a beneficiary under this chapter are confidential and are not public records.

29 The information and records may be disclosed, under rules adopted by the board only to:

- 30 1. A person to whom the member has given written consent to have the information  
31 disclosed.

- 1           2.    A person legally representing the member, upon proper proof of representation,  
2                    and unless the member specifically withholds consent.
- 3           3.    A person authorized by a court order.
- 4           4.    A member's participating employer, limited to information concerning the member's  
5                    years of service credit and years of age. The board may share other types of  
6                    information as needed by the employer to validate the employer's compliance with  
7                    existing state or federal laws. Any information provided to the member's  
8                    participating employer under this subsection must remain confidential except as  
9                    provided under subsection 6.
- 10          5.    The administrative staff of the retirement and investment office for purposes  
11                    relating to membership and benefits determination.
- 12          6.    State or federal agencies for purposes of reporting on a service provider's  
13                    provision of services or when the employer must supply information to an agency  
14                    to validate the employer's compliance with existing state or federal laws.
- 15          7.    Member interest groups approved by the board on a third-party blind list basis,  
16                    limited to information concerning the member's participation, name, and address.
- 17          8.    The member's spouse or former spouse, that individual's legal representative, and  
18                    the judge presiding over the member's dissolution proceeding for purposes of  
19                    aiding the parties in drafting a qualified domestic relations order under section  
20                    39-03.1-14.2. The information disclosed under this subsection must be limited to  
21                    information necessary for drafting the order.
- 22          9.    Beneficiaries designated by a participating member or a former participating  
23                    member to receive benefits after the member's death, but only after the member's  
24                    death. Information relating to beneficiaries may be disclosed to other beneficiaries  
25                    of the same member.
- 26          10.   Any person if the board determines disclosure is necessary for treatment,  
27                    operational, or payment purposes, including the completion of necessary  
28                    documents.
- 29          11.   The general public, but only after the board has been unable to locate the member  
30                    for a period in excess of two years, and limited to the member's name and the fact  
31                    that the board has been unable to locate the member.

1           **SECTION 6. AMENDMENT.** Section 39-03.1-30 of the North Dakota Century Code is  
2 amended and reenacted as follows:

3           **39-03.1-30. Conversion of sick leave.** At termination of eligible employment a  
4 member is entitled to credit in the retirement system for each month of unused sick leave, as  
5 certified by the employer, if the member or the member's employer pays an amount equal to  
6 the member's final average salary, times the number of months of sick leave converted, times  
7 the employer and employee contribution, plus ~~one percent~~ the required contribution for the  
8 retiree health benefits program. Hours of sick leave equal to a fraction of a month are deemed  
9 to be a full month for purposes of conversion to service credit. A member may convert all of the  
10 member's certified sick leave or a part of that person's certified sick leave. All conversion  
11 payments must be made within sixty days of termination and before the member receives a  
12 retirement annuity unless the member has submitted an approved payment plan to the board.

13           **SECTION 7. AMENDMENT.** Subsection 11 of section 54-52-01 of the North Dakota  
14 Century Code is amended and reenacted as follows:

15           11. "Peace officer" means a participating member who is a peace officer as defined in  
16 section 12-63-01 and is employed as a peace officer by a political subdivision and,  
17 notwithstanding subsection 12, for persons employed after August 1, 2005, is  
18 employed thirty-two hours or more per week and at least twenty weeks each year  
19 of employment. Participating members of the law enforcement retirement plan  
20 created by this chapter who begin employment after August 1, 2005, are ineligible  
21 to participate concurrently in any other retirement plan administered by the public  
22 employees retirement system.

23           **SECTION 8. AMENDMENT.** Subsection 3 of section 54-52-05 of the North Dakota  
24 Century Code is amended and reenacted as follows:

25           3. Each employer, at its option, may pay all or a portion of the employee contributions  
26 required by subsection 2 and sections 54-52-06.1, 54-52-06.2, and 54-52-06.3 or  
27 the employee contributions required to purchase service credit on a pretax basis  
28 pursuant to subsection ~~6~~ 5 of section 54-52-17.4. Employees may not receive the  
29 contributed amounts directly once the employer has elected to pay the employee  
30 contributions. The amount paid must be paid by the employer in lieu of  
31 contributions by the employee. If the state determines not to pay the contributions,

