

NORTH DAKOTA LEGISLATIVE COUNCIL

Tentative Agenda

EMPLOYEE BENEFITS PROGRAMS COMMITTEE

Monday, October 28, 2002
Roughrider Room, State Capitol
Bismarck, North Dakota

9:00 a.m. Call to order
Roll call
Consideration of minutes of the September 23, 2002, committee meeting

TEACHERS' FUND FOR RETIREMENT (TFFR)

9:05 a.m. Presentation by Mr. Chris Conradi, Enrolled Actuary and Senior Consultant, Gabriel, Roeder, Smith and Company, Dallas, Texas, of the July 1, 2002, actuarial valuation of the Teachers' Fund for Retirement

Presentation by Mr. Conradi and Ms. Fay Kopp, Deputy Executive Director, Retirement and Investment Office, providing technical comments and actuarial information relating to the bill submitted to the committee that affects the Teachers' Fund for Retirement

Bill No. 52 Changes the definition of salary to include bonus amounts paid to members for performance, retention, experience, and other service-related bonuses, unless amounts are conditioned on or made in anticipation of an individual member's retirement or termination; provides that for purposes of determining vesting of rights and eligibility for benefits in instances of multiple plan membership, a teacher's service credit may not exceed one year of service in the Public Employees Retirement System or the Highway Patrolmen's retirement system in any fiscal year; provides that in instances of multiple plan membership a teacher may elect to have benefits calculated using the three highest certified fiscal year salaries for TFFR in the computation of final average salary, and all service credit earned in TFFR or using the three highest certified fiscal year salaries of TFFR combined with the alternate plan in the computation of final average salary, and service credit not to exceed one year in any fiscal year when combined with the service credit earned in the alternate retirement plan; provides that a teacher who is eligible to participate in TFFR who is also eligible to participate in an alternate retirement system is a member of TFFR for duties covered under TFFR and also a member of the Public Employees Retirement System or Highway Patrolmen's retirement system for duties covered by those alternate retirement systems; updates the benefit limitations under Section 415 of the Internal Revenue Code to those in effect on August 1, 2003; establishes a partial lump sum distribution option; replaces the maximum hours that a retired teacher may return to work with a schedule of from 700 to 1,000 hours based upon the length of the reemployed retiree's contract; updates the rollover provisions under Section 401 of the Internal Revenue Code to those in effect on August 1, 2003; provides that TFFR may accept eligible rollovers, direct rollovers, and trustee-to-trustee transfers from eligible retirement

plans under Internal Revenue Code Section 402 to purchase refunded service credit and additional service credit (TFFR)

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Presentation by Ms. Leslie L. Thompson, Enrolled Actuary and Vice President and Consulting Actuary, The Segal Company, Englewood, Colorado, of the July 1, 2002, actuarial valuation of the Public Employees Retirement System (main system, judges' system, and National Guard system), the Highway Patrolmen's retirement system, and the retiree health benefits fund

Presentation by Ms. Thompson and Mr. Sparb Collins, Executive Director, Public Employees Retirement System, providing technical comments and actuarial information relating to bills submitted to the committee that affect the Public Employees Retirement System (main system, judges' system, and defined contribution retirement plan), and the Highway Patrolmen's retirement system

PUBLIC EMPLOYEES RETIREMENT SYSTEM MAIN SYSTEM

Bill No. 53 Changes the definition of governmental unit to exclude the Highway Patrol for members of the Highway Patrolmen's retirement plan; changes the definition of retirement to include termination of participation in the retirement plan and meeting the normal retirement date as well as termination of employment; allows elected officials of participating counties, at their individual option, to enroll in the defined benefit plan within the first six months of their term; allows non-state-appointed officials of participating employers appointed on or after August 1, 1999, who meet the participation requirements of NDCC Chapter 54-52 to enroll in the defined benefit plan effective within the first month of taking office; allows the PERS Board to accept trustee-to-trustee transfers as permitted by Internal Revenue Code Sections 403 and 457 from a Section 403 annuity or Section 457 deferred compensation plan for the purchase of permissive service credit or as repayment of a cashout from a governmental plan; allows the board to establish individual retirement accounts and individual retirement annuities to allow employees to make voluntary employee contributions; provides that for purposes of multiple plan membership, service credit in TFFR, Highway Patrolmen's retirement system, or TIAA-CREF may not exceed 12 months of credit per year; provides that for purposes of determining benefits in multiple plan membership situations an employee may elect to have benefits calculated using the average of the highest salary received by the member for any 36 months employed during the last 120 months of employment in PERS or the average of the highest salary received by the member for any 36 consecutive months during the last 120 months of employment with any of the eligible employers with service credit not to exceed one month in any month when combined with the service credit earned in the alternate retirement system; provides that employees who have dual membership rights may elect to begin participation in an alternate plan or continue participation in PERS; clarifies that a member or a surviving spouse is entitled to receive retiree health benefits beginning on the date retirement benefits are effective unless the premium is billed to the member's employer; establishes standards for apportioning deferred compensation assets under qualified domestic relations orders