1 the amount that would have been paid must continue to be deducted from the  
2 employee's compensation. If contributions are paid by the employer, they must be  
3 treated as employer contributions in determining tax treatment under this code and  
4 the federal Internal Revenue Code. If contributions are paid by the employer, they  
5 may not be included as gross income of the employee in determining tax treatment  
6 under this code and the Internal Revenue Code until they are distributed or made  
7 available. The employer shall pay these employee contributions from the same  
8 source of funds used in paying compensation to the employee or from the levy  
9 authorized by subsection 5 of section 57-15-28.1. The employer shall pay these  
10 contributions by effecting an equal cash reduction in the gross salary of the  
11 employee or by an offset against future salary increases or by a contribution of a  
12 reduction in gross salary and offset against future salary increases. If employee  
13 contributions are paid by the employer, they must be treated for the purposes of  
14 this chapter in the same manner and to the same extent as employee contributions  
15 made prior to the date on which employee contributions were assumed by the  
16 employer. An employer exercising its option under this subsection shall report its  
17 choice to the board in writing.

18 **SECTION 9. AMENDMENT.** Section 54-52-06 of the North Dakota Century Code is  
19 amended and reenacted as follows:

20 **54-52-06. Employer's contribution to retirement plan.** Each governmental unit shall  
21 contribute an amount equal to four and twelve-hundredths percent of the monthly salary or  
22 wage of a participating member. For those members who elect to exercise their rights under  
23 ~~subsection 5 of section 54-52-17.4~~ section 12 of this Act, the employing governmental unit, or  
24 in the case of a member not presently under covered employment the most recent employing  
25 governmental unit, shall pay the associated employer contribution. If the employee's  
26 contribution is paid by the governmental unit under subsection 3 of section 54-52-05, the  
27 employer unit shall contribute, in addition, an amount equal to the required employee's  
28 contribution. Each governmental unit shall pay the contribution monthly, or in the case of an  
29 election made pursuant to ~~subsection 5 of section 54-52-17.4~~ section 12 of this Act a lump  
30 sum, into the retirement fund from its funds appropriated for payroll and salary or any other  
31 funds available for these purposes. Any governmental unit failing to pay the contributions

1 monthly, or in the case of an election made pursuant to ~~subsection 5 of section 54-52-17.4~~  
2 section 12 of this Act a lump sum, is subject to a civil penalty of fifty dollars and, as interest,  
3 one percent of the amount due for each month of delay or fraction thereof after the payment  
4 became due. In lieu of assessing a civil penalty or one percent per month, or both, interest at  
5 the actuarial rate of return may be assessed for each month the contributions are delinquent. If  
6 contributions are paid within ninety days of the date they became due, penalty and interest to  
7 be paid on delinquent contributions may be waived. An employer is required to submit  
8 contributions for any past eligible employee who was employed after July 1, 1977, for which  
9 contributions were not made if the employee would have been eligible to become vested had  
10 the employee participated and if the employee elects to join the public employees retirement  
11 system. Employer contributions may not be assessed for eligible service that an employee has  
12 waived pursuant to subsection 1 of section 54-52-05. The board shall report to each session of  
13 the legislative assembly the contributions necessary, as determined by the actuarial study, to  
14 maintain the fund's actuarial soundness.

15 **SECTION 10. AMENDMENT.** Subsections 9 and 10 of section 54-52-17 of the North  
16 Dakota Century Code are amended and reenacted as follows:

- 17 9. The board shall adopt rules providing for the receipt of retirement benefits in the  
18 following optional forms:
- 19 a. Single life.
  - 20 b. An actuarially equivalent joint and survivor option, with fifty percent or one  
21 hundred percent options.
  - 22 c. An actuarially equivalent level social security option, which is available only to  
23 members who retire prior to attaining the age at which they may begin to  
24 receive unreduced social security benefits.
  - 25 d. Life Actuarially equivalent life with five-year or ten-year or twenty-year certain  
26 options.
  - 27 e. An actuarially equivalent partial lump sum distribution option with a  
28 twelve-month maximum lump sum distribution.

29 Except for supreme and district court judges, unless a member specifically  
30 requests that the member receive benefits according to one of these options at the  
31 time of applying for retirement, all retirement benefits must be in the form of a

1 single life benefit. For supreme and district court judges, unless a member  
2 specifically requests that the member receive benefits according to one of these  
3 options at the time of applying for retirement, all retirement benefits must be in the  
4 form of a lifetime monthly pension with fifty percent of the benefit continuing for the  
5 life of the surviving spouse, if any.

6 10. The fund may accept rollovers from other ~~qualified~~ eligible plans under rules  
7 adopted by the board for the purchase of additional service credit, but only to the  
8 extent the transfer is a rollover contribution that meets the requirement of  
9 section 408 of the Internal Revenue Code.

10 **SECTION 11. AMENDMENT.** Section 54-52-17.4 of the North Dakota Century Code is  
11 amended and reenacted as follows:

12 **54-52-17.4. Purchase of additional credit.**

13 1. A member may elect to purchase credit for years of service and prior service for  
14 which the member is not presently receiving credit. A member is entitled to  
15 purchase additional credit under this section for the following service or prior  
16 service, except this service is not eligible for credit if the years claimed also qualify  
17 for retirement benefits from another retirement system:

- 18 a. Active prior employment in the armed forces of the United States, except as  
19 provided in ~~subsection 5~~ section 12 of this Act, for up to four years of credit.
- 20 b. Employment as a permanent employee by a public employer either within or  
21 outside the state of North Dakota.
- 22 c. Employment as a permanent employee by a political subdivision participating  
23 in the public employees retirement system which did not pay the cost of past  
24 service benefits under section 54-52-02.1.
- 25 d. Service the participating member did not elect to repurchase upon  
26 reemployment under section 54-52-02.6.
- 27 e. Service of an eligible employee, who exercised the privilege to withdraw from  
28 the predecessor plan to the public employees retirement system under  
29 subsection 10 of section 54-52-17 as created by section 13 of chapter 499 of  
30 the 1977 Session Laws.
- 31 f. Employment as a permanent employee by the federal government.



- 1           2. A participating member may elect to purchase credit for the following absences for  
2           which the participating member is not receiving service credit:
- 3           a. Employer-approved leave of absence; or  
4           b. Months away from work while participating as a seasonal employee.
- 5           3. Supreme and district court judges under the public employees retirement system  
6           may elect to purchase credit for the following years of service:
- 7           a. Except as provided in ~~subsection 5~~ section 12 of this Act, for up to four years  
8           of credit for active employment in the armed forces of the United States.  
9           b. As a county judge in a county or counties that did not participate in the public  
10          employees retirement system under this chapter.  
11          c. Participation in the public employees retirement system as a county judge  
12          may be converted to credit in the judges' retirement system.
- 13          4. The member may purchase credit under this section, or the member's employer  
14          may purchase for the member, by paying to the board an amount equal to the  
15          actuarial cost to the fund of providing the credit. If the member purchases credit  
16          pursuant to subdivision d of subsection 1, the member must pay to the board an  
17          amount equal to the greater of the actuarial cost to the fund of providing the credit,  
18          or the amount the member received upon taking a refund of the member's account  
19          balance, plus interest at the actuarial rate of return from the time the member was  
20          issued the refund. If the member is not repurchasing all of the credit originally  
21          refunded, the member must pay a pro rata amount of the refunded amount  
22          determined by dividing the refunded amount by the number of months of credit  
23          refunded, multiplying that amount times the number of months of credit the  
24          member seeks to repurchase, and adding interest at the actuarial rate of return.  
25          The member or the member's employer shall also pay to the retiree health benefits  
26          fund established under section 54-52.1-03.2 an amount equal to the actuarial cost  
27          to that fund for the additional credit. This contribution must be recorded as a  
28          member contribution pursuant to section 54-52.1-03.2. The board shall adopt  
29          rules governing the purchase of additional credit under this section.
- 30          ~~5. A participating member, or a member not presently under covered employment,  
31          may request credit for qualified military service pursuant to the Uniformed Services~~

1           ~~Employment and Reemployment Rights Act of 1994 [Pub. L. 103-353; 108 Stat.~~  
2           ~~3150; 38 U.S.C. 4301-4307]. The member shall submit a qualified application~~  
3           ~~with proof of eligible military service to the board in order to receive credit for~~  
4           ~~military service. For credit on and after July 1, 1966, the member must pay four~~  
5           ~~percent times the salary the member would have received but for the period of~~  
6           ~~service or, if that amount is not reasonably certain, the member's average rate of~~  
7           ~~compensation during the twelve-month period immediately preceding the~~  
8           ~~member's period of service or, if shorter, the period of employment immediately~~  
9           ~~preceding that period, times the number of months of credit being purchased. If~~  
10           ~~the member makes the above payment, the governmental unit, or, in the case of a~~  
11           ~~member not under covered employment, the last employing governmental unit,~~  
12           ~~shall pay four and twelve hundredths percent times the salary the member would~~  
13           ~~have received but for the period of service or, if that amount is not reasonably~~  
14           ~~certain, the member's average rate of compensation during the twelve-month~~  
15           ~~period immediately preceding the member's period of service or, if shorter, the~~  
16           ~~period of employment immediately preceding that period, times the number of~~  
17           ~~months of credit being purchased. In addition, the governmental unit, or in the case~~  
18           ~~of a member not under covered employment the last employing governmental unit,~~  
19           ~~shall pay to the retiree health benefits fund established under section 54-52.1-03.2~~  
20           ~~the percentage required by section 54-52.1-03.2 times the salary the member~~  
21           ~~would have received but for the period of service or, if that amount is not~~  
22           ~~reasonably certain, the member's average rate of compensation during the~~  
23           ~~twelve-month period immediately preceding the member's period of service or, if~~  
24           ~~shorter, the period of employment immediately preceding that period, times the~~  
25           ~~member's months of credit being purchased. For credit before July 1, 1966, no~~  
26           ~~contribution is required.~~