The committee amended the bill at the request of the retirement board to clarify that the purchase provision is available to vested members instead of members with five years of service and to change the reference to prior service to other eligible service; to amend the bill draft as a result of a July 12, 2002, Attorney General's opinion stating that certain provisions of the retirement statutes are in conflict with the Uniformed Services Employment and Reemployment Rights Act of 1994 to bring the retirement statutes into compliance with federal law; to allow participating employers to purchase additional service credit on behalf of members under certain conditions; to amend the confidentiality provisions of the retirement statutes to allow the retirement board to publish the names of members the retirement board has been unable to contact; to provide that former participating members of the defined contribution retirement plan who are receiving retirement benefits or the surviving spouse of a former participating member who is eligible to receive or was receiving defined contribution retirement plan benefits is eligible to receive retiree health benefits; to extend the time period within which a member of the defined contribution retirement plan may waive a refund of the member's vested account balance from 30 days after termination to 120 days after termination; to allow employers of employees participating in the defined contribution retirement plan to make contributions for the conversion of sick leave and for the equivalent of up to five years of service credit unrelated to any other eligible service; to add a provision to the deferred compensation authorization statute to require alternate payees to transfer to their own plan under a qualified domestic relations order. (PERS)

- Bill No. 54 Provides a postretirement adjustment of 2 percent of an individual's present benefits on August 1, 2003, and again on August 1, 2004; provides a prior service retiree adjustment of 2 percent on August 1, 2003, and again on August 1, 2004 (PERS)
- Bill No. 55 Provides that participants in the judges' retirement system are entitled to receive a 2 percent postretirement adjustment in their present monthly benefit beginning January 1, 2004, and again on January 1, 2005 (PERS)
- Bill No. 56 Provides that for National Guard security officers and firefighters, unless a member specifically requests another option, all retirement benefits must be in the form of an unreduced level Social Security option (PERS)
- Bill No. 60 Transfers administration of the retirement plan established in 1961 and frozen to new entrants in 1980 for employees of Job Service North Dakota under NDCC Chapter 52-11 from Job Service North Dakota to the PERS Board

The committee amended the bill draft at the request of the retirement board to add a full-time equivalent position to the Public Employees Retirement System to administer the bill's provisions. (Job Service North Dakota)

- Bill No. 28 Provides that payments for overtime earned by employees of the North Dakota Mill and Elevator Association must be included as wages and salaries for purposes of calculating benefits under PERS

The committee amended the bill draft at the request of the sponsor to provide an appropriation of \$205,000 from the mill and elevator fund to the North Dakota Mill and Elevator Association to pay the additional retirement contributions required by the bill. (Senator Lindaas)

HIGHWAY PATROLMEN'S RETIREMENT SYSTEM

Bill No. 57

Allows the PERS Board to accept trustee-to-trustee transfers as permitted by Internal Revenue Code Sections 403 and 457 from a Section 403 annuity or Section 457 deferred compensation plan for the purchase of permissive service credit or as repayment of a cashout from a governmental plan under Section 415; allows the board to establish individual retirement accounts and individual retirement annuities as permitted under Section 408 of the Internal Revenue Code to allow employees to make voluntary employee contributions; replaces the Rule of 80 with a service requirement of 25 years for normal retirement benefits; requires the board to administer the Highway Patrolmen's plan in compliance with Sections 415 and 401 of the Internal Revenue Code; provides that for the purpose of determining eligibility for benefits in instances of multiple plan membership, a member's years of service is the years of service credit earned in the TIAA-CREF, as well as PERS and TFFR, the total of which may not exceed 12 months of credit per year; provides that in instances of multiple plan membership an employee may elect to have benefits calculated by using the average of the highest salary received by the member for any 36 months employed during the last 120 months of employment in PERS or using the average of the highest salary received by the member for any 36 consecutive months during the last 120 months of employment with service credit not to exceed one month in any month when combined with the service credit earned in the alternate retirement system; provides that certain Highway Patrolmen's retirement system records relating to the retirement benefits of a member or a beneficiary may be disclosed to a member's participating employer, the administrative staff of the Retirement and Investment Office for purposes relating to membership and benefits determination, state or federal agencies, member interest groups approved by the board, the member's spouse or former spouse, legal representative, and judge presiding over the member's dissolution proceeding for purposes of aiding the parties in drafting a qualified domestic relations order, and designated beneficiaries after the member's death; provides a postretirement increase in benefits equal to 2 percent of the individual's present benefit with the increase payable beginning August 1, 2003, and again on August 1, 2004