27       6- 5. Pursuant to rules adopted by the board, the board may allow a member to  
28           purchase service credit with either pretax or aftertax moneys, at the board's  
29           discretion. If the member elects to purchase service credit using pretax moneys,  
30           the requirements and restrictions in subsection 3 of section 54-52-05 apply to the  
31           purchase arrangement.

1       ~~7.~~ 6. In addition to service credit identified in this section, a vested member may  
2                   purchase up to five years of service credit unrelated to any other eligible service.

3               **SECTION 12.** A new section to chapter 54-52 of the North Dakota Century Code is  
4 created and enacted as follows:

5               **Military service under the Uniformed Services Employment and Reemployment**

6 **Rights Act - Member retirement credit.** A member reemployed under the Uniformed

7 Services Employment and Reemployment Rights Act of 1994, as amended [Pub. L. 103-353;

8 108 Stat. 3150; 38 U.S.C. 4301-4333], is entitled to receive retirement credit for the period of

9 qualified military service. The required contribution for the credit, including payment for retiree

10 health benefits, must be made in the same manner and by the same party as would have been

11 made had the employee been continuously employed. If the salary the member would have

12 received during the period of service is not reasonably certain, the member's average rate of

13 compensation during the twelve-month period immediately preceding the member's period of

14 service or, if shorter, the period of employment immediately preceding that period, times the

15 number of months of credit being purchased must be used. Employees must be allowed up to

16 three times the period of military service or five years, whichever is less, to make any required

17 payments. This provision applies to all qualifying periods of military service since October 1,

18 1994. Any payments made by the member to receive qualifying credit inconsistent with this

19 provision must be refunded. Employees shall make application to the employer for credit and

20 provide a DD Form 214 to verify service.

21               **SECTION 13. AMENDMENT.** Section 54-52-28 of the North Dakota Century Code is  
22 amended and reenacted as follows:

23               **54-52-28. Internal Revenue Code compliance.** The board shall administer the plan  
24 in compliance with section 415, section 401(a)(9), section 401(a)(17), and section 401(a)(31) of  
25 the Internal Revenue Code in effect on August 1, 2005, as it applies for governmental plans.

26               **SECTION 14. AMENDMENT.** Subsection 3 of section 54-52.6-01 of the North Dakota  
27 Century Code is amended and reenacted as follows:

28               3. "Eligible employee" means a permanent state employee, except an employee of  
29                   the judicial branch or an employee of the board of higher education and state  
30                   institutions under the jurisdiction of the board, who is eighteen years or more of  
31                   age and who is in a position not classified by North Dakota human resource

1           management services. If a participating member loses permanent employee  
2           status and becomes a temporary employee, the member may still participate in the  
3           defined contribution retirement plan.

4           **SECTION 15.** A new subsection to section 54-52.6-02 of the North Dakota Century  
5 Code is created and enacted as follows:

6           A participating member who becomes a temporary employee may still participate  
7           in the defined contribution retirement plan upon filing an election with the board  
8           within one hundred eighty days of transferring to temporary employee status. The  
9           participating member may not become a member of the defined benefit plan as a  
10          temporary employee. The temporary employee electing to participate in the  
11          defined contribution retirement plan shall pay monthly to the fund an amount equal  
12          to eight and twelve-hundredths percent times the temporary employee's present  
13          monthly salary. The temporary employee shall also pay the required monthly  
14          contribution to the retiree health benefit fund established under section  
15          54-52.1-03.2. This contribution must be recorded as a member contribution  
16          pursuant to section 54-52.1-03.2. An employer may not pay the temporary  
17          employee's contributions. A temporary employee may continue to participate as a  
18          temporary employee until termination of employment or reclassification of the  
19          temporary employee as a permanent employee.

20          **SECTION 16.** A new section to chapter 54-52.6 of the North Dakota Century Code is  
21 created and enacted as follows:

22           **Military service under the Uniformed Services Employment and Reemployment**

23 **Rights Act - Member retirement credit.** A member reemployed under the Uniformed  
24 Services Employment and Reemployment Rights Act of 1994, as amended [Pub. L. 103-353;  
25 108 Stat. 3150; 38 U.S.C. 4301-4333], is entitled to receive retirement credit for the period of  
26 qualified military service. The required contribution for the credit, including payment for retiree  
27 health benefits, must be made in the same manner and by the same party as would have been  
28 made had the employee been continuously employed. If the salary the member would have  
29 received during the period of service is not reasonably certain, the member's average rate of  
30 compensation during the twelve-month period immediately preceding the member's period of  
31 service or, if shorter, the period of employment immediately preceding that period, times the

1 number of months of credit being purchased must be used. Employees must be allowed up to  
2 three times the period of military service or five years, whichever is less, to make any required  
3 payments. This provision applies to all qualifying periods of military service since October 1,  
4 1994. Any payments made by the member to receive qualifying credit inconsistent with this  
5 provision must be refunded. Employees shall make application to the employer for credit and  
6 provide a DD Form 214 to verify service.

7 **SECTION 17. AMENDMENT.** Section 54-52.6-13 of the North Dakota Century Code is  
8 amended and reenacted as follows:

9 **54-52.6-13. Distributions.**

- 10 1. A participating member is eligible to receive distribution of that person's  
11 accumulated balance in the plan upon becoming a former participating member.
- 12 2. Upon the death of a participating member or former participating member, the  
13 accumulated balance of that deceased participant is considered to belong to the  
14 refund beneficiary, if any, of that deceased participant. If a valid nomination of  
15 refund beneficiary is not on file with the board, the board, in a lump sum  
16 distribution, shall distribute the accumulated balance to a legal representative, if  
17 any, of the deceased participant or, if there is no legal representative, to the  
18 deceased participant's estate.
- 19 3. A former participating member ~~or refund beneficiary~~ may elect one or a  
20 combination of several of the following methods of distribution of the accumulated  
21 balance:
  - 22 a. A lump sum distribution to the recipient.
  - 23 b. A lump sum direct rollover to another qualified plan, to the extent allowed by  
24 federal law.
  - 25 c. Periodic distributions, as authorized by the board.
  - 26 d. No current distribution, in which case the accumulated balance must remain  
27 in the plan until the former participating member or refund beneficiary elects a  
28 method or methods of distribution under this section, to the extent allowed by  
29 federal law.

30 A surviving spouse beneficiary may elect one or a combination of several of the  
31 methods of distribution provided in subdivisions a, b, or c. A beneficiary who is not

1           the surviving spouse may only choose a lump sum distribution of the accumulated  
2           balance.

3           4. If the former participating member's vested account balance is less than five  
4           thousand dollars, the board shall automatically refund the member's vested  
5           account balance upon termination of employment. The member may waive the  
6           refund if the member submits a written statement to the board, within one hundred  
7           twenty days after termination, requesting that the member's vested account  
8           balance remain in the plan.

9           **SECTION 18. REPEAL.** Sections 54-52-19.2 and 54-52.6-09.3 of the North Dakota  
10          Century Code are repealed.

11          **SECTION 19. APPROPRIATION.** The funds provided in this section, or so much of  
12          the funds as may be necessary, are appropriated out of any moneys in the general fund in the  
13          state treasury, not otherwise appropriated, and from other funds derived from federal funds and  
14          other income, to the following departments for the purpose of defraying the cost of paying  
15          military service retirement credit for the biennium beginning July 1, 2005, and ending June 30,  
16          2007, as follows:

	GENERAL	OTHER
AGENCY	FUND	FUNDS
Office of management and budget	\$0	\$3,343
Judicial branch	3,144	0
Retirement and investment office	0	1,803
State department of health	5,920	10,738
Department of human services	7,614	0
Job service North Dakota	0	3,780
Highway patrol	3,824	0
Department of corrections and rehabilitation	29,778	3,053
Adjutant general	7,027	18,249
Game and fish department	0	1,932
Parks and recreation department	2,201	207
State water commission	0	2,512

Fifty-ninth  
Legislative Assembly

1	Department of transportation	<u>0</u>	<u>50,854</u>
2			
3	Total	\$59,508	\$96,471