The committee amended the bill draft at the request of the retirement board to clarify that the purchase provisions are available to vested members; and to allow employers to purchase additional service credit on behalf of contributors under certain conditions. (PERS)

DEFINED CONTRIBUTION RETIREMENT PLAN

Bill No. 58

Provides that former participating members of the defined contribution retirement plan who are receiving retirement benefits or the surviving spouse of a former participating member who was eligible to receive or was receiving defined contribution retirement plan benefits is eligible to receive retiree health benefits; allows temporary employees who previously elected to join the defined contribution retirement plan to

elect to participate in the defined contribution retirement plan; allows participating members to elect to make voluntary contributions to the defined contribution retirement plan; extends the time period within which a member may waive a refund of the member's vested account balance from 30 days after termination to 120 days after termination (PERS)

NOTE: This bill has been withdrawn at the request of the sponsor.

Bill No. 18 Provides that all state employees except Supreme or district court judges or employees of the State Board of Higher Education and state institutions under the jurisdiction of the board who are eligible to participate in the alternative retirement program established under of NDCC Section 15-10-17(13) are eligible to participate in the defined contribution retirement plan (Representative Wald)

Bill No. 26 Provides that members of the Legislative Assembly are entitled to participate in the defined contribution retirement plan (Representative DeKrey)

UNIFORM GROUP INSURANCE PROGRAM

Bill No. 59 Requires permanent employees after August 1, 2003, to be employed at least 20 hours per week as opposed to 17.5 hours per week for those employed before August 1, 2003, to participate in the uniform group insurance program; provides that retirees who have met the initial eligibility requirements for participation in the uniform group insurance program remain eligible as long as they pay the required premium; deletes the provision that political subdivisions may determine the amount of the employer's monthly contribution toward the total monthly premium amount required of each eligible participating employee under the uniform group insurance program

The committee amended the bill draft at the request of the retirement board to change the definition of eligible employee to match the definition of eligible employee used for purposes of the retirement plans; to change the bidding statutes to allow the retirement board to contract for the providing of hospital benefits coverage, medical benefits coverage, life insurance benefits, and employee assistance program services; to allow for self-administration of the uniform group insurance program; to allow the retirement board to develop an independent provider network; to authorize the retirement board to establish incentives for employer-based wellness programs; to amend the uniform group insurance program confidentiality statutes to comply with the federal Health Insurance Portability and Accountability Act; and to appropriate \$132,561 from the general fund to the retirement board to implement the bill and authorize the Public Employees Retirement System one additional full-time employee to implement the bill. (PERS)

Bill No. 25 Allows retirees who have accepted a retirement allowance from a political subdivision's retirement plan to elect to participate in the uniform group insurance program without meeting minimum requirements at age 65, when the employee's spouse reaches age 65, upon the receipt of a benefit, or when the spouse terminates employment (Senator Wardner)

Bill No. 69 Allows any person who is without health insurance coverage to participate in the uniform group insurance program subject to minimum requirements established by the PERS Board (Senator T. Mathern)

OLD-AGE AND SURVIVOR INSURANCE SYSTEM (OASIS)

Bill No. 61 Increases primary insurance benefits under the Old-Age and Survivor Insurance System fund and appropriates \$3,800 from the general fund to Job Service North Dakota to pay Old-Age and Survivor Insurance System benefits to remaining beneficiaries

The committee amended the proposal at the request of Job Service North Dakota to transfer administration of the Old-Age and Survivor Insurance System from Job Service North Dakota to the retirement board. (Job Service North Dakota)

**LAW ENFORCEMENT AND CORRECTIONAL OFFICER
RETIREMENT PROGRAM STUDY**

Presentation by the Legislative Council staff of a bill draft relating to a law enforcement and correctional officer retirement program

Comments by Mr. Collins concerning the bill draft

Comments by other interested persons in attendance concerning the bill draft

Committee discussion and staff directives concerning the law enforcement and correctional officer retirement program study

5:00 p.m. Adjourn

NOTE: The committee may take a 15- to 20-minute coffee break in the morning, may take a 15- to 20-minute coffee break in the afternoon, and will take a one-hour luncheon recess at 12:00 noon.

Committee Members

Representatives Bette Grande (Chairman), Glen Froseth, Joe Kroeber, Wayne W. Tieman, Francis J. Wald

Senators Ralph L. Kilzer, Karen K. Krebsbach, Stanley W. Lyson, Tim Mathern